

001

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 MINERAL LEASE NO  
ML-4833  
6 SURFACE  
UTAH

1A TYPE OF WORK: DRILL  REENTER  DEEPEN   
B TYPE OF WELL OIL  GAS  OTHER \_\_\_\_\_ SINGLE ZONE  MULTIPLE ZONE

7 IF INDIAN, ALLOTTEE OR TRIBE NAME  
8 UNIT or CA AGREEMENT NAME

2 NAME OF OPERATOR  
COLORADO-UTAH NATURAL GAS, INC. D.K.

9 WELL NAME and NUMBER:  
C-UNG 24-21-23-7

3 ADDRESS OF OPERATOR  
140 WEST 9000 SOUTH SANDY UTAH 84070  
CITY STATE ZIP

PHONE NUMBER  
775-240-0769

10 FIELD AND POOL, OR WILDCAT  
GREATER CISCO AREA

4 LOCATION OF WELL (FOOTAGES)  
AT SURFACE 660' FNL 660' FWL 38 970637  
SAME 64744X  
AT PROPOSED PRODUCING ZONE SAME 4314638Y -109.329213

11 QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN  
Sec. 24 NWNW  
T21S, R23E, SLB&M

14 DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE  
CISCO, UTAH 84515

12 COUNTY GRAND  
13 STATE UTAH

15 DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET)  
660'

16 NUMBER OF ACRES IN LEASE  
400

17 NUMBER OF ACRES ASSIGNED TO THIS WELL  
10 ACRES

18 DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET)

19 PROPOSED DEPTH  
900'

20 BOND DESCRIPTION  
LETTER OF CREDIT

21 ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC)  
4336 GR

22 APPROXIMATE DATE WORK WILL START  
AS SOON AS APPROVED

23 ESTIMATED DURATION  
4 DAYS

24 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"	8 5/8" J-55 26#	120'	CEMENTED TO SURFACE
6 3/4"	4 1/2" LIMITED SERVICE	TOTAL DEPTH	CEMENTED TO SURFACE

RECEIVED  
DEC 14 2004

25 ATTACHMENTS

DIV. OF OIL, GAS & MINING

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES

WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER  
 EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER

COMPLETE DRILLING PLAN  
 FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

NAME (PLEASE PRINT) DEAN H. CHRISTENSEN TITLE President  
SIGNATURE [Signature] DATE 12-12-04

This space for State use only

API NUMBER ASSIGNED 43-019-31420

APPROVAL

Approved by the  
Utah Division of  
Oil, Gas and Mining  
Date: 06-27-05  
By: [Signature]

BLM-1964

(BASIS OF BEARINGS)  
N. 89° 45' 45" W. 2643.05'

BLM-1964

N. 00° 14' 52" E. 2643.12'

660'

NWNW

C-UNGI-24-21-23-7

ELEV. 4336

BLM-1964

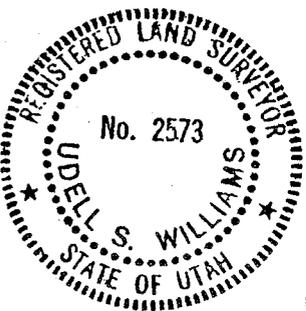
SEC. 24  
T21S, R23E  
SLM



SCALE: 1" = 1000'

**C-UNGI-24-21-23-7**  
Located 660 feet FNL and 660 feet FWL  
in Section 24, T21S, R23E, SLM.

Grand County, Utah



**SURVEYOR'S CERTIFICATE**

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

*Udell S. Williams*  
Utah PLS No. 2573



**UDELL S. WILLIAMS**  
Professional Land Surveyor  
449 E. Scenic Dr.  
Grand Junction, CO 81503-1569

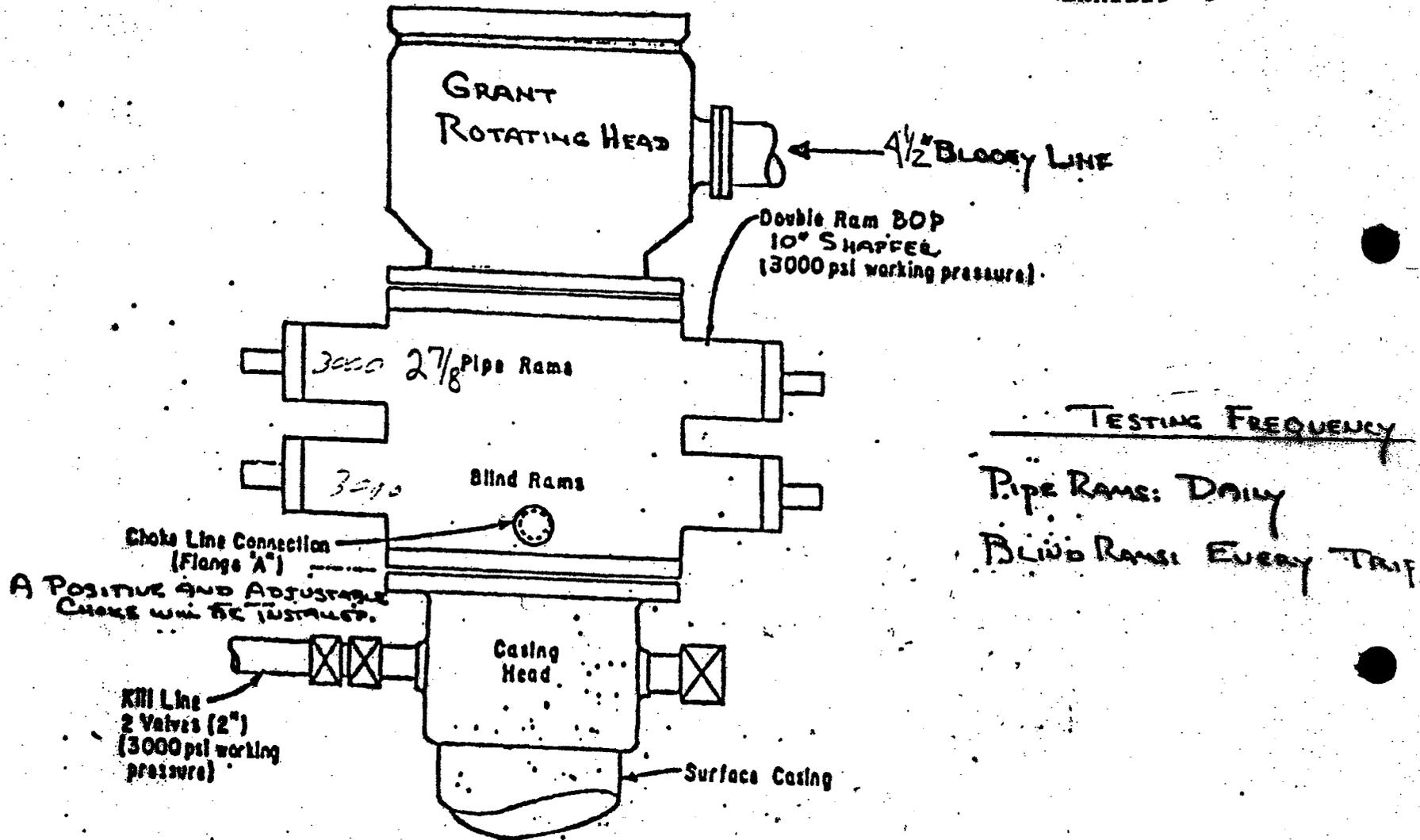
PLAT OF  
PROPOSED LOCATION  
**C-UNGI-24-21-23-7**  
NWNW SECTION 24  
T21S, R23E, SLM

SURVEYED BY: USW DATE: 10/15/2004

DRAWN BY: USW DATE: 11/23/2004

# EXHIBIT "C" BOP SCHEMATIC

EXHIBIT "C"



## EXHIBIT "B"

## TEN-POINT COMPLIANCE PLAN

~~COLORADO-UTAH NATURAL GAS, INC.~~ *DRC*  
 140 WEST 9000 SOUTH  
 SUITE 9  
 SANDY, UTAH 84070  
 801-566-1886 (TERRY R. SPENCER)  
 775-240-0769 (TARIQ AHMAD)

1. GEOLOGIC SURFACE FORMATION:

THE SURFACE FORMATION IS MANCOS SHALE.

2. GEOLOGIC MARKERS:

<u>FORMATION</u>	<u>DEPTH FROM SURFACE</u>
DAKOTA (KD)	390'
CEDAR MT (KCM)	530'
MORISSON (JM)	670'
SALT WASH (JSW)	740'

3. ESTIMATED DEPTHS OF ANTICIPATED WATER, OIL, GAS OR MINERALS:

<u>FORMATION</u>	<u>DEPTH</u>	<u>FLUIDS, ETC.</u>
DAKOTA (KD)	390'	GAS/OIL
CEDAR MT. (KCM)	530'	OIL
MORRISON (JM)	670'	OIL
SALT WASH (JSW)	740'	OIL

4. PROPOSED CASING PROGRAM:

- (A) DRILL 12" HOLE TO 120' AND SET 8 5/8" 26 LBS CASING CEMENTED BACK TO SURFACE.
- (B) DRILL 6 3/4" HOLE TO TOTAL DEPTH AND SET 4 1/2" 9.5 LBS CASING BACK TO SURFACE. OPERATOR WILL SET CEMENT BASKETS ABOVE PRODUCING ZONES.

DRILLING APPLICATION

5. OPERATOR'S MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL:

EXHIBIT "C" ATTACHED HERETO IS A SCHEMATIC OF A BLOWOUT PREVENTER TO BE UTILIZED TO MAINTAIN WELL CONTROL. THE BOP WILL BE HYDRAULICALLY TESTED TO 1000 PSI AFTER NIPPLING UP AND AFTER ANY USE UNDER PRESSURE. THE PIPE RAMS WILL BE TESTED AND WILL BE RECORDED ON THE TOWER SHEET. ACCESSORIES TO THE BOP INCLUDE A KELLY COCK, SAFETY VALVE, DRILL STRING BOP AND CHOKE WITH PRESSURE RATING EQUIVALENT TO THE BOP STACK OR 1000 PSI.

OPERATOR ANTICIPATES A MAXIMUM OF 400 PSI FROM THE FORMATIONS BEING PENETRATED.

6. TYPE AND CHARACTERISTICS OF PROPOSED DRILLING MUDS:

THE WELL WILL BE DRILLED WITH AIR AND AIR MIST UNTIL WATER IS ENCOUNTERED. THE OPERATOR WILL THEN COMPLETE WITH A SALT WATER BASED GEL IF NECESSARY TO MAINTAIN HOLE INTEGRITY. THE DRILLING RETURNS WILL BE SPRAYED WITH A MIST TO ELIMINATE DUST. DRILLING GEL AND A SUPPLY OF BRINE WILL BE AVAILABLE ON THE SITE IF NECESSARY TO KILL THE WELL OR IF NECESSARY FOR LOGGING.

7. AUXILIARY EQUIPMENT TO BE USED:

- (A) KELLY COCK WILL BE KEPT IN THE DRILL STRING.
- (B) A FULL OPENING STABBING VALVE WILL BE ON THE RIG FLOOR FOR USE, WHEN THE KELLY IS NOT ON THE DRILL STRING.
- (C) A FLOAT WILL BE RUN AT THE BIT.
- (D) MONITORING EQUIPMENT WILL BE INSTALLED AND USED ON THE MUD SYSTEM IF UTILIZED.

8. TESTING, LOGGING AND CORING PROGRAMS:

- (A) DRILL STEM TESTS ARE NOT PLANNED AT THIS TIME.
- (B) THE LOGGING PROGRAM WILL CONSIST OF AN INDUCTION AND COMPENSATED DENSITY NEUTRON.
- (C) NO CORING IS PLANNED.
- (D) DRILLING SAMPLES WILL BE CAUGHT EVERY FIVE (5) FEET AFTER THE "A" ZONE MARKER IS IDENTIFIED.

9. ANY ANTICIPATED ABNORMAL PRESSURES OR TEMPERATURES EXPECTED:

NO ABNORMAL PRESSURES OR TEMPERATURES ARE ANTICIPATED. NO HYDROGEN SULFIDE OR OTHER HAZARDOUS GASSES OR FLUIDS HAVE BEEN REPORTED IN THIS AREA AND NUMEROUS DRILLED LOCATIONS (ABANDONED) EXIST WITHIN THE IMMEDIATE AREA.

PAGE 3  
DRILLING APPLICATION

10. ANTICIPATED START DATE AND DURATION OF OPERATIONS:

THE ANTICIPATED STARTING DATE WILL BE APPROXIMATELY FIVE (5) DAYS AFTER APPROVAL OF THIS APPLICATION, AND THE APPROVAL OF ALL DRILLING REQUIREMENTS.

THE WELL BEING DRILLED UNDER THIS LOCATION SHOULD BE COMPLETED AS AN OIL WELL APPROXIMATELY THREE DAYS AFTER SPUDDING.

## EXHIBIT "D"

### MULTI-POINT REQUIREMENTS TO ACCOMPANY APD

#### 1. EXISTING ROADS:

- (A) EXHIBIT "A" IS THE PROPOSED WELL SITE AS STAKED BY UDELL WILLIAMS, A REGISTERED SURVEYOR. THE GROUND ELEVATION IS SHOWN ON THE WELL PLAT.
- (B) EXHIBIT "E" IS THE ROUTE AND DISTANCE ROAD MAP. THE LOCATION IS A QUARTER MILE FROM THE CISCO POST OFFICE (84515). THE ROUTE TO THE WELL IS SHOWN IN GREEN.
- (C) EXHIBIT "F" IS A COPY OF THE CISCO QUADRANGLE AND SHOWS THE ACCESS ROAD TO THE LOCATION.
- (D) ALL EXISTING ROADS APPEAR ON THE ATTACHED EXHIBITS.
- (E) THIS IS CONSIDERED TO BE A DEVELOPMENT WELL.
- (F) ALL ROAD FROM CISCO TO THE LOCATION ARE IN GOOD CONDITION AND ALLOW FOR HEAVY TRUCKING ON A REGULAR BASIS. THE ROADS TO THE WELL SITES WILL BE GRADED AND MAINTAINED TO ALLOW FOR YEAR ROUND OPERATION. THE OPERATOR INTENDS TO UTILIZE A CENTRAL TANK BATTERY NEXT TO THE ASPHALT ROAD AS THE WELLS HAVE COMMON OWNERSHIP AND ROYALTY OWNERS.

#### 2. PLANNED ACCESS ROADS:

THE ACCESS ROAD TO THIS LOCATION WILL BE OF MINIMAL SURFACE DISTURBANCE. THE ROAD WILL BLADED LEVEL AS WILL THE LOCATION.

- (A). THE TYPICAL SECTION OF THE ACCESS ROAD WILL BE 16' IN WIDTH.
- (B). NO GRADE EXISTS OR WILL BE LESS THAN 2-4%.
- (C). NO TURNOUTS ARE REQUIRED.
- (D). NO CULVERTS ARE REQUIRED OR ARE NECESSARY.
- (E). ANY NEW SURFACE MATERIAL WILL BE NAÏVE TO THE AREA.
- (F). NO GATES OR CATTLE GUARDS ARE REQUIRED.
- (G). THE PROPOSED ACCESS ROUTES HAVE BEEN FLAGGED.

#### 3. LOCATION OF EXISTING WELLS:

ALL EXISTING WELLS WITHIN A ONE-MILE RADIUS OF THIS DEVELOPMENT WELL ARE SHOWN ON EXHIBIT "F".

- (A). THERE ARE NO WATER WELLS
- (B). NUMEROUS ABANDONED WELLS EXIST AND ARE LOCATED ON EXHIBIT "F"
- (C). NO TEMPORARILY ABANDONED WELLS EXIST.
- (D). THERE ARE NO DISPOSAL WELLS.
- (E). THERE ARE NO DRILLING WELLS.
- (F). EXISTING WELLS ARE LOCATED ON EXHIBIT "F"
- (G). THERE ARE NO SHUT-IN LOCATIONS
- (H). THERE ARE NO INJECTION WELLS AT THIS TIME.
- (I). NO MONITORING OR OBSERVATIONS WELLS EXIST.

4. LOCATION OF EXISTING AND /OR PROPOSED FACILITIES:

- (A). WITHIN A ONE-MILE RADIUS OF THIS LOCATION ARE EXISTING FACILITIES OWNED OR CONTROLLED BY THE LESSEE/OPERATOR AS SHOWN ON EXHIBIT "F". THE FACILITIES CONSIST OF A CURRENTLY OPERATED WELL, (GIBRALTAR #1) AND IT EQUIPMENT.
- (B). THE CISCO GATHERING SYSTEM, A NATURAL GAS PIPELINE WITH A TERMINUS INTO THE NORTHWEST PIPELINE.
- (C). EXHIBIT "P" SHOWS THE ANTICIPATED PRODUCTION FACILITY.
- (D). THE DIMENSIONS OF THE PRODUCTION FACILITY IS SHOWN ON EXHIBIT "P" AND IS DRAWN TO A SCALED OF 1" - 50'.
- (E) NO OUTSIDE CONSTRUCTION MATERIALS WILL BE NEEDED EXCEPT FOR GRAVEL TO BE PLACE UNDER THE PUMP-JACK AND OTHER PRODUCTION EQUIPMENT. GRAVEL WILL BE PLACED UNDER THE CENTRAL TANK BATTERY.
- (F) A WATER DISPOSAL PIT WILL BE CONSTRUCTED ON EACH SITE AND WILL FLAGGED.

5. LOCATION AND TYPE OF WATER SUPPLY:

WATER AND SALT BRINE WILL BE HAULED FROM MOAB FOR USE ON THIS LOCATION. NO WATER WELL OR OTHER SOURCE OF WATER IS PLANNED.

6. SOURCE OF CONSTRUCTION MATERIALS:

ANY AND ALL CONSTRUCTION MATERIALS (GRAVEL) NECESSARY WILL BE PURCHASED AND TRANSPORTED FROM GREEN RIVER, UTAH.

7. METHODS FOR HANDLING WASTE DISPOSAL:

- (A) DRILL CUTTINGS WILL BE BURIED IN THE RESERVE PIT.
- (B) DRILLING FLUIDS WILL BE CONTAINED IN STEEL MUD PITS AND/OR THE RESERVE PIT. THESE FLUIDS IF REUSABLE WILL BE TRANSPORTED TO THE NEXT DRILLING LOCATION. EVENTUALLY ANY REMAINING FLUIDS WILL BE DISPOSED OF IN AN APPROVED DISPOSAL SITE IN EITHER MOAB OR GREEN RIVER.
- (C) ANY HYDROCARBON LIQUIDS PRODUCED WILL DRILLING OR DURING INITIAL PRODUCTION TESTING WILL BE COLLECTED IN A TANK AND SOLD. ANY SPILL OR OTHER ADVERSE SUBSTANCES WILL BE REMOVED FROM THE SITE UPON THE COMPLETION OF THE DRILLING OPERATIONS AND TRANSPORTED TO AN APPROVED DISPOSAL FACILITY IN EITHER MOAB OR GREEN RIVER, UTAH,
- (D) AN "OUTHOUSE" CURRENTLY EXISTS AT PROPERTY ADJACENT TO THIS LEASE THAT IS OWNED BY ONE OF THE CORPORATE PRINCIPALS AND WILL BE UTILIZED FOR HUMAN WASTE. IF NECESSARY CHEMICAL TOILET FACILITY WILL BE PLACED ON THE LOCATION.
- (E) GARBAGE AND OTHER TRASH WILL BE COLLECTED IN A TRASH CONTAINERS AND ITS CONTENTS HAULED TO THE NEAREST DESIGNATED LANDFILL (MOAB OR GREEN RIVER).

7. (F) THE ENTIRE SITE WILL BE CLEANED UP AND RESTORED TO A SMOOTH CONTOUR WHEN THE RIGS MOVES OUT. ONLY THAT PART OF THE LOCATION REQUIRED FOR PRODUCTION WILL BE USED. AN APPROPRIATE SEED MIXTURE NATIVE TO THE SITE WILL BE PLANTED ON THE UN-USED PORTIONS OF THE SITE.

8. ANCILLARY FACILITIES:

NO AIRSTRIPS, CAMPS OR OTHER LIVING FACILITIES WILL BE BUILT OFF THIS LOCATION.

9. WELL SITE LAYOUT:

- (A). EXHIBIT "G" IS THE DRILL PAD LAYOUT. ANY TOPSOIL MOVED WILL BE STOCKPILED AND RE-USED AT THE COMPLETION OF THIS PROJECT.
- (B) THE MUD TANKS, RESERVE PIT, TRASH CAGE, PIPE RACKS AND ANY STORED SOIL, RIG SET-UP, PARKING FACILITIES AND ACCESS ROAD ARE SHOWN ON EXHIBIT "H".
- (C) THE RESERVE PITS WILL NOT BE LINED. STEEL MUD TANKS WILL BE USED AND ARE SHOWN ON EXHIBIT "H". IF WATER IS PRODUCED DURING PRODUCTION, A DISPOSAL STUDY WILL BE COMPLETED.

10. PLANS FOR RESTORATION:

- (A). BACK-FILLING, LEVELING, AND RE-CONTOURING WILL BE ACCOMPLISHED AS SOON AS POSSIBLE AFTER THE COMPLETION OF DRILLING OPERATIONS IF THE WELL IS PLUGGED. IF THE WELL IS A COMMERCIAL WELL, THE PRODUCTION FACILITIES, TO INCLUDE THE INSTALLATION UNDER GROUND PIPING TO THE CENTRAL TANK BATTERY WILL BE COMPLETED, AND THE UNUSED AND DISTURBED AREAS WILL BE REPLANTED AND LEVELED.
- (B) REHABILITATION OF THE SURFACE WILL BE ACCOMPLISHED BY RE-CONTOURING AS PRACTICAL BACK TO BLEND WITH THE ORIGINAL CONTOURS. ANY STOCKPILED TOPSOIL WILL BE SPREAD ALONG WITH RIPPING OF THE PAD. RE-VEGETATION WILL BE ACCOMPLISHED WITH NATIVE GRASSES OR OTHER SEEDS DESIGNATED BY THE STATE OF UTAH.
- (C) THREE SIDES OF THE RESERVE PITS WILL BE FENCED PRIOR TO DRILLING OPERATIONS. UPON RIG RELEASE THE RESERVE PIT WILL BE FENCED ON ALL SIDES AND REMAIN UNTIL ABANDONMENT OF THE LOCATION AT WHICH TIME IT WILL BE RE-CONTOURED AND FILLED.
- (D) ANY SPILLS WILL BE IMMEDIATELY REPORTED AND CLEAN-UP.
- (E) REHABILITATION OPERATIONS WILL COMMENCE AS SOON AS POSSIBLE AND PRACTICAL AFTER THE RIGS HAVE BEEN MOVED OFF THE LOCATION. SEEDING WILL BE COMPLETED DURING THE FALL PERIOD TO INSURE THE BEST GROWTH POTENTIAL.

**11. OTHER INFORMATION:**

AS INDICATED ON EXHIBIT "F", THE TOPOGRAPHY OF THE LOCATION HAS VERY LITTLE RELIEF. THE LOCATION IS ON A GENTLE SLOPING AREA WHICH WILL NECESSITATE VERY LITTLE CONSTRUCTION. THIS LOCATION IS LOCATED IN THE MIDDLE OF AN OLD OPERATING OIL FIELD (CISCO TOWNSITE).

THE SOIL IS LIGHT GRAY TYPICAL OF MANCOS.

THE VEGETATION IN THE IMMEDIATE AREA SURROUNDING THIS LOCATION IS GARDNER SALTBUSH, SHADSCALE, GREASEWOOD, CHEATGRASS, AND PRICKLY PEAR CACTUS. NONE OF THESE SPECIES IS ENDANGERED OR OF ANY ECONOMICAL VALUE OTHER THAN FOR SOIL STABILIZATION, WHICH IS NOT A FACTOR, AS THE AREA IS ALMOST LEVEL WITH LITTLE OR NO SOIL EROSION.

THE FAUNA OF THE AREA CONSISTS OF STRAY CATTLE, AN OCCASIONAL LOST SHEEP, ANTELOPE, RABBITS, LIZARDS, SNAKE, RAVENS AND AN OCCASIONAL GROUND SQUIRREL. NONE OF THE OBSERVED ANIMALS ARE ENDANGERED OR PROTECTED.

THE SURFACE AREA IS PRIVATELY OWNED (SEE TITLE OPINION) AS ARE THE MINERALS. HERETOFORE THIS AREA WAS NOT INHABITED OR UTILIZED.

THE NEAREST LIVE WATER IS FOUND IN THE WASH AREA APPROXIMATELY ONE MILE TO THE WEST IN THE AREA KNOWN AS THE CISCO WASH.

THE NEAREST OCCUPIED DWELLING IS OWNED BY A PRINCIPAL OF COLORADO-UTAH NATURAL GAS, INC. AND HAS BEEN OWNED FOR APPROXIMATELY TWENTY (20) YEARS. THIS FACILITY WILL BE USED DURING THE DRILLING OPERATIONS FOR SLEEPING, COOKING, ETC.

THERE ARE NO KNOWN OR VISIBLE ARCHEOLOGICAL, HISTORICAL, OR CULTURAL SITES WITHIN AN REASONABLE PROXIMITY TO THIS LOCATION.

THERE ARE NO RESTRICTIONS NOTED N THE OIL AND GAS LEASE (SEE TITLE OPINION).

**12. LESSEE'S OR OPERATORS REPRESENTATIVES:**

TARIQ AHMAD  
137 VASSAR, #5  
RENO, NEVADA 81502  
775-240-0769  
775-333-6626

DEAN H. CHRISTENSEN  
2160 PANORAMA WAY  
HOLLADAY, UTAH 84124  
801-554-2021  
801-278-3118

TERRY R. SPENCER, ESQ  
801-566-1884  
801-244-7778

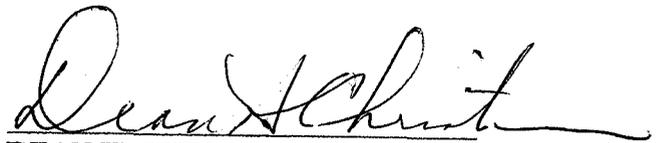
PAGE 5

13. CERTIFICATION:

I HEREBY CERTIFY THAT I, OR PERSONS UNDER MY DIRECT SUPERVISION, HAVE INSPECTED THE PROPOSED DRILLSITE AND ACCESS ROUTE; THAT I AM FAMILIAR WITH THE CONDITIONS WHICH PRESENTLY EXIST; THAT THE STATEMENTS MADE IN THIS PLAN ARE, TO THE BEST OF MY KNOWLEDGE, TRUE AND CORRECT; AND, THAT THE WORK ASSOCIATED WITH THE OPERATIONS PROPOSED HEREIN WILL BE PERFORMED BY MY CONTRACTORS AND SUBCONTRACTORS IN CONFORMITY WITH THIS PLAN AND TERMS AND CONDITIONS UNDER WHICH IT IS APPROVED.

12-12-04

DATE



DEAN H. CHRISTENSEN  
PRESIDENT

## WELLS ON PLAT

WELL NAME	API NUMBER	T21S, R23E LOCATION
1. CISCO OIL REFINING #1 PLUGGED AND ABANDONED	43-019-11529	SEC 13 660 FSL 1650 FEL
2. GOLDEN FEE #1 PLUGGED AND ABANDONED	43-019-10363	SEC 13 660 FSL 660 FWL
3. FEE #2 PLUGGED AND ABANDONED	43-019-11528	SEC 13 250 FSL 2310 FEL
4. CISCO OIL DEVL. #1 PLUGGED AND ABANDONED	43-019-11527	SEC 13 660 FSL 1980 FEL
5. ARIZONA-UTAH GAS & OIL #2 PLUGGED AND ABANDONED	43-019-11526	SEC 13 330 FSL 1980 FEL
6. FEE #1 PLUGGED AND ABANDONED	43-019-11214	SEC 13 330 FSL 2310 FEL
7. PAULSON 23-2 SHUTIN GAS WELL	43-019-30261	SEC 23 330 FNL 330 FEL
8. GOV'T STRAT 1 PLUGGED AND ABANDONED	43-019-11549	SEC 23 2410 FNL 1520 FEL
9. VANOVER #2 PLUGGED AND ABANDONED	43-019-30247	SEC 24 1650 FNL 330 FEL
10. WHYTE STATE #3 PLUGGED AND ABANDONED	43-019-30015	SEC 24 2310 FSL 330 FWL
11. VANOVER FEE #1 PLUGGED AND ABANDONED	43-019-30012	SEC 24 1670 FNL 1020 FEL
12. CISCO OIL REFINING #3 PLUGGED AND ABANDONED	43-019-20385	SEC 24 1650 FSL 990 FEL
13. KENMORE 24-114 PLUGGED AND ABANDONED	43-019-20383	SEC 24 990 FNL 1650 FEL
14. KENMORE 24-15 PLUGGED AND ABANDONED	43-019-20381	SEC 24 660 FNL 1980 FWL
15. HANSON FEE #1 PLUGGED AND ABANDONED	43-019-20287	SEC 24 2310 FNL 965 FEL
16. WHYTE STATE #5 PLUGGED AND ABANDONED	43-019-16264	SEC 24 2310 FNL 329 FWL
17. MURRAY FEE #2 PLUGGED AND ABANDONED	43-019-16262	SEC 24 558 FNL 573 FEL
18. KENMORE #3 PLUGGED AND ABANDONED	43-019-16261	SEC 24 1015 FNL 2050 FEL
19. AUDREY #1 PLUGGED AND ABANDONED	43-019-15109	SEC 24 1580 FNL 2190 FEL
20. ROY COOK #1 PLUGGED AND ABANDONED	43-019-15005	SEC 24 1228 FNL 1965 FEL
21. POOR BOY #1 PLUGGED AND ABANDONED	43-019-15004	SEC 24 400 FNL 2000 FEL

PAGE 2  
 PLATTED WELLS

WELL NAME	API NUMBER	T21S, R23E LOCATION
22. MURRAY #3 PLUGGED AND ABANDONED	43-019-15003	SEC 24 330 FNL 990 FEL
23. FULLER #1 PLUGGED AND ABANDONED	43-019-15001	SEC 24 1045 FNL 2390 FWL
24. CISCO OIL REFINING #2 PLUGGED AND ABANDONED	43-019-11536	SEC 24 2310 FSL 990 FEL
25. CISCO OIL REFINING #1 PLUGGED ABANDONED	43-019-11535	SEC 24 2310 FNL 990 FEL
26. KENMORE 24-106 PLUGGED AND ABANDONED	43-019-11534	SEC 24 1650 FNL 1650 FEL
27. FEE 1 PLUGGED AND ABANDONED	43-019-11533	SEC 24 990 FNL 2000 FEL
28. VANOVER FEE #2 PLUGGED AND ABANDONED	43-019-11417	SEC 24 990 FNL 330 FEL
29. WHYTE-STATE #1 PLUGGED AND ABANDONED	43-019-11443	SEC 24 395 FNL 993 FWL
30. KENMORE #2 PLUGGED AND ABANDONED	43-019-10384	SEC 24 660 FNL 660 FEL

**PRODUCING WELLS PLATTED**

31. VANOVER FEE #2 PRODUCING GAS WELL	43-019-31105	SEC 24 1820 FNL 820 FEL
32. WHYTE STATE #2 SHUTIN OIL WELL	43-109-16263	SEC 24 1650 FSL 2310 FWL
33. GIBRALTER #1 PRODUCING OIL WELL	43-019-31033	SEC 24 1274 FNL 2192 FEL

**PRODUCING WELLS NOT PLATTED**

34. PETRO-X 23-1 SHUT IN GAS WELL	43-019-30558	SEC 23 330 FNL 2310 FWL
35. NUGGETT 14-4 SHUT IN OIL WELL	43-019-30423	SEC 14 990 FSL 2241 FEL

**PLUGGED AND ABANDONED WELLS NOT PLATTED**

36. PAULSON STATE 23-3 PA	43-019-30381	SEC 23 1020 FSL 1120 FWL
37. SARGEANT-GOV'T 1	43-019-10666	SEC 13

PA  
PAGE 3  
WELLS

1980 FNL 1872 FWL

<b>WELL NAME</b>	<b>API NUMBER</b>	<b>T21S R23E LOCATION</b>
38. ST BUCKHORN-ADAK 14-1 PLUGGED AND ABANDONED	43-019-30396	SEC 14 1650 FNL 2310 FEL
39. BUCKHORN-NUGGETT 14-2 PLUGGED AND ABANDONED	43-019-30399	SEC 14 1075 FSL 0399 FWL
40. VUKASOVICH 14-3 PLUGGED AND ABANDONED	43-019-30511	SEC 14 1164 FNL 261 FWL
41. PEERLESS OIL COMPANY 1 PLUGGED AND ABANDONED	43-109-11531	SEC 23 660 FNL 660 FWL
42. UTAH SOUTHERN OIL CO 2 PLUGGED AND ABANDONED	43-019-11532	SEC 23 990 FSL 280 FWL

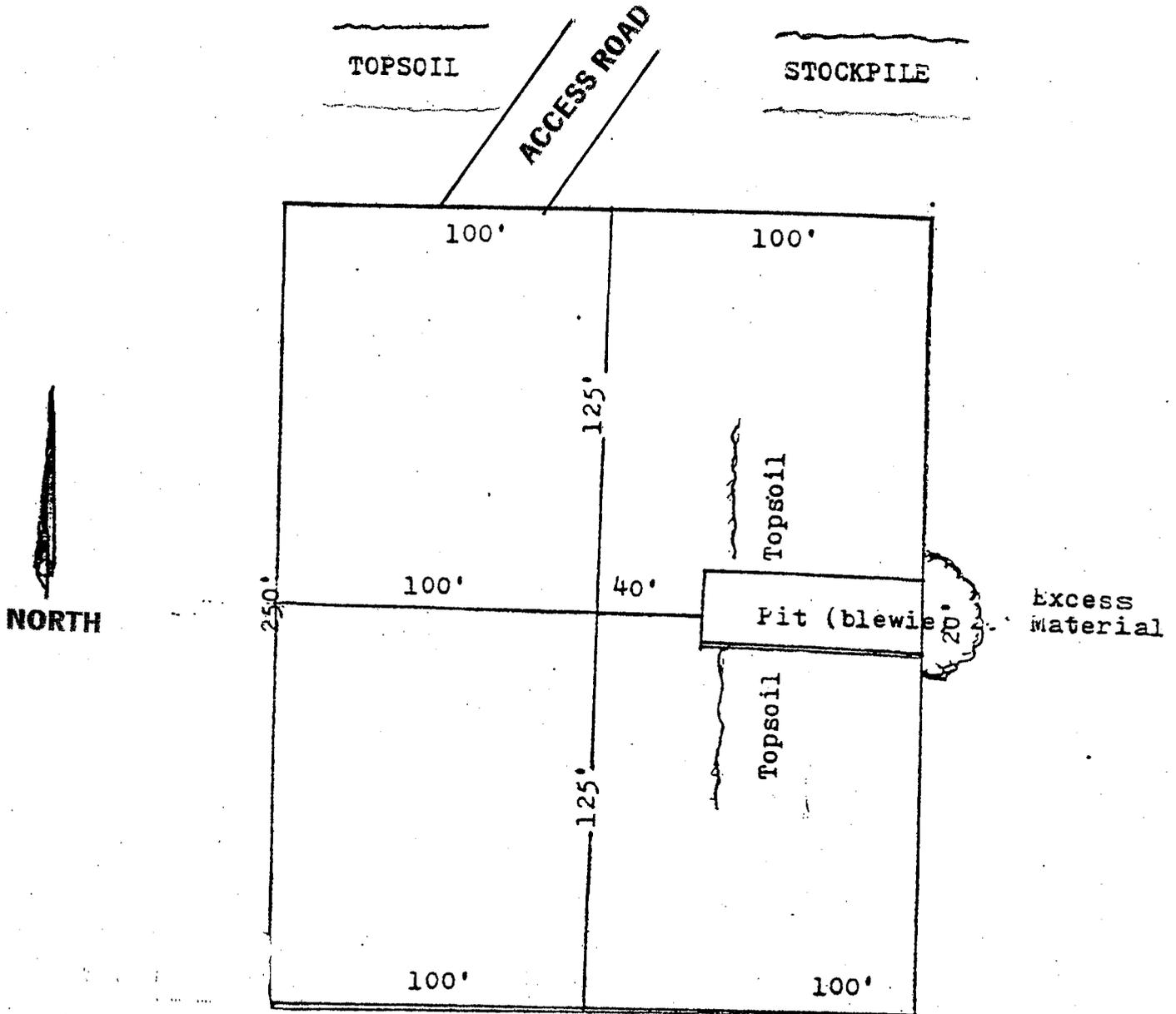
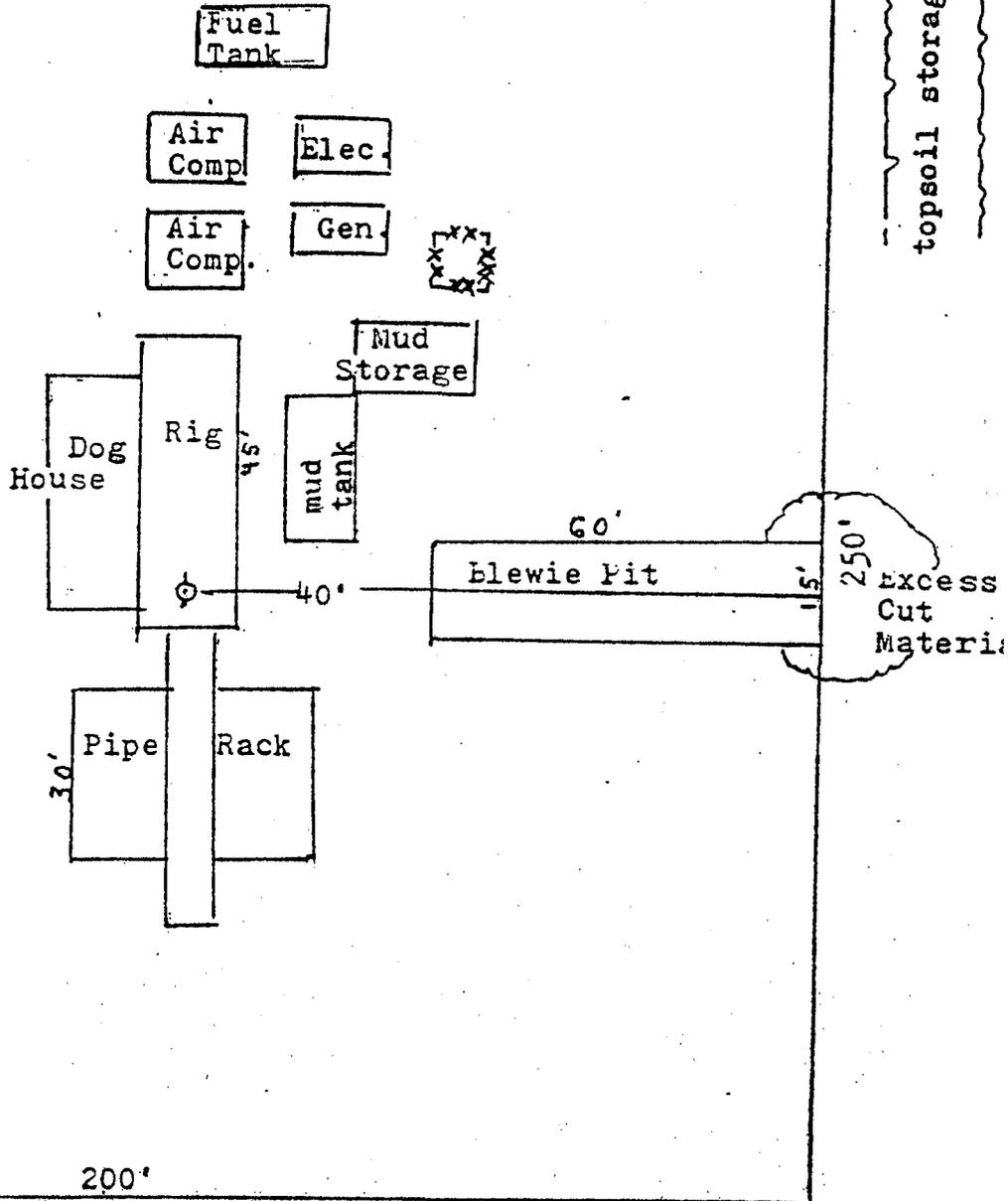
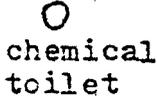
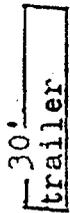


Exhibit "H"  
Drill Rig Layout

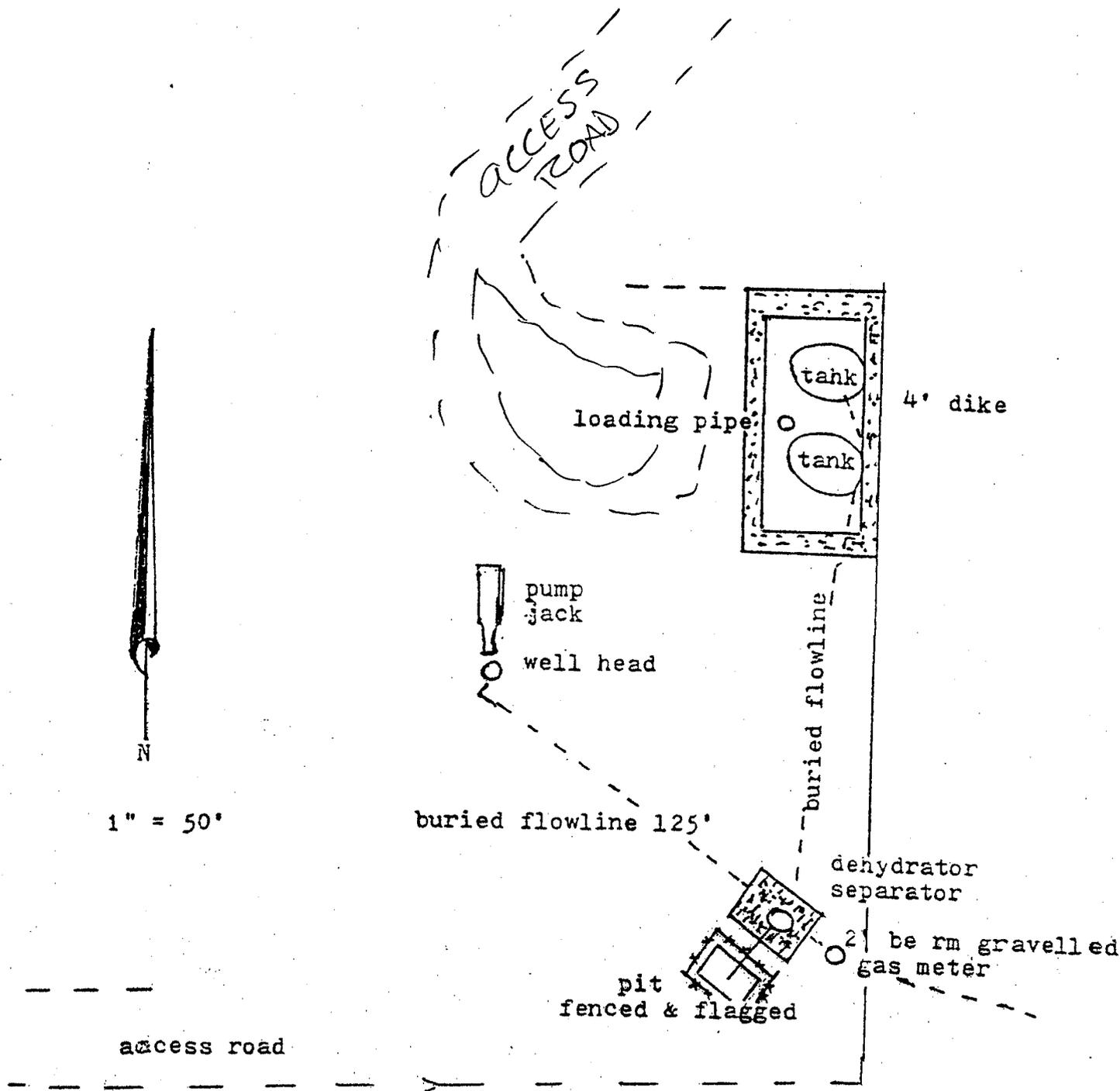
ACCESS ROAD

PARKING



COLORADO-UTAH NATURAL GAS, INC.  
(C-UNGI-24-21-23-7)

Exhibit "I"  
Production facilities



1" = 50'

4162 III SE  
(DANISH FLAT 1:24 000)

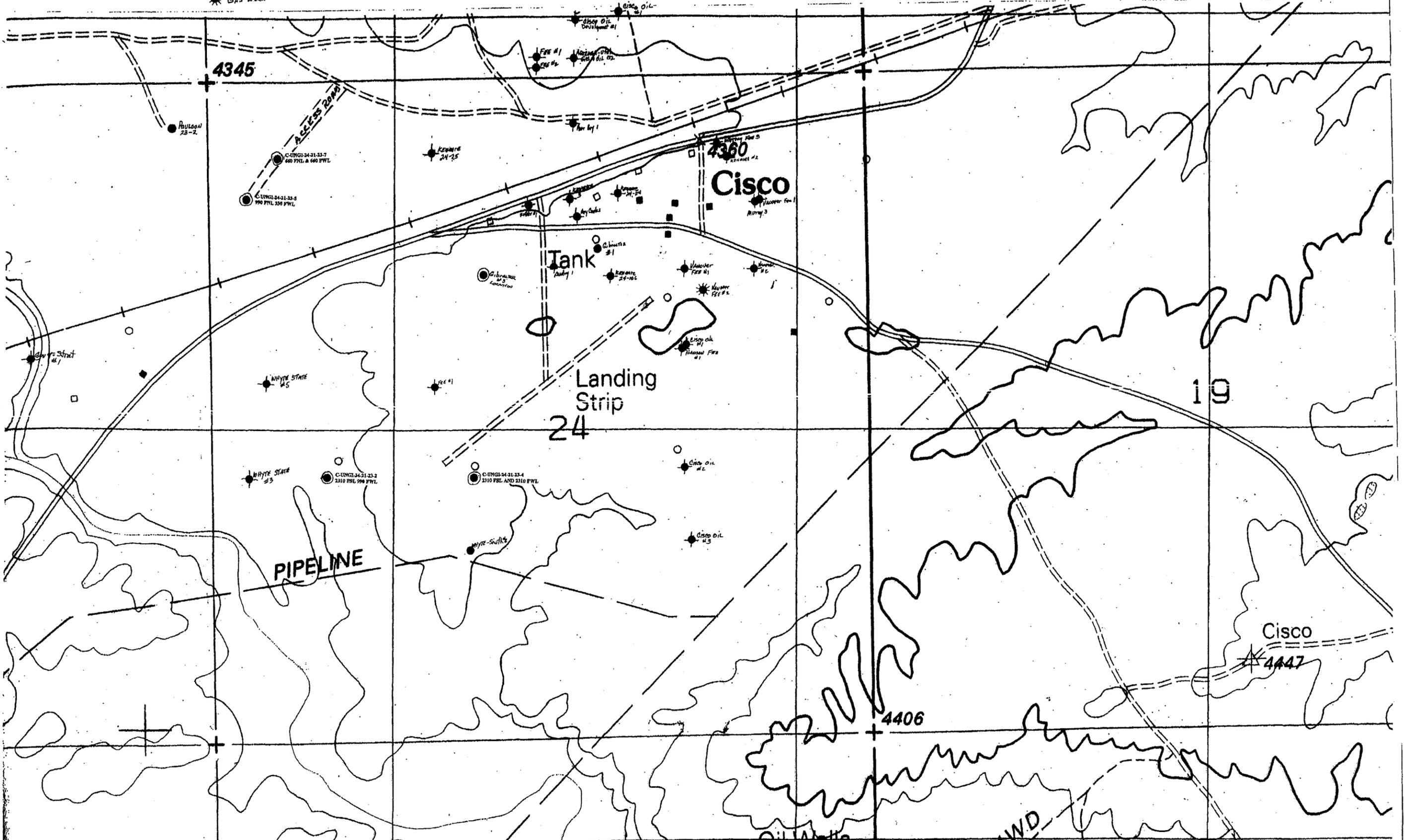
GRAND JUNCTION 52 M  
FRUITA 41 M

2 630 000 FEET P 24 E





- New Location
- ◆ Planned Location
- Oil Well
- ★ Gas Well



003

WORKSHEET  
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 12/14/2004

API NO. ASSIGNED: 43-019-31420

WELL NAME: C-UNG 24-21-23-7

OPERATOR: Colorado-Utah ( N 2765 )

CONTACT: DEAN CHRISTIANSEN

PHONE NUMBER: 801-544-2021

PROPOSED LOCATION:

NWNW 24 210S 230E  
SURFACE: 0660 FNL 0660 FWL  
BOTTOM: 0660 FNL 0660 FWL  
GRAND  
GREATER CISCO ( 205 )

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	<u>Dred</u>	<u>6/14/05</u>
Geology		
Surface		

LEASE TYPE: 3 - State  
LEASE NUMBER: ML-499:33  
SURFACE OWNER: 3 - State  
PROPOSED FORMATION: SLTW  
COALBED METHANE WELL? NO

LATITUDE: 38.97064  
LONGITUDE: -109.3292

RECEIVED AND/OR REVIEWED:

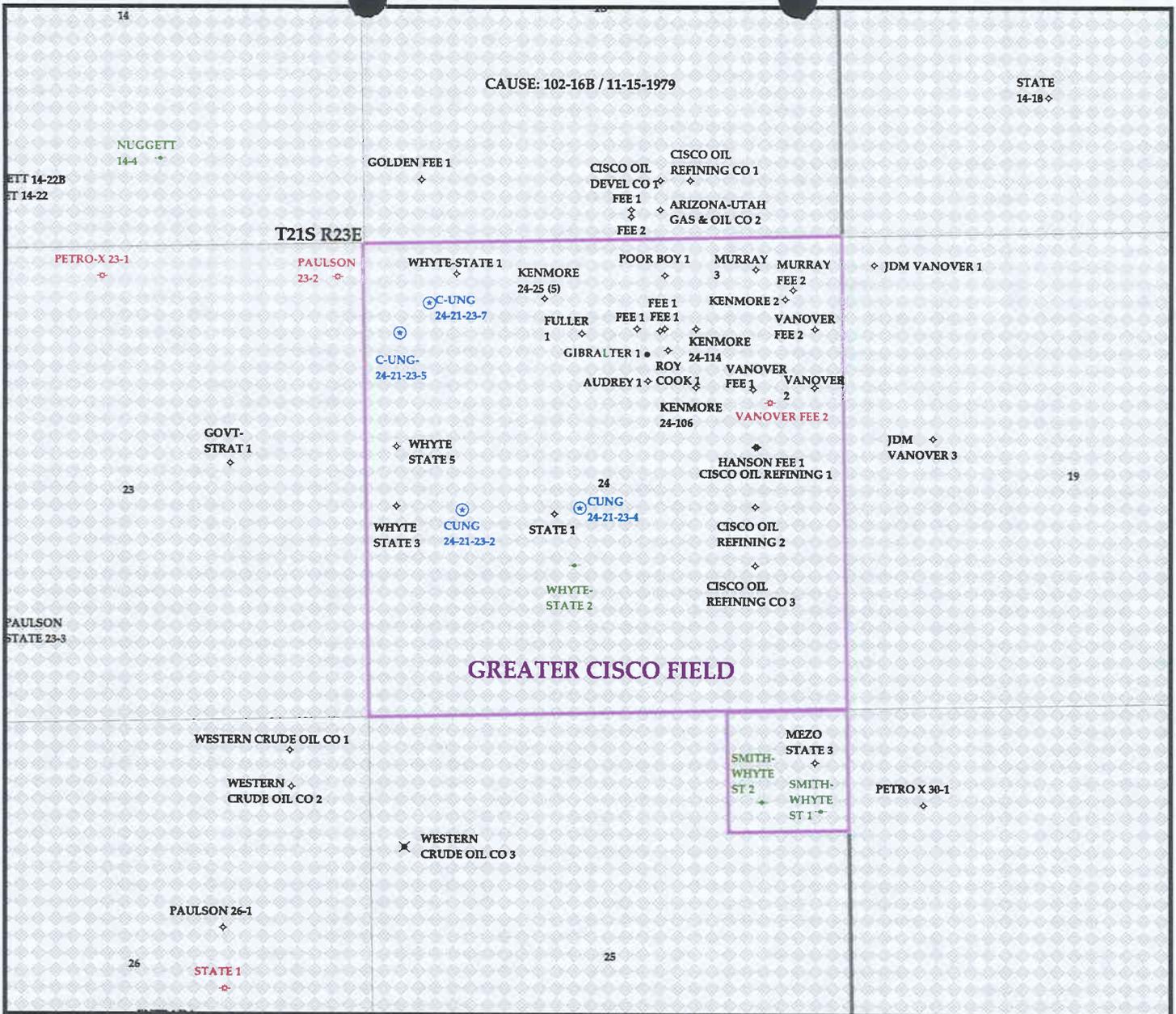
- Plat
- Bond: Fed[] Ind[] Sta[] Fee[]  
(No 763850625)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit  
(No. MUNICIPAL )
- RDCC Review (Y/N)  
(Date: )
- Fee Surf Agreement (Y/N)

LOCATION AND SITING:

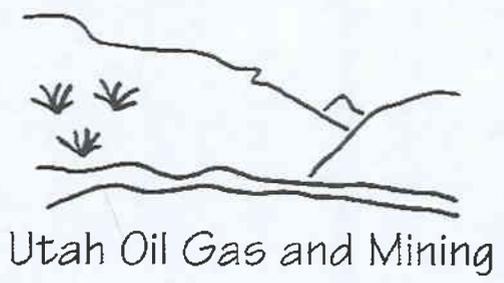
- R649-2-3.  
Unit \_\_\_\_\_
- R649-3-2. General  
Siting: 460 From Qtr/Qtr & 920' Between Wells
- R649-3-3. Exception
- Drilling Unit  
Board Cause No: 102-16B  
Eff Date: 11-15-1979  
Siting: See Cause Order
- R649-3-11. Directional Drill

COMMENTS: Needs Presio (05-31-05)

STIPULATIONS: 1- Cont St. p #4 - 8 7/8" S.A. Csg and 4 1/2" prod. csg cont back to surface  
2- STATEMENT OF BASIS



OPERATOR: *Colorado Uranium (Net 5)*  
 SEC. 24 T.21S R.23E  
 FIELD: GREATER CISCO (205)  
 COUNTY: GRAND ★★  
 CAUSE: 102-16B / 11-15-1979



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: 23-DECEMBER-2004

Cisco Townsite Well cementing

Clint Devorshak Petroleum Engineer

Cementing procedure

Cement the long string with 73 sx Class G 600 feet from TD

Surface string:

120 feet surface 8 5/8 casing  
cemented with 40 sx class G cement

Slurry yield            1.15 cu.ft/sx

**API NUMBERS**

<b><u>WELL NAME/NUMBER</u></b>	<b><u>API NUMBER</u></b>
1. 14-21-23-1	43-019-31450
2. 14-21-23-2	43-019-41451
3. 24-21-23-5	43-019-31417
4. 24-21-23-2A	43-019-31418
5. 24-21-23-4A	43-019-31419
✓6. 24-21-23-7	43-019-31420

OPERATOR NUMBER: N-2765

COLORADO-UTAH NATURAL GAS, INC.

RECEIVED

MAY 10 2005

DIV. OF OIL, GAS & MINING

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

**OPERATOR:** Colorado-Utah Natural Gas, Inc.

**WELL NAME & NUMBER:** C-UNGI-24-21-23-7

**API NUMBER:** 43-019-31420

**LEASE:** State **FIELD/UNIT:** Greater Cisco

**LOCATION:** 1/4,1/4 NWNW **Sec:** 24 **TWP:** 21S **RNG:** 23E 660 **FNL** 660 **FWL**

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

**GPS COORD (UTM):** X =644731 E; Y =4314640 N **SURFACE OWNER:** SITLA

**PARTICIPANTS**

Bart Kettle(DOGM), and Dean Christensen (Colorado-Utah Natural Gas, Inc.) Invited but choosing not to attend Chris Colt (DWR), Ed Bonner (SITLA) and Mary Hofhine (Grand County).

**REGIONAL/LOCAL SETTING & TOPOGRAPHY**

Proposed location is less than one mile from the town of Cisco, Grand County Utah. The proposed location is on flat ground between I-70 and the Union Pacific railroad tracks in a 6-8" precept zone. Salt scrub rangelands and Mancos clay flats surround the well site. Topography immediately adjacent to the well is predominantly rolling clay hills cut by many small gullies. Water drainage is to the southeast entering the Colorado River within 10 miles. There where no perennial streams or springs observed in close proximity to the location. Drainages in the immediate area are ephemeral in nature, being dry throughout the warmer months of the year.

**SURFACE USE PLAN**

**CURRENT SURFACE USE:** Winter cattle grazing, wildlife habitat, seasonal recreation, oil and gas development.

**PROPOSED SURFACE DISTURBANCE:** 250' x 200'

**LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS:** Many Plugged and Abandoned wells. Producing wells: Vandover Fee #2, Whyte State #2 and Gibraltar #1. Shut-in wells: Petro-X 23-1 and Nuggett 14-4.

**LOCATION OF PRODUCTION FACILITIES AND PIPELINES:** Production facilities such as separators, dehydrators and tanks will be shared with the C-UNGI-24-21-23-5A.

**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. The closest residence are located ~1 mile away in Cisco, ½ the residence of Cisco will be involved in the drilling of this well. Drilling rig will be visible from I-70, but

drilling in this at this location typically doesn't generate significant comment from the general public.

#### **WASTE MANAGEMENT PLAN:**

Garbage and other trash will be contained in an acceptable trash container. Refuse will be transported to an approved sanitary landfill.

Reserve pit will be fenced on three sides prior to use and on the fourth side upon removal of drilling rig. Drill cuttings will be constrained in the reserve pit. Produced liquid hydrocarbons will be constrained in test tanks during completion and testing.

#### **ENVIRONMENTAL PARAMETERS**

AFFECTED FLOODPLAINS AND/OR WETLANDS: No floodplains or wetlands will be affected by the drilling of this well.

FLORA/FAUNA: Pronghorn antelope, rabbits, prairie dogs, songbirds, raptors, rodents, snakes and lizards.

Grasses: Cheatgrass and Annual Rye grass. Forbs: Halageton, and bur buttercup. Shrubs: None. Trees: None.

SOIL TYPE AND CHARACTERISTICS: Light gray Clay loam.

SURFACE FORMATION & CHARACTERISTICS: Mancos-predominantly very fine deposited soils at this location. Soils are erosive in nature due to lack of litter/vegetation over entire surface area.

EROSION/SEDIMENTATION/STABILITY: Fine soils prone to wind and water erosion when disturbed. Excessive sedimentation and erosion above current rate is not expected.

PALEONTOLOGICAL POTENTIAL: None noted

#### **RESERVE PIT**

CHARACTERISTICS: 60'x15'

LINER REQUIREMENTS (Site Ranking Form attached): Liner Not Required

#### **SURFACE RESTORATION/RECLAMATION PLAN**

Back-filling, leveling and re-contouring will be accomplished after the completion of drilling operations if the well is plugged. If the well is a commercial well the production facilities, including under ground piping to central battery, will be completed and the unused portions of the location will be leveled and replanted. Seeding will be completed during the fall period to insure the best growth potential.

SURFACE AGREEMENT: As per SITLA mineral lease.

CULTURAL RESOURCES/ARCHAEOLOGY: None observed.

**OTHER OBSERVATIONS/COMMENTS**

Initial on-site conducted January 13, 2005, second visit required on May 31, 2005.

**ATTACHMENTS**

Photos of this location were taken and placed on file.

Bart Kettle  
DOGM REPRESENTATIVE

June 7, 2005, 10:22  
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>0</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>0</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**      5      (Level III 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.

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

**OPERATOR:** Colorado-Utah Natural Gas, Inc.  
**WELL NAME & NUMBER:** C-UNGI-24-21-23-7  
**API NUMBER:** 43-019-31420  
**LOCATION:** 1/4,1/4 NWNW Sec:24 TWP: 21S RNG: 23E 660 FNL 660 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 Quaternary Alluvial Mud covering the Upper Portion of the Blue Gate Member of the Mancos Shale. One surface point-to-point water right has been filed on an area within a mile of the proposed well site. Water Rights' driller's logs in the Crescent Junction area record poor quality water (salty) and petroleum shows in sandstones (and even some shales) surprisingly close to the surface, in some instances, and well within the 1,500' to 2,500' specified in the water right filing. No well completion records exist for any well at the location of the water right. Possible aquifers, which might be encountered uphole, would include the Dakota Sandstone, the Buckhorn Conglomerate Member of the Cedar Mountain Formation and the Salt Wash Member of the Morrison Formation. These are also productive zones in the Greater Cisco Field. In the Thompson, Utah, area, the Dakota Sandstone was drilled at a depth between 1,700' and 1,800' in the midst of more uniform stratigraphy. The proposed casing and cementing program should adequately isolate any zones of fresh water that may be penetrated.

**Reviewer:** Christopher J. Kierst **Date:** 6/10/2005

**Surface:**

On-site conducted January 13, 2005 and re-visited May 31, 2005. In attendance: Bart Kettle (DOGM), Dean Christensen (Colorado-Utah Natural Gas, Inc.), invited but choosing not to attend Chris Colt (DWR), Ed Bonner (SITLA) and Mary Hofhine (Grand County).

To assure that location does not become flooded diversion ditches/berms will be constructed on the northern portions of the location. Existing outhouse at property adjacent the lease may not be adequate, a chemical toilet facility will be required on the location. Regardless of recent grazing actively in the area, reserve pits will be fenced on all four side upon the removal of the drilling rig.

**Reviewer:** Bart Kettle **Date:** June 7, 2005

**Conditions of Approval/Application for Permit to Drill:**

1. Place a chemical toilet on location.
2. Fence Reserve Pit on all four sides upon removal of drilling rig.



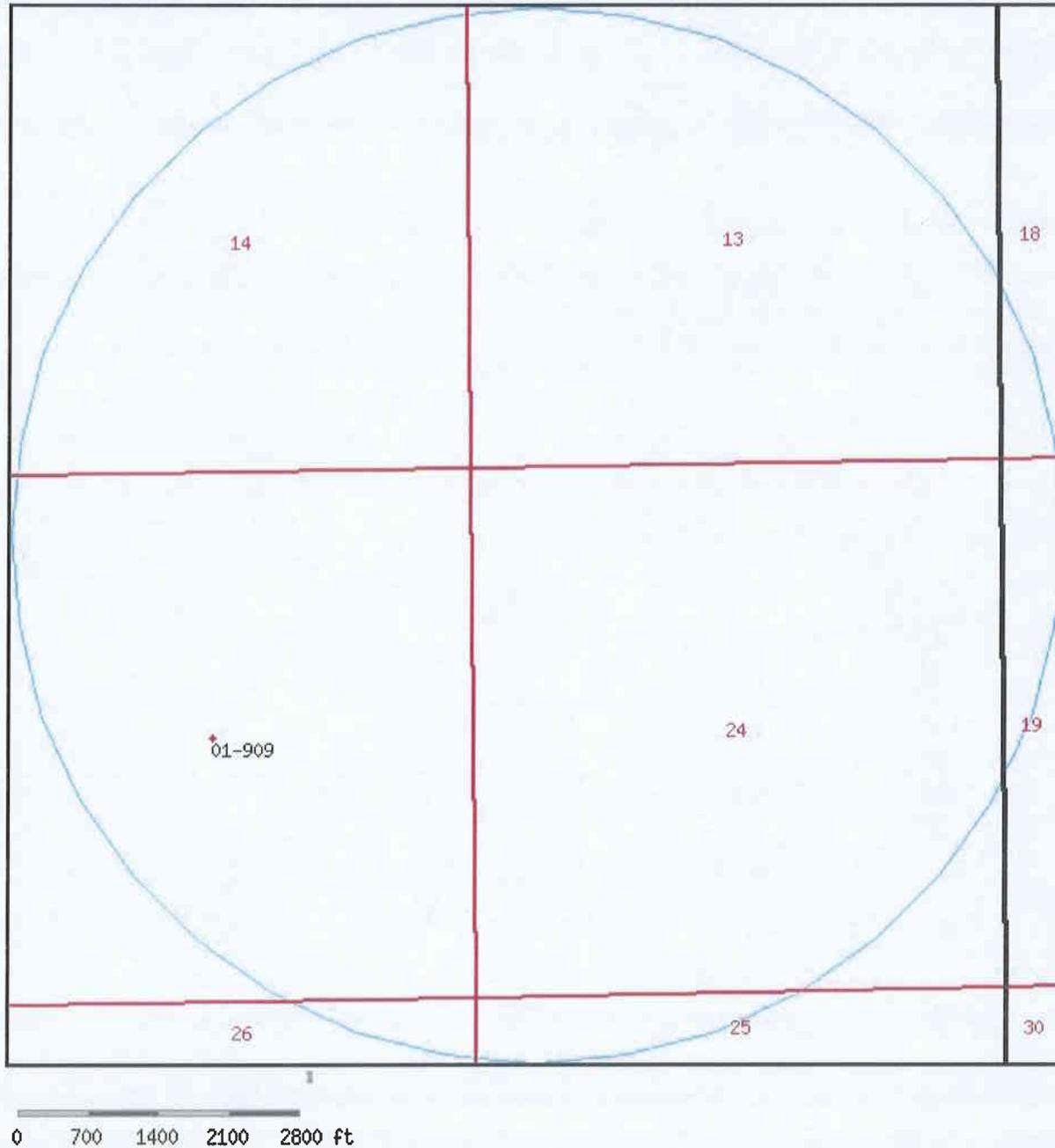
Search Utah.gov **GO**

# UTAH DIVISION OF WATER RIGHTS

## WRPLAT Program Output Listing

Version: 2004.12.30.00      Rundate: 06/10/2005 05:23 PM

**Radius search of 5280 feet from a point S660 E660 from the NW corner, section 24, Township 21S, Range 23E, SL b&m  
Criteria:wrtypes=W,C,E podtypes=all status=U,A,P usetypes=all**

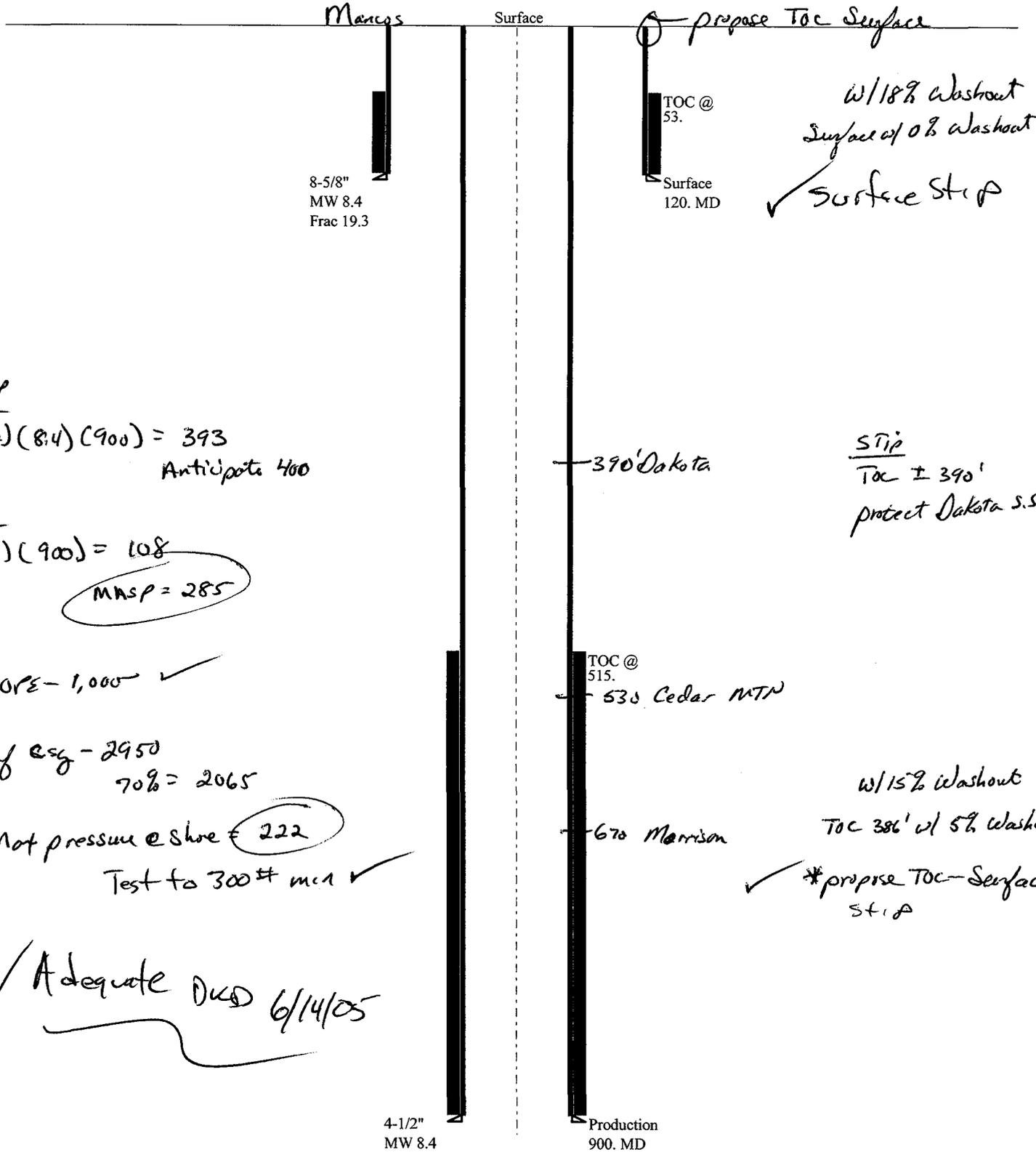


### Water Rights

<b>WR Number</b>	<b>Diversion Type/Location</b>	<b>Well Log</b>	<b>Status</b>	<b>Priority</b>	<b>Uses</b>	<b>CFS</b>	<b>ACFT</b>	<b>Owner Name</b>
<u>01-909</u>	Point to Point		P	18790000	OS	0.015	0.000	MOAB DISTRICT USA BUREAU OF LAND MANAGEMENT  P.O. BOX 970
	0 0 23 21S 23E SL							

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

Casing Schematic



BHP  
 $(0.52)(8.4)(900) = 393$   
 Anticipate 400

G<sub>wo</sub>  
 $(.12)(900) = 108$   
 MASP = 285

BOPE - 1,000 ✓

Surf @ sg - 2950  
 70% = 2065

Mat pressure @ shoe = 222  
 Test to 300# mca ✓

✓ Adequate DWD 6/14/05

w/18% washout  
 Surface of 0% washout  
 ✓ Surface Strip

STIP  
 TOC ± 390'  
 protect Dakota s.s.

w/15% washout  
 TOC 386' w/ 5% washout  
 ✓ \*prepare TOC-Surface Strip

Well name:	<b>06-05 C-UNG 24-21-23-7</b>	
Operator:	<b>Colorado-Utah Natural Gas, Inc.</b>	
String type:	Surface	Project ID: 43-019-31420
Location:	Grand County	

**Design parameters:**

**Collapse**

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

**Burst**

Max anticipated surface pressure: 106 psi  
Internal gradient: 0.120 psi/ft  
Calculated BHP: 120 psi  
  
No backup mud specified.

**Minimum design factors:**

**Collapse:**

Design factor 1.125

**Burst:**

Design factor 1.00

**Tension:**

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

Tension is based on buoyed weight.  
Neutral point: 105 ft

**Environment:**

H2S considered? No  
Surface temperature: 65 °F  
Bottom hole temperature: 67 °F  
Temperature gradient: 1.40 °F/100ft  
Minimum section length: 120 ft  
  
Cement top: 53 ft

Non-directional string.

**Re subsequent strings:**

Next setting depth: 900 ft  
Next mud weight: 8.400 ppg  
Next setting BHP: 393 psi  
Fracture mud wt: 19.250 ppg  
Fracture depth: 120 ft  
Injection pressure 120 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	120	8.625	24.00	J-55	ST&C	120	120	7.972	5.8
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	52	1370	26.163	120	2950	24.58	3	244	96.95 J

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

Phone: 801-538-5280  
FAX: 810-359-3940

Date: June 13, 2005  
Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 120 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:	<b>06-05 C-UNG 24-21-23-7</b>		Project ID:
Operator:	<b>Colorado-Utah Natural Gas, Inc.</b>		43-019-31420
String type:	Production		
Location:	Grand County		

**Design parameters:**

**Collapse**

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

**Burst**

Max anticipated surface pressure: 285 psi  
 Internal gradient: 0.120 psi/ft  
 Calculated BHP: 393 psi  
  
 No backup mud specified.

**Minimum design factors:**

**Collapse:**

Design factor 1.125

**Burst:**

Design factor 1.00

**Tension:**

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

Tension is based on buoyed weight.  
 Neutral point: 785 ft

**Environment:**

H2S considered? No  
 Surface temperature: 65 °F  
 Bottom hole temperature: 78 °F  
 Temperature gradient: 1.40 °F/100ft  
 Minimum section length: 1,500 ft  
  
 Cement top: 515 ft

Non-directional string.

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	900	4.5	9.50	J-55	ST&C	900	900	3.965	17.3
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	393	3310	8.430	393	4380	11.16	7	101	13.54 J

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

Phone: 801-538-5280  
 FAX: 810-359-3940

Date: June 13, 2005  
 Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 900 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.*

**From:** Ed Bonner  
**To:** Whitney, Diana  
**Date:** 6/22/2005 12:53:50 PM  
**Subject:** Well Clearance

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

Colorado Utah Natural Gas Inc  
CUNG 24-21-23-2  
CUNG 24-21-23-4  
CUNG 24-21-23-5  
CUNG 24-21-23-7

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

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

**State of Utah****Department of  
Natural Resources**

MICHAEL R. STYLER  
*Executive Director*

**Division of  
Oil, Gas & Mining**

JOHN R. BAZA  
*Division Director*

JON M. HUNTSMAN, JR.  
*Governor*

GARY R. HERBERT  
*Lieutenant Governor*

June 27, 2005

Colorado-Utah Natural Gas, Inc.  
140 West 9000 South  
Sandy, UT 84070

Re: C-UNG-24-21-23-7 Well, 660' FNL, 660' FWL, NW NW, Sec. 24,  
T. 21 South, R. 23 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 43-019-31420.

Sincerely,

A handwritten signature in cursive script, appearing to read "Gil Hunt".

Gil Hunt  
Acting Associate Director

pab  
Enclosures

cc: Grand County Assessor  
SITLA

Operator: Colorado-Utah Natural Gas, Inc.  
Well Name & Number C-UNG-24-21-23-7  
API Number: 43-019-31420  
Lease: ML-48933

Location: NW NW                      Sec. 24                      T. 21 South                      R. 23 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. Cement volumes for the 8 5/8" surface casing and 4 1/2" production casing strings shall be determined from actual hole diameters in order to place cement from the pipe setting depths back to the surface.

# DIVISION OF OIL, GAS AND MINING

## **SPUDDING INFORMATION**

Name of Company: COLORADO-UTAH NATURAL GAS

Well Name: C-UNG 24-21-23-7

Api No: 43-019-31420 Lease Type: STATE

Section 24 Township 21S Range 23E County GRAND

Drilling Contractor PROPETCO RIG # \_\_\_\_\_

### **SPUDDED:**

Date 08/30/05

Time \_\_\_\_\_

How DRY

**Drilling will Commence:** \_\_\_\_\_

Reported by DEAN CHRISTENSEN

Telephone # 1-801-554-2021

Date 08/31/2005 Signed CHD

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:  
**48933**

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

8. WELL NAME and NUMBER:  
**24-7**

9. API NUMBER:  
**43-019-31420**

10. FIELD AND POOL, OR WILDCAT:  
**Cisco Area**

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

2. NAME OF OPERATOR:  
**Colorado-UTAH Natural Gas, Inc**

3. ADDRESS OF OPERATOR:  
**140W 9000 So -S-9 Sandy, UT 84070**

PHONE NUMBER:  
**801-554-2021**

4. LOCATION OF WELL  
FOOTAGES AT SURFACE: **660 FNL 660 E WL**

COUNTY: **Grand**

STATE: **UTAH**

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:  
**NW NW Sec 24 T21S R73E S40N**

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 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"/> COMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <b>Change of Completion</b>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

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

OPR Intends to Drill Thru the Ed to the top of the Kam (approx. 530') Set & Cement 4 1/2" casing into surface casing. Then Drill Thru cement shoe into the formation @ 530' approx 10' with 3 1/2" bit. Complete as a GAS WELL

OPR to test BOP to 800 psi - ~~Requirement change since well being drilled only to 530'.~~

COPY SENT TO OPERATOR  
Date: **9-15-05**  
Initials: **GH**

NAME (PLEASE PRINT) **Dean H. Christensen** TITLE **President**

SIGNATURE *Dean H. Christensen* DATE **9-06-05**

(space for State use only)

RECEIVED

THIS SUNDRY IS BEING RETURNED DENIED; A gas well cannot produce from the same formation as another gas well within 1320 feet - 6 (2005) Use No. 102-16(b).

DIV. OF OIL, GAS & MINING

*Dean H. Christensen*

September 14, 2005  
Utah Division of Oil, Gas and Mining

**FAX TRANSMISSION COVER**

**TO: DUSTIN - PAGE 1 SUNDRY NOTICE**

**THIS SUNDRY NOTICE REFLECTS THE CHANGE IN DRILLING DEPTHS AND TYPE OF COMPLETION. ALSO PLEASE NOTE THE BOP TEST PRESSURE CHANGE.**

**TO: ERLYNN RUSSELL (SORRY ABOUT THE SPELLING MY WIFE TAUGHT ME NOT TO REMEMBER OTHER LADIES NAMES)**

**PAGE 2 ENTITY ACTION FORM**

**MY APOLOGY BUT I DIDN'T PLACE THE OLD ENTITY NUMBERS FOR THE 23-1 AND THE 14-4 AS CAROLYN WILLIAMS WASN'T IN AND THEY COULDN'T FIND THAT NUMBER IN THE WELL FILE.**

**THANKS**

**FROM: COLORADO-UTAH NATURAL GAS  
(DEAN H. CHRISTENSEN)**

**RECEIVED**

**SEP 06 2005**

**DIV. OF OIL, GAS & MINING**

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

FORM 6

ENTITY ACTION FORM

Operator: Colorado-Utah Natural Gas Operator Account Number: N 2765  
Address: 140 West 9000 So  
Suite 9  
SANDY, UT 840720 Phone Number: \_\_\_\_\_

Well 1 C-UNG 24-21-23-7 (EP)

API Number	Well Name		QQ	Sec	Twp	Rng	County
<u>4301931420</u>	<u>24-7R see Above</u>		<u>NEW</u>	<u>24</u>	<u>T21S</u>	<u>23E</u>	<u>Grand</u>
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
<u>B</u>	<u>99999</u>	<u>14910</u>	<u>Sept 1 2005</u>		<u>9/8/05</u>		
Comments:		<u>Salt Wash</u>		<u>8/30/05</u>			

Well 2

API Number	Well Name		QQ	Sec	Twp	Rng	County
<u>43-019-30423</u>	<u>NIXEGETT 14-4</u>			<u>14</u>	<u>21S</u>	<u>23E</u>	<u>Grand</u>
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
<u>D</u>							
Comments:		<u>Change of OPR</u> <u>9/6/05 operator to use correct form ER</u>					

Well 3

API Number	Well Name		QQ	Sec	Twp	Rng	County
<u>43-019-30558</u>	<u>RETRO-X 23-1</u>		<u>NEW</u>	<u>23</u>	<u>21S</u>	<u>23E</u>	<u>Grand</u>
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
<u>D</u>							
Comments:		<u>Change of OPR</u> <u>9/6/05 operator to use correct form ER</u>					

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)

DEAN H CHRISTENSEN  
Name (Please Print)  
Dean H Christensen  
Signature  
President  
Title  
9-6-05  
Date

RECEIVED  
SEP 06 2005

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

FORM 9

5. LEASE DESIGNATION AND SERIAL NUMBER:  
**ML 49833**

**SUNDRY NOTICES AND REPORTS ON WELLS**

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT 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.

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

8. WELL NAME and NUMBER:  
**ØUNG 24-21-23-7**

2. NAME OF OPERATOR:  
**Colorado Utah Natural Gas, Inc.**

9. API NUMBER:  
**43-019-31420**

3. ADDRESS OF OPERATOR:  
140 West 9000 South CITY Salt Lake City STATE Ut ZIP 84070  
PHONE NUMBER: (801) 566-1884

10. FIELD AND POOL, OR WILDCAT:  
**GREATER CISCO**

4. LOCATION OF WELL  
FOOTAGES AT SURFACE: **660 FNL 660 FWL** COUNTY: **GRAND**

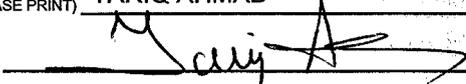
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: **NWSW 24 21S 23E S** STATE: **UTAH**

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 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 checked="" type="checkbox"/> OTHER: <b>CHANGE NAME</b>
	<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.

**CHANGE WELL NAME FROM ØUNG 24-21-23-6A TO SWEETHEART NO. 7**

NAME (PLEASE PRINT) **TARIQ AHMAD** TITLE **PETROLEUM ENGINEER**  
SIGNATURE  DATE **9/15/2005**

(This space for State use only)

**RECEIVED**  
**SEP 22 2005**

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

FORM 9

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>		5. LEASE DESIGNATION AND SERIAL NUMBER: <b>ML 49833</b>
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
		7. UNIT or CA AGREEMENT NAME:
1. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER _____	8. WELL NAME and NUMBER: <b>GUNG 24-21-23-7</b>	
2. NAME OF OPERATOR: <b>Colorado Utah Natural Gas, Inc.</b>		9. API NUMBER: <b>43-019-31420</b>
3. ADDRESS OF OPERATOR: 140 West 9000 South CITY <b>Salt Lake City</b> STATE <b>Ut</b> ZIP <b>84070</b>	PHONE NUMBER: <b>(801) 566-1884</b>	10. FIELD AND POOL, OR WILDCAT: <b>GREATER CISCO</b>
4. LOCATION OF WELL FOOTAGES AT SURFACE: <b>660 FNL 660 FWL</b>		COUNTY: <b>GRAND</b>
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <b>NWSW 24 21S 23E S</b>		STATE: <b>UTAH</b>

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate)  Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only)  Date of work completion: _____	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <b>CHANGE NAME</b>
	<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.  
**CHANGE WELL NAME FROM GUNG 24-21-23-6A TO SWEETHEART NO. 7**

NAME (PLEASE PRINT) <b>TARIQ AHMAD</b>	TITLE <b>PETROLEUM ENGINEER</b>
SIGNATURE	DATE <b>9/15/2005</b>

(This space for State use only)

**RECEIVED**  
**SEP 22 2005**

**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  GAS WELL  DRY  OTHER \_\_\_\_\_

b. TYPE OF WORK: NEW WELL  HORIZ. LATS.  DEEP-EN  RE-ENTRY  DIFF. RESVR.  OTHER \_\_\_\_\_

2. NAME OF OPERATOR: COLORADO UTAH NATURAL GAS, INC.

8. WELL NAME and NUMBER: SWEETHEART 7

3. ADDRESS OF OPERATOR: 140 W 9000 S #9 CITY SANDY STATE UT ZIP 84070 PHONE NUMBER: (801) 566-1884

9. API NUMBER: 4301931420

4. LOCATION OF WELL (FOOTAGES)  
AT SURFACE: 660 FNL 660 FWL  
AT TOP PRODUCING INTERVAL REPORTED BELOW: SAME  
AT TOTAL DEPTH: SAME

10. FIELD AND POOL, OR WILDCAT: GREATER CISCO

11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNW 24 21S 23E S

12. COUNTY \_\_\_\_\_ 13. STATE UTAH

14. DATE SPUDDED: 8/1/2005 15. DATE T.D. REACHED: 9/9/2005 16. DATE COMPLETED: 9/29/2005 ABANDONED  READY TO PRODUCE

17. ELEVATIONS (DF, RKB, RT, GL): 4834 GL

18. TOTAL DEPTH: MD 720 TVD 720 19. PLUG BACK T.D.: MD 720 TVD 720 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  YES  (Submit analysis)  
WAS DST RUN? NO  YES  (Submit report)  
DIRECTIONAL SURVEY? NO  YES  (Submit copy)

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

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
12	8 5/8 J55	28	0	137	137	60	50	SURFACE	
6 1/4	4 1/2 J55	9.5	0	543	543	60	42	240	
3 7/8		NONE	543	732	732	0		0	

**25. TUBING RECORD**

SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)

**26. PRODUCING INTERVALS**

FORMATION NAME	TOP (MD)	BOTTOM (MD)	TOP (TVD)	BOTTOM (TVD)
(A) MORRISON	726	732	726	732
(B)				
(C)				
(D)				

**27. PERFORATION RECORD**

INTERVAL (Top/Bot - MD)	SIZE	NO. HOLES	PERFORATION STATUS
			Open <input checked="" type="checkbox"/> Squeezed <input type="checkbox"/>
			Open <input type="checkbox"/> Squeezed <input type="checkbox"/>
			Open <input type="checkbox"/> Squeezed <input type="checkbox"/>
			Open <input type="checkbox"/> Squeezed <input type="checkbox"/>

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

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:**

**FLOWING**

**RECEIVED**  
**OCT 27 2005**

**31. INITIAL PRODUCTION**

**INTERVAL A (As shown in item #26)**

DATE FIRST PRODUCED: 10/1/2005		TEST DATE: 10/1/2005		HOURS TESTED: 24		TEST PRODUCTION RATES: →		OIL - BBL: 12	GAS - MCF: 0	WATER - BBL: 0	PROD. METHOD: FLOWING
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)
DAKOTA SILT	320	326	SILT GAS AT 326 SITP 20 PSI		
COAL	426	428	COAL		
DAKOTA SAND	530	550	CLEAN SAND GAS AND OIL FLOW TO SURFACE		
MORRISON					

**35. ADDITIONAL REMARKS (Include plugging procedure)**

WELL WAS COMPLETED OPEN HOLE, FLOWING TO TANK

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

NAME (PLEASE PRINT) TARIQ AHMAD TITLE PETROLEUM ENGINEER  
 SIGNATURE [Signature] DATE 10/24/2005

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

AMENDED REPORT  FORM 8  
(highlight changes)

**WELL COMPLETION OR RECOMPLETION REPORT AND LOG**

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

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

5. LEASE DESIGNATION AND SERIAL NUMBER:  
**ML 48933**

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT or CA AGREEMENT NAME

8. WELL NAME and NUMBER:  
**SWEETHEART 7**

2. NAME OF OPERATOR:  
**COLORADO UTAH NATURAL GAS, INC.**

9. API NUMBER:  
**4301931420**

3. ADDRESS OF OPERATOR:  
**140 W 9000 S #9 CITY SANDY STATE UT ZIP 84070**

PHONE NUMBER:  
**(801) 566-1884**

10. FIELD AND POOL, OR WILDCAT  
**CISCO**

4. LOCATION OF WELL (FOOTAGES)  
AT SURFACE: **660FNL 660 FWL**  
AT TOP PRODUCING INTERVAL REPORTED BELOW: **SAME**  
AT TOTAL DEPTH: **SAME**

11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:  
**NWNW 24 21S 23E**

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

14. DATE SPUDDED: **8/29/2005** 15. DATE T.D. REACHED: **9/14/2005** 16. DATE COMPLETED: **1/13/2006**

ABANDONED  READY TO PRODUCE

17. ELEVATIONS (DF, RKB, RT, GL):  
**4336GL**

18. TOTAL DEPTH: MD **720** TVD **720**

19. PLUG BACK T.D.: MD **535** TVD **535**

20. IF MULTIPLE COMPLETIONS, HOW MANY? \*

21. DEPTH BRIDGE MD **535** PLUG SET: TVD **535**

22. TYPE ELECTRIC AND OTHER MECHANICAL LOGS RUN (Submit copy of each)  
**CEMENT BOND LOG**

23. WAS WELL CORED? NO  YES  (Submit analysis)  
WAS DST RUN? NO  YES  (Submit report)  
DIRECTIONAL SURVEY? NO  YES  (Submit copy)

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

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
12	8 5/8 J55	28	0	137		G 60	50	SURF	
6 1/4	4 1/2 J55	9.5	0	543		G 60	42	240	
3 7/8	OH		0	720					

**25. TUBING RECORD**

SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)

**26. PRODUCING INTERVALS**

FORMATION NAME	TOP (MD)	BOTTOM (MD)	TOP (TVD)	BOTTOM (TVD)
(A) DAKOTA	530	540	530	540
(B)				
(C)				
(D)				

**27. PERFORATION RECORD**

INTERVAL (Top/Bot - MD)	SIZE	NO. HOLES	PERFORATION STATUS
530 540		20	Open <input checked="" type="checkbox"/> Squeezed <input type="checkbox"/>
			Open <input type="checkbox"/> Squeezed <input type="checkbox"/>
			Open <input type="checkbox"/> Squeezed <input type="checkbox"/>
			Open <input type="checkbox"/> Squeezed <input type="checkbox"/>

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

DEPTH INTERVAL	AMOUNT AND TYPE OF MATERIAL
NO TREATMENT	

**29. ENCLOSED ATTACHMENTS:**

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

**30. WELL STATUS:**

**WOPL**

**RECEIVED**  
**MAR 20 2006**  
DIV. OF OIL, GAS & MINING

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.

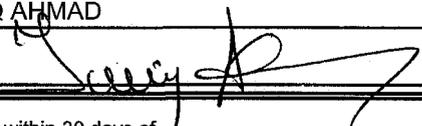
34. FORMATION (Log) MARKERS:

Formation	Top (MD)	Bottom (MD)	Descriptions, Contents, etc.	Name	Top (Measured Depth)
DAKOTA SILT	320	326	FINE GRAINED SAND. FLOWED TO SURFACE 20 PSI SITP		
COAL	426	428	COAL		
DAKOTA SAND	530	550	CLEAN SAND GAS AND OIL FLOW		
MORRISON	720	740	CLEAN SAND OIL AND GAS FLOW.		

35. ADDITIONAL REMARKS (Include plugging procedure)

WELL IS AWAITING PIPELINE CONNECTION

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

NAME (PLEASE PRINT) TARIQ AHMAD TITLE PETROLEUM ENGINEER  
 SIGNATURE  DATE 3/16/2006

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

DAILY DRILLING REPORT

SWEETHEART 7  
API 43-019-31420  
SECTION 24 21S 23E  
GRAND COUNTY, UTAH

8/29/05 RIG UP SET CONDUCTOR PIPE

8/30/05 PICKUP HAMMER DRILL 138 FEET OF 11 INCH HOLE WITH AIR. TRIP OUT. DIG RESERVE PIT. RIG UP 137 FEET OF J-55 8 5/8 CASING.

8/31/05 WOC TO SET. DIG BLEW PIT. RUN CASING CIR. GREEN CEMENT OUT OF HOLE.

9/1/05 WELD FLANGES ON 5 1/2 BLEW LINE. CEMENT CASING CUT OF CASING WELD ON WELLHEAD. NIPPLE UP

9/2/05 CUTOFF CASING WELD ON WELL HEAD NIPPLE UP. 20 PSI SI PRESSURE.

9/6/05 TEST BOP TO 1000 PSI TRIP IN HOLE. DRILL PLUG & FLOAT DRY UP HOLE. DRILLING 6 1/2 IN HOLE 138 FEET TO 346 FEET. PULL STD CLOSE BOP. DB AT 325 FEET GAS TO SURFACE. 10 FOOT FLARE.

9/7/05 FLARE GAS AT 325 FEET. DRILLING 346-530 FEET. COAL AT 426 FEET. CIR & COND HOLE FOR RETURNS OIL TO SURFACE. SDFN. TOP OF OIL SAND AT 530-536 FEET. CLEAN BEACH SAND. DRILLED TO 550 FEET. SDFN

9/8/05 RIN IN HOLE WITH 543 FEET 4 1/2 IN CASING CEMENT CASING.

9/12/06 NIPPE DOWN. CUTOFF 4 1/2 WELD.

9/13/05 TRIP IN DRILL 20 FEET OF CEMENT, RUBBER PLUG & FLOAT. DRILL 3 7/8 IN HOLE 552-588. 10FT CEMENT UNDER PIPE. CIR HOLE. PULL 1 STD SDFN.

9/14/05 TRIP OUT NIPPLE DOWN NIPPLE UP BOP'S. DRILL TO 720 FOOT. OPEN HOLE. WATER ZONE AT 720 FOOT.

9/15/05 WELL FLOWING TO SURFACE. FROM MORRISON OIL FROM TOP ZONE WATER FROM BOTTOM ZONE.

9/29/05 WELL PLUMBEDT TO TANK. FLOWING.

2/22/06

RIH HOLE WITH 17 JTS 2 3/8 TUBING 552 FEET PLUS 1 FT  
SEATING NIPPLE. RODS 550 FEET BOTTOM OF 8 FOOT PUMP  
10' OF PONY RODS. TOTAL 562 FEET 12 FOOT ABOVE GR.  
WAITING ON PUMP JACK AND ENGINE

## COMPLETION INFORMATION

SWEETHEART #7

Sec 24, T21S, R23E

LEASE: ML 48933

TUBING: 16 JOINTS 499' - 2 3/8"

5/8" RODS - 19 RODS 475'

2 - 8' PONY RODS 12'

PUMP: 8'

POLISH ROD 8' x 1"

SEATING NIPPLE 1'

BOTTOM OF PUMP 500'

ROD HEAD: SKINNER

PERFORATION 512-520' (2-SHOTS/FT) 530-540

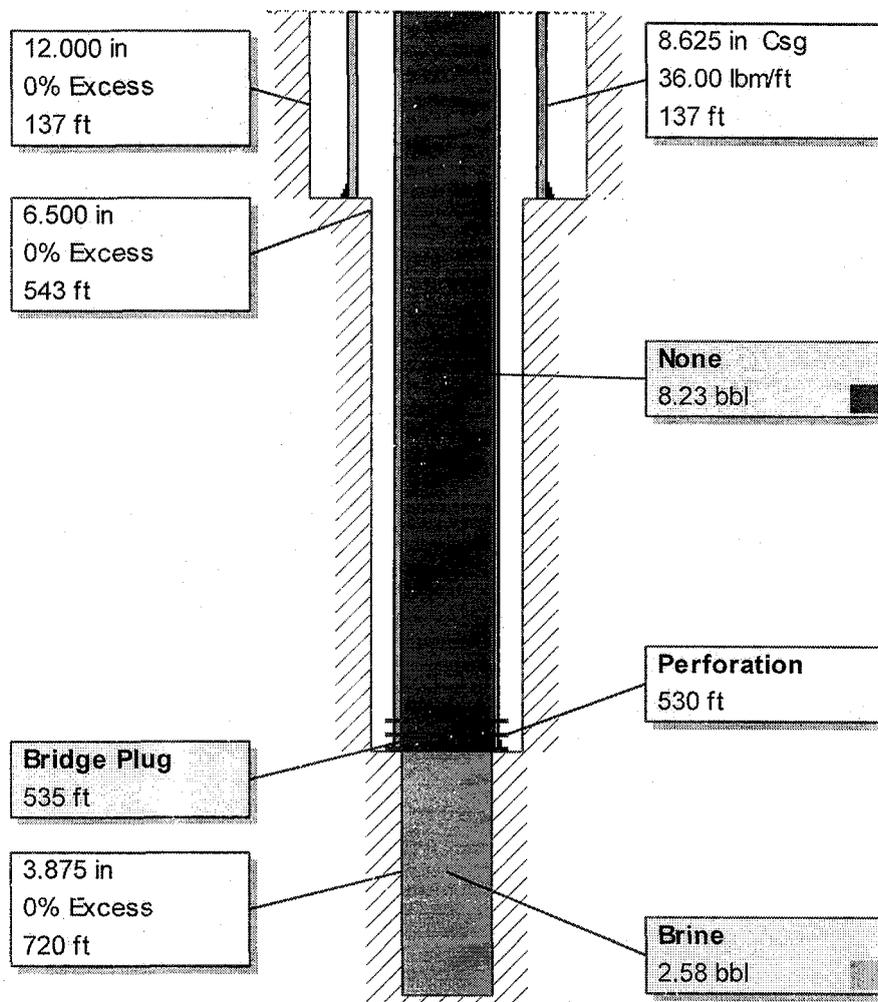
PUMP-JACK: JENSEN

STROKE: 30"

ENGINE: AWAITING INSTALLATION

Sweetheart 7  
Colorado Utah Natural Gas, Inc.  
API 43 109 31420

SEC 24 21S 23E GRAND COUNTY UTAH. OIL WELL  
RECOMPLETED IN DAKOTA SAND.



i-Handbook\* - \*a mark of Schlumberger

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

**ROUTING**

1. DKD

2. CDW

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

Operator Name Change/Merger

The operator of the well(s) listed below has changed, effective:

**2/26/2007**

<b>FROM:</b> (Old Operator): N2765-Colorado-Utah Natural Gas Inc 9000 S, Suite Sandy, UT 84070 Phone: 1 (801) 554-2021	<b>TO:</b> ( New Operator): N7655-Pacific Energy & Mining 137 Vassar St, Suite 5 Reno, NV 89502 Phone: 1 (775) 852-7444
--	---

**CA No.**

**Unit:**

WELL NAME	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: 3/9/2007
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 3/9/2007
- The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 3/12/2007
- Is the new operator registered in the State of Utah: \_\_\_\_\_ Business Number: 5977241-0143
- 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: n/a
- 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 BIA
- Federal and Indian Units:**  
The BLM or BIA has approved the successor of unit operator for wells listed on: \_\_\_\_\_
- Federal and Indian Communization Agreements ("CA"):**  
The BLM or BIA has approved the operator for all wells listed within a CA on: \_\_\_\_\_
- 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: \_\_\_\_\_

**DATA ENTRY:**

- Changes entered in the **Oil and Gas Database** on: 9/27/2007
- Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 9/27/2007
- Bond information entered in RBDMS on: 9/27/2007
- Fee/State wells attached to bond in RBDMS on: 9/27/2007
- Injection Projects to new operator in RBDMS on: \_\_\_\_\_
- Receipt of Acceptance of Drilling Procedures for APD/New on: 9/27/2007

**BOND VERIFICATION:**

- Federal well(s) covered by Bond Number: \_\_\_\_\_
- Indian well(s) covered by Bond Number: \_\_\_\_\_
- (R649-3-1) The **NEW** operator of any fee well(s) listed covered by Bond Number 763751318 and 3344341
- The **FORMER** operator has requested a release of liability from their bond on: \*  
The Division sent response by letter on: \_\_\_\_\_

**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: 2/20/2008

**COMMENTS:** \*Colorado-Utah's CDs were rolled by the bank to Pacific Energy's CDs

**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 _____		5. LEASE DESIGNATION AND SERIAL NUMBER:
2. NAME OF OPERATOR: Pacific Energy & Mining Company <i>N7655</i>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 137 Vassar Street #5 CITY Reno STATE NV ZIP 89502		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: _____ COUNTY: <b>Grand</b>		8. WELL NAME and NUMBER: See below
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: _____ STATE: <b>UTAH</b>		9. API NUMBER:
		10. FIELD AND POOL, OR 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 type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input checked="" type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

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

Change of operator for the following wells: *30423 effective 2/26/07*

1- Nugget 14-4	API No. 430190423	Section 14 21S 23E Grand County, Utah	= BOND 76385/1300	
2- Whyte Stae 2	API No 4301916263	Section 24 21S 23E Grand County, Utah	} BOND 76385/292	
3- Sweetheart 5A	API No 4301931417	Section 24 21S 23E Grand County, Utah		
4- Sweetheart 2A	API No 4301931418	Section 24 21S 23E Grand County, Utah		
5- Sweetheart 7	API No 4310931420	Section 24 21S 23E Grand County, Utah		
6- Sweetheart 14-02	API No 4301931451	Section 14 21S 23E Grand County, Utah		
7- CUNCI 14-21-23-1	API No 4301931450	Section 14 21S 23E Grand County, Utah		
8- LITTLE BOY 2	API No <del>4310931460</del>	Section 24 21S 23E Grand County, Utah		NAME IS 14-01 4301931460

*Coloresso-Utah Natural Gas, Inc N2765*  
*by: Dean Chuit* (\*)authorized 9/27/07 by DHC and TA

9- LITTLE BOY 1 API NO 43-019-31459 SECTION 24 21 S 23E GRAND COUNTY, UTAH(\*)

NAME (PLEASE PRINT) <u>Tariq Ahmad</u>	TITLE <u>Vice President</u>
SIGNATURE	DATE <u>2/26/2007</u>

(This space for State use only)

APPROVED 9/12/07  
*Earlene Russell*  
Division of Oil, Gas and Mining  
Earlene Russell, Engineering Technician

RECEIVED  
MAR 09 2007  
DIV. OF OIL, GAS & MINING

(5/2000) (See Instructions on Reverse Side)



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 3, 2008

CERTIFIED MAIL NO.: 7004 2510 0004 1824 6190

Mr. Tariq Ahmad  
Pacific Energy & Mining Company  
137 Vassar St. Suite #5  
Reno, NV 89502

43 019 31420  
Sweetheart 7  
21S 23E 24

Re: Extended Shut-in and Temporarily Abandoned Well Requirements for Wells on Fee or State Leases

Dear Mr. Ahmad:

As of July 2008, Pacific Energy & Mining Company has Five (5) State Mineral Lease Wells and three (3) Fee Lease Wells (see attachment A) in non-compliance with the requirements for extended shut-in or temporarily abandoned (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).

With the exception of the Sweetheart 14-02 (API # 43-019-31451), the Sweetheart 2A (API # 43-019-31418) and the Little Boy 1 (API # 43-019-31459), a Notice of Violation (NOV) was issued for the wells listed on Attachment A. That NOV dated December 14, 2007 required the wells to be put into production, or plugged or get approval with good cause for extended SI/TA. The latter required an MIT and full cost bonding. To date, nothing has been done to bring these wells into full compliance. This is a reminder for these wells that a response is far past due and immediate action is necessary. Also the three wells not currently under the NOV require plans to produce or plug submitted immediately or further actions will be initiated.



Page 2  
September 3, 2008  
Mr. Ahmad

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, 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  
Wells File  
Compliance File

## ATTACHMENT A

	<b>Well Name</b>	<b>API</b>	<b>Lease Type</b>	<b>Years Inactive</b>
1	Whyte-State 2	43-019-16263	ML-48933	46 Years 2 Months
2	Sweetheart 7	43-019-31420	ML-48933	2 Years 10 Months
3	Little Boy 1	43-019-31459	ML-48933	2 Years 6 Months
4	Little Boy 2	43-019-31460	ML-48933	2 Years 6 Months
5	Sweetheart 2A	43-019-31418	ML-48933	2 Years 9 Months
6	Petro-X 23-1	43-019-30558	Fee	28 Years 9 Months
7	14-01	43-019-31450	Fee	2 Years 6 Months
8	Sweetheart 14-02	43-019-31451	Fee	1 Year 7 Months

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

FORM 9

5. LEASE DESIGNATION AND SERIAL NUMBER:  
**ML 48933**

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

8. WELL NAME and NUMBER:  
**Sweetheart 7**

9. API NUMBER:  
**4301931420**

10. FIELD AND POOL, OR WILDCAT:  
**Greater Cisco**

**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  GAS WELL  OTHER \_\_\_\_\_

2. NAME OF OPERATOR:  
**Pacific Energy & Mining Company**

3. ADDRESS OF OPERATOR:  
**P.O. Box 18148** CITY **Reno** STATE **NV** ZIP **89511** PHONE NUMBER: **(775) 852-7444**

4. LOCATION OF WELL  
FOOTAGES AT SURFACE: **660' FNL, 660' FWL** COUNTY: **Grand**  
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: **NWNW 24 21S 23E S** 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"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input checked="" type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <b>On Production</b>
	<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.  
**Working on well to place on production in Morrison formation to shut off water.**

COPY SENT TO OPERATOR  
Date: 12.30.2008  
Initials: KS

NAME (PLEASE PRINT) Tariq Ahmad TITLE Petroleum Engineer  
SIGNATURE [Signature] DATE 9/22/2008

(This space for State use only)

APPROVED BY THE STATE  
OF UTAH DIVISION OF  
OIL, GAS, AND MINING  
DATE: 12/23/08  
BY: [Signature]  
(See Instructions on Reverse Side)

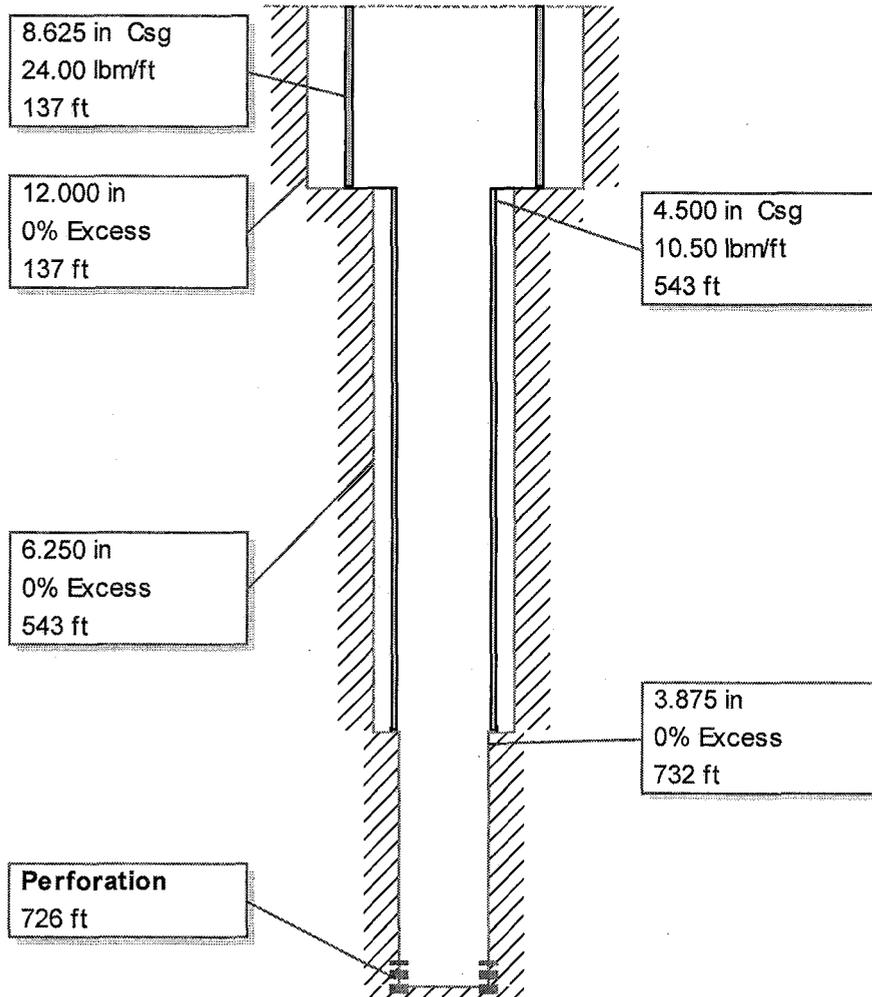
**RECEIVED**  
**SEP 25 2008**  
DIV. OF OIL, GAS & MINING

**WELL: Sweetheart 7, Greater Cisco**  
Location: 660' FNL, 660' FWL, NWNW, Sec. 24, T21S, R23E, SLM

**WELLBORE DIAGRAM**

**new**

**Created on 9/22/2008 2:24:50 PM**



**i-Handbook\*** - \*a mark of Schlumberger

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

FORM 9

**SUNDRY NOTICES AND REPORTS ON WELLS**

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

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: <b>SEE BELOW</b>
2. NAME OF OPERATOR: <b>Pacific Energy &amp; Mining Company</b>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: 
3. ADDRESS OF OPERATOR: P.O. Box 18148 CITY Reno STATE NV ZIP 89511		7. UNIT or CA AGREEMENT NAME: 
4. LOCATION OF WELL FOOTAGES AT SURFACE: _____ COUNTY: Grand QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: 21S 23E 24 STATE: UTAH		8. WELL NAME and NUMBER: <b>SEE BELOW Sweetheart 7</b>
PHONE NUMBER: <b>(775) 852-7444</b>		9. API NUMBER: <b>SEE BELOW 43019 31420</b>
		10. FIELD AND POOL, OR WILDCAT: Greater Cisco

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

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

The following is a listing of the concerned wells:

S.N.	WELL NAME	API	Lease Type
1	Whyte-State 2	43-019-16263	ML-48933
2	Sweetheart 7	43-019-31420	ML-48933
3	Little Boy 1	43-019-31459	ML-48933
4	Little Boy 2	43-019-31460	ML-48933
5	Sweetheart 2A	43-019-31418	ML-48933
6	Petro-X-23-1	43-019-30558	Fee
7	14-01	43-019-31450	Fee
8	Sweetheart 14-02	43-019-31451	Fee

At present, Pride Ventures has refused access for shipping our produced natural gas to Elk Resources; thus we can't ship the said gas until the matter is resolved. We will pursue and try to resolve this matter expeditiously. In the interim, we are trying to sell our produced gas locally.

\*\*\*Please see attached email from Elk Resources, Inc.

NAME (PLEASE PRINT) <u>Tariq Ahmad</u>	TITLE <u>Petroleum Engineer</u>
SIGNATURE	DATE <u>9/23/2008</u>

(This space for State use only)

**RECEIVED**  
**SEP 25 2008**  
DIV. OF OIL, GAS & MINING



**RE: Cisco Meter**

Tuesday, September 23, 20

**From:** "Tom Young" <[tyoung@elkresources.net](mailto:tyoung@elkresources.net)>

**To:** [taroil@yahoo.com](mailto:taroil@yahoo.com)

Tariq,

Since your gas is transported into and thru Woosley's line and compressor, I visited with Jim yesterday and he w: that he is unwilling to continue to allow you to do this. Apparently for the last few years he has allowed this but it to problems such as high nitrogen, probably air, in your gas shutting down his compressor to mention one. He al mentioned volumes were very small and flow seldom lasted more than a week or so. The only option that I can s you to get a ROW and lay a line to connect directly into us.

Tom C. Young  
VP Southern Operations & Midstream  
Elk Resources, Inc.  
1401 17th Street, Suite 700  
Denver, CO 80202  
(303) 296-4505 - Main  
(303) 339-1917 - Fax  
[tyoung@elkresources.net](mailto:tyoung@elkresources.net)

---

**From:** [taroil](mailto:taroil@yahoo.com) [<mailto:taroil@yahoo.com>]  
**Sent:** Monday, September 22, 2008 3:49 PM  
**To:** Tom Young  
**Subject:** Cisco Meter

Dear Tom:

Were you able to get the charts changed

**Tariq I. Ahmad PE**  
PO Box 18148  
Reno, Nevada 89511

775 333-6626 office  
775 333-0225 fax  
775 240-0769 cell  
[taroil@yahoo.com](mailto:taroil@yahoo.com)

E-MAIL CONFIDENTIALITY NOTICE:

The contents of this e-mail message and any attachments are intended solely for the addressee(s) and may contain confidential and/or legally privileged information. If you are not the intended recipient of this message

RECEIVED  
SEP 25 2008  
DIV. OF OIL, GAS & MINING

# Pacific Energy & Mining Company

September 22, 2008

Dustin Doucet  
Petroleum Engineer  
State of Utah  
Department of Natural Resources  
Division of Oil, Gas & Mining  
1594 West North Temple, Suite 1210  
Salt Lake City, Utah 84114

Subject: Extended Shut In

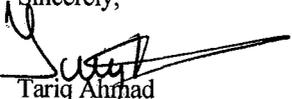
Dear Mr. Coucet:

Reference your letter dated September 3, 2008, we have prepared the sundry notices for each of the wells providing the explanations for these wells.

The 14-02 well produced and sold natural gas during the month of April 2008. Thereafter, the Elk Resources Pipeline was shut in, it was placed back on production on September 20, 2008. We have requested Elk Resources to change the chart on our sales meter so that we can place our wells on production. In addition we have requested Pride Ventures to allow us to transport our natural gas through their natural gas line.

We have placed natural gas compressors at the 14-02 well and the 2A wells. We will place all of our natural gas wells on production once the meters are changed and pride allows us access to their pipeline.

Sincerely,

  
Tariq Ahmad  
Petroleum Engineer

Cc: Well Files

P.O. Box 18148  
Reno, Nevada 89511  
Phone: 775 852-7444  
Fax: 775 851-1138

RECEIVED  
SEP 25 2008  
DIV. OF OIL, GAS & MINING



**State of Utah**  
DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
*Executive Director*

**Division of Oil Gas and Mining**

JOHN R. BAZA  
*Division Director*

JON M. HUNTSMAN, JR.  
*Governor*

GARY R. HERBERT  
*Lieutenant Governor*

January 29, 2009

CERTIFIED MAIL NO. 7004 2510 0004 1824 6664

Mr. Tariq Ahmad  
Pacific Energy & Mining Company  
3550 Barron Way, Ste 13A  
Reno, NV 89511-1852

43 019 31420  
Sweetheart 7  
21S 23E 2A

Subject: Second Notice of Extended Shut-in and Temporarily Abandoned Well Requirements for Wells on Fee or State Leases

Dear Mr. Ahmad:

As of January 2009, Pacific Energy & Mining Co. ("Pacific") has five (5) State Mineral Lease Wells and three (3) Fee Lease wells (see attachment A) that are in non-compliance with the requirements for extended shut-in or temporarily abandoned (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).

Pacific was sent a first notice of Extended Shut-in and Temporarily Abandoned ("SI/TA") requirements certified mail on September 3, 2008, in regards to the above referenced wells. The Division received your sundries dated September 23, 2008, (received by the Division on 9/25/2008). It was stated in the sundries that the wells would be "placed in production in [the] next 14 days." More than sufficient time has passed and still no evidence has shown this has been fulfilled.

Due to insufficient evidence the Division is unable to grant extended SI/TA status for the listed wells. Please submit specific lengths of time that the wells are expected to be shut-in or temporarily abandoned along with evidence showing well integrity. The Divisions preferred method of demonstrating well integrity is to perform an MIT.



Page 2  
Mr. Tariq Ahmad  
January 29, 2009

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

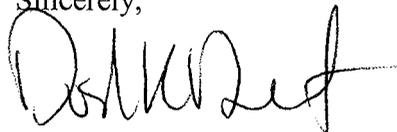
1. Reasons for SI/TA of the well (R649-3-36-1.1).
2. The length of time the well is expected to be SI/TA (R649-3-36-1.2), and
3. An explanation and supporting data if necessary, for showing the well has integrity, meaning that the casing, cement, equipment condition, static fluid level, pressure, existence 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 and further actions may be initiated. 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 Files

## ATTACHMENT A

	<b>Well Name</b>	<b>API</b>	<b>Lease Type</b>	<b>Years Inactive</b>
1	Whyte-State 2	43-019-16263	ML-48933	46 Years 2 Months
2	Sweetheart 7	43-019-31420	ML-48933	2 Years 10 Months
3	Little Boy 1	43-019-31459	ML-48933	2 Years 6 Months
4	Little Boy 2	43-019-31460	ML-48933	2 Years 6 Months
5	Sweetheart 2A	43-019-31418	ML-48933	2 Years 9 Months
6	Petro-X 23-1	43-019-30558	Fee	28 Years 9 Months
7	14-01	43-019-31450	Fee	2 Years 6 Months
8	Sweetheart 14-02	43-019-31451	Fee	1 Year 7 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

January 29, 2009

CERTIFIED MAIL NO. 7004 2510 0004 1824 6664

43 019 31420  
Sweetheart 7  
21S 23E 24

Mr. Tariq Ahmad  
Pacific Energy & Mining Company  
3550 Barron Way, Ste 13A  
Reno, NV 89511-1852

Subject: Second Notice of Extended Shut-in and Temporarily Abandoned Well Requirements for Wells on Fee or State Leases

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Page 2  
Mr. Tariq Ahmad  
January 29, 2009

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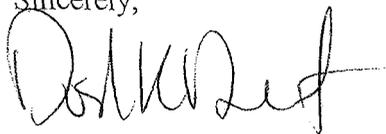
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3. An explanation and supporting data if necessary, for showing the well has integrity, meaning that the casing, cement, equipment condition, static fluid level, pressure, existence or absence of Underground Sources of Drinking Water and other factors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

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Sincerely,



Dustin K. Doucet  
Petroleum Engineer

DKD/JP:js  
Enclosure  
cc: Jim Davis, SITLA  
Compliance File  
Well Files

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8	Sweetheart 14-02	43-019-31451	Fee	1 Year 7 Months

7004 2510 0004 1824 6664

**U.S. Postal Service™**  
**CERTIFIED MAIL™ RECEIPT**  
 (Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at [www.usps.com](http://www.usps.com)

**OFFICIAL USE**

Postage	\$	<i>2/2/09</i> Postmark Here
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		

Total Postage

MR TARIQ AHMAD  
 PACIFIC ENERGY

Sent To

Street, Apt. N  
 or PO Box No  
 City, State, Zi

3550 BARRON WAY STE 13A  
 RENO NV 89511-1852

PS Form 3800, June 2002

See Reverse for Instructions

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

MR TARIQ AHMAD  
 PACIFIC ENERGY  
 3550 BARRON WAY STE 13A  
 RENO NV 89511-1852

2. Article Number  
 (Transfer from service label)

7004 2510 0004 1824 6664

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  
*[Signature]*  Agent  
 Addressee

B. Received by (Printed Name)  
*Wahid Ghorel*

C. Date of Delivery  
 2-6-09

D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

3. Service Type

Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

# Pacific Energy & Mining Company

February 6, 2009

Dustin Doucet  
Petroleum Engineer  
Utah Division of Oil Gas and Mining  
PO Box 145801  
Salt Lake City, Utah 84114

Subject: Second Notice of Extended Shut-in

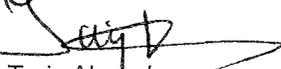
Dear Dustin:

Reference your letter dated January 29, 2009, I had sent in a sundry notice on September 23, 2008 informing the Division that we cannot place the wells on production as we have lost access to the pipeline. We are trying to get the access to the pipeline, however, since the pipeline is connected through a meter that is allegedly owned by Pride Ventures LLC, Pride wont allow us to produce our wells in the line.

It is in our interest to get the wells on production as quickly as possible. We expect that we will have our issues resolved concerning the pipeline access in the next 180 days. We have already received the Right of Way for the pipeline, see attached grant of right of way.

I will appreciate if we are granted the temporary shut in status.

Sincerely,



Tariq Ahmad

RECEIVED

FEB 17 2009

DIV. OF OIL, GAS & MINING

P.O. Box 18148  
Reno, Nevada 89511  
Phone: 775 852-7444  
Fax: 775 851-1138



Unit States Department of the Interior  
 BUREAU OF LAND MANAGEMENT  
 Moab Field Office  
 82 East Dogwood  
 Moab, Utah 84532



2880  
 UTU-86731  
 (UT-062)

DECISION

MAR/REG Oil Company  
 P.O. Box 18148  
 Reno, Nevada 89511

:  
 :  
 :

Right-of-way UTU-86731

Right-of-Way Grant UTU-86731 Issued

Enclosed is a copy of right-of-way (RW) grant UTU-86731 that has been approved by the Bureau of Land Management. The issuance of this RW grant constitutes a final decision by the Bureau of Land Management in this matter.

Within 30 days of receipt of this decision, you have the right of appeal to the Board of Land Appeals, Office of the Secretary, in accordance with the regulations at 43 CFR 4.400. If an appeal is taken you must follow the procedures outlined in the enclosed Form 1842-1, Information on Taking Appeals to the Board of Land Appeals. The appellant has the burden of proof of showing that the decision appealed from is in error.

Please note, however, that under the regulations in 43 CFR Group 2800, this decision is effective even if an appeal is filed.

Sincerely,

Assistant Field Office Manager  
 Division of Resources

Enclosures

1. RW Grant UTU-86731 (4 pp)
2. Appeals Form 1842-1 (1)

**RECEIVED**  
**FEB 17 2009**  
 DIV. OF OIL, GAS & MINING

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
RIGHT-OF-WAY GRANT  
SERIAL NUMBER UTU-86731

1. A right-of-way is hereby granted pursuant to Section 28 of the Mineral Leasing Act of 1920, as amended (30 U.S.C. 185).
2. Nature of Interest:
  - a. By this instrument, the holder:

MAR/REG Oil Company  
P.O. Box 18148  
Reno, Nevada 89511

receives a right to operate, maintain, and terminate a surface-laid steel pipeline gathering system (2" and 3" pipeline segments servicing Vukasovich wells), across the following public lands:

T. 20 S., R. 23 E.,  
sec. 31, E $\frac{1}{2}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$ .

T. 21 S., R. 23 E.,  
sec. 4, SW $\frac{1}{4}$ NE $\frac{1}{4}$ , S $\frac{1}{2}$ NW $\frac{1}{4}$ , N $\frac{1}{2}$ SE $\frac{1}{4}$ , SE $\frac{1}{4}$ SE $\frac{1}{4}$ ;  
sec. 5, lots 1-4, and SE $\frac{1}{4}$ NE $\frac{1}{4}$ ;  
sec. 6, lots 1 and 2;  
sec. 9, NE $\frac{1}{4}$ NE $\frac{1}{4}$ ;  
sec. 10, N $\frac{1}{2}$ N $\frac{1}{2}$ , SE $\frac{1}{4}$ NE $\frac{1}{4}$ ;  
sec. 11, S $\frac{1}{2}$ NW $\frac{1}{4}$ , NE $\frac{1}{4}$ SW $\frac{1}{4}$ , NW $\frac{1}{4}$ SE $\frac{1}{4}$ .
  - b. The right-of-way granted herein is 10 feet wide, 4.73 miles long, and contains 5.74 acres, more or less.
  - c. This instrument shall terminate on December 31, 2027 unless, prior thereto, it is relinquished, abandoned, terminated, or modified pursuant to the terms and conditions of this instrument or of any applicable Federal law or regulation.
  - d. This instrument may be renewed. If renewed, the right-of-way shall be subject to the regulations existing at the time of renewal and any other terms and conditions that the authorized officer deems necessary to protect the public interest.
  - e. Notwithstanding the expiration of this instrument or any renewal thereof, early relinquishment, abandonment, or termination, the provisions of this instrument, to the extent applicable, shall continue in effect and shall be binding on the holder, its successors, or assigns, until they have fully satisfied the obligations and/or liabilities accruing herein before or on account of the expiration, or prior termination, of the grant.

3. Rental: In accordance with 43 CFR 2885.15-22:

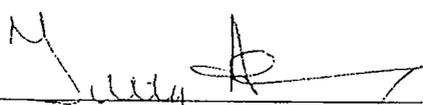
For and in consideration of the rights granted, the holder agrees to pay the Bureau of Land Management fair market value rental as determined by the authorized officer unless specifically exempted from such payment by regulation. Provided, however, that the rental may be adjusted by the authorized officer, whenever necessary, to reflect changes in the fair market rental value as determined by the application of sound business management principles, and so far as practicable and feasible, in accordance with comparable commercial practices.

4. Terms and Conditions:

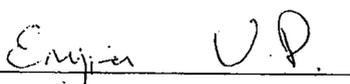
- a. This grant is issued subject to the holder's compliance with all applicable regulations contained in Title 43 Code of Federal Regulations parts 2800 and 2880.
- b. The right-of-way is issued subject to prior valid existing rights.
- c. 90 days prior to termination of the right-of-way, the holder shall contact the authorized officer to arrange a joint inspection of the right-of-way. This inspection will be held to agree to an acceptable termination (and rehabilitation) plan. This plan shall include, but is not limited to, removal of facilities, drainage structures, or surface material, recontouring, topsoiling, or seeding. The authorized officer must approve the plan in writing prior to the holder's commencement of any termination activities.
- d. Each grant issued for a term of 20 years or more shall, at a minimum, be reviewed by the authorized officer at the end of the 20<sup>th</sup> year and at regular intervals thereafter not to exceed 10 years. Provided, however, that a right-of-way granted herein may be reviewed at any time deemed necessary by the authorized officer.
- e. The map, Exhibit A, is attached hereto and incorporated into and made a part of this grant instrument.
- f. Failure of the holder to comply with applicable law or any provision of this right-of-way grant shall constitute grounds for suspension or termination thereof.
- g. The holder shall perform all operations in a good and workmanlike manner so as to ensure protection of the environment and the health and safety of the public.
- h. No construction or routine maintenance activities shall be performed during periods when the soil is too wet to adequately support construction equipment. If such equipment creates ruts in excess of 4 inches deep, the soil shall be deemed too wet to adequately support construction equipment.
- i. The holder shall conduct all activities associated with the operation and termination of the right-of-way within the authorized limits of the right-of-way. All construction and vehicular traffic shall be confined to the right-of-way or designated access routes, roads, or trails unless otherwise authorized in writing by the authorized officer.
- j. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the right-of-way holder, or any person working on his behalf, on public or Federal land shall be immediately reported to the authorized officer. Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the authorized officer. An evaluation of the discovery will be made by the authorized officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation of the discovery and proper mitigation measures. Any decision as to proper mitigation shall be made by the authorized officer after consulting with the holder.

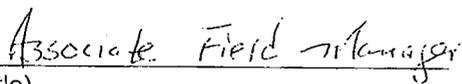
- k. With the exception of the pipeline, all above-ground structures on the pipeline right-of-way (such as pipe guards, pigging stations) not subject to safety requirements shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be a color which simulates "Standard Environmental Colors" designated by the Rocky Mountain Five-State Interagency Committee. The color selected for this project will be a desert tan or other neutral color that blends with the surrounding soils and vegetation.
- l. The holder shall be responsible for weed control on the disturbed areas within the limits of the right-of-way. The holder is responsible for consultation with the authorized officer and/or local authorities for acceptable weed control methods (within limits imposed in the grant and stipulations).
- m. The holder(s) shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder(s) shall comply with the Toxic Substances Control Act of 1976, as amended (15 U.S.C. 2601, et seq.) with regard to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation and Liability Act of 1980, Section 102b. A copy of any report required or requested by Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the authorized officer concurrent with the filing of the reports to the involved Federal agency or State government.
- n. The holder of Right-of-Way No. UTU-86731 agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et seq. or the Resource Conservation and Recovery Act of 1976, 42 U.S.C. 6901, et seq.) on the right-of-way (unless the release or threatened release is wholly unrelated to the right-of-way holder's activity on the right-of-way). This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.

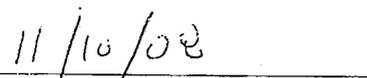
IN WITNESS WHEREOF, The undersigned agrees to the terms and conditions of this right-of-way grant.

  
 \_\_\_\_\_  
 (Signature of Holder)

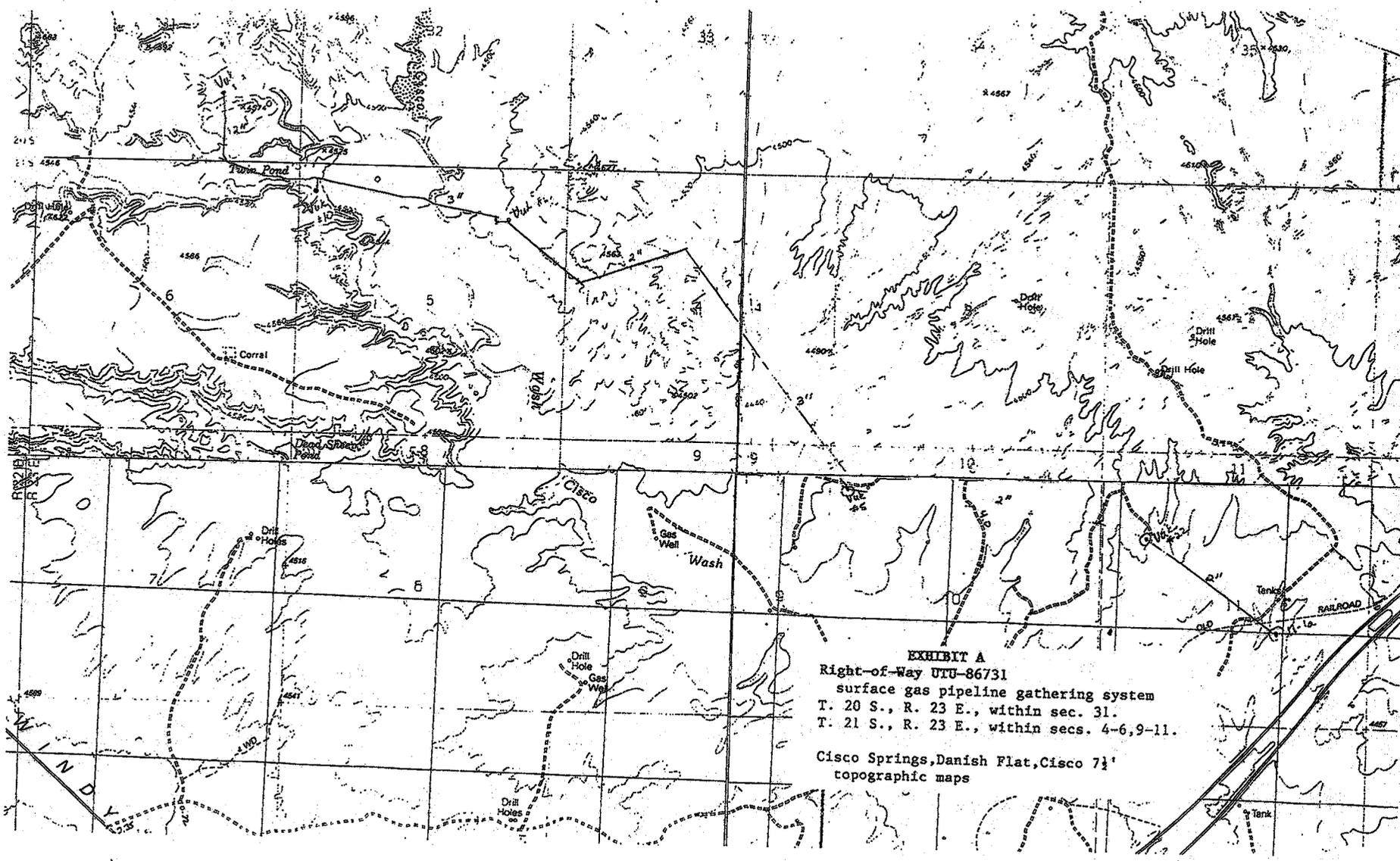
  
 \_\_\_\_\_  
 (Signature of BLM Authorized Officer)

  
 \_\_\_\_\_  
 (Title)

  
 \_\_\_\_\_  
 (Title)

  
 \_\_\_\_\_  
 (Date)

\_\_\_\_\_  
 (Effective Date of the Grant)



**EXHIBIT A**  
 Right-of-Way UTU-86731  
 surface gas pipeline gathering system  
 T. 20 S., R. 23 E., within sec. 31.  
 T. 21 S., R. 23 E., within secs. 4-6,9-11.  
 Cisco Springs, Danish Flat, Cisco 7 1/2'  
 topographic maps

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

FORM 9

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>			5. LEASE DESIGNATION AND SERIAL NUMBER: <b>Fee</b>
			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:
			8. WELL NAME and NUMBER: <b>Petro-X 23-1</b>
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____	2. NAME OF OPERATOR: <b>Pacific Energy &amp; Mining Co.</b>		9. API NUMBER: <b>4301930558</b>
3. ADDRESS OF OPERATOR: PO Box 18148      CITY <b>Reno</b> STATE <b>NV</b> ZIP <b>89511</b>		PHONE NUMBER: <b>(775) 852-7444</b>	10. FIELD AND POOL, OR WILDCAT: <b>CISCO</b>
4. LOCATION OF WELL FOOTAGES AT SURFACE: <b>330 FNL 2310 FWL</b>			COUNTY: <b>Grand</b>
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <b>NENW 23 21S 23E S</b>			STATE: <b>UTAH</b>

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

Well was pulled, tubing was changed. Well was tested by State representative for TD. TP and CP are both equal, there is no fluid in the hole. Both tubing and casing pressure are equal. Well is hooked into the gas gathering statement. Awaiting pipeline access. Request 180 days shut in till we get well sales on line.

NAME (PLEASE PRINT) <u>Tariq Ahmad</u>	TITLE <u>Petroleum Engineer</u>
SIGNATURE	DATE <u>2/9/2009</u>

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

FORM 9

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>		5. LEASE DESIGNATION AND SERIAL NUMBER: <b>ML 48933</b>
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		7. UNIT or CA AGREEMENT NAME:
2. NAME OF OPERATOR: <b>Pacific Energy &amp; Mining Co.</b>		8. WELL NAME and NUMBER: <b>Whyte-Stae 2</b>
3. ADDRESS OF OPERATOR: PO Box 18148      CITY Reno      STATE NV      ZIP 89511		9. API NUMBER: <b>4301916263</b>
4. LOCATION OF WELL FOOTAGES AT SURFACE: <b>1650 FSL 2310 FWL</b>		10. FIELD AND POOL, OR WILDCAT: <b>CISCO</b>
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <b>NESW 24 21S 23E S</b>		COUNTY: <b>Grand</b>
		STATE: <b>UTAH</b>

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

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

Well was pulled, tubing was changed. Well has 60 psi cp and tp. There is no fluid in the hole when well was pulled. Well tested at 20 MCF per day. Well is hooked into gas gathering system. Request a extended shut in for 180 days until electric generator is installed in section 25.

NAME (PLEASE PRINT) <u>Tariq Ahmad</u>	TITLE <u>Petroleum Engineer</u>
SIGNATURE	DATE <u>2/9/2009</u>

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DIVISION OF OIL, GAS AND MINING

FORM 9

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>		5. LEASE DESIGNATION AND SERIAL NUMBER: <b>FEE LEASE</b>
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
		7. UNIT or CA AGREEMENT NAME:
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____	8. WELL NAME and NUMBER: <b>14-01</b>	
2. NAME OF OPERATOR: <b>Pacific Energy &amp; Mining Co.</b>		9. API NUMBER: <b>4301931450</b>
3. ADDRESS OF OPERATOR: PO Box 18148                      CITY Reno                      STATE NV                      ZIP 89511	PHONE NUMBER: <b>(775) 852-7444</b>	10. FIELD AND POOL, OR WILDCAT: <b>CISCO</b>
4. LOCATION OF WELL FOOTAGES AT SURFACE: <b>2304 FWL 872 FSL</b>		COUNTY: <b>Grand</b>
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <b>SESW 14 21S 23E S</b>		STATE: <b>UTAH</b>

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <b>Extended Shut In</b>
	<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.  
Well tubing has been pulled, are waiting on weather to get back into well and install tubing and place well on production. Request shut in status until June 2009. Well was perforated from 824-828.

NAME (PLEASE PRINT) <u>Tariq Ahmad</u>	TITLE <u>Petroleum Engineer</u>
SIGNATURE	DATE <u>2/9/2009</u>

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DIVISION OF OIL, GAS AND MINING

FORM 9

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>		5. LEASE DESIGNATION AND SERIAL NUMBER: <b>FEE LEASE</b>
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
		7. UNIT or CA AGREEMENT NAME:
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____	8. WELL NAME and NUMBER: <b>14-02</b>	
2. NAME OF OPERATOR: <b>Pacific Energy &amp; Mining Co.</b>		9. API NUMBER: <b>4301931451</b>
3. ADDRESS OF OPERATOR: PO Box 18148      CITY <b>Reno</b> STATE <b>NV</b> ZIP <b>89511</b>	PHONE NUMBER: <b>(775) 852-7444</b>	10. FIELD AND POOL, OR WILDCAT: <b>CISCO</b>
4. LOCATION OF WELL FOOTAGES AT SURFACE: <b>1093 FSL 1834 FWL</b>		COUNTY: <b>Grand</b>
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <b>SESW 14 21S 23E S</b>		STATE: <b>UTAH</b>

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

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

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.  
Well has been placed on production and tied to Nathan Fee 14-4 well to power the engine for the well. We are using 3 MCF per day of natural gas.

NAME (PLEASE PRINT) <u>Tariq Ahmad</u>	TITLE <u>Petroleum Engineer</u>
SIGNATURE	DATE <u>2/9/2009</u>

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DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 9

5. LEASE DESIGNATION AND SERIAL NUMBER:  
**ML 48933**

**SUNDRY NOTICES AND REPORTS ON WELLS**

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT 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.

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

8. WELL NAME and NUMBER:  
**Sweetheart 2A**

2. NAME OF OPERATOR:  
**Pacific Energy & Mining Co.**

9. API NUMBER:  
**4301931418**

3. ADDRESS OF OPERATOR:  
PO Box 18148 CITY **Reno** STATE **NV** ZIP **89511**

PHONE NUMBER:  
**(775) 852-7444**

10. FIELD AND POOL, OR WILDCAT:

4. LOCATION OF WELL  
FOOTAGES AT SURFACE: **2304 FSL, 852 fWL**

COUNTY: **Grand**

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: **NWSW 24 21S 23E S**

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"/> SUBSEQUENT REPORT (Submit Original Form Only)  Date of work completion: _____	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <b>Extended Shut In</b>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

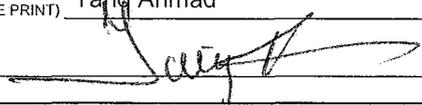
12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

The well was tested with Fluid Level Surveys. There is no fluid in the hole. The CP and TP are both 200 psi. We have flow tested the flow and installed a compressor on location. Based upon the fluid level surveys we feel that the well integrity is good. There are no leaks in the casing or tubing.

Due to the fact that we have been denied access to the pipeline, we are currently working with Veteri Farms, wherein Veteri Farms is to install a generator in Section 25, which will be powered by our natural gas. Based upon the agreement with Veteri farms we would work to have natural gas being sold to Veteri farms in the next 180 days. We request that an extended shut in be allowed until a generator is intalled in Section 25, which we expect to be in operation within 180 days.

NAME (PLEASE PRINT) **Tarig Ahmad**

TITLE **Petroleum Engineer**

SIGNATURE 

DATE **2/9/2009**

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DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 9

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>		5. LEASE DESIGNATION AND SERIAL NUMBER: <b>ML 48933</b>
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		7. UNIT or CA AGREEMENT NAME:
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____	8. WELL NAME and NUMBER: <b>Sweetheart 7A</b>	
2. NAME OF OPERATOR: <b>Pacific Energy &amp; Mining Co.</b>		9. API NUMBER: <b>4301931420</b>
3. ADDRESS OF OPERATOR: PO Box 18148 CITY Reno STATE NV ZIP 89511	PHONE NUMBER: <b>(775) 852-7444</b>	10. FIELD AND POOL, OR WILDCAT: <b>Csuo</b>
4. LOCATION OF WELL FOOTAGES AT SURFACE: <b>660 FNL, 660 FWL</b>		COUNTY: <b>Grand</b>
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <b>NWNW 24 21S 23E S</b>		STATE: <b>UTAH</b>

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

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

The well was tested with Fluid Level Surveys. There is no fluid in the hole. The CP and TP are both 0 psi. We have pulled all the tubing from the hole. There is no fluid or gas in the hole. Due to weather related issues, we cannot get into the location until weather is clear so that we can get into location. Once on location we will pull the BP, install a cement plug at the bottom of hole at 762 feet to shut off water and then place well on production in the Morrison at about 2 bbls of oil per day.

NAME (PLEASE PRINT) <b>Tariq Ahmad</b>	TITLE <b>Petroleum Engineer</b>
SIGNATURE	DATE <b>2/9/2009</b>

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FORM 9

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>		5. LEASE DESIGNATION AND SERIAL NUMBER: ML 48933
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
		7. UNIT or CA AGREEMENT NAME:
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____	8. WELL NAME and NUMBER: Little Boy 1	
2. NAME OF OPERATOR: Pacific Energy & Mining Co.		9. API NUMBER: 4301931459
3. ADDRESS OF OPERATOR: PO Box 18148                      CITY Reno                      STATE NV                      ZIP 89511	PHONE NUMBER: (775) 852-7444	10. FIELD AND POOL, OR WILDCAT: CISCO
4. LOCATION OF WELL FOOTAGES AT SURFACE: 660 FNL 680 FWL		COUNTY: Grand
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNW 24 21S 23E S		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"/> SUBSEQUENT REPORT (Submit Original Form Only)  Date of work completion: _____	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: Production
	<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.  
Well is shut in, CP pressure is 20 psi. Well is hooked up to 5A to supply gas to run engine. Estimated usage is 1 mcf per day.

NAME (PLEASE PRINT) <u>Tariq Ahmad</u>	TITLE <u>Petroleum Engineer</u>
SIGNATURE	DATE <u>2/9/2009</u>

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DIVISION OF OIL, GAS AND MINING

FORM 9

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>		5. LEASE DESIGNATION AND SERIAL NUMBER: <b>ML 48933</b>
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
		7. UNIT or CA AGREEMENT NAME:
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____	8. WELL NAME and NUMBER: <b>Little Boy 2</b>	
2. NAME OF OPERATOR: <b>Pacific Energy &amp; Mining Co.</b>		9. API NUMBER: <b>4301931460</b>
3. ADDRESS OF OPERATOR: PO Box 18148 CITY <b>Reno</b> STATE <b>NV</b> ZIP <b>89511</b>	PHONE NUMBER: <b>(775) 852-7444</b>	10. FIELD AND POOL, OR WILDCAT: <b>CISCO</b>
4. LOCATION OF WELL FOOTAGES AT SURFACE: <b>2301 FSL 877 FWL</b>		COUNTY: <b>Grand</b>
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <b>SESW 24 21S 23E S</b>		STATE: <b>UTAH</b>

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

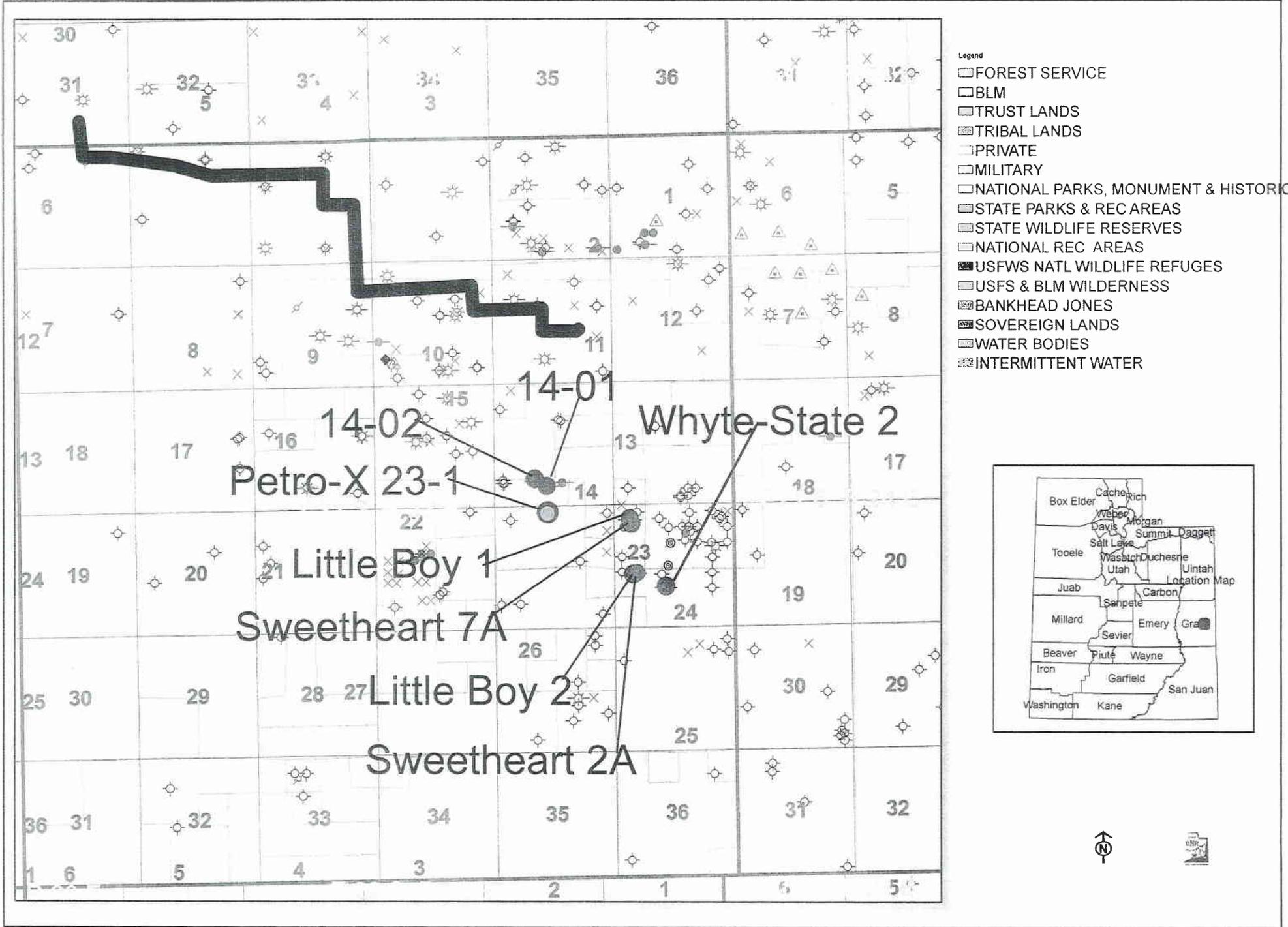
TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____  <input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> 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 type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>Production</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.  
Well is shut in, CP pressure is 20 psi. Well is hooked up to compressor located at 2A well.

NAME (PLEASE PRINT) <u>Tariq Ahmad</u>	TITLE <u>Petroleum Engineer</u>
SIGNATURE	DATE <u>2/9/2009</u>

(This space for State use only)

**RECEIVED**  
**FEB 17 2009**  
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

March 4, 2009

CERTIFIED MAIL NO. 7004 1160 0003 0190 2600

Mr. Tariq Ahmad  
Pacific Energy & Mining Company  
3550 Barron Way, Ste 13A  
Reno, NV 89511-1852

43 019 31420  
Sweetheart 7  
21S 23E 24

Subject: Second Notice: Extended Shut-in and Temporarily Abandoned Well Requirements for Wells on Fee or State Leases dated January 29, 2009

Dear Mr. Ahmad:

The Division of Oil, Gas and Mining (the Division) is in receipt of your letter dated October 17, 2008 in regards to the eight (8) shut-in or temporarily abandoned (SI/TA) Fee and State Lease Wells (Attachment A) operated by Pacific Energy & Mining Company (Pacific). The Division does not object to the proposed work on the said wells in the next 180 days, and prefers that the issues concerning these wells be resolved within that time. However, due to insufficient information provided by Pacific concerning well integrity, the Division is unable to grant extended SI/TA status for these wells. Insufficient data was received per R649-3-36 providing **proof of integrity**. It is Pacific's responsibility to explain how any submitted data proves well integrity. Note: The Divisions preferred method of demonstrating well integrity is to perform an MIT.

The Division is also very concerned with length of time these wells have been shut-in with little if any attempt to market the product for the majority of that time frame. This is especially true of the wells taken over from the Orphan Well Program. These particular wells were to be put on production or plugged immediately after taking over operatorship. To the Divisions knowledge, nothing has been done on these wells to restore them to production. Please submit the necessary information to bring all of the wells listed in Attachment A back into compliance.



Page 2

Pacific Energy & Mining Company

March 4, 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 and further actions may be initiated. 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

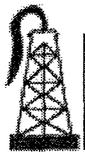
Compliance File

Well Files

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

## ATTACHMENT A

	Well Name	API	Lease Type	Years Inactive
1	Whyte-State 2	43-019-16263	ML-48933	46 Years 2 Months
2	Sweetheart 7	43-019-31420	ML-48933	2 Years 10 Months
3	Little Boy 1	43-019-31459	ML-48933	2 Years 6 Months
4	Little Boy 2	43-019-31460	ML-48933	2 Years 6 Months
5	Sweetheart 2A	43-019-31418	ML-48933	2 Years 9 Months
6	Petro-X 23-1	43-019-30558	Fee	28 Years 9 Months
7	14-01	43-019-31450	Fee	2 Years 6 Months
8	Sweetheart 14-02	43-019-31451	Fee	1 Year 7 Months



PACIFIC ENERGY & MINING CO

RECEIVED

MAR 23 2009

DIV. OF OIL, GAS & MINING

March 17, 2009

Dustin Doucet  
1594 West North Temple, Suite 1210  
PO Box 145801  
Salt Lake City, UT 84114

43 019 31420  
Sweetheart 7  
2S 23E 2A

Subject: Extended Shut-in Notice

Dear Doucet:

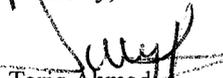
I am in receipt of your letter dated March 4, 2009. Our response is as follows:

1. As discussed we are in the process of getting the casing integrity tests
2. The ROW that we have received is to connect our existing line in Section 11 to the Petro X meter which ends at the new ROW from the BLM. Once we have installed the lines we will commence sales of natural gas.
3. The Little Boy #1 and Little Boy #2 are only about 300 feet in depth. The surface casing for both wells was installed and cemented to the surface with a TD of about 120 feet. The wellbore diagrams were submitted to you earlier. The surface pressure on both of the wells is approximately 30 psi and it has stayed constant since we drilled these wells. The wells are completed openhole. Based upon the constant pressure we believe that the casing integrity is good, otherwise we would have observed a decrease in surface pressure over time if natural gas has seeped into a hole in the casing.
4. None of the wells in the list have any fluid in the hole.
5. We expect to have the wells on production by June of this year once we have built the requisite pipeline.

As stated earlier we had requested the temporary shut in status due to the fact that we cannot transport the natural gas through the pipeline allegedly owned by Pride Ventures. Because of this reason we had applied and recently received the requisite ROW, a copy of which was sent to you earlier.

Once we receive the casing pressure tests we will submit the same to your office.

Sincerely,

  
Tariq Ahmad  
Petroleum Engineer

UTAH DEPARTMENT OF NATURAL RESOURCES

Division of Oil, Gas & Mining

Oil and Gas Program

1594 West North Temple, Suite 1210, Box 145801

Salt Lake City, Utah 84114-5801

(801) 538-5340 Phone

(801) 359-3940 Fax

NOTICE OF VIOLATION
STATE OF UTAH
OIL AND GAS CONSERVATION ACT

\*\*\*\*\*

To the following operator:

Name: Pacific Energy & Mining Company

Well(s) or Site(s):

- 1. Whyte-State 2 43-019-16263
2. Sweetheart 7 43-019-31420 21 S 23E 24
3. Little Boy 1 43-019-31459
4. Little Boy 2 43-019-31460
5. Sweetheart 2A 43-019-31418
6. Petro-X 23-1 43-019-30558
7. 14-01 43-019-31450
8. Sweetheart 14-02 43-019-31451

Date and Time of Inspection/Violation: April 4, 2009

Mailing Address: Mr. Tariq Ahmad
Pacific Energy & Mining Company
3550 Barron Way, Ste 13A
Reno, NV 89511-1852

Under the authority of the Utah Oil and Gas Conservation Act, Section 40-6 et. Seq., Utah Code Annotated, 1953, as amended, the undersigned authorized representative of the Division of Oil, Gas and Mining (Division) has conducted an inspection of the above described site and/or records on the above date and has found alleged violation(s) of the act, rules or permit conditions as described below.

Description of Violation(s):

Rule R649-3-36, Shut-in and Temporarily Abandoned Wells -According to Rule R649-3-36, the operator is required to supply the Division with reasons for extended SI/TA, the length of time for extended SI/TA and proof of well bore integrity for every well SI/TA over 12 consecutive months. After 5 years of continued SI/TA, the wells are to be plugged unless good cause is supplied to the Division for extended SI/TA in addition to the required information just mentioned.

The Division has initiated several contacts with Pacific Energy & Mining Company (Pacific Energy) requesting required documents and action per R649-3-36. The Division notified (Pacific Energy) with a first notice by certified mail on September 3, 2008, about these wells non-compliance issues. (Pacific Energy) responded by stating they would have the wells in production within 14 day. They were not returned to production. The above listed wells then had

Pacific Energy & Mining Company

September 28, 2009

Notice of Violation

a second notice sent out via certified mail on January 29, 2009 to (Pacific Energy). In that notice it was made clear that if this issue was not addressed within 30 days of receipt of the letter, a Notice of Violation would be issued for the wells. (Pacific Energy) responded by stating several wells were on production and several would be within 180 days. (Pacific Energy) was noticed via certified mail on March 4, 2009 that insufficient data was submitted to extend SI/TA. 180 days have passed and our records do not show any production from these wells. To date the Division has not seen any further correspondence on this matter. Our records show nothing has been done to move these wells out of violation status.

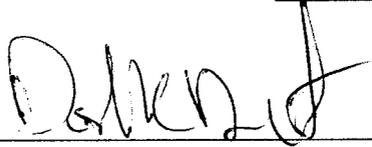
Action: For the wells subject to this notice, (Pacific Energy) shall either submit the information required by R649-3-36, plug and abandon or place the wells on production.

This notice shall remain in effect until it is modified, terminated, or vacated by a written notice of an authorized representative of the director of the Division of Oil, Gas and Mining. Failure to comply with this notice will result in the Division pursuing further actions against said operator. Further actions may include initiation of agency actions to order full cost bonding and plugging and abandonment of wells and requests for bond forfeiture and civil penalties.

Compliance Deadline: November 1, 2009

Date of Service Mailing: September 28, 2009

CERTIFIED MAIL NO: 7004 1160 0003 0190 3461



\_\_\_\_\_  
Division's Representative

\_\_\_\_\_  
Operator or Representative  
(If presented in person)

cc: Jim Davis, SITLA  
Well Files  
Operator Compliance File

N:\O&G Reviewed Docs\ChronFile\PetroleumEngineer\NOV's

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

FORM 9

5. LEASE DESIGNATION AND SERIAL NUMBER:  
**ML 48933**

**SUNDRY NOTICES AND REPORTS ON WELLS**

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT 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.

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

8. WELL NAME and NUMBER:  
**Sweetheart 7a**

2. NAME OF OPERATOR:  
**Pacific Energy & Mining Co.**

9. API NUMBER:  
**4301931420**

3. ADDRESS OF OPERATOR:  
PO Box 18148 CITY **Reno** STATE **NV** ZIP **89511**

PHONE NUMBER:  
**(775) 852-7444**

10. FIELD AND POOL, OR WLD/CAT:  
**Greater Cisco**

4. LOCATION OF WELL  
**660**  
FOOTAGES AT SURFACE: **660 FNL 680 FWL**  
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: **NWNW 24 21S 23E S**

COUNTY: **Grand**  
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"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: _____
	<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.  
Pursuant to letter dated September 28, 2009. Fluid level Test was run on the well. No fluid was present in the hold, no holes were indicated on the survey for the casing.

COPY SENT TO OPERATOR  
Date: 7.13.2010  
Initials: KS

NAME (PLEASE PRINT) Tariq Ahmad TITLE Petroleum Engineer  
SIGNATURE [Signature] DATE 10/16/2009

(This space for State use only) **REQUEST DENIED**  
Utah Division of  
Oil, Gas and Mining

**RECEIVED**  
NOV 09 2009

Date: 6/29/10  
By: [Signature]  
\*insufficient and inconclusive information provided  
information does not appear to correspond with well data (shallower)  
DIV. OF OIL, GAS & MINING

10/22/2009 13:46:51

GENERATE  
PULSE

WELL 7a-  
CASING PRESSURE 0 PSI  
 $\Delta P$  \_\_\_\_\_  
 $\Delta T$  \_\_\_\_\_  
PRODUCTION RATE \_\_\_\_\_

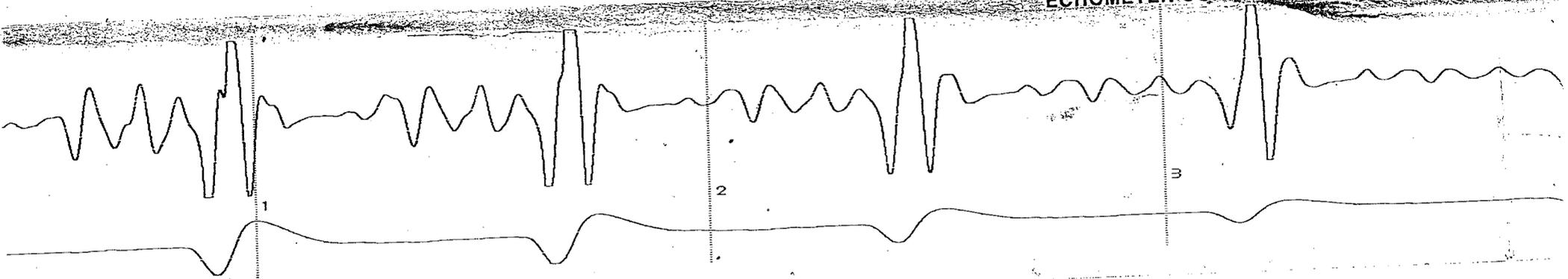
JOINTS TO LIQUID \_\_\_\_\_  
DISTANCE TO LIQUID \_\_\_\_\_  
PBHP \_\_\_\_\_  
SBHP \_\_\_\_\_  
PROD RATE EFF, % \_\_\_\_\_  
MAX PRODUCTION \_\_\_\_\_

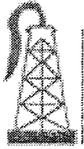
COLLAR P-P mV 0.157  
M: 7.00  
LOWER  
LIQUID P-P mV 0.185  
A: 5.17

12.0  
VOLTS



ECHOMETER COMPANY PHONE 940-767-4334





PACIFIC ENERGY & MINING CO

October 16, 2009

Dustin Doucet  
Petroleum Engineer  
Utah Division of Oil Gas and Mining  
PO Box 145801  
Salt Lake City, Utah 84114

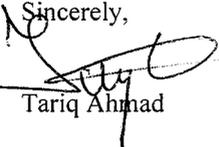
Subject: Notice of Violation April 4, 2009

Dear Dustin:

Enclosed please find the sundry notices on the wells in question. As agreed we ran fluid level surveys on the wells, these surveys have shown that the casing has no holes in any of the wells.

Furthermore, we have placed the 14-02 well on production since August 2009.

Sincerely,



Tariq Ahmad

**RECEIVED**

**OCT 21 2009**

# Mar/Reg Oil Company

April 28, 2010

Tamir Abudi  
President  
Delek Energy US  
1401 17<sup>th</sup> Street, Suite 700  
Denver, Colorado 80202

Subject: Pipeline Access  
Cisco, Utah

COPY

43 019 31420  
Sweetheart 7  
21S 23E 24

Dear Mr. Abudi:

We had requested during 2008 and again during 2009 that Elk allow us access to its gas gathering system. Based upon our request, we were advised by Anna Ilhan, Operations Engineer, to do the following:

1. Obtain a ROW from the BLM to the your pipeline;
2. Obtain natural gas analysis for the wells.

After we did both, Ms. Ilhan, informed us by telephone and email, that Elk is not willing to purchase or transport our gas into the system. Thus our gas has been stranded for over 24 months due to the actions of your company.

During the week of April 19<sup>th</sup> we met with the Bureau of Land Management and they informed us that the public ROW for a natural gas or oil pipeline contains the stipulation that the pipelines are common carriers, and thus must allow natural gas into the pipelines. (See 43 CR 2885.11 (16) that a ROW holders must grant access to the pipeline.)

Your ROW contains this specific stipulation as all pipeline ROW have this governmental stipulation. A copy of the regulation is attached herewith for your review. As you know due to the actions of Elk, we have lost production for over 24 months, we continue to suffer losses due to the refusal of Elk to allow us access to the pipeline.

We will appreciate if you would provide us access to the gathering system so that we can start sales of our natural gas. Delek Energy/Elk have until May 5<sup>th</sup> 2010 to respond to this request, failing we will take up this matter with the BLM and the State Board of Oil Gas and Mining.

Sincerely,

Tariq Ahmad

Cc: Bureau of Land Management, Moab, Utah  
Utah Division of Oil Gas and Mining

P.O. Box 18148  
Reno, Nevada 89511  
Phone: 775 852-7444  
Fax: 775 851-1138

RECEIVED

MAY 04 2010

DIV. OF OIL, GAS & MINING

related facility siting standards contained in applicable Federal or state law or regulations;

(iii) Control or prevent damage to scenic, aesthetic, cultural, and environmental values, including fish and wildlife habitat, and to public and private property and public health and safety;

(iv) Protect the interests of individuals living in the general area who rely on the area for subsistence uses as that term is used in Title VIII of ANILCA (16 U.S.C. 3111 *et seq.*); and

(v) Ensure that you construct, operate, maintain, and terminate the facilities on the lands in the right-of-way or TUP area in a manner consistent with the grant or TUP;

(10) Immediately notify all Federal, state, tribal, and local agencies of any release or discharge of hazardous material reportable to such entity under applicable law. You must also notify BLM at the same time, and send BLM a copy of any written notification you prepared;

(11) Not dispose of or store hazardous material on your right-of-way or TUP area, except as provided by the terms, conditions, and stipulation of your grant or TUP;

(12) Certify that your compliance with all requirements of the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. 11001 *et seq.*, when you receive, assign, renew, amend, or terminate your grant or TUP;

(13) Control and remove any release or discharge of hazardous material on or near the right-of-way or TUP area arising in connection with your use and occupancy of the right-of-way or TUP area, whether or not the release or discharge is authorized under the grant or TUP. You must also remediate and restore lands and resources affected by the release or discharge to BLM's satisfaction and to the satisfaction of any other Federal, state, tribal, or local agency having jurisdiction over the land, resource, or hazardous material;

(14) Comply with all liability and indemnification provisions and stipulations in the grant or TUP;

(15) As BLM directs, provide diagrams or maps showing the location of any constructed facility;

(16) Construct, operate, and maintain the pipeline as a common carrier. This means that the pipeline owners and operators must accept, convey, transport, or purchase without discrimination all oil or gas delivered to the pipeline without regard to where the oil and gas was produced (*i.e.*, whether on Federal or non-federal lands). Where natural gas not subject to state regulatory or conservation laws governing its purchase by pipeline companies is offered for sale, each pipeline company must purchase, without discrimination, any such natural gas produced in the vicinity of the pipeline. Common carrier provisions of this paragraph do not apply to natural gas pipelines operated by a:

(i) Person subject to regulation under the Natural Gas Act (15 U.S.C. 717 *et seq.*); or

(ii) Public utility subject to regulation by state or municipal agencies with the authority to set rates and charges for the sale of natural gas to consumers within the state or municipality.

(17) Within 30 calendar days after BLM requests it, file rate schedules and tariffs for oil and gas, or derivative products, transported by the pipeline as a common carrier with the agency BLM prescribes, and provide BLM proof that you made the required filing;

(18) With certain exceptions (listed in the statute), not export domestically produced crude oil by pipeline without Presidential approval (*see* 30 U.S.C. 185(u) and (s) and 50 U.S.C. App. 2401);

(19) Not exceed the right-of-way width that is specified in the grant without BLM's prior written authorization. If you need a right-of-way wider than 50 feet plus the ground occupied by the pipeline and related facilities, *see* § 2885.14 of this subpart;

(20) Not use the right-of-way or TUP area for any use other than that authorized by the grant or TUP. If you require other pipelines, looping lines, or other improvements not authorized by the grant or TUP, you must first secure BLM's written authorization;

(21) Not use or construct on the land in the right-of-way or TUP area until:

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

FORM 9

5 LEASE DESIGNATION AND SERIAL NUMBER

ML 48933

**SUNDRY NOTICES AND REPORTS ON WELLS**

6 IF INDIAN ALLOTTEE OR TRIBE NAME

7 UNIT or CA AGREEMENT 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

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

8 WELL NAME and NUMBER  
Sweetheart 2A

2 NAME OF OPERATOR:  
Pacific Energy & Mining Co.

9 API NUMBER  
4301931418

3 ADDRESS OF OPERATOR:  
PO Box 18148 CITY Reno STATE NV ZIP 89511

PHONE NUMBER  
(775) 852-7444

10 FIELD AND POOL OR WILDCAT

4 LOCATION OF WELL  
FOOTAGES AT SURFACE: 2304 FSL, 852 fWL

COUNTY Grand

QTR/QTR. SECTION, TOWNSHIP, RANGE, MERIDIAN NWSW 24 21S 23E S

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"/> SUBSEQUENT REPORT (Submit Original Form Only)  Date of work completion: _____	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION / START / RESUME	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER <u>Extended Shut in</u>
<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION		

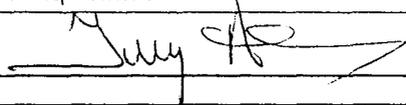
12 DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc

The well was tested with Fluid Level Surveys. There is no fluid in the hole. The CP and TP are both 200 psi. We have flow tested the flow and installed a compressor on location. Based upon the fluid level surveys we feel that the well integrity is good. There are no leaks in the casing or tubing.

Due to the fact that we have been denied access to the pipeline, we are currently working with Veteri Farms, wherein Veteri Farms is to install a generator in Section 25, which will be powered by our natural gas. Based upon the agreement with Veteri farms we would work to have natural gas being sold to Veteri farms in the next 180 days. We request that an extended shut in be allowed until a generator is intalled in Section 25, which we expect to be in operation within 180 days.

NAME (PLEASE PRINT) Tariq Ahmad

TITLE Petroleum Engineer

SIGNATURE 

DATE 2/9/2009

This space for State use only)

(B)

# Pacific Energy & Mining Company

February 6, 2009

Dick Crist  
Vice President  
Elk Resources Inc  
1401 17<sup>th</sup> Street, Suite 700  
Denver, CO. 80202

Subject: Petrox Meter #1

Dear Crist:

Enclosed please find a copy of the right of way grant from UTU 86731 that allows us to transport our natural gas through our lines to the purchase meter listed above.

I will appreciate if you would turn on the meter at our location so that we may start selling our natural gas through our own lines.

I am enclosing a copy of the email we had received from Tom Young concerning the issues with Pride Ventures and the issues,

Clearly, we own the pipelines and the right of way thus any use of the meter by Pride ventures is improper.

Sincerely,

Tariq Ahmad

Cc: Pride Ventures LLC

(c)

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

5. LEASE DESIGNATION AND SERIAL NUMBER  
SEE BELOW

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT or CA AGREEMENT NAME

8. WELL NAME and NUMBER  
SEE BELOW

9. API NUMBER:  
SEE BELOW

10. FIELD AND POOL, OR WILDCAT  
Greater Cisco

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  GAS WELL  OTHER \_\_\_\_\_

2. NAME OF OPERATOR:  
Pacific Energy & Mining Company

3. ADDRESS OF OPERATOR: P.O. Box 18148 CITY Reno STATE NV ZIP 89511 PHONE NUMBER: (775) 852-7444

4. LOCATION OF WELL FOOTAGES AT SURFACE: COUNTY: Grand

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 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 checked="" type="checkbox"/> OTHER: Information on shipping gas.
	<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.

The following is a listing of the concerned wells:

S.N.	WELL NAME	API	Lease Type
1	Whyte-State 2	43-019-16263	ML-48933
2	Sweetheart 7	43-019-31420	ML-48933
3	Little Boy 1	43-019-31459	ML-48933
4	Little Boy 2	43-019-31460	ML-48933
5	Sweetheart 2A	43-019-31418	ML-48933
6	Petro-X-23-1	43-019-30558	Fee
7	14-01	43-019-31450	Fee
8	Sweetheart 14-01	43-019-31451	Fee

At present, Pride Ventures has refused access for shipping our produced natural gas to Elk Resources; thus we can't ship the said gas until the matter is resolved. We will pursue and try to resolve this matter expeditiously. In the interim, we are trying to sell our produced gas locally.

\*\*\*Please see attached email from Elk Resources, Inc.

NAME (PLEASE PRINT) Tariq Ahmad TITLE Petroleum Engineer  
SIGNATURE [Signature] DATE 9/23/2008

(This space for State use only)

(D)



RE: Cisco Meter

Tuesday, September 23, 2008

From: "Tom Young" <[tyoung@elkresources.net](mailto:tyoung@elkresources.net)>.  
To: [taroil@yahoo.com](mailto:taroil@yahoo.com)

Tariq,

Since your gas is transported into and thru Woosley's line and compressor, I visited with Jim yesterday and he w. that he is unwilling to continue to allow you to do this. Apparently for the last few years he has allowed this but it to problems such as high nitrogen, probably air, in your gas shutting down his compressor to mention one. The a mentioned volumes were very small and flow seldom lasted more than a week or so. The only option that I can s you to get a ROW and lay a line to connect directly into us.

Tom C. Young  
VP Southern Operations & Midstream  
Elk Resources, Inc.  
1401 17th Street, Suite 700  
Denver, CO 80202  
(303) 296-4505 - Main  
(303) 339-1917 - Fax  
[tyoung@elkresources.net](mailto:tyoung@elkresources.net)

---

From: [taroil \[mailto:taroil@yahoo.com\]](mailto:taroil@yahoo.com)  
Sent: Monday, September 22, 2008 3:49 PM  
To: Tom Young  
Subject: Cisco Meter

Dear Tom:

Were you able to get the charts changed

Tariq I. Ahmad PE  
PO Box 18148  
Reno, Nevada 89511

775 333-6626 office  
775 333-0225 fax  
775 240-0769 cell  
[taroil@yahoo.com](mailto:taroil@yahoo.com)

E-MAIL CONFIDENTIALITY NOTICE:

The contents of this e-mail message and any attachments are intended solely for the addressee(s) and may contain confidential and/or legally privileged information. If you are not the intended recipient of this message

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

FORM 9

5. LEASE DESIGNATION AND SERIAL NUMBER:

ML 48933 49833

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

**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  GAS WELL  OTHER \_\_\_\_\_

2. NAME OF OPERATOR:

Pacific Energy & Mining Co.

8. WELL NAME and NUMBER:

7A Sweetheart 7

9. API NUMBER:

4301931420

3. ADDRESS OF OPERATOR:

PO Box 18148 CITY Reno STATE NV ZIP 89511

PHONE NUMBER:

(775) 852-7444

10. FIELD AND POOL, OR WILDCAT:

Greater Cisco

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 660 FNL 660 FWL

COUNTY: Grand

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNW 24 21S 23E S

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"/> SUBSEQUENT REPORT (Submit Original Form Only)  Date of work completion: _____	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>Test</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

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

Surface Casing 8 5/8 inch casing set at 137 feet cemented to surface.  
Production casing 4 1/2 inch 9.5# set at 543 feet. Cemented from bottom to 190 feet.  
CIBP at 535 feet

Annulus Pressure = 0 psi  
Casing Pressure = 20 psi

No tubing in Hole.

Echometer used to determine depth to liquid level. Level at approximately 403 feet.

Fluid level is about 213 feet below TOC. Perf are about 530-35 feet

Since there is no pressure on the Annulus, and the production string is cemented as is the surface casing, therefore there is no communication between the production casing and the annulus. Thus production casing integrity is assured.

**RECEIVED**

**MAR 22 2011**

**DIV. OF OIL, GAS & MINING**

NAME (PLEASE PRINT) Tariq Ahmad

TITLE Petroleum Engineer

SIGNATURE \_\_\_\_\_

DATE 3/16/2011

(This space for State use only)



CEMENT BOND LOG  
GAMMA RAY / CCL

COMPANY: COLORADO-UTAH NATURAL GAS INC. Other Logs  
WELL: SWEETHEART # 7  
FIELD: GREATER CISCO  
COUNTY: GRAND STATE: UTAH

LOCATION: 660' FNL, 680' FWL. Elevation  
KB. 4344'  
EC. 24 TWP. 21S RGE. 23E DF. 4334'  
PERMANENT DATUM: G.L. 4336 ELEV.: 4334' GL. 4334'  
Log Measured From: D.F. Above Perm Datum 10.0'  
Drilling Measured From: D.F.

Type Log: CBL/GR/CCL  
Run No.: ONE  
Date: 1/12/2006  
Total Depth Driller: N/A  
Present Depth Driller:  
Total Depth RMWS: 577'  
Survey Begins: 570'  
Survey Ends: 50'  
Truck No: 209  
Location: GRAND JCT.  
Type Fluid In Hole: OIL/ WATER  
Weight lb/gal.: N/A  
Mud Level: FULL  
Max. Hole Temp.: 80 DEG. F.

Recorded By: MCBROOM  
Witnessed By: MR. CHRISTENSEN

BORE HOLE RECORD				CASING RECORD			
RUN	BIT	FROM	TO	SIZE	WT.	FROM	TO
				4 1/2"	N/A	SURFACE	538'

EQUIPMENT DATA

TRUCK NO.: 209  
C.B.T. S/N: 2005-DSCBL  
GAMMA TOOL S/N: 1005  
OTHER: CUNGSWEETHEARTTCH  
REMARKS: LINE,9.5/GAIN,9.3/TRIG T,-3214/CCLT,100/GRT,753/TT,-25/VDL,-15/GATE,226,39  
SC-TT,200,400/CCL,5000,-5000/AMP,-1,-300/GR,5,135/D5MR=0'.



CASING PRES. (Surf.): 100 psi	PIPE AMPLITUDE	TRAVEL TIME	1000 MICROSECONDS
		400	200.0
	GAMMA RAY	150	

WELL ..... 7A .....  
CASING PRESSURE 20 .....  
 $\Delta P$  .....  
 $\Delta T$  .....  
PRODUCTION RATE  $\emptyset$  .....

JOINTS TO LIQUID .....  
DISTANCE TO LIQUID .....  
PBHP .....  
SBHP .....  
PROD RATE EFF, % .....  
MAX PRODUCTION .....

ECHOMETER COMPANY PHONE-940-76

03/11/2011 15:04:39

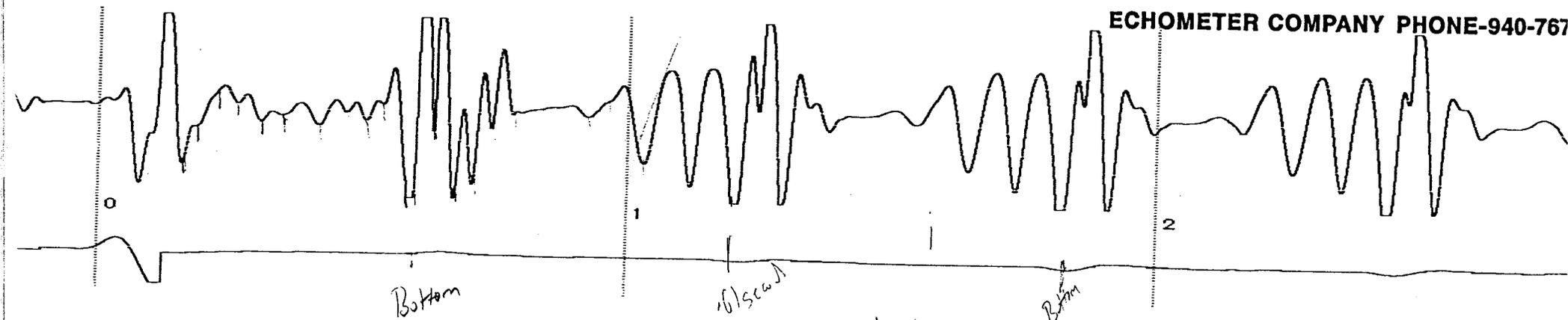
COLLAR P-P mV 0.099  
A: 8.74  
LOWER

LIQUID P-P mV 0.170  
A: 5.25

GENE  
PUL

11.1  
VOL

ECHOMETER COMPANY PHONE-940-767



Round Trip travel time = 0.58 sec.

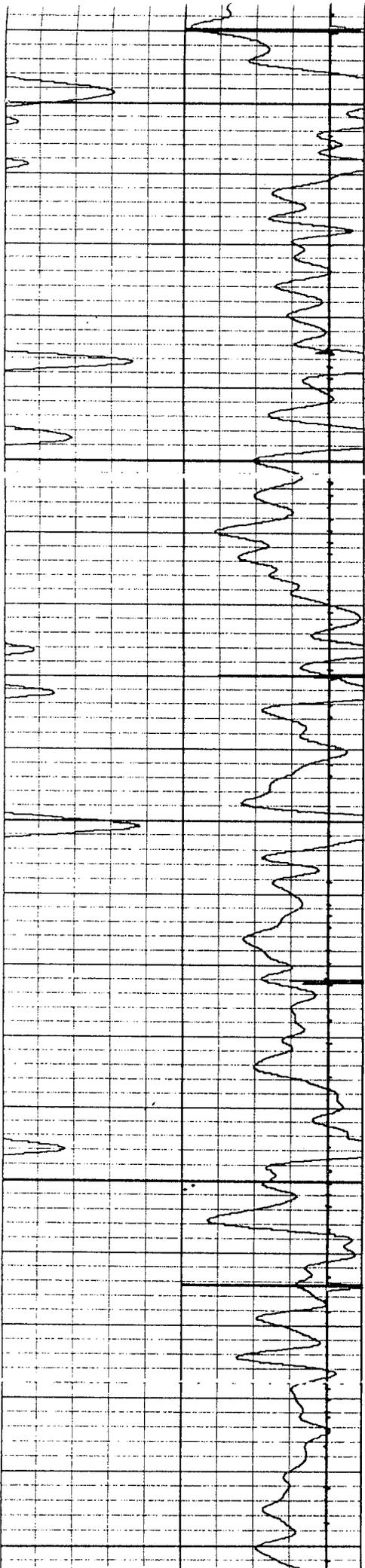
CIBP @ 535 ft

$$D = V \cdot T = (1390 \div 58) \div 2$$

$D = 403$  ft to liquid level

Production Casing Cemented to 200 ft  
fluid is 139 feet below cement.

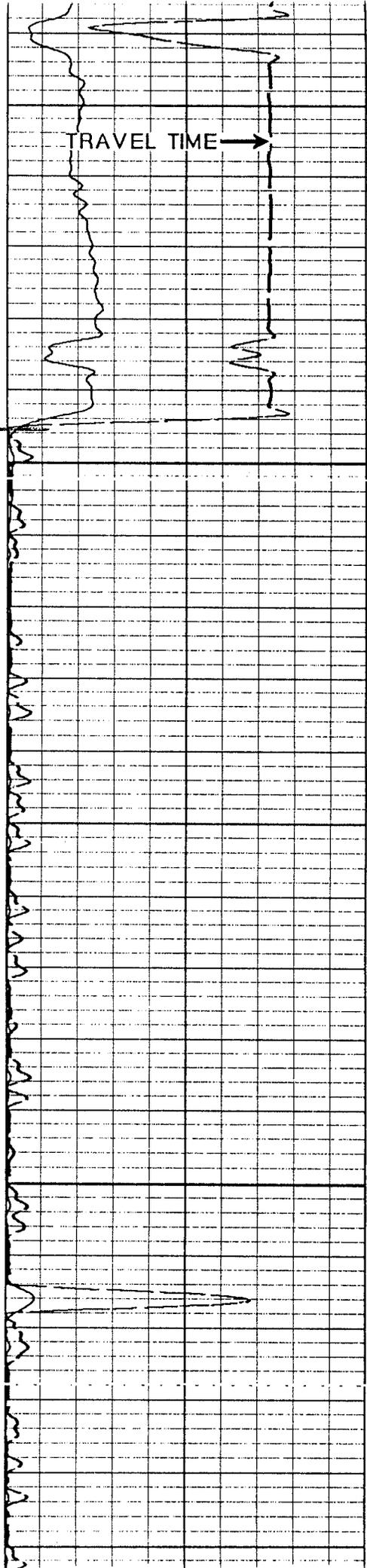
SG G<sub>0</sub> = .62



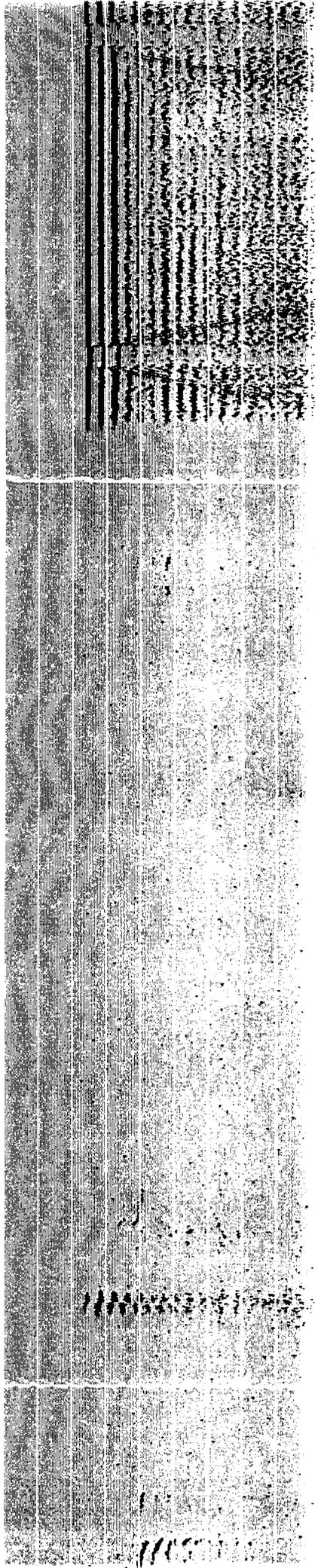
T<sub>0</sub>C

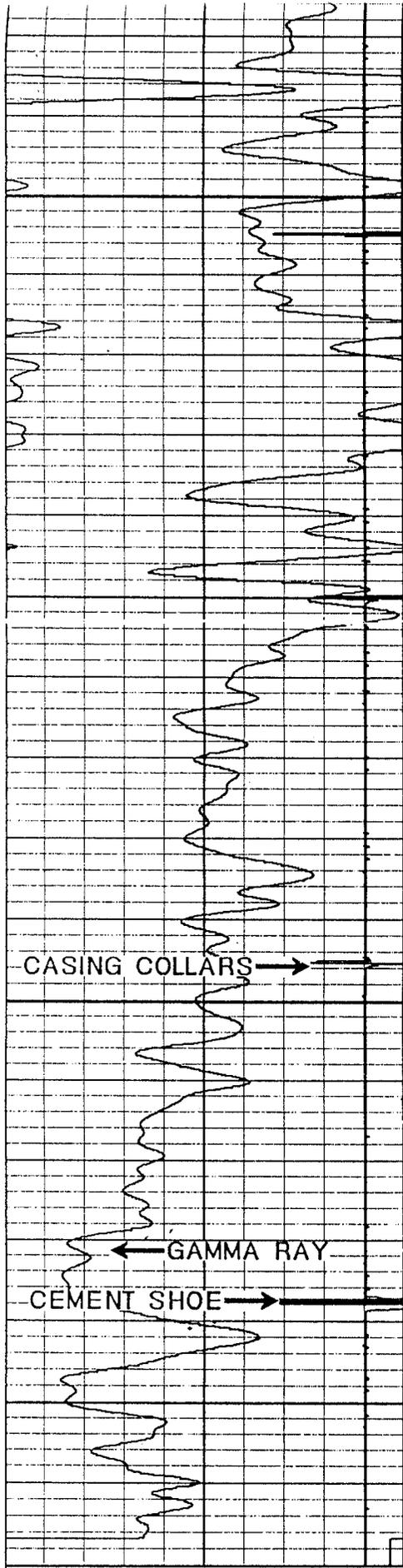
200

300



TRAVEL TIME →





400

CASING COLLARS →

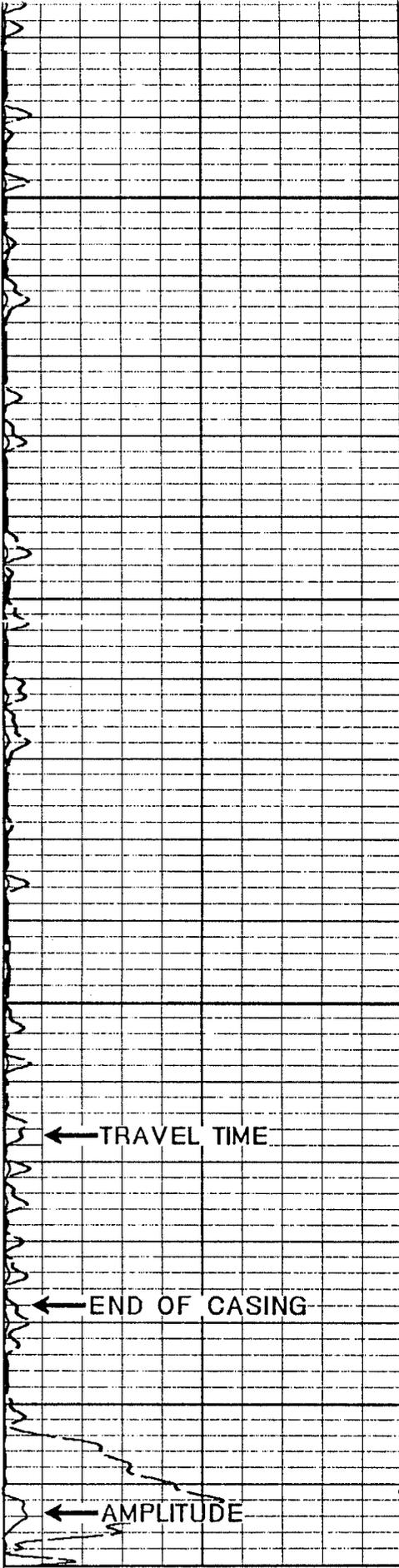
500

← GAMMA RAY

CEMENT SHOE →

FR CCL

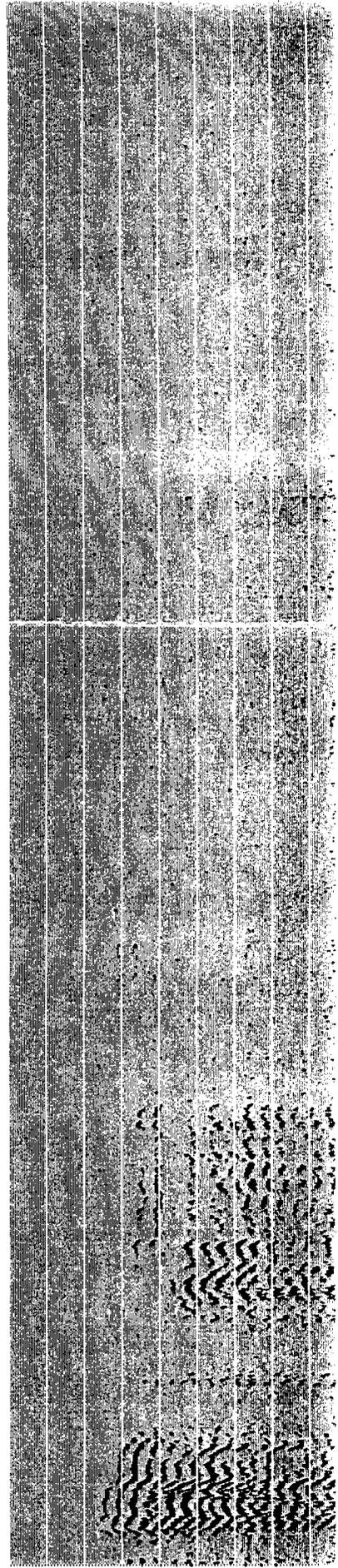
FR GR



← TRAVEL TIME

← END OF CASING

← AMPLITUDE



<b>STATE OF UTAH</b> DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		<b>FORM 9</b>  <b>5. LEASE DESIGNATION AND SERIAL NUMBER:</b> ML-49833																														
<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>  Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		<b>6. IF INDIAN, ALLOTTEE OR TRIBE NAME:</b>  <b>7. UNIT or CA AGREEMENT NAME:</b>																														
<b>1. TYPE OF WELL</b> Oil Well	<b>8. WELL NAME and NUMBER:</b> SWEETHEART 7																															
<b>2. NAME OF OPERATOR:</b> PACIFIC ENERGY & MINING CO	<b>9. API NUMBER:</b> 43019314200000																															
<b>3. ADDRESS OF OPERATOR:</b> P.O. Box 18148 , Reno, NV, 89511	<b>PHONE NUMBER:</b> 775 240-0769 Ext	<b>9. FIELD and POOL or WILDCAT:</b> GREATER CISCO																														
<b>4. LOCATION OF WELL</b> <b>FOOTAGES AT SURFACE:</b> 0660 FNL 0660 FWL <b>QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:</b> Qtr/Qtr: NWNW Section: 24 Township: 21.0S Range: 23.0E Meridian: S	<b>COUNTY:</b> GRAND  <b>STATE:</b> UTAH																															
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA																																
<b>TYPE OF SUBMISSION</b>	<b>TYPE OF ACTION</b>																															
<input checked="" type="checkbox"/> <b>NOTICE OF INTENT</b> Approximate date work will start: 5/2/2011  <input type="checkbox"/> <b>SUBSEQUENT REPORT</b> Date of Work Completion:  <input type="checkbox"/> <b>SPUD REPORT</b> Date of Spud:  <input type="checkbox"/> <b>DRILLING REPORT</b> Report Date:	<table style="width: 100%; border: none;"> <tr> <td style="width: 33%; border: none;"><input type="checkbox"/> ACIDIZE</td> <td style="width: 33%; border: none;"><input type="checkbox"/> ALTER CASING</td> <td style="width: 33%; border: none;"><input type="checkbox"/> CASING REPAIR</td> </tr> <tr> <td style="border: none;"><input type="checkbox"/> CHANGE TO PREVIOUS PLANS</td> <td style="border: none;"><input type="checkbox"/> CHANGE TUBING</td> <td style="border: none;"><input type="checkbox"/> CHANGE WELL NAME</td> </tr> <tr> <td style="border: none;"><input type="checkbox"/> CHANGE WELL STATUS</td> <td style="border: none;"><input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS</td> <td style="border: none;"><input type="checkbox"/> CONVERT WELL TYPE</td> </tr> <tr> <td style="border: none;"><input type="checkbox"/> DEEPEN</td> <td style="border: none;"><input type="checkbox"/> FRACTURE TREAT</td> <td style="border: none;"><input type="checkbox"/> NEW CONSTRUCTION</td> </tr> <tr> <td style="border: none;"><input type="checkbox"/> OPERATOR CHANGE</td> <td style="border: none;"><input type="checkbox"/> PLUG AND ABANDON</td> <td style="border: none;"><input type="checkbox"/> PLUG BACK</td> </tr> <tr> <td style="border: none;"><input type="checkbox"/> PRODUCTION START OR RESUME</td> <td style="border: none;"><input type="checkbox"/> RECLAMATION OF WELL SITE</td> <td style="border: none;"><input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION</td> </tr> <tr> <td style="border: none;"><input type="checkbox"/> REPERFORATE CURRENT FORMATION</td> <td style="border: none;"><input type="checkbox"/> SIDETRACK TO REPAIR WELL</td> <td style="border: none;"><input type="checkbox"/> TEMPORARY ABANDON</td> </tr> <tr> <td style="border: none;"><input type="checkbox"/> TUBING REPAIR</td> <td style="border: none;"><input type="checkbox"/> VENT OR FLARE</td> <td style="border: none;"><input type="checkbox"/> WATER DISPOSAL</td> </tr> <tr> <td style="border: none;"><input type="checkbox"/> WATER SHUTOFF</td> <td style="border: none;"><input checked="" type="checkbox"/> SI TA STATUS EXTENSION</td> <td style="border: none;"><input type="checkbox"/> APD EXTENSION</td> </tr> <tr> <td style="border: none;"><input type="checkbox"/> WILDCAT WELL DETERMINATION</td> <td style="border: none;"><input type="checkbox"/> OTHER</td> <td style="border: none;">OTHER: <input style="width: 50px;" type="text" value="SI/Ta"/></td> </tr> </table>		<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> PRODUCTION START OR RESUME	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION	<input type="checkbox"/> REPERFORATE CURRENT FORMATION	<input type="checkbox"/> SIDETRACK TO REPAIR WELL	<input type="checkbox"/> TEMPORARY ABANDON	<input type="checkbox"/> TUBING REPAIR	<input type="checkbox"/> VENT OR FLARE	<input type="checkbox"/> WATER DISPOSAL	<input type="checkbox"/> WATER SHUTOFF	<input checked="" type="checkbox"/> SI TA STATUS EXTENSION	<input type="checkbox"/> APD EXTENSION	<input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> OTHER	OTHER: <input style="width: 50px;" type="text" value="SI/Ta"/>
<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> CASING REPAIR																														
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12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc. Request a Temporary SI/TA for a 12 month period. We have applied for ROW from the BLM for our pipeline to connect with Elk Resources which has agreed to accept our gas.																																
		<b>Approved by the          Utah Division of          Oil, Gas and Mining</b>  <b>Date:</b> 05/10/2011 <b>By:</b> <u><i>Derek Duff</i></u>																														
<b>NAME (PLEASE PRINT)</b> Tariq Ahmad	<b>PHONE NUMBER</b> 775 852-7444	<b>TITLE</b> President																														
<b>SIGNATURE</b> N/A	<b>DATE</b> 5/2/2011																															



**The Utah Division of Oil, Gas, and Mining**

- State of Utah
- Department of Natural Resources

**Electronic Permitting System - Sundry Notices**

**Sundry Conditions of Approval Well Number 43019314200000**

**Extension valid through October 1, 2011. Continued monitoring of pressures should be done on a minimum of a monthly basis to ensure a static state. Additional fluid level measurements and pressure monitoring may be required if conditions warrant. The operator should keep the Division informed on the progress of the ROW and construction of the pipeline. Any gas produced, including gas used on lease, should be properly reported to the Division.**

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

5. LEASE DESIGNATION AND SERIAL NUMBER:

ML 48933

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or GA AGREEMENT NAME:

SUNDRY NOTICES AND REPORTS ON WELLS

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1. TYPE OF WELL

OIL WELL

GAS WELL

OTHER \_\_\_\_\_

8. WELL NAME and NUMBER:

7A

2. NAME OF OPERATOR:

Pacific Energy & Mining Co.

9. API NUMBER:

4301931420

3. ADDRESS OF OPERATOR:

PO Box 18148

CITY Reno

STATE NV

ZIP 89511

PHONE NUMBER:

(775) 852-7444

10. FIELD AND POOL, OR WLD CAT:

Greater Cisco

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 660 FNL 660 FWL

COUNTY: Grand

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNW 24 21S 23E S

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
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<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 checked="" type="checkbox"/> OTHER: <u>Test</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

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

Surface Casing 8 5/8 inch casing set at 137 feet cemented to surface.  
Production casing 4 1/2 inch 9.5# set at 543 feet. Cemented from bottom to 190 feet.  
CIBP at 535 feet

Annulus Pressure = 0 psi SFC  
Casing Pressure = 20 psi PAOD

No tubing in Hole.

Echometer used to determine depth to liquid level. Level at approximately 403 feet.

Fluid level is about 213 feet below TOC. Perf are about 530-35 feet

Since there is no pressure on the Annulus, and the production string is cemented as is the surface casing, therefore there is no communication between the production casing and the annulus. Thus production casing integrity is assured.

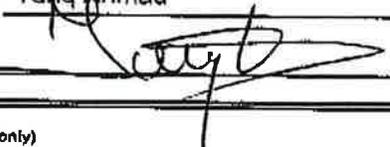
*TOCC 240,  
+ 213  
-----  
453 fluid level*

*no record of fluid in hole until now.*

*tbg pulled 2/9/2009*

NAME (PLEASE PRINT) Tariq Ahmad

TITLE Petroleum Engineer

SIGNATURE 

DATE 3/16/2011

(This space for State use only)

RECEIVED  
MAR 16 2011

*based off well velocity calc.*

Input Data (Provided By Operator)						Output Data					Data Comparative		
Sfc Csg Depth	Sfc Csg Psi	Prod Csg Psi	Tbg Psi	Fluid Level	Depth (Csg, Perfor or Plug Back)	Water Column Dx	Gas Head Psi	Water Head Psi	Normal Press @ Sfc Shoe	Formation Frac @ Sfc Shoe	Reservoir Pressure Total	Calc Press @ Sfc Shoe	Normal Reservoir Psi for Depth
137	0	20	0	411	535	124	41	54	59	96	115	34	232
<b>SCENARIOS</b>													
#1	SFC CSG = 0 PSI MEANS NO COMMUNICATION, REASSURING INTEGRITY					Indicates Integrity?							
#2	If measured reservoir psi is equal to normal gradient reservoir pressure, well probably has integrity. If pressure is less, well could lack integrity explained by pressure bleeding into a shallower formation.					No							
#3	If calculated pressure is less than normal pressure at the surface shoe, then fluid is probably not moving into the formation.					Yes							
#4	If packer is in the hole, with psi on tbg and no psi on prod csg, this indicates tbg and packer integrity.					NA							

*based off  
8 strings @ 410' ea.*

Input Data (Provided By Operator)						Output Data				Data Comparative			
Sfc Csg Depth	Sfc Csg Psi	Prod Csg Psi	Tbg Psi	Fluid Level	Depth (Csg, Perfor or Plug back)	Water Column Dx	Gas Head Psi	Water Head Psi	Normal Press @ Sfc Shoe	Formation Frac @ Sfc Shoe	Reservoir Pressure Total	Calc Press @ Sfc Shoe	Normal Reservoir Psi for Depth
137	0	20	0	320	535	215	32	93	59	96	145	34	232
<b>SCENARIOS</b>													
#1	SFC CSG = 0 PSI MEANS NO COMMUNICATION, REASSURING INTEGRITY					Indicates Integrity?							
						Yes							
#2	If measured reservoir psi is equal to normal gradient reservoir pressure, well probably has integrity. If pressure is less, well could lack integrity explained by pressure bleeding into a shallower formation.					Yes							
#3	If calculated pressure is less than normal pressure at the surface shoe, then fluid is probably not moving into the formation.					Yes							
#4	If packer is in the hole, with psi on tbg and no psi on prod csg, this indicates tbg and packer integrity.					NA							

*Based on FC being 213' below top @ 240'*

Input Data (Provided By Operator)						Output Data				Data Comparative			
Sfc Csg Depth	Sfc Csg Psi	Prod Csg Psi	Tbg Psi	Fluid Level	Depth (Csg, Perf or Plug back)	Water Column Dx	Gas Head Psi	Water Head Psi	Normal Press @ Sfc Shoe	Formation Frac @ Sfc Shoe	Reservoir Pressure Total	Calc Press @ Sfc Shoe	Normal Reservoir Psi for Depth
137	0	20	0	453	535	82	45	36	59	96	101	34	232
<b>SCENARIOS</b>													
#1	SFC CSG = 0 PSI MEANS NO COMMUNICATION, REASSURING INTEGRITY					Indicates Integrity?							
						Yes							
#2	If measured reservoir psi is equal to normal gradient reservoir pressure, well probably has integrity. If pressure is less, well could lack integrity explained by pressure bleeding into a shallower formation.					No							
#3	If calculated pressure is less than normal pressure at the surface shoe, then fluid is probably not moving into the formation.					Yes							
#4	If packer is in the hole, with psi on tbg and no psi on prod csg, this indicates tbg and packer integrity.					NA							

WELL ..... 7A  
 CASING PRESSURE 20  
 ΔP .....  
 ΔT .....  
 PRODUCTION RATE ..... 0

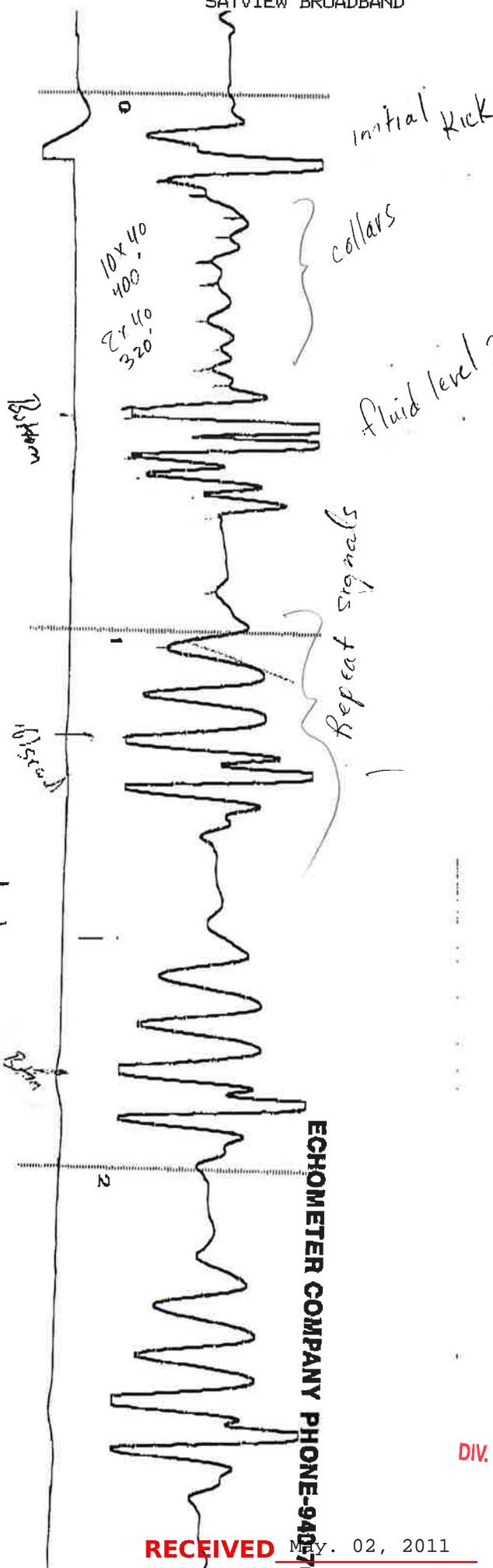
JOINTS TO LIQUID .....  
 DISTANCE TO LIQUID .....  
 PBHP .....  
 SBHP .....  
 PRD RATE EFF, % .....  
 MAX PRODUCTION .....

ECHOMETER COMPANY PHONE-940-7  
 03/11/2011 15:04:39  
 COLLAR P-P mV 0.099  
 A: 8.74  
 LOWER  
 LIQUID P-P mV 0.170  
 A: 5.25

11.  
 VOL

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Round Trip travel time = 0.58 sec.

$$\frac{1418 \times 0.58}{2} = 411'$$

CIBP @ 535 ft

$$D = V \cdot T = (1390 \cdot 0.58) \div 2$$

$$D = 403 \text{ ft to log level level}$$

Production string cement to 200 ft  
fluid is 139 feet below cement.

$$SC \text{ gm} = .62$$

ECHOMETER COMPANY PHONE-940-76

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03/16/2011 15:39

7753330225

SATVIEW BROADBAND

04



CEMENT BOND LOG  
GAMMA RAY / CCL

Other Logs

COMPANY: COLORADO-UTAH NATURAL GAS INC.  
WELL: SWEETHEART #7  
FIELD: GREATER CISCO

COUNTY: GRAND STATE: UTAH  
LOCATION: 680 FNL, 680' FWL.

Elevation  
KB. 4344'  
DF. 4334'

IC: 24 TWP. 21S RGE. 23E  
PERMANENT DATUM: G.L. 4336 ELEV.: 4334'

Log Measured From: D.F. Above Perm Datum 10.0'

Well Log: CBL/GR/CCL  
Run No.: ONE  
Date: 1/12/2008

Well Depth Driller: N/A

Well Depth RMWS: 577'

Well Begins: 570'

Well Ends: 50'

Well No.: 209

Location: GRAND JCT.

Well Fluid In Hole: OIL/WATER

Well Fluid In Hole: N/A

Well Level: FULL

Well Hole Temp.: 80 DEG. F.

Recorded By: MCBROOM  
Witnessed By: MR. CHRISTENSEN

BORE HOLE RECORD

CASING RECORD

RUN	BIT	FROM	TO	SIZE	WT.	FROM	TO
				4 1/2"	N/A	SURFACE	538'

EQUIPMENT DATA

TRUCK NO.: 209  
C.B.T. S/N: 2005-DSCBL  
GAMMA TOOL S/N: 1005  
OTHER: CUNGSWEETHEART7CH  
LINE,9.5/GAIN,9.3/TRIG T,-3214/CCLT,100/GRT,753/TT,-25/VDL,-15/GATE,226,39  
SC-TT,200,400/CCL,5000,-5000/AMP,-1,-300/GR,5,135/DSMR=0'.

REMARKS:

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GAMMA RAY	150	PIPE AMPLITUDE	400	CASING PRES. (Surf.):	100 psi
		TRAVEL TIME	200 0	MICROSECONDS	1000

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3/31/2011

# Wellbore Diagram

r263

**API Well No:** 43-019-31420-00-00 **Permit No:**  
**Company Name:** PACIFIC ENERGY & MINING CO  
**Location:** Sec: 24 T: 21S R: 23E Spot: NWNW  
**Coordinates:** X: 644744 Y: 4314638  
**Field Name:** GREATER CISCO  
**County Name:** GRAND

**Well Name/No:** SWEETHEART 7

### String Information

String	Bottom (ft sub)	Diameter (inches)	Weight (lb/ft)	Length (ft)
HOL1	137	12		
SURF	137	8.625	28	137
HOL2	543	6.25		
PROD	543	4.5	9.5	543
HOL3	732	3.875		
<del>PLE</del>	535			

CIBP

Cement from 137 ft. to surface  
 Hole: 12 in. @ 137 ft.  
 Cement from 543 ft. to 240 ft.  
 Surface: 8.625 in. @ 137 ft.

### Cement Information

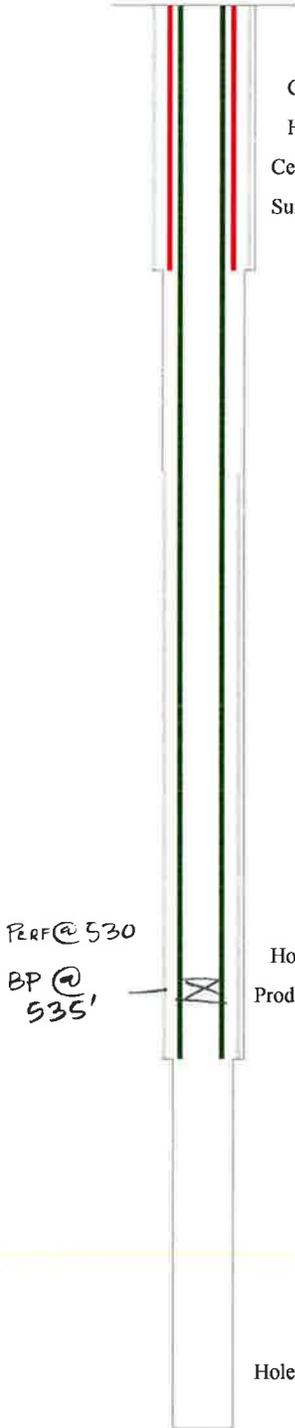
String	BOC (ft sub)	TOC (ft sub)	Class	Sacks
PROD	543	240	UK	60
SURF	137	0	UK	60

### Perforation Information

Top (ft sub)	Bottom (ft sub)	Shts/Ft	No Shts	Dt Squeeze
530	540			

### Formation Information

Formation	Depth
DKTA	530



Hole: 6.25 in. @ 543 ft.  
 Production: 4.5 in. @ 543 ft.

Hole: 3.875 in. @ 732 ft.

**TD:** 720 **TVD:** 720 **PBTD:** 535

STANDARD FORM 299 (1/2006)  
 Prescribed by DOI/USDA/DOT  
 P.L. 96487 and Federal  
 Register Notice 5-22-95

**APPLICATION FOR TRANSPORTATION AND  
 UTILITY SYSTEMS AND FACILITIES  
 ON FEDERAL LANDS**

FORM APPROVED  
 OMB NO. 1004-0189  
 Expires: November 30, 2008

**FOR AGENCY USE ONLY**

Application Number

Date filed

04/05/2011

**NOTE:** Before completing and filing the application, the applicant should completely review this package and schedule a preapplication meeting with representatives of the agency responsible for processing the application. Each agency may have specific and unique requirements to be met in preparing and processing the application. Many times, with the help of the agency representative, the application can be completed at the preapplication meeting.

1. Name and address of applicant (include zip code)

**Mar/Reg Oil Company  
 PO Box 18148  
 Reno, NV 89511**

2. Name, title, and address of authorized agent if different from Item 1 (include zip code)

**Tariq Ahmad, Petroleum Engineer  
 PO Box 18148, Reno, NV 89511**

3. TELEPHONE (area code)

Applicant

775 852 7444

Authorized Agent

775 240 0769

4. As applicant are you? (check one)

- a.  Individual  
 b.  Corporation\*  
 c.  Partnership/Association\*  
 d.  State Government/State Agency  
 e.  Local Government  
 f.  Federal Agency

\* If checked, complete supplemental page

5. Specify what application is for: (check one)

- a.  New authorization  
 b.  Renewing existing authorization No.  
 c.  Amend existing authorization No.  
 d.  Assign existing authorization No.  
 e.  Existing use for which no authorization has been received\*  
 f.  Other\*

\*If checked provide details under Item 7

6. If an individual, or partnership are you a citizen(s) of the United States?  Yes  No

7. Project description (describe in detail): (a) Type of system or facility, (e.g., canal, pipeline, road); (b) related structures and facilities; (c) physical specifications (length, width, grading, etc.); (d) term of years needed; (e) time of year of use or operation; (f) Volume or amount of product to be transported; (g) duration and timing of construction; and (h) temporary work areas needed for construction (Attach additional sheets, if additional space is needed.)

**We need to build a 2 inch natural gas pipeline from our existing ROW UTU 86731 and continue on the existing ROW owned by Pride Ventures UTU-64603. We will build on the ROW UTU 64603 a new line to connect our wells to the Meter in Section 5. See attached ROW Map.**

8. Attach a map covering area and show location of project proposal

9. State or local government approval:  Attached  Applied for  Not required

10. Nonreturnable application fee.  Attached  Not required

11. Does project cross international boundary or affect international waterways?  Yes  No (If "yes," indicate on map)

12. Give statement of your technical and financial capability to construct, operate, maintain, and terminate system for which authorization is being requested.

**We own and operate oil and gas wells in the State of Utah and in Grand County. We have built and own natural gas pipelines. We own ROW UTU 041840.**

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**APR 14 2011**

**DIV. OF OIL, GAS & MINING**

(Continued on page 2)

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13a. Describe other reasonable alternative routes and modes considered.

**There are no alternative routes as this ROW already has a pipeline.**

b. Why were these alternatives not selected?

**This route is the most economical and is has an existing pipeline therefore there will be no new disturbances**

c. Give explanation as to why it is necessary to cross Federal Lands

**Our natural gas wells are located on both Federal and State lands**

14. List authorizations and pending applications filed for similar projects which may provide information to the authorizing agency. (Specify number, date, code, or name)

**None**

15. Provide statement of need for project, including the economic feasibility and items such as: (a) cost of proposal (construction, operation, and maintenance); (b) estimated cost of next best alternative; and (c) expected public benefits.

- a) **We require this ROW in order to produce natural gas into the existing gas gathering system owned by Elk Resources.**
- b) **Additional production will provide additional revenues to the State and Federal Governments in form of Royalties and Taxes.**

16. Describe probable effects on the population in the area, including the social and economic aspects, and the rural lifestyles.

**None, this pipeline is following an existing pipeline.**

17. Describe likely environmental effects that the proposed project will have on: (a) air quality; (b) visual impact; (c) surface and ground water quality and quantity; (d) the control or structural change on any stream or other body of water; (e) existing noise levels; and (f) the surface of the land, including vegetation, permafrost, soil, and soil stability.

**None as having this pipeline will be on existing ROW that already has a pipeline.**

18. Describe the probable effects that the proposed project will have on (a) populations of fish, plantlife, wildlife, and marine life, including threatened and endangered species; and (b) marine mammals, including hunting, capturing, collecting, or killing these animals.

**None. The existing line has been on this location for decades.**

19. State whether any hazardous material, as defined in this paragraph, will be used, produced, transported or stored on or within the right-of-way or any of the right-of-way facilities, or used in the construction, operation, maintenance or termination of the right-of-way or any of its facilities. "Hazardous material" means any substance, pollutant or contaminant that is listed as hazardous under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. 9601 et seq., and its regulations. The definition of hazardous substances under CERCLA includes any "hazardous waste" as defined in the Resource Conservation and Recovery Act of 1976 (RCRA), as amended, 42 U.S.C. 9601 et seq., and its regulations. The term hazardous materials also includes any nuclear or byproduct material as defined by the Atomic Energy Act of 1954, as amended, 42 U.S.C. 2011 et seq. The term does not include petroleum, including crude oil or any fraction thereof that is not otherwise specifically listed or designated as a hazardous substance under CERCLA Section 101(14), 42 U.S.C. 9601(14), nor does the term include natural gas.

**None**

20. Name all the Department(s)/Agency(ies) where this application is being filed.

**Bureau of Land Management, Moab, Utah**

I HEREBY CERTIFY, That I am of legal age and authorized to do business in the State and that I have personally examined the information contained in the application and believe that the information submitted is correct to the best of my knowledge.

Signature of Applicant

Date **04/05/2011**

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

(Continued on page 3)

(SF-299, page 2)

**RECEIVED** May. 02, 2011

**APPLICATION FOR TRANSPORTATION AND UTILITY SYSTEMS  
AND FACILITIES ON FEDERAL LANDS**

**GENERAL INFORMATION  
ALASKA NATIONAL INTEREST LANDS**

This application will be used when applying for a right-of-way, permit, license, lease, or certificate for the use of Federal lands which lie within conservation system units and National Recreation or Conservation Areas as defined in the Alaska National Interest Lands Conservation Act. Conservation system units include the National Park System, National Wildlife Refuge System, National Wild and Scenic Rivers System, National Trails System, National Wilderness Preservation System, and National Forest Monuments.

Transportation and utility systems and facility uses for which the application may be used are:

1. Canals, ditches, flumes, laterals, pipes, pipelines, tunnels, and other systems for the transportation of water.
2. Pipelines and other systems for the transportation of liquids other than water, including oil, natural gas, synthetic liquid and gaseous fuels, and any refined product produced therefrom.
3. Pipelines, slurry and emulsion systems, and conveyor belts for transportation of solid materials.
4. Systems for the transmission and distribution of electric energy.
5. Systems for transmission or reception of radio, television, telephone, telegraph, and other electronic signals, and other means of communications.
6. Improved rights-of-way for snow machines, air cushion vehicles, and all-terrain vehicles.
7. Roads, highways, railroads, tunnels, tramways, airports, landing strips, docks, and other systems of general transportation.

This application must be filed simultaneously with each Federal department or agency requiring authorization to establish and operate your proposal.

In Alaska, the following agencies will help the applicant file an application and identify the other agencies the applicant should contact and possibly file with:

Department of Agriculture  
Regional Forester, Forest Service (USFS)  
Federal Office Building, P.O. Box 21628  
Juneau, Alaska 99802-1628  
Telephone: (907) 586-7847 (or a local Forest Service Office)

Department of the Interior  
Bureau of Indian Affairs (BIA)  
Juneau Area Office  
9109 Mendenhall Mall Road, Suite 5, Federal Building Annex  
Juneau, Alaska 99802  
Telephone: (907) 586-7177

Bureau of Land Management (BLM)  
222 West 7th Ave., Box 13  
Anchorage, Alaska 99513-7599  
Telephone: (907) 271-5477 (or a local BLM Office)

National Park Service (NPS)  
Alaska Regional Office, 2525 Gambell St., Rm. 107  
Anchorage, Alaska 99503-2892  
Telephone: (907) 257-2585

U.S. Fish & Wildlife Service (FWS)  
Office of the Regional Director  
1011 East Tudor Road  
Anchorage, Alaska 99503  
Telephone: (907) 786-3440

Note-Filings with any Interior agency may be filed with any office noted above or with the: Office of the Secretary of the Interior, Regional Environmental Officer, Box 120, 1675 C Street, Anchorage, Alaska 99513.

Department of Transportation  
Federal Aviation Administration  
Alaska Region AAL-4, 222 West 7th Ave., Box 14  
Anchorage, Alaska 99513-7587  
Telephone: (907) 271-5285

**NOTE** - The Department of Transportation has established the above central filing point for agencies within that Department. Affected agencies are: Federal Aviation Administration (FAA), Coast Guard (USCG), Federal Highway Administration (FHWA), Federal Railroad Administration (FRA).

**OTHER THAN ALASKA NATIONAL INTEREST LANDS**

Use of this form is not limited to National Interest Conservation Lands of Alaska.

Individual departments/agencies may authorize the use of this form by applicants for transportation and utility systems and facilities on other Federal lands outside those areas described above.

For proposals located outside of Alaska, applications will be filed at the local agency office or at a location specified by the responsible Federal agency.

**SPECIFIC INSTRUCTIONS**  
(Items not listed are self-explanatory)

*Item*

- 7 Attach preliminary site and facility construction plans. The responsible agency will provide instructions whenever specific plans are required.
- 8 Generally, the map must show the section(s), township(s), and ranges within which the project is to be located. Show the proposed location of the project on the map as accurately as possible. Some agencies require detailed survey maps. The responsible agency will provide additional instructions.
- 9, 10, and 12 - The responsible agency will provide additional instructions.
- 13 Providing information on alternate routes and modes in as much detail as possible, discussing why certain routes or modes were rejected and why it is necessary to cross Federal lands will assist the agency(ies) in processing your application and reaching a final decision. Include only reasonable alternate routes and modes as related to current technology and economics.
- 14 The responsible agency will provide instructions.
- 15 Generally, a simple statement of the purpose of the proposal will be sufficient. However, major proposals located in critical or sensitive areas may require a full analysis with additional specific information. The responsible agency will provide additional instructions.
- 16 through 19 - Providing this information in as much detail as possible will assist the Federal agency(ies) in processing the application and reaching a decision. When completing these items, you should use a sound judgment in furnishing relevant information. For example, if the project is not near a stream or other body of water, do not address this subject. The responsible agency will provide additional instructions.

Application must be signed by the applicant or applicant's authorized representative.

If additional space is needed to complete any item, please put the information on a separate sheet of paper and identify it as "Continuation of Item".

(For supplemental, see page 4)

(SF-299, page 3)

## SUPPLEMENTAL

NOTE: The responsible agency(ies) will provide additional instructions	CHECK APPROPRIATE BLOCK	
	ATTACHED	FILED*
<b>I - PRIVATE CORPORATIONS</b>		
a. Articles of Incorporation	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b. Corporation Bylaws	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c. A certification from the State showing the corporation is in good standing and is entitled to operate within the State.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d. Copy of resolution authorizing filing	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e. The name and address of each shareholder owning 3 percent or more of the shares, together with the number and percentage of any class of voting shares of the entity which such shareholder is authorized to vote and the name and address of each affiliate of the entity together with, in the case of an affiliate controlled by the entity, the number of shares and the percentage of any class of voting stock of that affiliate owned, directly or indirectly, by that entity, and in the case of an affiliate which controls that entity, the number of shares and the percentage of any class of voting stock of that entity owned, directly or indirectly, by the affiliate.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f. If application is for an oil or gas pipeline, describe any related right-of-way or temporary use permit applications, and identify previous applications	<input type="checkbox"/>	<input checked="" type="checkbox"/>
g. If application is for an oil and gas pipeline, identify all Federal lands by agency impacted by proposal.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>II - PUBLIC CORPORATIONS</b>		
a. Copy of law forming corporation	<input type="checkbox"/>	<input type="checkbox"/>
b. Proof of organization	<input type="checkbox"/>	<input type="checkbox"/>
c. Copy of Bylaws	<input type="checkbox"/>	<input type="checkbox"/>
d. Copy of resolution authorizing filing	<input type="checkbox"/>	<input type="checkbox"/>
e. If application is for an oil or gas pipeline, provide information required by Item "I-f" and "I-g" above.	<input type="checkbox"/>	<input type="checkbox"/>
<b>III - PARTNERSHIP OR OTHER UNINCORPORATED ENTITY</b>		
a. Articles of association, if any	<input type="checkbox"/>	<input type="checkbox"/>
b. If one partner is authorized to sign, resolution authorizing action is	<input type="checkbox"/>	<input type="checkbox"/>
c. Name and address of each participant, partner, association, or other	<input type="checkbox"/>	<input type="checkbox"/>
d. If application is for an oil or gas pipeline, provide information required by Item "I-f" and "I-g" above.	<input type="checkbox"/>	<input type="checkbox"/>

\* If the required information is already filed with the agency processing this application and is current, check block entitled "Filed." Provide the file identification information (e.g., number, date, code, name). If not on file or current, attach the requested information.

## NOTICES

NOTE: This applies to the Department of the Interior/Bureau of Land Management (BLM).

The Privacy Act of 1974 provides that you be furnished with the following information in connection with the information provided by this application for an authorization.

**AUTHORITY:** 16 U.S.C. 310 and 5 U.S.C. 301.

**PRINCIPAL PURPOSE:** The primary uses of the records are to facilitate the (1) processing of claims or applications; (2) recordation of adjudicative actions; and (3) indexing of documentation in case files supporting administrative actions.

**ROUTINE USES:** BLM and the Department of the Interior (DOI) may disclose your information on this form: (1) to appropriate Federal agencies when concurrence or supporting information is required prior to granting or acquiring a right or interest in lands or resources; (2) to members or the public who have a need for the information that is maintained by BLM for public record; (3) to the U.S. Department of Justice, court, or other adjudicative body when DOI determines the information is necessary and relevant to litigation; (4) to appropriate Federal, State, local, or foreign agencies responsible for investigating, prosecuting violation, enforcing, or implementing this statute, regulation, or order; and (5) to a congressional office when you request the assistance of the Member of Congress in writing.

**EFFECT OF NOT PROVIDING THE INFORMATION:** Disclosing this information is necessary to receive or maintain a benefit. Not disclosing it may result in rejecting the application.

The Paperwork Reduction Act of 1995 requires us to inform you that:

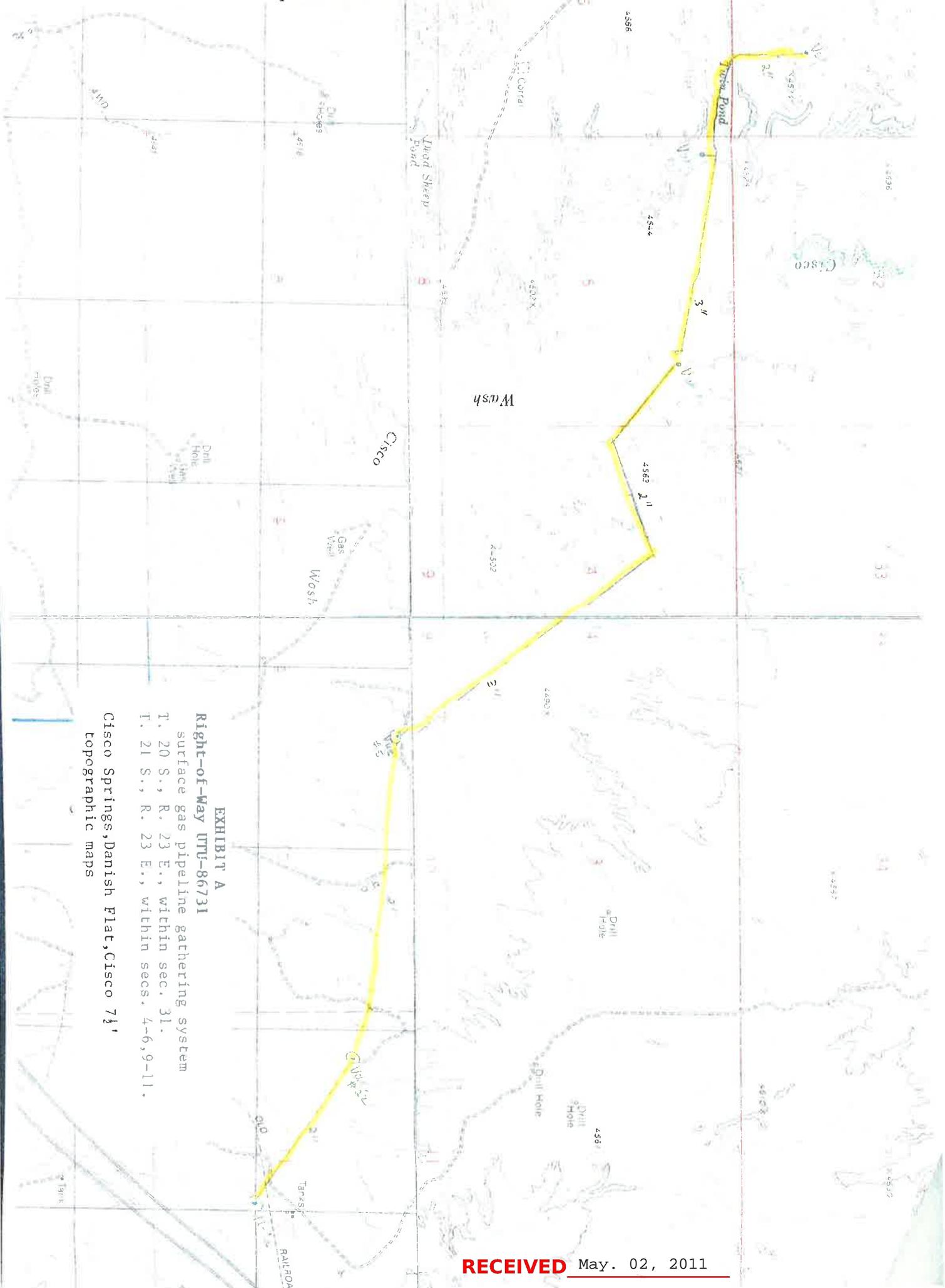
The Federal agencies collect this information from applicants requesting right-of-way, permit, license, lease, or certifications for the use of Federal Lands.

Federal agencies use this information to evaluate your proposal.

No Federal agency may request or sponsor and you are not required to respond to a request for information which does not contain a currently valid OMB Control Number.

**BURDEN HOURS STATEMENT:** The public burden for this form is estimated at 25 hours per response including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to: U.S. Department of the Interior, Bureau of Land Management (1004-0189), Bureau Information Collection Clearance Officer (WO-630) 1849 C Street, N.W., Mail Stop 401 LS, Washington, D.C. 20240.

A reproducible copy of this form may be obtained from the Bureau of Land Management, Land and Realty Group, 1620 L Street, N.W., Rm. 1000 LS, Washington, D.C. 20036.



**EXHIBIT A**  
**Right-of-Way UTV-86731**  
 surface gas pipeline gathering system  
 T. 20 S., R. 23 E., within sec. 31.  
 T. 21 S., R. 23 E., within secs. 4-6, 9-11.

Cisco Springs, Danish Flat, Cisco 7 1/2'  
 topographic maps

UTAH DEPARTMENT OF NATURAL RESOURCES  
Division of Oil, Gas & Mining  
Oil and Gas Program  
1594 West North Temple, Suite 1210, Box 145801  
Salt Lake City, UT 84114-5801  
(801) 538-5340 Phone  
(801) 359-3940 Fax

**NOTICE OF VIOLATION  
STATE OF UTAH  
OIL AND GAS CONSERVATION ACT**



TO THE FOLLOWING OPERATOR:

Operator Name: PACIFIC ENERGY & MINING CO.

Mailing Address: Attn: Tariq Ahmad

P.O. BOX 18148

RENO, NV 89511

21S 23E 24

- |                     |                                   |                            |
|---------------------|-----------------------------------|----------------------------|
| Well(s) or Site(s): | 1) <u>WHYTE-STATE 2</u>           | API #: <u>43-019-16263</u> |
|                     | → 2) <u>SWEETHEART 7</u>          | API #: <u>43-019-31420</u> |
|                     | 3) <u>LITTLE BOY 2</u>            | API #: <u>43-019-31460</u> |
|                     | 4) <u>14-01</u>                   | API #: <u>43-019-31450</u> |
|                     | 5) <u>GREENTOWN ST 31-362216H</u> | API #: <u>43-019-31569</u> |

Date and Time of Inspection/Violation: January 31, 2013

Under the authority of the Utah Oil and Gas Conservation Act, Section 40-6 et. Seq., Utah Code Annotated, 1953, as amended, the undersigned authorized representative of the Division of Oil, Gas and Mining (Division) has conducted an inspection of the above described site and/or records on the above date and has found alleged violation(s) of the act, rules or permit conditions as described below.

**Description of Violation(s):**

**Rule R649-3-36, Shut-in and Temporarily Abandoned Wells** – According to Rule R649-3-36, the operator is required to supply the Division with reasons for extended SI/TA, the length of time for extended SI/TA and proof of well bore integrity for every well SI/TA over 12 consecutive months. After 5 years of continued SI/TA, the wells are to be plugged unless good cause is supplied to the Division for extended SI/TA in addition to the required information just mentioned.

**Rule R649-3-4.3 Bonding** – If the division finds that a well subject to this bonding rule is in violation of Rule R649-3-36, Shut-in and Temporarily Abandoned Wells, the division shall require a bond amount for the applicable well in the amount of actual plugging and site restorations costs.

**Rule R649-3-4.41 Bonding** – Within 30 days of notification by the division, the operator shall submit to the division an estimate of plugging and site restoration costs for division review and approval.

The Division has initiated several contacts with Pacific Energy & Mining Co. (Pacific) requesting required documents and action per R649-3-36. All wells listed have previously been issued SI/TA Notices and Notices of Violation without the required work being accomplished or information submitted to bring these wells into compliance.

These wells are in violation of R-649-3-36 as listed above. The Division requires Pacific to put up full cost bonding for all wells in violation above per R649-3-4. It is also mandatory that Pacific submit all documentation as required by R649-3-36 concerning shut-in and temporarily abandoned wells.

UTAH DEPARTMENT OF NATURAL RESOURCES  
Division of Oil, Gas & Mining  
Oil and Gas Program  
1594 West North Temple, Suite 1210, Box 145801  
Salt Lake City, UT 84114-5801  
(801) 538-5340 Phone  
(801) 359-3940 Fax

Operator Name: PACIFIC ENERGY & MINING CO.

**Immediate Action: For the wells subject to this notice, Pacific shall fulfill full cost bonding requirements for each well. Pacific shall also submit all information as required by R649-3-36 or plug and abandon or place the well(s) on production.**

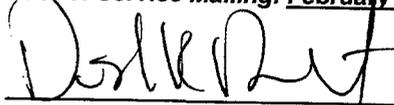
**\* Fines may be levied up to \$10,000.00 per day for every well in violation given the authority provided under U.C.A 40-6-11, part 4**

This notice shall remain in effect until it is modified, terminated, or vacated by a written notice of an authorized representative of the director of the Division of Oil, Gas and Mining. Failure to comply with this notice will result in the Division pursuing further actions against said operator. Further actions may include initiation of agency actions to order full cost bonding and plugging and abandonment of wells and requests for bond forfeiture and civil penalties.

Compliance Deadline: March 15, 2013

Date of Service Mailing: February 5, 2013

Certified Mail No.: 7010 1670 0001 4810 3805



Division Representative Signature

Operator Representative (if presented in person)

cc: Compliance File  
Well Files  
SITLA

1/2013

<b>STATE OF UTAH</b> DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		FORM 9
<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>		<b>5. LEASE DESIGNATION AND SERIAL NUMBER:</b> ML-48933
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.		<b>6. IF INDIAN, ALLOTTEE OR TRIBE NAME:</b>
		<b>7. UNIT or CA AGREEMENT NAME:</b>
<b>1. TYPE OF WELL</b> Oil Well	<b>8. WELL NAME and NUMBER:</b> SWEETHEART 7	
<b>2. NAME OF OPERATOR:</b> PACIFIC ENERGY & MINING CO	<b>9. API NUMBER:</b> 43019314200000	
<b>3. ADDRESS OF OPERATOR:</b> P.O. Box 18148 , Reno, NV, 89511	<b>PHONE NUMBER:</b> 775 240-0769 Ext	<b>9. FIELD and POOL or WILDCAT:</b> GREATER CISCO
<b>4. LOCATION OF WELL</b> <b>FOOTAGES AT SURFACE:</b> 0660 FNL 0660 FWL <b>QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:</b> Qtr/Qtr: NWNW Section: 24 Township: 21.0S Range: 23.0E Meridian: S	<b>COUNTY:</b> GRAND	
		<b>STATE:</b> UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> <b>NOTICE OF INTENT</b> Approximate date work will start: 5/1/2013	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> CASING REPAIR
<input type="checkbox"/> <b>SUBSEQUENT REPORT</b> Date of Work Completion:	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> CHANGE WELL NAME
<input type="checkbox"/> <b>SPUD REPORT</b> Date of Spud:	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> CONVERT WELL TYPE
<input type="checkbox"/> <b>DRILLING REPORT</b> Report Date:	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> NEW CONSTRUCTION
	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> PLUG BACK
	<input type="checkbox"/> PRODUCTION START OR RESUME	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION
	<input type="checkbox"/> REPERFORATE CURRENT FORMATION	<input type="checkbox"/> SIDETRACK TO REPAIR WELL	<input type="checkbox"/> TEMPORARY ABANDON
	<input type="checkbox"/> TUBING REPAIR	<input type="checkbox"/> VENT OR FLARE	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> WATER SHUTOFF	<input checked="" type="checkbox"/> SI TA STATUS EXTENSION	<input type="checkbox"/> APD EXTENSION
	<input type="checkbox"/> WILDCAT WELL DETERMINATION	<input checked="" type="checkbox"/> OTHER	OTHER: <input type="text" value="Pipeline Connection"/>

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

Pacific Energy had applied to the BLM for a ROW to connect the wells, the application was made in April 2011. The BLM has assigned a ROW number UTU88715 to the ROW, however, the ROW has not yet been granted, it is expected that the ROW will be granted within the next 90 days. Attached is the Pipeline Tap Agreement between Summit and Pacific Energy. Since the ROW was not granted, Pacific was not able to connect to the pipeline. Once the ROW is granted, Pacific will immediately commence construction of the pipeline and will commence sales of Natural gas from the well. See attached letter from SEP Cisco Dome LLC.

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

**Date:** March 07, 2013

**By:** *D. K. Duff*

<b>NAME (PLEASE PRINT)</b> Tariq Ahmad	<b>PHONE NUMBER</b> 775 852-7444	<b>TITLE</b> Petroleum Engineer
<b>SIGNATURE</b> N/A	<b>DATE</b> 2/11/2013	



**The Utah Division of Oil, Gas, and Mining**

- State of Utah
- Department of Natural Resources

**Electronic Permitting System - Sundry Notices**

**Sundry Conditions of Approval Well Number 43019314200000**

**By April 1, 2013, the operator should provide information showing the well has integrity and will not be a threat to public health and safety or the environment while the pipeline is constructed and the well put on production. This could include a pressure test or at a minimum casing pressures and possibly fluid levels on a regular basis to ensure well is in a static state if this data supports wellbore integrity.**

STANDARD FORM 299 (1/2006)  
 Prescribed by DOI/USDA/DOT  
 P.L. 96487 and Federal  
 Register Notice 5-22-95

**APPLICATION FOR TRANSPORTATION AND  
 UTILITY SYSTEMS AND FACILITIES  
 ON FEDERAL LANDS**

FORM APPROVED  
 OMB NO. 1004-0189  
 Expires: November 30, 2008

**FOR AGENCY USE ONLY**

**NOTE:** Before completing and filing the application, the applicant should completely review this package and schedule a preapplication meeting with representatives of the agency responsible for processing the application. Each agency may have specific and unique requirements to be met in preparing and processing the application. Many times, with the help of the agency representative, the application can be completed at the preapplication meeting.

Application Number

Date filed  
**04/05/2011**

1. Name and address of applicant (include zip code)

**Mar/Reg Oil Company  
 PO Box 18148  
 Reno, NV 89511**

2. Name, title, and address of authorized agent if different from Item 1 (include zip code)

**Tariq Ahmad, Petroleum Engineer  
 PO Box 18148, Reno, NV 89511**

3. TELEPHONE (area code)

Applicant **775 852 7444**

Authorized Agent  
**775 240 0769**

4. As applicant are you? (check one)

- a.  Individual
- b.  Corporation\*
- c.  Partnership/Association\*
- d.  State Government/State Agency
- e.  Local Government
- f.  Federal Agency

\* If checked, complete supplemental page

5. Specify what application is for: (check one)

- a.  New authorization
- b.  Renewing existing authorization No.
- c.  Amend existing authorization No.
- d.  Assign existing authorization No.
- e.  Existing use for which no authorization has been received\*
- f.  Other\*

\* If checked provide details under Item 7

6. If an individual, or partnership are you a citizen(s) of the United States?  Yes  No

7. Project description [describe in detail]: (a) Type of system or facility, (e.g., canal, pipeline, road); (b) related structures and facilities; (c) physical specifications (length, width, grading, etc.); (d) term of years needed; (e) time of year of use or operation; (f) Volume or amount of product to be transported; (g) duration and timing of construction; and (h) temporary work areas needed for construction (Attach additional sheets, if additional space is needed.)

**We need to build a 2 inch natural gas pipeline from our existing ROW UTU 86731 and continue on the existing ROW owned by Pride Ventures UTU-64603. We will build on the ROW UTU 64603 a new line to connect our wells to the Meter in Section 5. See attached ROW Map.**

8. Attach a map covering area and show location of project proposal

9. State or local government approval:  Attached  Applied for  Not required

10. Nonreturnable application fee.  Attached  Not required

11. Does project cross international boundary or affect international waterways?  Yes  No (If "yes," indicate on map)

12. Give statement of your technical and financial capability to construct, operate, maintain, and terminate system for which authorization is being requested.

**We own and operate oil and gas wells in the State of Utah and in Grand County. We have built and own natural gas pipelines. We own ROW UTU 041840.**

**RECEIVED**

**APR 14 2011**

**DIV. OF OIL, GAS & MINING**

13a. Describe other reasonable alternative routes and modes considered.

**There are no alternative routes as this ROW already has a pipeline.**

b. Why were these alternatives not selected?

**This route is the most economical and is has an existing pipeline therefore there will be no new disturbances**

c. Give explanation as to why it is necessary to cross Federal Lands

**Our natural gas wells are located on both Federal and State lands**

14. List authorizations and pending applications filed for similar projects which may provide information to the authorizing agency. (Specify number, date, code, or name)

**None**

15. Provide statement of need for project, including the economic feasibility and items such as: (a) cost of proposal (construction, operation, and maintenance); (b) estimated cost of next best alternative; and (c) expected public benefits.

- a) **We require this ROW in order to produce natural gas into the existing gas gathering system owned by Elk Resources.**
- b) **Additional production will provide additional revenues to the State and Federal Governments in form of Royalties and Taxes.**

16. Describe probable effects on the population in the area, including the social and economic aspects, and the rural lifestyles.

**None, this pipeline is following an existing pipeline.**

17. Describe likely environmental effects that the proposed project will have on: (a) air quality; (b) visual impact; (c) surface and ground water quality and quantity; (d) the control or structural change on any stream or other body of water; (e) existing noise levels; and (f) the surface of the land, including vegetation, permafrost, soil, and soil stability.

**None as having this pipeline will be on existing ROW that already has a pipeline.**

18. Describe the probable effects that the proposed project will have on (a) populations of fish, plantlife, wildlife, and marine life, including threatened and endangered species; and (b) marine mammals, including hunting, capturing, collecting, or killing these animals.

**None. The existing line has been on this location for decades.**

19. State whether any hazardous material, as defined in this paragraph, will be used, produced, transported or stored on or within the right-of-way or any of the right-of-way facilities, or used in the construction, operation, maintenance or termination of the right-of-way or any of its facilities. "Hazardous material" means any substance, pollutant or contaminant that is listed as hazardous under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. 9601 et seq., and its regulations. The definition of hazardous substances under CERCLA includes any "hazardous waste" as defined in the Resource Conservation and Recovery Act of 1976 (RCRA), as amended, 42 U.S.C. 9601 et seq., and its regulations. The term hazardous materials also includes any nuclear or byproduct material as defined by the Atomic Energy Act of 1954, as amended, 42 U.S.C. 2011 et seq. The term does not include petroleum, including crude oil or any fraction thereof that is not otherwise specifically listed or designated as a hazardous substance under CERCLA Section 101(14), 42 U.S.C. 9601(14), nor does the term include natural gas.

**None**

20. Name all the Department(s)/Agency(ies) where this application is being filed.

**Bureau of Land Management, Moab, Utah**

I HEREBY CERTIFY, That I am of legal age and authorized to do business in the State and that I have personally examined the information contained in the application and believe that the information submitted is correct to the best of my knowledge.

Signature of Applicant	Date <b>04/05/2011</b>
------------------------	------------------------

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

(Continued on page 3)

**APPLICATION FOR TRANSPORTATION AND UTILITY SYSTEMS  
AND FACILITIES ON FEDERAL LANDS**

**GENERAL INFORMATION  
ALASKA NATIONAL INTEREST LANDS**

This application will be used when applying for a right-of-way, permit, license, lease, or certificate for the use of Federal lands which lie within conservation system units and National Recreation or Conservation Areas as defined in the Alaska National Interest Lands Conservation Act. Conservation system units include the National Park System, National Wildlife Refuge System, National Wild and Scenic Rivers System, National Trails System, National Wilderness Preservation System, and National Forest Monuments.

Transportation and utility systems and facility uses for which the application may be used are:

1. Canals, ditches, flumes, laterals, pipes, pipelines, tunnels, and other systems for the transportation of water.
2. Pipelines and other systems for the transportation of liquids other than water, including oil, natural gas, synthetic liquid and gaseous fuels, and any refined product produced therefrom.
3. Pipelines, slurry and emulsion systems, and conveyor belts for transportation of solid materials.
4. Systems for the transmission and distribution of electric energy.
5. Systems for transmission or reception of radio, television, telephone, telegraph, and other electronic signals, and other means of communications.
6. Improved rights-of-way for snow machines, air cushion vehicles, and all-terrain vehicles.
7. Roads, highways, railroads, tunnels, tramways, airports, landing strips, docks, and other systems of general transportation.

This application must be filed simultaneously with each Federal department or agency requiring authorization to establish and operate your proposal.

In Alaska, the following agencies will help the applicant file an application and identify the other agencies the applicant should contact and possibly file with:

Department of Agriculture  
Regional Forester, Forest Service (USFS)  
Federal Office Building, P.O. Box 21628  
Juneau, Alaska 99802-1628  
Telephone: (907) 586-7847 *(or a local Forest Service Office)*

Department of the Interior  
Bureau of Indian Affairs (BIA)  
Juneau Area Office  
9109 Mendenhall Mall Road, Suite 5, Federal Building Annex  
Juneau, Alaska 99802  
Telephone: (907) 586-7177

Bureau of Land Management (BLM)  
222 West 7th Ave., Box 13  
Anchorage, Alaska 99513-7599  
Telephone: (907) 271-5477 *(or a local BLM Office)*

National Park Service (NPS)  
Alaska Regional Office, 2525 Gambell St., Rm. 107  
Anchorage, Alaska 99503-2892  
Telephone: (907) 257-2585

U.S. Fish & Wildlife Service (FWS)  
Office of the Regional Director  
1011 East Tudor Road  
Anchorage, Alaska 99503  
Telephone: (907) 786-3440

Note-Filings with any Interior agency may be filed with any office noted above or with the: Office of the Secretary of the Interior, Regional Environmental Officer, Box 120, 1675 C Street, Anchorage, Alaska 99513.

Department of Transportation  
Federal Aviation Administration  
Alaska Region AAL-4, 222 West 7th Ave., Box 14  
Anchorage, Alaska 99513-7587  
Telephone: (907) 271-5285

**NOTE** - The Department of Transportation has established the above central filing point for agencies within that Department. Affected agencies are: Federal Aviation Administration (FAA), Coast Guard (USCG), Federal Highway Administration (FHWA), Federal Railroad Administration (FRA).

**OTHER THAN ALASKA NATIONAL INTEREST LANDS**

Use of this form is not limited to National Interest Conservation Lands of Alaska.

Individual departments/agencies may authorize the use of this form by applicants for transportation and utility systems and facilities on other Federal lands outside those areas described above.

For proposals located outside of Alaska, applications will be filed at the local agency office or at a location specified by the responsible Federal agency.

**SPECIFIC INSTRUCTIONS**  
*(Items not listed are self-explanatory)*

*Item*

- 7 Attach preliminary site and facility construction plans. The responsible agency will provide instructions whenever specific plans are required.
- 8 Generally, the map must show the section(s), township(s), and ranges within which the project is to be located. Show the proposed location of the project on the map as accurately as possible. Some agencies require detailed survey maps. The responsible agency will provide additional instructions.
- 9, 10, and 12 - The responsible agency will provide additional instructions.
- 13 Providing information on alternate routes and modes in as much detail as possible, discussing why certain routes or modes were rejected and why it is necessary to cross Federal lands will assist the agency(ies) in processing your application and reaching a final decision. Include only reasonable alternate routes and modes as related to current technology and economics.
- 14 The responsible agency will provide instructions.
- 15 Generally, a simple statement of the purpose of the proposal will be sufficient. However, major proposals located in critical or sensitive areas may require a full analysis with additional specific information. The responsible agency will provide additional instructions.
- 16 through 19 - Providing this information in as much detail as possible will assist the Federal agency(ies) in processing the application and reaching a decision. When completing these items, you should use a sound judgment in furnishing relevant information. For example, if the project is not near a stream or other body of water, do not address this subject. The responsible agency will provide additional instructions.

Application must be signed by the applicant or applicant's authorized representative.

If additional space is needed to complete any item, please put the information on a separate sheet of paper and identify it as "Continuation of Item".

**SUPPLEMENTAL**

NOTE: The responsible agency(ies) will provide additional instructions	CHECK APPROPRIATE BLOCK	
	ATTACHED	FILED*
<b>I - PRIVATE CORPORATIONS</b>		
a. Articles of Incorporation	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b. Corporation Bylaws	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c. A certification from the State showing the corporation is in good standing and is entitled to operate within the State.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d. Copy of resolution authorizing filing	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e. The name and address of each shareholder owning 3 percent or more of the shares, together with the number and percentage of any class of voting shares of the entity which such shareholder is authorized to vote and the name and address of each affiliate of the entity together with, in the case of an affiliate controlled by the entity, the number of shares and the percentage of any class of voting stock of that affiliate owned, directly or indirectly, by that entity, and in the case of an affiliate which controls that entity, the number of shares and the percentage of any class of voting stock of that entity owned, directly or indirectly, by the affiliate.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f. If application is for an oil or gas pipeline, describe any related right-of-way or temporary use permit applications, and identify previous applications	<input type="checkbox"/>	<input checked="" type="checkbox"/>
g. If application is for an oil and gas pipeline, identify all Federal lands by agency impacted by proposal.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>II - PUBLIC CORPORATIONS</b>		
a. Copy of law forming corporation	<input type="checkbox"/>	<input type="checkbox"/>
b. Proof of organization	<input type="checkbox"/>	<input type="checkbox"/>
c. Copy of Bylaws	<input type="checkbox"/>	<input type="checkbox"/>
d. Copy of resolution authorizing filing	<input type="checkbox"/>	<input type="checkbox"/>
e. If application is for an oil or gas pipeline, provide information required by Item "I-f" and "I-g" above.	<input type="checkbox"/>	<input type="checkbox"/>
<b>III - PARTNERSHIP OR OTHER UNINCORPORATED ENTITY</b>		
a. Articles of association, if any	<input type="checkbox"/>	<input type="checkbox"/>
b. If one partner is authorized to sign, resolution authorizing action is	<input type="checkbox"/>	<input type="checkbox"/>
c. Name and address of each participant, partner, association, or other	<input type="checkbox"/>	<input type="checkbox"/>
d. If application is for an oil or gas pipeline, provide information required by Item "I-f" and "I-g" above.	<input type="checkbox"/>	<input type="checkbox"/>

\* If the required information is already filed with the agency processing this application and is current, check block entitled "Filed." Provide the file identification information (e.g., number, date, code, name). If not on file or current, attach the requested information.

## NOTICES

NOTE: This applies to the Department of the Interior/Bureau of Land Management (BLM).

The Privacy Act of 1974 provides that you be furnished with the following information in connection with the information provided by this application for an authorization.

**AUTHORITY:** 16 U.S.C. 310 and 5 U.S.C. 301.

**PRINCIPAL PURPOSE:** The primary uses of the records are to facilitate the (1) processing of claims or applications; (2) recordation of adjudicative actions; and (3) indexing of documentation in case files supporting administrative actions.

**ROUTINE USES:** BLM and the Department of the Interior (DOI) may disclose your information on this form: (1) to appropriate Federal agencies when concurrence or supporting information is required prior to granting or acquiring a right or interest in lands or resources; (2) to members or the public who have a need for the information that is maintained by BLM for public record; (3) to the U.S. Department of Justice, court, or other adjudicative body when DOI determines the information is necessary and relevant to litigation; (4) to appropriate Federal, State, local, or foreign agencies responsible for investigating, prosecuting violation, enforcing, or implementing this statute, regulation, or order; and (5) to a congressional office when you request the assistance of the Member of Congress in writing.

**EFFECT OF NOT PROVIDING THE INFORMATION:** Disclosing this information is necessary to receive or maintain a benefit. Not disclosing it may result in rejecting the application.

The Paperwork Reduction Act of 1995 requires us to inform you that:

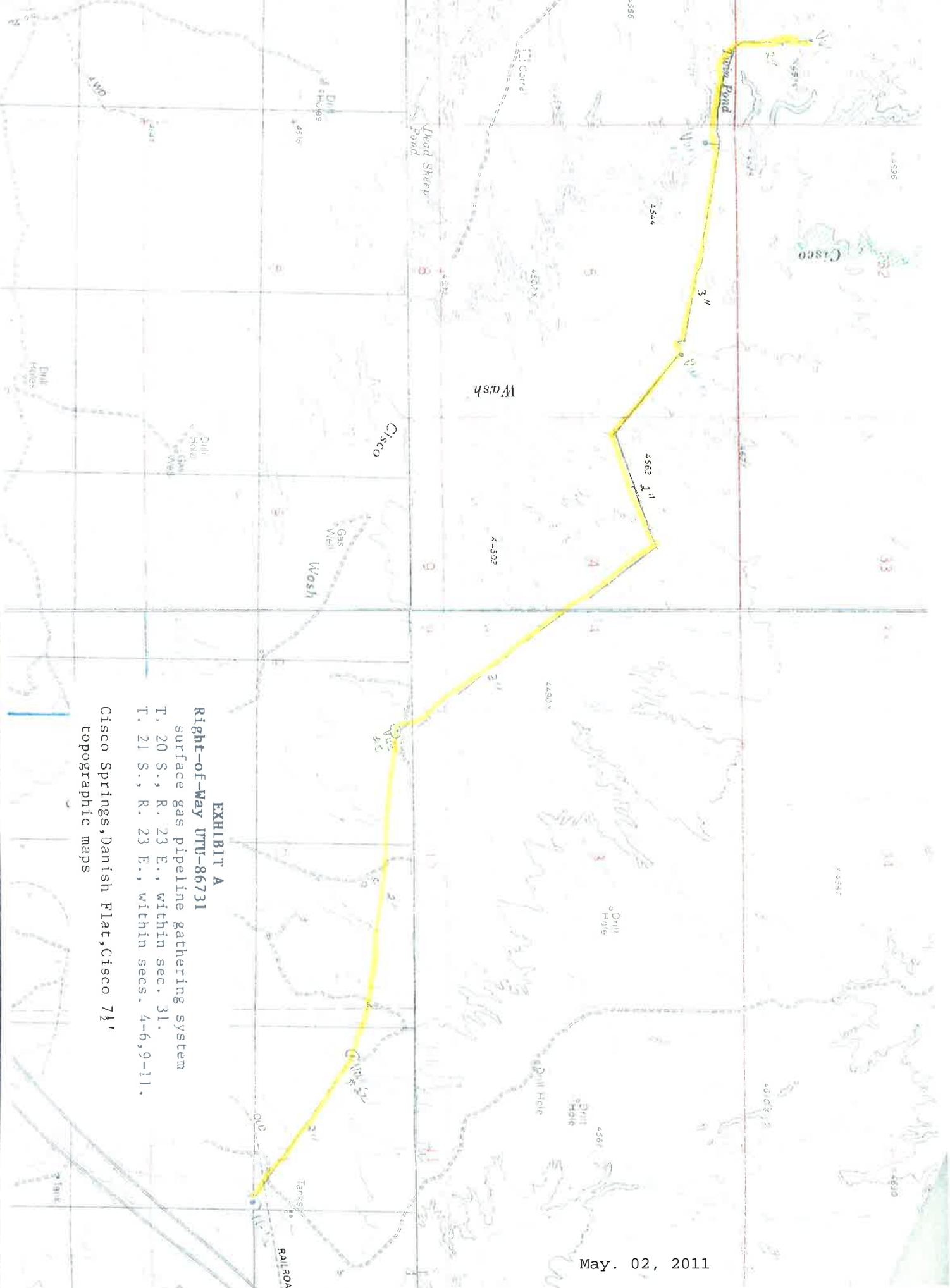
The Federal agencies collect this information from applicants requesting right-of-way, permit, license, lease, or certifications for the use of Federal Lands.

Federal agencies use this information to evaluate your proposal.

No Federal agency may request or sponsor and you are not required to respond to a request for information which does not contain a currently valid OMB Control Number.

**BURDEN HOURS STATEMENT:** The public burden for this form is estimated at 25 hours per response including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to: U.S. Department of the Interior, Bureau of Land Management (1004-0189), Bureau Information Collection Clearance Officer (WO-630) 1849 C Street, N.W., Mail Stop 401 LS, Washington, D.C. 20240.

A reproducible copy of this form may be obtained from the Bureau of Land Management, Land and Realty Group, 1620 L Street, N.W., Rm. 1000 LS, Washington, D.C. 20036.



**EXHIBIT A**  
**Right-of-Way UTY-86731**  
 surface gas pipeline gathering system  
 T. 20 S., R. 23 E., within sec. 31.  
 T. 21 S., R. 23 E., within secs. 4-6, 9-11.  
 Cisco Springs, Danish Flat, Cisco 7 1/2'  
 topographic maps

PIPELINE TAP AGREEMENT

THIS PIPELINE TAP AGREEMENT ("Agreement") is made effective as of December 19, 2011 ("Effective Date"), notwithstanding the actual date of execution and acknowledgement, by and between Pacific Energy & Mining Company ("PEMC"), whose address is 3550 Bowen Way #134 Reno NV 89514 and SEP - CISCO DOME, LLC ("SEP"), whose address is 1245 Brickyard Rd. Ste 210, Salt Lake City, Utah, 84106 sometimes referred to hereinafter collectively as "the Parties" or individually as a "Party," and is based on the following premises:

WHEREAS, PEMC owns natural gas wells located in or near Section 11, Township 21 South, Range 23 East, SLM, Grand County, Utah (the "Wells"); and

WHEREAS; SEP owns a pipeline transmission system located in the general area where the Wells are located; and

WHEREAS; PEMC desires to tap the SEP pipeline under the terms and conditions of this Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties, and in further consideration of the premises, and of the mutual covenants and agreements herein contained, the Parties agree as follows:

AGREEMENT

1. Pipeline Tap. SEP agrees to provide a pipeline tap to PEMC at an interconnect point location to be determined and approved by SEP in its sole discretion for the purposes of transporting natural gas from the Wells.

2. Costs and Expenses of Pipeline Connecting to SEP's Transmission System. PEMC shall be solely responsible for the permitting and construction of a pipeline at its sole cost and expense from the Wells to the tap location approved by SEP. PEMC will indemnify and hold SEP harmless for all expenses and costs associated with the construction of a pipeline from the Wells to the approved tap location.

3. Costs and Expense of Tap and Associated Measurement Equipment. The design and construction of the pipeline tap shall be determined at the sole discretion of SEP. SEP shall perform all work associated with the pipeline tap. The total estimated cost of the tap and all associated equipment including metering equipment shall be paid by PEMC.

4. No Right to Transport or Sell Gas. The Parties agree that all pipeline facilities, tap facilities and associated equipment shall remain the sole and exclusive property of SEP. The Parties agree that SEP shall not be required and is not agreeing herein to purchase or transport natural gas owned by PEMC either from the Wells or elsewhere. In the event SEP desires in its

sole discretion to allow PEMC to transport natural gas through SEP's transmission system, the Parties shall reach a subsequent and definitive agreement concerning the particulars regarding transporting natural gas before any natural gas flows from the Wells through the transmission system.

5. Indemnities. PEMC shall reimburse SEP for all damages caused to SEP's facilities as well as indemnify and hold SEP harmless from all liabilities and claims for damages to persons or properties relating to PEMC's construction of pipeline leading to the approved tap location.

6. Term. This Agreement becomes effective on the date first above written and shall terminate upon the expiration of ~~three (3)~~ <sup>5x (6) wv</sup> months from the date of this Agreement. 7. #

7. Assignment. PEMC shall not assign or otherwise transfer all of or any part of this Agreement without the prior written consent of SEP. Any transfer made without such consent shall be void. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.

8. Entire Agreement. This Agreement constitutes the entire agreement of the Parties with respect to the subject matter hereof, and supersedes any prior agreements with respect hereto (whether written or oral).

9. Notices. All notices which are required or may be given pursuant to this Agreement must be given in writing and delivered personally, by nationally recognized courier, email, or by registered or certified mail, postage prepaid, as follows:

If to SEP

SEP - Cisco Dome, LLC  
1245 E. Brickyard Rd., Suite 210  
Salt Lake City, UT 84106  
Email: [steve@summitcorp.net](mailto:steve@summitcorp.net)

If to PEMC

P.O. 18142  
Renov NW 87511  
Email Terode yahoo.com

Either Party may change its address for notice by notice to the other in the manner set forth above. All notices shall be deemed to have been duly given at the time of receipt by the Party to which such notice is addressed.

10. Governing Law; Submission to Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of Utah, excluding any conflict of law rules which

may require the application of the laws of another jurisdiction. Venue for any dispute hereunder shall be deemed proper in the courts of Salt Lake County, Utah.

11. Headings. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

12. Amendments. No provisions of this Agreement may be amended or waived except in writing signed by both Parties.

13. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original instrument, but all such counterparts together shall constitute but one agreement.

14. Captions. The captions in this Agreement are for convenience only and shall not be considered a part of or affect the construction or interpretation of any provision of this Agreement.

15. Waivers. Any failure by any Party or Parties to comply with any of its or their obligations, agreements or conditions herein contained may be waived by the Party or Parties to whom such compliance is owed by an instrument signed by such Party or Parties and expressly identified as a waiver, but not in any other manner. No waiver of, or consent to a change in, any of the provisions of this Agreement shall be deemed or shall constitute a waiver of, or consent to a change in, other provisions hereof (whether or not similar), nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

16. Limitation of Damages. Notwithstanding anything to the contrary contained herein, except in connection with any such damages claimed by persons other than the Parties or their affiliates for which indemnification is available under the terms of this Agreement, PEMC shall not be entitled to consequential, punitive or exemplary damages in connection with this Agreement and the transactions contemplated hereby and, except as otherwise provided in this sentence, PEMC hereby expressly waives any right to consequential, punitive or exemplary damages in connection with this Agreement and the transactions contemplated hereby.

IN WITNESS WHEREOF, the Parties have made and executed this Agreement effective as of the date first above written.

SEP - Cisco Dome, LLC

By

Date

12-23-11

Pacific Energy & Mining Company

By

Date

12/23/11

**Applied Technology Services**  
 1210 D Street, Rock Springs, WY 82901 (307)352-7292

Meter Name: Cullen Govt  
 Field Name: CISCO  
 Analyst: MCMILLAN

Meter Loc. #: PEMCCG      Report Date: 07/12/2011 14:00:00  
 Cylinder Pressure: 0 psig      Sample Date(s): 07/12/2011  
 Line Pressure: 21 psig      Flowing Temp: 78° F

**Gas Analysis by Chromatograph**

NAME	MOLE%	BTU	SG	GPM
Nitrogen	4.2008	0	0.0406	0
Methane	86.8453	879.1668	0.481	0
CO2	0.0565	0	0.0009	0
Ethane	4.4672	79.2389	0.0464	1.1944
H2S	0	0	0	0
Propane	1.9575	49.3666	0.0298	0.5392
i-Butane	0.4612	15.0325	0.0093	0.1509
n-Butane	0.7002	22.8955	0.0141	0.2207
i-Pentane	0.3128	12.5438	0.0078	0.1144
n-Pentane	0.4132	16.6023	0.0103	0.1497
Hexanes	0.3769	17.9665	0.0112	0.155
Heptanes	0.1563	8.6205	0.0054	0.0721
Octanes	0.0512	3.2069	0.002	0.0262
Nonanes	0.0009	0.0631	0	0.0005
<b>Ideal Total</b>	<b>100.0</b>	<b>1104.7033</b>	<b>0.6588</b>	<b>2.623</b>

Gross BTU/Real Cu Ft. @60 deg F				Gasoline Content	
Pressure Base =	14.73	14.65	15.025	Pressure Base =	14.73
Dry =	1107.6664	1101.6345	1129.9105	Propane GPM =	0.5392
Saturated =	1089.6714	1083.6376	1111.9225	Butane GPM =	0.3716
Actual BTU =	1107.6664	1101.6345	1129.9105	14# Gasoline GPM =	0.5612
Real S. G. =	0.660282	0.660273	0.660318	26# Gasoline GPM =	0.7921
Compressibility	0.997325	0.997339	0.997271	Total GPM =	2.623

**Sulfur Content**  
 Mercaptans ppm = N/A  
 H2S ppm = N/A

**Dewpoints**  
 H2O #/mmcf = N/A  
 Hydrocarbon °F = N/A  
 @ psig = N/A

Comments

SEP Cisco Dome LLC  
1245 Brickyard Rd. Suite 210  
Salt Lake City, Utah 84106  
February 11, 2013

Re: Sweetheart 7 Well  
Little Boy 2 Wells  
1401 Wells

Pacific Energy Mining Company  
Tariq Ahmad  
PO Box 18148  
Reno, Nevada 89511

Tariq,

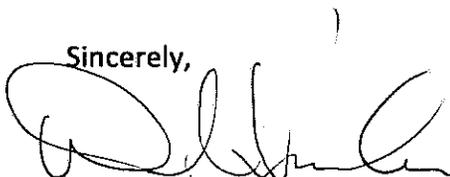
Thanks for your patience in waiting for us to get the Cisco Field in a condition where we can take your natural gas from the above listed wells that we have been discussing for the past year or so. Let me give you a brief report.

AS we have discussed the wells, amine plant, processing equipment, generator and gathering system needed to be either up-graded, worked over, replaced, fixed and put back into service. We have since worked on the following and are close to being able to take your gas.

We have replaced the amine plant with a new plant. We have been working on the gathering system as you know it is large. We have done up grades to lines, compression, and other equipment as well.

We are close to being able to take your gas now and we will be in touch shortly.

Sincerely,

A handwritten signature in black ink, appearing to read 'David Knudson', written in a cursive style.

David Knudson

<b>STATE OF UTAH</b> DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		<b>FORM 9</b>
<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>  Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		<b>5. LEASE DESIGNATION AND SERIAL NUMBER:</b> ML-49833
		<b>6. IF INDIAN, ALLOTTEE OR TRIBE NAME:</b>
<b>1. TYPE OF WELL</b> Oil Well		<b>7. UNIT or CA AGREEMENT NAME:</b>
<b>2. NAME OF OPERATOR:</b> PACIFIC ENERGY & MINING CO		<b>8. WELL NAME and NUMBER:</b> SWEETHEART 7
<b>3. ADDRESS OF OPERATOR:</b> P.O. Box 18148 , Reno, NV, 89511		<b>9. API NUMBER:</b> 43019314200000
<b>PHONE NUMBER:</b> 775 240-0769 Ext		<b>9. FIELD and POOL or WILDCAT:</b> GREATER CISCO
<b>4. LOCATION OF WELL</b> <b>FOOTAGES AT SURFACE:</b> 0660 FNL 0660 FWL <b>QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:</b> Qtr/Qtr: NWNW Section: 24 Township: 21.0S Range: 23.0E Meridian: S		<b>COUNTY:</b> GRAND
		<b>STATE:</b> 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 Approximate date work will start:	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> CASING REPAIR
<input checked="" type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: 3/20/2013	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> CHANGE WELL NAME
<input type="checkbox"/> SPUD REPORT Date of Spud:	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> CONVERT WELL TYPE
<input type="checkbox"/> DRILLING REPORT Report Date:	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> NEW CONSTRUCTION
	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> PLUG BACK
	<input type="checkbox"/> PRODUCTION START OR RESUME	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION
	<input type="checkbox"/> REPERFORATE CURRENT FORMATION	<input type="checkbox"/> SIDETRACK TO REPAIR WELL	<input type="checkbox"/> TEMPORARY ABANDON
	<input type="checkbox"/> TUBING REPAIR	<input type="checkbox"/> VENT OR FLARE	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> WATER SHUTOFF	<input type="checkbox"/> SI TA STATUS EXTENSION	<input type="checkbox"/> APD EXTENSION
	<input type="checkbox"/> WILDCAT WELL DETERMINATION	<input checked="" type="checkbox"/> OTHER	OTHER: <input type="text" value="Integrity"/>

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

Conducted Fluid Level survey, fluid level at 361 feet, surface casing is at 200 feet. Casing pressure 20 psi. No tubing in hole. Production casing integrity is assured

**Accepted by the  
Utah Division of  
Oil, Gas and Mining  
FOR RECORD ONLY  
March 26, 2013**

<b>NAME (PLEASE PRINT)</b> Tariq Ahmad	<b>PHONE NUMBER</b> 775 852-7444	<b>TITLE</b> Petroleum Engineer
<b>SIGNATURE</b> N/A	<b>DATE</b> 3/25/2013	

ECHOMETER MODEL M V2.3.3  
SERIAL NO: 5126  
ECHOMETER COMPANY  
5001 DITTO LANE  
WICHITA FALLS, TEXAS 76302  
PHONE 940 - 767 - 4334  
FAX 940 - 723 - 7507  
E-MAIL INFO@ECHOMETER.COM

ECHOMETER COMPANY PHONE-940-767-4334

POWER ON  
SELF TEST

PASS

BATTERY  
12.6 VOLTS

TURN  
ON  
CHART  
DRIVE  
TO  
TEST  
WELL

WELL .....  
CASING PRESSURE  
 $\Delta P$   
 $\Delta T$   
PRODUCTION RATE

2A

JOINTS TO LIQUID.....  
 DISTANCE TO LIQUID.....  
 PBHP .....  
 SBHP .....  
 PROD RATE EFF, % .....  
 MAX PRODUCTION .....

03/20/2013 14:03:43  
 QUIET WELL  
 LOWER COLLARS A: 10.0  
 P-P 0.017 mV

LIQUID LEVEL M: 1.2  
 P-P 0.042 mV

ECHOMETER COMPANY PHONE-940

GENERATE PULSE

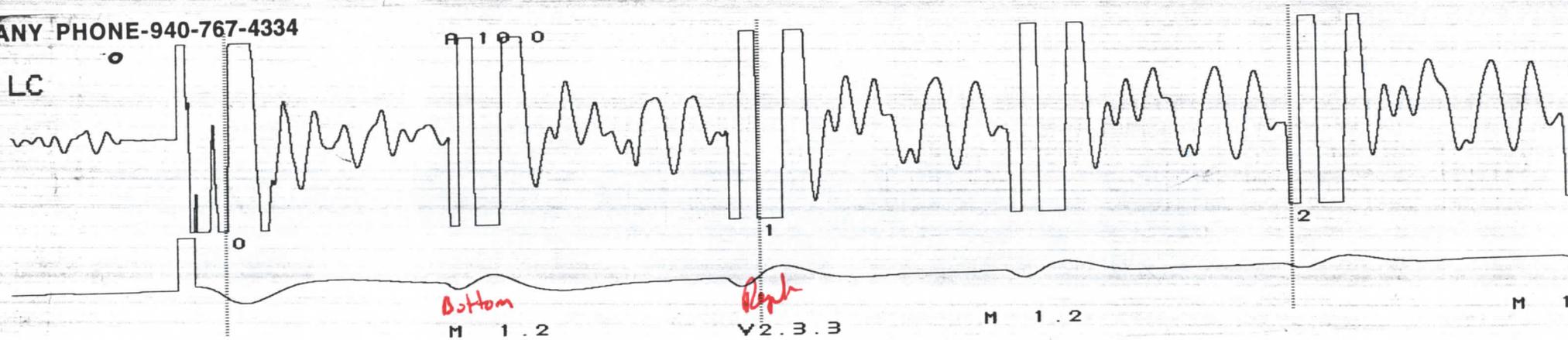
LC



12.5 VOLTS

PANY PHONE-940-767-4334

LC



$$RT = .50 \text{ seconds}$$

$$D = V \cdot T = (1390 * .50) / 2$$

$$= 347.5 \text{ ft}$$

Prod Log @ 200 ft

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

FORM 9

RECEIVED

JAN 15 2014

SUNDRY NOTICES AND REPORTS ON WELLS

5. LEASE DESIGNATION AND SERIAL NUMBER:  
ML-48933

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

8. WELL NAME and NUMBER:  
SWEETHEART 7

9. API NUMBER:  
4301931420

10. FIELD AND POOL, OR WLD/CAT:

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  GAS WELL  OTHER \_\_\_\_\_

2. NAME OF OPERATOR:  
PACIFIC ENERGY & MINING CO

3. ADDRESS OF OPERATOR:  
PO 18148 CITY RENO STATE NV ZIP 89511 PHONE NUMBER: (775) 852-7444

4. LOCATION OF WELL  
FOOTAGES AT SURFACE: 660 FNL 660 FWL COUNTY: GRAND

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNW 24 21S 23E S 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 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.

Change of Operator to be effective of the 1st day of November, 2013 as follows:

Previous Operator: Pacific Energy & Mining Co., PO Box 18148, Reno, NV 89511 Ph: 775-852-7444

By: Tariq Ahmad Date: 10/15/13  
Tariq Ahmad, President

New Operator: Hinto Energy, Inc., 7609 Ralston Road, Arvada, CO 80202 Ph: 303 422-8127

By: George Harris Dated: 10/3/13  
George Harris, CFO

Utah Bond \_\_\_\_\_

NAME (PLEASE PRINT) Tariq Ahmad TITLE President

SIGNATURE \_\_\_\_\_ DATE 10/15/2013

(This space for State use only)

APPROVED

MAR 19 2014

DIV. OIL GAS & MINING  
BY: Rachael Medina

Division of Oil, Gas and Mining  
**OPERATOR CHANGE WORKSHEET (for state use only)**

**ROUTING**  
 CDW

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

Operator Name Change/Merger

The operator of the well(s) listed below has changed, effective:

**11/1/2013**

<b>FROM:</b> (Old Operator): Pacific Energy & Mining Company N7655 P.O. Box 18148 Reno, NV. 89511 Phone: 1 (775) 852-7444	<b>TO:</b> ( New Operator): Hinto Energy, Inc N4070 7609 Ralston Rd Arvada, CO 80202 Phone: 1 (303) 422-8127
---	--

WELL NAME	CA No.	SEC	TWN	RNG	API NO	ENTITY NO	LEASE TYPE	WELL TYPE	WELL STATUS
NUGGETT 14-4		14	210S	230E	4301930423	9075	Fee	OW	P
SWEETHEART 14-02		14	210S	230E	4301931451	15005	Fee	OW	P
SWEETHEART 5A		24	210S	230E	4301931417	14866	State	OW	S
SWEETHEART 2A		24	210S	230E	4301931418	14867	State	OW	S
SWEETHEART 7		24	210S	230E	4301931420	14910	State	OW	S
14-01		14	210S	230E	4301931450	15121	Fee	OW	S
LITTLE BOY 2		24	210S	230E	4301931460	15329	State	GW	S

**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: 1/15/2014
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 1/15/2014
- The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 1/17/2014
- Is the new operator registered in the State of Utah: Business Number: 8436345-0143
- (R649-9-2)Waste Management Plan has been received on: Not Yet
- Inspections of LA PA state/fee well sites complete on: N/A
- Reports current for Production/Disposition & Sundries on: 3/19/2014
- 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 N/A BIA N/A
- Federal and Indian Units:**  
The BLM or BIA has approved the successor of unit operator for wells listed on: N/A
- Federal and Indian Communization Agreements ("CA"):**  
The BLM or BIA has approved the operator for all wells listed within a CA on: N/A
- Underground Injection Control ("UIC")** 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: 3/19/2014
- Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 3/19/2014
- Bond information entered in RBDMS on: 3/19/2014
- Fee/State wells attached to bond in RBDMS on: 3/19/2014
- Injection Projects to new operator in RBDMS on: N/A
- Receipt of Acceptance of Drilling Procedures for APD/New on: N/A
- Surface Agreement Sundry from **NEW** operator on Fee Surface wells received on: Yes

**BOND VERIFICATION:**

- Federal well(s) covered by Bond Number: N/A
- Indian well(s) covered by Bond Number: N/A
- (R649-3-1) The **NEW** operator of any state/fee well(s) listed covered by Bond Number See Comments
- The **FORMER** operator has requested a release of liability from their bond 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: 3/19/2014

**COMMENTS:**

NUGGETT 14-4 Bond:4049504683  
 SWEETHEART 14-02 Bond:4049504741  
 SWEETHEART 5A Bond: 4049504709  
 SWEETHEART 2A Bond: 4049504691  
 SWEETHEART 7 Bond: 4049504725  
 14-01 Bond: 4049504733  
 LITTLE BOY 2 Bond: 4049504717

**HINTO**  
ENERGY  
7609 Ralston Road  
Arvada, CO 80002

February 7, 2014

**Via E-Mail**

Ms. Rachel Medina  
Division of Oil, Gas and Mining  
P.O. Box 145801  
Salt Lake City, Utah 84114-5801  
rachelmedina@utah.gov

Re: Plans for Wells

Dear Ms. Medina:

Per your request, please find our estimated plugging costs for the listed wells.

<u>API Number</u>	<u>Name</u>	<u>Estimated Plugging Costs</u>
43-019-314	Sweetheart 5A	\$6,000.00
43-019-31418	Sweetheart 2A	\$6,000.00
43-019-31420	Sweetheart 7	\$6,000.00
43-019-31450	Sweetheart 14-01	\$8,000.00
43-019-31460	Little Boy 2	\$4,000.00

If you have any questions, please do not hesitate to contact myself or Ms. Kampmann.

Sincerely,



George Harris  
Chief Executive Officer



February 5, 2014

**Via E-Mail**

Ms. Rachel Medina  
Division of Oil, Gas and Mining  
P.O. Box 145801  
Salt Lake City, Utah 84114-5801  
rachelmedina@utah.gov

Re: Plans for Wells

Dear Ms. Medina:

Per your request, below is a status and plans as to the wells that Hinto Energy, Inc. has requested to become the operator of. Please note that for the last two months, there has been no gas production due to the unavailability of the Cisco Gathering Facility. We have attached correspondence received from Summit Operating, LLC, confirming that such facility will be available to accept gas, we expect to begin producing gas for sale within 60 days of the Summit plant start-up, as we have to replace some meters, test gas lines and re-test gas inert contents. In addition, we are developing a super perforating technic that uses high pressure water jets to drill lateral perforations from 30 to 300 feet out from the well bore. Given weather and rig availability, we intend to complete this work within 180 days to bring wells Sweetheart 14-01, Sweetheart 14-02 and Little Boy 2 back on production as described below.

<u>API Number</u>	<u>Name</u>	<u>Status - Plan</u>
43-019-314	Sweetheart 5A	Is producing.
43-019-30423	Nugget Fee 14-4	Is producing.
43-019-31033	Gilbraltor #1	After reviewing the State of Utah's records we have discovered that the well status according the state is Shut In. The well is producing and we will be filing a sundry notice to change its status.
43-019-31418	Sweetheart 2A	We will re-work the well and expect to have it back on production in April 2014.

**HINT**  
ENERGY  
7609 Ralston Road  
Arvada, CO 80002

<u>API Number</u>	<u>Name</u>	<u>Status - Plan</u>
43-019-31420	Sweetheart 7	We have been re-working the well, but have pulled off due to weather and expect to have it back on production in April 2014.
43-019-31450	Sweetheart 14-01	We intend to water jet the 938 to 948 zones and bring the well back on production.
43-019-31451	Sweetheart 14-02	We intend to water jet zones 665-675 and zones 960-970 and put the well back on production.
43-019-31460	Little Boy 2	We intend to water jet the well and have the well back on for production of gas.

If you have any questions, please do not hesitate to contact myself or Ms. Kampmann.

Sincerely,



George Harris  
Chief Executive Officer

Little Boy 2

Volume	Diameter	Length	Perfs	Cement Top	Area	Volume(cf)	ft/cuft	No Sx	
Casing	4.5	120		Surface	0.11	13.25	9.06	11.52	Cement bottom to top with 22 sx cement
Hole	3.5	180	180	120 to Surface	0.07	12.02	14.97	10.45	
							Total	21.97	
					<u>7A</u>				
Surface	8.625	137		Surface	0.41	55.56	0.02	48.31	First plug 640-420 10 sx cement. Perf 240 feet
Prod	4.5	200	520-530	240	0.11	22.08	0.05	19.20	Second Plug pump 58 sx circ up annulus
OH	3.875	189		0	0.08	15.47	0.06	13.45	
							Total	80.96	
					<u>5A</u>				
Casing	8.625	135		Surface	0.41	54.75	0.02	57.00	Set fist cement plug 24 sx from 560 to 305 feet
Prod	4.5	255	405-415;532-542	220	0.11	28.15	0.04	24.48	<u>perf at 135 pump 57 sx cir to surface</u>
							Total	81.48	
					<u>14-01</u>				
Surface	8.625	122		Surface	0.41	49.47	0.02	43.02	Plug 1 984-838 38 sx
Prod	4.5	984	938-956;824-828	700	0.11	108.62	0.01	94.46	Perf 122 25sx circulate to surface
					<u>2A</u>				
Surface	8.625	122		Surface	0.41	49.47	0.02	43.02	Plug 1 800-576 22 sx. Perf 122 Plug 2 43 sx
Prod	4.5	800	766-776;670-676	320	0.11	88.31	0.01	76.79	

UTAH DEPARTMENT OF NATURAL RESOURCES  
Division of Oil, Gas & Mining  
Oil and Gas Program  
1594 West North Temple, Suite 1210, Box 145801  
Salt Lake City, UT 84114-5801  
(801) 538-5340 Phone  
(801) 359-3940 Fax

**NOTICE OF VIOLATION**  
**STATE OF UTAH**  
**OIL AND GAS CONSERVATION ACT**



TO THE FOLLOWING OPERATOR:

Operator Name: HINTO ENERGY

Mailing Address: ATTN: MR. GEORGE HARRIS

7609 RALSTON ROAD

ARVADA, CO 80002

24 21S 23E

- Well(s) or Site(s): 1) SWEETHEART 7 API #: 43-019-31420
- 2) LITTLE BOY 2 API #: 43-019-31460
- 3) 14-01 API #: 43-019-31450
- 4) SWEETHEART 5A API #: 43-019-31417
- 5) SWEETHEART 2A API #: 43-019-31418

Date and Time of Inspection/Violation: March 16, 2015

Under the authority of the Utah Oil and Gas Conservation Act, Section 40-6 et. Seq., Utah Code Annotated, 1953, as amended, the undersigned authorized representative of the Division of Oil, Gas and Mining (Division) has conducted an inspection of the above described site and/or records on the above date and has found alleged violation(s) of the act, rules or permit conditions as described below.

**Description of Violation(s):**

**Rule R649-3-36, Shut-in and Temporarily Abandoned Wells** – According to Rule R649-3-36, the operator is required to supply the Division with reasons for extended SI/TA, the length of time for extended SI/TA and proof of well bore integrity for every well SI/TA over 12 consecutive months. After five (5) years of continued SI/TA, the wells are to be plugged unless good cause is supplied to the Division for extended SI/TA in addition to the required information just mentioned.

**Rule R649-3-4.3 Bonding** – If the division finds that a well subject to this bonding rule is in violation of Rule R649-3-36, Shut-in and Temporarily Abandoned Wells, the division shall require a bond amount for the applicable well in the amount of actual plugging and site restorations costs.

**Rule R649-3-4.41 Bonding** – Within 30 days of notification by the division, the operator shall submit to the division an estimate of plugging and site restoration costs for division review and approval.

The Division has previously initiated several contacts with Pacific Energy & Mining Co. (Pacific) requesting required documents and action per R649-3-36. On November 1, 2013 Hinto Energy (Hinto) became the operator of these wells. When Hinto took over the wells, a plan of action was agreed upon to move these wells out of non-compliance status. This agreement was sent to the Division on February 5, 2014. Wells #1-3 above have been shut-in over nine (9) years, placing them under the five (5) year requirement as stated in Rule R649-3-36. Well #4 was said to be producing; yet no reports have been received. Well #5 was scheduled to rework and have back on production in April, 2014. To date, the Division has not received information nor seen evidence of any work being done as agreed to move these wells out of non-compliance status. Hinto has not met the terms of the agreement.

UTAH DEPARTMENT OF NATURAL RESOURCES  
Division of Oil, Gas & Mining  
Oil and Gas Program  
1594 West North Temple, Suite 1210, Box 145801  
Salt Lake City, UT 84114-5801  
(801) 538-5340 Phone  
(801) 359-3940 Fax

These wells are in violation of R-649-3-36 as stated above. therefore Hinto is required to plug these wells or meet the requirements showing good cause and wellbore integrity. Also Hinto is required to put up full cost bonding for the wells in violation above per R649-3-4. It is mandatory that Hinto submit all required documentation and plans to the Division by the compliance deadline below.

**Immediate Action: For the wells subject to this notice, Hinto shall fulfill full cost bonding. Hinto shall also submit plugging plans for the wells contained in this Notice.**

**\* Fines may be levied up to \$10,000.00 per day for every well in violation given the authority provided under U.C.A 40-6-11, part 4**

This notice shall remain in effect until it is modified, terminated, or vacated by a written notice of an authorized representative of the director of the Division of Oil, Gas and Mining. Failure to comply with this notice will result in the Division pursuing further actions against said operator. Further actions may include initiation of agency actions and requests for bond forfeiture and civil penalties.

Compliance Deadline: APRIL 30, 2015

Date of Service Mailing: March 24, 2015 Certified Mail No.: 7011 2970 0001 8828 1115

  
\_\_\_\_\_  
Division Representative Signature

\_\_\_\_\_  
Operator Representative (if presented in person)

cc: Compliance File  
Well Files  
LaVonne Garrison, SITLA

1/2013



GARY R. HERBERT  
Governor

SPENCER J. COX  
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

May 12, 2015

Certified Mail 7014 2870 0001 4232 4412

## DIVISION WELL PLUGGING ORDER

Mr. George Harris  
Hinto Energy  
5350 S. Roslyn, Ste 400  
Greenwood Village, CO 80111-2125

24 215 23E

Subject: Division Order to Plug and Abandon the Sweetheart 7, Little Boy 2, 14-01, Sweetheart 5A, and Sweetheart 2A wells operated by Hinto Energy

Dear Mr. Harris:

The Division of Oil, Gas and Mining ("Division") issued Hinto Energy ("Hinto") a Notice of Violation for the five wells ("subject wells") listed below on March 24 and March 30, 2015. Hinto has not responded to the NOV. A response was required by April 30, 2015. The wells are in violation of Oil, and Gas Conservation General Rule R649-3-36 (Shut-in and Temporarily Abandoned Wells). The wells are as follows:

<u>Well Name</u>	<u>API</u>	<u>Completed</u>	<u>Production</u>
SWEETHEART 7	43-019-31420	9/29/2005	None
LITTLE BOY 2	43-019-31460	1/13/2006	None
14-01	43-019-31450	1/13/2006	None
SWEETHEART 5A	43-019-31417	9/25/2005	344 bbls
SWEETHEART 2A	43-019-31418	11/10/2005	500 mcf

As a condition of Hinto taking operatorship of the wells, a plan of action to move these wells out of non-compliance status was required. Refer to the agreement dated February 5, 2014, accepted by the Division as a required part of the Operator change approved March 19, 2014. There is no indication that any of the work contemplated in the agreement has been completed for any of the wells.

Wells #1-3 above have been shut-in for over nine (9) years. Wells #4-5 have had minimal production over the life of the wells. They were to be reworked and returned to production; however, they have not had any showing of production since mid 2012. To date the Division has not received any information nor seen any evidence of any work being done as agreed. Hinto has not met the terms of the agreement.



Page 2  
Hinto Energy  
May 12, 2015

Therefore, the Division is ordering Hinto to plug and abandon the five subject wells immediately. Division authority to order these wells plugged is found in the Oil and Gas Conservation General Rule 649-3-36. The wells shall be plugged in accordance with R649-3-24.

Hinto has the right to appeal the Division Plugging Order by filing to the Board of Oil, Gas and Mining a request for review according to procedures set forth in R649-10-6. A request for review of a Division Order must be filed with the secretary to the Board, Julie Ann Carter (801) 538-5277, within 30 days of issuance of the order.

In the event Hinto does not plug and abandon the subject wells, the Division will file for a formal hearing before the Board of Oil, Gas and Mining, as described in the Utah Administrative Code R641, requesting a Board Order to plug and restore the well site. Should this matter be brought before the Board, the Division will seek bond forfeiture (R649-3-36 and R649-3-1.16), liability for plugging costs in excess of bond forfeiture amounts (R649-3-1.16.5) and civil penalties of up to \$10,000 per day for each day of violation (Utah Oil and Gas Conservation Act 40-6-11).

Questions regarding this order may be directed to Dustin Doucet, Petroleum Engineer at (801) 538-5281.

Sincerely,



Dustin Doucet  
Petroleum Engineer

DKD/JP/js

cc: John Rogers, Oil and Gas Associate Director  
Steve Alder, Assistant Attorney General  
LaVonne Garrison, SITLA  
Compliance File  
Well File



# State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

December 1, 2015

Certified Mail 7014 2870 0001 4232 4764

## SECOND DIVISION WELL PLUGGING ORDER

Mr. George Harris  
Hinto Energy  
5350 S. Roslyn STE 400  
Greenwood Village, CO 80111-2125

Subject: Second Division Order to Plug and Abandon the Sweetheart 7, Little Boy 2, 14-01, Sweetheart 5A, and Sweetheart 2A wells operated by Hinto Energy

Dear Mr. Harris,

24 21S 23E

The Division of Oil, Gas and Mining ("Division") issued Hinto Energy ("Hinto") a Division Order, dated May 12, 2015, to plug and abandon the wells ("subject wells") as follows:

<u>Well Name</u>	<u>API</u>	<u>Completed</u>	<u>Production</u>
SWEETHEART 7	43-019-31420	9/29/2005	None
LITTLE BOY 2	43-019-31460	1/13/2006	None
14-01	43-019-31450	1/13/2006	None
SWEETHEART 5A	43-019-31417	9/25/2005	344 bbls
SWEETHEART 2A	43-019-31418	11/10/2005	500 mcf

As a condition of Hinto taking operatorship of the wells, a plan of action to move these wells out of non-compliance status was required. Refer to the agreement dated February 5, 2014 accepted by the Division as a required part of the Operator change approved March 19, 2014. There is no indication that any of the work outlined in the agreement has been completed for any of the wells.

Hinto signed for the Division Order on May 18, 2015. Hinto was required to respond within 30 days of the issuance of the order. To date the Division has not received any response from Hinto addressing this matter.

Therefore, the Division is ordering Hinto to plug and abandon the subject wells immediately. Division authority to order the subject wells plugged is found in the Oil and Gas Conservation General Rule 649-3-36. The subject wells shall be plugged in accordance with R649-3-24.



Page 2

December 1, 2015

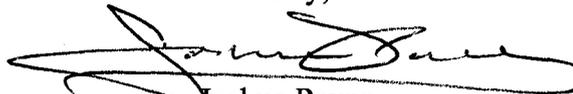
Subject: Second Division Well Plugging Order

Hinto has the right to appeal the Division Plugging Order by filing to the Board of Oil, Gas and Mining a request for review according to procedures set forth in R649-10-6. A request for review of a Division Order must be filed with the secretary to the Board, Julie Ann Carter (801) 538-5277, within 30 days of issuance of the order.

In the event Hinto does not plug and abandon the subject wells the Division will file for a formal hearing before the Board of Oil, Gas and Mining, as described in the Utah Administrative Code R641, requesting a Board Order to plug and restore the well site. Should this matter be brought before the Board, the Division will seek bond forfeiture (R649-3-36 and R649-3-1.16), liability for plugging costs in excess of bond forfeiture amounts (R649-3-1.16.5) and civil penalties of up to \$10,000 per day for each day of violation (Utah Oil and Gas Conservation Act 40-6-11).

Questions regarding this order may be directed to Joshua Payne, Compliance Manager at (801) 538-5314 or Dustin Doucet, Petroleum Engineer at (801) 538-5281.

Sincerely,



Joshua Payne  
Compliance Manager

JP/js

cc: John Rogers, Oil and Gas Associate Director  
Steve Alder, Assistant Attorney General  
Dustin Doucet, Petroleum Engineer  
LaVonne Garrison, SITLA  
Compliance File  
Well Files

**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: <b>ML 48933</b>
		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
		7. UNIT or CA AGREEMENT NAME:
1. TYPE OF WELL <b>OIL WELL</b> <input type="checkbox"/> <b>GAS WELL</b> <input checked="" type="checkbox"/> <b>OTHER</b> _____		8. WELL NAME and NUMBER: <b>Sweetheart #7</b>
2. NAME OF OPERATOR: <b>Hinto Energy</b>		9. API NUMBER: <b>4301931420</b>
3. ADDRESS OF OPERATOR: <b>5850 S. Rosalyn St</b> CITY <b>Greenwood Village</b> STATE <b>CO</b> ZIP <b>80111</b>		PHONE NUMBER: <b>(720) 939-1133</b>
4. LOCATION OF WELL FOOTAGES AT SURFACE: _____		10. FIELD AND POOL, OR WILDCAT: <b>Grand</b>
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <b>NWNW 24 21S 23E</b>		STATE: <b>UTAH</b>

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input 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: <b>1/18/2014</b>	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input checked="" 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 checked="" 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.

New perforations shot 530-540 with 10ft K.B.  
Packer set at 515 10 ft K.B.  
S.N. at 522 with 10 ft K.B.  
Swabbed 15 times have good showing of gas.

Shut in to attach line for gas sales.

**RECEIVED**  
**MAR 30 2016**  
DIV. OF OIL, GAS & MINING

NAME (PLEASE PRINT) <u>Gary Herick</u>	TITLE <u>VP Finance</u>
SIGNATURE <u><i>Gary Herick</i></u>	DATE <u>3/30/2016</u>

(This space for State use only)