

*Petroleum and Energy Consultants  
Registered in Rocky Mountain States  
Oil & Gas Production*

**BURKHALTER ENGINEERING, INC.**

751 Horizon Ct., Suite 245  
P.O. Box 60095  
Grand Junction, Co 81506  
Telephone (970) 243-6060  
Fax (970) 243-6015  
Mobile (970) 260-0765

December 23, 2004

Ms. Carol Daniels  
Division of Oil, Gas & Mining  
P.O. Box 145801  
Salt Lake City, UT 84114-5801

Re: APD's  
Nine San Arroyo Wells (All Federal)  
Grand County, UT

Dear Ms. Daniels:

Enclosed are complete copies of APD's filed with the Moab office of the BLM for Drilling Permits for the following Unit wells:

San Arroyo Unit #51 (Directional); All others, Vertical: San Arroyo Unit Nos. 52, 53, 54, 55, 56, 57, 58 and 59.

Please have a look and assign API numbers. If you have questions, or need further information, please call.

Very truly yours,

  
J. N. Burkhalter, PE

RECEIVED  
DEC 28 2004  
DIV. OF OIL, GAS & MINING

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Form 3160-3  
(April 2004)

RECEIVED  
DEC 28 2004

UNITED STATES OF OIL GAS & MINING  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

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

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		7 If Unit or CA Agreement, Name and No. San Arroyo Unit
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		8. Lease Name and Well No. San Arroyo Unit #54
2. Name of Operator Crescendo Energy, LLC		9. API Well No. 43-019-31433
3a. Address P.O. Box 1814, Midland, TX 79702	3b. Phone No. (include area code) 432-697-7221	10. Field and Pool, or Exploratory San Arroyo
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 651 FSL, 1383 FWL SE SW 664344X 39.395945 At proposed prod. zone Same as Surface 4362245Y 109.091524		11. Sec., T. R. M. or Blk. and Survey or Area Sec 19, T16S, R26E, SLM
14. Distance in miles and direction from nearest town or post office* Approx 23 mi NW of Mack, CO		12. County or Parish Grand
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 651		13. State UT
16. No. of acres in lease 360	17. Spacing Unit dedicated to this well San Arroyo Unit	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 2181	19. Proposed Depth 5200	20. BLM/BIA Bond No. on file BLM Bond 0437483
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5925 Grnd	22. Approximate date work will start* 05/01/2005	23. Estimated duration 3 to 4 weeks

24. Attachments

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

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

25. Signature 	Name (Printed/Typed) J. N. Burkhalter	Date 12/22/04
Title Consulting Engineer/Agent		
Approved by (Signature) 	Name (Printed/Typed) BRADLEY G. HILL	Date 01-05-05
Title ENVIRONMENTAL SCIENTIST III		

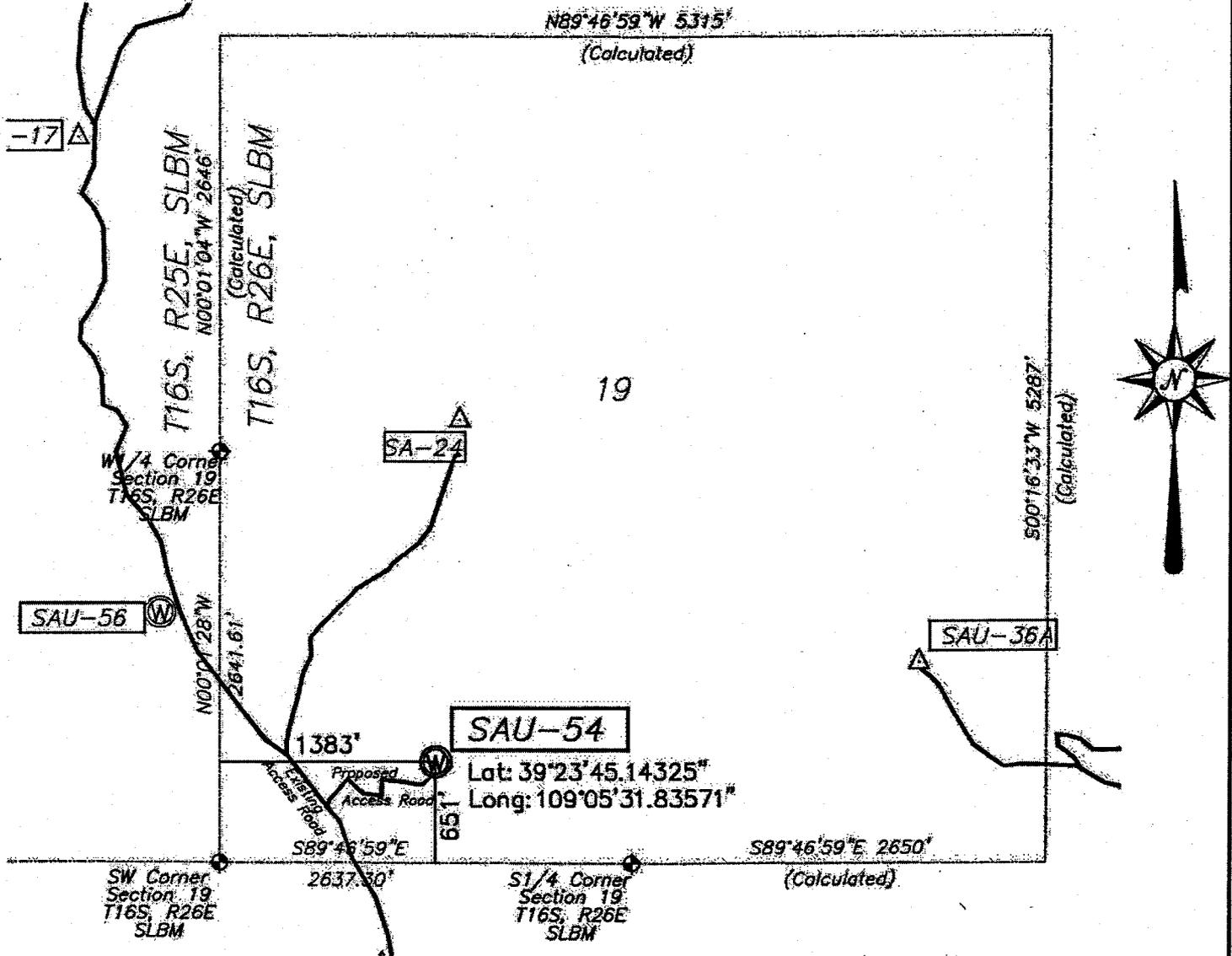
Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.  
Conditions of approval, if any, are attached.

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

\*(Instructions on page 2)

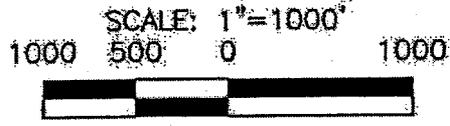
Federal Approval of this  
Action is Necessary

# LOCATION EXHIBIT - PLAT 1 OF PARCEL LOCATED IN SECTION 19, T16S, R26E, SLBM (SAN ARROYO UNIT 54)



Date of Survey: November 16, 2004

Date of Drawing: November 23, 2004



1. This Well Location Plat was prepared for Crescendo Energy, LLC to show the location of San Arroyo SAU-54 which is located 1383 feet East and 651 feet North from the position of the Southwest corner of Section 19, T16S, R26E, SLBM, based on the Southwest corner of said Section 19, the South Quarter corner, and the East Quarter corner of Section 19, T16S, R26E, SLBM.
2. Latitude and Longitude are based on NAD 83.
3. Elevations are based on NAVD 88.
4. Well ties measured at 90° from Section line.
5. Improvements: Access road at 750 feet and existing drainage at 180 feet from Well Head.
6. Surface use: Natural ground and scrub oak.

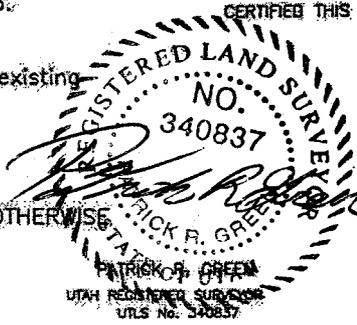
**SURVEYOR'S CERTIFICATION**

I hereby certify that this plat represents a field survey completed under my direct supervision during November, 2004, and that both have been completed according to the standards of practice and the laws of the State of Utah, and are correct to the best of my knowledge.

CERTIFIED THIS 23 DAY OF NOV 2004

**LEGEND**

- FOUND GLO SURVEY MARKER, UNLESS NOTED OTHERWISE
- FOUND REBAR, AS NOTED
- STAKED WELL SITE



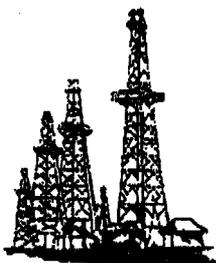
**LOCATION EXHIBIT - PLAT 1**

SECTION 19  
T16S, R26E, SLBM  
GRAND COUNTY, UTAH

**LANDesign**

<small>ENGINEERS &amp; SURVEYORS &amp; PLANNERS 244 NORTH 7th STREET GRAND JUNCTION, COLORADO 81501 (970) 245-4089</small>					
PROJ. NO. 2004-02	SURVEYED	DRAWN	CHECKED	SHEET	OF
DATE: NOV. 2004	RSK	PRG	1	1	1

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*Petroleum and Energy Consultants  
Registered in Rocky Mountain States  
Oil & Gas Production*

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P.O. Box 60095  
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Mobile (970) 260-0765

January 4, 2005

Ms. Diana Whitney  
Division of Oil, Gas & Mining  
P.O. Box 145801  
Salt Lake City, UT 84114-5801

Re: APD's  
Exception Locations  
SA Unit Nos. 53, 54, 55, 56, 58 and 59  
Grand County, UT

Dear Ms. Whitney:

The referenced locations are an exception to Rule R649-3-3 due to topography. All the leases are 100% owned and 100% operated within 460' of each location by Crescendo Energy, LLC. No other owners or operators are involved.

These locations were chosen in an attempt to drill a viable down-hole location and because of the rough topography in the San Arroyo area. Much work and planning has gone into these locations, first to drill a down-hole location with a good chance of economical production, then an attempt to match it with an acceptable and buildable location.

Please call if you have other concerns.

Very truly yours,

*J. N. Burkhalter*  
J. N. Burkhalter, PE

cc: Jim Osborne

## SAN ARROYO UNIT #54

### FEDERAL LEASE

#### 1. DRILLING PLAN

- a. **Name of Well:** San Arroyo Unit #54
- b. **Surface Location of Well:** 651 FSL, 1383 FWL, Sec 19, T16S, R26E, SLM  
Grand County, Utah
- c. **Federal Lease No.** UTU-06188
- d. **Ungraded ground elevation:** 5925' above sea level
- e. **The surface formation:** Cretaceous Mesa Verde
- f. **Drilling Equipment:** Rotary drilling equipment will be used to drill the well to a TD of 5200' TVD and run casing. Standard 9" 3000 lb BOP double ram stack will be employed. A completion rig will be employed to complete the well.
- g. **The Total Depth** of the well is planned to be 5200'.
- h. **Tops of Geologic Markers:**

Surface:	Mesa Verde Formation
Castle Gate	665
Dakota	4215
Cedar Mountain	4350
Morrison	4505
Total Depth	5200

- i. **Estimated depths of fluid-bearing formations:**

Castle Gate: gas/water 665  
Dakota: gas/water 4215  
Cedar Mountain: gas/water 4350  
Morrison: gas/water 4505

- j. **The primary geologic objective is:**

Morrison: 4505 to 5200

- k. **Casing:**

Surface: A 12 1/4" surface hole will be drilled to 250' and 8 5/8" 36 lb new J55, API 8rmd ST&C csg will be run to 250' and cemented to surface with 150 sx regular cement mixed as follows: Class "G" (regular) cement containing 2% CaCl, 1/8 lb/sk Floseal, density 15.6 lb/gal, yield 1.18 cuft/sk. Cement will circulate.

Intermediate: An 8 3/4" hole will be drilled through Castlegate to approximately 800' depending on geology and 7" 23 lb new J55, API 8rmd ST&C csg will be run and cemented with 60 sx Halliburton Light Cement containing 23.5 lb/sk Class "G" cement, 52.375 lb/sk Poz, 7.64 lb/sk Lime, 6.11 lb/sk Gel, 0.25 lb/sk poly-e-flake. Slurry weight 11.00 lb/gal, yield 2.73 cuft/sk. Cement to surface.

Production: A 6 1/2" hole will be drilled to projected depth of 5200'± depending on geology, and 4 1/2" 11.6 lb new J55 API 8rmd ST&C csg will be run to TD and cemented with 125 sx thixotropic cement comprised of Class "G" (regular) cement containing 10.0 lb/sk Calseal, 0.2 lb/sk Halad 344, 5 lb/sk gilsonite, density 14.2 lb/gal, yield 1.44 cuft/sk to cover all possible porous zones with a minimum of 200' of cement.

**l. Pressure Control:** A standard 9" 3000 lb double ram BOP will be flanged up and tested initially and monthly thereafter to TD. Rams will be operated during trips.

**m. Mud Program:** Fresh gel mud consisting of native clays, fresh water and bentonite will be used for the surface hole. Mud with at least 2% KCl (potassium chloride) will be used for the intermediate and production holes.

**n. Testing, Logging and Coring Programs:**

Testing: If returns indicate the need for a DST, testers will be called.

Mud Logging: A mud logging unit will be employed from 100' above the Castlegate.

Open Hole Logging: Electric and porosity logs will be run in open hole after intermediate casing depth is reached and after TD is reached.

Cased Hole Logging: A Gamma ray correlation and cement bond log will be run prior to perforating in cased hole.

Coring Program: No coring is planned for this well.

**o. No abnormal pressures** or H<sub>2</sub>S is anticipated in this well. Bottom Hole Pressure is estimated to be 1800 psi.

**p. Anticipated spud date** is May 1, 2005. Drilling time will be approximately three weeks from spud to move off of the drilling rig.

**2. BOP TEST PROCEDURES:** Immediately after nipping up the double ram BOP to the surface pipe, professional testers will be called to the location and BOP tested to 2500 psi, both sets of rams and flanges.

**3. MULTI-POINT SURFACE USE PLAN (13-Point Plan)**

**a. The land survey** for the location was performed by LANDesign of Grand Junction, Colorado. Cultural resources were cleared by Mike Piontkowski of Uncompahgre Archaeological Consultants, Grand Junction, CO.

b. **(See Map) To reach the location** from Mack, CO, proceed westerly on old Hwy 6 approximately 10.0 miles to San Arroyo Road, turn right (north), stay on main traveled road for approximately 4 mi to Colo/Utah state line. Go through gate and immediately turn right (north) and follow state line fence for approx 4.7 mi (last 2 mi road veers somewhat away from fence), then main road bears northwest and into Bar X Wash Canyon for another 3.5 mi to San Arroyo Unit #54 Access Road.

c. **Access Road:** See Map. Approximately 1800' of Access Road will be required for this well.

d. **Planned Access Road:** Approximately 1800' of Access road is planned for this location. The Access road will follow the terrain to the location with no grades over 8%. A turnout will be built off of the main Bar X Canyon Road.

e. **Wells within a one-mile radius of proposed well:**

- 1) There are no known water wells within the one-mile radius.
- 2) There are three (3) known P&A well within the one-mile radius.  
NESEW Sec 30, T16S, R26E, SLM  
NWNW Sec 30, T16S, R26E, SLM  
SESW Sec 24, T16S, R25E, SLM
- 3) There are no known salt water disposal wells in the one-mile radius
- 4) There are twelve (12) known producing wells in the one-mile radius:  
E2NWNW Sec 30, T16S, R26E, SLM  
SESW Sec 30, T16S, R26E, SLM  
NWSE Sec 25(2 WELLS), T16S, R25E, SLM  
NWSESW Sec 24, T16S, R25E, SLM  
W2NENE Sec 24, T16S, R25E, SLM  
SWSW Sec 18, T16S, R26E, SLM  
SWSEW Sec 19, T16S, R26E, SLM  
NWSESE Sec 19, T16S, R26E, SLM  
SWSW Sec 20, T16S, R26E, SLM  
NWSENE Sec 30, T16S, R26E, SLM  
NENESE Sec 30, T16S, R26E, SLM
- 5) There are no known currently permitted wells in the one-mile radius.
- 6) There are no known monitoring wells in the one-mile radius

f. **Production facilities** such as separators, dehydrators, flow meters and tanks will be located on the disturbed portion of the well pad. If gravel is needed for foundation under tanks or gas processing equipment, it will be hauled in. All other material will be obtained from the site such as dirt for the dikes around tanks.

g. **Above ground structures** will be painted according to BLM selected colors. BLM states colors will be selected at onsite and included in stipulations with permit.

h. **Reserve Pit:** Will be fenced on three sides during drilling. After the drilling rig is moved out, Reserve Pit will be fenced on fourth side and fence maintained for the life of the pit – until final reclamation.

i. **Tanks or Tank Batteries:** A tank or tank battery will be surrounded by an impervious dike of sufficient size and height to contain 110% of the largest tank in the battery.

j. **If any oil/liquid hydrocarbons** resulting from drilling or completion end up in the pit, the pit will be flagged/netted.

k. **Off-Site Facilities:** No off-drill pad facilities are anticipated for the well. Condensate will be stored on the drill pad and gas piped off to the sales pipeline nearby.

l. **Proposed Pipeline Facilities:** The Sales Gas line will be installed to the east, staying on the Access Road and hook up to existing pipeline in Sec 22. After completion and testing, a Sundry Notice will be filed describing the pipeline needed to produce this well.

m. **Location and Type of Water Supply:** Water for mixing drilling mud and cement will be trucked from the Ute Water facility at Mack, CO, approximately 30 miles from the location. Ute water is purified domestic water and will not cause any deleterious affects to the environment. Water will be bought under Ute Water Permit No. B004.

n. **Source of Construction Materials:** No material will be removed from Federally owned sources. If gravel is needed for foundation under production facilities, there are several commercial gravel pits in the area. The dike around the tank will be constructed from dirt found on the location.

o. **Methods of handling waste disposal:** Design of pit and its usage. Sewage disposal. Garbage and trash handling.

- A. The reserve pit will be designed to prevent the collection of surface runoff. The pit will be lined with a 12-mil or thicker polyethylene to prevent leakage of fluids. The liner will be rolled in place and recurred at the ends, i.e. buried on the top of the pit berms. Prior to use, the reserve pit will be fenced "stock tight" on three sides, the fourth side will be fenced at the time of rig release and removal, at which time the pit will be flagged. Drilling fluids and cuttings will be constrained in the reserve pit.

Fluids in the reserve pit will be allowed to evaporate prior to being backfilled. Pit will remain fenced until backfilled.

- B. Produced liquid hydrocarbons will be constrained in test tank(s) during completion and testing.
- C. Sewage will be handled in self-contained, chemically treated portable toilets and contents hauled off location to an authorized facility in accordance with State and local regulations.

- D. Garbage and other trash will be contained in an acceptable trash receptacle, which will be enclosed. Refuse will be transported to an approved sanitary landfill upon completion of operations.
- E. Trash will be picked up if scattered and contained in receptacles during drilling/completion/construction operations.

**p. Ancillary Facilities: None Required.**

**q. Well site layout** including plats, cuts, fills, cross sections, parking for vehicles, top soil storage, location of pits including reserve pit, erosion control.

- A. See Survey Plats.
- B. Cut and fill cross sections indicated on survey exhibits. Sufficient material will be available to backfill the reserve pit after drilling and completion activities.
- C. All equipment will be confined to the access road, pad and areas specified in the APD.
- D. Prior to construction, all topsoil will be removed from the entire site and stockpiled as directed by the BLM during the onsite. Topsoil will be stripped to a depth of 6 to 8 inches where possible.
- E. Soil material and overburden will not be pushed over side slopes or into drainages. All soil material disturbed will be placed in an area where it can be retrieved.
- F. The location (including reserve pit) will be designed to prevent the collection of surface runoff.
- G. Adequate erosion control barriers will be installed at the drill pad to minimize storm water runoff. Water drainage upslope from the drill pad will be addressed at the time of construction to keep it from ponding on the pad.

**r. Surface Reclamation Plans:**

- A. Rat and mouse holes will be backfilled and compacted from bottom to top immediately upon release of the drilling rig from the location.
- B. Backfilling of the pit will be done when the contents have been sufficiently dewatered.
- C. Production Operations:
  - a. If the well is productive, areas not required for operations will be contoured and water barred to support vegetation and reduce erosion. All disturbed areas will be seeded with seed mixture prescribed by BLM. Seeding will be done after September 15<sup>th</sup> and/or prior to ground frost or seed will be planted after the last frost and before May 15<sup>th</sup>. Slopes too steep for machinery will be hand broadcast and raked with twice the specified amount of seed.
  - b. Noxious weeds will be controlled on the location in accordance with BLM guidelines.

- c. Rehabilitation will begin upon the completion of the well. Complete rehabilitation will depend on weather conditions and the amount of time required to sufficiently dewater the reserve pit.

**s. Abandoned Well Plans:**

- A. In the event of a dry hole, the location will be re-contoured, the top soil will be distributed evenly over the entire location. The seed bed will be prepared by disking to a depth of four(4) to six(6) inches following the contour. Seed will be drilled on the contour to a depth of 0.5 inches, followed by cultipaction to compact the seed bed, preventing soil loss. Certified seed will be used with a minimum germination rate of 80% and minimum purity of 90%.
- B. Water bars, either for a producing well or a dry hole, will be constructed at least one(1) foot deep on the contour with approximately two(2) feet of drop per 100 feet of waterbed to ensure drainage and extend into established vegetation. All water bars will be constructed with berm on the downhill side to prevent erosion from occurring and sitting in the trench.

Water bar spacing on the location will be as follows:

<u>% Slope</u>	<u>Spacing Interval</u>
2 or <	200'
2 to 4	100'
4 or 5	75'
5 or >	50'

- C. Notice of Intent to Abandon and Subsequent Report of Abandonment will be submitted for approval.

**t. Surface Ownership and ROW Ownership:**

Surface Ownership: U.S. Department of Interior, Bureau of Land Management

ROW Ownership: U.S. Department of Interior, Bureau of Land Management

**u. Other:**

- A. Cultural Resource Inventory: A Class III Cultural Resource Inventory has been conducted by Mike Piontkowski of Uncompahgre Archaeological Consultants.

The survey finding was that no cultural resources were found on or near the location.

- B. Surface use of Area: Surface use of area is for grazing livestock and production of oil & gas.
- C. Fire Suppression: Operator will be responsible for the prevention and suppression of fires on public lands caused by its employees, contractors, or subcontractors.

- D. Hazmat: Operator maintains a file, per 29 CFR 1910.1200 (g) containing current Material Safety Data Sheets (MSDS) for all chemicals, compounds and/or substances which are used during the course of construction, drilling, completion and production operations for this project. Hazardous materials (substances) which may be transported across these lands may include drilling mud, cementing products which are primarily inhalation hazards, fuels (flammable and/or combustible), materials that may be necessary for well completion/stimulation activities such as flammable or Combustible products and acids/gels (corrosives).

The opportunity for Superfund Amendments and Reauthorization ACT (SARA) listed Extremely Hazardous Substances (EHS) at the site is generally limited to proprietary treating chemicals. All hazardous substances, EHS, and commercial preparations will be handled in an appropriate manner to minimize the potential for leaks or spills to the environment.

**u. Operators Representative and Address and a Certification:**

J. N. Burkhalter  
Consulting Engineer/Agent for  
Crescendo Energy, LLC  
P.O. Box 60095  
Grand Junction, CO 81506  
Office: 970-243-6060; Cell: 970-260-0765

**CERTIFICATION:** All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil and Gas Orders, the approved Plan of Operations, and any applicable Notice to Lessees.

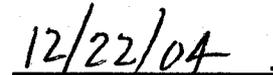
Crescendo Energy, LLC is considered to be the operator of the subject well. Crescendo Energy, LLC agrees to be responsible under terms and conditions of the lease for the operations conducted upon leased lands.

The Operator will be fully responsible for the actions of its subcontractors. A complete copy of the approved "Application for Permit to Drill" will be furnished to the field representative(s) to ensure compliance and shall be on location during all construction and drilling operations.

Bond coverage pursuant to 43 CFR 3104 for lease activities is being provided by BLM Utah Statewide Bond No. 0437483.

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

  
J. N. Burkhalter

  
Date

**4. Plats/Maps Provided:**

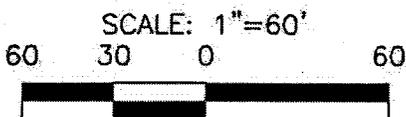
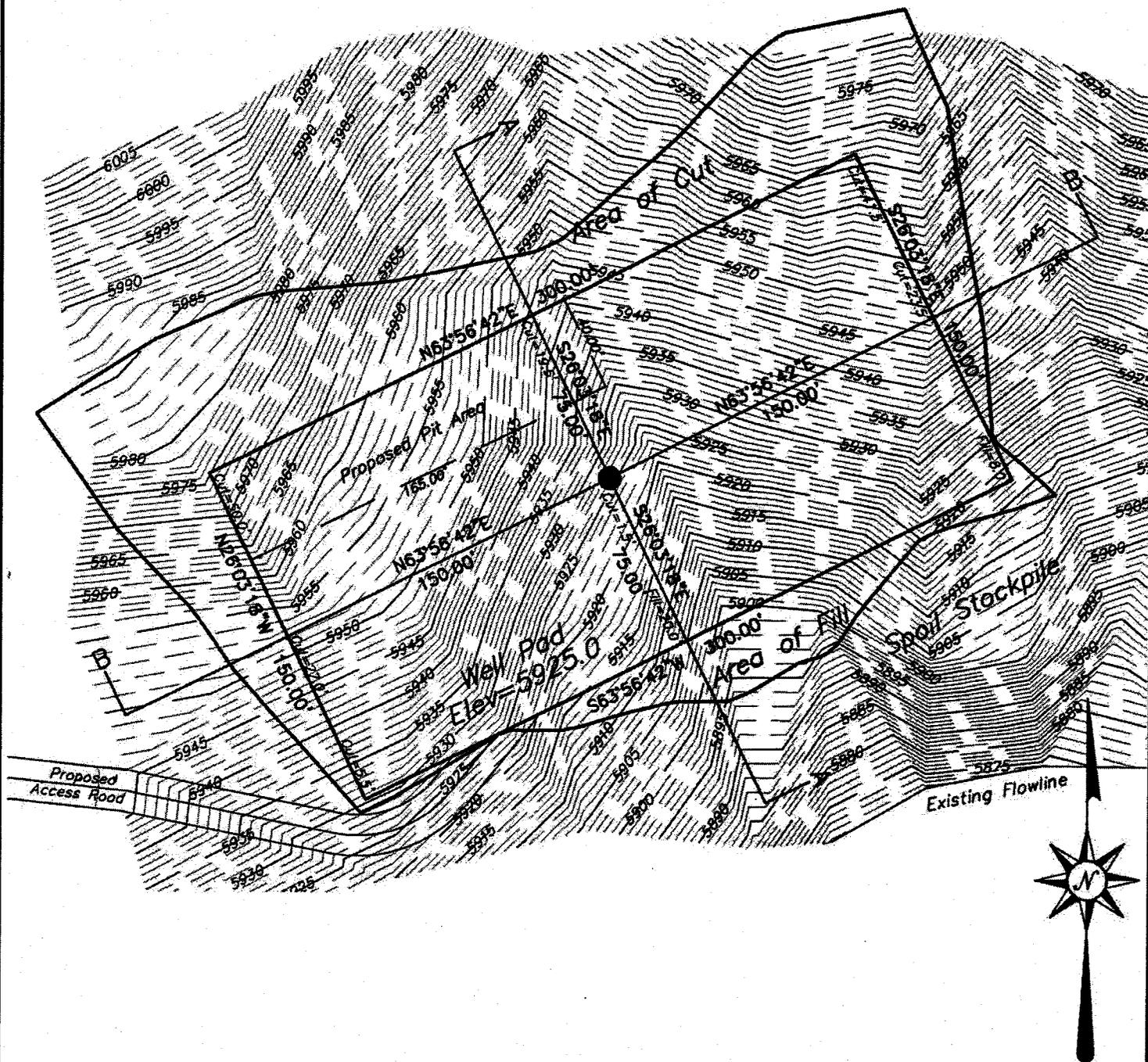
- a. Plat 1: Certified Location Plat
- b. Plat 2: Pit and Pad Layout
- c. Plat 3: Pit & Pad Cross Section
- d. Plat 4: Rig Layout
- e. Platt 5: Topo & Access
- f. Road Map
- g. One Mile Radius Map
- h. Schematic of BOPE

# PAD & PIT LAYOUT - PLAT 2

## OF PARCEL LOCATED IN

### SECTION 19, T16S, R26E, SLBM

### ISAN ARROYO UNIT 54)



**PAD & PIT LAYOUT - PLAT 2**  
SECTION 19  
T16S, R26E, SLBM  
GRAND COUNTY, UTAH

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**LANDesign**

ENGINEERS • SURVEYORS • PLANNERS  
244 NORTH 7th STREET  
GRAND JUNCTION, COLORADO 81501 (970) 245-4099

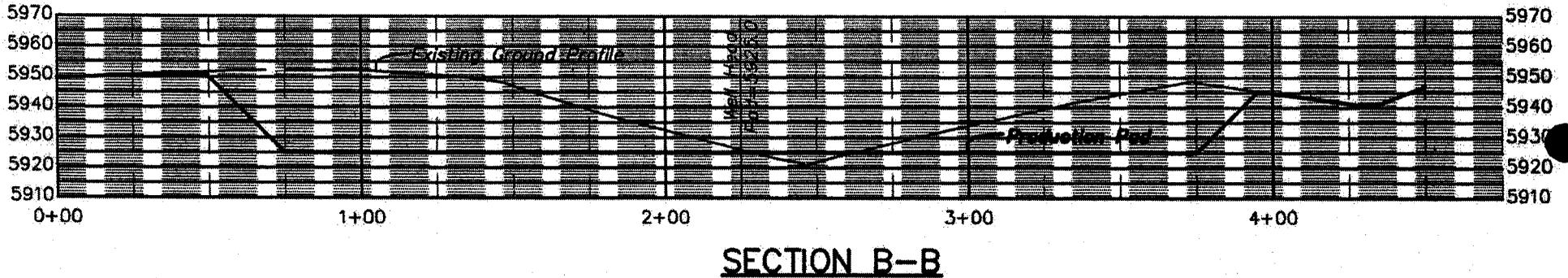
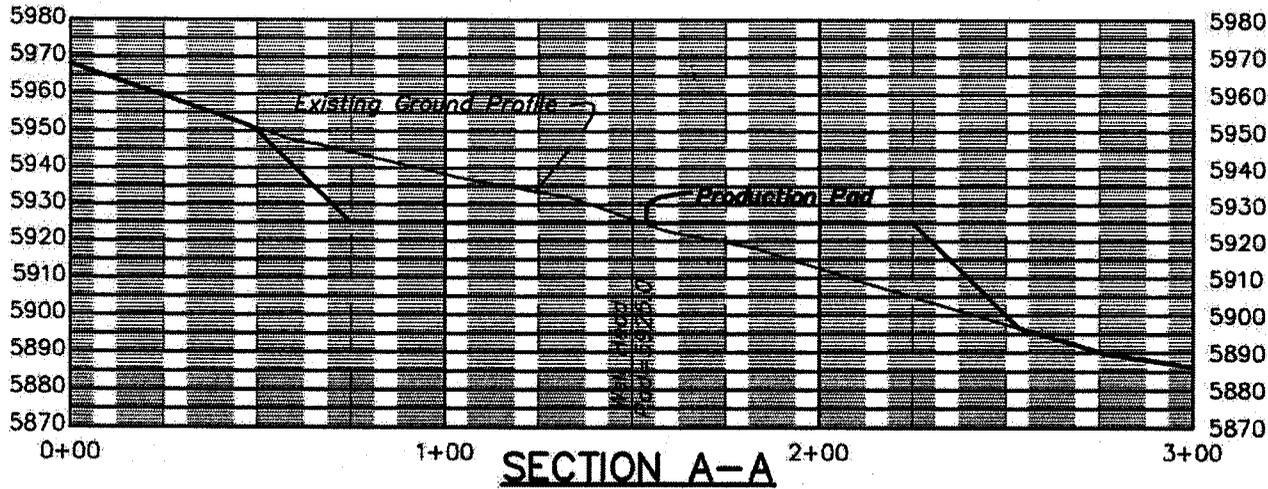
PROJ. NO.	SURVEYED	DRAWN	CHECKED	SHEET	OF
NO. 2004-82				1	1
DATE: Nov., 2004		RSK	PTG		

# PAD & PIT CROSS SECTION - PLAT 3

## OF PARCEL LOCATED IN

### SECTION 19, T16S, R26E, SLBM

### [SAN ARROYO UNIT 54]



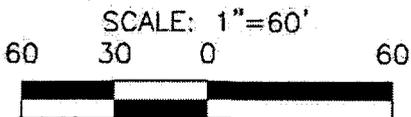
SCALE: 1"=50' H  
SCALE: 1"=50' V

<b>PAD &amp; PIT CROSS SECTION</b>					
<b>PLAT 3</b>					
SECTION 19					
T16S, R26E, SLBM					
GRAND COUNTY, UTAH					
<b>LANDesign</b>					
<small>ENGINEERS • SURVEYORS • PLANNERS</small>					
<small>244 NORTH 7TH STREET</small>					
<small>GRAND JUNCTION, COLORADO 81501 (970) 245-4999</small>					
<small>PROJ. NO. 2004-82</small>	<small>SURVEYED</small>	<small>DRAWN</small>	<small>CHECKED</small>	<small>SHEET</small>	<small>OF</small>
<small>DATE: Nov., 2004</small>		<small>RSK</small>	<small>PRG</small>	<small>1</small>	<small>1</small>

# RIG LAYOUT - PLAT 4 OF PARCEL LOCATED IN SECTION 19, T16S, R26E, SLBM (SAN ARROYO UNIT 54)



Ground Level = 5925.0  
 Drilling Floor = 5938.0  
 Kelley Bushing = 5939.0



**RIG LAYOUT - PLAT 4**  
 SECTION 19  
 T16S, R26E, SLBM  
 GRAND COUNTY, UTAH

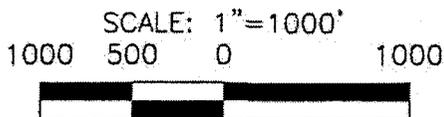
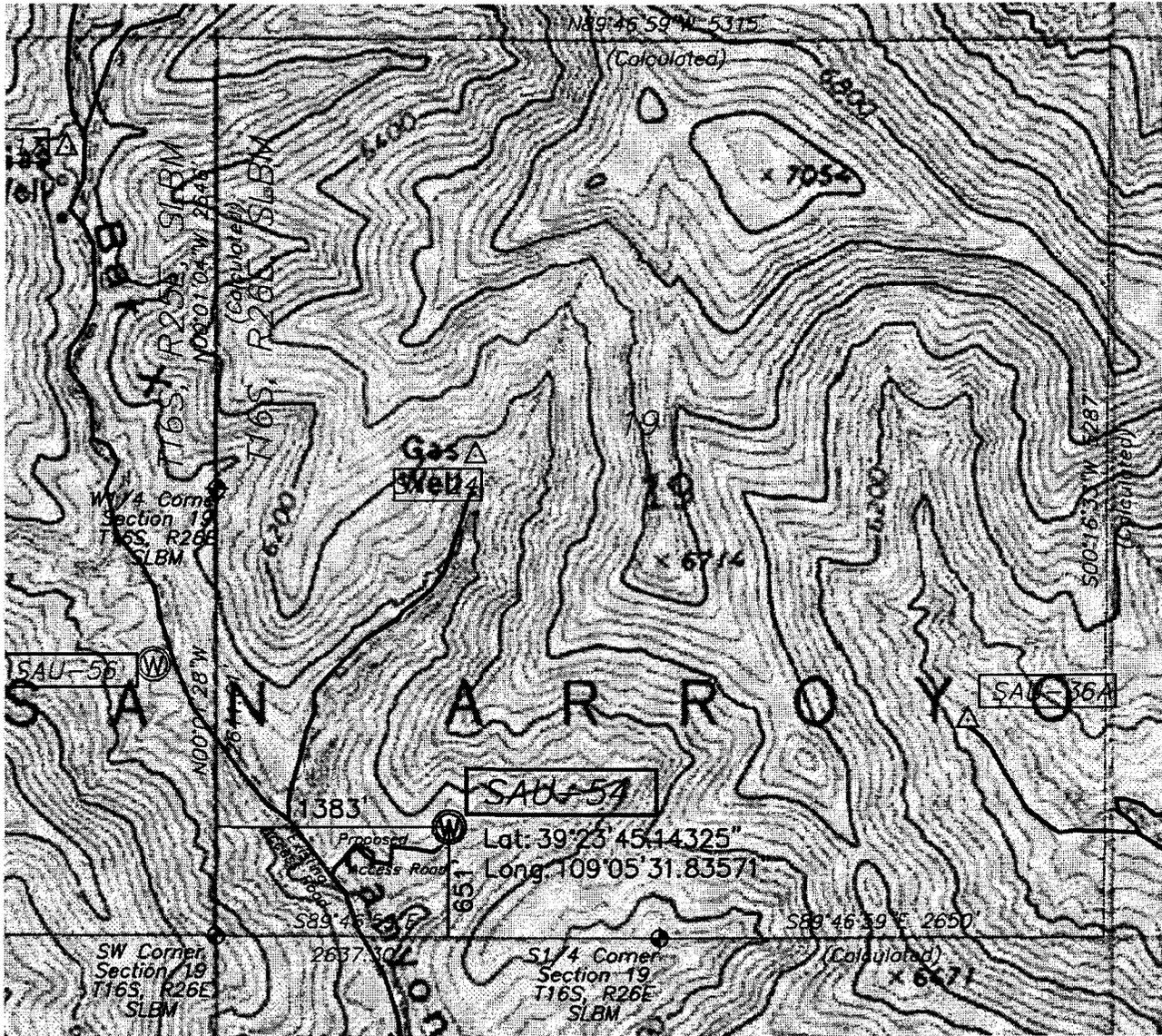
**LANDesign**

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 244 NORTH 7th STREET  
 GRAND JUNCTION, COLORADO 81501 (970) 245-4098

PROJ. NO. 2004-82	SURVEYED	DRAWN	CHECKED	SHEET	OF
DATE: Nov., 2004		RSK	PRG	1	1

# TOPOGRAPHY & ACCESS EXHIBIT - PLAT 5

## OF PARCEL LOCATED IN SECTION 19, T16S, R26E, SLBM (SAN ARROYO UNIT 54)



**TOPOGRAPHY & ACCESS EXHIBIT - PLAT 5**

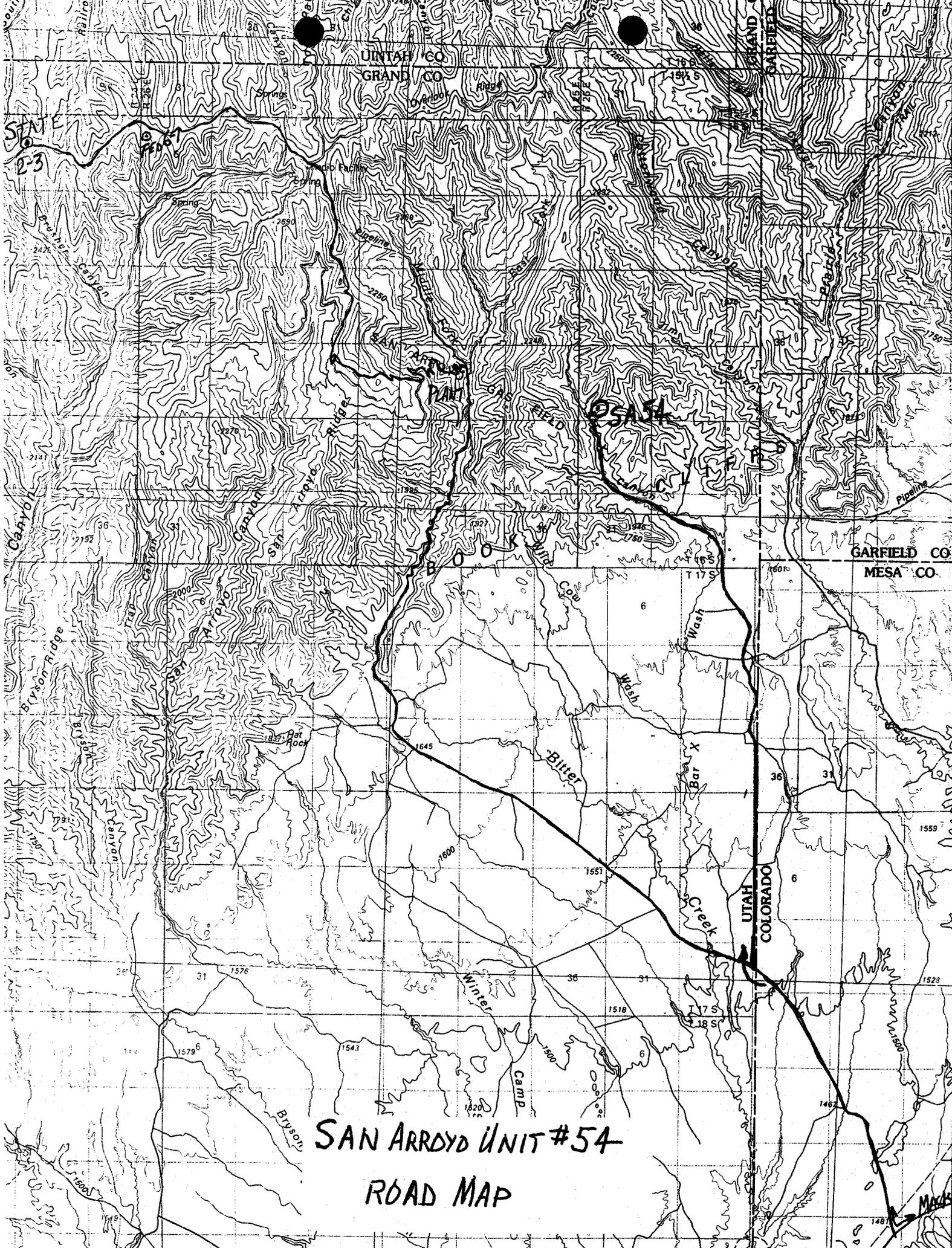
SECTION 19  
T16S, R26E, SLBM  
GRAND COUNTY, UTAH

---

**LANDesign**

ENGINEERS • SURVEYORS • PLANNERS  
244 NORTH 7th STREET  
GRAND JUNCTION, COLORADO 81501 (970) 245-4099

PROJ. NO. 2004-82	SURVEYED	DRAWN	CHECKED	SHEET	OF
DATE: Nov., 2004		RSK	PRG	1	1



UTAH CO  
GRAND CO

GARFIELD CO  
MESA CO

UTAH  
COLORADO

SAN ARROYO UNIT #54  
ROAD MAP

STATE  
2-3

PAID

OSAMA

BOOK

Bitter

Creek

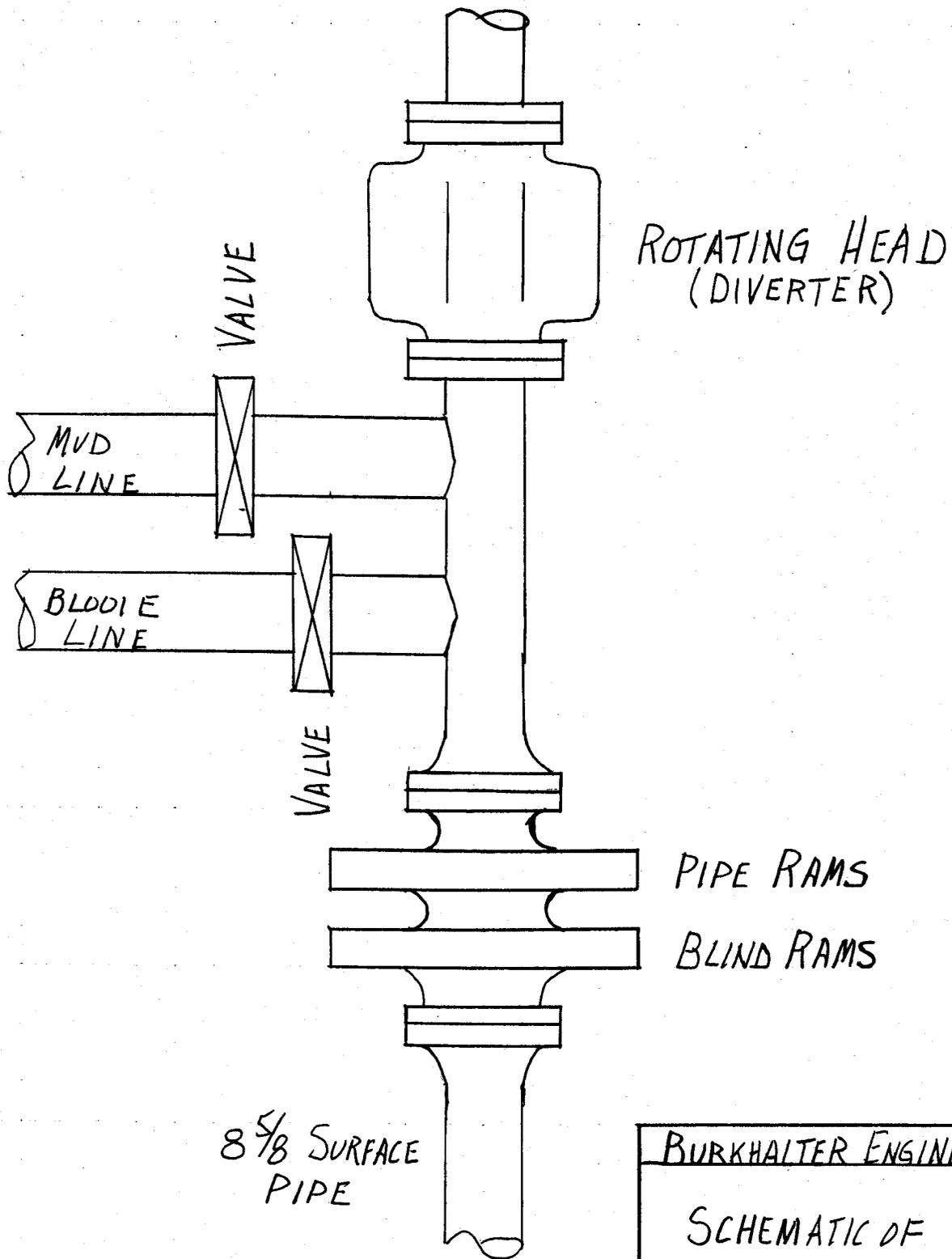
Winter

CAMP

BISON

MAGN





BURKHALTER ENGINEERING, INC

SCHEMATIC OF 9"  
STANDARD 3000 LB  
BOP STACK

SAN ARROYD UNIT # 54

WORKSHEET  
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 12/28/2004

API NO. ASSIGNED: 43-019-31433

WELL NAME: SAN ARROYO U #54  
OPERATOR: CRESCENDO ENERGY LLC ( N1365 )  
CONTACT: J.N. BURKHALTER

PHONE NUMBER: 432-697-7221

PROPOSED LOCATION:

SESW 19 160S 260E  
SURFACE: 0651 FSL 1383 FWL  
BOTTOM: 0651 FSL 1383 FWL  
GRAND  
SAN ARROYO ( 250 )

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

LEASE TYPE: 1 - Federal  
LEASE NUMBER: UTU-06188  
SURFACE OWNER: 1 - Federal  
PROPOSED FORMATION: MRSN  
COALBED METHANE WELL? NO

LATITUDE: 39.39595  
LONGITUDE: -109.0915

RECEIVED AND/OR REVIEWED:

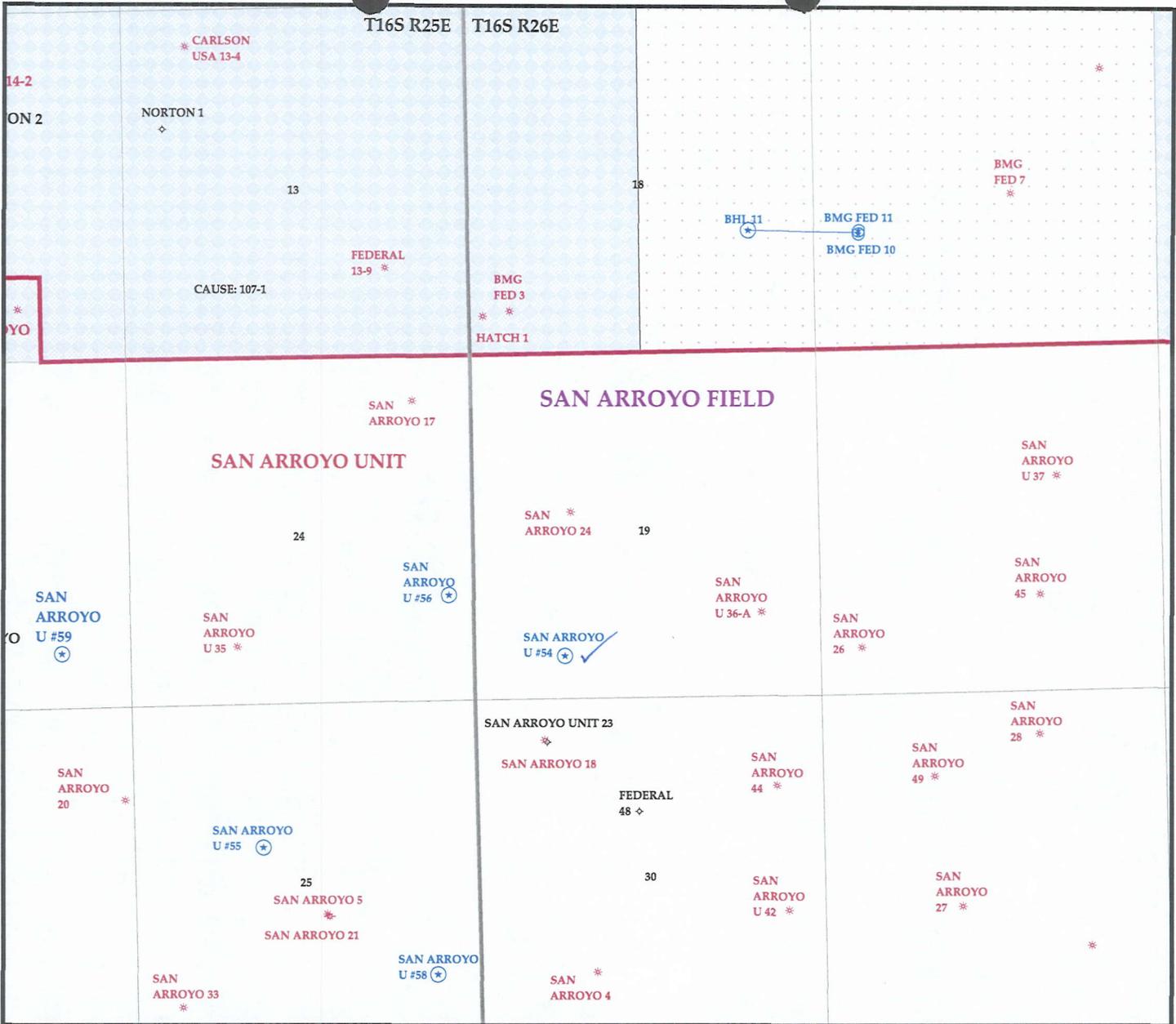
- Plat
- Bond: Fed[1] Ind[] Sta[] Fee[]  
(No. 0437483 )
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit  
(No. B004 )
- RDCC Review (Y/N)  
(Date: )
- Fee Surf Agreement (Y/N)

LOCATION AND SITING:

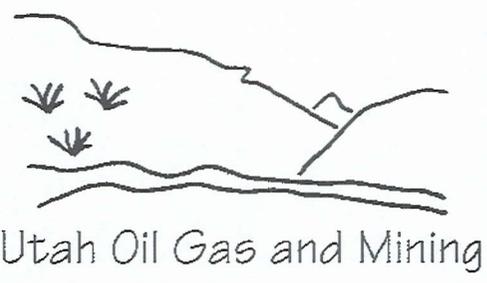
- R649-2-3.
- Unit SAN ARROYO
- R649-3-2. General  
Siting: 460 From Qtr/Qtr & 920' Between Wells
- R649-3-3. Exception
- Drilling Unit  
Board Cause No: \_\_\_\_\_  
Eff Date: \_\_\_\_\_  
Siting: \_\_\_\_\_
- R649-3-11. Directional Drill

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

STIPULATIONS: \_\_\_\_\_  
1- Federal Approval  
2- Spacing Slip  
\_\_\_\_\_  
\_\_\_\_\_



OPERATOR: CRESENDO ENERGY LLC (N1365)  
 SEC. 19 T.16S R.26E  
 FIELD: SAN ARROYO (250)  
 COUNTY: GRAND  
 SPACING: R649-3-3 / EXCEPTION LOCATION



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: 29-DECEMBER-2004

# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

Utah State Office

P.O. Box 45155

Salt Lake City, Utah 84145-0155

**IN REPLY REFER TO:**

3160

(UT-922)

December 30, 2004

Memorandum

To: Assistant District Manager Minerals, Moab District

From: Michael Coulthard, Petroleum Engineer

Subject: 2004 Plan of Development San Arroyo Unit,  
Grand County, Utah.

Pursuant to email between Diana Whitney, Division of Oil, Gas and Mining, and Mickey Coulthard, Utah State Office, Bureau of Land Management, the following wells are planned for calendar year 2004 within the San Arroyo Unit, Grand County, Utah.

API#	WELL NAME	LOCATION
(Proposed PZ Morrison)		
43-019-31425	San Arroyo Unit # 51 Sec 15 T16S R25E 1850 FSL 1984 FWL	
	BHL	Sec 15 T16S R25E 0324 FSL 2380 FWL
43-019-31426	San Arroyo Unit # 53 Sec 22 T16S R25E 2296 FSL 2061 FEL	
43-019-31428	San Arroyo Unit # 56 Sec 24 T16S R25E 1605 FSL 0377 FEL	
43-019-31429	San Arroyo Unit # 58 Sec 25 T16S R25E 1093 FSL 0659 FEL	
43-019-31430	San Arroyo Unit # 55 Sec 25 T16S R25E 2192 FNL 1984 FWL	
43-019-31431	San Arroyo Unit # 52 Sec 26 T16S R25E 2179 FNL 1850 FWL	
43-019-31433	San Arroyo Unit # 54 Sec 19 T16S R26E 0651 FSL 1383 FWL	
(Proposed PZ Entrada)		
43-019-31427	San Arroyo Unit # 59 Sec 23 T16S R25E 0819 FSL 1047 FEL	

This office has no objection to permitting the wells at this time.

/s/ Michael L. Coulthard



State of Utah

Department of  
Natural Resources

ROBERT L. MORGAN  
*Executive Director*

Division of  
Oil, Gas & Mining

MARY ANN WRIGHT  
*Acting Division Director*

OLENE S. WALKER  
*Governor*

GAYLE F. McKEACHNIE  
*Lieutenant Governor*

January 5, 2005

Crescendo Energy, LLC  
P O Box 1814  
Midland, TX 79702

Re: San Arroyo Unit #54 Well, 651' FSL, 1383' FWL, SE SW, Sec. 19,  
T. 16 South, R. 26 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.

Appropriate information has been submitted to DOGM and administrative approval of the requested exception location is hereby granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-019-31433.

Sincerely,

A handwritten signature in black ink, appearing to read "John R. Baza".

John R. Baza  
Associate Director

pab  
Enclosures

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

Operator: Crescendo Energy, LLC  
Well Name & Number San Arroyo Unit #54  
API Number: 43-019-31433  
Lease: UTU-06188

Location: SE SW                      Sec. 19                      T. 16 South                      R. 26 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

Notify the Division within 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dan Jarvis at (801) 538-5338

3. Reporting Requirements

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

4. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.

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

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: See attached
2. NAME OF OPERATOR: Slate River Resources, LLC		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 418 Main Street, Ste. 18 CITY Vernal STATE UT ZIP 84078		7. UNIT or CA AGREEMENT NAME: San Arroyo Unit and other wells
4. LOCATION OF WELL FOOTAGES AT SURFACE: See attached schedule of wells		8. WELL NAME and NUMBER: See attached
PHONE NUMBER: (435) 781-1870		9. API NUMBER: See attach
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:		10. FIELD AND POOL, OR WILDCAT: See attached
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"/> 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.

Crescendo Energy, LLC is a wholly owned subsidiary of Slate River Resources, LLC. All the wells, properties and leasehold interest of Crescendo Energy, LLC has been assigned to Slate River Resources, LLC. We request a change of Operator from Crescendo Energy, LLC to Slate River Resources, LLC on the wells listed on the attached schedule, including a change of Operator of the San Arroyo Unit Area effective November 1, 2005.

The Bond numbers for Slate River Resources, LLC are:

State of Utah DOGM Bond B001556 \$120,000  
State of Utah Bond of Lessee B001760 \$ 15,000 being transferred from Crescendo to Slate River Resources, LLC  
Federal Utah Statewide Bond UTB000187 \$ 25,000 being transferred from Crescendo to Slate River Resources, LLC

Crescendo Energy, LLC

N1365

*Carter G. Mathies*

Carter G. Mathies, President

NAME (PLEASE PRINT) Gary D. Davis	TITLE President, Slate River Resources, LLC
SIGNATURE <i>[Signature]</i>	DATE 11/10/2005

(This space for State use only)

APPROVED 11/29/05

*Earlene Russell*

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

(5/2000)

(See Instructions on Reverse Side)

RECEIVED  
NOV 16 2005

DIV. OF OIL, GAS & MINING

SLATE RIVER RESOURCES, LLC, OPERATOR

API Well Number	Operator	Well Name	Well Type	Well Status	Field Name	County Name	QU/QT	Section	Township-Range	U-Well	ENR
43-019-30570-00-0	CRESCENDO ENERGY LLC	ARCO 27-1	Gas Well	Producing	SAN ARROYO	GRAND	NWSW	27	16S-25E	U-29645	1700
43-019-31162-00-0	CRESCENDO ENERGY LLC	ARCO STATE 36-7	Gas Well	Producing	EAST CANYON	GRAND	SWSE	36	15.5S-24E	ML-22208	852
43-019-31192-00-0	CRESCENDO ENERGY LLC	ARCO STATE 36-8	Gas Well	Producing	EAST CANYON	GRAND	SWSW	36	15.5S-24E	ML-22208	1289
43-019-30240-00-0	CRESCENDO ENERGY LLC	ARCO-STATE 2-1	Gas Well	Producing	EAST CANYON	GRAND	NESE	2	16S-24E	ML-22208	2420
43-019-30241-00-0	CRESCENDO ENERGY LLC	ARCO-STATE 2-2	Gas Well	Shut-In	EAST CANYON	GRAND	NWNW	2	16S-24E	ML-22208	1425
43-019-30047-00-0	CRESCENDO ENERGY LLC	BITTER CREEK 1	Gas Well	Producing	SAN ARROYO	GRAND	SWSE	2	16S-25E	ML-25151	1080
43-047-30765-00-0	CRESCENDO ENERGY LLC	BLACK HORSE CANYON FED 31-1	Gas Well	Producing	BLACK HORSE CYN	UINTAH	NWSW	31	15S-24E	U-14234	2030
43-019-15884-00-0	CRESCENDO ENERGY LLC	FEDERAL 174 1	Gas Well	Producing	SAN ARROYO	GRAND	SESW	11	16S-25E	U-126528	1940
43-019-31432-00-0	CRESCENDO ENERGY LLC	FEDERAL 27-2	Gas Well	Approved permit (APD); not yet spudd	SAN ARROYO	GRAND	SESE	27	16S-25E	U-29645	1110
43-019-31318-00-0	CRESCENDO ENERGY LLC	FEDERAL 47	Gas Well	Producing	SAN ARROYO	GRAND	NWNE	31	16S-26E	U-6023	990
43-019-31410-00-0	CRESCENDO ENERGY LLC	FEDERAL 6-1	Gas Well	Approved permit (APD); not yet spudd	SAN ARROYO	GRAND	SWNW	6	16S-25E	U-9831	1760
43-019-11089-00-0	CRESCENDO ENERGY LLC	FEDERAL GILBERT 1	Gas Well	Producing	SAN ARROYO	GRAND	SWNE	11	16S-25E	U-126528	1140
43-019-16532-00-0	CRESCENDO ENERGY LLC	SAN ARROYO 01	Gas Well	Shut-In	SAN ARROYO	GRAND	SESW	26	16S-25E	USL-71307	1320
43-019-15885-00-0	CRESCENDO ENERGY LLC	SAN ARROYO 02	Gas Well	Shut-In	SAN ARROYO	GRAND	SESW	26	16S-25E	U-370-A	1125
43-019-15886-00-0	CRESCENDO ENERGY LLC	SAN ARROYO 03	Gas Well	Producing	SAN ARROYO	GRAND	SESW	26	16S-25E	U-369	660
43-019-15887-00-0	CRESCENDO ENERGY LLC	SAN ARROYO 04	Gas Well	Producing	SAN ARROYO	GRAND	SESW	30	16S-26E	U-6023	660
43-019-15888-00-0	CRESCENDO ENERGY LLC	SAN ARROYO 05	Gas Well	Shut-In	SAN ARROYO	GRAND	NWSE	25	16S-25E	U-369	820
43-019-15889-00-0	CRESCENDO ENERGY LLC	SAN ARROYO 06	Gas Well	Shut-In	SAN ARROYO	GRAND	SWNE	21	16S-25E	U-136529	1360
43-019-15890-00-0	CRESCENDO ENERGY LLC	SAN ARROYO 08	Gas Well	Producing	SAN ARROYO	GRAND	SWSW	16	16S-25E	ML-4113	2060
43-019-15891-00-0	CRESCENDO ENERGY LLC	SAN ARROYO 09	Gas Well	Producing	SAN ARROYO	GRAND	NWNE	27	16S-25E	U-370-A	1210
43-019-15892-00-0	CRESCENDO ENERGY LLC	SAN ARROYO 11	Gas Well	Producing	SAN ARROYO	GRAND	NESW	15	16S-25E	U-5059-C	2450
43-019-15893-00-0	CRESCENDO ENERGY LLC	SAN ARROYO 12	Gas Well	Producing	SAN ARROYO	GRAND	SWSW	23	16S-25E	USL-71307	1520
43-019-15894-00-0	CRESCENDO ENERGY LLC	SAN ARROYO 13	Gas Well	Producing	SAN ARROYO	GRAND	C-SW	22	16S-25E	U-370-A	660
43-019-15896-00-0	CRESCENDO ENERGY LLC	SAN ARROYO 16	Gas Well	Producing	SAN ARROYO	GRAND	SESW	26	16S-25E	U-369	1990
43-019-15897-00-0	CRESCENDO ENERGY LLC	SAN ARROYO 17	Gas Well	Producing	SAN ARROYO	GRAND	NENE	24	16S-25E	U-25243	660
43-019-15898-00-0	CRESCENDO ENERGY LLC	SAN ARROYO 18	Gas Well	Producing	SAN ARROYO	GRAND	NWNW	30	16S-26E	U-6023	1300
43-019-15899-00-0	CRESCENDO ENERGY LLC	SAN ARROYO 19	Gas Well	Producing	SAN ARROYO	GRAND	SWSE	14	16S-25E	U-5011-B	2600
43-019-15900-00-0	CRESCENDO ENERGY LLC	SAN ARROYO 20	Gas Well	Producing	SAN ARROYO	GRAND	SENE	26	16S-25E	USL-71307	1710
43-019-15901-00-0	CRESCENDO ENERGY LLC	SAN ARROYO 21	Gas Well	Producing	SAN ARROYO	GRAND	NWSE	25	16S-25E	U-369	395
43-019-15902-00-0	CRESCENDO ENERGY LLC	SAN ARROYO 22	Gas Well	Producing	SAN ARROYO	GRAND	NENE	15	16S-25E	U-5011-A	2190
43-019-15903-00-0	CRESCENDO ENERGY LLC	SAN ARROYO 24	Gas Well	Producing	SAN ARROYO	GRAND	SESW	25	16S-25E	U-369	1970
43-019-15904-00-0	CRESCENDO ENERGY LLC	SAN ARROYO 25	Gas Well	Producing	SAN ARROYO	GRAND	SESW	24	16S-25E	U-369	1870
43-019-15905-00-0	CRESCENDO ENERGY LLC	SAN ARROYO 26	Gas Well	Producing	SAN ARROYO	GRAND	SWNE	21	16S-25E	U-136529	1110
43-019-15906-00-0	CRESCENDO ENERGY LLC	SAN ARROYO 27	Gas Well	Producing	SAN ARROYO	GRAND	SWSW	20	16S-26E	U-25297	678
43-019-15907-00-0	CRESCENDO ENERGY LLC	SAN ARROYO 28	Gas Well	Producing	SAN ARROYO	GRAND	NESW	29	16S-26E	U-6021	1780
43-019-15908-00-0	CRESCENDO ENERGY LLC	SAN ARROYO 29	Gas Well	Producing	SAN ARROYO	GRAND	NWNE	29	16S-26E	U-5650	634
43-019-15909-00-0	CRESCENDO ENERGY LLC	SAN ARROYO 30	Gas Well	Producing	SAN ARROYO	GRAND	NENE	22	16S-25E	U-370-A	540
43-019-30527-00-0	CRESCENDO ENERGY LLC	SAN ARROYO 31	Gas Well	Shut-In	SAN ARROYO	GRAND	NWSW	21	16S-26E	U-5650	945
43-019-30528-00-0	CRESCENDO ENERGY LLC	SAN ARROYO 32	Gas Well	Producing	SAN ARROYO	GRAND	NWNW	22	16S-25E	U-370-A	739
43-019-30608-00-0	CRESCENDO ENERGY LLC	SAN ARROYO 33	Gas Well	Producing	SAN ARROYO	GRAND	SWSW	14	16S-25E	U-5011-B	1300
43-019-11090-00-0	CRESCENDO ENERGY LLC	SAN ARROYO 35	Gas Well	Producing	SAN ARROYO	GRAND	SWSW	25	16S-25E	U-369	1970
43-019-31251-00-0	CRESCENDO ENERGY LLC	SAN ARROYO 36-A	Gas Well	Producing	SAN ARROYO	GRAND	SESW	24	16S-25E	U-369	1870
43-019-31252-00-0	CRESCENDO ENERGY LLC	SAN ARROYO 37	Gas Well	Producing	SAN ARROYO	GRAND	SESE	19	16S-26E	U-6188	304
43-019-31253-00-0	CRESCENDO ENERGY LLC	SAN ARROYO 38	Gas Well	Producing	SAN ARROYO	GRAND	SWNE	20	16S-26E	U-5650	2020
43-019-31250-00-0	CRESCENDO ENERGY LLC	SAN ARROYO 40	Gas Well	Shut-In	SAN ARROYO	GRAND	SWNE	16	16S-25E	ML-4113	1390
43-019-31289-00-0	CRESCENDO ENERGY LLC	SAN ARROYO 41	Gas Well	Producing	SAN ARROYO	GRAND	NWNE	27	16S-25E	U-370-A	1480
43-019-31290-00-0	CRESCENDO ENERGY LLC	SAN ARROYO 42	Gas Well	Producing	SAN ARROYO	GRAND	NENE	36	16S-25E	Not CE Lease	1340
43-019-31291-00-0	CRESCENDO ENERGY LLC	SAN ARROYO 43	Gas Well	Producing	SAN ARROYO	GRAND	NESE	30	16S-26E	U-6023	1300
43-019-31301-00-0	CRESCENDO ENERGY LLC	SAN ARROYO 44	Gas Well	Producing	SAN ARROYO	GRAND	NESE	29	16S-26E	U-6021	600
43-019-31299-00-0	CRESCENDO ENERGY LLC	SAN ARROYO 45	Gas Well	Producing	SAN ARROYO	GRAND	SENE	30	16S-26E	U-6023	600
43-019-31299-00-0	CRESCENDO ENERGY LLC	SAN ARROYO 45	Gas Well	Producing	SAN ARROYO	GRAND	NWSE	20	16S-26E	U-5650	0



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

**Request to Transfer Application or Permit to Drill**

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

Well name:	San Arroyo Unit #54
API number:	4301931433
Location:	Qtr-Qtr: SESW Section: 19 Township: 16S Range: 26E
Company that filed original application:	Crescendo Energy, LLC
Date original permit was issued:	01/05/2005
Company that permit was issued to:	Crescendo Energy, LLC

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

Following is a checklist of some items related to the application, which should be verified.	Yes	No
If located on private land, has the ownership changed?		
<input type="checkbox"/> If so, has the surface agreement been updated?		
Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location?		✓
Have there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well?		✓
Have there been any changes to the access route including ownership or right-of-way, which could affect the proposed location?		✓
Has the approved source of water for drilling changed?		✓
Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation?		✓
Is bonding still in place, which covers this proposed well? Bond No. <u>B001762</u>	✓	

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

**RECEIVED**

Name (please print) Bruce E. Johnston Title Vice President Land  
 Signature *Bruce E. Johnston* Date 11/23/2005  
 Representing (company name) Slate River Resources, LLC **NOV 25 2005**  
DIV. OF OIL, GAS & MINING

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



7. **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: \_\_\_\_\_ not yet

8. **Federal and Indian Units:**

The BLM or BIA has approved the successor of unit operator for wells listed on: \_\_\_\_\_ n/a

9. **Federal and Indian Communization Agreements ("CA"):**

The BLM or BIA has approved the operator for all wells listed within a CA on: \_\_\_\_\_ n/a

10. **Underground Injection Control ("UIC")** The Division has approved UIC Form 5, **Transfer of Authority to Inject**, for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: \_\_\_\_\_ n/a

**DATA ENTRY:**

- 1. Changes entered in the Oil and Gas Database on: \_\_\_\_\_ 11/29/2005
- 2. Changes have been entered on the Monthly Operator Change Spread Sheet on: \_\_\_\_\_ 11/29/2005
- 3. Bond information entered in RBDMS on: \_\_\_\_\_ 11/29/2005
- 4. Fee/State wells attached to bond in RBDMS on: \_\_\_\_\_ 11/29/2005
- 5. Injection Projects to new operator in RBDMS on: \_\_\_\_\_ n/a
- 6. Receipt of Acceptance of Drilling Procedures for APD/New on: \_\_\_\_\_ 11/29/2005

**FEDERAL WELL(S) BOND VERIFICATION:**

1. Federal well(s) covered by Bond Number: \_\_\_\_\_ UTB000187

**INDIAN WELL(S) BOND VERIFICATION:**

1. Indian well(s) covered by Bond Number: \_\_\_\_\_ n/a

**FEE & STATE WELL(S) BOND VERIFICATION:**

1. (R649-3-1) The NEW operator of any fee well(s) listed covered by Bond Number \_\_\_\_\_ B001556

2. The FORMER operator has requested a release of liability from their bond on: \_\_\_\_\_ 11/25/2005  
The Division sent response by letter on: \_\_\_\_\_ n/a

**LEASE INTEREST OWNER NOTIFICATION:**

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

**COMMENTS:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



**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*

January 31, 2006

Ginger Stringham  
Slate River Resources, LLC  
418 Main St, Suite 18  
Vernal, Utah 84078

Re: APD Rescinded –San Arroyo Unit #54 Sec. 19, T. 16S R. 26E  
Grand County, Utah API No. 43-019-31433

Dear Ms. Stringham:

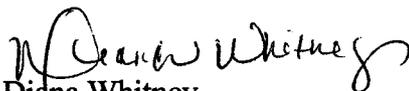
The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on January 5, 2005. On January 30, 2006 you requested that the division rescind the state approved APD.

No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective January 30, 2006.

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

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

Sincerely,

  
Diana Whitney  
Engineering Technician

cc: Well File  
Bureau of Land Management, Moab