

AMENDED REPORT [ ]  
(highlight changes)

**APPLICATION FOR PERMIT TO DRILL**

1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>		5. MINERAL LEASE NO: <b>FEE</b>	6. SURFACE: <b>FEDER</b>
B. TYPE OF WELL: OIL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>		7. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
2. NAME OF OPERATOR: <b>COLORADO - UTAH NATURAL GAS, INC.</b>		8. UNIT or CA AGREEMENT NAME:	
3. ADDRESS OF OPERATOR: <b>140 WEST 9000 SOUTH SANDY UTAH 84070</b>		9. WELL NAME and NUMBER: <b>C-UNGI-14-21-23-2</b>	
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: <b>1834' FWL 1093 FSL</b> AT PROPOSED PRODUCING ZONE: <b>SAME 643483X 38.975415 SESW</b> <b>SAME 4315145Y -109.343657</b>		10. FIELD AND POOL, OR WILDCAT: <b>GREATER CISCO AREA 205</b>	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: <b>CISCO, UTAH 84515</b>		11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <b>SEC 14</b> <b>T21S, R23E, SLB&amp;M</b>	
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET): <b>1093'</b>	16. NUMBER OF ACRES IN LEASE: <b>240'</b>	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: <b>10 ACRES</b>	13. STATE: <b>UTAH</b>
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET): <b>519'</b>	19. PROPOSED DEPTH: <b>990'</b>	20. BOND DESCRIPTION: <b>CASH</b>	12. COUNTY: <b>GRAND</b>
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): <b>4358' GR</b>	22. APPROXIMATE DATE WORK WILL START: <b>AS SOON AS APPROVED</b>	23. ESTIMATED DURATION: <b>4 DAYS</b>	

**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**  
**APR 20 2005**

25. ATTACHMENTS

DIV. OF OIL, GAS & MINING

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

<input type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER	<input type="checkbox"/> COMPLETE DRILLING PLAN
<input type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER	<input type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

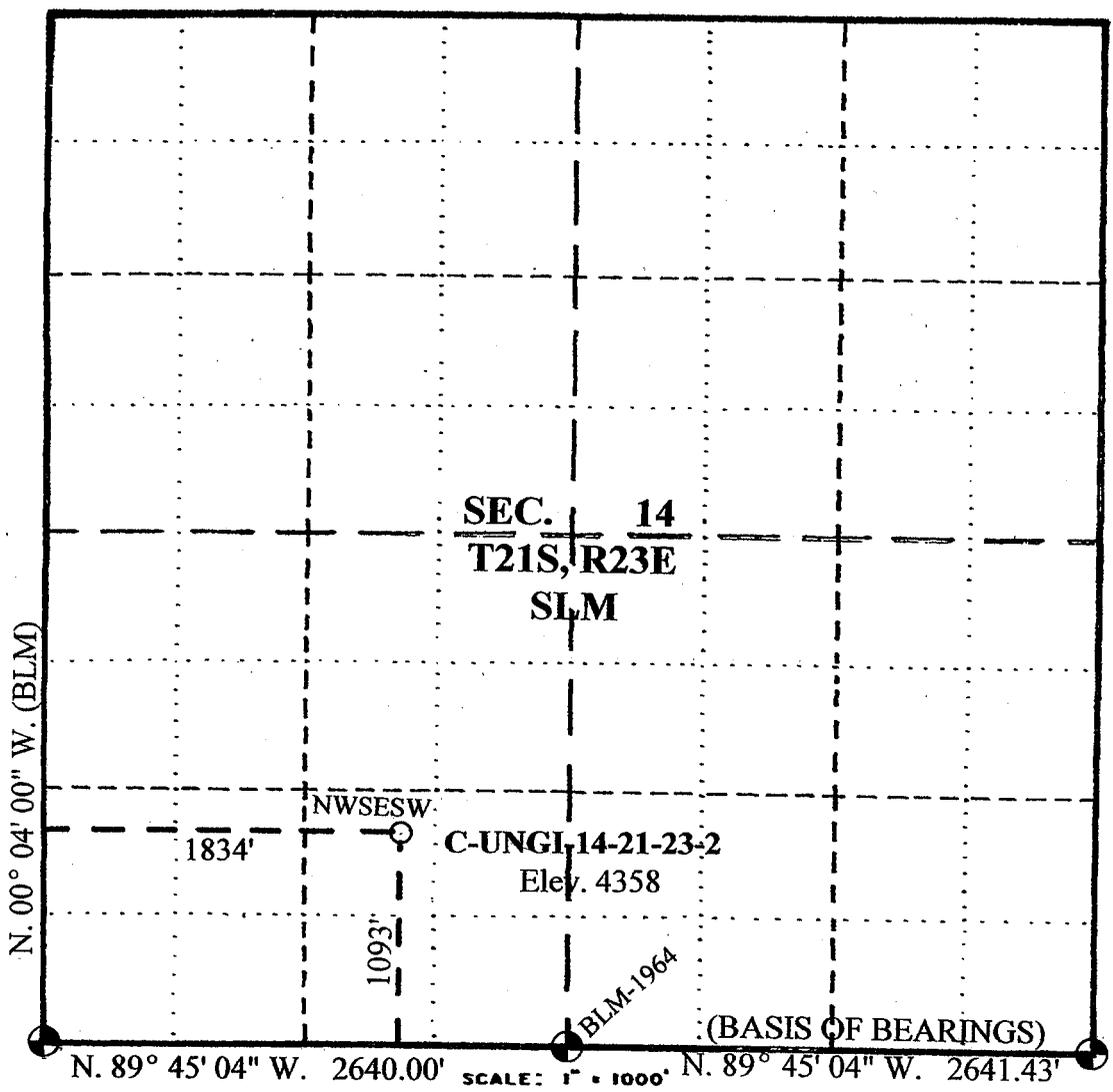
NAME (PLEASE PRINT) **DEAN H. CHRISTENSEN** TITLE **PRESIDENT**

SIGNATURE *Dean H. Christensen* DATE **4/18/05**

(Use space for State use only)

API NUMBER ASSIGNED: **43-019-31451**

APPROVAL: **Approved by the Utah Division of Oil, Gas and Mining**  
Date: **09-23-05**  
By: *[Signature]*



BLM-1964

N. 00° 04' 00" W. (BLM)

N. 89° 45' 04" W. 2640.00'

SCALE: 1" = 1000'

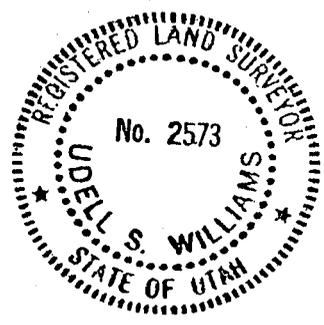
N. 89° 45' 04" W. 2641.43'

BLM-1964

**C-UNGI-14-21-23-2**

Located 1093 feet FSL and 1834 feet FWL in Section 14, 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-14-21-23-2**  
NWSESW SECTION 14  
T21S, R23E, SLM

**SURVEYED BY:** USW **DATE:** 3/22/2005  
**DRAWN BY:** USW **DATE:** 3/24/2005

**EXHIBIT "B"**

**C-UNGI-14-21-23-2  
TEN-POINT COMPLIANCE PROGRAM NTL-6  
Approval of Operations**

COLORADO-UTAH NATURAL GAS, INC.  
140 WEST 9000 SOUTH  
SUITE 9  
SANDY, UTAH 84070

**1. GEOLOGIC SURFACE FORMATION:**

**THE SURFACE (4358') IS MANCOS SHALE.**

**2. IMPORTANT GEOLOGIC MARKERS:**

<b>A. "A" ZONE MARKER</b>	<b>448'</b>
<b>B. DAKOTA (Kd)</b>	<b>503'</b>
<b>C. CEDAR MOUNTAIN (Kcm)</b>	<b>684'</b>
<b>D. MORRISON (Jm)</b>	<b>888'</b>
<b>E. SALT WASH (Jsw)</b>	<b>973'</b>

**3. ESTIMATED DEPTHS OF ANTICIPATED WATER, OIL OR GAS.**

<b><u>Formation</u></b>	<b><u>Depth</u></b>	<b><u>Fluids</u></b>
<b>Dakota</b>	<b>504'</b>	<b>Gas</b>
<b>Cedar Mt.</b>	<b>685'</b>	<b>Oil/water</b>
<b>Morrison</b>	<b>889'</b>	<b>Gas/Oil</b>
<b>Salt Wash</b>	<b>971'</b>	<b>Gas/Oil</b>

**4. PROPOSED CASING PROGRAM:**

**A. DRILL 9 ½" HOLE TO 120' SET 8 5/8" 26#, CEMENT TO SURFACE**

PAGE 2  
NTL-6

B. DRILL 6 3/4" HOLE TO 995' AND SET 4 1/2" LIMITED SERVICE CASING (9.5#). CEMENT 400' ABOVE THE HIGHEST SAND ENCOUNTERED.

**C. OPERATOR'S MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL:**

**EXHIBIT "C" IS A SCHEMATIC DIAGRAM OF A BLOWOUT PREVENTER PLANNED FOR THE USE ON THIS WELL. The BOP will be hydraulically tested to 1000 psi after nipping up and after any use if closed against any well pressure. Pipe rams will be operationally checked each trip. All tests will be recorded in the daily tower reports. Accessories to the BOP include a Kelly Cock, safety valve, drill string BOP and choke with pressure rating equivalent to the BOP stack.**

**6. TYPE AND CHARACTERISTICS OF PROPOSED MUDS:**

**The well will be drilled with mist until such time as sufficient fluids are encountered forcing the use of drilling fluids to remove the cuttings. One hundred barrels of 8.5 brine will be available for use in drilling or in the event that it is needed to kill the well or as necessary for logging operations.**

**7. AUXILIARY EQUIPMENT TO BE USED:**

- A. Kelly Cock will be kept on the drill string.**
- B. A full opening stabbing valve will be on the floor for use, when the Kelly is not in the string.**
- C. A float will be run after the bit.**
- D. Monitoring equipment will be installed and used on the mud system if being used.**

**8. TESTING, LOGGING, AND CORING PROGRAMS:**

- A. No drill stem tests are planned at this time.**
- B, The logging program will consist of an Induction Electric & Compensated-Density. A bond log will be run for perforation.**

**C. No coring is planned.**

**D. Drill samples will be caught at 5' intervals after the "A" marker is determined.**

**9. ANY ANTICIPATED ABNORMAL PRESSURES OR TEMPERATURES:**

**No abnormal gas pressures or temperatures are anticipated. No hydrogen sulfide or other hazardous gasses or fluids have been reported in the area of this location.**

**10. ANTICIPATED STARTING DATE AND DURATION OF OPNS.:**

**The anticipated starting date is May 25, 2005, or as soon as is possible after approval of all drilling requirements.**

**Drilling operations should be completed within seven (7) day of the commencement of operations.**

C-UNGI 14-21-23-2

Exhibit "D"

MULTI-POINT REQUIREMENTS TO 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 ONE AND A HALF MILES FROM THE CISCO POST OFFICE (84515). THE ROUTE TO THE WELL IS SHOWN IN GREEN ON THE ATTACHED MAP.

C. Exhibit "F" is a copy of the Cisco Quad 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 roads from Cisco to this location are in good condition and allow for heavy trucking on a regular basis. The roads to this well site were improved when the freeway was constructed is constructed with crushed asphalt that has been rolled into road base. The operator intends to install a central tank battery for this well and for an adjacent location (C-UNGI 14-21-23-1). Both wells have common ownership and royalty owners.

2. PLANNED ACCESS ROADS:

The access road to this location will be of minimal surface disturbance. This road will be bladed and leveled as will the location.

A. The typical section of the access road will be 16' in width.

B. No grade exists or will be more than 2-4%

C. No turn-out will be necessary.

D. No culverts are necessary or will be required.

E. No fill or other surface materials will be necessary.

F. No gates or cattle guards are required.

G. The proposed access route will be flagged

H. A rights of way for this location are granted via the Warranty Deed issued by the Federal Government via the exchange of acreage.

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. Another well is being proposed 400' to the east.

- F. Existing wells and proposed locations are on Exhibit "F".
- G. Shut-in locations are shown on Exhibit "F".
- H. There are no injection wells at this time.
- I. No monitoring or observation wells exist..

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

A. Within one-mile radius of this location are existing facilities owned and controlled by the lessee/operator as shown on Exhibit "F". The facilities consist of currently operated wells with their surface equipment and access roads.

B. The Cisco Gathering System, a 3 ½" installed pipeline, owned by the operator, with a terminus into the Northwest Pipeline.

C. Exhibit "I" shows the anticipated production facilities.

D. The dimensions of the production facilities Are shown on Exhibit "I" and is drawn to a scale of 1" to 50'.

E. No outside construction material will be needed except for gravel to be placed under the Pump-jack and other production equipment, including storage tanks.

F. A water disposal pit will be constructed on each site and will be 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 Green River, Utah.

C. Any hydrocarbon liquids produced while drilling or 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. A commercial "Chemical outhouse facility" will be rented and installed on the site and utilized to receive human waste.

E. Garbage and other trash will be collected in a trash container and hauled. To the

nearest designated landfill either in Moab or Green River, Utah.

F. The entire site will be cleaned up and restored to a smooth contour when the rig moves off location. 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 disturbed unused portions of the site during the fall months to insure maximum available moisture.

8. ANCILLARY FACILITIES:

No airstrips, camps, or other living facilities will be built for this location.

9. WELL SITE LAYOUT:

A. Exhibit "G" is the Drill pad layout. Any topsoil moved will be stockpiled and reused upon 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 roads are all 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, completion and testing operations. If the well is plugged, an appropriate plugging program will be submitted for approval. If the well is a commercial well, the production facilities, to include the installation of underground piping to the central tank battery will be completed and the unused and/or other 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 top soils will be spread along with ripping of the pad. Re-vegetation will be accomplished with native grasses or other seeds designated by the appropriate surface control agency (State of Utah or BLM).

C. Three sides of the reserve pit will be fenced prior to drilling operations. Upon the rig being released, the reserve pit will be fenced on all sides and will remain until abandonment of the site at which time it will be re-contoured and filled.

D. Any spills will be immediately reported and cleaned up.

E. Rehabilitation operations will commence as soon as possible and practical after the rigs have been moved off of the location. Seeding will be completed during the fall period to insure the best growth potential.

11. OTHER INFORMATION:

A. As indicated on Exhibit "F", the topography of the location has very little relief. The

location is a gentle sloping area which will necessitate very little construction. This location is located in the middle of an operating Oil Field. and is surrounded by numerous operating wells.

B. The soil is light gray typical of Mancos.

C. The vegetation in the immediate area surrounding this location is Gardner Salt Bush, Shadscale, greasewood, cheatgrass, and prickly pear catus. None of these species is endangered or of any economic value other than for soil stabilization, which is not a factor, as the area is almost level with little or no soil erosion.

D. The fauna of the area consists of stray cattle, an occasionally lost sheep, antelope, rabbits, lizards, snakes, raven and an occasional coyote. None of the observed animals are endangered or on any protected list.

E. The surface area is Federal land. The minerals are held in Fee. None of the lands are inhabited or utilized in any manner except for the development of oil and gas resources.

F. The nearest live water is found in the wash area to the west approximately one-half mile to the west. This wash is known as Cisco Wash.

G. The nearest occupied dwelling is owned by a Principal of Colorado Utah Natural Gas, Inc., and has been owned for approximately twenty years. This facility will be used during the drilling operations for sleeping, cooking and communications (435-564-3543).

H. There are no known or visible archeological, historical, or cultural sites within reasonable proximity to this location.

I. There are no restrictions noted in the oil and gas lease.

12. LESSEE'S OR OPERATORS REPRESENTATIVE:

Tariq Ahmad  
137 Vassar, #5  
Reno, Nevada 81502  
775-240-0769  
775-333-6626

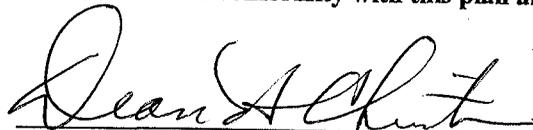
Dean H. Christensen  
4880 So. Three Fountains  
Unit 139  
Murray, Utah 84107  
801-554-2021  
801-2622-1429

Terry R. Spencer, Esq.  
140 West 9000 South  
Suite 9  
Sandy, Utah 84070  
801-566-1884  
801-244-7778

13. CERTIFICATION:

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

4/18/05  
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

PAGE 3  
WELLS

<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

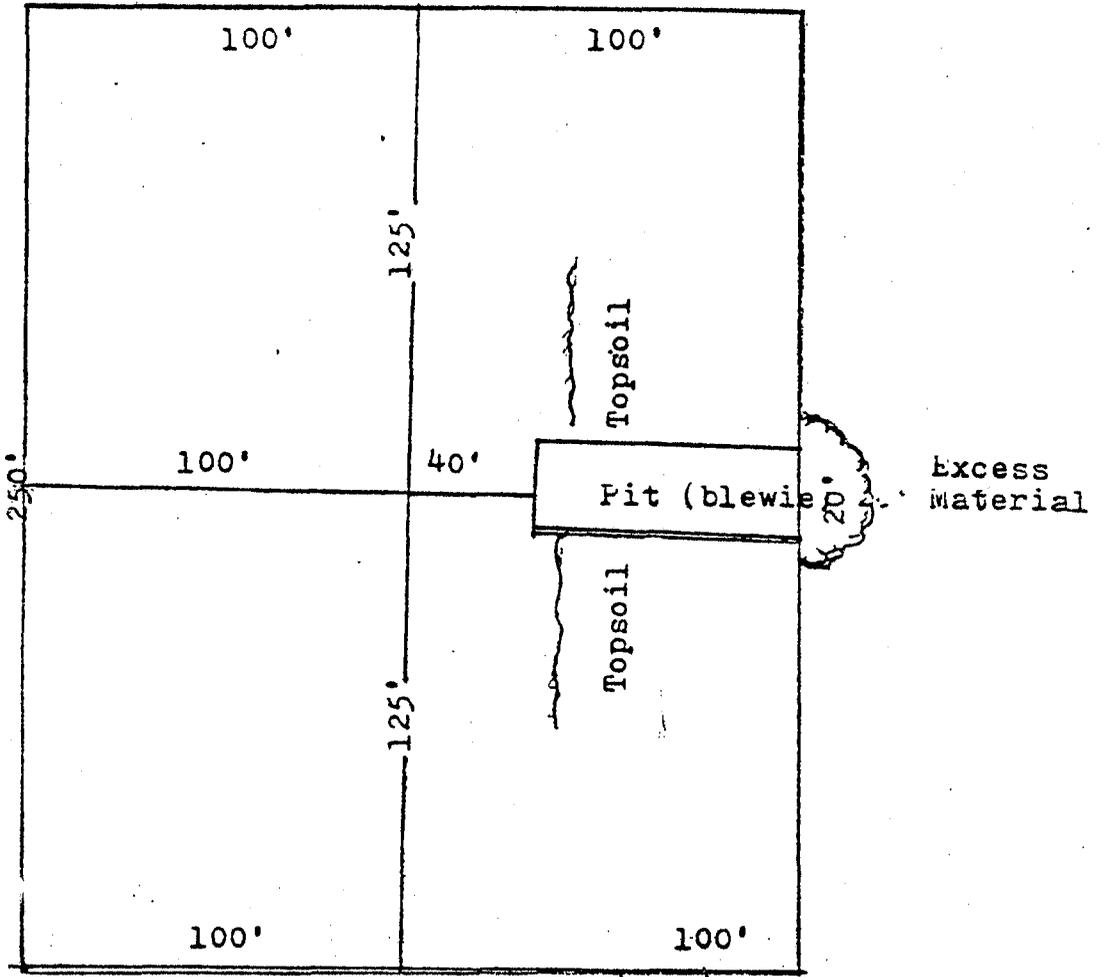
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2. GOLDEN FEE #1 PLUGGED AND ABANDONED	43-019-10363	SEC 13 660 FSL 660 FWL
3. FEE #2 PLUGGED AND ABANDONED	43-019-11528	SEC 13 250 FSL 2310 FEL
4. CISCO OIL DEVL. #1 PLUGGED AND ABANDONED	43-019-11527	SEC 13 660 FSL 1980 FEL
5. ARIZONA-UTAH GAS & OIL #2 PLUGGED AND ABANDONED	43-019-11526	SEC 13 330 FSL 1980 FEL
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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
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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

EXHIBIT "G"  
DRILL PAD LAYOUT  
C-UNGI 14-21-23-2

TOPSOIL

STOCKPILE



ACCESS ROAD FROM  
ASPHALT ROAD

# EXHIBIT "H"

## RIG LAYOUT

C-UNGI-14-21-23-2

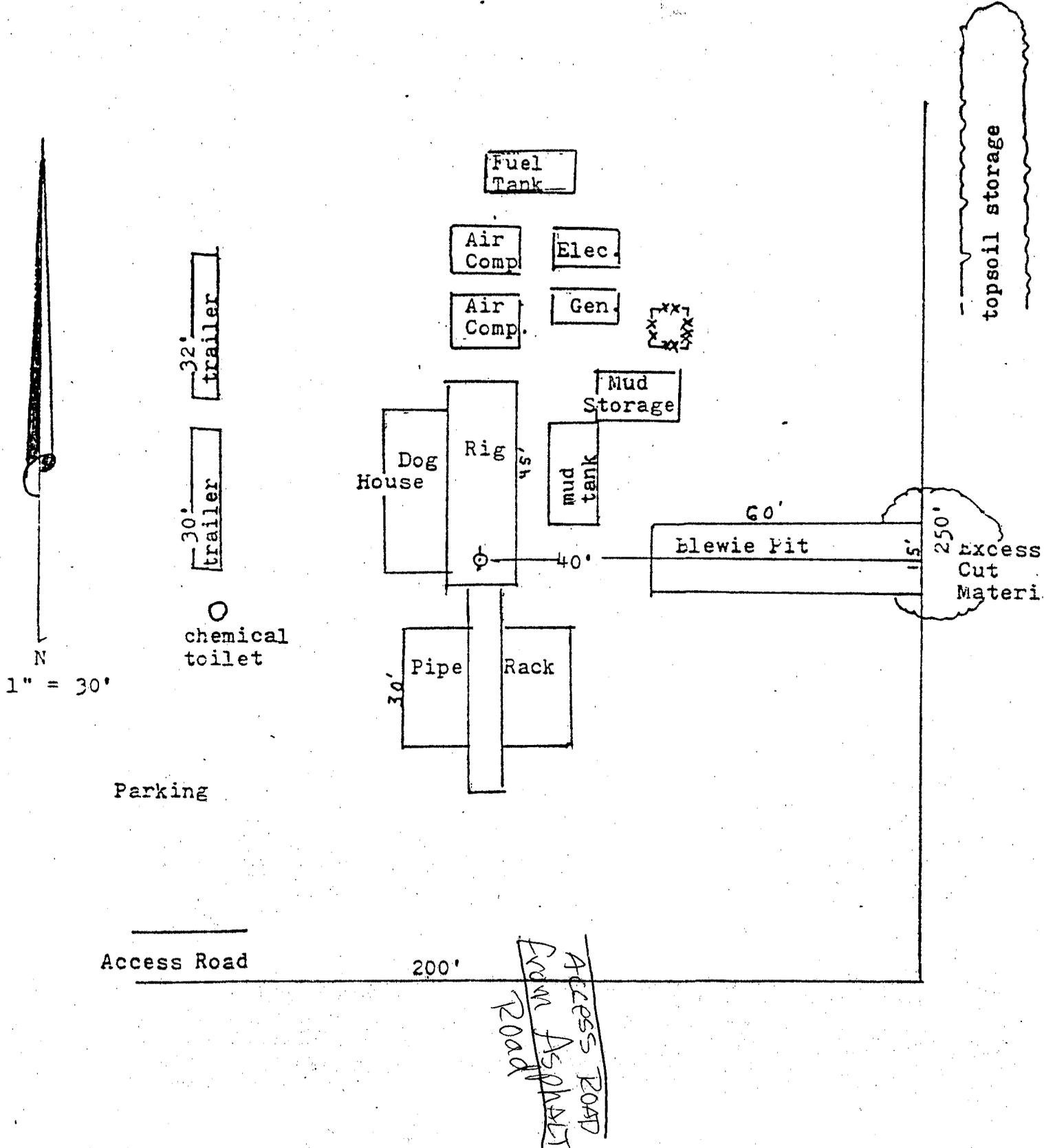
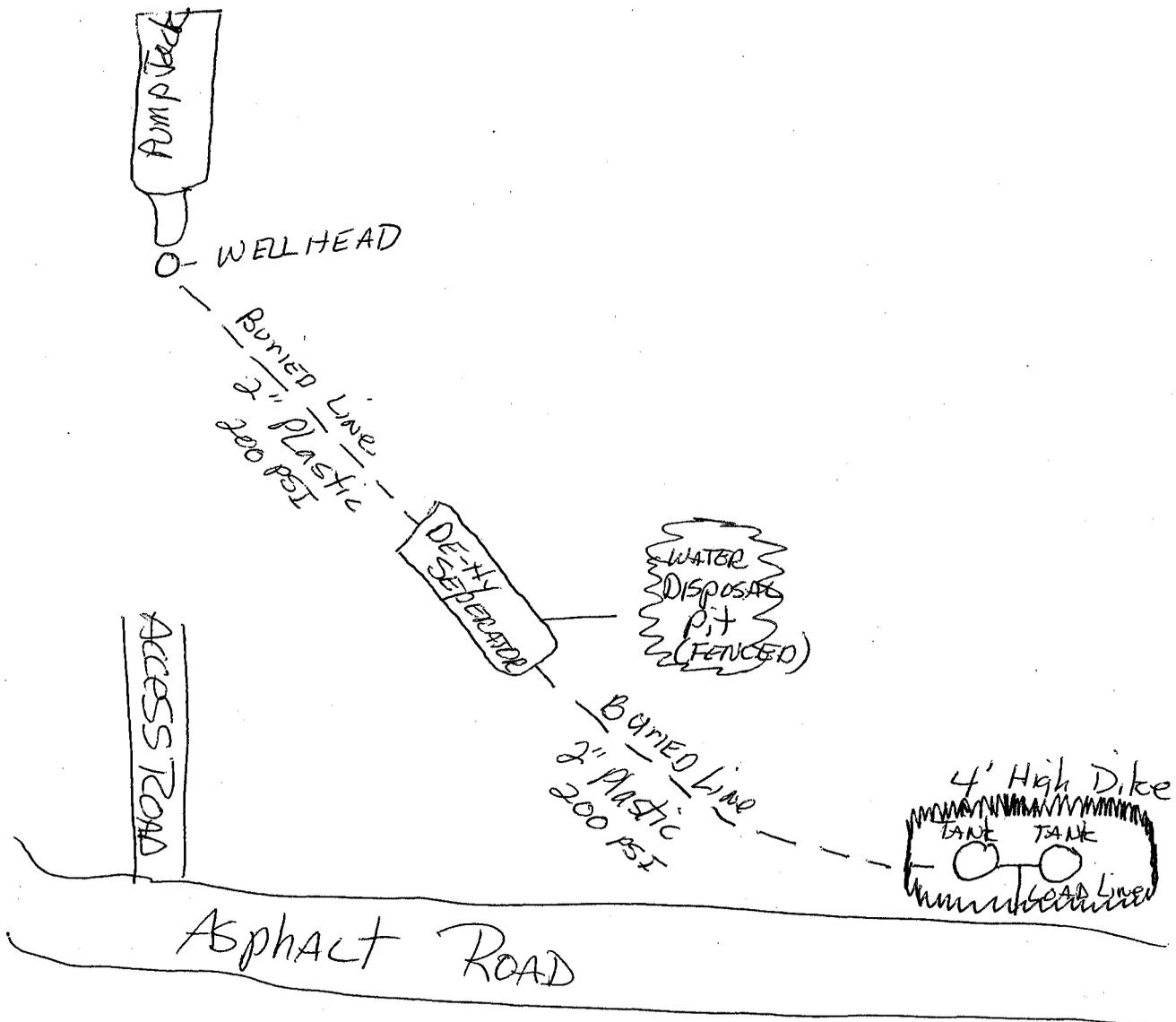


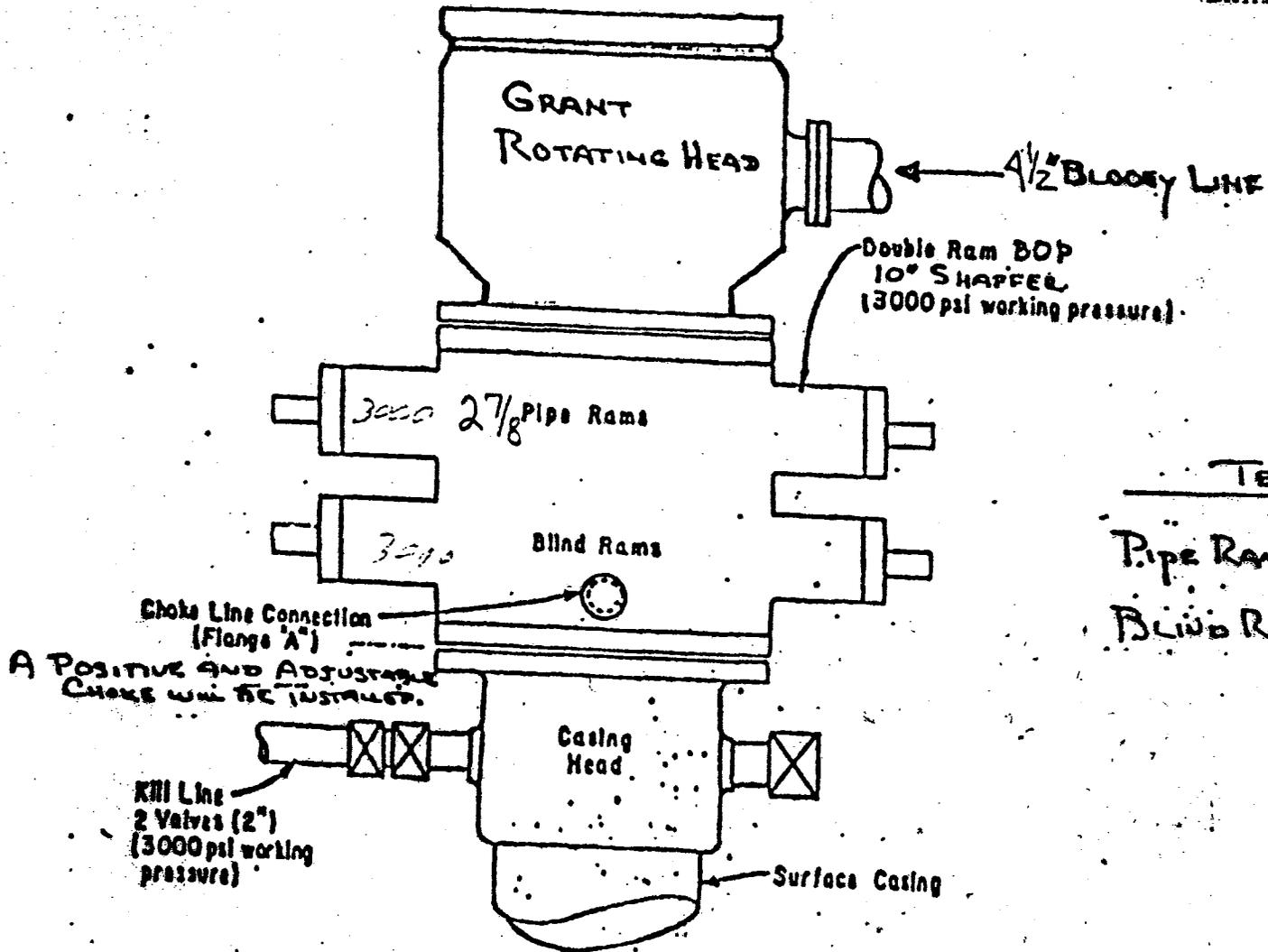
EXHIBIT "I"  
PRODUCTION FACILITIES  
C-UNGI-14-21-23-2



★ CONSOLIDATED TANK BATTERY Common  
With C-UNGI-14-21-23-1 (SAME WORKING INTEREST  
AND ROYALTY OWNERS)

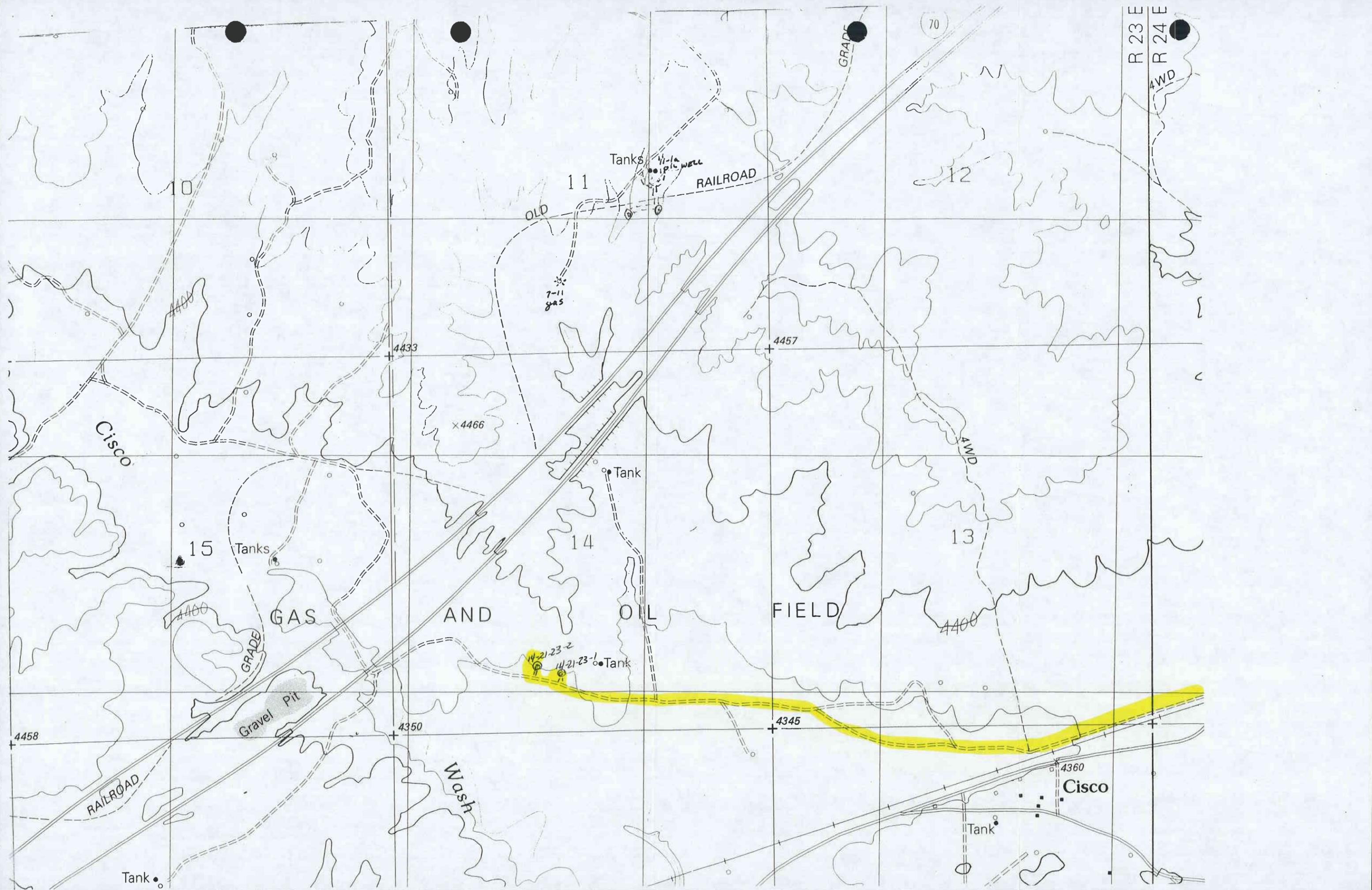
# EXHIBIT "C" BOP SCHEMATIC

EXHIBIT "C"



## TESTING FREQUENCY

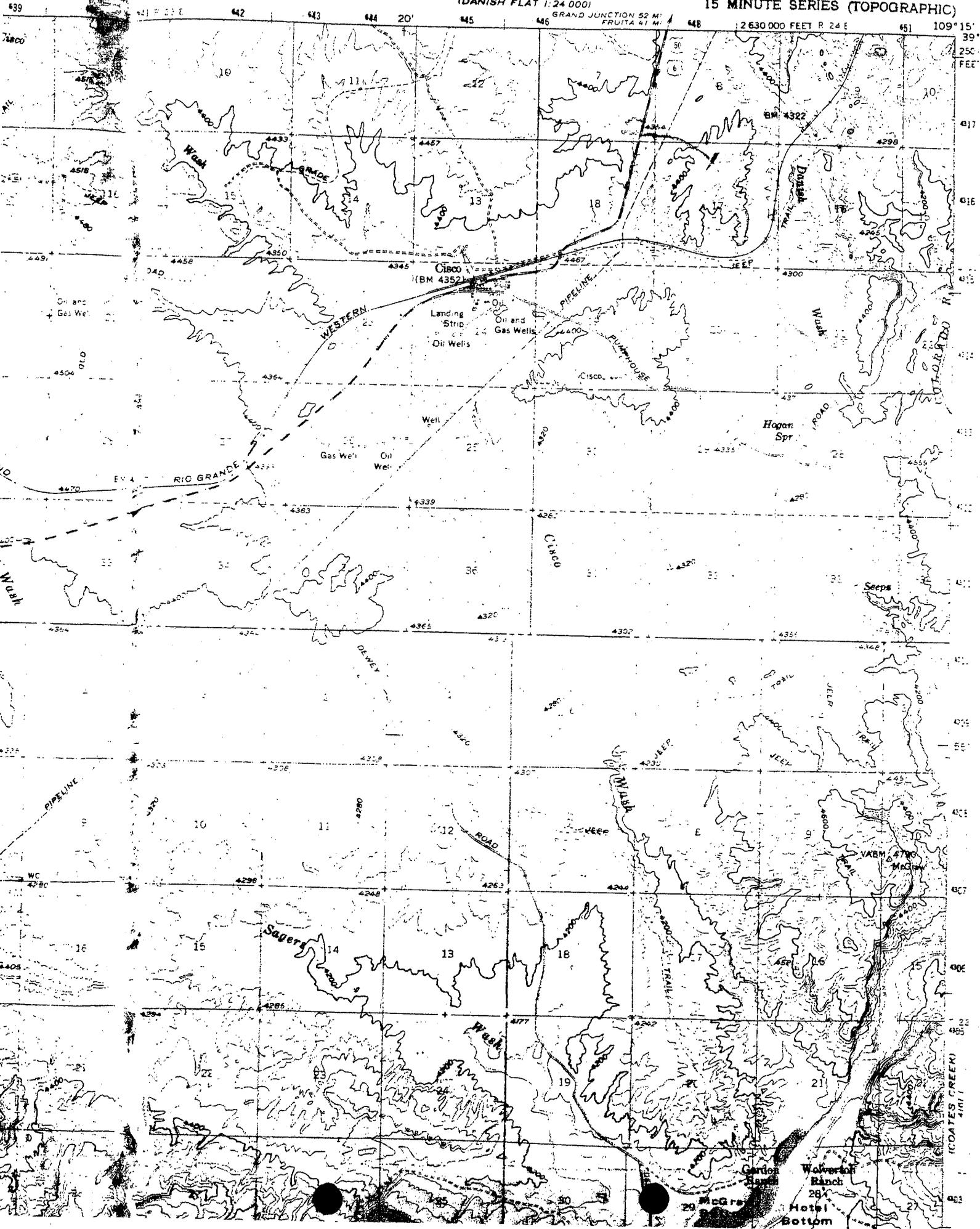
PIPE RAMS: DAILY  
BLIND RAMS: EVERY TRIP



4162 III SE  
(DANISH FLAT 1,24 000)

GRAND JUNCTION 52 MI  
FRUITA 41 MI

2 630 000 FEET P 24 E



**WORKSHEET  
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 04/20/2005

API NO. ASSIGNED: 43-019-31451
--------------------------------

WELL NAME: C-UNGI 14-21-23-2  
 OPERATOR: COLORADO-UTAH NATURAL ( N2765 )  
 CONTACT: DEAN CHRISTENSEN

PHONE NUMBER: 775-240-0769

PROPOSED LOCATION:

SESW 14 210S 230E  
 SURFACE: 1093 FSL 1834 FWL  
 BOTTOM: 1093 FSL 1834 FWL  
 GRAND  
 GREATER CISCO ( 205 )

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	DKW	6/14/05
Geology		
Surface		

LEASE TYPE: 4 - Fee  
 LEASE NUMBER: FEE  
 SURFACE OWNER: 1 - Federal  
 PROPOSED FORMATION: SLTW  
 COALBED METHANE WELL? NO

LATITUDE: 38.97542  
 LONGITUDE: -109.3437

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[] Ind[] Sta[] Fee[]  
(No. 763250625 )
- 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)  
\*From BUM

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 BONDING 5/9/05 ER

STIPULATIONS: + Federal approval

2-Cont Strip #4 - 8 5/8" Surface CSG and 4 1/2" prod-CSG cemented back to surface



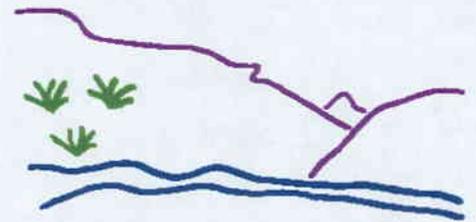
OPERATOR: COLORADO-UTAH (N2765)

SEC: 14 T. 21S R. 23E

FIELD: GREATER CISCO (205)

COUNTY: GRAND

CAUSE: 102-16B / 11-15-1979



Utah Oil Gas and Mining

**Wells**

- ♣ GAS INJECTION
- GAS STORAGE
- × LOCATION ABANDONED
- ⊕ NEW LOCATION
- ◇ PLUGGED & ABANDONED
- ✱ PRODUCING GAS
- PRODUCING OIL
- ✱ SHUT-IN GAS
- ➔ SHUT-IN OIL
- × TEMP. ABANDONED
- TEST WELL
- ▲ WATER INJECTION
- ★ WATER SUPPLY
- ♣ WATER DISPOSAL

**Units.shp**

- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PENDING
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED

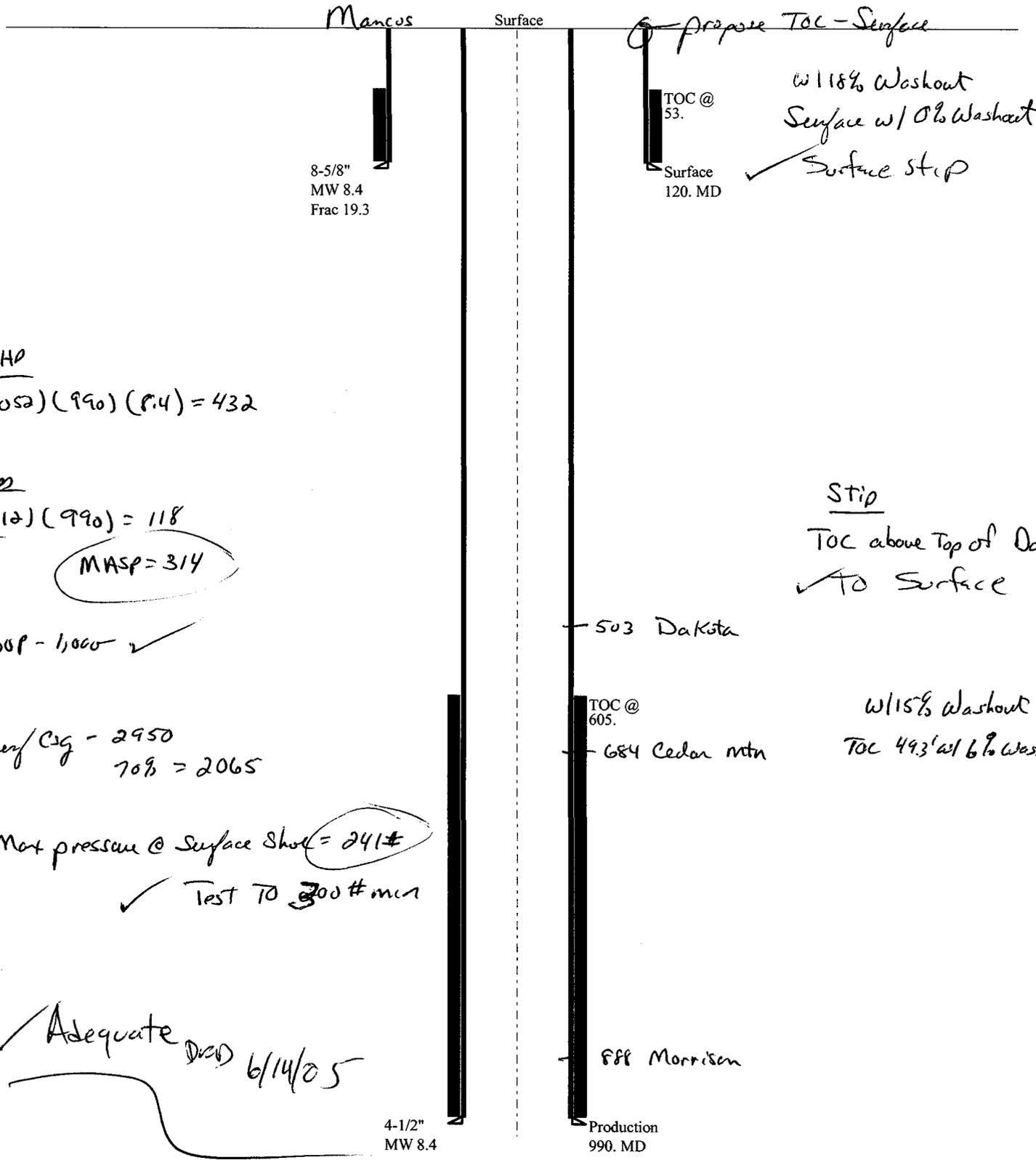
**Fields.shp**

- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED



PREPARED BY: DIANA WHITNEY  
DATE: 6-MAY-2005

Casing Schematic



8-5/8"  
MW 8.4  
Frac 19.3

TOC @  
53.  
Surface  
120. MD

Propose TOC - Surface  
w/ 118% Washout  
Surface w/ 0% Washout  
Surface stop

BHP  
 $(1052)(990)(8.4) = 432$

Gm  
 $(612)(990) = 118$   
MASP = 314

BoP - 1,000 ✓

Surf Csg - 2950  
70% = 2065

Max pressure @ Surface Shot = 241#  
✓ Test TO 300# min

✓ Adequate <sup>Drill</sup> 6/14/05

4-1/2"  
MW 8.4

TOC @  
605.

503 Dakota

684 Cedar mtn

888 Morrison

Production  
990. MD

Stop  
TOC above Top of Dakota  
✓ TO Surface

w/ 115% Washout  
TOC 49.3' w/ 6% Washout

Well name:	<b>05-05 C-UNGI 14-21-23-2</b>	
Operator:	<b>Colorado-Utah Natural Gas, Inc.</b>	
String type:	Surface	Project ID: 43-019-31451
Location:	Grand County	

**Design parameters:**

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

**Burst**  
Max anticipated surface pressure: 313 psi  
Internal gradient: 0.120 psi/ft  
Calculated BHP: 328 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: 990 ft  
Next mud weight: 8.400 ppg  
Next setting BHP: 432 psi  
Fracture mud wt: 19.250 ppg  
Fracture depth: 990 ft  
Injection pressure: 990 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	328	2950	9.00	3	244	96.95 J

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

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

Date: May 10, 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.

Well name:	<b>05-05 C-UNGI 14-21-23-2</b>	
Operator:	<b>Colorado-Utah Natural Gas, Inc.</b>	
String type:	Production	Project ID: 43-019-31451
Location:	Grand County	

**Design parameters:**

**Collapse**

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

**Burst**

Max anticipated surface pressure: 313 psi  
Internal gradient: 0.120 psi/ft  
Calculated BHP: 432 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: 864 ft

**Environment:**

H2S considered? No  
Surface temperature: 65 °F  
Bottom hole temperature: 79 °F  
Temperature gradient: 1.40 °F/100ft  
Minimum section length: 1,500 ft  
  
Cement top: 605 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	990	4.5	9.50	J-55	ST&C	990	990	3.965	19
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	432	3310	7.662	432	4380	10.14	8	101	12.30 J

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

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

Date: May 10, 2005  
Salt Lake City, Utah

**Remarks:**

Collapse is based on a vertical depth of 990 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 & Kernler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

**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-14-21-23-2  
**API NUMBER:** 43-019-31451  
**LOCATION:** 1/4,1/4 SESW Sec:14 TWP: 21S RNG: 23E 1093 FSL 1834 FWL

**Geology/Ground Water:**

A well drilled at this location will be spud into a poorly permeable soil developed on the fringes of a Quaternary Alluvial Mud covering the Blue Gate Member of the Mancos Shale. The proposed cementing and casing program should protect any ground water resource encountered during drilling in this area. No underground water rights have been filed within a mile of the proposed location.

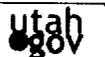
**Reviewer:** Christopher J. Kierst      **Date:** 7/13/05

**Surface:**

The Federal Government is the owner of the surface rights at this location. The BLM is the administrative agency for permitting of surface use. The operator is responsible for obtaining any needed permits or rights of way before causing any surface disturbance.

**Reviewer:** Brad Hill      **Date:** 07-12-05

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



State Online Services

Agency List

Business.utah.gov

Search Utah.gov

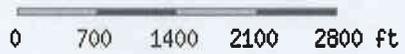
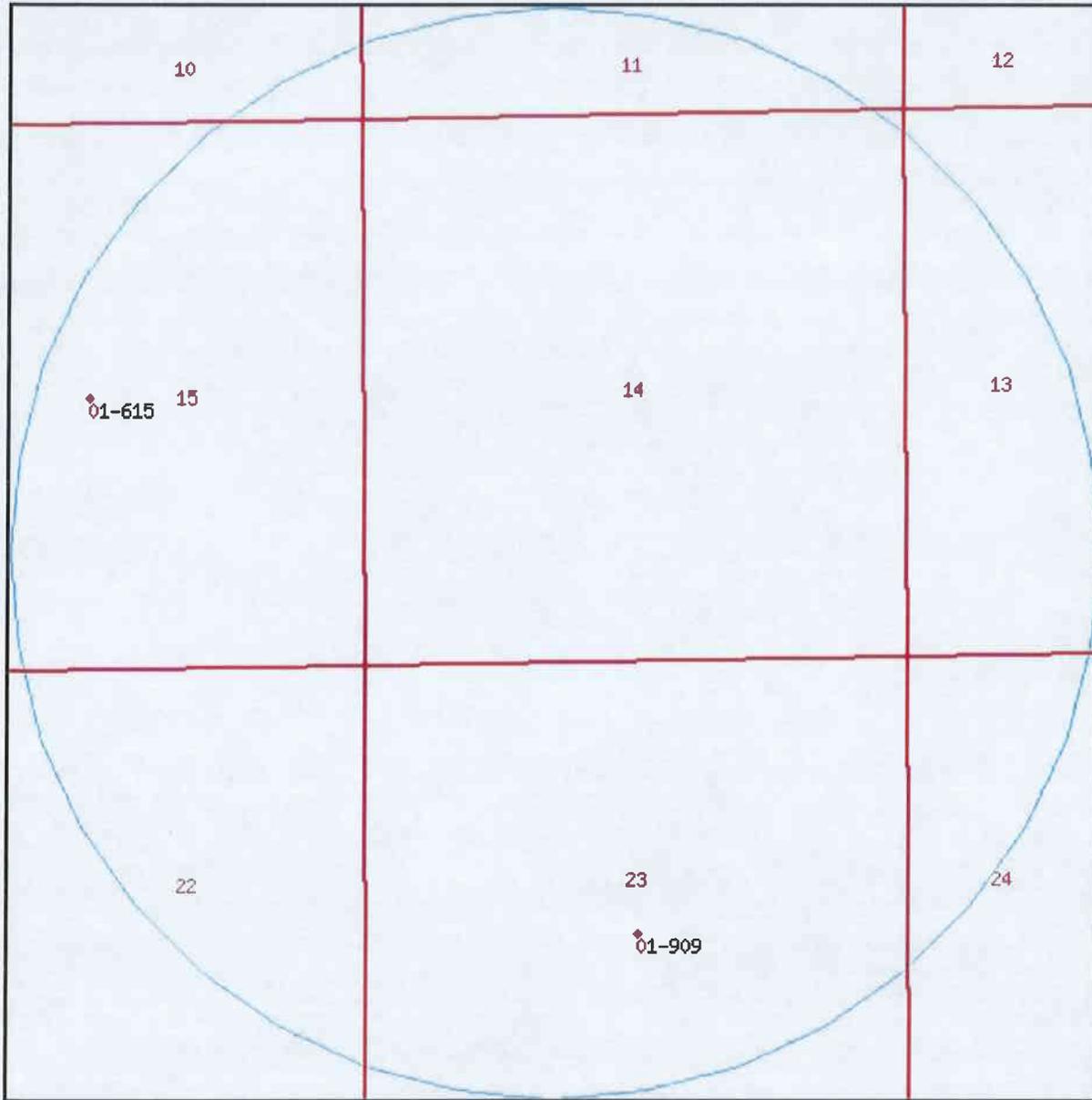
GO

# UTAH DIVISION OF WATER RIGHTS

## WRPLAT Program Output Listing

Version: 2004.12.30.00      Rundate: 07/13/2005 10:37 AM

Radius search of 5280 feet from a point N1093 E1834 from the SW corner, section 14, 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>01-615</u>	Point to Point 0 0 15 21S 23E SL		P	18790000	OS	0.000	0.000	MOAB DISTRICT USA BUREAU OF LAND MANAGEMENT P.O. BOX 970
<u>01-909</u>	Point to Point 0 0 23 21S 23E SL		P	18790000	OS	0.015	0.000	MOAB DISTRICT USA BUREAU OF LAND MANAGEMENT P.O. BOX 970

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

API NUMBERS

<u>WELL NAME/NUMBER</u>	<u>API NUMBER</u>
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

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



# United States Department of the Interior



## BUREAU OF LAND MANAGEMENT

Moab Field Office  
82 East Dogwood  
Moab, Utah 84532

RECEIVED

3160  
(U-062)

MAY 27 2005

DIV. OF OIL, GAS & MINING

MAY 25 2005

Mr. Gil Hunt  
Utah Division of Oil, Gas, and Mining  
P.O. Box 145801  
Salt Lake City, Utah 84114-5801

Dear Mr. Hunt:

Colorado-Utah Natural Gas, Inc. has proposed to drill two oil and gas wells in section 14, T. 21 S., R. 23 E., near Cisco in Grand County. The wells would be drilled on federal surface and fee minerals. The Moab Field Office of the Bureau of Land Management (BLM) is the surface management agency responsible for the federal lands in section 14. We are unable to attend the on-site predrill inspection for the wells. Additional time will be required for our review of the restoration requirements and to establish a surface use agreement with the operator. If any additional information is needed, please contact Rich McClure at (435) 259-2127.

Sincerely,

**Acting** Assistant Field Manager  
Division of Resources

cc: Colorado-Utah Natural Gas, Inc.  
140 West 9000 South, Suite 9  
Sandy, Utah 84070



# United States Department of the Interior



## BUREAU OF LAND MANAGEMENT

Moab Field Office  
82 East Dogwood  
Moab, Utah 84532

RECEIVED

JUN 02 2005

2800  
DIV. OF OIL, GAS & MINING (UT-062)

Mr. Dean Christensen  
Colorado-Utah Natural Gas, Inc.  
140 West 9000 South, Suite 9  
Sandy, Utah 84070

MAY 31 2005

Dear Mr. Christensen:

We received your letter regarding the C-UNGI-14-21-23-1 and C-UNGI-14-21-23-2 Wells on April 22, 2005. The wells would be located on a fee mineral lease with federal surface in section 14, T. 21 S., R. 23 E.

The warranty deed for the property reserved rights of entry and rights of way to access the fee mineral lease. The Bureau of Land Management (BLM) has no intentions of denying access to the mineral lease.

The Utah Division of Oil, Gas and Mining regulations have provisions for surface use agreements, and a surface use agreement will be needed for the C-UNGI-14-21-23-1 and C-UNGI-14-21-23-2 Wells. In order to expedite the preparation of the agreement, we are requesting that you provide a surface use agreement that would meet your needs and provide us some assurance that the lands will be restored. If you need any additional information, please contact Rich McClure at (435) 259-2127.

Sincerely,

**/s/ Eric Jones**

**Acting** Assistant Field Manager  
Division of Resources

cc: **Mr. Gil Hunt**  
Utah Division of Oil, Gas and Mining  
P.O. Box 145801  
Salt Lake City, Utah 84114-5801

6 JUNE COLORADO-UTAH NATURAL GAS, INC.  
140 WEST 9000 SOUTH, STE. 9  
SANDY, UTAH 84070

Certified Letter No.: 7004 2510 0000 7767 7342

MOAB FIELD OFFICE  
ATTN: MR. ERIC JONES  
ACTING ASSISTANT FIELD OFFICE MANAGER  
82 EAST DOGWOOD  
MOAB, UTAH 84532

6 JUNE 2005

RE: LETTER DATED 31 MAY 2005  
SURFACE USE AGREEMENT

MR. JONES:

COLORADO-UTAH NATURAL GAS HAS DELIVERED TO THE STATE OF UTAH TWO (2) SEPARATE RECLAMATION AND PLUGGING BONDS IN THE AMOUNT OF \$1,500.00 EACH.

WE HAVE ADDITIONALLY COMPLETED AN EXTENSIVE PHOTO ARRAY OF THE INDIVIDUAL SITES, THE ACCESS ROADS, THE PAD AREAS, AND THE LOCATION OF THE CENTRAL TANK BATTERY, ALL DEPICTED ON THE COPY OF THE APD'S SUBMITTED TO YOUR OFFICE AS WELL AS TO THE STATE OF UTAH, DIVISION OF OIL, GAS, AND MINING.

ADDITIONALLY, WE MET WITH MR. GILL HUNT, ON FRIDAY, 3 JUNE. PRESENT WERE MR. HUNT, MR. GARRY CARLSON, A LAND AND MINERAL TITLE EXPERT, AND MYSELF.

BASED UPON THE DEED MENTIONED IN YOUR LETTER, AS WELL AS THE IN PLACE BONDS, WE CONTEND THAT WE HAVE MET NOT ONLY THE SPIRIT OF THE LAW BUT OUR OBLIGATION TO INSURE A WELL SITE REHABILITATION OF THE HIGHEST STANDARD.

THEREFORE, AND UNLESS YOU HAVE UNSPOKEN PROBLEMS, WHICH ALL YOU NEED TO DO IS SEND IN WRITING, WE INTEND TO MOVE AHEAD WITH OUR PLANS TO DRILL.

I HAVE SENT YOU TWO COPIES OF THIS LETTER. PLEASE SIGN ONE OF THEM AND RETURN WITH YOUR ACCEPTANCE.

RESPECTFULLY SUBMITTED,

  
COLORADO-UTAH NATURAL GAS, INC.  
BY: DEAN H. CHRISTENSEN, PRESIDENT

ACCEPT:

\_\_\_\_\_  
MOAB FIELD OFFICE, BLM

ACCEPT:

\_\_\_\_\_  
DIVISION OIL GAS & MINING

REJECT:

\_\_\_\_\_  
MOAB FIELD OFFICE, BLM

REJECT:

\_\_\_\_\_  
DIVISION OIL, GAS, AND MINING

cc: TERRY R. SPENCER, ESQ  
GILL HUNT, DOGM



# United States Department of the Interior



## BUREAU OF LAND MANAGEMENT

Moab Field Office  
82 East Dogwood  
Moab, Utah 84532

2800  
(UT-062)

Mr. Dean Christensen  
Colorado-Utah Natural Gas, Inc.  
140 West 9000 South, Suite 9  
Sandy, Utah 84070

JUN 23 2005

Dear Mr. Christensen:

We received your letter/surface use agreement for the C-UNGI-14-21-23-1 and C-UNGI-14-21-23-2 Wells on June 8, 2005. The surface use agreement stated that Colorado-Utah Natural Gas, INC. (C-UNGI) had deposited a \$1,500 bond for each well with the Utah Division of Oil, Gas and Mining (the Division) and that the bonds would ensure rehabilitation of the federal surface at the wells.

We have some concerns regarding the concept that the bond would ensure rehabilitation of the federal surface used for drilling and producing the wells. In the event that an operator abandons his operating responsibilities prior to plugging a well, and the Division has to assume the responsibility for plugging the well, a bond of \$1,500 would not be adequate for removal of surface facilities, plugging the well, and rehabilitation of the surface. In the past, you and/or CCCo have failed to accept responsibility for wells in section 14 with fee minerals and federal surface. The Division had to utilize public funds to plug two of the wells in 2004. Currently, there are at least two other wells (14-4 and 23-1 Wells) where you, and/or one of your former companies, failed to accept responsibilities for the wells. The rehabilitation of the 14-4 Well would require the removal of an oil production tank, hauling oil contaminated soils to a disposal site, and surface restoration of the well pad, tank battery, and roads. The costs for the rehabilitation of the 14-4 Well would exceed \$1,500.

As stated in our previous letter, we are requesting a surface use agreement that would provide us some assurance that the federal lands will be utilized in a workman like manner and restored when operations are completed. The surface use agreement should demonstrate the operator's commitment to conduct operations that would ensure the proper handling and disposition of production and protect environmental quality. The surface use agreement should provide specifications for construction, drilling, operation of production facilities, maintenance of the facilities, and timeframes for implementing the actions.

RECEIVED

JUN 2 / 2005

DIV. OF OIL, GAS & MINING

In consideration of these circumstances, we anticipate that the surface use agreement would need to contain specifications for control of runoff and drainage along roads and on well pads, road surfacing, preventing spills, clean-up of oil spilled on the ground, hauling oil contaminated soils to state approved disposal sites, provisions for keeping oil hydrocarbons off the fluids contained in pits, disposal of produced water, noxious weed control, and complying with all applicable Federal laws and regulations related to hazardous materials. If you need any additional information, please contact Rich McClure at (435) 259-2127.

Sincerely,

*1st A. Lynn Jackson*

Acting Assistant Field Manager  
Division of Resources

cc: Mr. Gil Hunt  
State of Utah, Division of Oil, Gas and Mining  
P.O. Box 145801  
Salt Lake City, Utah 84114-5801

RMcClure:mm:6/23/05

COLORADO-UTAH NATURAL GAS, INC.  
140 WEST 9000 SOUTH, SUITE 9  
SANDY, UTAH 84070

DIVISION OIL, GAS AND MINING  
1499 WEST NORTH TEMPLE  
SALT LAKE CITY, UTAH 84114

ATTN: MR. GILL HUNT  
ASSOCIATE DIRECTOR

JULY 11, 2005

RE: CUNGI 14-21-23-14-2  
CUNGI 14-21-23-14-3  
LOCATIONS  
SECTION 14, T21S, R23E  
GRAND COUNTY, UTAH

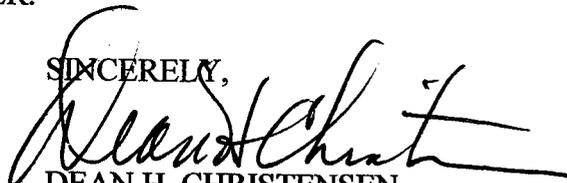
GENTLEMEN:

PLEASE FIND ATTACHED HERETO AN AFFIDAVIT PERTAINING TO OUR INABILITY TO SECURE A SURFACE USE PLAN FROM THE MOAB FIELD OFFICE, BUREAU OF LAND MANAGEMENT.

YOUR OFFICE ALSO HAS COPIES OF OTHER CORRESPONDENCE RELATED TO THIS SITUATION.

THANK YOU FOR YOUR ASSISTANCE IN RESOLVING THIS MATTER, AS WE HAVE COMMENCED DRILLING ON A LOCATION IMMEDIATELY SOUTH OF THOSE REFERENCED ABOVE AND WOULD LIKE TO BE ABLE TO CONTINUE WITH OUR PROGRAM IN AN ORDERLY MANNER.

SINCERELY,



DEAN H. CHRISTENSEN  
PRESIDENT

CC: TERRY R. SPENCER, ESQ  
MOAB FIELD OFFICE  
MR. JOHN DeDONA, OIG - DEPARTMENT OF THE INTERIOR

RECEIVED  
JUL 11 2005  
DIV. OF OIL, GAS & MINING

I, Dean Christensen, President of Colorado-Utah Natural Gas, Inc., being first duly sworn, do hereby depose and state as follows:

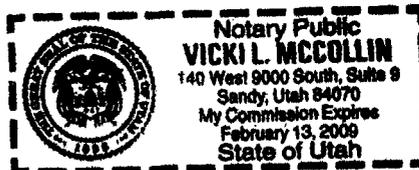
1. I am authorized to sign on behalf of the corporation pursuant to the Articles of Incorporation.

2. Colorado-Utah Natural Gas, Inc., has attempted to negotiate a Surface Use Agreement with the Bureau of Land Management. However, despite providing \$3,000.00 in bonds for any necessary repairs and/or restorations, those negotiations have been unsuccessful.

Dean Christensen

ON THE 11 day of July, 2005, personally appeared before me, the undersigned notary, Dean Christensen, the signer of the foregoing AFFIDAVIT, who duly acknowledged to me that he is authorized to sign this Affidavit on behalf of Colorado-Utah Natural Gas, Inc., and that he signed the same voluntarily and for its stated purpose.

Vicki L. McCollin





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*

September 23, 2005

Colorado-Utah Natural Gas, Inc.  
140 West 9000 South, Suite 9  
Sandy, UT 84070

Re: C-UNGI 14-21-23-2 Well, 1093' FSL, 1834' FWL, SE SW, Sec. 14,  
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 43-019-31451.

Sincerely,

A handwritten signature in black ink, appearing to read "Gil Hunt".

Gil Hunt  
Associate Director

pab  
Enclosures

cc: Grand County Assessor

Operator: Colorado-Utah Natural Gas, Inc.  
Well Name & Number C-UNGI 14-21-23-2  
API Number: 43-019-31451  
Lease: Fee

Location: SE SW                      Sec. 14                      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 Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)

#### 5. 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.

#### 6. Operator shall meet the site restoration requirements of the surface management agency (Bureau Of Land Management) in accordance with General Rule R649-3-34.2 (Well Site Restoration).

**Fax Transmission Cover**

**TO: MR. GILL HUNT  
ASSOCIATE DIRECTOR  
359-3940**

**(3 PAGES INCLUDING COVER)**

**FROM: COLORADO-UTAH NATURAL GAS, INC  
DEAN H. CHRISTENSEN  
801-554-2021**

**RECEIVED  
SEP 19 2005  
DIV. OF OIL, GAS & MINING**

**MR. HUNT:**

**ATTACHED HERETO PLEASE FIND A COPY OF A CERTIFIED WARRANTY DEED FOR THE ACREAGE TO BE DRILLED IN SECTION 14, T21S, R23E (14-21-23-1 #43-019-31450 AND 14-21-23-2 #43-019-41451).**

**THIS WARRANTY DEED ISSUED BY THE FEDERAL GOV'T NEEDS ABSOLUTELY NO MODIFICATION OF LOSS OF OUR RIGHTS AS SET FORTH WITHIN THE BODY OF THE WARRANTY DEED.**

**THE STATE HAS THE LEGAL RIGHT TO ISSUE THE PERMITS AS THIS IS A FEE LEASE AND ALL PERTINENT AND REQUIRED BONDING IS IN PLACE.**

**ADDITIONALLY IF YOU READ THE DEMANDED SURFACE USE AGREEMENT IT IS READILY NOTICEABLE THAT THE BLM IS ONLY ATTEMPTING TO FURTHER REGULATE WHERE THEY HAVE ABSOLUTELY NO RIGHT, AND DEMANDING SUPERFLUOUS AND UNNECESSARY REQUIREMENTS, AS THE CURRENT AGREEMENT PROTECTS THE BLM FOR ANY DAMAGES INCURRED AND SETS FORTH THAT REASONABLE COMPENSATION BE MADE FOR DAMAGES.**

**THE AGREEMENT IS CLEARLY SET FORTH WITHIN THE "FOUR CORNERS" AND ANY CHANGES WITHOUT "COMPENSATION" FROM THE GOV'T IS NOT ACCEPTABLE. THE RIGHT TO DRILL IS NOT COMPENSATION**

**AS YOU ARE AWARE, MR. SPENCER, OUR LEGAL COUNSEL, WAS ONCE THE CHAIRMAN OF THE NATURAL RESOURCES COMMITTEE IN THE UTAH SENATE. IF THIS IS NOT IMMEDIATELY RESOLVED I AM GOING TO PETITION FOR AN AUDIENCE WITH GOV. HUNTSMAN, AS THIS CLEARLY AN ABUSE BY THE FEDERAL GOVERNMENT AND AN ATTEMPT TO RETARD NATURAL RESOURCE DEVELOPMENT HERE IN UTAH.**

**THIS DEMAND FOR IMMEDIATE ACTION IS FURTHER EXACERBATED BY PENDING STANDBY CHARGES (\$3,750/DAY) FOR OUR DRILLING RIG, WHICH WAS VERY TOUGH TO OBTAIN IN THE CURRENT MARKET. WE ARE ON A ROLL RIGHT NOW AND DON'T WANT BE SHUT DOWN FOR FRIVOLOUS AND UNNECESSARY REASONS.**

**RESPECTFULLY SUBMITTED,**



## Finally, BLM employees may be held accountable!

On January 21, Karen Budd-Falen send an email rocketing around cyberspace with the following message:

Because of the extreme importance of this court ruling to ensuring accountability of federal employees, I have sent this e-mail to everyone on my list with even a passing interest. Please widely distribute.

On January 20, 2004, Wyoming Federal District Judge Clarence Brimmer ruled that the Bureau of Land Management (BLM) employees individually sued by Frank Robbins for violating his constitutional rights, unlawful retaliation, and attempted extortion by the wrongful use of fear or under color of official right were NOT protected by the qualified immunity of their BLM employment and that the BLM employees would have to stand trial, by jury. Robbins' suit (Robbins v. Wilkie et al.) named several current and past BLM employees under the Racketeering, Influenced & Corrupt Organizations Act ("RICO") and "Bivens." According to Robbins, the named employees used the power of their federal employment to attempt to acquire an easement across Robbins' private property. Because he refused their demand, the employees set out to destroy him to accomplish their goals.

The last major hurdle for Frank Robbins before getting before a jury was the BLM employees' motion for summary judgment, based upon qualified immunity. The Defendants claimed that, because they acted while they were employed

by the BLM, they were protected from individual liability. However, the Court agreed with Frank Robbins and rejected that blanket immunity argument. According to the Court, "qualified immunity protects federal officials from individual liability unless the officials violated a clearly established constitutional or statutory right of which a reasonable person would have known."

Although the Court noted that Mr. Robbins had a "heavy burden" in proving his claims, the Court agreed that Mr. Robbins presented factual evidence that reasonable BLM employees would have known that they were violating Mr. Robbins' rights with their actions. The Court cited to the 248 exhibits attached to Mr. Robbins' brief and stated: "Plaintiff [Mr. Robbins] provides a significant amount of evidence which would lead a jury to conclude that Defendants did intend and agreed to extort and punish Plaintiff."

In its footnote, the Court went on: "Plaintiff has submitted evidence of Defendants' alleged motive and intent, threats, lies, trespass, disparate treatment, and harassment in the form of various depositions, including a deposition of a former BLM employee Ed Parodi, various letters, criminal trial transcripts, and trespass notices." Although each BLM employee affirmatively denied that he or she "did not conspire or agree with anyone at any time for any purpose with regards to Plaintiff, particularly to commit any alleged predicate acts of extortion or retaliation," the Court "will not solely rely upon the statements of

the individual employees. This case will go to a jury."

Should you have any questions, please contact me (Karen Budd-Falen, PO Box 346, Cheyenne, WY 82003; 307-632-5105). Feel free to distribute this information widely. We will publish the trial date when it is assigned. This is a GREAT victory!

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

WARRANTY DEED

JOHN W. DALTON and MARY DALTON, husband and wife, Grantors, of Cisco, Grand county, Utah, hereby convey and warrant to the UNITED STATES OF AMERICA, Grantee, for and in consideration of the exchange of certain lands, as authorized by section 8 of the Act of June 26, 1934 (48 Stat. 1269), as amended by Section 3 of the Act of June 26, 1936 (49 Stat. 1976), the following described tracts of land in Grand county, Utah, to-wit:

Lots 1, 5, 8, 9 and 10 of Section 16, SW 1/4 SW 1/4 of Section 9; Lots 1 and 2 and the N 1/2 N 1/2 of Lots 7 and 8 of Section 2; all in Township 22 South, Range 16 East, S.L.M.

S 1/2 S 1/2 SE 1/4 of Section 35, Township 21 south, Range 16 East, S.L.M.

N 1/2 SE 1/4, SE 1/4 SE 1/4, W 1/2 SW 1/4 SE 1/4 and S 1/2 SW 1/4 of Section 14; SW 1/4 NE 1/4 of Section 15; NE 1/4 NW 1/4 and NW 1/4 NE 1/4 of Section 23; NW 1/4 SW 1/4 of Section 13; all in Township 21 South, Range 23 East, SLM.

E 1/2 SW 1/4 SW 1/4 NE 1/4, S 1/2 SE 1/4 NW 1/4 NE 1/4, NW 1/4 SW 1/4 NE 1/4, E 1/2 SE 1/4 SW 1/4 NE 1/4, N 1/2 SW 1/4 NW 1/4 NE 1/4, W 1/2 SW 1/4 SW 1/4 NE 1/4, NE 1/4 NW 1/4 NE 1/4, W 1/4 NE 1/4 NE 1/4, W 1/4 NE 1/4 SW 1/4 NE 1/4, W 1/2 SE 1/4 SW 1/4 NE 1/4, N 1/2 SE 1/4 NW 1/4 NE 1/4, NE 1/4 NE 1/4, all of Section 25, Township 25 South, Range 23 East, S.L.M.

Together with all improvements and water rights thereto belonging.

RESERVING AND EXCEPTING in favor of the Grantors, their heirs or assigns, the exclusive right to all gas, oil, petroleum, coal oil, naphtha, coal and other hydro-carbon substances and all kindred substances, and all minerals of whatsoever kind or nature in, upon or beneath the above described land, together with rights of entry and rights of way for the purpose of prospecting, searching, exploring, mining, digging and boring for all or any of the above mentioned gas, oils, substances, or minerals. Grantors agree to pay to Grantee, its successors or assigns, reasonable compensation for any damages to the surface rights in above property actually sustained by the Grantee b. reason of Grantors' operation of said land in connection with the rights herein reserved.

WITNESS the hands of said grantors this 14th day of May, 1948.

State of Utah, )  
County of Grand, ) ss.

/s/ John W. Dalton  
Mary Dalton

STATE OF UTAH  
COUNTY OF GRAND

On the 14th day of May, 1948, personally appeared before me John W. Dalton and signers of the above instrument, who duly acknowledged to me that they executed the same

I, Merlene Mosher, Recorder in and for the county of Grand, State of Utah, do hereby certify that the foregoing is a full, true and correct copy of the original as it appears of record in my office. Book 3-F Pages 155-156 Entry No. 709310 In Witness Hereof I have hereunto set my hand and affixed my seal this 15 day of Sept 20 05

(Seal)  
My commission expires: 12-26-50  
Documentary Stamps attached: \$1.65

/s/ Mitchell Melich  
Notary Public. Residing at Moab

Merlene Mosher, County Recorder  
By James Randall

Filed and Recorded May 26, 1948 at 11:00 A.M.  
Abstracted Book 2 2 5 3 3 3 2 5

RECEIVED  
SEP 19 2005

DIV. OF OIL, GAS & MINING

P.L.

801-262-1429

Dean christensen

Sep 19 05 09:14a

**DIVISION OF OIL, GAS AND MINING**

**SPUDDING INFORMATION**

Name of Company: COLORADO-UTAH NATURAL GAS

Well Name: C-UNGI 14-21-23-2

Api No: 43-019-31451 Lease Type: FEE

Section 14 Township 21S Range 23E County GRAND

Drilling Contractor PROPETCO RIG #

**SPUDDED:**

Date 10/19/05

Time 10:30 AM

How DRY

**Drilling will Commence:**

Reported by DEAN CHRISTENSEN

Telephone # 1-801-554-2021

Date 10/19/05 Signed CHD

ENTITY ACTION FORM

Operator: Colorado-Utah Natural Gas, Inc  
Address: 140 WEST 9000 South  
Suite  
SANDY, UT 84070

Operator Account Number: N 2765

Phone Number: 566-1884

Well 1

API Number	Well Name	QQ	Sec	Twp	Rng	County
43-019-31451	C-VNGT 14-21-23-2		14	21S	23E	GRAND
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date	
A	99999	15005	19 OCT 05		10/27/05	
Comments: <u>SLTW</u> <span style="float: right;"><u>K</u></span>						

Well 2

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

Well 3

API Number	Well Name	QQ	Sec	Twp	Rng	County
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date	
Comments: <b>RECEIVED</b> <b>OCT 25 2005</b>						

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)

DIV. OF OIL, GAS & MINING

DEAN H. CHRISTENSEN  
Name (Please Print)  
Dean Christensen  
Signature  
President  
Title  
Date



# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

Utah State Office  
P.O. Box 45155  
Salt Lake City, UT 84145-0155  
<http://www.blm.gov>



IN REPLY REFER TO:  
3160  
(UT-922)

43-019-31451  
JIS JBE 14

OCT 21 2005

Dean H. Christensen  
4880 South Fountains Drive, Unit 139  
Murray, Utah 84170

Dear Mr. Christensen,

I am writing you in response to your letters of September 21, 2005 to the Secretary of the Interior and the Director of the Bureau of Land Management (BLM). The BLM and the Department of the Interior (DOI) Office of the Solicitor have reviewed the warranty deed referenced in your letters. The letters complain about the efforts of the BLM Moab Field Office to negotiate a surface use agreement with you so that you could proceed with your plans to develop mineral resource that you own on land where BLM is the surface owner.

Since receiving your letters, I have been informed that the State of Utah has approved your Application for Permit to Drill (APD), even in the absence of a surface use agreement with the BLM. We will accept the State of Utah required well site restoration as compensation called for in the warranty deed. The issues you raised in your letters are therefore moot.

Lest there be any misunderstanding, I would just state in closing that the Department of the Interior does not agree with the charges and accusations that you make in your letters.

Sincerely,

ACTING

State Director

Accepted by the  
Utah Division of  
Oil, Gas and Mining  
FOR RECORD ONLY

RECEIVED

OCT 27 2005

DIV. OF OIL, GAS & MINING

**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: **C-UNB H-21-23-2**  
**SWEETHEART 14-02**

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

9. API NUMBER:  
**4301981414 31451**

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

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

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

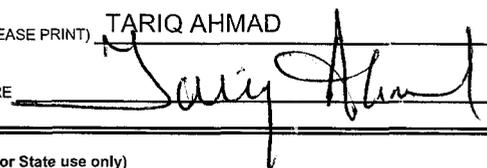
4. LOCATION OF WELL  
FOOTAGES AT SURFACE: **1093 FSL 1834 FWL**  
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: **NW/ <sup>14</sup>24 21S 23E**

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"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input 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.  
**PUT WELL ON PRODUCTION. CHANGE WELL NAME TO SWEETHEART 14-02**

NAME (PLEASE PRINT) **TARIQ AHMAD** TITLE **PETROLEUM ENGINEER**  
SIGNATURE  DATE \_\_\_\_\_

(This space for State use only)

**RECEIVED**  
**DEC 19 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**

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: ~~COLORED 14-02-93-2~~  
**SWEETHEART 14-02**

9. API NUMBER:  
**4301931444 31451**

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

11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:  
**NWSE 24 21S 23E S**  
**14**

12. COUNTY  
**GRAND**

13. STATE  
**UTAH**

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.**

3. ADDRESS OF OPERATOR: **1400 W 9000 S #9** CITY **SANDY** STATE **UT** ZIP **84070** PHONE NUMBER: **(801) 566-1884**

4. LOCATION OF WELL (FOOTAGES)  
AT SURFACE: **1093 FSL 1834 FWL**  
AT TOP PRODUCING INTERVAL REPORTED BELOW:  
AT TOTAL DEPTH: **1008**

14. DATE SPUDDED: 15. DATE T.D. REACHED: 16. DATE COMPLETED: **11/10/2005** ABANDONED  READY TO PRODUCE

17. ELEVATIONS (DF, RKB, RT, GL):  
**4366 KB**

18. TOTAL DEPTH: MD **1,008** TVD \_\_\_\_\_ 19. PLUG BACK T.D.: MD **996** TVD \_\_\_\_\_ 20. IF MULTIPLE COMPLETIONS, HOW MANY? \* 21. DEPTH BRIDGE MD PLUG SET: TVD \_\_\_\_\_

22. TYPE ELECTRIC AND OTHER MECHANICAL LOGS RUN (Submit copy of each)  
**DIL CND**

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	<del>122</del>	122	122	G 60	50	SURFAC	
6 1/4	4 1/2 J55	9.5	0	996	996	G 60	50	320	

25. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
<b>2 3/8</b>	<b>670</b>							

26. PRODUCING INTERVALS

FORMATION NAME	TOP (MD)	BOTTOM (MD)	TOP (TVD)	BOTTOM (TVD)	INTERVAL (Top/Bot - MD)	SIZE	NO. HOLES	PERFORATION STATUS
(A) <b>DAKOTA</b>	<b>670</b>	<b>676</b>	<b>670</b>	<b>676</b>	<b>670 676</b>		<b>12</b>	Open <input checked="" type="checkbox"/> Squeezed <input type="checkbox"/>
(B)								Open <input type="checkbox"/> Squeezed <input type="checkbox"/>
(C)								Open <input type="checkbox"/> Squeezed <input type="checkbox"/>
(D)								Open <input type="checkbox"/> Squeezed <input type="checkbox"/>

27. PERFORATION RECORD

DEPTH INTERVAL	AMOUNT AND TYPE OF MATERIAL

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

29. ENCLOSED ATTACHMENTS:  
 ELECTRICAL/MECHANICAL LOGS  
 SUNDRY NOTICE FOR PLUGGING AND CEMENT VERIFICATION  
 GEOLOGIC REPORT  
 CORE ANALYSIS  
 DST REPORT  
 OTHER:  
 DIRECTIONAL SURVEY

30. WELL STATUS:  
**P**

**RECEIVED**

31. INITIAL PRODUCTION

INTERVAL A (As shown in item #26)

DATE FIRST PRODUCED: 11/12/2005		TEST DATE: 11/12/2005		HOURS TESTED: 24		TEST PRODUCTION RATES: <input type="checkbox"/>	OIL - BBL:	GAS - MCF: 600	WATER - BBL: 0	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU - GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: <input type="checkbox"/>	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: <input type="checkbox"/>	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: <input type="checkbox"/>	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: <input type="checkbox"/>	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: <input type="checkbox"/>	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: <input type="checkbox"/>	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: <input type="checkbox"/>	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	425	430	SILT GAS AT 426 SITP 30 PSI		
DAKOTA SAND	670	676	CLEAN DAKOTA SAND		
MORRISON	960	970	OIL FLOW		

35. ADDITIONAL REMARKS (Include plugging procedure)

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

NAME (PLEASE PRINT) TARIQ AHMAD TITLE PETROLEUM ENGINEER  
 SIGNATURE [Signature] DATE 12/13/2005

This report must be submitted within 30 days of

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

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

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

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

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

RECEIVED  
 DEC 19 2005

DIV. OF OIL, GAS & MINING

## NOTICE

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

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

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

---

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

Operator: Coloado-Utah Naural Gas Inc Today's Date: 02/01/2006

Well:	API Number:	Drilling Commenced:
C-UNGI 14-21-23-1 Drilling reports missing since spud	430191450	11/22/2005
SWEETHEART 2A Drilling reports missing since spud	4301931418	07/11/2005
SWEETHEART 14-02 Drilling reports missing since spud	4301931451	10/19/2005

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

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

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

cc: **Well File**  
Compliance File

STATE OF UTAH  
DIVISION OF OIL, GAS AND MINING  
OIL AND GAS PROGRAM

**PHONE CONVERSATION DOCUMENTATION FORM**

Conversation Pertains to:

Copy?

**WELL** C-UNGI 14-21-23-2  
Well name changed to SWEETHEART 14-02  
Section 14 Township 210S Range 230E  
API Number 43-019-31451

**OTHER**

**Topic of Conversation:** DRILLING REPORTS NOT SENT IN

*In person visit*

Date of Phone Call: 1/4/2006

Time: 11:15 am

DOGMA Employee (name): CAROL H DANIELS

*In person visit*

Initiated Call?

Spoke with:

Name: DEAN CHRISTENSEN

Initiated Call?

Of (company/organization): COLORADO-UTAH NATURAL GAS Phone: \_\_\_\_\_

**Highlights of Conversation:**

DEAN CHRISTENSEN CAME INTO OUR OFFICE (DIVISION OF OIL, GAS AND MINING) AND I SPOKE TO HIM IN PERSON, AS HE CANNOT BE REACHED BY TELEPHONE). I REMINDED HIM THAT WE NEEDED MONTHLY DRILLING REPORTS. DEAN SAID HE WAS GOING TO TALK TO THE DRILLER AND HAVE HIM GET THE DRILLING REPORTS TO HIM AND WOULD SEND THEM IN TO ME.

I DID RECEIVE THE "WELL COMPLETION OR RECOMPLETION REPORT AND LOG" AND THE LOGS RUN ON THE WELL ON 12/19/2005 BUT NO DRILLING REPORTS.

1/6/2006 @ 11:00 AM DEAN CHRISTENSEN WAS IN OUR OFFICE AGAIN. I ASKED HIM WHERE THE DRILLING REPORTS WERE. DEAN INDICATED HE HAD TALKED TO THE DRILLER AND HE IS SUPPOSED TO GET THE DRILLING REPORTS TO HIM.

OIL & GAS INFORMATION SYSTEM

FILE EDIT OIL GAS GAS PLANT REPORTS DB MAINTENANCE OPTIONS HELP DATA CONVERSION LOGS DATABASE QUERY

Well Data

WELL SEARCH

WELL DATA

WELL HISTORY

WELL ACTIVITY

WELL NAME **SWEETHEART 14-02** API NUMBER **4301931451** WELL TYPE **OW** WELL STATUS **DRL**  
 OPERATOR **COLORADO-UTAH NATURAL GAS.** ACCOUNT **N2765** # OPERATOR APPROVED BY BLM / BIA   
 DESIGNATED OPERATOR \_\_\_\_\_ ACCOUNT \_\_\_\_\_  
 FIELD NAME **GREATER CISCO** FIELD NUMBER **205** FIRST PRODUCTION \_\_\_\_\_ LA / PA DATE \_\_\_\_\_

WELL LOCATION:

SURF LOCATION \_\_\_\_\_  
 Q. S. T. R. M. **SESW** **14** **21.0 S** **23.0 E** **S**  
 COUNTY **GRAND**  
 UTM Coordinates:  
 SURFACE - N **4315145.00** BHL - N \_\_\_\_\_  
 SURFACE - E **643483.00** BHL - E \_\_\_\_\_  
 LATITUDE **38.97542**  
 LONGITUDE **-109.34370**

CONFIDENTIAL FLAG  LEASE NUMBER **FEE**  
 CONFIDENTIAL DATE \_\_\_\_\_ MINERAL LEASE TYPE **4**  
 DIRECTIONAL | HORIZONTAL  SURFACE OWNER TYPE **1**  
 HORIZONTAL LATERALS  INDIAN TRIBE \_\_\_\_\_  
 ORIGINAL FIELD TYPE **D** C.A. NUMBER \_\_\_\_\_  
 WILDCAT TAX FLAG  UNIT NAME \_\_\_\_\_  
 CB-METHANE FLAG   
 ELEVATION **4358 GR**  
 BOND NUMBER / TYPE **763850625** **5**  
 CUMULATIVE PRODUCTION:  
 OIL \_\_\_\_\_  
 GAS \_\_\_\_\_  
 WATER \_\_\_\_\_

COMMENTS **WELL MM FR C-UNGI 14-21-23-2:**

[Create New Rec](#) [Save](#) [Cancel Change](#) [To History](#) [To Activity](#) [Print Recd](#) [Export Recd](#)

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: (Old Operator):</b> N2765-Colorado-Utah Natural Gas Inc 9000 S, Suite Sandy, UT 84070 Phone: 1 (801) 554-2021	<b>TO: (New Operator):</b> 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: Grand		8. WELL NAME and NUMBER: See below
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: _____ STATE: UTAH		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 1292
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	

*Colorado-Utah Natural Gas, Inc N2765*  
*by: Dean Chitt*

(\*) 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 <u><i>Tariq Ahmad</i></u>	DATE <u>2/26/2007</u>

(This space for State use only)

APPROVED 9/27/07  
*Earlene Russell*  
Division of Oil, Gas and Mining  
Earlene Russell, Engineering Technician

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

RECEIVED  
MAR 09 2007  
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

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 31451  
Sweetheart 14-02  
21S 23E 14

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

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>		5. LEASE DESIGNATION AND SERIAL NUMBER: <b>Fee</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>Sweetheart 14-02</b>	
2. NAME OF OPERATOR: <b>Pacific Energy &amp; Mining Company</b>		9. API NUMBER: <b>4301931451</b>
3. ADDRESS OF OPERATOR: P.O. Box 18148      CITY <b>Reno</b> STATE <b>NV</b> ZIP <b>89511</b>		10. FIELD AND POOL, OR WILDCAT: <b>Greater 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"/> 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.  
Well to be placed in production in next 14 days; was shut-in because Elk Resource's pipeline has been shut-in.

COPY SENT TO OPERATOR  
Date: 12.30.2008  
Initials: KS

NAME (PLEASE PRINT) <u>Jariq Ahmad</u>	TITLE <u>Petroleum Engineer</u>
SIGNATURE	DATE <u>9/22/2008</u>

(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

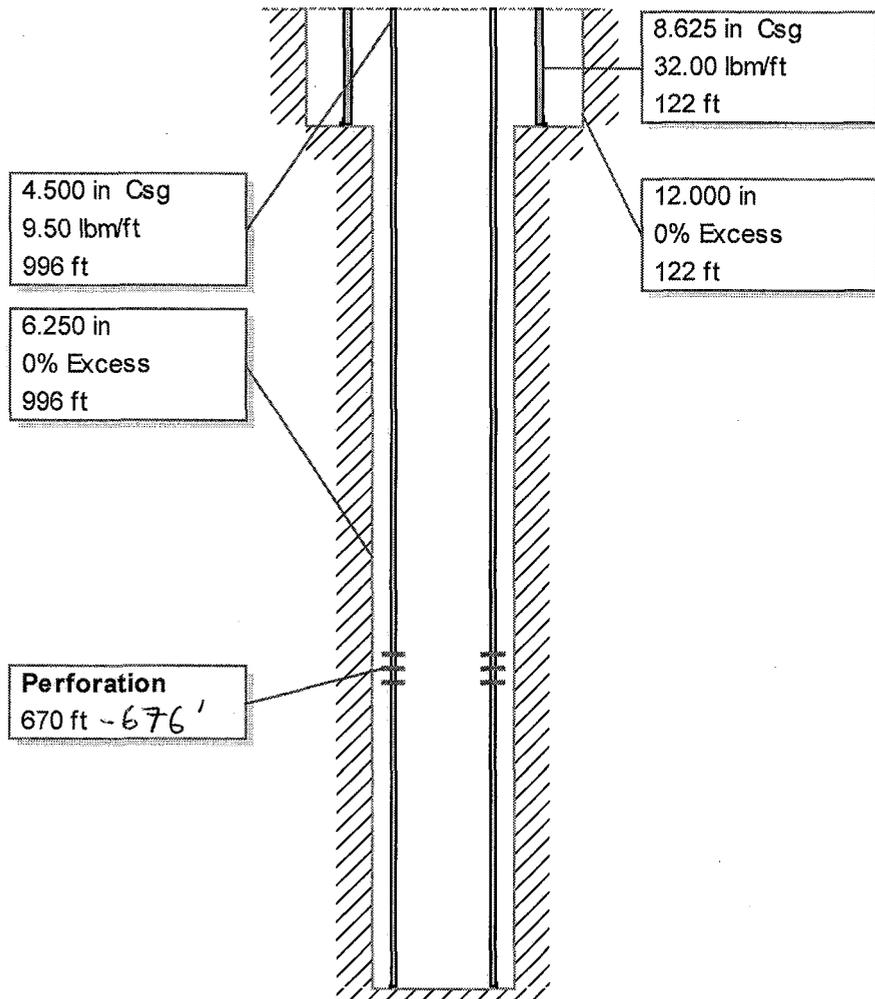
**WELL: Sweetheart 14-02, Greater Cisco**

Location: 1093' FSL, 1834' FWL, SESW, Sec. 14, T21S, R23E, SLM

**WELLBORE DIAGRAM**

new

Created on 9/22/2008 12:42:42 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.

		5. LEASE DESIGNATION AND SERIAL NUMBER: <b>SEE BELOW</b>
		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>SEE BELOW Sweetheart 14-02</b>
2. NAME OF OPERATOR: <b>Pacific Energy &amp; Mining Company</b>		9. API NUMBER: <b>SEE BELOW 4301931451</b>
3. ADDRESS OF OPERATOR: P.O. Box 18148 CITY <b>Reno</b> STATE <b>NV</b> ZIP <b>89511</b>		10. FIELD AND POOL, OR WILDCAT: <b>Greater Cisco</b>
PHONE NUMBER: <b>(775) 852-7444</b>		
4. LOCATION OF WELL		
FOOTAGES AT SURFACE:		COUNTY: <b>Grand</b>
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <b>21S 23E 14</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>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

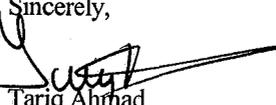
Dear Mr. Coucet:

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 31451  
Sweetheart A-02  
215 23E A

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:

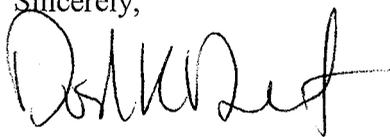
1. Reasons for SI/TA of the well (R649-3-36-1.1).
2. The length of time the well is expected to be SI/TA (R649-3-36-1.2), and
3. An explanation and supporting data if necessary, for showing the well has integrity, meaning that the casing, cement, equipment condition, static fluid level, pressure, existence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

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 31451  
Sweetheart 1A-02  
21S 23E 14

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.



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,

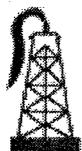


Dustin K. Doucet  
Petroleum Engineer

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>
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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 31451  
Sweetheart 14-02  
21S 23E 1A

Subject: Extended Shut-in Notice

Dear Doucet:

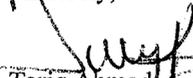
I am in receipt of your letter dated March 4, 2009. Our response is as follows:

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



# 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 31451  
Sweetheart 1A-02  
21S 23E 1A

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).

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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:

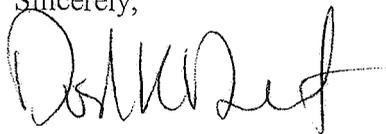
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Submitting the information suggested below may help show well integrity and may help qualify your well for extended SI/TA. **Note: As of July 1, 2003, wells in violation of the SI/TA rule R649-3-36 may be subject to full cost bonding (R649-3-1-4.2,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

	Well Name	API	Lease Type	Years Inactive
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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<sup>TM</sup>  
**CERTIFIED MAIL<sup>TM</sup> 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	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	

*2/2/09*

Postmark  
Here

Total Postage

MR TARIQ AHMAD  
PACIFIC ENERGY

Sent To

Street, Apt. No  
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

PS Form 3811, February 2004

Domestic Return Receipt

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  
*[Signature]*  Agent  Addressee

B. Received by (Printed Name)  
*[Signature]*

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

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

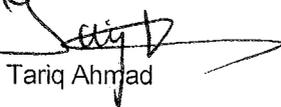
Dear Dustin:

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.

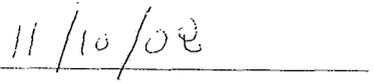
IN WITNESS WHEREOF, The undersigned agrees to the terms and conditions of this right-of-way grant.

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

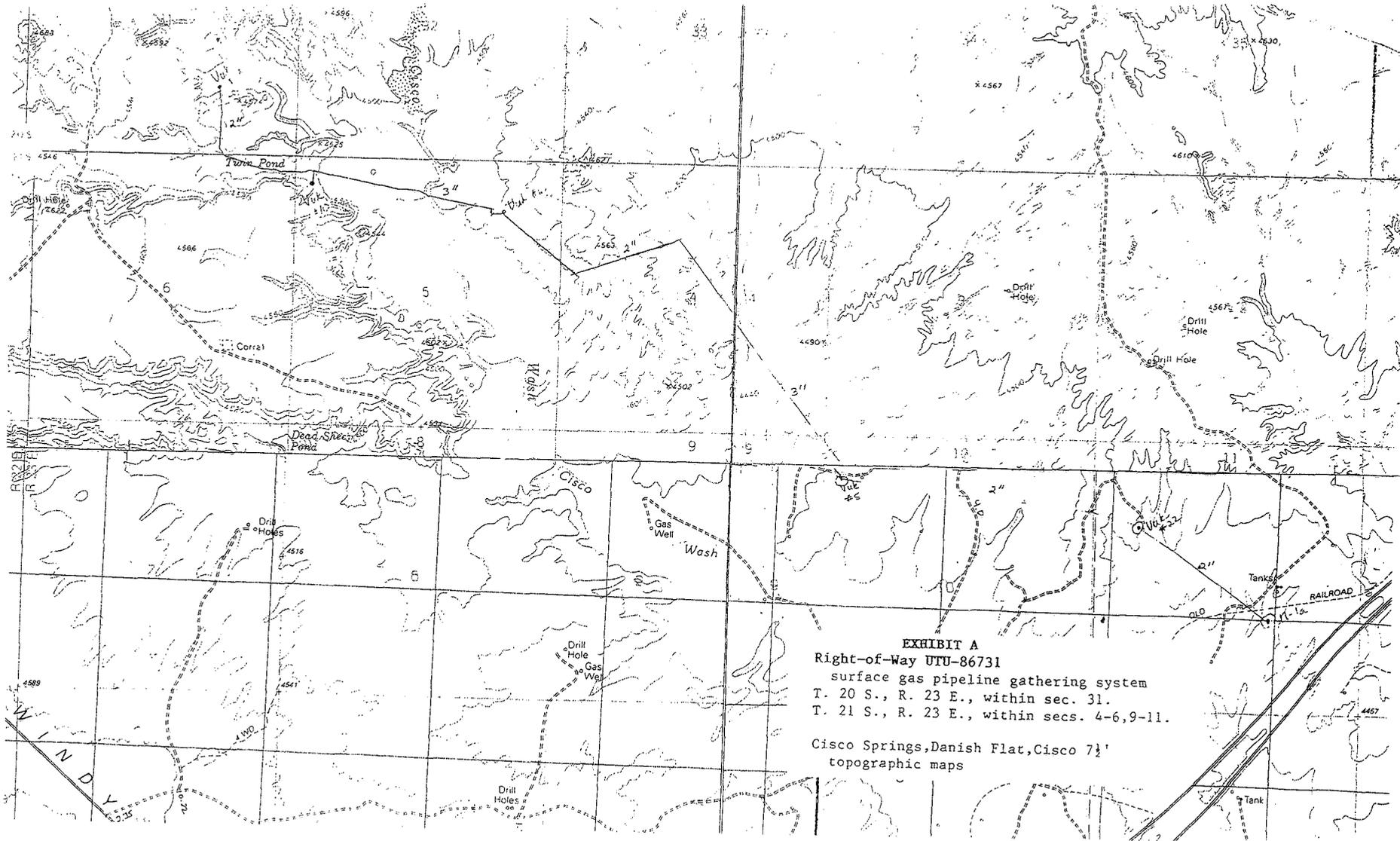
  
 \_\_\_\_\_  
 (Signature of BLM Authorized Officer)

  
 \_\_\_\_\_  
 (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

**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: Fee
		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: Petro-X 23-1
2. NAME OF OPERATOR: Pacific Energy & Mining Co.		9. API NUMBER: 4301930558
3. ADDRESS OF OPERATOR: PO Box 18148 CITY Reno STATE NV ZIP 89511		10. FIELD AND POOL, OR WILDCAT: CISCO
PHONE NUMBER: (775) 852-7444		
4. LOCATION OF WELL		
FOOTAGES AT SURFACE: 330 FNL 2310 FWL		COUNTY: Grand
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NENW 23 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: <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.  
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**  
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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: ML 48933
2. NAME OF OPERATOR: Pacific Energy & Mining Co.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: PO Box 18148                      CITY Reno                      STATE NV                      ZIP 89511		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1650 FSL 2310 FWL		8. WELL NAME and NUMBER: Whyte-Stae 2
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NESW 24 21S 23E S		9. API NUMBER: 4301916263
COUNTY: Grand		10. FIELD AND POOL, OR WILDCAT: CISCO
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>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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FORM 9

**SUNDRY NOTICES AND REPORTS ON WELLS**

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1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: <b>FEE LEASE</b>
2. NAME OF OPERATOR: <b>Pacific Energy &amp; Mining Co.</b>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: PO Box 18148 CITY Reno STATE NV ZIP 89511		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: 2304 FWL 872 FSL COUNTY: Grand		8. WELL NAME and NUMBER: 14-01
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESW 14 21S 23E S STATE: UTAH		9. API NUMBER: 4301931450
PHONE NUMBER: (775) 852-7444		10. FIELD AND POOL, OR WILDCAT: 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: <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.

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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FORM 9

**SUNDRY NOTICES AND REPORTS ON WELLS**

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1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____			5. LEASE DESIGNATION AND SERIAL NUMBER: <b>FEE LEASE</b>
2. NAME OF OPERATOR: <b>Pacific Energy &amp; Mining Co.</b>			6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: PO Box 18148                      CITY Reno                      STATE NV                      ZIP 89511			7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1093 FSL 1834 FWL		PHONE NUMBER: <b>(775) 852-7444</b>	8. WELL NAME and NUMBER: <b>14-02</b>
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <b>SESW 14 21S 23E S</b>			9. API NUMBER: <b>4301931451</b>
COUNTY: <b>Grand</b>			10. FIELD AND POOL, OR WILDCAT: <b>CISCO</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"/> 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/RESUME) <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	<input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> WATER DISPOSAL <input type="checkbox"/> WATER SHUT-OFF <input checked="" type="checkbox"/> OTHER: <u>Production</u>
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only)  Date of work completion: _____			

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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**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:
		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 2A</b>	
2. NAME OF OPERATOR: <b>Pacific Energy &amp; Mining Co.</b>		9. API NUMBER: <b>4301931418</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:
4. LOCATION OF WELL FOOTAGES AT SURFACE: <b>2304 FSL, 852 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>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) <u>Tarig Ahmad</u>	TITLE <u>Petroleum Engineer</u>
SIGNATURE	DATE <u>2/9/2009</u>

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1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: ML 48933
2. NAME OF OPERATOR: Pacific Energy & Mining Co.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: PO Box 18148 CITY Reno STATE NV ZIP 89511		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: 660 FNL, 660 FWL COUNTY: Grand		8. WELL NAME and NUMBER: Sweetheart 7A
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNW 24 21S 23E S STATE: UTAH		9. API NUMBER: 4301931420
		10. FIELD AND POOL, OR WILDCAT: <i>Cusco</i>
PHONE NUMBER: (775) 852-7444		

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 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) <u>Tariq Ahmad</u>	TITLE <u>Petroleum Engineer</u>
SIGNATURE	DATE <u>2/9/2009</u>

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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>Little Boy 1</b>	
2. NAME OF OPERATOR: <b>Pacific Energy &amp; Mining Co.</b>		9. API NUMBER: <b>4301931459</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>660 FNL 680 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"/> 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 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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<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>		5. LEASE DESIGNATION AND SERIAL NUMBER: <b>ML 48933</b>
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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>Little Boy 2</b>
3. ADDRESS OF OPERATOR: PO Box 18148      CITY <b>Reno</b> STATE <b>NV</b> ZIP <b>89511</b>		9. API NUMBER: <b>4301931460</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>

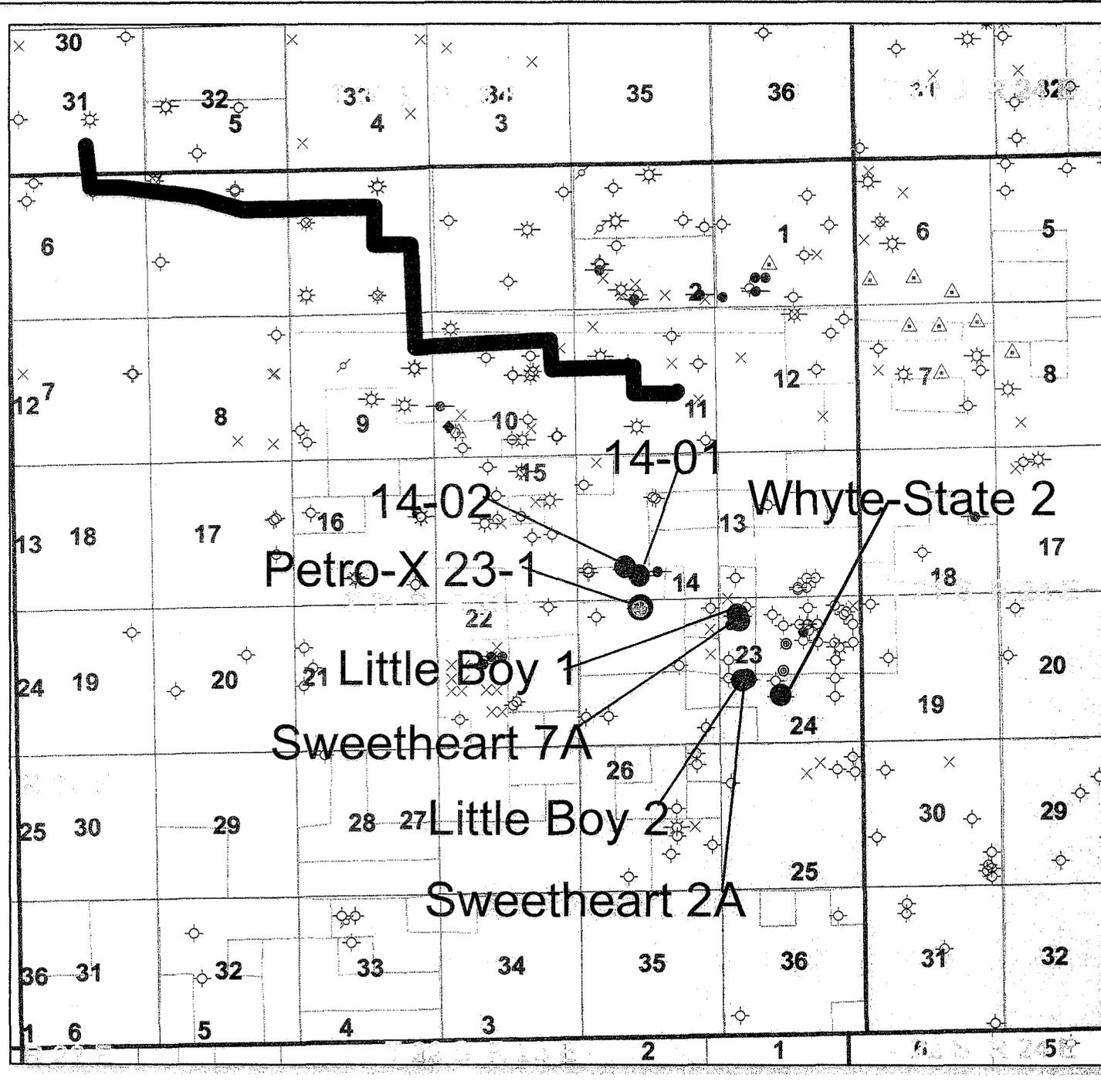
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate)  Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> 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 is shut in, CP pressure is 20 psi. Well is hooked up to compressor located at 2A well.

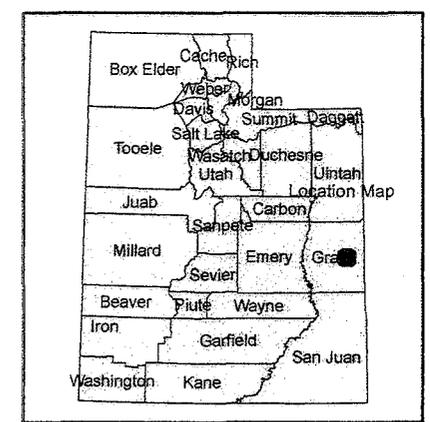
NAME (PLEASE PRINT) <u>Tariq Ahmad</u>	TITLE <u>Petroleum Engineer</u>
SIGNATURE	DATE <u>2/9/2009</u>

(This space for State use only)

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



- Legend
- ▨ FOREST SERVICE
  - BLM
  - ▨ TRUST LANDS
  - ▨ TRIBAL LANDS
  - PRIVATE
  - ▨ MILITARY
  - NATIONAL PARKS, MONUMENT & HISTORIC
  - ▨ STATE PARKS & REC AREAS
  - ▨ STATE WILDLIFE RESERVES
  - ▨ NATIONAL REC AREAS
  - ▨ USFWS NATL WILDLIFE REFUGES
  - ▨ USFS & BLM WILDERNESS
  - ▨ BANKHEAD JONES
  - ▨ SOVEREIGN LANDS
  - ▨ WATER BODIES
  - ▨ INTERMITTENT WATER



make  
copies  
of well  
files

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
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 21S 23E 14

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.

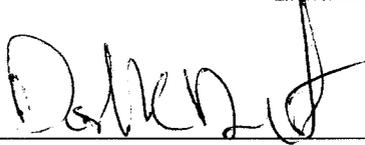
Action: For the wells subject to this notice, (Pacific Energy) shall either submit the information required by R649-3-36, plug and abandon or place the wells on production.

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

<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:
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>14-02</b>
3. ADDRESS OF OPERATOR: PO Box 18148      CITY <b>Reno</b> STATE <b>NV</b> ZIP <b>89511</b>		9. API NUMBER: <b>4301931451</b>
PHONE NUMBER: <b>(775) 852-7444</b>		10. FIELD AND POOL, OR WILDCAT: <b>Greater Cisco</b>
4. LOCATION OF WELL FOOTAGES AT SURFACE: <b>1092 FSL1834 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"/> 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 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.  
Well placed on production August 2009.

NAME (PLEASE PRINT) <u>Tarig Ahmad</u>	TITLE <u>Petroleum Engineer</u>
SIGNATURE	DATE <u>10/16/2009</u>

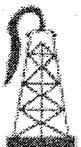
(This space for State use only)

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

(See Instructions on Reverse Side)

**RECEIVED**  
**OCT 21 2009**

DIV. OF OIL, GAS & MINING



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

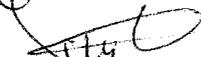
Subject: Notice of Violation April 4, 2009

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

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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

43 019 31451  
Sweetheart 14-02  
21S 23E 1A

COPY

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

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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

**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 ML 48933
			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 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

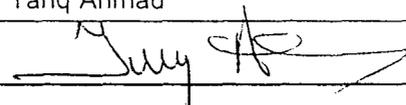
**11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

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) <u>Tariq Ahmad</u>	TITLE <u>Petroleum Engineer</u>
SIGNATURE 	DATE <u>2/9/2009</u>

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

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 BELOW
2. NAME OF OPERATOR: Pacific Energy & Mining Company		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		8. WELL NAME and NUMBER: SEE BELOW
O.T.R./Q.T.R. SECTION, TOWNSHIP, RANGE, MERIDIAN: _____ STATE: UTAH		9. API NUMBER: SEE BELOW
		10. FIELD AND POOL, OR WILDCAT Greater Cisco
		PHONE NUMBER: (775) 852-7444

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	

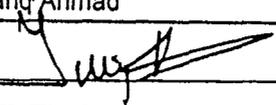
12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

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) <u>Tariq Ahmad</u>	TITLE <u>Petroleum Engineer</u>
SIGNATURE 	DATE <u>9/23/2008</u>

(This space for State use only)

(D)



RE: Cisco Meter

Tuesday, September 23, 2008

From: "Tom Young" <tyoung@elkresources.net>  
To: 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 me 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

From: taroil [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

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

FORM 9

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

JAN 15 2014

DIV. OF OIL, GAS & MINING

5. LEASE DESIGNATION AND SERIAL NUMBER:

Fee

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 N7655

8. WELL NAME and NUMBER:

Sweetheart 14-02

3. ADDRESS OF OPERATOR:  
PO 18148 CITY RENO STATE NV ZIP 89511

PHONE NUMBER:  
(775) 852-7444

9. API NUMBER:  
4301931451

10. FIELD AND POOL, OR WILDCAT:  
Greater Cisco

4. LOCATION OF WELL  
FOOTAGES AT SURFACE: 1834 FWL 1093 FSL

COUNTY: GRAND

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESW 14 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: 10/31/13 Utah Bond \_\_\_\_\_  
George Harris, CFO  
N4070

NAME (PLEASE PRINT) Tariq Ahmad TITLE President  
SIGNATURE \_\_\_\_\_ DATE 10/15/2013

APPROVED

(This space for State use only)

MAR 19 2014

DIV. OIL GAS & MINING

BY: Rachel 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.

<b><u>API Number</u></b>	<b><u>Name</u></b>	<b><u>Status - Plan</u></b>
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

Well #1 above is in violation of R649-3-36 as stated above, therefore Hinto is required to plug this well or meet the requirements showing good cause and wellbore integrity. Wells #2 & #3 are in violation of R649-8 and are required to report production. If wells #2 & #3 are no longer producing and are currently shut-in, they are also required to meet R649-3-36 and will be required to plug or meet the requirements showing good cause and wellbore integrity. 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 / or production reports 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: February 6, 2016**

**Date of Service Mailing: January 5, 2016 Certified Mail No.: 7014 2870 0001 4232 4795**

  
Division Representative Signature

\_\_\_\_\_  
Operator Representative (if presented in person)

cc: Steve Alder, Assistant Attorney General  
Compliance File  
Well Files

1/2013

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

FORM 9

**SUNDRY NOTICES AND REPORTS ON WELLS**

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

		5. LEASE DESIGNATION AND SERIAL NUMBER:
		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
		7. UNIT or CA AGREEMENT NAME:
1. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER _____		8. WELL NAME and NUMBER: <b>Sweetheart 14-2</b>
2. NAME OF OPERATOR: <b>Hinto Energy</b>		9. API NUMBER: <b>4301931451</b>
3. ADDRESS OF OPERATOR: <b>5850 S. Roslyn 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: _____ COUNTY: <b>Grand</b>		10. FIELD AND POOL, OR WILDCAT:
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <b>SESW 14 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 checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: <u>4/27/2016</u>	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input checked="" type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

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

**RECEIVED**  
**MAR 30 2016**  
DIV. OF OIL, GAS & MINING

NAME (PLEASE PRINT) Gary Herick TITLE VP Finance  
SIGNATURE *Gary Herick* DATE 3/20/2016

**APPROVED BY THE STATE**  
**OF UTAH DIVISION OF OIL, GAS, AND MINING**  
DATE: 3/31/2016  
BY: *D. [Signature]* (Attached)  
\* See conditions of approval (See Instructions on Reverse Side)



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

## **CONDITIONS OF APPROVAL TO PLUG AND ABANDON WELL**

Well Name and Number: Sweetheart 14-02  
API Number: 43-019-31451  
Operator: Hinto Energy  
Reference Document: Original Sundry Notice dated March 20, 2016,  
received by DOGM on March 30, 2016.

### Approval Conditions:

1. Notify the Division at least 24 hours prior to conducting abandonment operations. Please call Dan Jarvis at 801-538-5338.
2. Amend Plug # 1: Spot plug from 900' to  $\pm 500'$  ( $\pm 32$ sx), tag plug.
3. Add Plug # 2: Perf 4 1/2" casing @  $\pm 450'$ . Establish circulation into perfs. If circulation is established, RIH w/CICR and set at 400'. To circulate cement back to surface, M&P 103sx, sting into CICR, pump  $\pm 71$  sx (until cement circulates), sting out and spot plug from 400' to surface ( $\pm 32$  sx). If cannot circulate through perfs; spot a plug from 500' to 300' (16sx) and proceed to Plug #3. Alternative: Can pump a 200' cement plug inside/out from 450' to 250' with CICR @ 400' (29 sx below, 12 sx on top) and proceed with Plug # 3, if circulation is established through the perfs @ 450'.
4. Add Plug # 3 (if necessary): Perf 4 1/2" casing @  $\pm 122'$ , circulate cement inside/out of 4 1/2" casing from 122' to surface (37sx).
5. All annuli shall be cemented from a minimum depth of 100' to the surface.
6. Surface reclamation shall be done in accordance with R649-3-34 – Well Site Restoration.
7. All requirements in the Oil and Gas Conservation General Rule R649-3-24 shall apply.
8. If there are any changes to the procedure or the wellbore configuration, notify Dustin Doucet at 801-538-5281 (ofc) or 801-733-0983 (home) prior to continuing with the procedure.
9. All other requirements for notice and reporting in the Oil and Gas Conservation General Rules shall apply.

Dustin K. Doucet

Petroleum Engineer

March 31, 2016

Date



# Hinto Energy

## Proposed Plugging Procedure

**Sweetheart 14-2**

**API# 43-019-31451**

Sec. 14-21S-23E SLM

Grand, Utah

Surf. Csg: 8.625" 32# @122' 12" Hole Cement to Surface

Prod CSG: 4.5" 9.5# @ 996' 6.25 Hole

TOC '

Perfs: 670-76'

TD 996' PBTD '

TBG @'

1. Notify DOGM of P&A operations at least 24hours prior to starting abandonment operations.
2. MIRU plugging equipment. Blow down well if necessary. Remove wellhead equipment. NU BOP. TOH with 2 3/8" tubing. Check tubing.
3. TIH to 600' Pump cement to surface
4. Wait on cement fill as needed
5. Cut of wellhead 4' below ground level and top off cement then install dry hole plate containing well information.
6. RDMO

# Wellbore Diagram

API Well No: 43-019-31451-00-00 Permit No:

Well Name/No: SWEETHEART 14-02

Company Name: HINTO ENERGY INC

Location: Sec: 14 T: 21S R: 23E Spot: SESW

Coordinates: X: 643421 Y: 4315350

Field Name: GREATER CISCO

County Name: GRAND

### String Information

String	Bottom (ft sub)	Diameter (inches)	Weight (lb/ft)	Length (ft)	Capacity (F/CF)
HOL1	122	12			
SURF	122	8.625	28	122	
HOL2	1008	6.25			
PROD	996	4.5	9.5	996	10.960
T1	670	2.375			

Cement from 122 ft. to surface

Surface: 8.625 in. @ 122 ft. \* Add Plug #3

Hole: 12 in. @ 122 ft. \* if plug 2 not circ. to surf.

$$\frac{IN}{OUT} \frac{122'}{(1.15)} (10.960) = 105X$$

$$\frac{122'}{(1.15)} (4.165) = 255X$$

$$355X \text{ total}$$

### Cement Information

String	BOC (ft sub)	TOC (ft sub)	Class	Sacks
PROD	996	320	G	60
SURF	122	0	G	60

\* Add Plug #2

Perf @ ± 450' establish circ  
Set circ @ 400'

$$\text{Below } \frac{50'}{(1.15)} (10.960) = 45X$$

$$\text{or to surface } \frac{320'}{(1.15)} (6.787) = 1425X$$

$$\text{Above } \frac{122'}{(1.15)} (4.165) = 255X$$

$$\text{or to surface } \frac{400'}{(1.15)} (10.960) = 325X$$

$$\text{Total } = 415X$$

$$\text{to Surf. } = 1035X$$

### Perforation Information

Top (ft sub)	Bottom (ft sub)	Shts/Ft	No Shts	Dt Squeeze
670	676			

\* Amend Plug #1

± 900' to ± 500'

Cement from 996 ft. to 320 ft.  $\frac{400'}{(1.15)} (10.960) = 325X$

Tubing: 2.375 in. @ 670 ft.

### Formation Information

Formation	Depth
MNCS	0
DKTA	425
MRSN	960

Production: 4.5 in. @ 996 ft.

Hole: Unknown

Hole: 6.25 in. @ 1008 ft.

TD: 1008 TVD: 1008 PBD: 996

