

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

FORM 3

AMENDED REPORT
(highlight changes)

APPLICATION FOR PERMIT TO DRILL			5. MINERAL LEASE NO. UTU 82570	6. SURFACE Federal
1A. TYPE OF WORK DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DREPEN <input type="checkbox"/>			7. FEDERAL, ALIEN, OR TRIBAL NAME	
A. TYPE OF WELL OIL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>			8. UNIT OF LEASE AGREEMENT NAME	
2. NAME OF OPERATOR TIDEWATER OIL & GAS, LLC			9. WELL NAME AND NUMBER Federal: 7-34-2122	
3. ADDRESS OF OPERATOR 1645 COURT PL #301 DENVER CO 80202			PHONE NUMBER (303) 468-0656	10. FIELD AND POOL OR WILDCAT 205 Gardner Cisco
4. LOCATION OF WELL FOOTAGES: AT SURFACE 626 FSL 195 ² FEL 627886X 38.988672 AT PROPOSED PRODUCING ZONE 626 FSL 195 ² FEL 4316349Y -109.523422			11. GEOGRAPHIC SECTION, TOWNSHIP, RANGE, MERIDIAN SWSE 7 21S 22E	
14. DISTANCE IN FEET AND DIRECTION FROM NEAREST TOWN OR POST OFFICE 30 MI EAST OF THOMPSON SPRINGS ON SERVICE ROAD AND 3 MI N ON PION RD			12. COUNTY GRAND	13. STATE UTAH
15. DISTANCE TO NEAREST PROPERTY ON LEASE LINE (FEET) 626'	16. NUMBER OF ACRES IN LEASE 2541.5	17. NUMBER OF ACRES ASSIGNED TO THIS WELL 160		
18. DISTANCE TO NEAREST WELL (MINING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 5 MI	19. PROPOSED DEPTH 5,500	20. BOND DESCRIPTION FEDERAL		
21. ELEVATIONS (SHOW WHETHER OP, RT, GR, ETC.) 4918' GL	22. APPROXIMATE DATE WORK WILL START 8/1/2006	23. ESTIMATED DURATION: 14 DAYS		

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT		
12.25	8 5/8" J55 23	500	PREM LITE	125 SX 2.28 CF/SX	12 PPG
			TYPE III	100 SX 1.41 CF/SX	14.5 PPG
7 7/8"	5 1/2" J55 15.5	5,500	50-50 POZ	370 SX 1.41 CF/SX	13.5 PPG

ATTACHMENTS

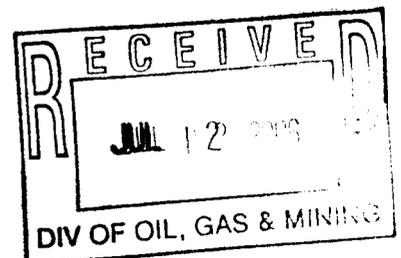
VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:

- | | |
|--|---|
| <input checked="" type="checkbox"/> WELL PLAN 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 checked="" type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER |

NAME (PLEASE PRINT) R.E. KNIGHT TITLE AGENT
SIGNATURE [Signature] DATE 6/24/2006

(This space for State use only)

APR NUMBER ASSIGNED: 43-019-31484 APPROVAL
Approved by the _____
of _____
Oil and Gas Mining (see instructions on Reverse Side)



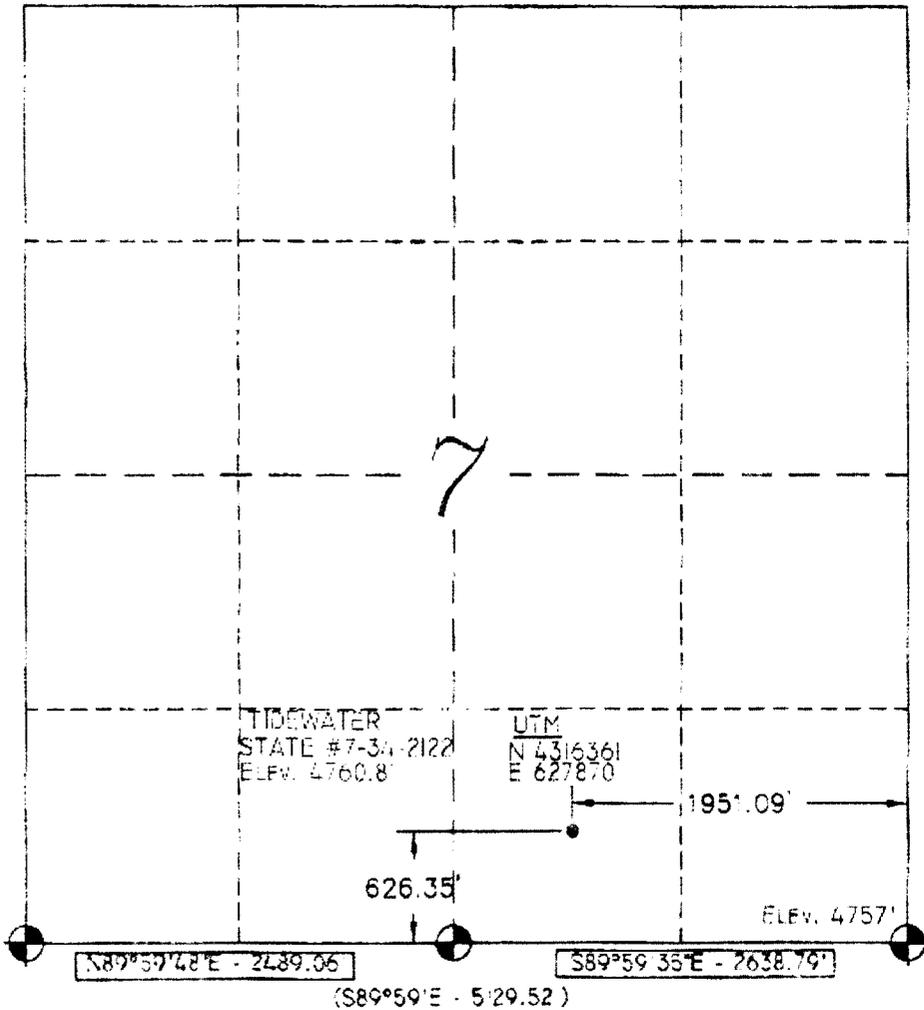
Federal Approval of this Action is Necessary

Date: 07-27-06
By: [Signature]

Range 22 East

(S89°57'E - 5:25.56')

Township 21 South



Location:

The well location was determined using a Trimble 3700 GPS survey grade unit.

Basis of Bearing:

The Basis of Bearing is GPS Measured.

GLO Bearing:

The Bearings indicated are per the recorded plot obtained from the U.S. Land Office.

Basis of Elevation:

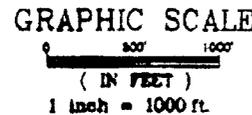
Basis of Elevation of 4757' being at the Southeast Section Corner of Section 7, Township 21 South, Range 22 East, Salt Lake Base and Meridian, as shown on the Crescent Junction Quadrangle 7.5 minute series map.

Description of Location:

Proposed Drill Hole located in the SW/4 SE/4 of Section 7, T21S, R22E, S.L.B.&M., being 626.35' North and 1951.09' West from the Southeast Section Corner of Section 7, T21S, R22E, Salt Lake Base & Meridian.

Surveyor's Certificate:

I, Albert J. Spensko, a Registered Professional Land Surveyor, holding Certificate 146652 State of Utah, do hereby certify that the information on this drawing is a true and accurate survey based on data of record and was conducted under my personal direction and supervision as shown hereon.





TALON RESOURCES, INC.
 195 North 100 West P.O. Box 1230
 Huntington, Utah 84528
 Phone (435)687-6316 Fax (435)687-6311
 E-Mail talon@etv.net

TIDEWATER
 State #7-34-2122
 Section 7, T21S, R22E, S.L.B.&M.
 Grand County, Utah

Drawn By J. STANSFIELD	Checked By L.W.J./A.J.S.
Drawing No. A-1	Date: 05/15/08
Scale: 1" = 1000'	
JOB NO. 2412	

Legend

- Drill Hole Location
- ⊕ Metal Cap (Found)
- Brass Cap (Searched for, but not found)
- △ Calculated Corner
- () GLO
- GPS Measured

NOTES:

1. UTM and Latitude / Longitude Coordinates are derived using a GPS Pathfinder and are shown in NAD 27 Datum.

LAT / LONG
36°59'19.633"N 109°31'24.98"W

TIDEWATER OIL & GAS COMPANY LLC

1645 Court Place, Suite 301

Denver, Colorado 80202

(303) 468-0656

06/27/2006

*Bureau of Land Management
Moab Field Office*

*82 East Dogwood
Moab, Utah 84532
Phone: (435) 259-2100
Fax: (435) 259-2106*

Mr. McClure,

Tidewater Oil & Gas, LLC's Federal statewide bond # is – UTB-000211.

Thank you for assistance in this matter.

Thank You,
Tidewater Oil & Gas Company, LLC

A handwritten signature in black ink that reads "Roger Knight". The signature is written in a cursive, flowing style.

Roger Knight
Engineer

Pinnacle Federal 7-34-2122

SWSE Sec 7, T21S, R22E

626 FSL 1951 FEL

Elevation - 4760.8' ground level

Tidewater Oil & Gas, LLC

James Jones, Manager

645 Court Pl, Ste 301

Denver, Co. 80202

303-468-0656

Pinnacle Federal 7-34-2122

Contact Phone Number

R.E. Knight - 303-808-5672

Lease Type

Federal Lease - U7U-82570

Water Rights

Water used for drilling and completion operations will be purchased from the City of Cisco or
The City of Thompson Springs for this project.

Estimated Formation Tops

Mancos - surface

Dakota silt - 2700

Dakota sandstone 2870

Morrison - 3120

Moab Tongue 3820

Carmel 4270

Navajo 4410

TD = 5500

Any anticipated water would be covered by the surface casing set at 500'

Pinnacle Federal 7-34-2122

SWSE Sec 7, T21S, R22E

626 FSL 1951 FEL

Elevation = 4760.8' ground level

Drilling Program

1. Move in. Rig up
2. Drill and cement conductor pipe to 12'. Cement pipe with cement to surface. Wait on cement for 12 hours.
3. Drill 12 ½" hole to ±500 ft. using air/mist/fresh water system. Take directional survey at 250' and at 500'. Rig up mud logging equipment. Samples will be taken every 15' from surface casing to total depth.
4. Run surface pipe to ±500 ft. Cement casing in hole from TD to surface. Surface Pipe:
Lead = 125 sx, 287 cf, 51 bbl. Prem. lite +8% bentonite +2% cc+ .25 #/sx cello flake, 2.28 cf/sx, 1 ½ ppg
Tail = 100 sx, 141 cf, 25 bbl. Type III + .5 #/sx cello flake + 2% CC, 1.41 cf/sx, 14.5 ppg
5. Wait 12 hours on cement. Install casing head.
6. Rig up BOP/L equipment. Test BOPs to 2000 psi. Test casing to 1500 psi. Rig up mud logging equipment. Samples will be taken every 15' from surface casing to total depth.
7. Drill 6 ½" hole from 500' to 4800' using air/ air mist. Take deviation survey every 250'. Use low solids dispersed mud if required. Drill hole to match casing length.
8. Circulate hole with a low solids dispersed mud. Run Resistivity log, Gamma Ray, Neutron Log, Sonic and Dip Log from total depth to surface casing.
9. Run production casing to TD. Cement casing from TD to surface casing with 480 cubic feet of Class G cement with 5% gel, 4% Cello flakes, 2% CaCl. Land casing with Model R casing head.
10. Rig down. Move rig off location

Pinnacle Federal 7-34-2122

SWSE Sec 7, T21S, R22E

626 FSL 1951 FEL

Elevation - 4760.8' ground level

Well Equipment and Procedures

Anticipated Water bearing formations

Surface casing set and cemented to 500' will isolate and protect any potential fresh water zones encountered. Any other water or hydrocarbon bearing zones below 500' will be isolated with casing and cement when the well is cased.

Pressure Control Equipment

Well will utilize a 3000 psi BOP. The BOP will have a pipe rams, blind rams and a hydril. A rotating head will be utilized while drilling with air. All BOPs will be tested to 3000 psi when the equipment is installed and if the integrity of the pressure control system is compromised during drilling operations.

Casing Program

Casing

Run guide shoe and fill-up collar one joint above bottom. Install centralizers on every other joint of casing. Add centralizer across all productive zones.

Surface pipe - 8 5/8", 24 #/ft, J55

Production - 5 1/2", 15 #/ft, J55

Cementing

Surface pipe will be cemented to surface using redi-mix cement or Surface Pipe: Lead -125 sx, 287 cf, 51 bbl, Prem lite +8% bentonite +2% cc+.25 #/sx cello flake, 2.28 cf/sx, 12 ppg Tail = 100 sx, 141 cf, 25 bbl, Type III + .5 #/sx cello flake + 2% CC, 1.41 cf/sx, 14.5 ppg

Production string will be cemented from TD to Surface pipe using Production Casing: Lead = 371 sacks (50:50) Poz (Fly Ash):Type III Cement + 0.2% bwoc R-3 + 0.7% bwoc FL-62 + 1% bwoc Sodium Metasilicate + 1 gals/100 sack FP-13L + 68.1% Fresh Water, 13.5 ppg 1.41 cf/sx. Centralizers will be run on bottom 3 joints & across any potential producing zone. Cement volumes to be confirmed from logs. Fifty percent excess will be included in calculations. All potential producing zones will be covered with cement.

Circulating Medium

The well will be drilled utilizing air or air mist to top of Dakota. At that point a nondispersed, low solids 9.0 ppg mud will be used in the well. Adequate weight material will be on location to be able to contain any unforeseen formation pressures during the drilling operations. Viscosity will be maintained at 40 for logging.

A gel/soda ash (no caustic) mud with Drispac-R, use about 7-10 #/BBL GEL & Pac to get a 32-34 funnel vis. A WL around 10-12 will be programmed. 2% CaCl will be used for shale inhibition. Additional inert, non-toxic additives could be utilized if conditions dictate.

Pinnacle Federal 7-34-2122

SWSE Sec 7, T21S, R22E

626 FSL, 1951 FEL

Elevation = 4760.8' ground level

Well Testing

Mud Logging

An on-site geologist will be on location from surface to total depth. Take samples every 15 feet while drilling. Hydrocarbon monitoring and detection equipment will be utilized during drilling operations.

Logging Program

The well will be logged from TD to surface casing with a Resistivity log, Gamma Ray log and Compensated Neutron Log.

Deviation

Take deviation survey every 250'. Maximum change will be 2° between surveys. This will be a vertical well.

Anticipated Pressures & Potential hazardous conditions

Anticipated formation pressures will be under hydrostatic gradient. Expected bottom hole pressure is estimated to be 1500 psi.

No abnormal pressures or temperatures are anticipated.

No hydrogen sulfide gas is anticipated.

Adequate weight material will be on location to be able to contain any unforeseen formation pressures during the drilling operations.

Bureau of Land Management
Price, Moab and Monticello Field Offices, Utah
Application for Permit to Drill
On-Site Inspection Checklist

Company Tidewater Oil & Gas, LLC Well No. Federal 7-34-2122
Location: Sec. 7, T. 21S, R. 22E, Lease No. UTU-82570
On-Site Inspection Date MAY 17, 2006

All operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (43 CFR § 3100 & 43 CFR § 3160), Onshore Oil and Gas Orders, the approved plan of operations and the conditions of approval. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance.

A. DRILLING PROGRAM

1. Surface Formation and Estimated Formation Tops
- | |
|------------------------------|
| <u>Mancos - surface</u> |
| <u>Dakota silt - 2700</u> |
| <u>Dakota sandstone 2870</u> |
| <u>Morrison - 3120</u> |
| <u>Moab Tongue 3820</u> |
| <u>Carmel 4270</u> |
| <u>Navajo 4410</u> |

2. Estimated Depth at Which Oil, Gas, Water or Other Mineral Bearing Zones are Expected to be Encountered

Depth/Formation
Expected Oil Zones: Dakota sandstone 2870, Morrison - 3120, Moab Tongue 3820, Carmel 4270, Navajo 4410

Expected Gas Zones: _____

Expected Water Zones: _____

Expected Mineral Zones: _____

All fresh water and prospectively valuable minerals encountered during drilling will be recorded by depth and will be cased and cemented. When possible, water flow rates will be measured and samples will be taken and analyzed with the results being submitted to BLM. All oil and gas shows will be tested to determine commercial potential.

3. Pressure Control Equipment -include schematics of the BOP and choke manifold, and describe testing procedures _____

3000 psi BOP

All BOP rams will be tested to 2000 psi. All valves and the choke manifold will also be tested to 2000 psi.

BOP systems will be consistent with API RP 53 and Onshore Oil and Gas Order No. 2. Pressure tests of the surface casing and all BOP equipment potentially subject to pressure will be conducted before drilling the surface casing shoe. Blowout preventer controls will be installed prior to drilling the surface casing shoe and will remain in use until the well is completed or abandoned. Ram preventers shall be inspected and operated each trip (no more than once a day is necessary), and annular preventers shall be inspected and operated weekly to ensure good mechanical working order. These inspections shall be recorded in the drilling log and in the daily drilling report.

4. Casing Program and Auxiliary Equipment -include casing size, weight, grade, thread and coupling, setting depth and condition (new or acceptably reconditioned) _____

Surface Casing: 8 5/8", 24 #/ft. J55, STC new pipe set @ 500'

Production String: 5 1/2", 15#/ft. J55, STC, new pipe set @ 5500'

5. Cement -include the cement type, density, yield, additives and amount used in setting each casing string. Also include the anticipated cement fill-up. If stage cementing, describe techniques. Surface Pipe: _____ Lead = 126 sx, 287 cf, 51 bbl, Prem lite +8% bentonite

+2% cc+.25 #/sx cello flake, 2.28 cf/sx, 12 ppg Tail = 100 sx, 141 cf, 25 bbl, Type III + .5 #/sx cello flake + 2% CC, 1.41 cf/sx, 14.5 ppg

Production Casing Lead = 371 sacks (50:50) Poz (Fly Ash): Type III Cement + 0.2% bwoc R-3 + 0.7% bwoc FL-62 + 1% bwoc Sodium Metasilicate + 1 gal/100 sack FP-13L + 68.1% Fresh Water, 13.5 ppg, 1.41 cf/sx. Centralizers will be run on bottom 3 joints & across any potential producing zone.

Surface casing shall be cemented back to surface. Centralizers shall be run, at a minimum, on the bottom three joints of each casing string.

6. Mud Program and Circulating Medium -include mud components and weights. When air drilling, also include: length and location of blooie line; description of the auto ignitor; description of the deduster equipment; and amounts, types and characteristics of stand-by mud: Air drilling is planned for the surface hole and down to the Dakota formation. A low solids fresh water mud system is planned from that point to TD.

A gel/soda ash (no caustic) mud with Drispec-R, use about 7-10 #/BBL GEL & Pac to get a 32-34 funnel vis. A WL around 10-12 will be programmed. 2% CaCl will be used for shale inhibition. Additional inert, non-toxic additives could be utilized if conditions dictate.

Due to potential for contamination of usable quality water aquifers, chromates are banned from Federal leases

Sufficient mud materials will be stored on location to maintain well control and combat lost circulation problems that might reasonable be expected.

7. Coring, Logging and Testing Program:
A resistivity log, Gamma Ray, Neutron Log, Sonic and Dip meter logs from total depth to surface casing are planned to be run on this well.
No DSTs are scheduled on this well.
8. Initial opening of drill stem test tools will be restricted to daylight hours.
Abnormal Conditions, Bottom Hole Pressures and Potential Hazards -include anticipated bottomhole pressure and/or pressure gradient. Also list anticipated lost circulation zones, abnormal temperature zones and possible hydrogen sulfide bearing zones:
Bottom hole pressures are anticipated to be normal hydrostatic. No Abnormal pressures are anticipated.
9. Any Other Aspects of this Proposal that should be Addressed:

B. THIRTEEN POINT SURFACE USE PLAN

The dirt contractor will be provided with an approved copy of the surface use plan of operations before initiating construction.

1. Existing Roads:
- a. Proposed route to location (submit a map depicting access and well location).
- b. Location of proposed well in relation to town or other reference point:
Proposed well is located approximately 30 mi. east of Thompson Springs and 3 mi. north of the service road off the Pinion Road. The well is located six miles east of the west Cisco exit off I-70 north the frontage road.
- c. Not applicable - Contact the County Road Department for use of county roads. The use of Grand County roads will require an encroachment permit from the Grand County Road Department.
- d. Plans for improvement and/or maintenance of existing roads:
No improvement is required or anticipated for existing roads.
All damage will be repaired to existing condition prior to drilling activity.
- e. Other: _____
2. Planned Access Roads: New Construction
- a. Location (centerline): New construction is flagged and shown on attached surveyed map

- b. Length of new access to be constructed: ±8000' of new road construction i required
- c. Length of existing roads to be upgraded: None
- d. Maximum total disturbed width: 25 ft at necessary curves
- e. Maximum travel surface width: 15-20 ft at necessary curves
- f. Maximum grades: NA
- g. Turnouts: at road intersections
- h. Surface materials: Native materials will be used for the surface. If required crushed gravel will be placed in strategic locations.
- i. Drainage (crowning, ditching, culverts, etc): The road will be flat bladed during drilling. It is estimated that approximately 6 culverts (18" to 3') will be necessary. Low water crossings will be used at all points when possible. Road will be upgraded as needed for production
- j. Cattleguards: No cattle guards will be required
- k. Length of new and/or existing roads which lie outside the lease or unit boundary for which a BLM right-of-way is required: New: approx 1500' of off lease ROW to the east of the county road is required. Existing: the APD is being used as the right-of-way application. The off-lease road would be constructed as specified in the APD.
- l. Other: Calcium Chloride or Mag Chloride will be used on the new road construction to stabilize the soils

Surface disturbance and vehicular travel will be limited to the approved location and access road. Any additional area needed must be approved by BLM in advance.

If a right-of-way is necessary, no surface disturbing activities shall take place on the subject right-of-way until the associated APD is approved. The holder will adhere to conditions of approval in the Surface Use Program of the approved APD, relevant to any right-of-way facilities.

If a right-of-way is secured, boundary adjustments in the lease or unit shall automatically amend this right-of-way to include that portion of the facility no longer contained within the lease or unit. In the event of an automatic amendment to this right-of-way grant, the prior on-

lease/unit conditions of approval of this facility will not be affected even though they would now apply to facilities outside of the lease/unit as a result of a boundary adjustment. Rent fees, if appropriate shall be recalculated based on the conditions of this grant and the regulations in effect at the time of an automatic amendment.

If at any time the facilities located on public lands authorized by the terms of the lease are no longer included in the lease (due to a contraction in the unit or other lease or unit boundary change) the BLM will process a change in authorization to the appropriate statute. The authorization will be subject to appropriate rental, or other financial obligations determined by the BLM.

If the well is productive, the access road will be rehabilitated or brought to Resource (Class III) Road Standards within 60 days of dismantling the rig. If upgraded, the access road must be maintained at these standards until the well is properly abandoned. If this time frame cannot be met, the Field Office Manager will be notified so that temporary drainage controls can be installed along the access road.

3. Location of Existing Wells - on a map, show the location of all water, injection, disposal producing and drilling wells within a one mile radius of the proposed well, and describe the status of each: there are no wells within one mile of the proposed well

4. Location of Production Facilities:

- a. On-site facilities: Not known at this time. Possible facilities are oil tanks, water tank, dehydrator, meter run, and separator

- b. Off-site facilities: Unknown at this time

- c. Pipelines: Unknown at this time

All permanent (in place for six months or longer) structures constructed or installed (including oil well pump jacks) will be painted a flat, nonreflective color to match the standard environmental colors, as determined by the Rocky Mountain Five-State Interagency Committee. All facilities will be painted within six months of installation. Facilities required to comply with the Occupational Safety and Health Act (OSHA) may be excluded. Colors will be as follows: match the soils and vegetation

All site security guidelines identified in 43 CFR § 3162.7-5 and Onshore Oil and Gas Order No. 3 shall be followed.

If a gas meter run is constructed, it will be located on lease within 500 feet of the wellhead. The gas flowline will be buried from the wellhead to the meter and will be buried downstream of the meter until it leaves the pad. Meter runs will be housed and/or fenced. The gas meter shall be calibrated prior to first sales and shall be calibrated quarterly thereafter. All gas production and measurement shall comply with the provisions of 43 CFR § 3162.7, Onshore

Oil and Gas Order No. 5, and American Gas Association (AGA) Report No. 3.

If a tank battery is constructed on this lease, it will be surrounded by a berm of sufficient capacity to contain 1 1/4 times the storage capacity of the largest tank. All loading lines and valves will be placed inside the berm surrounding the tank battery. All oil production and measurement shall conform to the provisions of 43 CFR § 3162.7 and Onshore Oil and Gas Order No. 4.

Production facilities on location may include a lined or unlined produced water pit as specified in Onshore Oil and Gas Order No. 7. If water is produced from the well, an application of conformance with Order No. 7 must be submitted.

5. Location and Type of Water Supply:

All water needed for drilling purposes will be obtained from (describe location and/or show on a map): Water will be obtained from the City of Thompson Springs, UT

A temporary water use permit for this operation will be obtained from the Utah State Engineer in Price, Utah at (801) 637-1303

Water obtained on private land, or land administered by another agency, will require approval from the owner or agency for use of the land.

6. Source of Construction Material:

Pad construction material will be obtained from (if the source is Federally owned, show location on a map): Construction material will come from native material obtained from cut and fill. Additional material or gravel will be obtained from a commercial facility in Green River or Moab Utah

The use of materials under BLM jurisdiction will conform to 43 CFR § 3610.2-3.

7. Methods of Handling Waste Disposal:

Describe the methods and locations proposed for safe containment and disposal of waste material, e.g. cuttings, produced water, garbage, sewage, chemicals, etc.

The reserve pit will be lined with (native material, bentonite, synthetic material): native on-site clay soils is planned to be used.

The reserve pit will be located: see diagram

The reserve pit shall be located in cut material, with at least 50% of the pit volume being below original ground level. Three sides of the reserve pit will be fenced before drilling starts. The fourth side will be fenced as soon as drilling is completed, and shall remain until the pit is dry. As soon as the reserve pit has dried, all areas not needed for production will be rehabilitated.

Trash must be contained in a trash cage and hauled away to an approved disposal site as necessary but no later than at the completion of drilling operations.

8. Ancillary Facilities: Temporary living facilities for supervisory personnel will be located on drill site during drilling and completion operations.

9. Well Site Layout -depict the pit, rig, cut and fill, topsoil, etc. on a plat with a scale of at least 1"=50'.

All wells, whether drilling, producing, suspended, or abandoned, will be identified in accordance with 43 CFR § 3162.6.

Access to the well pad will be from: the access road entering from the northerly direction
Access is depicted on diagrams

The blooie line will be located: from rotating head and proceed at an angle past the mud pit to a blooie pit, at least 100 feet from the well head.

To minimize the amount of fugitive dust and spray escaping from the blooie pit, the following blooie line deflection method will be employed: Water spray to wet dust

10. Plans for Restoration of the Surface:

The top 2 inches of topsoil material will be removed from the location and stockpiled separately on: edge of well pad

Topsoil along the access road will be reserved in place adjacent to the road.

Immediately upon completion of drilling, all equipment that is not necessary for production shall be removed.

The reserve pit and that portion of the location not needed for production will be reclaimed.

Before any dirt work to restore the location takes place, the reserve pit must be completely dry.

All road surfacing will be removed prior to the rehabilitation of roads.

Reclaimed roads will have the berms and cuts reduced and will be closed to vehicle use.

All disturbed areas will be recontoured to replicate the natural slope.

The stockpiled topsoil will be evenly distributed over the disturbed area.

Prior to reseeding, all disturbed areas, including the access roads, will be scarified and left with a rough surface.

Seed will be broadcast or drilled between Oct 1 and Dec 15 or at a time specified by the BLM. If broadcast, a harrow or some other implement will be dragged over the seeded area

to assure seed coverage.

The following seed mixture will be used per BLM instructions

The abandonment marker will be one of the following, as specified by BLM

- 1) at least four feet above ground level,
- 2) at restored ground level, or
- 3) below ground level.

In any case the marker shall be inscribed with the following: operator name, lease number, well name and surveyed description (township, range, section and either quarter-quarter or footages)

Additional requirements: _____

11. **Surface and Mineral Ownership:** Federal surface and minerals

12. **Other Information:**

a. **Archeological Concerns:** There are no archeological concerns at this location or on the access route proposed. A survey has been conducted, with nothing being found.

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

- whether the materials appear eligible for the National Register of Historic Places;
- the mitigation measures the operator will likely have to undertake before the site can be used (assuming in situ preservation is not necessary); and
- a time frame for the BLM to complete an expedited review under 36 CFR § 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the BLM are correct and that mitigation is appropriate.

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

b. Other: _____

13. Lessee's or Operator's Representative and Certification

Representative:

Name: R. E. Knight

Title: Operations Engineer

Address: 1645 Court Pl., Suite 301, Denver, Colorado 80202

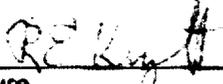
Phone No.: 303-808-5672

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 currently exist; that the statements made in this APD package are, to the best of my knowledge, true and correct, and that the work associated with the operations proposed herein will be performed by

Tidewater Oil & Gas, LLC

and its contractors and subcontractors in conformity with this APD package and the terms and conditions under which it is approved. I also certify responsibility for the operations conducted on that portion of the leased lands associated with this application; with bond coverage being provided under BLM bond no. pending. This statement is subject to the provisions of 18 U.S.C. § 1001 for the filing of a false statement.



Signature

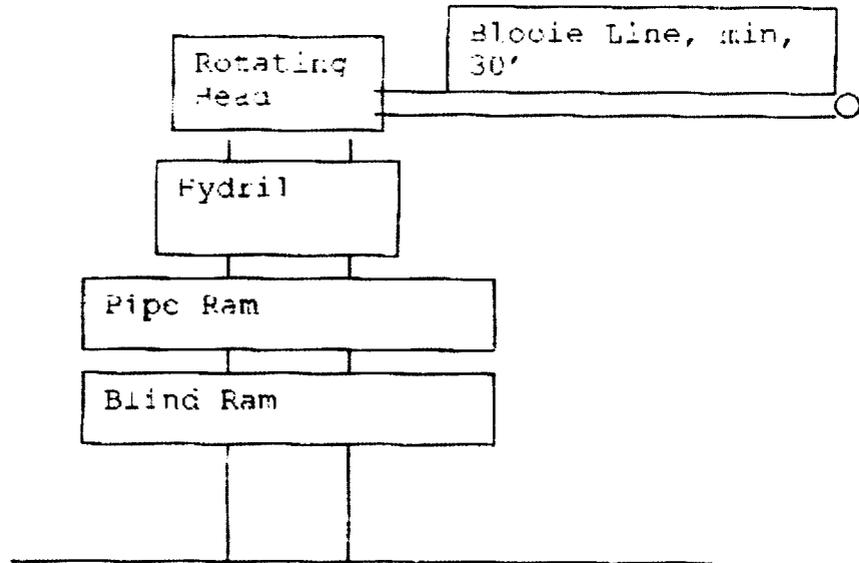
Operations Engineer

Title

July 4, 2006

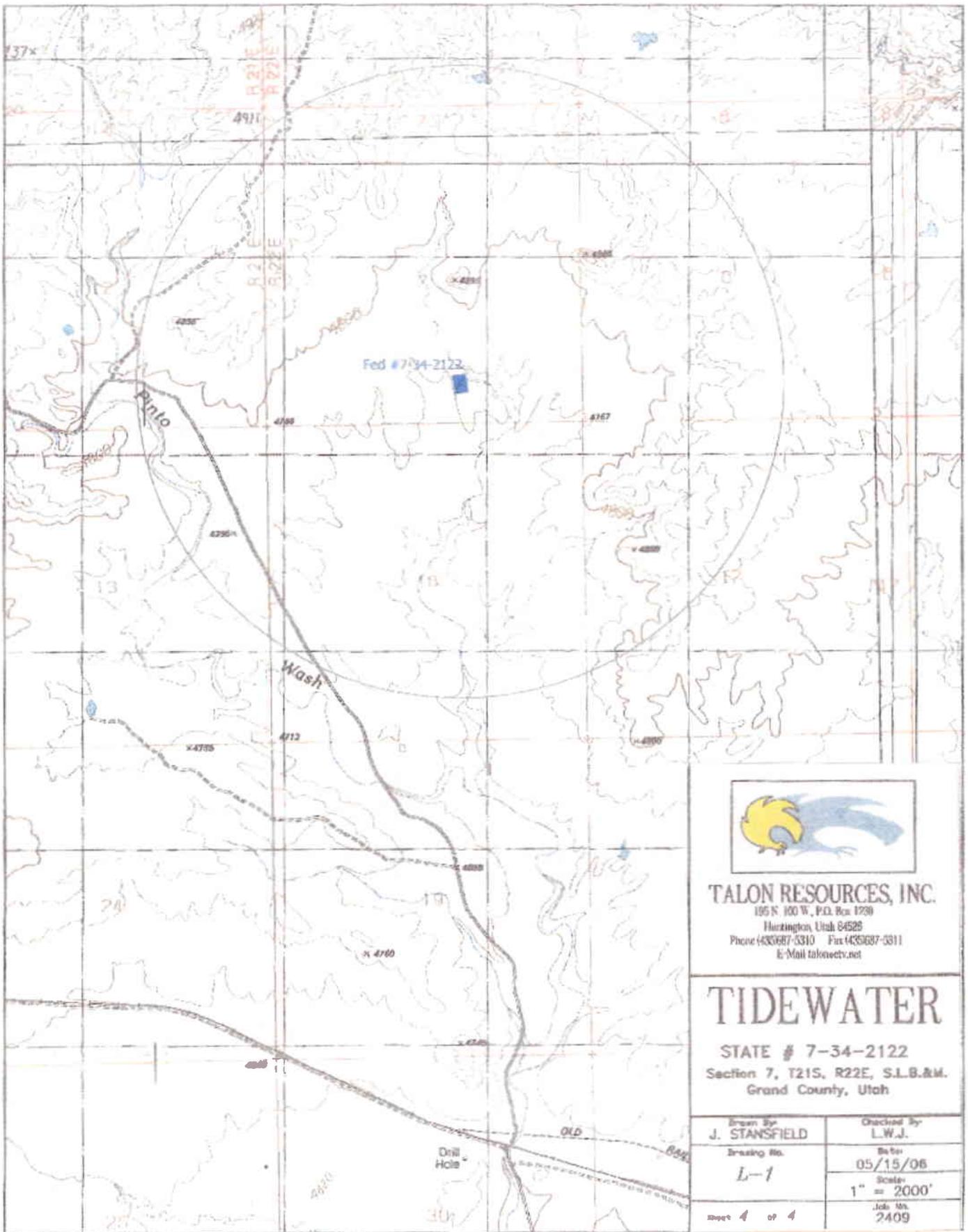
Date

Tidewater BOP Schematic



Tidewater and Drilling Contractor will take all precautions required to maintain control of the well during drilling.

An automatic igniter will be installed when drilling potential producing zones.



TALON RESOURCES, INC.

195 N. 100 W., P.O. Box 1290

Hurricane, Utah 84528

Phone (435)687-3310 Fax (435)687-3811

E-Mail talon@netv.net

TIDEWATER

STATE # 7-34-2122

Section 7, T21S, R22E, S.L.B.&M.

Grand County, Utah

Drawn By
J. STANSFIELD

Drilling No.
L-1

Checked By
L.W.J.

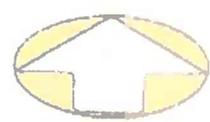
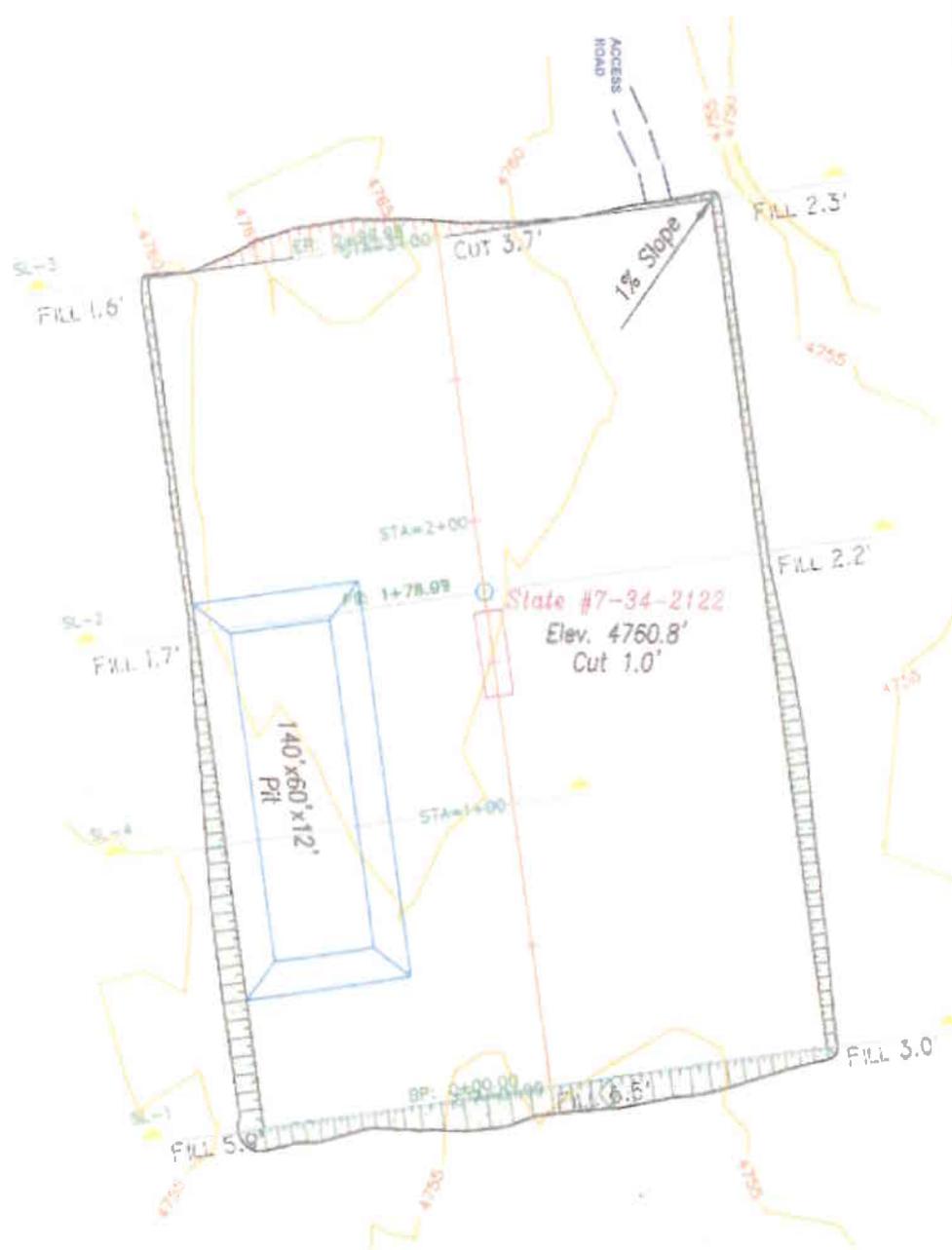
Date
05/15/06

Scale
1" = 2000'

Job No.
2409

Sheet **4** of **4**

ELEVATION OF UNGRADED GROUND AT LOCATION STAKE = 4760.8'
 ELEVATION OF GRADED GROUND AT LOCATION STAKE = 4760.3'

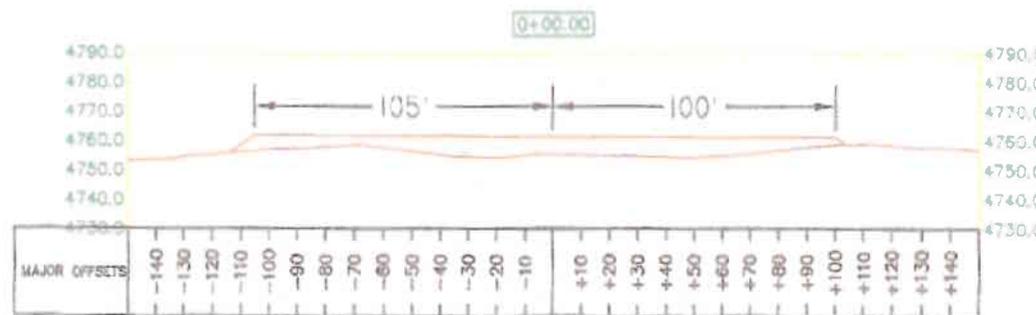
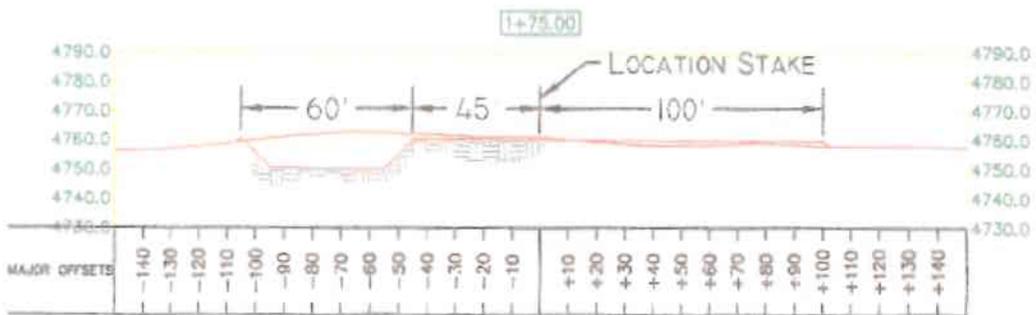
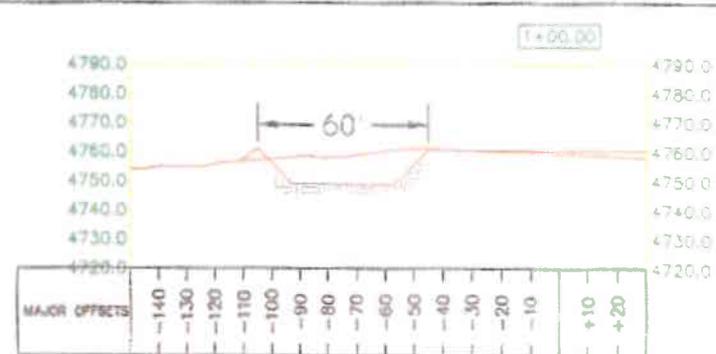
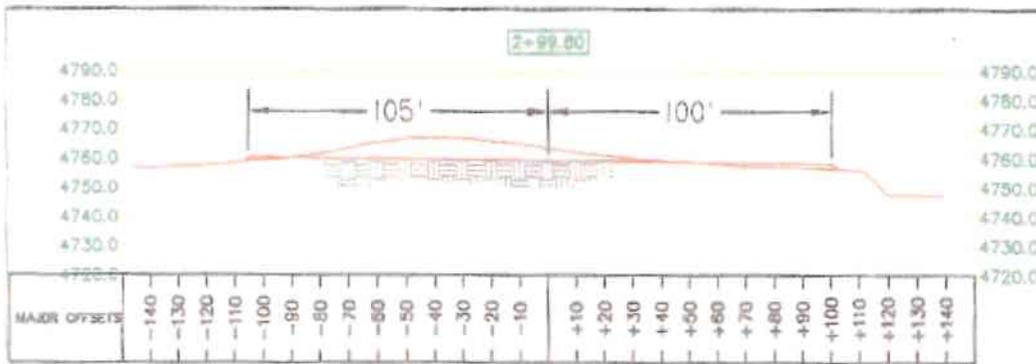


Talon Resources, Inc.
 155 North 100 West P.O. Box 1286
 Harrington, Utah 84526
 Phone 435687-0310 Fax 435687-5311
 E-Mail talonres@aol.com

TIDEWATER

LOCATION LAYOUT
 Section 7, T21S, R22E, S.L.B.&M.
 State #7-34-2122

Drawn by J. STANSFIELD	Created by L.W.J.
Drawing No. A-2	Date 05/25/06
	Scale 1" = 60'
Sheet 2 of 4	Job No. 2412



SLOPE = 1 1/2 : 1
(EXCEPT PIT)
PIT SLOPE = 1 : 1

APPROXIMATE YARDAGES
 (6") TOPSOIL STRIPPING = 750 CU. YDS.
 TOTAL CUT = 4,305 CU. YDS.
 (INCLUDING PIT)
 TOTAL FILL = 3,580 CU. YDS.



Talon Resources, Inc.

105 North 100 West P.O. Box 1230

Huntington, Utah 84528

Phone (435)687-5310 Fax (435)687-5311

E-Mail talonres.net

TIDEWATER

TYPICAL CROSS SECTION
 Section 7, T21S, R22E, S.L.B.&M.
 State #7-34-2122

Drawn By: J. STANSFIELD	Checked By: L.W.J.
Drawing No. C-1	Date 05/25/06
	Scale: 1" = 60'
Sheet 3 of 4	Job No. 2412

**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 07/12/2006

API NO. ASSIGNED: 43-019-31484

WELL NAME: FEDERAL 7-34-2122
 OPERATOR: TIDEWATER OIL & GAS CO (N3000)
 CONTACT: R.E. KNIGHT

PHONE NUMBER: 303-468-0656

PROPOSED LOCATION:

SWSE 07 210S 220E
 SURFACE: 0626 FSL 1951 FEL
 BOTTOM: 0626 FSL 1951 FEL
 COUNTY: GRAND
 LATITUDE: 38.98867 LONGITUDE: -109.5234
 UTM SURF EASTINGS: 627886 NORTHINGS: 4316349
 FIELD NAME: GREATER CISCO (205)

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

LEASE TYPE: 1 - Federal
 LEASE NUMBER: UTU 82570
 SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: NAVA
 COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[1] Ind[] Sta[] Fee[]
(No. UTB-000211)
- 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)
- Intent to Commingle (Y/N)

LOCATION AND SITING:

- R649-2-3.
Unit: _____
- R649-3-2. General
Siting: 460' From Qtr/Qtr & 920' Between Wells
- R649-3-3. Exception
- Drilling Unit
Board Cause No: 100-16(B)
Eff Date: 11-15-1979
Siting: 500' fr Property line & 200' fr '14'14 line
400' fr GWS 1328' fr GIW
- R649-3-11. Directional Drill

COMMENTS: _____

STIPULATIONS: *[Signature]*

T21S R22E

GOVERNMENT
BUSH 74 x

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

GREATER CISCO FIELD

7

FEDERAL 7-34-2122



OPERATOR: TIDEWATER O&G LLC (N3000)

SEC: 7 T.21S R. 22E

FIELD: GREATER CISCO (205)

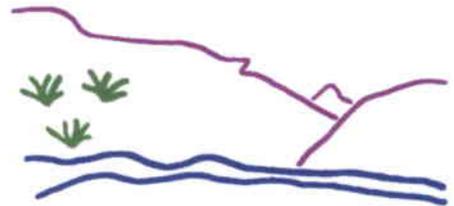
COUNTY: GRAND

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

- Field Status**
- ABANDONED
 - ACTIVE
 - COMBINED
 - INACTIVE
 - PROPOSED
 - STORAGE
 - TERMINATED

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

- Wells Status**
- 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
 - DRILLING



Utah Oil Gas and Mining



PREPARED BY: DIANA WHITNEY
DATE: 25-JULY-2006



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

July 27, 2006

Tidewater Oil & Gas Company, LLC
1645 Court PL #301
Denver, CO 80202

Re: Federal 7-34-2122 Well, 626' FSL, 1951' FEL, SW SE, Sec. 7, T. 21 South,
R. 22 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 43-019-31484.

Sincerely,

Gil Hunt
Associate Director

mf
Enclosures

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

Operator: Tidewater Oil & Gas Company, LLC

Well Name & Number Federal 7-34-2122

API Number: 43-019-31484

Lease: UTU 82570

Location: SW SE **Sec.** 7 **T.** 21 South **R.** 22 East

Conditions of Approval

1. General

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

2. Notification Requirements

Notify the Division within 24 hours of spudding the well.

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

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

- Contact Dan Jarvis at (801) 538-5338

3. Reporting Requirements

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

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

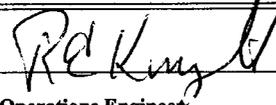
FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

5. Lease Serial No. UTU-82570	
6. If Indian, Allottee or Tribe Name	
7. If Unit or CA Agreement, Name and No.	
8. Lease Name and Well No. FEDERAL 7-34-2122	
9. API Well No. 4301931484	
1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER	10. Field and Pool, or Exploratory Exploratory
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone	11. Sec., T. R. M. or Blk. and Survey or Area S10SE -SESW Sec 7, T21S, R 22E
2. Name of Operator Tidewater Oil & Gas, LLC	
3a. Address 1645 Court Pl. Suite 301, Denver, Co 80202	3b. Phone No. (include area code) 303-468-0656
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 626.35 FSL & 1951.09 FEL At proposed prod. zone 626.35 FSL & 1951.09 FEL	
14. Distance in miles and direction from nearest town or post office* 30 mi to Thompson Springs post office	12. County or Parish Grand
13. State Ut	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 626 FT	16. No. of acres in lease 2541.5
17. Spacing Unit dedicated to this well 160	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 5 mi	19. Proposed Depth 5500
20. BLM/BIA Bond No. on file UTB-000211	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) GL 4760.8	22. Approximate date work will start* 08/01/2006
23. Estimated duration 14 days	

24. Attachments

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

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

25. Signature 	Name (Printed/Typed) R. E. Knight	Date 06/20/2006
Title Operations Engineer		

Approved by (Signature) 	Name (Printed/Typed) Assistant Field Manager	Date 9/5/06
Title Assistant Field Manager, Division of Resources		
Office Moab Field Office		

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

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

*(Instructions on page 2)

CONDITIONS OF APPROVAL ATTACHED

RECEIVED

SEP 08 2006

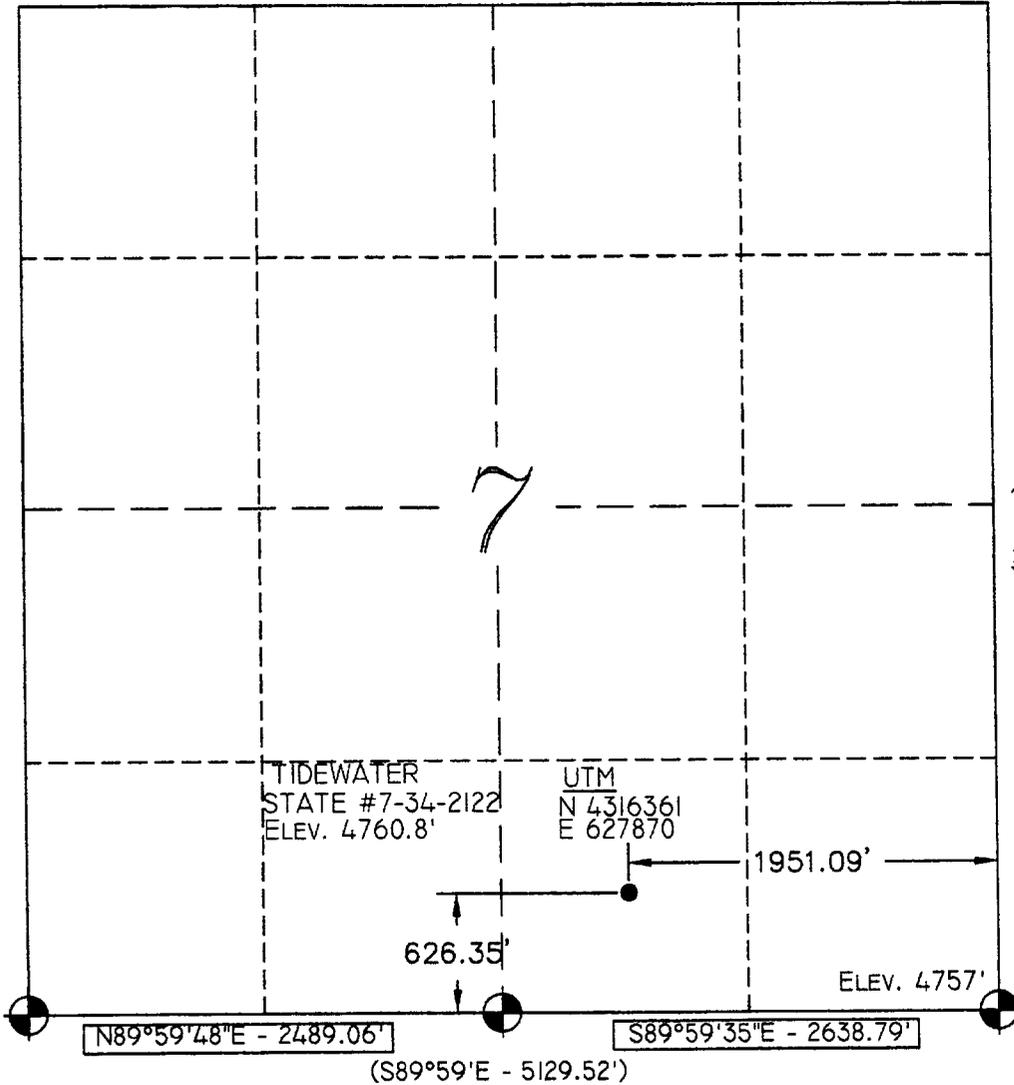
DIV. OF OIL, GAS & MINING

2006 SEP 11 10 41 AM
RECEIVED
DIVISION OF OIL, GAS & MINING

Range 22 East

(S89°57'E - 5125.56')

Township 21 South



Location:

The well location was determined using a Trimble 5700 GPS survey grade unit.

Basis of Bearing:

The Basis of Bearing is GPS Measured.

GLO Bearing:

The Bearings indicated are per the recorded plat obtained from the U.S. Land Office.

Basis of Elevation:

Basis of Elevation of 4757' being at the Southeast Section Corner of Section 7, Township 21 South, Range 22 East, Salt Lake Base and Meridian, as shown on the Crescent Junction Quadrangle 7.5 minute series map.

Description of Location:

Proposed Drill Hole located in the SW/4 SE/4 of Section 7, T21S, R22E, S.L.B.&M., being 626.35' North and 1951.09' West from the Southeast Section Corner of Section 7, T21S, R22E, Salt Lake Base & Meridian.

Surveyor's Certificate:

I, Albert J. Spensko, a Registered Professional Land Surveyor, holding Certificate 146652 State of Utah, do hereby certify that the information on this drawing is a true and accurate survey based on data of record and was conducted under my personal direction and supervision as shown hereon.



TALON RESOURCES, INC.

195 North 100 West P.O. Box 1230
Huntington, Utah 84528
Phone (435)687-5310 Fax (435)687-5311
E-Mail talon@etv.net

TIDEWATER

State #7-34-2122
Section 7, T21S, R22E, S.L.B.&M.
Grand County, Utah

Drawn By: J. STANSFIELD	Checked By: L.W.J./A.J.S.
Drawing No. A-1	Date: 05/15/06
	Scale: 1" = 1000'
Sheet 1 of 4	Job No. 2412

Legend

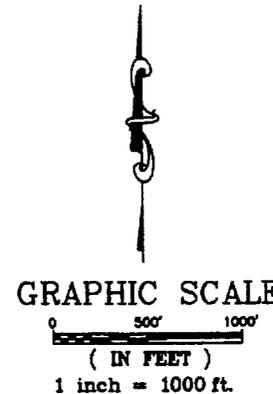
- Drill Hole Location
- ⊕ Metal Cap (Found)
- Brass Cap (Searched for, but not found)
- △ Calculated Corner
- () GLO

GPS Measured

NOTES:

1. UTM and Latitude / Longitude Coordinates are derived using a GPS Pathfinder and are shown in NAD 27 Datum.

LAT / LONG
38°59'19.633"N
109°31'24.981"W



Tidewater Oil & Gas, LLC
Federal 7-34-2122
Lease UTU-82570
Location SW/SE Section 7, T21S, R22E
Grand County, Utah

A COMPLETE COPY OF THIS PERMIT SHALL BE KEPT ON LOCATION from the beginning of site construction through well completion, and shall be available to contractors to ensure compliance.

CONDITIONS OF APPROVAL

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

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

Bond coverage for this well is provided by BLM bond no. **UTB000211** (Principal – Tidewater Oil & Gas, LLC) via surety consent as provided for in 43 CFR 3104.2.

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

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

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

A. DRILLING PROGRAM

1. The 3M BOPE, tested to 2000 psi, as proposed, is adequate for anticipated conditions. Installation, testing and operation of the system shall be in conformance with Onshore Oil and Gas Order No. 2.
2. Concurrent approval from the State of Utah, Division of Oil, Gas & Mining (DOG M) is required before conducting any surface disturbing activities.
3. The cement volume proposed for the production casing appears to be insufficient to adequately cover the Dakota Sandstone. The volume shall be increased sufficiently to bring the cement height at least 300 feet above the top of the Dakota Sandstone. A Cement Bong Log, Temperature Survey or other appropriate tool shall be run on the production casing to verify that cementing objectives are achieved.
4. The requirements for air drilling, found in Onshore Oil and Gas Order No. 2, part III, E (Special Drilling Operations), shall be followed.

B. SURFACE USE PLAN

1. In order to protect watershed values, no road/well pad construction or drilling operations will be authorized between November 1 and April 30. The limitation does not apply to maintenance and operation of producing wells. Exceptions to this limitation may be specified in writing by the Moab Field Office.
2. In order to protect nesting raptors, no road/well pad construction or drilling operations will be authorized within 0.5 mile of raptor nesting sites between March 1 and August 31. The limitation does not apply to maintenance and operation of producing wells. Exceptions to this limitation may be specified in writing by the Moab Field Office.
3. In order to protect pronghorn antelope during the fawning period, no road/well pad construction or drilling operations will be authorized between May 1 and June 15. The limitation does not apply to maintenance and operation of producing wells. Exceptions to this limitation may be specified in writing by the Moab Field Office.
4. The operator or his contractor will contact the Moab Field Office (Rich McClure, 435-259-2127), at least two working days prior to the anticipated start of construction to schedule a pre-work conference. The pre-work conference will be used to confirm that the road route is adequately staked and to confirm locations for installing culverts.
5. Prior to moving the drill rig to the No. 7-34-2122 Well, the road will be surfaced with pit-run gravel or other rock materials at each location where culverts are installed along the new road constructed for the No. 7-34-2122 Well.
6. The operator will be responsible for weed control on the disturbed areas within the limits of the well pad and road construction. The operator will be responsible for consultation with the authorized officer and/or local authorities for acceptable weed control methods.

C. REQUIRED APPROVALS, REPORTS AND NOTIFICATIONS

Required verbal notifications are summarized in Table 1, attached.

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

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

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

Oil and Gas Operations Reports (OGORs)- Production from this well shall be reported to Minerals Management Service (MMS) on a monthly basis.

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

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

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

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

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

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

Well Completion Report- Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted to the Moab Field Office not later than thirty-days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3162.4-1. Two copies of all logs, core descriptions, core analyses, well test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. When requested, samples (cuttings and/or samples) will be submitted to the Moab Field Office.

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

Produced Water- An application for approval of a permanent disposal method and location will be submitted to the Moab Field Office for approval pursuant to Onshore Oil and Gas Order No.7.

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

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

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

TABLE 1

NOTIFICATIONS

Notify Rich McClure (435-259-2127) or Jack Johnson (435-259-2129) of the BLM Moab Field Office for the following:

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

1 day prior to spud (Johnson);

50 feet prior to reaching the surface casing setting depth (Johnson);

3 hours prior to testing BOPs (Johnson).

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

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

Eric Jones, Petroleum Engineer

Office: 435-259-2117

Home: 435-259-2214

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

FORM 9

5. LEASE DESIGNATION AND SERIAL NUMBER:
UTU- 82570

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.

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

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

8. WELL NAME and NUMBER:
FEDERAL 7-34-2122

2. NAME OF OPERATOR:
Tidewater Oil & Gas, LLC

9. API NUMBER:
4301931484

3. ADDRESS OF OPERATOR:
110 16th St., Suite 1220 Denver CO 80202

10. FIELD AND POOL OR WILDCAT:
~~WILDCAT~~ **Exeter Cisc 2**

4. LOCATION OF WELL:
FOOTAGES AT SURFACE: **626 FSL, 195 $\frac{1}{2}$ FEL**
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: **SWSE 7 21S 22E**

COUNTY: **GRAND**
STATE: **UTAH**

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: <u>3/1/2007</u>	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion:	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input 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>EXTEND APD</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.
TIDEWATER OIL & GAS, LLC REQUESTS AN APD EXTENSION FOR THIS WELL.

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

Date: 08-13-07
By: [Signature]

NAME (PLEASE PRINT) R.E. KNIGHT TITLE Agent
SIGNATURE [Signature] DATE 8/8/2007

(This space for State use only)



**Application for Permit to Drill
Request for Permit Extension
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

API: 4301931484
Well Name: FEDERAL 7-34-2122
Location: SWSE Sec 7, T21S, R22E
Company Permit Issued to: Tidewater Oil & Gas, LLC
Date Original Permit Issued: 7/27/2006

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes No

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes No

Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes No

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes No

Has the approved source of water for drilling changed? Yes No

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes No

Is bonding still in place, which covers this proposed well? Yes No

RE Knight
Signature

8/7/2007
Date

Title: Agent

Representing: Tidewater Oil & Gas LLC

RECEIVED
MOAB FIELD OFFICE

SEP 20 PM 2:28
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires July 31, 2010

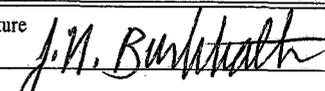
APPLICATION FOR PERMIT TO DRILL OR REENTER

5a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER.		5. Lease Serial No. UTU-82570
6a. Type of Well: <input checked="" type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
7. Name of Operator TIDEWATER OIL & GAS COMPANY, LLC		7. If Unit or CA Agreement, Name and No.
8a. Address 110 16th Street, Suite 1220, Denver, CO 80202		8. Lease Name and Well No. Federal 7-34-2122
8b. Phone No. (include area code) 303-468-0656		9. API Well No. 43-019-31484
9. Location of Well (Report location clearly and in accordance with any State requirements*) At surface 626 FSL, 1951 FEL At proposed prod. zone Same as above		10. Field and Pool, or Exploratory Exploratory
10. Distance in miles and direction from nearest town or post office* 30 mi to Thompson Springs Post Office		11. Sec., T. R. M. or Blk. and Survey or Area SWSE, Sec7, T21S, R22E, SLM
11. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 626	12. No. of acres in lease 2541.5	12. County or Parish Grand
12. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 5 mi	13. Proposed Depth 5500	13. State UT
13. Elevations (Show whether DF, KDB, RT, GL, etc.) GL - 4761	14. Approximate date work will start* 10/01/2007	14. Spacing Unit dedicated to this well 160
15. Estimated duration 3 weeks		15. BLM/BIA Bond No. on file UTB-000211

24. Attachments

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

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

25. Signature 	Name (Printed/Typed) J. N. Burkhalter	Date 09/19/2007
Title Agent for Tidewater		

Approved by (Signature) <i>/s/ A. Lynn Jackson</i>	Name (Printed/Typed) <i>/s/ A. Lynn Jackson</i>	Date 10/22/07
Title Assistant Field Manager, Division of Resources		Office Division of Resources Moab Field Office

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

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

(Continued on page 2)

*(Instructions on page 2)

CONDITIONS OF APPROVAL ATTACHED

RECEIVED

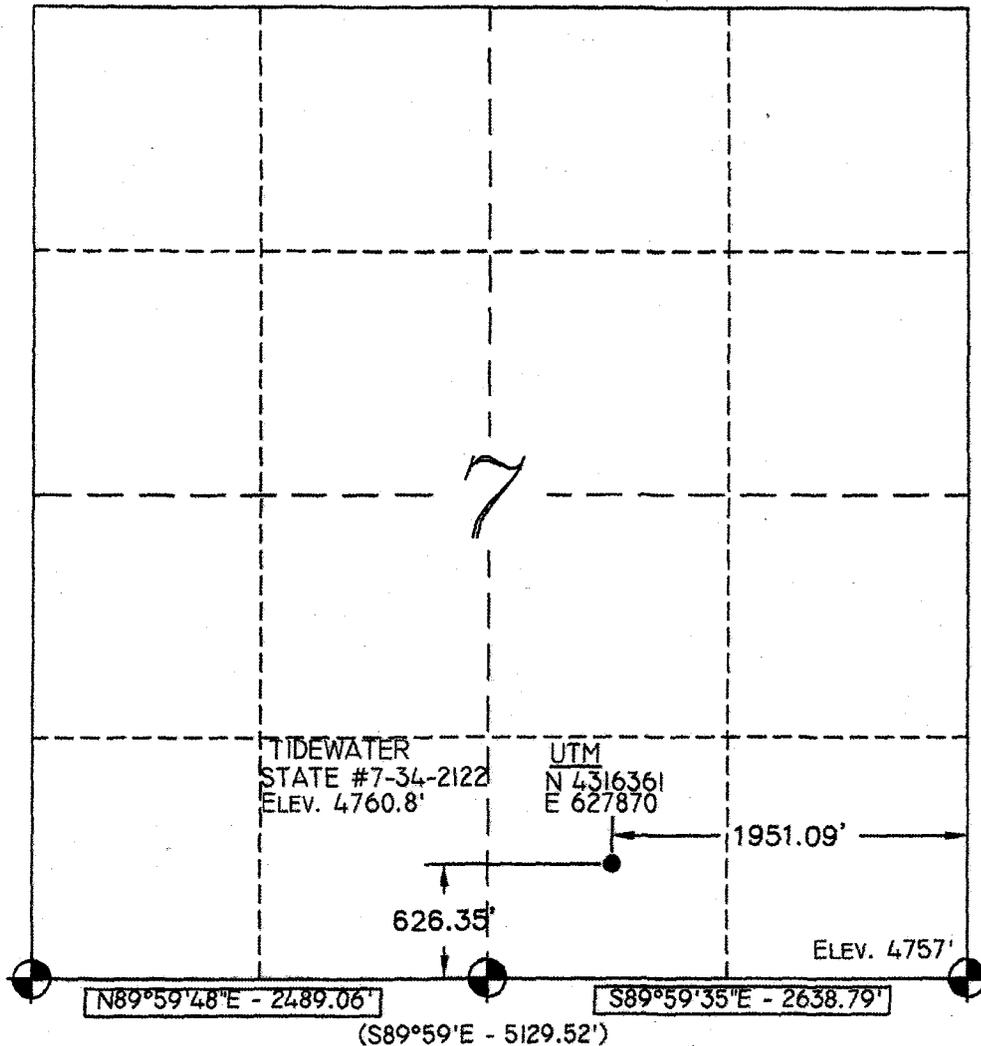
OCT 25 2007

DIV. OF OIL, GAS & MINING

Range 22 East

(S89°57'E - 5125.56')

Township 21 South



Location:

The well location was determined using a Trimble 5700 GPS survey grade unit.

Basis of Bearing:

The Basis of Bearing is GPS Measured.

GLO Bearing:

The Bearings indicated are per the recorded plat obtained from the U.S. Land Office.

Basis of Elevation:

Basis of Elevation of 4757' being at the Southeast Section Corner of Section 7, Township 21 South, Range 22 East, Salt Lake Base and Meridian, as shown on the Crescent Junction Quadrangle 7.5 minute series map.

Description of Location:

Proposed Drill Hole located in the SW/4 SE/4 of Section 7, T21S, R22E, S.L.B.&M., being 626.35' North and 1951.09' West from the Southeast Section Corner of Section 7, T21S, R22E, Salt Lake Base & Meridian.

Surveyor's Certificate:

I, Albert J. Spensko, a Registered Professional Land Surveyor, holding Certificate 146652 State of Utah, do hereby certify that the information on this drawing is a true and accurate survey based on data of record and was conducted under my personal direction and supervision as shown hereon.



TALON RESOURCES, INC.

195 North 100 West P.O. Box 1230
Huntington, Utah 84628
Phone (435)687-5310 Fax (435)687-5311
E-Mail talon@trv.net

TIDEWATER

State #7-34-2122
Section 7, T21S, R22E, S.L.B.&M.
Grand County, Utah

Drawn By J. STANSFIELD	Checked By L.W.J./A.J.S.
Drawing No. A-1	Date 05/15/06
	Scale 1" = 1000'
Sheet 1 of 4	Job No. 2412

Legend

- Drill Hole Location
- ⊙ Metal Cap (Found)
- Brass Cap (Searched for, but not found)
- △ Calculated Corner
-) GLO
- GPS Measured

NOTES:

1. UTM and Latitude / Longitude Coordinates are derived using a GPS Pathfinder and are shown in NAD 27 Datum.

LAT / LONG
38°59'19.633"N
109°31'24.981"W

GRAPHIC SCALE

0 500' 1000'

(IN FEET)

1 inch = 1000 ft.

Tidewater Oil & Gas, LLC
Federal 7-34-2122
Lease U-82570
Location SW/SE Section 7, T21S, R22E
Grand County, Utah

A COMPLETE COPY OF THIS PERMIT SHALL BE KEPT ON LOCATION from the beginning of site construction through well completion, and shall be available to contractors to ensure compliance.

CONDITIONS OF APPROVAL

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

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

Bond coverage for this well is provided by BLM bond no. UTB000211 (Principal – Tidewater Oil & Gas, LLC) via surety consent as provided for in 43 CFR 3104.2.

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

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

All lease operations will be conducted in full compliance with applicable regulations (43 CFR 3100), Onshore Oil and Gas Orders, lease terms, notices to lessees, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. Failure to comply with the provisions of this permit, including applicable regulations, stipulations, and/or approval conditions, will be considered a violation subject to the enforcement provisions of 43 CFR 3163.

A. DRILLING PROGRAM

1. The 3M BOPE, tested to 2000 psi, as proposed, is adequate for anticipated conditions. Installation, testing and operation of the system shall be in conformance with Onshore Oil and Gas Order No. 2.
2. Concurrent approval from the State of Utah, Division of Oil, Gas & Mining (DOGGM) is required before conducting any surface disturbing activities.
3. The cement volume proposed for the production casing appears to be insufficient to adequately cover the Dakota Sandstone. The volume shall be increased sufficiently to bring the cement height at least 300 feet above the top of the Dakota Sandstone. A Cement Bong Log, Temperature Survey or other appropriate tool shall be run on the production casing to verify that cementing objectives are achieved.
4. The requirements for air drilling, found in Onshore Oil and Gas Order No. 2, part III, E (Special Drilling Operations), shall be followed.

B. SURFACE USE PLAN

1. In order to protect watershed values, no road/well pad construction or drilling operations will be authorized between November 1 and April 30. The limitation does not apply to maintenance and operation of producing wells. Exceptions to this limitation may be specified in writing by the Moab Field Office.
2. In order to protect nesting raptors, no road/well pad construction or drilling operations will be authorized within 0.5 mile of raptor nesting sites between March 1 and August 31. The limitation does not apply to maintenance and operation of producing wells. Exceptions to this limitation may be specified in writing by the Moab Field Office.
3. In order to protect pronghorn antelope during the fawning period, no road/well pad construction or drilling operations will be authorized between May 1 and June 15. The limitation does not apply to maintenance and operation of producing wells. Exceptions to this limitation may be specified in writing by the Moab Field Office.
4. The operator or his contractor will contact the Moab Field Office (Rich McClure, 435-259-2127), at least two working days prior to the anticipated start of construction to schedule a pre-work conference. The pre-work conference will be used to confirm that the road route is adequately staked and to confirm locations for installing culverts.
5. Prior to moving the drill rig to the No. 7-34-2122 Well, the road will be surfaced with pit-run gravel or other rock materials at each location where culverts are installed along the new road constructed for the No. 7-34-2122 Well.
6. The operator will be responsible for weed control on the disturbed areas within the limits of the well pad and road construction. The operator will be responsible for consultation with the authorized officer and/or local authorities for acceptable weed control methods.

C. REQUIRED APPROVALS, REPORTS AND NOTIFICATIONS

Required verbal notifications are summarized in Table 1, attached.

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

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

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

Oil and Gas Operations Reports (OGORs)- Production from this well shall be reported to Minerals Management Service (MMS) on a monthly basis.

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

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

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

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

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

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

Well Completion Report- Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted to the Moab Field Office not later than thirty-days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3162.4-1. Two copies of all logs, core descriptions, core analyses, well test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. When requested, samples (cuttings and/or samples) will be submitted to the Moab Field Office.

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

Produced Water- An application for approval of a permanent disposal method and location will be submitted to the Moab Field Office for approval pursuant to Onshore Oil and Gas Order No.7.

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

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

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

TABLE 1

NOTIFICATIONS

Notify Jack Johnson (435-259-2129) of the BLM Moab Field Office for the following:

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

1 day prior to spud;

50 feet prior to reaching the surface casing setting depth;

3 hours prior to testing BOPs.

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

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

Eric Jones, Petroleum Engineer

Office: 435-259-2117

Home: 435-259-2214

Division of Oil, Gas and Mining
OPERATOR CHANGE WORKSHEET

ROUTING
1. DJJ
2. CDW

X - Change of Operator (Well Sold)

Operator Name Change/Merger

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

2/12/2008

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

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: 2/26/2008
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 2/22/2008
- The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 1/15/2008
- Is the new operator registered in the State of Utah: _____ Business Number: 6666480-0161
- If **NO**, the operator was contacted on: _____
- (R649-9-2)Waste Management Plan has been received on: IN PLACE
- Inspections of LA PA state/fee well sites complete on: ok
- Reports current for Production/Disposition & Sundries on: ok
- Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: BLM not yet BIA
- Federal and Indian Units:**
The BLM or BIA has approved the successor of unit operator for wells listed on: not yet
- Federal and Indian Communization Agreements ("CA"):**
The BLM or BIA has approved the operator for all wells listed within a CA on: n/a
- Underground Injection Control ("UIC")** The Division has approved UIC Form 5, **Transfer of Authority to Inject**, for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: n/a

DATA ENTRY:

- Changes entered in the **Oil and Gas Database** on: 2/27/2008
- Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 2/27/2008
- Bond information entered in RBDMS on: 2/27/2008
- Fee/State wells attached to bond in RBDMS on: 2/27/2008
- Injection Projects to new operator in RBDMS on: n/a
- Receipt of Acceptance of Drilling Procedures for APD/New on: 2/27/2008

BOND VERIFICATION:

- Federal well(s) covered by Bond Number: UTB000296
- Indian well(s) covered by Bond Number: n/a
- (R649-3-1) The **NEW** operator of any fee well(s) listed covered by Bond Number 8030575893
- The **FORMER** operator has requested a release of liability from their bond on: 2/22/2008
The Division sent response by letter on: n/a

LEASE INTEREST OWNER NOTIFICATION:

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

COMMENTS:

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

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

5. LEASE DESIGNATION AND SERIAL NUMBER: _____

6. IF INDIAN, ALLOTTEE OR TRIBE NAME: _____

7. UNIT or CA AGREEMENT NAME: _____

8. WELL NAME and NUMBER: see attached list

9. API NUMBER: _____

10. FIELD AND POOL, OR WILDCAT: _____

1. TYPE OF WELL OIL WELL GAS WELL OTHER _____

2. NAME OF OPERATOR:
NAE, LLC N3440

3. ADDRESS OF OPERATOR: 16800 Imperial Valley Dr. CITY Ste. 380 HOUSTON STATE TX ZIP 77060 PHONE NUMBER: (281) 931-8933

4. LOCATION OF WELL

FOOTAGES AT SURFACE: _____ COUNTY: _____

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: _____ STATE: **UTAH**

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

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

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.
NAE, LLC will be assuming all plugging and reclamation liabilities for the wells on the schedule attached hereto.

Effective Date: 2/12/08
Federal Bond Number: UTB000296
State Bond Number: 8030575893

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

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

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

(This space for State use only)

APPROVED 2/27/08
Earlene Russell
Division of Oil, Gas and Mining
Earlene Russell, Engineering Technician
(5/2000) (See Instructions on Reverse Side)

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

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

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

Request to Transfer Application or Permit to Drill

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

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

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

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

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

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

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

(3/2004)

RECEIVED

FEB 26 2008

DIV. OF OIL, GAS & MINING



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

October 23, 2008

R.E. Knight
Tidewater Oil & Gas, LLC
110 16TH Street, Suite 1220
Denver, CO 80202

Re: APD Rescinded – Federal 7-34-2122 Sec. 7 T. 21 R. 22E Grand County, Utah
API No. 43-019-31484

Dear Mr. Knight:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on July 27, 2006. On August 13, 2007, the Division granted a one-year APD extension. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective October 23, 2008.

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

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

Sincerely,

Diana Mason
Environmental Scientist

cc: Well File
Bureau of Land Management, Moab

