

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

FORM 3

AMENDED REPORT   
(highlight changes)

<b>APPLICATION FOR PERMIT TO DRILL</b>		5. MINERAL LEASE NO: UTU 78060	6. SURFACE: Federal
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>		7. IF INDIAN ALLOTTEE OR TRIBE NAME:	
B. 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 OR CO AGREEMENT NAME:	
2. NAME OF OPERATOR: TIDEWATER OIL & GAS, LLC		9. WELL NAME AND NUMBER: Federal 29-24-2119	
3. ADDRESS OF OPERATOR: 1645 COURT PL #301 DENVER CO 80202		10. FIELD AND POOL, OR WILDCAT: wildcat	
4. LOCATION (IF WELL FOOTAGES): AT SURFACE: 737 FSL 2062 FEL 600476x 38.951895 AT PROPOSED PRODUCING ZONE: 737 FSL 2062 FEL 4311870Y -109.840495		11. QUAD, SECTION, TOWNSHIP, RANGE MERIDIAN: SESW 29 21S 19E	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 2 MI NORTH OF CRESCENT JUNCTION		12. COUNTY: GRAND	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY ON LEASE LING (FEET): 737'	16. NUMBER OF ACRES IN LEASE: 1080.6	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 160	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR ON THIS LEASE (FEET)): 5 MI	19. PROPOSED DEPTH: 6,500	20. BOND DESCRIPTION: FEDERAL	
21. ELEVATIONS (SHOW WHETHER OF RT, GA, ETC.): 4898' GL	22. APPROXIMATE DATE WORK WILL START: 8/15/2006	23. ESTIMATED DURATION: 14 DAYS	

24. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
12.25	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

25. ATTACHMENTS

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

- WELL PLAN ON MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER  
 EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER  
 COMPLETE DRILLING PLAN  
 FORM 3, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

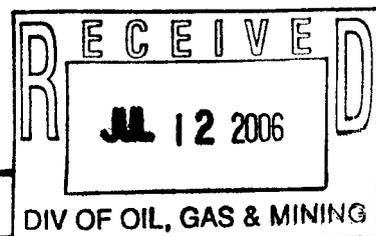
NAME (PLEASE PRINT) R.E. KNIGHT TITLE AGENT  
 SIGNATURE [Signature] DATE 6/24/2006

(This space for State use only)

API NUMBER ASSIGNED 43-019-31485

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

Date: 11-29-06  
By: [Signature]



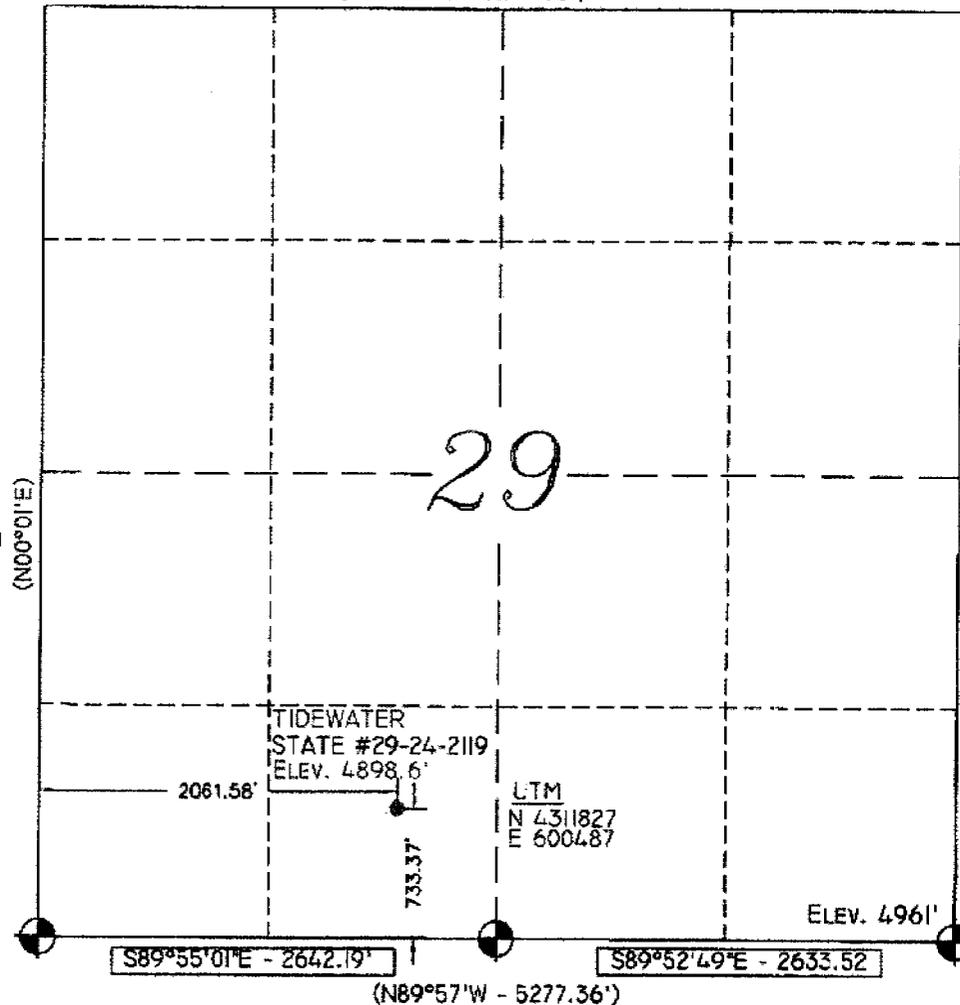
(11/2001)

Federal Approval of this  
Action is Necessary

# Range 19 East

(N89°56'W - 5277.36')

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 4961' being at the Southeast Section Corner of Section 29, Township 21 South, Range 19 East, Salt Lake Base and Meridian, as shown on the Crescent Junction Quadrangle 7.5 minute series map.

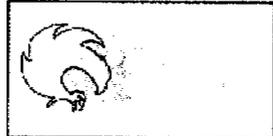
**Description of Location:**

Proposed Drill Hole located in the SE/4 SW/4 of Section 29, T21S, R19E, S.L.B.&M., being 733.37' North and 2061.58' East from the Southwest Section Corner of Section 29, T21S, R19E, 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 180 West P.O. Box 1230  
 Huntington, Utah 84528  
 Phone (435)687-5316 Fax (435)687-5311  
 E-Mail talon@ctv.net

## TIDEWATER

State #29-24-2119  
 Section 29, T21S, R19E, S.L.B.&M.  
 Grand County, Utah

Drawn By: N. BUTKOVICH	Checked By: L.W.J./A.J.S.
Drawing No: A-1	Date: 6/5/06
	Scale: 1" = 1000'
Sheet 1 of 4	Job No. 2467

**Legend**

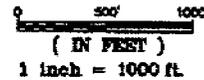
- Drill Hole Location
- ⊕ Metal Cap (Found)
- Brass Cap (Searched for, but not found)
- △ Calculated Corner
- ( ) GLO
- GPS Measured

**NOTES:**

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

LAT / LONG  
 38°57'05.433"N  
 109°50'25.329"W

**GRAPHIC SCALE**



**WORKSHEET  
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 07/12/2006

API NO. ASSIGNED: 43-019-31485

WELL NAME: FEDERAL 29-24-2119  
 OPERATOR: TIDEWATER OIL & GAS CO ( N3000 )  
 CONTACT: R.E. KNIGHT

PHONE NUMBER: 303-468-0656

PROPOSED LOCATION:

SESW 29 210S 190E  
 SURFACE: 0733 FSL 2062 FEL  
 BOTTOM: 0733 FSL 2062 FEL  
 COUNTY: GRAND  
 LATITUDE: 38.95190 LONGITUDE: -109.8405  
 UTM SURF EASTINGS: 600476 NORTHINGS: 4311870  
 FIELD NAME: WILDCAT ( 1 )

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

LEASE TYPE: 1 - Federal  
 LEASE NUMBER: UTU 76060  
 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: SALT VALLEY ANTICLINE
- R649-3-2. General  
Siting: 460 From Qtr/Qtr & 920' Between Wells
- R649-3-3. Exception
- Drilling Unit  
Board Cause No: \_\_\_\_\_  
Eff Date: \_\_\_\_\_  
Siting: \_\_\_\_\_
- R649-3-11. Directional Drill

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

STIPULATIONS: 1- Federal Approval

2- Spacing Strip

T21S R19E

### SALT VALLEY ANTICLINE

BLAZE T\* 1

29

FEDERAL 29-24-2119

LILY ANN 1

TIDEWATER ST 32-3

OPERATOR: TIDEWATER O&G LLC (N3000)

SEC: 29 T.21S R. 19E

FIELD: WILDCAT (001)

COUNTY: GRAND

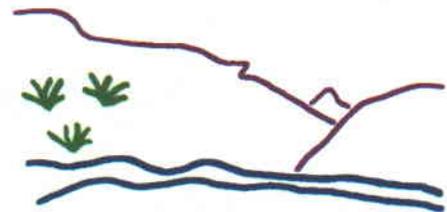
SPACING: R649-3-2 / GENERAL SITING

#### 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

- #### 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



Utah Oil Gas and Mining



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

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

**APPLICATION FOR PERMIT TO DRILL OR REENTER**

5. Lease Serial No.  
**UTU-76060**

6. If Indian, Allottee or Tribe Name

1a. Type of work:  DRILL  REENTER

1b. Type of Well:  Oil Well  Gas Well  Other  Single Zone  Multiple Zone

7. If Unit or CA Agreement, Name and No.

8. Lease Name and Well No.  
**FEDERAL 29-24-2119**

2. Name of Operator  
**Tidewater Oil & Gas, LLC**

9. API Well No.  
**43-019-3485**

3a. Address **1645 Court Pl. Suite 301, Denver, Co 80202**

3b. Phone No. (include area code)  
**303-468-0656**

10. Field and Pool, or Exploratory  
**Exploratory**

4. Location of Well (Report location clearly and in accordance with any State requirements.)\*  
At surface **733.37 FSL & 2061.58 FWL**  
At proposed prod. zone **733.37 FSL & 2061.58 FWL**

11. Sec., T. R. M. or Blk. and Survey or Area  
**SESW Sec 29, T21S, R 19E**

14. Distance in miles and direction from nearest town or post office\*  
**7 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) **733 FT**

16. No. of acres in lease  
**1080.6**

17. Spacing Unit dedicated to this well  
**160**

18. Distance from proposed location\* to nearest well, drilling, completed, applied for, on this lease, ft. **2000 FT**

19. Proposed Depth  
**5500**

20. BLM/BIA Bond No. on file  
**UTB-000211**

21. Elevations (Show whether DF, KDB, RT, GL, etc.)  
**GL 4898.6 ft**

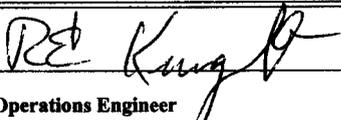
22. Approximate date work will start\*  
**08/15/2006**

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:

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>1. Well plat certified by a registered surveyor.</li> <li>2. A Drilling Plan.</li> <li>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).</li> </ul> | <ul style="list-style-type: none"> <li>4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).</li> <li>5. Operator certification</li> <li>6. Such other site specific information and/or plans as may be required by the BLM.</li> </ul> |
|---|---|

25. Signature 	Name (Printed/Typed) <b>R. E. Knight</b>	Date <b>06/20/2006</b>
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Title <b>Operations Engineer</b>		
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Approved by (Signature) <i>/s/ A. Lynn Jackson</i>	Name (Printed/Typed) <i>A. Lynn Jackson</i>	Date <b>9/5/06</b>
--	--	-----------------------

Title <b>Assistant Field Manager, Division of Resources</b>	Office <b>Division of Resources Moab Field Office</b>	
--	--	--

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

RECEIVED  
 DIVISION OF RESOURCES  
 SEP 11 2006



# Range 19 East

(N89°56'W - 5277.36')

**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 4961' being at the Southeast Section Corner of Section 29, Township 21 South, Range 19 East, Salt Lake Base and Meridian, as shown on the Crescent Junction Quadrangle 7.5 minute series map.

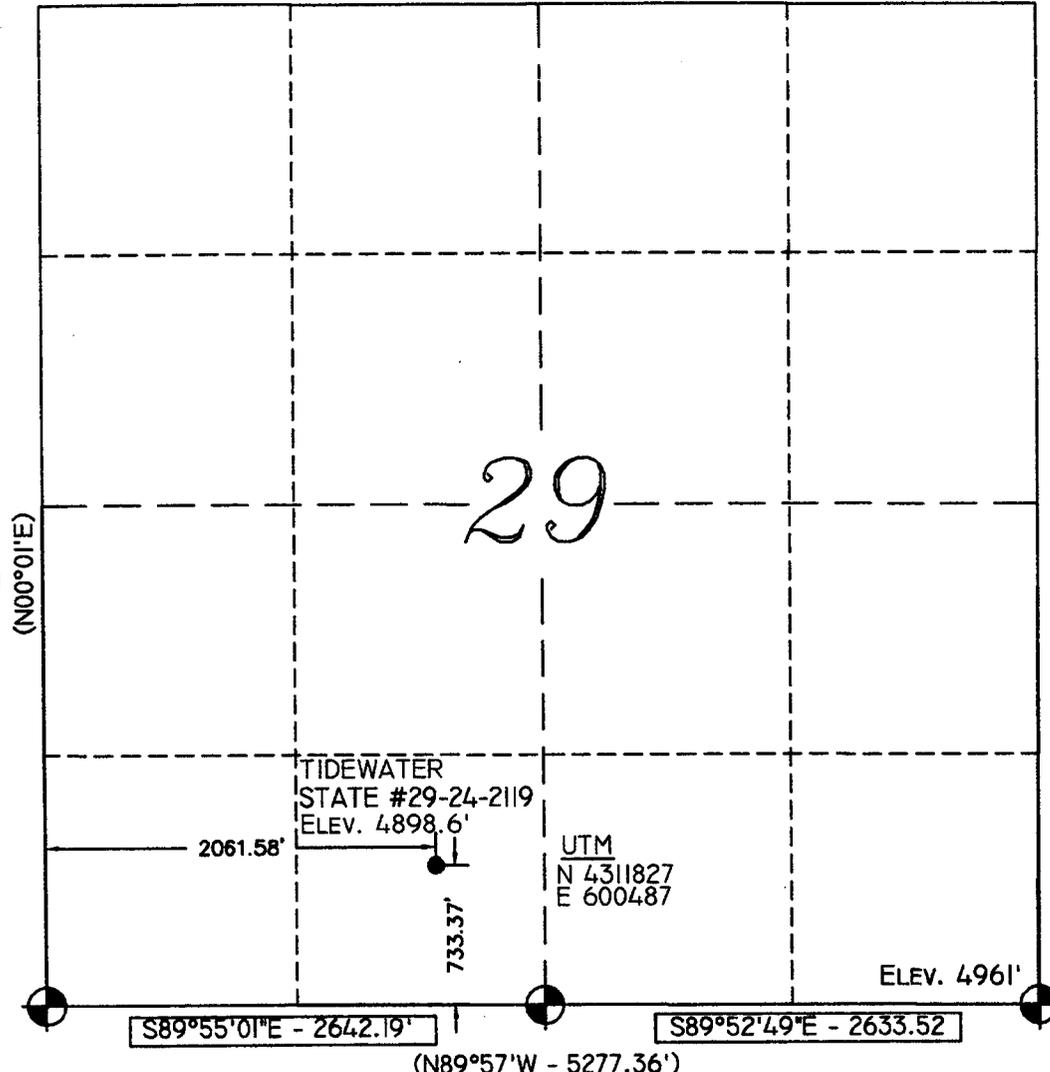
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I, Albert J. Spensko, a Registered Professional Land Surveyor, holding Certificate 146652 State of Utah, do hereby certify that the information on this drawing is a true and accurate survey based on data of record and was conducted under my personal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

Township 21 South



(N00°02'E)

(N00°01'E)

29

TIDEWATER  
STATE #29-24-2119  
ELEV. 4898.6'

UTM  
N 4311827  
E 600487

ELEV. 4961'

S89°55'01"E - 2642.19'

S89°52'49"E - 2633.52'

(N89°57'W - 5277.36')



**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@ctr.net

<b>TIDEWATER</b>	
State #29-24-2119	
Section 29, T21S, R19E, S.L.B.&M.	
Grand County, Utah	
Drawn By: N. BUTKOVICH	Checked By: L.W.J./A.J.S.
Drawing No. A-1	Date: 6/6/06
	Scale: 1" = 1000'
Sheet 1 of 4	Job No. 2467

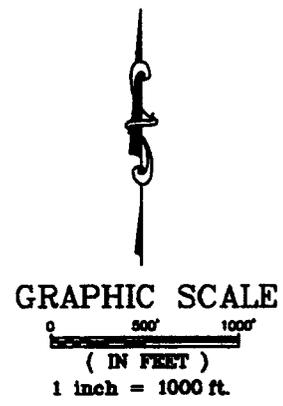
**Legend**

- 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°57'05.433"N  
109°50'25.329"W



**Tidewater Oil & Gas, LLC**  
**Federal 29-24-2119**  
Lease UTU-76060  
Location SE/SW Section 29, T21S, R19E  
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 (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. Prior to moving the drill rig to the No. 29-24-2119 Well, the new road constructed for the No. 29-24-2119 Well will be surfaced with pit-run gravel or other rock materials.
5. The reserve pit at the No. 29-24-2119 Well will be lined with a synthetic liner of at least 16 mils, with a permeability not to exceed  $1 \times 10^{-7}$  cm/sec.
6. If the No. 29-24-2119 Well is completed for production, cattleguards will be installed in the two fence crossings between public lands and private lands. Exceptions to this limitation may be specified in writing by the Moab Field Office.
7. 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

# 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 cursive script that reads "Roger Knight".

Roger Knight  
Engineer

**Cactus Rose Federal 29-24-2119**

SESW Sec 29, T21S, R19

733 FSL 2061 FEL

Elevation - 4898.6' ground level

**Tidewater Oil & Gas, LLC**

James Jones, Manager

1645 Court Pl, Ste 301

Denver, Co. 80202

303-468-0656

**Cactus Rose Federal 29-24-2119**

**Contact Phone Number**

R.E. Knight - 303-808-5672

**Lease Type**

Federal Lease - UTU-76060

**Water Rights**

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

**Estimated Formation Tops**

Mancos - surface  
Dakota silt - 2500  
Dakota sandstone 2690 - HC  
Morrison - 3040  
Moab Tongue 3740 - HC  
Carmel 4490 - HC  
Navajo 4530 - HC  
TD - 5500

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

**Cactus Rose Federal 29-24-2119**

SFSW Sec 29, T21S, R19

733 FSL 2064 FEL

Elevation = 4898.6' 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 1/2" hole to  $\pm 500$  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  $\pm 500$ '. Cement casing in hole from TD to surface. Estimate 300 cf of cement required. 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.
5. Wait 12 hours on cement. Install casing head.
6. Rig up BOPE 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 7 7/8" hole from 500' to 2500' using air/ air mist. Take deviation survey every 250'. Use low solids dispersed mud from 2500' to TD. 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 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. Land casing with Model R casing head.
10. Rig down. Move rig off location.

**Cactus Rose Federal 29-24-2119**  
SESW Sec 29, T21S, R19  
733 FSL 206 $\frac{1}{2}$  FFI.  
Elevation = 4898.6' 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 2000 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-13I. + 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. An estimated 480 cu. ft of 12 ppg cement will be used to cement the casing. All potential producing zones will be covered with cement.

#### **Circulating Medium**

The well will be drilled utilizing air or air mist. If required, 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.

**Cactus Rose Federal 29-24-2119**

SESW Sec 29, T21S, R19

733 FSL 2064 FFL

Elevation = 4898.6' ground level

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.

**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, Sonic and Dip Meter.

**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 2000 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 29-24-2119

Location: Sec. 29, T. 21S, R. 19E, Lease No. UTU-78060

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:
- |                       |
|-----------------------|
| Mancos - surface      |
| Dakota silt - 2500    |
| Dakota sandstone 2690 |
| Morrison - 3040       |
| Moab Tongue 3740      |
| Carmel 4490           |
| Navajo 4530           |

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 2690, Morrison - 3040, Moab Tongue 3740, Carmel 4490, Navajo 4530

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 2500 psi. All valves and the choke manifold will also be tested to 3000 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, K55, STC new pipe set @ 500'

Production String: 6 1/2", 15#/ft, K55, 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 = 125 sx, 287 cf, 51 bbl, Prem life +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, 14.6 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 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.

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: \_\_\_\_\_

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. \_\_\_\_\_

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.  
 \_\_\_\_\_  
Initial opening of drill stem test tools will be restricted to daylight hours.
8. 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 2 mi. north of Crescent Junction. The well is located 25 miles east of Green River, UT north of 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 if 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 1 culverts (3') will be necessary. Low water crossings will be used at all points when possible. Road will be upgraded as needed for production. Three 4' culverts will be installed on big wash on the access road that is on private land. Low water crossings will be used at all points when possible.
- j. Cattleguards: One cattle guard will be required on south fence line
- 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 south of the well pad 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. Rental 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 control 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 1½ 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 in 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 § 3810.2-3.

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: None

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

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 plat

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: fourwings saltbush, shadscale, nuffalls saltbus  
and Indian rinegrass - all @ 3#/ac

Pure line seeds (PLS) will be used

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. Montgomery Arch Consultants performed a survey with nothing being found. Survey on file.

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 recordation 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

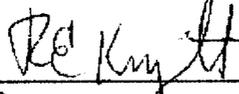
Title: Operations Engineer

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

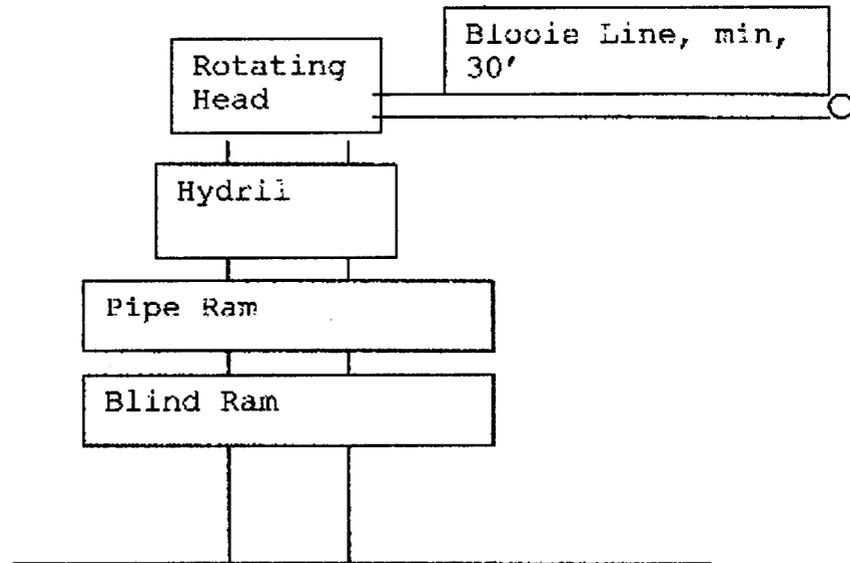
Phone No.: 303-808-5672

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.

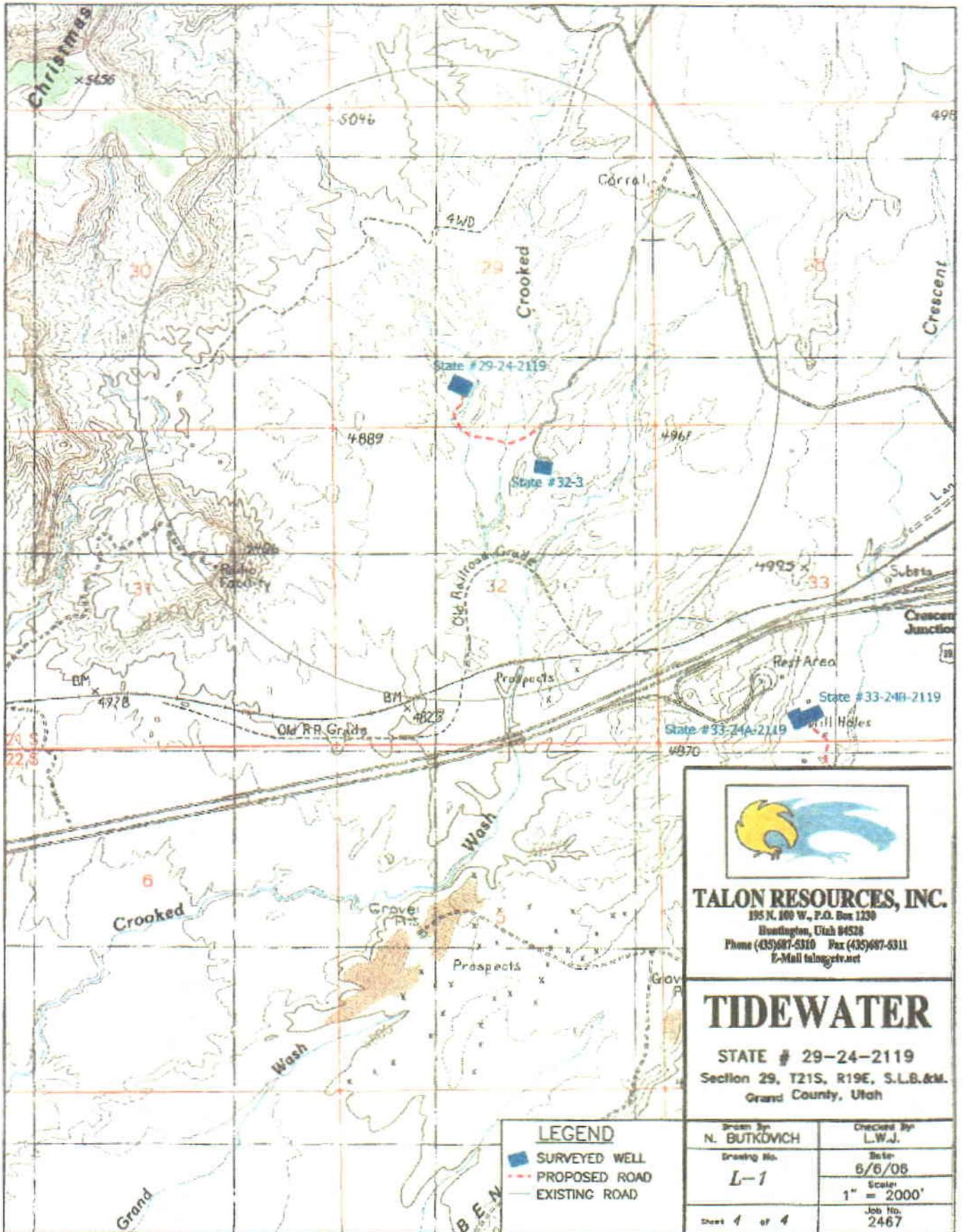
  
\_\_\_\_\_  
Signature Operations Engineer June 3, 2008  
Title Date

## 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 1230  
 Huntington, Utah 84528  
 Phone (435)687-5310 Fax (435)687-5311  
 E-Mail talon@trv.net

**TIDEWATER**

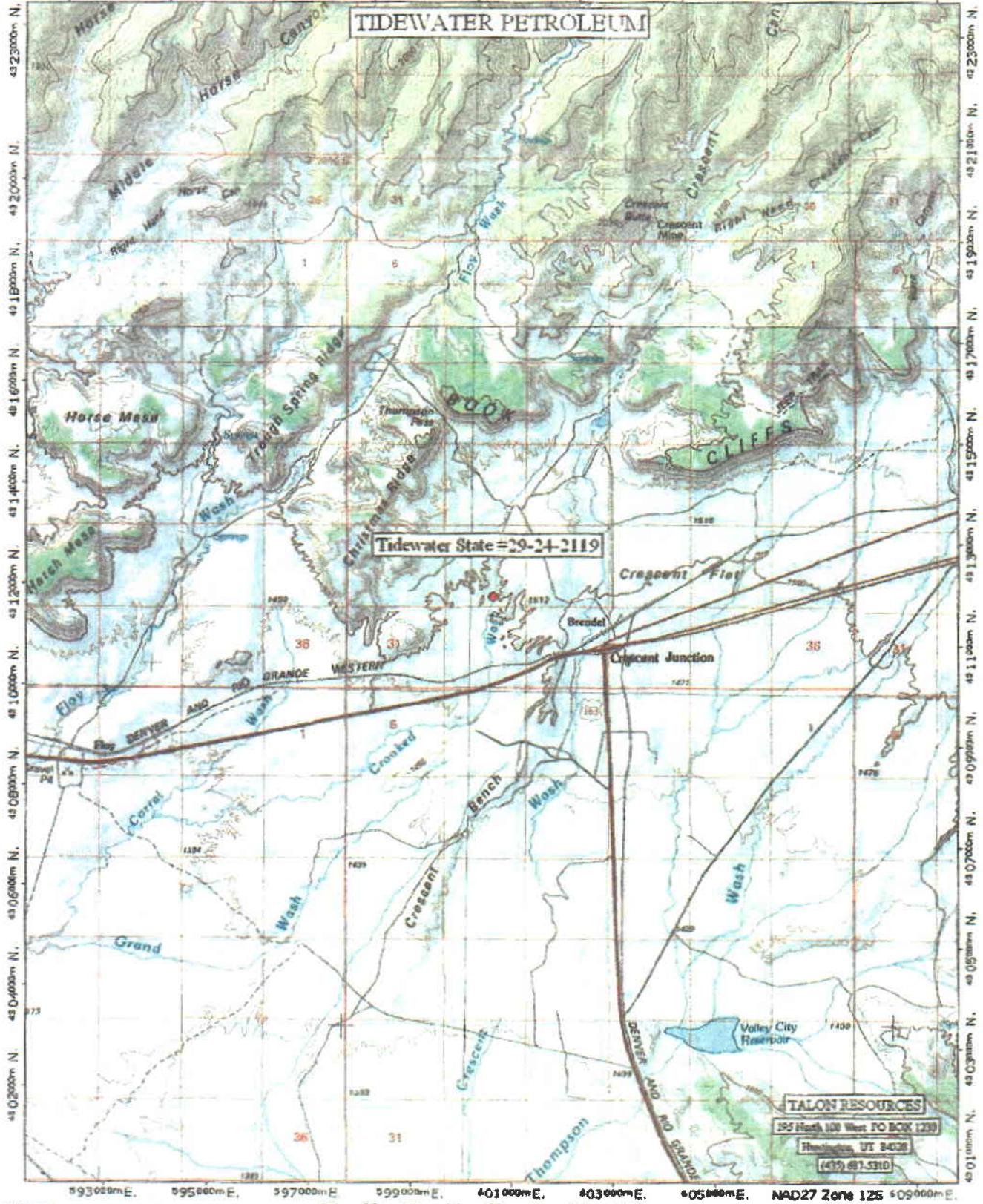
STATE # 29-24-2119  
 Section 29, T21S, R19E, S.L.B.&M.  
 Grand County, Utah

LEGEND	
	SURVEYED WELL
	PROPOSED ROAD
	EXISTING ROAD

Drawn By N. BUTKOVICH	Checked By L.W.J.
Drawing No. L-1	Date 6/6/06
	Scale 1" = 2000'
Sheet 1 of 4	Job No. 2467

TOPO! Map printed on 06/06/06 from "Tidewater-29-24-2119.tpo"

920000 E. 940000 E. 960000 E. 980000 E. 1000000 E. 1020000 E. 1040000 E. NAD27 Zone 12S 1090000 N.

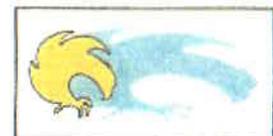
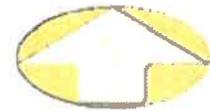
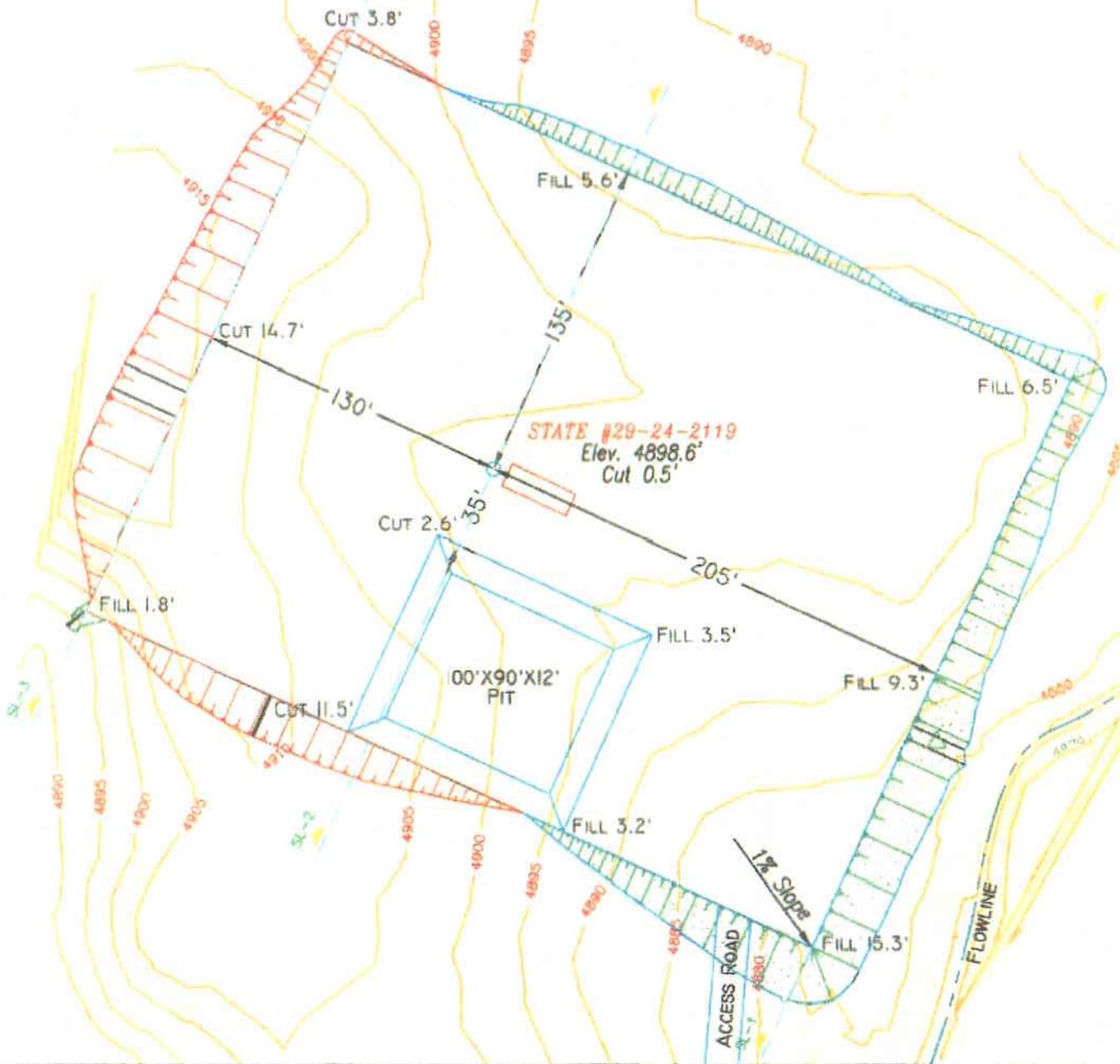


12°

0.0 0.5 1.0 1.5 2.0 2.5 3.0 3.5 miles  
0 1 2 3 4 5 km

Map created with TOPO!® ©2003 National Geographic (www.nationalgeographic.com/topo)

ELEVATION OF UNGRADED GROUND AT LOCATION STAKE = 4898.6'  
 ELEVATION OF GRADED GROUND AT LOCATION STAKE = 4898.1'

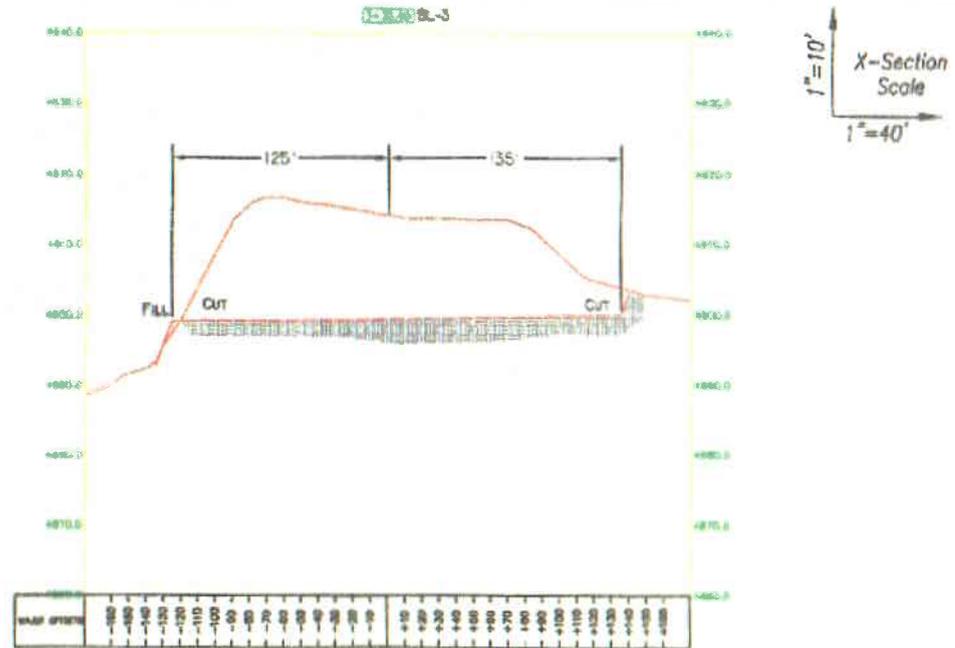
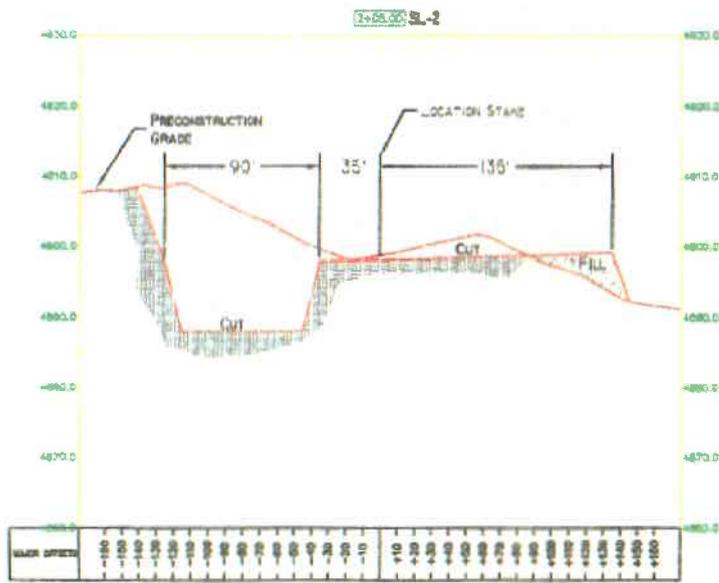


**TALON RESOURCES, INC.**  
 195 North 100 West P.O. Box 1230  
 Huntington, Utah 84528  
 Phone (435)687-5310 Fax (435)687-5311  
 E-Mail talon@trv.net

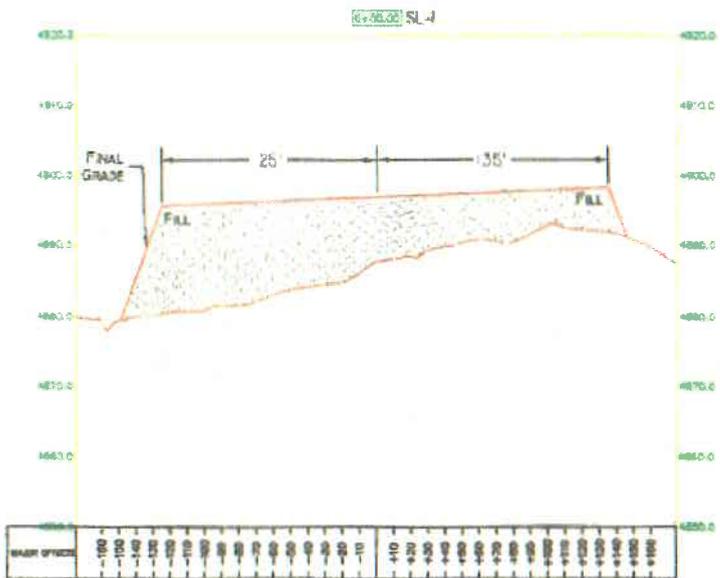
**TIDEWATER**

LOCATION LAYOUT  
 Section 29, T21S, R19, S.L.B.&M.  
 WELL STATE #29-24-2119

Drawn by: <b>N. BUTKOVICH</b>	Checked by: <b>L.W.J.</b>
Drawing No. <b>A-2</b>	Date: <b>6/5/06</b>
	Scale: <b>1" = 60'</b>
Sheet <b>2</b> of <b>4</b>	Job No. <b>2487</b>



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



**APPROXIMATE YARDAGES**

CUT

(6") TOPSOIL STRIPPING = 1,615 CU. YDS.

TOTAL CUT (INCLUDING PIT) = 14,675 CU. YDS.

TOTAL FILL = 7,945 CU. YDS.



**TALON RESOURCES, INC.**

195 North 100 West P.O. Box 1230  
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**TIDEWATER**

TYPICAL CROSS SECTION  
Section 29, T21S, R19E, S.L.B.&M.  
WELL STATE #29-24-2119

Drawn By N. BUTKOVICH	Checked By L.W.J.
Drawing No. <b>C-1</b>	Date 6/6/06
	Scale: 1" = 100'
Sheet 3 of 4	JOB No. 2467



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*

November 29, 2006

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

Re: Federal 29-24-2119 Well, 733' FSL, 2062' FWL, SE SW, Sec. 29, T. 21 South,  
R. 19 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 43-019-31485.

Sincerely,

Gil Hunt  
Associate Director

pab  
Enclosures

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

**Operator:** Tidewater Oil & Gas Company  
**Well Name & Number** Federal 29-24-2119  
**API Number:** 43-019-31485  
**Lease:** UTU-76060

**Location:** SE SW                      **Sec.** 29                      **T.** 21 South                      **R.** 19 East

### **Conditions of Approval**

1. General

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

2. Notification Requirements

Notify the Division within 24 hours of spudding the well.

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

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

- Contact Dan Jarvis at (801) 538-5338

3. Reporting Requirements

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

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

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

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

FORM 9

5. LEASE DESIGNATION AND SERIAL NUMBER:  
**UTU- 76060**

**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.

8. WELL NAME and NUMBER:  
**FEDERAL 29-24-2119**

9. API NUMBER:  
**4301931485**

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

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

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

3. ADDRESS OF OPERATOR: 110 16th St., Suite 1220 Denver CO 80202 PHONE NUMBER: (303) 486-0656

4. LOCATION OF WELL  
FOOTAGES AT SURFACE **733 FSL, 2061 FEL**

COUNTY: **GRAND**

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: **SWSE 29 21S 19E**

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>8/1/2008</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: 12-18-07  
By: [Signature]

COPY SENT TO OPERATOR  
Date: 12-18-2007  
Initials: KS

NAME (PLEASE PRINT) R.E. KNIGHT TITLE Agent  
SIGNATURE [Signature] DATE 12/13/2007

(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:** 4301931485  
**Well Name:** FEDERAL 29-24-2119  
**Location:** SESW Sec 29, T21S, R19E  
**Company Permit Issued to:** Tidewater Oil & Gas, LLC  
**Date Original Permit Issued:** 11/29/2006

I, 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

    *Rob Knight*      
Signature

    12/15/2007      
Date

Title:     Agent    

Representing:     Tidewater Oil & Gas, LLC



JON M. HUNTSMAN, JR.  
Governor

GARY R. HERBERT  
Lieutenant Governor

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

February 26, 2009

Tidewater Oil & Gas, LLC  
110 16<sup>TH</sup> Street, Suite 1220  
Denver, CO 80202

Re: APD Rescinded – Federal 29-24-2119, Sec.29, T.21S, R. 19E  
Grand County, Utah API No. 43-019-31485

Ladies and Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on November 29, 2006. On December 18, 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 February 26, 2009.

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, Vernal

