

**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: <b>UTU-7623</b>	6. SURFACE: <b>Federal</b>
1A. TYPE OF WORK: <b>DRILL</b> <input checked="" type="checkbox"/> <b>REENTER</b> <input type="checkbox"/> <b>DEEPEN</b> <input type="checkbox"/>			7. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
B. TYPE OF WELL: <b>OIL</b> <input type="checkbox"/> <b>GAS</b> <input checked="" type="checkbox"/> <b>OTHER</b> _____ <b>SINGLE ZONE</b> <input type="checkbox"/> <b>MULTIPLE ZONE</b> <input type="checkbox"/>			8. UNIT or CA AGREEMENT NAME:	
2. NAME OF OPERATOR: <b>Running Foxes Petroleum, Inc.</b>			9. WELL NAME and NUMBER: <b>Cisco Springs 24-3 B</b>	
3. ADDRESS OF OPERATOR: <b>7060B S. Tucson Way</b> CITY <b>Centennial</b> STATE <b>CO</b> ZIP <b>80112</b>			PHONE NUMBER: <b>(720) 889-0510</b>	10. FIELD AND POOL, OR WLD CAT: <b>Greater Cisco</b> <b>105</b>
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: <b>2001' FSL &amp; 1600' FWL</b> <b>644880X</b> <b>39.050523</b> AT PROPOSED PRODUCING ZONE: <b>Same as above</b> <b>4323501Y</b> <b>-109.325742</b>			11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <b>NESW 24 20S 23E</b>	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: <b>6 miles North of Cisco, Utah</b>			12. COUNTY: <b>Grand</b>	13. STATE: <b>UTAH</b>
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) <b>1600 ft. West</b>	16. NUMBER OF ACRES IN LEASE: <b>640 Acres</b>	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: <b>40 Acres</b>		
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) <b>50 ft. South</b>	19. PROPOSED DEPTH: <b>1,500</b>	20. BOND DESCRIPTION: <b>UTB 000207</b>		
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): <b>4643 ft. GL</b>	22. APPROXIMATE DATE WORK WILL START: <b>7/18/2006</b>	23. ESTIMATED DURATION: <b>21 days</b>		

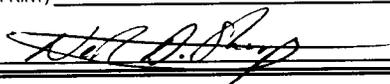
**PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
	<b>See Attached</b>		

**ATTACHMENTS**

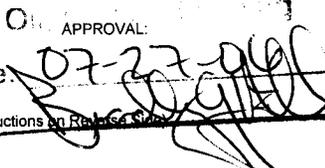
VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:

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

NAME (PLEASE PRINT) Neil D. Sharp TITLE Geologist  
SIGNATURE  DATE 7/13/2006

(This space for State use only)

API NUMBER ASSIGNED: 43019-31486

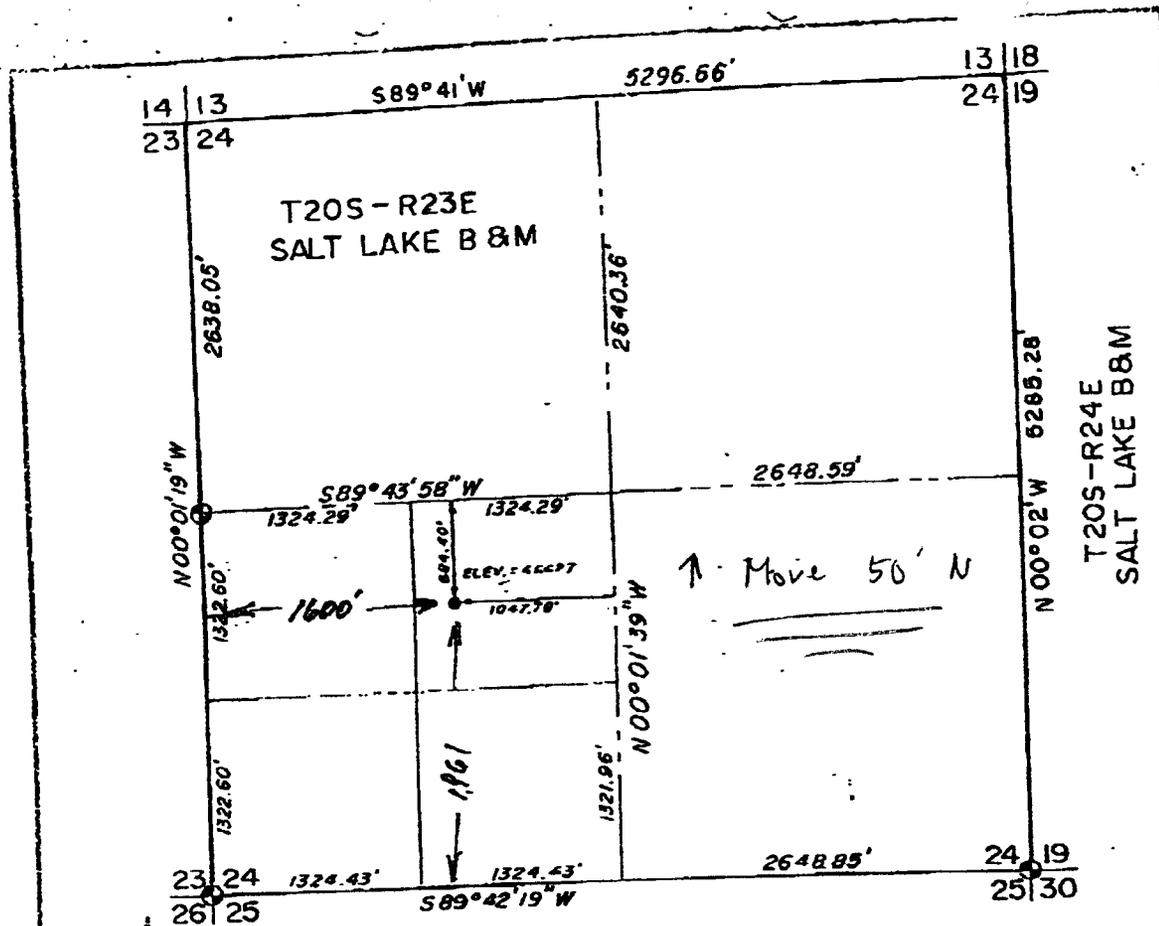
Approved by the  
Oil & Gas Division  
APPROVAL:  
Date: 07-27-06  


**RECEIVED**  
**JUL 17 2006**

DIV. OF OIL, GAS & MINING

**Federal Approval of this Action is Necessary**

Attachment 1A



**NOTES:**

INFORMATION GIVEN IN VERTICAL LETTERING IS DERIVED FROM FIELD SURVEYS MADE ON SEPTEMBER 24, 1980

INFORMATION GIVEN IN SLANT LETTERING IS CALCULATED BASED ON GLO DATA

- ⊙ INDICATES GLO SECTION CORNER FOUND AS SHOWN
- ⊙ INDICATES GLO 1/4 CORNER FOUND AS SHOWN
- ELEVATION BASED ON MEAN SEA LEVEL
- INDICATES PROPOSED DRILL HOLE



THIS CERTIFIES THAT ON THE 24th DAY OF SEPTEMBER, 1980 A SURVEY WAS MADE UNDER MY SUPERVISION OF THE ABOVE SHOWN DRILL HOLE LOCATION, AND THAT ALL INFORMATION PERTINENT TO SAID SURVEY IS ACCURATELY SHOWN ON THE ABOVE PLAT.

*William A. Ryden*

COLORADO REGISTERED LAND SURVEYOR  
LS No. 9331

NO.		DATE		REVISION		BY	
<b>COLORADO WEST SURVEYING COMPANY</b> COMPREHENSIVE LAND PLANNING COMPLETE SURVEYING SERVICE  835 COLORADO AVENUE GRAND JUNCTION, COLORADO 81501 303-245-2767				JACOBS DRILLING COMPANY DRILL HOLE NO. 24-3 LEASE NO. U7623 NE 1/4 SW 1/4 SECTION 24 T20S-R23E SALT LAKE B & M			
SCALE 1" = 1000'				DATE	DES.	DR.	
				10/7/00		DR. SJA CK WR	

# Running Foxes Petroleum, Inc.

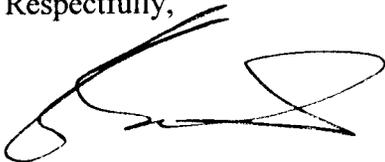
Utah Division of Oil, Gas and Mining  
To whom it concerns:

Re: APD for well Cisco Springs 24-3 B

Enclosed, please find an APD for the 24-3B well. We will be P&A'ing the old 24-3 well and want to move North 50' and redrill. The 24-3 was a productive well that was poorly completed and had considerable problems. The best way to eliminate the problems is to redrill.

I may be reached at [gregs481@msn.com](mailto:gregs481@msn.com) or 970-361-6344.

Respectfully,



Greg Simonds  
V.P. Operations  
Running Foxes Petroleum, Inc.

Greg,

Please fix the footages.  
they do NOT match up  
with the Plat, APD cover  
Attachment 2  
Also, please Diane  
do from N-S to E-W

RECEIVED  
JUL 17 2006

DIV. OF OIL, GAS & MINING

RECEIVED  
JUL 03 2006

DIV. OF OIL, GAS & MINING

**Running Foxes Petroleum, Inc**  
**7060B S. Tucson Way**  
**Centennial, Co. 80112.**  
**Operations V. P. Greg Simonds**  
**Consulting Geologist: Neil D. Sharp**

### 24-3 B Drilling Plan

2001' fsl, 1600' fwl (W/2 NE SW) Sec. 24, T20S, R23E, SLM, Grand County, Utah

Location access (Refer to Attachment 3b): From Exit 214 I-70, proceed north on Book Cliffs Road (paved) for 100 feet, turn left toward west on Danish Flat county road and proceed northwesterly for 1 mile, turn left. Proceed .9 mile to right hand turn off to well. Proceed approximately .4 mile to proposed well site. Exit 214 is 49 miles northeast of Moab, UT via US 191, UT 128 and county road through Cisco, UT, 64 miles from Moab via US 191 and I-70, 47 miles west of Grand Junction, CO via I-70 and 153 miles from Vernal, UT via US 40 through Rangely, CO on CO 64, over Douglas Pass on CO 139 to Loma, CO and I-70.

Projected tops:	Mancos Shale	Surface	(Elevation GL 4643')
	Dakota Fm marker	989'	Oil & natural gas (possible water)
	Cedar Mountain Fm	1051'	Natural gas (possible water)
	Morrison Fm		
	Brushy Basin Mbr	1080'	Oil and natural gas
	Salt Wash Mbr	1435'	Natural gas
	TD	1500'	

#### Construction program:

- ☼ Air, mist and/or foam circulation using 5-7% KCl water injection below Dakota
- ☼ Minimum 1500 psi rated BOP with 500 psi rated diverter and 100' min. 4" blooie line to pit
- ☼ 11" hole to 120' below GL elevation to set 7" 23 ppf, J-55 (or better) surface casing with Class A cement circulated back to surface. Estimate 50 sacks (2.2 cubic yards) with slurry yield of 1.18 cubic feet per sack including 25% excess.
- ☼ 6 ½ " hole to 1400' below KB to set 4.5" 10.5 ppf, J-55 (or better) long string and cement with Class A slurry from TD to 550'. Estimate 121 sacks (5.3 cubic yards) with slurry yield of 1.18 cubic feet per sack including 25% excess.
- ☼ Run 2 3/8" tubing for completion testing

Operations will be conducted during daylight hours only except possibly upon reaching TD, running the long string and cementing same.

Casing decision will be made based upon drilled shows and no open-hole logs will be run.

Well will be killed with 5-7% KCl water or KCl/gel/polymer mud to run long string.

Depending upon circulation and gas/fluid influx conditions, a contingency plan to advance the hole with mud below the Cedar Mountain Fm will be in place.

**Attachment 3A**

July  
~~JUNE~~, 2006

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

Company Running Foxes Petroleum, Inc. Well No. 24-3 B

Location: Sec. 24, T. 20S, R. 23E, Lease No. UTU-7623

On-Site Inspection Date 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 Shale surface, Dakota Formation marker 989', Cedar Mountain Formation 1051', Brushy Basin Member of Morrison Formation 1080', Salt Wash Member of Morrison Formation 1435'.

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

Depth/Formation

Expected Oil Zones: 989'/Dakota, 1080'/Brushy Basin  
 Expected Gas Zones: 989'/Dakota, 1051'/Cedar Mtn, 1435'/Salt Wash  
 Expected Water Zones: Layers in any pre-Mancos formation can be saline aquifers  
 Expected Mineral Zones: 989'/Dakota (possible thin coal beds)

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: Double ram (pipe and blind) BOP with minimum working pressure rating of 2000 psi equipped with accumulator for remote operation and rotating head/diverter with minimum working pressure rating of 150 psi. BOP will be tested for ten minutes holding 1000 psi prior to drilling through surface casing shoe. See schematic diagram of typical equipment depicted by APD Attachment 3c.

BOP systems will be consistent with API RP 53 and Onshore Oil and Gas Order No. 2 as allowed under the Greater Cisco Area variance dated May 14, 2003. 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): 120' new 7" J-55 ST&C 23 ppf (or better) surface casing. 1500' reconditioned 4.5" J-55 LT&C 10.5 ppf (or better) long string casing.
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 casing will be cemented to surface with an estimated 50 sacks (including 25% excess) of 15.6 ppg Class A slurry that yields 1.18 cubic feet per sack. The long string will be cemented from TD to 550' with 121 sacks (including 25% excess) of 15.6 ppg Class A slurry yielding 1.18 cubic feet per sack. Cello-flake will be added to control fluid loss.

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: Circulating medium will be compressed air with 4-6% KCl water solution injected into the air stream to form mist to stabilize the hole and control dust. Foaming agents will be used as needed to maintain circulation. Excessive fluid flows will be controlled by mixing KCl/gel/polymer mud as needed and the materials will be held on standby in Grand Junction, Colorado for such purposes. 100 bbls of water will be on the location for use as kill fluid. The blooie line will be constructed of 4" minimum diameter pipe that is at minimum 100' in length. The igniter will be a diesel fuel smudge pot.

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 reasonably be expected.

7. Coring, Logging and Testing Program: No coring, tests or open logging are planned.

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: No abnormal temperature conditions or occurrences of hydrogen sulfide are known to exist in the Greater Cisco Field. Zones of lost circulation are not expected, and are unlikely to be recognized with the circulation system being used. The pressure gradient is normal to subnormal. Formation pressure through the depths and formations to be penetrated at this location will be no greater than 580 psi.
9. Any Other Aspects of this Proposal that should be Addressed: None.

#### 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 is depicted by APD Attachment.
- b. Location of proposed well in relation to town or other reference point: 2miles west-northwest of I-70 Exit 214 and 6 miles north of Cisco, Utah.
- c. The Grand County Road Department will be made aware of the use of county roads required by this proposal.
- d. Plans for improvement and/or maintenance of existing roads: Will water roads if conditions warrant for control of fugitive dust or clear mud during wet conditions.

2. Planned Access Roads:

- a. Location (centerline): Well pad lies adjacent to existing county road.
- b. Length of new access to be constructed: None
- c. Length of existing roads to be upgraded: NONE
- d. Maximum total disturbed width: NONE
- e. Maximum travel surface width: 16 to 18 feet.
- f. Maximum grades: Less than 6%
- g. Turnouts: None required.
- h. Surface materials: Native soils.
- i. Drainage (crowning, ditching, culverts, etc): NONE
- j. Cattleguards: None.
- 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: N/A.
- l. Other: N/A.

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: APD Attachment B depicts the locations of wells near the location. Within a one mile radius there are 11 producible oil and/or gas wells. There are no water, injection or disposal wells operating in that area and there are no drilling wells.
4. Location of Production Facilities:
  - a. On-site facilities: If production of oil and gas is established, the on-site facilities will include wellhead, 3-phase separator, production storage tank, water evaporation pit and gas meter with enclosure. See APD Attachment 6 for the layout of the on-site facilities.
  - b. Off-site facilities: None.
  - c. Pipelines: 2" gas production pipeline currently exists.

All permanent (in place for six months or longer) structures constructed or installed (including oil well pump jacks) will be painted a flat, non-reflective 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: Shades that match native soils in the area.

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): Commercial sources such as Ute Water in Mack, Colorado or the Thompson Special Service District in Thompson, Utah.

A temporary water use permit for this operation could be obtained from the Utah State Engineer in Price, Utah at (801) 637-1303 but will not be necessary.

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): On site native soils and substrate.

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 blooie and reserve pits will be constructed in Mancos Shale, a bentonite-rich aquitard.

The blooie pit will be located at least 100' from the wellhead, and the pit walls will be sloped at no greater than 1 to 1.

The blooie 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: Portable toilet.

9. Well Site Layout -depict the pit, rig, cut and fill, topsoil, etc. on a plat with a scale of at least 1"=50'. See APD Attachment 1b. No significant cuts or fills will be required for proposed operations.

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 west as depicted by APD Attachments 1b and 3b.

The blooie line will be located at a 30 degree angle to the drilling rig, arranged in a straight path with its outlet at least 100 feet from the well head where a diesel smudge pot will serve as an automatic igniter. See APD Attachment 1b.

To minimize the amount of fugitive dust and spray escaping from the blooie pit, water will be injected into the compressed air stream used for the well circulation system and the blooie line effluent will be directed toward a high earth bank at the opposite end of the pit.

10. Plans for Restoration of the Surface:

The top two inches of topsoil material will be removed from the location and stockpiled separately on the margins of the location. See APD Attachment 1b.

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 October 1 and December 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: Indian ricegrass 4 pounds per acre, Fourwing saltbush 2 pounds per acre and Shadscale 2 pounds per acre.

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: N/A.

11. Surface and Mineral Ownership: The surface and minerals are Federally owned.

12. Other Information:

- a. Archeological Concerns: Inventory will not be made of any resources in the disturbed area of the well site and upgraded road.

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. Threatened and Endangered Species Concerns: None.
- c. Wildlife Seasonal Restrictions: None.
- d. Off Location Geophysical Testing: None.

- e. Drainage crossings that require additional State or Federal approval: None.
- f. Other: N/A.

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

Representative:

Name: Neil D. Sharp

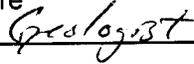
Title: Geologist (Running Foxes Petroleum)

Address: 7060B S.Tucson Way  
Centennial, Co. 80112

Phone No.: (303) 617-7242

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 Running Foxes Petroleum, Inc. 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. UTB-000207. This statement is subject to the provisions of 18 U.S.C. § 1001 for the filing of a false statement.

  
\_\_\_\_\_  
Signature  
  
\_\_\_\_\_  
Title

  
\_\_\_\_\_  
Date

### C. REQUIRED APPROVALS, REPORTS AND NOTIFICATIONS

Building Location- Contact the BLM, 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 BLM 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 BLM Moab Field Office on a weekly basis.

Monthly Reports of Operations- In accordance with 43 CFR § 3162.4-3, this well shall be reported on Minerals Management Service (MMS) Form 3160, "Monthly Report of Operations," starting the month in which operations commence and continuing each month until the well is physically plugged and abandoned. This report will be filed directly with MMS.

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 BLM Moab Field Office for approval of all proposals, changes of plans and notifications 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. 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 local BLM Field Office 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 local BLM Field Office is to be notified.

First Production- Should the well be successfully completed for production, the BLM 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 (5) 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 local BLM Field Office. The BLM shall be notified prior to the first sale.

Well Completion Report- Whether the well is completed as a dry hole or as a producer, a "Well Completion or Recompletion Report and Log" (Form 3160-4) will be submitted to the BLM Moab Field Office not later than thirty (30) 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 BLM 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 BLM 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 uneconomical is granted. In such case, compensation to the lessor 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- Produced waste water may be confined to the reserve pit for a period not to exceed 90 days after initial production. During the 90 day period, an application for approval of a permanent disposal method and location, along a water analysis, if required, will be submitted to the BLM Moab Field Office for approval pursuant Onshore Oil and Gas Order No. 7.

Off-Lease Measurement, Storage, Commingling- Prior approval must be obtained from the BLM 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 BLM Moab Field Office prior to initiating plugging operations.

A "Subsequent Report of Abandonment" (Form 3160-5) will be filed with the BLM Moab Field Office, within thirty (30) days following plugging and abandonment of the well. 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 BLM, or the appropriate surface managing agency.

TABLE 1

NOTIFICATIONS

Notify Rich McClure of the BLM Moab District Field Office, at (435) 259-2127 for the following:

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

1 day prior to spudding;

50 feet prior to reaching surface and intermediate casing depths;

3 hours prior to testing BOPE;

12 hours prior to reaching kickoff point depth (if applicable).

If the person at the above number cannot be reached, notify the BLM Moab Field Office at (435) 259-2100. If unsuccessful, notify one of the people 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 BLM Moab Field Office (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

Dan 435-820-0238 Water  
Nighth Desert Excavation

thn.  
Greg Simmons

**NOTICE OF ASSESSMENT  
OF  
GREEN RIVER CANAL CO., - GREEN RIVER, UTAH**

Notice is hereby given that at a meeting of the board of directors held on  
October 09, 2005, an assessment of \$12.00 per share was levied on the capital and/or  
secondary stock of the corporation payable at the office of the undersigned  
Secretary at Green River, Utah on or before:

**NOVEMBER 30, 2005**

pd 11/1/05  
# 2373  
\$62.00

At said meeting, pursuant to Article XV, of the Articles of Incorporation of  
the Company, there was levied a minimum service charge of \$50.00 against each  
stockholder for the year 2005.

Any stock upon which assessment and/or service charge may remain unpaid on  
**NOVEMBER 30, 2005**, will be delinquent and advertised for sale at public auction  
and unless payment is made before will be sold on **December 31, 2005** to pay said  
delinquencies together with the cost of advertising and expense of sale.

J. A. Scott  
Secretary  
Green River, Utah

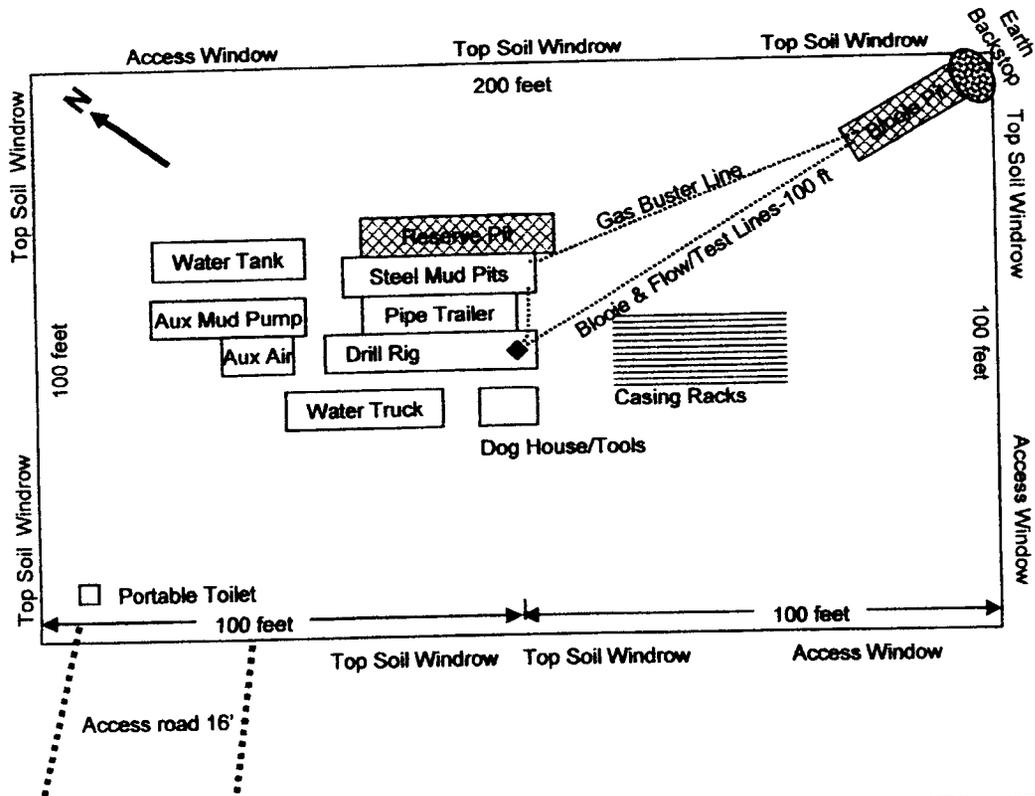
Total Shares	1
Stock Assessment	\$ 12.00
Service Charge	\$ 50.00
<b>TOTAL DUE</b>	<b>\$ 62.00</b>

Board of Directors Green River Canal Company:  
Glenn Baxter      Von Bowerman      Edward Hansen  
Dean King          Tim Vetere                      **DUE NO LATER THAN NOV 30**

Cisco Springs 24-3B

# Drilling Operation Pad & Equipment Layout

Propetroco, Inc. Number 1 Rig or Equivalent Mobile Drilling Rig

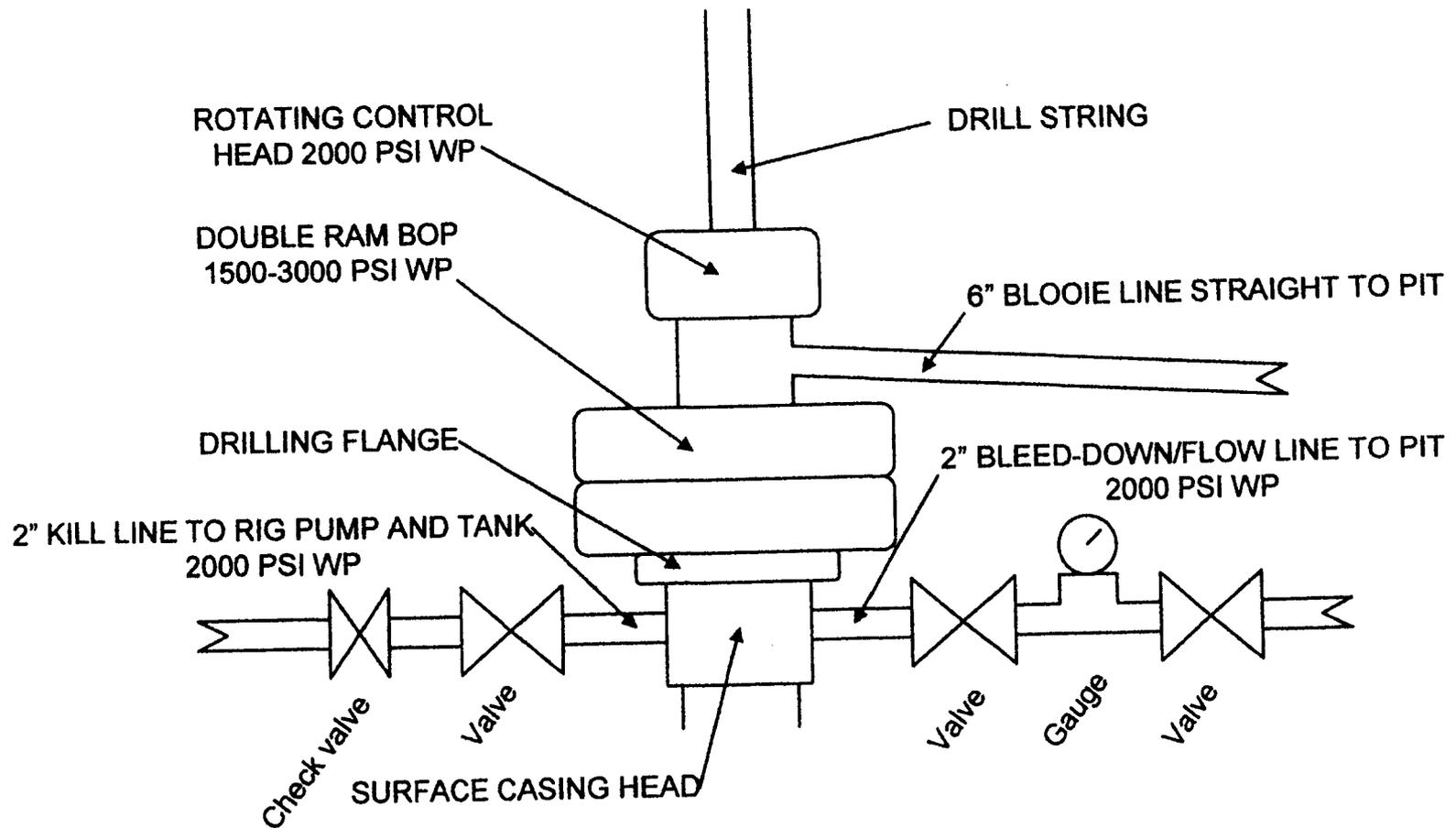


- ◆ Well Head Scale: 1 inch=50 feet Gross possible disturbed area 170 x 270 feet
- Access roads typically 16 feet to 18 feet wide with maximum disturbed width 25 feet

# Pressure control system for Greater Cisco Field Operations

In compliance with Greater Cisco Area variance from Onshore O&G Order No. 2 dated May 14, 2003

Not drawn to scale



**WORKSHEET  
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 07/17/2006

API NO. ASSIGNED: 43-019-31486

WELL NAME: CISCO SPRINGS 24-3B  
 OPERATOR: RUNNING FOXES PETROLEUM ( N2195 )  
 CONTACT: NEIL SHARP

PHONE NUMBER: 720-889-0510

PROPOSED LOCATION:

NESW 24 200S 230E  
 SURFACE: 2001 FSL 1600 FWL  
 BOTTOM: 2001 FSL 1600 FWL  
 COUNTY: GRAND  
 LATITUDE: 39.05052 LONGITUDE: -109.3258  
 UTM SURF EASTINGS: 644880 NORTHINGS: 4323509  
 FIELD NAME: GREATER CISCO ( 205 )

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

LEASE TYPE: 1 - Federal  
 LEASE NUMBER: UTU-7623  
 SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: SLTW  
 COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

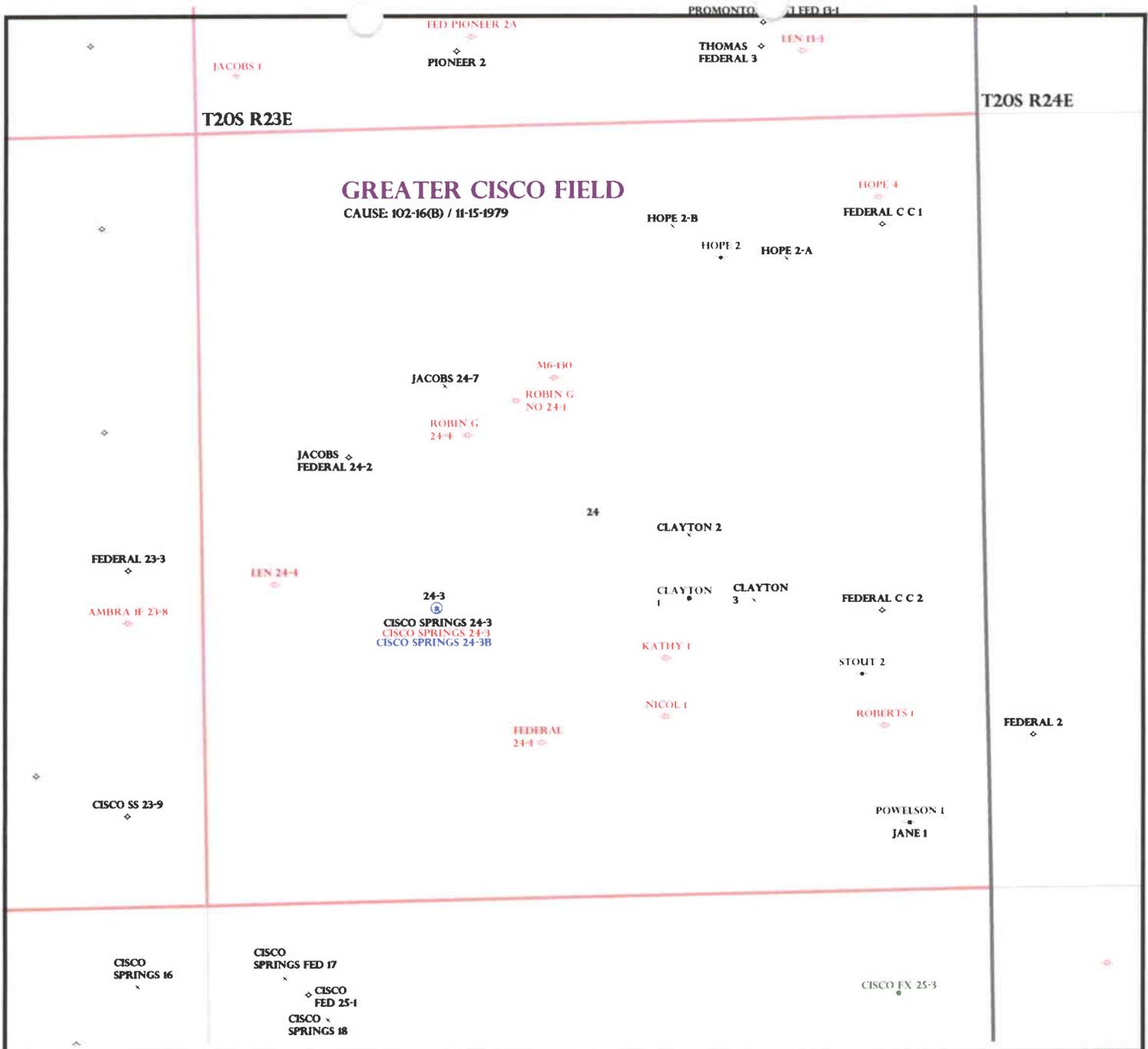
- Plat
- Bond: Fed[1] Ind[] Sta[] Fee[]  
(No. UTB 000207 )
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit  
(No. SEE FILE )
- RDCC Review (Y/N)  
(Date: \_\_\_\_\_ )
- Fee Surf Agreement (Y/N)
- Intent to Commingle (Y/N)

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: 102-16 (B)  
Eff Date: 11-15-1979  
Siting: 500' fr property lease line & 200' fr '14'14 line  
400' fr 0W & 1320' fr 6W
- R649-3-11. Directional Drill

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

STIPULATIONS: 1. Federal Approval



OPERATOR: RUNNING FOXES PETRO (N2195)  
 SEC: 24 T.20S R. 23E  
 FIELD: GREATER CISCO (205)  
 COUNTY: GRAND  
 CAUSE: 102-16(B) / 11-15-1979



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

Field Status	Unit Status
ABANDONED	EXPLORATORY
ACTIVE	GAS STORAGE
COMBINED	NF PP OIL
INACTIVE	NF SECONDARY
PROPOSED	PENDING
STORAGE	PI OIL
TERMINATED	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



**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

Running Foxes Petroleum, Inc.  
7060B. South Tucson Way  
Centennial, CO 80112

Re: Cisco Springs 24-3B Well, 2001' FSL, 1600' FWL, NE SW, Sec. 24,  
T. 20 South, R. 23 East, Grand County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-019-31486.

Sincerely,

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

Gil Hunt  
Associate Director

mf  
Enclosures

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

**Operator:** Running Foxes Petroleum, Inc.

**Well Name & Number** Cisco Springs 24-3B

**API Number:** 43-019-31486

**Lease:** UTU-7623

**Location:** NE SW                      **Sec.** 24                      **T.** 20 South                      **R.** 23 East

### **Conditions of Approval**

**1. General**

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

**2. Notification Requirements**

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.**

2006-199

AUG 28 2006

RECEIVED  
MOAB FIELD OFFICE

2006 JUN 15 P 4: 21

Form 3160-3  
(September 2001)

FORM APPROVED  
OMB No. 1004-0136  
Expires January 31, 2004

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. <b>UTU-7623</b>	
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name	
2. Name of Operator <b>Running Foxes Petroleum, Inc.</b>		7. If Unit or CA Agreement, Name and No.	
3a. Address <b>7060B S. TUCSON WAY CENTENNIAL, CO 80112</b>		8. Lease Name and Well No. <b>CISCO SPRINGS 24-3 B</b>	
3b. Phone No. (include area code) <b>303-617-7242</b>		9. API Well No. <b>43019-<del>31170</del> 31486</b>	
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface <b>1600' FWL, 2001 FSL (NE SW)</b> At proposed prod. zone <b>Same as at surface (vertical well)</b>		10. Field and Pool, or Exploratory <b>Greater Cisco</b>	
14. Distance in miles and direction from nearest town or post office* <b>6 miles north of Cisco, Utah</b>		11. Sec., T., R., M., or Blk. and Survey or Area <b>Sec. <del>30</del>, T20S, R23E, 24</b>	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) <b>1600-foot W. 634 N.</b>	16. No. of Acres in lease <b>640</b>	17. Spacing Unit dedicated to this well <b>Well separations: 400 ft oil; 1300 ft gas</b>	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. <b>50 feet S.</b>	19. Proposed Depth <b>1500 feet</b>	20. BLM/BIA Bond No. on file <b>UTB-000207 Running Foxes Petroleum, Inc.</b>	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) <b>4643 feet GL</b>	22. Approximate date work will start* <b>7/18/2006</b>	23. Estimated duration <b>21 days</b>	
24. Attachments <b>1a, 1b, 2, 3a, 3b and 3c</b>			

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall 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 shall 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 authorized officer.

25. Signature 	Name (Printed/Typed) <b>Greg Simonds</b>	Date <b>6/15/06</b>
Title <b>Operations V.P.</b>		
Approved by (Signature) 	Name (Printed/Typed) <b>Assistant Field Manager</b>	Date <b>8/18/06</b>
Title <b>Assistant Field Manager, Division of Resources</b>	Office <b>Division of Resources Moab Field Office</b>	

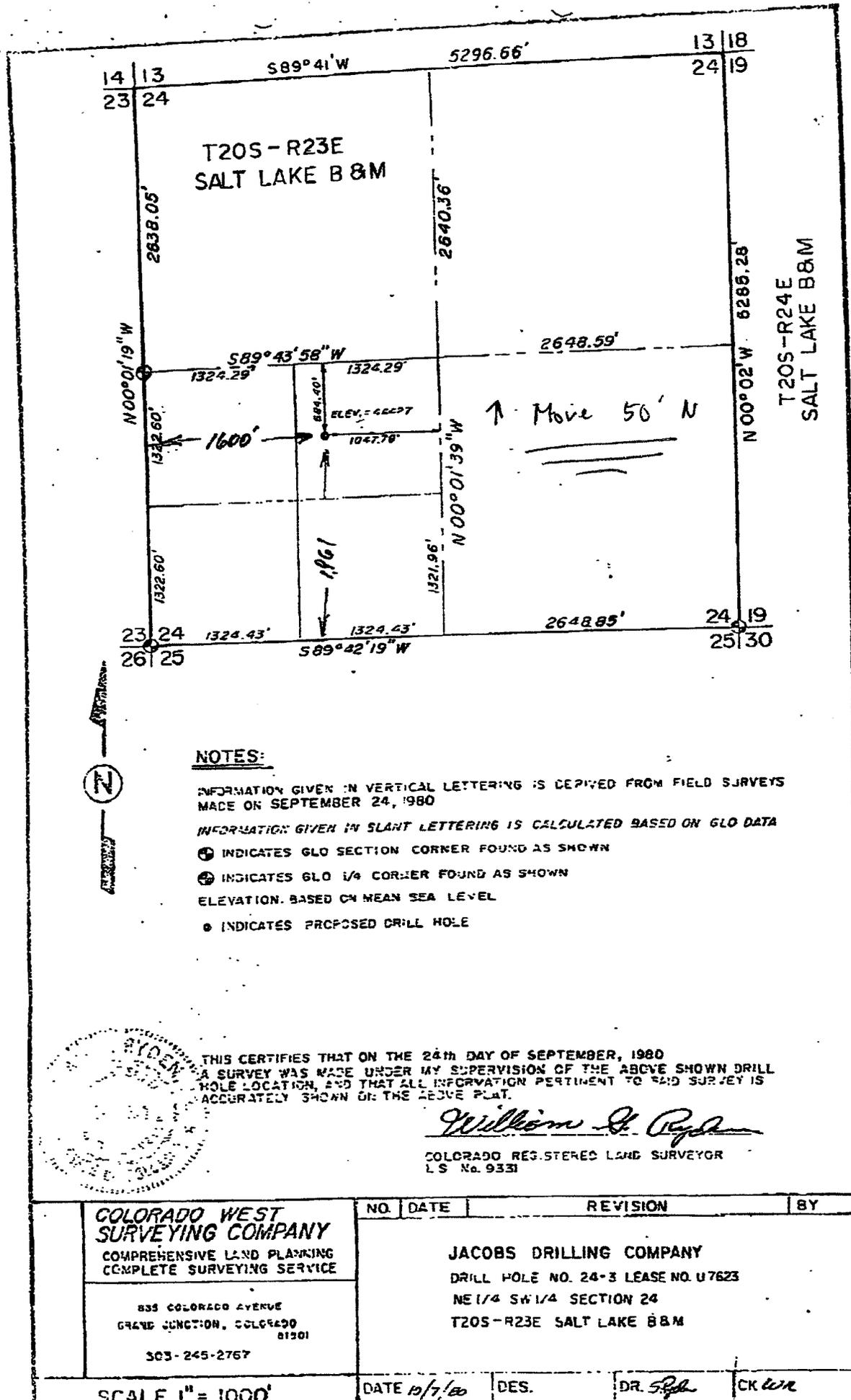
Application approval does not warrant or certify the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.  
Conditions of approval, if any, are attached.

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 reverse)

CONDITIONS OF APPROVAL ATTACHED

Attachment 1A



**NOTES:**

- INFORMATION GIVEN IN VERTICAL LETTERING IS DERIVED FROM FIELD SURVEYS MADE ON SEPTEMBER 24, 1980
- INFORMATION GIVEN IN SLANT LETTERING IS CALCULATED BASED ON GLO DATA
- ⊙ INDICATES GLO SECTION CORNER FOUND AS SHOWN
- ⊕ INDICATES GLO 1/4 CORNER FOUND AS SHOWN
- ELEVATION BASED ON MEAN SEA LEVEL
- ⊙ INDICATES PROPOSED DRILL HOLE



THIS CERTIFIES THAT ON THE 24th DAY OF SEPTEMBER, 1980 A SURVEY WAS MADE UNDER MY SUPERVISION OF THE ABOVE SHOWN DRILL HOLE LOCATION, AND THAT ALL INFORMATION PERTINENT TO SAID SURVEY IS ACCURATELY SHOWN ON THE ABOVE PLAT.

*William J. Ryan*

COLORADO REGISTERED LAND SURVEYOR  
L.S. No. 9331

**COLORADO WEST SURVEYING COMPANY**  
COMPREHENSIVE LAND PLANNING  
COMPLETE SURVEYING SERVICE

835 COLORADO AVENUE  
GRAND JUNCTION, COLORADO 81501  
303-245-2767

NO.	DATE	REVISION	BY
-----	------	----------	----

**JACOBS DRILLING COMPANY**  
DRILL HOLE NO. 24-3 LEASE NO. U7623  
NE 1/4 SW 1/4 SECTION 24  
T20S-R23E SALT LAKE B&M

SCALE 1" = 1000'

DATE 10/7/80 DES. DR. *SR* CK *WR*

**Running Foxes Petroleum, Inc.**  
**Cisco Springs No. 24-3 B**  
Lease UTU-7623  
Location NE/SW Section 24, T20S, R23E  
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 Running Foxes Petroleum, Inc. 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. **UTB000207** (Principal – Running Foxes Petroleum, Inc.) 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 proposed 2M BOPE with a modified choke manifold (bleed line) 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 (DOGM) is required before conducting any surface disturbing activities.
3. Reconditioned casing must be tested and verified to have wall thickness of at least 87.5% of the nominal thickness of new casing.
4. The requirements for air drilling, found in Onshore Oil and Gas Order No. 2, part III, E (Special Drilling Operations), shall be followed.
5. It is understood that #24-3 B will replace #24-3 which will be promptly plugged.

B. SURFACE

No additional surface stipulations.

### 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



**ENTITY ACTION FORM**

Operator: Running Foxes Petroleum, Inc. Operator Account Number: N 2195  
 Address: 7060 B South Tucson Way  
city Centennial  
state CO zip 80112 Phone Number: (720) 889-0510

**Well 1**

API Number	Well Name	QQ	Sec	Twp	Rng	County
4301931486	Cisco Springs 24-3 B	NESW	24	20S	23E	Grand
Action Code	Current Entity Number	New Entity Number		Spud Date		Entity Assignment Effective Date
A	99999	15054		9/5/2006		9/21/06
<b>Comments:</b> Cemented on 9/12/06. Well not be perforated and brought online until the week of 9/18/2006. <i>MRSN</i>						

**Well 2**

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

**Well 3**

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

**ACTION CODES:**

- A - Establish new entity for new well (single well only)
- B - Add new well to existing entity (group or unit well)
- C - Re-assign well from one existing entity to another existing entity
- D - Re-assign well from one existing entity to a new entity
- E - Other (Explain in 'comments' section)

**RECEIVED**  
**SEP 18 2006**

NEIL D. SHARP  
Name (Please Print)  
Neil D Sharp  
Signature  
Geologist Title  
9/13/06 Date

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

CONFIDENTIAL

CONFIDENTIAL FORM 9

**SUNDRY NOTICES AND REPORTS ON WELLS**

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

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

2. NAME OF OPERATOR:  
Running Foxes Petroleum, Inc.

3. ADDRESS OF OPERATOR: 7060 B South Tucson Way CITY Centennial STATE CO ZIP 80112 PHONE NUMBER: (720) 889-0510

4. LOCATION OF WELL  
FOOTAGES AT SURFACE: \_\_\_\_\_ COUNTY: Grand  
STATE: UTAH  
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: N75W 24 20S 93E S

5. LEASE DESIGNATION AND SERIAL NUMBER: \_\_\_\_\_

6. IF INDIAN, ALLOTTEE OR TRIBE NAME: \_\_\_\_\_

7. UNIT or CA AGREEMENT NAME: \_\_\_\_\_

8. WELL NAME and NUMBER: CISCO SPAS 24-3B

9. API NUMBER: 43-019-31486

10. FIELD AND POOL, OR WILDCAT: \_\_\_\_\_

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

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

This notice accompanies drilling reports & electric logs for the Cisco Springs 24-3B & the Powelson 1A wells recently drilled by Running Foxes Petroleum. All submitted documents should be regarded as confidential. A subsequent Well Completion Report & Sundry Notice of Producing Formations will follow in the coming weeks once each well is completed and brought on line. If there are any questions or inquires please contact Running Foxes Petroleum at the address or phone number above.

Attached: Powelson 1A drilling report, Density Log, & Induction Log (1 copy)  
Cisco Springs 24-3B drilling report, Density Log, & Induction Log (1 copy)

NAME (PLEASE PRINT) Neil D. Sharp TITLE Geologist

SIGNATURE *Neil D. Sharp* DATE 10/6/06

(This space for State use only)

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OCT 10 2006  
DIV. OF OIL, GAS & MINING

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

**CONFIDENTIAL**

**CONFIDENTIAL** FORM 9

**SUNDRY NOTICES AND REPORTS ON WELLS**

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

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER:
2. NAME OF OPERATOR: Running Foxes Petroleum, Inc.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 7060 B South Tucson Way CITY Centennial STATE CO ZIP 80112		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE:		8. WELL NAME and NUMBER: CISCO SPRS 24-3B
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: N43W 24 20S 73E S		9. API NUMBER: 43-019-31486
PHONE NUMBER: (720) 889-0510		10. FIELD AND POOL, OR WILDCAT:
COUNTY: Grand		STATE: UTAH

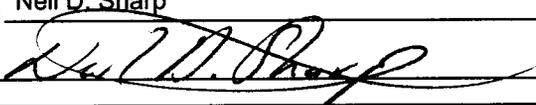
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
<input checked="" 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>Well Update</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.

This notice accompanies drilling reports & electric logs for the Cisco Springs 24-3B & the Powelson 1A wells recently drilled by Running Foxes Petroleum. All submitted documents should be regarded as confidential. A subsequent Well Completion Report & Sundry Notice of Producing Formations will follow in the coming weeks once each well is completed and brought on line. If there are any questions or inquires please contact Running Foxes Petroleum at the address or phone number above.

Attached: Powelson 1A drilling report, Density Log, & Induction Log (1 copy)  
Cisco Springs 24-3B drilling report, Density Log, & Induction Log (1 copy)

NAME (PLEASE PRINT) <u>Neil D. Sharp</u>	TITLE <u>Geologist</u>
SIGNATURE 	DATE <u>10/6/06</u>

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UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

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

5. Lease Serial No. **UTU-7623**

6. If Indian, Allottee or Tribe Name

7. Unit or CA Agreement Name and No.

8. Lease Name and Well No.  
**Cisco Springs 24-3 B**

9. AFI Well No.  
**43-019-31486**

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

11. Sec., T., R., M., on Block and Survey or Area **S24 T20S R23E**

12. County or Parish **Grand** 13. State **UT**

17. Elevations (DF, RKB, RT, GL)\*  
**4643' GL**

14. Date Spudded **09/05/2006** 15. Date T.D. Reached **09/10/2006** 16. Date Completed **09/12/2006**  
 D & A  Ready to Prod.

18. Total Depth: MD **1478' GL** 19. Plug Back T.D.: MD **1305' GL** 20. Depth Bridge Plug Set: MD  
TVD TVD TVD

21. Type Electric & Other Mechanical Logs Run (Submit copy of each)  
**Density & Induction (Phoenix Surveys)**

22. Was well cored?  No  Yes (Submit analysis)  
Was DST run?  No  Yes (Submit report)  
Directional Survey?  No  Yes (Submit copy)

23. Casing and Liner Record (Report all strings set in well)

Hole Size	Size/Grade	Wt. (#/ft.)	Top (MD)	Bottom (MD)	Stage Cement Depth	No. of Sks. & Type of Cement	Slurry Vol. (BBL)	Cement Top*	Amount Pulled
11"	8 5/8"	24#/ft.	Surface	120'		42 sacks		Surface	
	J55					G Class			
6.25"	4.5"	10.5#/ft.	Surface	1395'		63 Sacks		700'-1395'	460# No Circ los
	J5					G Class			

24. Tubing Record

Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)

25. Producing Intervals

Formation	Top	Bottom	Perforated Interval	Size	No. Holes	Perf. Status
A) K Cedar Mountain	977	1151'	1008' to 1014'	.25 g	4 per foot	Open
B) K Cedar Mtn.-Buckhorn	1151'	1398'	1136' to 1142'	.25 g	4 per foot	Open
C)						
D)						

27. Acid, Fracture, Treatment, Cement Squeeze, etc.

Depth Interval	Amount and Type of Material
none	

28. Production - Interval A

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
11/22/2006	11/21/2006	1	→	0	49.2	0	n/a	n/a	Orifice Test
Choke Size	Tbg. Press. Flwg. SI	Csg. Press. PSI	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas/Oil Ratio	Well Status	
1 inch	n/a	25 psi	→	0	1180	0	n/a	Shut In	

28a. Production - Interval B

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
			→						
Choke Size	Tbg. Press. Flwg. SI	Csg. Press. PSI	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas/Oil Ratio	Well Status	
			→						

\*(See instructions and spaces for additional data on page 2)

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28b. Production - Interval C

Date First Produced	Test Date	Hours Tested	Test Production →	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate →	Oil BBL	Gas MCF	Water BBL	Gas/Oil Ratio	Well Status	

28c. Production - Interval D

Date First Produced	Test Date	Hours Tested	Test Production →	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate →	Oil BBL	Gas MCF	Water BBL	Gas/Oil Ratio	Well Status	

29. Disposition of Gas (Sold, used for fuel, vented, etc.)

30. Summary of Porous Zones (Include Aquifers):

Show all important zones of porosity and contents thereof: Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

31. Formation (Log) Markers

See Below

Formation	Top	Bottom	Descriptions, Contents, etc.	Name	Top
					Meas. Depth
K Mancos	Surf.	894 ft.	Shale	B1 Marker	894 ft.
K Dakota	894 ft.	987 ft.	Sandstone	K Cedar Mountain	987 ft.
K Cedar Mtn.	987 ft.	1151 ft.	Sandstone & Shale	K Cedar Mountain-Buckhorn	1127 ft.
Jm Brushy Bsn.	1151 ft.	1398 ft.	Variegated Shale & Sandstone	J Morrison-Brushy Basin	1151 ft.
Jm Salt Wash	1398 ft.	TD	Shale & Sandstone	J Morrison-Salt Wash	1398 ft.

32. Additional remarks (include plugging procedure):

33. Indicate which items have been attached by placing a check in the appropriate boxes:

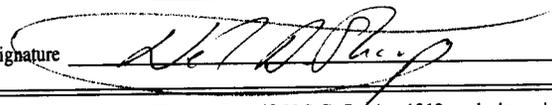
- Electrical/Mechanical Logs (1 full set req'd.)   
  Geologic Report   
  DST Report   
  Directional Survey  
 Sundry Notice for plugging and cement verification   
  Core Analysis   
  Other:

34. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records (see attached instructions)\*

Name (please print) Neil D. Sharp

Title Geologist

Signature



Date

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.