

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

FORM 3

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL						1. WELL NAME and NUMBER Tidewater Federal 24-32-2118				
2. TYPE OF WORK DRILL NEW WELL <input checked="" type="checkbox"/> REENTER P&A WELL <input type="checkbox"/> DEEPEN WELL <input type="checkbox"/>						3. FIELD OR WILDCAT WILDCAT				
4. TYPE OF WELL Oil Well Coalbed Methane Well: NO						5. UNIT or COMMUNITIZATION AGREEMENT NAME CRESCENT				
6. NAME OF OPERATOR TIDEWATER OIL & GAS COMPANY, LLC						7. OPERATOR PHONE 303 468-0656 201				
8. ADDRESS OF OPERATOR 110 16th St Ste 1220, Denver, CO, 80202						9. OPERATOR E-MAIL jjones@tidewater-oil.com				
10. MINERAL LEASE NUMBER (FEDERAL, INDIAN, OR STATE) UTU-79812			11. MINERAL OWNERSHIP FEDERAL <input checked="" type="checkbox"/> INDIAN <input type="checkbox"/> STATE <input type="checkbox"/> FEE <input type="checkbox"/>			12. SURFACE OWNERSHIP FEDERAL <input checked="" type="checkbox"/> INDIAN <input type="checkbox"/> STATE <input type="checkbox"/> FEE <input type="checkbox"/>				
13. NAME OF SURFACE OWNER (if box 12 = 'fee')						14. SURFACE OWNER PHONE (if box 12 = 'fee')				
15. ADDRESS OF SURFACE OWNER (if box 12 = 'fee')						16. SURFACE OWNER E-MAIL (if box 12 = 'fee')				
17. INDIAN ALLOTTEE OR TRIBE NAME (if box 12 = 'INDIAN')			18. INTEND TO COMMINGLE PRODUCTION FROM MULTIPLE FORMATIONS YES <input type="checkbox"/> (Submit Commingling Application) NO <input checked="" type="checkbox"/>			19. SLANT VERTICAL <input checked="" type="checkbox"/> DIRECTIONAL <input type="checkbox"/> HORIZONTAL <input type="checkbox"/>				
20. LOCATION OF WELL		FOOTAGES		QTR-QTR	SECTION	TOWNSHIP	RANGE	MERIDIAN		
LOCATION AT SURFACE		2014 FNL 2579 FEL		SWNE	24	21.0 S	18.0 E	S		
Top of Uppermost Producing Zone		2014 FNL 2579 FEL		SWNE	24	21.0 S	18.0 E	S		
At Total Depth		2014 FNL 2579 FEL		SWNE	24	21.0 S	18.0 E	S		
21. COUNTY GRAND			22. DISTANCE TO NEAREST LEASE LINE (Feet) 460			23. NUMBER OF ACRES IN DRILLING UNIT 40				
27. ELEVATION - GROUND LEVEL 4921			25. DISTANCE TO NEAREST WELL IN SAME POOL (Applied For Drilling or Completed) 13200			26. PROPOSED DEPTH MD: 5000 TVD: 5000				
28. BOND NUMBER UTB000211			29. SOURCE OF DRILLING WATER / WATER RIGHTS APPROVAL NUMBER IF APPLICABLE Town of Thompson Springs							
Hole, Casing, and Cement Information										
String	Hole Size	Casing Size	Length	Weight	Grade & Thread	Max Mud Wt.	Cement	Sacks	Yield	Weight
COND	20	16	0 - 40	65.0	H-40 ST&C	8.5	Class G	50	1.18	15.0
SURF	12.25	9.625	0 - 500	36.0	J-55 ST&C	9.0	Rockies Lite	150	2.08	12.8
PROD	7.875	5.5	0 - 5000	17.0	N-80 LT&C	9.5	Rockies Lite	375	2.08	12.8
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"/> AFFIDAVIT OF STATUS OF SURFACE OWNER AGREEMENT (IF FEE SURFACE)					<input type="checkbox"/> FORM 5. IF OPERATOR IS OTHER THAN THE LEASE OWNER					
<input type="checkbox"/> DIRECTIONAL SURVEY PLAN (IF DIRECTIONALLY OR HORIZONTALLY DRILLED)					<input checked="" type="checkbox"/> TOPOGRAPHICAL MAP					
NAME Walter Lowry				TITLE Engineer			PHONE 303 884-5505			
SIGNATURE				DATE 07/10/2012			EMAIL wlowry@tidewater-oil.com			
API NUMBER ASSIGNED 43019500240000				APPROVAL  Permit Manager						

TIDEWATER OIL & GAS COMPANY LLC

Tidewater Federal #24-32-2118
SWNE 2014' FNL & 2578' FEL Sec. 24-T21S-R18E
Grand County, Utah
Lease # UTU-79812

ONSHORE ORDER 1: 9-POINT DRILLING PLAN

1. Estimated Tops of Geological Markers:

Formation Top	Depth (Est 11' KB) TVD	Depth (Est 11' KB) MD
Mancos Shale	Surface	Surface
Mancos Shale- Juana Lopez "M"	2756	2756
Slick Rock Member of Entrada	3327	3327
Carmel	3649	3649
Page-Navajo	3694	3694
Wingate	4467	4467
Chinle	4796	4796
Proposed TD	5000	5000

- All formation tops are based upon a graded GL elevation of 4921' and an RKB 11'.

2. Estimated Depths of Anticipated Water, Oil, Gas or Other Minerals: (per Proposed Wellbore Construction Diagram attached)

Formation	Depth (Est 11' KB) TVD	Substance
Mancos Shale- Juana Lopez "M"	2756	Oil/Gas
Slick Rock Member of Entrada	3327	Oil/Gas/Water
Carmel	3649	Oil/Gas/Water
Page-Navajo	3694	Oil/Gas/Water
Wingate	4467	Oil/Gas/Water

3. Pressure Control Equipment: (3000 psi schematic attached)

- A. Type: Eleven (11) inch 3M hydraulic BOP on 9-5/8" SOW x 11" 3M casing head, with 3M psi choke manifold equipped per the attached diagram. BOPE as specified in *Onshore Oil & Gas Order Number 1*.
- B. A PVT and stroke counter will be installed to monitor pit and hole volumes.
- C. Pressure Rating: 3,000 psi BOPE.
- D. Testing Procedure:

Blow-Out Preventer (Pipe Rams and Blind Rams)

At a minimum, the BOP, choke manifold, and related equipment will be pressure tested to the approved working pressure of the BOP stack (if isolated from the surface casing

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by a test plug) or to 70% of the internal yield strength of the surface casing (if the BOP is not isolated from the casing by a test plug). Pressure will be maintained for a period of at least ten (10) minutes or until the requirements of the test are met, whichever is longer.

At a minimum, the pressure test described above will be performed:

1. When the BOP is initially installed;
2. Whenever any seal subject to test pressure is broken;
3. Following related repairs; and
4. At thirty (30) day intervals.

In addition to the above, the pipe and blind rams will be activated each trip, but not more than once each day. All BOP drills and tests will be recorded in the IADC driller's log.

E. Miscellaneous Information:

The blowout preventer and related pressure control equipment will be installed, tested and maintained in compliance with the specifications in and requirements of *Onshore Oil & Gas Order Number 2*.

4. **Proposed Casing & Cementing Program:**

A. **Casing Program:** All New

Hole Size	Casing Size	Wt./Ft.	Grade	Joint	Depth Set (MD)
20"	16" O.D.	0.25" w.t.	H40	Welded	40' (BGL)
12-1/4"	9-5/8" O.D.	36.0 #/ft	J55	STC	0 - 500' (KB) est.
7-7/8"	5-1/2"	17.0 #/ft	N80	LTC	0 - 5000' (KB) est.

The 9-5/8" surface casing will have guide shoe, 1 joint, and float collar. The shoe joint will be centralized with bowspring centralizers in the middle and top of the joint and bowspring centralizers will be placed on every other collar to surface (~6 centralizers total). Thread lock guide shoe and bottom of float collar.

The 5-1/2" production casing will have float shoe, 1 joint as a shoe joint, and a float collar. Tidewater anticipates the casing will be run with ~25 bow spring centralizers with one in the middle of the shoe joint and then one centralizer on every other casing collar to approximately 2000' RKB.

The surface casing string will be pressure tested to 0.22 psi/foot of casing string length or 1500 psi, whichever is greater (not to exceed 70% of the internal yield strength of the casing), after cementing and prior to drilling out from under the casing shoe.

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B. Casing Design Parameters:

Depth (TVD)	Casing	Collapse (psi)/SF	Burst (psi)/SF	Tension (Mlbs)/SF
40' (GL)	16" OD	NA	NA	NA
500' (KB)	9-5/8", 36.0#/ft, J55, STC	2020/ 8.6 (a)	3520/ 1.42 (b)	394M/ 21.9 (c)
0'-5000'	5-1/2" 17.0#/ft N80 LTC	6280/ 1.74 (d)	7740/ 1.02 (e)	348/ 4.09 (f)

- (a) based on full evacuation of pipe with 9.0 ppg fluid in annulus
 (b) based on 9.0 ppg BHP with no fluid in annulus
 (c) based on casing string weight in air with no buoyancy
 (d) based upon full evacuation of pipe with 10.0 ppg fluid in annulus
 (e) based upon 10.0 ppg frac fluid weight plus additional 5000 psi surface pressure
 (f) based upon 5000' of casing in air with no buoyancy

C. Proposed Cementing Program**Surface Casing - Cemented to surface**

CASING	SLURRY	FT. of FILL	CEMENT TYPE	SXS	EXCESS (%)	WEIGHT (ppg)	YIELD (ft ³ /sx)
9-5/8"	Lead/Tail	500	Howco Rockies LT cement + 0.25 pps Poly-E-Flake	150	100%	12.8	2.08

A cement top job is required if cement fallback is greater than 10' below ground level. Top job (weight 15.8 ppg, yield 1.15 ft³/sx) cement will be premium cement w/ 3% CaCl₂+ 0.25 pps celloflake. Volume as required.

All waiting on cement (WOC) times will be adequate to achieve a minimum of 500 psi compressive strength at the casing shoe prior to drilling out.

Production Casing – The production casing will be cemented in one stage with a planned cement top at 100' RKB.

CASING	SLURRY	FT. of FILL	CEMENT TYPE	SXS	EXCESS (%)	WEIGHT (ppg)	YIELD (ft ³ /sx)
5-1/2"	Lead/Tail	3000'	Howco Rockies LT cement + 0.25 pps Poly-E-Flake	500	100%	12.8	2.08

An alternative cementing procedure may be considered depending upon geologic conditions present at the time the well reaches total depth. Tidewater may elect to cement the 5-1/2" production casing in two stages with a DV tool if oil, gas, or water shows are encountered. If Tidewater so elects, a cement design will be submitted to the BLM for approval via Sundry Notice prior to pumping the cement.

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5. Drilling Fluids Program:

Interval (MD)	Mud Weight	Fluid Loss	Viscosity	Mud Type
0' – 40' (KB)	<8.4	NA	28	Air/Mist
40'-500' (KB)	8.4-9.0	NA	36-40	Fresh Water LSND
500'- 5000' (MD)	8.6- 9.8	NA	36-40	Fresh Water LSND

A lined reserve it is planned to catch the drilled cuttings from the well. Sufficient mud material(s) to maintain mud properties, control lost circulation and contain a blowout will be available at the well site during drilling operations. All necessary spill prevention and remediation materials and procedures will be utilized to control any potential discharges of drilling fluids on the surface. The rig's steel mud pit(s) will be used to drill the surface and production holes. The reserve pit will be closed and reclaimed in accordance with the rules and regulations of the BLM and the UDOGM. The viscosities listed above are highly dependent upon wellbore temperature and may exceed the values presented.

6. Evaluation Program:

Tests: No drill stem tests are anticipated.

Coring: No cores are currently planned.

Samples: Two (2) sets of cleaned, dried, and labeled formation samples will be taken not less than every 20' from the base of the conductor casing at ~40' to total measured depth of 5000' MD/TVD.

Logging

A Quad Combo (CNL/FDC/DIL/GR/CAL/BHC or Dipole Sonic) will be run in the 7-7/8" production hole from 5000' to the surface casing shoe (~500') with GR run to surface.

All actual cement tops will be verified via visual observation or temperature logs, or at Tidewater's discretion, via running of a cement bond log.

Stimulation: A stimulation or frac treatment will be designed for completion of this well based on mud log analysis and surface shows. If a hydraulic fracture treatment is necessary, it will likely be a gelled-fresh water system with approximately 80,000 pounds of 20/40 sand. The drill site, as approved, will be sufficient size to accommodate all completion activities. It is possible Tidewater will run a 1500-3000 gallon acid treatment on one or more potentially productive zones with additions of Musol and Xylene to minimize formation damage.

7. Abnormal Conditions:

No abnormal temperatures or pressures are anticipated. No H₂S has been encountered or known to exist from previous wells drilled to similar depths in the general area.

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No lost circulation is expected during the drilling of this well. No water flows are anticipated. Tidewater does not anticipate encountering any zones of potable water during the operations contemplated for this well.

Maximum anticipated bottom hole pressure equals approximately 2170 psi (calculated at 0.434 psi/ft of hole) and maximum anticipated surface pressure equals approximately 1670 psi (anticipated bottom hole pressure minus gas gradient of 0.1 psi/ft to surface).

8. Anticipated Starting Dates:

- Anticipated Commencement Date- August 30, 2012.
- Drilling Days- Approximately 17 days
- Completion Days - Approximately 10 days
- Anticipate location construction within 30 days of APD approval.

9. Variances:

A spacing exception will be requested from the UDOGM. The spacing for this area is 40 acres per well with a legal location being within a 400' x 400' drilling window in the middle of each ¼ ¼. As a result of a detailed analysis of Tidewater's 3D seismic survey, Tidewater believes that this prospect is very location specific and directional drilling will not afford Tidewater the opportunity of fully evaluating the geologic concepts. In addition, Tidewater expects the Crescent Unit (a Federal Oil & Gas Unit) will be approved by the BLM prior to commencement of drilling this well, and therefore, spacing restrictions with the Crescent Unit should be lifted.

10. Other:

- A Cultural Resource Inventory and a Raptor Survey will be conducted for the well location, access route and potential pipeline. The reports shall be submitted to the Division of Oil, Gas and Mining and the Bureau of Land Management upon their receipt.
- Single shot surveys will be dropped or run on wireline at intervals not less than every 500' of vertical hole drilled and on every bit trip in order. Tidewater may elect to run an MWD while drilling the surface and/or production hole(s) in order to verify inclination and azimuth of those holes.

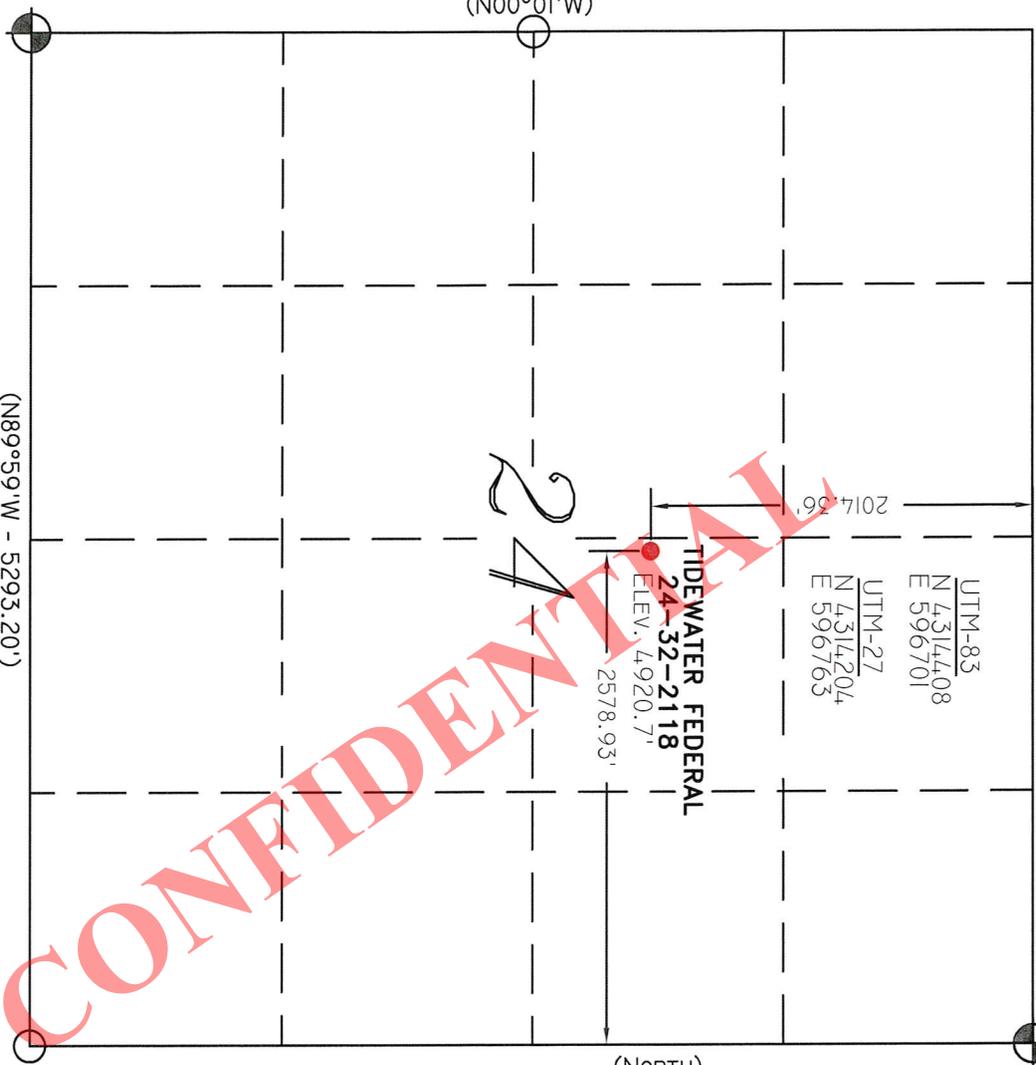
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Township 21 South

Range 18 East

(S89°58'W - 5293.20')



(N89°59'W - 5293.20')

(NORTH)

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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 Northwest Section Corner of Section 33, 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 SW/4 NE/4 of Section 24, T21S, R18E, S.L.B.&M., being South 2014.36' from the North Line and West 2578.93' from the East Line of Section 24, T21S, R18E, Salt Lake Base & Meridian.

Surveyor's Certificate:

I, John S. Huefner, a Professional Land Surveyor, holding Certificate No. 144842 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.
 615 North 400 East P.O. Box 1230
 Huntington, Utah 84528
 Phone (435)687-5310 Fax (435)687-5311
 E-Mail talon@etr.net

TIDEWATER

TIDEWATER FEDERAL
 24-32-2118
 Section 24, T21S, R18E, S.L.B.&M.
 Grand County, Utah

Drawn By: **N. BUTKOVICH** Checked By: **A.P.C./J.S.H.**

Drawing No: **A-1** Date: **4/9/12**

Scale: **1" = 1000'**
 Sheet **1** of **4** Job No. **5037**

GRAPHIC SCALE



(IN FEET)
 1 inch = 1000 ft.
 Revision: 4/10/12

NOTES:
 1. UTM and Latitude / Longitude Coordinates are derived using a GPS Pathfinder.

NAD 83/WGS 84	SURFACE-NAD 27
LAT / LONG 38°58'23.939"N 109°53'01.272"W	LAT / LONG 38°58'24.045"N 109°52'58.816"W

Legend

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



TN ↑ MN
11½°

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)

TALON RESOURCES
615 North 400 East PO BOX 1230
Huntington, UT 84528
(435) 687-5310

TIDEWATER OIL & GAS COMPANY LLC

SURFACE USE PLAN

Name of Operator: Tidewater Oil & Gas Company LLC
Address: 110 16th Street, Suite 405
Denver, CO 80202

Well Location: Tidewater Federal 24-32-2118
2014' FNL & 2579' FEL, SW/4 NE/4,
Section 24, T21S, R18E, SLB&M
Grand County, UT

The surface owner or surface owner representative and dirt contractor will be provided with an approved copy of the surface use plan of operations and approved conditions of approval before initiating construction. The BLM Authorized Officer will be notified at least forty-eight (48) hours prior to beginning construction for scheduling of a preconstruction meeting, if requested.

The well site is located on Federal surface managed by the BLM – Moab Field Office and will penetrate only federal minerals. All construction work will be accomplished in coordination with the BLM and a Sundry Notice (Form 3160-5) will be submitted and approved by the BLM prior to construction of any new surface disturbance activity on federal surface not specified in this document.

An emissions inventory has been completed for this project and is attached as an exhibit hereto.

A approved Federal permit, an approved DOGM permit, and an approved Grand County road encroachment permit will be in place prior to initiating any construction activities.

The BLM onsite inspection for the referenced well was conducted on Tuesday, June 12, 2012 at 0900 hours. The following were present for the onsite inspection:

Melanie Hunter	BLM Natural Resource Specialist/ Project Lead
Ann Marie Aubry	BLM Hydrologist
Pam Riddle	BLM Wildlife Biologist
Don Montoya	BLM Archaeologist
Jessica Del Bocque	Montgomery Archaeological Consultants
Allen Childs	Talon Resources-Surveyor/ Engineer
Mitch Childs	Talon Resources-Surveyor Tech.
James Jones	Tidewater Oil and Gas- Manager
Walter Lowry	Tidewater Oil and Gas- Engineer
Mike Davis	Ksue Construction- Dirt Contractor

1. **Location of Existing Roads:**

- a. The proposed well site is located approximately 4.0 miles northwest of Crescent Junction, Utah.
- b. Proposed access will utilize the UDOT maintained SR-191 paved-surface and/or federal Interstate Highway I-70 to Crescent Junction then the existing paved/gravel surfaced Grand County maintained CR 223 to CR 225 to a point where proposed access begins. (See Survey Plat package attached to Application for Permit to Drill).
- c. No upgrades are proposed to CR 223 or CR 225, but spot gravel replacement and routine blading may be required to accommodate increased traffic.
- d. The use of roads under State and Grand County Road Department maintenance are necessary to access the well site.
- e. All existing roads will be maintained and kept in good repair during all phases of operation.
- f. Vehicle operators will obey posted speed restrictions and observe safe speeds commensurate with road and weather conditions.

2. **Planned Access Roads:**

- a. From the existing Grand County Road Department maintained CR 225 approximately 120' of new access road trending southeast is proposed to the well site (See Survey Plat package attached to Application for Permit to Drill).
- b. A road design plan is not anticipated at this time.
- c. The proposed access road will consist of a 14' travel surface within a 30' disturbed area across BLM surface.
- d. A maximum grade of 6% will be maintained throughout the project.
- e. No culverts or low-water crossings are anticipated. Adequate drainage structures will be incorporated into the road.
- f. Turnouts are not proposed because the access road is short and adequate site distance exists in all directions.
- g. Surfacing material will come from a permitted private source and will not be obtained from federal lands.
- h. No cattlegaurd or fence structures are anticipated.
- i. Surface disturbance and vehicular travel will be limited to the approved location access road.

- j. All access roads and surface disturbing activities will conform to the standards outlined in the Bureau of Land Management and Forest Service publication: Surface Operating Standards and Guidelines for Oil and Gas Exploration and Development (Gold Book –Fourth Edition - Revised 2007).
- k. The operator will be responsible for all maintenance of the access road including drainage structures.
- l. The entire 30-foot wide corridor will not be bladed but rather the minimum additional disturbance will be added to upgrade the road to a 14' width.

3. Location of Existing Wells:

- a. There are no existing wells within a one mile radius of the proposed location.

4. Location of Existing and/or Proposed Production Facilities:

- a. All permanent structures will be painted a flat, non-reflective Beetle Green to match the standard environmental colors. 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.
- b. Site security guidelines identified in 43 CFR 3162.7-5 and Onshore Oil and Gas Order No. 3 will be adhered to.
- c. A gas meter run may be constructed and installed on lease, and if such construction is effectuated, it will be within 500 feet of the wellhead. Meter runs will be housed and/or fenced. All gas production and measurement shall comply with the provisions of 43 CFR 3162.7-3, Onshore Oil and Gas Order No. 5, and American Gas Association (AGA) Report No. 3.
- d. A tank battery may be constructed on this lease, and if constructed, it will be surrounded by a dike of sufficient capacity to contain 150% of the storage capacity of the largest tank. All loading lines and valves will be placed inside the berm surrounding the tank battery. All liquid hydrocarbons production and measurement shall conform to the provisions of 43 CFR 3162.7-3 and Onshore Oil and Gas Order No. 4 and Onshore Oil and Gas Order No. 5 for natural gas production and measurement.
- e. Any necessary pits will be properly lined and fenced to prevent any wildlife and livestock entry and netting will be installed if hydrocarbons become present.
- f. All access roads will be maintained as necessary to prevent erosion and accommodate year-round traffic. The road will be maintained in a safe useable condition.
- g. Periodic maintenance of the site will be conducted to ensure that drainages are kept open and free of debris, ice, and snow, and that surfaces are properly

treated to reduce erosion, fugitive dust, and impacts to adjacent areas.

- h. A pipeline corridor has been considered but until actual production has been established which evidences production of natural gas in commercial quantities, construction of a gas pipeline is not anticipated at this time.

5. Location and Type of Water Supply:

- a. The water supply for construction, drilling and operations will be provided under a direct purchase agreement with Thompson Springs, Utah, a local source of municipal water.
- b. Approximately 3 acre-feet of water is anticipated for dust suppression, drilling and completion of the project.
- c. No water pipelines will be laid for this well.
- d. No water well will be drilled for this well.
- e. Drilling water for this will be hauled on the road(s) shown on the attached survey plat.
- f. Should additional water sources be pursued they will be properly permitted through the State of Utah – Division of Water Rights and a federal sundry notice submitted amending this document.

6. Source of Construction Material:

- a. The use of materials will conform to 43 CFR 3610.2-3.
- b. No construction materials will be obtained or removed from federal lands, other than those inherent to the proposed drilling site.
- c. If any gravel is used, it will be obtained from a state approved gravel pit.

7. Methods of Handling Waste:

- a. All wastes associated with this application will be contained and disposed of utilizing approved facilities.
- b. Drill cuttings will be contained and buried on site within the 100' X 50' X 10' cuttings pit.
- c. Oil mud, if utilized, will be stored in auxiliary tanks located on this well pad and will be an integral part of the active mud system. Cuttings will be deposited in the cuttings pit for solidification and burial or disposal, or will be land-farmed if approved by the Moab BLM Office. Drying shakers and centrifuges will be used in conjunction with rig equipment, if oil mud is utilized during drilling operations.

- d. The reserve pit will be located inboard of the location and along the southeast side of the pad and measure 100' X 50' X 10' deep.
- e. The reserve pit will be constructed so as not to leak, break, or allow any discharge.
- f. The reserve pit will be lined with 16 mil minimum thickness plastic nylon reinforced liner material. The liner will overlay a felt liner pad only if rock is encountered during excavation. The pit liner will overlap the pit walls and be covered with dirt and/or rocks to hold it in place. No trash, scrap pipe, etc., that could puncture the liner will be disposed of in the pit. Pit walls will be sloped no greater than 2:1. A minimum 2-foot freeboard will be maintained in the pit at all times during the drilling and completion operation.
- g. The reserve pit has been located in cut material. 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. After the reserve pit has dried, all areas not needed for production will be rehabilitated.
- h. No chemicals subject to reporting under SARA Title III (hazardous materials) in an amount greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling, testing, or completion of the well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produced, stored, transported, or disposed of in association with the drilling, testing, or completion of the well.
- i. Trash will 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. The contents of the trash container will be hauled off periodically to an approved Grand or Emery County landfill.
- j. Produced fluids from the well, other than water, will be produced into a test tank until such time as construction of production facilities is completed. Any spills of oil, gas, salt water or other produced fluids will be cleaned up and removed. Produced fluids will be disposed of at a permitted facility.
- k. After initial clean-up, a 400 bbl tank will be installed to contain produced waste water. This water will be transported from the tank to an approved disposal well for disposal.
- l. Produced water from the production well will be disposed of in accordance with Onshore Order #7.
- m. Any salts and/or chemicals, which are an integral part of the drilling system, will be disposed of in the same manner as the oil mud drilling fluid.
- n. Sanitation facilities will be on site at all times during operations. Sewage will be placed in a portable chemical toilet and the toilet replaced or serviced periodically utilizing a licensed contractor to transport by truck the portable

chemical toilet or its contents so that the contents can be delivered to the Moab or Monticello Wastewater Treatment Facility in accordance with state and county regulations.

8. Ancillary Facilities:

- a. Garbage Containers and Portable Toilets are the only ancillary facilities proposed in this application.
- b. Four (4) temporary living quarters will be onsite during the drilling operations. The temporary quarters will provide 24/7 housing for Tidewater's onsite drilling supervisor, the directional drilling crew (if required), the mudlogger, and the drilling rig's toolpusher. Each of the temporary living quarters will be equipped with sanitation facilities and electrical power provided via portable generator.
- c. No camps, airstrips or staging areas are proposed with this application.

9. Well Site Layout: (See attached survey plat package)

- a. The well will be properly identified in accordance with 43 CFR 3162.6.
- b. Access to the well pad will be from the northwest.
- c. The pad and road designs are consistent with BLM specifications.
- d. None of the pad corners will need to be rounded to address specific disturbances near any of the intermittent drainages around the pad.
- e. A pre-construction meeting with responsible company representative(s), a dirt contractor and various BLM officials and employees was conducted at the project site on June 12, 2012. The proposed pad and road construction was staked prior to this meeting.
- f. The pad has been staked at its maximum size; however it will be constructed smaller, if possible, depending upon the footprint of the contracted drilling rig. Should the layout change, this application will be amended and approved utilizing a Sundry Notice.
- g. All surface disturbing activities, will be supervised by a qualified, responsible company representative who is aware of the terms and conditions of the APD and specifications in the approved plans.
- h. All cut and fill slopes will be such that stability can be maintained for the life of the activity.
- i. Blasting may be required for the pit area and attempts will be made to avoid blasting of the pad area.
- j. Diversion ditches around the well site will only be constructed if necessary to

prevent surface waters from entering the well site area.

- k. The site surface will be graded to drain away from the pit to avoid pit spillage during large storm events.
- l. The stockpiled topsoil (first 6 inches or maximum available) will be stored in a discontinuous windrow around the perimeter of the location and not stored in one large pile. This storage method will prevent contamination and decreased spreading distance will minimize topsoil loss during future reclamation efforts. All topsoil will be stockpiled for reclamation in such a way as to prevent soil loss, sterilization and contamination.
- m. Pits will remain fenced until site cleanup and reclamation.
- n. The blooie line will be located at least 75 feet from the well head.

10. Plans for Restoration of the Surface (Interim Reclamation and Final Reclamation):

- a. Site reclamation for a producing well will be accomplished for portions of the site not required for the continued operation of the well.
- b. Upon well completion, any hydrocarbons in the pit shall be removed in accordance with 43 CFR 3162.7-1. Once the reserve pit is dry, the plastic nylon reinforced liner shall be torn and perforated before backfilling of the reserve pit. The reserve pit and that portion of the location not needed for production facilities/operations will be re-contoured to the approximate natural contours.
- c. Following BLM published Best Management Practices the interim reclamation will be completed within 90 days of completion of the well to reestablish vegetation, reduce dust and erosion, and compliment the visual resources of the area.
 - a. All equipment and debris will be removed from the area proposed for interim reclamation and the pit area will be backfilled and re-contoured.
 - b. The area outside of the rig anchors and other disturbed areas not needed for the operation of the well will be re-contoured to blend with the surrounding area and reseeded at 12 lbs /acre with the following native grass seeds:
 - BLM Seed Mix: 14 lbs/acre
 - o Sand dropseed – *Sporobolus cryptandurs* (3 lbs / acre)
 - o Fourwing Saltbush – *Atriplex canescens* (3 lbs / acre)
 - o Needle and Thread Grass - (4 lbs / acre)
 - o Indian Rice Grass – *Achnatherum himenoides* (4 lbs / acre)
 - c. Reclaimed areas receiving incidental disturbance during the life of the producing well will be re-contoured and reseeded as soon as practical.
- d. The Operator will control noxious weeds along access road use authorizations, pipeline route authorizations, well sites, or other applicable facilities by spraying or mechanical removal. A list of noxious weeds may be obtained from the BLM or the Grand County Extension Office. On BLM administered land, it is required that a Pesticide Use Proposal be submitted and approved prior to the application

of herbicides, pesticides or possibly hazardous chemicals.

- e. Prior to final abandonment of the site, all disturbed areas, including the access road, will be scarified and left with a rough surface. The site will then be seeded and/or planted as prescribed by the BLM. The BLM recommended seed mix will be detailed within their approval documents.
- f. A final abandonment notice will be submitted to BLM when the reclamation activities (as presented in this document) are complete and new vegetation is established. Should there be any deviation from these planned reclamation activities, the surface owner will be notified and a Sundry Notice will be submitted to BLM for approval of the new closure and reclamation activities.

11. Surface and Mineral Ownership:

- a. Surface Ownership – Federal under the management of the Bureau of Land Management - Moab Field Office, 82 East Dogwood, Moab, Utah 84532; 435-259-2145.
- b. Mineral Ownership – Federal under the management of the Bureau of Land Management - Moab Field Office, 82 East Dogwood, Moab, Utah 84532; 435-259-2145.

12. Other Information:

a. Company Representatives:

James Jones, Manager	303-468-0656 (office)
Tidewater Oil & Gas Company LLC	303-547-6404 (mobile)
110 16 th Street, Suite 405	
Denver, Colorado 80202	
jjones@tidewater-oil.com	

Walter Lowry- Operations Manager	303-469-0656 (office)
Tidewater Oil & Gas Company LLC	303-884-5505 (mobile)
110 16 th Street, Suite 405	
Denver, Colorado 80202	
wlowry@tidewater-oil.com	

b. Company Agent:

All documents for permitting, and all communications regarding permitting, drilling, completion & production operations, and reclamation are handled in-house by Tidewater, and no agent has been appointed for such work.

- c. Montgomery Archaeological Consultants has conducted a Class III archeological survey over the proposed site, and a copy of the clearance report will be submitted as part of the Application for Permit to Drill.

- d. A biological clearance survey for raptors and other species of interest is being conducted the week of June 25, 2012 by Robert Magill (a certified Wildlife Biologist with Western Slope Wildlife, LLC). Mr. Magill's name was provided to Tidewater as one party on a list of 15 approved wildlife biologists by Melanie Hunter with the Moab BLM Office. A copy of Mr. Magill's wildlife survey will be provided to the BLM Moab, Utah office as soon as it becomes available to Tidewater.
- e. An emissions inventory has been completed for this project and is attached as an exhibit to this plan. With respect to the development of the proposed well, the primary source of air emissions to the atmosphere will be the drilling rig engines and related drilling activity. The single well pad will be constructed using typical construction equipment and techniques and will potentially include the use of a bulldozer, front end loader and grader. Tail pipe emissions from the mobilization and operation of the construction equipment will be negligible in comparison to the emissions related to drilling operations. Fugitive dust emissions will occur as a result of construction activities; however the magnitude of these emissions will be highly dependent upon the time of the year the construction activity occurred, and the frequency of precipitation events or snow cover. If necessary, fugitive dust will be controlled with the application of fresh water on access roads and the drilling pad. Given the exploratory nature of the proposed well, emissions related to completion and production operations are very speculative.

Certification:

I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions which currently exist; that I have full knowledge of state and Federal laws applicable to this operation; 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 in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application and that bond coverage is provided under Tidewater Oil & Gas Company LLC's BLM bond (UTB-00211). These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.

Executed this 25th day of June, 2012.

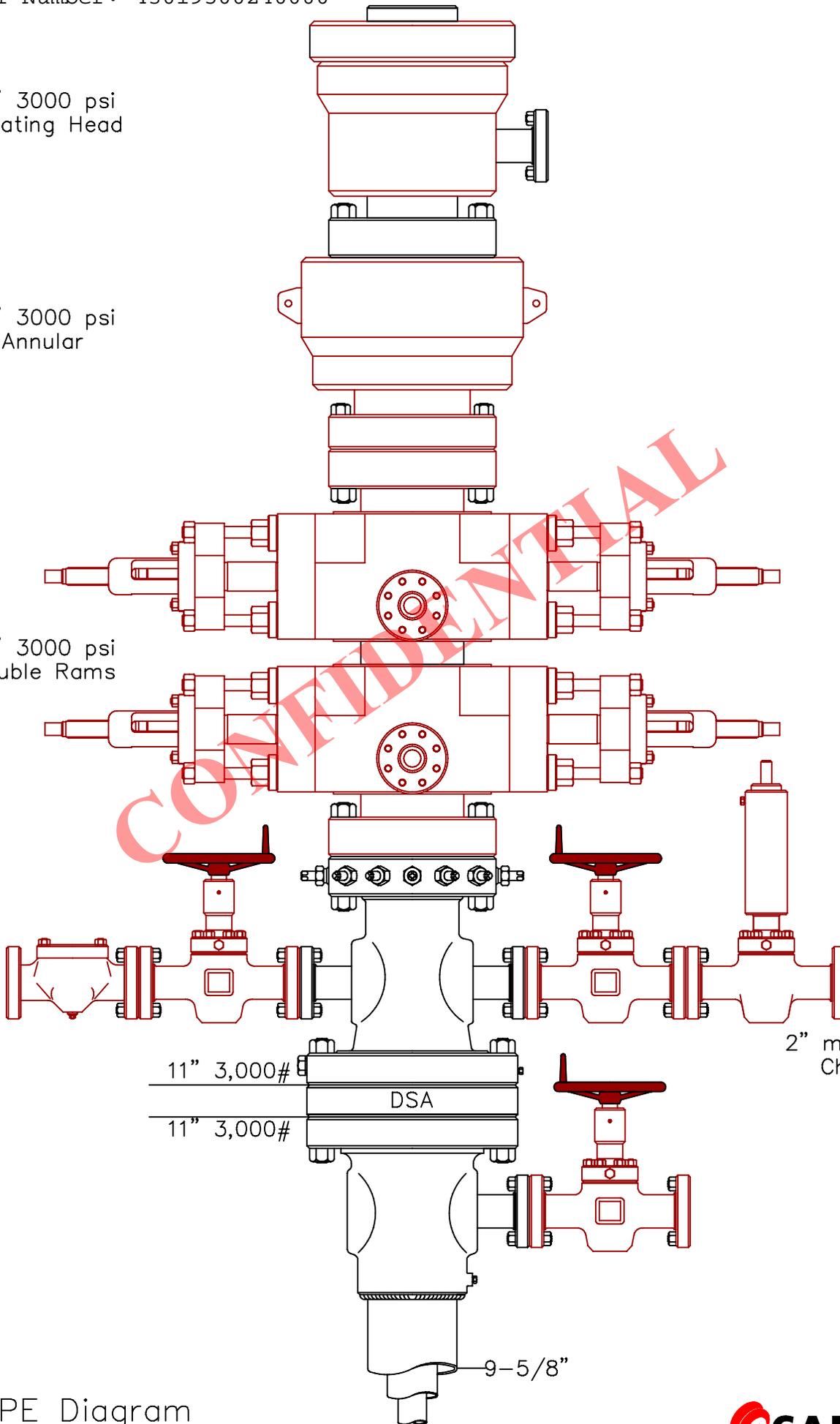
Walter Lowry, Operations Manager
Tidewater Oil & Gas Company LLC
110 16th Street, Suite 405
Denver, Colorado 80202
wlowry@tidewater-oil.com

303-884-5505 (Mobile)

11" 3000 psi
Rotating Head

11" 3000 psi
Annular

11" 3000 psi
Double Rams



2" 3,000# psi
Kill-Line

2" min. 3000 psi
Choke-Line

11" 3,000#

11" 3,000#

9-5/8"

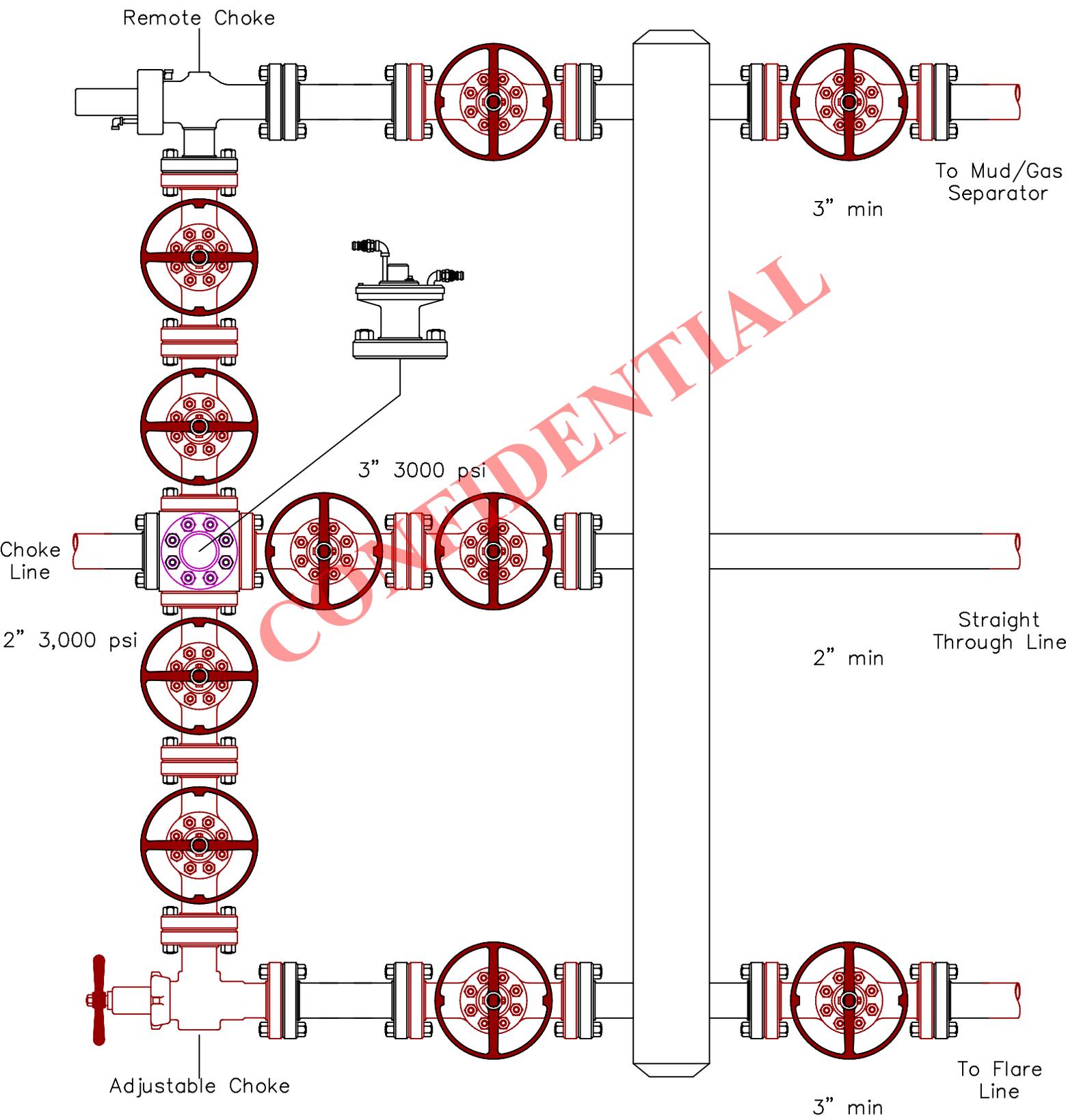
BOPE Diagram
3000 psi WP



Class 2

Name: Jeanette	Date: 8-29-07	Working Pressure: 3,000# #	Date: July 10, 2012
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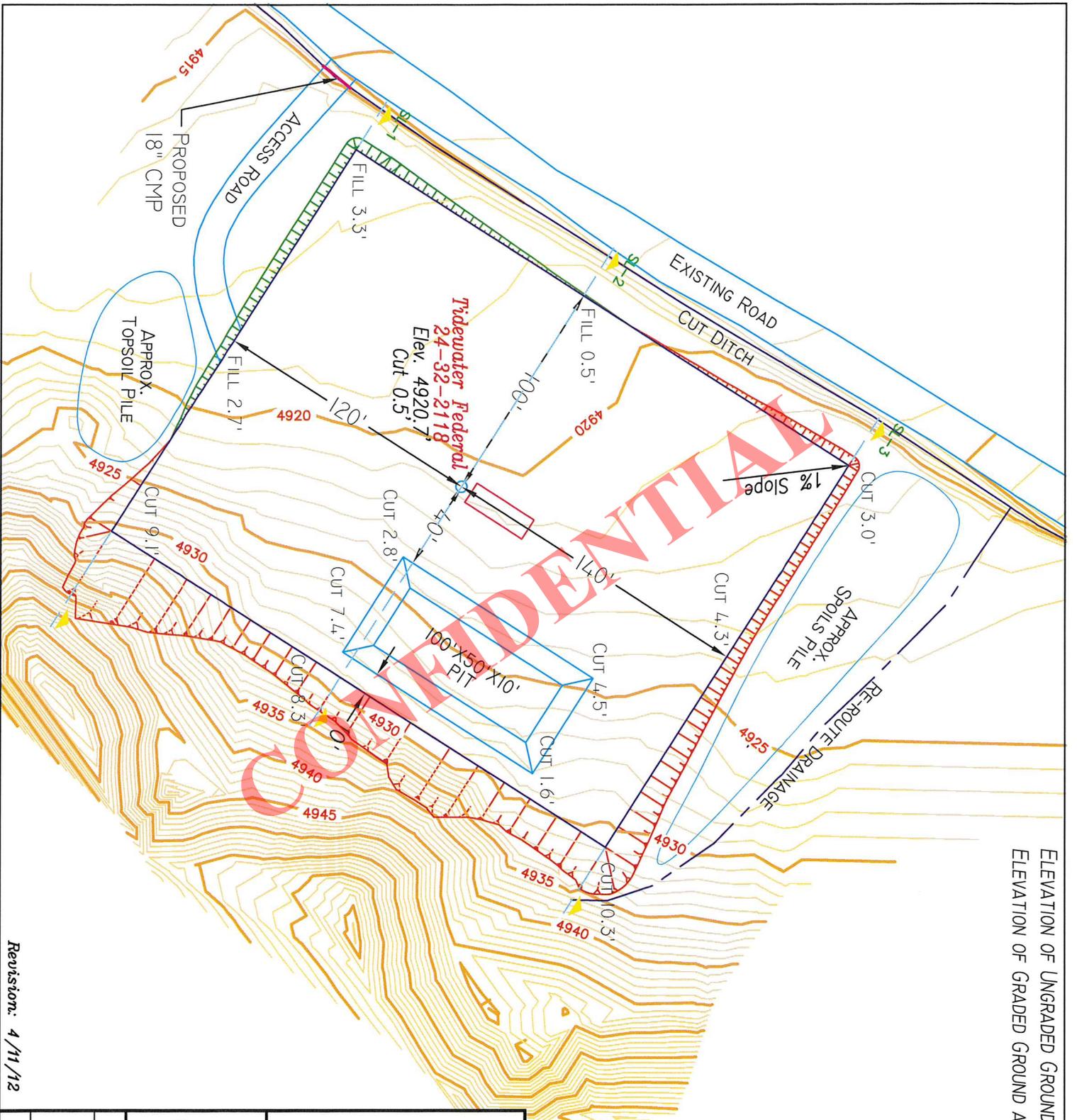
RECEIVED: 3,000# # 10, 2012



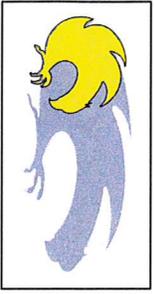
Choke Manifold
(Typical)
Class 2



Name: Jeanette	Date: 8-29-07	Working Pressure: 3,000#	July 10, 2012
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ELEVATION OF UNGRADED GROUND AT LOCATION STAKE = 4920.7'
 ELEVATION OF GRADED GROUND AT LOCATION STAKE = 4920.2'

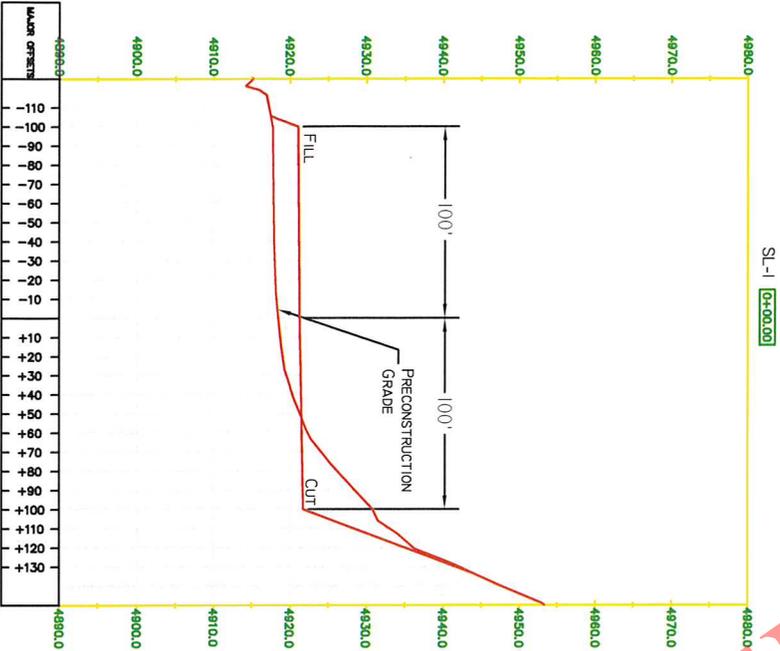
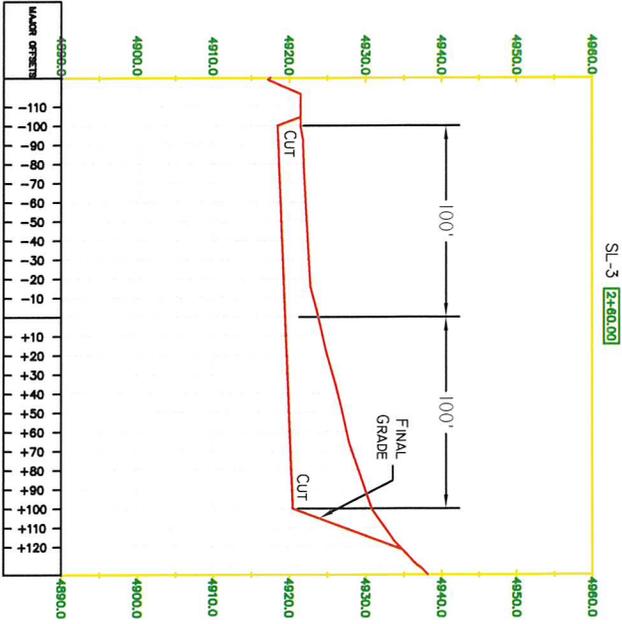
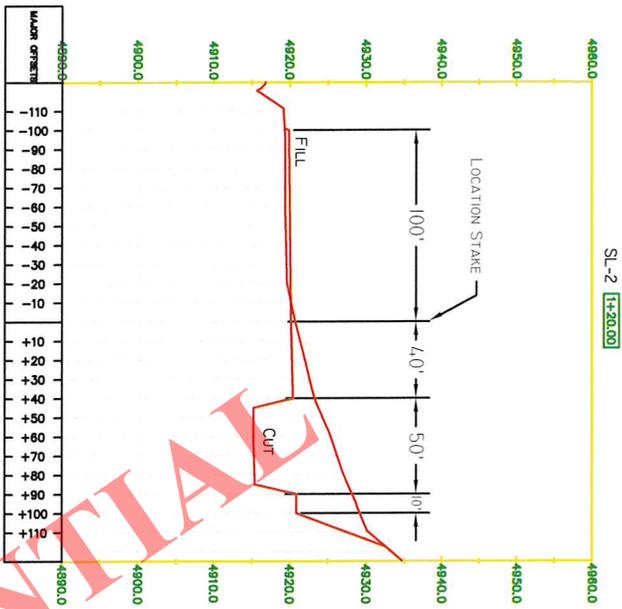


TALON RESOURCES, INC.
 615 North 400 East P.O. Box 1230
 Huntington, Utah 84528
 Phone (435)687-5310 Fax (435)687-5311
 E-Mail talon@trv.net

TIDEWATER
 LOCATION LAYOUT
 Section 24, T21S, R18E, S.L.B.&M.
TIDEWATER FEDERAL
 24-32-2118

Drawn By: N. BUTKOVICH	Checked By: A.F.C.
Drawing No. A-2	Date: 4/9/12
Sheet 2 of 4	Job No. 5037
	Scale: 1" = 60'

Revision: 4/11/12



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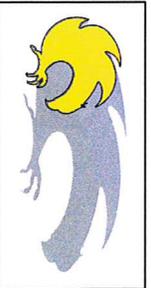
SLOPE = 1 1/2 : 1
 (EXCEPT PIT)
 PIT SLOPE = 1 : 1

1" = 10'
 X-Section Scale
 1" = 40'

APPROXIMATE YARDAGES

(6") TOPSOIL STRIPPING = 1,145 CU. YDS.
 TOTAL CUT (INCLUDING PIT) = 7,100 CU. YDS.
 TOTAL FILL = 995 CU. YDS.

Revision: 4/11/12



TALON RESOURCES, INC.
 615 North 400 East P.O. Box 1230
 Huntington, Utah 84528
 Phone (435)687-5310 Fax (435)687-5311
 E-Mail talon@evr.net

TIDEWATER
 TYPICAL CROSS SECTION
 Section 24, T21S, R18E, S.L.B.&M.
 TIDEWATER FEDERAL
 24-32-2118

Drawn By: N. BUTKOVICH	Checked By: A.P.C.
Drawing No. C-1	Date: 4/9/12
Sheet 3 of 4	Scale: 1" = 100'
	Job No. 5037

TIDEWATER OIL & GAS COMPANY LLC

110 16th Street, Suite 405

Denver, Colorado 80202

(303) 468-0656

July 13, 2012

Ms. Diana Whitney
Utah Division of Oil, Gas and Mining
1594 West North Temple
Suite 1210
Salt Lake City, Utah 84114-5801

Re: Application for Permit to Drill – Location Exception Letter
Tidewater Federal 24-32-2118 (API #: 4301950024)
SWNE Sec 24, T21S, R18E
2014' FNL, 2579' FEL
Lease # UTU-79812
Grand County, Utah

Dear Ms. Whitney:

Pursuant to Utah Administrative Code ~~§~~R649-3-3 Exception to Location and Siting of Wells, Tidewater Oil & Gas Company LLC ("Tidewater") hereby requests an exception location for the referenced well. Tidewater is the lessee of all offsetting acreage within 460' of the proposed well. As such, Tidewater has met its notification obligation under UAC ~~§§~~R649-3-3-1.2 and 1.3.

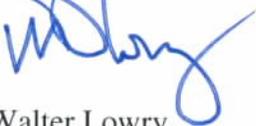
This proposed drill site is located within the Crescent Unit, and Tidewater is the operator of said federal Unit. Tidewater is the only lessee within a 460' radius of the proposed location. Please see the plat attached to the APD showing the location of the proposed well, and the location of the nearest legal 40-acre drilling window.

This request for an exception location is necessary for the following reasons:

- Tidewater has commissioned a very detailed and comprehensive analysis of the 3-D seismic data underlying the proposed location. The results of said analysis strongly indicate the proposed location offers the highest chance of drilling and completing a commercially productive oil and gas well.
- The proposed location lies immediately adjacent to CR 225, which runs in a SW-NE direction. To the east (the direction in which the proposed well would need to be moved to lie in a legal 40-acre spacing unit) the surface elevation rises rapidly and several significant drainages come into play.
- The above mentioned surface road immediately to the NW and rapid elevation change immediately to the east of the proposed location significantly limit Tidewater's ability to select a surface location whereby a vertical well can be drilled to a tight geologic target.
- Directional drilling at this location is not economically or physically viable due to the shallow nature of the anticipated producing zone and the complexity of the geologic target.

Please accept the foregoing as Tidewater's application for an exception location pursuant to §§R649-3-2 and R649-3-3 of the Utah Administrative Code. Feel free to call me at (720) 881-7341 with any questions you may have.

Sincerely,
Tidewater Oil & Gas Company LLC



Walter Lowry
Operations Manager

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United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, Utah 84145-0155

IN REPLY REFER TO:
3160
(UT-922)

July 16, 2012

Memorandum

To: AFM-Resources, Moab Field Office
From: Michael Coulthard, Petroleum Engineer
Subject: 2012 Plan of Development Crescent Unit Grand
County, Utah.

Pursuant to email between Diana Whitney, Division of Oil, Gas and Mining, and Mickey Coulthard, Utah State Office, Bureau of Land Management, the following wells are planned for calendar year 2012 within the Crescent Unit, Grand County, Utah.

API #	WELL NAME	LOCATION
(Proposed PZ Chinle)		
43-019-50024	Tidewater Federal	24-32-2118 Sec 24 T21S R18E 2014 FNL 2579 FEL

This office has no objection to permitting the well at this time. However, please be advised that this well has not been approved as an "obligation well" under the Crescent Unit Agreement.

Michael L. Coulthard

Digitally signed by Michael L. Coulthard
DN: cn=Michael L. Coulthard, o=Bureau of Land Management,
ou=Branch of Minerals, email=Michael_Coulthard@blm.gov, c=US
Date: 2012.07.16 14:31:44 -06'00'

bcc: File - Crescent Unit
Division of Oil Gas and Mining
Central Files
Agr. Sec. Chron
Fluid Chron

MCoulthard:mc:7-16-12

RECEIVED: July 18, 2012

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

FORM 3

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL						1. WELL NAME and NUMBER Tidewater Federal 24-32-2118				
2. TYPE OF WORK DRILL NEW WELL <input checked="" type="checkbox"/> REENTER P&A WELL <input type="checkbox"/> DEEPEN WELL <input type="checkbox"/>						3. FIELD OR WILDCAT WILDCAT				
4. TYPE OF WELL Oil Well <input type="checkbox"/> Coalbed Methane Well: NO <input type="checkbox"/>						5. UNIT or COMMUNITIZATION AGREEMENT NAME CRESCENT				
6. NAME OF OPERATOR TIDEWATER OIL & GAS COMPANY, LLC						7. OPERATOR PHONE 303 468-0656 201				
8. ADDRESS OF OPERATOR 110 16th St Ste 1220, Denver, CO, 80202						9. OPERATOR E-MAIL jjones@tidewater-oil.com				
10. MINERAL LEASE NUMBER (FEDERAL, INDIAN, OR STATE) UTU-79812			11. MINERAL OWNERSHIP FEDERAL <input checked="" type="checkbox"/> INDIAN <input type="checkbox"/> STATE <input type="checkbox"/> FEE <input type="checkbox"/>			12. SURFACE OWNERSHIP FEDERAL <input checked="" type="checkbox"/> INDIAN <input type="checkbox"/> STATE <input type="checkbox"/> FEE <input type="checkbox"/>				
13. NAME OF SURFACE OWNER (if box 12 = 'fee')						14. SURFACE OWNER PHONE (if box 12 = 'fee')				
15. ADDRESS OF SURFACE OWNER (if box 12 = 'fee')						16. SURFACE OWNER E-MAIL (if box 12 = 'fee')				
17. INDIAN ALLOTTEE OR TRIBE NAME (if box 12 = 'INDIAN')			18. INTEND TO COMMINGLE PRODUCTION FROM MULTIPLE FORMATIONS YES <input type="checkbox"/> (Submit Commingling Application) NO <input checked="" type="checkbox"/>			19. SLANT VERTICAL <input checked="" type="checkbox"/> DIRECTIONAL <input type="checkbox"/> HORIZONTAL <input type="checkbox"/>				
20. LOCATION OF WELL		FOOTAGES		QTR-QTR	SECTION	TOWNSHIP	RANGE	MERIDIAN		
LOCATION AT SURFACE		2014 FNL 2579 FEL		SWNE	24	21.0 S	18.0 E	S		
Top of Uppermost Producing Zone		2014 FNL 2579 FEL		SWNE	24	21.0 S	18.0 E	S		
At Total Depth		2014 FNL 2579 FEL		SWNE	24	21.0 S	18.0 E	S		
21. COUNTY GRAND			22. DISTANCE TO NEAREST LEASE LINE (Feet) 460			23. NUMBER OF ACRES IN DRILLING UNIT 40				
27. ELEVATION - GROUND LEVEL 4921			25. DISTANCE TO NEAREST WELL IN SAME POOL (Applied For Drilling or Completed) 13200			26. PROPOSED DEPTH MD: 5000 TVD: 5000				
28. BOND NUMBER UTB000211			29. SOURCE OF DRILLING WATER / WATER RIGHTS APPROVAL NUMBER IF APPLICABLE Town of Thompson Springs							
Hole, Casing, and Cement Information										
String	Hole Size	Casing Size	Length	Weight	Grade & Thread	Max Mud Wt.	Cement	Sacks	Yield	Weight
Cond	20	16	0 - 40	65.0	H-40 ST&C	8.5	Class G	50	1.18	15.0
Surf	12.25	9.625	0 - 500	36.0	J-55 ST&C	9.0	Rockies Lite	150	2.08	12.8
Prod	7.875	5.5	0 - 5000	17.0	N-80 LT&C	9.5	Rockies Lite	375	2.08	12.8
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"/> AFFIDAVIT OF STATUS OF SURFACE OWNER AGREEMENT (IF FEE SURFACE)					<input type="checkbox"/> FORM 5. IF OPERATOR IS OTHER THAN THE LEASE OWNER					
<input type="checkbox"/> DIRECTIONAL SURVEY PLAN (IF DIRECTIONALLY OR HORIZONTALLY DRILLED)					<input checked="" type="checkbox"/> TOPOGRAPHICAL MAP					
NAME Walter Lowry			TITLE Engineer			PHONE 303 884-5505				
SIGNATURE			DATE 07/10/2012			EMAIL wlowry@tidewater-oil.com				
API NUMBER ASSIGNED 43019500240000					APPROVAL					

TIDEWATER OIL & GAS COMPANY LLC

Tidewater Federal #24-32-2118
 SWNE 2014' FNL & 2578' FEL Sec. 24-T21S-R18E
 Grand County, Utah
 Lease # UTU-79812

ONSHORE ORDER 1: 9-POINT DRILLING PLAN

1. Estimated Tops of Geological Markers:

Formation Top	Depth (Est 11' KB) TVD	Depth (Est 11' KB) MD
Mancos Shale	Surface	Surface
Mancos Shale- Juana Lopez "M"	2756	2756
Slick Rock Member of Entrada	3327	3327
Carmel	3649	3649
Page-Navajo	3694	3694
Wingate	4467	4467
Chinle	4796	4796
Proposed TD	5000	5000

- All formation tops are based upon a graded GL elevation of 4921' and an RKB 11'.

2. Estimated Depths of Anticipated Water, Oil, Gas or Other Minerals: (per Proposed Wellbore Construction Diagram attached)

Formation	Depth (Est 11' KB) TVD	Substance
Mancos Shale- Juana Lopez "M"	2756	Oil/Gas
Slick Rock Member of Entrada	3327	Oil/Gas/Water
Carmel	3649	Oil/Gas/Water
Page-Navajo	3694	Oil/Gas/Water
Wingate	4467	Oil/Gas/Water

3. Pressure Control Equipment: (3000 psi schematic attached)

- Type: Eleven (11) inch 3M hydraulic BOP on 9-5/8" SOW x 11" 3M casing head, with 3M psi choke manifold equipped per the attached diagram. BOPE as specified in *Onshore Oil & Gas Order Number 1*.
- A PVT and stroke counter will be installed to monitor pit and hole volumes.
- Pressure Rating: 3,000 psi BOPE.
- Testing Procedure:

Blow-Out Preventer (Pipe Rams and Blind Rams)

At a minimum, the BOP, choke manifold, and related equipment will be pressure tested to the approved working pressure of the BOP stack (if isolated from the surface casing

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TALON RESOURCES
615 North 400 East PO BOX 1230
Huntington, UT 84528
(435) 687-5310

TN/MN
11 1/2°

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)

WORKSHEET APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 7/10/2012

API NO. ASSIGNED: 43019500240000

WELL NAME: Tidewater Federal 24-32-2118

OPERATOR: TIDEWATER OIL & GAS COMPANY, LLC (N3000)

PHONE NUMBER: 303 884-5505

CONTACT: Walter Lowry

PROPOSED LOCATION: SWNE 24 210S 180E

Permit Tech Review:

SURFACE: 2014 FNL 2579 FEL

Engineering Review:

BOTTOM: 2014 FNL 2579 FEL

Geology Review:

COUNTY: GRAND

LATITUDE: 38.97333

LONGITUDE: -109.88359

UTM SURF EASTINGS: 596709.00

NORTHINGS: 4314410.00

FIELD NAME: WILDCAT

LEASE TYPE: 1 - Federal

LEASE NUMBER: UTU-79812

PROPOSED PRODUCING FORMATION(S): WINGATE

SURFACE OWNER: 1 - Federal

COALBED METHANE: NO

RECEIVED AND/OR REVIEWED:

- PLAT
- Bond: FEDERAL - UTB000211
- Potash
- Oil Shale 190-5
- Oil Shale 190-3
- Oil Shale 190-13
- Water Permit: Town of Thompson Springs
- RDCC Review:
- Fee Surface Agreement
- Intent to Commingle

Commingling Approved

LOCATION AND SITING:

- R649-2-3.
- Unit: CRESCENT
- R649-3-2. General
- R649-3-3. Exception
- Drilling Unit
- Board Cause No: R649-3-3
- Effective Date:
- Siting:
- R649-3-11. Directional Drill

Comments: Presite Completed

Stipulations: 1 - Exception Location - dmason
4 - Federal Approval - dmason
23 - Spacing - dmason



GARY R. HERBERT
Governor

GREGORY S. BELL
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

Permit To Drill

Well Name: Tidewater Federal 24-32-2118
API Well Number: 43019500240000
Lease Number: UTU-79812
Surface Owner: FEDERAL
Approval Date: 7/23/2012

Issued to:

TIDEWATER OIL & GAS COMPANY, LLC, 110 16th St Ste 1220, Denver, CO 80202

Authority:

Pursuant to Utah Code Ann. 40-6-1 et seq., and Utah Administrative Code R649-3-1 et seq., the Utah Division of Oil, Gas and Mining issues conditions of approval, and permit to drill the listed well. This permit is issued in accordance with the requirements of R649-3-3. The expected producing formation or pool is the WINGATE Formation(s), completion into any other zones will require filing a Sundry Notice (Form 9). Completion and commingling of more than one pool will require approval in accordance with R649-3-22.

Duration:

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

Exception Location:

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

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.

Conditions of Approval:

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

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.

Notification Requirements:

The operator is required to notify the Division of Oil, Gas and Mining of the following actions during drilling of this well:

- Within 24 hours following the spudding of the well - contact Carol Daniels at 801-538-5284

(please leave a voicemail message if not available)

OR

submit an electronic sundry notice (pre-registration required) via the Utah Oil & Gas website

at <http://oilgas.ogm.utah.gov>

Reporting Requirements:

All reports, forms and submittals as required by the Utah Oil and Gas Conservation General Rules will be promptly filed with the Division of Oil, Gas and Mining, including but not limited to:

- Entity Action Form (Form 6) - due within 5 days of spudding the well
- Monthly Status Report (Form 9) - due by 5th day of the following calendar month
- Requests to Change Plans (Form 9) - due prior to implementation
- Written Notice of Emergency Changes (Form 9) - due within 5 days
- Notice of Operations Suspension or Resumption (Form 9) - due prior to implementation
- Report of Water Encountered (Form 7) - due within 30 days after completion
- Well Completion Report (Form 8) - due within 30 days after completion or plugging

Approved By:



For John Rogers
Associate Director, Oil & Gas

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		FORM 9
SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-79812
1. TYPE OF WELL Oil Well		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
2. NAME OF OPERATOR: TIDEWATER OIL & GAS COMPANY, LLC		7. UNIT or CA AGREEMENT NAME: CRESCENT
3. ADDRESS OF OPERATOR: 110 16th St Ste 1220 , Denver, CO, 80202		8. WELL NAME and NUMBER: TIDEWATER FED 24-32-2118
4. LOCATION OF WELL FOOTAGES AT SURFACE: 2014 FNL 2579 FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: SWNE Section: 24 Township: 21.0S Range: 18.0E Meridian: S		9. API NUMBER: 43019500240000
PHONE NUMBER: 303 468-0656 Ext 201		9. FIELD and POOL or WILDCAT: 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 Approximate date work will start:	<input type="checkbox"/> ACIDIZE	
<input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion:	<input type="checkbox"/> ALTER CASING	
<input checked="" type="checkbox"/> SPUD REPORT Date of Spud: 11/10/2012	<input type="checkbox"/> CASING REPAIR	
<input type="checkbox"/> DRILLING REPORT Report Date:	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	
	<input type="checkbox"/> CHANGE TUBING	
	<input type="checkbox"/> CHANGE WELL STATUS	
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	
	<input type="checkbox"/> CONVERT WELL TYPE	
	<input type="checkbox"/> DEEPEN	
	<input type="checkbox"/> FRACTURE TREAT	
	<input type="checkbox"/> NEW CONSTRUCTION	
	<input type="checkbox"/> OPERATOR CHANGE	
	<input type="checkbox"/> PLUG AND ABANDON	
	<input type="checkbox"/> PLUG BACK	
	<input type="checkbox"/> PRODUCTION START OR RESUME	
	<input type="checkbox"/> RECLAMATION OF WELL SITE	
	<input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION	
	<input type="checkbox"/> REPERFORATE CURRENT FORMATION	
	<input type="checkbox"/> SIDETRACK TO REPAIR WELL	
	<input type="checkbox"/> TEMPORARY ABANDON	
	<input type="checkbox"/> TUBING REPAIR	
	<input type="checkbox"/> VENT OR FLARE	
	<input type="checkbox"/> WATER DISPOSAL	
	<input type="checkbox"/> WATER SHUTOFF	
	<input type="checkbox"/> SI TA STATUS EXTENSION	
	<input type="checkbox"/> WILDCAT WELL DETERMINATION	
	<input type="checkbox"/> OTHER: <input style="width: 100px;" type="text"/>	
12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc. Tidewater anticipates spud of the Tidewater Federal 24-32-2118 well early morning of 11/10/2012.		
Accepted by the Utah Division of Oil, Gas and Mining FOR RECORD ONLY November 13, 2012		
NAME (PLEASE PRINT) Walter Lowry	PHONE NUMBER 303 884-5505	TITLE Engineer
SIGNATURE N/A	DATE 11/9/2012	

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING	FORM 9 5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-79812
SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.	6. IF INDIAN, ALLOTTEE OR TRIBE NAME: 7. UNIT or CA AGREEMENT NAME: CRESCENT
1. TYPE OF WELL Oil Well	8. WELL NAME and NUMBER: TIDEWATER FED 24-32-2118
2. NAME OF OPERATOR: TIDEWATER OIL & GAS COMPANY, LLC	9. API NUMBER: 43019500240000
3. ADDRESS OF OPERATOR: 110 16th St Ste 1220 , Denver, CO, 80202	PHONE NUMBER: 303 468-0656 Ext 201
4. LOCATION OF WELL FOOTAGES AT SURFACE: 2014 FNL 2579 FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: SWNE Section: 24 Township: 21.0S Range: 18.0E Meridian: S	9. FIELD and POOL or WILDCAT: 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 checked="" type="checkbox"/> NOTICE OF INTENT Approximate date work will start: 11/11/2012 <input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: <input type="checkbox"/> SPUD REPORT Date of Spud: <input type="checkbox"/> DRILLING REPORT Report Date:	<input type="checkbox"/> ACIDIZE <input checked="" type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> DEEPEN <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> ALTER CASING <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> SI TA STATUS EXTENSION <input type="checkbox"/> OTHER	<input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> PLUG BACK <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> WATER DISPOSAL <input type="checkbox"/> APD EXTENSION OTHER: <input style="width: 100px;" type="text"/>

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

Tidewater Oil & Gas Company LLC intends to change its plan to drill the 7-7/8" production hole from 500' surface casing depth to TD utilizing oil-based drilling fluid. Based on the success of drilling the Tidewater Federal 12-24D-2118 well with oil-based fluids, Tidewater believes it is imperative, both for hole stability and integrity and to minimize formation damage in the oil bearing zones of interest, that oil-based drilling fluids be used to drill the production hole. Tidewater will utilize a closed-loop system in order to properly contain all oil-based fluids. Tidewater will line the reserve pit used for deposition of the oil-based cuttings with 20-24 mil reinforced pit lining material. Plastic lining material will also be laid under the rigs steel tanks. 2-3' berms will be constructed around the perimeter of the location for emergency containment purposes.

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

Date: November 14, 2012

By: *Derek Quist*

NAME (PLEASE PRINT) Walter Lowry	PHONE NUMBER 303 884-5505	TITLE Engineer
SIGNATURE N/A	DATE 11/9/2012	

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

FORM 6

ENTITY ACTION FORM

Operator: Tidewater Oil & Gas Company LLC
Address: 110 16th Street, Suite 405
city Denver
state CO zip 80202

Operator Account Number: N 3000

Phone Number: (303) 468-0656

Well 1

API Number	Well Name		QQ	Sec	Twp	Rng	County
4301950024	TIDEWATER FEDERAL 24-32-2118		SWNE	24	21S	18E	GRAND
Action Code	Current Entity Number	New Entity Number	Spud Date			Entity Assignment Effective Date	
B	99999	19820	11/10/2012			11/21/2012	
Comments: <u>wingt</u> <div style="float: right; border: 1px solid black; padding: 2px;">CONFIDENTIAL</div>							

Well 2

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

Well 3

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

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 new entity
- E - Other (Explain in 'comments' section)

RECEIVED
NOV 19 2012

WALTER D. LOWRY

Name (Please Print)

Signature

OPERATIONS MANAGER

Title

11/16/2012

Date

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		FORM 9
SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-79812
1. TYPE OF WELL Oil Well		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
2. NAME OF OPERATOR: TIDEWATER OIL & GAS COMPANY, LLC		7. UNIT or CA AGREEMENT NAME: CRESCENT
3. ADDRESS OF OPERATOR: 110 16th St Ste 1220 , Denver, CO, 80202		8. WELL NAME and NUMBER: TIDEWATER FED 24-32-2118
4. LOCATION OF WELL FOOTAGES AT SURFACE: 2014 FNL 2579 FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: SWNE Section: 24 Township: 21.0S Range: 18.0E Meridian: S		9. API NUMBER: 43019500240000
PHONE NUMBER: 303 468-0656 Ext 201		9. FIELD and POOL or WILDCAT: 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 Approximate date work will start:	<input type="checkbox"/> ACIDIZE	
<input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion:	<input type="checkbox"/> ALTER CASING	
<input type="checkbox"/> SPUD REPORT Date of Spud:	<input type="checkbox"/> CASING REPAIR	
<input checked="" type="checkbox"/> DRILLING REPORT Report Date: 11/19/2012	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	
	<input type="checkbox"/> CHANGE TUBING	
	<input type="checkbox"/> CHANGE WELL STATUS	
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	
	<input type="checkbox"/> CHANGE WELL NAME	
	<input type="checkbox"/> DEEPEN	
	<input type="checkbox"/> FRACTURE TREAT	
	<input type="checkbox"/> OPERATOR CHANGE	
	<input type="checkbox"/> PLUG AND ABANDON	
	<input type="checkbox"/> PRODUCTION START OR RESUME	
	<input type="checkbox"/> RECLAMATION OF WELL SITE	
	<input type="checkbox"/> REPERFORATE CURRENT FORMATION	
	<input type="checkbox"/> SIDETRACK TO REPAIR WELL	
	<input type="checkbox"/> TUBING REPAIR	
	<input type="checkbox"/> VENT OR FLARE	
	<input type="checkbox"/> WATER SHUTOFF	
	<input type="checkbox"/> SI TA STATUS EXTENSION	
	<input type="checkbox"/> WILDCAT WELL DETERMINATION	
	<input type="checkbox"/> OTHER: <input style="width: 100px;" type="text"/>	
12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc. Attached are all of the daily drilling reports for the referenced well. Tidewater believes these reports were submitted months ago, however we just received notification from the UDOGM that the reports were not received.		
Accepted by the Utah Division of Oil, Gas and Mining FOR RECORD ONLY March 22, 2013		
NAME (PLEASE PRINT) Walter Lowry	PHONE NUMBER 303 884-5505	TITLE Engineer
SIGNATURE N/A	DATE 3/21/2013	

TIDEWATER OIL & GAS COMPANY LLC

DAILY DRILLING REPORT

Report Date: 11/10/2012

Report Time: 0700

Operator: **TIDEWATER OIL & GAS COMPANY LLC**

Federal Lease: **UTU7981
2**

Field: **Wildcat**

Well Name: **Tidewater Fed # 24-32-2118**

API #: **43-019-50024**

Location: **SWNE 2014 FNL 2579 FEL**

Contractor: **K-SUE** Type: **Vertical control** Elev: **5136' graded**

Section 24-T21S-R18E

Rig #: **Aztec Rig #580** Target: **Navajo-Page-Wingate**

Grand County, Utah

Current Operation: Drilling 12-1/4" hole @ 428'	Days From Spud: 0.5	Current Depth: 248'	24 Hour Footage: 178'	Hole Condition: Good	Hole Problems: None
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Summary: MIRU Aztec Drilling Rig #580. Move from Tidewater State 15-13-2219. PU 12-1/4" PDC bit, mud motor, shock sub, and drill collars. TIH and tag up at 71' RKB (16" conductor pre-set at 60' BGL). **Spud well at 2401 hrs 11/10/2012.** Drill 12-1/4" surface hole f/ 70'-218'. Run wireline survey at 182'- 1.0 degrees inclination. Drill 12-1/4" surface hole from 218'- 428'. Notify Eric Jones and Jeff Brown h the Moab BLM office of pending spud, surface casing operations, upcoming cement job, and BOP testing operations. Also otified Dan Jarvis, Field Inspector with UDOGM. Sent in Entity Action Form and Notice of Spud electronically to UDOGM. Sent Sundry Notice to UDOGM for change in plans from water-based drilling fluid to oil-based drilling fluid for the production hole.

Walt Lowry (Engineer/Company Man): 303-884-5505 (cell); Satellite phone: 970-986-4832

Cum Cost: **\$0**

Mud Properties:	Depth:	Weight:	Viscosity:	Gel Strength:	Water Loss:	Filter Cake:	pH:	Chlorides PPM:	Calcium PPM:	Solids %:	Sand %:		
	450	9.0	45										
Mud Pump:	Number:	Mnfr:	Model:	Stroke ("):	Liner ("):	Rod Size ("):	Number:	Mnfr:	Model:	Stroke ("):	Liner ("):	Rod Size ("):	
	1	GD	PZ-8	8	6								
Drilling Parameters:	Depth Interval:	Weight on Bit:	RPM:	Torque:	Pump Press(PSI):	SPM:	Average Drill Rate:	Ave. FPM. DP.:	Ave. FPM. DC.:	FPS.:	Hydr. Hp.:		
	70-248	7-10M	65	2200-3500	350	100							
Bit Record:	No./Size	Mnfr:	Type:	IADC	Serial #:	Jets (#/32nds):	Depth In (ft):	Depth Out (ft):	Footage:	FPH:	Rotating Hours:		Condition:
	1	RMB	S568X	PDC	RMVS	8 x 16	70	248	178	26.4	Bit:	Cum.	
	6.75	6.75											
Surveys:	Depth: (ft.)	Degrees:	Azimuth	Depth: (ft)	Degrees	Azimuth	Depth: (ft.)	Degrees:	Azimuth	TVD	Build Assmby		
	182'	1.0											

To Time:	Hours:	OPERATIONS	COST:	Today:	Cum.:
0700-2200	15.00	Move rig from Tidewater State 15-13-2219. RU Aztec Rig #580.			
2200-2400	2.00	PU 12-1/4" PDC bit, 6-3/4" mud motor, shock sub, and 6-1/2" DCs. Tag up at 70' RKB.			
2400-0315	3.25	Spud well @ 2401 hrs 11/10/12. Drill 12-1/4" surface hole from 70'-218'.			
0315-0330	0.25	Run wireline inclination survey- 1.0 degrees at 182'.			
0330-0700	3.50	Drill 12-1/4" surface hole from 218'- 428'.			
			Chemicals/ Water/ Air:		
			Bit/ Rmr:		
			Rentals:		
			Geologist & Mudlogger:		
			Supr:		
			Fuel/ Lube:		
			Logs:		
			Wellhead, Tbg & Csg		
			Cmt & Cmtg:		
			Back Off		
			Mob/Dmob		
			Directional		
			Trucking:		
			Fishing		
			Road/Location		
			Miscellaneous		

Total	24.0											Total:		
Mud Gas Units:	BG:	Conn.:	Trip:	Gas Chromatograph					Formation %:			Shows:		
				C1	C2	C3	C4	C5	Shale:	Sand:	Chalk:			
Hours:	DRLG:	Trip:	Rig Serv:	Clean Pit	Ream/ Wash:	Circ:	Log/ Csg Run:	Other:	Downtime		Totals:			
									Repair:	Other:	Footage:	Daywork:		
Today:	6.75	2.00						15.25				24.00		
Cum.:	6.75	2.00						15.25				24.00		

TIDEWATER OIL & GAS COMPANY LLC

DAILY DRILLING REPORT

Report Date: 11/12/2012
Report Time: 0700

Operator: **TIDEWATER OIL & GAS COMPANY LLC**

Federal Lease: UTU7981
2

Field: Wildcat

Well Name: Tidewater Fed # 24-32-2118

API #: 43-019-50024

Location: SWNE 2014 FNL 2579 FEL

Contractor: K-SUE Type: Vertical control Elev: 5136' graded

Section 24-T21S-R18E

Rig #: Aztec Rig #580 Target: Navajo-Page-Wingate

Grand County, Utah

Current Operation: TIH w/ directional tools.	Days From Spud: 2.5	Current Depth: 506'	24 Hour Footage: 0	Hole Condition: Good	Hole Problems: None
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Summary: Cut off 9-5/8" surface casing. Weld on 9-5/8" SOW X 11" 3M casing head. Test weld. Held OK. NU BOPE and choke manifold. Test BOPE. Set wear bushing. RU Katch-Kan oil-based drilling fluid pans and catch tanks.

Walt Lowry (Engineer/Company Man): 303-884-5505 (cell); Satellite phone: 970-986-4832

Cum Cost: \$0

Mud Properties:	Depth:	Weight:	Viscosity:	Gel Strength:	Water Loss:	Filter Cake:	ES	Chlorides PPM:	Calcium PPM:	Solids %:	Sand %:	O/W Ratio	
	506	8.2			14.0		228					64/36	
Mud Pump:	Number:	Mnfr:	Model:	Stroke ("):	Liner ("):	Rod Size ("):	Number:	Mnfr:	Model:	Stroke ("):	Liner ("):	Rod Size ("):	
	1	GD	PZ-8	8	6								
Drilling Parameters:	Depth Interval:	Weight on Bit:	RPM:	Torque:		Pump Press(PSI):	SPM:	Average Drill Rate:	Ave. FPM. DP.:	Ave. FPM. DC.:	FPS.:	Hydr. Hp.:	
Bit Record:	No./Size	Mnfr:	Type:	IADC	Serial #:	Jets (#/32nds):	Depth In (ft):	Depth Out (ft):	Footage:	FPH:	Rotating Hours:		Condition:
	1 2	RMB STC	S568X	PDC PDC	RMVS	8 x 16 6x16	70 506	506	436	26.4	Bit: 10.75	Cum. 10.75	
Surveys:	Depth: (ft.)	Degrees:	Azimuth	Depth: (ft)	Degrees	Azimuth	Depth: (ft.)	Degrees:	Azimuth	TVD	Build Assmby		
	182'	1.0		428'	0.75								
To Time:	Hours:	OPERATIONS								COST:	Today:	Cum.:	
0700-1830	11.50	Clean cellar. Cut off 9-5/8" surface casing. Weld on Cameron 9-5/8" SOW x 11" 3M casing head. Test weld on head to 3M psi. NU BOPE, annular preventor, and rotating head.								Rig:			
1830-0130	7.00	RU Cameron BOPE testers. Test BOPE as follows: blind & pipe rams to 250 psi low and 3000 psi high; choke manifold valves to 250 psi low and 3000 psi high; test annular preventor to 250 psi low and 1500 psi high; test casing to 2800 psi; test kelly valve to 250 psi low and 3000 psi high. All held OK.								Chemicals/ Water/ Air:			
										Bit/ Rmr:			
										Rentals:			
										Geologist & Mudlogger:			
0130-0200	0.50	Install wear bushing.								Supr:			
0200-0600	4.00	RU Katch-Kan drip pan system to catch oil-based mud from rig floor and around rig.								Fuel/ Lube:			
0600-0700	1.00	PU directional tools.								Logs:			
										Wellhead, Tbg & Csg			
										Cmt & Cmtg:			
										Contract			
										Mob/Dmob			
										Directional			
										Trucking:			
										Fishing			
										Road/Location			
										Miscellaneous			
Total	24.0									Total:			
Mud Gas Units:	BG:	Conn.:	Trip:	Gas Chromatograph					Formation %:			Shows:	
				C1	C2	C3	C4	C5	Shale:	Sand:	Chalk:		
Hours:	DRLG:	Trip:	Rig Serv:	Clean Pit	Ream/ Wash:	Circ:	Log/ Csg Run:	Other:	Downtime		Totals:		
									Repair:	Other:	Footage:	Daywork:	
Today:		1.00						23.00				24.00	
Cum.:	6.75	3.00						38.25				48.00	

TIDEWATER OIL & GAS COMPANY LLC

DAILY DRILLING REPORT

Report Date: 11/13/2012

Report Time: 0700

Operator: **TIDEWATER OIL & GAS COMPANY LLC**

Federal Lease: **UTU7981
2**

Field: **Wildcat**

Well Name: **Tidewater Fed # 24-32-2118**

API #: **43-019-50024**

Location: **SWNE 2014 FNL 2579 FEL**

Contractor: **K-SUE** Type: **Vertical control** Elev: **5136' graded**

Section 24-T21S-R18E

Rig #: **Aztec Rig #580** Target: **Navajo-Page-Wingate**

Grand County, Utah

Current Operation: Directional control drlg 7-7/8" hole	Days From Spud: 3.5	Current Depth: 1643'	24 Hour Footage: 1137'	Hole Condition: Good	Hole Problems: None
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Summary: PU directional tools. Displace hole with oil-based mud. Control drill vertical hole with directional tools from 506'- 1643'.

Walt Lowry (Engineer/Company Man): 303-884-5505 (cell); Satellite phone: 970-986-4832

Cum Cost: **\$0**

Mud Properties:	Depth:	Weight:	Viscosity:	Gel Strength:	Water Loss:	Filter Cake:	ES	Chlorides PPM:	Calcium PPM:	Solids %:	Sand %:	O/W Ratio		
	1643	7.3	45	5/7/12	12.0	1/32	388	13000		5.0		73/27		
Mud Pump:	Number:	Mnfr:	Model:	Stroke ("):	Liner ("):	Rod Size ("):	Number:	Mnfr:	Model:	Stroke ("):	Liner ("):	Rod Size ("):		
	1	OPI	AD700	8	6		2	GD	PZ-8	8	6			
Drilling Parameters:	Depth Interval:	Weight on Bit:	RPM:	Torque:		Pump Press(PSI):	SPM:	Average Drill Rate:	Ave. FPM. DP.:	Ave. FPM. DC.:	FPS.:	Hydr. Hp.:		
	506-1643	5-10	50-60	2500-4200		550	301		208	218		8.0		
Bit Record:	No./Size	Mnfr:	Type:	IADC	Serial #:	Jets (#/32nds):	Depth In (ft):	Depth Out (ft):	Footage:	FPH:	Rotating Hours:		Condition:	
	1	RMB	S568X	PDC	RMVS	8 x 16	70	506	436	26.4	Bit:	Cum.		
	2	STC	MSI616	PDC	JF9427	6x16	506	1643	1137	61.5	10.75	10.75		
											18.50	29.25		
Surveys:	Depth: (ft.)	Degrees:	Azimuth		Depth: (ft)	Degrees	Azimuth		Depth: (ft.)	Degrees:	Azimuth		TVD	Build Assmby

To Time:	Hours:	OPERATIONS	COST:	Today:	Cum.:
0700-1015	3.25	MU directional tools and TIH.			
1015-1200	1.75	PU swivel. Displace water with oil-based drilling fluid. Check directional tools.	Rig:		
1200-2030	8.50	Control drill vertically w/ directional tools f/ 506'-967'.	Mud:		
2030-2100	0.50	Service Rig	Chemicals/ Water/ Air:		
2100-0700	10.00	Control drill vertically w/ directional tools f/ 967'-1643'.	Bit/ Rmr:		
			Rentals:		
			Geologist & Mudlogger:		
			Supr:		
			Fuel/ Lube:		
			Logs:		
			Wellhead, Tbg & Csg		
			Cmt & Cmtg:		
			Contract		
			Mob/Dmob		
			Directional		
			Trucking:		
			Fishing		
			Road/Location		
			Miscellaneous		
Total	24.0		Total:		

Mud Gas Units:	BG:	Conn.:	Trip:	Gas Chromatograph					Formation %:			Shows:
				C1	C2	C3	C4	C5	Shale:	Sand:	Chalk:	
									100%			
Hours:	DRLG:	Trip:	Rig Serv:	Clean Pit	Ream/ Wash:	Circ:	Log/ Csg Run:	Other:	Downtime		Totals:	
									Repair:	Other:	Footage:	Daywork:
Today:	18.50	3.25	0.50			1.75						24.00
Cum.:	25.25	6.25	0.50			1.75		38.25				72.00

TIDEWATER OIL & GAS COMPANY LLC

DAILY DRILLING REPORT

Report Date: 11/14/2012
Report Time: 0700

Operator: **TIDEWATER OIL & GAS COMPANY LLC**

Federal Lease: UTU7981
2

Field: Wildcat

Well Name: Tidewater Fed # 24-32-2118

API #: 43-019-50024

Location: SWNE 2014 FNL 2579 FEL

Contractor: K-SUE

Type: Vertical control

Elev: 5136' graded

Section 24-T21S-R18E

Rig #: Aztec Rig #580

Target: Navajo-Page-Wingate

Grand County, Utah

Current Operation: Directional control drlg 7-7/8" hole	Days From Spud: 4.5	Current Depth: 2967'	24 Hour Footage: 1324'	Hole Condition: Good	Hole Problems: None
--	------------------------	-------------------------	---------------------------	-------------------------	------------------------

Summary: Control drill vertically w/ directional tools f/ 1643'- 2967'.

Walt Lowry (Engineer/Company Man): 303-884-5505 (cell); Satellite phone: 970-986-4832

Cum Cost: \$0

Mud Properties:	Depth:	Weight:	Viscosity:	Gel Strength:	Water Loss:	Filter Cake:	ES	Chlorides PPM:	Calcium PPM:	Solids %:	Sand %:	O/W Ratio		
	2999'	7.6	47	8/10/12	7.0	2/32	520	15000		7.4		85/15		
Mud Pump:	Number:	Mnfr:	Model:	Stroke ("):	Liner ("):	Rod Size ("):	Number:	Mnfr:	Model:	Stroke ("):	Liner ("):	Rod Size ("):		
	1	OPI	AD700	8	6		2	GD	PZ-8	8	6			
Drilling Parameters:	Depth Interval:	Weight on Bit:	RPM:	Torque:		Pump Press(PSI):	SPM:	Average Drill Rate:	Ave. FPM. DP.:	Ave. FPM. DC.:	FPS.:	Hydr. Hp.:		
	1647-2967	5-10	50-60	2500-4200		645	110	76.9	208	218		8.0		
Bit Record:	No./Size	Mnfr:	Type:	IADC	Serial #:	Jets (#/32nds):	Depth In (ft):	Depth Out (ft):	Footage:	FPH:	Rotating Hours:		Condition:	
	1	RMB	S568X	PDC	RMVS	8 x 16	70	506	436	26.4	Bit: 10.75	Cum. 10.75		
	2	STC	MSI616	PDC	JF9427	6x16	506	2967	2461	76.9	32.00	52.75		
Surveys:	Depth: (ft.)	Degrees:	Azimuth		Depth: (ft)	Degrees	Azimuth		Depth: (ft.)	Degrees:	Azimuth		TVD	Build Assmbly

To Time:	Hours:	OPERATIONS	COST:	Today:	Cum.:
0700-1130	4.50	Control drill vertically w/ directional tools f/ 1643'-1953'.	Rig:		
1130-1200	0.50	Service Rig	Mud:		
1200-0700	19.00	Control drill vertically w/ directional tools f/ 1953'- 2967'.	Chemicals/ Water/ Air:		
			Bit/ Rmr:		
			Rentals:		
			Geologist & Mudlogger:		
			Supr:		
			Fuel/ Lube:		
			Logs:		
			Wellhead, Tbg & Csg		
			Cmt & Cmtg:		
			Contract		
			Mob/Dmob		
			Directional		
			Trucking:		
			Fishing		
			Road/Location		
			Miscellaneous		
Total	24.0		Total:		

Mud Gas Units:	BG:	Conn.:	Trip:	Gas Chromatograph					Formation %:			Shows:
				C1	C2	C3	C4	C5	Shale:	Sand:	Chalk:	
									100%			
Hours:	DRLG:	Trip:	Rig Serv:	Clean Pit	Ream/ Wash:	Circ:	Log/ Csg Run:	Other:	Downtime		Totals:	
									Repair:	Other:	Footage:	Daywork:
Today:	23.50		0.50									24.00
Cum.:	48.75	6.25	1.00			1.75		38.25				96.00

TIDEWATER OIL & GAS COMPANY LLC

DAILY DRILLING REPORT

Report Date: 11/15/2012

Report Time: 0700

Operator: **TIDEWATER OIL & GAS COMPANY LLC**

Federal Lease: **UTU7981
2**

Field: **Wildcat**

Well Name: **Tidewater Fed # 24-32-2118**

API #: **43-019-50024**

Location: **SWNE 2014 FNL 2579 FEL**

Contractor: **K-SUE** Type: **Vertical control** Elev: **5136' graded**

Section 24-T21S-R18E

Rig #: **Aztec Rig #580** Target: **Navajo-Page-Wingate**

Grand County, Utah

Current Operation:	Days From Spud:	Current Depth:	24 Hour Footage:	Hole Condition:	Hole Problems:
Directional control drlg 7-7/8" hole	5.5	3909'	942'	Good	None

Summary: Control drill vertically w/ directional tools f/ 2967'-3909'.

Walt Lowry (Engineer/Company Man): 303-884-5505 (cell); Satellite phone: 970-986-4832

Cum Cost: **\$0**

Mud Properties:	Depth:	Weight:	Viscosity:	Gel Strength:	Water Loss:	Filter Cake:	ES	Chlorides PPM:	Calcium PPM:	Solids %:	Sand %:	O/W Ratio		
	3909'	8.0	47	8/10/12	6.0	2/32	680	20000		6.3		80/20		
Mud Pump:	Number:	Mnfr:	Model:	Stroke ("):	Liner ("):	Rod Size ("):	Number:	Mnfr:	Model:	Stroke ("):	Liner ("):	Rod Size ("):		
	1	OPI	AD700	8	6		2	GD	PZ-8	8	6			
Drilling Parameters:	Depth Interval:	Weight on Bit:	RPM:	Torque:		Pump Press(PSI):	SPM:	Average Drill Rate:	Ave. FPM. DP.:	Ave. FPM. DC.:	FPS.:	Hydr. Hp.:		
	2967-3909	5-10	50-60	2500-4200		744	108	61.3	283	302		8.0		
Bit Record:	No./Size	Mnfr:	Type:	IADC	Serial #:	Jets (#/32nds):	Depth In (ft):	Depth Out (ft):	Footage:	FPH:	Rotating Hours:		Condition:	
	1 2	RMB STC	S568X MSI616	PDC PDC	RMVS JF9427	8 x 16 6x16	70 506	506 3909	436 3403	26.4 61.3	Bit: 10.75 55.50	Cum. 10.75 76.25		
Surveys:	Depth: (ft.)	Degrees:	Azimuth		Depth: (ft)	Degrees	Azimuth		Depth: (ft.)	Degrees:	Azimuth		TVD	Build Assmby

To Time:	Hours:	OPERATIONS	COST:	Today:	Cum.:
0700-1515	8.25	Control drill vertically w/ directional tools f/ 2967'-3314'.	Rig:		
1515-1545	0.50	Service Rig	Mud:		
1545-0700	15.25	Control drill vertically w/ directional tools f/ 3315'-3909'.	Chemicals/ Water/ Air:		
			Bit/ Rmr:		
			Rentals:		
			Geologist & Mudlogger:		
			Supr:		
			Fuel/ Lube:		
			Logs:		
			Wellhead, Tbg & Csg		
			Cmt & Cmtg:		
			Contract		
			Mob/Dmob		
			Directional		
			Trucking:		
			Water		
			Road/Location		
			Miscellaneous		
Total	24.0		Total:		

Mud Gas Units:	BG:	Conn.:	Trip:	Gas Chromatograph					Formation %:		Shows:	
				C1	C2	C3	C4	C5	Shale:	Sand:		
										100%		
Hours:	DRLG:	Trip:	Rig Serv:	Clean Pit	Ream/ Wash:	Circ:	Log/ Csg Run:	Other:	Downtime		Totals:	
									Repair:	Other:	Footage:	Daywork:
Today:	23.50		0.50									24.00
Cum.:	72.25	6.25	1.50			1.75		38.25				120.00

TIDEWATER OIL & GAS COMPANY LLC

DAILY DRILLING REPORT

Report Date: 11/16/2012
Report Time: 0700

Operator: **TIDEWATER OIL & GAS COMPANY LLC**

Federal Lease: UTU7981
2

Field: Wildcat

Well Name: Tidewater Fed # 24-32-2118

API #: 43-019-50024

Location: SWNE 2014 FNL 2579 FEL

Contractor: K-SUE

Type: Vertical control

Elev: 5136' graded

Section 24-T21S-R18E

Rig #: Aztec Rig #580

Target: Navajo-Page-Wingate

Grand County, Utah

Current Operation:	Days From Spud:	Current Depth:	24 Hour Footage:	Hole Condition:	Hole Problems:
Directional control drlg 7-7/8" hole	6.5	4694'	785'	Good	None

Summary: Control drill vertically w/ directional tools f/ 3909'- 4694'.

Walt Lowry (Engineer/Company Man): 303-884-5505 (cell); Satellite phone: 970-986-4832

Cum Cost: \$0

Mud Properties:	Depth:	Weight:	Viscosity:	Gel Strength:	Water Loss:	Filter Cake:	ES	Chlorides PPM:	Calcium PPM:	Solids %:	Sand %:	O/W Ratio	
	4694'	7.9	48	6/8/10	5.0	2/32	580	19000		5.4		87/13	
Mud Pump:	Number:	Mnfcn:	Model:	Stroke ("):	Liner ("):	Rod Size ("):	Number:	Mnfcn:	Model:	Stroke ("):	Liner ("):	Rod Size ("):	
	1	OPI	AD700	8	6		2	GD	PZ-8	8	6		
Drilling Parameters:	Depth Interval:	Weight on Bit:	RPM:	Torque:	Pump Press(PSI):	SPM:	Average Drill Rate:	Ave. FPM. DP.:	Ave. FPM. DC.:	FPS.:	Hydr. Hp.:		
	3909-4694	5-15	30-50	2500-4200	700	108	32.7	284	303		8.0		
Bit Record:	No./Size	Mnfcn:	Type:	IADC	Serial #:	Jets (#/32nds):	Depth In (ft):	Depth Out (ft):	Footage:	FPH:	Rotating Hours:		Condition:
	1	RMB	S568X	PDC	RMVS	8 x 16	70	506	436	26.4	Bit: 10.75	Cum. 10.75	
	2	STC	MSI616	PDC	JF9427	6x16	506	4694	4188	52.7	79.50	100.25	
Surveys:	Depth: (ft.)	Degrees:	Azimuth	Depth: (ft)	Degrees	Azimuth	Depth: (ft.)	Degrees:	Azimuth	TVD	Build Assmby		

To Time:	Hours:	OPERATIONS	COST:	Today:	Cum.:
0700-0700	24.00	Control drill vertically w/ directional tools f/ 3909'- 4694'.			
		SHOWS:			
		3941'-3956'	4159'-4170'		
		3965'-3984'	4292'-4337'		
		3990'-4002'	4380'-4410'		
		4037'-4053'	4443'-4458'		
		4068'-4113'	4500'-4528'		
		4139'-4152'			
				Wellhead, Tbg & Csg	
		NOTES:		Cmt & Cmtg:	
		1. Baker Atlas on call to run electric logs on well.		Contract	
		2. Made 232 bbls of 80/20 oil-based mud to make up for volume leased from MI Swaco.		Mob/Dmob	
		3. Will raise vis to ~55 sec/qt prior to logging operations.		Directional	
		4. Will procure 5100' of 5-1/2" 17.0 ppf N80 LTC prod casing today & prepare for delivery.		Trucking:	
		5. Estimate reaching TD of 5000' MD @ ~ 1900 hours 11-16-12.		Water	
		6. Need to commence location preparation for Tidewater State 15-13-2219 and/or Tidewater State 32-31H-2119 and arrange trucks for rig move asap to avoid		Road/Location	
				Miscellaneous	
Total	24.0	excessive standby charges on rig. Est rig release from this well on 11/18/12.	Total:		

Mud Gas Units:	BG:	Conn.:	Trip:	Gas Chromatograph					Formation %:			Shows:
				C1	C2	C3	C4	C5	Shale:	Sand:	Gypsum:	
										100%		
Hours:	DRLG:	Trip:	Rig Serv:	Clean Pit	Ream/ Wash:	Circ:	Log/ Csg Run:	Other:	Downtime		Totals:	
									Repair:	Other:	Footage:	Daywork:
Today:	24.00											24.00
Cum.:	96.25	6.25	1.50			1.75		38.25				144.00

TIDEWATER OIL & GAS COMPANY LLC

DAILY DRILLING REPORT

Report Date: 11/17/2012

Report Time: 0700

Operator: **TIDEWATER OIL & GAS COMPANY LLC**

Federal Lease: **UTU7981
2**

Field: **Wildcat**

Well Name: **Tidewater Fed # 24-32-2118**

API #: **43-019-50024**

Location: **SWNE 2014 FNL 2579 FEL**

Contractor: **K-SUE**

Type: **Vertical control**

Elev: **5136' graded**

Section **24-T21S-R18E**

Rig #: **Aztec Rig #580**

Target: **Navajo-Page-Wingate**

Grand County, Utah

Current Operation: Run openhole logs w/ Baker Atlas.	Days From Spud: 7.5	Current Depth: 4925'	24 Hour Footage: 231'	Hole Condition: Good	Hole Problems: None
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Summary: Control drill vertically w/ directional tools f/ 4694'- 4925' TD. Reach TD @ 1700 hrs 11/16/12. Circulate & condition hole. POOH and LD directional tools. RU Baker Atlas to run electric logs. TIH with "Grand Slam" logging suite. Logger's TD 4917' (8' shallower than Driller's TD). Log well with DIL/CNL/FDC/BHC Sonic/SP/GR/CAL. Run GR to surface. LD 1st suite of logging tools. PU Formation Lithology Explorer ("FLEX") tool and TIH to Logger's depth of 4917'. Log 1000' of hole w/ FLEX tool at 10 ft/min. Logger's TD for run #2 @ 4919'.

Walt Lowry (Engineer/Company Man): 303-884-5505 (cell); Satellite phone: 970-986-4832

Cum Cost: **\$0**

Mud Properties:	Depth:	Weight:	Viscosity:	Gel Strength:	Water Loss:	Filter Cake:	ES	Chlorides PPM:	Calcium PPM:	Solids %:	Sand %:	O/W Ratio	
	4925'	7.9	55	6/8/10	5.0	2/32	580	19000		5.4		87/13	
Mud Pump:	Number:	Mnfcn:	Model:	Stroke ("):	Liner ("):	Rod Size ("):	Number:	Mnfcn:	Model:	Stroke ("):	Liner ("):	Rod Size ("):	
	1	OPI	AD700	8	6		2	GD	PZ-8	8	6		
Drilling Parameters:	Depth Interval:	Weight on Bit:	RPM:	Torque:	Pump Press(PSI):	SPM:	Average Drill Rate:	Ave. FPM. DP.:	Ave. FPM. DC.:	FPS.:	Hydr. Hp.:		
	4694-4925'	5-15	30-50	2500-4200	700	108	23.1	284	303		8.0		
Bit Record:	No./Size	Mnfcn:	Type:	IADC	Serial #:	Jets (#/32nds):	Depth In (ft):	Depth Out (ft):	Footage:	FPH:	Rotating Hours:		Condition:
	1	RMB	S568X	PDC	RMVS	8 x 16	70	506	436	26.4	Bit:	Cum.	
	2	STC	MSI616	PDC	JF9427	6x16	506	4925	4419	49.4	10.75	110.25	
Surveys:	Depth: (ft.)	Degrees:	Azimuth	Depth: (ft)	Degrees	Azimuth	Depth: (ft.)	Degrees:	Azimuth	TVD	Build Assmby		

To Time:	Hours:	OPERATIONS	COST:	Today:	Cum.:
0700-1700	10.00	Control drill vertically w/ directional tools f/ 4694'- 4925'. Reach TD of 4925' MD/ 4923' TVD at 1706 hours 11/16/2012.			
1700-1830	1.50	CCM		Chemicals/ Water/ Air:	
1830-0045	6.25	TOOH. LD directional tools.		Bit/ Rmr:	
0045-0700	6.25	RU Baker Atlas to run open hole electric logs. RIH w/ DIL/CNL/FDC/BHC Sonic/SP/GR/CAL logs. Logger's TD= 4917' MD (8' shallower than Driller's TD). Run GR log to surface. LD "Grand Slam" logging tools. PU "FLEX" tool (Formation Lithology Explorer). TIH to 4917'. Log 1000' of hole w/ FLEX Tool @ 10 fpm.		Rentals:	
				Geologist & Mudlogger:	
				Supr:	
				Fuel/ Lube:	
				Logs:	
				Wellhead, Tbg & Csg	
				Cmt & Cmtg:	
		NOTES:		Contract	
		1. Release Crescent Directional. Truck on the way to PU directional tools and rtn to Casper, WY.		Mob/Dmob	
		2. 5000' of 5-1/2" 17.0 ppf L80 LTC prod casing ordered f/ CTAP to be delivered 11/17/2012 pm.		Directional	
		3. Halliburton on standby in GJ to cement production casing in one stage or P&A.		Trucking:	
		4. Release Field Geo Services mudloggers after reaching TD.		Water	
		5. Release Baroid Solids Control equipment & personnel.		Road/Location	
				Miscellaneous	
Total	24.0			Total:	

Mud Gas Units:	BG:	Conn.:	Trip:	Gas Chromatograph					Formation %:			Shows:
				C1	C2	C3	C4	C5	Shale:	Sand:	Gypsum:	
									100%			
Hours:	DRLG:	Trip:	Rig Serv:	Clean Pit	Ream/ Wash:	Circ:	Log/ Csg Run:	Other:	Downtime		Totals:	
									Repair:	Other:	Footage:	Daywork:
Today:	10.00	6.25				1.50	6.25					24.00
Cum.:	106.25	12.50	1.50			3.25	6.25	38.25				168.00

TIDEWATER OIL & GAS COMPANY LLC

DAILY DRILLING REPORT

Report Date: 11/18/2012

Report Time: 0700

Operator: **TIDEWATER OIL & GAS COMPANY LLC**

Federal Lease: **UTU7981
2**

Field: **Wildcat**

Well Name: **Tidewater Fed # 24-32-2118**

API #: **43-019-50024**

Location: **SWNE 2014 FNL 2579 FEL**

Contractor: **K-SUE** Type: **Vertical control** Elev: **5136' graded**

Section 24-T21S-R18E

Rig #: **Aztec Rig #580** Target: **Navajo-Page-Wingate**

Grand County, Utah

Current Operation: Running & cementing 5-1/2" casing	Days From Spud: 8.5	Current Depth: 4925'	24 Hour Footage: 0	Hole Condition: Good	Hole Problems: None
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Summary: Finish running openhole logs. TIH to CCM for casing/cementing operations. CCM. POOH and LDDP. RU casing crew. Run 5-1/2" 17.0 ppf L80 LTC production casing.

Walt Lowry (Engineer/Company Man): 303-884-5505 (cell); Satellite phone: 970-986-4832

Cum Cost: **\$0**

Mud Properties:	Depth:	Weight:	Viscosity:	Gel Strength:	Water Loss:	Filter Cake:	ES	Chlorides PPM:	Calcium PPM:	Solids %:	Sand %:	O/W Ratio
	4925'	7.9	55	6/8/10	5.0	2/32	580	19000		5.4		87/13
Mud Pump:	Number:	Mnfr:	Model:	Stroke ("):	Liner ("):	Rod Size ("):	Number:	Mnfr:	Model:	Stroke ("):	Liner ("):	Rod Size ("):
	1	OPI	AD700	8	6		2	GD	PZ-8	8	6	
Drilling Parameters:	Depth Interval:	Weight on Bit:	RPM:	Torque:		Pump Press(PSI):	SPM:	Average Drill Rate:	Ave. FPM. DP.:	Ave. FPM. DC.:	FPS.:	Hydr. Hp.:
Bit Record:	No./Size	Mnfr:	Type:	IADC	Serial #:	Jets (#/32nds):	Depth In (ft):	Depth Out (ft):	Footage:	FPH:	Rotating Hours:	
	1	RMB	S568X	PDC	RMVS	8 x 16	70	506	436	26.4	Bit:	Cum.
	2	STC	MSI616	PDC	JF9427	6x16	506	4925	4419	49.4	10.75	10.75
											89.50	110.25
Surveys:	Depth: (ft.)	Degrees:	Azimuth	Depth: (ft)	Degrees	Azimuth	Depth: (ft.)	Degrees:	Azimuth	TVD	Build Assmby	

To Time:	Hours:	OPERATIONS	COST:	Today:	Cum.:
0700-1345	6.75	Finish running openhole logs. RD Baker Atlas.			
1345-1745	4.00	MU bit & bit sub. TIH to 4900' No tite spots.			
1745-1930	1.75	CCM	Chemicals/ Water/ Air:		
1930-0230	7.00	TOOH and LD drill string.	Bit/ Rmr:		
0230-0400	1.50	RU Weatherford casin crew.	Rentals:		
0400-0430	0.50	Pull wear bushing.	Geologist & Mudlogger:		
0430-0700	2.50	MU float shoe (1.1'), shoe joint (41.92'), and float collar (1.2'), and 5-1/2" 17.0 ppf L80 LTC casing. Place centralizers on middle of shoe joint, middle of second joint, second casing collar, and every other collar for 15 total centralizers.	Supr:		
			Fuel/ Lube:		
			Logs:		
			Wellhead, Tbg & Csg		
			Cmt & Cmtg:		
			Contract		
			Mob/Dmob		
			Directional		
			Trucking:		
			Water		
			Road/Location		
			Miscellaneous		
Total	24.0		Total:		

Mud Gas Units:	BG:	Conn.:	Trip:	Gas Chromatograph					Formation %:			Shows:
				C1	C2	C3	C4	C5	Shale:	Sand:	Gypsum:	
Hours:	DRLG:	Trip:	Rig Serv:	Clean Pit	Ream/ Wash:	Circ:	Log/ Csg Run:	Other:	Downtime		Totals:	
									Repair:	Other:	Footage:	Daywork:
Today:		11.00				1.75	11.25					24.00
Cum.:	106.25	23.50	1.50			5.00	17.50	38.25				192.00

TIDEWATER OIL & GAS COMPANY LLC**DAILY DRILLING REPORT**

Report Date: 11/19/2012

Report Time: 0700

Operator: **TIDEWATER OIL & GAS COMPANY LLC**

Federal Lease: UTU7981

Field: Wildcat

Well Name: Tidewater Fed # 24-32-2118

API #: 43-019-50024

Location: SWNE 2014 FNL 2579 FEL

Contractor: K-SUE

Type: Vertical control

Elev: 5136' graded

Section 24-T21S-R18E

Rig #: Aztec Rig #580

Target: Navajo-Page-Wingate

Grand County, Utah

Current Operation:	Days From Spud:	Current Depth:	24 Hour Footage:	Hole Condition:	Hole Problems:
Rig Released. Cleaning OBM f/ rig.	9.5	PBTD @ 4856'	0		

Summary: Finish running 5-1/2" 17.0 #/ft L80 LTC casing to 4900'. Circulate & condition mud. RU Halliburton. Mix & pump 615 sacks of cement. Good returns throughout job. Return 30 bbls cement to surface. ND BOPE. Set slips and cut off 5-1/2" casing. NU night cap. Clean pits. **Release rig at 0200 hrs on 11/19/2012.** Will be on Aztec payroll until 1400 hrs per contract to clean OBM. Reclamation of reserve pits will commence this week. Aztec Rig #448 will be moving on to this location by the end of this week to perforate and commence completion activities.

Walt Lowry (Engineer/Company Man): 303-884-5505 (cell); Satellite phone: 970-986-4832

Cum Cost: \$0

Mud Properties:	Depth:	Weight:	Viscosity:	Gel Strength:	Water Loss:	Filter Cake:	ES	Chlorides PPM:	Calcium PPM:	Solids %:	Sand %:	O/W Ratio	
	4925'	7.9	55	6/8/10	5.0	2/32	580	19000		5.4		87/13	
Mud Pump:	Number:	Mnfr:	Model:	Stroke ("):	Liner ("):	Rod Size ("):	Number:	Mnfr:	Model:	Stroke ("):	Liner ("):	Rod Size ("):	
	1	OPI	AD700	8	6		2	GD	PZ-8	8	6		
Drilling Parameters:	Depth Interval:	Weight on Bit:	RPM:	Torque:	Pump Press(PSI):	SPM:	Average Drill Rate:	Ave. FPM. DP.:	Ave. FPM. DC.:	FPS.:	Hydr. Hp.:		
Bit Record:	No./Size	Mnfr:	Type:	IADC	Serial #:	Jets (#/32nds):	Depth In (ft):	Depth Out (ft):	Footage:	FPH:	Rotating Hours:		Condition:
	1	RMB	S568X	PDC	RMVS	8 x 16	70	506	436	26.4	Bit:	Cum.	
	2	STC	MSI616	PDC	JF9427	6x16	506	4925	4419	49.4	10.75	10.75	
											89.50	110.25	
Surveys:	Depth: (ft.)	Degrees:	Azimuth	Depth: (ft)	Degrees	Azimuth	Depth: (ft.)	Degrees:	Azimuth	TVD	Build Assmby		
To Time:	Hours:	OPERATIONS								COST:	Today:	Cum.:	
0700-1000	3.00	Finish running 5-1/2" 17.0 pf L80 LTC production casing. Run total of 114 jts (4903.30') of casing. Top of float collar (PBTD) at 4958'.								Rig:			
										Mud:			
1000-1230	2.50	Circulate and condition mud.								Chemicals/ Water/ Air:			
1230-1530	3.00	Hold safety meeting. RU Halliburton cementers. Mix & pump 40 bbls Tuned Spacer + 40 gal SEM-7 + 40 gal Musol-A @ 9.0 ppg. Mix & pump 615 sx VERSACEM cement mixed at 12.6 ppg and 1.74 cf/sx yield w/ 8.49 gal/sx mix water. Drop top plug. Displace plug with 112.8 bbls 8.5 ppg 2% KCl water. Bump plug @ 1452 hrs. Floats held. Good returns throughout job. Return 30 bbls good cement to surface.								Geologist & Mudlogger:			
										Supr:			
										Fuel/ Lube:			
1530-1730	2.00	ND BOPE. Set slips on 5-1/2" casing and make rough cut to NU night cap.								Logs:			
1730-2030	3.00	Finish ND & break apart BOPE.								Wellhead, Tbg & Csg			
2030-0200	5.50	Clean pits and rig down. Release rig @ 0200 hrs on 11/19/2012.								Cmt & Cmtg:			
		NOTES:								Contract			
		1. Drilling Contract provides for 12 hours of rig time after rig release to clean pits from OBM.								Mob/Dmob			
		2. Drilling Contract provides for \$70,556 trucking cost to De-Mob rig from last well to Aztec, NM.								Directional			
		If Aztec Drilling finds a subsequent operator to contract rig within 2 weeks of RR, then this trucking charge will not be billed to Tidewater.								Trucking:			
										Water			
		3. Estimate charges for OBM trucking back to Big Piney, WY & for losses to the wellbore are \$49,000.								Road/Location			
										Misc & Contingency			
Total	19.0	4. 50% of yesterday's daily charges and all of today's charges will be to Completion Costs.								Total:			
Mud Gas Units:	BG:	Conn.:	Trip:	Gas Chromatograph					Formation %:			Shows:	
				C1	C2	C3	C4	C5	Shale:	Sand:	Gypsum:		
Hours:	DRLG:	Trip:	Rig Serv:	Clean Pit	Ream/ Wash:	Circ:	Log/ Csg Run:	Other:	Downtime		Totals:		
									Repair:	Other:	Footage:	Daywork:	
Today:						2.50	6.00	10.50				19.00	
Cum.:	106.25	23.50	1.50			7.50	23.50	48.75				211.00	

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

AMENDED REPORT FORM 8
(highlight changes)

5. LEASE DESIGNATION AND SERIAL NUMBER:

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT or CA AGREEMENT NAME

8. WELL NAME and NUMBER:

9. API NUMBER:

10 FIELD AND POOL, OR WILDCAT

11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:

12. COUNTY

13. STATE

UTAH

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

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

b. TYPE OF WORK: NEW WELL HORIZ. LATS. DEEP-EN RE-ENTRY DIFF. RESVR. OTHER _____

2. NAME OF OPERATOR:

3. ADDRESS OF OPERATOR: CITY STATE ZIP PHONE NUMBER:

4. LOCATION OF WELL (FOOTAGES)
AT SURFACE:

AT TOP PRODUCING INTERVAL REPORTED BELOW:

AT TOTAL DEPTH:

14. DATE SPUDDED: 15. DATE T.D. REACHED: 16. DATE COMPLETED: ABANDONED READY TO PRODUCE 17. ELEVATIONS (DF, RKB, RT, GL):

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

22. TYPE ELECTRIC AND OTHER MECHANICAL LOGS RUN (Submit copy of each) 23. WAS WELL CORED? NO YES (Submit analysis)
WAS DST RUN? NO YES (Submit report)
DIRECTIONAL SURVEY? NO YES (Submit copy)

24. CASING AND LINER RECORD (Report all strings set in well)

HOLE SIZE	SIZE/GRADE	WEIGHT (#/ft.)	TOP (MD)	BOTTOM (MD)	STAGE CEMENTER DEPTH	CEMENT TYPE & NO. OF SACKS	SLURRY VOLUME (BBL)	CEMENT TOP **	AMOUNT PULLED

25. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)

26. PRODUCING INTERVALS

FORMATION NAME	TOP (MD)	BOTTOM (MD)	TOP (TVD)	BOTTOM (TVD)
(A)				
(B)				
(C)				
(D)				

27. PERFORATION RECORD

INTERVAL (Top/Bot - MD)	SIZE	NO. HOLES	PERFORATION STATUS
			Open <input type="checkbox"/> Squeezed <input type="checkbox"/>
			Open <input type="checkbox"/> Squeezed <input type="checkbox"/>
			Open <input type="checkbox"/> Squeezed <input type="checkbox"/>
			Open <input type="checkbox"/> Squeezed <input type="checkbox"/>

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

WAS WELL HYDRAULICALLY FRACTURED? YES NO IF YES -- DATE FRACTURED: _____

DEPTH INTERVAL	AMOUNT AND TYPE OF MATERIAL

29. ENCLOSED ATTACHMENTS:

- ELECTRICAL/MECHANICAL LOGS GEOLOGIC REPORT DST REPORT DIRECTIONAL SURVEY
 SUNDRY NOTICE FOR PLUGGING AND CEMENT VERIFICATION CORE ANALYSIS OTHER: _____

30. WELL STATUS:

31. INITIAL PRODUCTION

INTERVAL A (As shown in item #26)

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	INTERVAL STATUS:

INTERVAL B (As shown in item #26)

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	INTERVAL STATUS:

INTERVAL C (As shown in item #26)

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	INTERVAL STATUS:

INTERVAL D (As shown in item #26)

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	INTERVAL STATUS:

32. DISPOSITION OF GAS (Sold, Used for Fuel, Vented, Etc.)

33. SUMMARY OF POROUS ZONES (Include Aquifers):

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

34. FORMATION (Log) MARKERS:

Formation	Top (MD)	Bottom (MD)	Descriptions, Contents, etc.	Name	Top (Measured Depth)

35. ADDITIONAL REMARKS (Include plugging procedure)

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

NAME (PLEASE PRINT) _____ TITLE _____

SIGNATURE _____ DATE _____

This report must be submitted within 30 days of

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

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

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

Send to: Utah Division of Oil, Gas and Mining
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Salt Lake City, Utah 84114-5801

Phone: 801-538-5340

Fax: 801-359-3940