

FAT CHANCE OIL AND GAS, LLC

November 8, 2000

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

RE: Application for Permit To Drill - Neponset #2

Attention:

Enclosed are duplicate copies of the Neponset #2 APD and required attachments for your approval.

If additional information is required, please direct all inquiries or requests to:

Casey Osborn
Operations Manager
Box 7370
Sheridan, Wyoming 82801
307-673-1500
307-673-1400 (Fax)

Thank you for your prompt attention.

Sincerely,



Casey Osborn
Operations Manager

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NOV 09 2000

DIVISION OF
OIL, GAS AND MINING

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

FORM 3

AMENDED REPORT
(highlight changes)

APPLICATION FOR PERMIT TO DRILL		5. LEASE DESIGNATION AND SERIAL NUMBER: Fee	
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>		7. UNIT or CA AGREEMENT NAME:	
2. NAME OF OPERATOR: Fat Chance Oil and Gas, LLC <i>cb Quercus LLC</i>		8. WELL NAME and NUMBER: Neponset #2	
3. ADDRESS OF OPERATOR: <i>P.O. Box 7370 Sheridan Wyo. 82801</i> 211 N. Robinson CITY Ok-City STATE Ok ZIP 73102		PHONE NUMBER: (307) 673-1500	
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 707' FNL 653' FWL <i>4581992 N</i> AT PROPOSED PRODUCING ZONE: same <i>489444 E</i>		9. FIELD AND POOL, OR WILDCAT: Wildcat	
13. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 11 miles northwest of Evanston, Wyoming		10. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNW 35 8N 7E	
14. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET): 653'		11. COUNTY: Rich	
15. NUMBER OF ACRES IN LEASE: 52395		12. STATE: UTAH	
17. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET): 1734'		16. NUMBER OF ACRES ASSIGNED TO THIS WELL: 80	
20. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 6418' GR		19. BOND DESCRIPTION: Utah DOGM Surety #885588C	
21. APPROXIMATE DATE WORK WILL START: 12/10/2000		22. ESTIMATED DURATION: 10 days	

CONFIDENTIAL

23. **PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT		
12 1/4"	9 5/8" H-40 32.3#	500	G-Poz	175 sx	1.77 12.5#
8 3/4"	7" K-55 23#	5000	G-35/65 Poz	150 sx	2.34 11# lead
				50 sx	1.27 14.2# tail

24. **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 checked="" type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER	<input checked="" type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

NAME (PLEASE PRINT) Casey Osborn TITLE Operations Manager
SIGNATURE *Casey Osborn* DATE November 8, 2000

(This space for State use only)

API NUMBER ASSIGNED: 43-033-30048

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

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APPROVAL: *[Signature]*
Date: 11/30/00
By: *[Signature]*

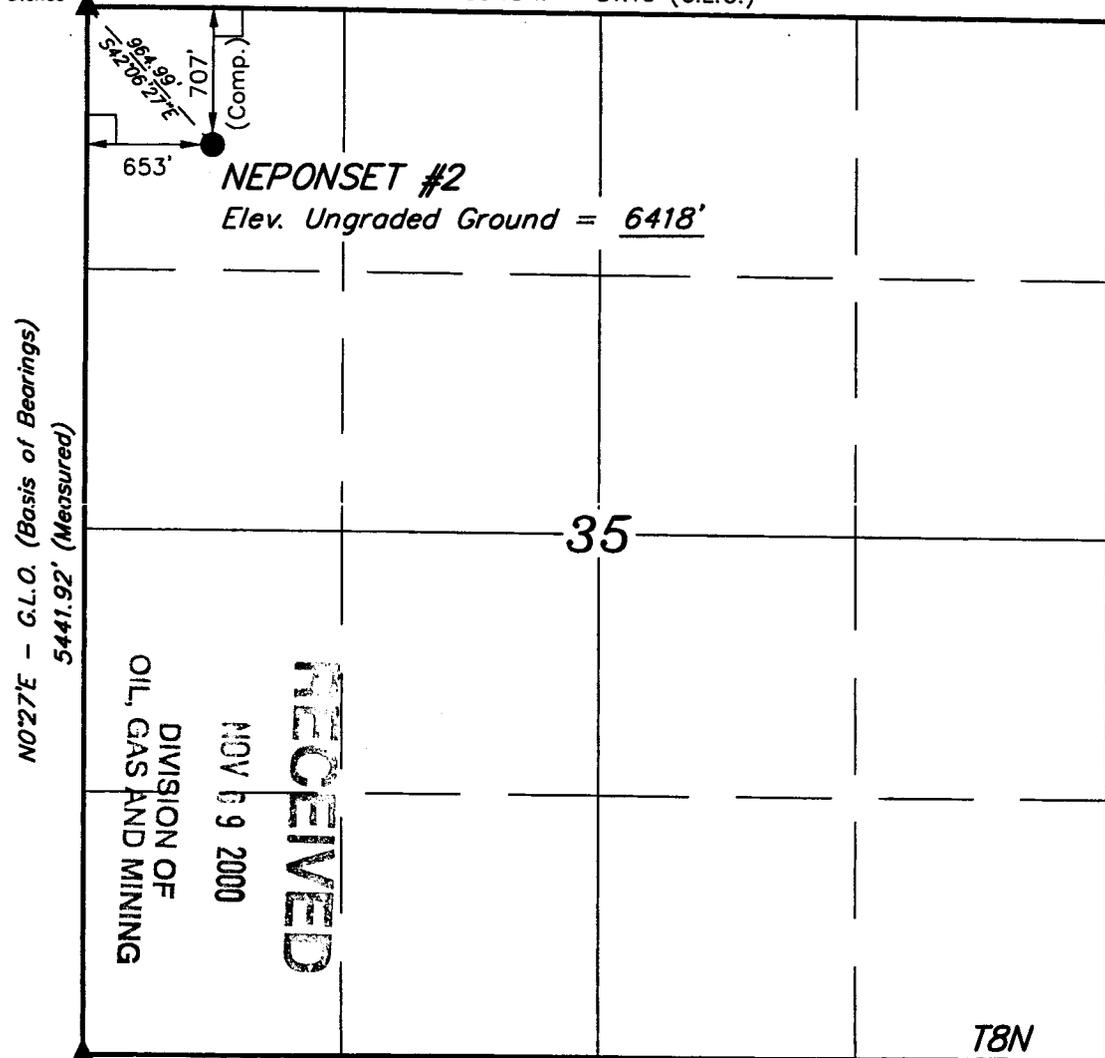
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DIVISION OF
OIL, GAS AND MINING

T8N, R7E, S.L.B.&M.

1986 Alum. Cap,
0.4" High, Steel
Post, Scattered
Stones

N89°13'W - 81.16 (G.L.O.)



1986 Alum. Cap,
0.6" High, Mound
of Stones

LEGEND:

- = 90° SYMBOL
- = PROPOSED WELL HEAD.
- = SECTION CORNERS LOCATED.

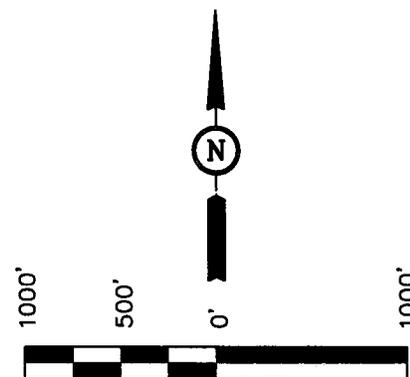
LATITUDE = 41°23'29"
LONGITUDE = 111°07'34"

FAT CHANCE OIL & GAS, LLC

Well location, NEPONSET #2, located as shown in the NW 1/4 NW 1/4 of Section 35, T8N, R7E, S.L.B.&M. Rich County, Utah.

BASIS OF ELEVATION

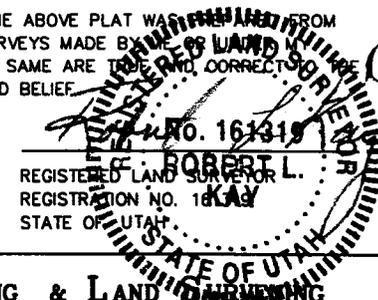
SPOT ELEVATION AT THE NORTHWEST CORNER OF SECTION 35, T8N, R7E, S.L.B.&M. TAKEN FROM THE NEPONSET RESERVOIR NW QUADRANGLE, UTAH, RICH COUNTY, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 6435 FEET.



SCALE

CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.



UINTAH ENGINEERING & LAND SURVEYING
85 SOUTH 200 EAST - VERNAL, UTAH 84078
(435) 789-1017

SCALE 1" = 1000'	DATE SURVEYED: 11-6-00	DATE DRAWN: 11-7-00
PARTY D.A. J.A. C.G.	REFERENCES G.L.O. PLAT	
WEATHER COOL	FILE FAT CHANCE OIL & GAS, LLC	

DRILLING PLAN

Operator: Fat Chance Oil and Gas, LLC
Neponset #2
T8N R7E, Rich County, Utah

1. ESTIMATED TOPS OF GEOLOGIC MARKERS

<u>Formation</u>	<u>Depth</u>	<u>Fluid</u>
Wasatch	Surface – 100'	Potential water sands
Fowkes	100' – 1200'	None
Adaville	1200' – 2500'	Water, Possible Gas
Frontier	2500' – 5000'	Water, Possible Gas

2. ESTIMATED DEPTHS OF ANTICIPATED WATER AND GAS FORMATIONS

The objective formation is the Frontier formation. Operator intends to evaluate shows in the Adaville and Frontier intervals. The anticipated tops are listed in section one of the drilling plan.

3. PRESSURE CONTROL EQUIPMENT

Minimum Specifications:

1. 11" 3M BOP stack consisting of an annular preventer, pipe ram, and blind ram.
2. 2M choke manifold consisting of two adjustable chokes and bleed line.
3. 3" Kill Line
4. 3" Choke Line

All components of the BOP stack are to be installed and pressure tested before drilling out from under the 9 5/8" surface casing. Rams, manifold and lines are to be tested to both a low pressure of 250 psi and a high pressure equal to the working pressure rating. The annular preventer is to be tested to 70% of the working pressure.

An adequate accumulator system will be utilized to hydraulically operate all components of the BOP equipment.

The surface casing will be pressure tested to 1000 psi.

The BOP equipment will be tested once every 30 days and whenever a pressure seal is broken.

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OIL, GAS AND MINING

DRILLING PLAN

Operator: Fat Chance Oil and Gas, LLC
Neponset #2
T8N R7E, Rich County, Utah

Operator will adhere to Utah Oil and Gas Conservation General Rule R649-3-7(Well Control).

4. CASING PROGRAM

Surface:

OD: 9 5/8"
Grade: H-40 or greater
Wt: 32.30# or greater
Cement: Cemented to surface with Lite and Tail Cements as required. Centralizers will be utilized to assure proper cement placement.

Production:

OD: 7"
Grade: J-55 or greater
Wt: 23# or greater
Cement: Cemented to cover and isolate all zones of interest with Lite and Tail cements as required. Centralizers will be utilized to assure proper cement placement.

Surface casing will be cemented to surface, thus protecting shallow aquifers and the associated water. All zones of interest will be identified and evaluated. After running production casing, cement will be displaced to cover the shallowest zone of interest. As necessary, stage tools will be utilized if hydrostatic heads are excessive. The casing program will consist of setting 9 5/8" surface casing and 7" production casing.

5. DRILLING FLUID PROGRAM

The drilling fluid will be a lightly treated fresh water native mud. Hole conditions will dictate if additives such as chemicals, gel or weighting materials are added. It is anticipated that occasional gel with LCM and/or polymer sweeps will be required to adequately clean the hole. Mud weight will be maintained at 9.5#/gal or less. Adequate quantities of barite to raise the mud weight to 10.5#/gal will be stored and available on location before drilling out the surface casing cement plug.

Mud pits will be visually monitored. The hole will be filled during trips and kept full at all times unless lost circulation is encountered.

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DIVISION OF
OIL, GAS AND MINING

DRILLING PLAN

Operator: Fat Chance Oil and Gas, LLC
Neponset #2
T8N R7E, Rich County, Utah

6. EVALUATION PROGRAM

Coring:

Zones of interest will be cored. Zones of interest will be identified after evaluating mud logs and open hole logs from the proposed Neponset #1 located in the SE/NW Section 35 T8N, R7E.

Logging:

One-man logging unit during drilling.

Open hole FDC-CNL-Sonic-GR logs will be run from TD to surface.

7. ABNORMAL PRESSURES OR TEMPERATURES

No abnormal pressures or temperatures are expected. Maximum anticipated bottom hole pressure is 1950 psi or less. The pressure gradient at any depth is expected to be .43 psi/ft or less.

Hydrogen sulfide gas is produced from deeper formations in wells located within close proximity of the proposed well. However, the objective of the proposed well is the Frontier formation from which no hydrogen sulfide has been encountered nor in any formations above the Frontier. The presence of hydrogen sulfide in the proposed well is not expected nor anticipated.

8. ADDITIONAL INFORMATION

Anticipated spud of the proposed well will be immediately or as soon as practical after drilling and evaluating the proposed Neponset #1 located in the SE/NW Section 35 T8N, R7E.

Fat Chance Oil and Gas, LLC intends to test and evaluate any zone that indicates potential. The testing technique will consist of selectively perforating and flowing each zone of interest. Bridge plugs will be utilized to isolate zones as necessary for independent zone testing. Testing will be accordance with Utah Oil and Gas rule R649-3-19(Well Testing) and results will be submitted in writing to the Division of Oil, Gas and Mining.

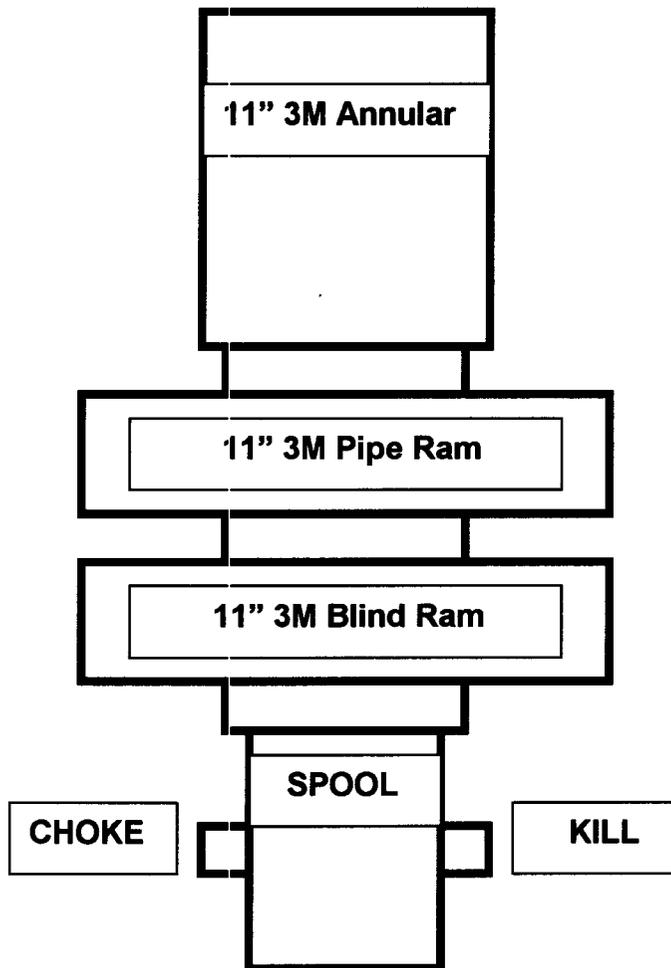
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DIVISION OF
OIL, GAS AND MINING

BOPE SCHEMATIC

API 3M - 11 - SRRA



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DIVISION OF
OIL, GAS AND MINING

KILL LINE – CHOKE LINE/MANIFOLD SCHEMATIC

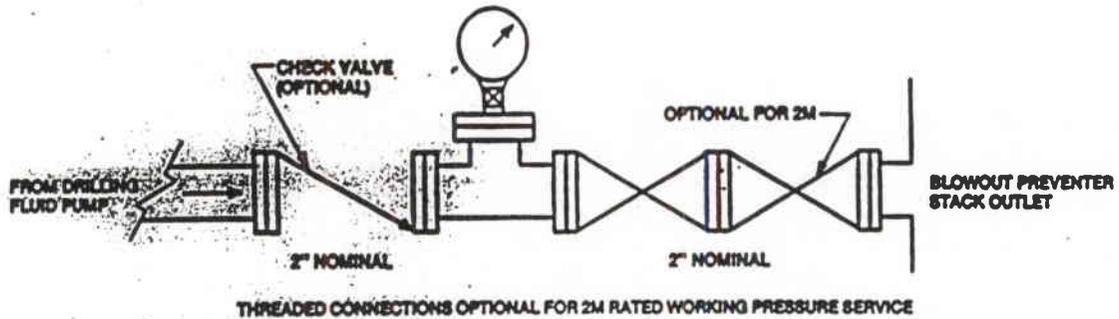


FIGURE K5-1. Typical kill line assembly for 2M and 3M rated working pressure service — surface installation.

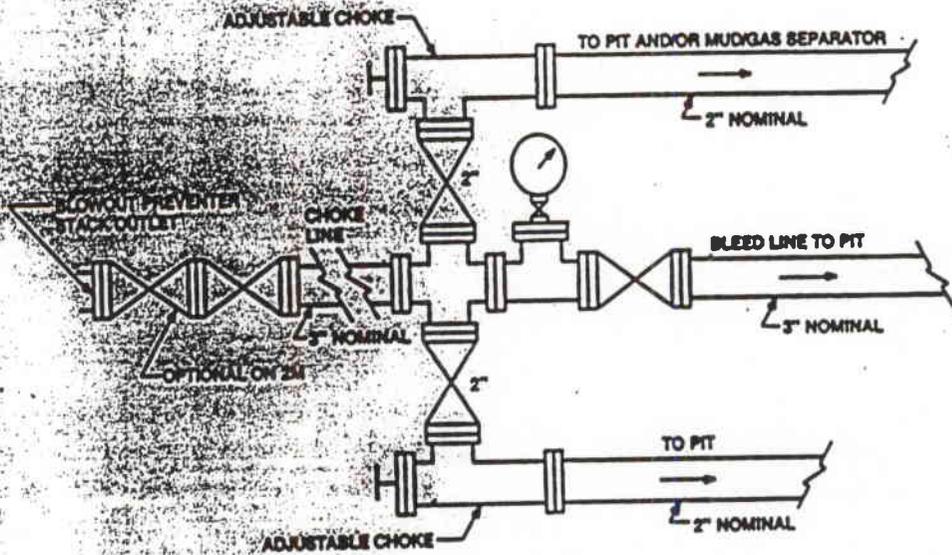


FIGURE K4-1. Typical chokes manifold assembly for 2M and 3M rated working pressure service — surface installation.

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DIVISION OF
OIL, GAS AND MINING

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

FORM 5

DESIGNATION OF AGENT OR OPERATOR

The undersigned is, on record, the holder of oil and gas lease

LEASE NAME: Deseret
LEASE NUMBER: FEE

and hereby designates

NAME: Fat Chance Oil and Gas, LLC, an Oklahoma Limited Liability Company
ADDRESS: 211 North Robinson, 12th Floor
city Oklahoma City state OK zip 73102

as his (check one) agent / operator , with full authority to act in his behalf in complying with the terms of the lease and regulations applicable thereto and on whom the Division Director or Authorized Agent may serve written or oral instructions in securing compliance with the Oil and Gas Conservation General Rules and Procedural Rules of the Board of Oil, Gas and Mining of the State of Utah with respect to:

(Describe acreage to which this designation is applicable. Identify each oil and gas well by API number and name. Attach additional pages as needed.)
Township 8 North, Range 7 East, S.L.M.
Section 35: All

It is understood that this designation of agent/operator does not relieve the lessee of responsibility for compliance with the terms of the lease and the Oil and Gas Conservation General Rules and Procedural Rules of the Board of Oil, Gas and Mining of the State of Utah. It is also understood that this designation of agent or operator does not constitute an assignment of any interest in the lease.

In case of default on the part of the designated agent/operator, the lessee will make full and prompt compliance with all rules, lease terms or orders of the Board of Oil, Gas and Mining of the State of Utah or its authorized representative.

The lessee agrees to promptly notify the Division Director or Authorized Agent of any change in this designation.

Effective Date of Designation: 11/07/2000

BY: (Name) Billy Jim Palone
(Signature) [Signature]
(Title) Owner
(Phone) (307) 882-1621

OF: (Company) Palone Petroleum
(Address) P. O. Box 6
city Gillette
state WY zip 82717

(12/2000)

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DIVISION OF
OIL, GAS AND MINING

LIST OF CONTACTS

OPERATOR:

**Casey Osborn
Operations Manager
Box 7370
Sheridan, Wyoming 82801
Office: 307-673-1500
Home: 307-673-0842**

SURFACE LESSEE:

**Bill Hopkin
Ranch Manager
Deseret Land and Livestock
125 Main Ranch Way
Woodruff, Utah 84086
Office: 435-793-4288
Home: 435-793-4558**

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DIVISION OF
OIL, GAS AND MINING

FAT CHANCE OIL & GAS, LLC

NEPONSET #2

LOCATED IN RICH COUNTY, UTAH
SECTION 35, T8N, R7E, S.L.B.&M.

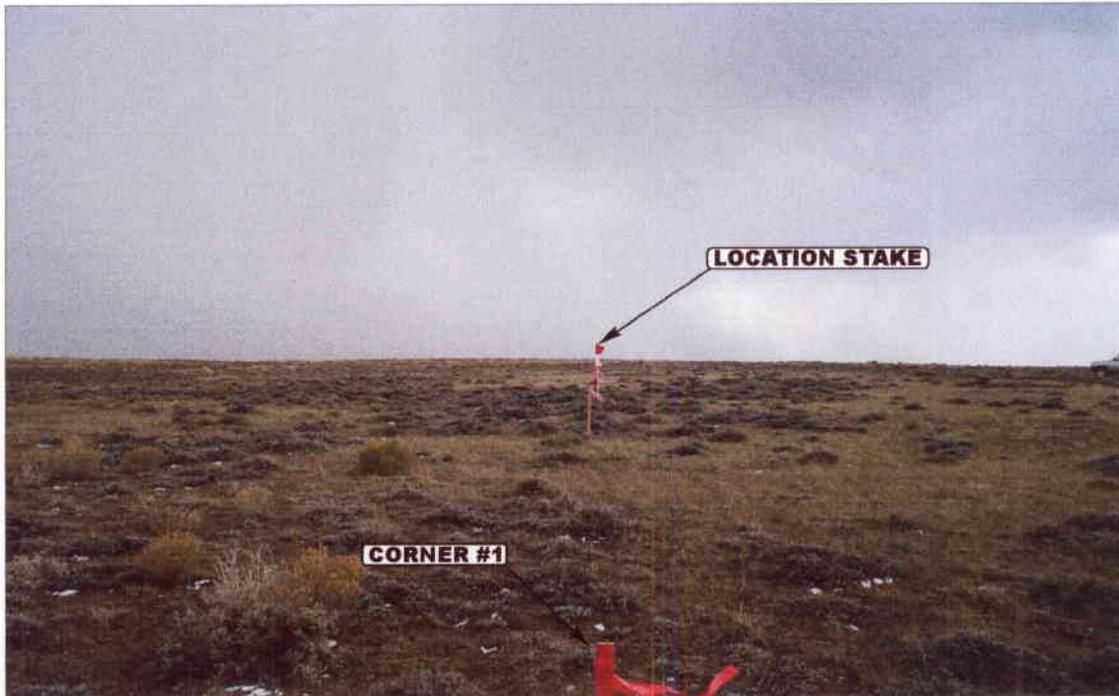


PHOTO: VIEW FROM CORNER #1 TO LOCATION STAKE

CAMERA ANGLE: SOUTHERLY



PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: NORTHEASTERLY



- Since 1964 -

UELS Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
435-789-1017 uels@uelsinc.com

LOCATION PHOTOS

11 7 00
MONTH DAY YEAR

PHOTO

TAKEN BY: D.A.

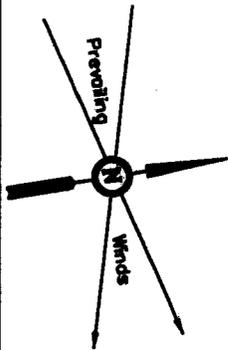
DRAWN BY: K.G.

REVISED: 00-00-00

FAT CHANCE OIL & GAS, LLC

LOCATION LAYOUT FOR

NEPONSET #2
SECTION 35, T8N, R7E, S.L.B.&M.
707' FNL 653' FWL



SCALE: 1" = 50'
Date: 11-7-00
Drawn By: D.COX

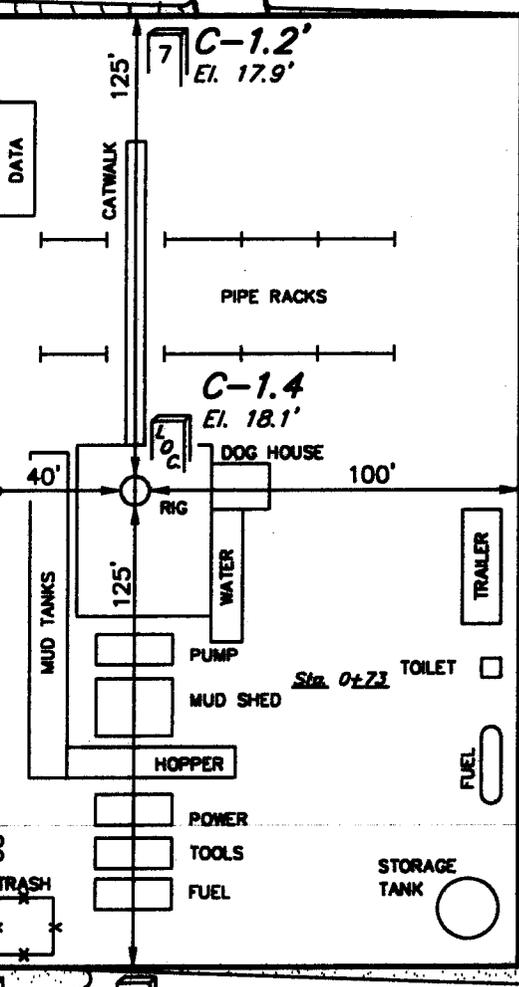
Proposed Access Road

F-0.2'
El. 16.5'

C-2.3'
El. 19.0

Sta. 2+50

APPROX. TOP OF CUT SLOPE



Topsoil Stockpile

Sta. 1+25

El. 21.2'
C-12.5'
(Btm. Pit)

El. 20.0'
C-3.3

C-1.4
El. 18.1'

El. 14.3'
F-2.4'

PIT CAPACITY WITH 2' OF FREEBOARD = 1,620 Bbls.

Reserve Pit Backfill & Spoils Stockpile

APPROX. TOE OF FILL SLOPE

El. 19.6'
C-10.9'
(Btm. Pit)

El. 18.8'
C-2.1'

Sta. 0+00

El. 16.6'
F-0.1'

F-1.1'
El. 15.6'

El. 13.3'

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DIVISION OF OIL, GAS AND MINING

Elev. Ungraded Ground at Location Stake = 6418.1'
Elev. Graded Ground at Location Stake = 6416.7'

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East • Vernal, Utah 84078 • (435) 789-1017

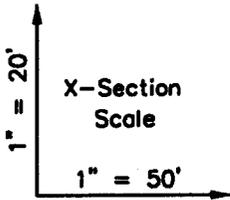
FAT CHANCE OIL & GAS, LLC

TYPICAL CROSS SECTIONS FOR

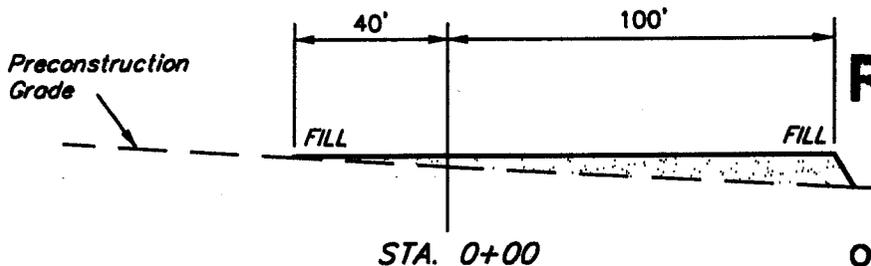
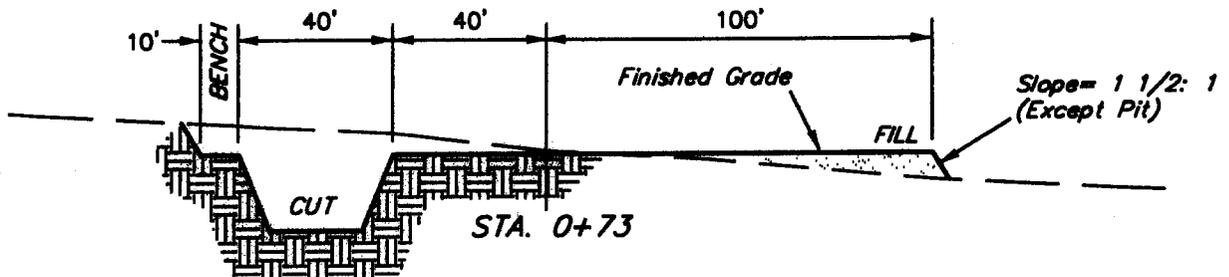
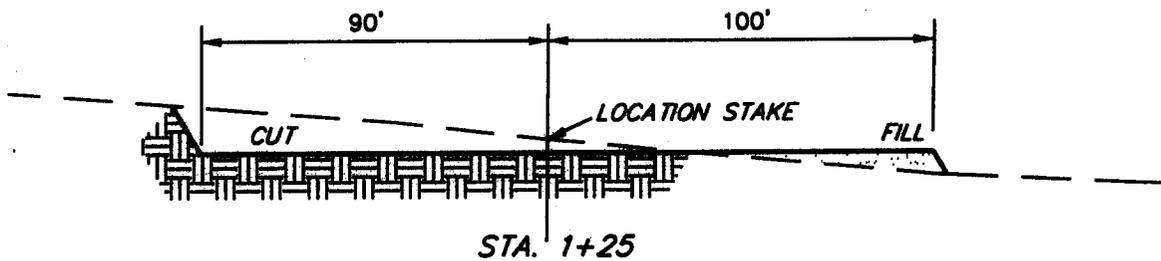
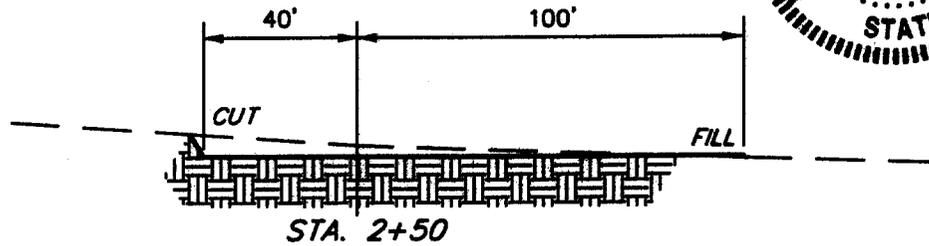
NEPONSET #2

SECTION 35, T8N, R7E, S.L.B.&M.

707' FNL 653' FWL



Date: 11-7-00
Drawn By: D.COX



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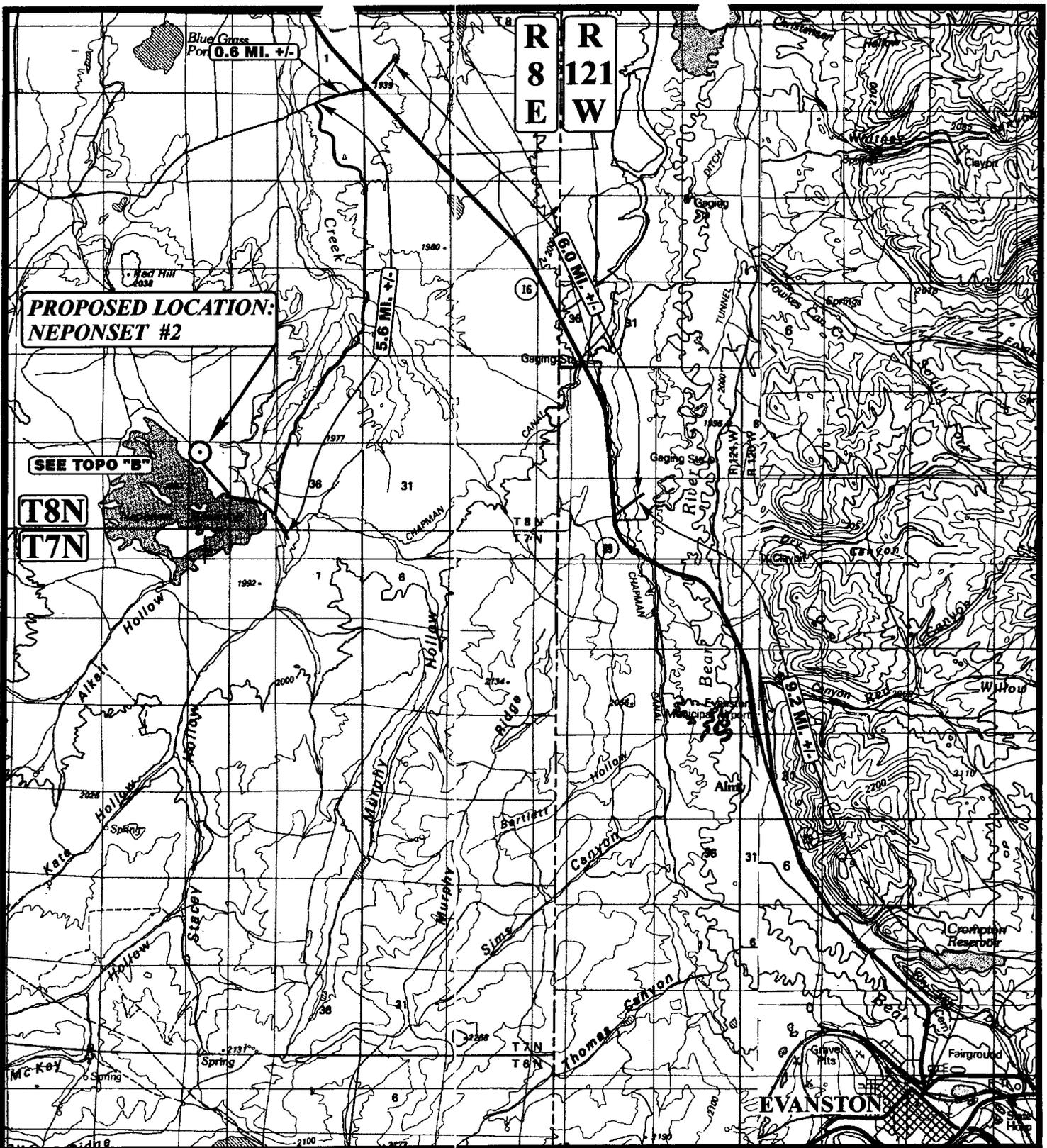
DIVISION OF
OIL, GAS AND MINING

APPROXIMATE YARDAGES

CUT	
(6") Topsoil Stripping	= 720 Cu. Yds.
Remaining Location	= 1,490 Cu. Yds.
TOTAL CUT	= 2,210 CU.YDS.
FILL	= 1,180 CU.YDS.

EXCESS MATERIAL AFTER 5% COMPACTION	= 970 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 970 Cu. Yds.
EXCESS MATERIAL After Reserve Pit is Backfilled & Topsoil is Re-distributed	= 0 Cu. Yds.

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East • Vernal, Utah 84078 • (435) 788-1017



**PROPOSED LOCATION:
NEPONSET #2**

SEE TOPO "B"

T8N

T7N

R 8 E

R 121 W

LEGEND:

⊙ PROPOSED LOCATION



FAT CHANCE OIL & GAS, LLC

NEPONSET #2
SECTION 35, T8N, R7E, S.L.B.&M.
707' FNL 653' FWL



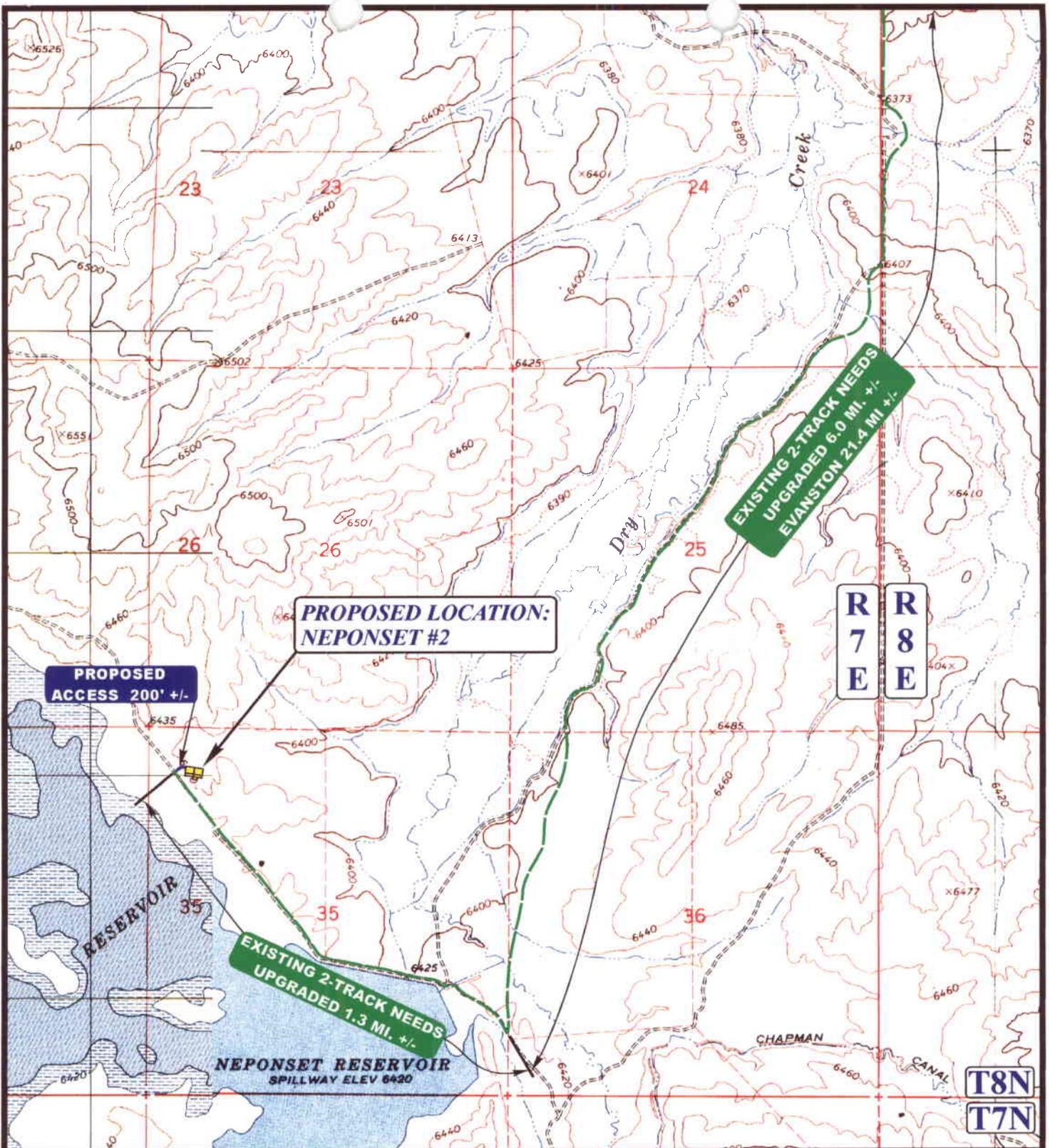
Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC
MAP

11 7 00
 MONTH DAY YEAR

SCALE: 1:100,000 DRAWN BY: K.G. REVISED: 00-00-00





LEGEND:

- PROPOSED ACCESS ROAD
- EXISTING ROAD

UELS Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813



FAT CHANCE OIL & GAS, LLC

NEPONSET #2
 SECTION 35, T8N, R7E, S.L.B.&M.
 707' FNL 653' FWL

TOPOGRAPHIC MAP 11 7 00
 MONTH DAY YEAR
 SCALE: 1" = 2000' DRAWN BY: K.G. REVISED: 00-00-00

B
 TOPO

FAT CHANCE OIL AND GAS, LLC

November 8, 2000

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

RE: Confidentiality of information: Neponset #2

Attention:

Fat Chance Oil and Gas, LLC formally requests that submitted information on the Neponset #2 be held confidential.

Your cooperation is appreciated.

Sincerely,



Casey Osborn
Operations Manager/Agent

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DIVISION OF
OIL, GAS AND MINING

Fat Chance Oil and Gas, LLC

P.O. Box 7370
Sheridan WY 82801
307-673-1500 Phone
307-673-1400 Fax

November 8, 2000

Utah Division of Oil, Gas and Mining
ATTN: Mike Hebertson
1594 W. North Temple
Suite 1210
Salt Lake City UT 84114-5801

Dear Sir :

We have enclosed two copies of our Designation of Agent or Operator. These need to be attached to the APDs for the Neponset #1 and the Neponset #2 that will be submitted on November 9, 2000 from our Evanston office.

If you have any questions, please do not hesitate to call.

Sincerely,



Lorna K. James
Comptroller

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**DIVISION OF
OIL, GAS AND MINING**

DESIGNATION OF AGENT OR OPERATOR

The undersigned is, on record, the holder of oil and gas lease

LEASE NAME: Deseret

LEASE NUMBER: FEE

and hereby designates

NAME: Fat Chance Oil and Gas, LLC, an Oklahoma Limited Liability Company

ADDRESS: 211 North Robinson, 12th Floor

city Oklahoma City state OK zip 73102

as his (check one) agent / operator , with full authority to act in his behalf in complying with the terms of the lease and regulations applicable thereto and on whom the Division Director or Authorized Agent may serve written or oral instructions in securing compliance with the Oil and Gas Conservation General Rules and Procedural Rules of the Board of Oil, Gas and Mining of the State of Utah with respect to:

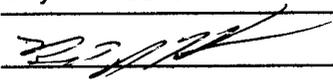
(Describe acreage to which this designation is applicable. Identify each oil and gas well by API number and name. Attach additional pages as needed.)
Township 8 North, Range 7 East, S.L.M.
Section 35: All

It is understood that this designation of agent/operator does not relieve the lessee of responsibility for compliance with the terms of the lease and the Oil and Gas Conservation General Rules and Procedural Rules of the Board of Oil, Gas and Mining of the State of Utah. It is also understood that this designation of agent or operator does not constitute an assignment of any interest in the lease.

In case of default on the part of the designated agent/operator, the lessee will make full and prompt compliance with all rules, lease terms or orders of the Board of Oil, Gas and Mining of the State of Utah or its authorized representative.

The lessee agrees to promptly notify the Division Director or Authorized Agent of any change in this designation.

Effective Date of Designation: 11/07/2000

BY: (Name) Billy Jim Palone
(Signature) 
(Title) Owner
(Phone) (307) 682-1621

OF: (Company) Palone Petroleum
(Address) P. O. Box 6
city Gillette
state WY zip 82717

**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 11/09/2000

API NO. ASSIGNED: 43-033-30048

WELL NAME: NEPONSET ⁴⁻³⁵
 OPERATOR: FAT CHANCE OIL & GAS (N1395)
 CONTACT: CASEY OSBORN

PHONE NUMBER: 307-673-1500

PROPOSED LOCATION:

NWNW 35 080N 070E
 SURFACE: 0707 FNL 0653 FWL
 BOTTOM: 0707 FNL 0653 FWL
 RICH
 WILDCAT (1)

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	<i>JRB</i>	<i>20/11/2000</i>
Geology		<i>11/28/2000</i>
Surface		

LEASE TYPE: 4-Fee
 LEASE NUMBER: FEE
 SURFACE OWNER: 4-Fee

PROPOSED FORMATION: FRTR

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[] Ind[] Sta[] Fee[4]
(No. 885588C)
- Potash (Y/N)
- Oil Shale (Y/N) *190 - 5 (B)
- Water Permit
(No. 00-5600-57)
- RDCC Review (Y/N)
(Date: Decm Ltr. 11-13-2000 * *Comments due 11-28-2000*)
- Fee Surf Agreement (Y/N)

LOCATION AND SITING:

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

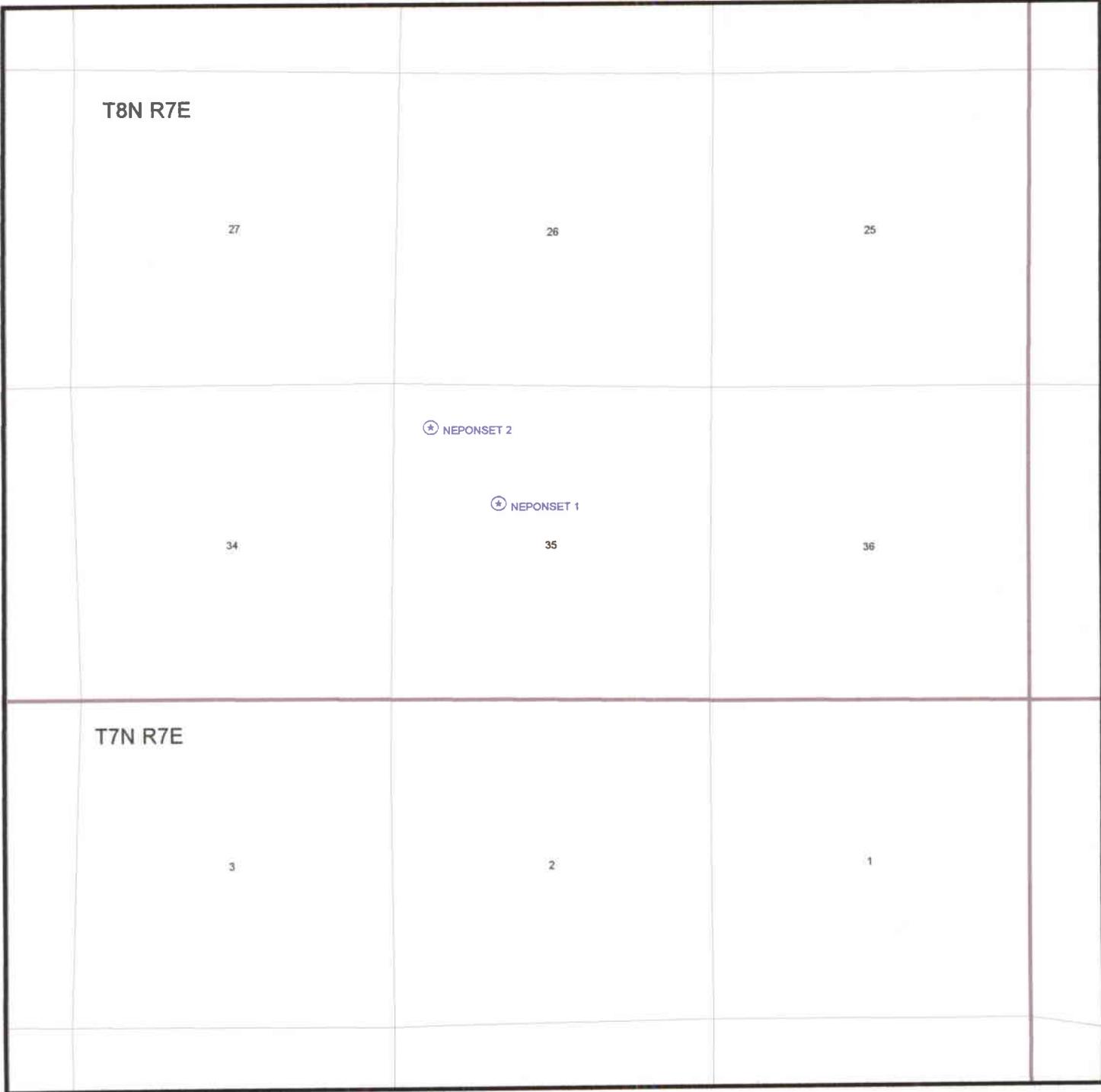
COMMENTS: Need Presite. (Conducted 11-17-2000)

STIPULATIONS: STATEMENT OF BASIS

1. SURFACE CASING ANNULUS WILL BE FILLED TO GROUND LEVEL WITH CEMENT.



OPERATOR: FAT CHANCE O&G LLC (N1395)
 FIELD: WILDCAT (001)
 SEC. 35, T8N, R7E,
 COUNTY: RICH SPACING: R649-3-2/GEN ST



Well name:	11-00 fat chance Neponset #2	
Operator:	Fat Chance Oil	Project ID:
String type:	Surface	43-033-30048
Location:	Rich Co.	

Design parameters:

Collapse

Mud weight: 9.500 ppg
 Design is based on evacuated pipe.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
 Surface temperature: 75 °F
 Bottom hole temperature: 82 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 450 ft

Cement top: Surface

Burst

Max anticipated surface pressure: 0 psi
 Internal gradient: 0.494 psi/ft
 Calculated BHP 247 psi

No backup mud specified.

Tension:

8 Round STC: 1.80 (J)
 8 Round LTC: 1.80 (J)
 Buttress: 1.60 (J)
 Premium: 1.50 (J)
 Body yield: 1.50 (B)

Tension is based on buoyed weight.
 Neutral point: 430 ft

Non-directional string.

Re subsequent strings:

Next setting depth: 7,500 ft
 Next mud weight: 9.500 ppg
 Next setting BHP: 3,701 psi
 Fracture mud wt: 19.250 ppg
 Fracture depth: 4,500 ft
 Injection pressure 4,500 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	500	9.625	32.30	H-40	ST&C	500	500	8.876	31.7
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	247	1370	5.553 ✓	247	2270	9.20 ✓	14	254	18.28 ✓

Prepared by: M. Hebertson
 Utah Div. of Oil & Mining

Date: November 20, 2000
 Salt Lake City, Utah

ENGINEERING STIPULATIONS: Surface casing cement 15% excess for washout.
 Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.
 Collapse is based on a vertical depth of 500 ft, a mud weight of 9.5 ppg The casing is considered to be evacuated for collapse purposes.
 Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

Well name:	11-00 fat chance Neponset #2		
Operator:	Fat Chance Oil	Project ID:	43-033-30048
String type:	Production		
Location:	Rich Co.		

Design parameters:

Collapse

Mud weight: 9.500 ppg
 Design is based on evacuated pipe.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
 Surface temperature: 75 °F
 Bottom hole temperature: 145 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 368 ft

Cement top: 3,546 ft

Burst

Max anticipated surface pressure: 0 psi
 Internal gradient: 0.494 psi/ft
 Calculated BHP 2,468 psi

No backup mud specified.

Tension:

8 Round STC: 1.80 (J)
 8 Round LTC: 1.80 (J)
 Buttress: 1.60 (J)
 Premium: 1.50 (J)
 Body yield: 1.50 (B)

Non-directional string.

Tension is based on buoyed weight.

Neutral point: 4,286 ft

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft ³)
1	5000	7	23.00	K-55	LT&C	5000	5000	6.25	231.1
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	2468	3270	1.325 ✓	2468	4360	1.77 ✓	99	341	3.46 ✓

Prepared by: M. Hebertson
 Utah Div. of Oil & Mining

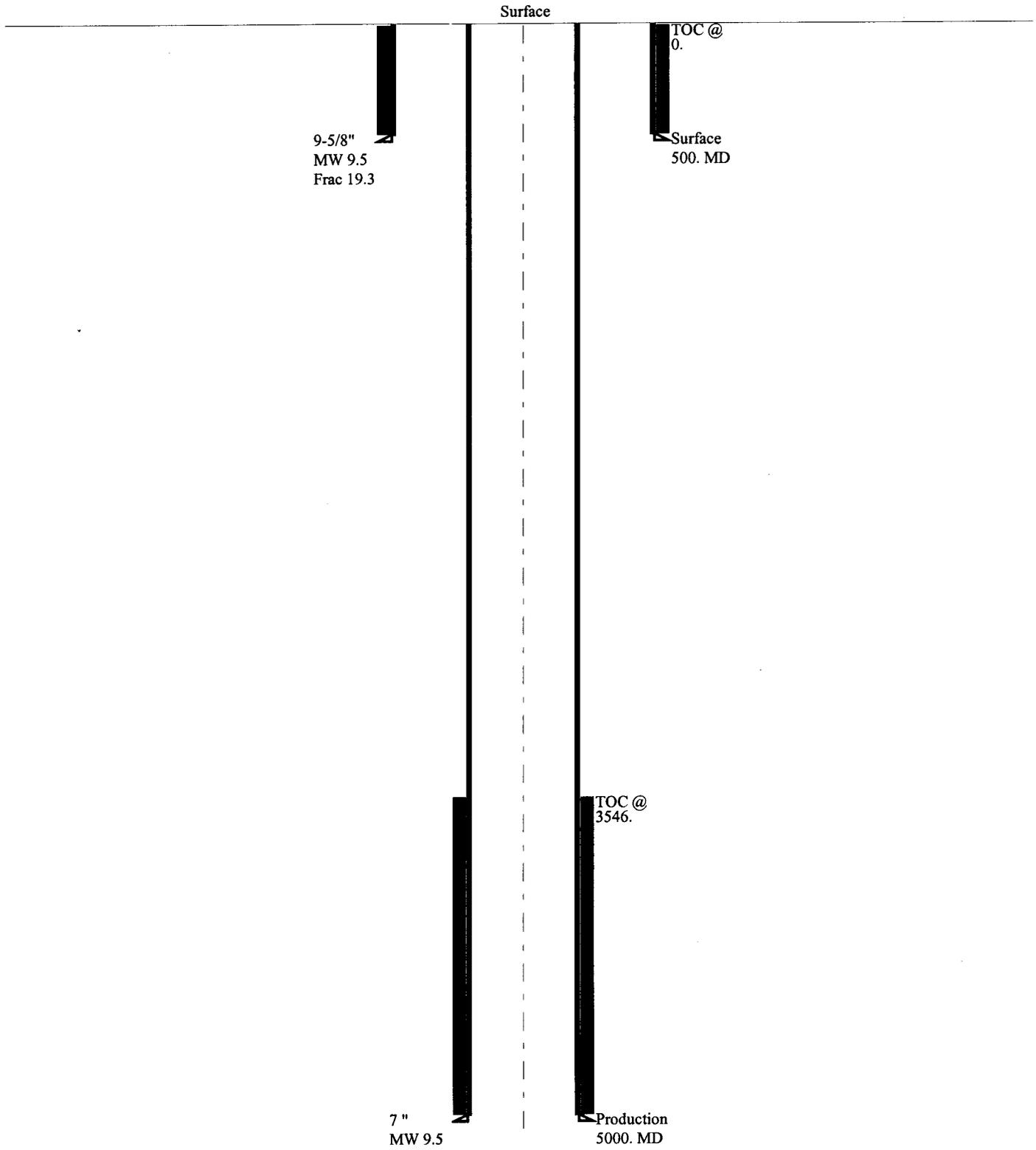
Date: November 20, 2000
 Salt Lake City, Utah

ENGINEERING STIPULATIONS: Surface casing cement 15% excess for washout.
 Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.
 Collapse is based on a vertical depth of 5000 ft, a mud weight of 9.5 ppg The casing is considered to be evacuated for collapse purposes.
 Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

11-00 fat chance Neponset ?

Casing Schematic



Erickson/Salt Lake County: PN #200050070
- retain fill in wetland (Sec. 21, T1S, R2W).
Comments were due 11/24/00.

III. Short Turnaround

Federal

8. UT001107-020 DOI/FWS: Migratory Bird Hunting; Approval of Tungsten - Nichol-Iron Shot as Nontoxic for Hunting Waterfowl and Coots - proposed rule. Federal Register Notice dated 10/30/00, page 64650 (contact person - Jon Andrew 703/358-1714). Comments due 11/29/00.
9. UT001117-010 USDA/Forest Service -Dixie National Forest: Outfitter Guides Special Use Permits. (David Barmdeau - 435/826-5400) Comments due 11/30/00.

State

10. UT001113-010 Division of Oil, Gas and Mining/Rich County: Application for Permit to Drill - proposal to drill a wildcat well the Neponset #1 well on a FEE gas lease (Sec. 35, T8N, R7E) (contact person - John Baza 801/538-5334). Comments due 11/28/00.
11. UT001113-020 Division of Oil, Gas and Mining/Rich County: Application for Permit to Drill - proposal to drill a wildcat well the Neponset #2 on a Fee gas lease (Sec. 35, T8N, R7E) (contact person - John Baza 801/538-5334). Comments due 11/28/00.

IV. Stream Alterations

Please note! Due to the short turnaround please comment directly to the Agency with a copy to GOPB.

12. UT001108-010 Division of Water Right//Cache County: Cub River (No. 00-25-23SA) - stabilize bank (Sec. 16, T14N, R1E; Sec. 21, T14N, R1E). Comments due 11/27/00.
13. UT001108-020 Division of Water Rights/Davis County: Holmes River (No. 00-31-10SA) - widen

STATE ACTIONS
State Clearinghouse Coordinator
116 State Capitol, SLC, UT 84114
538-1535

1. Administering State Agency Oil, Gas and Mining 1504 West North Temple, Suite 1210 Salt Lake City, UT 84114-5801	2. State Application Identifier Number: (assigned by State Clearinghouse)
3. Approximate date project will start: Upon Approval	
4. Areawide clearinghouse(s) receiving state action: (to be sent out by agency in block 1) Bear River Association of Governments	
5. Type of action: // Lease <input checked="" type="checkbox"/> // Permit // License // Land Acquisition // Land Sale // Land Exchange // Other _____	
6. Title of proposed action: Application for Permit to Drill	
7. Description: Fat Chance Oil and Gas, LLC proposes to drill the Neponset #2 well (wildcat) on a FEE Gas lease, Rich County, Utah. This action is being presented to the RDCC for consideration of resource issues affecting state interests. The Division of Oil, Gas and Mining is the primary administrative agency in this action and must issue approval before operations commence.	
8. Land affected (site location map required) (indicate county) NW /4, NW /4, Section 35, Township 8 North, Range 7 East, Rich County, Utah	
9. Has the local government(s) been contacted? No	
10. Possible significant impacts likely to occur: Degree of impact is based on the discovery of oil or gas in commercial quantities.	
11. Name and phone of district representative from your agency near project site, if applicable: 	
12. For further information, contact: John R. Baza Phone: (801) 538-5334	13. Signature and title of authorized officer  for John R. Baza, Associate Director Date: November 13, 2000

N-SITE PREDRILL EVALUATION
Division of Oil, Gas and Mining

OPERATOR: Fat Chance Oil and Gas, LLC

WELL NAME & NUMBER: Neponset #2

API NUMBER: 43-033-30048

LEASE: Fee

FIELD/UNIT: Wildcat

LOCATION: 1/4,1/4 NW NW Sec 35 TWP: 8 N RNG: 7 E 707 FNL 653 FWL

LEGAL WELL SITING: 660' from the drilling unit boundary and 1320' from other wells

GPS COORD (UTM): X = 489444 E; Y = 4,581,992 N Calculated

SURFACE OWNER: Deseret Land and Livestock

PARTICIPANTS

Mike Hebertson & Chris Kierst (DOGM), Bill Belden, Jim Jenkins (Fat Chance), Rick Danvir & Terry Pruitt (Deseret Land & Livestock)

REGIONAL/LOCAL SETTING & TOPOGRAPHY

This area is located in the Overthrust Belt of eastern Utah and western Wyoming north of the Uinta Mountains. The geologic setting is known as the Thrust Belt. US Highway 89 is about 3.5 miles to the east. A canal known as the Chapman Canal is east of the location and it is used as a source of agricultural water and is the source water for the Neponset Reservoir. The canal flows from the Bear River to the Reservoir. The City of Evanston is about 12 miles to the southeast. The surface is Paleocene age Wasatch formation with possible Evanston formation underlying the area. The land slopes to the northeast and is incised by moderate to shallow drainages with active streams and flowing water.

SURFACE USE PLAN

CURRENT SURFACE USE: Grazing and wildlife habitat.

PROPOSED SURFACE DISTURBANCE: The operator proposes a 250' X 140' pad, outboard soil storage, and a 50' X 60' X 8' outboard attached pit, an existing road accesses the location and will need to be upgraded.

LOCATION OF EXISTING WELLS WITHIN A 1-MILE RADIUS: There are no existing wells within 1 mile of this well.

LOCATION OF PRODUCTION FACILITIES AND PIPELINES: All production facilities for this well will remain on the location with exception of the pipelines and utilities for power. The pipeline and utility lines will be buried underground and follow the access road.

SOURCE OF CONSTRUCTION MATERIAL: Gravel location and approach road; soil stored in berm, the location will be made of natural material borrowed from leveling the pad during construction.

ANCILLARY FACILITIES: None

WASTE MANAGEMENT PLAN:

Portable toilets; garbage cans or cages on location will be placed on location and will be emptied into centralized dumpsters, which will be emptied into an approved landfill. All human waste generated at the site will be kept in proper sanitary facilities and disposed of according to local rules. Extra precautions will be taken due to the proximity of the Neponset Reservoir.

ENVIRONMENTAL PARAMETERS

AFFECTED FLOODPLAINS AND/OR WETLANDS: The area drains to the south towards the Neponset Reservoir about 100 yards away. The Neponset is a breeding ground and summer and winter flyway stop over for migratory waterfowl.

FLORA/FAUNA: Open sagebrush, and grass meadows, cactus, birds, lizards, coyotes, rodents, raptors, occasional elk, deer pronghorn and sage grouse critical winter range.

SOIL TYPE AND CHARACTERISTICS: Mostly clay with very little sand, lots of small rocks to larger pit run type gravel and head sized rocks.

SURFACE FORMATION & CHARACTERISTICS: Wasatch Formation Clay with numerous rocks light gray to medium brown in color. Minor sand, and topsoil. Moderate to Poor Permeability.

EROSION/SEDIMENTATION/STABILITY: Stable. Wasatch type soils are generally susceptible to slumping when slopes are wet and become saturated. The slope of the ground in this location will not be sufficient for the unstable conditions to occur. Erosion and sedimentation at this location will not be an issue.

PALEONTOLOGICAL POTENTIAL: None observed.

RESERVE PIT

CHARACTERISTICS: Dugout, earthen pit, as above.

LINER REQUIREMENTS (Site Ranking Form attached): Synthetic liner is required.

SURFACE RESTORATION/RECLAMATION PLAN

No surface use agreement is in place. The operator will provide to the division an affidavit stating that the site will be restored to its original condition.

SURFACE AGREEMENT: There is no surface use agreement. See above for stipulations.

CULTURAL RESOURCES/ARCHAEOLOGY: Archaeological survey is not required.

OTHER OBSERVATIONS/COMMENTS:

The review process covered the need to protect the Neponset Reservoir, a major water supply for the ranch. Ownership issues were covered and the ranch attorney will be meeting on the 28th of November to work out an amendment to the surface use agreement. Winter closures were discussed including winter closure times, Sage Grouse wintering over and snow depths. The ranch will have some closure rules and their wildlife biologist is very active in preservation issues.

ATTACHMENTS:

Photographs taken.

K. Michael Hebertson
DOGMA REPRESENTATIVE

17-Nov-2000 11:50 AM
DATE/TIME

**Evaluation Ranking Criteria and Ranking Score
For Reserve and Onsite Pit Liner Requirements**

<u>Site-Specific Factors</u>	<u>Ranking</u>	<u>Site Ranking</u>
Distance to Groundwater (feet)		
>200	0	
100 to 200	5	
75 to 100	10	
25 to 75	15	
<25 or recharge area	20	<u>10</u>
Distance to Surf. Water (feet)		
>1000	0	
300 to 1000	2	
200 to 300	10	
100 to 200	15	
< 100	20	<u>15</u>
Distance to Nearest Municipal Well (feet)		
>5280	0	
1320 to 5280	5	
500 to 1320	10	
<500	20	<u>0</u>
Distance to Other Wells (feet)		
>1320	0	
300 to 1320	10	
<300	20	<u>0</u>
Native Soil Type		
Low permeability	0	
Mod. permeability	10	
High permeability	20	<u>10</u>
Fluid Type		
Air/mist	0	
Fresh Water	5	
TDS >5000 and <10000	10	
TDS >10000 or Oil Based Mud	15	
Fluid containing significant levels of hazardous constituents	20	<u>10</u>
Drill Cuttings		
Normal Rock	0	
Salt or detrimental	10	<u>0</u>
Annual Precipitation (inches)		
<10	0	
10 to 20	5	
>20	10	<u>10</u>
Affected Populations		
<10	0	
10 to 30	6	
30 to 50	8	
>50	10	<u>0</u>
Presence of Nearby Utility Conduits		
Not Present	0	
Unknown	10	
Present	15	<u>15</u>

Final Score 70 (Level I Sensitivity)

Sensitivity Level I = 20 or more; total containment is required.
Sensitivity Level II = 15-19; lining is discretionary.
Sensitivity Level III = below 15; no specific lining is required.

DIVISION OF OIL, GAS AND MINING
APPLICATION FOR PERMIT TO DRILL
STATEMENT OF BASIS

Operator Name: Fat Chance Oil and Gas LLC.
Name & Number: Neponset #2
API Number: 43-033-30048
Location: 1/4,1/4 NW NW Sec. 35 T. 8 S R. 7 E **County:** Rich

Geology/Ground Water:

It is expected that fresh water aquifers containing significant volumes of high quality ground water will be penetrated. A moderately permeable soil is developed on the Tertiary clays of the Wasatch formation. There are no active water rights within a mile of this location that indicate that good water is present within a mile of location at a shallow depth or at the surface. The proposed casing and cementing programs should adequately isolate any zones of fresh water that may be penetrated but the operator must extend the surface casing setting depth as needed to completely contain the USDW's encountered and place cement across all fresh water zones. If the well is plugged and abandoned any zone of fresh water will be protected with cement and cement will be circulated to ground level on the surface casing string. As this location is adjacent to standing water extra care will be taken to protect any ground or surface water sources.

Reviewer: K. Michael Hebertson

Date: 17-Nov-2000

Surface:

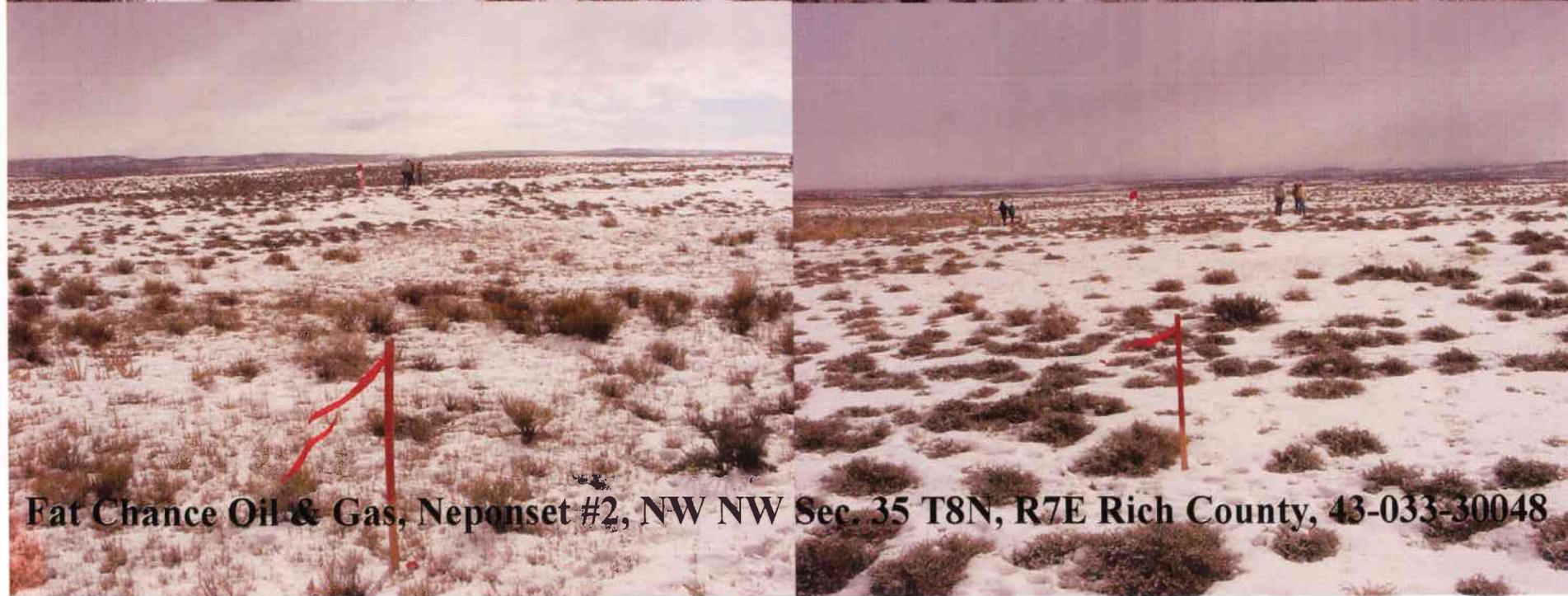
The surface belongs to Deseret Land and Livestock and persons representing Deseret Land and Livestock were invited to the on-site inspection . Those attending the onsite are noted above in the Participants section of the review document. Items of concern at this location are surface use agreement, and winter drilling restrictions not yet specified by the surface owner. An amendment to the surface use agreement is being worked on and should be finalized sometime in December. At the pre site review the operator was asked to provide an affidavit stating that the surface use agreement is being revised .

Reviewer: K. Michael Hebertson

Date: 17-Nov-2000

Conditions of Approval/Application for Permit to Drill:

1. A 12-mil minimum thickness synthetic pit liner is required.
2. Berms and diversions to protect the location and spoil piles and control erosion and pollution.
3. Surface casing will be set through all active water zones, cement will be circulated to surface
4. Site infrastructure placement as per drilling location plat.
5. The location will be bermed on the top outside edge and topsoil will be stored in wind rows not piles.
6. Reserve pit will be fenced prior to the drill rig leaving location.
7. Berms or ditches will be placed on all cut and fill slopes to catch and contain any fluids escaping location.

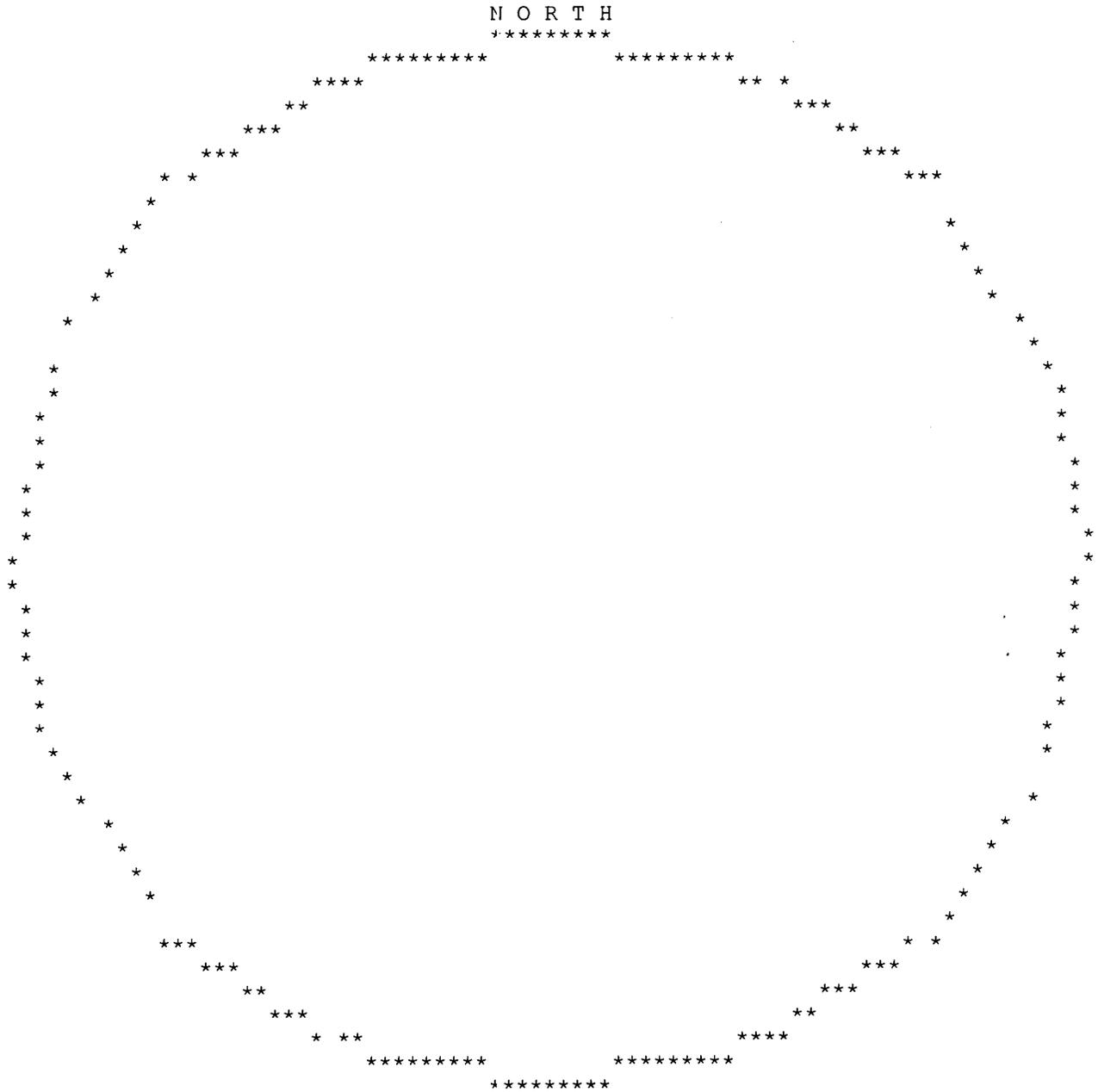


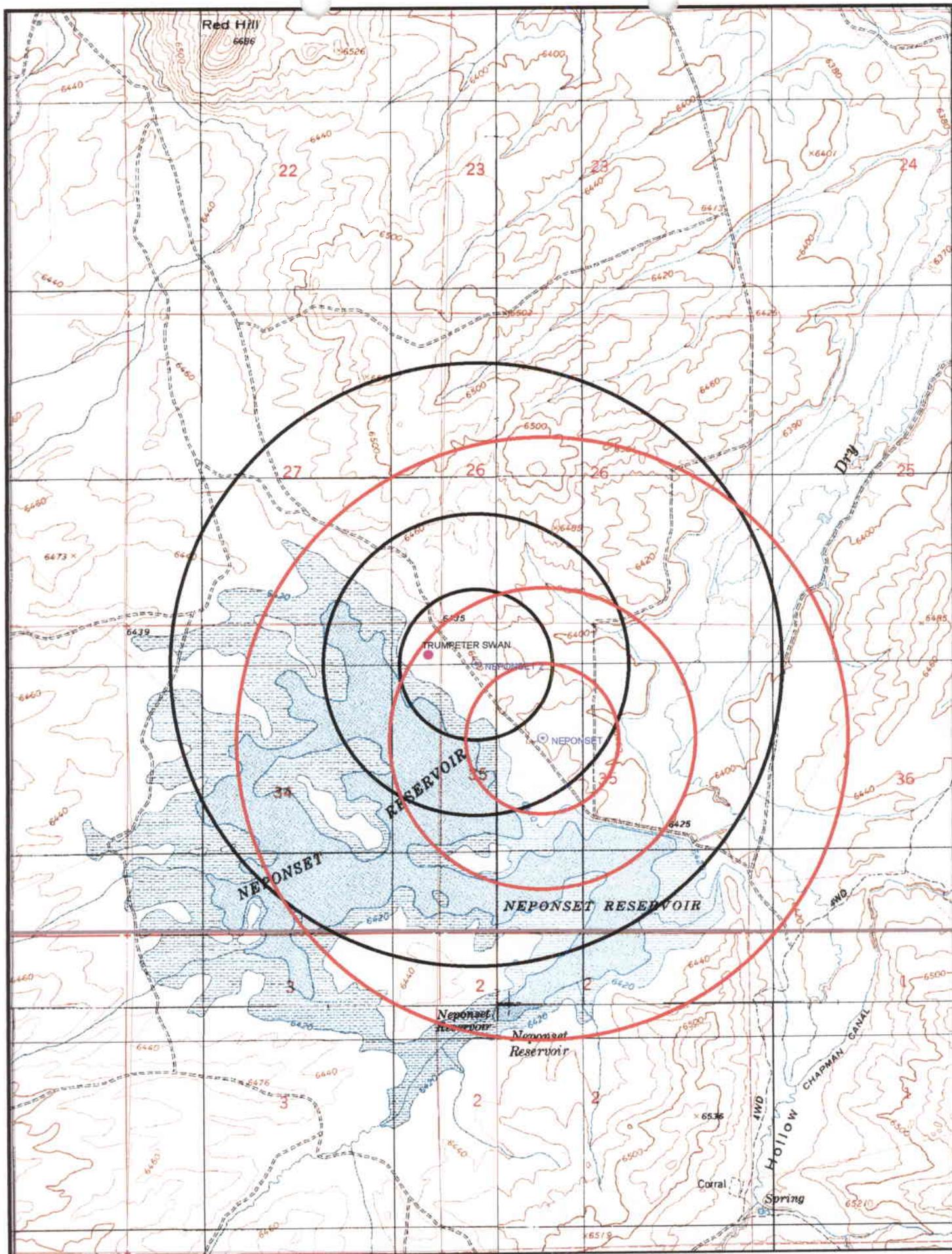
Fat Chance Oil & Gas, Neponset #2, NW NW Sec. 35 T8N, R7E Rich County, 43-033-30048

UTAH DIVISION OF WATER RIGHTS
WATER RIGHT POINT OF DIVERSION PLOT CREATED WED, NOV 1
PLOT SHOWS LOCATION OF 0 POINTS OF DIV

PLOT OF AN AREA WITH A RADIUS OF 5280 FEET
S 707 FEET, E 653 FEET OF THE NW CORNER,
SECTION 35 TOWNSHIP 8N RANGE 7E SL BASE

PLOT SCALE IS APPROXIMATELY 1 INCH = 2000 FE



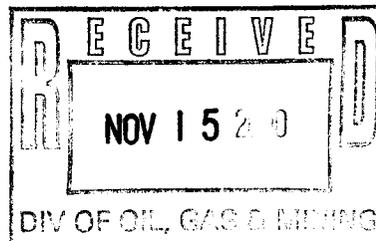


QUANECO, LLC (QUEST OPERATING, L.L.C) FAT CHANCE

Box 7370
Sheridan, WY 82801
307 673-1500

November 14, 2000

Utah Division of Oil, Gas and Mining
1594 West North Temple
Suite 1210
Salt Lake City, UT 84114-5801
Att: Lisha Cordova



Dear Lisha

Per our conversation on November 13, in order to fulfill our requirement concerning water use for drilling the Neponset wells in T8N, R7E, S.L.M., Sec 35, I talked to Mr. Bill Hopkin, Ranch Manager for Deseret Livestock this morning, and he advised me that we can take water out of Neponset Reservoir for drilling and completion purposes. As we are doing for water use for the Murphy Ridge wells, we will compensate them in the amount of \$.01(1 cent) per gallon for the water. Mr. Hopkin also stated that he would like us to attempt to be done drawing water from the reservoir by December 31, 2000.

As I stated, when talking to the Wyoming State Engineer's Office in Cokeville, Wy, I was informed that we need not submit another application for temporary water use for their approval. They said Deseret can allow us to use the water from Neponset Reservoir.

Sincerely,
~~Bill Courtney~~
Bill Courtney

* murphy ridge # 00-56-00-57
jc

cc: Bill Hopkin
file

MEMORANDUM OF SURFACE OWNERS AGREEMENT

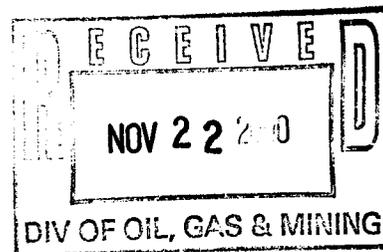
Property Reserve, Inc., formerly known as Deseret Title Holding Corporation, and Billy Jim Palone, d/b/a Palone Petroleum, entered into a Surface Owners Agreement on June 21, 2000 covering the damages for locations, access roads and other items relating to oil and gas development on the lands described within Exhibit "A" attached hereto and made a part hereof.

Any party having a legitimate interest in the particulars contained within said Surface Owners Agreement may contact either of the following parties to arrange an inspection and review of said document:

Property Reserve, Inc., formerly known as Deseret Title Holding Corporation
Attn: Robert Stanton
50 East North Temple Street
Salt Lake City, Utah 84150-6320

or

Billy Jim Palone, d/b/a Palone Petroleum
P. O. Box 6
Gillette, Wyoming 82717-0006



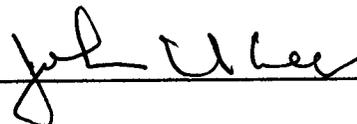
This memorandum is executed and given to evidence the existence of a valid Surface Owners Agreement by and between the parties hereto.

Dated this 14th day of November, 2000.

Property Reserve, Inc., formerly known as
Deseret Title Holding Corporation



Billy Jim Palone, d/b/a Palone Petroleum

By: 

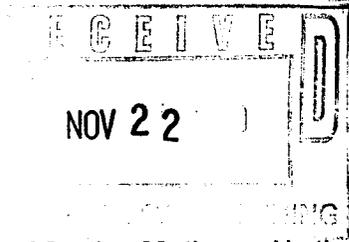
Title: AUTHORIZED AGENT



Billy Jim Palone, agent for Fat Chance
Oil and Gas, LLC

Exhibit "A"

Attached to Memorandum of Surface Owners Agreement between Property Reserve, Inc. and Palone Petroleum



Tract No. 1		
Township 9 North, Range 7 East, S.L.M.		
Section 26:	W2	311.00
Section 27:	All	640.00
Section 34:	E2, E2NW	400.00
Section 35:	All	640.00
Section 36:	Beginning at the Southwest corner of Section 36; thence North 2 3/4 degrees East 2698 feet; thence South 89 degrees East to the West boundry line of State Highway; thence South 32 degrees East along said West line 3156 feet more or less, to a point East of beginning; thence West 2210 feet, more or less, to the point of beginning.	84.00
Tract No. 2		
Township 8 North, Range 7 East, S.L.M		
Section 1:	All that portion of Section 1 lying South and West of the Highway. Said highway is described as follows: A parcel of land 100 feet wide, 50 feet on each side of the following described centerline: Beginning at a point approximately 2244 feet East from the Northwest corner of said section; thence South 32 degrees 14 minutes East 1921.6 feet; thence 297.9 feet along the arc of a circlce to the left whose radius is 1432.7 feet long; thence South 44 degrees 09 minutes East 2370.5 feet to the East line of said section.	489.86
Section 2:	Lot 4	28.00
Section 3:	Lots 1(28.00), 2(28.00), 3(28.00), 4(28.00), S2N2, S2	592.00
Section 10:	NE, E2NW, NESW, NWSE	320.00
Section 11:	All	640.00
Section 13:	All	640.00
Tract No. 3		
Township 8 North, Range 7 East, S.L.M		
Section 15:	All	640.00
Section 21:	All	640.00
Section 23:	All	640.00
Section 25:	All	640.00
Tract No. 4		
Township 8 North, Range 7 East, S.L.M		
Section 27:	All	640.00
Section 33:	All	640.00
Section 35:	All	640.00
Section 36:	All	640.00
Tract No. 5		
Township 8 North, Range 8 East, S.L.M.		
Section 31:	Lots 1(39.86), 2(39.90), 3(39.94), 4(39.98), E2W2, E2	639.68
Township 7 North, Range 7 East, S.L.M.		
Section 1:	Lots 1(40.22), 2(40.68), 3(41.12), 4(41.58), S2N2, S2	643.60
Section 2:	Lots 1(41.81), 2(41.84), 3(41.86), 4(41.89), S2NW	247.40
Section 3:	Lots 1(41.77), 2(41.58), 3(41.33), 4(41.11), S2N2, S2	645.79
Tract No. 6		
Township 7 North, Range 7 East, S.L.M.		
Section 5:	Lots 1(40.59), 2(40.76), 3(40.94), 4(41.11), S2N2, S2	643.40
Section 9:	All	640.00
Section 11:	All	640.00
Section 12:	W2	320.00
Section 13:	All	640.00
Tract No. 7		
Township 7 North, Range 7 East, S.L.M.		
Section 15:	All	640.00
Section 16:	W2SE	80.00
Section 17:	All	640.00
Section 19:	Lots 1(41.10), 2(41.10), 3(41.10), 4(40.44), E2W2, E2	643.74
Section 21:	All	640.00

Exhibit "A"

Attached to Memorandum of Surface Owners Agreement between Property Reserve, Inc. and Palone Petroleum

Tract No. 8		
Township 7 North, Range 7 East, S.L.M.		
Section 23:	All	640.00
Section 25:	All	640.00
Section 26:	W2W2	160.00
Section 27:	All	640.00
Section 29:	All	640.00

Tract No. 9		
Township 7 North, Range 7 East, S.L.M.		
Section 31:	Lots 1(39.82), 2(39.88), 3(39.92), 4(39.98), E2W2, E2	639.60
Section 32:	All	640.00
Section 33:	All	640.00
Section 35:	All	640.00

Tract No. 10		
Township 7 North, Range 8 East, S.L.M.		
Section 7:	Lots 1(43.03), 2(42.45), 3(41.87), 4(41.29), E2W2, E2	648.64
Section 9:	Lots 1(40.34), 2(40.34), 3(40.34), 4(40.34)	161.36
Section 17:	All	640.00
Section 19:	Lots 1(39.23), 2(38.88), 3(38.53), 4(38.18), E2W2, E2	634.82

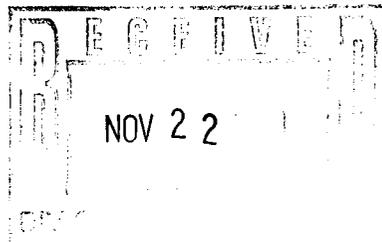
Tract No. 11		
Township 7 North, Range 8 East, S.L.M.		
Section 21:	Lots 1(40.34), 2(40.34), 3(40.34), 4(40.34)	161.36
Section 29:	All	640.00
Section 31:	Lots 1(38.95), 2(39.25), 3(39.55), 4(39.85), E2W2, E2	637.60
Section 33:	Lots 1(39.87), 2(39.93), 3(37.97), 4(37.06)	154.83

Tract No. 12		
Township 6 North, Range 6 East, S.L.M.		
Section 2:	Lots 1(39.46), 2(39.59), 3(39.71), 4(39.84), S2N2, S2	638.60
Section 12:	All	640.00
Section 14:	All	640.00
Section 22:	All	640.00

Tract No. 13		
Township 6 North, Range 6 East, S.L.M.		
Section 24:	All	640.00
Section 26:	All	640.00
Section 28:	N2SE	80.00
Section 32:	All	640.00
Section 34:	N2NE, SENE, W2, SE	600.00

Tract No. 14		
Township 6 North, Range 7 East, S.L.M.		
Section 2:	Lots 1(22.77), 2(22.32), 3(21.87), 4(21.42), S2N2, S2	568.38
Section 4:	Lots 1(21.78), 2(26.54), 3(31.40), 4(36.06), S2N2, S2	595.78
Section 6:	Lots 1(40.87), 2(40.62), 3(40.37), 4(43.35), 5(43.06), 6(42.90), 7(42.73), S2NE, SENW, E2SW, SE	653.90
Section 8:	All	640.00

Tract No. 15		
Township 6 North, Range 7 East, S.L.M.		
Section 10:	All	640.00
Section 12:	All	640.00
Section 13:	All	640.00
Section 14:	All	640.00



Tract No. 16		
Township 6 North, Range 7 East, S.L.M.		
Section 16:	All	640.00
Section 18:	Lots 1(40.11), 2(40.14), 3(40.16), 4(40.19), E2W2, E2	640.60
Section 20:	All	640.00
Section 22:	All	640.00

Tract No. 17		
Township 6 North, Range 7 East, S.L.M.		
Section 24:	All	640.00

Exhibit "A"

Attached to Memorandum of Surface Owners Agreement between Property Reserve, Inc. and Palone Petroleum

Section 25:	All of that portion of Section 25 lying North and West of the Union Pacific Railroad Company Right-of-way.	627.00
Section 26:	All	640.00
Section 28:	All	640.00

Tract No. 18

Township 6 North, Range 6 East, S.L.M.

Section 36:	All	640.00
-------------	-----	--------

Township 6 North, Range 7 East, S.L.M.

Section 30:	Lots 1(39.98), 2(40.10), 3(40.22), 4(40.34), E2W2, E2	640.64
Section 32:	All	640.00
Section 34:	All	640.00

Tract No. 19

Township 6 North, Range 8 East, S.L.M.

Section 4:	Lots 1(30.73), 2(21.10), 3(21.10), 4(21.10), 5(24.67), 6(30.81), 7(36.94)	186.45
Section 6:	Lots 1(29.00), 2(29.00), 3(29.00), 4(29.00), 5(40.00), 6(40.00), 7(40.00), S2NE, SENW, E2SW, SE	596.00
Section 7:	Lots 1(40.17), 2(40.52), 3(40.87), 4(41.22), E2W2, E2	642.78
Section 8:	All	640.00
Section 9:	Lots 1(21.09), 2(21.06), 3(21.03), 4(21.01), W2W2, Less and Except 62.15 acres more or less, as conveyed within that certain Warranty Deed dated February 3, 1999, recorded February 17, 1999 in Book E8 at page 203, with Property Reserve, Inc., a Utah corporation, f/k/a Deseret Title Holding Corporation, as Grantor, and Evanston-Uinta County Airport Joint Powers Board, as Grantee.	182.04

Tract No. 20

Township 6 North, Range 7 East, S.L.M.

Section 36:	All of that portion of Section 36 lying North and West of the Union Pacific Railroad Company Right-of-way.	375.00
-------------	--	--------

Township 6 North, Range 8 East, S.L.M.

Section 16:	All of that portion of Section 16 lying North of the Union Pacific Railroad Company right-of-way.	165.00
Section 17:	All of that portion of Section 17 lying North and West of the Union Pacific Railroad Company right-of-way.	479.00
Section 18:	Lots 1(41.45), 2(41.55), 3(41.65), 4(41.75), E2W2, E2	646.40
Section 19:	All of that portion of Section 19 lying North and West of the Union Pacific Railroad Company right-of-way.	508.00
Section 30:	Lot 1(41.05) and that part of Lot 2 lying North and West of the Union Pacific Railroad Company right-of-way.	65.00

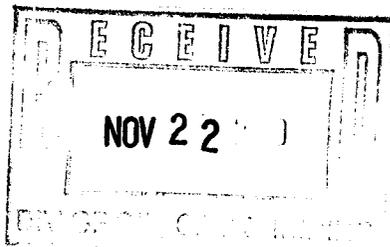
Tract No. 21

Township 5 North, Range 6 East, S.L.M.

Section 12:	All	640.00
-------------	-----	--------

Township 5 North, Range 7 East, S.L.M.

Section 2:	All that part lying North and West of the West Bound Union Pacific Railroad Company right of way	486.32
Section 4:	Lots 1(41.24), 2(41.34), 3(41.42), 4(41.52), S2N2, S2	645.52
Section 6:	Lots 1(41.36), 2(40.98), 3(40.58), 4(40.40), 5(40.40), 6(40.32), 7(40.24), S2NE, SENW, E2SW, SE	644.28
Section 8:	All	640.00
Section 10:	N2NW	80.00
Section 18:	Lots 1(39.97), 2(39.93), 3(39.88), N2NE, SWNE, E2NW, NESW	359.78



From: Carolyn Wright
To: GVRDCC
Date: 11/28/00 8:00AM
Subject: Comments

Reply requested by 11/28/00

UT001113-010 Division of Oil, Gas and Mining/Rich County: Application for Permit to Drill - proposal to drill a wildcat well the Neponset #1 well on a FEE gas lease (Sec. 35, T8N, R7E) (contact person - John Baza 801/538-5334). Comments due to agency by 11/28/00.

UT001113-020 Division of Oil, Gas and Mining/Rich County: Application for Permit to Drill - proposal to drill a wildcat well the Neponset #2 on a Fee gas lease (Sec. 35, T8N, R7E) (contact person - John Baza 801/538-5334). Comments due to agency by 11/28/00.



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Kathleen Clarke
Executive Director

Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

November 30, 2000

Fat Chance Oil and Gas, LLC
PO Box 7370
Sheridan WY 82801

Re: Neponset 2 Well, 707' FNL, 653' F'WL, NW NW, Sec. 35, T. 8 North, R. 7 East,
Rich County, Utah

Gentlemen:

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

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-033-30048.

Sincerely,

A handwritten signature in cursive script that reads "John R. Baza".

John R. Baza
Associate Director

er

Enclosures

cc: Rich County Assessor

Operator: Fat Chance Oil and Gas, LLC

Well Name & Number Neponset 2

API Number: 43-033-30048

Lease: FEE

Location: NW NW **Sec.** 35 **T.** 8 North **R.** 7 East

Conditions of Approval

1. General

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

2. Notification Requirements

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

- 24 hours prior to cementing or testing casing
- 24 hours prior to testing blowout prevention equipment
- 24 hours prior to spudding the well
- within 24 hours of any emergency changes made to the approved drilling program
- prior to commencing operations to plug and abandon the well

The following are Division of Oil, Gas and Mining contacts and their work telephone numbers (please leave a voice mail message if the person is not available to take the call):

- Dan Jarvis at (801) 538-5338
- Carol Daniels at (801) 538-5284 (spud)

3. Reporting Requirements

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

4. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)

5. Surface casing annulus shall be filled to ground level with cement.



State of Utah

GOVERNOR'S OFFICE OF PLANNING AND BUDGET
Resource Development Coordinating Committee

Michael O. Leavitt
Governor

Brad T. Barber
State Planning Coordinator

James L. Dykmann
Committee Chairman

John A. Harja
Executive Director

116 State Capitol Building
Salt Lake City, Utah 84114
(801) 538-1027
Fax: (801) 538-1547

December 11, 2000

CONFIDENTIAL

John Baza
Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801

SUBJECT: Application for permit to drill - proposal to drill a wildcat well on the Neponset #2
wildcat well on a FEE Gas lease
State Identification Number: UT001113-020

*Sec. 35, 8N 7E
43-033-30048*

Dear Mr. Baza:

The Resource Development Coordinating Committee (RDCC), representing the State of Utah, has reviewed this proposal and has no comments at this time.

The Committee appreciates the opportunity to review this proposal. Please direct any other written questions regarding this correspondence to the Utah State Clearinghouse at the above address or call Carolyn Wright at (801) 538-1535 or John Harja at (801) 538-1559.

Sincerely,

Ar Natalie Gochnour
State Planning Coordinator

NG/ar

DESIGNATION OF AGENT OR OPERATOR

The undersigned is, on record, the holder of oil and gas lease

LEASE NAME: Property Reserve, Skull Valley & Kavanagh
LEASE NUMBER: FEE

and hereby designates

NAME: Fat Chance Oil and Gas, LLC, an Oklahoma Limited Liability Company
ADDRESS: P. O. Box 7370, 850 Val Vista
city Sheridan state WY zip 82801

as his (check one) agent / operator , with full authority to act in his behalf in complying with the terms of the lease and regulations applicable thereto and on whom the Division Director or Authorized Agent may serve written or oral instructions in securing compliance with the Oil and Gas Conservation General Rules and Procedural Rules of the Board of Oil, Gas and Mining of the State of Utah with respect to:

(Describe acreage to which this designation is applicable. Identify each oil and gas well by API number and name. Attach additional pages as needed.)
See Attached

It is understood that this designation of agent/operator does not relieve the lessee of responsibility for compliance with the terms of the lease and the Oil and Gas Conservation General Rules and Procedural Rules of the Board of Oil, Gas and Mining of the State of Utah. It is also understood that this designation of agent or operator does not constitute an assignment of any interest in the lease.

In case of default on the part of the designated agent/operator, the lessee will make full and prompt compliance with all rules, lease terms or orders of the Board of Oil, Gas and Mining of the State of Utah or its authorized representative.

The lessee agrees to promptly notify the Division Director or Authorized Agent of any change in this designation.

Effective Date of Designation: 01/01/2001

BY: (Name) Billy Jim Palone
(Signature) 
(Title) Owner
(Phone) (307) 682-1621

OF: (Company) Palone Petroleum
(Address) P. O. Box 6
Gillette
state WY zip 82717

RECEIVED

FEB 12 2001

DIVISION OF
OIL, GAS AND MINING

(5/2000)



PALONE PETROLEUM

P.O. Box 6 • Gillette, Wyoming 82717 • (307) 682-1621

February 5, 2001

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

Re: Designation of Operator.

To whom it concerns,

Enclosed is a Designation of Operator Form, designating Fat Chance Oil and Gas, LLC as operator on several thousand acres in Rich, Summit and Morgan Counties. Fat Chance currently has active and pending APDs on portions of the acreage.

The leasehold will be assigned very shortly to Quaneco, LLC. Fat Chance will remain the operator on current and future wells. Will Quaneco have to designate Fat Chance after the assignments are made? If so let me know, so that we can get that done concurrent with assignments.

If you have any questions please contact me at the above telephone number or address.

Sincerely yours,

Bill Palone

enclosure

RECEIVED

FEB 12 2001

DIVISION OF
OIL, GAS AND MINING

Exhibit "A"

Attached to Oil and Gas Lease between Property Reserve, Inc. and Palone Petroleum

Tract No. 1		
Township 9 North, Range 7 East, S.L.M.		
Section 26:	W2	311.00
Section 27:	All	640.00
Section 34:	E2, E2NW	400.00
Section 35:	All	640.00
Section 36:	Beginning at the Southwest corner of Section 36; thence North 2 3/4 degrees East 2698 feet; thence South 89 degrees East to the West boundry line of State Highway; thence South 32 degrees East along said West line 3156 feet more or less, to a point East of beginning; thence West 2210 feet, more or less, to the point of beginning.	84.00
Tract No. 2		
Township 8 North, Range 7 East, S.L.M		
Section 1:	All that portion of Section 1 lying South and West of the Highway. Said highway is described as follows: A parcel of land 100 feet wide, 50 feet on each side of the following described centerline: Beginning at a point approximately 2244 feet East from the Northwest corner of said section; thence South 32 degrees 14 minutes East 1921.6 feet; thence 297.9 feet along the arc of a circlce to the left whose radius is 1432.7 feet long; thence South 44 degrees 09 minutes East 2370.5 feet to the East line of said section.	489.86
Section 2:	Lot 4	28.00
Section 3:	Lots 1(28.00), 2(28.00), 3(28.00), 4(28.00), S2N2, S2	592.00
Section 10:	NE, E2NW, NESW, NWSE	320.00
Section 11:	All	640.00
Section 13:	All	640.00
Tract No. 3		
Township 8 North, Range 7 East, S.L.M		
Section 15:	All	640.00
Section 21:	All	640.00
Section 23:	All	640.00
Section 25:	All	640.00
Tract No. 4		
Township 8 North, Range 7 East, S.L.M		
Section 27:	All	640.00
Section 33:	All	640.00
Section 35:	All	640.00
Section 36:	All	640.00
Tract No. 5		
Township 8 North, Range 8 East, S.L.M.		
Section 31:	Lots 1(39.86), 2(39.90), 3(39.94), 4(39.98), E2W2, E2	639.68
Township 7 North, Range 7 East, S.L.M.		
Section 1:	Lots 1(40.22), 2(40.68), 3(41.12), 4(41.58), S2N2, S2	643.60
Section 2:	Lots 1(41.81), 2(41.84), 3(41.86), 4(41.89), S2NW	247.40
Section 3:	Lots 1(41.77), 2(41.58), 3(41.33), 4(41.11), S2N2, S2	645.79
Tract No. 6		
Township 7 North, Range 7 East, S.L.M.		
Section 5:	Lots 1(40.59), 2(40.76), 3(40.94), 4(41.11), S2N2, S2	643.40
Section 9:	All	640.00
Section 11:	All	640.00
Section 12:	W2	320.00
Section 13:	All	640.00
Tract No. 7		
Township 7 North, Range 7 East, S.L.M.		
Section 15:	All	640.00
Section 16:	W2SE	80.00
Section 17:	All	640.00
Section 19:	Lots 1(41.10), 2(41.10), 3(41.10), 4(40.44), E2W2, E2	643.74
Section 21:	All	640.00

Exhibit "A"

Attached to Oil and Gas Lease between Property Reserve, Inc. and Palone Petroleum

Tract No. 8		
Township 7 North, Range 7 East, S.L.M.		
Section 23:	All	640.00
Section 25:	All	640.00
Section 26:	W2W2	160.00
Section 27:	All	640.00
Section 29:	All	640.00
Tract No. 9		
Township 7 North, Range 7 East, S.L.M.		
Section 31:	Lots 1(39.82), 2(39.88), 3(39.92), 4(39.98), E2W2, E2	639.60
Section 32:	All	640.00
Section 33:	All	640.00
Section 35:	All	640.00
Tract No. 10		
Township 7 North, Range 8 East, S.L.M.		
Section 7:	Lots 1(43.03), 2(42.45), 3(41.87), 4(41.29), E2W2, E2	648.64
Section 9:	Lots 1(40.34), 2(40.34), 3(40.34), 4(40.34)	161.36
Section 17:	All	640.00
Section 19:	Lots 1(39.23), 2(38.88), 3(38.53), 4(38.18), E2W2, E2	634.82
Tract No. 11		
Township 7 North, Range 8 East, S.L.M.		
Section 21:	Lots 1(40.34), 2(40.34), 3(40.34), 4(40.34)	161.36
Section 29:	All	640.00
Section 31:	Lots 1(38.95), 2(39.25), 3(39.55), 4(39.85), E2W2, E2	637.60
Section 33:	Lots 1(39.87), 2(39.93), 3(37.97), 4(37.06)	154.83
Tract No. 12		
Township 6 North, Range 6 East, S.L.M.		
Section 2:	Lots 1(39.46), 2(39.59), 3(39.71), 4(39.84), S2N2, S2	638.60
Section 12:	All	640.00
Section 14:	All	640.00
Section 22:	All	640.00
Tract No. 13		
Township 6 North, Range 6 East, S.L.M.		
Section 24:	All	640.00
Section 26:	All	640.00
Section 28:	N2SE	80.00
Section 32:	All	640.00
Section 34:	N2NE, SENE, W2, SE	600.00
Tract No. 14		
Township 6 North, Range 7 East, S.L.M.		
Section 2:	Lots 1(22.77), 2(22.32), 3(21.87), 4(21.42), S2N2, S2	568.38
Section 4:	Lots 1(21.78), 2(26.54), 3(31.40), 4(36.06), S2N2, S2	595.78
Section 6:	Lots 1(40.87), 2(40.62), 3(40.37), 4(43.35), 5(43.06), 6(42.90), 7(42.73), S2NE, SENW, E2SW, SE	653.90
Section 8:	All	640.00
Tract No. 15		
Township 6 North, Range 7 East, S.L.M.		
Section 10:	All	640.00
Section 12:	All	640.00
Section 13:	All	640.00
Section 14:	All	640.00
Tract No. 16		
Township 6 North, Range 7 East, S.L.M.		
Section 16:	All	640.00
Section 18:	Lots 1(40.11), 2(40.14), 3(40.16), 4(40.19), E2W2, E2	640.60
Section 20:	All	640.00
Section 22:	All	640.00
Tract No. 17		
Township 6 North, Range 7 East, S.L.M.		
Section 24:	All	640.00

Exhibit "A"

Attached to Oil and Gas Lease between Property Reserve, Inc. and Palone Petroleum

Section 25:	All of that portion of Section 25 lying North and West of the Union Pacific Railroad Company Right-of-way.	627.00
Section 26:	All	640.00
Section 28:	All	640.00
Tract No. 18		
Township 6 North, Range 6 East, S.L.M.		
Section 36:	All	640.00
Township 6 North, Range 7 East, S.L.M.		
Section 30:	Lots 1(39.98), 2(40.10), 3(40.22), 4(40.34), E2W2, E2	640.64
Section 32:	All	640.00
Section 34:	All	640.00
Tract No. 19		
Township 6 North, Range 8 East, S.L.M.		
Section 4:	Lots 1(30.73), 2(21.10), 3(21.10), 4(21.10), 5(24.67), 6(30.81), 7(36.94)	186.45
Section 6:	Lots 1(29.00), 2(29.00), 3(29.00), 4(29.00), 5(40.00), 6(40.00), 7(40.00), S2NE, SENW, E2SW, SE	596.00
Section 7:	Lots 1(40.17), 2(40.52), 3(40.87), 4(41.22), E2W2, E2	642.78
Section 8:	All	640.00
Section 9:	Lots 1(21.09), 2(21.06), 3(21.03), 4(21.01), W2W2, Less and Except 62.15 acres more or less, as conveyed within that certain Warranty Deed dated February 3, 1999, recorded February 17, 1999 in Book E8 at page 203, with Property Reserve, Inc., a Utah corporation, f/k/a Deseret Title Holding Corporation, as Grantor, and Evanston-Uinta County Airport Joint Powers Board, as Grantee.	182.04
Tract No. 20		
Township 6 North, Range 7 East, S.L.M.		
Section 36:	All of that portion of Section 36 lying North and West of the Union Pacific Railroad Company Right-of-way.	375.00
Township 6 North, Range 8 East, S.L.M.		
Section 16:	All of that portion of Section 16 lying North of the Union Pacific Railroad Company right-of-way.	165.00
Section 17:	All of that portion of Section 17 lying North and West of the Union Pacific Railroad Company right-of-way.	479.00
Section 18:	Lots 1(41.45), 2(41.55), 3(41.65), 4(41.75), E2W2, E2	646.40
Section 19:	All of that portion of Section 19 lying North and West of the Union Pacific Railroad Company right-of-way.	508.00
Section 30:	Lot 1(41.05) and that part of Lot 2 lying North and West of the Union Pacific Railroad Company right-of-way.	65.00
Tract No. 21		
Township 5 North, Range 6 East, S.L.M.		
Section 12:	All	640.00
Township 5 North, Range 7 East, S.L.M.		
Section 2:	All that part lying North and West of the West Bound Union Pacific Railroad Company right of way	486.32
Section 4:	Lots 1(41.24), 2(41.34), 3(41.42), 4(41.52), S2N2, S2	645.52
Section 6:	Lots 1(41.36), 2(40.98), 3(40.58), 4(40.40), 5(40.40), 6(40.32), 7(40.24), S2NE, SENW, E2SW, SE	644.28
Section 8:	All	640.00
Section 10:	N2NW	80.00
Section 18:	Lots 1(39.97), 2(39.93), 3(39.88), N2NE, SWNE, E2NW, NESW	359.78

WELL DATA



WELL SEARCH

WELL DATA

WELL HISTORY

WELL ACTIVITY

WELL NAME API NUMBER WELL TYPE WELL STATUS

OPERATOR ACCOUNT ALT. ADDRESS FLAG FIRST PRODUCTION

FIELD NAME FIELD NUMBER LA | PA DATE

WELL LOCATION:

SURF LOCATION

Q. S. T. R. M.

COUNTY

UTM Coordinates:

SURFACE - N

SURFACE - E

BHL - N

BHL - E

CONFIDENTIAL FLAG

CONFIDENTIAL DATE

DIRECTIONAL | HORIZONTAL

HORIZONTAL LATERALS

FIELD TYPE

WILDCAT TAX FLAG

CB-METHANE FLAG

ELEVATION

BOND NUMBER

BOND TYPE

LEASE NUMBER

MINERAL LEASE TYPE

SURFACE OWNER TYPE

INDIAN TRIBE

C.A. NUMBER

UNIT NAME

CUMULATIVE PRODUCTION:

OIL

GAS

WATER

COMMENTS

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

5. LEASE DESIGNATION AND SERIAL NUMBER:
Fee

SUNDRY NOTICES AND REPORTS ON WELLS

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

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

7. UNIT or CA AGREEMENT NAME:

1. TYPE OF WELL OIL WELL GAS WELL OTHER _____

8. WELL NAME and NUMBER:
Neponset 2

2. NAME OF OPERATOR:
Fat Chance Oil & Gas, LLC

9. API NUMBER:
4303330048

3. ADDRESS OF OPERATOR:
PO Box 7370 CITY Sheridan STATE WY ZIP 82801

PHONE NUMBER:
(307) 673-1500

10. FIELD AND POOL, OR WILDCAT:
Wildcat

4. LOCATION OF WELL
FOOTAGES AT SURFACE: 707' FNL 653' FWL

COUNTY: Rich

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNW 35 T8N R7E S

STATE: UTAH

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

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

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

IN ORDER TO BETTER TRACK OUR WELLS, OUR MANAGEMENT HAS DECIDED TO NAME THEM ACCORDING TO THEIR QUARTER/QUARTER AND SECTION.

REQUESTED NEW NAME OF WELL: ~~Murphy Ridge 7-32~~ *Neponset 4-35 per Lorna James 6/6/01. Will send new Sundry Notice (C#40)*

NAME (PLEASE PRINT) Lorna James

TITLE Administrative Assistant

SIGNATURE *Lorna James*

DATE 4/23/2001

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APR 30 2001

DIVISION OF
OIL, GAS AND MINING

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

SUNDRY NOTICES AND REPORTS ON WELLS

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

		5. LEASE DESIGNATION AND SERIAL NUMBER: Fee
		8. IF INDIAN, ALLOTTEE OR TRIBE NAME:
		7. UNIT or CA AGREEMENT NAME:
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		8. WELL NAME and NUMBER: Neponset #2
2. NAME OF OPERATOR: Fat Chance Oil & Gas, LLC		9. API NUMBER: 4303330048
3. ADDRESS OF OPERATOR: PO Box 7370 CITY Sheridan STATE WY ZIP 82801		10. FIELD AND POOL, OR WILDCAT: Wildcat
4. LOCATION OF WELL FOOTAGES AT SURFACE: 707' FNL 653' FWL		COUNTY: Rich
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNW 35 T8N R7E S		STATE: UTAH

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

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

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.
In order to better track our wells, our management has decided to name them according to their Quarter/Quarter and Section:
Requested name of new well: **Neponset 4-35**

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JUN 12 2001
DIVISION OF
OIL, GAS AND MINING

NAME (PLEASE PRINT) <u>Lorna James</u>	TITLE <u>Administrative Assistant</u>
SIGNATURE <u><i>Lorna James</i></u>	DATE <u>6/7/2001</u>

(This space for State use only)

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

CONFIDENTIAL FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

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

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: Fee
2. NAME OF OPERATOR: Fat Chance Oil & Gas, LLC		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: Box 7370 CITY Sheridan STATE WY ZIP 82801		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: 707' FNL, 653' FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNW 35 8N 7E S		8. WELL NAME and NUMBER: Neponset 4-35
PHONE NUMBER: 307-673-1500		9. API NUMBER: 4303330048
STATE: UTAH		10. FIELD AND POOL, OR WILDCAT: Wildcat

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

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

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.
Operator requests one year extension of approval for permit to drill to allow additional evaluation of offset wells.

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

Date: 11-14-01
By: [Signature]

COPY SENT TO OPERATOR
Date: 11/19/01
Initials: [Signature]

NAME (PLEASE PRINT) Casey Osborn	TITLE Operations Manager
SIGNATURE <u>[Signature]</u>	DATE October 23, 2001

(This space for State use only)

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NOV 02 2001

DIVISION OF
OIL, GAS AND MINING



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

CONFIDENTIAL

1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

Michael O. Leavitt
Governor
Lowell P. Braxton
Division Director

November 14, 2001

Casey Osborn
Fat Chance Oil & Gas, LLC
Box 7370
Sheridan, Wyoming 82801

Re: Neponset 4-35 Well – NWNW Sec. 35, T. 8 North, R. 7 East, Rich County, Utah,
API No. 43-033-30048

Dear Mr. Osborn:

Please be advised that your request for a one-year Application for Permit to Drill (“APD”) extension for the above referenced well is hereby granted. All conditions outlined in the original approval remain in effect.

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.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for an extension is made prior to the expiration date.

Sincerely,

Brad Hill
Reclamation Specialist, Oil & Gas

cc: Well File
Bureau of Land Management, Salt Lake City

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

5. LEASE DESIGNATION AND SERIAL NUMBER:
Fee

SUNDRY NOTICES AND REPORTS ON WELLS

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

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

1. TYPE OF WELL OIL WELL GAS WELL OTHER _____

8. WELL NAME and NUMBER:
Neponset 4-35

2. NAME OF OPERATOR:
Fat Chance Oil & Gas, LLC

9. API NUMBER:
4303330048

3. ADDRESS OF OPERATOR:
PO Box 7370 CITY **Sheridan** STATE **WY** ZIP **82801** PHONE NUMBER: **(307) 673-1500**

10. FIELD AND POOL, OR WILDCAT:
Wildcat

4. LOCATION OF WELL
FOOTAGES AT SURFACE: **707' FNL 653' FWL** COUNTY: **Rich**

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: **NWNW 35 8N 7E S** STATE: **UTAH**

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

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

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

Operator requests a one year extension of approval for permit to drill to allow additional evaluation of offset wells.

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NOV 05 2002

DIVISION OF
OIL, GAS AND MINING

Approved by the
Utah Division of
Oil, Gas and Mining
Date: 11-12-02
By: [Signature]

COPY SENT TO OPERATOR
Date: 11-13-02
Initials: CHD

NAME (PLEASE PRINT) Lorna James TITLE Administrative Assistant
SIGNATURE [Signature] DATE 10/31/2002

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS		5. LEASE DESIGNATION AND SERIAL NUMBER: Fee
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		7. UNIT or CA AGREEMENT NAME:
2. NAME OF OPERATOR: Fat Chance Oil & Gas, LLC		8. WELL NAME and NUMBER: Neponset 4-35
3. ADDRESS OF OPERATOR: PO Box 7370 CITY Sheridan STATE WY ZIP 82801		9. API NUMBER: 4303330048
4. LOCATION OF WELL FOOTAGES AT SURFACE: 707' FNL 653' FWL		10. FIELD AND POOL, OR WILDCAT: Wildcat
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNW 35 T8N R7E S		COUNTY: Rich
		STATE: UTAH

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

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

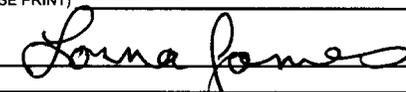
Please change the Operator to:

Quaneco, LLC
PO Box 7370
Sheridan WY 82801

Effective: July 19, 2003
Bond# 885588C


Fat Chance Oil & Gas, LLC
Casey Osborn


Quaneco, LLC
Casey Osborn

NAME (PLEASE PRINT) <u>Lorna James</u>	TITLE <u>Adminstrative Assistant</u>
SIGNATURE 	DATE <u>8/13/2003</u>

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AUG 25 2003

OPERATOR CHANGE WORKSHEET

ROUTING

1. GLH
2. CDW
3. FILE

Change of Operator (Well Sold)

Designation of Agent/Operator

X Operator Name Change

Merger

The operator of the well(s) listed below has changed, effective:		7/19/2003
FROM: (Old Operator):	TO: (New Operator):	
N1395 - Fat Chance Oil & Gas, LLC PO Box 7370 Sheridan, WY 82801 Phone: 1-(307) 673-1500	N2495 - Quaneco, LLC PO Box 7370 Sheridan, WY 82801 Phone: 1-(307) 673-1500	

CA No.	Unit:
---------------	--------------

WELL(S)									
NAME	SEC	TWN	RNG	API NO	ENTITY NO	LEASE TYPE	WELL TYPE	WELL STATUS	
COALVILLE 9-3	03	020N	050E	4304330322		Fee	GW	APD	C
COALVILLE 12-3	03	020N	050E	4304330323		Fee	GW	APD	C
SUTTONS 4-12	12	060N	070E	4303330058	13286	Fee	GW	S	C
CRANE 4-4	04	060N	080E	4303330049	13056	Fee	GW	S	C
CRANE 12-4	04	060N	080E	4303330050	13057	Fee	GW	S	C
CRANE 13-6	06	060N	080E	4303330054		Fee	GW	APD	C
CRANE 6-7	07	060N	080E	4303330053		Fee	GW	APD	C
CRANE 13-8	08	060N	080E	4303330052	13093	Fee	GW	S	C
CRANE 13-18	18	060N	080E	4303330055		Fee	GW	APD	C
STACEY HOLLOW 14-35	35	070N	070E	4303330056	13104	Fee	GW	S	C
SIMS 13-33	33	070N	080E	4303330051		Fee	GW	APD	C
NEPONSET 4-35	35	080N	070E	4303330048		Fee	GW	APD	C
MURPHY RIDGE 1-32	32	080N	080E	4303330045	12970	State	GW	S	C
MURPHY RIDGE 7-32	32	080N	080E	4303330046		State	GW	APD	C
CRAWFORD 4-25	25	090N	070E	4303330065		Fee	GW	APD	C

OPERATOR CHANGES DOCUMENTATION

Enter date after each listed item is completed

- (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 8/25/2003
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 8/25/2003
- The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 8/25/2003
- Is the new operator registered in the State of Utah: YES Business Number: 4743368-0161
- If **NO**, the operator was contacted on: _____

6. (R649-9-2)Waste Management Plan has been received on: _____

7. **Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases or N/A

8. **Federal and Indian Units:**
The BLM or BIA has approved the successor of unit operator for wells listed on: N/A

9. **Federal and Indian Communization Agreements ("CA"):**
The BLM or BIA has approved the operator for all wells listed within a CA on: N/A

10. **Underground Injection Control ("UIC"** The Division has approved UIC Form 5, **Transfer of Authority to Inject,** for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: N/A

DATA ENTRY:

- 1. Changes entered in the **Oil and Gas Database** on: 10/31/2003
- 2. Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 10/31/2003
- 3. Bond information entered in RBDMS on: 10/31/2003
- 4. Fee wells attached to bond in RBDMS on: 10/31/2003

STATE WELL(S) BOND VERIFICATION:

1. State well(s) covered by Bond Number: 885708C

FEDERAL WELL(S) BOND VERIFICATION:

1. Federal well(s) covered by Bond Number: N/A

INDIAN WELL(S) BOND VERIFICATION:

1. Indian well(s) covered by Bond Number: N/A

FEE WELL(S) BOND VERIFICATION:

- 1. (R649-3-1) The **NEW** operator of any fee well(s) listed covered by Bond Number 885588C
- 2. The **FORMER** operator has requested a release of liability from their bond on: N/A
The Division sent response by letter on: N/A

LEASE INTEREST OWNER NOTIFICATION:

3. (R649-2-10) The **FORMER** operator of the fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: 10/30/2003

COMMENTS:



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5340 telephone
(801) 359-3940 fax
(801) 538-7223 TTY
www.nr.utah.gov

Michael O. Leavitt
Governor

Robert L. Morgan
Executive Director

Lowell P. Braxton
Division Director

November 25, 2004³

Lorna James
Fat Chance Oil & Gas, LLC
PO Box 7370
Sheridan, WY 82801

Re: Notification of Sale or Transfer of Fee Lease Interest

Dear Ms. James:

The Division has received notification of a operator change from Fat Chance Oil & Gas, LLC to Quaneco, LLC for the attached list of wells which are located on fee leases.

Utah Administrative Rule R649-2-10 states; the owner of a lease shall provide notification to any person with an interest in such lease, when all or part of that interest in the lease is sold or transferred.

This letter is written to advise Fat Chance Oil & Gas, LLC of its responsibility to notify all individuals with an interest in this lease (royalty interest and working interest) of the change of operator. Please provide written documentation of this notification to:

Utah Royalty Owners Association
Box 1292
Roosevelt, Utah 84066

Your assistance in this matter is appreciated.

Sincerely,

Earlene Russell
Engineering Technician

cc: Utah Royalty Owners Association, Lamar Wilson
John R. Baza, Associate Director

Fat Chance Oil & Gas, LLC
November 25, 2004

ATTACHMENT "A"

<u>Well Name</u>	<u>Sec.-Twsp -Rng.</u>	<u>API Number</u>
NEPONSET 4-35	35 080N 070E	4303330048
CRANE 4-4	04 060N 080E	4303330049
CRANE 12-4	04 060N 080E	4303330050
SIMS 13-33	33 070N 080E	4303330051
CRANE 13-8	08 060N 080E	4303330052
CRANE 6-7	07 060N 080E	4303330053
CRANE 13-6	06 060N 080E	4303330054
CRANE 13-18	18 060N 080E	4303330055
STACEY HOLLOW 14-35	35 070N 070E	4303330056
SUTTONS 4-12	12 060N 070E	4303330058
CRAWFORD 4-25	25 090N 070E	4303330065
COALVILLE 9-3	03 020N 050E	4304330322
COALVILLE 12-3	03 020N 050E	4304330323

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

SUNDRY NOTICES AND REPORTS ON WELLS

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1. TYPE OF WELL OIL WELL GAS WELL OTHER _____

2. NAME OF OPERATOR: **Quaneco, LLC**

CONFIDENTIAL

5. LEASE DESIGNATION AND SERIAL NUMBER
Fee

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or OIL AGREEMENT NAME:

8. WELL NAME and NUMBER:
Neponset 4-35

9. API NUMBER:
4303330048

3. ADDRESS OF OPERATOR:
PO Box 7370 CITY **Sheridan** STATE **WY** ZIP **82801**

PHONE NUMBER:
(307) 673-1500

10. FIELD AND POOL, OR WILDCAT:
Wildcat

4. LOCATION OF WELL
FOOTAGES AT SURFACE: **707' FNL 653' FWL**

COUNTY: **Rich**

OTR/OTR. SECTION, TOWNSHIP, RANGE, MERIDIAN: **NWNW 35 T8N R7E S**

STATE: **UTAH**

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

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

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

Operator requests a one year extension of APD.

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 12-31-03

By: [Signature]

COPY SENT TO OPERATOR

Date: 1-5-04

Initials: CHD

NAME (PLEASE PRINT) Loma James

TITLE Administrative Assistant

SIGNATURE [Signature]

DATE 12/30/2003

(This space for State use only)

RECEIVED
DEC 30 2003
DIV. OF OIL, GAS & MINING



CONFIDENTIAL

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

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

API: 4303330048
Well Name: Neponset 4-35
Location: NWNW, T8N, R7E, Section 35, Rich County, Utah
Company Permit issued to: Quaneco, LLC
Date Original Permit issued: 11/30/2000

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

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

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

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

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

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

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

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

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

Borna James
Signature

12/30/2003
Date

Title: Administrative Assistant

Representing: Quaneco, LLC

RECEIVED

DEC 30 2003

DIV. OF OIL, GAS & MINING

QUANECO, LLC

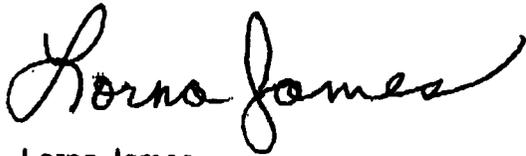
850 Val Vista Box 7370-Sheridan, WY 82801-Office 307-673-1500-Fax 307-673-1400 quaneco@fiberpipe.net

3/17/2004

To Whom It May Concern:

Quaneco, LLC does here by authorize Steven Prince and Cliff Murray to have full access to all well files permitted by Quaneco, LLC or Fat Chance Oil and Gas, LLC. This authorization is not limited to permit information. The above individuals have full access to all records we have submitted including logs.

Sincerely,



Lorna James

Administrative Assistant

RECEIVED

MAR 17 2004

DIV. OF OIL, GAS & MINING

Fax Transmittal Form



P.O. Box 7370
850 Val Vista
Sheridan WY 82801-7370

To
Name: Vickie
Organization Name/Dept: _____
Phone number: _____
Fax number: _____

From
Quaneco, LLC
Phone: 307-673-1500
Fax: 307-673-1400
Name: Lorna James

Date sent: 3-17-04
Time Sent: _____
Number of pages including cover page: 2

Message:

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MAR 17 2004

DIV. OF OIL, GAS & MINING



State of Utah

Department of
Natural Resources

ROBERT L. MORGAN
Executive Director

Division of
Oil, Gas & Mining

MARY ANN WRIGHT
Acting Division Director

OLENE S. WALKER
Governor

GAYLE F. McKEACHNIE
Lieutenant Governor

January 5, 2005

Lorna James
Quaneco, LLC
P O Box 7370
Sheridan WY 82801

Re: ⁴⁻³⁵ APD Rescinded – Neponset 2, Sec. 35, T. 8N, R. 7E
Rich County, Utah API No. 43-033-30048

Dear Ms. James:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on November 30, 2000. On November 14, 2001, November 12, 2002 and December 31, 2003, the Division granted a one-year APD extension. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective December 31, 2004.

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

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

Sincerely,

Diana Whitney
Engineering Technician

cc: Well File
Gil Hunt, Technical Services Manager