

Well Name:
API Number:
GL Elevation:
KB Elevation:
Lease Line Distance:
Legal Description:

Peart Land 15-17
43033-
6,227'
-14'
835' FSL; 2155' FEL
SW SE Sec 17; Township 12N; Range 8E

1.0 WELL OVERVIEW

The Peart Land 15-17 well is located in Rich County, Utah. The vertical well will be drilled to a depth of 10230' utilizing a lime based mud system. The zones of interests are the Mission Canyon, Bighorn (Primary), Dinwoody, Phosphoria, Wells and Brazer (Secondary).

The recommended drilling procedure for this well consists of pre-setting a 16" conductor pipe, followed by drilling a 12-1/4" hole to a minimum of 2000'. Then, set 9-5/8" surface casing to a minimum of 2000'. Finally, drilling a 8-3/4" hole to 10230' TVD, then run and cement the 4-1/2" production casing.

Open-hole logs will be run prior to running and setting the production casing. The logs will consist of **Neutron/Density from 3000' – TD and Gamma Ray / Induction from 2000' – TD**. No DST's are planned for this well.

2.0 CEMENT INFORMATION

Surface Hole Information			
Surface TD (ft)	Surf ceg set no shallower than 2,000'	Bit Size (in)	12 1/4
Surface Casing	9-5/8" 36# K-55 LTC		
Surface Casing Lead Slurry	310 sxs (163.0 Bbls) of 11.5 ppg VariCem R1 + 0.125 lbs/sack Poly-E-Flake + 0.25% Kwik Seal. Yield to be 2.95 ft³/sx. Water requirement of 17.91 gal/sx.		
Surface Casing Tail Slurry	199 sxs (64.1 Bbls) of 13.5 ppg VariCem R1 + 0.125 lbs/sack Poly-E-Flake + 0.25% Kwik Seal. Yield to be 1.81 ft³/sx. Water requirement of 9.36 gal/sx.		
Surface Casing Cementing Company	Halliburton	Percent Excess Cement Used on Surface Casing	100%
Production Hole Information			
Production Hole TD	10,230'	Bit Size (in)	8-3/4
Production Casing	4 1/2" 11.6# P-110 LTC	Cement Volumes	Cement volumes will be confirmed from the callper log.
Production Casing Lead Slurry	751 sxs (350.6 Bbls) of 11.5 ppg EXTENDACEM RS1 + 0.125 lbs/sack Poly-E-Flake. Yield to be 2.62 ft³/sx. Water requirements are 15.54 gal/sx.		
Production Casing Tail Slurry	538 sxs (142.8 Bbls) of 13.5 ppg 50/50 Poz Premium. Yield to be 1.49 ft³/sx. Water requirements are 7.15 gal/sx. Additives are 0.125 lbs/sack Poly-E-Flake, 3.0 lbs/sack silicalite compacted, 0.2% (ea) Halard-R-322 & 344, and 3.0% Microbond HT.		
Production Casing Cementing Company	Halliburton	Percent Excess Cement Used on Production Casing	30%
Additional Comments			

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3.0 MUD INFORMATION

Mud Type: Water/Spud Mud to 2000' LCP/Lime from 2000' to TD									
Interval Depth (feet)	Fluid Density (ppg.)	Fun. Visc (sec)	PV (cps)	Yp (lbs/100 ft ²)	pH	Fluid Loss (cm ³ /30 min.)	Solids (% volume)	Chloride (mg/L)	LCM ppb
Surface shoe to 2000	8.4-9.0	26-36	4 - 10	6 - 15	10.5-11.5	Natural	< 3		As Needed
Spud in with fresh water and use Anco-Gel/Lime seeps as necessary.									
2000-6000	8.6-9.2	32-38	4 - 10	6 - 15	10.5-11.5	8-10	< 3	<1000	As Needed
Displace hole with 8.6 ppg LCP/Lime based liquid mud at 2,000', water loss at 8-10 cc's The lime content should be increased to 2-3 ppb excess Add Starch to reduce filtration rate to 10cc or less Maintain approx. 8-10 ppb of Bentonite and 0.75 - 1.0 ppb Flowzan (xanthan gum) for viscosity and yield point Add Caustic Soda or Lime to maintain Pm and Pf									
6000 - TD	8.8 - 10.0±	36 - 50	4 - 10	6 - 15	10.5-11.5	6 - 8	< 3	<1000	As Needed
Continue to maintain a mud weight in the 8.8-9.0 ppg range unless indications of overpressure become evident Further reduce the filtration rate to 8 cc's/30 min or less prior to drilling the Mission Canyon Add barite if increase in density is required If lubricity is required, add Anco Tork-Buster as needed Add Zinc Carbonate to treat out any H ₂ S detected Ph should be maintained at 11.0 or higher (reduction in pH indicates possibility of H ₂ S influxes)									

4.0 BIT INFORMATION

Interval (ft)	Bit Size (in)	Type	Manufacturer / Reference	GPM	WOB (1000#)	RPM	Nozzles / TFA
Spud to Surface Shoe	12-1/4	Tri-Cone	FDS +C	As required	15-35	90-120	As required
Surface shoe to 5430'	8-3/4	PDC	Mi 616PX	As required	15/22	70/120	As required
5430' to 5960'	8-3/4"	Tricone	F67YODOPS	As required	30/50	50/60	As required
5960" to TD	8-3/4	PDC	MI 616PX	As required	15/22	70/120	As required

5.0 CASING INFORMATION

Surface Casing			
Outside Diameter (inches)	9 ½	Internal Capacity cuft/ft Bbl/ft	0.4340 0.0773
Nominal Weight (lbs/ft)	36.0	Range	III
Grade	K-55	Collapse Resistance (psi)	2020
Inside Diameter (inches)	8.921	Internal Yield (psi)	3520
Drift Diameter (Inches)	8.765	Coupling Strength (1000 lbs)	453
Coupling Outside Diameter (Inches)	10.63	Body Yield Strength (1000 lbs)	564
Thread	LTC	Make-up Torque, ft-lb Minimum Maximum Optimum	3670 6110 4890
Production Casing			
Outside Diameter (Inches)	4 ½	Internal Capacity cuft/ft Bbl/ft	0.0870 0.0155
Nominal Weight (lbs/ft)	11.6	Range	III
Grade	P-110	Collapse Resistance (psi)	7580
Inside Diameter (Inches)	4.000	Internal Yield (psi)	10690
Drift Diameter (Inches)	3.875	Coupling Strength (1000 lbs)	278
Coupling Outside Diameter (Inches)	5.000	Body Yield Strength (1000 lbs)	367
Thread	LTC	Make-up Torque, ft-lb Minimum Maximum Optimum	2270 3780 3020



PO Box 99 • Eastlake, CO 80614 • (303) 857-9999 • FAX (303) 450-9200 • E-MAIL Permitco1@aol.com

October 2, 2008

Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, UT 84114-5801
Attn: Diana Mason

Re: **Stephens Energy Company LLC**
Part Land #15-17
810' FSL and 2158' FEL
SW SE Section 17, T12N - R8E
Rich County, Utah

Dear Diana,

Enclosed please find two copies of the Application for Permit to Drill, along with the required attachments. Please contact Doug Wein at 303/296-2012 to schedule an onsite inspection.

Please note, the water source will be the Bear River. The point of diversion is located in the SW/4 of Section 17, Water Permit Number 23-755.

If you should need additional information, please don't hesitate to contact me. Approved copies of the A.P.D. should be sent to Permitco Inc. at the address shown above.

Sincerely,

PERMITCO INC.

Venessa Langmacher
Venessa Langmacher
Consultant for
Stephens Energy Company LLC

Enc.

cc: **Stephens Energy Company LLC - Denver, CO**

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DIV. OF OIL, GAS & 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. MINERAL LEASE NO.: Fee	6. SURFACE: Fee
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>		7. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A	
8. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>		8. UNIT or CA AGREEMENT NAME: N/A	
2. NAME OF OPERATOR: Stephens Energy Company LLC		9. WELL NAME and NUMBER: Pearl Land #15-17	
3. ADDRESS OF OPERATOR: 1825 Lawrence Street, Suite 300, Denver, CO 80202		10. FIELD AND POOL, OR WILDCAT: Wildcat	
PHONE NUMBER: 303/296-2012		11. QTR/QTR, SECTION, TOWNSHIP, RANGE MERIDIAN: Section 17, T12N - R8E	
4. LOCATION OF WELL (FOOTAGES) 495 279 X 462 508 44 41. 779 510 AT SURFACE: 810' FSL and 2158' FEL AT PROPOSED PRODUCING ZONE: SW SE 111.056806			
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: Approximately 11.7 miles northeast of Randolph, UT		12. COUNTY: Rich	13. STATE: UT
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 810'	16. NUMBER OF ACRES IN LEASE: 953.45	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40 Acres; SW SE	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET): None	19. PROPOSED DEPTH: 10,230'	20. BOND DESCRIPTION: RLB0011997	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 6230' GL	22. APPROXIMATE DATE WORK WILL START: 10/1/2008	23. ESTIMATED DURATION: 38 Days	

24. **PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
12-1/4"	9-5/8", K-55, 36#	2,000'	310 sx VariCem R1, 2.95 ft3/sk, 11.5 ppg + 200 sx VariCem R1, 1.81 ft3/sk, 13.5 ppg
8-3/4"	4-1/2", P-110, 11.6#	10,230'	751 sx VariCem R1, 2.62 ft3/sk, 11.5 ppg + 540 sx 60/60 Poz Prem, 1.49 ft3/sk, 13.5 ppg

25. **ATTACHMENTS CONFIDENTIAL-TIGHT HOLE**

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 type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

AGENT: **PermitCo Inc., P.O. Box 99, Eastlake, CO 80614** AGENT'S PHONE NO.: **303/857-9999**

NAME (PLEASE PRINT) **Venessa Langmacher** TITLE **Agent for Stephens Energy Company LLC**

SIGNATURE *Venessa Langmacher* DATE **October 2, 2008**

(This space for State use only)

API NUMBER ASSIGNED: **43-033-30063**

Approved by the
Utah Division of
Oil, Gas and Mining

Date: **10-02-08**
By: *[Signature]*

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(11/2001)

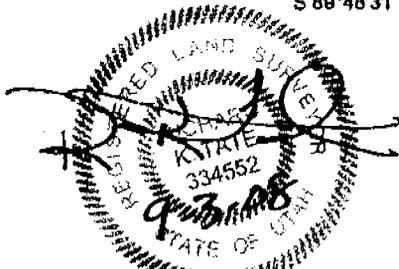
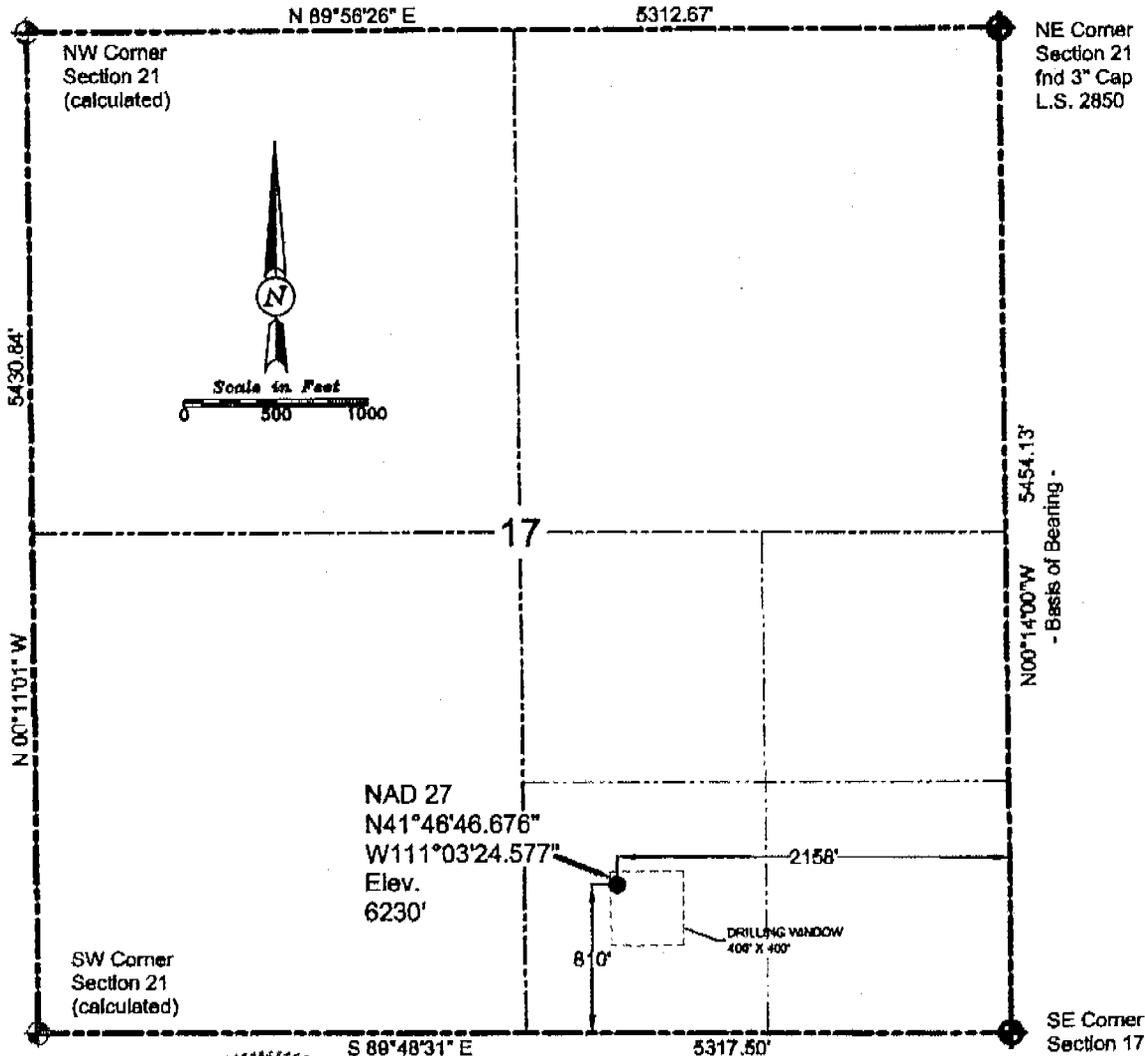


Well Location Survey

**Stephens Energy Company LLC
 Peart Land #15-17 Well**

2158' fsl & 810' fsl
 Section 17, T12N, R8E, SLB&M.
 Rich County, Utah
 Ground Elevation- 6230' (NGVD 29)

- Basis of Bearing is $N00^{\circ}14'00''W$ between the SE corner and NE corners of Section 21 from GPS observations taken 17-July-2008
- Elevation values are derived as differential from USGS Control Point "WYUT" (8249) as shown on 7.5 minute USGS quadrangle



- Land use is farm/range land.
- A boundary with an adjacent land owner (Argyle Ranches Inc.) exists within 460 feet.
- There were no oil or gas wells observed within 920 feet.

MEMORANDUM OF EASEMENT, RIGHT-OF-WAY AND SURFACE USE AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, on the 7th day of July 2008, an Easement, Right-of-Way and Surface Use Agreement was made and entered into by and between Peart Land & Development, LLC, a Utah Limited Liability Company, with an address of P.O. Box 128, Randolph, UT 84064 hereinafter referred to as "Surface Owner", and Transcontinent Oil Company, its successors and assigns, hereinafter referred to as "Grantee" whose address is 621 17th St., Suite 1555, Denver, CO 80293.

On August 23, 2006, Surface Owner, named above, executed an Oil and Gas Lease (the "Lease"), which is recorded in Volume H10 page 1676 of the Clerk & Recorder records of Rich County, Utah, covering the lands described below ("Said Land"), and Grantee is a subsequent assignee in and to said Lease. The Surface Owner owns or controls surface use and access to Said Land, to-wit:

Township 12 North, Range 8 East, SLM
Section 8: SE4, E/2SW/4, SW/4NE/4, SE/4NW/4
Section 9: Lot 4
Section 17: E2, E2W2, W2SW4
Section 18: E2SE4

Containing 953.45 gross acres more or less

Grantee desires to enter Said Land to explore, drill, complete, produce and operate oil and/or gas well(s) on Said lands or upon lands adjacent thereto. In the conduct of its operations it may be necessary for Grantee to cross and use certain property of Surface Owner, and the parties do hereby agree as to compensation for damages, the rights of ingress, egress and surface use thereof.

It is the purpose hereof to give record notice of such Easement, Right-of-Way and Surface Use Agreement. In consideration of the foregoing and the consideration paid for execution of such Easement, Right-of-Way and Surface Use Agreement, the undersigned Surface Owner does hereby agree to the terms and conditions set forth in such Easement, Right-of-Way and Surface Use Agreement. Executed copies of this Easement, Right-of-Way and Surface Use Agreement are in the possession of the Surface Owner and Grantee.

AGREED TO, EXECUTED AND DELIVERED THIS 30th DAY OF September, 2008.

Peart Land & Development, LLC, a Utah Limited Liability Company



Dan C. Peart, Manager

STATE OF UTAH

Oklahoma, Kansas, New Mexico, Wyoming, Montana,
Colorado, Utah, Nebraska, North Dakota, South Dakota

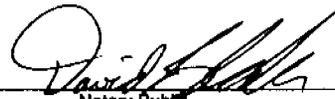
COUNTY OF RICH

ACKNOWLEDGMENT—INDIVIDUAL

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 3 day of October 2008, personally appeared Dan Peart, Manager, Peart Land & Development, LLC, a Utah Limited Liability Company, to me known to be the identical person(s) described in and who executed the within and foregoing instrument of writing and acknowledged to me that he duly executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

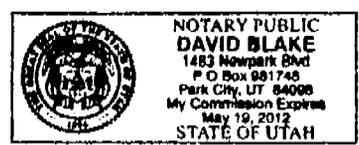
IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.

My Commission Expires May 19, 2012



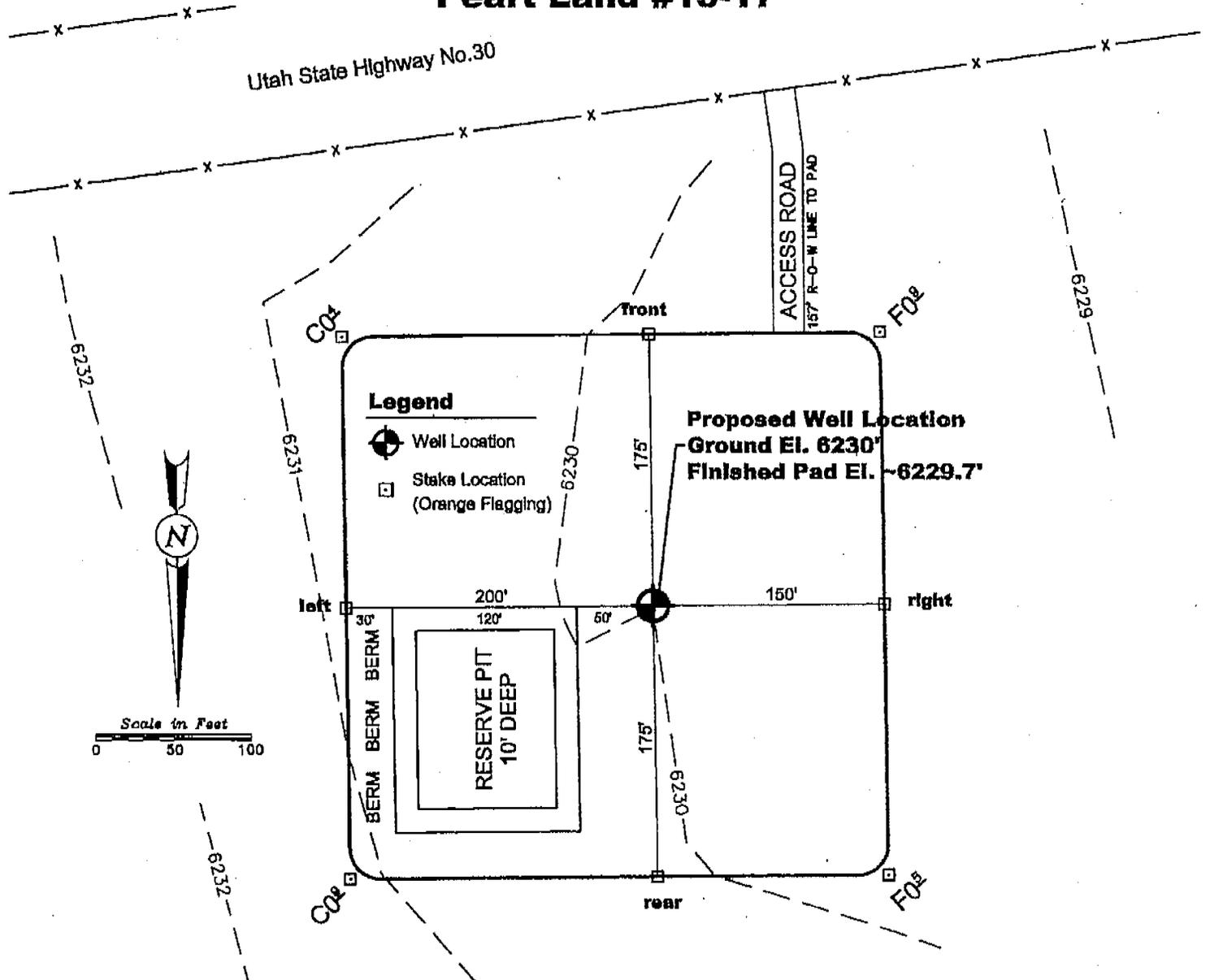
Notary Public

Address: 1483 Newport Blvd
Park City, UT 84098



Pearl Land #15-17

Utah State Highway No.30



Note: Grades shown account for approx. 8" of topsoil removal prior to grading



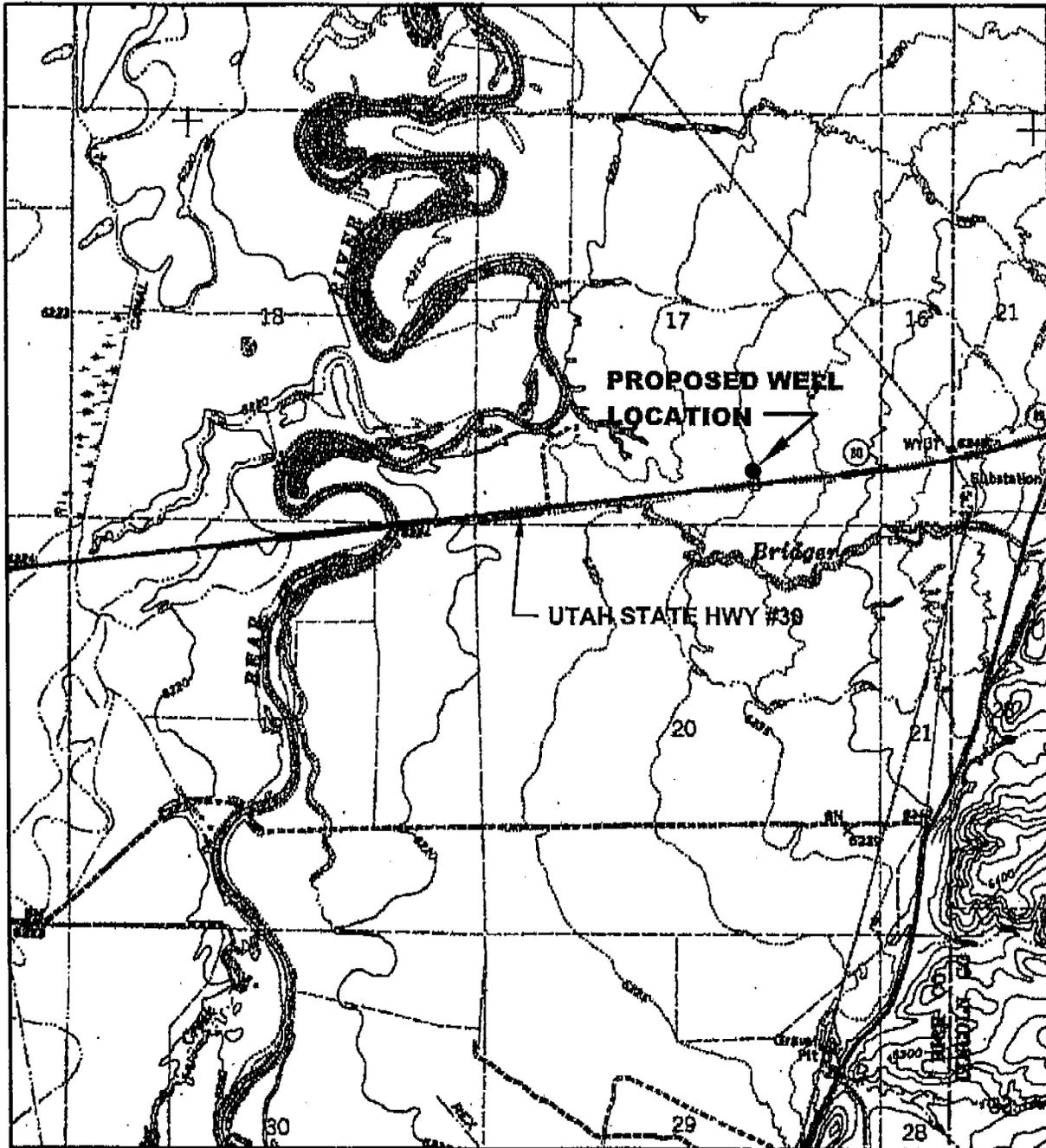
Cross Section



ANDERSON
ENGINEERING COMPANY INC.

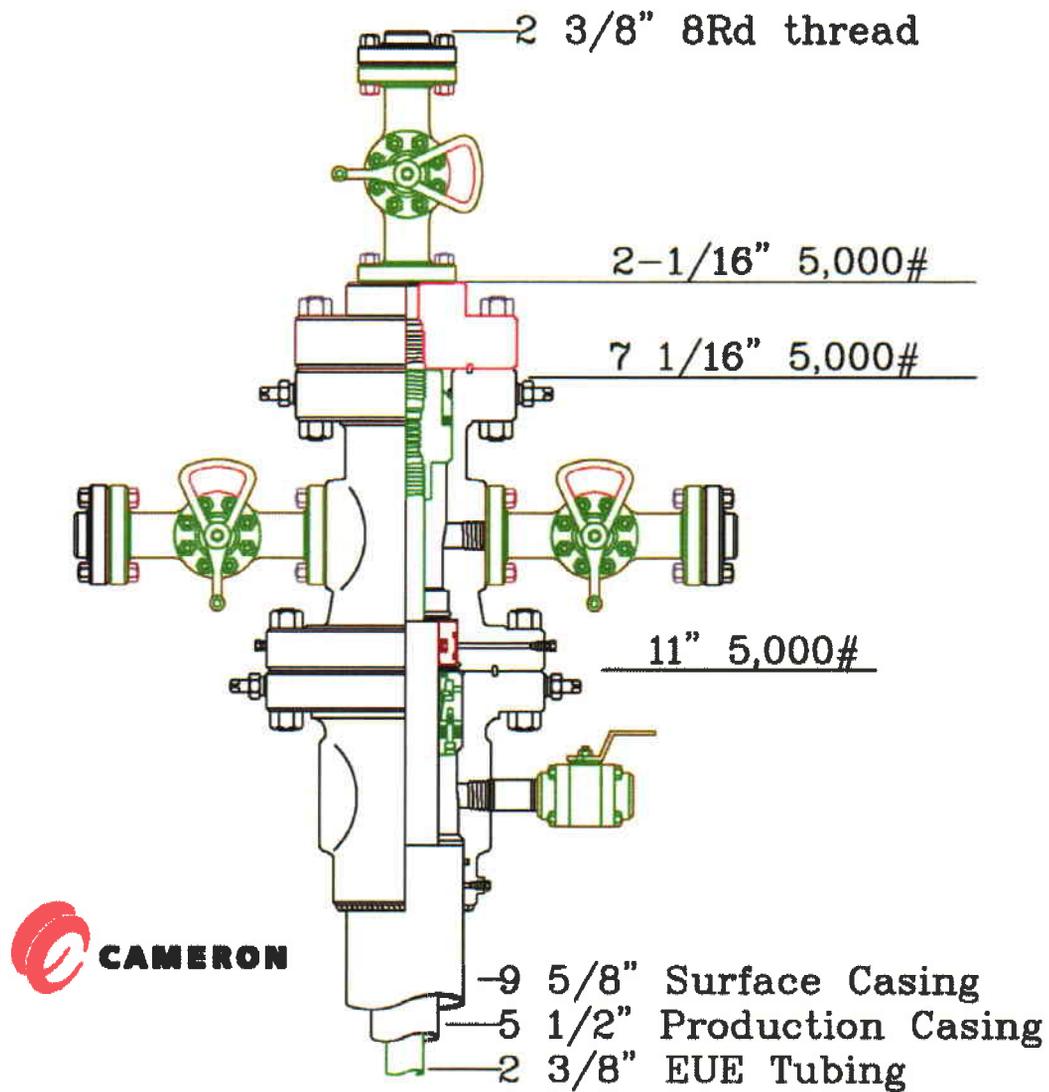
Stephens Energy Company LLC
Peart Land #15-17

LOCATED IN THE SW1/4 OF THE SE1/4 OF
SECTION 17, T12N, R8E, SLB&M
RICH COUNTY, UTAH



10. APPENDIX

Wellhead Diagram



H2S CONTINGENCY PLAN

For

STEPHENS ENERGY COMPANY LLC.

Pearl Land 15-17

SW SE Section 17-T12N-R8E

835' FSL and 2155' FEL

Rich County, Utah

***Stephens Energy Company LLC.
1825 Lawrence Street
(Suite 300)
Denver, Colorado 80202***

Prepared By:
IMS Total Safety
Evanston, Wyoming
307-789-3882

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Introduction

It is the policy of Stephens Energy Company LLC. to provide a safe and healthful work environment for all of its employees as well as contractors that may work on Stephens Energy Company LLC leases. Stephens Energy Company LLC makes a continued effort to comply with law and regulations relative to worker safety and health, and to manage all operations in a manner to reduce risk.

The main concern during this project is from the possibility of moderate to possible high concentrations of H₂S in the Mission Canyon formation, however, the Phosphoria, Amsden, Lodgepole formations have also been know to produce H₂S gas as well. **Any testing of the Mission Canyon formation, either in the drilling or completion operations, should be conducted with a heightened sense of awareness and the Cascade Air Supply System will be required under continuous supervision of a competent Safety Supervisor.**

The following is a H₂S contingency plan for the Stephens Energy Company LLC., Peart Land 15-17 well. It is designed for the personnel working on this project to follow in case of an accidental release of hydrogen sulfide during drilling and/or completion operations. For the plan to be effective, all personnel must review and be familiar with onsite duties as well as with the safety equipment involved.

The purpose of this plan is to act as a guideline for personnel working on the well site in the event of a sudden release of hydrogen sulfide. All personnel working on the well site as well as service personnel that may travel to location on an unscheduled basis must be familiar with this program. The cooperation and participation of all personnel involved with the drilling operation is necessary for this plan to be effective. All company and contract employees working on the site will be required to carry a current H₂S safety training card and be clean shaven at all times.

Directions:

From Randolph,(Utah) travel north on HWY 16 to Sage Creek Jct. At Sage Creek Jct. turn left (East) on to HWY 30 and travel 3.5 miles to the location access road. The access road will be on the north side of HWY 30.

I. Duties and Responsibilities

In order to assure proper execution of the contingency plan, it is essential that one person be responsible for and in complete charge of implementing the procedures outlined in this plan. The order of responsibility will be as follows:

1. Stephens Energy Company LLC. representative on location- if unable to perform his/her duties
2. Alternate Stephens Energy Company LLC. representative- if unable to perform his/her duties
3. Rig Tool pusher/Supervisor-if unable to perform his/her duties
4. Safety Consultant representative-if available

A. All Personnel

1. Always be alert for possible H2S Alarms-both audible and visual
2. Be familiar with location of Safe Briefing Areas (SBA) and protective breathing equipment
3. Develop“wind awareness”. Be aware of prevailing wind direction as well as nearby uphill areas, should there be no wind.
4. Familiarize yourself with the nearest escape routes for safe evacuation
5. Should H2S alarm sound DON'T PANIC- Remain calm and follow instructions of person in charge
6. If the H2S alarms sound:
 - a. Essential personnel shall don the appropriate respiratory protective equipment and follow company procedures. Essential personnel will continue to wear respiratory protective equipment until the area is deemed safe (H2S concentration less than 10 PPM)
 - b. Non-essential personnel shall evacuate to the appropriate safe briefing area using escape-breathing systems. Wait there for further instructions from Stephens Energy Company LLC. drilling representative.
 - c. Initiate rescue protocol if necessary- follow training procedures

B. Stephens Energy Company LLC. Foreman

1. The Stephens Energy Company LLC. foreman will confirm that all personnel on location at anytime are trained in H2S safety and aware of above list of duties.
2. The Stephens Energy Company LLC. foreman will ensure that all safety and emergency procedures are observed by all personnel.
3. The Stephens Energy Company LLC. foreman will make an effort to keep the number of personnel on location to a minimum and to ensure that only essential personnel are on location during critical operations.
4. Should an extreme danger condition exist, the Stephens Energy Company LLC. foreman will:
 - a. Assess the situation and advise all personnel by appropriate means of communication
 - b. Be responsible for determining that the extreme danger condition is warranted and the red flag shall be posted at location entrance
 - c. Go to safe briefing area and give clear instructions relative to hazard on location, and actions for personnel to follow
 - d. Notify company and regulatory groups of current situation as outlined in company protocol. Follow appropriate emergency procedures for emergency services notification.
 - e. Proceed to rig floor and supervise operations with rig supervisor. Take action to control and reduce the H2S hazard.
 - f. Ensure that essential personnel are properly protected with supplied air breathing equipment and that non-essential personnel are in a "poison gas free" area
 - g. Be responsible for authorizing evacuation of persons/residents in area surrounding the drilling location
 - h. Commence any ignition procedures if ignition criteria are met

C. Stephens Energy Company LLC.-Tool pusher

1. If the Stephens Energy Company LLC. foreman is unable to perform his/her duties, the drilling rig tool pusher will assume command of well site operations and all responsibilities listed above for drilling foreman.
2. Ensure that all rig personnel are properly trained to work in a H2S environment and fully understand the purpose of H2S alarms, and actions to take when alarms activate. Ensure that all crew personnel understand the buddy system, safe briefing areas, and individual duties as well as emergency evacuation procedures.
3. Should an extreme danger operational condition arise, the rig tool pusher shall assist the Stephens Energy Company LLC. foreman by:
 - a. Proceeding to the rig floor and assist in supervising rig operations
 - b. Ensure that only essential working personnel remain in hazardous Areas
 - c. Ensure that all crewmembers that remain in hazardous area, wear Respiratory protective equipment until notified that area is "clear" of any toxic gases
 - d. Assign rig crewmember or other service representatives to block entrance to location. No unauthorized personnel will be allowed entry to location
 - e. Help to determine hazardous "danger zones" on location using portable detection equipment and position electric fans to disperse gas in any high concentration areas.

D. Safety Consultant / Tech

1. Prior to drilling into the Phosphoria, the safety consultant/IMS Total Safety shall provide the equipment as listed in Article IV of this Plan and as listed in the Ignition Procedures. They shall be responsible for the following items:
 - a. Ensure that all well site safety equipment is in place and operational
 - b. Ensure that all well site personnel are familiar with location safety layout and operation of all safety equipment
 - c. Tour the well site a minimum of once each hour for the remainder of the drilling operations; until such time as production casing is cemented or the well is plugged and abandoned.
 - d. Assist the Stephens Energy Company LLC. foreman in performing weekly H2S drills for location personnel

2. When an operational condition is classified as extreme danger, the safety consultant will be responsible for the following:
 - a. Account for all well site personnel
 - b. Assess any injuries and direct first aid measure
 - c. Ensure that all safety and monitoring equipment is functioning properly and available
 - d. Monitor the safety of well site personnel
 - e. Maintain a close communication with Stephens Energy Company LLC. foreman
 - f. Be prepared to assist Stephens Energy Company LLC. foreman with support for rig crew or other personnel using breathing equipment
 - g. Be prepared to assist Stephens Energy Company LLC. foreman with emergency procedures including possible well ignition
 - h. Be prepared to assist with evacuation of any area residents or other personnel working in the immediate area

II. Well Location Layout

A. Location

1. The respiratory protective equipment and H2S detection equipment will be rigged up prior to drilling into the Phosphoria formation. The rig crews and other service personnel will be trained at this time. All rig crews will be trained and all safety equipment will be in place and functioning prior to continuing.
2. The entrance to the location is designed so that it can be barricaded if a hydrogen sulfide emergency condition arises. An auxiliary exit route will be available so that in case of an emergency, a shift in wind direction would not prevent escape from the location.
3. A minimum of 2 safe briefing areas (SBA) shall be designated for assembly of personnel during emergency conditions. These will be located at least 150 ft or as practical, from the well bore and in such a location that at least one area will be upwind of the well at all times. Upon recognition of an emergency situation, all personnel will be trained to assemble at the designated briefing area for instructions. **The primary briefing area will be located near the primary entrance to the location, the secondary briefing area and egress route; will be located on the Southwest corner of the location.**
4. Smoking areas will be established and "No Smoking" signs will be posted around the location.
5. Reliable 24 hour telephone communications will be available at the drilling foremen's office.
6. A mud-gas separator will be rigged up and manifolded to the choke system
7. All equipment that might come in contact with hydrogen sulfide-drill pipe, drill stem test tools, blowout preventers, casing, and choke system will meet Stephens Energy Company LLC. metallurgy requirements for H2S service.

8. The drilling rig will have a continuous electronic H₂S detection system that automatically will activate visible and audible alarms if hydrogen sulfide is detected. The visible light will activate if 10 ppm H₂S is present. The audible siren will activate at 10-15 ppm H₂S if a higher concentration is present. There will be at least 4 H₂S sensors in place on the drilling rig. They will be located to detect the presence of hydrogen sulfide in areas where it is most likely to be detected on surface. The sensor head locations will be: 1) rig floor by driller's console, 2) substructure area near the bell nipple, 3) the mud mixing area, 4) shale shakers. Additional sensors will be positioned at the discretion of the drilling foreman. At least 2 lights and 2 sirens will be placed on the rig and mud pits to indicate the presence of hydrogen sulfide. The light and siren will be strategically placed to be visible to all personnel on the drill site. Additional alarm lights and sirens may be added to ensure all personnel on the drill site are able to notice the alarms at any time.
9. The H₂S detection equipment will be calibrated as recommended by the manufacturer. Calibration records will be maintained on location.
10. Three windsocks will be placed around the drill site to ensure that the wind direction may be readily determined by all personnel on location. One windsock will be mounted on or near the rig floor to be readily visible to rig crews when tripping pipe.
11. All respiratory protective equipment will be NIOSH/MSHA/OSHA approved, positive pressure type and maintained according to manufacturer's guidelines. All breathing air used for this equipment will be CGA type Grade D breathing air.
12. 30-minute self-contained breathing apparatuses (SCBA) will be available on location. Work line units and escape packs will be available as well and should the Weber, Phosphoria or Mission Canyon formations produce any H₂S gas. There will be a sufficient amount of supplied air breathing equipment on location to ensure all personnel on location have 1 piece of equipment available to them at all times. All respiratory protective equipment will use nose cups to prevent fogging in temperatures below 32 F.
13. H₂S drills will be conducted at least weekly to ensure that all well site personnel are competent in emergency donning procedures. These drills will be recorded in the driller's log as well as by the Safety Tech.

14. Additional breathing equipment will be provided for non-routine operations that require additional service personnel on the well location to ensure that all personnel on the well location have a dedicated supplied air respirator.

15. Location access will be monitored and controlled during “non-routine” operations such as perforating, pressurized pumping, and well testing. The number of personnel on location will be restricted to “essential” personnel only.

16. All sign(s) and, when appropriate, flag(s) shall be visible to all personnel approaching the location under normal lighting and weather conditions. When H₂S is detected in excess of 10 ppm at any detection point, red flag(s) shall be displayed.

III. Safety Procedures

A. Training

All personnel who come onto the location must be properly trained in hydrogen sulfide safety. The personnel shall carry documentation with them indicating that the training has occurred within the previous 12 months. All training will comply with federal and state regulatory guidelines.

Training topics shall include at a minimum:

- a) Hazards and characteristics of hydrogen sulfide, and symptoms of exposure to this gas.
- b) Proper use, care and limitations of respiratory protective equipment with hands on practice.
- c) Use of both fixed and portable detection toxic gas equipment.
- d) Work practices to reduce opportunities for toxic gas exposure as well as confined space procedures.
- e) First aid for toxic gas exposure and resuscitation equipment.
- f) The buddy system
- g) Emergency evacuation procedures
- h) A review of the contingency plan for the well.

B. Operating Conditions

A three color-flag warning system will be used to notify personnel approaching the drill site as to operating conditions on the well site. This system is in compliance with BLM 00#6 and follow industry standards.

Green Flag – Potential Danger

Yellow Flag – Moderate Danger

Red Flag – Extreme Danger – Do Not approach if red flag is flying

C. Evacuation Plan

Residents/all persons within a 2 mile radius will be immediately notified of a potentially hazardous release, i.e., 20 ppm or more. Any evacuation will be conducted by the Stephens Energy Company LLC. foreman on coordination with the rig supervisor and/or the safety supervisor.

All regulatory agencies will be notified as soon as possible.

D. Emergency Rescue Procedure

Well site personnel should not attempt a emergency rescue unless they have been properly trained. A trained person who discovers another person overcome by hydrogen sulfide **should not attempt to rescue without donning the proper breathing equipment.** When making an emergency rescue always use the following procedures:

1. Don rescue breathing equipment before attempting to rescue someone.
2. Remove the victim from the contaminated area to an area free of toxic gas by traveling upwind or cross wind. Be certain that you are in a safe area before removing your breathing equipment.
3. If the victim is not breathing, initiate mouth-to-mouth resuscitation immediately. Follow CPR guidelines and replace mouth-to-mouth with a bag mask resuscitator if available.
4. Treat the victim for shock, keeping the victim warm and calm. Never leave the victim alone.
5. Any personnel who experience hydrogen sulfide exposure must be taken to a hospital for examination and their supervisor notified of the incident.
6. Their supervisor shall follow the company Emergency Preparedness plan.

IV. H2S Safety Equipment on Drilling Location

Item Amount Description

1. Six (12) Scott 30 minute self-contained breathing apparatuses (SCBA). Two of these units will be placed on the rig, one in each supervisor's trailer and the others will be located throughout the well site as well as at the primary briefing area.
2. One (1) 4-channel continuous electronic H2S monitor with audible and visual alarms. The set points for these alarms are 10 ppm for the low alarm and 15 ppm for the high alarm.
3. Three (3) Wind socks
4. One (1) Sensidyne portable hand operated pump type detection units with tubes for hydrogen sulfide and sulfur dioxide.
5. One (1) Well condition sign with 3-flag system
6. Two (2) Safe Briefing Area signs
7. Five (12) Scott emergency escape cylinders. One will be placed in the derrick, four will be on the rig floor and two will be placed in the mud-mixing house. The others will be placed around the well site.
8. One (1) Flare stack igniter with supplemental fuel (A third party will supply this equipment.)
9. One (1) Safety trailer with a cascade system of 10-300 cu.ft bottles of compressed breathing air complete with high pressure regulators.
10. 1000 ft. Low-pressure airline equipped with Hanson locking fittings. This airline will be rigged up with manifolds to supply breathing air to the rig floor, substructure, derrick, shale shaker area, and mud mixing areas. Three high-pressure refill hoses will be attached to briefing area cascades.
11. Cascade systems for cylinder refill.

12. One (1) Trauma first aid kit
13. One (1) Oxygen resuscitator with spare oxygen cylinder.
14. One (1) Stokes stretcher.
15. One (1) Fire blanket
16. One (1) Bullhorn
17. Two (2) 300 cu. ft. air bottles for each safe briefing area.
18. One (2) 30# fire extinguisher
19. One (1) Battery powered combustible gas meter

V. Well Ignition Procedures

If it should become apparent that an uncontrolled release of hydrogen sulfide to the atmosphere might endanger the health and safety of the public or well site personnel, Stephens Energy Company LLC. drilling foreman will make the decision to ignite the well. The following procedure should be followed before attempting to ignite the well.

A. Ignition equipment – The following equipment will be available on-site for use by the ignition team.

1. 2-12 gauge flare guns with flare shells
2. 2-500 ft. Fire resistant retrieval ropes
3. 1 portable combustible gas meter
4. Self contained breathing apparatus (SCBA) for each member of the ignition team.
5. 1 backup vehicle with communication equipment

B. Ignition Procedures

1. Stephens Energy Company LLC. drilling foreman will ensure that well site personnel are evacuated to a safe area upwind of the well bore prior to any ignition action.
2. Stephens Energy Company LLC. foreman and a designated partner “buddy” backed up by well site

- safety personnel will comprise the ignition team. All team members will be wearing 30 minute SCBAs.
3. The backup crew will be positioned near a radio-equipped vehicle at a safe distance from the sour gas release. They will serve as standby personnel to rescue the actual team igniting the well if necessary.
 4. The partner of the ignition team will carry a combustible gas/hydrogen sulfide meter to continuously monitor the area in which they are working and define the perimeter of the gas release.
 5. The Stephens Energy Company LLC. foreman will carry the flare gun and shells.
 6. The ignition team will determine the hazardous area and establish safe working perimeters. Once this is identified the team will proceed upwind of the leak and fire into the area with flare gun. If trouble is encountered in trying to light the leak, retry to ignite by firing the flare shells at 45 and 90 angles to the gas source, but DO NOT approach closer to the leak.
 7. After ignition, monitor for sulfur dioxide and work with the support group to restrict access to the contaminated area.

VI. Residents – Public in R.O.E.

There is currently one family of residents in the Radius of Exposure, i.e. 1 mile radius. Those residents will be notified as soon as any release is serious enough to migrate off location. There contact information, name and phone numbers will be listed below.

The Wasden's (Dustin, Danelle, & Child)
(3) Residents in one single family dwelling
Home Phone Number 435-793-5262

VII. Emergency Phone Directory

- A. Stephens Energy Company LLC. 24 hour emergency 800-955-1563

Stephens Energy Company:

office (303) 296-2012

fax (303) 298-1181

Andy McCarthy (President and
Geologist)

office (303) 296-2012

cell (303) 929-9890

home (303) 321-6276

work amccarthy@stephensenergyco.com

home atmccarthy@msn.com

John Warn (Geologist)

office (303) 296-2012

cell (720) 231-1972

home (303) 697-4956

home fax (303) 697-5183

work jwarn@stephensenergyco.com

home johnwarn@wispertel.net

Rick Morris (Geophysicist)

office (303) 296-2012

cell (303) 475-1988

home (303) 526-1287

work rmorris@stephensenergyco.com

Stephens Production Company

office (479) 783-4191

fax (479) 783-4195

fax (continuous

roll) (479) 424-1344

Gary Boland (VP Exploration)

office (479) 783-4191

cell (479) 629-2990

work gboland@stephenspro.com

Baron Honea (Drilling Superintendent)

office (479) 646-2584

cell (479) 883-2207

home (917) 427-5964

fax (479) 646-0606

work bhonea@stephenspro.com

Bureau of Land Management, Vernal Office

phone (435) 781-4400

fax (435) 781-4410

Utah Division of Oil, Gas and Mining (DNR)

1594 West North Temple, Suite 1210

Box 145801

Salt Lake City, UT 84114-5811

phone (801) 538-5340

fax (801) 359-3940

B. Emergency Services Phone List

Hospitals

Evanston Regional Hospital	307-789-3636
South Lincoln Med. Center	307-877-4401
Urgent Care	307-789-6111

Helicopters

Air Med (University of Utah)	800-453-0120
Life Flight (LDS Hospital)	800-321-1234

Enforcement & Emergency Services

Uinta Fire District	307-789-3013
Poison Control Center	800-222-1222
Evanston Police	307-789-2141
Kemmerer Police	307-828-2340
Uinta County Sheriff	307-783-1000
Wyoming Highway Patrol	800-442-9090

Safety Supplies & Service

Total Safety (IMS) Evanston	307-789-3882
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VIII. Reference for Hydrogen Sulfide and Sulfur Dioxide

PROPERTY OF GAS

If gas should be produced, it could be a mixture of Carbon Dioxide, Hydrogen Sulfide, and Methane.

TOXICITY OF VARIOUS GASES

Specific Gravity 1 23
Chemical Formula Threshold Hazardous Lethal
Common Name Formula of Air = 1 Limit Limit Concern

Hydrogen

Cyanide HCN 0.94 10 ppm 150ppm/hr 300ppm

Hydrogen

Sulfide H₂S 1.18 10 ppm 250 ppm/hr 600 ppm

Hydrogen

Dioxide SO₂ 2.21 2ppm-----1,000ppm

Chloride

CL₂ 2.45 1ppm 4ppm/hr 1,000ppm

Carbon

Monoxide CO 0.97 50ppm 400 ppm/hr 1,000ppm

Carbon

Dioxide CO₂ 1.52 5,000ppm 5% 10%

Methane CH₄ 0.55 90,000ppm combustible—

Above 5% in

Air

1 Threshold=Concentration at which it is believed that all workers may repeatedly be exposed day after day, without adverse side effects.

2 Hazardous=Concentration that may cause death.

3 Lethal=Concentration that will cause death with short-term exposure.

HYDROGEN SULFIDE

Hydrogen Sulfide itself is a colorless and transparent gas and is flammable. It is heavier than air and, hence, may accumulate in low places.

Although the slightest presence of H₂S in the air is normally detectable by its characteristic "Rotten Egg" odor, it is dangerous to rely on the odor as a means of detecting excessive concentrations because the sense of smell is rapidly lost allowing lethal concentrations to be accumulated without warning. The following table indicates the poisonous nature of Hydrogen Sulfide, which is more toxic than Carbon Monoxide.

COMMON NAMES: Sour Gas, Rotten Egg Gas, Sulphurated Hydrogen, Hydrogen Sulfide, Stink Damp, H₂S, Acid Gas, Sweet Gas*

PHYSICAL-CHEMICAL PROPERTIES

- Chemical Formula.....H₂S
1. Specific Gravity (Air=1,000).....1.193 (@77F)
 2. Color.....None
 3. Odor.....Compared to Rotten Eggs
 4. Odor Threshold.....0.13 part of 1ppm
 5. Corrosivity.....Reacts with metals, plastics, tissues, and nerves
 6. Solubility in Water.....4.0 to 1 in H₂O @ 32F
2.6 to 1 in H₂O @ 68F
 7. Effects on Humans.....Olfactory nerves, respiratory nerves, irritates
Sensitive membranes in eyes, nose and throat
 8. Vapor Pressure.....19.6 atmospheres @ 25C
 9. Explosive Limits.....4.3% to 46 % by volume in air.
- *H₂S is a sweet tasting gas, but often the word "tasting" is left out.
10. Ignition Temperature.....18F (Burns with a pale blue flame)
 11. Molecular Weight.....34.08
 12. Conversion Factors.....1mg/1 of air =717 ppm (@25C and
760mm HG). 1ppm=0.00139 mg/1 of air

13. pH3 in water

INDUSTRIAL OCCURRENCES

Hydrogen Sulfide exposures occur in certain processes in the petroleum industry, Chemical plants, chemical laboratories, sulfur and gypsum mines, viscose rayon and rubber industries, tanneries, and in the manufacture of some chemicals, dyes, and pigments. It may be encountered in excavations in the swampy, or filled ground. It is produced when sulfur-containing organic matter decomposes, and it can therefore be found in sewage or organic-waste treatment plants. A common sewer gas, it may find its way into utility manhole, particularly dangerous when encountered in tanks, vessels, and other enclosed spaces

TOXIC PROPERTIES

Hydrogen Sulfide is an extremely toxic and irritating gas. Free Hydrogen Sulfide in the blood reduces its oxygen carrying capacity, thereby depressing the nervous system. Sufficiently high concentrations can cause blockage of the phrenic nerve, resulting in immediate collapse and death due to respiratory failure and asphyxiation.

Because Hydrogen Sulfide is oxidized quite rapidly to sulfates in the body, no permanent after effects occur in cases of recovery from acute exposures, although there is always the possibility that pulmonary edema may develop. It is also reported that symptoms such as nervousness, dry nonproductive coughing, nausea, headache, and insomnia, lasting up to about 3 days have occurred after acute exposures to Hydrogen Sulfide.

At low concentrations the predominant effect of Hydrogen Sulfide is on the eyes and respiratory tract. Eye irritation, conjunctivitis, pain, lacrimation, keratitis, and photophobia coughing, painful breathing, and pain in the nose and throat.

There is no evidence that repeated exposures to Hydrogen Sulfide results in accumulative or systematic poisoning. Effects such as eye irritation, respiratory tract irritation, slow pulse rate, lassitude, digestive disturbances, and cold sweats may occur, but these symptoms disappear in a relatively short time after removal from the exposure. Repeated exposures to Hydrogen Sulfide does not appear to cause any increase or decrease in susceptibility to this gas.

The paralytic effect Hydrogen Sulfide on the olfactory nerve is probably the most significant property of the gas. This paralysis may create a false sense of security. A worker can be overcome after the typical rotten-egg odor has disappeared. Rather than the characteristic Hydrogen Sulfide odor, some victims of sudden acute overexposure have reported a brief sickeningly sweet odor just prior to unconsciousness.

Subjective olfactory responses to various concentrations of Hydrogen Sulfide have been summarized as follows:

0.02 ppm No odor

0.13 ppm Minimal perceptible odor

0.77 ppm Faint, but readily perceptible odor

4.60 ppm Easily detectable, moderate odor

27.0 ppm Strong, unpleasant odor, but not intolerable

Physiological responses to various concentrations of Hydrogen Sulfide have been reported as follows:

10 ppm Beginning eye irritation

50-100 ppm Slight conjunctivitis and respiratory tract irritation after 1 hour exposure

100 ppm Coughing, eye irritation, loss of sense of smell after 2-15 minutes. Altered respiration, pain in the eyes, and droopiness after 15-30 minutes, followed by throat irritation after 1 hour. Several hours exposure results in gradual increase in severity of these systems and death may occur within the **next 48 hours**.

200-300 ppm Marked conjunctivitis and respiratory tract irritation after 1 hour exposure

500-700 ppm Loss of consciousness and possibly death in 30 minutes

700 ppm Rapid unconsciousness, cessation of respiration, and death

1000-2000 ppm Unconsciousness at once, with early cessation of respiration and death in a few minutes. Death may occur even if individual is removed to fresh air at once.

Acceptable concentrations

Acceptable Eight-Hour Weighted Average

To avoid discomfort, the Time-Weighted average concentration of Hydrogen Sulfide shall not exceed 10 ppm.

Acceptable Ceiling Concentration

The acceptable concentration for protection of health for an eight-hour, five-day week shall be 20 ppm, fluctuations are to occur below this concentration.

Acceptable Maximum for Peaks Above Acceptable Base Line For Continuous Exposure

A Single-peak concentration not exceeding 50 ppm for a maximum of 10 minutes is allowable provided that the daily time-weighted average is not exceeded.

Toxicity of various Gases

COMMON NAME	CHEMICAL FORMULA	SPECIFIC GRAVITY	THRESHOLD LIMIT	HAZARDOUS LIMIT	LETHAL CONCENTRATION
HYDROGEN CYANIDE	HCN	0.94	10 PPM	150/PPM/ 1HOUR	300 PPM
HYDROGEN SULFIDE	H ₂ S	1.1	20 PPM	250 PPM	600 PPM
SULFUR DIOXIDE	SO ₂	2.21	5 PPM	----- 4 PPM/ 1 HOUR	1000 PPM
CHLORINE	CL ₂	2.45	1 PPM		1000 PPM
CARBON MONOXIDE	CO	0.97	50 PPM	400 PPM	1000 PPM
CARBON DIOXIDE	CO ₂	1.52	5000 PPM	5%	10%
METHANE	CH ₄	0.55	9000 PPM	COMBUSTIBLE ABOVE 5% IN AIR	

1 THRESHOLD LIMIT – Concentration at which it is believed that all workers may repeatedly be exposed, day after day, without adverse effects.

2 HAZARDOUS LIMIT – Concentration that may cause death

3 LETHAL CONCENTRATION – Concentration that will cause death with short term exposure.

Sulfur Dioxide

Sulfur Dioxide (SO₂) is a colorless, transparent gas and is non-flammable.

Sulfur Dioxide is produced during the burning of H₂S. Although SO₂ is heavier than air it will be picked up by a breeze and carried downwind at elevated temperatures, while Sulfur Dioxide is extremely irritating to the eyes and mucous membranes of the upper respiratory tract, it has exceptionally good warning powers in this request.

Concentration Effects

%SO₂ppm

- .0002 2 Safe for eight (8) hour exposure
- .0005 5 Pungent odor-normally a person can detect SO₂ in this rating
- .0012 12 Throat irritation, coughing, constriction of the chest, tearing, and smarting of the eyes.
- .015 150 So irritating that it can only be endured for a few minutes
- .05 500 Causes a sense of suffocation, even with the first breath

Physical Properties and Characteristics

- Chemical Formula.....SO₂
- 1. Specific Gravity.....2.212
- 2. Color.....None
- 3. Flammable.....No
- 4. Odor.....Characteristic, pungent, gives ample warning of its presence.
- 5. Corrosivity.....Dry-not corrosive to ordinary metals, Wet-Corrosive to most common metals.
- 6. Allowable Concentration.....2 ppm (ACGIH)
- 7. Effects of Humans.....Irritates eyes, throat and upper respiratory system.

Toxic Properties

Sulfur Dioxide is an irritating gas in its vapor form and the odor is so intensely irritating that concentrations of 3 to 5 parts per million in the air are readily detectable by the normal person. In higher concentrations, the severely irritating effect of the gas makes it unlikely that any person would be able to remain in a Sulphur Dioxide contaminated atmosphere unless they were unconscious or trapped.

Sulfur Dioxide gas is intensely irritating to the eyes, throat, and upper respiratory system. Inhalation of this gas in concentrations of 8 to 12 parts per million in air causes throat irritation, coughing, constriction of chest, tearing and smarting of the eyes. 150 parts per million is so extremely irritating that it can be endured only for a few minutes. 500 parts per million is so acutely irritating to the upper respiratory tract that it causes a sense of suffocation, even with the first breath.

Out of numerous reported exposures to Sulfur Dioxide, there are only few references that would indicate pneumonia as an after effect.



RECEIVED
OCT - 3 2008
DENVER OFFICE

PO Box 99 • Eastlake, CO 80614 • (303) 857-9999 • FAX (303) 450-9200 • E-MAIL Permitco1@aol.com

October 2, 2008

Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, UT 84114-5801
Attn: Diana Mason

Re: Stephens Energy Company LLC
Peart Land #15-17
810' FSL and 2158' FEL
SW SE Section 17, T12N - R8E
Rich County, Utah

Dear Diana,

Enclosed please find two copies of the Application for Permit to Drill, along with the required attachments. Please contact Doug Wein at 303/296-2012 to schedule an onsite inspection.

Please note, the water source will be the Bear River. The point of diversion is located in the SW/4 of Section 17, Water Permit Number 23-755.

If you should need additional information, please don't hesitate to contact me. Approved copies of the A.P.D. should be sent to Permitco Inc. at the address shown above.

Sincerely,

PERMITCO INC.

Venessa Langmacher
Venessa Langmacher
Consultant for
Stephens Energy Company LLC

Enc.

cc: Stephens Energy Company LLC - Denver, CO

MEMORANDUM OF EASEMENT, RIGHT-OF-WAY AND SURFACE USE AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, on the 7th day of July 2008, an Easement, Right-of-Way and Surface Use Agreement was made and entered into by and between Peart Land & Development, LLC, a Utah Limited Liability Company, with an address of P.O. Box 128, Randolph, UT 84064 hereinafter referred to as "Surface Owner", and Transcontinent Oil Company, its successors and assigns, hereinafter referred to as "Grantee" whose address is 621 17th St., Suite 1555, Denver, CO 80293.

On August 23, 2006, Surface Owner, named above, executed an Oil and Gas Lease (the "Lease"), which is recorded in Volume H10 page 1676 of the Clerk & Recorder records of Rich County, Utah, covering the lands described below ("Said Land"), and Grantee is a subsequent assignee in and to said Lease. The Surface Owner owns or controls surface use and access to Said Land, to-wit:

Township 12 North, Range 8 East, SLM
Section 8: SE4, E/2SW/4, SW/4NE/4, SE/4NW/4
Section 9: Lot 4
Section 17: E2, E2W2, W2SW4
Section 18: E2SE4

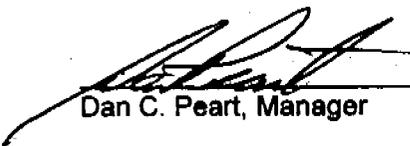
Containing 953.45 gross acres more or less

Grantee desires to enter Said Land to explore, drill, complete, produce and operate oil and/or gas well(s) on Said lands or upon lands adjacent thereto. In the conduct of its operations it may be necessary for Grantee to cross and use certain property of Surface Owner, and the parties do hereby agree as to compensation for damages, the rights of ingress, egress and surface use thereof.

It is the purpose hereof to give record notice of such Easement, Right-of-Way and Surface Use Agreement. In consideration of the foregoing and the consideration paid for execution of such Easement, Right-of-Way and Surface Use Agreement, the undersigned Surface Owner does hereby agree to the terms and conditions set forth in such Easement, Right-of-Way and Surface Use Agreement. Executed copies of this Easement, Right-of-Way and Surface Use Agreement are in the possession of the Surface Owner and Grantee.

AGREED TO, EXECUTED AND DELIVERED THIS 30th DAY OF September, 2008.

Peart Land & Development, LLC, a Utah Limited Liability Company


Dan C. Peart, Manager

STATE OF UTAH

Oklahoma, Kansas, New Mexico, Wyoming, Montana,
Colorado, Utah, Nebraska, North Dakota, South Dakota

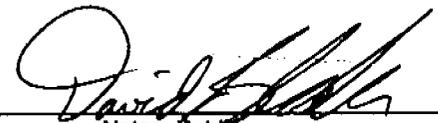
COUNTY OF RICH

ACKNOWLEDGMENT—INDIVIDUAL

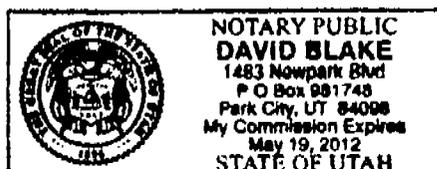
BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 3 day of October 2008, personally appeared Dan Peart, Manager, Peart Land & Development, LLC, a Utah Limited Liability Company, to me known to be the identical person(s) described in and who executed the within and foregoing instrument of writing and acknowledged to me that he duly executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.

My Commission Expires May 19, 2012


Notary Public

Address: 1483 Newpark Blvd
Park City, UT 84098



**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 10/06/2008

API NO. ASSIGNED: 43-033-30063

WELL NAME: PEART LAND 15-17

OPERATOR: STEPHENS ENERGY COMPANY (N3450)

PHONE NUMBER: 303-296-2012

CONTACT: VENESSA LANGMACHER

PROPOSED LOCATION:

SWSE 17 120N 080E
 SURFACE: 0810 FSL 2158 FEL
 BOTTOM: 0810 FSL 2158 FEL
 COUNTY: RICH
 LATITUDE: 41.77951 LONGITUDE: -111.0568
 UTM SURF EASTINGS: 595279 NORTHINGS: 4625084
 FIELD NAME: WILDCAT (1)

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	DKO	1/5/09
Geology		
Surface		

LEASE TYPE: 4 - Fee

LEASE NUMBER: FEE

SURFACE OWNER: 4 - Fee

PROPOSED FORMATION: GALTN

COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[] Ind[] Sta[] Fee[]
(No. RLB0011997)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. 23-755)
- RDCC Review (Y/N)
(Date: 10/30/2008)
- Fee Surf Agreement (Y/N)
- Intent to Commingle (Y/N)

LOCATION AND SITING:

- R649-2-3.
- Unit: _____
- R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells
- R649-3-3. Exception
- Drilling Unit
- Board Cause No: _____
- Eff Date: _____
- Siting: _____
- R649-3-11. Directional Drill

COMMENTS:

Needs permits (10-29-08)

STIPULATIONS:

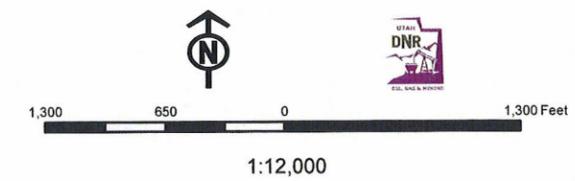
- 1- Spacing stip
- 2- STATEMENT OF BASIS
- 3- Cont stip 3a (4 1/2" production, 300' mo, They're s for

API Number: 4303330063
Well Name: PEART LAND 15-17
Township 12.0 N Range 08.0 E Section 17
Meridian: SLBM
 Operator: STEPHENS ENERGY COMPANY LLC

Map Prepared:
 Map Produced by Diana Mason

Units	Wells Query Events
STATUS	GIS_STAT_TYPE
ACTIVE	<all other values>
EXPLORATORY	<Null>
GAS STORAGE	APD
NF PP OIL	DRL
NF SECONDARY	GI
PI OIL	GS
PP GAS	LA
PP GEOTHERML	NEW
PP OIL	OPS
SECONDARY	PA
TERMINATED	PGW
Fields	POW
STATUS	RET
ACTIVE	SGW
COMBINED	SOW
Sections	TA
Township	TW
	WD
	WI
	WS
	Bottom Hole Location

4303330063
 PEART LAND 15-17
 +



Application for Permit to Drill

Statement of Basis

11/10/2008

Utah Division of Oil, Gas and Mining

Page 1

APD No	API WellNo	Status	Well Type	Surf Ownr	CBM
1129	43-033-30063-00-00		GW	P	No
Operator	STEPHENS ENERGY COMPANY LLC	Surface Owner-APD			
Well Name	PEART LAND 15-17	Unit			
Field	WILDCAT	Type of Work			
Location	SWSE 17 12N 8E S 810 FSL 2158 FEL GPS Coord (UTM) 595279E 4625084N				

Geologic Statement of Basis

A moderately permeable soil is developed on the Quaternary (Holocene) Main Stream Alluvium of the Bear River valley flood plain. Nearby drilled control into the flood plain is 11 miles south southwest. In that well the Nugget Sandstone Aquifer was encountered at ~ 3,500 and Jurassic age Twin Creek Limestone was drilled below the alluvium at little more than 900'. There is no close at hand control through the flood plain deposits. Tentatively identified Eocene Fowkes Formation strata are possibly exposed ~2 miles west northwest of the flood plain-sited well location and Paleozoic strata about 0.75 miles to the east southeast. The expected formation tops prognosticate ~3,100' of alluvium and unspecified "Tertiary" strata atop Triassic age Thaynes Limestone. If the Wasatch Formation and Nugget Sandstone are encountered, they may contain high quality ground water. This may also be true if fractured Tertiary or Jurassic limestones are drilled.. The operator proposes a fresh water based mud system. The proposed Surface casing and cementing program should adequately protect any high quality ground water resources above 2,000'. The benign mud system should not contaminate any high quality ground water resources below that depth. Three water rights have been filed on underground water resources (400' deep or less) within a mile of the location. I haven't been able to locate any Base of Moderately Saline Ground Water information in this area.

Chris Kierst
APD Evaluator

11/6/2008
Date / Time

Surface Statement of Basis

A presite was conducted at 09:00 am October 29th ,2008 This proposed location is 0.4 mile east of the Bear River. State road # 30 will be used for access to the remaining 0.1 miles on landowners Dan Peart property who attended the presite. At time of presite Stephans Energy has surface agreements with the landowner.

General topography in this Sage Junction area is flat and are suitable for agricultural, irrigated hay, grazing, and wildlife habitat. This area is easily accessed off State Highway 30. At time of presite no temporary agreement with UDOT is in place. UDOT will require a deceleration lane and also a acceleration lane if the well becomes a producer. The location is approximately 0.5 mile to the Wyoming state line. If the area has a heavy snow fall and large runoff the Bear River will overflow it's banks 0.4 west of pad location. Per landowner the water will flow west out of the river and not east toward the pad. There is a 360 degree pivot located 0.25 north of pad and will not be affected by drilling or construction of the pad.

The proposed Peart Land 15-17 pad runs east west direction and is located on the Bear River valley . There should not be much construction material needed for this location. The pad is located on flat ground.

Dan Peart owns the property the location is to be built on had no other concerns that were not addressed in his contract with Stephans Energy Company LLC. Mr. Peart does not see any local opposition and says the area would like to see development.

Stephens has stated that a closed loop mud system may be used.

The selected location for this well is suitable for drilling.

Application for Permit to Drill Statement of Basis

11/10/2008

Utah Division of Oil, Gas and Mining

Page 2

Ted Smith
Onsite Evaluator

10/29/2008
Date / Time

Conditions of Approval / Application for Permit to Drill

Category	Condition
Pits	A synthetic liner with a minimum thickness of 12 mils shall be properly installed and maintained in the reserve pit unless a closed loop system is used.
Surface	The reserve pit shall be fenced upon completion of drilling operations.

ON-SITE PREDRILL EVALUATION

Utah Division of Oil, Gas and Mining

Operator STEPHENS-ENERGY COMPANY LLC
Well Name PEART LAND 15-17
API Number 43-033-30063-0 **APD No** 1129 **Field/Unit** WILDCAT
Location: 1/4,1/4 SWSE **Sec** 17 **Tw** 12N **Rng** 8E 810 FSL 2158 FEL
GPS Coord (UTM) 495203 4625102 **Surface Owner**

Participants

Ted Smith - DOGM, Dan Peart - Surface Owner, Douglas Wein - Stephens Energy Company

Regional/Local Setting & Topography

Flat with natural grassland cover. Surrounding area is dry by mid May. Area of proposed pad is outside of irrigation pivot. Altitude at site approximately 6230'.

Surface Use Plan

Current Surface Use

Grazing
Agricultural

New Road

Miles	Well Pad	Src Const Material	Surface Formation
0.3	Width 350	Length 350 Onsite	WSTC

Ancillary Facilities N

None with exception of trailers to be on location during drilling operations.

Waste Management Plan Adequate? Y

Environmental Parameters

Affected Floodplains and/or Wetland N

Bear River 0.40 mile to west of location. Wet year river overflow to west of river not toward pad.

Flora / Fauna

Flora around the drill location area consist of - Sagebrush, Winter Fat, and Crested wheatgrass.

Fauna around the drill location area consist of - Deer, Antelope, Badger, Ground Squirrel, Sheep, Cattle, and Rabbit.

Soil Type and Characteristics

Brown Valley Fill

Erosion Issues N

Sedimentation Issues N

Site Stability Issues N

Drainage Diversion Required N

Berm Required? N

utah.gov Online Services Agency List Business

Search

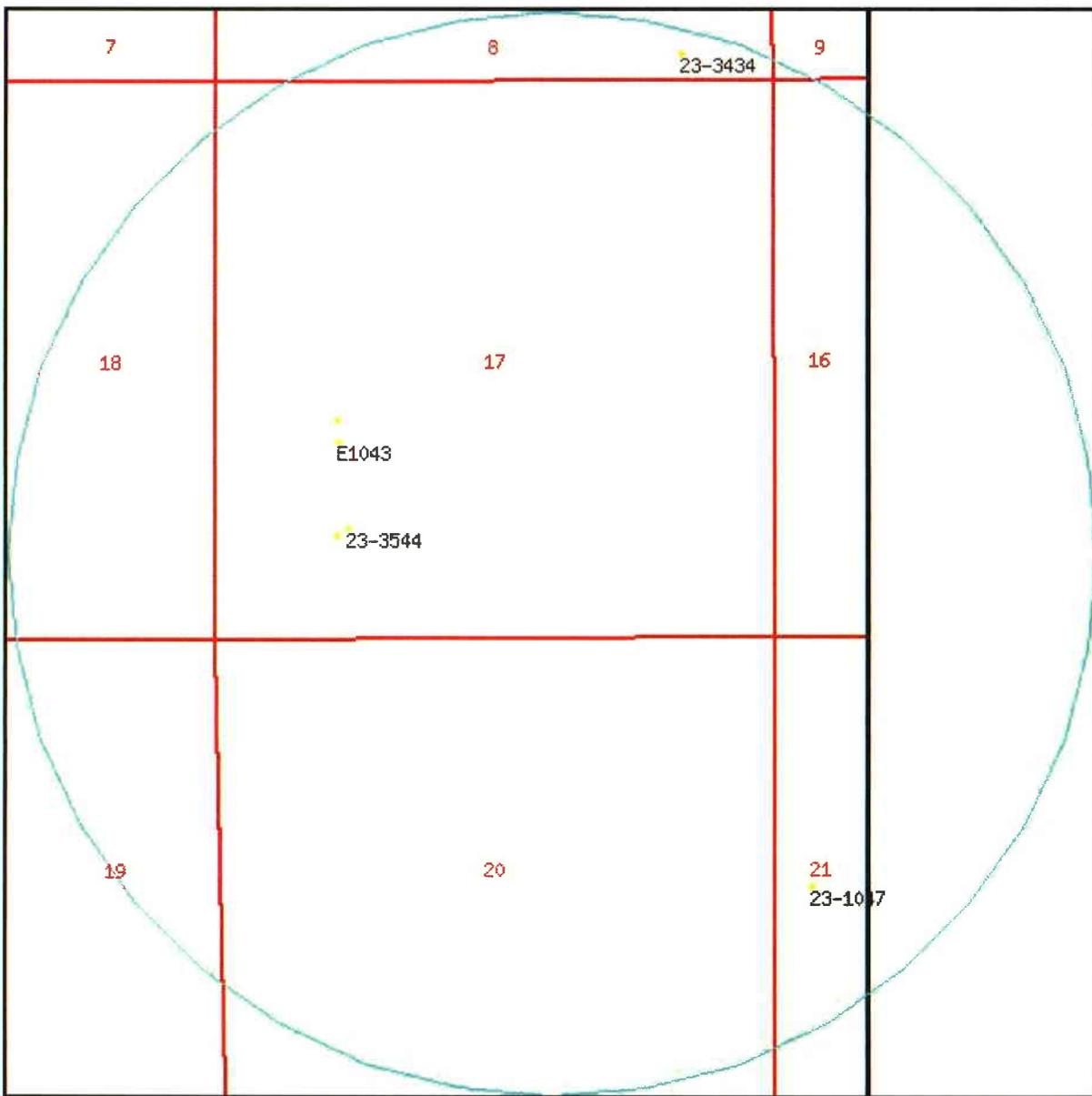
Utah Division of Water Rights



WRPLAT Program Output Listing

Version: 2007.04.13.01 Rupdate: 11/06/2008 05:05 PM

Radius search of 5280 feet from a point N810 W2158 from the SE corner, section 17, Township 12N, Range 8E, SL b&m Criteria:wrtypes=W,C,E podtypes=S,U,Sp status=U,A,P usetypes=all

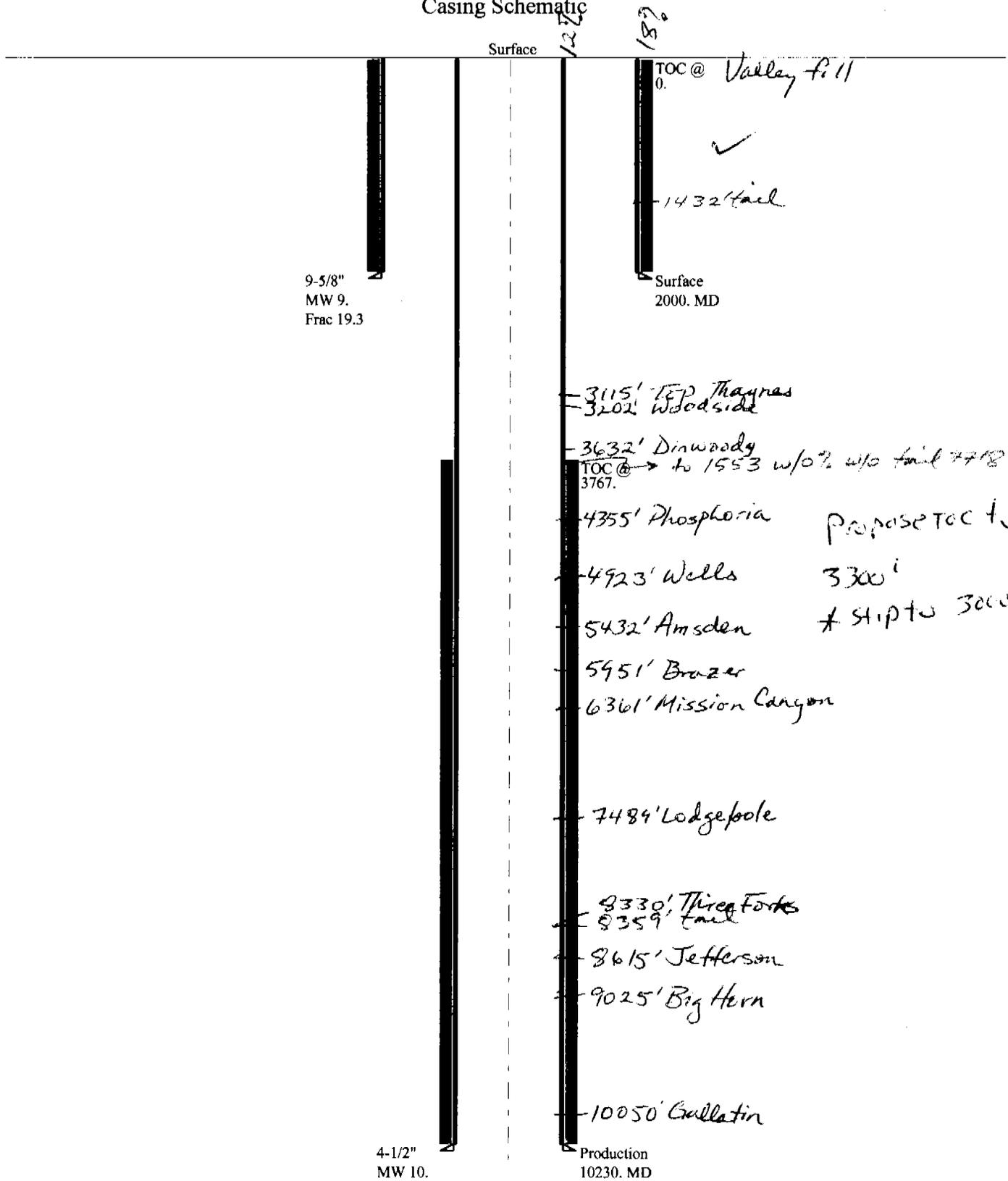


Water Rights

WR Number	Diversion Type/Location	Well Log	Status	Priority	Uses	CFS	ACFT	Owner Name
<u>23-1047</u>	Surface N290 E350 W4 21 12N 8E SL		P	18830000	I	20.000	0.000	LUELLA N. ADAMS C/O ROBERT ALLAN ADAMS
<u>23-3434</u>	Underground N250 W900 SE 08 12N 8E SL		U	19750522	IS	5.100	0.000	ALLAN ADAMS C/O ROBERT ALLAN ADAMS
<u>23-3450</u>	Underground N1025 E1180 SW 17 12N 8E SL	<u>well info</u>	P	19760817	DI	0.015	0.000	PEART LAND & DEVELOPMENT, LLC PO BOX 128
<u>23-3544</u>	Underground N1090 E1290 SW 17 12N 8E SL		P	19790810	DS	0.015	0.000	PEART LAND & DEVELOPMENT, LLC PO BOX 128
<u>a8177</u>	Surface N2145 E1180 SW 17 12N 8E SL		A	19741204	IS	18.560	0.000	J. W. RANCHING 115 E. CENTER ST.
<u>E1043</u>	Surface S3500 E1200 NW 17 12N 8E SL		A	19760908	I	0.000	700.000	ALLEN ADAMS C/O ROBERT ALLAN ADAMS

43033300630000 Stephens Peart Land 15-17

Casing Schematic



9-5/8"
MW 9.
Frac 19.3

4-1/2"
MW 10.

Surface

122'

182'

TOC @ Valley fill



1432' tail

Surface
2000. MD

3115' Top Thyras
3202' Woodside

3632' Dinwoody
TOC @ → to 1553 w/o tail 7718
3767.

4355' Phosphoria Propose TOC to

4923' Wells 3300'

5432' Amsden * slip to 3000'

5951' Brazier

6361' Mission Canyon

7489' Lodgepole

8330' Three Forks
8359' tail

8615' Jefferson

9025' Big Horn

10050' Gullatin

Production
10230. MD

Well name:	43033300630000 Stephens Peart Land 15-17	
Operator:	Stephens Energy Company	Project ID:
String type:	Surface	43-033-30063-0000
Location:	Rich County	

Design parameters:

Collapse

Mud weight: 9.000 ppg
 Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 1,760 psi
 Internal gradient: 0.120 psi/ft
 Calculated BHP: 2,000 psi

No backup mud specified.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

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 air weight.
 Neutral point: 1,734 ft

Environment:

H2S considered? No
 Surface temperature: 65 °F
 Bottom hole temperature: 93 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 185 ft

Cement top: Surface

Non-directional string.

Re subsequent strings:

Next setting depth: 10,230 ft
 Next mud weight: 10.000 ppg
 Next setting BHP: 5,314 psi
 Fracture mud wt: 19.250 ppg
 Fracture depth: 2,000 ft
 Injection pressure: 2,000 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	2000	9.625	36.00	K-55	LT&C	2000	2000	8.765	868.1

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Klps)	Tension Strength (Klps)	Tension Design Factor
1	935	2020	2.160	2000	3520	1.76	72	489	6.79 J

Prepared by: Helen Sadik-Macdonald
 Div of Oil, Gas & Mining

Phone: 831-538-5357
 FAX: 801-359-3940

Date: January 5, 2009
 Salt Lake City, Utah

ENGINEERING STIPULATIONS: NONE

Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.
 Collapse is based on a vertical depth of 2000 ft, a mud weight of 9 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:

43033300630000 Stephens Peart Land 15-17Operator: **Stephens Energy Company**

String type: Production

Project ID:

43-033-30063-0000

Location: Rich County

Design parameters:**Collapse**Mud weight: 10.000 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: 65 °F
Bottom hole temperature: 208 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 1,500 ft

Cement top: 3,767 ft

BurstMax anticipated surface pressure: 3,064 psi
Internal gradient: 0.220 psi/ft
Calculated BHP 5,314 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 air weight.

Neutral point: 8,701 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	10230	4.5	11.60	P-110	LT&C	10230	10230	3.875	892.7

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	5314	7580	1.426	5314	10690	2.01	119	279	2.35 J

Prepared by: Helen Sadik-Macdonald
Div of Oil, Gas & MiningPhone: 831-538-5357
FAX: 801-359-3940Date: December 29, 2008
Salt Lake City, Utah**ENGINEERING STIPULATIONS: NONE**

Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Collapse is based on a vertical depth of 10230 ft, a mud weight of 10 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.

BOPE REVIEW

Stephens Peart Land 15-17

43-033-30063-0000

INPUT

Well Name

Stephens Peart Land 15-17		43-033-30063-0000	
String 1	String 2		
9 5/8	4 1/2		
2000	10230		
0	2000		
9	10		
0	5000		
3520	10690		
6650	12.5 ppg		

Casing Size (")

Setting Depth (TVD)

Previous Shoe Setting Depth (TVD)

Max Mud Weight (ppg)

BOPE Proposed (psi)

Casing Internal Yield (psi)

Operators Max Anticipated Pressure (psi)

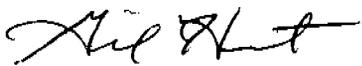
Calculations

	String 1	9 5/8 "	
Max BHP [psi]	.052*Setting Depth*MW =	936	
			BOPE Adequate For Drilling And Setting Casing at Depth?
MASP (Gas) [psi]	Max BHP-(0.12*Setting Depth) =	696	NO
MASP (Gas/Mud) [psi]	Max BHP-(0.22*Setting Depth) =	496	NO
			*Can Full Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth) =	496	NO <i>No expected pressures</i>
Required Casing/BOPE Test Pressure		2000 psi	
*Max Pressure Allowed @ Previous Casing Shoe =		0 psi	*Assumes 1psi/ft frac gradient

Calculations

	String 2	4 1/2 "	
Max BHP [psi]	.052*Setting Depth*MW =	5320	
			BOPE Adequate For Drilling And Setting Casing at Depth?
MASP (Gas) [psi]	Max BHP-(0.12*Setting Depth) =	4092	YES <i>BHP calculated @ 0.65 psi/ft</i>
MASP (Gas/Mud) [psi]	Max BHP-(0.22*Setting Depth) =	3069	YES
			*Can Full Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth) =	3509	NO <i>Reasonable</i>
Required Casing/BOPE Test Pressure		5000 psi	
*Max Pressure Allowed @ Previous Casing Shoe =		2000 psi	*Assumes 1psi/ft frac gradient

STATE ACTIONS
Resource Development Coordinating Committee
Public Lands Policy Coordination Office
5110 State Office Building
SLC, UT 84114
Phone No. 537-9230

1. State Agency Oil, Gas and Mining 1594 West North Temple, Suite 1210 Salt Lake City, UT 84114-5801	2. Approximate date project will start: Upon Approval or October 30, 2008
3. Title of proposed action: Application for Permit to Drill	
4. Description of Project: Stephens Energy Company LLC proposes to drill the Peart Land #15-17 well (wildcat) on Fee 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.	
5. Location and detailed map of land affected (site location map required, electronic GIS map preferred) (include UTM coordinates where possible) (indicate county) 810' FSL 2158' FEL, SW/4 SE/4, Section 17, Township 12 North, Range 8 East, Rich County, Utah	
6. Possible significant impacts likely to occur: Surface impacts include up to five acres of surface disturbance during the drilling and completion phase (estimated for five weeks duration). If oil and gas in commercial quantities is discovered, the location will be reclaimed back to a net disturbance of between one and two acres – not including road, pipeline, or utility infrastructure. If no oil or gas is discovered, the location will be completely reclaimed.	
7. Identify local government affected a. Has the government been contacted? No. b. When? c. What was the response? d. If no response, how is the local government(s) likely to be impacted?	
8. For acquisitions of land or interests in land by DWR or State Parks please identify state representative and state senator for the project area. Name and phone number of state representative, state senator near project site, if applicable: a. Has the representative and senator been contacted? N/A	
9. Areawide clearinghouse(s) receiving state action: (to be sent out by agency in block 1) Bear River Association of Government	
10. For further information, contact: Diana Mason Phone: (801) 538-5312	11. Signature and title of authorized officer  Gil Hunt, Associate Director Date: October 15, 2008

APPLICATION FOR PERMIT TO DRILL

1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>		6. MINERAL LEASE NO.: Fee	8. SURFACE: Fee
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. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A	
2. NAME OF OPERATOR: Stephens Energy Company LLC		8. UNIT or CA AGREEMENT NAME: N/A	
3. ADDRESS OF OPERATOR: 1825 Lawrence Street, Suite 300, Denver, CO 80202		9. WELL NAME and NUMBER: Pearl Land #15-17	
PHONE NUMBER: 303/296-2012		10. FIELD AND POOL, OR WILDCAT: Wildcat	
4. LOCATION OF WELL (FOOTAGES) 495279X 4625084Y 41.779510		11. QTR/QTR, SECTION, TOWNSHIP, RANGE MERIDIAN: Section 17, T12N - R8E	
AT SURFACE: 810' FSL and 2158' FEL			
AT PROPOSED PRODUCING ZONE: SW SE			
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: Approximately 11.7 miles northeast of Randolph, UT		12. COUNTY: Rich	13. STATE: UT
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 810'	18. NUMBER OF ACRES IN LEASE: 953.45	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40 Acres; SW SE	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET): None	19. PROPOSED DEPTH: 10,230'	20. BOND DESCRIPTION: RLB0011997	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 6230' GL	22. APPROXIMATE DATE WORK WILL START: 10/1/2008	23. ESTIMATED DURATION: 38 Days	

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
12-1/4"	9-5/8", K-55, 36#	2,000'	310 ex VarlCem R1, 2.95 ft3/sk, 11.5 ppg + 200 ex VarlCem R1, 1.81 ft3/sk, 13.5 ppg
8-3/4"	4-1/2", P-110, 11.6#	10,230'	751 ex VarlCem R1, 2.82 ft3/sk, 11.5 ppg + 640 ex 50/50 Poz Prem, 1.49 ft3/sk, 13.5 ppg

ATTACHMENTS CONFIDENTIAL-TIGHT HOLE

25. 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 type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

AGENT: **PermitCo Inc., P.O. Box 99, Eastlake, CO 80614** AGENT'S PHONE NO.: **303/857-9999**

NAME (PLEASE PRINT) **Venessa Langmacher** TITLE **Agent for Stephens Energy Company LLC**

SIGNATURE *Venessa Langmacher* DATE **October 2, 2008**

(This space for State use only)

API NUMBER ASSIGNED: 43033-30063

APPROVAL: **RECEIVED**
OCT 06 2008

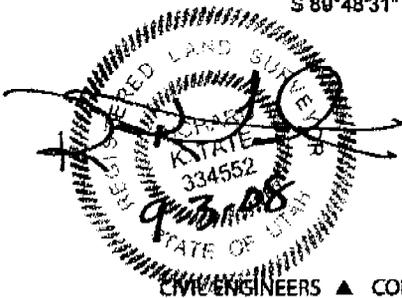
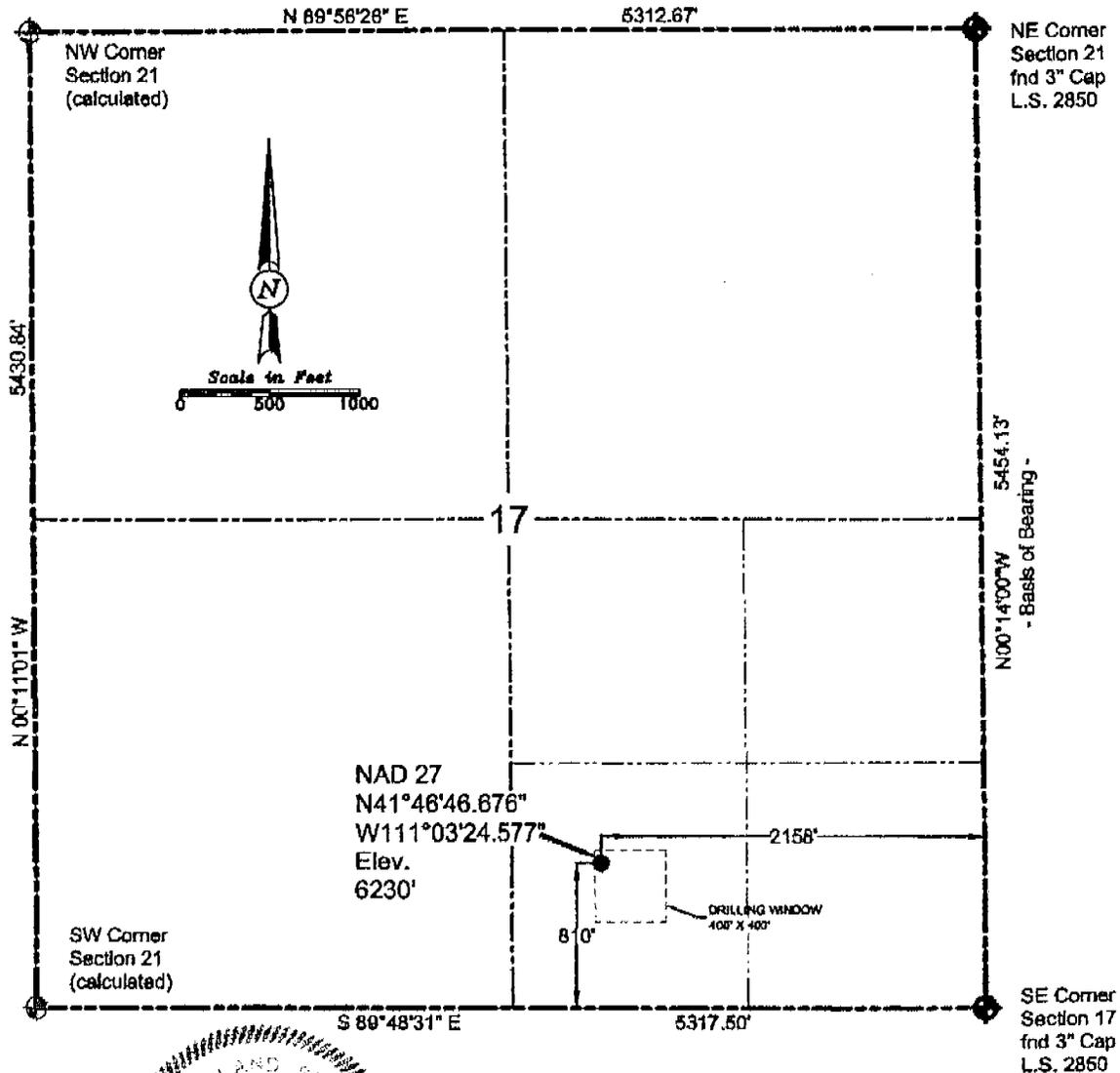


Well Location Survey

**Stephens Energy Company LLC
 Peart Land #15-17 Well**

2158' fcl & 810' fsl
 Section 17, T12N, R8E, SLB&M.
 Rich County, Utah
 Ground Elevation- 6230' (NGVD 29)

- Basis of Bearing is N00°14'00"W between the SE corner and NE corners of Section 21 from GPS observations taken 17-July-2008
- Elevation values are derived as differential from USGS Control Point "WYUT" (8249') as shown on 7.5 minute USGS quadrangle



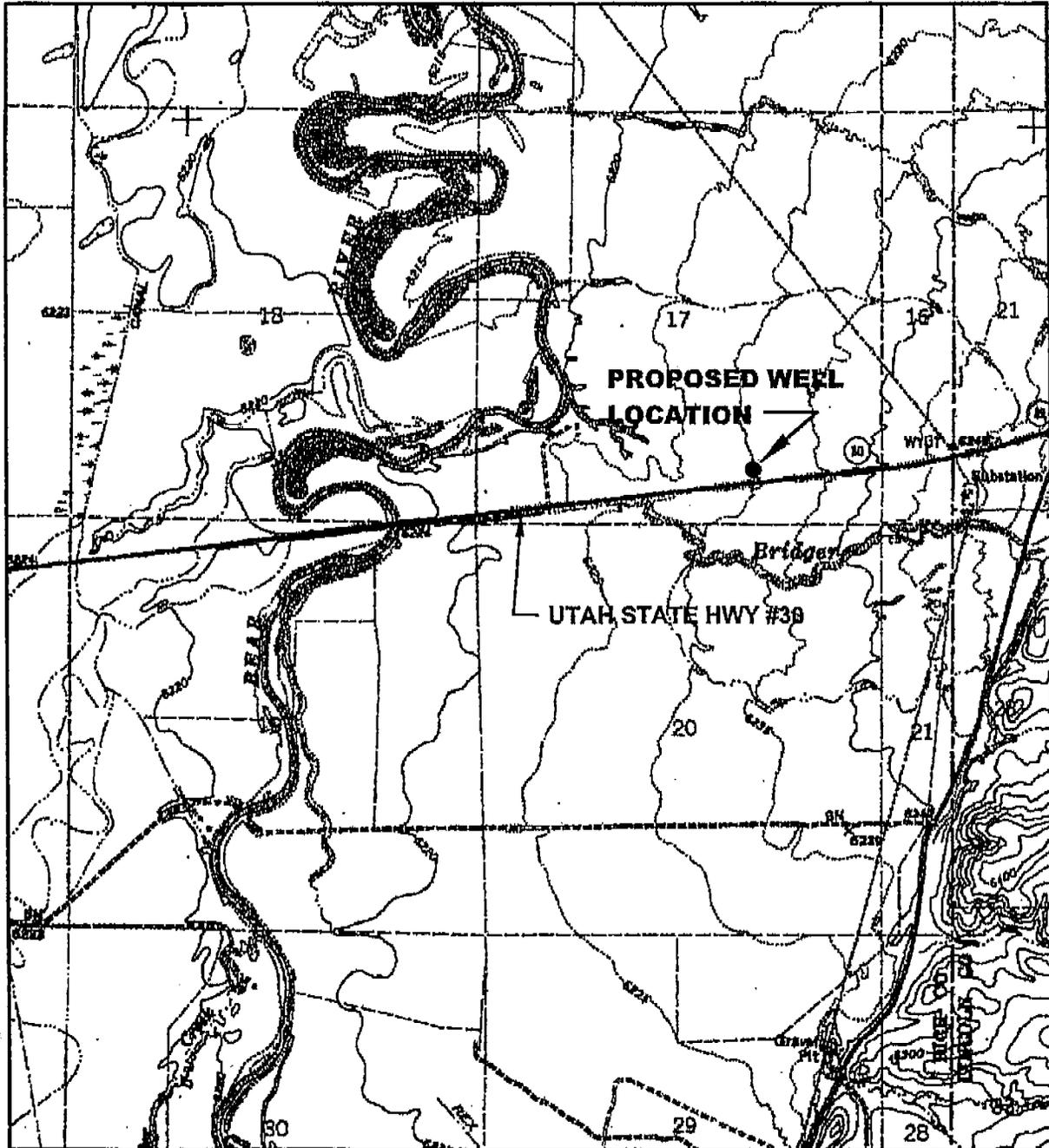
- Land use is farm/range land.
- A boundary with an adjacent land owner (Argyle Ranches Inc.) exists within 480 feet.
- There were no oil or gas wells observed within 920 feet.



ANDERSON
ENGINEERING COMPANY INC.

Stephens Energy Company LLC
Peart Land #15-17

LOCATED IN THE SW1/4 OF THE SE1/4 OF
SECTION 17, T12N, R8E, SLB&M
RICH COUNTY, UTAH



From: Robert Clark
To: Mason, Diana
Date: 10/20/2008 8:35 AM
Subject: RDCC short turn-around comments

CC: Anderson, Tad; McNeill, Dave; Wright, Carolyn

The following comments are submitted in response to short turn-around items **RDCC #9900-9902**.

RDCC #9900, Comments begin: The Petro-Hunt, LLC proposal to drill the J. Andreason 27A-3-1 wildcat well, in Sanpete County, may require a permit, known as an Approval Order, from the Executive Secretary of the Air Quality Board. If any compressor or pump stations are constructed at the site, a permit application, known as a Notice of Intent (NOI), should be submitted to the Executive Secretary at the Utah Division of Air Quality at 150 N. 1950 West, Salt Lake City, Utah, 84116 for review according to R307-401: Permit: Notice of Intent and Approval Order, of the Utah Air Quality Rules. A copy of the rules is found at www.rules.utah.gov/publicat/code/r307/r307.htm.

The proposed project, in Sanpete County, is subject to R307-205-5: Fugitive Dust, of the Utah Air Quality Rules, due to the fugitive dust that is generated during the excavating phases of the project. These rules apply to construction activities that disturb an area greater than 1/4 acre in size. A permit, known as an Approval Order, is not required from the Executive Secretary of the Air Quality Board, but steps need to be taken to minimize fugitive dust, such as watering and/or chemical stabilization, providing vegetative or synthetic cover or windbreaks. A copy of the rules may be found at www.rules.utah.gov/publicat/code/r307/r307.htm.

Comments end.

RDCC #9901, Comments begin: The Stephens Energy Company LLC proposal to drill the Pearl Land #15-17 wildcat well, in Rich County, may require a permit, known as an Approval Order, from the Executive Secretary of the Air Quality Board. If any compressor or pump stations are constructed at the site, a permit application, known as a Notice of Intent (NOI), should be submitted to the Executive Secretary at the Utah Division of Air Quality at 150 N. 1950 West, Salt Lake City, Utah, 84116 for review according to R307-401: Permit: Notice of Intent and Approval Order, of the Utah Air Quality Rules. A copy of the rules is found at www.rules.utah.gov/publicat/code/r307/r307.htm.

The proposed project, in Rich County, is subject to R307-205-5: Fugitive Dust, of the Utah Air Quality Rules, due to the fugitive dust that is generated during the excavating phases of the project. These rules apply to construction activities that disturb an area greater than 1/4 acre in size. A permit, known as an Approval Order, is not required from the Executive Secretary of the Air Quality Board, but steps need to be taken to minimize fugitive dust, such as watering and/or chemical stabilization, providing vegetative or synthetic cover or windbreaks. A copy of the rules may be found at www.rules.utah.gov/publicat/code/r307/r307.htm.

Comments end.

RDCC #9902, Comments begin: The EnerTech Energy, INC proposal to drill the EnerTech T5S R21E S6 #1 wildcat well, in Uintah County, may require a permit, known as an Approval Order, from the Executive Secretary of the Air Quality Board. If any compressor or pump stations are constructed at the site, a permit application, known as a Notice of Intent (NOI), should be submitted to the Executive Secretary at the Utah Division of Air Quality at 150 N. 1950 West, Salt Lake City, Utah, 84116 for review according to R307-401: Permit: Notice of Intent and Approval Order, of the Utah Air Quality Rules. A copy of the rules is found at www.rules.utah.gov/publicat/code/r307/r307.htm.

The proposed project, in Uintah County, is subject to R307-205-5: Fugitive Dust, of the Utah Air Quality Rules, due to the fugitive dust that is generated during the excavating phases of the project. These rules apply to construction activities that disturb an area greater than 1/4 acre in size. A permit, known as an Approval Order, is not required from the Executive Secretary of the Air Quality Board, but steps need to be taken to minimize fugitive dust, such as watering and/or chemical stabilization, providing vegetative or synthetic cover or windbreaks. A copy of the rules may be found at www.rules.utah.gov/publicat/code/r307/r307.htm.

Comments end.

Robert Clark
Division of Air Quality
801-536-4435

From: Ted Smith
To: Dworshak, Clinton
Date: 11/3/2008 9:50 AM
Subject: Fwd: Stephens Energy Peart 15-17 Well - Rich County, Utah
Attachments: Peart 15-17 H2S Contingency Plan 11-3-08.doc

Ted K. Smith
Department of Natural Resources- Oil, Gas & Mining
1594 W North Temple
PO BOX 145801
Salt Lake City, UT 84114-5801
Phone 801-538-5303
Mobile 801-231-1984
Fax 801-539-3940

>>> "Doug Wein" <dwein@stephensenergyco.com> 11/3/2008 7:45 AM >>>
Hi Ted:

Pursuant to our conversation during last Wednesday's onsite meeting, attached is a copy of SEC's H2S Contingency Plan for the subject well.

Our Drilling Plan is currently being revised to reflect that the pit will be lined and will also address where the drilling / produced water will be disposed of. I will forward a copy of the revised Plan to you once it is completed.

It was a pleasure getting to meet you in person last week at our meeting. Please let me know if you should need anything further pertaining to our APD.

Regards,

Doug

Douglas E. Wein

Vice President

Stephens Energy Company LLC

1825 Lawrence Street, Suite 300

Denver, CO 80202

Ph. (303) 296-2012 - Ext. 23

Fax (303) 298-1181

dwein@stephensenergyco.com

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From: Ted Smith
To: WeIn, Doug
Date: 11/6/2008 7:27 AM
Subject: RE: Peart Land #15-17 Well / Questions pertaining to closed loop mud system

Doug,
Try Robert Herbert with DEQ (801-538-6038) if he can not help he will know who else to contact.

Ted K. Smith
Department of Natural Resources- Oil, Gas & Mining
1594 W North Temple
PO BOX 145801
Salt Lake City, UT 84114-5801
Phone 801-538-5303
Mobile 801-231-1984
Fax 801-539-3940

STEPHANS ENERGY
PEART LAND 15-17
4303330063

>>> "Doug Wein" <dwein@stephansenergyco.com> 11/6/2008 7:18 AM >>>
Ted:

Once again - thank you for your assistance on our project. Once again my Operations Dept. has contacted me and this time they want to pursue the potential option posed as question no. 3 of my earlier e-mail to you being;

3) At the end of the well, all fluids displaced from the wellbore during the final cementing job (production casing or P/A) plus any remaining surface volume will be treated back to freshwater, all drill solids and mud products removed. Can this freshwater (assuming passing any/all toxicity test) be applied to land, county roads etc.?

Can you tell me who (and provide me with their contact info) I would visit with at the Utah DEQ to pursue a permit to apply the water to lands or county roads?

Doug

-----Original Message-----

From: Ted Smith [<mailto:tedsmith@utah.gov>]
Sent: Wednesday, November 05, 2008 11:10 AM
To: Doug Wein
Subject: Re: Peart Land #15-17 Well / Questions pertaining to closedloop mud system

Doug,
Answers to your questions are as follows -
1) Yes
2) Yes
3) No, You will have to obtain a permit from DEQ to be able to apply the water on the land, or county roads.

Ted K. Smith
Department of Natural Resources- Oil, Gas & Mining
1594 W North Temple
PO BOX 145801
Salt Lake City, UT 84114-5801
Phone 801-538-5303
Mobile 801-231-1984
Fax 801-539-3940

>>> "Doug Wein" <dwein@stephensenergyco.com> 11/5/2008 10:00 AM >>>
Ted:

Our Operations Dept. has posed a few questions concerning our potential use of a closed loop mud system for the drilling of the captioned well.

- 1) As we run a closed loop, we will be generating dry cuttings. Can we stack these cuttings on location or a small holding pit at the edge of location and do the cuttings need to have an Impermeable liner underneath them?
- 2) At the end of the well, can these dry cuttings (assuming they pass any/all toxicity tests) be incorporated into the reclamation of the location?
- 3) At the end of the well, all fluids displaced from the wellbore during the final cementing job (production casing or P/A) plus any remaining surface volume will be treated back to freshwater, all drill solids and mud products removed. Can this freshwater (assuming passing any/all toxicity test) be applied to land, county roads etc.?

I'd appreciate your response and answer to these questions. We'll amend the drilling plan to reflect a closed loop mud system as based upon your answers.

Regards,

Doug

Douglas E. Wein

Vice President

Stephens Energy Company LLC

1825 Lawrence Street, Suite 300

Denver, CO 80202

Ph. (303) 296-2012 - Ext. 23

Fax (303) 298-1181

dwein@stephensenergyco.com

From: "Doug Wein" <dwein@stephensenergyco.com>
To: "Baron Honea" <bhonea@stephenspro.com>, <jfoytlin@newtecheng.com>
CC: "Ted Smith" <tedsmith@utah.gov>
Date: 11/7/2008 9:41 AM
Subject: FW: Peart 15-17 well / disposed water treatment

-----Original Message-----

From: Robert Herbert [mailto:rherbert@utah.gov]
Sent: Friday, November 07, 2008 9:05 AM
To: Doug Wein
Subject: Re: Peart 15-17 well / disposed water treatment

Doug,

Based on our telephone discussion yesterday, Stephens Energy would like to treat produced water from an oil and gas well in Rich County to a "fresh" water effluent quality and dispose of the treated effluent by land application and/or road application. I am assuming that there will be NO discharge to any surface waters. You wanted to know what permits would be required by Stephens Energy to allow such an operation. This information is provided below.

DOGM Permit

The first permit you will need to obtain is a permit from the Utah Division of Oil, Gas, and Mining (DOGM) in accordance with DOGM Rule R649-9 for Exploration and Production (E and P) Waste Management and Disposal. These rules specify the informational and procedural requirements for waste management and disposal, the permitting of disposal facilities and the cleanup requirements for E and P waste related sites. Even if you are treating the produced water to a high effluent quality, you will still have to contain and manage the produced water prior to treatment, and you will have a certain fraction of treatment residuals or brine to dispose of at a DOGM permitted disposal facility (injection wells or evaporation ponds).

DWQ Permit

There are two options for regulating the treatment and disposal of produced water with the Division of Water Quality (DWQ). The first option is a Ground Water Discharge Permit and the second option is an Operating Permit. The Operating Permit is probably more appropriate because you are proposing to treat the produced water to a "fresh" water effluent quality, which would pose a de minimis risk to ground water quality. DWQ is in the process of developing rules for an Operating Permit Program for municipal treatment lagoon systems, large municipal onsite underground drainfields, and land application of treated effluent. Regardless of which permit you will need, the best way to provide information to send us a completed application for a Ground Water Discharge Permit. The link to this permit application is provided below.

<http://www.waterquality.utah.gov/documents/finalpermitapp.pdf>

Please be as specific as possible when you complete the application and provide detailed information on the average quality of the raw produced water, how the produced water will be stored and managed prior to treatment, a description of the entire treatment system train, the average effluent quality after treatment, the volume of high quality "fresh" water treated

effluent versus treatment residual wastes, how the treatment residual wastes will be managed through DOGM, and the locations and facilities that the treated effluent will be reused or land applied. For the treated effluent, we will need to know the average concentrations of the following parameters and any other parameters of concern: total dissolved solids (TDS), major ions that make up the TDS, total petroleum hydrocarbons, and benzene, toluene, ethylbenzene, xylenes, and naphthalene.

Please feel free to provide additional supporting information or documents with the permit application as you see fit to expedite our review. After we have received the completed application and any supporting documents, we will conduct a completeness review and contact you.

Rob Herbert, P.G., Manager
Ground Water Protection Section
Division of Water Quality
Utah Department of Environmental Quality
(801) 538-6038
rherbert@utah.gov

>>> "Doug Wein" <dwein@stephensenergyco.com> 11/6/2008 3:35 PM >>>

Douglas E. Wein

Vice President

Stephens Energy Company LLC

1825 Lawrence Street, Suite 300

Denver, CO 80202

Ph. (303) 296-2012 - Ext. 23

Fax (303) 298-1181

dwein@stephensenergyco.com

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From: Ted Smith
To: Honea, Baron
Date: 11/17/2008 7:58 AM
Subject: Re: Peart Land 15-17, Rich Co. Utah

Baron,

With DOGM any water whether it is used for drilling or plugging is considered as produced water and will need to be disposed of as so. You will still need to acquire necessary permits from DEQ for your proposed surface discharge.

Ted K. Smith
Department of Natural Resources- Oil, Gas & Mining
1594 W North Temple
PO BOX 145801
Salt Lake City, UT 84114-5801
Phone 801-538-5303
Mobile 801-231-1984
Fax 801-539-3940

>>> "Baron Honea" <bhonea@stephenspro.com> 11/14/2008 9:18 AM >>>
Mr. Smith

I know you have been in contact with Doug Weir in our Denver office regarding the Peart 15-17. We have the drilling plan amended to include the use of a closed loop system.

You have been able to answer most of the questions regarding storing the solids and incorporating the stored solids into the reclamation of the drill site after the drilling operation is complete. I had one additional question regarding the disposal of the fluid at the end of the drilling process.

In my conversation with Stallion Services, at the end of the drilling operations, we will either run and cement production casing or P/A the well. During either of these operations we will get some additional drilling mud to the surface. Stallion will treat this mud with the same dewatering process and we should be left with, essentially, freshwater. I expect to have approximately 800 to 1000 bbls of water after they complete their process. My question is, can I get a permit for surface discharge (assuming the water passes any and all toxicity tests) or, what would be the desired disposal methods for this fluid?

In some correspondence Doug received from UDEQ or DWQ I think there was some confusion as the term "produced water" was mentioned. Our intentions, at this time, are to address the drilling fluids used only during the drilling process. Our goal is to meet all Utah regulations to safely store and economically dispose of solids and fluids generated on location.

Thanks for your help. I can be contacted by email or cell at 479-883-2207.

Baron Honea

Drilling Manager

Stephens production company

From: "Doug Wein" <dwein@stephensenergyco.com>
To: "Ted Smith" <tedsmith@utah.gov>
Date: 11/19/2008 9:46 AM
Subject: Revised Drilling Plan / SEC's Part #15-17 well / Rich County, Utah
Attachments: Drilling_Program_Part_Land_15-17_rev_06.pdf

Ted:

SEC's drilling / operations dept. has prepared the attached revised drilling plan for the subject well. Please let me know if you believe there are any deficiencies in the plan.

Thank you,

Doug

Douglas E. Wein
Vice President
Stephens Energy Company LLC
1825 Lawrence Street, Suite 300
Denver, CO 80202
Ph. (303) 296-2012 - Ext. 23
Fax (303) 298-1181

dwein@stephensenergyco.com

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DIV. OF OIL, GAS & MINING

NOV 20 2008

RECEIVED

STEPHENS ENERGY COMPANY LLC

Pearl Land 15-17

**DRILLING PROGRAM
revison_06**

API No. 43033-

**SURFACE LOCATION:
SW SE Section 17, T12N, R8E
835' FSL and 2155' FEL**

**BOTTOM HOLE LOCATION
As Above**

Rich County, Utah

Prepared by: Louis Romo, Drilling Engineer (New Tech Engineering),
405-917-9017 (o)
405-249-2129 (c)
lromo@newtecheng.com

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Notes from Drilling Engineer

- Price per gallon and volume of diesel fuel should be specified in Morning Report.
- All bit dulls should be photographed and graded.
- We will not be conducting a BHA inspection on this well, so long as the BHA components are inspected prior to spud.
- Make certain that the Drillers use "Torque and Drag data sheet" which is located in the appendices and have **copies sent to the Drilling Engineer.**
- BOP tests are to be conducted to 2,000-psi high, after initial rig up and test to 5,000-psi high for initial rig up. Hold tests for 5-minutes.
- Make note of any losses in Morning Report.
- R649-3-18 Drilling and Operating Practices <<http://www.rules.utah.gov/publicat/code/r649/r649-003.htm#E18>> states that an on-site Pre-drill Evaluation is to be conducted, make certain that this has been conducted prior to spud.
- Reporting Oil & Gas Undesirable Events should be conducted as per the following guidelines.
 - MAJOR OIL & GAS EVENTS* (notify the Utah division of oil, gas and mining immediately)
 - During Office Hours: 801-538-5340
 - After Hours: 801-243-9466
 - MINOR OIL & GAS EVENTS
 - 801-538-5340
 - WRITTEN REPORTS
 - Following the above phone calls, complete written reports of all undesirable events should be submitted to the division using the Incident Report eForm (<http://utstnrogmsql3.state.ut.us/OGIncReport/IncidentRptForm.aspx>) OR on Form 9, Sundry Notices (in appendices) OR by using the Incident Report Form (in appendices), as soon as conclusive information is available.

*** Definition of Major Event:**

- Leaks, breaks or spills which result in the discharge of more than 100 barrels of liquid.
- Equipment failures or accidents which result in the flaring, venting, or wasting of more than 500 Mcf of gas.
- Any fire which consumes the volumes shown above.
- Any spill, venting, or fire, regardless of the volume involved, which occurs in a sensitive area stipulated on the approval notice of the Initial APD for a well, e.g., parks, recreation sites, wildlife refuges, lakes, reservoirs, streams, urban or suburban areas.
- Each accident which involves a fatal injury.
- Each blowout; loss of control of a well.

1. CONTACT AND ADMINISTRATIVE INFORMATION**PERSONNEL PHONE LIST*****Rig Site Information***

Name	Title/Group/Location	Office	Fax	Pager/Cellular
	Rig Supervisors			

Drilling Department

Name	Title	Office	Home	Pager/Cellular
Baron Honea	Drilling Manager	479-783-4191	918-427-5964	479-883-2207 (c)

G&G, Land Department

Name	Title	Office	Home	Pager/Cellular
Andy McCarthy	President and Geologist	303-296-2012 x 42	303-321-6276	303-929-9890
John Warn	Geologist	303-296-2012 x 19	303-697-4956	720-231-1972
Doug Wein	VP and Land Manager	303-296-2012 x 23	303-470-6662	303-917-4130

Production Department

Name	Title	Office	Cellular	Pager
Steve Messer		479-783-4191		

Regulatory Agency

	City	Main Number	Fax Number
Utah Division of Oil, Gas and Mining (DNR)	Price	435-613-3737	435-613-3739
	Roosevelt	435-722-3417	435-722-3417
	Salt Lake City	801-538-5329	801-359-3940

EMERGENCY PHONE LIST

Highway Patrol

Name	City	Main Number
Department of Public Safety	Logan, UT	435-750-7443

Ambulance

Name	City	Main Number
Emergency Medical Services	Smithfield, UT	435-563-3056

Hospital

Name	City	Main Number
Logan Regional Hospital	Logan, UT	435-716-1000
Cache Valley Specialty Hospital	Logan, UT	435-713-9600
Evanston Regional Hospital	Evanston, WY	307-789-3636

Emergency Helicopter

Name	City	Main Number
Life Flight	Salt Lake, UT	801-408-1234

Fire

Name	City	Main Number
Logan City Fire Department	Logan, UT	435-716-9500
Cache County Fire District	Logan, UT	435-755-1670
Evanston Fire Department	Evanston, WY	307-783-1000

Miscellaneous

Name	City	Main Number
Polson Control Center	Cache County, UT	800-222-1222
Emergency Air Field	Logan, UT	435-752-6941 (frequency CTAF 122.8)
Homeland Security	Salt Lake, UT	801-579-4143

RIG PAPERWORK HANDLING PROCEDURES

Purpose: The purpose of this document is to clarify the flow of paperwork on the rig, to streamline the processes and to insure timely delivery of the right information to the right place.

Field Tickets/Invoices:

1. Upon completion of service, vendor or service provider should present you with a field ticket. Make sure this ticket has the correct well information and billing address as follows:
Stephens Production Company:
P. O. Box 2407
Stephens Building
623 Garrison Avenue
Fort Smith, Arkansas 72902
2. Sign the ticket for verification of services received and have provider give two copies to you. He will then submit this copy with his invoice for payment. One copy should be retained on the rig. Insure that any discounts that you are aware of are documented on the field ticket.
3. The rig copy of the field ticket should be retained on the rig until the rig is released.

Additional Morning Reports:

- Well / Operations Report, by 0700, Mountain Time
 - Mud Log / Geologic Report, by 0700, Mountain Time
- Attn: Andy McCarthy
Fax: (303)-296-0495
Phone: (303)-296-2012
Email: amccarthy@stephensenergyco.com

Pipe Tallies:

1. All casing and tubing run should be entered as a final pipe tally in the Daily Report or as an attachment to the Daily Report. Make sure that all jewelry (float equipment, centralizers, packers, liner hangers, etc.) are part of the final tally.

Casing and Cementing Reports:

1. These reports should be filled out and submitted along with the Daily Report.

Retention of Documents:

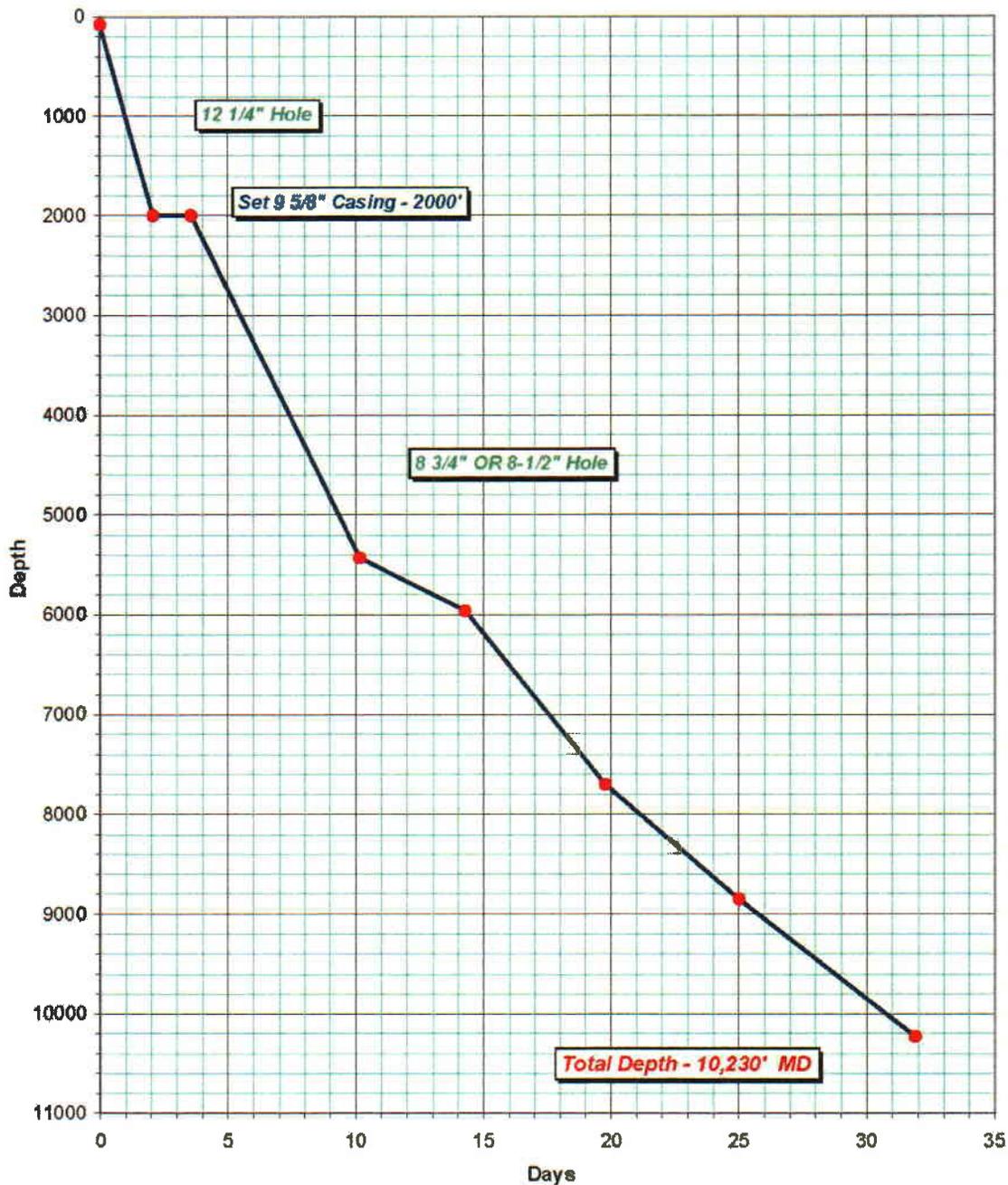
1. Upon release of drilling rig, all documents identified as part of the permanent well file should be put into one hard backed file folder and sent to Stephens Production Company in Fort Smith.

HSE Reporting:

1. All recordable incidents should be reported immediately to the Drilling Manager and Drilling Engineer. A formal copy of the incident report (copy of contractor's form will suffice) should be submitted to the Drilling Manager no more than 24 hours of the incident.

2. WELL SUMMARY INFORMATION

DRILLING TIME CURVE



PRE-SPUD PLANNING INFORMATION

- 1 **Mobilize the following for start-up:**
 - Mobilize Rig.
 - Mobilize Solids Control Equipment
 - Secure water supply.
 - Have water for drilling and cementing analyzed to verify that it is acceptable.
 - Move In and Rig Up Rotary Tools.
 - Mobilize bits and BHA tools for the surface hole.
 - Mobilize 9-5/8" 36-ppf, K-55, STC surface casing.
 - Mobilize 5000-psi wellhead equipment.
 - Mobilize casing accessories (Cent., Guide Shoe, Float Shoe etc.).
 - Mobilize casing crew.
 - Mobilize cementing equipment.

- 2 **Wear bushing will be run at all times while drilling (when applicable).**

- 3 **BOP's shall be pressure tested upon Initial Installation.**

- 4 **BOP's must be function tested weekly and documented on the IADC and Daily Report.**

H2S CONCERNS

Anticipate H2S concentrations in the Madison at Lost Anticline Prospect to be <5%.

H2S occurring in hydrocarbon accumulations is the result of:

- 1) bacterial reduction of sulfate to H2S
 - a. results in low concentrations of H2S (mostly < 1%, always < 5%)
 - b. probably occurs only near surface and at cool temperatures
 - c. is not operative here;
- 2) thermal decomposition of sulfides in kerogen and/or oil (especially in clay-poor, sulfur-rich source rocks)
 - a. results in low amounts of H2S (mostly < 1%, always < 5%)
 - b. is not operative here;
- 3) TSR – Thermochemical Reduction of Sulfate
 - a. reaction of sulfate minerals (mostly anhydrite) and hydrocarbons to form H2S and CaCO3
 - b. occurs at temperatures between 120 and 145° C (248-293° F)
 - c. results in large amounts of H2S (> 5% of total gas volume)
 - d. common in hot (post-mature), deeply buried, carbonates deposited in restricted depositional environments
 - e. in the Wyoming Folded Belt this is the reason to suspect H2S in the Madison.

The above summary is Warn's evaluation based on the following articles:

GasChem.com. 2008. Evaluating the Risk of Encountering Non-hydrocarbon Gas Contaminants (CO2, N2, H2S) Using Gas Geochemistry. OilTracers LLC, 3500 Oak Lawn, Suite 400, Dallas, TX 75219, 5 pages.

Worden, R. H., P. C. Smalley and M. M. Cross. 2000. The Influence of Rock Fabric and Mineralogy on Thermochemical Sulfate Reduction: Khuff Formation, Abu Dhabi. Journal of Sedimentary Research, V. 70, no. 5, p. 1210-1221.

Worden, R. H. and W. J. Carrigan. 2005. Oil-anhydrite TSR (thermochemical sulfate reduction) processes in the Permian Khuff Fm., Saudi Arabia. Geophysical Research Abstracts, V. 7, 2 pages.

Ellis, G. S., T. Zhang, Q. Ma and Y. Tang. 2008. Kinetics and Mechanisms of Hydrocarbon Oxidation by Thermochemical Sulfate Reduction. USGS, 2 pages.

Noth, S. 2004. High H2S contents and other effects of thermochemical sulfate reduction in deeply buried carbonate reservoirs: a review. Geologische Bundeschau, International Journal of Earth Sciences, V. 86, no. 2, pages 275-287.

Bildstein, O., R. H. Worden and E. Brosse. 2001. Does anhydrite dissolution control the rate of thermochemical sulfate reduction? 11th European Union of Geosciences Meeting, Strasbourg, France 8/4/2001-12/4/2001 (Abstract – 1 page).

Whitney Canyon – Carter Creek (which has 15-20% H2S in the Madison) is 7000' deeper and 94° F hotter (with a much higher heat flow).

American Quasar Hoffman #1, 31-11N-7E, Rich County, Utah (a few miles SW of Lost Anticline Prospect) has a BHT of 209° F at log TD of 15,393' after 12.5 hours of cessation of circulation for logging; this corrects to a BHT of 230°; and makes for a temperature gradient of 1.104°/100' (60° F ambient surface temperature).

That puts the anticipated top of Madison temperature in the exploratory well at 132° F at 6500' drill depth; base of Madison temp would be 148° F; extending Madison well to the west for an effective fetch area would be 16,000' and 237° F (WELL BELOW THE 248-293° F TSR H2S GENERATION WINDOW).

Whitney Canyon-Carter Creek produces from Madison at 13,300-13,700' with a temperature of 192° @ 10,766' (uncorrected from DST) making for a temp gradient of 1.226°/100'; equates to 223-228° F at the top of the Madison and 342° F a few miles west in the Madison fetch area at 23,000' (MADISON HERE HAS PASSED THROUGH THE TSR H2S WINDOW).

So Lost Anticline Prospect Madison is 7000' shallower, 94° cooler, with temp gradient of 1.10°/100' versus 1.23°/100', and anticipated temperatures are cooler than those that cause TSR generation of H2S.

DRILLING CONCERNS

Some drilling concerns in drilling of the well are listed below accompanied by brief explanation of what will be done to mitigate the concern:

<u>CONCERNS</u>	<u>SOLUTIONS</u>
1. Lost circulation	The surface hole should be attempted to be drilled to the prognosed depth. The mud engineer will monitor the native mud system for chlorides (in/out) and adjust to compensate for influxes of formation fluids. Mix sawdust for lost circulation to intermediate pipe point. A rig site contingency should be devised prior to drill out of surface pipe point for the intermediate and production hole section. The Drilling Foreman, Mud Engineer, Tool Pusher and Directional Driller should be in agreement with the mitigation plan for lost circulation. The mitigation plan is then to be discussed with the drilling engineer for approval.
2. Twist-offs	BHA components to be inspected prior to spud. If the drill string is subjected to jarring operations or other operations which may fatigue the drill string, the inspection frequency will be changed accordingly. No subs, cross-overs, or other tools run through rotary will be less than 3' in length. BSR's will be calculated for drill string design. Do not run drill pipe in compression.
3. Bit Balling	Maintain hydraulics by keeping pumps as recommended flowrate range. Mix Soap Sticks or CF Desco Sweeps into the mud system on connections as needed.

Please review the above mentioned information with the drillers and solicit their thoughts about the operations.

DEVIATION REQUIREMENTS

- x Straight Hole - No Target: Refer to guidelines below.
- Straight Hole - With Target: Refer to guidelines below and attached target plat below.
- Directional Hole: Refer to attached proposed directional drilling plan.

<u>Depth Interval</u>	<u>Maximum Angle (°)</u>	<u>Maximum Dogleg (°/100')</u>	<u>Survey Freq.</u>
0 - TD	5°		500'

Report all surveys on the IADC Report, Daily Report and all appropriate regulatory forms.

WELL CONTROL

The primary method of pressure control used in drilling this well will be mud hydrostatic. The secondary method of pressure control used in drilling this well will be the contractors' BOPE. The BOPE will be utilized as follows:

Surface Hole:

Native mud system.

Production Hole:

Contractors' stack and 2" or larger 5-ksi choke manifold. Pressure control equipment to include upper kelly cock, kelly, lower kelly valve, stand-by full opening drill string valve (TIW), and stand-by drill string inside BOP. Rams, drill string equipment, and choke manifold upstream of the chokes to be tested to 250-psi low/5000-psi high. **Annular to be tested to 250-psi low/ 2500-psi high.** Pump through the choke line, manifold, to ensure they are free of obstructions. Record all pressure tests on chart recorder.

General Well Control Procedures:

1. Test BOPE at NU. Record on both Stephens Production Company Morning Report and IADC daily reports.
2. Work BOPE on each trip. Record on both Stephens Production Company and IADC daily reports.
3. Conduct BOP drill with each crew at NU and weekly thereafter. Record on both IADC and morning reports.
4. Have drill string inside BOP with proper connection on floor.
5. Have drill string full opening valve on bottom of kelly while drilling.
6. Have stand-by drill string full opening valve on floor.
7. Have kelly cock on swivel.
8. Have handles for valves in handy, recognizable location.

Drilling Operations:

1. Circulate bottoms up before trips.
2. On trips, fill hole every 10 stands of drill pipe, and every stand of BHA. Maintain a hole fill record.
3. Flow check by stopping rotary, pick up kelly until drive bushings are 6' above rotary, shut down pumps and observe if well is flowing. Make flow checks in each of the following situations:
 - a. Increase in gas cut or mud weight decrease.
 - b. On each drilling break. Maximum penetration of five feet.
 - c. Sudden decrease or increase in pump pressure.
 - d. Unexplained gain or loss in pit volume.
 - e. Any flow rate increase detected on FLO_SHO or across shale shaker.
 - f. Unexplained contaminated returns at flow line.
4. Record three slow pump rates each tour and at any mud weight change.
5. RU and have in operation a gas igniter on end of blooie line.

EVALUATION

MUD LOGS	HOLE SECTION	SEQUENCE	DEPTH (TVD)
	Surface	---	2000'
	Production	20' to 3,000', 10' samples thereafter	10230'
CONVENTIONAL CORES	HOLE SECTION	TYPE	DEPTH
	Surface	---	---
	Production	---	---
DST	HOLE SECTION		DEPTH
	Surface	---	---
	Production	---	---
OPEN HOLE LOGS	HOLE SECTION	TYPE	DEPTH
	Surface	---	---
	Production	Neutron / Density Gamma Ray / Induction	3000' - Well TD 2000' - Well TD
OTHER	HOLE SECTION	TYPE	DEPTH
	Surface	---	---
	Production	---	---

WELL LOG/DST/MUD LOG DISTRIBUTION:

Andy McCarthy
 Stephens Energy Company LLC
 1825 Lawrence Suite 300
 Denver, CO 80202
 Fax: (303)-296-0495
 Phone: (303) 296-2012
 Email: atmccarthy@msn.com
 Email: amccarthy@stephensenergyco.com

email (or fax) mudlogs, reports, surveys, DST's
 mail 3 copies wireline logs
 mail 3 copies surveys
 mail 3 copies DST's, geologic reports
 mail 1 copies LAS Files
 mail 3 copies of Mud logs

Gary Boland
 Stephens Production Company
 623 Garrison Avenue
 Fort Smith, AR 72901
 Fax: (479)-424-1344 (continuous)
 Phone: (479)-783-4191 ext 233
 Email: Geomail@stephenspro.com

email (or fax) mudlogs, reports, surveys, DST's
 mail 2 copies of wireline logs
 mail 2 copies of Mud logs
 mail 2 copies of surveys
 mail 2 copies of DST's, Pressure Tests
 mail 1 copy of Geologic Report
 mail 1 copy of LAS file on CD

Within 30 days of completion of the well fill out FORM 8 (WELL COMPLETION OR RECOMPLETION REPORT AND LOG - Utah Division of Oil, Gas and Mining) and submit it along with copies of Electrical Logs, Geologic Report (mudlog?), Core Analysis, Directional Survey and DST Report to:

Utah Division of Oil, Gas and Mining (DNR)
 1594 West North Temple, Suite 1210
 Box 145801
 Salt Lake City, UT 84114-58011

MUD PROGRAM

Hole Section	INTERVAL (TVD)	MW	VIS	API	CL-	Ca+	pH-	TYPE
Surface	0' - 2000'	8.4-9.0	26-36	--	<1000	<200	8.0-9.5	Water/Spud Mud
Production	2000' - 10230'	8.6-10.0	32-50	8-10	<1000	<200	8.0-9.5	LCP / LIME
Mud Company:	Anchor (Brock Sullivan)	District:	Rocky Mtn. Region	Phone Number:	303-892-5610 (o) 303-893-2733 (c)			
Solids Control Company:	Stallion Solids Control (Sam Linden)	District:	Rocky Mtn. Region	Phone Number:	307-856-7509 (o) 307-851-0308 (c)			
Water Source:	To be determined.							

Report 'in' and 'out' mud properties below 500' correcting for lag time

MUD TREATMENT

- Fax mud report daily to Louis Romo at 405-917-9089 or e-mail <lromo@newtecheng.com>
- Stabilize mud system 24-48 hours prior to logging and setting casing
- Attention should be paid to drilling breaks (both progressive and reverse)
- Excessive Dog Legs are a major concern and requires diligence to maintain a workable hole and minimize problems of torque/drag. Addition of Anco-Phalt or beads may be required to for reductions in torque and drag.

SOLIDS CONTROL

Report number of hours solids removal equipment run (Include: Shaker, Desander, Desilter, Mud Cleaner, Centrifuge). Also, report all screen sizes daily.

(X)	Equipment Description	Supplied By	Depth Installed	Comments
	Conventional Shale Shaker			
X	Fine Screen Shale Shaker		Surface Csg - TD	Run finest screens possible – linear motion if possible
X	Desander		Surface Csg - TD	four times mud weight for the pressure
X	Desilter		Surface Csg - TD	
X	Degasser		Surface Csg - TD	
X	Mud Cleaner		Surface Csg - TD	
X	Dewatering Unit	Stallion	Surface Csg - TD	
X	Centrifuge	Stallion	Surface Csg - TD	
X	Solids Catch Tank	Stallion	Surface Csg - TD	
X	Transfer Pump	Stallion	Surface Csg - TD	
	High-G Cutting Dryer			

Closed Loop Mud System

During the planning phases of this well, it was determined that a closed loop mud system would be beneficial to minimize the environmental impacts to the well site. The closed loop system will be used in lieu a reserve pit. The system will incorporate a dewatering unit comprised of a centrifuge and transfer pumps to remove hole cutting and deposit them into a catch tank. The cutting will then be removed from the catch tanks and stored on location. They shall be tested for toxicity before being incorporated into the reclamation of the well site. The cutting storage location will require an impermeable liner underneath to avoid any contamination with the surface water.

During the cementing phase of the well, the mud volume must be lowered to allow for displacement of well bore fluid. This will be done by routing the mud from the mud tanks through the dewatering unit and then into onsite water storage tanks. It is important to determine the amount of water to be displaced prior to drilling so that there is adequate water storage tanks onsite. To dispose of any displaced cement, the cement will be displaced over the shakers (shakers will be lined to avoid contamination with mud system) and collected into the catch tanks. Sugar will need to be added to the cement to increase the cure time. The displaced cement will then be collected from the catch tanks with vacuum trucks and stored in an area next to the cuttings storage. The cement will eventually be incorporated into the reclamation of the well site.

At the completion of the well, any fluid displaced from the well bore during the final cementing job and any remaining surface fluid will need to be treated back to fresh water. All drilling solids and mud will need to be removed. The treated water will then be redistributed to land and county roads.

3. SURFACE HOLE SECTION (TD @ 2000' MD / TVD)

FIRST ACTIONS FOR TIGHT HOLE / STUCK PIPE

Sound horn alarm to clear all personnel away from pipe rack, v-door and rig floor.
 Driller must immediately notify Drilling Foreman and Rig Tool Pusher when hole gets tight.
 It is preferable to jar down instead of pulling up. Do not pull the bit into a pack off
 Never over-pull on the Drill String more than its total weight.

PRE-DRILLING NOTES

1. COUNT ALL JOINTS OF DRILL PIPE BROUGHT TO LOCATION AND NOTE ON THE FIRST DAILY REPORT. Report joints in the hole and joints on location on each successive morning report.
2. BOP equipment will not be utilized on this section of the hole.
3. 6" liners may be used in the two primary mud pumps however if such is the case make certain that hole cleaning is continuously monitored and that you do not "out-drill" yourself.
4. The mud system planned for this hole section is a native mud system. The system will be a closed loop system utilizing a dewatering unit to eliminate the use of a reserve pit. Viscosity of the mud may be a problem due to the use of a centrifuge. To maintain mud viscosity, a gelling agent will need to be added to the mud.

Ensure there is adequate storage volume for well bore fluid displacement during cementing job.

Sweeps may be utilized as needed to clean the hole.

Low-gravity solids must be minimized in this hole section. Dump sand trap as required and operate shakers appropriately as a first line of defense against drill solids buildup.

5. Lost circulation materials should be available for use during drilling of this interval.
6. The following tasks must be completed prior to reaching casing point:
 - a. Rack, number, and strap 9-5/8", 36.0-ppf, K-55 STC casing. Casing should be measured by the Drilling Foreman. Two independent tallies should be made prior to running. Remove thread protectors, inspect, clean, and lubricate threads with API modified casing thread lubricant, and replace protectors. Drift all casing to API drift diameter (8.765").
 - b. Inspect the float shoe and float collar for damage, obstructions, and proper operation.
 - c. A Cameron serviceman should inspect the 11" casing head assembly upon delivery to job site. See Appendix for the complete wellhead specifications.

OPERATIONS SEQUENCE

1. M/U and RIH with 12-1/4" bit and packed hole BHA on drill pipe as shown in Section "B" which follows.
2. Commence drilling at a controlled rate for to approximately 500' MDRT. Sweep the hole with pill (20-bbl minimum) to aid hole cleaning, if required.
3. The drilling and hydraulics parameters for this section are shown in Section "C" which follows.
4. After cleaning the hole with a sweep at casing point, POOH to the conductor. GIH and tag bottom. If less than 10 ft of fill, sweep hole with a 50-bbl pill, circulate hole clean and POOH (SLM). If the fill is greater than 10 ft, circulate with pills and assess the need for another short wiper trip.
5. After POOH, rig up casing equipment and run 9-5/8" surface casing as follows:

Note the following while running 9-5/8" casing:

- a. Insure that each connection in the shoe track is thread-locked, from the float shoe to the float collar.
- b. After running the second joint, check to ensure that the floats are working, i.e. the casing is not filling up to the flowline level. After the fill up check, fill pipe every joint. Dope with API casing thread compound.
- c. 9-5/8" casing centralizers should meet all API specifications and be placed shown in Section "F" which follows.

6. Wash down 9-5/8" casing to TD or as far as possible.
7. Circulate casing volume with rig pump prior to cementing. The Foreman and cementing company representative should take two 1-gallon dry samples of lead and tail cement immediately prior to the cement job, a 5-gallon sample of the mix water, and a 1-gallon wet sample of lead and tail slurries during the job.
NOTE: All cementing volumes are based on previous offsets. If any abnormal hole conditions exist, contact Drilling Engineer prior to ordering out cement.
8. When mud properties have stabilized, make up 9-5/8" cement head. rig up lines to pump truck; test to 3,000-psi.
9. Pump 5-bbls of water releasing bottom plug. Pump 20-bbls of fresh water. Mix and pump 163-bbls of 11.5-ppg lead and 64-bbls of 13.5-ppg tail spacer. Release top plug, followed by 151-bbls fresh water.
10. Calculated cement volumes are based on cement back to surface plus 100% open hole excess.
11. Lower mud pit volume to accommodate displaced well bore fluid.
12. Displace cement with mud at 5.0 to 8.0-bpm, using the cement unit. Bump plug w/ 1000-psi over final displacement pressure. Do not over-displace more than half the shoe track volume. Shut down; check for flow. vi.
13. Displaced cement shall be routed to the catch tanks for collection and relocated to designated storage area.
14. SI and monitor pressure. (If float equipment is not holding, re-pump bleed-back volume prior to shutting in.) If cement does not circulate to surface, or has considerable fallback, perform 1" top out job.
15. Cut conductor and 9-5/8" casings. Inventory or scrap cut joints as appropriate.

Special: Wellhead space-out requirements have not been identified however consult with the Drilling Engineer or Drilling Manager as it may be prudent to space-out such that when the B section is nipped up (later), its top flange will be at the same elevation as the location surface adjacent to the cellar.

16. NU and function test the 11", 5,000-psi BOP stack with both the main and remote control panels. Test Casing head weld to 1000 psi for 10 minutes. If pressure drops more than 100 psi contact Drilling Engineer. NU contractors 11" 5M BOPE consisting of rotating head, Annular, Double ram preventer with pipe rams on bottom and blind rams on top. Pressure test BOPE, Kelly, drill string valves and choke manifold to 250psi low for five (5) min. and 5,000psi high for ten (10) minutes, and annular to 250psi low for five (5) minutes and 2,500psi high for ten (10) minutes as per BLM and WOGCC specifications. Set the wear bushing prior to drilling out. Do not drill out cement within 8 hours of bumping plug.

A. WELL CONTROL EQUIPMENT:

Casing String	Wellhead Flange		BOP Stack			Choke Manifold			Pressure Tests			
	Size	Pressure	Type	Size	Pressure	Type	Size	Pressure	Initial Ann	Initial Rams	Subsequent Ann	Subsequent Rams
--	--	--	--	--	--	--	--	--	2500	5000	2500	5000

	Manufacturer	Size	Bottom Flange	Top Flange	Type of Service*	Comments (#, type of valves, etc.)
			Pressure	Size		
A-Section		9-5/8"	STC	11"	5000	
Tubinghead		11"	5K	7-1/16"	5000	
Tbghd Adapter		7-1/16"	5K	2-1/16"	5000	
Tree		2-1/16"	5K	--	5000	

(X)	Equipment Description	Depth Installed	Supplied By	Comments
-	Wear Bushing	-	-	
X	Drilling Recorder (_4_ Pen)	0-TD	-	

X	Drill Pipe Safety Valves	0-TD	-	
X	Drill Pipe Float	0-TD	-	
X	Inside BOP (Gray or Equiv.)	0-TD	-	

B. DRILL STRING DESIGN:

Drill Collars and Heavyweight Drillpipe Available:

Outer Diameter	Inner Diameter	Number Available	Air weight (#/ft)	Connection	Make-Up Torque	BSR

Bottom Hole Assembly Design:

Hole Size	Depth Interval	MW / BF	Drill Collars		BHA Weight		Assembly Description/Stabilizers
			Size	Number	In Air	In Mud	
12-1/4"	0-2000'	9.0 / 0.862	8"	3			12-1/4" MILL TOOTH BIT, BIT SUB, 3x8" DC,
			6-1/8"	21			XO, 21 x 6-1/8" DC, XO.

Drill Pipe Design:

Depth Interval	Section Length	Section Description (Size/Weight/Grade/Class/Conn.)	Adjusted Weight	MW / BF	Tensile Strength
0-2000'	2000'	BHA		9.0 / 0.862	
				/	

C. BIT SELECTION:

Hole Size	IADC TYPE	Recommended Bit	Weight K#'s	Rotary RPM	Target ROP	Target Drilling Time (hrs)
12-1/4"	117	FDS +C	15/35	90-120	55	35

D. CASING DESIGN:

Interval	Section Length	Size	Weight	Grade	Drift	Conn/Plating	Make-Up Torque	Collapse psi	Burst psi	Tension	
										klbs.	
Surface	0-2000'	2000'	9-5/8	36	K-55	8.765	LTC	4680	2020	3520	564

E. WELLHEAD EQUIPMENT:

	Manufacturer	Bottom Flange		Top Flange		Type of Service*	Comments (#, type of valves, etc.)
		Size	Pressure	Size	Pressure		
A-Section		9-5/8"	LTC	11"	5000		SIDE OUTLET VALVE
Tubinghead		11"	5K	7-1/16"	5000		SIDE OUTLET VALVE
Tbghd Adapter		7-1/16"	5K	2-1/16"	5000		

Stephens Energy Company LLC

Pearl Land 15-17

Tree

2-1/16"

5K

5000

SURFACE CASING CEMENTING:

Usable Wtr Depth: _____ ' below ground level. API # _____

Do NOT drill surface hole deeper than _____ ' as measured from the top of the kelly bushing.

Conductor casing must be set and cemented between _____ ' and _____ ' as measured from the top of the kelly bushing.

Space out so that top of A-section is set so that "B" Section side outlet valves will be at ground level.

Cement Company: Halliburton District: Denver Phone #: 303-899-4700

A. CEMENT DESIGN

	LEAD	TAIL	TOPOUT
	(0 ' - 1453 ')	(1453 ' - 2000 ')	(_____ ' - _____ ')
# OF SACKS	310	199	
CLASS	VARICEM R1	VARICEM R1	
ADDITIVES			
Poly-E-Flake	0.125 PPS	0.125 PPS	
KWIK SEAL	0.25 PPS	0.25 PPS	
Calcium Chloride			
DENSITY (PPG)	11.5	13.5	
WATER RATIO (GPS)	17.91	9.36	
YIELD (FT ³ /SK)	2.95	1.81	
BBLS SLURRY	163.0	64.1	
BBLS WATER	132.2	44.5	
FLUID LOSS (CC/30 MIN)			
THICKENING TIME (HH:MM)			
COMP STRENGTH (PSI @ 24 HRS)			

B. CEMENT TESTING REQUIREMENTS:

Pilot Tests: YES / NO : Field Blend Tests YES / NO

Cement volume based on 12-1/4" hole plus 100 % annular volume excess (109 bbls excess).

Offset wells with similar surface casing programs have typically pumped 100 % excess (_____ bbls) and had _____ bbls cement returns.

Float Equipment: (guide shoe) (float shoe) ; one shoe joint(s) ; (baffle collar) (float collar)

- Centralizers:
- One on each shoe jt. (in middle of joint), one three jts. up from shoe and one ~200' down from surface.
 - Cement basket above top centralizer.

Obtain float equipment from HALLIBURTON and centralizers from HALLIBURTON

C. TESTING:

Allow 8 hours to elapse after bumping plug before drilling out.

Threadlock float equipment and float joint(s) through top connection on float collar.

If cement returns are not obtained, contact Drilling Engineer before topping out.

If top out is necessary have 150' of "one" inch on location with swage for top out.

Halliburton is to have 200 sacks of 15.6-ppg + 2% Calcium Chloride at 1.20 ft³/sk available for a top out job.

Ensure that the proper cementing forms are filled out completely.

D. ADDITIONAL COMMENTS

- Notify REGULATORY by telephone at least 24 hours prior to the time when casing will be run.

4. PRODUCTION HOLE SECTION (TD @ 10230' MD / TVD)

PRE-DRILLING NOTES

1. The well control procedure for closing the well in during this hole section will be the fast shut-in method.
2. Make certain 6" liners are fitted in all mud pumps.
3. Check all drill pipe hard banding to minimize potential casing wear.
4. Monitor pressure trend indicators closely through this hole section, as several formation are over-thrust and faults are expected with possible rubble zones.
5. The following tasks must be completed prior to reaching casing point:
 - a. Layout, number, and str4-1/2", 11.6-ppf, P-110, LTC casing. Remove thread protectors, clean, inspect and dope. Drift all 11.6-ppf casing to API specification (3.875). All joints of casing should be measured by the Drilling Foremen.
 - b. Inspect float shoe and float collar for damage, obstructions, and proper operation. Count and check centralizers.
 - c. Check drill line specifications for tensile strength. "Cut and Slip" and restring block if necessary for casing job.
6. Watch for bit balling, and pump sweeps of SAPP or walnut hulls material to clean the bit.
7. Survey hole every 500' or as necessary to monitor hole inclination. Consider using Teledrift (307-234-7121) tool to save expense.
8. Water flows as well as lost circulation may be encountered. Circulate closed loop system possible using polymer sweeps.

OPERATIONS SEQUENCE

1. Thoroughly read this entire procedure and discuss any details you may disagree with or want clarification on with the Drilling Engineer and/or Drilling Manager.
2. Make certain that Mud Loggers contact the Geologist and are aware of the formations which are expected in this hole section. Record on Daily Drilling Report any formation changes and all gas zones encountered.
3. M/U and RIH with 8-3/4" PDC on DC BHA (see Section "B" which follows).
4. Report TOC on daily report. Drill out cement down to the top of the landing collar. Pressure test the casing with 1,000-psi for 30-minutes.
5. Take SCRs on bottom at 20, 30 and 40 SPM.
6. Drill ahead with reduced rotary and a pump rate. Increase to full pump rate once the directional tools and stabilizers are below casing shoe.
7. Mud weight should be adjusted as necessary, depending on the pore pressure encountered in the formations. Monitor pressures and BGG carefully
8. Run finest shaker screens possible on both shakers. Run high-speed centrifuges and dilute as needed for weight and solids control. Maintain mud weight as low as possible.
9. Notify cementing company to commence field blend testing of the cement slurries using rig make-up water prior to reaching casing setting depth.
10. Drill ahead to proposed TD. The drilling and hydraulic parameters for this hole section are shown in Section "C" which follows.
11. At T.D., circulate hole, short trip and POOH to log well. Pipe may be LD prior to logging depending on the logging program. Discuss with Drilling Engineer and Geologist prior to POOH.
12. RU loggers and log well as per Evaluation Program.

LOGGING

1. SLM and rabbit out of the hole before logging.
2. Call in the caliper data to the Drilling Engineer as soon as possible.
3. Verify the depth of the top of the shallowest productive hydrocarbon zone with the geologist.
4. Ensure cement supervisor has sampled water on location for conducting field blend tests on production cement blend. At the same time the cement supervisor will need to catch sample of mud to be pumped ahead of cement for compatibility tests with cement spacer. Do not pump cement before reviewing and discussing cement lab results with Drilling Engineer. Do not have any cement brought to location until the caliper data is verified with the engineer and the number of sacks is determined.

CASING RUNNING

1. Have minimum of 2 lift nubbins on location.
2. Ensure that PU machine has acceptable hook or bucket.
3. Conduct "Tailgate Meeting" on location with all key personnel and go over procedures and any safety precautions.
4. TOOH, rig up lay down machine, lay down BHA (drill collars, and regular drill pipe) and drill pipe.
5. Do not install 4-1/2" casing rams in the ram preventer. Pull the wear bushing, if installed.
6. Make-up float equipment and two shoe joints. Attach casing hardware as specified. Thread lock the bottom 2 joints.
7. TIH to TD. Install cementing head and wash last joint of casing to bottom, as required. Fill the casing completely after reaching TD. Set casing as close to bottom as possible. Verify casing tally by checking joints remaining on pipe rack.
8. Spot cementing equipment on location and have lines pressure tested to 3000 psi simultaneous to running casing. If applicable, calibrate densimeter with fresh water. Collect two 10 lb. dry samples of each cement mix and one gallon of mix water along with any liquid additives.
9. Pump ~50-bbls. down casing, over one casing volume, and through flow equipment to ensure that they are open. Report on morning report the pumping pressure just prior to pumping cement.

CEMENTING

1. Review equipment layout with Cement Company Representative. Plan for contingency hook-ups in case of equipment failure. Verify with Halliburton that they have the proper wiper plugs for the cementing head. Take wet samples of each slurry during the job for observation.
2. Lower mud pit volume to accommodate well bore fluid displaced by cementing.
3. Drop the bottom plug and verify departure with tattle tail wire.
4. Reciprocate the casing a stroke length of 10'-15' per minute until 20-bbls before the top plugs bumps. If the pipe becomes sticky, stop the reciprocation. Stop reciprocation on the upstroke just after coming off bottom to put the string in tension.
5. Pump the 20- bbl spacer to well.
6. Circulate 493-bbls of cement slurry directly to well. (Final volume = _____ bbl from callper log) and drop top plug. Do not flush lines prior to releasing the top plug.
7. Drop the top plug. Verify plug departure with tattle-tale wire. Begin displacement at 5 to 7- bpm with pump truck. Monitor returns. Calculated displacement volume is ~160-bbls, excluding surface and float equipment. (Final volume = _____ bbl based on actual float collar depth). Displacement fluid is **2% KCL**.
8. About 20 bbls prior to bumping the plug, reduce pumping rate to 3 to 5-bpm until the plug lands. If the plug does not bump after pumping calculated displacement, pump the additional capacity of 1 shoe joints (0.6-bbl). Do not over displace - any excess cement can be drilled out later.
9. After POB, pressure up to 500-psi over final displacement pressure. Do not exceed 3000-psi (Pmax POB). Hold for 2-3 minutes to mark pressure recorder. Release pressure rapidly, measure volume, and check to see if BPV's are holding.
10. If BPV's leak, repeat step 8. If BPV's still leak, pump bleed back volume and hold 100 psi over differential pressure for 4-6 hours, or until the surface samples have cured.
11. RD Cementing Company.
12. Install slips and set the casing in neutral weight (to be calculated by Drilling Engineer) make note of the initial and final stretch (lbs and inches).
13. Record on both the IADC and the Daily Reports joint count run, cut off length, cement volumes, cement properties, and returns description.
14. Fax or e-mail a copy of casing tally to Drilling Engineer.
15. ND BOPs. Install tree or dryhole cap and make certain all connections and caps are tight.
16. Clean pits and release rental equipment.
17. Release rig. RDMO.
18. Be sure the cementing forms are properly and completely filled out in INK and signed in INK. Send in to Stephens Production Company (Fort Smith).

A. WELL CONTROL EQUIPMENT:

Casing String	Wellhead Flange		BOP Stack			Choke Manifold			Pressure Tests			
	Size	Pressure	Type	Size	Pressure	Type	Size	Pressure	Initial Ann	Initial Rams	Subsequent Ann	Subsequent Rams
9-5/8"	11"	5K	—	—	—	—	—	—	2500	5000	2500	5000

	Manufacturer	Bottom Flange		Top Flange		Type of Service*	Comments (#, type of valves, etc.)
		Size	Pressure	Size	Pressure		
A-Section		9-5/8"	STC	11"	5000		
Tubinghead		11"	5K	7-1/16"	5000		
Tbghd Adapter		7-1/16"	5K	2-1/16"	5000		
Tree		2-1/16"	5K	—	5000		

(X)	Equipment Description	Depth Installed	Supplied By	Comments
X	Wear Bushing			
X	Drilling Recorder (_4_ Pen)	0-TD		
X	Drill Pipe Safety Valves	0-TD		
X	Drill Pipe Float	0-TD		
X	Inside BOP (Gray or Equiv.)	0-TD		

B. DRILL STRING DESIGN:

Drill Collars and Heavyweight Drillpipe Available:

Outer Diameter	Inner Diameter	Number Available	Air weight (#/ft)	Connection	Make-Up Torque	BSR

Bottom Hole Assembly Design:

Hole			Drill Collars		BHA Weight Below Jars		Assembly Description/Stabilizers
Size	Depth Interval	MW / BF	Size	Number	In Air	In Mud	
8-3/4"	2000' - 10230'	9.2 / 0.859	6-1/8"	21			8-3/4" BIT, BIT SUB, 21 X 6-1/8" DC, XO.
		/					
		/					

Drill Pipe Design:

Depth Interval	Section Length	Section Description (Size/Weight/Grade/Class/Conn.)	Adjusted Weight	MW / BF	Tensile Strength
2000' - 10230'	8900'	BHA		9.2+ / 0.859	
		DP		9.2+ / 0.859	

*Based on 80% Tensile Strength (569,856 lbs)

C. BIT SELECTION:

Hole Size	IADC TYPE	Depth Range	Recommended Bit	Weight K#'s	Rotary/RPM	Target ROP	Target Bit Life (hrs)
8-3/4"	PDC	2000'-5430'	MI 616PX	15/22	70/120	34.3	100
8-3/4"	647Y	5430'-5960'	F87YODOPS	30/50	50/80	8.8	60
8-3/4"	PDC	5960'-7700'	MI 616PX	15/22	70/120	21.8	80
8-3/4"	PDC	7700'-8850'	MI 616PX	15/22	70/120	15.3	75
8-3/4"	PDC	8850'-10230'	MI 616PX	15/22	70/120	13.8	100

D. CASING DESIGN:

Production	Interval	Section Length	Size	Weight	Grade	Drift	Conn/J	Make-Up Torque	Collapse psi	Burst psi	Tension klbs.
	2000'- 10230'	8230"	4 1/2"	11.6	P-110	3.875"	LTC	3020	10140	6570	349

E. WELLHEAD EQUIPMENT:

	Manufacturer	Size	Bottom Flange Pressure	Top Flange Size	Top Flange Pressure	Type of Service*	Comments (#, type of valves, etc.)
A-Section		9-5/8"	STC	11"	5000		SIDE OUTLET VALVE
Tubinghead		11"	5K	7-1/16"	5000		SIDE OUTLET VALVE
Tbghd Adapter		7-1/16"	5K	2-1/16"	5000		
Tree		2-1/16"	5K	—	5000		

PRODUCTION CASING CEMENTING:

Usable Wtr Depth: _____ ' below ground level. API # _____

Do NOT drill surface hole deeper than N/A ' as measured from the top of the kelly bushing.

Surface casing must be set and cemented between N/A ' and N/A ' as measured from the top of the kelly bushing.

Space out so that top of A-section is set so that "B" Section side outlet valves will be at ground level.

Cement Company: Halliburton District: Denver Phone #: 303-899-4700

A. CEMENT DESIGN

	LEAD	TAIL	TOP OUT
	(<u>3300</u> ' - <u>8230</u> ')	(<u>8230</u> ' - <u>10230</u> ')	(_____ ' - _____ ')
# OF SACKS	<u>751</u>	<u>538</u>	_____
CLASS	<u>EXTENDACEM RS1</u>	<u>50/50 POZ PREMIUM</u>	_____
ADDITIVES	_____	_____	_____
POLY-E-FLAKE	<u>0.125 PPS</u>	<u>0.125 PPS</u>	_____
SILICALITE COMPACTED	_____	<u>3.0 PPS</u>	<u>0</u>
HALAD-R 322 & 344	_____	<u>0.2% (EA)</u>	_____
MICROBOND HT	_____	<u>3.0 %</u>	_____
DENSITY (PPG)	<u>11.50</u>	<u>13.50</u>	_____
WATER RATIO (GPS)	<u>15.54</u>	<u>7.15</u>	_____
YIELD (FT ³ /SK)	<u>2.62</u>	<u>1.49</u>	_____
BBLS SLURRY	<u>350.6</u>	<u>142.8</u>	_____
BBLS WATER	_____	_____	_____

B. CEMENT TESTING REQUIREMENTS:

Pilot Tests: YES / NO : Field Blend Tests YES / NO

Cement volume based on 8-3/4" " hole plus 30 % annular volume excess (113.7 bbls excess).

Offset wells with similar surface casing programs have typically pumped N/A % _____ bbls) and had _____ bbls cement returns.

Float Equipment: (guide shoe) (float shoe) ; two float joint(s) ; (baffle collar) (float collar)

- Centralizers:
- One on each float jt. (in middle of joint), one three jts. up from shoe
 - Use non-rotating float equipment and Halliburton double valve float shoe

Obtain float equipment from HALLIBURTON and centralizers from HALLIBURTON

C. TESTING:

Pump plug and hold pressure to test casing to 500* psi for 10 minutes; pressure cannot decline more than 100 psi.

Allow N/A hours to elapse after bumping plug before drilling out.

Threadlock float equipment and float joint(s) through top connection on float collar.

* If the integrity of the test is in question of if a dual slope is evident on the pressure – volume curve then re-test

Ensure that the proper cementing forms are filled out completely.

D. ADDITIONAL COMMENTS

- Notify REGULATORY by telephone at least 24 hours prior to the time when surface casing will be run

5. DRILLING FLUIDS PROGRAM

As per Anchor Drilling Fluids

INTERVAL (feet)	MUD WEIGHT (lbs/gal)	VISCOSITY (sec/qt)	FLUID LOSS (ml/30 min)	MUD TYPE
0' - 2,000'	8.4 - 9.0	26 - 36	Natural	Water/Spud Mud

Spud in with fresh water and a sufficient pump rate to provide effective hole cleaning while drilling with clear water. Initially use Anco-Gel/Lime sweeps to provide supplemental hole cleaning without increasing the total system viscosity (which could impede the ROP). If additional hole cleaning should become necessary, implement a light mud-up, but avoid the addition of excessive amounts of Anco-Gel, as hydratable native solids will also contribute to viscosity. Use all available solids control equipment and water dilution to maintain minimum mud weights and low drilled solids concentrations. Circulate the hole clean at TD and if necessary sweep the hole with a viscous slurry prior to POOH for running casing.

Possible Problems: Bit balling/mud rings may occur as this interval is drilled. Use sweeps of SAPP or Soap Sticks to un-ball the bit or break the mud ring around the drill string. The severity of this problem may be increased if a spud mud is required to be built for drilling this interval.

Set 9-5/8" Surface Casing

2,000' - 6,000'±	8.6 - 9.2	32 - 38	8-10 cc's	LCP / Lime
------------------	-----------	---------	-----------	------------

Drill out of the surface casing with fresh water, ensure cement is properly removed from the system. Then commence mudding-up with an LCP/Lime based system.

A lime mud system will provide an economical and efficient solution to the potential problems associated with the presence of anhydrite and H₂S in this interval. It is easy to maintain good filtration properties and low gels in this type of fluid. The lime content should be increased to 2-3 ppb excess. Caustic Soda additions will also be needed to reduce the soluble calcium to 200 ppm or less. Starch will be used to reduce the filtration rate to 10 cc or less. The rheology can be adjusted as needed with pre-hydrated Anco-Gel. Maintain approximately 8-10 ppb of bentonite and approximately 0.75-1.0 ppb Flowzan (xanthan gum) for viscosity and yield point. The efficient use of all available solids control equipment is essential to maintain drill solids below 3.0%. This will minimize dilution and therefore help to reduce mud product usage and overall cost.

A lime mud is controlled by the amount of excess lime it contains. Also, the optimum rheological properties for a lime mud are obtained when excess lime (in ppb) is balanced with, or kept nearly equal to the Pf. The formula for determining excess lime is $(P_m - P_f)/4$. As an example, when the mud engineer checks the mud and finds that the $P_m=20$ and the $P_f=4.0$, then it can be said that the lime mud exhibits excellent alkalinity balance since $(20.0-4.0)/4=4.0$ and P_f also equals 4.0. However, if the P_f was 2.5 (in this same example), the excess lime would then be 4.4 and would be out of balance. As another example, if the P_m value was 25 with a P_f of 4.0, then the excess lime would be 5.3, again indicating that the alkalinity is out of balance.

Bringing these alkalinities back into line is relatively easy. Caustic Soda will increase the P_f and Lime will increase the P_m . In other words, if the P_f is too low, add Caustic Soda and if the P_m (or excess lime) is too low, add Lime to achieve the proper balance of the system.

6,000' - 10,230'	8.8 - 10.0±	36 - 50	6 - 8 cc's	LCP/Lime
------------------	-------------	---------	------------	----------

Further reduce the filtration rate to 8 cc's/30 minutes or less prior to drilling the Mission Canyon. Continue to maintain the mud weight in the 8.8-9.0 ppg range unless indications of overpressure become evident.

Should the hole become unstable, the combination of a higher yield point and lower filtration rate would be the first course of action. In the unlikely event of higher than expected formation pressure, a slight increase of mud weight should help to counteract any sloughing problems.

While drilling this interval, monitor the background gas very carefully for indications of over-pressured situations. Drilling breaks should be checked for flow if significant connection gas or background gas is evident. Increase the mud weight only as hole conditions dictate and to avoid an overbalanced situation which could induce seepage and/or possibly differentially stuck pipe. It is most likely that an unweighted fluid can be used to drill the entirety of this interval, so arbitrary increases in mud weight should be avoided.

As/if increases in density are required, add the barite over one to two circulations along with a small stream of water to help "water wet" the barite and avoid dehydration of the mud system. Minor additions of thinners may be required to maintain the fluid rheology within the recommended flow property specifications.

The speed at which the drill string is tripped out of and into the hole should be limited to avoid excessive swab and surge pressures on the wellbore. This will minimize the possibility of inducing a gas influx while tripping out of hole or inducing lost circulation while tripping into the hole.

Deviation control will be a concern throughout this interval to avoid dog legs which could result in keyseat problems on trips out of the hole with the drill string. Frequent surveys along with good drilling practices are the key to avoiding this potential problem. The low solids LCP/Lime system exhibits excellent lubricity, but if additional lubricity is required, we recommend the use of Anco Tork-Buster.

Lost circulation or seepage is possible in this interval. Follow the procedure of using LCM sweeps to combat losses, as this has proven effective for drilling these particular formations in the past. This will help reduce costs associated with loading the entire system with lost circulation material. Maintaining LCM throughout the system can lead to induced losses because by-passing the solids control equipment will allow the drilled solids to increase the mud weight.

The lime based system is recommended for its inhibitive characteristics, because it will tolerate any calcium contamination (gypsum or anhydrite) that will be encountered and for protection from H₂S zones that will be present. Add Zinc Carbonate to treat out any sulfide detected. The pH of the fluid should be maintained at 11.0 or higher. Reductions in pH can be used as immediate indicators of possible H₂S influxes.

Allow wellsite observations and Interpretations of hole conditions to dictate any fluid property modifications necessary to safely and successfully drill, evaluate and case this interval.

~~8 1/2" Production Casing~~

4 1/2" ~~8 1/2"~~

6. CEMENT PROGRAM

9 ½ Surface Casing

Fluid 1: Water Spacer
Fresh Water

Fluid Density: 8.34 lbm/gal
Fluid Volume: 20 bbl

Fluid 2: Lead Cement
VARICEM R1 (TM) CEMENT
0.125 lbm/sk Poly-E-Flake (Lost Circulation Additive)
0.25 lbm/sk Kwik Seal (Lost Circulation Additive)

Fluid Weight: 11.50 lbm/gal
Slurry Yield: 2.95 ft³/sk
Total Mixing Fluid: 17.91 Gal/sk
Top of Fluid: 0 ft
Calculated Fill: 1453 ft
Volume: 162.09 bbl
Calculated Sacks: 308.09 sks
Proposed Sacks: 310 sks

Fluid 3: Tail Cement
VARICEM R1 (TM) CEMENT
0.125 lbm/sk Poly-E-Flake (Lost Circulation Additive)
0.25 lbm/sk Kwik Seal (Lost Circulation Additive)

Fluid Weight: 13.50 lbm/gal
Slurry Yield: 1.81 ft³/sk
Total Mixing Fluid: 9.36 Gal/sk
Top of Fluid: 1453 ft
Calculated Fill: 547 ft
Volume: 64.51 bbl
Calculated Sacks: 200 sks
Proposed Sacks: 200 sks

Fluid 4: Water Based Spacer
Displacement

Fluid Density: 8.34 lbm/gal
Fluid Volume: 151.14 bbl

Fluid 5: Top Out Cement
Premium Cement
94 lbm/sk Premlum Cement (Cement)
2 % Calcium Chloride (Accelerator)

Fluid Weight: 15.80 lbm/gal
Slurry Yield: 1.17 ft³/sk
Total Mixing Fluid: 5.02 Gal/sk
Proposed Sacks: 150 sks

4 ½ Production Casing

Fluid 1: Water Based Spacer
MUD FLUSH

Fluid Density: 8.40 lbm/gal
Fluid Volume: 20 bbl

Fluid 2: Lead Cement
VARICEM R1 (TM) CEMENT
0.125 lbm/sk Poly-E-Flake (Lost Circulation Additive)
0.25 lbm/sk Kwik Seal (Lost Circulation Additive)

Fluid Weight: 11.50 lbm/gal
Slurry Yield: 2.62 ft³/sk
Total Mixing Fluid: 15.54 Gal/sk
Top of Fluid: 3300 ft
Calculated Fill: 4930 ft
Volume: 350.60 bbl
Calculated Sacks: 751 sks
Proposed Sacks: 760 sks

Fluid 3: Tail Cement
50/50 Poz Premium
3 % (Total) Halliburton Gel (Light Weight Additive)
0.2 % Halad(R)-344 (Low Fluid Loss Control)
0.2 % Halad(R)-322 (Low Fluid Loss Control)
3 lbm/sk Silicalite Compacted (Light Weight Additive)
3 % Microbond HT (Expander)
0.3 % HR-5 (Retarder)

Fluid Weight: 13.50 lbm/gal
Slurry Yield: 1.49 ft³/sk
Total Mixing Fluid: 7.15 Gal/sk
Top of Fluid: 8230 ft
Calculated Fill: 2000 ft
Volume: 81.16 bbl
Calculated Sacks: 538 sks
Proposed Sacks: 540 sks

Fluid 4: Water Spacer
Displacement

Fluid Density: 8.34 lbm/gal
Fluid Volume: 252.47 bbl

7. ENGINEERS CEMENT VOLUME CALCULATIONS

Drilling Engineer's Cement Volume Calculations

Surface Casing: 9-5/8" @ 2000' TVD/MD												
Halliburton VariCem R1 (LEAD 160-sss) + 0.125 lbm/sk Poly-E-Flake + 0.25 lbm/sk Kwik Seal. 11.50-ppg, yld = 2.95 ft ³ /sk, (100% excess). Halliburton VariCem R1 (TAIL 110-sss) + 0.125 lbm/sk Poly-E-Flake + 0.25 lbm/sk Kwik Seal. 13.50-ppg, yld = 1.81 ft ³ /sk, (100% excess). Cemented to surface.												
Depth Interval	From	To	Difference	Hole Size, Inch	Casing Size	Volume Factor	Washout Factor	Interval Vol, bbls	Cement Yield	Cement Weight	Sacks Cement	
45	0	45	45	15.124	9.825	0.1322	0%	5.95	2.95	11.5	11	Ceg / Ceg
1,453	45	1,408	1,408	12.25	9.825	0.0558	0%	78.54	2.95	11.5	149	Ceg / OH (lead)
2,000	1,453	547	12.25	9.825	0.0558	0%	30.51	1.81	13.5	95	95	Ceg / OH (tail)
2,000	1,960	40	8.921	0	0.0773	0%	3.09	1.81	13.5	10	10	Shoe Tack
											265	Calculated Volume
											160	Proposed Volume (lead)
											110	Proposed Volume (tail)
											270	Proposed Volume (total)
Displacement:												
	Item	ID	From	To	Vol. Fact.	Bbls						
	4" DP	3.3400	0	0	0.0108	0.00						
	Casing	8.9210	0	1,960	0.0773	151.53						
						151.53						
Production Casing: 4-1/2" @ 10230' TVD / 10230' MD												
Halliburton ExtendaCem RS1 (LEAD 760-sss), 11.5-ppg, yld = 2.62 ft ³ /sk, TOC 3300' MD for lead. Halliburton 50/50 Poz Premium (TAIL 540-sss) + 3 % Halliburton Gel, 0.2 % Halad(R)-344, 0.2 % Halad(R)-322, 3 lb/sk Slicalite Compacted, 3 % Microbond HT, 0.3 % HR-5. 13.50-ppg, yld = 1.48 ft ³ /sk, 444 sks (30% excess). TOC 8230' MD for tail.												
Depth Interval	From	To	Difference	Hole Size, Inch	Casing Size	Volume Factor	Washout Factor	Interval Vol, bbls	Cement Yield	Cement Weight	Sacks Cement	
3,300	3,300	0	8.75	4.5	0.0547	0%	0.00	2.62	11.5	0	0	Ceg / Ceg
8,230	3,300	4,930	8.75	4.5	0.0547	30%	350.80	2.62	11.5	751	751	Ceg / OH (Lead)
10,230	8,230	2,000	8.75	4.5	0.0547	30%	142.23	1.48	13.5	536	536	Ceg / OH (Tail)
10,230	10,190	40	4.028	0	0.0157	0%	0.63	1.48	13.5	2	2	Shoe Tack
											1,290	Calculated Volume
											760	Proposed Volume (lead)
											540	Proposed Volume (tail)
											1,300	Proposed Volume (total)
Displacement:												
	Item	ID	From	To	Vol. Fact.	Bbls						
	4" DP	3.3400	0	0	0.0108	0.00						
	Casing	4.0280	0	10,190	0.0157	160.45						
						160.45						

8. PERMIT TO DRILL AND LOCATION PLAT

Permit to Drill

TBA

Location Plat

977 West 2100 South
 Salt Lake City, Utah 84119
 (801) 972-6222
 (801) 972-6235 FAX
 www.andersoneng.com



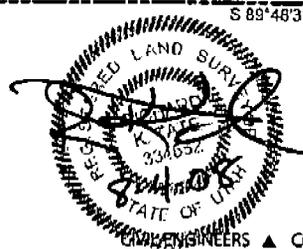
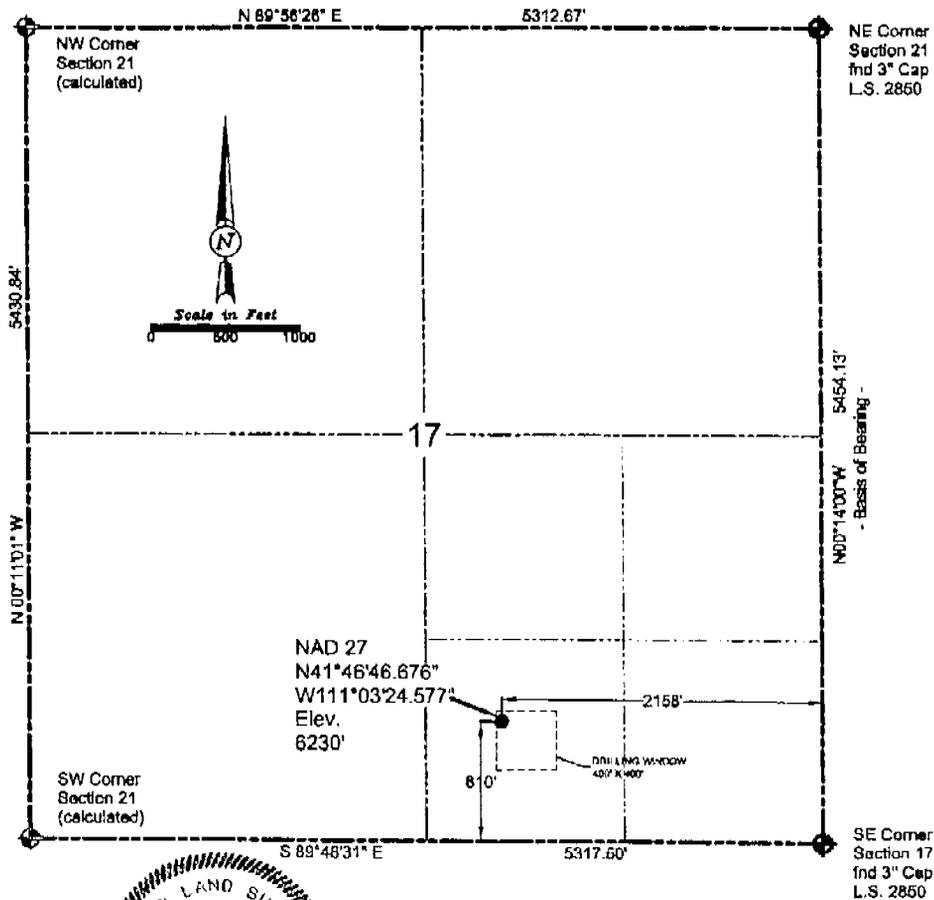
Grants, New Mexico
 (505) 285-6484

Well Location Survey

Stephens Energy Company LLC Peart Land #15-17 Well

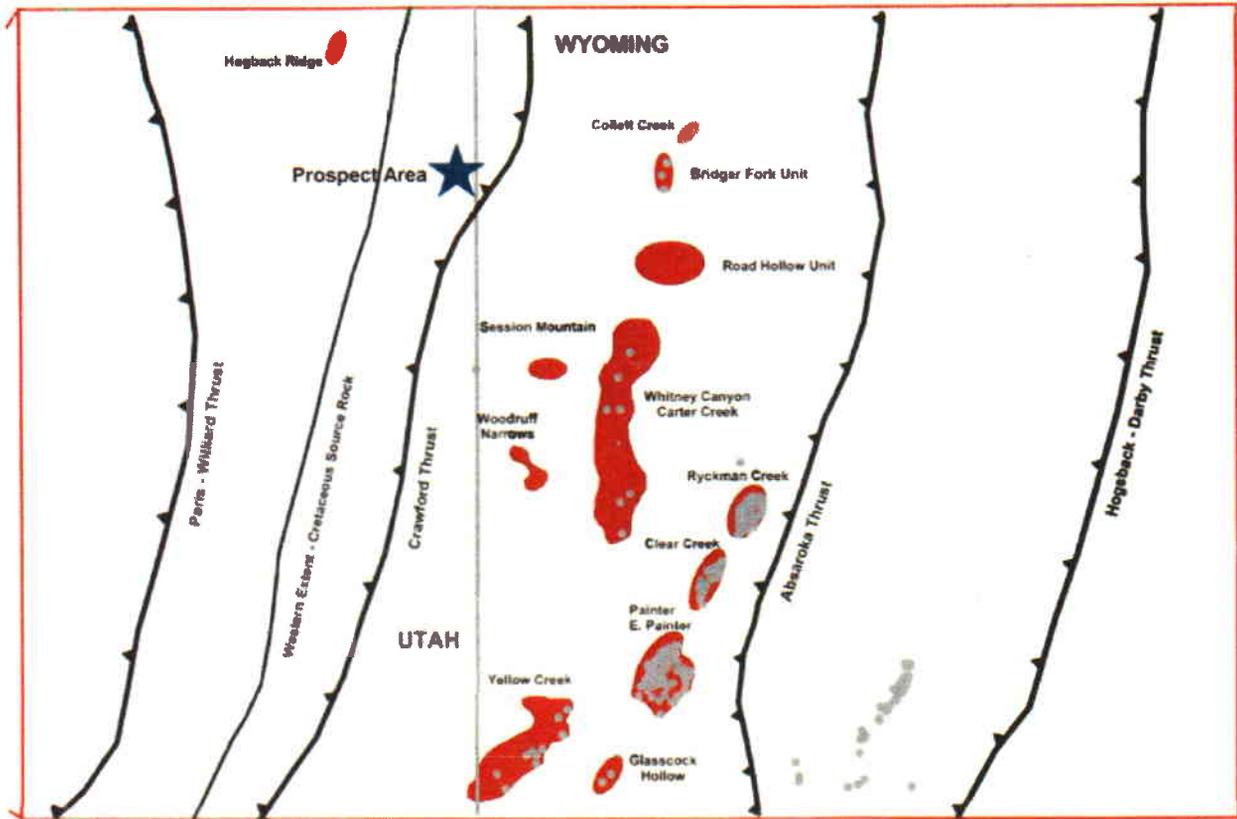
2158' fsl & 810' fsl
 Section 17, T12N, R8E, SLB&M.
 Rich County, Utah
 Ground Elevation- 6230' (NGVD 29)

- Basis of Bearing is $N00^{\circ}14'00''W$ between the SE corner and NE corners of Section 21 from GPS observations taken 17-July-2008
- Elevation values are derived as differential from USGS Control Point "WYUT" (6248') as shown on 7.5 minute USGS quadrangle



- Land use is farm/range land.
- There are no land ownership boundaries within 480 feet.
- There were no oil or gas wells observed within 820 feet.

9. REGIONAL LOCATOR AND SECTION MAP



36	31	32	33	34	35	36	31
1	6	5	4	3	2	1	6
12	7	8	9	10	11	12	7
13	18	17	16	15	14	13	18
24	19	20	21	22	23	24	19
25	30	29	28	27	26	25	30
36	31	32	33	34	35	36	31
1	6	5	4	3	2	1	6

Helen Sadik-Macdonald - Stephens Production, Peart Land 15-17

From: Jonathan Foytlin
To: "hmacdonald@utah.gov"
Date: 1/5/2009 9:02 AM
Subject: Stephens Production, Peart Land 15-17
CC: Louis Romo
Attachments: Louis Romo

Helen,
Good Morning. Per our telephone conversation this morning, I have attached an executive summary for the Peart Land 15-17 well. I hope this clears up any confusion. Please let me know if you have any questions.

Regards,

Jonathan Foytlin
New Tech Engineering
3030 NW Expressway, Ste 600
Oklahoma City, OK 73112
Phone: 405.917.9017
Fax: 405.917.9089
Mobile: 405.574.5505
jfoytlin@newtecheng.com

ANTICIPATED BHP AND BHT

Stephens Energy Company
Peart Land 15-17
SW SE Section 17-T12N-R8E
Rich County, Utah

Anticipated bottom hole pressure @ TD 10,230' is:

4501 psi (calculated from 0.44psi/ft pressure gradient in Whitney Canyon - Carter Creek Field Madison and Big Horn Formations, fide WGA. 1992. Oil and Gas Fields Symposium: Greater Green River Basin; Whitney Canyon - Carter Creek Field is on the Absaroka Thrust Plate in the SW corner of T19N-R119W Lincoln County, Wyoming 14 miles SE of location, which is on the Crawford Thrust Plate).

Anticipated bottom hole temperature @ TD 10,230' is:

173 degrees F (extrapolated from corrected BHT of 130 degrees F at 15,392' after 9 hours cessation of circulation in American Quasar Hoffman #1, 31-11N-7E, API# 4303330001).



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

January 7, 2009

Stephens Energy Company LLC
1825 Lawrence St., Ste. 300
Denver, CO 80202

Re: Peart Land 15-17 Well, 810' FSL, 2158' FEL, SW SE, Sec. 17, T. 12 North, R. 8 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 43-033-30063.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

cc: Rich County Assessor



Operator: Stephens Energy Company LLC

Well Name & Number Peart Land 15-17

API Number: 43-033-30063

Lease: Fee

Location: SW SE Sec. 17 T. 12 North R. 8 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 action during drilling of this well:

- 24 hours prior to cementing or testing casing – contact Dan Jarvis
- 24 hours prior to testing blowout prevention equipment – contact Dan Jarvis
- 24 hours prior to spudding the well – contact Carol Daniels
- Within 24 hours of any emergency changes made to the approved drilling program – contact Dustin Doucet
- Prior to commencing operations to plug and abandon the well – contact Dan Jarvis

The operator is required to get approval from the Division of Oil, Gas and Mining before performing any of the following actions during the drilling of this well:

- Plugging and abandonment or significant plug back of this well – contact Dustin Doucet
- Any changes to the approved drilling plan – contact Dustin Doucet

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

- Dan Jarvis at: (801) 538-5338 office (801) 942-0871 home
- Carol Daniels at: (801) 538-5284 office
- Dustin Doucet at: (801) 538-5281 office (801) 733-0983 home

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. The Application for Permit to Drill has been forwarded to the Resource Development Coordinating Committee for review of this action. You will be required to comply with any applicable recommendations resulting from this review.
6. 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.
7. Cement volume for the 4 1/2" production string shall be determined from actual hole diameter in order to place cement from the pipe setting depth back to 3000' MD in order to adequately isolate the Thaynes formation.

Division of Oil, Gas and Mining
OPERATOR CHANGE WORKSHEET

ROUTING
1. DJJ
2. CDW

X - Change of Operator (Well Sold)

Operator Name Change/Merger

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

6/1/2009

FROM: (Old Operator): N3450-Stephens Energy Company, LLC 1825 Lawrence St, Suite 300 Denver, CO 80202 Phone: 1 (303) 296-2012	TO: (New Operator): N3610-Starlight Oil & Gas, LLC 1775 Sherman St, Suite 1375 Denver, CO 80201 Phone: 1 (303) 832-5887
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CA No.			Unit:					
WELL NAME	SEC	TWN	RNG	API NO	ENTITY NO	LEASE TYPE	WELL TYPE	WELL STATUS
PEART LAND 15-17	17	120N	080E	4303330063		Fee	GW	APD

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: 9/17/2009
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 9/17/2009
- The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 9/17/2009
- Is the new operator registered in the State of Utah: Business Number: 7402024-0161
- (R649-9-2)Waste Management Plan has been received on: Requested 9/23/09
- Inspections of LA PA state/fee well sites complete on: n/a
- Reports current for Production/Disposition & Sundries on: n/a
- Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: BLM n/a BIA n/a
- Federal and Indian Units:**
The BLM or BIA has approved the successor of unit operator for wells listed on: n/a
- Federal and Indian Communization Agreements ("CA"):**
The BLM or BIA has approved the operator for all wells listed within a CA on: n/a
- Underground Injection Control ("UIC")** approved UIC Form 5, **Transfer of Authority to Inject**, for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: n/a

DATA ENTRY:

- Changes entered in the **Oil and Gas Database** on: 9/23/2009
- Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 9/23/2009
- Bond information entered in RBDMS on: 9/23/2009
- Fee/State wells attached to bond in RBDMS on: 9/23/2009
- Injection Projects to new operator in RBDMS on: n/a
- Receipt of Acceptance of Drilling Procedures for APD/New on: 9/17/2009

BOND VERIFICATION:

- Federal well(s) covered by Bond Number: n/a
- Indian well(s) covered by Bond Number: n/a
- (R649-3-1) The **NEW** operator of any state/fee well(s) listed covered by Bond Number 4802372
- The **FORMER** operator has requested a release of liability from their bond on: not yet

LEASE INTEREST OWNER NOTIFICATION:

- (R649-2-10) The **NEW** operator of the fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: 9/23/2009

COMMENTS: 9/17/09 new operator submitted Notice of Intent to change TD to 9975. \$30,000 bond ok.

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: N/A
		7. UNIT or CA AGREEMENT NAME: N/A
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____	8. WELL NAME and NUMBER: Peart Land #15-17	
2. NAME OF OPERATOR: Starlight Oil & Gas, LLC		9. API NUMBER: 4303330063
3. ADDRESS OF OPERATOR: 1775 Sherman St., Suite 1375 CITY Denver STATE CO ZIP 80201	PHONE NUMBER: (303) 832-5887	10. FIELD AND POOL, OR WILDCAT: Wildcat
4. LOCATION OF WELL FOOTAGES AT SURFACE: 810' FSL and 2158' FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWSE 17 12N 8E		COUNTY: Rich STATE: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<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 checked="" type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> 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.

Starlight Oil & Gas, LLC has taken over the subject well effective June 1, 2009. All future operations will be covered under Starlight's pending bond. #4802372.

Printed Name: Doug E. Wein Title: Vice President - Stephens Energy Company LLC N3450
 Signature: *Doug E. Wein* Date: Aug. 10, 2009
(303) 296-2012

NAME (PLEASE PRINT) Venessa Langmacker TITLE Agent for starlight
 SIGNATURE *Venessa Langmacker* DATE 9-16-09

(This space for State use only)
APPROVED 9/23/2009
Earlene Russell
 Division of Oil, Gas and Mining
 Earlene Russell, Engineering Technician

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 SEP 17 2009
 DIV. OF OIL, GAS & MINING

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

Request to Transfer Application or Permit to Drill

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

Well name:	Peart Land #15-17
API number:	4303330063
Location:	Qtr-Qtr: SWSE Section: 17 Township: 12N Range: 8E
Company that filed original application:	Stephens Energy Company LLC
Date original permit was issued:	01/07/2009
Company that permit was issued to:	Stephens Energy Company LLC

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

Following is a checklist of some items related to the application, which should be verified.	Yes	No
If located on private land, has the ownership changed?		<input checked="" type="checkbox"/>
If so, has the surface agreement been updated?		
Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location?		<input checked="" type="checkbox"/>
Have there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well?		<input checked="" type="checkbox"/>
Have there been any changes to the access route including ownership or right-of-way, which could affect the proposed location?		<input checked="" type="checkbox"/>
Has the approved source of water for drilling changed?		<input checked="" type="checkbox"/>
Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation?		<input checked="" type="checkbox"/>
Is bonding still in place, which covers this proposed well? Bond No. Pending <u>4802372</u>	<input checked="" type="checkbox"/>	

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

Name (please print) Venessa Langmacher
 Signature *Venessa Langmacher*
 Representing (company name) Starlight Oil & Gas, LLC

Title Regulatory Supervisor/Agent for Starlight
 Date 09/16/2009

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

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

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

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: Starlight Oil & Gas, LLC		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A
3. ADDRESS OF OPERATOR: 1775 Sherman St., Suite 1375 CITY Denver STATE CO ZIP 80201		7. UNIT or CA AGREEMENT NAME: N/A
4. LOCATION OF WELL FOOTAGES AT SURFACE: 810' FSL and 2158' FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWSE 17 12N 8E		8. WELL NAME and NUMBER: Peart Land #15-17
PHONE NUMBER: (303) 832-5887		9. API NUMBER: 4303330063
COUNTY: Rich		10. FIELD AND POOL, OR WILDCAT: Wildcat
STATE: UTAH		

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<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 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>Modify TD</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.

Starlight Oil & Gas, LLC requests to modify the depth of the subject well location to 9975'. Casing and cementing depths will be adjusted accordingly.

COPY SENT TO OPERATOR

Date: 10.7.2009

Initials: KS

CONFIDENTIAL

NAME (PLEASE PRINT) <u>Venessa Langmacher</u>	TITLE <u>Regulatory Supervisor/Agent for Starlight</u>
SIGNATURE <u>Venessa Langmacher</u>	DATE <u>9/16/2009</u>

(This space for State use only)

**APPROVED BY THE STATE
OF UTAH DIVISION OF
OIL, GAS, AND MINING**
DATE: 9/30/09
BY: [Signature]

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DIV. OF OIL, GAS & 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.

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: Starlight Oil & Gas, LLC		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A
3. ADDRESS OF OPERATOR: 1775 Sherman St., Suite 1375 CITY Denver STATE CO ZIP 80201		7. UNIT or CA AGREEMENT NAME: N/A
4. LOCATION OF WELL FOOTAGES AT SURFACE: 810' FSL and 2158' FEL		8. WELL NAME and NUMBER: Peart Land #15-17
PHONE NUMBER: (303) 832-5887		9. API NUMBER: 4303330063
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWSE 17 12N 8E		10. FIELD AND POOL, OR WILDCAT: Wildcat
COUNTY: Rich		STATE: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<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 FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>Extension</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.

Starlight Oil & Gas, LLC requests a one year extension for the subject well.

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 11-17-09
By: [Signature]

COPY SENT TO OPERATOR
Date: 11.16.2009
Initials: KS

NAME (PLEASE PRINT) <u>Venessa Langmacher</u>	TITLE <u>Regulatory Supervisor/Agent for Starlight</u>
SIGNATURE <u>Venessa Langmacher</u>	DATE <u>11/10/2009</u>

(This space for State use only)

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DIV. OF OIL, GAS & MINING

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

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

API: 43-033-30063
Well Name: Peart Land #15-17
Location: 810' FSL and 2158' FEL Section 17, T12N - R8E Rich UT
Company Permit Issued to: Starlight Oil & Gas, LLC
Date Original Permit Issued: 1/7/2009

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 location 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 would 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

Venessa Langmacher
Venessa Langmacher - PermitCo Inc.

November 10, 2009
Date

Title: Consultant For Starlight Oil & Gas, LLC

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DIV. OF OIL, GAS & MINING



GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

January 27, 2011

Brian Bentley
Starlight Oil & Gas LLC
1775 Sherman St., Suite 1375
Denver, CO 80201

Re: APD Rescinded – Peart Land #15-17, Sec. 17 T. 12N, R. 8E
Rich County, Utah API No. 43-033-30063

Dear Mr. Bentley:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on January 7, 2009. On November 12, 2009, the Division granted a one-year APD extension. On January 26, 2011, you requested that the division rescind the state approved APD. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective January 26, 2011.

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

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

Sincerely,

Diana Mason
Environmental Scientist

cc: Well File
Brad Hill, Technical Service Manager