CROWNQUEST

CROWNQUEST OPERATING, LLC

November 9, 2004

Mr. Gary Halls
P.O. Box 428
Monticello, UT 84535

Re: Jefferson State 4-1 well
Section 4, T-33-S, R-24-E
San Juan County, Utah

Dear Mr. Halls:

This letter, when accepted by you will confirm the agreement between yourself and CrownQuest Operating, LLC ("CrownQuest") concerning the use of the above captioned surface for drilling purposes under the following terms:

1. CrownQuest will pay you [redacted] per acre as surface damages for roads and drilling pads.

2. In the event of production, CrownQuest shall fence the production facilities. In addition, it will install a cattle guard and locked gate at the entrance of the lands from the county road.

3. CrownQuest will pay [redacted] per rod for any pipeline laid that is not within the road right of way. All pipelines will be buried a minimum of 3 feet below the surface.

4. In the event CrownQuest drills a water well on the lands, you shall have the right to takeover said well after CrownQuest has discontinued its use at your sole cost and expense. It is understood however, that in the event you takeover the well, CrownQuest shall have the continuing right to use the well from time to time for its drilling and/or production operations for ~~the life of the water well~~. A PERIOD of 5 YEARS from date HEREof

5. CrownQuest agrees, upon completion of any operation, to clean up the premises and remove all debris and equipment which CrownQuest has placed on the lands except for equipment needed for the operation of producing wells, which shall be removed within six (6) months after a well permanently ceases to produce.

303 W. Wall • Suite 1400 • P.O. Box 2990 • Midland, Texas 79702 • 432.685.3116 • FAX 432.687.4804

002

DJ SIMMONS, INC.

1009 Ridgeway Place
Suite 200
Farmington,
New Mexico 87401

505-326-3753
505-327-4659 FAX
info@djsimmonsinc.com
www.djsimmonsinc.com

November 17, 2004

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

RE: APD Application
Jefferson 4-1
Section 4
Township 33 South - Range 24 East
San Juan, Utah

Dear Mr. Doucet

DJ Simmons, Inc. agent for CrownQuest, LLC. is submitting APD for the above mentioned well location. CrownQuest, LLC has submitted an Application to Appropriate Water designation # 09-2151 to secure a temporary permit in order to implement the drilling of the above mentioned well.

As we desire a December 2004 spud date for the oil & gas well, an expeditious approval of the APD would be greatly appreciated.

If I can be of any further assistance please contact me at (505) 326-3753 ext 14.

Sincerely yours,

Craig D. Starkey
Program Land Coordinator

RECEIVED
NOV 24 2004
DIV. OF OIL, GAS & MINING

001

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: ML 47962
6. SURFACE: Fee

1A. TYPE OF WORK: DRILL ☑ REENTER ☐ DEEPEN ☐

7. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A

B. TYPE OF WELL: OIL ☑ GAS ☐ OTHER _____ SINGLE ZONE ☐ MULTIPLE ZONE ☐

8. UNIT or CA AGREEMENT NAME:

2. NAME OF OPERATOR: CrownQuest Operating, LLC

9. WELL NAME and NUMBER: Jefferson 4-1

3. ADDRESS OF OPERATOR: 303 Wall, Ste. 1400 CITY Midland STATE TX ZIP 79702
PHONE NUMBER: (432) 685-3116

10. FIELD AND POOL, OR WILDCAT: Wildcat

4. LOCATION OF WELL (FOOTAGES)
AT SURFACE: 1815 FNL and 830 FWL 649637X 37.940459
AT PROPOSED PRODUCING ZONE: 1815 FNL and 830 FWL 4200371Y -109.297132

11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 4 33S 24E P

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 6 Miles northeast of Monticello

12. COUNTY: San Juan
13. STATE: UTAH

15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET): 830'
16. NUMBER OF ACRES IN LEASE: 2080.34 Ac.
17. NUMBER OF ACRES ASSIGNED TO THIS WELL: N/A

18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET): N/A
19. PROPOSED DEPTH: 6060 ~~5,900~~
20. BOND DESCRIPTION: RLB 0007554 (120,000 Blanket)

21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 6883 GL
22. APPROXIMATE DATE WORK WILL START: 12/18/2004
23. ESTIMATED DURATION: 45 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			
17 1/2"	13 3/8"	H-40	48	250	Class "G", 300sks	1.16 cf/sk	15.8 ppg	348 CF
12 1/4"	9 5/8"	J55	36	2,200	65/35 Poz, 450sks	1.75 cf/sk	12.8 ppg	788 CF
					Class "G" 100sks	1.16 cf/sk	15.8 ppg	116 CF
7 7/8"	5 1/2"	J55	15.5	4,600	65/35 Poz, 250sks	1.75 cf/sk	12.8 ppg	438 CF
7 7/8"	5 1/2"	N80	17	6,060	Class "G" 365sks	1.16 cf/sk	15.8 ppg	423 CF

25. **ATTACHMENTS**

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

☑ WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER
☐ EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER
WATER RIGHTS #09-2151
☑ COMPLETE DRILLING PLAN
☐ FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

NAME (PLEASE PRINT) Robert R. Griffee, Agent for: (CrownQuest) TITLE Operations Manager

SIGNATURE Robert R. G DATE

(This space for State use only)

API NUMBER ASSIGNED: 43-037-31832

APPROVAL:

Approved by the Utah Division of Oil, Gas and Mining
Date: 12-16-04
By: _____
(See Instructions on Reverse Side)

RECEIVED
NOV 24 2004
DIV OF OIL, GAS & MINING

(11/2001)

UTAH WELL LOCATION PLAT

OPERATOR Crown Quest Operating

LEASE Jefferson State WELL NO. 4-1

SECTION 4 TOWNSHIP 33 South RANGE 24 East 6th, P.M.

COUNTY San Juan UTAH

FOOTAGE LOCATION OF WELL: 1815 FEET FROM THE North LINE and

830 FEET FROM THE West LINE and

GROUND LEVEL ELEVATION: 6883.42'

SURFACE USE WITHIN 200' RADIUS: No Improvements Within 200'

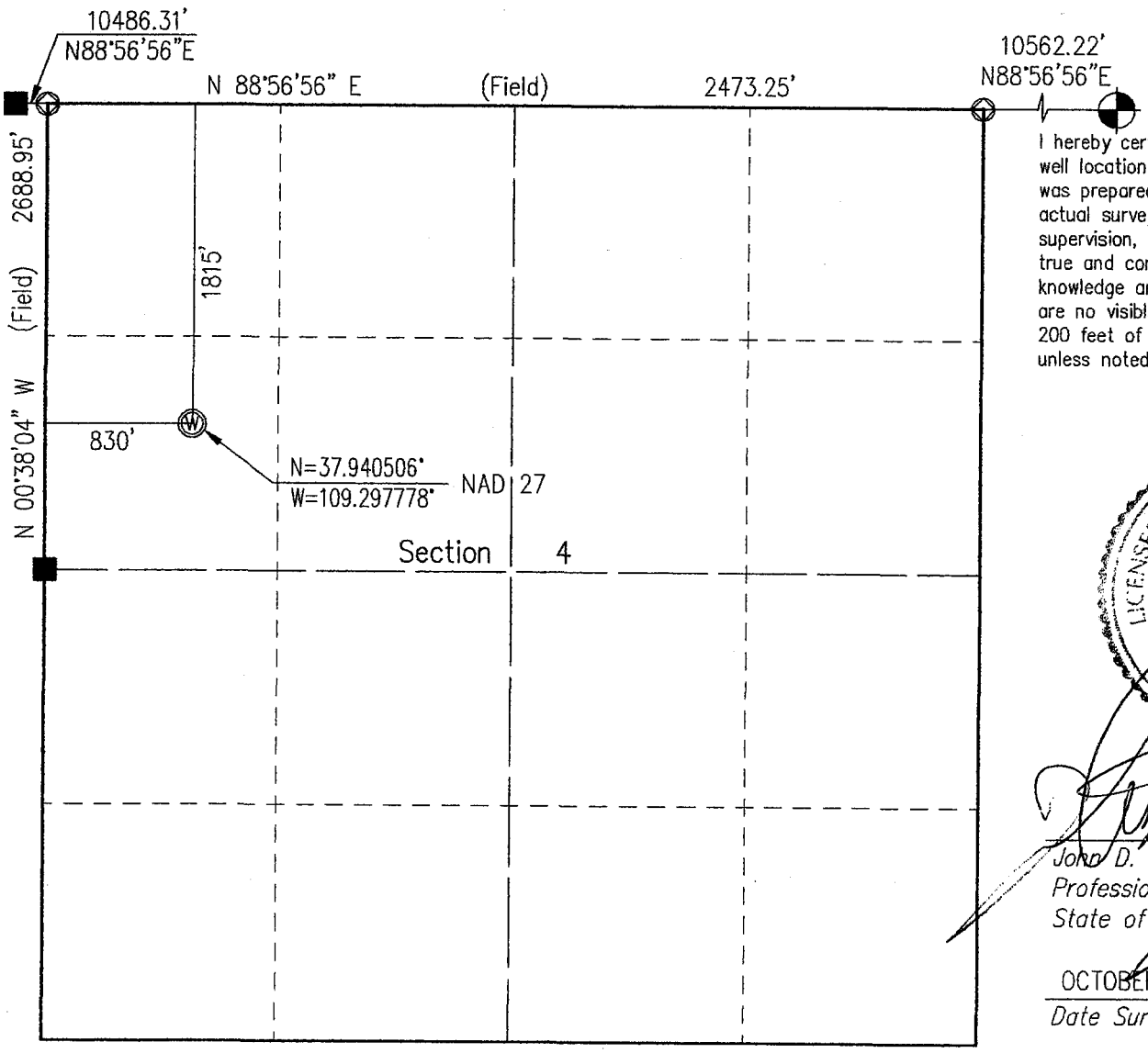
BASIS OF BEARING: GPS Data – NAD 27

BASIS OF ELEVATION: Data – Based on 7.5 Minute Quad

500' 500'
1" = 1000'

Some information on this plat is based on information taken from previous surveys, record information, or collatoral evidence and may not reflect that which may be disclosed by a complete boundary survey. This plat is not to be relied on for the establishment of surface boundaries, fences, buildings, or other future improvements.

GLO BC
WELL Location
STONE Marked
CALCULATED Corner



I hereby certify that the proposed well location shown on this plat was prepared from field notes of an actual survey by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief, and that there are no visible improvements within 200 feet of this proposed wellhead, unless noted otherwise.

LICENSED PROFESSIONAL SURVEYOR
No. 171252
JOHN D. WAYNE
STATE OF UTAH

John D. Wayne
Professional L.S. #171252
State of Utah

OCTOBER 12, 2004
Date Surveyed:

SCALE: 1" = 1000'

D.J. SIMMONS, INC.

Drilling Plan

Well Name: Jefferson State 4-1

Surface Location: 1815' FNL x 830' FWL, Section 4, T33S, R24E
San Juan County, Utah

Target Formation: Ismay

Elevation: 6883' GL

Geology:

Formation	Top	Probable Content	
Soil	Surface		
Dakota	10'	sandstone; possible water	
Morrison	310'	intbdd sh/ss	
Summerville/Wanakah	1020'	red sh/sltst	
Entrada Ss	1090'	potential fresh water	
Carmel Fm	1256'	red sh/sltst	
Navajo Ss	1296'	potential fresh water	
Kayenta Fm	1676'	red ss	
Wingate Ss	1882'	potential fresh water	
Chinle Fm	2152'	vari-color shale	
Shinarump Ss	2662'	gas/water	
Moenkopi Fm	2746'	brn-red sltst/sh	
Cutler (top of Permian)	2796'	prpl crs ss/sh; potential fresh water	
Honaker Trail (top of Penn)	4606'	ls; potential gas, brine	
La Sal Marker	5399'	ls; poss o/g sho	
Hatch	5619'	ls; poss o/g sho, brine	
Paradox Shale	5779'	blk sh	
Upper Ismay	5785'	gas/oil/brine	
Hovenweep Shale	5840'	blk sh	
Lower Ismay	5850'	gas/oil/brine	
Top of Porosity	5875'	gas/oil/brine	Primary Objective
Gothic Shale	5954'	blk sh	
Desert Creek	5994'	gas/oil/brine	
LDC salt	6058'	salt	
TD	6060'	salt	

Logging Program: Density/Neutron, Induction, PEF from TD to surface casing shoe.

D.J. Simmons, Inc.
P.O. Box 1469
3005 Northridge Dr.
Farmington, New Mexico 87499
87401
(505) 326-3753
FAX (505) 327-4659

Drilling Fluid Program:

Interval	Fluid Type	Weight	Viscosity	Fluid Loss
Conductor				
0' – 250'	fresh water spud mud	8.4 – 9.0 ppg	30 - 50 sec	no control
Surface				
250' – 2200'	fresh water/gel/lime/polymer	8.4 – 10 ppg	30 - 50 sec	no control
Production				
2250' – 6060'	fresh water/gel/lime/polymer	8.4 – 9.5 ppg	30 – 50 Sec	10 - 12

Casing Program:

Interval	Hole Diameter	Csg Size	Wt.	Grade	Thread
Conductor					
0' – 250'	17 1/2"	13 3/8"	48 ppf	H-40	STC
Surface					
0' – 2200'	12 1/4"	9 5/8"	36 ppf	J-55	STC
Production					
0' – 4600'	7 7/8"	5 1/2"	15.5 ppf	J-55	LTC
4600' – 6060'	7 7/8"	5 1/2"	17 ppf	N-80	LTC

Tubing Program: 0 – 5900', 2 7/8", 6.5 ppf, J55, EUE

BOPE and Wellhead Specifications and Testing:

From conductor casing shoe (250') to 2200': 13 3/8", 3000 psi threaded casing head with two 2" outlets. 13 3/8", 2000 psi double gate BOP and 2000 psi choke manifold (see figures 1 and 2). Pressure test BOPE to 2000 psi and 13 3/8" Conductor casing to 600 psi prior to drilling casing shoe.

From surface casing shoe (2200') to TD (6060'): 9 5/8", 3000 psi weld on casing head. 9 5/8", 3000 psi double gate BOP and 3000 psi annular preventor. 3000 psi choke manifold. (see figures 3 and 4). Pressure test BOPE to 3000 psi and 9 5/8" Surface casing to 1500 psi prior to drilling casing shoe.

For completion operations: 5 1/2" x 2 3/8", 3000 psi tree assembly. 7 1/16", 3000 psi double gate BOP system. 3000 psi choke manifold (see figures 5 and 6). Pressure test 5 ½" casing to 2500 psi prior to acidizing.

General Operation:

- Actuate pipe rams once each day during drilling operations. Actuate blind rams once each trip.
- An upper Kelly cock valve, with handle, will be available on the rig floor to fit each drilling string.
- BOP pit level drill will be conducted weekly for each drilling crew.
- All BOP tests and drills will be recorded in the daily drilling report.

- Blind and pipe rams will be equipped with extension hand wheels.

Cementing Program:

13 3/8" Conductor Casing String: Run casing with saw tooth guide shoe on bottom, insert float valve one joint from bottom, and install bowspring centralizers as per Onshore Order #2. Cement to surface with 300 sks class 'G' with ¼ #/sk celloflake and 2% CaCl2 (348 cf slurry, 100% excess to circulate to surface). Perform top job if necessary.

9 5/8" Surface Casing String: Run casing with swirl pattern guide shoe on bottom and non-differential fill float collar one joint from bottom. Install bowspring centralizers as per Onshore Order #2 (one centralizer in the middle of the first joint, one centralizer every other collar for the next three collars, and one centralizer inside the conductor casing shoe. Cement to surface with 450 sks of 65/35 poz + 6% gel + 6 #/sk gilsonite + .25 #/sk celloflake, followed by 100 sks class 'G' neat + 2% CaCl2 (904 cf slurry).

5 ½" Production Casing String: Run casing with float shoe on bottom, float collar one joint from bottom. Install one centralizer in the middle of the first joint, one on every other collar from TD to the top of the Honaker Trail formation, and one inside the surface casing shoe Cement with 250 sks 65/35 poz + 6% gel + 5#/sk gilsonite + ¼# sk celloflake + fluid loss additive followed by 365 sks class 'G' neat + fluid loss additives. Precise slurry volumes to be calculated from open hole log caliper plug 25% excess. Top of cement calculated to be at 2150'.

Special Drilling Operations:

Possible 120 ft of Full-diameter core from 5850' – 5970'.
Probable DST: 5840' – BH (est 5900').

Additional Information:

- This well is designed to be completed in the Ismay and/or Desert Creek formations.
- A fresh water pressure gradient (.433 psi/ft) is anticipated. Adequate weighting material will be kept on location to maintain mud weight.
- LCM will be added to the mud system as required to maintain circulation.
- Estimated formation pressures:
  - Ismay 2540 psi
  - Desert Creek 2590 psi

Completion Information:

The completion procedure will be prepared after open hole logs are analyzed. The well will probably be completed by acidizing.

Prepared by: Robert R. Griffee
Operations Manager
Agent for CrownQuest
Date: 11/03/04

Prepared by: Robert R. Griffee
Operations Manager
Agent for CrownQuest
Date: 11/03/04

Drilling Procedure

Prepared For: CrownQuest Operating, LLC
Preapared By: Robert R. Griffee
Operations Manager
D.J. Simmons, Inc.
11/04/04

Ismay/Desert Creek Wildcat
Jefferson State 4-1
1815' FNL x 830' FWL
Section 4, T33S, R24E
San Juan County, Utah

Ground Elevation – 6883'

General Drilling Procedure

1. Construct Location and Reserve pit. Reserve pit should be at least 40' x 80' x 6' (see Note #1). Line pit as required by Utah State stipulations (they may require bentonite lining). Construct flare pit with drain ditch to reserve pit. Install and test rig anchors. Location dimensions will depend on selected drilling contractor.
2. MIRU drilling rig.
3. Spud 17 ½" conductor hole. Use fresh water, gel, lime, spud mud. Keep well bore deviation to a minimum, 1 degree or less at 250' with dog-leg severity 1 degree per 100 feet or less. Ledges are common and key seating or difficulty in running casing may be prevented by reaming through ledges. Drill hole to fit casing.
4. Run 13 3/8", 48 ppf, H40 conductor pipe to 250' +/-. Install saw tooth pattern guide shoe on bottom and insert float baffle one joint from bottom. Install centralizers as per Utah State stipulations (1 centralizer in the middle of the first joint and one centralizer every collar thereafter).
5. Cement to surface with Class 'G' with 2% CaCl2 and ¼ lb/sk celloflake. Slurry volume is calculated to be 300 sks. Adjust slurry volume as necessary if lost circulation is encountered (unlikely). Perform top job if needed.
6. Insure cement has been in place a minimum of 8 hours (or as indicated by service company test data) before drilling out. Weld on flow nipple while WOC. NU 13 5/8", 2000 psi BOPE. Pressure test BOPE to 2000 psi and conductor casing to 600 psi prior to drilling casing shoe.
7. Drill out of surface casing with a 12 ¼" bit. Drill 12 ¼" hole to 2200', 50' +\- into top of Chinle formation (note: should observe mud color change to red when drilling into the Chinle). Use gel/lime/polymer mud. Water flows could be encountered requiring mud weights as high as 10.8 ppg for control. Depending on severity and bottom hole pressure of water flow, weight up mud system with either barite or production brine. Maintain well bore deviation at 3 degrees or less at 2200', with maximum deviation changes of 1 degree/100 ft.

8. Run 9 5/8", 36 ppf, J55, LTC surface casing to 2200'. Use guide shoe on bottom and float collar (not differential fill) on top of first joint. Centralize with one centralizer in the middle of the first joint and one centralizer every other collar for the next 3 centralizers, and one centralizer @ +/- 160', for a total of 5 centralizers (or as per Utah State stipulations).
9. Cement to surface with 450 sks of 65/35 poz + 6% Gel + ¼ #/sk celloflake + 6 #/sk gilsonite, tailed with 100 sks Class 'G' + 2 % CaCl2.
10. Cut off 13 5/8" casing head. Install 9 5/8" 3000 psi, weld on, casing head. NU 3000 psi BOPE. BOPE to consist of blind ram, pipe ram, and choke manifold. Pressure test BOPE to 3000 psi and surface casing to 1500 psi prior to drilling casing shoe.
11. Drill out of intermediate casing with a 7 7/8" bit (see note #3). Drill 7 7/8" hole through Desert Creek formation to 6060'. Use fresh water/polymer mud system. Make up fluid should consist of fresh water, adding production brine if needed to control mud weight when nearing Desert Creek horizon. Keep mud weights as light as possible for DST testing. Maintain well bore deviation at 6 degrees or less at 6060', with maximum deviation changes of 1 degree/100 ft. Rig up mud loggers at 2400' (confirm with geologist). DST's are possible in the Honaker Trail, Hatch, Ismay, and Desert Creek formations. Rig up DST lines and tank. Circulate and condition hole. Short trip as required. TOH.
12. Log and DST as specified by Geologist
13. If the well is determined to be productive proceed to step 14. Other wise, plug and abandon the well as per State of Utah stipulations.
14. TIH and condition well bore. Short trip as necessary.
15. Run 5 ½", 15.5 ppf, J55 production casing to TD (6060'). Hang in full tension. Use guide shoe on bottom and differential fill float collar on top of first joint. Centralize with one centralizer in the middle of the first joint and one centralizer per collar up through the upper Ismay formation (or as per Utah State stipulations).
16. Cement to 2150' (TOC inside 9 5/8" surface casing) with 250 sks 65/35 poz + 6% Gel + 6 #/sk gilsonite + ¼#/sks celloflake + fluid loss additive followed by 365 sks Class 'G' neat + fluid loss additives. The slurry volume of the Class 'G' neat should come up to above the top of the Honaker Trail formation . Calculate slurry volumes after receiving caliper from loggers. (See note #4)
17. Release drilling rig. Prepare completion procedure.

Notes

1. The reserve pit needs to be large enough to handle water generated from water flows which can be encountered while drilling the 12 ¼" surface hole.
2. A 3000 psi BOP system and well head is sufficient for the anticipated bottom hole pressures.
3. A 7 7/8" hole diameter was selected. In case of major hole trouble, which I consider unlikely, the hole could be reamed out to 8 ¾" diameter.
4. Most similar wells in the Paradox Basin are cemented so that the slurry only covers 500' to 1000' above the top of the Ismay formation. Many of these wells were drilled in the mid to late 1980's and are now experiencing casing integrity problems caused by corrosive water. In addition, it is possible that additional pay may be discovered in the Cutler, Honaker Trail, and the upper Paradox sequence. If CrownQuest desires to reduce well cost, a deeper TOC than shown in the above procedure can be selected.

Prepared by: Robert R. Griffee
D.J. Simmons, Inc.
11/04/04

INFORMATION/CONTACT SHEET
JEFFERSON 4-1 WELL
Section 4, T-33-S, R-24-E
San Juan County, Utah

Surface Owner:

Mr Gary Halls
P.O. Box 428
Monticello, UT
Phone: 435-587-2832
Contact: Gary Halls

Minerals:

CrownQuest Operating, LLC
303 Wall Ste. 1400
Miland, TX 79702
Phone: 432 685 3116
Contact: Tommy Lent

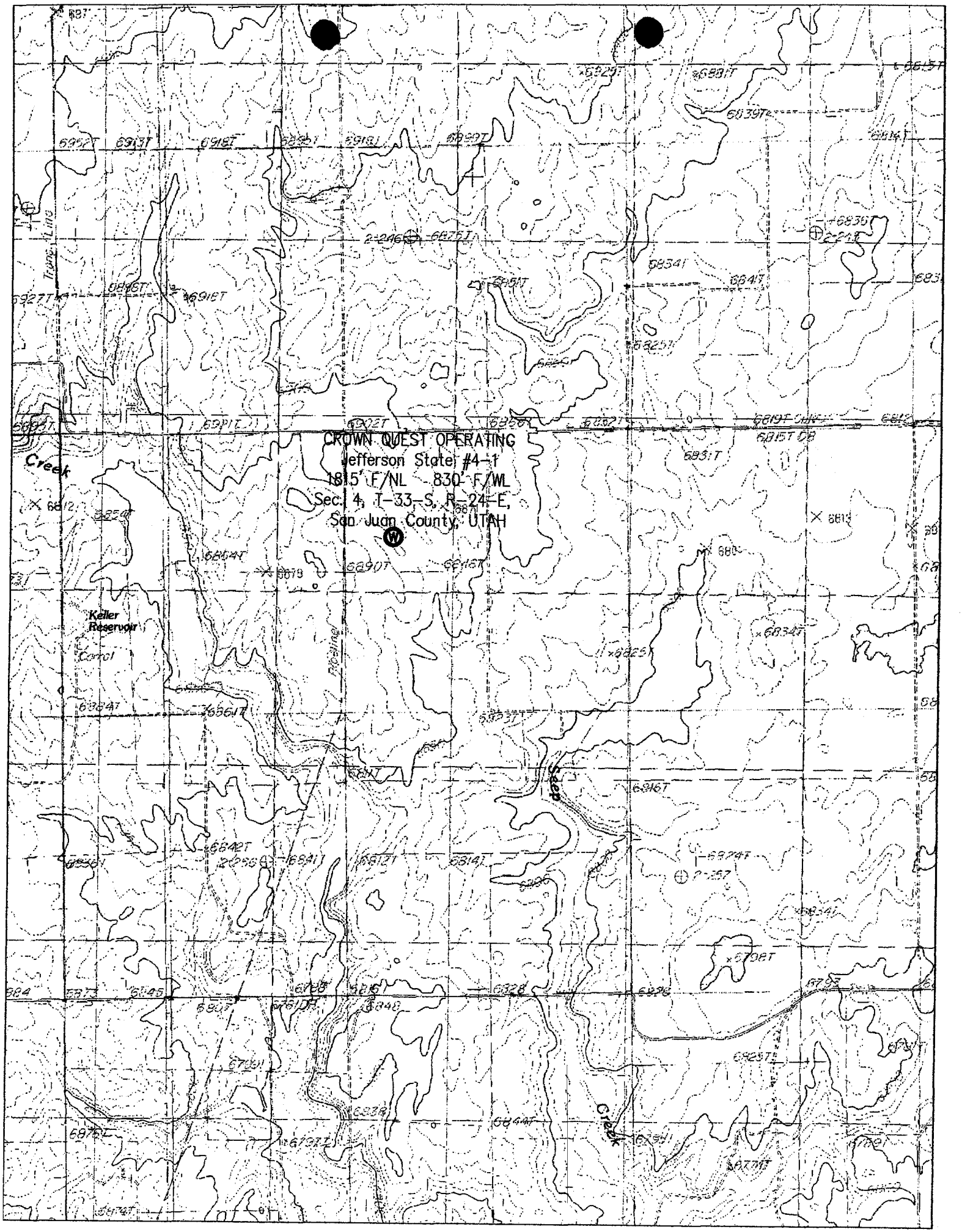
Please signify your acceptance of this agreement by signing in the space provided below and returning a copy of this letter agreement.

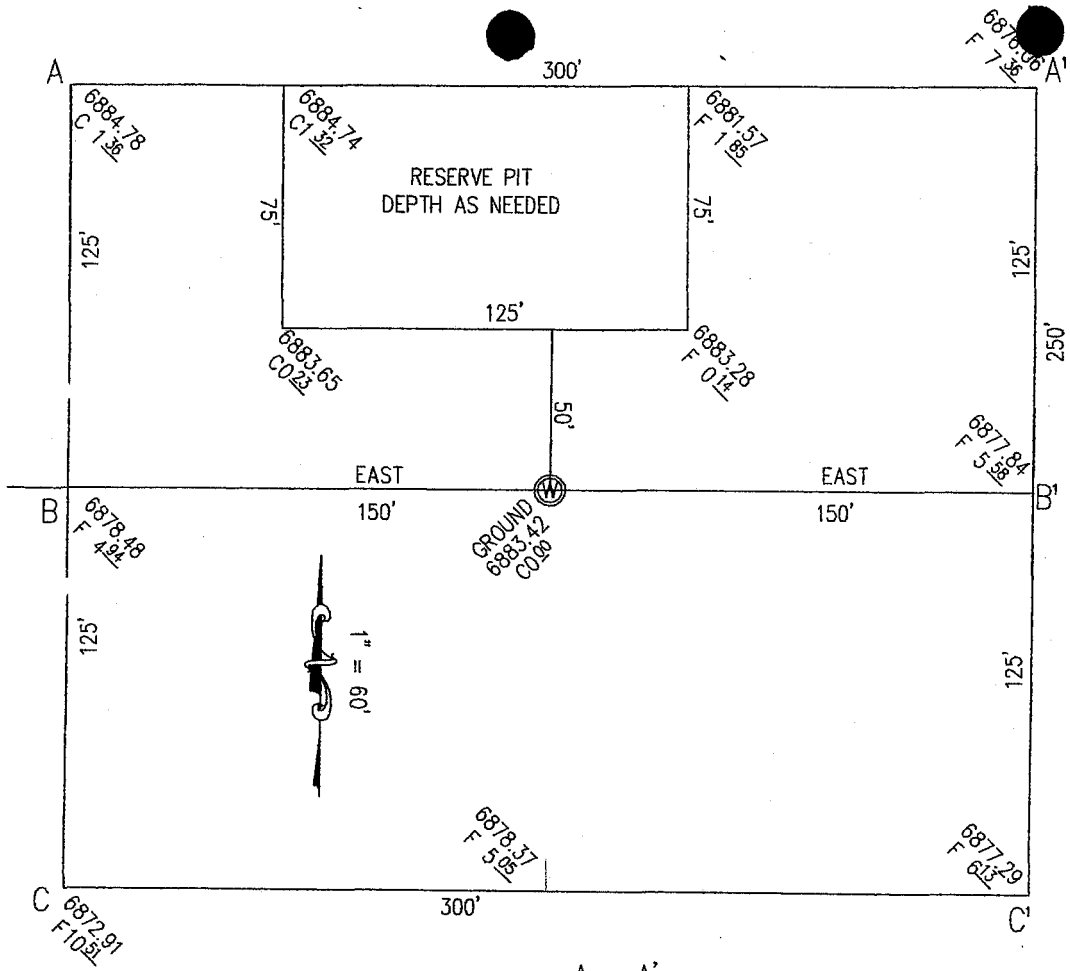
Very truly yours,

M. Craig Clark

AGREED TO AND ACCEPTED
this 16 day of November, 2004.

Gary Halls


CROWN QUEST OPERATING
Jefferson State #4-1
1815' F/NL 830' F/WL
Sec. 4, T-33-S, R-24-E,
San Juan County, UTAH
Keller Reservoir
Creek
Seep
Creek



Crown Quest Operating
OPERATOR

Jefferson State #4-1
WELL NAME and NUMBER

1815' F/NL 830' F/WL
FOOTAGES

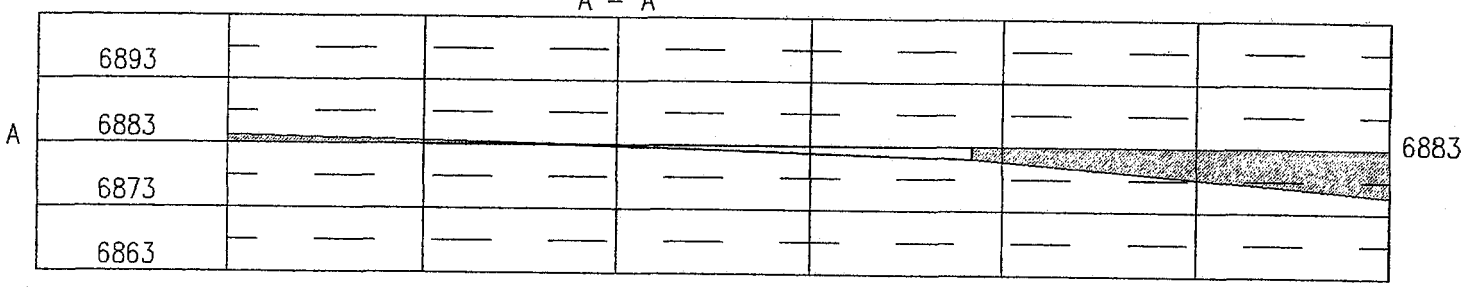
4	33S	24E
SEC.	TWP.	RGE.

San Juan, Utah
COUNTY STATE

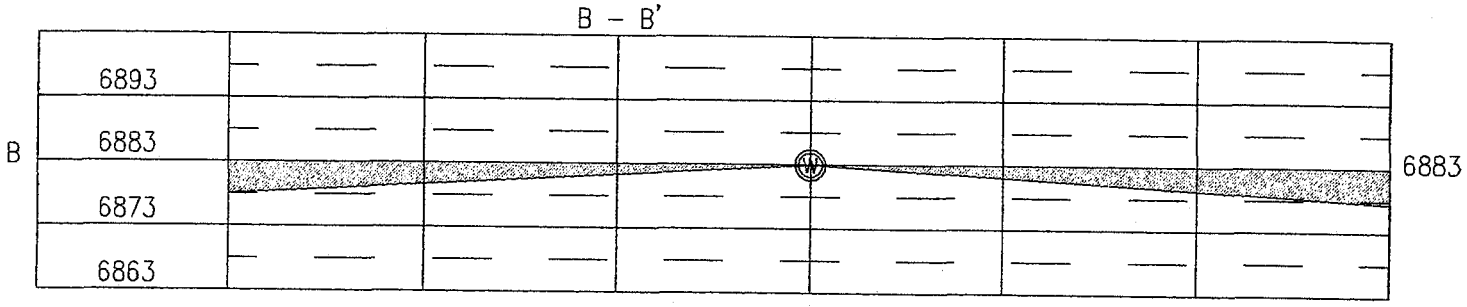
OCTOBER 12, 2004
DATE

SCALE
Horiz. 1" = 50'
Vert. 1" = 30'

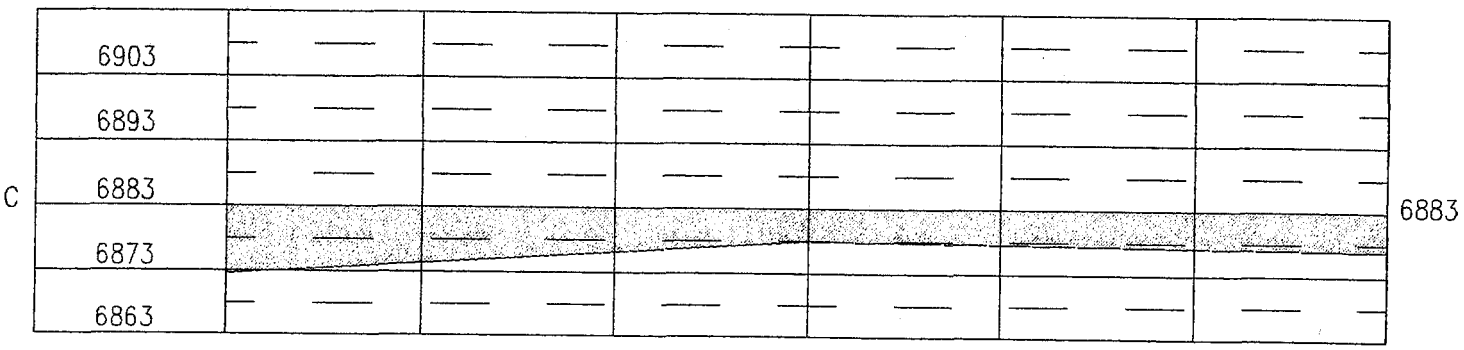
A – A'



B – B'

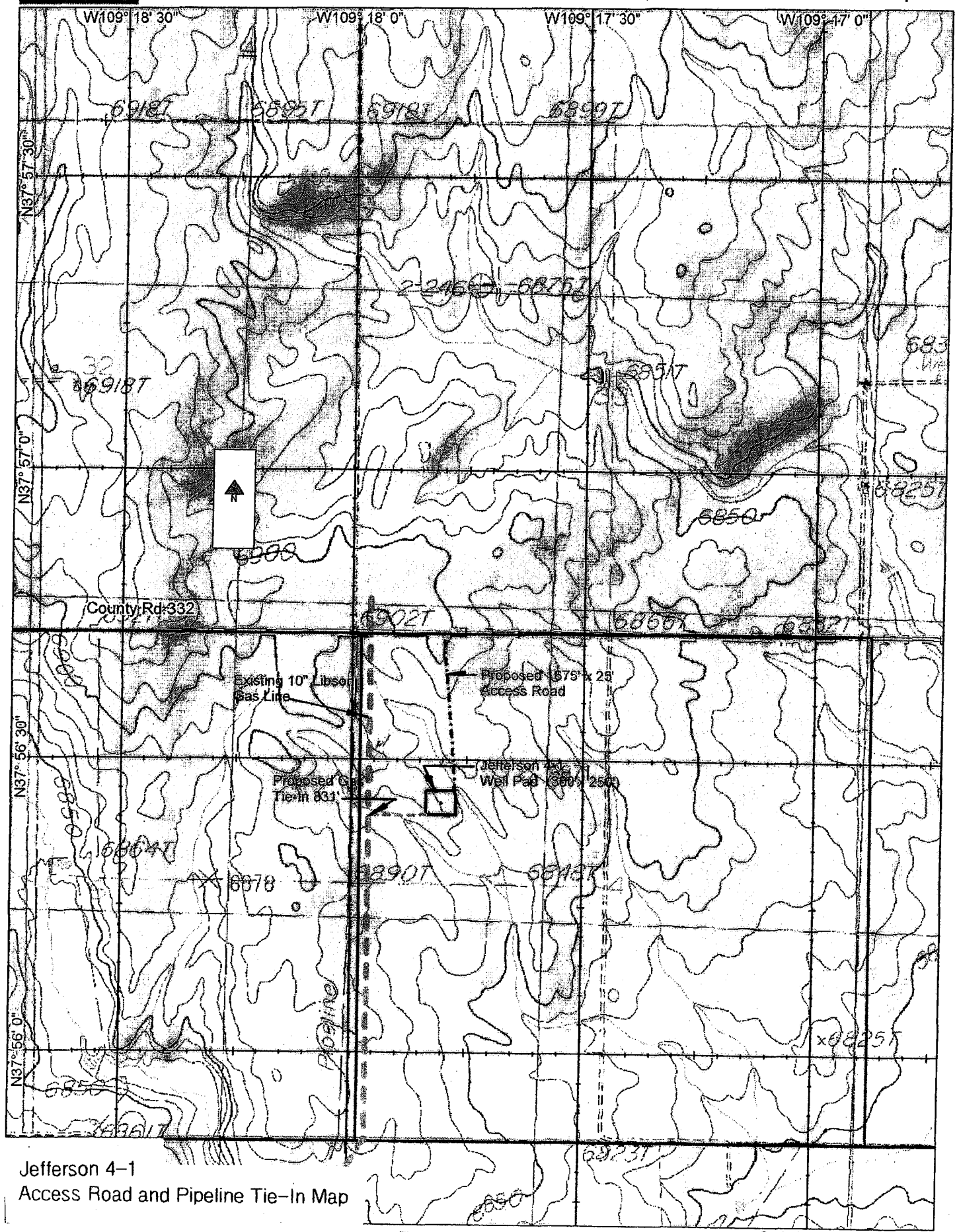


C – C'



DeLORME

XMap® 4.0



Jefferson 4–1
Access Road and Pipeline Tie–In Map

© 2003 DeLorme. XMap®.
www.delorme.com

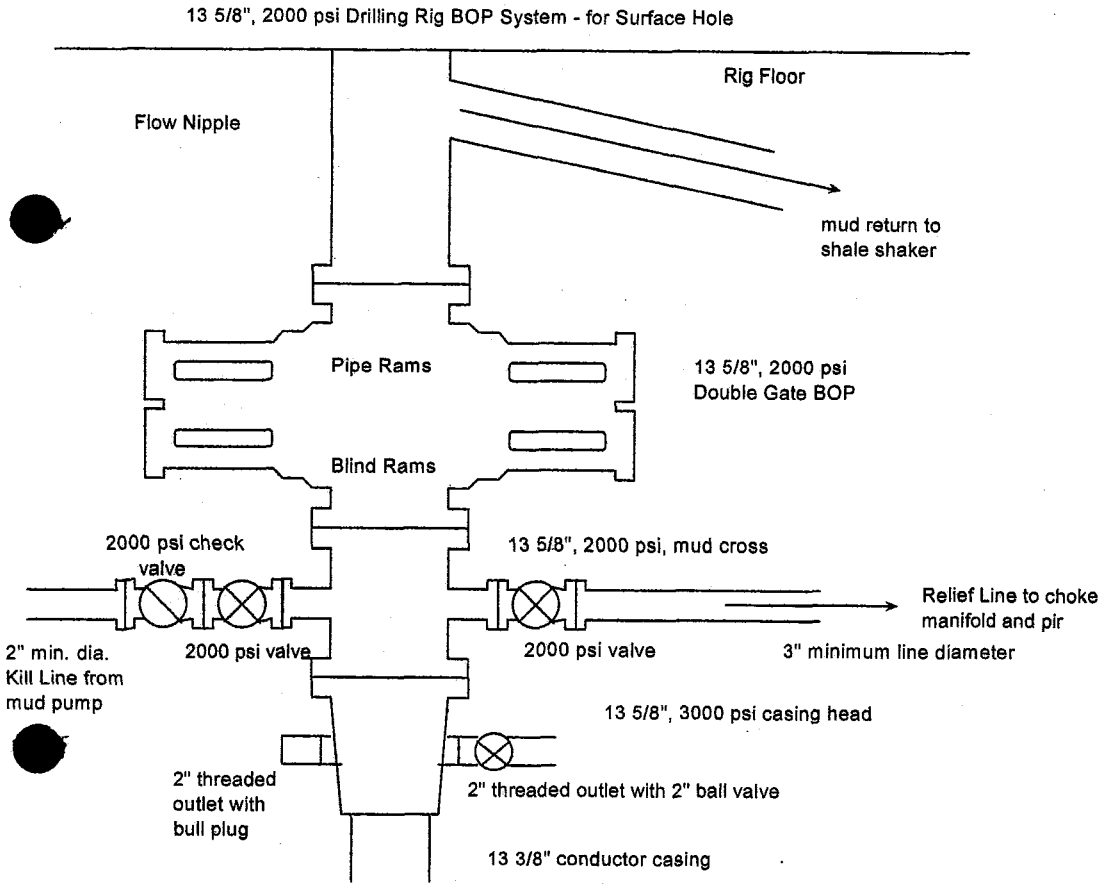
TN
MN (12.0°E)

Scale 1 : 16,000

1" = 1,333.3 ft

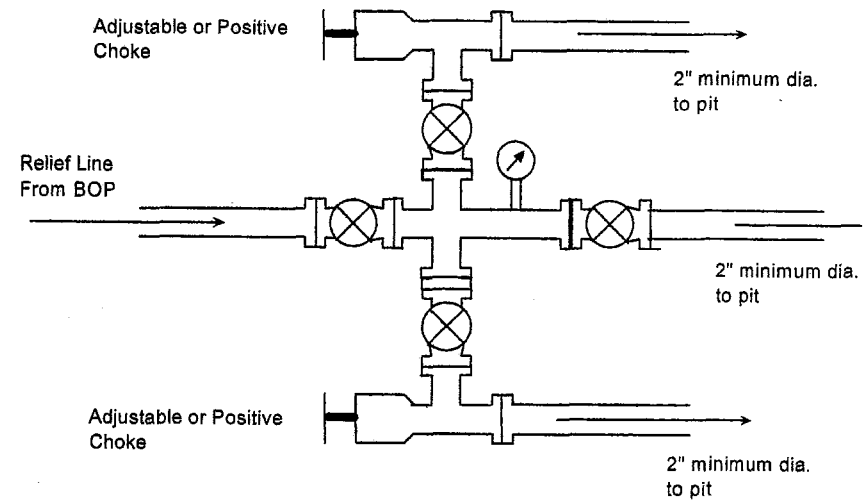
Data Zoom 13-2

Figure 1



BOP Installation from Conductor Casing depth (250') to Intermediate Casing depth (2200').
13 5/8", 2000 psi double gate BOP equipped with blind and pipe rams. All equipment
rated at 2000 psi or greater working pressure.

Figure 2



Choke manifold for BOP system shown in Figure 1.
All equipment to be rated at 2000 psi or greater.

Project Number: 4713
Sponsor: Division of Oil, Gas and Mining
SLB&M: Sec. 4, T33S, R24E
Counties Affected: San Juan
Description: Application for Permit to Drill - proposal to drill a wildcat well, the Jefferson 4-1 on State lease ML-47962
Comments Due to Sponsor 12/15/2004

Description of Project:

CrownQuest Operating, LLC proposes to drill the Jefferson 4-1 well (wildcat) on State lease ML-47962, San Juan 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.

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.

The proposed reclamation should be implemented to prevent post drilling erosion rates from exceeding the lessor of either the natural erosion prior to disturbance, or the Tolerable erosion rate as determined through USDA / NRCS procedures.
Revegetation should be with appropriate native plants.

If a lease for a roadway is issued, it is recommended that roadway construction and maintenance be designed in a way to protect both natural resources, and to enhance the ability of leasee to access the site during times of difficult weather conditions.

Many such roadway leases have in the past been issued on state, federal, and private lands within Utah. Reviewing experiences with some of those mineral leases shows significant problems resulting in road washouts, inaccessibility to well sites for service, gullying, and excessive erosion are avoided when appropriate management practices are implemented in construction of roads and well sites.

The Price, Utah Field Office, US Bureau of Land Management has developed Hydrologic Modification Standards for Roads which have been required for several years. Leasers have found that while meeting the requirements requires a slightly higher initial expense in road construction, costs to maintain the roadways are significantly reduced. And leasers find that compared with other roads, roads constructed to these standards remain much more accessible and useful through unfavorable weather conditions and seasons. With this experience, some leasers now implement the standards even where they are not required.
To protect the natural resources of Utah, to protect water quality, reduce erosion, improve accessibility and longevity of roadways, and to reduce long term costs for road maintenance, our office recommends and strongly advises that provisions similar to the Price Field Office Hydrologic Modification Standards for Roads (copied below) be included in all future mineral leases offered through the Division of Forestry, Fire and State Lands.

Price Field Office –
Hydrologic Modification Standards for Roads

K. Flood – Hydrologist

Updated October 14, 2003

I. Surface Water Channel Crossing Criteria:

(1) Crossings which require a CWA-404 or GP-40 channel alteration permit, as determined by the Utah Division of Water Rights, are to be engineered if they are part of a federal Right of Way permit application.

(2) Channel crossings requiring culverts with individual or cumulative diameters of 30 inches or greater are to be engineered, and sized to the 25 year, 6 hour event at a minimum.

A. The commonly used sizing equations for culverts or other flow conveyances might not be reliable if there are no local precipitation stations from which to obtain accurate values. Isohyets are generated from available data. Often, the isohyet values given for remote areas have large errors associated with them. In such cases, run-off and stream flows should be obtained from hydrographs if available, measured directly if possible, or estimated based on channel dimension measurements.

(3) Wherever possible, roads should be aligned perpendicular to channels at crossings.

(4) Crossings on perennial channels which require structures or channel modification, including bank disturbance, are to be engineered. Crossings on intermittent and ephemeral channels may require engineering on a case by case basis.

(5) Culverts should connect a channel at existing points on both sides of the road. Realignment of channels is strongly discouraged. If realignment is the only option, engineering shall be done to ensure channel parameters are preserved as described in I. (6) A, B, and C.

(6) Engineered designs will ensure that crossings do not cause changes to the existing channel parameters as follows:

A. Cross Sectional Dimensions: Changes to the cross sectional dimensions of a channel destabilize streams. An altered channel often undergoes a series of undesirable changes before restabilizing. Significant widening and downcutting can occur, followed by the formation of a new channel within the widened area. This process results in significant soil loss, degrading water quality. Local ground water levels are often lowered, which can cause changes in vegetation.

1. width, as measured at bankfull level: Factors which influence width are:

a. flow velocity: Velocity of flow exiting the crossing must equal velocity of flow entering the crossing. Where culverts are used, a >V= shaped flow guide (i.e.,

wing walls) should be installed at the inlet. At the outlet, a >U= shaped guide should be used to return flow to the original width, depth, and velocity. Also see criteria I. (6) A. 1. d. and I. (6) A. 2. b.

b. flow magnitude: Avoid changes in flow magnitude within the channel. Where a flood plain is present, flows from the flood plain must not be converged with channel flow. Each flood plain must be reestablished at the crossing outlet, with flow discharged at the same velocity, width, and depth as found immediately upstream of the inlet. Where culverts are used, the flood plains should have individually sized culverts, and each must be properly placed. Combination culvert/low-water crossings may be used, allowing flood level flows to go over the road. The same principles apply, differences in flow velocity on the flood plains must be considered in crossing designs. See I. (6) A. 2. a. and I. (6) A. 2. b.

c. size and type of transported sediment: Avoid creating changes in sediment load via use of erosion controls during construction and by replacing vegetation as soon after construction as possible.

d. bed and bank materials: Introduced bed and/or bank materials should have a friction coefficient similar to that of the natural channel, except where specifically designed to adjust flow velocity, and must be installed so as to withstand high flows and floods without dislodging.

2. depth, as measured from thalwag to bankfull level: The practice of installing culverts at a slope less than the natural channel bed slope to adjust flow velocity should be discontinued if changes to channel depth are to be avoided. This would also serve to reduce head at the inlet which can occur from the flow velocity change caused by the difference in culvert slope and bed slope.

a. Culverts should generally be installed with approximately ten percent of the diameter below the channel bed, provided rock or concrete aprons are included at the inlet and outlet, each flush with the original bed surface. Unless the bed is armored, both the inlet and the outlet must be installed at the existing bed level. Exceptions to this may be prescribed to reverse a preexisting downcutting problem without incurring additional costs.

b. Adjust flow velocity using an energy dissipating rock apron at the outlet.

B. Stream Channel Patterns:

1. radius of curvature: The following equation gives a relationship for the radius of curvature of meander bends to meander length and sinuosity.

$$R = L_m K^{-1.5}) \, 13(K-1)^{0.5}$$

where: R = radius of curvature

L_m = meander length
K = sinuosity

and: $K = L_c$) L_v; which may be approximated by m_v) m_c

where: L_c = channel length
L_v = valley length
m_v = valley slope
m_c = channel slope

This relationship shows that parameters of a realignment can be made to mimic natural pattern geometry by adjusting channel slope and length within the realignment reach. It is necessary to design channel pattern changes (realignments) using the correct radius of curvature to avoid causing repercussions to the cross sectional dimensions. However, realignments should be made only if there are no alternatives. See I. (6) C. 1.

a. In cases where a channel must be realigned, the radius of curvature of the new alignment must equal the radius of curvature of the natural meander of the channel.

2. width/variable width, as a function of depth:

a. Width at bankfull of the new reach must equal width at bankfull of the original reach.

b. Banks must be contoured with the same slope as the original banks.

C. Stream Channel Profile:

1. slope of the channel bed: The bed slope is the single most sensitive physical parameter of a channel. When the bed slope changes, most or all other parameters of the pattern and cross sectional dimensions will change.

a. If possible, choose a crossing location low on the watershed, where the ground is relatively flat. See criteria I. (6) A. 2. a. and I. (6) A. 2. b.

2. pool-riffle ratio: At higher elevations in a watershed, the bed slope is generally greater and the channel is usually straighter (lower sinuosity). To compensate for low sinuosity, step pools and riffles develop at more frequent intervals. Pools occur where the bed slope is flatter, and riffles occur where the slope increases. Also, water seeps into the ground at pools, and discharges from the ground into the channel at riffles. If structures are built on riffles, water seepage could cause extensive damage and present potential safety risks.

a. Cross channels at pools, not at riffles.

b. Where roads must cross at riffles, in-seepage of water must be addressed in the design.

II. Road Drainage Criteria: Roads which run perpendicular to hill slopes act as berms, capturing sheet flow from runoff and snowmelt and converting it into channel flow along the road. This diverts water from areas immediately downslope of the road, which can cause undesirable changes in vegetation. Ditches which are typically built along roads to transport this channelized runoff are often discharged at the nearest existing wash, stream channel or low point on the terrain. Where this discharge occurs at a channel crossing (usually the downstream side of the crossing) severe erosion frequently results. Channels are significantly widened below such crossings, appearing as blown out. See Criteria 1. (6) A. 1. b. Also, road ditches often create severe erosion gullies by headcutting back from the wash. Where roads run parallel to channels, ditched runoff is often discharged or turned-out toward the channel at low points along the road. This frequently results in erosive headcuts forming from the channel to the road. This erosion degrades water quality, can destabilize the receiving channel, often erodes the road surface, and can block access along a channel. The type of damage described can be minimized or prevented with little additional cost incurred.

(1) Road drainage flow should not be converged with existing channel flow.

(2) Ditch turnouts should be made along the road at locations where terrain is fairly level along the road, and which slopes gently away from the road.

(3) Turnouts should be equipped with gravel or rock aprons at each outlet. The apron should:

A. expand outward away from the outlet for a distance sufficient to disperse channel flow from the ditch back into sheet flow

B. reduce flow velocity enough to prevent rill formation.

(4) Turnouts should be placed as needed to avoid transferring water from one drainage basin or subbasin to another, and to effect as complete a return to the original flow regime as practical. Spacing criteria as specified in the Class III road standards used by the PFO are the minimum standard.

III. Miscellaneous Construction Phase Criteria:

(1) For activities which disturb one (1) or more acres, a Storm Water Pollution Prevention Plan (SWPPP) must be submitted to the Utah Department of Environmental Quality.

(2) The Best Management Practices (BMPs) set forth in the Utah Nonpoint Source Management Plan for Hydrologic Modifications, Appendix B., page 3 should be implemented as applicable.

(3) In the event construction can't be completed prior to winter closures, measures to prevent erosion from upcoming spring snowmelt should be taken as follows:

A. Loose earth and debris must be removed from drainages, and flood plains.

B. Earth and debris should not be stockpiled on drainage banks

C. Road drainages should be checked to ensure there are none with uncontrolled outlets.

   1. Be sure all ditch drainages have an outlet to prevent ponding.

   2. If necessary, build temporary sediment ponds to capture runoff from unreclaimed areas.

   3. Re-route ditches as needed to avoid channeling water through loosened soil.

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: ML 47962
6. SURFACE: Fee

1A. TYPE OF WORK: DRILL ☑ REENTER ☐ DEEPEN ☐

7. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A

B. TYPE OF WELL: OIL ☑ GAS ☐ OTHER _____ SINGLE ZONE ☐ MULTIPLE ZONE ☐

8. UNIT or CA AGREEMENT NAME:

2. NAME OF OPERATOR: CrownQuest Operating, LLC

9. WELL NAME and NUMBER: Jefferson 4-1

3. ADDRESS OF OPERATOR: 303 Wall, Ste. 1400 CITY Midland STATE TX ZIP 79702
PHONE NUMBER: (432) 685-3116

10. FIELD AND POOL, OR WILDCAT: Wildcat

4. LOCATION OF WELL (FOOTAGES)
AT SURFACE: 1815 FNL and 830 FWL 649637X 37.940459
AT PROPOSED PRODUCING ZONE: 1815 FNL and 830 FWL 4200371Y -109.297132

11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 4 33S 24E P

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 6 Miles northeast of Monticello

12. COUNTY: San Juan
13. STATE: UTAH

15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET): 830'
16. NUMBER OF ACRES IN LEASE: 2080.34 Ac.
17. NUMBER OF ACRES ASSIGNED TO THIS WELL: N/A

18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET): N/A
19. PROPOSED DEPTH: 5,900
20. BOND DESCRIPTION: RLB 0007554 (120,000 Blanket)

21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 6883 GL
22. APPROXIMATE DATE WORK WILL START: 12/18/2004
23. ESTIMATED DURATION: 45 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			
17 1/2"	13 3/8"	H-40	48	250	Class "G", 300sks	1.16 cf/sk	15.8 ppg	348 CF
12 1/4"	9 5/8"	J55	36	2,200	65/35 Poz, 450sks	1.75 cf/sk	12.8 ppg	788 CF
					Class "G" 100sks	1.16 cf/sk	15.8 ppg	116 CF
7 7/8"	5 1/2"	J55	15.5	4,600	65/35 Poz, 250sks	1.75 cf/sk	12.8 ppg	438 CF
7 7/8"	5 1/2"	N80	17	6,060	Class "G" 365sks	1.16 cf/sk	15.8 ppg	423 CF

26. **ATTACHMENTS**

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

☑ WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER
☐ EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER
WATER RIGHTS #09-2151
☑ COMPLETE DRILLING PLAN
☐ FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

NAME (PLEASE PRINT) Robert R. Griffee, Agent for: (CrownQuest) TITLE Operations Manager

SIGNATURE Robert R. Griffee DATE

(This space for State use only)

API NUMBER ASSIGNED: 43-037-31832

APPROVAL:

RECEIVED
NOV 24 2004
DIV OF OIL, GAS & MINING

(11/2001)

(See Instructions on Reverse Side)

UTAH WELL LOCATION PLAT

OPERATOR Crown Quest Operating

LEASE Jefferson State WELL NO. 4-1

SECTION 4 TOWNSHIP 33 South RANGE 24 East 6th, P.M.

COUNTY San Juan UTAH

FOOTAGE LOCATION OF WELL: 1815 FEET FROM THE North LINE and

830 FEET FROM THE West LINE and

GROUND LEVEL ELEVATION: 6883.42'

SURFACE USE WITHIN 200' RADIUS: No Improvements Within 200'

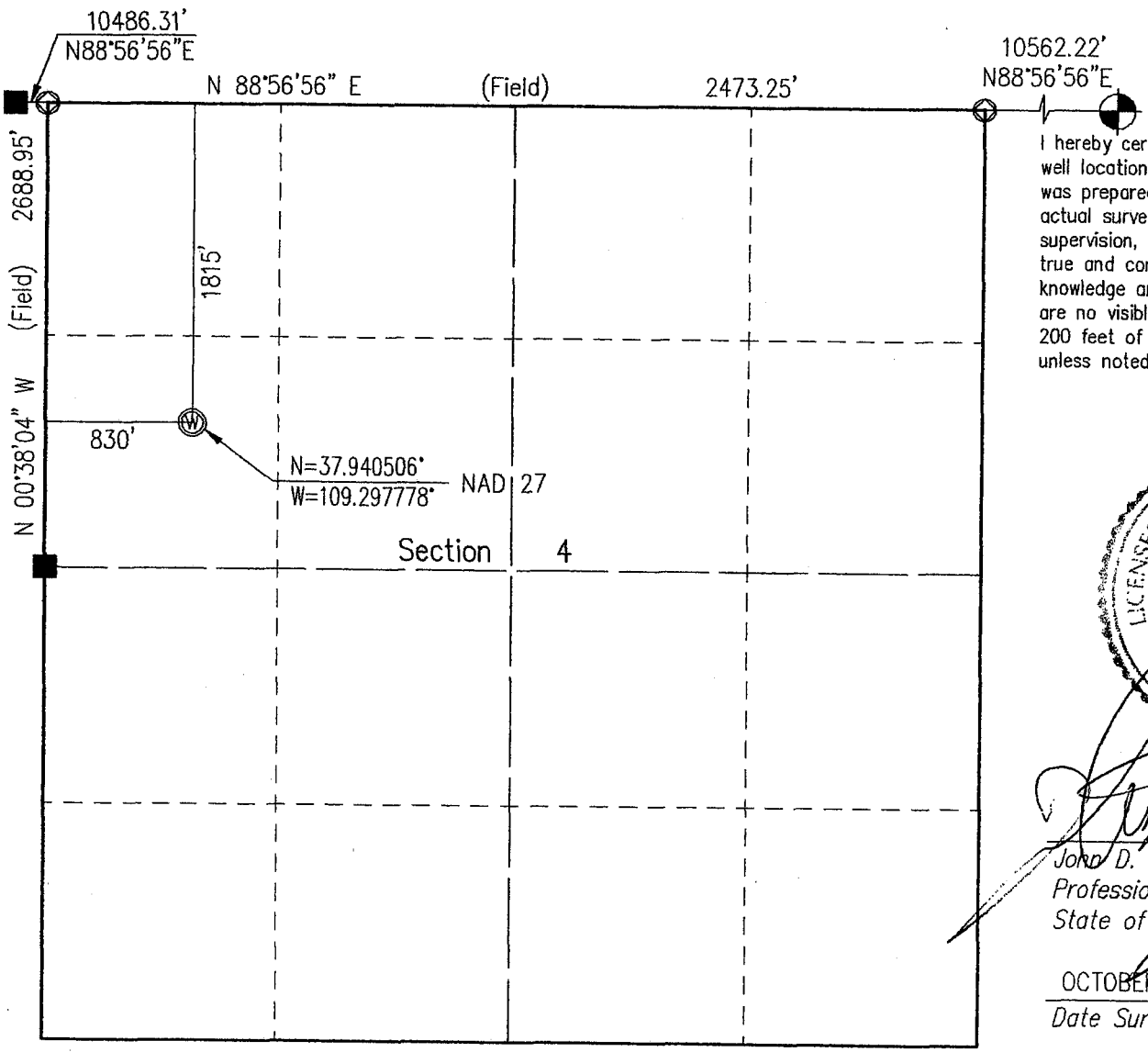
BASIS OF BEARING: GPS Data - NAD 27

BASIS OF ELEVATION: Data - Based on 7.5 Minute Quad

500' 500'
1" = 1000'

Some information on this plat is based on information taken from previous surveys, record information, or collatoral evidence and may not reflect that which may be disclosed by a complete boundary survey. This plat is not to be relied on for the establishment of surface boundaries, fences, buildings, or other future improvements.

GLO BC
WELL Location
STONE Marked
CALCULATED Corner



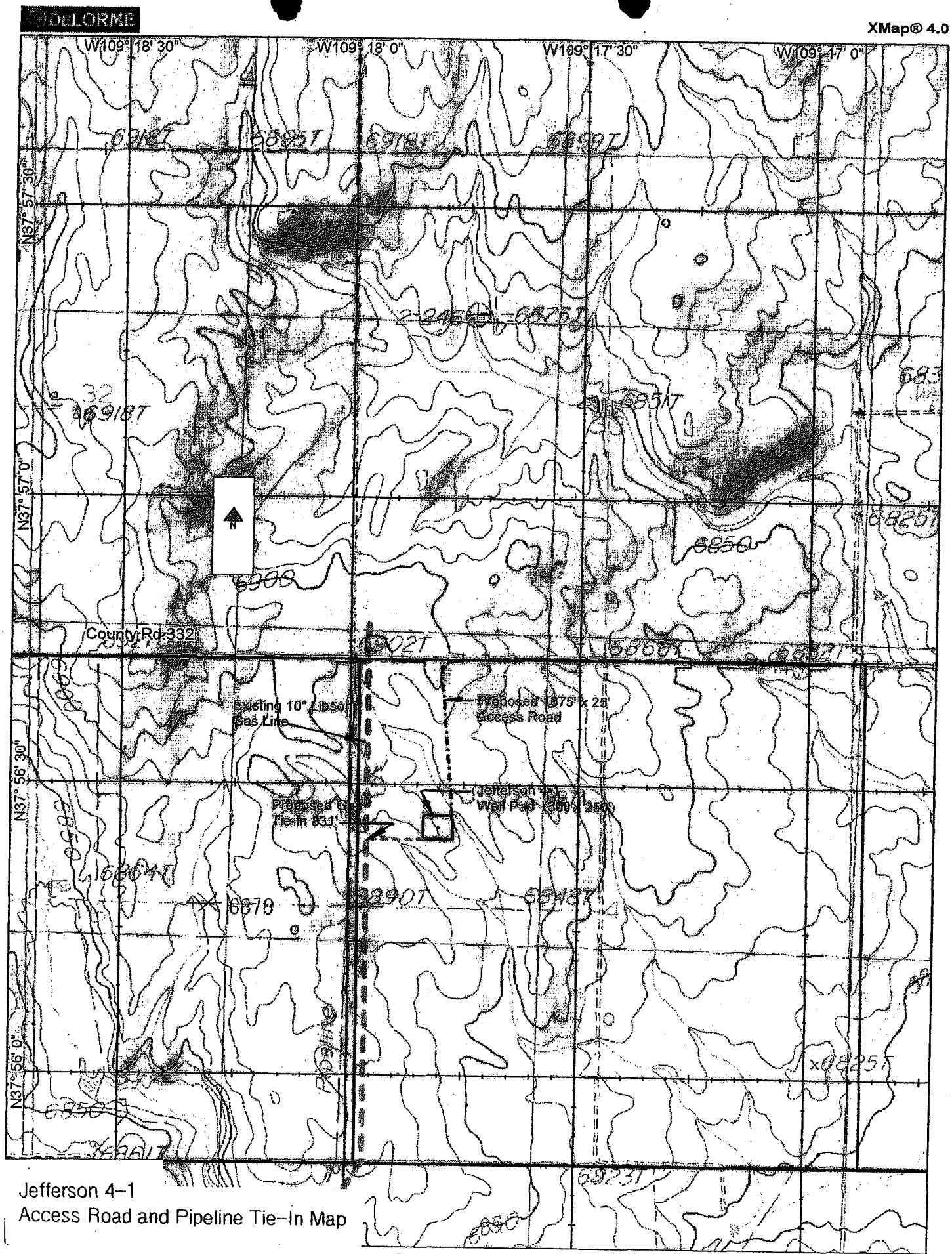
I hereby certify that the proposed well location shown on this plat was prepared from field notes of an actual survey by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief, and that there are no visible improvements within 200 feet of this proposed wellhead, unless noted otherwise.

LICENSED PROFESSIONAL SURVEYOR
No. 171252
JOHN D. WAYNE
STATE OF UTAH

John D. Wayne
Professional L.S. #171252
State of Utah

OCTOBER 12, 2004
Date Surveyed:

SCALE: 1" = 1000'



Jefferson 4–1
Access Road and Pipeline Tie–In Map

© 2003 DeLorme. XMap®.
www.delorme.com

TN
MN (12.0°E)

Scale 1 : 16,000
1" = 1,333.3 ft
Data Zoom 13-2

FORMATION TEST REPORT

OPEN HOLE FORMATION TESTING

RIG

TESTERS, INC.

CORPORATE OFFICE:

ABILENE, TEXAS
P.O. BOX 172-79604
325-673-2771

MIDLAND OFFICE
3218 COMMERCIAL DR. 79701
432-570-0421

GRAHAM OFFICE
P.O. BOX 543-76450
940-549-5681

RIG TESTERS, INC.

COMPANY	: CROWNQUEST OPERATING LLC	TEST DATE	: 04/30/05
LEASE	: JEFFERSON	D.S.T. NO.	: 1
WELL NO.	: # 4-1	TEST TKT. NO.	: 23062
FIELD	: WILDCAT	INVOICE NO.	: 21252
COUNTY/STATE	: SAN JUAN / UTAH	ORDER NO.	:

FORMATION	: DESERT CREEK	HOLE SIZE (in)	: 7.875	ANCHOR LENGTH (ft)	: 52
INTERVAL (ft)	: 6179 TO 6231	DRILL PIPE ID (in)	: 3.82	TOOL LENGTH (ft)	: 66
TOTAL DEPTH (ft)	: 6231	DRILL COLLAR ID(in)	: 2.25	TOOL O.D. (in)	: 5
ELEVATION (ft)	:	DRILL COLLAR feet	: 506	PACKER SIZE (in)	: 7.00

RECORDER DATA
AK-IKUSTER / ZIPROBE

TOP RECORDER: IN		BOTTOM RECORDER: OUT	
RECORDER NO.	: 9634	RECORDER NO.	: 13709
CAPACITY (psi)	: 10000	CAPACITY (psi)	: 7150
DEPTH (ft)	: 6191	DEPTH (ft)	: 6228
CLOCK NO.	: 9634	CLOCK NO.	: 17643
DURATION (hrs)	: 99	DURATION (hrs)	: 24

MUD PROPERTIES

MUD TYPE	: CHEM / GEL	WATER LOSS (cc)	: 13.6	CHLORIDE PPM	: 7600
MUD WT. (#/gal)	: 9.20	FILTER CAKE (in)	: 1/32	RESISTIVITY(ohm-m)	: 1.80
		VISCOSITY (sec)	: 44		

EQUIPMENT DATA

CONVENTIONAL	: YES	ROTARY JARS	: YES	MULTIFLOW	: NO
STRADDLE	: NO	NO. OF PACKERS	: 2	MILEAGE	: YES
SELECTIVE ZONE	: NO	SAFETY JOINT	: YES	OPERATOR TIME	: YES
SAMPLE CHAMBER	: YES	CIRCULATING SUB	: YES	OTHER	: YES
GAS ANALYSIS	: NO	REVERSED OUT	: NO	ZI ELECTRONICS (2)	
SUCCESSFUL	: YES	PACKER FAILURE	: NO	TOOL PLUG	: NO

DECIDED NOT TO TEST : NO

FAIL TO REACH BOTTOM : NO

TIME INTERVAL DATA (min)

TOOL OPENED	: 7:18 AM	TOTAL TEST TIME	: 297
INITIAL FLOW	: 37	INITIAL SHUT-IN	: 80
SECOND FLOW	: 59	SECOND SHUT-IN	: 120
THIRD FLOW	:	THIRD SHUT IN	:

TEST TOOL OPERATOR: DON TERHUNE

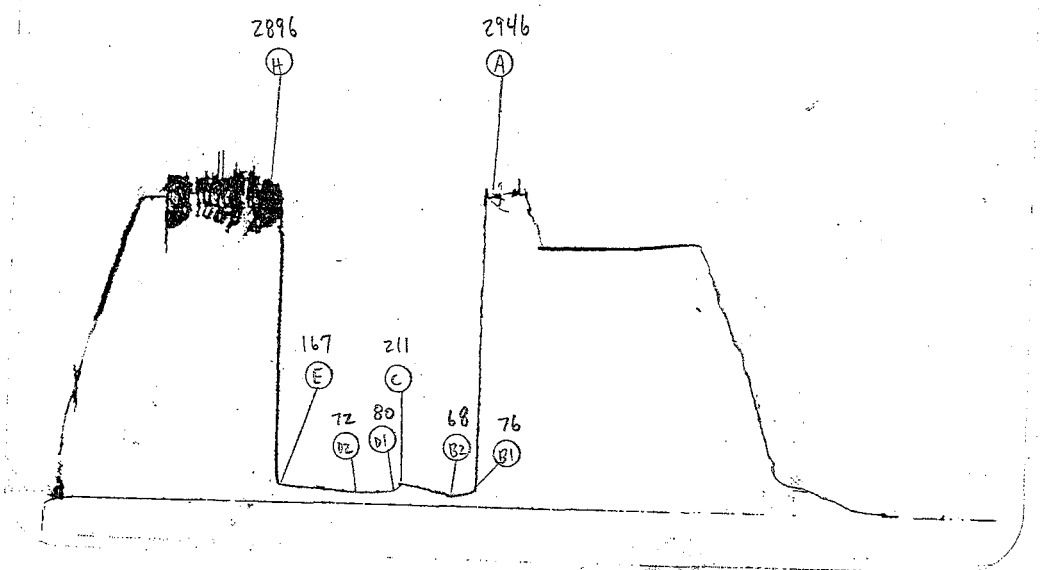
CROWNQUEST OPERATING LLC

RIG TESTERS, INC.

JEFFERSON # 4-1
D.S.T. NO. : 1

		CORRECTED READING	FIELD READING
A	INITIAL HYDROSTATIC:	2936 PSI	2936 PSI
B-1	INITIAL FIRST FLOW :	59 PSI	61 PSI
B-2	FINAL FIRST FLOW :	65 PSI	65 PSI
C	FIRST SHUT-IN :	200 PSI	200 PSI
D-1	INITIAL SECOND FLOW:	61 PSI	61 PSI
D-2	FINAL SECOND FLOW :	74 PSI	75 PSI
E	SECOND SHUT-IN :	156 PSI	156 PSI
H	FINAL HYDROSTATIC :	2886 PSI	2886 PSI

TKT- 23062 REC- 13709 WT- 7150
AK-1 KUSTER 24 HR. CLOCK
BOTTOM RECORDER: OUTSIDE



RECOVERY DATA

PIPE RECOVERY

1171 FT. OF GAS IN PIPE & COLLARS
110 FT. OF SLIGHTLY GAS CUT DRLG. MUD

B.H. TEMP. (deg F) : 124

SAMPLE CHAMBER

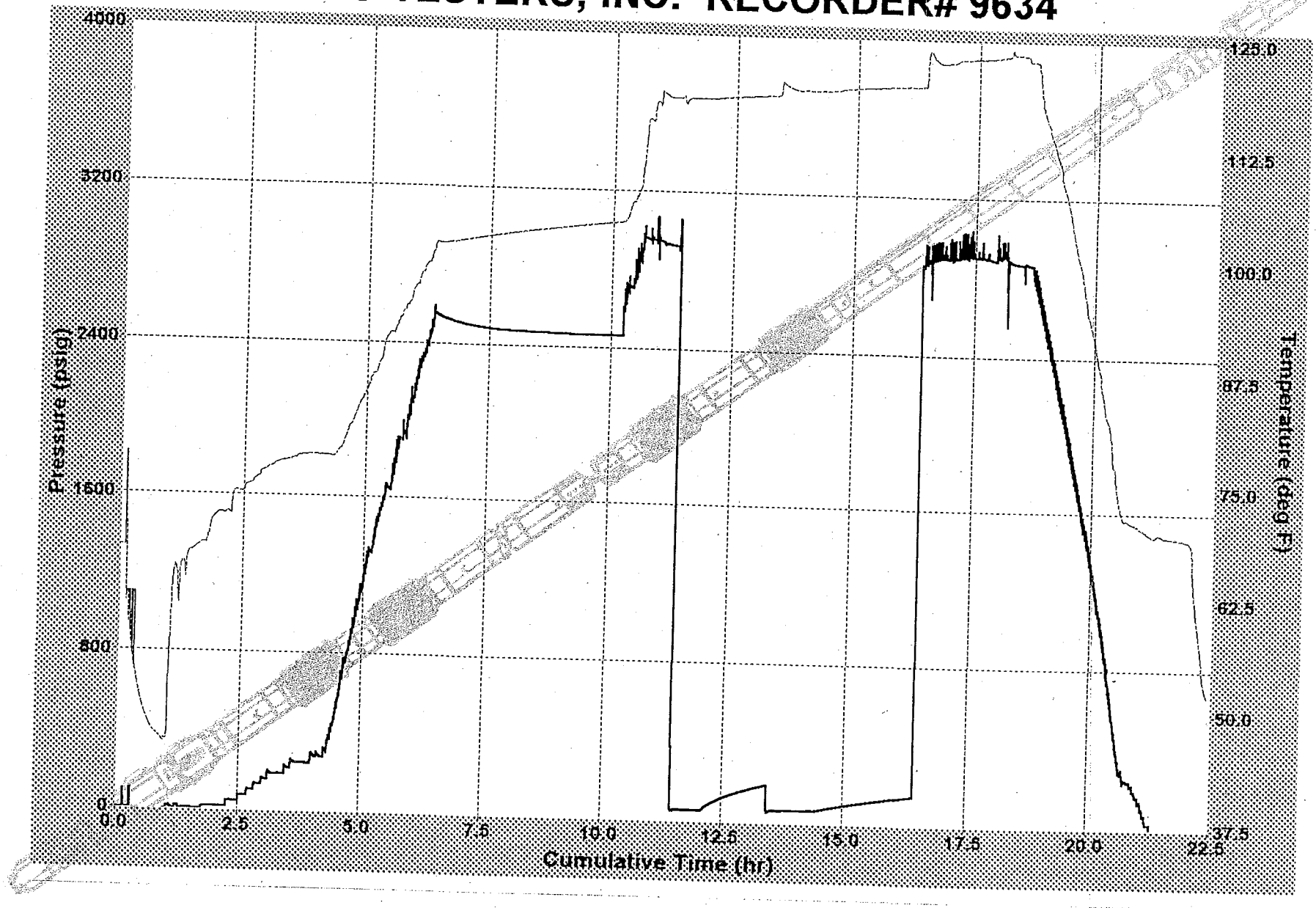
50 LBS. OF PRESSURE
TRACE OF GAS
1300 CC'S SLIGHTLY GAS CUT MUD
7,600 MG/L CHLORIDES
1.80 OHMS @ 85 DEGREES

TEST REMARKS

TOOL OPENED WITH GOOD BLOW (18" IN WATER) IN 20 SECONDS, 1 LB. ON 1/8" CHOKE IN 2 MIN., 2.4 LBS. IN 7 MIN., CHANGED CHOKE TO 1/4" WITH 1.8 LBS. IN 10 MIN., 7.5 OZS. IN 20 MIN., (1/2" IN WATER) IN 30 MIN. & (1/4" IN WATER) AT END OF 40 MIN. FIRST FLOW. REOPENED TOOL WITH WEAK BLOW (1" IN WATER) ON 1/4" CHOKE WHICH INCREASED TO GOOD BLOW(18" IN WATER) IN 90 SECONDS, 7 OZS. IN 10 MIN., 5 OZS. IN 20 MIN., 3.5 OZS. IN 30 MIN., 3.5 OZS. IN 40 MIN., 2.5 OZS. IN 50 MIN. & 2 OZS. AT END OF 60 MIN. FINAL FLOW.

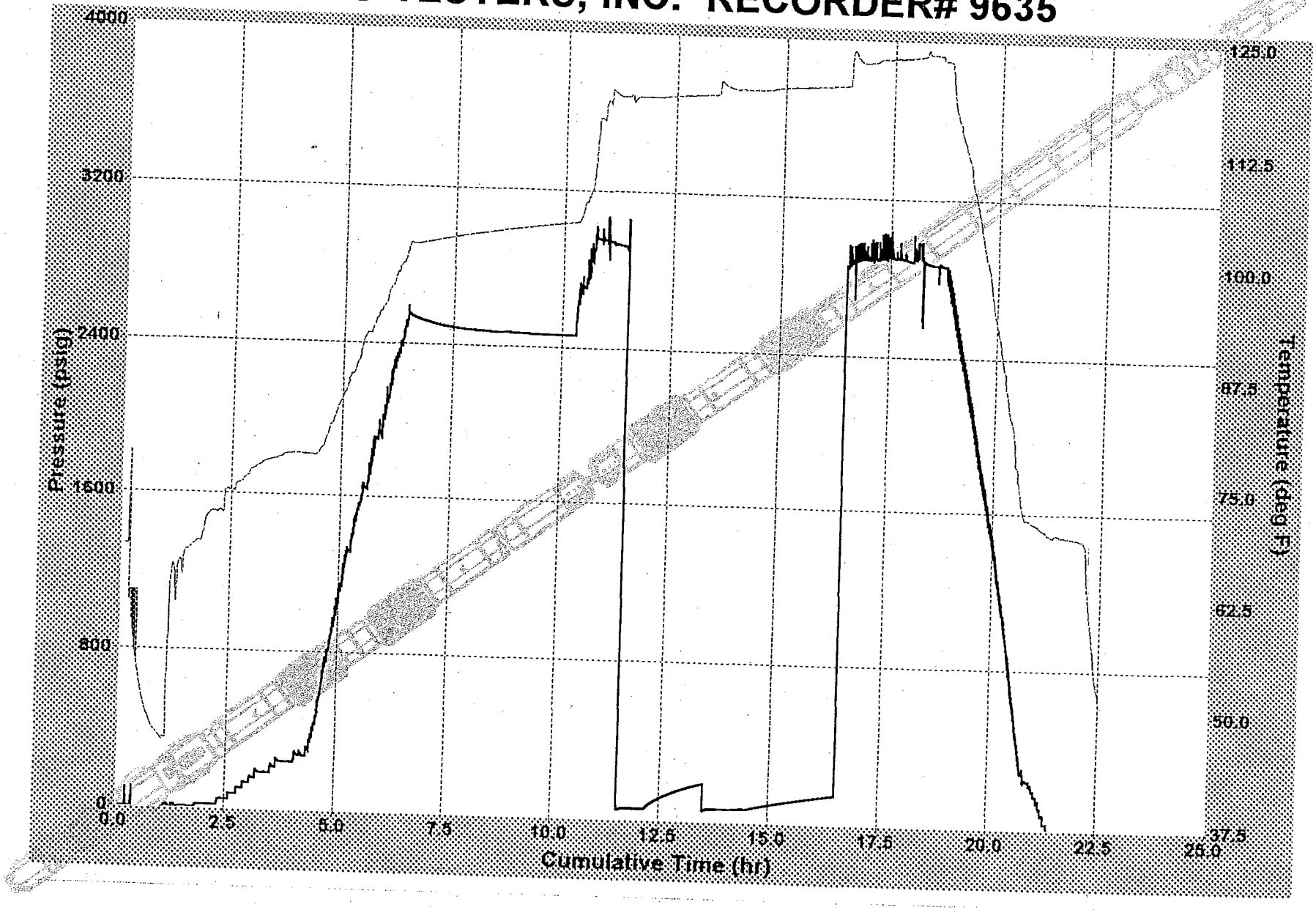
Company Name	CROWNQUEST OPERATING LLC
Well Name	JEFFERSON #4-1
Type of Test	DST #1 (6179-6231 FT.; DESERT CREEK)
Date(s) of Test	4-30-05

RIG TESTERS, INC. RECORDER# 9634



Company Name	CROWNQUEST OPERATING LLC
Well Name	JEFFERSON #4-1
Type of Test	DST #1 (6179-6231 FT.; DESERT CREEK)
Date(s) of Test	4-30-05

RIG TESTERS, INC. RECORDER# 9635



CROWNQUEST OPERATING LLC

RIG TESTERS, INC.

JEFFERSON # 4-1
D.S.T. NO. : 1

INCREMENTAL PRESSURE DATA

RECORDER NO : 9634 RECORDER CAPACITY : 10000 psi RECORDER DEPTH : 6191 ft

ELAPSED TIME ---MIN----	TOTAL FLOW TIME, T ---MIN----	INCREMENTAL SHUT-IN TIME,DT ---MIN----	(T+DT)/DT (HORNER) ----------	PRESSURE ---PSIG---	DELTA P ---PSIG---
		FIRST FLOW			
.0	.0			59.10	.00
2.0	2.0			61.80	2.70
4.0	4.0			62.00	2.90
6.0	6.0			64.70	5.60
8.0	8.0			66.33	7.23
10.0	10.0			65.70	6.60
12.0	12.0			65.20	6.10
14.0	14.0			63.97	4.87
16.0	16.0			64.79	5.69
18.0	18.0			65.80	6.70
20.0	20.0			65.57	6.47
22.0	22.0			64.72	5.62
24.0	24.0			64.70	5.60
26.0	26.0			65.97	6.87
28.0	28.0			65.38	6.28
30.0	30.0			65.70	6.60
32.0	32.0			65.87	6.77
34.0	34.0			63.91	4.81
36.0	36.0			65.40	6.30
37.3	37.3			65.10	6.00
		FIRST SHUT-IN			
37.3	37.3	.00	.000	65.10	.00
37.8	37.3	.50	75.520	66.85	1.75
38.3	37.3	1.00	38.260	68.73	3.63
38.8	37.3	1.50	25.840	70.40	5.30
39.3	37.3	2.00	19.630	71.99	6.89
39.8	37.3	2.50	15.904	74.20	9.10
40.3	37.3	3.00	13.420	77.40	12.30
40.8	37.3	3.50	11.646	80.03	14.93
41.3	37.3	4.00	10.315	81.93	16.83
41.8	37.3	4.50	9.280	83.40	18.30
42.3	37.3	5.00	8.452	84.61	19.51
43.3	37.3	6.00	7.210	87.40	22.30
44.3	37.3	7.00	6.323	90.05	24.95
45.3	37.3	8.00	5.658	92.61	27.51
46.3	37.3	9.00	5.140	95.30	30.20
47.3	37.3	10.00	4.726	97.66	32.56
49.3	37.3	12.00	4.105	102.50	37.40
51.3	37.3	14.00	3.661	106.93	41.83
53.3	37.3	16.00	3.329	111.36	46.26
55.3	37.3	18.00	3.070	115.70	50.60
57.3	37.3	20.00	2.863	119.83	54.73
60.3	37.3	23.00	2.620	125.45	60.35
63.3	37.3	26.00	2.433	130.75	65.65

CROWNQUEST OPERATING LLC

RIG TESTERS, INC.

JEFFERSON # 4-1
D.S.T. NO. : 1

INCREMENTAL PRESSURE DATA

RECORDER NO : 9634 RECORDER CAPACITY : 10000 psi RECORDER DEPTH : 6191 ft

ELAPSED TIME ---MIN----	TOTAL FLOW TIME, T ---MIN----	INCREMENTAL SHUT-IN TIME,DT ---MIN----	(T+DT)/DT (HORNER) ----------	PRESSURE ---PSIG---	DELTA P ---PSIG---
		FIRST SHUT-IN			
66.3	37.3	29.00	2.285	135.95	70.85
69.3	37.3	32.00	2.164	140.93	75.83
72.3	37.3	35.00	2.065	145.65	80.55
75.3	37.3	38.00	1.981	150.15	85.05
78.3	37.3	41.00	1.909	154.46	89.36
81.3	37.3	44.00	1.847	158.57	93.47
84.3	37.3	47.00	1.793	162.66	97.56
87.3	37.3	50.00	1.745	166.47	101.37
90.3	37.3	53.00	1.703	170.36	105.26
93.3	37.3	56.00	1.665	173.97	108.87
96.3	37.3	59.00	1.632	177.56	112.46
99.3	37.3	62.00	1.601	180.96	115.86
102.3	37.3	65.00	1.573	184.35	119.25
105.3	37.3	68.00	1.548	187.75	122.65
108.3	37.3	71.00	1.525	190.86	125.76
111.3	37.3	74.00	1.504	193.97	128.87
114.3	37.3	77.00	1.484	196.97	131.87
117.3	37.3	80.04	1.466	200.00	134.90
		SECOND FLOW			
118.6	38.5			61.90	.00
121.6	41.5			69.60	7.70
124.6	44.5			71.90	10.00
127.6	47.5			71.90	10.00
130.6	50.5			72.40	10.50
133.6	53.5			73.90	12.00
136.6	56.5			73.40	11.50
139.6	59.5			74.40	12.50
142.6	62.5			73.80	11.90
145.6	65.5			74.20	12.30
148.6	68.5			74.90	13.00
151.6	71.5			74.80	12.90
154.6	74.5			74.80	12.90
157.6	77.5			74.60	12.70
160.6	80.5			74.40	12.50
163.6	83.5			74.90	13.00
166.6	86.5			74.60	12.70
169.6	89.5			75.20	13.30
172.6	92.5			74.80	12.90
175.6	95.5			74.90	13.00
177.8	97.7			74.20	12.30

CROWNQUEST OPERATING LLC

RIG TESTERS, INC.

JEFFERSON # 4-1
D.S.T. NO. : 1

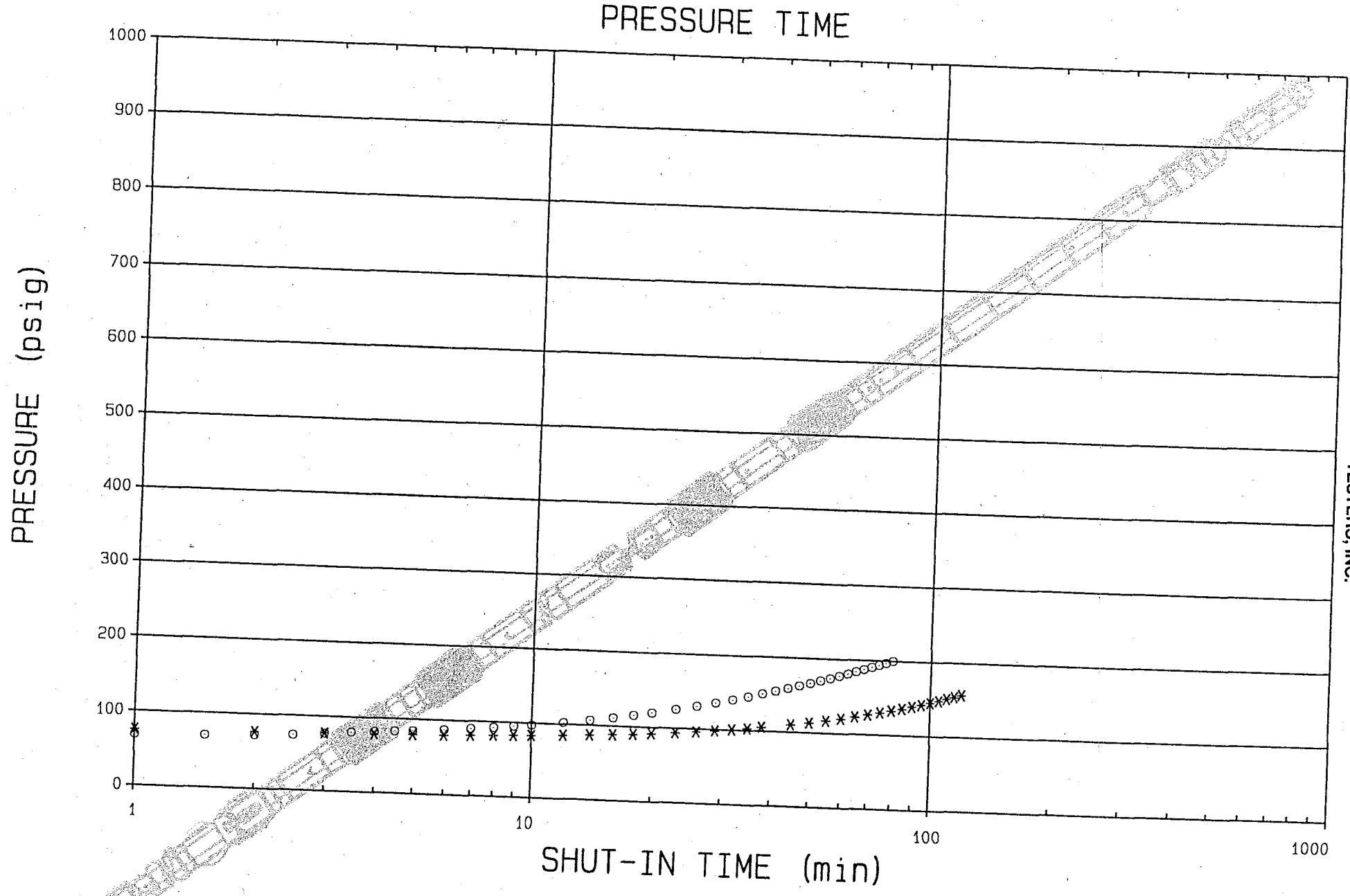
INCREMENTAL PRESSURE DATA

RECORDER NO : 9634 RECORDER CAPACITY : 10000 psi RECORDER DEPTH : 6191 ft

ELAPSED TIME ---MIN----	TOTAL FLOW TIME, T ---MIN----	INCREMENTAL SHUT-IN TIME,DT ---MIN----	(T+DT)/DT (HORNER) ----------	PRESSURE ---PSIG---	DELTA P ---PSIG---
		SECOND SHUT-IN			
177.8	97.7	.00	.000	74.20	.00
178.8	97.7	1.00	98.740	75.47	1.27
179.8	97.7	2.00	49.870	76.33	2.13
180.8	97.7	3.00	33.580	77.40	3.20
181.8	97.7	4.00	25.435	78.28	4.08
182.8	97.7	5.00	20.548	79.32	5.12
183.8	97.7	6.00	17.290	80.10	5.90
184.8	97.7	7.00	14.963	80.98	6.78
185.8	97.7	8.00	13.218	81.93	7.73
186.8	97.7	9.00	11.860	82.80	8.60
187.8	97.7	10.00	10.774	83.59	9.39
189.8	97.7	12.00	9.145	85.40	11.20
191.8	97.7	14.00	7.981	87.03	12.83
193.8	97.7	16.00	7.109	88.49	14.29
195.8	97.7	18.00	6.430	90.20	16.00
197.8	97.7	20.00	5.887	91.81	17.61
200.8	97.7	23.00	5.250	94.02	19.82
203.8	97.7	26.00	4.759	96.22	22.02
206.8	97.7	29.00	4.370	98.42	24.22
209.8	97.7	32.00	4.054	100.62	26.42
212.8	97.7	35.00	3.793	102.82	28.62
215.8	97.7	38.00	3.572	105.43	31.23
222.8	97.7	45.00	3.172	110.00	35.80
227.8	97.7	50.00	2.955	113.42	39.22
232.8	97.7	55.00	2.777	116.79	42.59
237.8	97.7	60.00	2.629	120.20	46.00
242.8	97.7	65.00	2.504	123.61	49.41
247.8	97.7	70.00	2.396	126.78	52.58
252.8	97.7	75.00	2.303	130.10	55.90
257.8	97.7	80.00	2.222	133.12	58.92
262.8	97.7	85.00	2.150	136.18	61.98
267.8	97.7	90.00	2.086	139.30	65.10
272.8	97.7	95.00	2.029	142.30	68.10
277.8	97.7	100.00	1.977	145.19	70.99
282.8	97.7	105.00	1.931	148.10	73.90
287.8	97.7	110.00	1.889	151.11	76.91
292.8	97.7	115.00	1.850	153.78	79.58
297.8	97.7	120.00	1.815	156.60	82.40

REMARKS

THE INCREMENTAL DATA, PLOTS AND ANALYSIS ARE FROM THE ELECTRONIC RECORDER
PLEASE REFER TO DERIVATIVE DIAGNOSTICS ANALYSIS FOR FURTHER INFORMATION
(PRESSURE ASCII FILE IS AVAILABLE ON DISKETTE UPON REQUEST)



CROWNQUEST OPERATING LLC
JEFFERSON # 4-1

○ FIRST SHUT-IN
* SECOND SHUT-IN

TESTERS, INC.

RIG TESTERS, INC.

Well Test Report

RigTesters, Inc.
ABILENE - MIDLAND - GRAHAM

CROWNQUEST OPERATING LLC. JEFFERSON #4-1

Well identification

Well ID	JEFFERSON #4-1	Well location	N.E. MONTICELLO
County/District	SAN JUAN	State, Country	UTAH
Company	CROWNQUEST	Division	MIDLAND

Fluid properties

Prod/Inj fluid	OIL	GOR	350:1
Water cut	0%	Condensate yield	UNKNOWN
API gravity	39.0	Gas spec. grav.	0.7
Viscosity	1.73 cp	Pseudo-critical T	382.97 deg R
Pseudo-critical P	664.37 psia	H2S mole fraction	UNKNOWN
CO2 mole fraction	UNKNOWN	N2 mole fraction	UNKNOWN
Compressibility(t)	33.913 e-6/psi	Formation vol factor	1.1026 RB/STB

Reservoir properties

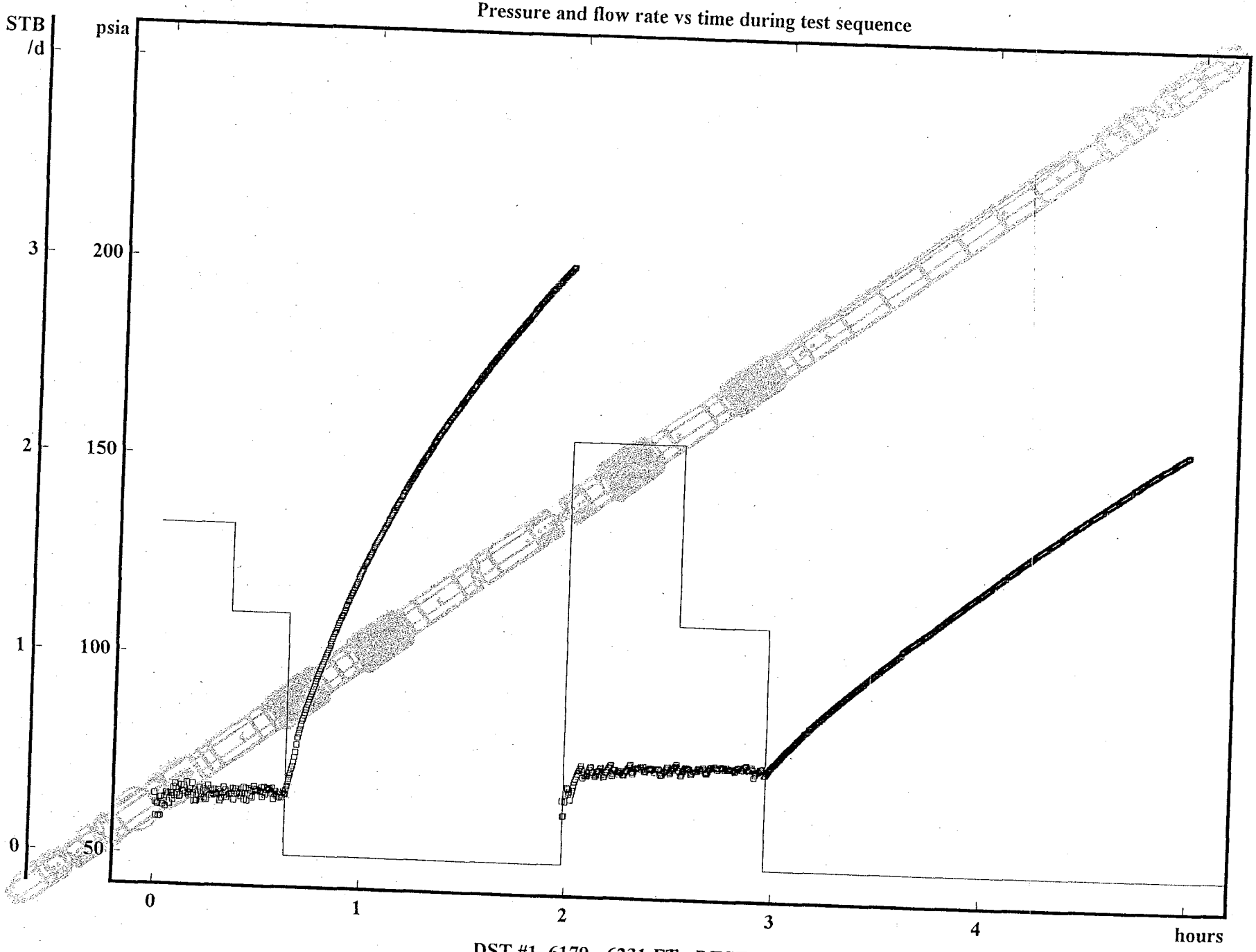
Porosity	0.1 frac	Formation thickness	30 ft
Wellbore radius	0.32813 ft	Prod-observer distance	N/A
Water-Oil Contact	UNKNOWN	Gas-Oil Contact	N/A
Gas-Water Contact	N/A	Rock compressibility	
Reservoir temperature	124 deg F	Pressure for properties	300 psia

Comments

THE DERIVATIVES INDICATE COMPLETE DOMINATION OF WELLBORE STORAGE EFFECT ON BOTH SHUT-IN PERIODS. ANY CALCULATIONS (EXTRAPOLATIONS, PERMEABILITY AND SKIN) UNDER THESE CONDITIONS ARE AMBIGUOUS & UN-RELIABLE. THE FIXED PARAMETERS USED WERE AN EST. 10% POROSITY, 30 FT. OF NET PAY REPORTED AND AN AVERAGE (TIME WEIGHTED) PRODUCTION OF 1.65 BBLS. OF FLUID FOR THE FINAL FLOW PERIOD. THE RATES WERE BASED ON DENSITY OF FLUID RECOVERED VS. FLOWING PRESSURES.

CROWNQUEST OPERATING LLC. JEFFERSON #4-1

Pressure and flow rate vs time during test sequence

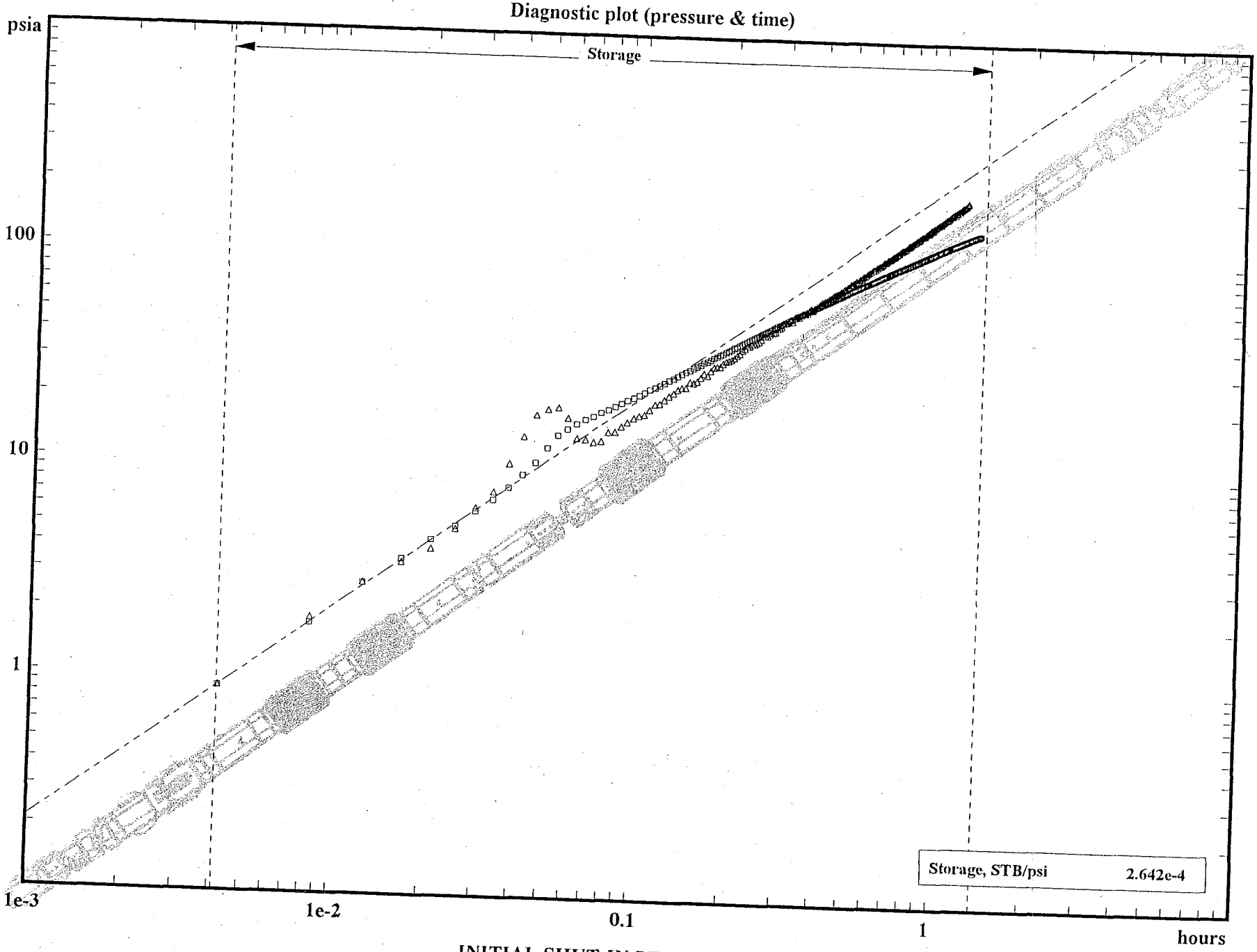


DST #1 6179 - 6231 FT. DESERT CREEK

RIG TESTERS, INC.

CROWNQUEST OPERATING LLC. JEFFERSON #4-1

Diagnostic plot (pressure & time)



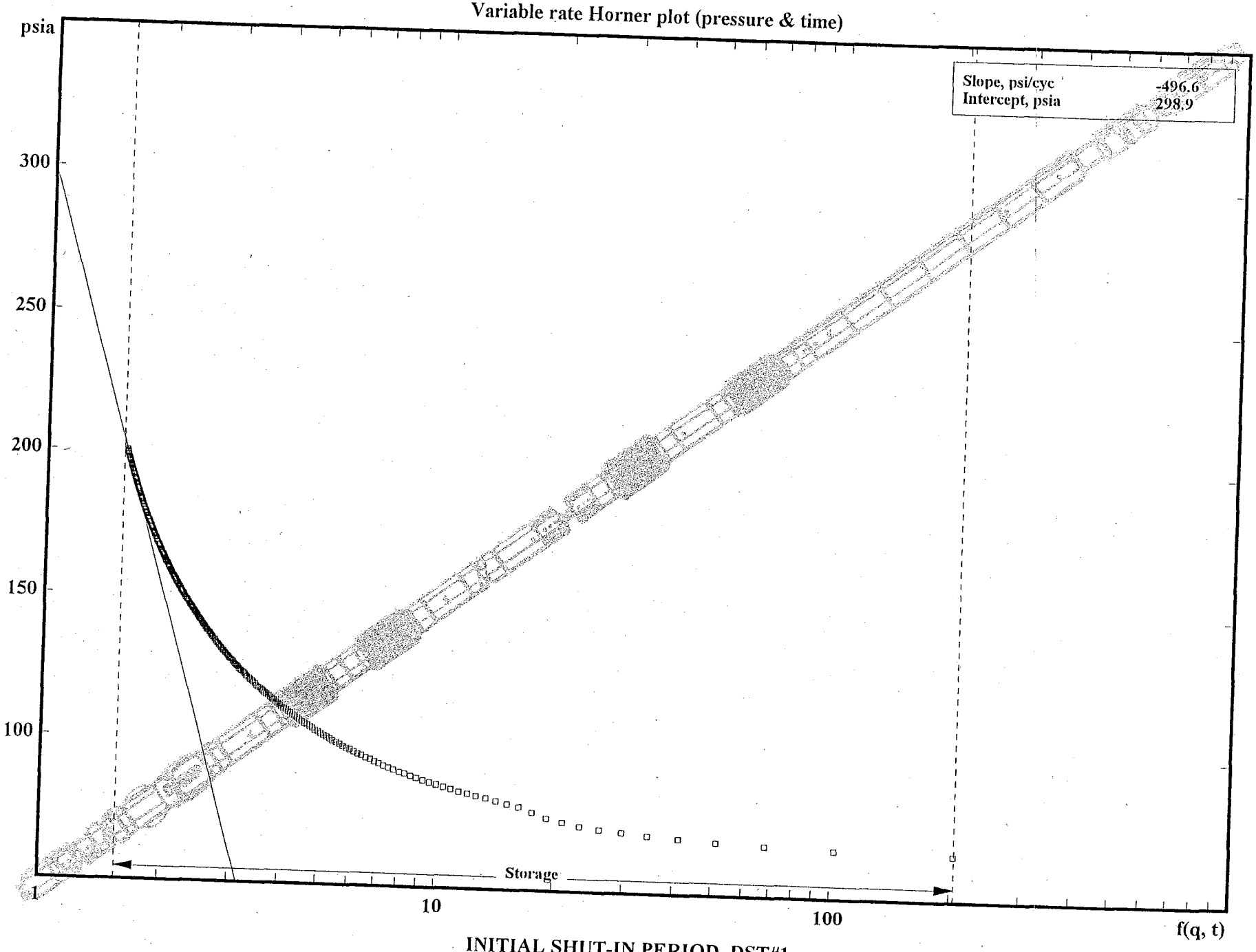
INITIAL SHUT-IN PERIOD DST#1

RIG TESTERS, INC.

Automate v1.41 · RigTesters, Inc. · 05/02/05 15:33:48

CROWNQUEST OPERATING LLC. JEFFERSON #4-1

Variable rate Horner plot (pressure & time)



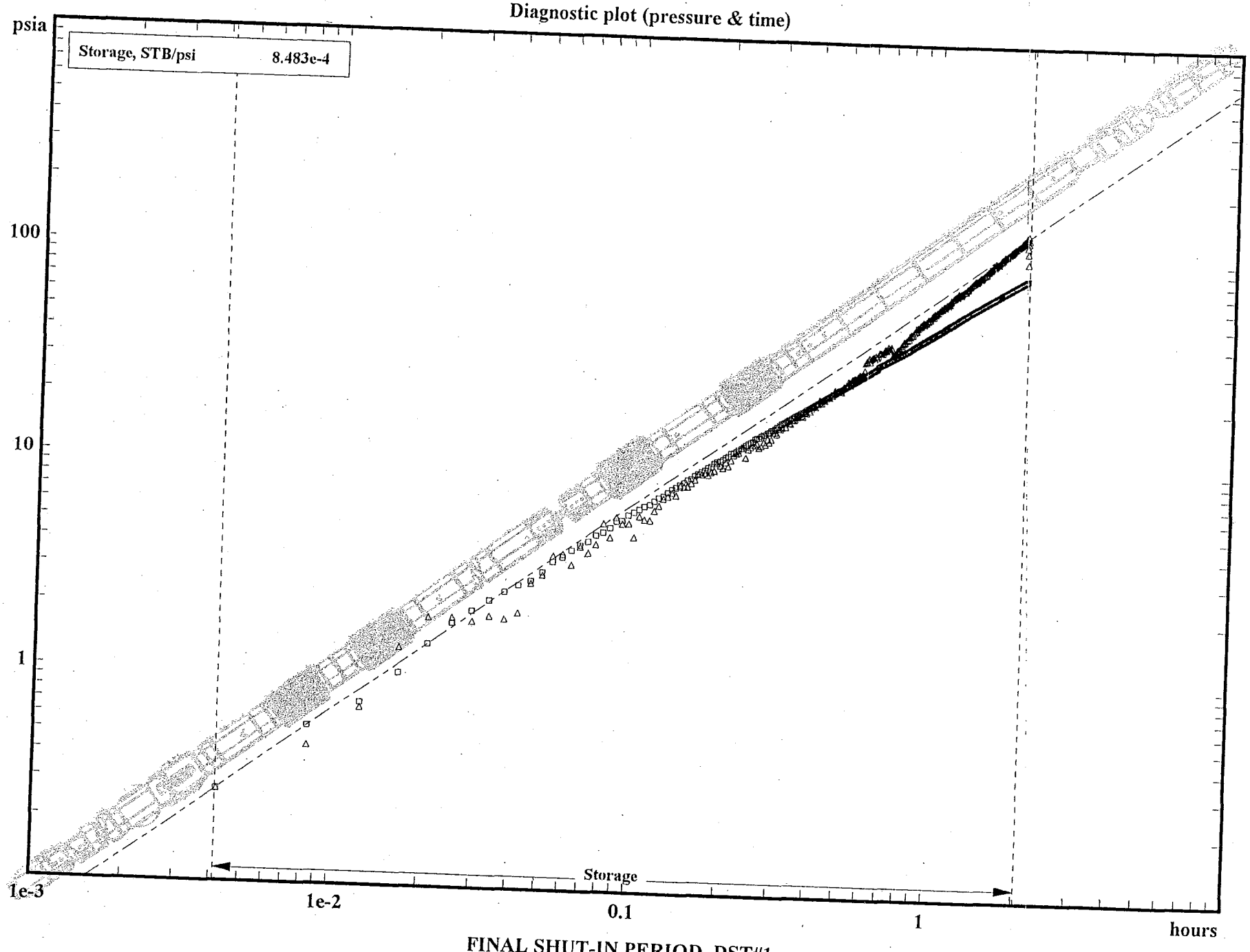
INITIAL SHUT-IN PERIOD DST#1

RIG TESTERS, INC.

Automate v1.41 · RigTesters, Inc. · 05/02/05 15:34:02

CROWNQUEST OPERATING LLC. JEFFERSON #4-1

Diagnostic plot (pressure & time)

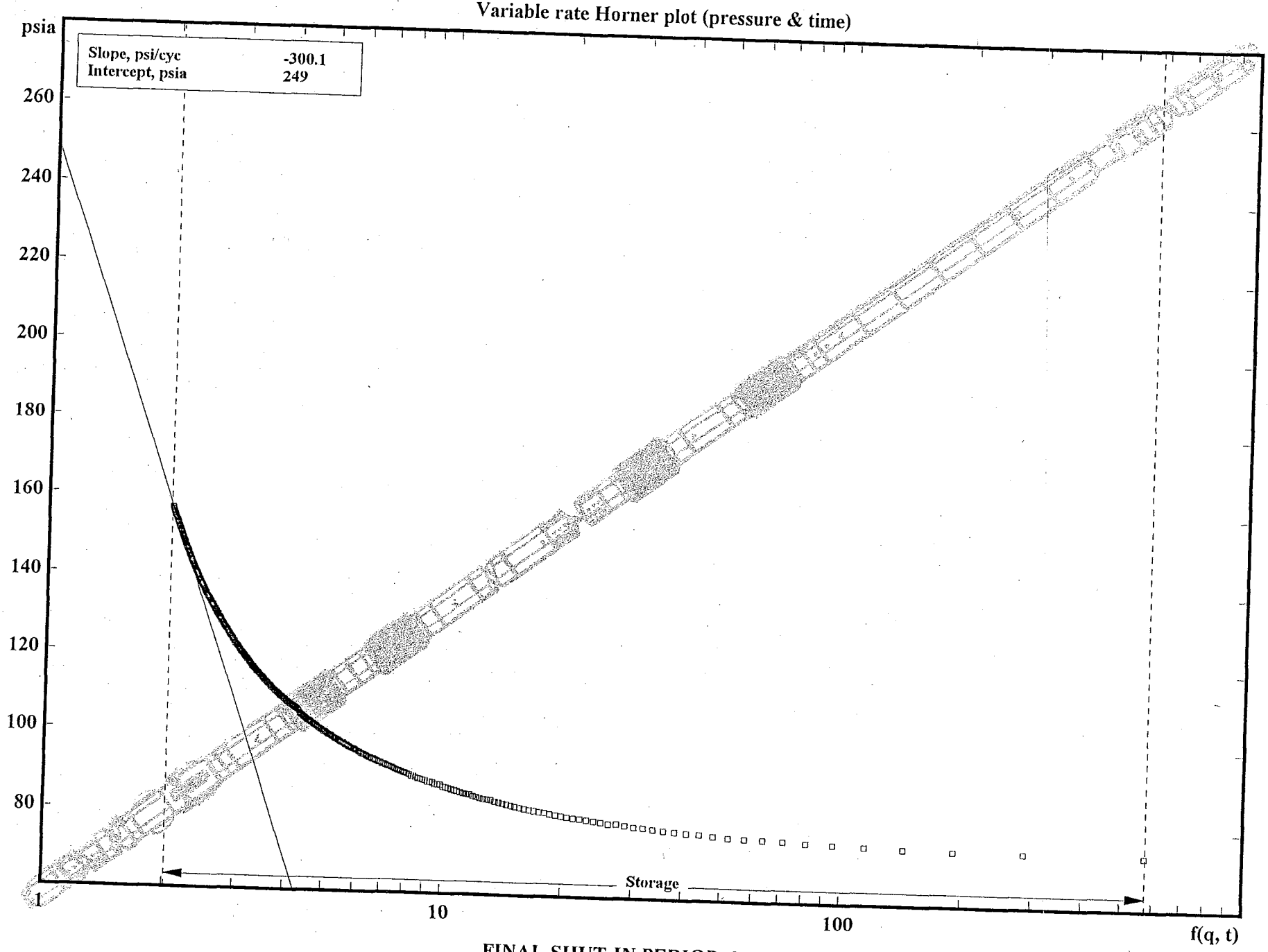


FINAL SHUT-IN PERIOD DST#1

RIG TESTERS, INC.

CROWNQUEST OPERATING LLC. JEFFERSON #4-1

Variable rate Horner plot (pressure & time)



FINAL SHUT-IN PERIOD DST#1

RIG TESTERS, INC.

Automate v1.41 · RigTesters, Inc. · 05/02/05 15:30:03

004

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 11/24/2004

API NO. ASSIGNED: 43-037-31832

WELL NAME: JEFFERSON 4-1

OPERATOR: CROWNQUEST OPERATING, (N2685)

CONTACT: ROBERT GRIFFEE

PHONE NUMBER: 432-685-3116

PROPOSED LOCATION:

SWNW 04 330S 240E

SURFACE: 1815 FNL 0830 FWL

BOTTOM: 1815 FNL 0830 FWL

SAN JUAN

WILDCAT (1)

LEASE TYPE: 3 - State

LEASE NUMBER: ML-47962

SURFACE OWNER: 4 - Fee

PROPOSED FORMATION: DSCR

COALBED METHANE WELL? NO

INSPECT LOCATN BY: / /

Tech Review	Initials	Date
Engineering	DKD	12/10/04
Geology		
Surface		

LATITUDE: 37.94046

LONGITUDE: -109.2971

RECEIVED AND/OR REVIEWED:

✓ Plat

✓ Bond: Fed[] Ind[] Sta[] Fee[]
(No. RLB0007554)

N Potash (Y/N)

N Oil Shale 190-5 (B) or 190-3 or 190-13

N Water Permit
(No. 09-2151)

✓ RDCC Review (Y/N)
(Date: 12/16/2004)

Y Fee Surf Agreement (Y/N)

LOCATION AND SITING:

____ R649-2-3.

Unit _____

✓ R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells

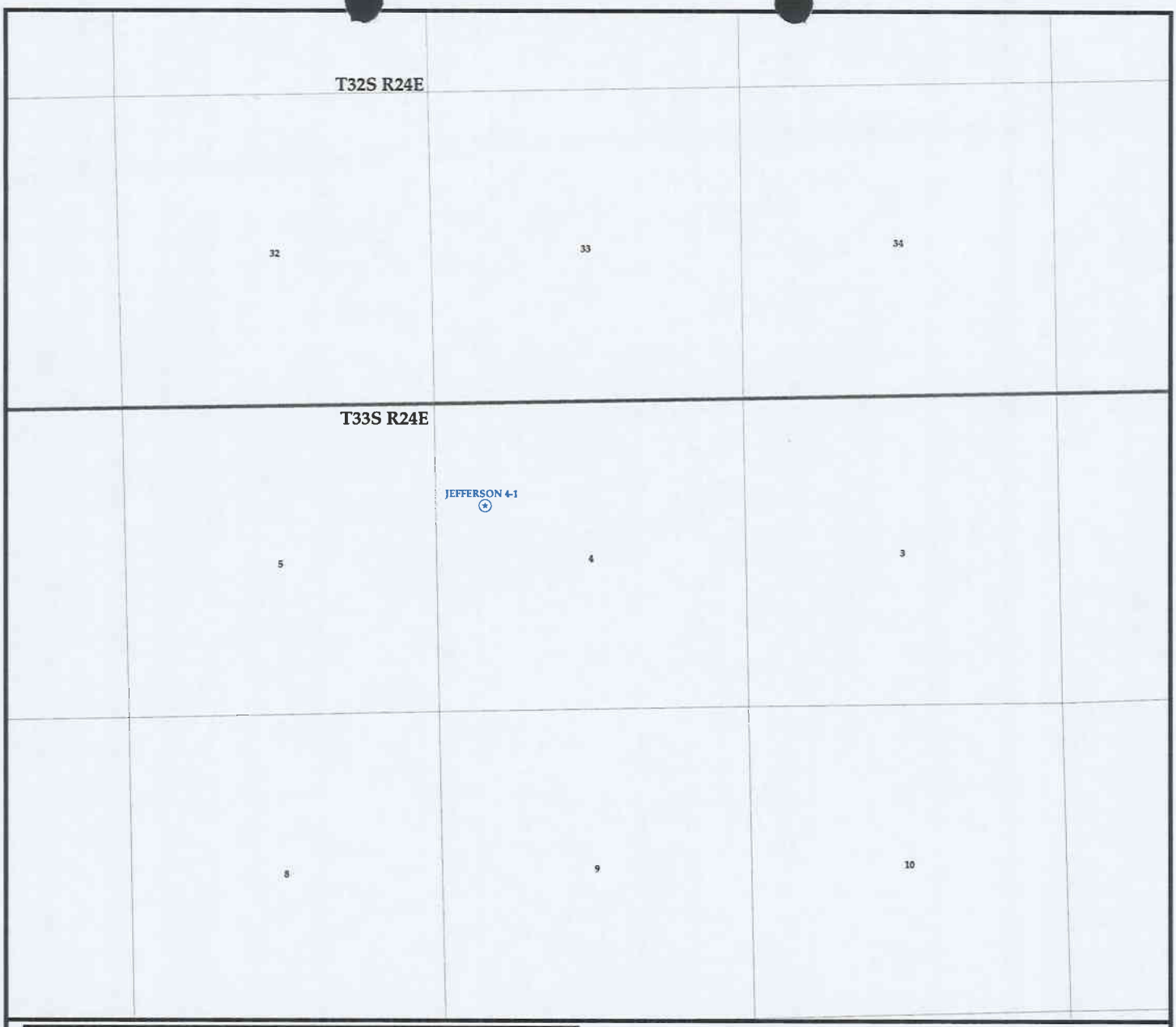
____ R649-3-3. Exception

____ Drilling Unit
Board Cause No: _____
Eff Date: _____
Siting: _____

____ R649-3-11. Directional Drill

COMMENTS: Needs Drawing (12-03-04)

STIPULATIONS: 1- Spacing Stip
2- In accordance with R649-3-7 - Well Control operator shall test 9 5/8" Surface Csg to 2200 PSI
3- STATEMENT OF BASIS



OPERATOR: CROWNQUEST OPER (N2685)

SEC. 4 T.33S R.24E

FIELD: WILDCAT (001)

COUNTY: SAN JUAN

SPACING: R649-3-2 / GENERAL SITING

Utah Oil Gas and Mining

Wells
- GAS INJECTION
- GAS STORAGE
- LOCATION ABANDONED
- NEW LOCATION
- PLUGGED & ABANDONED
- PRODUCING GAS
- PRODUCING OIL
- SHUT-IN GAS
- SHUT-IN OIL
- TEMP. ABANDONED
- TEST WELL
- WATER INJECTION
- WATER SUPPLY
- WATER DISPOSAL

Units.shp
- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PENDING
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED

Fields.shp
- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED

N W E S

PREPARED BY: DIANA WHITNEY
DATE: 29-NOVEMBER-2004

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 11/24/2004

API NO. ASSIGNED: 43-037-31832

WELL NAME: JEFFERSON 4-1

OPERATOR: CROWNQUEST OPERATING, (N2685)

PHONE NUMBER: 432-685-3116

CONTACT: ROBERT GRIFFEE

PROPOSED LOCATION:

SWNW 04 330S 240E

SURFACE: 1815 FNL 0830 FWL

BOTTOM: 1815 FNL 0830 FWL

COUNTY: SAN JUAN

LATITUDE: 37.94046 LONGITUDE: -109.2971

UTM SURF EASTINGS: 649637 NORTHINGS: 4200371

FIELD NAME: WILDCAT (1)

INSPECT LOCATN BY: / /

Tech Review	Initials	Date
Engineering	DKD	2/21/06
Geology		
Surface		

LEASE TYPE: 3 - State

LEASE NUMBER: ML-47962

SURFACE OWNER: 4 - Fee

PROPOSED FORMATION: DSCR

COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

✓ Plat

✓ Bond: Fed[] Ind[] Sta[] Fee[]
(No. RLB0007554)

N Potash (Y/N)

N Oil Shale 190-5 (B) or 190-3 or 190-13

✓ Water Permit
(No. 09-2151)

N RDCC Review (Y/N)
(Date: 12/16/2004)

✓ Fee Surf Agreement (Y/N)

NA Intent to Commingle (Y/N)

LOCATION AND SITING:

____ R649-2-3.

Unit: ____

✓ R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells

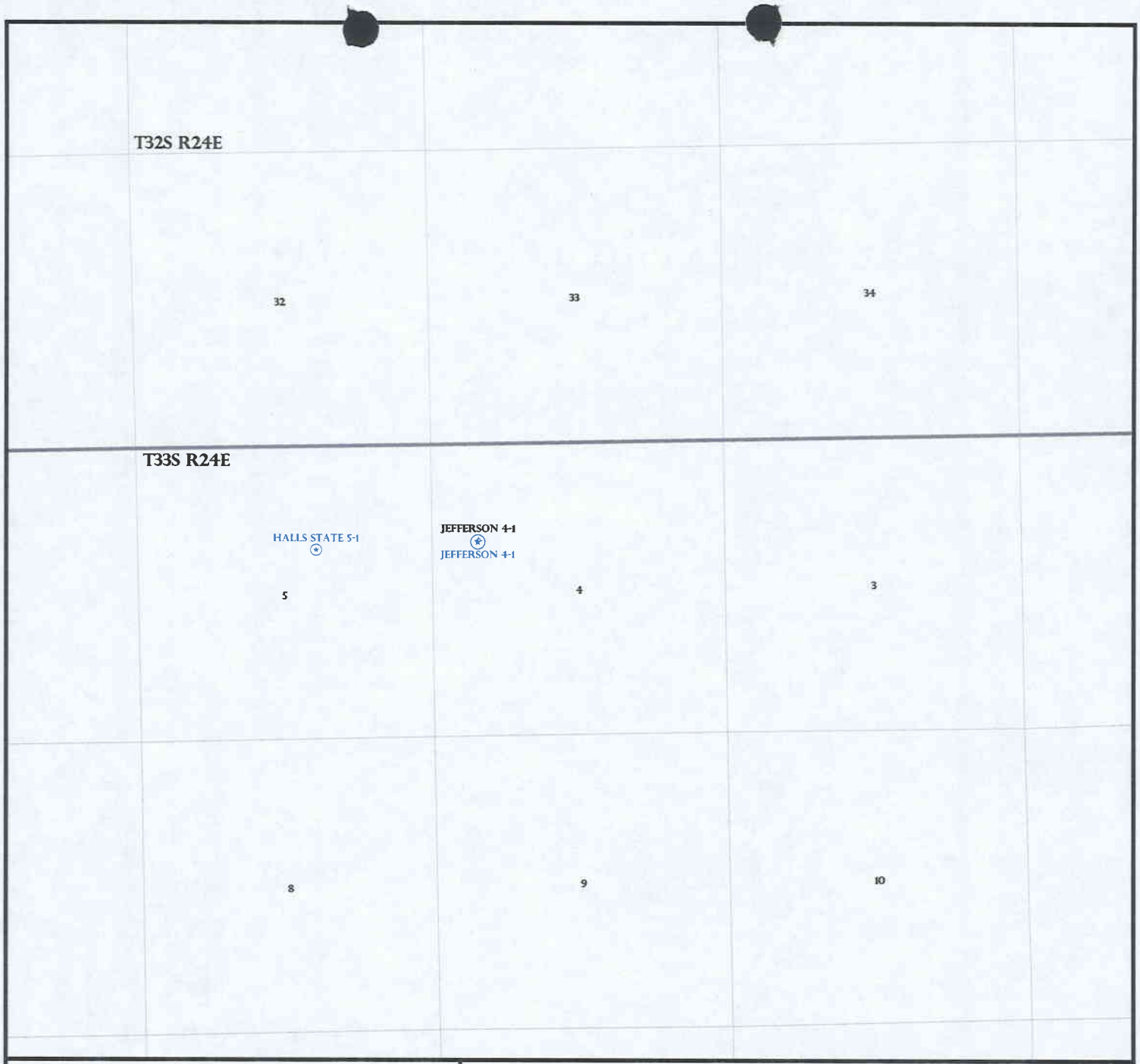
____ R649-3-3. Exception

____ Drilling Unit
Board Cause No: ____
Eff Date: ____
Siting: ____

____ R649-3-11. Directional Drill

COMMENTS: Need Permit (Recd 2-13-06)

STIPULATIONS: 1- Spacing Stip
2- STATEMENT OF BASIS



OPERATOR: CROWNQUEST OPER (N2685)

SEC: 4 T. 33S R. 24E

FIELD: WILDCAT (001)

COUNTY: SAN JUAN

SPACING: R649-3-2 / GENERAL SITING

Field Status
- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED

Unit Status
- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PENDING
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED

Wells Status
- GAS INJECTION
- GAS STORAGE
- LOCATION ABANDONED
- NEW LOCATION
- PLUGGED & ABANDONED
- PRODUCING GAS
- PRODUCING OIL
- SHUT-IN GAS
- SHUT-IN OIL
- TEMP. ABANDONED
- TEST WELL
- WATER INJECTION
- WATER SUPPLY
- WATER DISPOSAL
- DRILLING

Utah Oil Gas and Mining

N
W E
S

PREPARED BY: DIANA WHITNEY
DATE: 17-FEBRUARY-2006

STATE ACTIONS
Resource Development Coordinating Committee
Governor's Office of Planning and Budget
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 December 13, 2004
3. Title of proposed action: Application for Permit to Drill	
4. Description of Project: CrownQuest Operating, LLC proposes to drill the Jefferson 4-1 well (wildcat) on State lease ML-47962, San Juan 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)** 1815' FNL 830' FWL, SW/4 NW/4, Section 4, Township 33 South, Range 24 East, San Juan 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) Southeastern Utah Association of Governments	
10. For further information, contact: **Diana Whitney** **Phone:** (801) 538-5312	**11. Signature and title of authorized officer** John R. Baza, Associate Director **Date:** November 29, 2004

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

OPERATOR: CrownQuest Operating
WELL NAME & NUMBER: Jefferson 4-1
API NUMBER: 43-037-31832
LEASE: State **FIELD/UNIT:**
LOCATION: 1/4,1/4 SWNW **Sec:** 4 **TWP:** 33S **RNG:** 24E 1815 FNL 830 FWL
LEGAL WELL SITING: 460 F **SEC. LINE;** 460 F **1/4,1/4 LINE;** 920 F **ANOTHER WELL.**
GPS COORD (UTM): X= 4200377 E; Y= 649640 N **SURFACE OWNER:** Gary Halls.

PARTICIPANTS

M. Jones (DOGM), Craig Starkey and Ken Manchester, (DJ Simmons for CrownQuest), Randy Lee (Bayless), Gene Stevenson (Geologist), Gary Halls (surface owner). SITLA and San Juan County were invited but chose not to attend.

REGIONAL/LOCAL SETTING & TOPOGRAPHY

Proposed location is ~6 miles northeast of Monticello, San Juan County, Utah. The immediate area surrounding the proposed well is agricultural ground. Location is staked on property owned by Gary Halls of Monticello. Access to this well will be along existing County maintained roads and approximately 1800 feet of newly constructed access across Mr. Halls. The direct area drains to the southeast. Rolling hills and dry wash beds are common throughout the area.

SURFACE USE PLAN

CURRENT SURFACE USE: Agricultural.

PROPOSED SURFACE DISTURBANCE: 250' x 300' w/ 75' x 125' x 10' included pit.

LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS: No producing, proposed, shut-in, injection, and/or PA wells are within a 1 mile radius of the above proposed well.

LOCATION OF PRODUCTION FACILITIES AND PIPELINES: On location and along agreed right-of-way.

SOURCE OF CONSTRUCTION MATERIAL: Obtained locally and trucked to site.

ANCILLARY FACILITIES: None anticipated.

WILL DRILLING AT THIS LOCATION GENERATE PUBLIC INTEREST OR CONCERNS? (EXPLAIN): No.

WASTE MANAGEMENT PLAN:

Garbage - All garbage will be gathered within cages and disposed of as needed at the appropriate disposal facility.

Reserve pit contents - Fluids will be allowed to evaporate. Solids will be buried, along with the liner, upon closure of the pit.

Produced Water - Will be hauled from site and disposed of in an approved disposal facility.

Sanitation Facilities - Will be supplied during drilling operations.

ENVIRONMENTAL PARAMETERS

AFFECTED FLOODPLAINS AND/OR WETLANDS: None.

FLORA/FAUNA: No current vegetation, field has just been plowed.

SOIL TYPE AND CHARACTERISTICS: Sandy clay loam.

SURFACE FORMATION & CHARACTERISTICS: Eroded Dakota Formation

EROSION/SEDIMENTATION/STABILITY: Erosive upon disturbance.

PALEONTOLOGICAL POTENTIAL: None observed.

RESERVE PIT

CHARACTERISTICS: Dugout earthen, 75'x125'x10', included w/in location.

LINER REQUIREMENTS (Site Ranking Form attached): Liner required.

SURFACE RESTORATION/RECLAMATION PLAN

As per surface use agreement.

SURFACE AGREEMENT: Signed.

CULTURAL RESOURCES/ARCHAEOLOGY: Submitted to SITLA, project number U04-ZC1271.

OTHER OBSERVATIONS/COMMENTS

Cut and fills were not balanced, I questioned the operator as to the plans for material to build the location, a balanced cut and fill sheet was completed and faxed to me for review on 12/6/2004. The landowner was also made aware of the change in cuts and fill.

A water well used for stock watering is located ~.5 mile northeast of the proposed well.

ATTACHMENTS

Photos of this location were taken and placed on file.

Mark L. Jones	December 3, 2004 / 10:00 am
DOGM REPRESENTATIVE	DATE/TIME

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

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

Final Score 50 (Level I Sensitivity)

Sensitivity Level I = 20 or more; total containment is required, consider criteria for excluding pit use.
Sensitivity Level II = 15-19; lining is discretionary.
Sensitivity Level III = below 15; no specific lining is required.

3 10:37AM

3 10:37AM

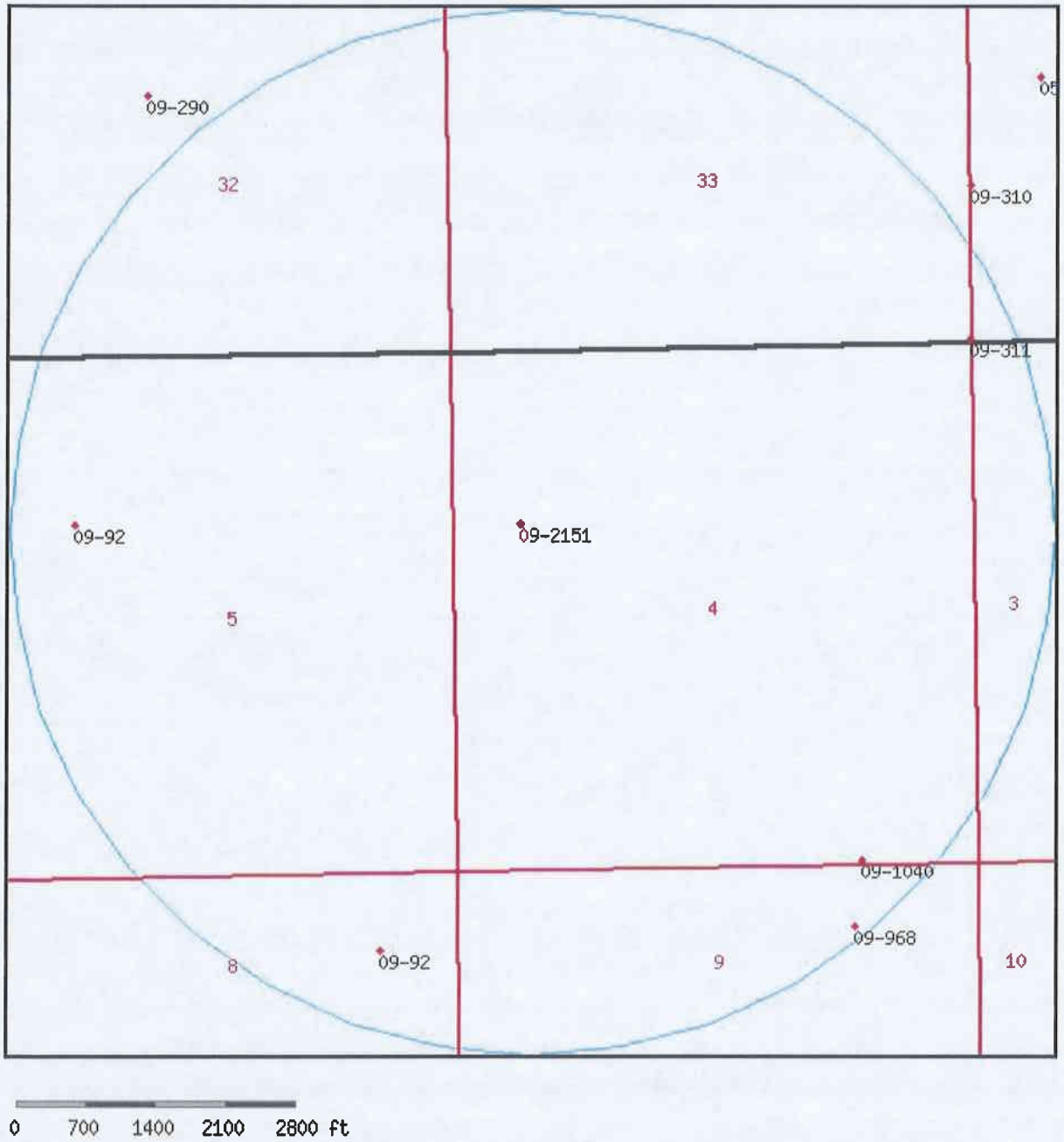
3 10:38AM

UTAH DIVISION OF WATER RIGHTS

WRPLAT Program Output Listing

Version: 2004.11.16.00 Rundate: 12/08/2004 04:02 PM

Radius search of 5280 feet from a point S1815 E830 from the NW corner, section 04, Township 33S, Range 24E, SL b&m Criteria:wrtypes=W,C,E podtypes=S,U,D,Sp,P status=U,A,P usetypes=all



Water Rights

WR Number	Diversion Type/Location	Well Log	Status	Priority	Uses	CFS	ACFT	Owner Name
05-462	Underground	well info	P	19630313	S	0.022	0.000	JOHN EDWARD AND CORINNE NIELSON RORING
	N38 E734 W4 34 32S 24E SL							JOHN EDWARD AND CORINNE NIELSON RORING,CO-TRUSTEES
09-1040	Surface		P	19780419	S	0.000	0.400	SILAS D. BARTON
	N20 W1175 SE 04 33S 24E SL							1098 NORTH BLUFF
09-2151	Underground		A	20041108	O	0.000	4.730	CROWNQUEST OPERATING LLC
	S1720 E700 NW 04 33S 24E SL							303 W. WALL SUITE 1400
09-290	Underground		P	19630301	S	0.010	0.000	A CORPORATION REDD RANCHES
	S2625 E2380 NW 32 32S 24E SL							LASAL UT 84530
09-310	Underground	well info	P	19620823	S	0.022	0.000	JOHN EDWARD AND CORINNE NIELSON RORING
	N1583 W16 SE 33 32S 24E SL							JOHN EDWARD AND CORINNE NIELSON RORING,CO-TRUSTEES
09-311	Underground	well info	P	19620823	S	0.022	0.000	JOHN EDWARD AND CORINNE NIELSON RORING
	N47 W16 SE 33 32S 24E SL							JOHN EDWARD AND CORINNE NIELSON RORING,CO-TRUSTEES
								JOSEPH L. & LYMAN DEE

09-92	Surface N988 E1476 W4 05 33S 24E SL	P	19490411 I	5.000 0.000	REESE NIELSON BLANDING UT 84511
09-92	Surface S783 W785 NE 08 33S 24E SL	P	19490411 I	5.000 0.000	JOSEPH L. & LYMAN DEE REESE NIELSON BLANDING UT 84511
09-968	Surface S635 W1240 NE 09 33S 24E SL	P	19770916 S	0.000 0.400	SILAS D. BARTON MONTICELLO UT 84535

Natural Resources | Contact | Disclaimer | Privacy Policy | Accessibility Policy

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

OPERATOR: CrownQuest Operating
WELL NAME & NUMBER: Jefferson 4-1
API NUMBER: 43-037-31832
LOCATION: 1/4,1/4 SWNW Sec:4 TWP: 33 S RNG: 24 E 1815 FNL 830 FWL

Geology/Ground Water:
Significant volumes of high quality ground water are likely to be encountered at this location. A moderately permeable soil is likely to be developed on the Quaternary eolian loess surface deposits in the area. A thin Mancos shale fringe may be encountered below the loess, otherwise the relatively thin Dakota Sandstone and thicker subjacent Morrison Formation. Several nearby water supply wells that are documented in the Division of Water Rights database reveal that the water table was encountered at around 20 to 30 feet of depth, most likely in the Dakota Sandstone. The base of moderately saline ground water in a nearby well was determined to be at 4,731 feet. If this is so, it is likely that fresh water may also be found in the Morrison Formation, the Entrada Sandstone, the Navajo Sandstone and possibly even the Cutler Formation. The proposed drilling, casing and cementing program should adequately isolate any zones of fresh water that may be penetrated. Included among the several water rights filed within a mile of the location are three subsurface water rights for wells, including one recently filed by this operator.

Reviewer: Christopher J. Kierst **Date:** 12/8/2004

Surface:

Proposed location is ~6 miles northeast of Monticello, San Juan County, Utah. The immediate area surrounding the proposed well is agricultural ground. Location is staked on property owned by Gary Halls of Monticello. Access to this well will be along existing County maintained roads and approximately 1800 feet of newly constructed access across Mr. Halls. The direct area drains to the southeast. Rolling hills and dry wash beds are common throughout the area. Other issues talked about were; location layout, lining the reserve pit, watershed and runoff control, access and right-of-ways, top-soil storage, and cut and fill balancing. A water well is planned to be drilled on this location by the operator to provide water for drilling purposes. The location of this well was discussed as well as the status of the water well permit with the Division of Water Rights. M. Jones (DOGM), Craig Starkey and Ken Manchester, (DJ Simmons for CrownQuest), Randy Lee (Bayless), Gene Stevenson (Geologist), Gary Halls (surface owner), were all in attendance for this on-site. SITLA and San Juan County were invited but chose not to attend.

Reviewer: Mark L. Jones **Date:** December 3, 2004

Conditions of Approval/Application for Permit to Drill:

1. A synthetic liner with a minimum thickness of 12 mils shall be properly installed and maintained in the reserve pit..
2. Top-soil stockpiled at locations edge for future reclamation.
3. Location built as per balanced cuts and fills.

Well name:	**12-04 CrownQuest Jefferson 4-1**
Operator:	**CrownQuest**
String type:	Conductor
Location:	San Juan County
Project ID:	43-037-31832

Design parameters:

Collapse

Mud weight: 8.400 ppg
Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 79 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 109 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 buoyed weight.
Neutral point: 219 ft

Environment:

H2S considered? No
Surface temperature: 75 °F
Bottom hole temperature: 78 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 1,500 ft

Cement top: Surface

Non-directional string.

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	250	13.375	48.00	H-40	ST&C	250	250	12.59	23.5

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	109	740	6.783	109	1730	15.86	11	322	30.59 J

Prepared by: Clinton Dworshak
Utah Div. of Oil & Mining
Phone: 801-538-5280
FAX: 801-359-3940
Date: December 10,2004
Salt Lake City, Utah

Remarks:
Collapse is based on a vertical depth of 250 ft, a mud weight of 8.4 ppg The casing is considered to be evacuated for collapse purposes.
Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

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

Well name:	**12-04 CrownQuest Jefferson 4-1**
Operator:	**CrownQuest**
String type:	Surface
Project ID:	43-037-31832
Location:	San Juan County

Design parameters:

Collapse

Mud weight: 10.000 ppg

Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 1,936 psi

Internal gradient: 0.120 psi/ft

Calculated BHP 2,200 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 buoyed weight.

Neutral point: 1,874 ft

Environment:

H2S considered?	No
Surface temperature:	75 °F
Bottom hole temperature:	106 °F
Temperature gradient:	1.40 °F/100ft
Minimum section length:	250 ft
Cement top:	776 ft

Non-directional string.

Re subsequent strings:

Next setting depth:	6,060 ft
Next mud weight:	9.500 ppg
Next setting BHP:	2,991 psi
Fracture mud wt:	19.250 ppg
Fracture depth:	2,200 ft
Injection pressure	2,200 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 (ft^3)
1	2200	9.625	36.00	J-55	ST&C	2200	2200	8.796	156.7

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	1143	2020	1.768	2200	3520	1.60	67	394	5.84 J

Prepared by: Clinton Dworshak, Utah Div. of Oil & Mining
Phone: 801-538-5280
FAX: 801-359-3940

Date: December 10,2004
Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 2200 ft, a mud weight of 10 ppg The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

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

Well name:	**12-04 CrownQuest Jefferson 4-1**
Operator:	**CrownQuest**
String type:	Production
Project ID:	43-037-31832
Location:	San Juan County

Design parameters:

Collapse

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

Burst

Max anticipated surface pressure: 2,263 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 2,991 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 buoyed weight.
Neutral point: 5,247 ft

Environment:

H2S considered? No
Surface temperature: 75 °F
Bottom hole temperature: 160 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 1,500 ft

Cement top: 3,011 ft

Non-directional string.

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)
2	4600	5.5	15.50	J-55	LT&C	4600	4600	4.825	144.2
1	1460	5.5	17.00	N-80	LT&C	6060	6060	4.767	50.3

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
2	2270	3997	1.760	2815	4810	1.71	82	217	2.64 J
1	2991	6290	2.103	2991	7740	2.59	11	348	31.65 J

Prepared by: Clinton Dworshak, Utah Div. of Oil & Mining
Phone: 801-538-5280
FAX: 801-359-3940
Date: December 10,2004
Salt Lake City, Utah

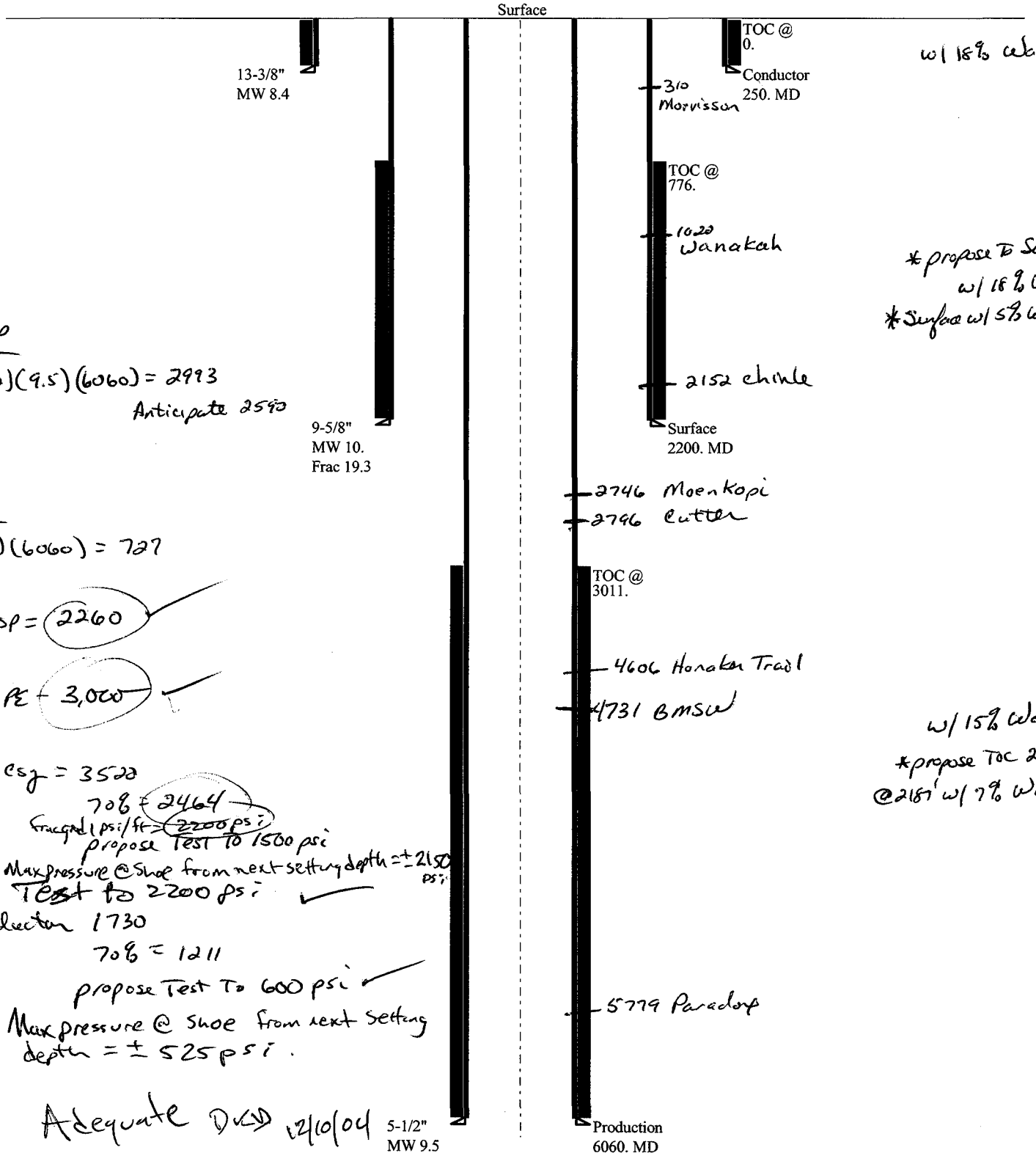
Remarks:
Collapse is based on a vertical depth of 6060 ft, a mud weight of 9.5 ppg The casing is considered to be evacuated for collapse purposes.
Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

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

12-04 CrownQuest Jefferson 4-1

Casing Schematic



BHP

(.052)(9.5)(6060) = 2993

Anticipate 2590

Gas

(.12)(6060) = 727

MASP = 2260

BOPE = 3,000

Surf csg = 3522

70% = 2464

Fracgrd 1 psi/ft = 2200 psi

propose Test to 1500 psi

Max pressure @ Shoe from next setting depth = ± 2150 psi

* Test to 2200 psi

Conductor 1730

70% = 1211

propose Test To 600 psi

Max pressure @ Shoe from next setting depth = ± 525 psi.

Adequate DKD 12/10/04

From: Robert Clark
To: Whitney, Diana
Date: 12/6/2004 9:25:35 AM
Subject: Permit to drill comments

The following comments are submitted regarding the Crownquest, LLC application for a permit to drill the Jefferson 4-1 wildcat well in San Juan County. This is referenced as **RDCC #4713.**

Comments begin: The proposed well drilling project may require a permit, known as an Approval Order, from the Utah Division of Air Quality if any compressor stations are operating 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, SLC, UT, 84116 for review according to the Utah Air Conservation Rule R307-400, Permits, Notice of Intent and Approval Order.

The proposed project is also subject to Utah Air Conservation Rule R307-205-3, Fugitive Dust, 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 Division of Air Quality, but steps need to be taken to minimize fugitive dust, such as, watering and/or chemical stabilization, providing vegetative or synthetic cover and windbreaks. A copy of the rules are found at www.rules.utah.gov/publicat/code/r307/r307.htm .

Robert Clark
Division of Air Quality
536-4435

CC: Dave Mcneill; Wright, Carolyn

State of Utah

Department of Natural Resources

ROBERT L. MORGAN
Executive Director

Division of Wildlife Resources

MILES MORETTI
Acting Division Director

OLENE S. WALKER
Governor

GAYLE F. McKEACHNIE
Lieutenant Governor

RECEIVED
DEC 15 2004
DIV. OF OIL, GAS & MINING

9 December 2004

Diana Whitney
Division of Oil Gas and Mining
1594 West N. Temple, Suite 1210
P.O. Box 145801
Salt lake City, UT 84114-5801

Subject: RDCC #4713, Jefferson State Wildcat

Dear Ms. Whitney;

In regards to the subject action, the Utah Division of Wildlife Resources has the following comments.

This well is located in critical Gunnison sage-grouse year-round habitat including nesting and brood rearing areas. The Gunnison sage-grouse is a candidate species for listing under the federal Endangered Species Act. When listing occurs, there will be serious restrictions on activities on private, federal, and state lands. Therefore, we urge any person or agency interested in keeping land-use options open to observe all seasonal restrictions and distance buffers needed to recover existing populations. We are concerned that improper development and maintenance of this well could negatively effect sage-grouse populations in this area, in particular, through negative impacts to a lekking area approximately 1 mile to the east.

We recommend on-the-ground activity related to development of this site be restricted to July 6 through March 15. Travel to and from this well should not occur before 9 AM March 15 through May 10 for maintenance or any other purpose. The site should be accessed from the west whenever possible during this time period. No new utility poles should be installed to service this well; electricity should be supplied underground. Utility poles provide raptor hunting perches and increase predation on sage-grouse. Pumpjacks at this site should be electrically powered and use the quietest motors available.

In the future, it is essential that the developer and the Division of Oil Gas and Mining provide adequate time to review proposals in this very sensitive area where UDWR is expending substantial resources to recover the Gunnison sage-grouse before it becomes a listed species.

Thank-you for the opportunity to review and comment on this proposed action. If you have any questions, please contact Tony Wright, oil and gas mitigation biologist, at our Price Office, (435)636-0267.

Sincerely,

Derris R Jones

Derris Jones
Regional Supervisor

Administration
Habitat Section- Mike Canning
GOPB- Carolyn Wright
DNR- Kim Frost

State of Utah

Department of
Natural Resources

ROBERT L. MORGAN
Executive Director

Division of
Oil, Gas & Mining

MARY ANN WRIGHT
Acting Division Director

OLENE S. WALKER
Governor

GAYLE F. McKEACHNIE
Lieutenant Governor

December 16, 2004

CrownQuest Operating, LLC
303 Wall, Ste. 1400
Midland, TX 79702

Re: Jefferson 4-1 Well, 1815' FNL, 830' FWL, SW NW, Sec. 4, T. 33 South, R. 24 East, San Juan 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 43-037-31832.

Sincerely,

John R. Baza
Associate Director

pab
Enclosures

cc: San Juan County Assessor
SITLA

1594 West North Temple, Suite 1210, PO Box 145801, Salt Lake City, UT 84114-5801
telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • *www.ogm.utah.gov*

Utah!
Where ideas connect™

Operator: CrownQuest Operating, LLC

Well Name & Number Jefferson 4-1

API Number: 43-037-31832

Lease: ML-47962

Location: SW NW **Sec.** 4 **T.** 33 South **R.** 24 East

Conditions of Approval

1. General

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

2. Notification Requirements

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

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

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

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

3. Reporting Requirements

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

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

5. Operator shall comply with applicable recommendations resulting from Resource Development Coordinating Committee review. Statements attached.

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. In accordance with 'R649-3-7-well control', operator shall test 9 5/8" surface casing to 2200 psi.

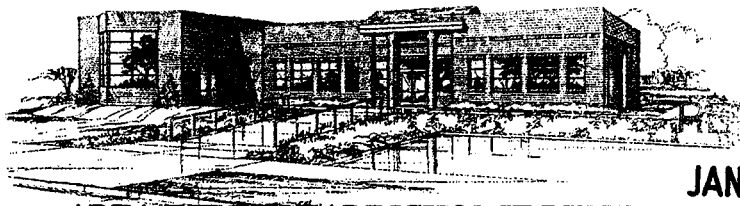
006

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS

43-037-31832 T. 33S, R. 24E, S. 4

Drew Sitterud
Chairman

William D. Howell
Executive Director



375 South Carbon Ave.
P.O. Drawer 1106
Price, Utah 84501
(435) 637-5444
FAX (435) 637-5448

RECEIVED
JAN 27 2005
DIV. OF OIL, GAS & MINING

AREA WIDE CLEARINGHOUSE REVIEW

Federal Action ____ State Action ____ SEUAOG Approved (x) Yes ( ) No

Applicant Address:

Oil, Gas and Mining

1594 West North Temple #1210

SLC, UT 84114-5801

Name/Phone # Diana Whitney 801-538-5312

Title/Project Description Application for Permit to Drill - CrownQuest Operating, LLC proposes to drill the Jefferson 4-1 well (wildcat) on State Lease ML-47962, San Juan County, UT. 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.

[ ] No Comment
[ ] See comment below

Comments: Favorable comment recommended.

Lorraine Bergfeld
SEUALG

1/20/2005
DATE

DIVISION OF OIL, GAS AND MINING

SPUDDING INFORMATION

Name of Company: CROWNQUEST OPERATING LLC

Well Name: JEFFERSON 4-1

Api No: 43-037-31832 Lease Type: STATE

Section 04 Township 33S Range 24E County SAN JUAN

Drilling Contractor PATTERSON RIG # 754

SPUDDED:

Date 04/01/05

Time 10:30 AM

How DRY

Drilling will Commence:

Reported by CRAIG STARKEY – D J SIMMONS CO

Telephone # 1-505-326-3753 EXT 14

Date 04/04/2005 **Signed** CHD

008

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

FORM 6

ENTITY ACTION FORM

Operator: CrownQuest Operating, LLC.
Operator Account Number: N 2685
Address: 303 W. Wall Street
city Midland
state TX zip 79702
Phone Number: (432) 685-3116

Well 1

API Number	Well Name		QQ	Sec	Twp	Rng	County
4303731832	Jefferson State 4-1		NWSE	4	33S	24E	San Juan
Action Code	**Current Entity Number**	**New Entity Number**	**Spud Date**			**Entity Assignment Effective Date**	
A	99999	14664	4/1/2005			4/21/05	

Comments: DSCR K

Well 2

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

Comments:

Well 3

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

Comments:

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

Craig D. Starkey
Name (Please Print)
Signature
Permitting Agent
Title
4/15/2005
Date

(5/2000)

RECEIVED
APR 18 2005
DIV. OF OIL, GAS & MINING

DJ SIMMONS, INC.

FAX

1009 Ridgeway Place Suite 200
Farmington, New Mexico 87401

Phone: 505-326-3753
FAX: 505-327-4659

Date: May 2, 2005
Number of pages including cover sheet: 3

To: Clint Doworshak

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

Phone: 801 538-5340

FAX: 801 359- 3940

CC:

From: Robert R. Griffee

Phone: 505 326 3753 ext. 19

REMARKS: Urgent Reply ASAP Please Comment For Your Review

Clint

Please find enclosed the following:

Jefferson State 4-1 Proposed P&A Sundry (form 9)

Jefferson State 4-1 P&A Procedure

If you have any questions please call me at 500 326 3753 ext 19. Thank you for your assistance in this matter.

Robert R. Griffee

009

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

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

5. LEASE DESIGNATION AND SERIAL NUMBER: ML 47962

6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A

7. UNIT or CA AGREEMENT NAME: N/A

1. TYPE OF WELL: OIL WELL ☑ GAS WELL ☐ OTHER

8. WELL NAME and NUMBER: Jefferson State 4-1

2. NAME OF OPERATOR: CrownQuest

9. API NUMBER: 4303731832

3. ADDRESS OF OPERATOR: 303 Wall, Ste 100 CITY Midland STATE TX ZIP 79702 PHONE NUMBER: (432) 685-3116

10. FIELD AND POOL, OR WILDCAT: Wildcat

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 1815 FNL and 830 FWL COUNTY: San Juan

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 4 33S 24E P STATE: UTAH

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

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

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

CrownQuest Operating,LLC. proposes to plug the above mentioned well as follows, provided final rotary coring to be performed tonight does not show the well to be economically feasible. See attachment for P&A procedures.

NAME (PLEASE PRINT) Robert R.Griffee, Agent for: (CrownQuest) TITLE DJS Operations Manager

SIGNATURE DATE 5/2/2005

(This space for State use only)

COPY SENT TO OPERATOR Date: 5-4-05 Initials: CHD

APPROVED BY THE STATE OF UTAH DIVISION OF OIL, GAS, AND MINING
DATE: 5/2/05
BY:
* See conditions of Approval (Attached)

(5/2000) (See Instructions on Reverse Side)

Jefferson State 4-1
P&A Procedure

1. TIH open ended with drill pipe to TD of 6262'.
2. Mix 9.4 ppg, 80 vis mud to displace cement and position between cement plugs (mix open hole volume of mud).
3. Spot Plug #1 from TD to 50' above the top of the Upper Ismay formation at 5758', open hole balanced plug. Pump 200 sks class 'G'. Displace with 20 bbls water ahead of mud described above. Halliburton open hole logs measured an open hole volume of 200 cf from TD to 5758'. Slurry volume was calculated using a slurry yield of 1.16 cf/sk and 15% excess over open hole volume.
4. Pull out of hole to 5650'. Reverse out drill pipe with mud from step 2.
5. Pull out of hole to 3120'. Top of the Permian (Cutler formation) – 3072'.
6. Spot Plug #2 from 3120' – 3020', open hole balanced plug. Pump 70 sks class 'G' with fluid loss additives. Displace with 20 bbls water ahead of mud described above. Halliburton open hole logs measured an open hole volume of 70 cf from 3120' to 3020'. Slurry volume was calculated using a slurry yield of 1.16 cf/sk and 15% excess over open hole volume.
7. Pull out of hole to 2205'. Reverse out drill pipe with mud from step 2. 9 5/8", 36 ppf, J55 surface casing set at 2155'.
8. Spot Plug #3 from 2205' – 2105', open and cased hole balanced plug. Pump 50 sks class 'G' with fluid loss additives. Displace with 20 bbls water ahead of mud described above. Halliburton open hole logs measured an open hole volume of 30 cf from 2205' to 2155' and the volume of the 9 5/8" casing from 2205' to 2155' is 21.7 cf. Slurry volume was calculated using a slurry yield of 1.16 cf/sk and 15% excess over open hole volume.
9. Pull out of hole to 100'.
10. Spot Plug #4 from 100' – surface, cased hole balanced plug. Pump 40 sks class 'G'. The volume of the 9 5/8" casing from 100' to surface is 43.4 cf. Slurry volume was calculated using a slurry yield of 1.16 cf/sk.
11. POOH.
12. WOC 8 hours.
13. Cut off casing. Move out drilling rig and equipment.
14. Install dry hole marker. Reclaim location.

Prepared by: Robert R. Griffee
DJS, Operations Manager
5/02/05

Wellbore Diagram

API Well No: 43-037-31832-00-00 **Permit No:** **Well Name/No:** JEFFERSON 4-1

Company Name: CROWNQUEST OPERATING, LLC

Location: Sec: 4 T: 33S R: 24E Spot: SWNW

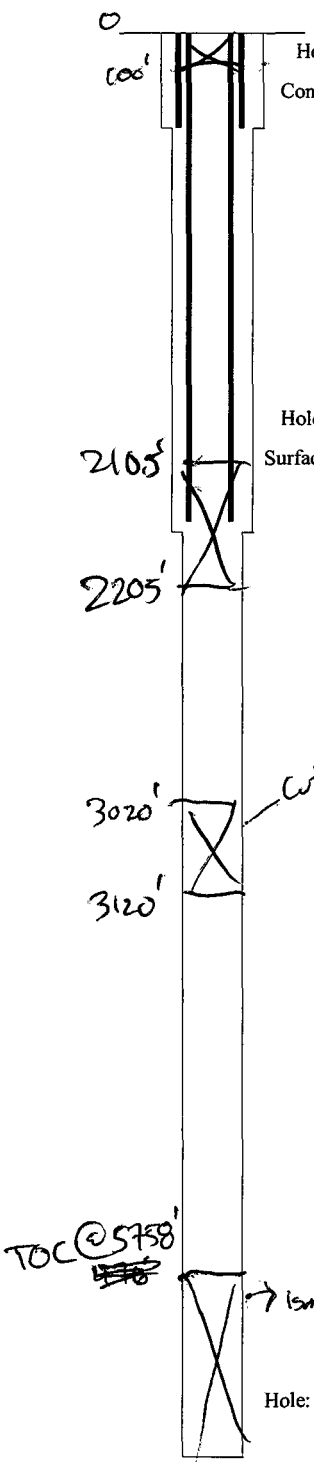
Coordinates: X: 649637 Y: 4200371

Field Name: WILDCAT

County Name: SAN JUAN

String Information

String	Bottom (ft sub)	Diameter (inches)	Weight (lb/ft)	Length (ft)
HOL1	250	17.5		
COND	250	13.625	48	250
HOL2	2200	12.25		
SURF	2155	9.625	36	2155
HOL3	6262	7.875		



Plug 4
100' = 38 SX
Propse 40 SX

Cement Information

7 7/8" hole Capacity
$\frac{(1.2)(7\frac{7}{8})^2}{183.35} = 0.4871 = 2.053$

9 5/8" capacity = 2.304

Plug 3
50'/(1.16)(2.053) = 21 SX
50'/(1.16)(2.304) = 19 SX
Propose 50 SX 40 SX

Perforation Information

Cutter @ 3072'

Plug 2
(70 SX)(1.16)(2.053) = 167'
Propose 100'

Formation Information

Formation	Depth

Plug 1
(200)(1.16)(2.053) = 476'
Propose 504'

Isma @ 5758'

TD: TVD: PBTD:

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 & Mining

MARY ANN WRIGHT
Acting Division Director

CONDITIONS OF APPROVAL TO PLUG AND ABANDON WELL

Well Name and Number: Jefferson State 4-1
API Number: 43-037-31832
Operator: CrownQuest
Reference Document: Original Sundry Notice dated May 2, 2005, received by DOGM on May 2, 2005

Approval Conditions:

1. Notify the Division at least 24 hours prior to conducting abandonment operations. Please call Dan Jarvis at 801-538-5338 and Bart Kettle at 435-613-1146 ext. 205.
2. All balanced plugs shall be tagged to ensure that they are at the depths specified in the intent.
3. Surface reclamation shall be done in accordance with R649-3-34 – Well Site Restoration. Evidence of compliance with this rule should be supplied to the Division upon completion of reclamation.
4. Form 8 – Well Completion or Recompletion Report and Log shall be submitted to the Division upon completion of work.
5. All requirements in the Oil and Gas Conservation General Rule R649-3-24 shall apply.
6. If there are any changes to the plugging procedure or the wellbore configuration, notify Dustin Doucet at 801-538-5281 (Office) or 801-733-0983 (Home) prior to continuing with the procedure.
7. All other requirements for notice and reporting in the Oil and Gas Conservation General Rules shall apply.

Dustin K. Doucet
Petroleum Engineer

May 2, 2005
Date

1594 West North Temple, Suite 1210, PO Box 145801, Salt Lake City, UT 84114-5801
telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • *www.ogm.utah.gov*

May 6, 2005

ROTARY LABORATORIES, INC.
Core Analysis

CROWNQUEST OPERATING, LLC
P.O. Box 2990
Midland, TX 79702

Attn: DAVID CRASS

RE: JEFFERSON STATE 4-1
Rotary Sidewall Core Analysis

Mr. CRASS :

The core analysis data from the above referenced well is enclosed in the following pages. All quality control data is enclosed in a separate section of the report. The data, results, and photographic negatives will be maintained in our files for your future reference. If you have any questions regarding our results or procedures, please do not hesitate to contact us. We appreciate the opportunity to analyze the core from the above referenced well and look forward to working with you again in the future.

well and look forward to working with you again in the future.

ENERQUEST OIL & GAS, LLC
Attn: DAVID CRASS
P.O. Box 11190
Midland, TX 79702
5 Copies of the report (2 with photographs and 1 CD-ROM)

Distribution:

Enclosed on following page

Sincerely,

Wayne Helms, President
Rotary Laboratories, Inc.

P.O. Box 3501 • Midland, Texas 79702-3501 • 432-684-8800 • Fax 432-684-8821 • E-mail rotarylab@prodigy.net

ROTARY LABORATORIES, INC.
Core Analysis

Baytech, LLP
Attn: CHUCK THOMAS
110 West Louisiana, Suite 500
Midland, TX 79701
3 Copies of the report (with 1 CD-ROM)

B.A. Strickling
2825 W. Dengar
Midland, TX 79705
1 Copy of the report with 1 CD-ROM

Ware Oil & Gas
P.O. Box 3601
Midland, TX 79702
1 Copy of the report with 1 CD-ROM

Dry Creek Investments
P.O. Box 3601
Midland, TX 79702
1 Copy of the report with 1 CD-ROM

Joe Strickling
718 Pinehurst Dr.
Midland, TX 79705
1 Copy of the report with 1 CD-ROM

Roxstar Investment
110 West Louisiana, Suite 500
Midland, TX 79701
3 Copies of the report (with 1 CD-ROM)

David A. McMahon, Jr.
P.O. Box 1364
Midland, TX 79702
1 Copy of the report with 1 CD-ROM

Digital Prospectors
110 West Louisiana, Suite 317
Midland, TX 79701
1 Copy of the report with 1 CD-ROM

Linc Petroleum Resources, Inc.
Attn: CRAIG CLARK
P.O. Box 50635
Midland, TX 79710
1 Copy of the report with 1 CD-ROM

Marshall & Winston, Inc.
Attn: GEORGE WATTERS
P.O. Box 748
Midland, TX 79710-0880
1 Copy of the report with 1 CD-ROM

Patterson Petroleum LP
Attn: RICK ALBIN
1004 North Big Spring, Suite 523
Midland, TX 79701
1 Copy of the report with 1 CD-ROM

Patterson Petroleum LP
Attn: NOLAN VON ROEDER
P.O. Drawer 1416
Snyder, TX 79550
1 Copy of the report with 1 CD-ROM

Patterson Petroleum LP
Attn: KEN NELSON
Barton Oaks Plaza I, Suite 430
901 Mopac Expressway South
Austin, TX 78746
1 Copy of the report with 1 CD-ROM

Western Geco
P.O. Box 2469
Houston, TX 77252-2469
1 Copy of the report with 1 CD-ROM

ROTARY LABORATORIES, INC.
Core Analysis

CORE ANALYSIS PROCEDURES

FOR

CROWNQUEST OPERATING, LLC

JEFFERSON STATE 4-1

SAN JUAN COUNTY, UTAH

The Rotary Sidewalls were shipped to Rotary Laboratories, Inc.

Gases from the Sidewalls were measured by Hot Wire Chromatography and reported in Gas Units.

A brief Lithological Description of the Sidewalls was recorded.

A description of the Fluorescence of the Sidewalls was recorded.

Ultraviolet Light Photographs were taken of the Sidewalls for a permanent record.

Natural Light Photographs were taken of the Sidewalls for a permanent record.

Composite Photographs of the Sidewall End Trims were taken under Natural and Ultraviolet Light.

The Sidewalls were extracted utilizing the Dean Stark method.

The fluids were measured by the Dean Stark method.

Porosities were measured in a Boyle's Law Porosimeter utilizing Helium.

Permeabilities were measured in a Hassler Sleeve Permeameter utilizing Nitrogen at 300 psi confining pressure.

Test samples of a known permeability were measured before and after the Sidewall permeabilities were measured. Selected samples were sent to Humble Geochemical Services for further analysis.

P.O. Box 3501 • Midland, Texas 79702-3501 • 432-684-8800 • Fax 432-684-8821 • E-mail rotarylab@prodigy.net

33S 24E 04
4303731832

ROTARY LABORATORIES, INC.
Core Analysis

Rotary Sidewall Core Analysis Report

For

CROWNQUEST OPERATING, LLC

JEFFERSON STATE 4-1

SAN JUAN COUNTY, UTAH

P.O. Box 3501 • Midland, Texas 79702-3501 • 432-684-8800 • Fax 432-684-8821 • E-mail rotarylab@prodigy.net

ROTARY SIDEWALL CORE ANALYSIS

CROWNQUEST OPERATING, LLC
JEFFERSON STATE 4-1
SAN JUAN COUNTY, UTAH

A.P.I. NUMBER : 4303731832
FIELD : Wildcat
LOCATION :

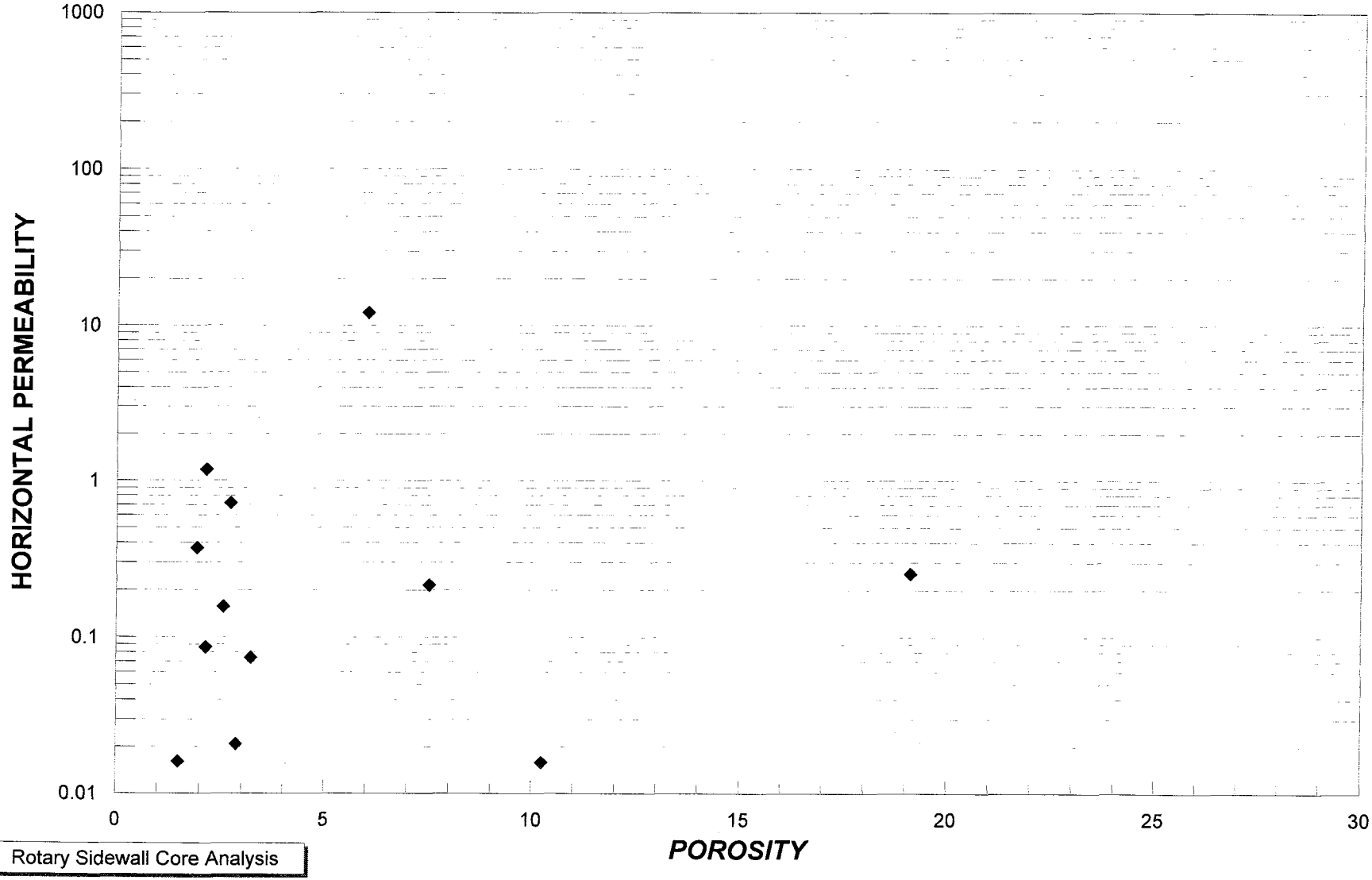
FILE NO. : 050504-1
DATE : May 5, 2005
ANALYSTS : WH, SB, PK

DEAN STARK EXTRACTION

SAMPLE NO.	DEPTH (ft) Original	DEPTH (ft) *Corrected*	GRAIN DENSITY	POROSITY %	PERM mD	SATURATIONS Sw	SATURATIONS So	GAS UNITS	FLUORESCENCE %		LITHOLOGY
1	5,569.0		2.71	7.5	0.21	34.5	Tr	15	10	Brt yl-grn-bl	Ls tn-brn sslty ssdy tr ppp sc foss frac sty
2	5,570.0		2.72	3.8	0.01	21.5	Tr	13	Tr	Brt yl-grn-bl	Ls tn-brn sslty ssdy sc ppp sty
3	5,571.0		2.62	19.1	0.25	72.1	Tr	4	Tr	Brt yl-grn-bl	Cht crm-tn-brn-gy wthd scalc slty lam tr pyr
4	5,579.0		2.71	6.0	12.04	12.2	7.1	32	20	Brt yl-grn-bl	Ls tn-brn sslty ssdy sc ppp-sml vug frac
5	5,580.0		2.67	0.6	0.01	62.5	0.0	76	0		Ls dk gy-gy mott slty sc foss sc anhy slty lam tr pyr
6	5,581.0		2.71	6.9	tbfa	33.2	7.7	23	30	Brt yl-grn-bl	Ls tn-brn sslty ssdy sc ppp-sml vug frac tr pyr
7	5,875.0	*6,045.0*	2.56	17.6	tbfa	57.5	0.0	93	0		Sh dk brn-blk slty ssdy calc
8	5,877.0	*6,049.0*	2.67	2.7	0.72	89.6	0.0	760	0		Sh dk brn-blk slty sdy calc pyr
9	6,045.0	*6,051.0*	2.65	2.6	0.16	83.5	0.0	735	0		Sh dk brn-blk slty sdy calc pyr
10	6,051.0	*6,061.0*	2.64	2.1	1.18	89.5	0.0	708	0		Sh dk brn-blk slty sdy calc pyr
11	6,061.0	*6,063.0*	2.65	2.9	0.02	85.6	0.0	718	0		Sh dk brn-blk slty sdy calc pyr
12	6,063.0	*6,067.0*	2.65	2.1	0.09	83.0	0.0	475	0		Sh dk brn-blk slty sdy calc pyr
13	6,067.0	*6,070.0*	2.66	3.2	0.07	88.7	0.0	452	0		Sh dk brn-blk slty sdy calc pyr
14	6,070.0	*6,072.0*	2.74	7.2	tbfa	55.7	0.0	6	0		Sh dk brn-blk slty sdy calc pyr
15	6,072.0	*6,180.0*	2.73	1.9	0.37	96.6	0.0	40	0		Sh dk brn-blk slty sdy calc tr foss pyr
16	6,180.0	*6,182.0*	2.76	13.5	tbfa	43.3	0.0	41	0		Ss brn-dk brn vf-fgr sbrnd-sbang slty scalc tr anhy pyr
17	6,182.0	*6,192.0*	2.75	10.2	<.01	81.1	0.0	22	0		Dol brn-dk brn lam slty sdy
18	6,195.5		2.50	20.1	tbfa	67.0	0.0	436	0		Sh dk brn-blk scalc
19	6,207.0		2.70	10.3	0.02	88.8	0.0	8	0		Ss tn-brn lam vf-fgr sbrnd-sbang mod-sslty scalc
20	6,229.0		2.92	1.5	0.02	92.4	0.0	13	0		Anhy dk brn slty sc slty lam pyr

ROTARY LABORATORIES, INC. Core Analysis
P.O. Box 3501 • Midland, Texas 79702-3501 • 432-684-8800 • Fax 432-684-8821 • E-mail rotarylab@prodigy.net

CROWNQUEST OPERATING, LLC
JEFFERSON STATE 4-1



Rotary Sidewall Core Analysis

ROTARY LABORATORIES, INC. Core Analysis
P.O. Box 3501 • Midland, Texas 79702-3501 • 432-684-8800 • Fax 432-684-8821 • E-mail rotarylab@prodigy.net

ROTARY LABORATORIES, INC.
Core Analysis

CROWNQUEST OPERATING, LLC
JEFFERSON STATE 4-1
05/06/2005

QUALITY CONTROL RERUN DATA

Sample No.	GRAIN DENSITY original	GRAIN DENSITY reruns	POROSITY original	POROSITY reruns	*kstandard* Test Sample	PERMEABILITY original	PERMEABILITY reruns
1	2.714	2.713	7.52	7.50			
3	2.619	2.616	19.11	19.02			
4					**2.606**	12.040	12.080
7	2.562	2.563	17.62	17.67			
10	2.644	2.644	2.14	2.13		1.176	1.102
13	2.660	2.660	3.22	3.23			
17						<.01	<.01
20	2.921	2.920	1.50	1.46	**2.601**	0.016	0.014

P.O. Box 3501 • Midland, Texas 79702-3501 • 432-684-8800 • Fax 432-684-8821 • E-mail rotarylab@prodigy.net

LITHOLOGICAL ABBREVIATIONS

Anhydrite (-ic)	anhy, anhyd
Anhydrite inclusion	A/I
Bentonite (-ic)	bent
Black (-ish)	blk, blksh
Bleeding Oil	B/O
Brecciated	brec
Bright	brt
Brittle	brit
Broken	brkn
Brown	brn
Buff	bf
Calcite (-ic)	calc, calctc
Calcareous	calc
Carbonaceous	carb
Cement	cmt
Chalk (-y)	chk, chky
Chert	cht
Clay	cl
Clear	clr
Coal	c
Coarse	crs
Conglemerate	cgl
Consolidated	consol
Contaminated	contam
Crinoid (-al)	crin, crinal
Cross-bedded	x-bd
Crystal (-line)	Xl, xln
Dark	dk
Dense	dns
Diameter	dia
Dolomite (ic)	dol, dolm
Dull	dl
Faint	fnt
Fair	fr
Filled	fd
Fine (-ly)	f, fnly
Fluorescence	flu
Fossil (-iferous)	foss
Fracture	frac
Fragments	frag
Friable	fri
Fusulinid	fus
Gilsonite	gil
Gold	gld
Good	gd
Grain (-s)	gr
Granular	gran
Gray	gy
Green	grn
Gypsum	gyp
Hair line(frac)	hl
Halite	hal
Inclusion	incl
Laminations (ated)	lam
Large	lrg
Light	lt
Limestone	ls
Limey	lmy
Lithology	lith
Medium	m
Mineral Fluorescence	mf
Moderate	mod
Mudcake	m/c
No Show	N/S
Oolite (-itic)	ool
Pale	pl
Permeability	Perm, K
Pin-Point Porosity	ppp
Poor	pr
Pyrite	pyr
Quartz (-itic)	qtz
Red (ish)	rd, rdsh
Round	rnd
Residual Oil	So
Residual Water	Sw
Sample	Spl
Sandstone	Ss
Sandy	sdy
Scattered	sc
Shaley	shy
Shale	sh
Shale parting	s/p
Silt (-y)	slt, slty
Siliceous	sil
Slight (-ly)	sli, s
Small	sml
Spotted (-y)	sp
Stringer	strgr
Stylolite (-itic)	sty, styl
Sucrosic	suc
Sulphur	su
Tan	tn
Too broken (for Analysis)	tbfa
Thin	thn
Trace	Tr
Very	v
Vertical	vert, vt
Vug (-gy)	vug
Well	wl
White	wht
Yellow	yl

ROTARY LABORATORIES, INC. Core Analysis
P.O. Box 3501 • Midland, Texas 79702-3501 • 432-684-8800 • Fax 432-684-8821 • E-mail rotarylab@prodigy.net

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

AMENDED REPORT ☐ (highlight changes)

FORM 8

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

5. LEASE DESIGNATION AND SERIAL NUMBER: ML47962

6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A

7. UNIT or CA AGREEMENT NAME: N/A

8. WELL NAME and NUMBER: Jefferson ~~State~~ 4-1

9. API NUMBER: 4303731832

10 FIELD AND POOL, OR WILDCAT: Wildcat

1a. TYPE OF WELL: OIL WELL ☑ GAS WELL ☐ DRY ☐ OTHER

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

2. NAME OF OPERATOR: CrownQuest

3. ADDRESS OF OPERATOR: 303 W. Wall, Suite 1400 CITY Midland STATE TX ZIP 79701 PHONE NUMBER: (432) 685-3116

4. LOCATION OF WELL (FOOTAGES)
AT SURFACE: 1815' FNL x 830' FWL
AT TOP PRODUCING INTERVAL REPORTED BELOW: same
AT TOTAL DEPTH: Same

11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 4 33S 24E P

12. COUNTY: San Juan

13. STATE: UTAH

14. DATE SPUDDED: 4/1/2005

15. DATE T.D. REACHED: 5/1/2005

16. DATE COMPLETED: 5/5/2005 ABANDONED ☑ READY TO PRODUCE ☐

17. ELEVATIONS (DF, RKB, RT, GL):

18. TOTAL DEPTH: MD 6,263 TVD 6,263

19. PLUG BACK T.D.: MD N/A TVD N/A

20. IF MULTIPLE COMPLETIONS, HOW MANY? * N/A

21. DEPTH BRIDGE PLUG SET: MD N/A TVD N/A

22. TYPE ELECTRIC AND OTHER MECHANICAL LOGS RUN (Submit copy of each)
DiPole Sonic, Density/ Neutron and High Resolution

23.
WAS WELL CORED? NO ☐ YES ☑ (Submit analysis)
WAS DST RUN? NO ☐ YES ☑ (Submit report)
DIRECTIONAL SURVEY? NO ☑ YES ☐ (Submit copy)

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

HOLE SIZE	SIZE/GRADE	WEIGHT (#/ft.)	TOP (MD)	BOTTOM (MD)	STAGE CEMENTER DEPTH	CEMENT TYPE & NO. OF SACKS	SLURRY VOLUME (BBL)	CEMENT TOP **	AMOUNT PULLED
17 1/2"	13-3/8 H 40	48		269		class G 200	62	Surface	0
12 1/4"	9 5/8 J55	36		2,155		65/35 POZ 585	167	Surface	0
						class G 100	21		

25. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
N/A								

26. PRODUCING INTERVALS

FORMATION NAME	TOP (MD)	BOTTOM (MD)	TOP (TVD)	BOTTOM (TVD)
(A) None				
(B)				
(C)				
(D)				

27. PERFORATION RECORD

INTERVAL (Top/Bot - MD)	SIZE	NO. HOLES	PERFORATION STATUS
			Open ☐ Squeezed ☐
			Open ☐ Squeezed ☐
			Open ☐ Squeezed ☐
			Open ☐ Squeezed ☐

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

DEPTH INTERVAL	AMOUNT AND TYPE OF MATERIAL
None	

RECEIVED
MAY 20 2005
DIV. OF OIL, GAS & MINING

29. ENCLOSED ATTACHMENTS:

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

30. WELL STATUS:

(5/2000)

(CONTINUED ON BACK)

31. INITIAL PRODUCTION

INTERVAL A (As shown in Item #26)

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

INTERVAL B (As shown in Item #26)

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

INTERVAL C (As shown in Item #26)

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

INTERVAL D (As shown in Item #26)

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

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

N/A

33. SUMMARY OF POROUS ZONES (Include Aquifers):

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

Formation	Top (MD)	Bottom (MD)	Descriptions, Contents, etc.
No Significant Porosity Zones Encountered			

34. FORMATION (Log) MARKERS:

Name	Top (Measured Depth)
Chinle	2,152
Culter (Permian)	2,892
Ismay	5,828
Desert Creek	6,070
Akah Salt	6,233

35. ADDITIONAL REMARKS (Include plugging procedure)

See Attachment 1-A

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

NAME (PLEASE PRINT) Tommy Lent TITLE V.P. of Operations and Engineering

SIGNATURE [signature] DATE 5/16/05

This report must be submitted within 30 days of

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

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

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

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

Phone: 801-538-5340

Fax: 801-359-3940

Jefferson State 4-1
Attachment 1-A
(Line item 35 Form 8)

Plug # 1- 200 sks class 'G' from TD (6263') to 5762'.

Plug # 2 -75 sks class 'G" from 3120' to 2862'.

Plug # 3 -50 sks class 'G' from 2214' to 2123'.

Plug # 4 -40 sks class 'g' from 100' to surface.

Plugs 1thru 3 were tagged. Plugging operations were witnessed by Mr. Bart Kettle, State of Utah inspector.

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

FORM 7

REPORT OF WATER ENCOUNTERED DURING DRILLING

Well name and number: Jefferson state 4-1

API number: 4303731832

Well Location: QQ SWNW Section 4 Township 33S Range 24E County San Juan

Well operator: CrownQuest

Address: 303 W. Wall, Suite 1400

city Midland state TX zip 79702 Phone: (432) 685-3116

Drilling contractor: Patterson-UTI Drilling Company, LP

Address: 1600 Broadway, Suite 2400

city Denver state CO zip 80202 Phone: (303) 542-1900

Water encountered (attach additional pages as needed):

DEPTH		VOLUME	QUALITY
FROM	TO	(FLOW RATE OR HEAD)	(FRESH OR SALTY)
0	6,263	0	0
		NON-ENCOUNTERED	

Formation tops:
(Top to Bottom)

1	Chinle 2152	2	Culter (permian) 2892	3	Ismay 5828
4	Desert Creek 6070	5	Akah Salt 6233	6	
7		8		9	
10		11		12	

If an analysis has been made of the water encountered, please attach a copy of the report to this form.

I hereby certify that this report is true and complete to the best of my knowledge.

NAME (PLEASE PRINT) Tommy Lent TITLE V.P. of Operations and Engineering

SIGNATURE [signature] DATE 5/16/05

RECEIVED
MAY 20 2005
DIV. OF OIL, GAS & MINING

(5/2000)

Date: 1-12-06

To Whom It May Concern:

CrownQuest Operating, LLC, of Midland, Texas is submitting the enclosed APPLICATION FOR PERMIT TO DRILL (REENTER). The engineering, permitting, subsequent work and production supervision is being directed by Robert R Griffee,Agent for CrownQuest Operating, LLC. In the event the State of Utah has questions or directives which need to be addressed, Mr Griffee may be contacted at:

Robert R. Griffee
Roddy Production Company, Inc.
P.O.Box 2221 * 2600 Farmington Ave.
Farmington, New Mexico 87499
Ph: (505) 326-6813
Email: bgriffeerpc@qwest.net

Donal W. Key, Land, Permitting, and Construction Agent, may also be contacted with regard to permitting and location construction issues at:

Donal W. Key
Ph: (505) 716-2543
Email: donalkey@msn.com

Signature: Robert R. Griffee Date: 1/16/06
Robert R. Griffee, Agent for CrownQuest Operating, LLC

RECEIVED
FEB 0 6 2006
DIV. OF OIL, GAS & MINING

Jefferson State #4-1

APD Checklist

The APD shall include (please attach <u>two copies</u> if for State or Fee surface):

1. ✓ A <u>completed</u> and signed Form 3 (application to drill, deepen or reenter). Make sure all blanks are filled and boxes are checked.
2. ✓ Contact information and phone number for surface owner.
3. ✓ Location plat.
4. NA Water Rights approval.
5. ✓ Estimated geologic markers.
6. ✓ Estimated top and bottom of anticipated water, oil, gas, other mineral zones and plans for their protection.
7. ✓ Plan for pressure control (BOPE), including schematic and casing test.
8. ✓ Description of mud system, including mud weights.
9. ✓ Plans for testing, logging and coring.
10. ✓ Expected bottom hole pressure, any anticipated abnormal pressures, temperatures, or hazards and plans for mitigation of them.
11. ✓ Casing design (size, type, weight).
12. ✓ Cement design (type, weight, yield, estimated top, # sacks).
13. NA Diagram of horizontal or directional well bore path including directional survey plan.
14. ✓ NA Designation of agent if necessary.
15. ✓ Bond. on file with State
16. ✓ Affidavit of Surface agreement.
17. NA Exception location application (if needed).

An application for directional drilling shall also include:

18. NA Plat showing surface location, section and lease lines, target location, points along the well bore where owner consent has been obtained.
19. NA Reason for deviation.

(2/8/2005)

RECEIVED
FEB 06 2006
DIV. OF OIL, GAS & MINING

From: Ted Smith
To: Bonner, Ed
Date: 2/8/2006 10:43:13 AM
Subject: CrownQuest Operating

Ed,
I have a presite set up with CrownQuest Operating, LLC next Monday. If you would like to attend we plan on meeting at the cafe east of the light in Monticello at 11:00 AM. CrownQuest is planning on reentering the same well they drilled last spring.
The mineral lease is ML 47962 T33S,R24E Sec 4

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
Fax 801-539-3940

CC: Hill, Brad

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: ML 47962
6. SURFACE: Fee

1A. TYPE OF WORK: DRILL ☐ REENTER ☒ DEEPEN ☐

7. IF INDIAN, ALLOTTEE OR TRIBE NAME:

B. TYPE OF WELL: OIL ☐ GAS ☒ OTHER _____ SINGLE ZONE ☐ MULTIPLE ZONE ☒

8. UNIT or CA AGREEMENT NAME:

2. NAME OF OPERATOR: CrownQuest Operating, LLC

9. WELL NAME and NUMBER: Jefferson State 4-1

3. ADDRESS OF OPERATOR: 303 Wall, Suite 1400, Midland Texas 79702
PHONE NUMBER: (432) 685-3116

10. FIELD AND POOL, OR WILDCAT: Wildcat

4. LOCATION OF WELL (FOOTAGES)
AT SURFACE: 1815' FNL x 830' FWL 649637X 37.940459
AT PROPOSED PRODUCING ZONE: same 4200371Y -109.297132

11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Section 4, T33S, R24E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 6 miles northeast of Monticello

12. COUNTY: San Juan
13. STATE: UTAH

15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET): 830'
16. NUMBER OF ACRES IN LEASE: 2080.34
17. NUMBER OF ACRES ASSIGNED TO THIS WELL: N/A

18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET): N/A
19. PROPOSED DEPTH: 6261'
20. BOND DESCRIPTION: RLB 0007554 ($120,000 Blanket)

21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 6879' GL
22. APPROXIMATE DATE WORK WILL START: February 25, 2006
23. ESTIMATED DURATION: 30 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
17 1/2"	13 3/8", 48 ppf, H40	269'	300 sks 'G', 1.16 cf/sk, 15.8 ppg - Installed and cemented 4/03/05
			cement was circulated to surface
12 1/4"	9 5/8", 36 ppf, J55	2162'	585 sks 65/35 poz, 1.75 cf/sk, 12.8 ppg - Installed and cemented 4/07/05
			100 sks 'G', 1.16 cf/sk, 15.8 ppg. cement was circulated to surface
To be set	after drilling out plugs		
7 7/8"	5 1/2", 17 ppf, P110	6262'	680 sks 65/35 poz, 1.75 cf/sk, 12.8 ppg followed by
			970 sks 'G' 1.16 cf/sk, 15.8 ppg

25. ATTACHMENTS

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

☒ WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER
☐ EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER
☒ COMPLETE DRILLING PLAN
☐ FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

NAME (PLEASE PRINT) Robert R. Griffee 1/11/06 TITLE Agent for CrownQuest Operating LLC

SIGNATURE _____ DATE _____

(This space for State use only)

RECEIVED
FEB 14 2006
DIV. OF OIL, GAS & MINING

API NUMBER ASSIGNED: _____ APPROVAL:

(110001)

(See Instructions on Reverse Side)

Re-Entry Plan

Well Name: Jefferson State 4-1

Surface Location: 1815' FNL x 830' FWL, Section 4, T33S, R24E
San Juan County, Utah

Target Formation: Pennsylvanian

Elevation: 6879' GL

Geology:

Formation	Top	Probable Content
Soil	Surface	
Dakota	10'	sandstone; possible water
Morrison	310'	intbdd sh/ss
Summerville/Wanakah	1020'	red sh/sltst
Entrada Ss	1090'	potential fresh water
Carmel Fm	1256'	red sh/sltst
Navajo Ss	1296'	potential fresh water
Kayenta Fm	1676'	red ss
Wingate Ss	1882'	potential fresh water
Chinle Fm	2152'	vari-color shale
Shinarump Ss	2674'	gas/water
Moenkopi Fm	2748'	brn-red sltst/sh
Cutler (top of Permian)	3072'	prpl crs ss/sh; potential fresh water
Honaker Trail (top of Penn)	4613'	ls; potential gas, brine
La Sal	5433'	ls; poss o/g sho
Hatch	5644'	ls; poss o/g sho, brine
Paradox Shale	5780'	blk sh
Upper Ismay	5808'	gas/oil/brine
Hovenweep Shale	5891'	blk sh
Lower Ismay	5850'	gas/oil/brine
Gothic Shale	6022'	blk sh
Desert Creek	6074'	gas/oil/brine
Akah	6196'	gas/oil/brine
Akah Salt	6232'	salt
TD	6261'	

Logging Program: Open hole logs have already been obtained and submitted. Cased hole neutron log to be run after setting 5 ½" casing.

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

OPERATOR: CrownQuest Operating, LLC
WELL NAME & NUMBER: Jefferson State 4-1
API NUMBER: 43-037-31832
LOCATION: 1/4,1/4 SW, NW Sec: 4 TWP: 33 S RNG: 24E 1815' FNL 830' FWL

Geology/Ground Water:

This is a reentry of an existing well. There should be no adverse effects to ground water resources.

Reviewer: Brad Hill **Date:** 02/13/06

Surface:

Presite 02/13/06 13:00 P.M. Gary Halls (Landowner), Donal Key (Keyco), Ted Smith (DOGM), Bart Kettle (DOGM). In 2005 a well was drilled and PA'd on this location. Operator wishes to reenter the existing drill pipe and use existing pad, pit and access road approximately 06/2006. Landowner is working with operator on extending surface agreement. Landowner and operator are working on agreement to possibly drill another water well for use of drilling and landowner needs. Water well drilled last year but was plugged due to low output.

Reviewer: Ted Smith, Bart Kettle **Date:** 02/13/2006

Conditions of Approval/Application for Permit to Drill:

None

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

OPERATOR: CrownQuest Operating, LLC
WELL NAME & NUMBER: Jefferson State 4-1
API NUMBER: 43-037-31832
LEASE: ML47962 **FIELD/UNIT:** Wildcat
LOCATION: 1/4,1/4 SW, NW **Sec:** 4 TWP: 33S RNG: 24E 1815' FNL 830' FWL
LEGAL WELL SITING: ____F **SEC. LINE;** ____F **1/4,1/4 LINE;** ____F **ANOTHER WELL.**
GPS COORD (UTM): X =649,637 E; Y =4,200,371 N **SURFACE OWNER:** Gary Halls

PARTICIPANTS

Gary Halls (Landowner), Donal Key (Keyco), Ted Smith (DOGM), Bart Kettle (DOGM)

REGIONAL/LOCAL SETTING & TOPOGRAPHY

Rolling hills, dry wheat farming being conducted. Altitude at site approximately 6900'

SURFACE USE PLAN

CURRENT SURFACE USE: Dry hole drilled and PA'd 05/2006. Drill pad has not been reclaimed as of yet. Field area surrounding drill pad and access road locations is seeded in winter wheat.

PROPOSED SURFACE DISTURBANCE: Use of existing drill pad, access road, pit locations, reentry of PA'd well.

LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS: A water well was drilled close to the existing drill pad last spring for use in drilling operations but did not produce enough water to be worthwhile to keep open and was plugged. No other wells observed at presite.

LOCATION OF PRODUCTION FACILITIES AND PIPELINES: Gas pipeline within 2 miles of location.

SOURCE OF CONSTRUCTION MATERIAL: Will use existing well pad and access road. If a producing well is drilled road base will be used to make the access road more stable.

ANCILLARY FACILITIES: None needed

WILL DRILLING AT THIS LOCATION GENERATE PUBLIC INTEREST OR CONCERNS? (EXPLAIN): THE SURROUNDING AREA HAS NO PRODUCTION AT THIS TIME BUT IF A PRODUCING WELL IS DRILLED THEN THE PUBLIC WILL BE INTERESTED IN A POSITIVE MANNER. LARGE AREAS OF PRIVATE PROPERTY SURROUND THIS SITE.

WASTE MANAGEMENT PLAN:

Drill Crew will be housed in Monticello. Portable toilets will be onsite. Solid waste such as everyday trash will be transported by wire covered dumpster to county landfill. Fresh water will be obtained and

transported by water truck from Monticello. Drilling fluids will be left in the pit for evaporation. If any unacceptable drilling fluids are created during the drilling process they will be hauled by truck to the Montezuma Creek disposal facility. The current drill pad has trash all over the location, an oil spill by the wellhead, and the pit is a mess (see attached photos). Operator was told of this problem at the onsite. The operator will have a cleanup crew on site the week of 02/20/06 to rectify this problem.

ENVIRONMENTAL PARAMETERS

AFFECTED FLOODPLAINS AND/OR WETLANDS: Drill site is located at the highest point in this area. The site was constructed 10 months ago and appears to be in good shape with no sloughing or pit leaking problems. Operator was informed if existing pit liner begins to show checking it will have to be replaced.

FLORA/FAUNA: Drill pad and road access is surrounded by winter wheat. The drill pad location has not been reclaimed as of yet. The only regrowth present is on the berms of the pad with Russian Knapweed.

SOIL TYPE AND CHARACTERISTICS: Alluvium Mix, light brown/red in color, small amount of sand, and very slick and muddy when wet.

SURFACE FORMATION & CHARACTERISTICS: Dakota

EROSION/SEDIMENTATION/STABILITY: The current pad location is stable. The access road when wet is very muddy and slick.

PALEONTOLOGICAL POTENTIAL: None observed at the onsite.

RESERVE PIT

CHARACTERISTICS: 75'x 125' Pit in place at the time of onsite.

LINER REQUIREMENTS (Site Ranking Form attached): (15) Liner in place at time of onsite.

SURFACE RESTORATION/RECLAMATION PLAN

Within one year of plugging of well as per landowner agreement.

SURFACE AGREEMENT: Operator and Landowner are currently working on extending current agreement past the upcoming expiration date at time of onsite.

CULTURAL RESOURCES/ARCHAEOLOGY: Current drill pad has been constructed and has not been reclaimed. No Cultural sites were found during the construction of current pad. Surrounding area is cultivated field.

OTHER OBSERVATIONS/COMMENTS

The landowner is concerned about current surface use agreement expiration date and is working with operator to extend this agreement.

Water well drilled last year was not worth using and was plugged. Landowner would like another water well drilled.

ATTACHMENTS

Photos of this location were taken and placed on file.

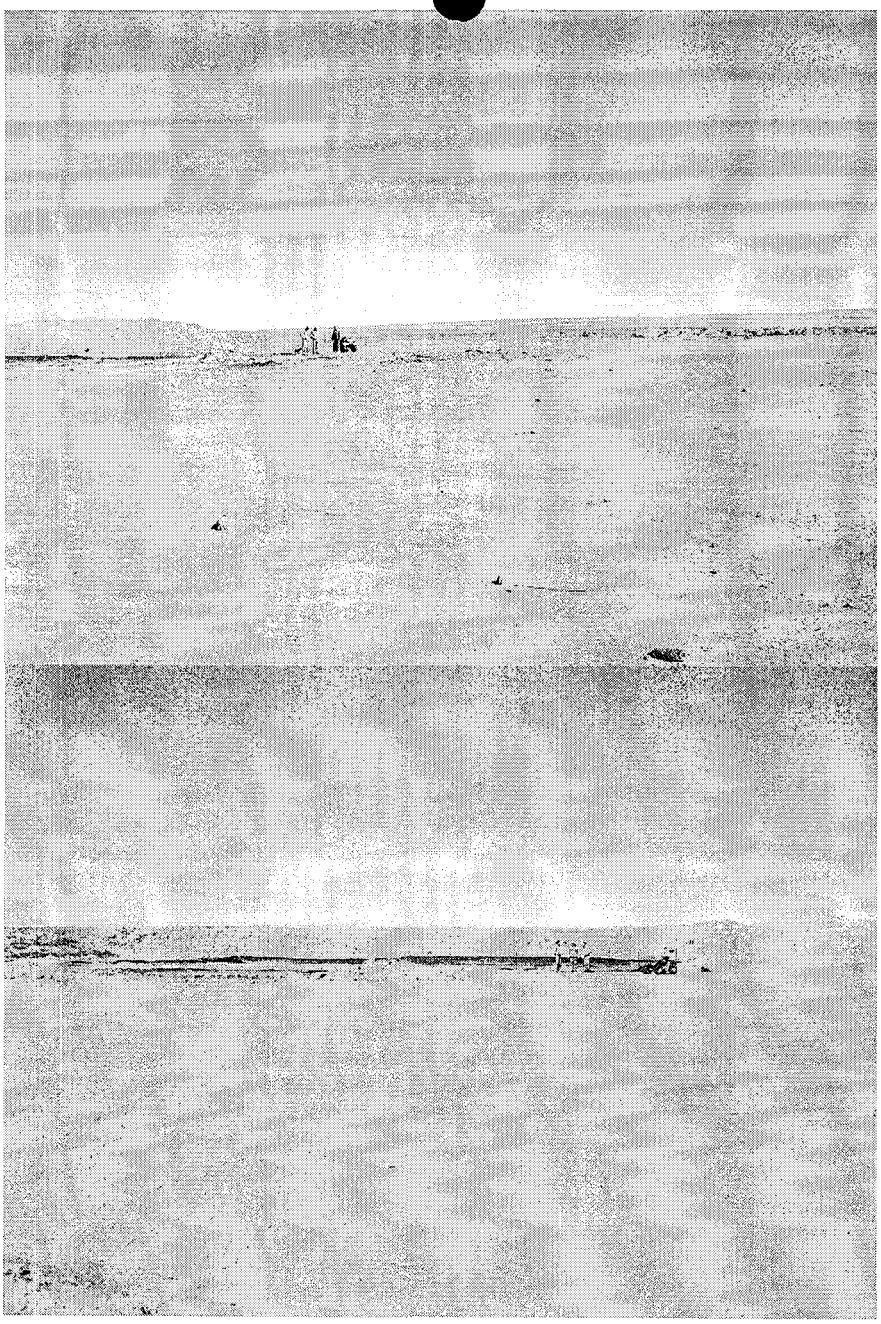
Ted Smith, Bart Kettle	February 13,2006 13:00P.M.
DOGM REPRESENTATIVE	DATE/TIME

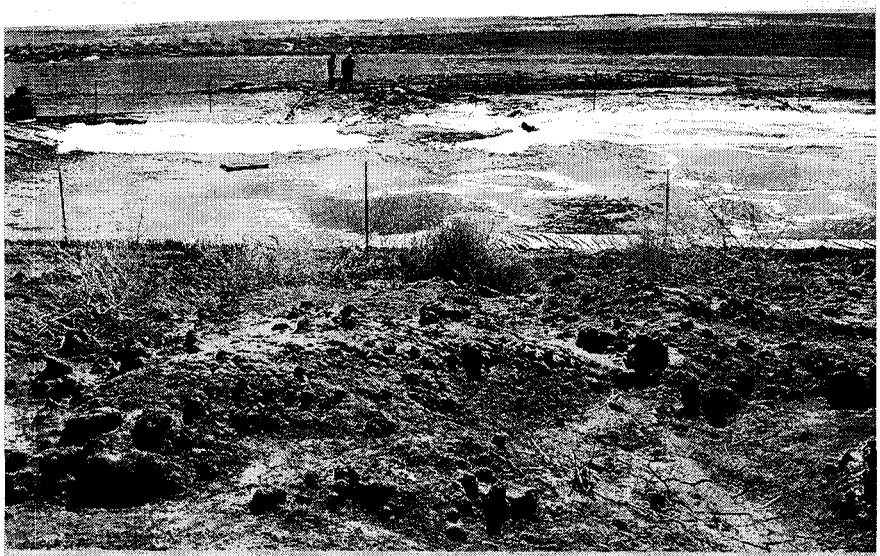
Evaluation Ranking Criteria and Ranking Score
For Reserve and Onsite Pit Liner Requirements

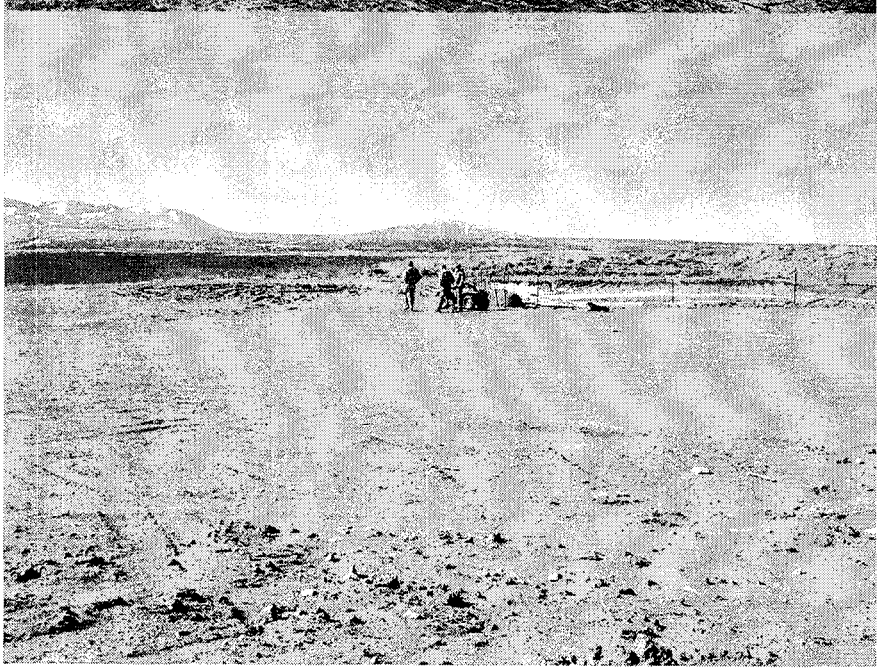
Site-Specific Factors	Ranking	Site Ranking
Distance to Groundwater (feet)		
>200	0	
100 to 200	5	
75 to 100	10	
25 to 75	15	
<25 or recharge area	20	0
Distance to Surf. Water (feet)		
>1000	0	
300 to 1000	2	
200 to 300	10	
100 to 200	15	
< 100	20	0
Distance to Nearest Municipal Well (feet)		
>5280	0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

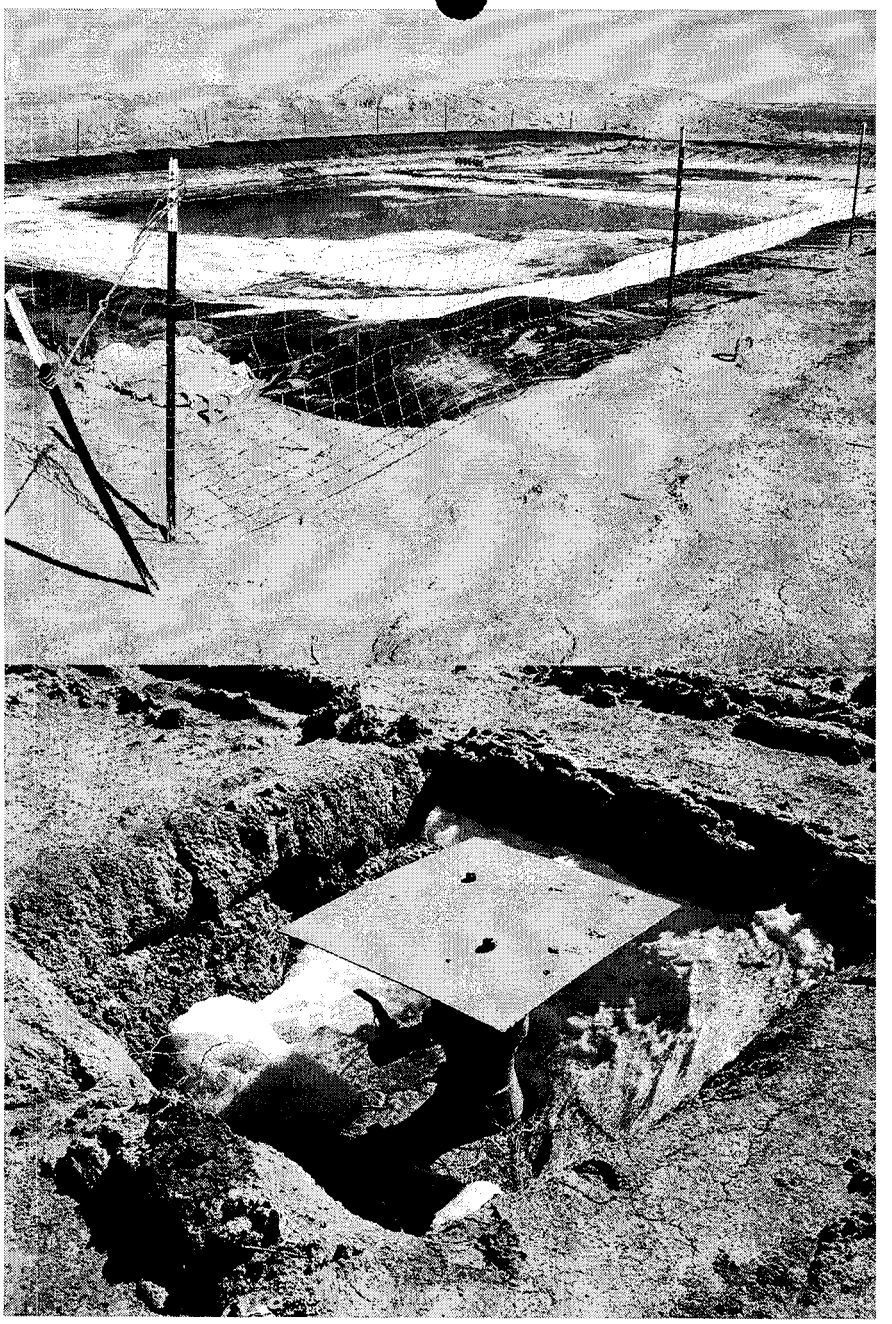
Final Score 15 (Level II Sensitivity)

Sensitivity Level I = 20 or more; total containment is required, consider criteria for excluding pit use.
Sensitivity Level II = 15-19; lining is discretionary.
Sensitivity Level III = below 15; no specific lining is required.









Well name:	**02-06 Crownquest Jefferson State 4-1**
Operator:	**Crownquest Operating, LLC**
String type:	Intermediate
Project ID:	43-037-31832
Location:	San Juan County

Design parameters:

Collapse

Mud weight: 8.400 ppg
Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 1,903 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 2,162 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 buoyed weight.
Neutral point: 1,893 ft

Environment:

H2S considered?	No
Surface temperature:	65 °F
Bottom hole temperature:	95 °F
Temperature gradient:	1.40 °F/100ft
Minimum section length:	269 ft
Cement top:	Surface

Non-directional string.

Re subsequent strings:

Next setting depth:	6,262 ft
Next mud weight:	9.200 ppg
Next setting BHP:	2,993 psi
Fracture mud wt:	19.250 ppg
Fracture depth:	2,162 ft
Injection pressure	2,162 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	2162	9.625	36.00	J-55	ST&C	2162	2162	8.796	154

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	943	2020	2.141	2162	3520	1.63	68	394	5.78 J

Prepared by: Clinton Dworshak
Utah Div. of Oil & Mining
Phone: 801-538-5280
FAX: 810-359-3940
Date: February 21,2006
Salt Lake City, Utah

Remarks:
Collapse is based on a vertical depth of 2162 ft, a mud weight of 8.4 ppg The casing is considered to be evacuated for collapse purposes.
Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

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

Well name:	**02-06 Crownquest Jefferson State 4-1**
Operator:	**Crownquest Operating, LLC**
String type:	Production
Project ID:	43-037-31832
Location:	San Juan County

Design parameters:

Collapse

Mud weight: 9.200 ppg
Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 2,241 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 2,993 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 buoyed weight.
Neutral point: 5,388 ft

Environment:

H2S considered?	No
Surface temperature:	65 °F
Bottom hole temperature:	153 °F
Temperature gradient:	1.40 °F/100ft
Minimum section length:	1,500 ft
Cement top:	1,641 ft

Non-directional string.

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	6262	5.5	17.00	P-110	LT&C	6262	6262	4.767	215.8

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	2993	7480	2.499	2993	10640	3.56	92	445	4.86 J

Prepared by: Clinton Dworshak
Utah Div. of Oil & Mining
Phone: 801-538-5280
FAX: 810-359-3940
Date: February 21,2006
Salt Lake City, Utah

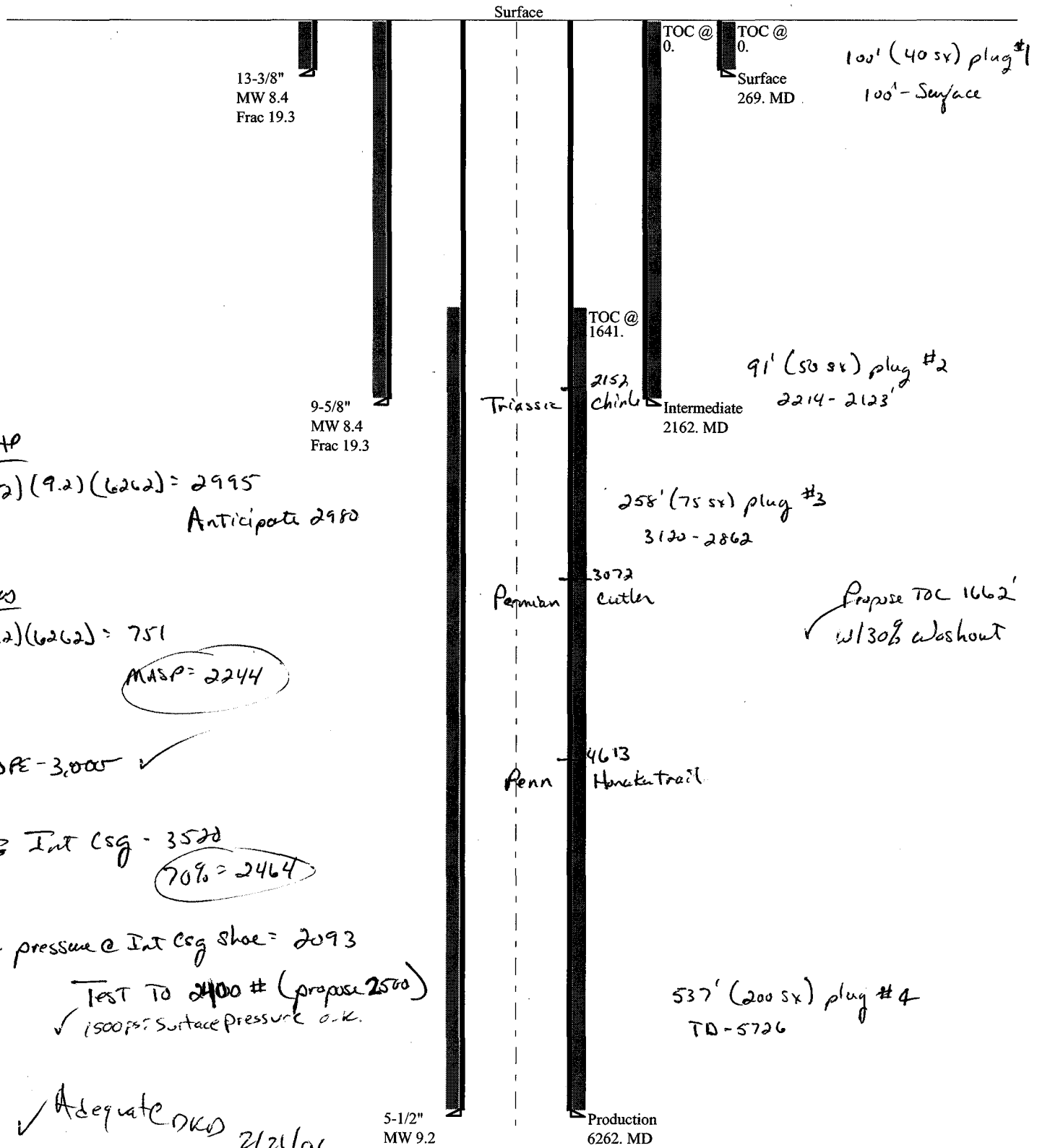
Remarks:
Collapse is based on a vertical depth of 6262 ft, a mud weight of 9.2 ppg The casing is considered to be evacuated for collapse purposes.
Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

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

[redacted]02-06 Crownquest Jefferson [redacted]ate 4-1

Casing Schematic



BHP

(.052)(9.2)(6262) = 2995

Anticipate 2980

Gw

(.12)(6262) = 751

MASP = 2244

BOPE - 3,000 ✓

Int Csg - 3520

70% = 2464

Max pressure @ Int Csg shoe = 2093

Test to 2400 # (propose 2500)

✓ 1500 psi surface pressure o.k.

✓ Adequate DKD 2/21/06

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: ML 47962
6. SURFACE: Fee

1A. TYPE OF WORK: DRILL ☐ REENTER ☒ DEEPEN ☐

7- IF INDIAN, ALLOTTEE OR TRIBE NAME:

B. TYPE OF WELL: OIL ☐ GAS ☒ OTHER _____ SINGLE ZONE ☐ MULTIPLE ZONE ☒

8. UNIT or CA AGREEMENT NAME:

2. NAME OF OPERATOR: CrownQuest Operating, LLC

9. WELL NAME and NUMBER: Jefferson State 4-1

3. ADDRESS OF OPERATOR: 303 Wall, Suite 1400, Midland Texas 79702
PHONE NUMBER: (432) 685-3116

10. FIELD AND POOL, OR WILDCAT: Wildcat

4. LOCATION OF WELL (FOOTAGES)
AT SURFACE: 1815' FNL x 830' FWL
AT PROPOSED PRODUCING ZONE: same

11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Section 4, T33S, R24E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 6 miles northeast of Monticello

12. COUNTY: San Juan
13. STATE: UTAH

15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET)	16. NUMBER OF ACRES IN LEASE:	17. NUMBER OF ACRES ASSIGNED TO THIS WELL:
830'	2080.34	N/A
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET)	**19. PROPOSED DEPTH:**	**20. BOND DESCRIPTION:**
N/A	6261'	RLB 0007554 ($120,000 Blanket)
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.):	**22. APPROXIMATE DATE WORK WILL START:**	**23. ESTIMATED DURATION:**
6879' GL	February 25, 2006	30 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
17 1/2"	13 3/8", 48 ppf, H40	269'	300 sks 'G', 1.16 cf/sk, 15.8 ppg - Installed and cemented 4/03/05
			cement was circulated to surface
12 1/4"	9 5/8", 36 ppf, J55	2162'	585 sks 65/35 poz, 1.75 cf/sk, 12.8 ppg - Installed and cemented 4/07/05
			100 sks 'G', 1.16 cf/sk, 15.8 ppg. cement was circulated to surface
To be set	after drilling out plugs		
7 7/8"	5 1/2", 17 ppf, P110	6262'	680 sks 65/35 poz, 1.75 cf/sk, 12.8 ppg followed by
			970 sks 'G' 1.16 cf/sk, 15.8 ppg

25. ATTACHMENTS

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

☒ WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER
☐ EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER
☒ COMPLETE DRILLING PLAN
☐ FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

NAME (PLEASE PRINT) Robert R. Griffee 1/11/06 TITLE Agent for CrownQuest Operating LLC

SIGNATURE _____ DATE _____

(This space for State use only)

API NUMBER ASSIGNED: 43-037-31832

APPROVAL:

Approved by the
Utah Division of
Oil, Gas and Mining
Date: 02-22-06
By: _____

(110001)

(See Instructions on Reverse Side)

UTAH WELL LOCATION PLAT

OPERATOR: Crown Quest Operating

LEASE: Jefferson State WELL NO. 4-1

SECTION 4 TOWNSHIP 33 South RANGE 24 East 6th, P.M.

COUNTY: San Juan UTAH

FOOTAGE LOCATION OF WELL: 1815 FEET FROM THE North LINE and

830 FEET FROM THE West LINE and

GROUND LEVEL ELEVATION: 6883.42'

SURFACE USE WITHIN 200' RADIUS: No Improvements Within 200'

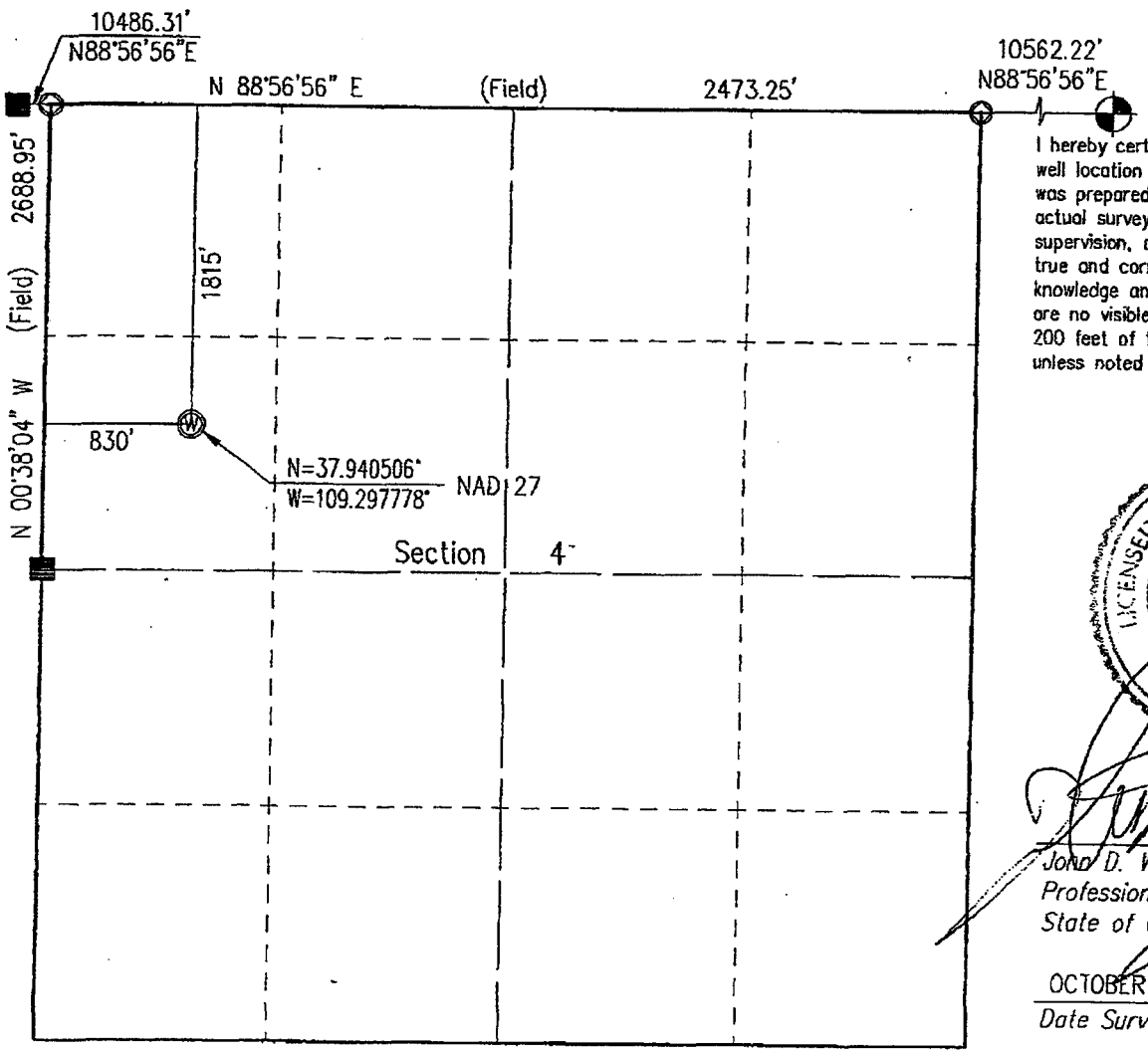
BASIS OF BEARING: GPS Data - NAD 27

BASIS OF ELEVATION: Data - Based on 7.5 Minute Quad

500' 500'
1" = 1000'

Some information on this plat is based on information taken from previous surveys, record information, or collatoral evidence and may not reflect that which may be disclosed by a complete boundary survey. This plat is not to be relied on for the establishment of surface boundaries, fences, buildings, or other future improvements.

GLO BC
WELL Location
STONE Marked
CALCULATED Corner



I hereby certify that the proposed well location shown on this plat was prepared from field notes of an actual survey by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief, and that there are no visible improvements within 200 feet of this proposed wellhead, unless noted otherwise.

LICENSED PROFESSIONAL SURVEYOR
No. 171252
JOHN D. WAYNE
STATE OF UTAH

John D. Wayne
Professional L.S. #171252
State of Utah

OCTOBER 12, 2004
Date Surveyed:

SCALE: 1" = 1000'

Re-Entry Plan

Well Name: Jefferson State 4-1

Surface Location: 1850' FNL x 830' FWL, Section 4, T33S, R24E
San Juan County, Utah

Target Formation: Pennsylvanian

Elevation: 6879' GL

Geology:

Formation	Top	Probable Content
Soil	Surface	
Dakota	10'	sandstone; possible water
Morrison	310'	intbdd sh/ss
Summerville/Wanakah	1020'	red sh/sltst
Entrada Ss	1090'	potential fresh water
Carmel Fm	1256'	red sh/sltst
Navajo Ss	1296'	potential fresh water
Kayenta Fm	1676'	red ss
Wingate Ss	1882'	potential fresh water
Chinle Fm	2152'	vari-color shale
Shinarump Ss	2674'	gas/water
Moenkopi Fm	2748'	brn-red sltst/sh
Cutler (top of Permian)	3072'	prpl crs ss/sh; potential fresh water
Honaker Trail (top of Penn)	4613'	ls; potential gas, brine
La Sal	5433'	ls; poss o/g sho
Hatch	5644'	ls; poss o/g sho, brine
Paradox Shale	5780'	blk sh
Upper Ismay	5808'	gas/oil/brine
Hovenweep Shale	5891'	blk sh
Lower Ismay	5850'	gas/oil/brine
Gothic Shale	6022'	blk sh
Desert Creek	6074'	gas/oil/brine
Akah	6196'	gas/oil/brine
Akah Salt	6232'	salt
TD	6261'	

Logging Program: Open hole logs have already been obtained and submitted. Cased hole neutron log to be run after setting 5 ½" casing.

Clean-out Fluid Program:

Interval	Fluid Type	Weight	Viscosity	Fluid Loss
0' – 2162'	fresh water	8.4 ppg	n/a	no control
2162' – 6261'	production brine/polymer	9.2 ppg	30 – 80 sec	10

Casing Program:

Interval	Hole Diameter	Csg Size	Wt.	Grade	Thread
Conductor – Installed 4/03/05					
0' – 269'	17 1/2"	13 3/8"	48 ppf	H-40	STC
Surface – Installed 4/07/05					
0' – 2162'	12 1/4"	9 5/8"	36 ppf	J-55	STC
Production					
0' – 6261'	7 7/8"	5 1/2"	17 ppf P110	LTC	

Tubing Program: 0 – 6000', 2 7/8", 6.5 ppf, J55, EUE

BOPE and Wellhead Specifications and Testing:

For clean-out operations from surface to TD: 9 5/8", 3000 psi weld on casing head (already installed). 9 5/8", 3000 psi double gate BOP and 3000 psi annular preventor. 3000 psi choke manifold. (see figures 1 and 2). Pressure test BOPE to 3000 psi and 9 5/8" Surface casing to 1500 psi prior to drilling out of casing shoe.

For completion operations: 5 1/2" x 2 3/8", 5000 psi tree assembly. 7 1/16", 5000 psi double gate BOP system. 5000 psi choke manifold (see figures 3 and 4). Pressure test 5 ½" casing to 5000 psi prior to frac'ing. The 5000 psi pressure rating is for possible frac treatment pressures and is far in excess of 3000 psi BOP equipment required to control anticipated formation pressure.

General Operation:

- Actuate pipe rams once each day during clean-out operations. Actuate blind rams once each trip.
- An upper Kelly cock valve, with handle, will be available on the rig floor to fit each drilling string.
- BOP pit level drill will be conducted weekly for each drilling crew.
- All BOP tests and drills will be recorded in the daily drilling report.
- Blind and pipe rams will be equipped with extension hand wheels.

Cementing Program:

13 3/8" Conductor Casing String: already installed and cemented.

9 5/8" Surface Casing String: already installed and cemented.

5 ½" Production Casing String: Run casing with float shoe on bottom, float collar one joint from bottom. Install one centralizer in the middle of the first joint, one on every other collar from TD to the top of the Honaker Trail formation, and one inside the surface casing shoe Cement with 680 sks 65/35 poz + 6% gel + 5#/sk gilsonite + ¼# sk celloflake + fluid loss additive (1.75 cf/sk, 12.8 ppg) followed by 970 sks class 'G' neat + fluid loss additives (1.16 cf/sk, 15.8 ppg). Precise slurry volumes to be calculated from open hole log caliper plug 25% excess. Top of cement calculated to be at 1662'.

Special Clean-out Operations:

None anticipated

Additional Information:

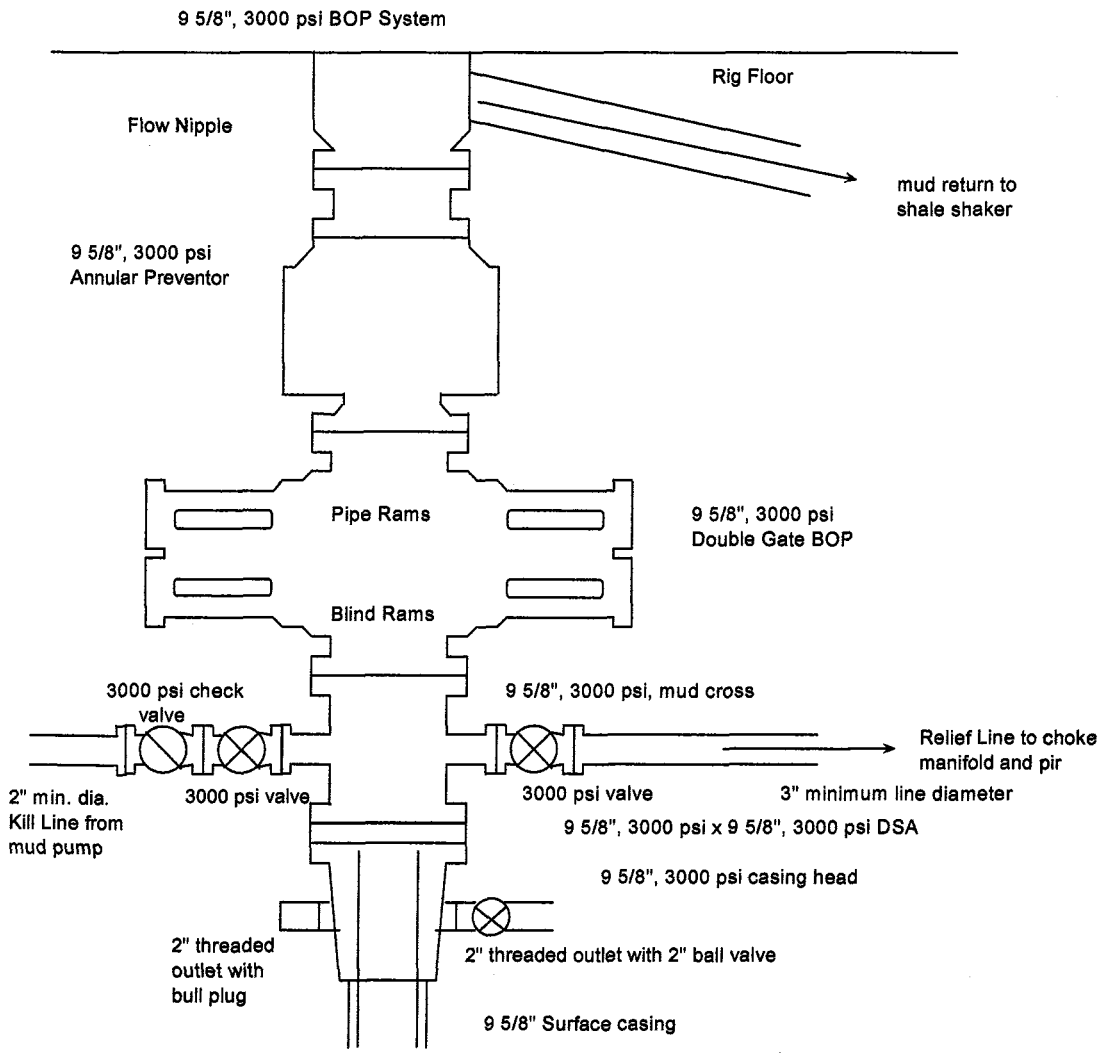
- This well is designed to be completed in the Pennsylvanian formations, based on cased-hole logs.
- A fresh water pressure gradient (.433 psi/ft) is anticipated. Adequate weighting material will be kept on location to maintain mud weight.
- LCM will be added to the mud system as required to maintain circulation.
- Estimated formation pressures:
  - Ismay 2540 psi
  - Desert Creek 2590 psi

Completion Information:

The completion procedure will be prepared after cased hole logs are analyzed. The well will probably be completed by frac treatment.

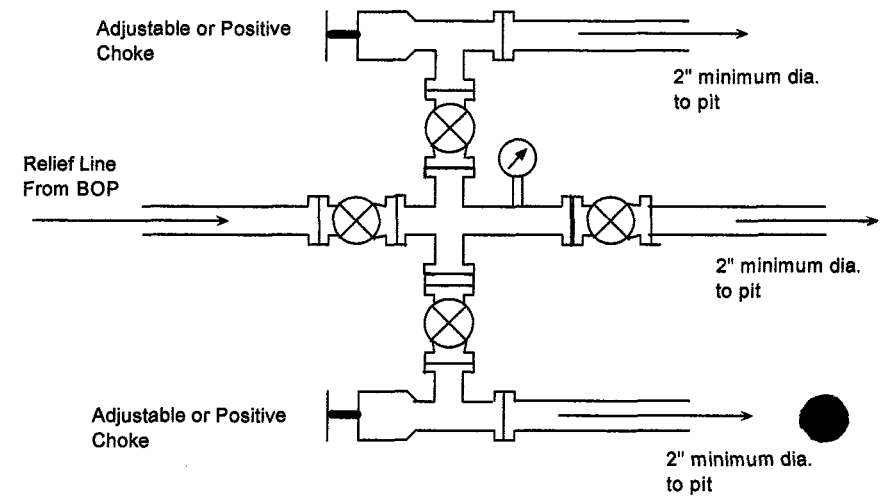
Prepared by: Robert R. Griffee
Operations Manager
Agent for CrownQuest
Date: 1/11/06

Figure 1



BOP Installation from Surface Casing depth (2200') to TD (6060'). 9 5/8", 3000 psi double gate BOP equipped with blind and pipe rams, 9 5/8" Annular BOP. All equipment rated at 3000 psi or greater working pressure.

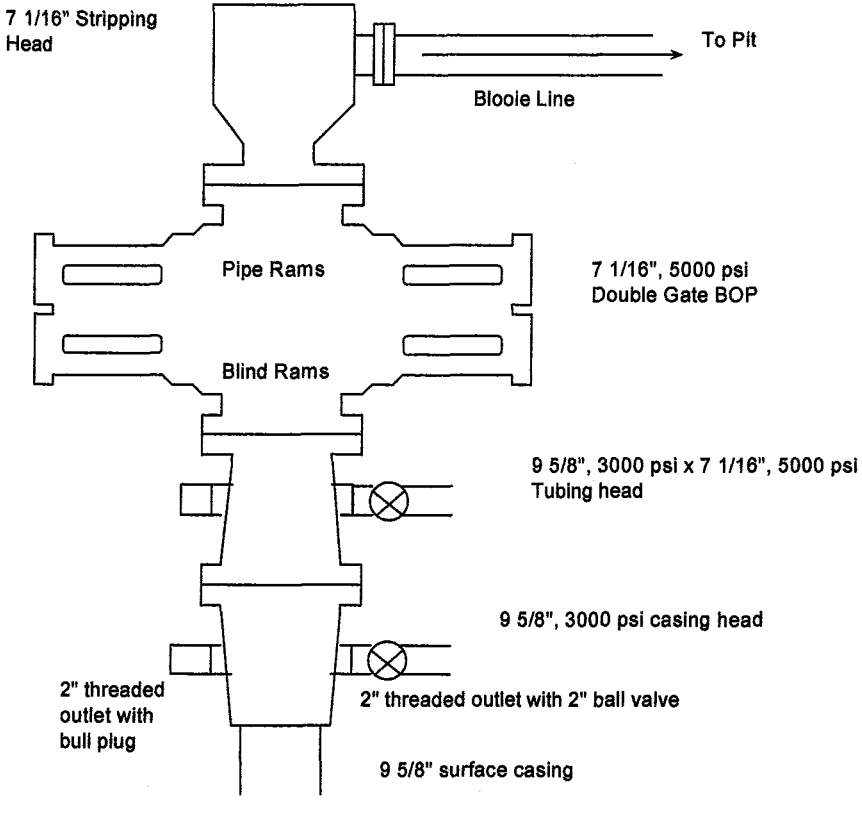
Figure 2



Choke manifold for BOP system shown in Figure 3.
All equipment to be rated at 3000 psi or greater.

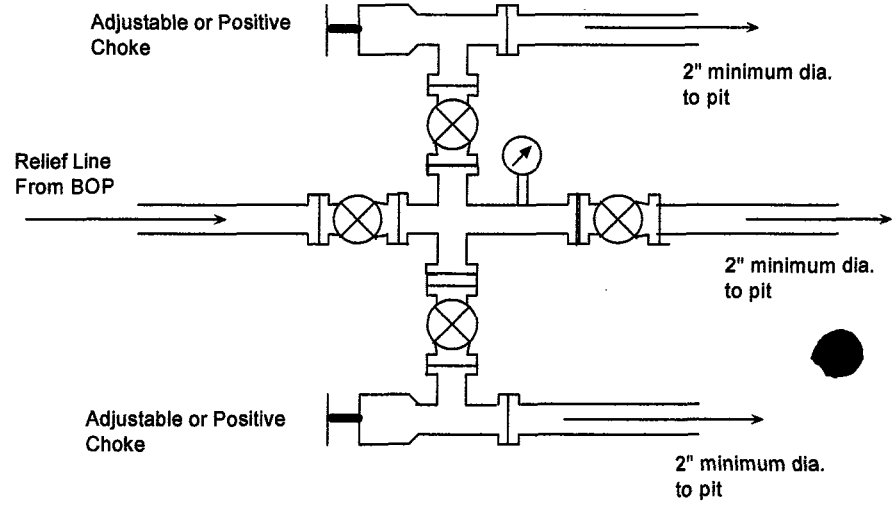
Figure 3

7 1/16", 5000 psi Completion Rig BOP System



BOP Installation for Completion operations. 7 1/16", 5000 psi double gate BOP equipped with blind and pipe rams. All equipment rated at 5000 psi or greater working pressure.

Figure 4



Choke manifold for BOP system shown in Figure 5. All equipment to be rated at 5000 psi or greater.

SPUD DATE: 4/1/2005

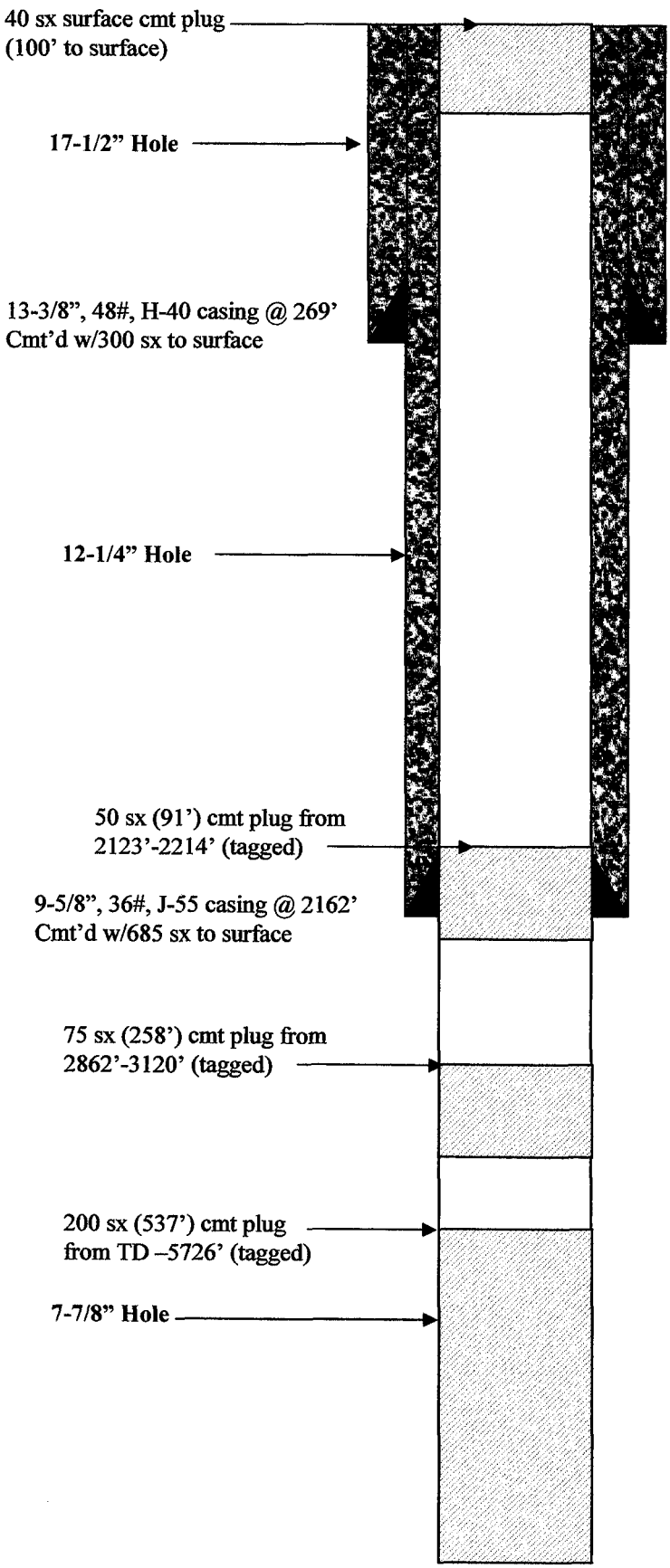
Elevation: 6892' KB, 6879' GL

JEFFERSON STATE #4-1

1800' FNL, 830' FWL, Sec. 4, T33S, R24E,

San Juan County, Utah, API #43-037-31832

Well was drilled by Patterson-UTI Drilling rig #754.
Well was P&A by Schlumberger of Farmington, NM.



WELL HISTORY

5/05: Plugged & abandoned. Spotted 200 sx class G cmt from TD to 5726'. TOH and LD 99 jts DP to 3120'. RIH with wireline and tag cmt @ 5726'. Spotted 75 sx class G cmt w/fluid loss additive 2862'-3120'. LD 29 jts DP to 2214'. Break circulation. RIH with wireline and tag cmt @ 2862'. Spotted 50 sx class G cmt w/fluid loss additive 2123'-2214'. LDDP - 68 jts, to 100'. RIH with wireline, tag cmt @ 2123'. Pump surface plug - 40 sx class G cmt to 100'.

TD: 6263' on 5/1/05

Prepared by: JSS, 7/05

W:\Snell\Jefferson State #4-1 wellbore diagram - pwrpoint file

Jefferson State 4-1
Re-Entry Procedure

Prepared by: Robert R. Griffee
Operations Manager
1/11/06

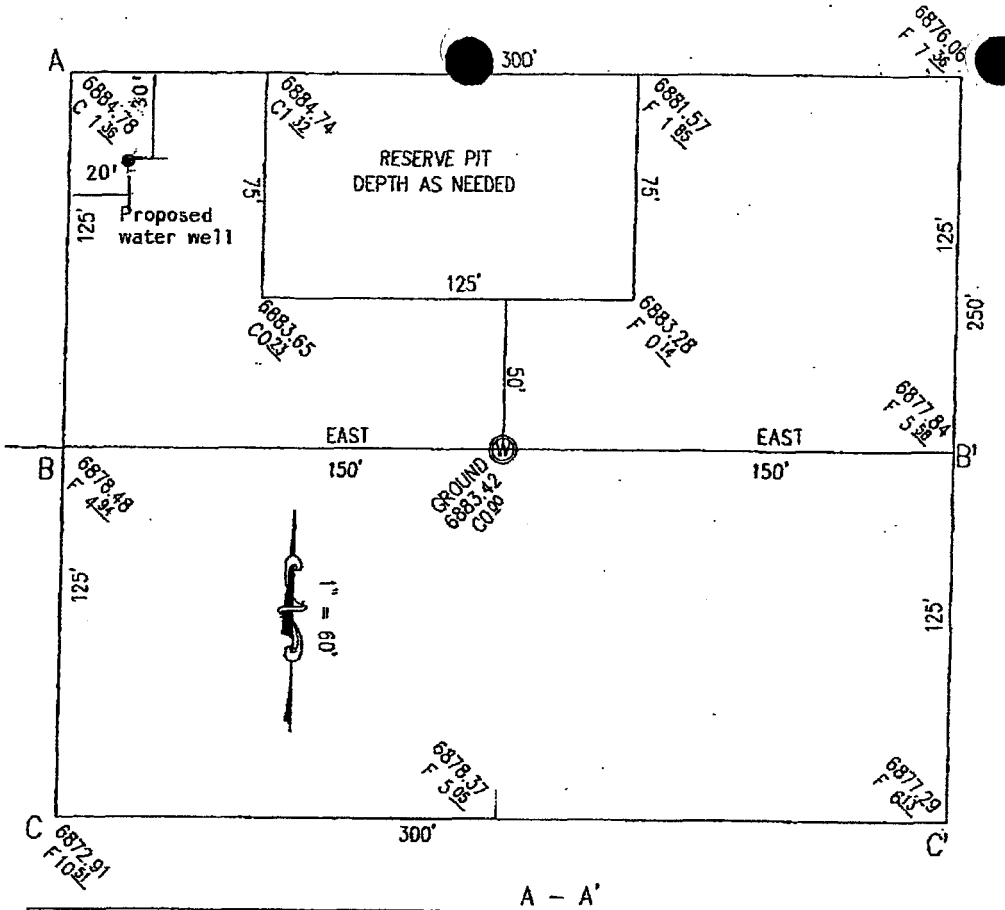
Notes:

- The drilling location, reserve pit, and access road remain intact as constructed in 02/05.
- A 9 5/8", 3000 psi weld-on casing head remains installed on the 9 5/8" casing. A blind flange was bolted onto the casing head after the well was P&A'd.
- 3000 psi BOP equipment is selected to drill out the cement plugs. Calculated maximum formation pressure is 2980 psi at 6200 ft, or a pressure gradient of 0.48 psi/ft.
- 5000 psi BOP equipment is selected for completion work based on possible flow back pressures after acidizing or hydraulic fracture treatments and not from expected formation pressure.
- Surface casing is set at 2162'. 9 5/8", 36 ppf, J55. YP = 3520 psi. Cemented to surface.

Procedure

1. MIRU well service rig and equipment.
2. ND blind flange on well head, NU 9 5/8", 3000 psi BOPE.
3. PU 7 7/8" mill tooth bit, eight 4 ¾" dc's, and 2 7/8" work string. Drill out cement plugs from surface to 100'. Clean out to cement plug at 2105'.
4. TOH.
5. Install test plug in casing head and pressure test casing head and BOPE to 3000 psi.
6. Pressure test 9 5/8" casing to 2500 psi.
7. TIH with bit and dc's and drill cement plugs from and 2105' – 2205', 2862' – 3120', and 5726' to 6261'. Use 9.2 ppg production brine for circulating fluid from the surface casing shoe to TD. Add polymer as needed for viscosity and water-loss control.
8. Circulate well clean and stabilize well bore.
9. TOH.
10. RU and run 5 ½", 17 ppf, P-110, LTC casing. Install float shoe on bottom and float collar one joint from bottom. Install stage collar at 4000'. Centralize with 1 centralizer per casing collar from TD to 5500', and one centralizer at 2140' (inside surface casing). Land casing in full tension.
11. Cement as follows: 680 sks 65/35 poz + 6% gel + 5#/sk D24 + 0.5% D112 + 0.25 #/sk celloflake followed by 970 sks class 'G' + 0.25% D167 FL + 0.2% D65 + 0.2% D20. Slurry volumes designed to bring cement 500' up into 9 5/8" casing. 25% excess over open hole volume.

12. WOC 72 hours or as indicated by pilot testing, for cement to achieve full compressive strength.
13. While WOC, ND 9 5/8", 3000 psi BOP. NU 9 5/8", 3000 psi x 7 1/16", 5000 psi casing head. NU 7 1/16", 5000 psi BOP.
14. Pressure test casing and BOP to 5000 psi.
15. PU bit. TIH and clean out to PBTD of 6250' +/-. Circulate casing clear. TOH.
16. TIH to PBTD with casing scraper.
17. Load casing with 4% KCL water. Insure that all additional load water is 4% KCL.
18. TOH.
19. Run cased-hole logs and evaluate.
20. Select completion interval based on cased-hole logs. Completion may be accomplished by acidizing and/or frac (to be determined). Potential completion possibilities are of Pennsylvanian age from 6232' (top of Akah salt) to 5808' (top of upper Ismay).
21. After completing, evaluate zones.



Crown Quest Operating
OPERATOR

Jefferson State #4-1
WELL NAME and NUMBER

1815' F/NL 830' F/WL
FOOTAGES

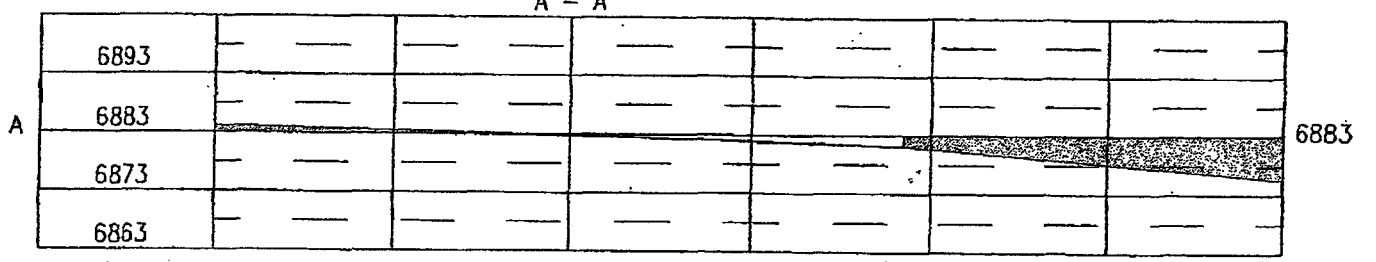
4	33S	24E
SEC.	TWP.	RGE.

San Juan, Utah
COUNTY STATE

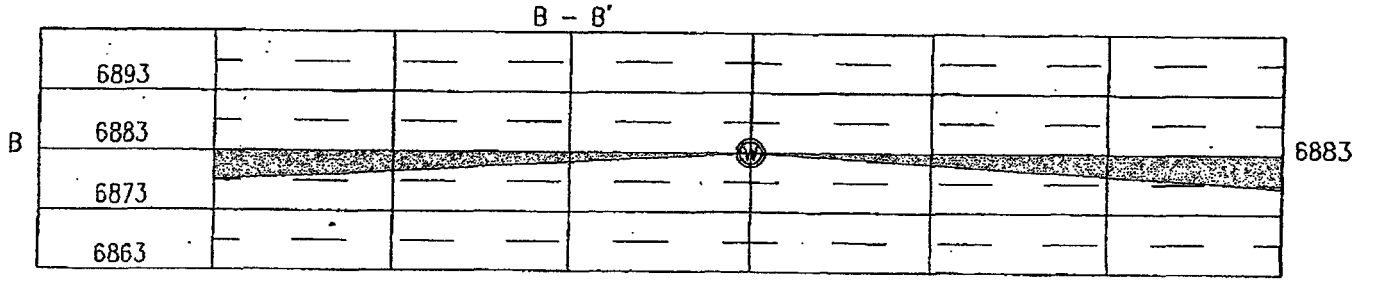
OCTOBER 12, 2004
DATE

SCALE
Horiz. 1" = 50'
Vert. 1" = 30'

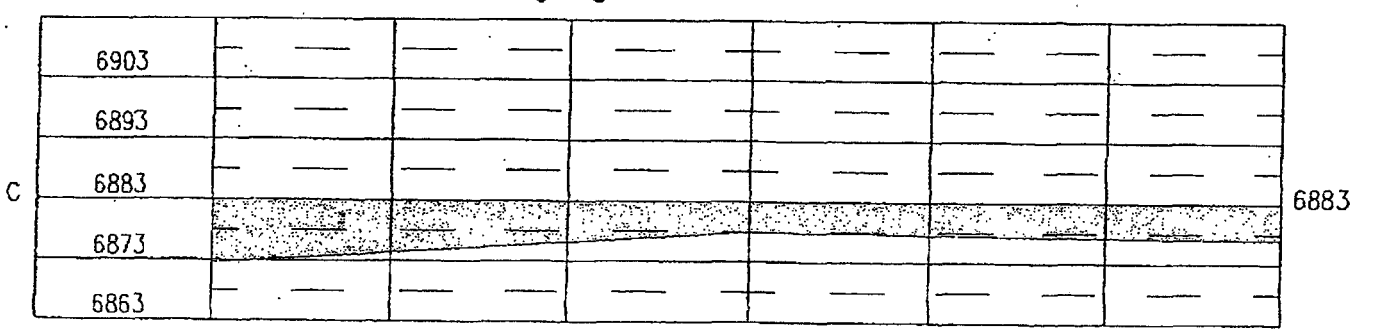
A – A'



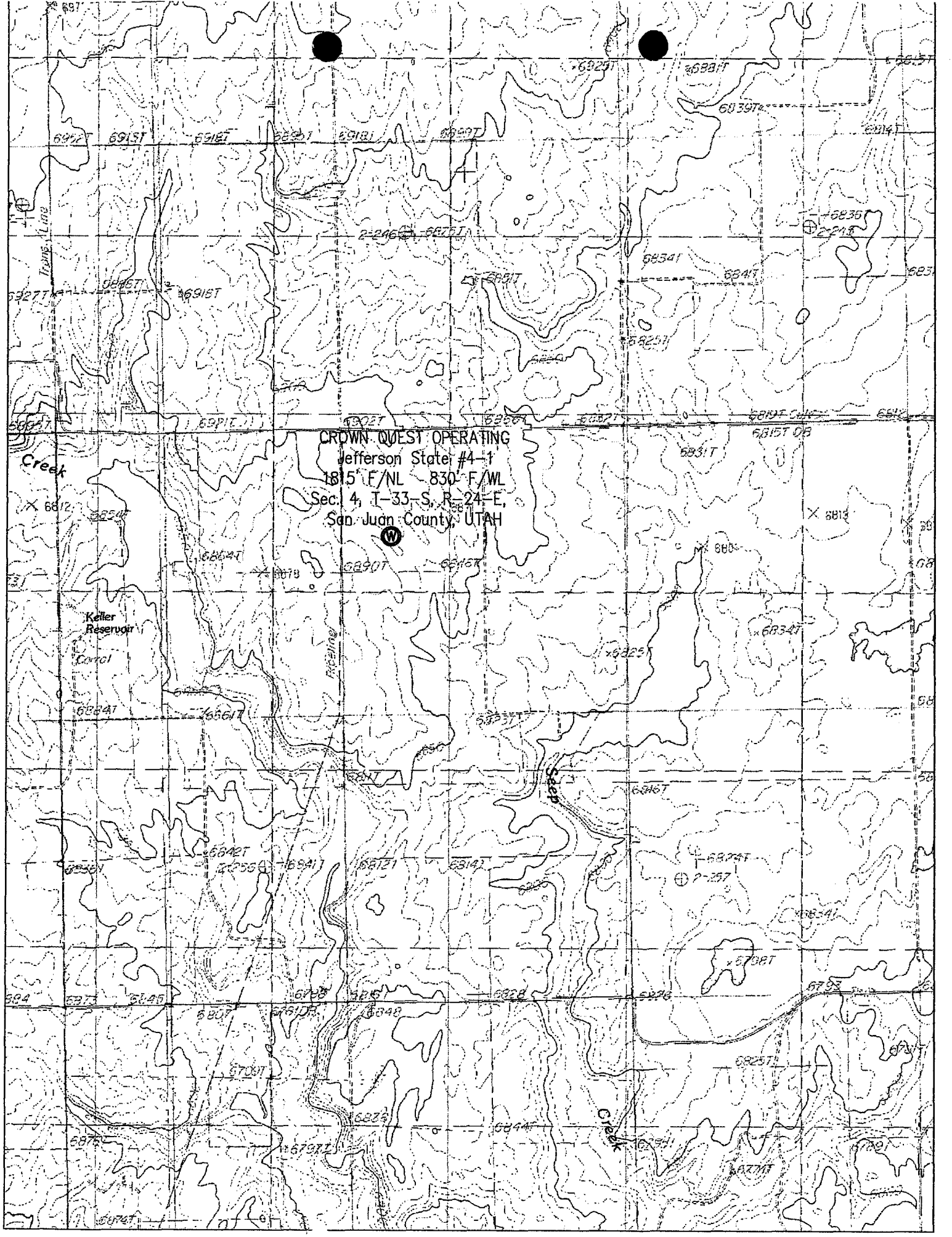
B – B'



C – C'



PROPOSED WATER WELL LOCATION
WITH OIL/GAS SITE LAYOUT


CROWN QUEST OPERATING
Jefferson State #4-1
1815' F/NL 830' F/WL
Sec. 4, T-33-S, R-24-E,
San Juan County, UTAH
Keller Reservoir
Canal
Creek
Creek

INFORMATION/CONTACT SHEET
JEFFERSON 4-1 WELL
Section 4, T-33-S, R-24-E
San Juan County, Utah

Surface Owner:

Mr Gary Halls
P.O. Box 428
Monticello, UT
Phone: 435-587-2832
Contact: Gary Halls

Minerals:

CrownQuest Operating, LLC
303 Wall Ste. 1400
Miland, TX 79702
Phone: 432 685 3116
Contact: Tommy Lent

AFFIDAVIT OF SURFACE AGREEMENT

I, Robert W. Floyd, President of CrownQuest Operating, LLC, does acknowledge and agrees that a surface agreement exists or will exist prior to beginning construction activities on the proposed re-entry sight of the:

Jefferson State 4-1 Well, San Juan County, Utah

S.P. Meyer Well, San Juan County, Utah

TXP Iron Springs 1-3 Well, San Juan County, Utah

Subscribed and sworn before me this 19th day of January, 2006.

CROWNQUEST OPERATING, LLC

Robert W. Floyd, President

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 & Mining

JOHN R. BAZA
Division Director

February 22, 2006

CrownQuest Operating, LLC
303 Wall, Suite 1400
Midland, TX 79702

Re: Jefferson State 4-1 Well, 1815' FNL, 830' FWL, SW NW, Sec. 4, T. 33 South, R. 24 East, San Juan 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 43-037-31832.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

cc: San Juan County Assessor
SITLA

1594 West North Temple, Suite 1210, PO Box 145801, Salt Lake City, UT 84114-5801
telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • *www.ogm.utah.gov*

Operator: CrownQuest Operating, LLC

Well Name & Number Jefferson State 4-1

API Number: 43-037-31832

Lease: ML-47962

Location: SW NW **Sec.** 4 **T.** 33 South **R.** 24 East

Conditions of Approval

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

2. **Notification Requirements**
   The operator is required to notify the Division of Oil, Gas and Mining of the following actions during drilling of this well:
   - 24 hours prior to cementing or testing casing
   - 24 hours prior to testing blowout prevention equipment
   - 24 hours prior to spudding the well
   - within 24 hours of any emergency changes made to the approved drilling program
   - prior to commencing operations to plug and abandon the well

   The following are Division of Oil, Gas and Mining contacts and their work telephone numbers (please leave a voice mail message if the person is not available to take the call):
   - Dan Jarvis at (801) 538-5338
   - Carol Daniels at (801) 538-5284 (spud)

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

4. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical or paleontological remains be encountered during your operations, you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.

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

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.

Four Corners Testing Service, LLC.

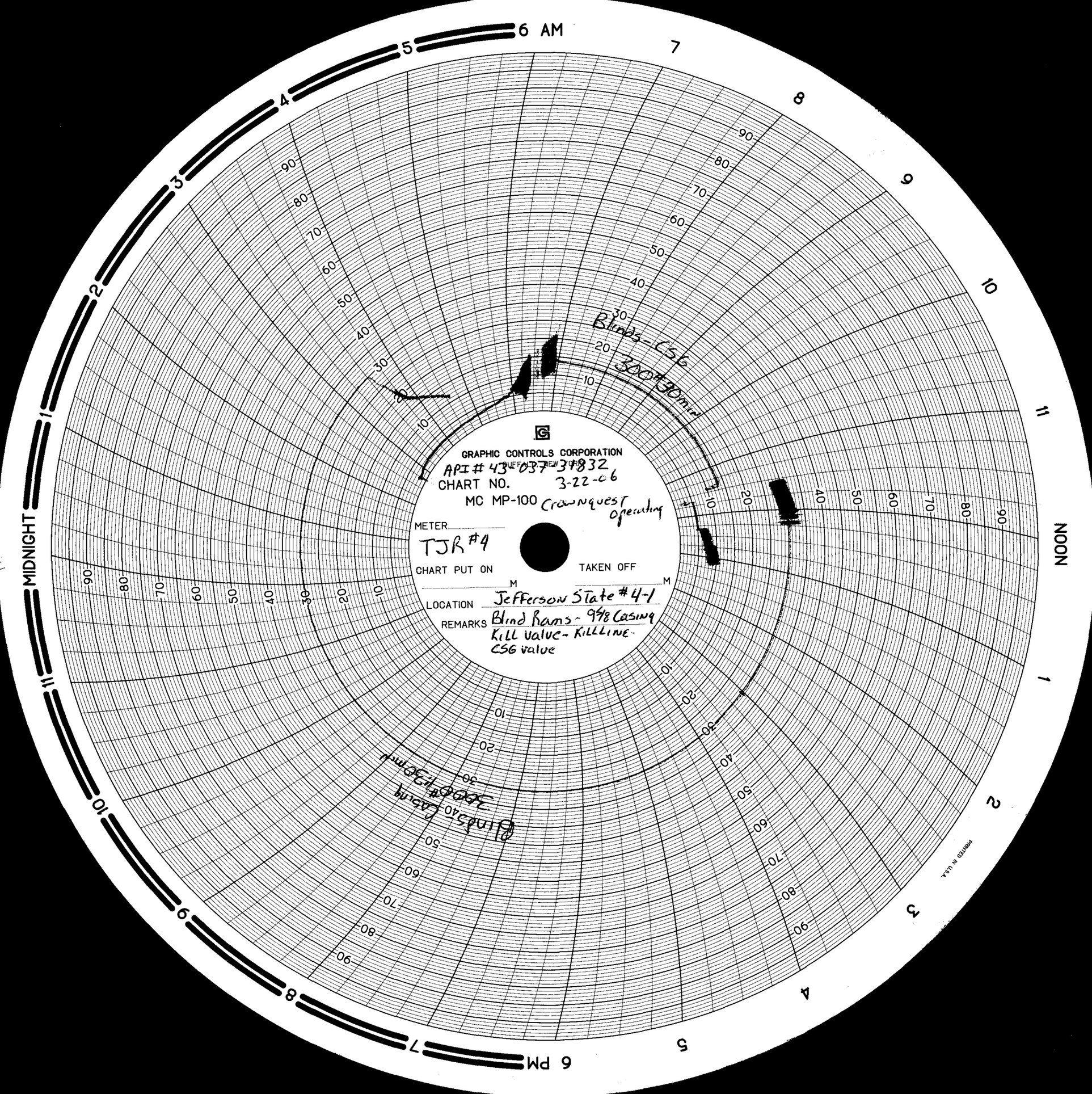
Casing and BOP Field Testing

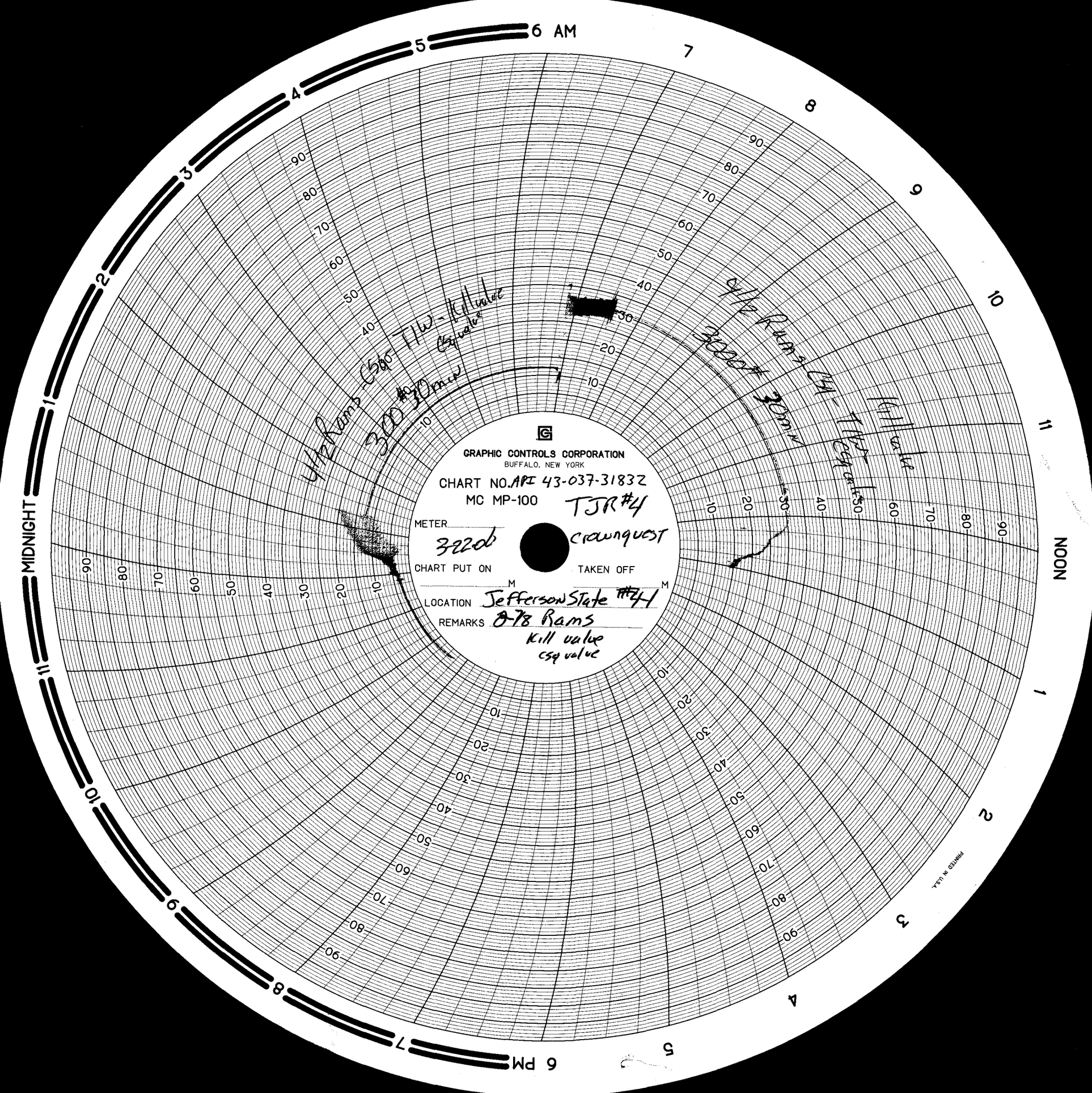
Office (505) 632-1868
Fax (505) 634-0091

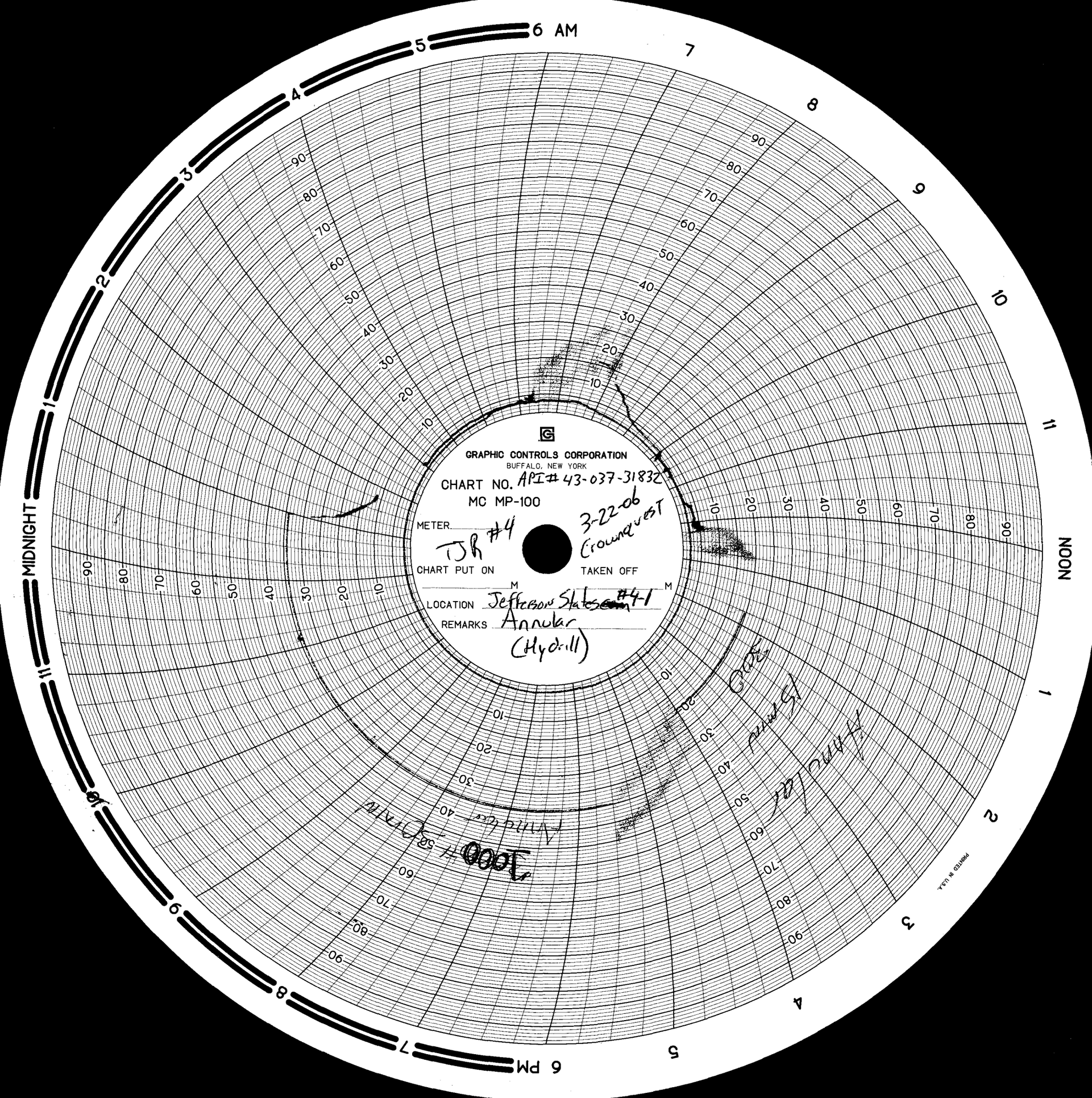
Matt Dangerfield
Cell (505) 486-5525
Pager (505) 324-1970

Shane Hendry
Cell (505) 330-7426

430373/832
335 945 04


6 AM
NOON
6 PM
MIDNIGHT
GRAPHIC CONTROLS CORPORATION
BUFFALO, NEW YORK
API # 43-037-31832
CHART NO. 3-22-06
MC MP-100 Crownquest operating
METER
TJR #4
CHART PUT ON
TAKEN OFF
M
M
LOCATION Jefferson State #4-1
REMARKS Blind Rams - 9 5/8 Casing
Kill valve - Kill Line -
CSG valve
Blinds - CSG
300# 30min
Blinds 40 Casing
300# 30min
PRINTED IN U.S.A.


6 AM
NOON
6 PM
MIDNIGHT
GRAPHIC CONTROLS CORPORATION
BUFFALO, NEW YORK
CHART NO. API 43-037-31832
MC MP-100
TJR #4
METER
3220
CROWNQUEST
CHART PUT ON
TAKEN OFF
LOCATION Jefferson State #4
REMARKS 8-78 Rams
Kill value
csg value
9 1/2 Rams-CSG
Kill value
TBG-csg value
300 #30 mcw
9 1/2 Rams-CSG
300 #30 mcw
PRINTED IN U.S.A.


6 AM
NOON
6 PM
MIDNIGHT
GRAPHIC CONTROLS CORPORATION
BUFFALO, NEW YORK
CHART NO. API# 43-037-31832
MC MP-100
METER JR #4
CHART PUT ON 3-22-06 Crownquest
TAKEN OFF
LOCATION Jefferson State #4-1
REMARKS Annular (Hydrill)
1000# 30 MIN
Annular
Hydrill
Gate
PRINTED IN U.S.A.

FORM 9

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

5. LEASE DESIGNATION AND SERIAL NUMBER: ML 47962

SUNDRY NOTICES AND REPORTS ON WELLS

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

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

1. TYPE OF WELL: OIL WELL ☐ GAS WELL ☐ OTHER Wildcat - unknown

8. WELL NAME and NUMBER: Jefferson State 4-1

2. NAME OF OPERATOR: CrownQuest Operating, LLC

9. API NUMBER: 4303731832

3. ADDRESS OF OPERATOR: 303 Wall, Suite 1400 Midland TX 79702

PHONE NUMBER: (432) 685-3116

10. FIELD AND POOL, OR WILDCAT: Wildcat

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 1815' FNL x 830' FWL

COUNTY: San Juan

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 4 33S 24E

STATE: UTAH

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

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

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

CrownQuest Operating has re-entered this well. Attached, are the daily reports from 3/20/06 through 3/28/06.

NAME (PLEASE PRINT) Robert R. Griffee

TITLE Operations Manager (agent for CrownQuest. LLC)

SIGNATURE

DATE 4/3/2006

(This space for State use only)

RECEIVED
APR 27 2006
DIV. OF OIL, GAS & MINING

(5/2000)

(See Instructions on Reverse Side)

Crownquest Operating LLC
Jefferson State # 4-1

TJR #4 Brad Warburton – Wellsite Advisor

3-20-06

Inspect rig & location. Hold safety meeting. Spot mud mixing system. Rig up and test pumps, lines & hardware. Change out bushings on make up/ break out tongs. PU 3.5 Power swivel. RIH w/ 8-1/2" mill tooth bit & 4-3/4" slick drill collar. Tag cement @ surface. Drill out 5'. POH. SDFN.

3-21-06

Inspect rig & location. Hold safety meeting. Change out wiring to BOP accumulator. Start drilling cement. Belt broke on power swivel, appears to be worn & weathered. Drill until swivel gets warm, allow to cool & drill again. Belt on mixing pump for air throttle on PZ 7 mud pump broke. Air throttle not required while pumping @ idle. Replace belt on swivel and repair pump. Continue to drill. Fell out of cement @ 109'. POH. SDFN.

3-22-06

Utah State Natural Resources Representative, Ted Smith, was present on location to witness all pressure testing.

Inspect rig & location. Hold safety meeting. Pressure test BOP's and choke manifold. Tighten bolts & connections. Retest BOP's & 9-5/8" intermediate casing to 2500 psi, OK. RU 4-Corners Testing Service. Test BOP blind rams to 3000 psi f/ 30 min. RIH w/ 1 joint 2-7/8" AOH w/ TIW valve on top. Test pipe rams to 3000 psi f/ 30 min. POH. RIH w/ 1 4-3/4" drill collar, bit sub & TIW valve. Test annular (Hydril) to 3000 psi f/ 30 minutes. POH. SDFN.

RECEIVED
APR 27 2006
DIV. OF OIL, GAS & MINING

3-23-06

Inspect rig & location. Hold safety meeting. RIH w/ 7-7/8" mill-tooth bit, eight 4-3/4" drill collars, and pick up 2-7/8" AOH drill pipe from pipe baskets. Tag 2nd cement plug @ 2081'. RU power swivel. Establish circulation. Circulating from reserve pit and adding production brine water to circulating fluid. Drill out cement to 2196' (4k to 6k WOB, ROP 20 to 30'/hr, no control needed on viscosity and WL). No changes were noted after drilling below casing shoe at 2162'. Clean up hole. SDFN.

3-24-06

Inspect rig & location. Hold safety meeting. RIH. Tag @ 2196'. Establish circulation. Drill through plug @ 2207'. Clean out open hole to 2447'. Worked through tight red bed clay intervals. Pull up into surface casing. Shut down for weekend. Will mix mud to clean hole when operations resume on Monday.

3-27-06

Inspect rig & location. Hold safety meeting. RIH to 2416'. Mix brine water w/ salt gel, tannathin, clean faze polymer, & caustic. Experienced foaming and viscosity problems due to increasing chloride & calcium content. Mixed mud and displaced fluid in hole. POH to 2133'. SDFN. Should now have sufficient viscosity and mud properties to clean out red-bed shale tomorrow.

3-28-06

Inspect rig & location. Hold safety meeting. RIH to 2416'. Circulate & transfer mud to rig pit (some settling occurred overnight). Circulate 1st pit (approx 150 bbls) full returns but contained no polymer. Mix 2nd pit. Circulate bottoms up, RIH, tag @ 2443', drill thru to 2573' to tight spot, pit getting low, POH to 2133'. Mix 3rd pit. SDFN.

RECEIVED

APR 2 7 2006

DIV. OF OIL, GAS & MINING

FORM 9

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

5. LEASE DESIGNATION AND SERIAL NUMBER: ML 47962

SUNDRY NOTICES AND REPORTS ON WELLS

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

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

1. TYPE OF WELL: OIL WELL ☐ GAS WELL ☐ OTHER Wildcat - unknown

8. WELL NAME and NUMBER: Jefferson State 4-1

2. NAME OF OPERATOR: CrownQuest Operating, LLC

9. API NUMBER: 4303731832

3. ADDRESS OF OPERATOR: 303 Wall, Suite 1400 CITY Midland STATE TX ZIP 79702

PHONE NUMBER: (432) 685-3116

10. FIELD AND POOL, OR WILDCAT: Wildcat

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 1815' FNL x 830' FWL

COUNTY: San Juan

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 4 33S 24E

STATE: UTAH

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

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

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

CrownQuest Operating has re-entered this well. Attached, are the daily reports from 3/29/06 through 4/14/06.

NAME (PLEASE PRINT) Robert R. Griffee

TITLE Operations Manager (agent for CrownQuest. LLC)

SIGNATURE

DATE 4/17/2006

(This space for State use only)

RECEIVED
APR 27 2006
DIV. OF OIL, GAS & MINING

(5/2000)

(See Instructions on Reverse Side)

3-29-06

Inspect rig & location. Hold safety meeting. RU 5" mud return line to rig pit . RIH to 2541'. Establish circulation, roll hole bottoms up. Clean out tight spots, rotate, work pipe, and mix mud for viscosity. Tight red-bed shales at 2573' and 2680'. Lost 10 bbls mud at 2680'. Clean out to cement plug at 2871'. Drill cement plug to 3027'. POH to 2133' (pipe pulled freely). SDFN.

3-30-06

Inspect rig & location. Hold safety meeting. RIH to 2884'. Establish circulation, roll hole bottoms up. Drill cement to 3105'. Engine on Knight Oil Tool's mud pump broke down. POH to 2133'. SDFN.

3-31-06

Inspect rig & location. Hold safety meeting. Break-out mud pump and prepare for pump change. TOH. Change out 7-7/8" bits. RIH to 2133'. SDFN.

4-03-06

Inspect rig & location. Hold safety meeting. Wait on Dawn Trucking to change out mud pumps. Spot new pump in place (very heavy, deep mud on location). RIH, tag up 3046', had 59' of fill, no difficulty on TIH with red-beds. Mix mud. POH to 2133'. SDFN.

4-04-06

Inspect rig & location. Hold safety meeting. RIH, rig up power swivel. Establish circulation, tag up 3046' (59' fill), drill down to 3180', fall out of cement. Condition hole. RIH to 3418' conditioning the hole. POH to 2133'. SDFN.

4-05-06

Inspect rig & location. Hold safety meeting. Dump 1 mud pit, condition mud. RIH to 3418', rig up power swivel. Establish circulation, condition hole from 3418' to 3478', clean out to 3953'. POH to 2133'. Rack & tally remaining drill pipe. SDFN.

4-06-06

Inspect rig & location. Hold safety meeting. RIH to 3953', rig up power swivel. Establish circulation, clean out open hole to 5022'. Circulate & condition hole and mud system. Dump pits, mix and displace mud to reduce solids content. POH to 2133'. SDFN.

4-07-06

Inspect rig & location. Hold safety meeting. RIH to 5022', rig up power swivel. Establish circulation. Clean out to 5720', tag cement. Circulate & condition hole. Drill cement to 5774'. POH to 2133'. SDFN.

4-10-06

Inspect rig & location. Hold safety meeting. RIH to 5774' (no fill or tight hole), rig up power swivel. Establish circulation @ 5720', Circulate & condition hole. Drill cement to 5930'. POH to 2133'. SDFN.

4/11/06

Inspect rig & location. Hold safety meeting. RIH to 5930', rig up power swivel. Circulate out thick mud. Circulate & condition hole. Drill cement to 6088'. Dump mud pit, mix and treat for anhydrite. Returns were slightly gas and oil cut below 6000'. POH to 2133'. SDFN.

4/12/06

Inspect rig & location. Hold safety meeting. RIH to 6058', rig up power swivel. Circulate & condition hole. Drill cement to 6265', and drill salt formation to 6277'. Returns still slightly gas cut below 6000'. Circulate & condition hole. Mud is still in good condition. Break out power swivel. Pipe stuck while breaking out swivel. Akah salt probably flowed into wellbore. PU power swivel, establish full circulation f/ 30 min. Work pipe f/ 30 min w/ full circulation. Still stuck. RU to circulate all night. Rig hands will alternate pump sitting. Fresh water to dissolve salt should be here in a.m.

4/13/06

Inspect rig & location. Hold safety meeting. Pump 30 bbl fresh water sweep, work pipe. Sweep with 50 bbls then 80 bbls (fresh water) working pipe. Zero pipe movement, no rotation, full circulation. Freepoint/backoff truck should arrive @ 07:00 tomorrow. Will continue to circulate until wireline arrives in a.m.

4/14/06

Inspect rig & location. Hold safety meeting. Work pipe, still stuck. RU Wireline Specialties, RIH w/ freepoint tool & collar locator. Both torque & stretch measurements show pipe is stuck just below 3500'. We will shut down until Monday, leaving 2 Knight Oil Tools hands manning the pump to maintain circulation.

FORM 9

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

5. LEASE DESIGNATION AND SERIAL NUMBER: ML 47962

SUNDRY NOTICES AND REPORTS ON WELLS

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

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

7. UNIT or CA AGREEMENT NAME:

1. TYPE OF WELL: OIL WELL ☐ GAS WELL ☐ OTHER Wildcat - unknown

8. WELL NAME and NUMBER: Jefferson State 4-1

2. NAME OF OPERATOR: CrownQuest Operating, LLC

9. API NUMBER: 4303731832

3. ADDRESS OF OPERATOR: 303 Wall, Suite 1400 CITY Midland STATE TX ZIP 79702

PHONE NUMBER: (432) 685-3116

10. FIELD AND POOL, OR WILDCAT: Wildcat

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 1815' FNL x 830' FWL

COUNTY: San Juan

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 4 33S 24E

STATE: UTAH

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

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

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

CrownQuest Operating has re-entered this well. Attached, are the daily reports from 4/17/06 through 4/21/06.

NAME (PLEASE PRINT) Robert R. Griffee

TITLE Operations Manager (agent for CrownQuest. LLC)

SIGNATURE

DATE 4/24/2006

(This space for State use only)

RECEIVED
APR 27 2006
DIV. OF OIL, GAS & MINING

(5/2000)

(See Instructions on Reverse Side)

4/17/06

Inspect rig & location. Hold safety meeting. Mix 20 bbls diesel w/ 55 gal Basin 'Pipe Lax'. Prior to pumping spotting fluid, pulled 140k on drill string with some movement. Kick in power swivel. Pipe broke free. Circulate bottoms up. POOH laying down 16 joints drill pipe (no tight spots). Shut down due to 70++ mph winds after pulling out to 5773'. Load and circulate hole. High winds did not stop early enough this evening to continue TOH. SDFN. Knight hands manning the pumps to maintain circulation.

4/18/06

Inspect rig & location. Hold safety meeting. POH laying down 81 joints drill pipe, hit tight spot @3216'. Mix new mud pit w/ Cleanfaze & Micro fiber. Circulate out thick red-bed material. Work drill string, RIH with 4 jts, hole clear. TOH laying down 36 joints, leaving bit @ 2102', no additional tight hole. SDFN.

4/19/06

Inspect rig & location. Hold safety meeting. Finish POH laying down drill pipe, collars, & bit. Change pipe rams, slips & elevators. RU R & S Casing crew to run 5 ½", 17 ppf, P110 casing. RIH w/ Float Shoe, 1 joint casing w/ centralizer 8' up, float collar (locking compound used on float shoe & both ends of float collar), & 48 joints casing (2105') filling & circulating every 20 jts. Install 1 centralizer every other collar for a total of 22. SDFN.

4/20/06

Inspect rig & location. Hold safety meeting. RIH w/ remainder of casing, circulating every 20 joints w/ 1 centralizer @ 2149'. PU landing joint. Land casing w/ float shoe @ 6272' and float collar @ 6229'. Circulate while RU Schlumberger. Pressure test lines to 4000 psi. Pump 20 bbls chemical wash ahead. Cement with 360 sks 65/35 poz + 6% gel + 0.25 #/sk D130 + 18% D44 + .3% D167 + .15% D65A + 5 #/sk D24 (12.4 ppg, 1.93 cf/sk) followed by 415 sks

25/75 poz + 0.3% D65 + 0.15% D65 + 10% D44BWOW + 0.35% retarder (13.8 ppg, 1.47 cf/sk). Mixed at 5 bpm and 180 psi. Displaced with 144 bbls wtr at 5 bpm. Maximum lift pressure – 1100 psi at 2 bpm (calculated lift - 1350 psi). Bumped plug to 1600 psi, floats held. Appeared to have full returns throughout job. Plug down at 8:31 p.m. 4/20/06. Rig down floor. Raise BOP stack and set slips w/ casing in full tension. Set BOP stack back and bolt up for night.

4/21/06

Inspect rig & location. Hold safety meeting. Remove 11" Hydril & BOP's from hole. Cut off & dress casing stub. RU tubing hanger & wellhead. Pressure test OK. SDFN

CROWNQUEST

CROWNQUEST OPERATING, LLC

May 26, 2006

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

Re: Jefferson State 4-1
Section 4, T-33-S, R-24-E
San Juan County, Utah

Ladies and Gentlemen:

Pursuant to R649-2-11, CrownQuest Operating Company, LLC, the Operator of the above captioned well, hereby requests that you keep confidential all information you receive for the above captioned well.

Thanks for your attention to this matter. Should you have any questions please do not hesitate to contact me.

Very truly yours,

M. Craig Clark

MCC/s

303 W. Wall • Suite 1400 • P.O. Box 2990 • Midland, Texas 79702 • 432.685.3116 • FAX 432.687.4804

CONFIDENTIAL

FORM 9

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

5. LEASE DESIGNATION AND SERIAL NUMBER: ML 47962

SUNDRY NOTICES AND REPORTS ON WELLS

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

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

1. TYPE OF WELL: OIL WELL ☐ GAS WELL ☐ OTHER Wildcat - unknown

8. WELL NAME and NUMBER: Jefferson State 4-1

2. NAME OF OPERATOR: CrownQuest Operating, LLC

9. API NUMBER: 4303731832

3. ADDRESS OF OPERATOR: 303 Wall, Suite 1400 CITY Midland STATE TX ZIP 79702

PHONE NUMBER: (432) 685-3116

10. FIELD AND POOL, OR WILDCAT: Wildcat

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 1815' FNL x 830' FWL

COUNTY: San Juan

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 4 33S 24E

STATE: UTAH

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

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

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

Operations summary report is attached.

NAME (PLEASE PRINT) Robert R. Griffee

TITLE Operations Manager (agent for CrownQuest LLC)

SIGNATURE

DATE 5/31/2006

(This space for State use only)

RECEIVED
JUN 09 2006
DIV. OF OIL, GAS & MINING

(5/2000)

(See Instructions on Reverse Side)

Crownquest Operating LLC
Jefferson State # 4-1

CONFIDENTIAL

TJR #4 Brad Warburton – Wellsite Advisor

4/26/06
RU completion equipment and NU wellhead. PU bit and 2 7/8" tubing.

4/27/06
PU 2 7/8" tubing, RIH. Clean out casing to 6243'. TOH. RU Blue Jet, run CBL.

4/28/06
TIH open ended, spot 250 gals 7 1/2% HCL from 6170'.

4/29/06
TOH. Perforate 6170' – 6210' with 4 jspf. RU Schlumberger. Break down perforations with 1500 gals 15% HCL.

4/30/06
Flow back breakdown fluid.

5/01/06
RU Schlumberger. Frac 6170' – 6210' with 94,728 lbs 20/40 sand in 671 bbls ClearFrac LT 70Q N2 foam. RD Schlumberger. Flow back load on 1/8" choke.

5/02/06
Flow back load water and foam.

5/03/06
Flowed back load water foam and N2. TIH with bit and tubing. Clean out sand and frac fluid to PBTD. TOH.

5/04/06
TIH w/ notched collar 1 jt & seating nipple to 6072'. Clean out to 6245'. POH to 6072'. Run Protechnic's tracer survey.

5/05/06
Flow back well. Clean out sand. Swab back load water.

5/06/06
Flow back well.

5/08/06

Flow back well. RIH and tag sand @ 6185'. RU BJ Nitrogen Services. Unload well w/ N2 foam sweeps. Clean out sand and load water.

5/09/06

Flow back well. Clean out with BJ N2. Flow back.

5/10/06
Flow back.

CONFIDENTIAL

5/11/06

Flow back, flowing small amnt of gas.

5/12/06
Pump fresh water flush into perforations. Swab back. Flow back well. SI well for pressure build up.

5/13/06
Shut in for pressure build up.

5/14/06
Shut in for pressure build up. from 0 to 2 psi since last report. Left well SI.

5/15/06

Flow back well.

5/16/06
TOH with tubing. PU cement retainer, RIH and set at 6155'. TOH with setting tools. TIH open ended to 5500'.

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

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

5. LEASE DESIGNATION AND SERIAL NUMBER: ML 47962
6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
7. UNIT or CA AGREEMENT NAME:
8. WELL NAME and NUMBER: Jefferson State 4-1
9. API NUMBER: 4303731832
10. FIELD AND POOL, OR WILDCAT: Wildcat

1. TYPE OF WELL: OIL WELL ☐ GAS WELL ☐ OTHER Wildcat - unknown

2. NAME OF OPERATOR: CrownQuest Operating, LLC

3. ADDRESS OF OPERATOR: 303 Wall, Sutie 1400 CITY Midland STATE TX ZIP 79702 PHONE NUMBER: (432) 685-3116

4. LOCATION OF WELL
FOOTAGES AT SURFACE: 1815' FNL x 830' FWL COUNTY: San Juan
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 4 33S 24E STATE: UTAH

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

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

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

Operations summary report is attached

CONFIDENTIAL

NAME (PLEASE PRINT) Robert R. Griffee TITLE Operations Manager (agent for CrownQuest LLC)
SIGNATURE Robert R. Griffee DATE 6/13/2006

(This space for State use only)

RECEIVED
JUN 19 2006
DIV. OF OIL, GAS & MINING

(5/2000) (See Instructions on Reverse Side)

CONFIDENTIAL

Crownquest Operating LLC
Jefferson State # 4-1

TJR #4 Brad Warburton – Wellsite Advisor

5/16/06
TOH w/ tubing. PU cement retainer, RIH and set at 6155'. Displace casing with 3% KCL water. Pressure test cement retainer to 1000 psi with rig pump. TOH with setting tools. TIH open ended to 5500'.

5/17/06
Finish TIH with 2 7/8" tubing to 6074'. Spot 250 gals 7 ½% HCL. TOH. RU Blue Jet. Set composite bridge plug with top at 6147'. Pressure test to 5000 psi. Perforate 6074' – 6001' with 2 jspf. RU WSI 10k psi wellhead isolation equipment. Pressure test lines. Break down perforations 1500 gals 15% HCL. Rig down Schlumberger. Flow back.

5/18/06
Flowed back on 1/8" choke until.

5/19/06
RU Schlumberger. Pressure test lines to 8000 psi. Perform step rate test. Frac'd 70Q ClearFrac foam and 47,633 lbs of 20/40 Jordan sand. Flow back on 1/8". Recovery all foam and load water.

5/20/05
Flow back on 1/8" choke. All fluid recovery is foam, N2, and load water.

5/21/06
Continue flowing well back on 1/8" choke. Change choke to ¼" at 2:00 p.m. Flowing small amount of gas. Ignited flare at 2:30 a.m. – 7' flare – 120 psi, no water, sand or oil. At 7:00 a.m. – 5' flare – 60 psi. Choke nipple equation indicates the flow rate is 94 mcfd.

5/22/06
Well flowing on ¼" choke @ 40 psi w/ 3-4' flame @ 8:00 a.m. Open well on 2" line. Bleed down. ND frac valve & lines, NU stripping head. TIH w/ 4 ¾" bit and 2 7/8" tbg. Tag @ 6012', probable sand. RU Air pkg at 5:00 p.m. POH to 5877'. Turn well over to flowback crew. Open well up on ¼" choke

5/23/06
RIH. Tag @ 5999'. PU 30'. Pressure up w/ air to 1800 psi. Start load fluid moving w/ rig pump, then start air-foam. Unload well recovering load water, foam, & small amounts of sand. Clean out sand to PBTD recovering load water, sand, & lt foam. POH, LD bit. TIH w/ notched collar, 1 jt, SN, and tbg. Tag @ 6133'. Unload w/ air-foam, clean out to PBTD. Unload w/ air-foam 2 hrs. RIH to PBTD w/ no fill. POH to 5975'. Close rams and open tubing on ¼" choke.

5/24/06
Inspect location. Hold Safety meeting. Bleed casing down slowly over 1-1/2 hrs. RU swab assy. RIH w/ swab on sand line and tag fluid @ 3500'. Pulled swab from SN. Recovered load water. RD swab. RIH w/ tbg. Tag @ 6144'. Unload w/ air, clean out to PBTD. Unloaded frac water & small amt orange colored fluid (samples taken). POH to 5975'. Shut well in @ 5pm to build up casing pressure. Turn well over to flowback crew to monitor overnight. Will open tubing up on ¼" choke @ 9 pm.

5/25/06
Bled down casing pressure slowly (all gas). Unload w/ air, recovered approx. 30 bbls load water, no sand or oil. RU slickline & ProTechnics logging tools. Run tracer log from bridge plug @ 6147 to 5800'. RD slickline. RIH to 6007'. Unload w/ air recovering approx 20 bbls load water. Continue unloading w/ air to 5pm recovering a small steady stream of load water. Shut well in.

CONFIDENTIAL

5/26/06

Bled casing down slowly. RIH to PBTD (no fill). Unload w/ air, recovered approx. 25 bbls load water. Continue unloading w/ air to 11 am recovering a small steady stream of load water. Shut well in

Oscar Laurel, Field Supervisor, Sierra Engineering
Relieving Brad Warburton

4/30/06
Prepare to unload well. Re-align lines to flow up tubing and inject air into annulus. Removed ¼" choke, and bleed down tubing from 32 psi to 0 psi in 30 seconds. Well dead. Inject air into annulus; build from 990 psi to 2150 psi. Pressure stabilized and started to unload tubing. Continue flowing well while injecting 1600 cfm air @ 2000 psi. Unloaded approximately 40 – 60 bbls. Well begin misting and surging. Shut off air and well died within 30 minutes.
Inject air, unload well, flow until dead, 5 additional cycles remainder of day. Recovered approximately 20-30 bbls brine each cycle. Ignitable gas was observed during flows. Fluid sample recovered weighed 9.8 ppg (reddish-brown color).
Run tubing, tag bottom, no fill. Shut well in for night.

5/31/06
Continue unloading well injecting air into annulus, producing up tubing. Water volume produced has decreasing to less that ½ of volume yesterday. Unloaded well 6 times from 8 am to 1 pm. Recovered approx. 20-40 bbls today. Minimal amount of gas flaring.
Pump 20 bbls brine down tubing to kill string, nipple down BOP & NU Tree.
Tear out rig equipment and prepare to move to Meyers #1 Thursday morning.

6/01/06

Rig down and move to S.P. Meyer #1. Break out flow lines, blooie line, and all equipment to move rig and rental units. Leave booster and 1 air compressor on location to unload well tomorrow morning.

June 2, 2006
Casing pressure 600 psi (no gauge on tubing)
Bleed down annular pressure and flare gas.
Continue jetting well with air package. Pumped 800 cfm down tubing and produced up annulus. Water volume produced is continuing to decrease, fluid weight climbing from 9.8 ppg to 10.2 ppg. Jetted well from 9 am to 3 pm. Recovered +/- 25 bbls.
Shut well in, will move air package to Meyers #1 on Monday.

Note: Tubing hanger sent to location was for 2 3/8" tubing, swedged 2 7/8" to 2 3/8" to land tubing. Need to order out new tubing hanger w/ 2 7/8" 8rd EUE box if tubing is re-run in the future.

CONFIDENTIAL

FORM 9

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

5. LEASE DESIGNATION AND SERIAL NUMBER: ML 47962

SUNDRY NOTICES AND REPORTS ON WELLS

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

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

7. UNIT or CA AGREEMENT NAME:

1. TYPE OF WELL: OIL WELL ☐ GAS WELL ☑ OTHER

8. WELL NAME and NUMBER: Jefferson State 4-1

2. NAME OF OPERATOR: CrownQuest Operating, LLC

9. API NUMBER: 4303731832

3. ADDRESS OF OPERATOR: 303 Veteran's Airpark Lane CITY Midland STATE TX ZIP 79705

PHONE NUMBER: (432) 818-0300

10. FIELD AND POOL, OR WILDCAT: Wildcat

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 1815' FNL x 830' FWL

COUNTY: San Juan

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 4 33S 24E

STATE: UTAH

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

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

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

This Sundry Notice is intended to respond to the Utah Division of Oil, Gas and Mining letter dated 1/29/07.

The completion process on this well has not yet been finished. CrownQuest has perforated, fracture stimulated, and tested the first two identified zones. The first Pennsylvanian zone is 6170' - 6210'. Activities and results are described on the Form 9 Sundry notice dated 5/31/06. The second Pennsylvanian zone is 6074' - 6001'. Activities and results are described on the Form 9 Sundry notice dated 6/13/06. Both of these zones displayed very brief signs of natural gas, but would not produce at any measurable rate. CrownQuest then moved the rig and equipment to the S.P. Meyer to attempt to confirm the results from the Jefferson State, in a second well.

CrownQuest intends to move the rig and equipment back on the Jefferson State 4-1 within the next several weeks to continue completing and testing additional zones by moving up hole.

NAME (PLEASE PRINT) Robert R. Griffee

TITLE Operations Manager (agent for CrownQuest)

SIGNATURE Robert R. Griffee

DATE 2/1/2007

(This space for State use only)

RECEIVED

FEB 05 2007

DIV. OF OIL, GAS

(5/2000)

(See Instructions on Reverse Side)

CONFIDENTIAL

FORM 9

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

5. LEASE DESIGNATION AND SERIAL NUMBER: ML 47962

SUNDRY NOTICES AND REPORTS ON WELLS

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

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

1. TYPE OF WELL: OIL WELL ☐ GAS WELL ☑ OTHER _____

8. WELL NAME and NUMBER: Jefferson State 4-1

2. NAME OF OPERATOR: CrownQuest Operating, LLC

9. API NUMBER: 4303731832

3. ADDRESS OF OPERATOR: 303 Veterans Airpark Lane CITY Midland STATE TX ZIP 79705

PHONE NUMBER: (432) 818-0300

10. FIELD AND POOL, OR WILDCAT: Wildcat

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 1815' FNL x 830' FWL

COUNTY: San Juan

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 4 33S 24E

STATE: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
☐ NOTICE OF INTENT (Submit in Duplicate)	☐ ACIDIZE	☐ DEEPEN	☐ REPERFORATE CURRENT FORMATION
Approximate date work will start:	☐ ALTER CASING	☐ FRACTURE TREAT	☐ SIDETRACK TO REPAIR WELL
	☐ CASING REPAIR	☐ NEW CONSTRUCTION	☐ TEMPORARILY ABANDON
	☐ CHANGE TO PREVIOUS PLANS	☐ OPERATOR CHANGE	☐ TUBING REPAIR
	☐ CHANGE TUBING	☐ PLUG AND ABANDON	☐ VENT OR FLARE
☑ SUBSEQUENT REPORT (Submit Original Form Only)	☐ CHANGE WELL NAME	☐ PLUG BACK	☐ WATER DISPOSAL
Date of work completion:	☐ CHANGE WELL STATUS	☐ PRODUCTION (START/RESUME)	☐ WATER SHUT-OFF
3/28/2007	☐ COMMINGLE PRODUCING FORMATIONS	☐ RECLAMATION OF WELL SITE	☑ OTHER: Re-entry operations
	☐ CONVERT WELL TYPE	☐ RECOMPLETE - DIFFERENT FORMATION	

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

CrownQuest has completed this well as per the Sundry dated 2/1/2007. The completion reports are attached.

NAME (PLEASE PRINT) Robert R. Griffee

TITLE Operations Manager (agent for CrownQuest)

SIGNATURE Robert R. Griffee

DATE 3/29/2007

(This space for State use only)

RECEIVED
APR 0 4 2007
DIV. OF OIL, GAS & MINING

(5/2000)

(See Instructions on Reverse Side)

CONFIDENTIAL

Crownquest Operating LLC
Jefferson State # 4-1

Hurricane Well Service Rig 10 – Sam Bllington, well site supervisor

2/15/07
MIRU. ND well head, NU BOPE.

2/16/07
RU Superior WS. TOH with 2 7/8" tubing to 5800'. Spot 500 gals 7 ½% HCL. TOH. RU Blue Jet. Set composite bridge plug at 5900'. Pressure test BOPE to 4500 psi and 250 psi.

2/17/07
RU Blue Jet. Perforate 5700' – 5703', 5710' – 5716', 5730' – 5738', and 5745' – 5749' w/ 2 jspf. RU Stinger wellhead isolation tool. RU Superior. Acidize perforations with 5500 gals 20% HCL with 60 ball sealers. RD Superior and Stinger. Flow back on 3/8" choke.

2/18/07
TIH w/ tubing. Unload well with air. TOH. Flow back on 1/8" choke.

2/19/07
RU Blue Jet. Set frac plug at 5680'. RU Superior WS. Pressure test frac plug to 4500 psi. Perforate 5636' – 5644' w 4 jspf. Pump 1000 gals 20% HCL followed by frac, 56,000 lbs 20/40 Ottawa sand in 70Q N2 foam. RD Stinger. Open well on ¼" choke and flow back.

2/20/07
RU Blue Jet. Set composite frac plug at 5620'. RU Superior WS. Load csg with 3% KCL. Perforate 5425' – 5433', 5435' – 5457', 5563' – 5573', 5577' – 5582', and 5587' – 5592' w/ 1 jspf. RU Stinger wellhead isolation tool. Acidize perforations with 10,500 gals 20% HCL and 50 ball sealers. RD Stinger. Set composite frac plug at 5400'. Pressure test plug to 4500 psi. Perforate 5322' – 5326' and 5338' – 5354' w/ 4 jspf. RU isolation tool. Frac perforation interval with 100,096 lbs 20/40 Ottawa sand in 70Q N2 foam.
RD wellhead isolation. Flow back on 24-64" choke.

2/21/07
Flow back well on 24/64" choke, recovering frac fluid, trace of gas.

2/22/07
Flow back well on 24/64" choke recovering frac fluid, trace sand, trace of gas (5' to 6' flare).

2/23/07
RU Blue Jet. Set composite bridge plug at 5280'. Change out blind rams and re-test. Pressure test bridge plug at 5280' – test failed. Set composite frac plug at 5276', pressure test, plug held. Perforate 5154' – 5170' w/ 4 jspf. Bullhead 1800 gals 20% HCL and follow with frac, 51,000 lbs 20/40 Ottawa sand in 70Q N2 foam. Set frac isolation plug at 5100'. Pressure test plug to 4500 psi. Perforate 5004' – 5019' w/ 4 jspf. RU Stinger well head isolation. Bullhead 2000 gals 20% HCL and follow with frac, 87,750 lbs 20/40 Ottawa sand in 70Q N2 foam. RD Superior WS. Flow well back on 24/64" choke.

2/24/07
Flow well back on 24/64" choke @ 850 psi. Recovering frac fluid and N2.

2/25/07
Flow well back on 24/64" choke @ 100 psi. Recovering frac fluid and N2.

CONFIDENTIAL

2/26/07
Blow down casing, load with 3% KCL. RU Blue Jet and set composite bridge plug at 4900'.

2/27/07
Change out BOP and pressure test. PU 4 ¾" mill and pump off sub. TIH to 4900'. Mill out plug. Flow back on 32-64" choke. Recovering frac fluid and N2.

2/28/07
TIH to 5100'. Mill out frac plug. Mill out frac plugs at 5276' and 5280'. POOH to 4900'. Flow back on 32/64" choke recovering frac fluid, N2, and trace of gas.

3/01/07
Clean out and flow back well. Recovering frac fluid, N2, and trace of gas.

3/02/07
TIH and drill out frac plug at 5400'. Clean up well bore, recovering frac fluid.

3/03/07
TOH to 4900'. SD for weekend. Flow well back and circulate w/ air to recover fluid.

3/04/07
Circulate w/ air to recover fluid.

3/05/07
TIH to 5469'. Mill out frac plug at 5469'. TIH to 5620'. POOH to 4900'. Flow well back on 32/64" choke. Recovering frac fluid, N2, and trace of gas (3' – 4' flare).

3/06/07
TIH to 5690'. Heavy sand in returns. TOH to 4900'. Flow well back recovering frac fluid and trace of gas.

3/07/07
TIH to 5670'. Clean out composite plug pieces and sand to 5880'. Clean out with air. POOH to 5800'.

3/08/07
Flow well back on 1 ¼" choke. Recovering frac fluid, N2, and trace of gas. Circulate with air to recover fluid.

3/09/07
Recover frac fluid with air. TIH and tag fill at 5820'. Clean out 5860'. POOH to 4900'. Circulate with air to recover fluid.

3/10/07
Circulate with air to recover fluid.

3/11/07
Circulate with air to recover fluid. Recovering frac fluid, N2, trace gas, trace oil.

3/12/07
TIH with retrievable bridge plug to 5082', set plug. Flow back top set of perforations, 5004' – 5019'. Perf interval making 20 bwphr.

3/13/07
Set bridge plug and TOH. Shut well in. W.O. Cementers.

CONFIDENTIAL

3/14/07
RU Blue Jet. Set composite bridge plug at 5070'. PU cement retainer and TIH. Set retainer at 4848'. Shut in, W.O. Cementers.

3/15/07
RU Schlumberger. Squeeze perforation interval 5004' – 5019' under cement retainer, with 200 sks class 'G'. RD cementers. WOC.

3/16/07
TIH with mill and 2 7/8" tubing. Mill out hard cement from 4848' – 4978'. Shut down for weekend.

3/19/07
Mill out cement to 5060'. Pressure test casing to 500 psi – ok. TIH tag plug at 5070'.

3/20/07
Mill out bridge plug at 5070'. TIH to 5820', 40' fill. Clean out well with air.

3/21/07
Flow back well on 24/64" choke, 50-60 mcfd. Unload with air. Flow back on 24-64" choke with 85 psi (275 mcfd). Unload and clean out with air.

3/22/07
Clean out well with air. Flow back well on 1 ¼" choke at 250 – 300 mcfd. Clean out to PBTD of 5860'. TOH. LD mill. TIH with 1 jt, SN, and 2 7/8" tubing. Flow well back.

3/23/07
Land 2 7/8" tubing at 5736'. ND BOPE, NU well head.

3/24/07
Flow back well. Well logged off with water.

3/26/07
CP – 450 psi, TP – 350 psi. NU BOP. TOH with 2 7/8" tubing. Run 1 jt 2 3/8" tubing, SN, and 2 3/8" tubing. Land tubing at 5728'.

3/27/07
ND BOPE, NU well head and test.

3/28/07
Release rig to move to Montezuma 41-17-74.

CONFIDENTIAL

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

AMENDED REPORT ☐ (highlight changes)

FORM 8

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

5. LEASE DESIGNATION AND SERIAL NUMBER: ML 47962

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

8. WELL NAME and NUMBER: Jefferson State 4-1

9. API NUMBER: 4303731832

10 FIELD AND POOL, OR WILDCAT: Wildcat

1a. TYPE OF WELL: OIL WELL ☐ GAS WELL ☑ DRY ☐ OTHER

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

2. NAME OF OPERATOR: CrownQuest Operating, LLC

3. ADDRESS OF OPERATOR: 303 Veteran's Airpark Ln CITY Midland STATE TX ZIP 79705 PHONE NUMBER:

4. LOCATION OF WELL (FOOTAGES)
AT SURFACE: 1815' FNL x 830' FWL
AT TOP PRODUCING INTERVAL REPORTED BELOW: same
AT TOTAL DEPTH: same

11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: swnw 4 33S 24E

12. COUNTY: San Juan

13. STATE: UTAH

14. DATE SPUDDED: 4/1/2005

15. DATE T.D. REACHED: 5/1/2005

16. DATE COMPLETED: 3/28/2007 ABANDONED ☐ READY TO PRODUCE ☑

17. ELEVATIONS (DF, RKB, RT, GL): 6879' GL

18. TOTAL DEPTH: MD 6,272 TVD 6,272

19. PLUG BACK T.D.: MD 6,243 TVD 6,243

20. IF MULTIPLE COMPLETIONS, HOW MANY? * 1

21. DEPTH BRIDGE PLUG SET: MD 5,374 TVD 5,374

22. TYPE ELECTRIC AND OTHER MECHANICAL LOGS RUN (Submit copy of each)
open hole logs submitted previously
CBL attached

23.
WAS WELL CORED? NO ☑ YES ☐ (Submit analysis)
WAS DST RUN? NO ☑ YES ☐ (Submit report)
DIRECTIONAL SURVEY? NO ☑ YES ☐ (Submit copy)

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

HOLE SIZE	SIZE/GRADE	WEIGHT (#/ft.)	TOP (MD)	BOTTOM (MD)	STAGE CEMENTER DEPTH	CEMENT TYPE & NO. OF SACKS	SLURRY VOLUME (BBL)	CEMENT TOP **	AMOUNT PULLED
17 1/2"	13 3/8" H40	48	0	269		G 300	62	surface	none
12 1/4"	9 5/8" J55	36	0	2,162		65/35 685	203	surface	none
8 3/4"	5 1/2" P110	17	0	2,763	2,724	65/35 360	124	2920	none
						25/75 415	109		

25. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
2 3/8	5,728							

26. PRODUCING INTERVALS

FORMATION NAME	TOP (MD)	BOTTOM (MD)	TOP (TVD)	BOTTOM (TVD)
(A) Pennsylvanian	4,613	6,232	4,613	6,232
(B)				
(C)				
(D)				

27. PERFORATION RECORD

INTERVAL (Top/Bot - MD)	SIZE	NO. HOLES	PERFORATION STATUS
See Attachment 1			Open ☐ Squeezed ☐
			Open ☐ Squeezed ☐
			Open ☐ Squeezed ☐
			Open ☐ Squeezed ☐

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

DEPTH INTERVAL	AMOUNT AND TYPE OF MATERIAL
See Attachment 1	

29. ENCLOSED ATTACHMENTS:
☑ ELECTRICAL/MECHANICAL LOGS
☐ SUNDRY NOTICE FOR PLUGGING AND CEMENT VERIFICATION
☐ GEOLOGIC REPORT
☐ CORE ANALYSIS
☐ DST REPORT
☐ OTHER:
☐ DIRECTIONAL SURVEY

30. WELL STATUS: SI W.O. PL

RECEIVED
MAY 18 2007
DIV. OF OIL, GAS & MINING

(5/2000)

(CONTINUED ON BACK)

CONFIDENTIAL

31. INITIAL PRODUCTION

INTERVAL A (As shown in Item #26)

DATE FIRST PRODUCED:	TEST DATE:	HOURS TESTED:	TEST PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:
CHOKE SI See Attachment 2	RAVITY	BTU – GAS / GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	INTERVAL STATUS:

INTERVAL B (As shown in Item #26)

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

INTERVAL C (As shown in Item #26)

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

INTERVAL D (As shown in Item #26)

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

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

vented (flared) for testing.

33. SUMMARY OF POROUS ZONES (Include Aquifers):

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

34. FORMATION (Log) MARKERS:

Formation	Top (MD)	Bottom (MD)	Descriptions, Contents, etc.	Name	Top (Measured Depth)
Honaker Trail	4,613	5,808	brine wtr, gas, oil		
Ismay	5,808	6,074	brine wtr, gas, oil		
Desert Creek	6,074	6,196	brine wtr, gas, oil		

35. ADDITIONAL REMARKS (Include plugging procedure)

Well is shut-in, waiting on pipeline.

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

NAME (PLEASE PRINT) Robert R. Griffee TITLE Operations Manager

SIGNATURE Robert R. Griffee DATE 4/23/2007

This report must be submitted within 30 days of

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

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

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

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

Phone: 801-538-5340

Fax: 801-359-3940

(5/2000)

CONFIDENTIAL

Attachment 1

27. PERFORATION RECORD					
INTERVAL (Top/Bot - MD)		SIZE	NO. HOLES	PERFORATION STATUS	ZONE
6170	6210	0.34	164	Under bridge plug @ 6147	A
6074	6001	0.34	148	Under bridge plug @ 5900	B
5700	5749	0.34	50	Under bridge plug @ 5680	C (see note 1)
5636	5644	0.34	36	producible	D
5425	5592	0.34	55	producible	E (see note 2)
5322	5354	0.34	88	producible	F (see note 3)
5154	5170	0.34	68	producible	G
5004	5019	0.34	64	squeezed with 200 sks	H

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

DEPTH INTERVAL		AMOUNT AND TYPE OF MATERIAL	ZONE
6210	6170	1500 gals 15% HCL, 94728 lbs 20/40 snd in 70Q N2 foam	A
6001	6074	1500 gals 15% HCL, 47633 lbs 20/40 snd in 70Q N2 foam	B
5749	5700	5500 gals 20% HCL	C
5644	5636	1000 gals 15% HCL, 56000 lbs 20/40 snd in 70Q N2 foam	D
5592	5425	10500 gals 20% HCL	E
5354	5322	100096 lbs 20/40 snd in 70Q N2 foam	F
5170	5154	1800 gals 20% HCL, 51000 lbs 20/40 snd in 70Q N2 foam	G
5019	5004	2000 gals 20% HCL, 87750 lbs 20/40 snd in 70Q N2 foam	H

note 1: Zone C perforations, 2 jspf,
5700 - 5703, 5710 - 5716, 5730 - 5738, and 5745 - 5749

note 2: Zone E perforations, 1 jspf
5425 - 5433, 5435 - 5457, 5563 - 5573, 5577 - 5582, and 5587 - 5592

note 3: Zone F perforations, 4 jspf
5322 - 5326 and 5338 - 5354

CONFIDENTIAL

Attachment 2

31. INITIAL PRODUCTION

Interval A (As shown in Item #26)

DATE FIRST PRODUCED:		TEST DATE: 5/15/2006	HOURS TESTED: 16 days		TEST PRODUCTION RATES: →	OIL - BBL:	GAS - MCF:	WATER - BBL:	PROD. METHOD: swab
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU - GAS	24 HR. PRODUTION RATES: →	OIL - BBL: too small to measure	GAS - MCF:	WATER - BBL:	INTERVAL STATUS: under bridge plug

Interval B (As shown in Item #26)

DATE FIRST PRODUCED:		TEST DATE: 5/31/2006	HOURS TESTED: 14 days		TEST PRODUCTION RATES: →	OIL - BBL:	GAS - MCF:	WATER - BBL:	PROD. METHOD: swab, air assit
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU - GAS	24 HR. PRODUTION RATES: →	OIL - BBL: too small to measure	GAS - MCF:	WATER - BBL:	INTERVAL STATUS: under bridge plug

Interval C (As shown in Item #26)

DATE FIRST PRODUCED:		TEST DATE: 2/18/2007	HOURS TESTED: 4		TEST PRODUCTION RATES: →	OIL - BBL:	GAS - MCF: TSTM	WATER - BBL:	PROD. METHOD: flowing
CHOKE SIZE: 1/8"	TBG. PRESS. TSTM	CSG. PRESS. TSTM	API GRAVITY	BTU - GAS	24 HR. PRODUTION RATES: →	OIL - BBL:	GAS - MCF: TSTM	WATER - BBL:	INTERVAL STATUS: under bridge plug

Interval D (As shown in Item #26)

DATE FIRST PRODUCED:		TEST DATE:	HOURS TESTED:		TEST PRODUCTION RATES: →	OIL - BBL: D, E, F, and G tested together	GAS - MCF:	WATER - BBL:	PROD. METHOD: flowing
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU - GAS	24 HR. PRODUTION RATES: →	OIL - BBL: D, E, F, and G tested together	GAS - MCF:	WATER - BBL:	INTERVAL STATUS: producible, wo PL

Interval E (As shown in Item #26)

DATE FIRST PRODUCED:		TEST DATE:	HOURS TESTED:		TEST PRODUCTION RATES: →	OIL - BBL: D, E, F, and G tested together	GAS - MCF:	WATER - BBL:	PROD. METHOD: flowing
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU - GAS	24 HR. PRODUTION RATES: →	OIL - BBL: D, E, F, and G tested together	GAS - MCF:	WATER - BBL:	INTERVAL STATUS: producible, wo PL

Interval F (As shown in Item #26)

DATE FIRST PRODUCED:		TEST DATE:	HOURS TESTED:		TEST PRODUCTION RATES: →	OIL - BBL: D, E, F, and G tested together	GAS - MCF:	WATER - BBL:	PROD. METHOD: flowing
CHOKE SIZE: 1/4"	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU - GAS	24 HR. PRODUTION RATES: →	OIL - BBL: D, E, F, and G tested together	GAS - MCF:	WATER - BBL:	INTERVAL STATUS: producible, wo PL

Interval G (As shown in Item #26)

DATE FIRST PRODUCED:		TEST DATE:	HOURS TESTED:		TEST PRODUCTION RATES: →	OIL - BBL: D, E, F, and G tested together	GAS - MCF:	WATER - BBL:	PROD. METHOD: flowing
CHOKE SIZE: 1/4"	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU - GAS	24 HR. PRODUTION RATES: →	OIL - BBL: D, E, F, and G tested together	GAS - MCF:	WATER - BBL:	INTERVAL STATUS: producible, wo PL

Interval H (As shown in Item #26)

DATE FIRST PRODUCED:		TEST DATE: 3/12/2007	HOURS TESTED: 8		TEST PRODUCTION RATES: →	OIL - BBL:	GAS - MCF: 0	WATER - BBL: 160	PROD. METHOD: flowing
CHOKE SIZE: 2"	TBG. PRESS. 25	CSG. PRESS. 0	API GRAVITY	BTU - GAS	24 HR. PRODUTION RATES: →	OIL - BBL:	GAS - MCF: 0	WATER - BBL: 480	INTERVAL STATUS: squeezed off

Intervals D, E, F, and G (As shown in Item #26) tested together

DATE FIRST PRODUCED: w.o. pipeline		TEST DATE: 3/22/2007	HOURS TESTED: 8		TEST PRODUCTION RATES: →	OIL - BBL: 0	GAS - MCF: 83	WATER - BBL: 24	PROD. METHOD: flowing
CHOKE SIZE: 1/2"	TBG. PRESS. 40	CSG. PRESS. 250	API GRAVITY	BTU - GAS 1.14	24 HR. PRODUTION RATES: →	OIL - BBL: 0	GAS - MCF: 250	WATER - BBL: 72	INTERVAL STATUS: producible, wo PL

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

CONFIDENTIAL

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

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

5. LEASE DESIGNATION AND SERIAL NUMBER: ML 47962

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

1. TYPE OF WELL: OIL WELL ☐ GAS WELL ☑ OTHER

8. WELL NAME and NUMBER: Jefferson ~~State~~ 4-1

2. NAME OF OPERATOR: CrownQuest Operating, LLC.

9. API NUMBER: ~~43031832~~ 43 037 31832

3. ADDRESS OF OPERATOR: PO Box 2221 CITY Farmngton STATE NM ZIP 87401

PHONE NUMBER: (505) 327-5750

10. FIELD AND POOL, OR WILDCAT: Wildcat

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 1815' FNL x 830' FWL

COUNTY: San Juan

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 4 33S 24E

STATE: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
☐ NOTICE OF INTENT (Submit in Duplicate)	☐ ACIDIZE	☐ DEEPEN	☐ REPERFORATE CURRENT FORMATION
Approximate date work will start:	☐ ALTER CASING	☐ FRACTURE TREAT	☐ SIDETRACK TO REPAIR WELL
	☐ CASING REPAIR	☐ NEW CONSTRUCTION	☐ TEMPORARILY ABANDON
	☐ CHANGE TO PREVIOUS PLANS	☐ OPERATOR CHANGE	☐ TUBING REPAIR
	☐ CHANGE TUBING	☐ PLUG AND ABANDON	☐ VENT OR FLARE
☑ SUBSEQUENT REPORT (Submit Original Form Only)	☐ CHANGE WELL NAME	☐ PLUG BACK	☐ WATER DISPOSAL
Date of work completion:	☐ CHANGE WELL STATUS	☐ PRODUCTION (START/RESUME)	☐ WATER SHUT-OFF
7/20/2007	☐ COMMINGLE PRODUCING FORMATIONS	☐ RECLAMATION OF WELL SITE	☑ OTHER: Re-entry and Completion
	☐ CONVERT WELL TYPE	☐ RECOMPLETE - DIFFERENT FORMATION	

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

Roddy Production Company, Inc. has performed additional completion operations on the above referenced well. The report summaries from 7/16/07 - 8/03/07 are attached.

NAME (PLEASE PRINT) Robert R. Griffee

TITLE Operations Manager

SIGNATURE

DATE 8/6/2007

(This space for State use only)

RECEIVED
AUG 1 0 2007
DIV. OF OIL, GAS & MINING

(5/2000)

(See Instructions on Reverse Side)

CONFIDENTIAL

Crownquest Operating LLC
Jefferson State # 4-1

Hurricane Well Service Rig 12 – James Young, well site supervisor

7/16/07
MIRU. ND well head, NU BOPE.

7/17/07
Rig up Well Check, test choke manifold to 4500 psi, test BOP to 4500 psi – OK.

7/18/07
Trip out of hole w/ 176 jts 2 3/8" tubing, heavy scale on tubing. Trip in w/ 4 ¾" bit and casing scraper. Tag @ 4952', could not go thru scale. Load well w/ KCl fluid, lost returns with fluid returns to surface.

7/19/07
Trip in hole w/ 4 ¾" mill and string mill. Unload well w/ air, fluid wt. 8.9 ppg. Pick up power swivel and clean out to 5466'.

7/20/07
Continue cleaning out w/ mill and string mill. Unable to make progress. Trip out of hole. Trip in with new 4 ¾" bit.

7/23/07
Continue drilling out hard scale from 5454' to 5650', fall thru. Trip in to 5842'. Blow well down with air, producing 21 to 25 bbls per hour 9.2 ppg fluid.

7/24/07
Trip out of hole w/ bit and sting mill. Trip in hole with tubing. Load hole w/ 2% KCl fluid, spot 1500 gals 15% HCl acid. Spot acid across perfs from 5164' to 5749'. Trip in hole w/ 4 ¾" bit and casing scraper, unload well w/ air @ 2600'. Clean well to 5782.

7/25/07
Trip out of hole w/ bit and scraper. Trip in hole w/ HD packer and bridge plug. Set packer @ 5823'. Test CBP @ 5900' w/ 2000 psi, leaking 1000 psi / minute. Pull to 5051' set bridge plug. Set packer @ 5032'. Test squeezed perfs – leaking 250 psi / minute. Trip out of hole w/ packer and bridge plug

7/26/07
RU Blue Jet, make gauge ring run, stop @ 5436'. Trip in hole w/ new string mill and 4 ¾" mill. Tag up @ 5455'. Clean scale to 5458'.

7/27/07
Continue cleaning out scale w/ air & mist. Made 3 ft in 4 hrs. Trip out of hole. Pick up 4 ¾" bit and string mill. Continue drilling scale to 5461'. Fall thru and continue tripping to 5495'.

7/28/07
Trip in to to 5720', unload 40 bbls fluid. Blow well down w/ air and mist. Pull to 4882' and load well w/ 80 bbls 2% KCl

RECEIVED
AUG 1 0 2007
DIV. OF OIL, GAS & MINING

CONFIDENTIAL

7/30/07
Trip out w/ string mill & bit. RU Blue Jet and set CIBP @ 5680'. Trip in hole w/ packer and bridge plug. Set bridge plug @ 5080', set packer @ 4957'. Retest squeezed perfs, leaking 150 psi / 2 minutes Rig up swab equipment and swab tubing dry.

7/31/07
Continue swabbing squeezed perfs, swabbing 1.9 bbls / hr. Retrieve bridge plug and reset @ 5248', set packer to test BP, would not test. Trip out with packer and bridge plug.

8/01/07
TIH, set bridge plug @ 5248', set packer @ 5118'. Swab well, recovered 63 bbls 8.6 ppg fluid and 2 ft flare.

8/02/07
Continue swabbing, tag fluid level @ 2400', recover 10.5 bbls of 9.0 ppg fluid. Trip out of hole w/ packer and bridge plug. Trip in hole w/ packer and 438' of tail pipe below packer. Set @ 5208' and continue swabbing. Recovered 52 bbls 9.3 ppg fluid.

8/03/07
200 psi on tubing, 0 psi on casing. Continue swabbing well, recovered 133 bbls 9.3 ppg fluid. 2 ft flare.

CONFIDENTIAL

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

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

5. LEASE DESIGNATION AND SERIAL NUMBER: ML 47962

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

1. TYPE OF WELL: OIL WELL ☐ GAS WELL ☑ OTHER

8. WELL NAME and NUMBER: Jefferson State 4-1

2. NAME OF OPERATOR: CrownQuest Operating, LLC

9. API NUMBER: 4303731832

3. ADDRESS OF OPERATOR: P. O. Box 2221 CITY Farmington STATE NM ZIP 87499

PHONE NUMBER: (505) 325-5750

10. FIELD AND POOL, OR WILDCAT: Wildcat

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 1815' FNL x 830' FWL

COUNTY: San Juan

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 4 33S 24E

STATE: UTAH

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

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

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

CrownQest Operating, LLC is performing re-entry operations on the above-referenced well. A summary report of operations since March 29, 2007 is attached.

NAME (PLEASE PRINT) Robert R. Griffee TITLE Operations Manager

SIGNATURE Robert R. Griffee DATE 10/3/2007

(This space for State use only)

RECEIVED
OCT 1 0 2007
DIV. OF OIL, GAS & MINING

(5/2000) (See Instructions on Reverse Side)

CrownQuest Operating, LLC

DAILY OPERATIONS REPORT - (Selected Days)
3/29/2007 thru 10/3/2007

CONFIDENTIAL

Jefferson State # 4-1

API # 43-037-31832

Jul 16, 2007
Move equipment to Jefferson State #4-1. Road rig to new location and rig up ramp. Raise derrick. Spot equipment and Nipple up B.O.P's with Flow T. Ready to pressure test B.O.P'S in the morning w/Well Check.

Jul 17, 2007
Rig up well check to test manifold to 4500 lbs hold 30 min, test blinds 30 min good test. Test 2-3/8" pipe rams, would not hold 30 min test. Accumulator would not work pressure bleed down. Continue to test bottom rams to 4500 lbs hold 30 min. Test top rams 4500 lbs hold 30 min good test. Rig down Well Check. Pull tree on well head. Nipple up BOP's and flow T. Secure well shut down

Jul 18, 2007
Continue to build flow line. Trip out of hole w/ 2-3/8" tubing,176 jts w/perforated sub. PU 4-3/4" bit scraper and bit sub. Trip in hole w/4-3/4" scraper and 4-3/4" bit. Tag @ 4952', could not go through hard scale. Load hole w/220 bbls 3% kcl. Fluid to surface, then lost returns. Well will not hold fluid column. Trip out of hole w/scraper Secure well shut down.

Jul 19, 2007
Pick up 4-3/4 string mill and bit sub. Trip in hole to 3,600 ft. Pressure test lines to 1,800 lbs. Good test. Unload well with air and 12 bbls per hour on mist @ 3600 [NOTE wt was 8.9 @ 3,600 ft.] Bypass air, continue to trip in hole, tag @ 4954' . Break circulation w/air and mist. Work bad spot with power swivel from 4954' to 5096' fell through. Hang power swivel back. Pick up 2-3/8 tubing tag @ 5466'. Pick up swivel unload well. Well making 25 bbls per hour. Hang power swivel back. Pull 2 jts, tight spot @ 5402'. Pick up swivel, break circ. Work spot free. Continue to blow well w/air and mist.

Jul 20, 2007
Trip in hole from the top of perfs tag @ 5466'. Pick up power swivel and unload well w/air. Start to clean out hard scale from 5466', could not make progress w/string mill. Hang power swivel back. Trip out of hole with 168 jts 2-3/8" tubing. Trip in hole with new 4-3/4" bit and bit sub, stop @ 2700'.

Jul 23, 2007
Stage in hole w/4-3/4" bit. Unload well w/air @ 3600'. Continue to stage in hole w/bit. Tagged @ 5454', pick up power swivel. Unload 40 bbls with air. Drill on hard scale from 5454' to 5650', fell through. [NOTE: When drilling on scale, well unloading 21 to 25 bbl - per hour of fluid. Continue to clean out with air and 12 bbl of mist per hour to 5842'. Run 5 bbl sweep @ 5842' top of tubing joint. Blow well with air @ 5842'. Well making fluid 21 to 25 bbls per hour. Weight 9.2 @ 4:00 pm, no sand. Clean well up. Hang swivel back. Pull 14 stands. Pulled above perfs.

Jul 25, 2007
[NOTE Pressure on backside 220lbs Unloading water by itself 10 to 15 bbls of fluid @ 7:30 am]. TOH with 4-3/4" bit & scraper. Seat nipple on top of packer. TIH set HD Packer & bridge plug. Set packer @ 5804' load tubing with 25 bbls 2% KCL. Pressure test CIBP @ 5900'. Test to 2000# leak 1000# 1 min. Release packer & set @ 5823', test again 2000# leak 1000# min. Release packer and equalize. Pull up to 5051', set bridge. Pull up 15' set packer @ 5032'. Test TS bridge plug to 1000# good test hold 15 min. Release packer pull up to 4923'. Set packer test squeeze holes from 5004' to 5019'. Test 500# leak 250 lbs 1min. Test again, 1 min. Try again 500# leak 250 lbs 1 min. Release packer @ 4923', equalize. TIH latch onto bridge plug @ 5051'. TOH w/ 5 1/2" HD packer and 5 1/2".

Jul 26, 2007
Run gauge ring tag @ 5436'. Pull out of hole and rig down WL. Trip in hole with new string mill and 4-3/4" mill. Tag @ 5455'. Pick up power swivel unload well. Work string mill @ 5455' very hard. Clean to 5458'. Hang swivel back. Pull above perfs

CONFIDENTIAL

Jul 27, 2007
Unload well with air @ 4882'. Unload 40 bbls of fluid. Trip in hole tag @ 5458'. Pick up swivel, unload well with air @ 5458'. Start to clean out with air and 12 bbls to 14 bbls mist. Made 3 ft in 4 hour stop @ 5461'. Trip out of hole with string mill and 4-3/4" mill. Break off mill. Trip in hole 4.3/4 bit and string mill.Tag @5461 .Pick up swivel and unload well. Start drilling scale w/string mill from 5461' to 5475', fell through. [NOTE DRILLING SCALE, AVG 1 FT EVERY 12 MIN.] Pick up joint w/swivel, no scale. Stop @ 5495'.

Jul 28, 2007
Trip in hole, tag, no fil l@ 5720'. Unload 40 bbls of fuild @ 5730'. Blow well w/air and 12 bbls mist. Bypass air and pull above perfs, stop @ 4882'. Load hole with 80 bbls of 2% KCL and shut well in.

Jul 30, 2007
TOH with string mill. Break down string mill and 4-3/4" bit. RU Blue Jet Wireline. RIH with 4-3/4" gauge ring to 5720'. POH. RIH with 4-3/4" CIBP. Set @ 5680'. RD WLTrip in hole with H.D Heavy duty compression packer and 4-3/4" T.S BP. Set BP @ 5080'. Pull up 20', set packer. Test BP 1000 lbs. Held 15 min good test. Release packer, equalize. Pull up to set packer @ 4957'. Test squeezed hole @ 5004' to 5019' to 500 lbs. Leaked 150 lbs 2 min. Tried again, leaked 150 lbs 2 min. Rig up swab equipment. Swab to top of SN @ 4956'. Made 5 swab runs. Swab tubing dry and shut well in.

Jul 31, 2007
[NOTE 15lbs on tubing, 0 lbs on backside. No gas.] Work on swab equipment. Make swab run. Tag 1,800 fluid. Swab 12 bbls of fluid, weight 8.6. Swab dry. Wait one hour and make swab run. Tag 500 ft of fluid. Swab 1.9 bbl of fluid. Swab dry @ 4957'. Wait one hour and make swab run. Tag 500 ft of fluid. Swab 1.9 bbl of fluid. Swab dry. RD swab equipment. Trip in hole, latch onto bridge plug @ 5080', equalize pressure. Reset Bridge Plug @ 5248'. Pull up 30 ft from bridge plug and set packer. Test bridge plug would not hold pressure. Reset BP lower. Try again, would not hold. Release Bridge plug and trip out of hole with packer and bridge plug. Trip in hole with new A-1 bridge plug and H-D Packer.

Aug 1, 2007
Set Arrow-Set A-1 bridge plug @ 5248'. Pull up 30 ft, set packer, test Bbidge plug @ 5248' to 1000lbs. Hold 15 min good test. Release H-D Packer and equalize. Pull up to 5118' set H-D packer. Rig up swab equipment and redress swab cups. Make swab runs. Make two swab runs every hour [NOTE Weight @ 11:30am 8.6]. Total recover 63 bbls. Weight @ 4:00 pm 9.0. 2 ft flare and swab 1.1 bbls @ 4:00pm. Secure well and turn over to flow back hand. Flow well through 1/4 inch choke.

Aug 2, 2007
Make swab run from 512O'. Tag fluid @ 2400', 10.5 bbls of fluid. Weight 9.0. Make two swab runs. Rig down swab equipment. TIH latch onto bridge plug @ 5248', equalize. Trip out of hole with H-D Packer and Arrow set A-1 bridge plug. Break dowrn tools and lay down bridge plug. TIH with sawtooth and F-Nipple one joint up from bottom. 438.22' of tail pipe 4-3/4" H-D Packer and 180 jts 2-3/8" tubing. Set packer @ 5208'. EOT @ 5647', SNe @ 5641'. Bottom perfs @ 5644', CIBP set @ 5680'. Rig up swab equipment. Make swab run tag fluid @ 2700 ft. Make two swab runs every hour. Total barrels recovered 52.20. Weight @ 4:30pm 9.3, tagged fluid @ 4300 each time. Average swab run 4.8 bbls. Made 11 swab runs. Secure well shut in.

Aug 3, 2007
Tbg 200lbs, Csg 0lbs. Make swab run to SN @ 5641', tag fluid 4600 ft. Weight @ 8:00 am 9.2. Make two swab runs per hour. Made 21 swab runs. Total barrels 133, Average bbls 6.3, Weight 9.3 all day. 2 to 3 ft flare. Rig down swab equipment. Release pkr equalize. Pull above perfs to 4882'. Shut down.

Aug 6, 2007
Start equipment, TOH 2-3/8" tubing. Secure well & SDFN.

Aug 7, 2007
RU WL, set composite bridge plug @ 4675'. TIH with 140 jts 2-7/8" tubing to 4601'. Circulate hole with 100 bbls 3% KCL wtr. Pressure test plug to 4500 psi, ok. Spot 250 gals 7 1/2% inhibited, squestered HCL. Displace w/ 25 bbls KCL wtr. TOH w/ tbg. Perforate 4553-4572', and4581-4594', 4 spf. RIH w/ packer and pressure recorders, set packer @ 4503'. Pressure test backside to 4500 psi. Break down and perform injection test as per NuFit and CQ procedures. Formation broke down at 4.9 bpm and 1500 to 1700 psi. shut in. Secure well, SDFN.

CONFIDENTIAL

Aug 8, 2007
Prepare swab, rig up slickline, release pressure on tbg, run in hole with slick line and retrieve pressure recorders swab well, fluid level recovered

600'	8 bbls h20
800'	8 bbls h20
1300'	8 bbls h20
1800'	15 bbls h20
2200'	13 bbls h20
3000'	8 bbls h20
3600	6 bbls h20
3600	6 bbls h20
3600	6 bbls h20
	total 70 bbls h20, no gas

Aug 9, 2007
Begin swabbing. FL @ 600', swab down to average 3600', returns clear fluid @ 8.5#/gal, average 5 bbls per run, total returns 159 bbls.

Aug 10, 2007
Begin swab, FL 500', swab down to average 3600', returns clear fluid @ 8.5#/gal, average 5 bbls per run, total returns 108 bbls. Crew missed flags and hit top of swab parting swab line

Aug 13, 2007
Casing 0psi Tubing 0psi. Tie back drilling line and work on weight indicator. Release 5-1/2 Arrow-set packer equalize. Pulling tight for 5 stands of 2-7/8" N-80, pulled free. Trip out of hole with packer. Lay down 5-1/2" packer and break down perforated sub. Pulled BHA swab equipment. Wrong X - Nipple in the hole.

Aug 14, 2007
Change over equipment to run 2-3/8" tubing. Trip in hole with 2 3/8 tubing stop @ 4600'. Began to lay down 180 joints of 2 3/8 tubing Change over equipment to 2-7/8". Trip in the hole with 2-7/8" N-80 tubing stop @ 4503'. Work on sand line. Rig up swab equipment. Made 6 swab runs total bbls recover 36 bbls. Weight 8.4, FL @ 400'. Land tubing with 137 joints of 2-7/8" N-80 tubing. Secure well shut down.

Aug 15, 2007
Rig down equipment. Lower derrick and get ready to move. Move equipment off location. Move to Skyliner1-34. Road rig to new location

Aug 16, 2007
Note: We have changed rigs on this well. HWS 12 is a plain completion rig. HWS 10 has moved to Skyline Spur to begin re-entry operations. Move in, spot equipment, rig up, pull work string and lay down on pipe racks, secure well & SDFN.

Aug 17, 2007
Run tapped bull plug, 1 jt 2-7/8" tbg, perf sub, seating nipple, 142 jts 2-7/8" tbg, land @ 4605' with perf sub @ 4573', seating nipple @ 4569', nipple down BOP, trip in hole with pump and rods, nipple up tree, load tubing, test stroke pump 500 psi, ok. RD, prep to move.

CONFIDENTIAL

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

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

5. LEASE DESIGNATION AND SERIAL NUMBER: ML 47962
6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A
7. UNIT or CA AGREEMENT NAME: N/A
8. WELL NAME and NUMBER: Jefferson State 4-1
9. API NUMBER: 4303731832
10. FIELD AND POOL, OR WILDCAT: Wildcat

1. TYPE OF WELL: OIL WELL ☐ GAS WELL ☑ OTHER _____

2. NAME OF OPERATOR: Crownquest Operating, LLC

3. ADDRESS OF OPERATOR: PO Box 2221 CITY Farmington STATE NM ZIP 87499 PHONE NUMBER: (505) 325-5750

4. LOCATION OF WELL
FOOTAGES AT SURFACE: 1815' FNL x 830' FWL COUNTY: San Juan
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 4 33S 24E STATE: UTAH

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

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

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

Crownquest Operating proposes the following work to re-complete from the Pennsylvanian to the Cutler
1. Set CIBP @ 4525'
2. Perforate 4180-4208' & 4092-4110'
3. Acidize w/ 3000 gal acid
4. Swab to evaluate
5. Install AL if productive

COPY SENT TO OPERATOR
Date: 11-05-07
Initials: CHD

NAME (PLEASE PRINT) Luke Dunn TITLE Engineer

SIGNATURE _____ DATE 10/26/2007

(This space for State use only) APPROVED BY THE STATE OF UTAH DIVISION OF OIL, GAS, AND MINING
DATE: 11/2/07
BY: _____

RECEIVED
OCT 29 2007
DIV. OF OIL, GAS & MINING

(5/2000) (See instructions on Reverse Side)

* A 175' plug (±20sx) shall be placed immediately above the CIBP @ 4675', across perfs from 4553'-94' and up to 4500' to isolate Pennsylvanian section and Moderately saline groundwater.

CONFIDENTIAL

CONFIDENTIAL

FORM 9

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

5. LEASE DESIGNATION AND SERIAL NUMBER: ML 47962

SUNDRY NOTICES AND REPORTS ON WELLS

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

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

1. TYPE OF WELL: OIL WELL ☐ GAS WELL ☑ OTHER

8. WELL NAME and NUMBER: Jefferson State 4-1

2. NAME OF OPERATOR: CrownQuest Operating, LLC

9. API NUMBER: 4303731832

3. ADDRESS OF OPERATOR: P. O. Box 2221 CITY Farmington STATE NM ZIP 87499

PHONE NUMBER: (505) 325-5750

10. FIELD AND POOL, OR WILDCAT: Wildcat

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 1815' FNL x 830' FWL

COUNTY: San Juan

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 4 33S 24E

STATE: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
☐ NOTICE OF INTENT (Submit in Duplicate)	☐ ACIDIZE	☐ DEEPEN	☐ REPERFORATE CURRENT FORMATION
Approximate date work will start:	☐ ALTER CASING	☐ FRACTURE TREAT	☐ SIDETRACK TO REPAIR WELL
	☐ CASING REPAIR	☐ NEW CONSTRUCTION	☐ TEMPORARILY ABANDON
	☐ CHANGE TO PREVIOUS PLANS	☐ OPERATOR CHANGE	☐ TUBING REPAIR
	☐ CHANGE TUBING	☐ PLUG AND ABANDON	☐ VENT OR FLARE
☑ SUBSEQUENT REPORT (Submit Original Form Only)	☐ CHANGE WELL NAME	☐ PLUG BACK	☐ WATER DISPOSAL
Date of work completion:	☐ CHANGE WELL STATUS	☐ PRODUCTION (START/RESUME)	☐ WATER SHUT-OFF
12/3/2007	☐ COMMINGLE PRODUCING FORMATIONS	☐ RECLAMATION OF WELL SITE	☐ OTHER:
	☐ CONVERT WELL TYPE	☑ RECOMPLETE - DIFFERENT FORMATION	

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

CrownQuest Operating has preformed the attached operations on the above-referenced well.

NAME (PLEASE PRINT) Luke Dunn TITLE Engineer

SIGNATURE DATE 12/7/2007

(This space for State use only)

RECEIVED
DEC 10 2007
DIV. OF OIL, GAS & MINING

(5/2000) (See Instructions on Reverse Side)

CONFIDENTIAL

CrownQuest Operating, LLC

Jefferson State # 4-1, San Juan County, Utah

43-037-31832

Nov 12,
Move pump jack & set equipment.

Nov 13, 2007
Set ramp,rig up unit and raise derrick.rig equipment. RU to pull rods, pulled ¾" rods, 47 triples in derrick. Nipple down well head tree, nipple up BOP's and flow T. Unset TAC & lay down 2 jts. secure tubing and well.

Nov 14,
PU 3 jts of 2-7/8", tag @ 4675'. TIH, tag CBP @ 4675', lay down 1 jt. RU lines from Superior Well Service. Start job and pressure test lines to 1000 psi. Circulate hole bottoms up 100 bbls of KCL fluid, followed by 10 BFW. 7.2 bbls of cement mixed @15.6#. Start displacement 4 bbls of H2O-20 bbls KCL. Good circulation throughout the job. Trip out of hole.

Note: State of Utah (Carol Daniels) notified by v-mail 11/12/07
Note State of Utah Bart Kettle came by location. 11/14/07
Cmt report yld (cuft/sk) 1.18. 35 sx wt (lb/gal) 15.60. spacer 10 bbls H20. Cl."A" Neat.

Nov 15, 2007
Pressure test casing and cement to 1000 psi - held 15 minutes, good test. TIH w/ 4-3/4" bit and 2-7/8" tbg, tag light stringer's @ 4367'. TOOH w/4-3/4" bit. RU Blue Jet Wireline & run in hole w/ composite plug, tag cement @ 4400', pull up & set @ 4337'. POH w/ setting tool. RIH w/ guns. Perforate from 4180' – 4208'. RIH w/4-3/4" packer. Set packer @ 4120' w/ 20k on packer. RU Superior Well Service. Test lines to 6000 psi, good test. Acidize w/ 1000 gals 15% acid. Over flush 10 bbls, total volumes 80 bbls. ISIP 910 psi, RD Superior Well Service. RU flow line.

Nov 16, 2007
RU swab equipment & began to make swab runs. Make Swab 145 bbls in 22 runs.

Nov 19, 2007 Monday
Lay down swab equipment and lines, release pkr. Start to lay down 19 jts 2-7/8" tbg. Land tbg @ 4089' w/127 jts tbg, SN on top of pkr. RD rig floor. Nipple down BOP's & flow T. RU rod equipment. Run 2-7/8" brooch on end of rods, 140 ¾" rods, run rods slowly due to high wind. Hang rods off @ 3500'. Had to move to another well. Will be back shortly to re-run production equipment.

Nov 29, 2007
RU equipment and prepare to raise derrick. RU rig floor & rod equipment. Pulled 140 3/4" rods. RD rod equipment & rod floor. ND rod-lock BOP. RD BOP & rig floor, pull donut.

Nov 30, 2007
Continue TOH w/5-1/2" pkr. Lay down pkr. TIH w/BHA, BP, 1 jt 2-7/8" tbg, 4"perfs, sub, SN, 6 jts tbg, TACc @ 4032.87'. ND BOP, set tbg anchor w/12k, pulled on tbg, land tbg @ 4253.58'. RU rod equipment. RIH w/2.5 x 1.5 pump w/4'gas anchor, #4 1-1/4 sinker bar, #167 ¾" rods. PU polished rod & stuffing box. (Note: 18 jts off btm had very light scale on tbg. #21 rods off bottom had very light scale, black scale.)

Dec 3, 2007
Held safety meeting w/ rig crew and service rig. Continue to pick up ¾" rods, tag @ 4253.38' w/4 sinker bars, 164 ¾" rods, #1 - 6' pony rods, #2- 2' pony rods. PU polished rod & stuffing box. Pressure test tbg to 500 psi- good test. Stroke rod pump to 500 psi, good test. Rig down and lower derrick.

(Note bad road condition to location, county will work on road tomorrow.)

RECEIVED
DEC 10 2007
DIV. OF OIL, GAS & MINING

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

August 14, 2008

CERTIFIED MAIL NO. 7004 2510 0004 1824 5933

43 037 31832
Jefferson 4-1
33S 24E 4

Mr. Tommy Lent
CrownQuest Operating, LLC
303 Wall Ste. 1400
Midland, TX 79702

Re: Extended Shut-in and Temporarily Abandoned Well Requirements for Fee or State Leases

Dear Mr. Lent:

As of July 2008, CrownQuest Operating has one (1) State Mineral Lease Well (see attachment A) that is in non-compliance with the requirements for extended shut-in or temporarily abandoned (SI/TA) status. Wells SI/TA beyond twelve (12) consecutive months require the filing of a Sundry Notice in accordance with R649-3-36-1 for Utah Division of Oil, Gas & Mining ("Division") approval. Wells with five (5) years non-activity or non-productivity shall be plugged, unless the Division grants approval for extended shut-in time upon a showing of good cause by the operator (R649-3-36-1.3.3).

For extended SI/TA consideration the operator shall provide the Division with the following:

1. Reasons for SI/TA of the well (R649-3-36-1.1).

2. The length of time the well is expected to be SI/TA (R649-3-36-1.2), and

3. An explanation and supporting data if necessary, for showing the well has integrity, meaning that the casing, cement, equipment condition, static fluid level, pressure, existence or absence of Underground Sources of Drinking Water and other factors do not make the well a risk to public health and safety or the environment (R649-3-36-1.3).

Submitting the information suggested below may help show well integrity and may help qualify your well for extended SI/TA. **Note: As of July 1, 2003, wells in violation of the SI/TA rule R649-3-36 may be subject to full cost bonding (R649-3-1-4.2, 4.3).**

1. Wellbore diagram, and

2. Copy of recent casing pressure test, and

3. Current pressures on the wellbore (tubing pressure, casing pressure, and casing/casing annuli pressure) showing wellbore has integrity, and

4. Fluid level in the wellbore, and

5. An explanation of how the submitted information proves integrity.

If the required information is not received within 30 days of the date of this notice, further actions may be initiated. If you have any questions concerning this matter, please contact me at (801) 538-5281.

Sincerely,

Dustin K. Doucet
Petroleum Engineer

JP/js
Enclosure

cc: Jim Davis, SITLA
Compliance File
Well File

ATTACHMENT A

	Well Name	Location	API	Lease Type	Years Inactive
1	Jefferson 4-1	SWNW Sec 04-T33S-R24E	43-037-31832	ML-47962	1 Year 4 Months

~~PROPRIETARY CONFIDENTIAL~~

FORM 9

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

5. LEASE DESIGNATION AND SERIAL NUMBER: ML 47962

SUNDRY NOTICES AND REPORTS ON WELLS

6. IF INDIAN, ALLOTTEE OR TRIBE NAME: n/a

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

7. UNIT or CA AGREEMENT NAME: n/a

1. TYPE OF WELL: OIL WELL ☐ GAS WELL ☑ OTHER _____

8. WELL NAME and NUMBER: Jefferson State 4-1

2. NAME OF OPERATOR: CrownQuest Operating, LLC

9. API NUMBER: 4303731832

3. ADDRESS OF OPERATOR: P. O. Box 2221 CITY Farmington STATE NM ZIP 87499 PHONE NUMBER: (505) 325-5750

10. FIELD AND POOL, OR WILDCAT: Wildcat

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 1815' FNL x 830' FWL COUNTY: San Juan

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 4 33S 24E STATE: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
☑ NOTICE OF INTENT (Submit in Duplicate)	☐ ACIDIZE	☐ DEEPEN	☐ REPERFORATE CURRENT FORMATION
Approximate date work will start:	☐ ALTER CASING	☐ FRACTURE TREAT	☐ SIDETRACK TO REPAIR WELL
10/1/2008	☐ CASING REPAIR	☐ NEW CONSTRUCTION	☑ TEMPORARILY ABANDON
	☐ CHANGE TO PREVIOUS PLANS	☐ OPERATOR CHANGE	☐ TUBING REPAIR
	☐ CHANGE TUBING	☐ PLUG AND ABANDON	☐ VENT OR FLARE
☐ SUBSEQUENT REPORT (Submit Original Form Only)	☐ CHANGE WELL NAME	☐ PLUG BACK	☐ WATER DISPOSAL
Date of work completion:	☐ CHANGE WELL STATUS	☐ PRODUCTION (START/RESUME)	☐ WATER SHUT-OFF
	☐ COMMINGLE PRODUCING FORMATIONS	☐ RECLAMATION OF WELL SITE	☐ OTHER: _____
	☐ CONVERT WELL TYPE	☐ RECOMPLETE - DIFFERENT FORMATION	

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

Crownquest Operating requests the Utah DOGM to allow an extended shut in period of 1 year on the above mentioned well. The well is under evaluation for a potential SWD. The additional time is needed to complete the necessary research and requirement necessary to apply for a permit and complete the permitting process.

To show the wellbore's integrity, a static fluid level has been included showing it is far below the surface casing. Also, the surrounding water well' TD are no deeper then 400' (the attached map shows all permitted fresh water wells and their depths in the vicinity). A cement bond log that is one file with the state shows the production casing TOC to be 2920'. Also, the casing was recently tested from 4337' to surface when a CIBP was set at 4337' on 11/15/2007. There is no chart for this test but it is in the records that have been submitted to the Utah DOGM. The tubing and casing pressure on this well are zero. The static fluid level shows that the fluid level is 1200 feet below the top of cement in the production casing. Also, there is another string of cemented surface casing which will prevent any formation water from seeping into any fresh water sources above 400' were the fluid level to rise unexpectedly.

The recent tests and cement bond log show the casing is in good shape. The static fluid level shows that no corrosion would be expected in an area that would affect the fresh water even if the casing were to leak. No fresh water will be put at risk by letting this well stay shut in for a period of 1 year and it will allow a potential full utilization of this wellbore before being plugged.

NAME (PLEASE PRINT) Robert Griffee TITLE Operations Manager

SIGNATURE _____ DATE 9/23/2008

(This space for State use only)

COPY SENT TO OPERATOR

Date: 12·30·2008

Initials: KS

APPROVED BY THE STATE OF UTAH DIVISION OF OIL, GAS, AND MINING

DATE 12/23/08

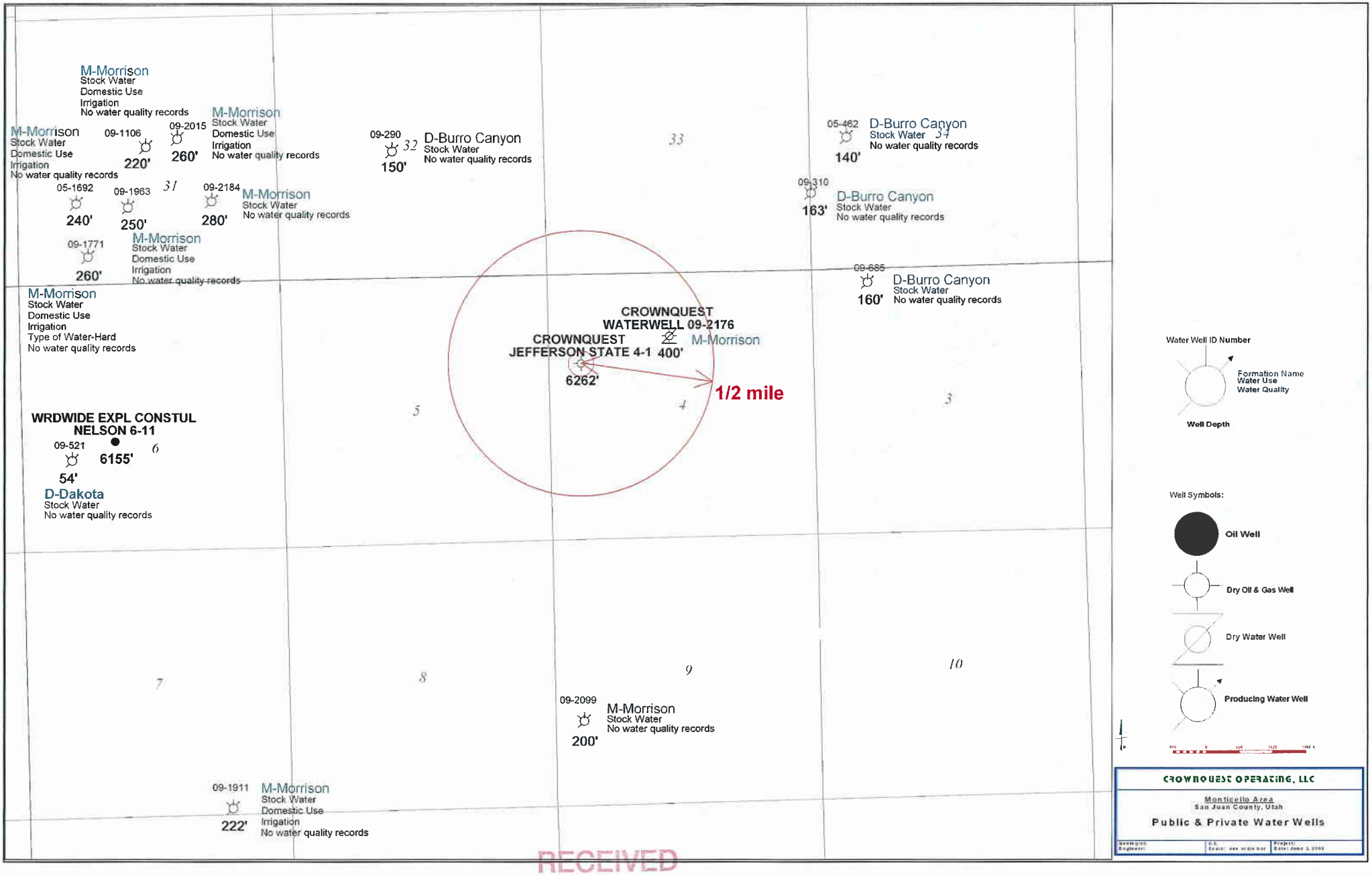
BY: _____

*Valid through 10/1/2009 — Pressures and Fluid levels should be monitored - any change may require immediate action

RECEIVED SEP 29 2008 DIV. OF OIL, GAS & MINING

(5/2000) (See Instructions on Reverse Side)

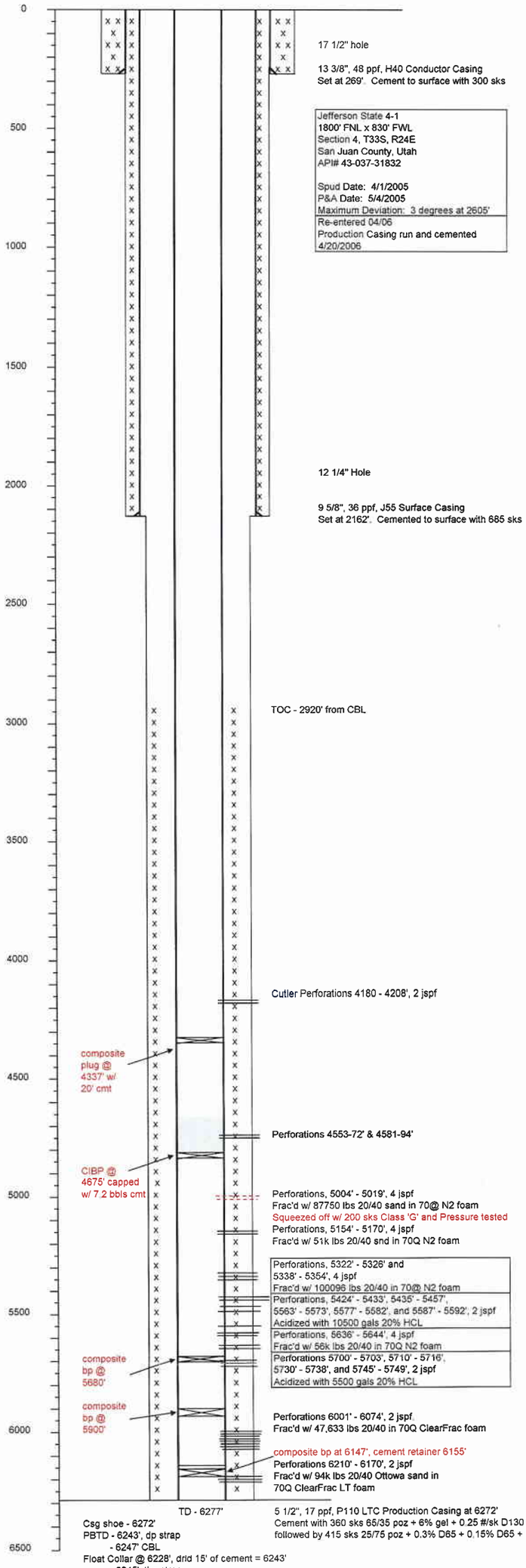
~~PROPRIETARY-CONFIDENTIAL~~



RECEIVED
SEP 29 2008
DIV. OF OIL, GAS & MINING

PROPRIETARY CONFIDENTIAL

5/3/2008 Updated



Csg shoe - 6272'
PBTD - 6243', dp strap
- 6247' CBL
Float Collar @ 6228', drld 15' of cement = 6243'
- 6245', tbg strap
ProTechnic slickline tag - 6251'

5 1/2", 17 ppf, P110 LTC Production Casing at 6272'
Cement with 360 sks 65/35 poz + 6% gel + 0.25 #/sk D130 + 18% D44 + .3% D167 + .15% D65A + 5 #/sk D24 (12.4 ppg, 1.93 cf/sk)
followed by 415 sks 25/75 poz + 0.3% D65 + 0.15% D65 + 10% D44BWOW + 0.35% retarder (13.8 ppg, 1.47 cf/sk).

RECEIVED
SEP 29 2008
DIV. OF OIL, GAS & MINING

FORM 9

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

5. LEASE DESIGNATION AND SERIAL NUMBER: ML 47962

SUNDRY NOTICES AND REPORTS ON WELLS

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

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

1. TYPE OF WELL: OIL WELL ☐ GAS WELL ☑ OTHER

8. WELL NAME and NUMBER: Jefferson State 4-1

2. NAME OF OPERATOR: CrownQuest Operating, LLC

9. API NUMBER: 4303731832

3. ADDRESS OF OPERATOR: PO Box 2221 CITY Farmington STATE NM ZIP 87499

PHONE NUMBER: (505) 325-5750

10. FIELD AND POOL, OR WILDCAT: Wildcat

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 1815' FNL x 830' FWL

COUNTY: San Juan

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 4 33S 24E

STATE: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
☑ NOTICE OF INTENT (Submit in Duplicate)	☐ ACIDIZE	☐ DEEPEN	☐ REPERFORATE CURRENT FORMATION
Approximate date work will start:	☐ ALTER CASING	☐ FRACTURE TREAT	☐ SIDETRACK TO REPAIR WELL
11/15/09	☐ CASING REPAIR	☐ NEW CONSTRUCTION	☐ TEMPORARILY ABANDON
	☐ CHANGE TO PREVIOUS PLANS	☐ OPERATOR CHANGE	☐ TUBING REPAIR
	☐ CHANGE TUBING	☑ PLUG AND ABANDON	☐ VENT OR FLARE
☐ SUBSEQUENT REPORT (Submit Original Form Only)	☐ CHANGE WELL NAME	☐ PLUG BACK	☐ WATER DISPOSAL
Date of work completion:	☐ CHANGE WELL STATUS	☐ PRODUCTION (START/RESUME)	☐ WATER SHUT-OFF
	☐ COMMINGLE PRODUCING FORMATIONS	☐ RECLAMATION OF WELL SITE	☐ OTHER:
	☐ CONVERT WELL TYPE	☐ RECOMPLETE - DIFFERENT FORMATION	

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

CrownQuest proposes to plug and abandon the above referenced well. The plugging procedure and well diagram are attached. The work is scheduled to begin approximately 11/15/09.

COPY SENT TO OPERATOR
Date: 11·16·2009
Initials: KS

NAME (PLEASE PRINT) Robert R. Griffee TITLE Operations Manager

SIGNATURE Robert R. Griffee DATE 10/9/2009

(This space for State use only)

APPROVED BY THE STATE OF UTAH DIVISION OF OIL, GAS, AND MINING
DATE: 11/4/09
BY: D. K. Hunt
* See Conditions of Approval (Attached)

RECEIVED
OCT 13 2009
DIV. OF OIL, GAS & MINING

(5/2000) (See Instructions on Reverse Side)

PLUG AND ABANDONMENT PROCEDURE

September 22, 2009

Jefferson State #4-1

Honaker Trail
1815' FNL and 830' FWL, Section 4, T-33-S, R-24-E
San Juan County, UT / API 43-037-31832
Lat: N 37.940506 / Long: W 109.297778

Note: All cement volumes use 100% excess outside pipe and 50' excess inside. The stabilizing wellbore fluid will be 8.3 ppg, sufficient to balance all exposed formation pressures. All cement will be Class B, mixed at 15.6 ppg with a 1.18 cf/sx yield.

1. Install and test location rig anchors. Prepare a blow pit. Comply with all State, BLM, and Operator safety regulations. MOL and RU daylight pulling unit. Conduct safety meeting for all personnel on location. Record casing, tubing and bradenhead pressures. NU relief line and blow down well. Kill well with water as necessary and at least pump tubing capacity of water down the tubing. ND wellhead and NU BOP. Function test BOP.

2. Rods: Yes____ , No__X__, Unknown_____.
   Tubing: Yes __X__ , No ____, Unknown_____ , Size ___2.875"___ , Length _4336' w/TAC__.
   Packer: Yes_____ , No__X__, Unknown_____, Type _____
   If this well has rods or a packer, then modify the work sequence in step #2 as appropriate. .

3. **Plug #1 (Cutler perforations, 4337' – 4130'):** TIH and tag existing composite bridge plug at 4337'. Load casing with water and circulate well clean. Mix 47 sxs Class B cement and spot a plug to fill the Hermosa perforations. PUH and WOC. TIH and tag cement. Note top of cement should be 50' above top perforation at 4180'. Pressure test 5.5" casing to 800 PSI. *If casing does not test, then spot or tag subsequent plugs as appropriate.*

4. **Plug #2 (Cutler top, 3122' – 3022'):** Mix 17 sxs cement and spot a balanced plug inside the casing to cover the Cutler top. PUH.

5. **Plug #3 (9.625" casing shoe and Chinle top, 2212' – 2098'):** Perforate 3 HSC holes at 2212'. Establish an injection rate into the squeeze holes. TIH and set a 5.5" CR at 2162'. Mix 60 sxs Class B cement, squeeze 41 sxs outside the 5.5" casing and leave 19 sxs inside to cover the 9.625" casing shoe and Chinle top. TOH with tubing.

6. **Plug #4 (13.625" Surface casing, 319' - Surface):** Perforate 3 squeeze holes at 319'. Establish circulation out bradenhead with water and circulate the BH annulus clean. Mix approximately 115 sxs cement and pump down the 5.5" casing to circulate good cement out bradenhead. Shut in well and WOC.

7. ND BOP and cut off wellhead below surface casing flange. Install P&A marker with cement to comply with regulations. RD, MOL and cut off anchors. Restore location per BLM stipulations.

RECEIVED
OCT 13 2009
DIV. OF OIL, GAS & MINING

Jefferson State #4-1

Proposed P&A

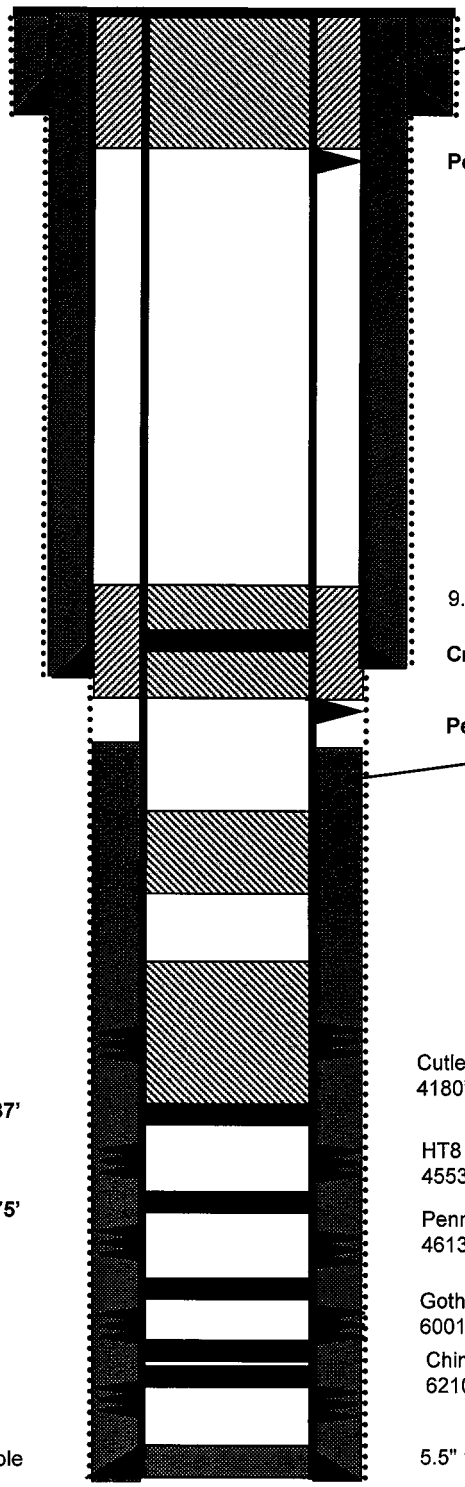
Honaker Trail

1815' FNL & 830' FWL, Section 4, T-33-S, R-24-E

San Juan County, UT / API #43-037-31832

Lat: _____ / Long: _____

Today's Date: **9/22/09**
Re-Entered: 4/1/05
Re-Completed: 3/28/07
Elevation: 6879'GL



9.625" TOC @ Surface per completion report

13.625" 48#, H-40 Casing set @ 269'
Cement with 300 sxs, Circulated

17.5" hole

Perforate @ 319'

Plug #4: 319' – Surface
Class B cement, 115 sxs

Chinle @ 2148'

9.625" 36#, J-55 Casing set @ 2162'
Cement with 685 sxs Circulated

12.25" hole

Cmt Retainer @ 2162'

Plug #3: 2212' – 2098'
Class B cement, 60 sxs:
19 sxs inside 5.5" csg,
41 sxs outside 5.5" casing

Perforate @ 2212'

5.5" TOC @ 2790' (CBL)

Cutler @ 3072'

Plug #2: 3122' – 3022'
Class B cement, 17 sxs

Plug #1: 4337' – 4100'
Class B cement, 54 sxs

Cutler Perforations:
4180' – 4208'

Composite BP @ 4337'

Hermosa @ 4613'

HT8 Perforations:
4553' – 5491'

Composite BP @ 4675'

Pennsylvanian Perforations:
4613' – 5749'

CIBP @ 5900'

Gothic Perforations:
6001' – 6074'

CR @ 6147'

CIBP @ 6155'

Chimney Rock Perforations:
6210' – 6170'

7.875" Hole

5.5" 15.5# N-80/J-55 Casing set @ 6060'
Stage #1: Cement with 775 sxs

TD 6243
PBTD 5374'

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

CONDITIONS OF APPROVAL TO PLUG AND ABANDON WELL

Well Name and Number:	Jefferson State 4-1
API Number:	43-037-31832
Operator:	CrownQuest
Reference Document:	Original Sundry Notice dated October 9, 2009, received by DOGM on October 13, 2009

Approval Conditions:

1. Notify the Division at least 24 hours prior to conducting abandonment operations. Please call Dan Jarvis at 801-538-5338.

2. All balanced plugs shall be tagged to ensure that they are at the depths specified in the intent.

3. Surface reclamation shall be done in accordance with R649-3-34 – Well Site Restoration. Evidence of compliance with this rule should be supplied to the Division upon completion of reclamation.

4. All requirements in the Oil and Gas Conservation General Rule R649-3-24 shall apply.

5. If there are any changes to the plugging procedure or the wellbore configuration, notify Dustin Doucet at 801-538-5281 (Office) or 801-733-0983 (Home) prior to continuing with the procedure.

6. All other requirements for notice and reporting in the Oil and Gas Conservation General Rules shall apply.

Dustin K. Doucet
Petroleum Engineer

November 4, 2009
Date

1594 West North Temple, Suite 1210, PO Box 145801, Salt Lake City, UT 84114-5801
telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • *www.ogm.utah.gov*

UTAH DNR OIL, GAS & MINING

Wellbore Diagram

API Well No: 43-037-31832-00-00 **Permit No:** **Well Name/No:** JEFFERSON 4-1

Company Name: CROWNQUEST OPERATING, LLC

Location: Sec: 4 T: 33S R: 24E Spot: SWNW

Coordinates: X: 649637 Y: 4200371

Field Name: WILDCAT

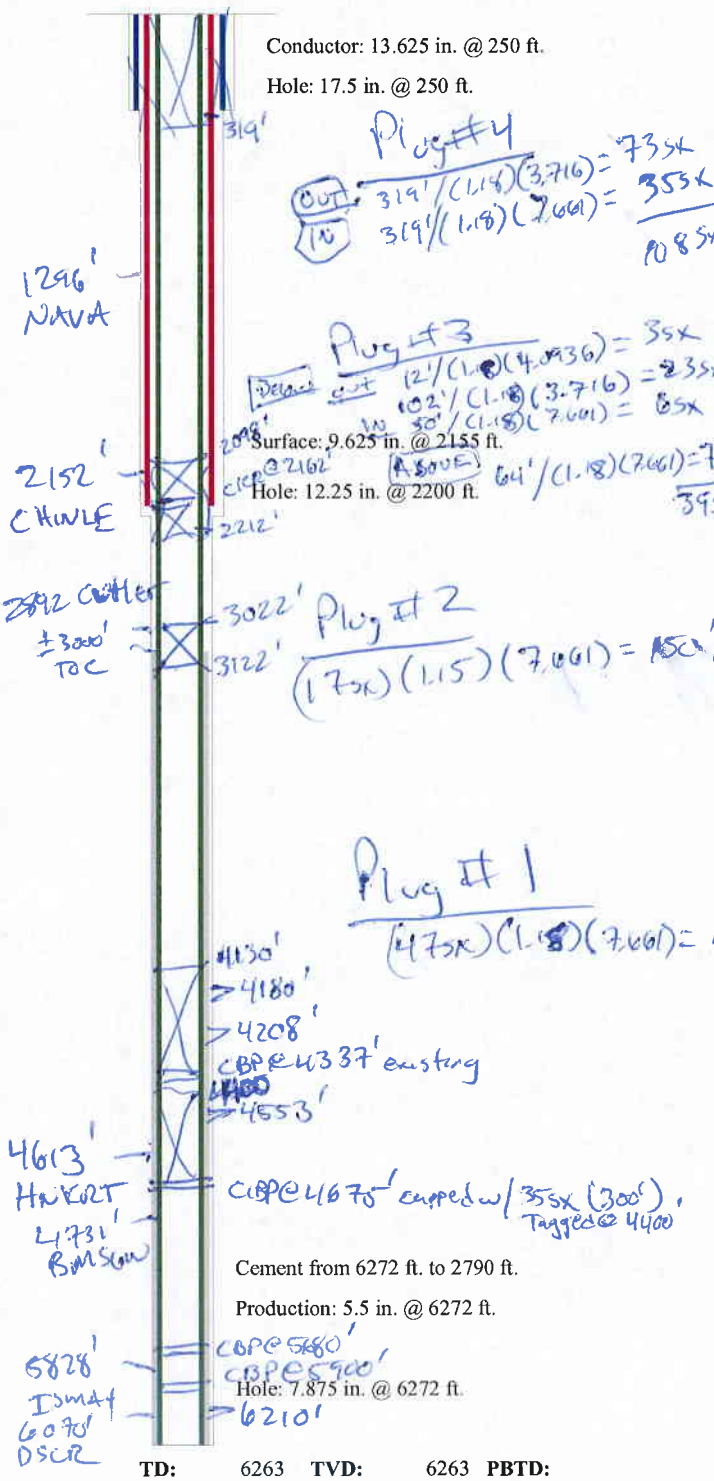
County Name: SAN JUAN

String Information

String	Bottom (ft sub)	Diameter (inches)	Weight (lb/ft)	Length (ft)	Capacity (f/cf)
HOL1	250	17.5			
COND	250	13.625	48	250	
HOL2	2200	12.25			
SURF	2155	9.625	36	2155	
HOL3	6272	7.875			
PROD	6272	5.5	17		7.661

7 7/8" x 5 1/2" (108) → 4.0936

9 5/8" x 5 1/2" → 3.716



Cement Information

String	BOC (ft sub)	TOC (ft sub)	Class	Sacks
PROD	6272	2790	35	360
PROD	6272	2790	PC	415

Perforation Information

Top (ft sub)	Bottom (ft sub)	Shts/Ft	No Shts	Dt Squeeze
4553	6210			
4180	4208			

Formation Information

Formation	Depth
NAVA	1296
CHIN	2152
CTLR	2892
HNKRT	4613
BMSW	4731
ISMY	5828
DSCR	6070
AKAH	6233

TD: 6263 **TVD:** 6263 **PBTD:**

RECEIVED
FEB 10 2010
DIV OF O"

CRAIG C. HALLS
ATTORNEY AT LAW
333 SOUTH MAIN
BLANDING, UTAH 84511

Email:
craigchalls@yahoo.com

Telephone: (435)678-3333
Facsimile: (435)678-3330

February 2, 2010

Accepted by the
Utah Division of
Oil, Gas and Mining
FOR RECORD ONLY

Bart Kettle
Utah Division of Oil, Gas and Mining
319 North Carbonville Rd.
Price, Utah 84501

43 037 31832 33S 24E 4

Re: Jefferson State Produced Water Agreement/Halls
San Juan County, Utah
Jefferson State Well 4-1

Dear Mr. Kettle:

Eric Halls, of Monticello, San Juan County, Utah, has entered into a lease with CrownQuest Operating for the disposal of waste water on Jefferson State Well 4-1.

CrownQuest has notified Mr. Halls that they are discontinuing the use of the well. At the same time, they claim that they may discontinue payment of the monthly lease payment. While we do not want to involve the Division in our lease dispute, it is our claim that CrownQuest must maintain the lease payments until it has satisfactorily reclaimed the site. Reclamation is required to be done in conformance with the Division's requirements pursuant to your inspection.

This letter is to indicate to you that CrownQuest has not reclaimed the well in accordance with DOGM standards and that they are unable to do so during the winter and will have to wait until spring breaks so that they can actually get on the site. We will anticipate a request to DOGM to review the site and indicate whether the site has been appropriately reclaimed.

Additionally, we intend to make a civil claim pursuant to the lease for CrownQuests failure to make the payments. To the extent that CrownQuest has filed a bond with DOGM which may be retained until the property is appropriately reclaimed, we ask that you hold the bond and not release it. If we may make a claim against the bond for any damages on the site or money owed pursuant to the lease, we intend to do so.

Thank you for your consideration in this matter.

Sincerely,

CRAIG C. HALLS

CCH:dh

cc: Eric and Kim Halls

COPY

CRAIG C. HALLS

ATTORNEY AT LAW
333 SOUTH MAIN
BLANDING, UTAH 84511

Email:
craigchalls@yahoo.com

Telephone: (435)678-3333
Facsimile: (435)678-3330

February 2, 2010

Accepted by the
Utah Division of
Oil, Gas and Mining
FOR RECORD ONLY

CrownQuest Operating, LLC
P. O. Box 53310
Midland, TX 79710

Attn: M. Craig Clark
Re: Jefferson State Well 4-1/Halls

Dear Mr. Clark:

I have discussed with Mr. Eric Halls the lease which you entered into in 2008 to dispose of waste water materials from the Jefferson State Well 4-1 in San Juan County, Utah.

Mr. Halls has informed me that since your letter of December 17, 2009, you have discontinued making payments pursuant to the lease. You should consider this letter your notice pursuant to paragraph 3 of page 4 of the agreement, wherein written notice of your failure to comply with the terms of the lease is hereby given.

Paragraph 3 also indicates that your notice of termination shall not relieve the operator of any obligations or responsibilities under the contract. In my understanding, I must provide the notice in order for the attorney's fees provision to be applicable.

You are hereby notified that you are required to continue making the payment of $1000 per month until you have fully satisfied the terms of the contract which will be set forth hereafter.

Paragraph 5 of your agreement requires that you will restore the surface of the pad of said well to its "original condition" as reasonably practical within 90 days of the expiration of the contract or its term.

Again, paragraph 10 of the agreement provides that within 90 days after expiration of the term, you will restore the land by removing all equipment, other improvements, removing the pad, removing any contaminated soil and disposing of the same. And again, pursuant to paragraph 5, it is required that that be to its original condition.

We consider your letter of December 17 your notice that you are discontinuing the lease. The letter complies with paragraph 11 which states that should you elected to stop disposal, you will give written notice of that election. That paragraph further states:

> "Operator shall continue to pay owner the monthly rental required in paragraph 3 until operator has removed all of its personal property and fixtures, and restored the surface of said land and other lands in compliance with the terms and provisions of paragraphs 5 and 10 above."

It is clear that you are required to continue to make the monthly rental payment to Mr. Halls in accordance with your contract terms until such time as the surface has been restored in compliance with paragraphs 5 and 10.

We anticipate that you will not be able to access the site in a responsible fashion until spring and the roads are passable. Your attempts to do so before the roads are reasonably passable will be at your risk. We will seek damages to the roads and other properties as they occur.

The reclaiming of the site must be done in a reasonable fashion and in accordance with the contract, you are required to make the monthly payment until reclamation is complete.

We look forward to your prompt attention to this matter.

Sincerely,

CRAIG C. HALLS

CCH:dh

cc: Eric Halls
Utah Division of Oil, Gas and Mining

PtA

FORM 9

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

5. LEASE DESIGNATION AND SERIAL NUMBER: ML 47962

SUNDRY NOTICES AND REPORTS ON WELLS

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

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

7. UNIT or CA AGREEMENT NAME:

1. TYPE OF WELL: OIL WELL ☐ GAS WELL ☑ OTHER _____

8. WELL NAME and NUMBER: Jefferson State 4-1

2. NAME OF OPERATOR: CrownQuest Operating, LLC

9. API NUMBER: 4303731832

3. ADDRESS OF OPERATOR: PO Box 2221 CITY Farmington STATE NM ZIP 87499

PHONE NUMBER: (505) 325-5750

10. FIELD AND POOL, OR WILDCAT: Wildcat

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 1815' FNL x 830' FWL

COUNTY: San Juan

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 4 33S 24E

STATE: UTAH

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

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

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

CrownQuest has plugged and abandoned the above referenced well. The P&A rig reports are attached. The location has been reclaimed and settlement has been made with the surface owner as per the attached signed agreement.

NAME (PLEASE PRINT) Robert R. Griffee TITLE Operations Manager

SIGNATURE _____ DATE 5/12/2010

(This space for State use only)

RECEIVED
MAY 17 2010
DIV. OF OIL, GAS & MINING

(5/2000) (See Instructions on Reverse Side)

CROWNQUEST

CROWNQUEST OPERATING, LLC

April 29, 2010

Mr. Eric Halls
P.O. Box 1304
Monticello, Utah 84535

Re: Jefferson State Produced Water Agreement
San Juan County, Utah

Dear Mr. Halls:

Referenced is made to that certain Produced Water Disposal Lease ("Lease") dated November 17, 2008 covering the Jefferson State #4-1 well. CrownQuest Operating, LLC ("CrownQuest") has previously provided you notice that we are canceling the Lease and has plugged the well in accordance with the rules and regulations of the State of Utah.

Pursuant to the terms of the Lease CrownQuest was to restore the land to its original condition as reasonably practical. This letter when accepted by you will confirm our agreement to pay you $15,000 in lieu of CrownQuest conducting any further surface work on the lands covered by the Lease. In return, you hereby acknowledge that CrownQuest has complied with all of the terms and conditions of Lease and that it is no longer in effect. In addition, you hereby release CrownQuest of any future obligations pertaining to the restoration of the lands covered by the Lease.

Please signify your acceptance of this letter by signing in the space provided below and returning one copy.

Very truly yours,

M. Craig Clark

Agreed to and accepted this 11 day of May, 2010.

Eric Halls

Kim Halls

303 VETERANS AIRPARK LANE • SUITE 5100 • MIDLAND, TEXAS 79705 • P. O. BOX 53310 • MIDLAND, TEXAS 79710 • 432.818.0300 • FAX 432.687.4804

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

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

5. LEASE DESIGNATION AND SERIAL NUMBER: ML 47962

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

1. TYPE OF WELL: OIL WELL ☐ GAS WELL ☑ OTHER

8. WELL NAME and NUMBER: Jefferson State 4-1

2. NAME OF OPERATOR: CrownQuest Operating, LLC

9. API NUMBER: 4303731832

3. ADDRESS OF OPERATOR: PO Box 2221 CITY Farmington STATE NM ZIP 87499 PHONE NUMBER: (505) 325-5750

10. FIELD AND POOL, OR WILDCAT: Wildcat

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 1815' FNL x 830' FWL COUNTY: San Juan

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 4 33S 24E STATE: UTAH

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

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

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

CrownQuest Operating has plugged the above referenced well as per the attached reports. Location restoration will begin when weather conditions permit.

NAME (PLEASE PRINT) Robert R. Griffee TITLE Operations Manager

SIGNATURE Robert R. Griffee DATE 12/18/2009

(This space for State use only)

RECEIVED
MAY 17 2010
DIV. OF OIL, GAS & MINING

(5/2000) (See Instructions on Reverse Side)

Jefferson State 4-1
P&A Reports

11/13/09

MIRU A-Plus Rig 7 and P&A equipment. SD for weekend.

11/16/09

Service rig. SJA. Pump 30 bbls water to ensure well dead. PU on tubing and release anchor. Strip on BOP. Function test. RU floor and tongs. POOH, SLM, w/ 62 stands 2 7/8" tubing, TA, 6 jts, 4' perf sub, bull plug. TIH open ended. SDFN. Will set plug #1 tomorrow AM.

Daily Cost	$ 7,983.27
Cumulative Cost	$ 7,983.27

11/17/09

PU 3 jts 2 7/8" tubing. RIH and tag comp BP at 4337'. Pumped 25 bbls water and established circulation. Circulate to clean out with additional 25 bbls. Pump plug #1, balanced plug, from 4337', 54 sks class 'B' + 2% CaCl2 (1.18 cf/sk). POOH LD 15 joints. TOH. WOC. Pressure test cement and casing to 800 psi, good test. TIH and tag top of plug #1 at 3858'. POOH to 3136'. Set plug #2, balanced plug from 3136', 20 sks class 'B' + 2% CaCl2. POOH LD tbg to 2467, then TOH. WOC. RU wireline. Run perforating gun and tag top of plug at 2998'. Pulled up and perforated 3 HSC holes at 2212'. Establish rate of 1.5 bpm at 400 psi. RD WL. Drain up and SDFN.

Daily Cost	$ 8,000
Cumulative Cost	$ 15,983

11/18/09

Open well. RIH with cement retainer and set at 2167'. Pressure test to 1000 psi – good test. Pump plug #3, 60 sks class 'b' with 41 sks outside casing. Pull above cement, circ tubing clear. TOH LD tbg. Perforate 3 holes at 319'. Set plug #4, 17 sks class 'b' from 319' to surface. RD pumps and lines. Cut off well head. Install 10' dry hole marker with 10 sks cmt. Rig released. Will move CQ equipment to Farmington on 11/19. Plan to move rig on 11/20. Job complete.

Daily Cost	$ 17,235
Est. total dirt work	$ 5,000
Cumulative Cost	$ 38,218