

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

AMENDED REPORT
(highlight changes)

APPLICATION FOR PERMIT TO DRILL

Fee

5. MINERAL LEASE NO:
~~UT10001.00~~

6. SURFACE:
Fee

1A. TYPE OF WORK: DRILL REENTER DEEPEN
B. TYPE OF WELL: OIL GAS OTHER _____ SINGLE ZONE MULTIPLE ZONE

7. IF INDIAN, ALLOTTEE OR TRIBE NAME:
8. UNIT or CA AGREEMENT NAME:

2. NAME OF OPERATOR:
SLATE RIVER RESOURCES, LLC

9. WELL NAME and NUMBER:
MUSTANG 1321-7F

3. ADDRESS OF OPERATOR:
418 E. MAIN ST CITY VERNAL STATE UT ZIP 84078

PHONE NUMBER:
(435) 781-1871

10. FIELD AND POOL, OR WILDCAT:
Widdcat

4. LOCATION OF WELL (FOOTAGES)
AT SURFACE: 1913' FNL & 1604' FWL 618992X 39.703068
AT PROPOSED PRODUCING ZONE: SAME AS ABOVE 4395513Y -109.612042

11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:
SENW 7 13S 21E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE:
69.1 MILES SOUTH OF VERNAL, UT

12. COUNTY:
UINTAH

13. STATE:
UTAH

15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET)
1604'

16. NUMBER OF ACRES IN LEASE:
19,199.80

17. NUMBER OF ACRES ASSIGNED TO THIS WELL:
300.28

18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET)
2800'

19. PROPOSED DEPTH:
8,000

20. BOND DESCRIPTION:
B-001556

21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.):
5983.9' GR

22. APPROXIMATE DATE WORK WILL START:
4/1/2005

23. ESTIMATED DURATION:
30 DAYS

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
12 1/4	9 5/8 H-40 32#	2,000	CEMENT "V" 180 SKS 3.82CF 15.8PPG
			CEMENT "G" 225 SKS 1.15 CF 15.8 PPG
7 7/8	4 1/2 M-80 11.6#	8,000	PREMIUM CEMENT 140 SKS 3.82 CF 11.0 PPG
			CLASS "G" 580 SKS 1.26 CF 14.15 PPG

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
- COMPLETE DRILLING PLAN
- EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER
- FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

CONFIDENTIAL

NAME (PLEASE PRINT) GINGER STRINGHAM

TITLE AGENT

SIGNATURE

Ginger Stringham

DATE 3/11/2005

(This space for State use only)

API NUMBER ASSIGNED:

43-047-36371

Approved by the
Utah Division of
Oil, Gas and Mining

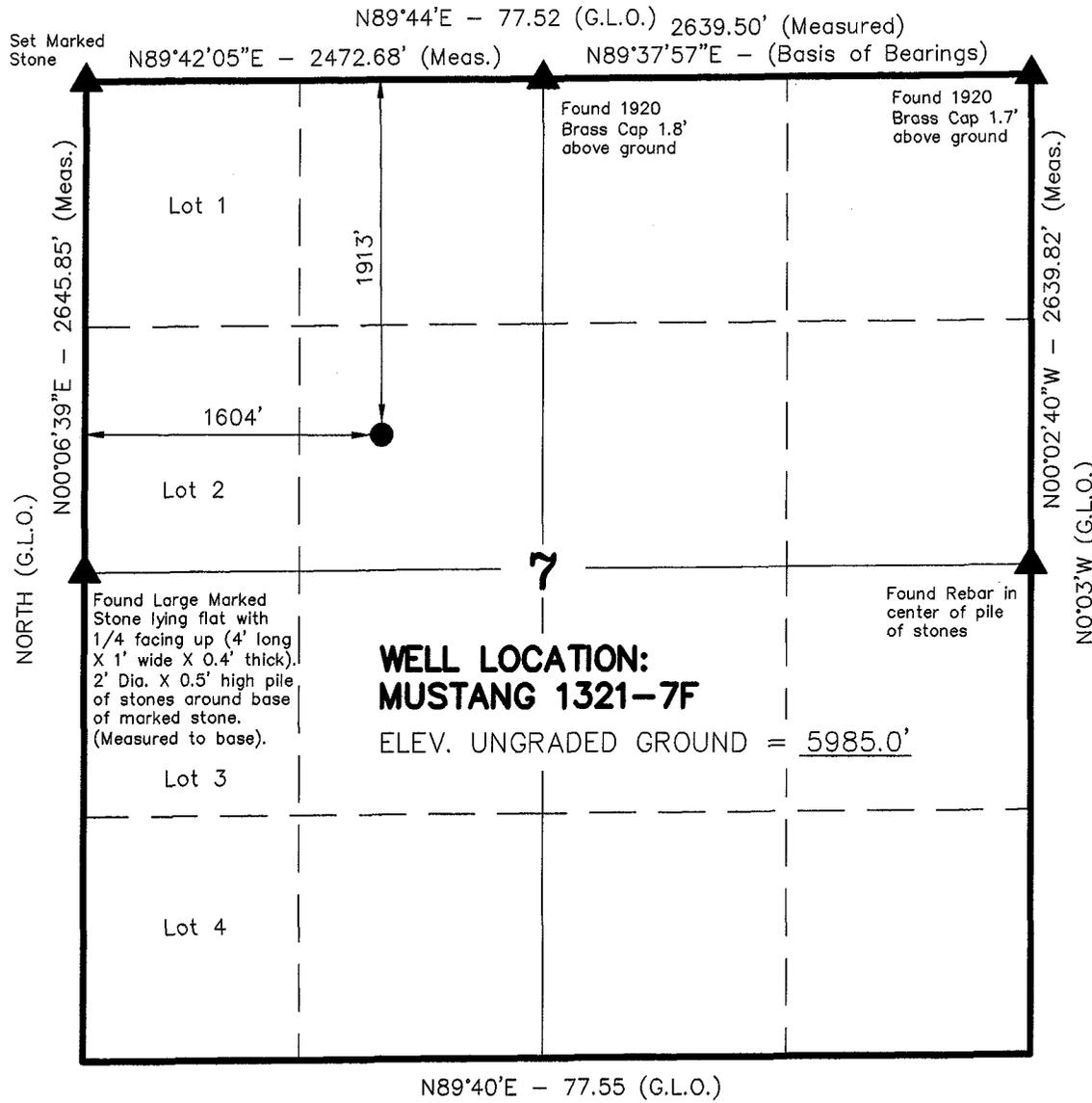
Date: 04-18-05
By: *[Signature]*

RECEIVED
MAR 09 2005
DIV. OF OIL, GAS & MINING

T13S, R21E, S.L.B.&M.

SLATE RIVER RESOURCES, LLC

WELL LOCATION, MUSTANG 1321-7F,
 LOCATED AS SHOWN IN THE SE 1/4
 NW 1/4 OF SECTION 7, T13S, R21E,
 S.L.B.&M. UTAH COUNTY, UTAH.



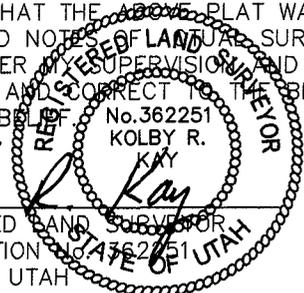
NOTES:

1. Well footages are measured at right angles to the Section Lines.
2. Bearings are based on Global Positioning Satellite observations.



**WELL LOCATION:
 MUSTANG 1321-7F**
 ELEV. UNGRADED GROUND = 5985.0'

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



Kolby R. Kolby
 REGISTERED LAND SURVEYOR
 REGISTRATION No. 362251
 STATE OF UTAH

TIMBERLINE LAND SURVEYING, INC.
 38 WEST 100 NORTH. - VERNAL, UTAH 84078
 (435) 789-1365

DATE SURVEYED: 2-23-05	SURVEYED BY: K.K.	SHEET 1 OF 10
DATE DRAWN: 2-26-05	DRAWN BY: J.R.S.	
SCALE: 1" = 1000'	Date Last Revised:	

▲ = SECTION CORNERS LOCATED
 BASIS OF ELEVATION IS BENCH MARK 66 WF 1952 LOCATED IN THE NE 1/4 OF SECTION 6, T13S, R21E, S.L.B.&M. THE ELEVATION OF THIS BENCH MARK IS MARKED ON THE AGENCY DRAW NE 7.5 MIN. QUADRANGLE AS BEING 5812'.

**MUSTANG 1321-7F
 (Proposed Well Head)
 NAD 83 Autonomous**
 LATITUDE = 39° 42' 11.14"
 LONGITUDE = 109° 36' 46.0"

002

Slate River Resources
418 E. Main
Vernal, UT 84078
435-781-1871

Please hold all information associated with this Application for Permit to Drill
confidential for one year.

RECEIVED
MAR 09 2005
DIV. OF OIL, GAS & MINING

UT10001.000

Eagle Minerals Ltd. Oil and Gas Lease

Dated February 1, 2005

Recorded Book 914, Page 535 Uintah County, Utah

DESCRIPTION OF LEASED PREMISES:

TOWNSHIP 12 SOUTH, RANGE 20 EAST, S.L.M.

Section 21:	All (640.00 acres)	Serial Number: 10:079:0001
Section 22:	All (640.00 acres)	Serial Number: 10:080:0001
Section 23:	All (640.00 acres)	Serial Number: 10:081:0001
Section 24:	W/2 (320.00 acres)	Serial Number: 10:082:0001
Section 25:	W/2 (320.00 acres)	Serial Number: 10:083:0001
Section 26:	All (640.00 acres)	Serial Number: 10:084:0001
Section 27:	All (640.00 acres)	Serial Number: 10:085:0001
Section 28:	All (640.00 acres)	Serial Number: 10:086:0001
Section 29:	All (640.00 acres)	Serial Number: 10:087:0001
Section 35:	All (640.00 acres)	Serial Number: 10:089:0001

TOWNSHIP 12 SOUTH, RANGE 21 EAST, S.L.M.

Section 31:	Lots 3, 4, E/2SW/4 (SW/4) (149.66 acres)	Serial Number: 10:093:0002
-------------	--	----------------------------

TOWNSHIP 13 SOUTH, RANGE 20 EAST, S.L.M.

Section 1:	Lots 1,2,3,4, S/2N/2, S/2 (All) (640.24 acres)	Serial Number: 11:004:0001
Section 3:	Lots 1,2,3,4, S/2N/2, S/2 (All) (641.80 acres)	Serial Number: 11:005:0001
Section 4:	Lots 1,2,3,4, S/2N/2, S/2 (All) (642.00 acres)	Serial Number: 11:006:0001
Section 5:	Lots 1,2,3,4, S/2N/2, S/2 (All) (641.40 acres)	Serial Number: 11:007:0001
Section 6:	Lots 1,2,3,8,10,11,13, S/2 NE/4, SE/4NW/4, E/2SW/4, SE/4 (585.52 acres)	Serial Number: 11:008:0001
Section 7:	Lots 2,3,4,5, E/2W/2, E/2 (All) (636.15 acres)	Serial Number: 11:009:0001
Section 8:	All (640 acres)	Serial Number: 11:010:0001
Section 9:	All (640 acres)	Serial Number: 11:011:0001
Section 10:	All (640 acres)	Serial Number: 11:012:0001
Section 11:	All (640 acres)	Serial Number: 11:013:0001
Section 12:	All (640 acres)	Serial Number: 11:014:0001
Section 13:	All (640 acres)	Serial Number: 11:015:0001
Section 14:	All (640 acres)	Serial Number: 11:016:0001
Section 15:	E/2 (320 acres)	Serial Number: 11:017:0001
Section 22:	E/2 (320 acres)	Serial Number: 11:018:0001
Section 23:	All (640 acres)	Serial Number: 11:019:0001
Section 24:	All (640 acres)	Serial Number: 11:020:0001
Section 25:	All (640 acres)	Serial Number: 11:021:0001
Section 26:	All (640 acres)	Serial Number: 11:022:0001
Section 27:	NE/4 (160 acres)	Serial Number: 11:023:0001

TOWNSHIP 13 SOUTH, RANGE 21 EAST, S.L.M.

Section 6:	Lots 3,4,5,6,7, SE/4NW/4, E/2SW/4 (W/2) (299.60 acres)	Serial Number: 11:026:0002
Section 7:	Lots 1,2,3,4, E/2W/2 (W/2) (300.28 acres)	Serial Number: 11:027:0002
Section 18:	Lots 1,2,3,4, E/2W/2 (W/2) (301.64 acres)	Serial Number: 11:033:0001
Section 19:	Lots 1,2,3,4, E/2W/2 (W/2) (303.44 acres)	Serial Number: 11:034:0001
Section 30:	Lots 1,2,3,4, E/2W/2 (W/2) (304.80 acres)	Serial Number: 11:038:0001
Section 31:	Lots 1,2, E/2NW/4 (NW/4) (153.27 acres)	Serial Number: 11:039:0001

UINTAH COUNTY, UTAH

containing a total of 19,199.80 acres, more or less

UT10002.000

Uintah Oil Association Oil & Gas Lease

Dated September 15, 2004

Recorded Book 904, Page 1 Uintah County, Utah

Description of Leased Premises

Township 12 South, Range 21 East

Sec 31: SE/4

Sec 32: S/2

Township 13 South, Range 21 East

Sec 5: Lots 2,3,4, S/2NW/4, SW/4NE/4, SW/4, W/2SE/4

Sec 6: Lots 1,2, S/2NE/4, SE/4

Sec 7: E/2

Sec 8: W/2, W/2NE/4, NW/4SE/4

Uintah County, Utah

2,038.96 acres

UT10003.000

Utah Oil Shales, Inc. Oil & Gas Lease

Dated September 15, 2004

Recorded Book 904, Page 9 Uintah County, Utah

Description of Leased Premises

Township 13 South, Range 21 East

Sec 4: Lots 1,2,3,4, S/2N/2, S/2

Sec 5: Lot 1, SE/4NE/4, E/2SE/4

Sec 8: E/2E/2, SW/4SE/4

Sec 9: All

Sec 16: W/2

Sec 17: E/2

Uintah County, Utah

2,278.69 acres

Ten Point Plan**Slate River Resources, LLC****Mustang 1321-7F****Section 7, Township 13 South, Range 21 East, SENW****1. Surface Formation**

Green River

2. Estimated Formation Tops and Datum:

<u>Formation</u>	<u>Depth</u>	<u>Datum</u>
Green River	Surface	5983.9' G.R.
Wasatch	2320'	3663.9'
Mesaverde	4720'	1263.9'
Castlegate	6700'	-716.1'
Mancos	7300'	-1316.1'
TD	8000'	-2016.1'

A 12 ¼ hole will be drilled to 2,000' +/- . The hole depth will depend on the depth that the Birds Nest Zone is encountered. The hole will be drilled 400' beyond the top of the Birds Nest.

3. Producing Formation Depth:

Formation objective includes the Green River, Wasatch, Mesaverde and its sub-members.

Off Set Well information (Wells within a one-mile radius)

Drilling/Permitted:

Mustang 1321-6N
 Uintah Oil Association 1321-7A
 Mustang 1320-12A
 Mustang 1320-11

Abandon Well:

UOA #1

4. Proposed Casing:

<u>Hole Size</u>	<u>Casing Size</u>	<u>Weight/FT</u>	<u>Grade</u>	<u>Coupling & Tread</u>	<u>Casing Depth</u>	<u>New/Used</u>
12 ¼	9 5/8	32#	H-40	ST&C	2000	NEW
7 7/8	4 ½	11.6#	M-80	LT&C	T.D.	NEW

Cement Program:

The Surface Casing will be cemented to the Surface as follows:

	<u>Casing Size</u>	<u>Cement Type</u>	<u>Cement Amounts</u>	<u>Cement Yield</u>	<u>Cement Weight</u>
Lead:	9 5/8	Cement "V" Gel 16% BWOC Gilsonite 10#/sk Salt 3% BWOC GR-3 3#/sk Flocele ¼#/sk	180 sks +/-	3.82 ft³/sk	15.8 ppg
Tail:	9 5/8	Cement "G" Calcium Chloride 2% BWOC Flocele ¼ #/sk 0.1% R-3 2% Bentonite	225 sks. +/-	1.15 ft³/sk	15.8 ppg
Top Out:	9 5/8	Cement "G" Calcium Chloride 3%BWOC Flocele ¼ #/sk	100 sks +/-	1.15 ft³/sk	15.8 ppg

Production casing will be cemented to 2,000' or higher as follows:

	<u>Casing Size</u>	<u>Cement Type</u>	<u>Cement Amounts</u>	<u>Cement Yield</u>	<u>Cement Weight</u>
Lead:	4 1/2	Premium Cement 100% Gel 16% BWOC Salt 3% BWOC Gilsonite 10#/sk Flocele 1/4 #/sk GR-3 3#/sk	140 sks +/-	3.82ft ³ /sk	11.0 ppg
Tail:	4 1/2	Class "G" 50% POZ 50% Gel 2% BWOC Salt 10%BWOC Dispersant .2% BWOC Fluid loss .3% Flocele 1/4 #/sk	580 sks +/-	1.26ft ³ /sk	14.15 ppg

5. BOP and Pressure Containment Data:

The anticipated bottom hole pressure will be less than 3600 psi.

A 3000-psi WP BOP system as described in the BOP and Pressure Containment Data (attached) will be installed and maintained from the 9 5/8" surface casing. The BOP system including the casing will be pressure tested to minimum standards set forth in "On Shore Order #2". The BOP will be mechanically checked daily during the drilling operation.

6. Mud Program:

<u>Interval</u>	<u>Mud weight lbs./gal.</u>	<u>Viscosity Sec./OT.</u>	<u>Fluid Loss MI/30 Mins.</u>	<u>Mud Type</u>
0-2000	Air/Mist	-----	No Control	Air/Air mist
2000-T.D.	8.4-12.0	30	8-10	Water/Gel

7. Auxiliary Equipment

Upper Kelly cock, full opening stabbing valve, 2 ½" choke manifold and pit level indicator.

8. Testing, Coring, Sampling and Logging:

- a) Test: None are anticipated.
- b) Coring: There is the possibility of sidewall coring.
- c) Sampling: Every 25' from 2000' to T.D.
- d) Logging:

Type	Interval
DLL/SFL W/GR and SP	T.D. to Surf. Csg
FDC/CNL W/GR and CAL	T.D. to Surf. Csg

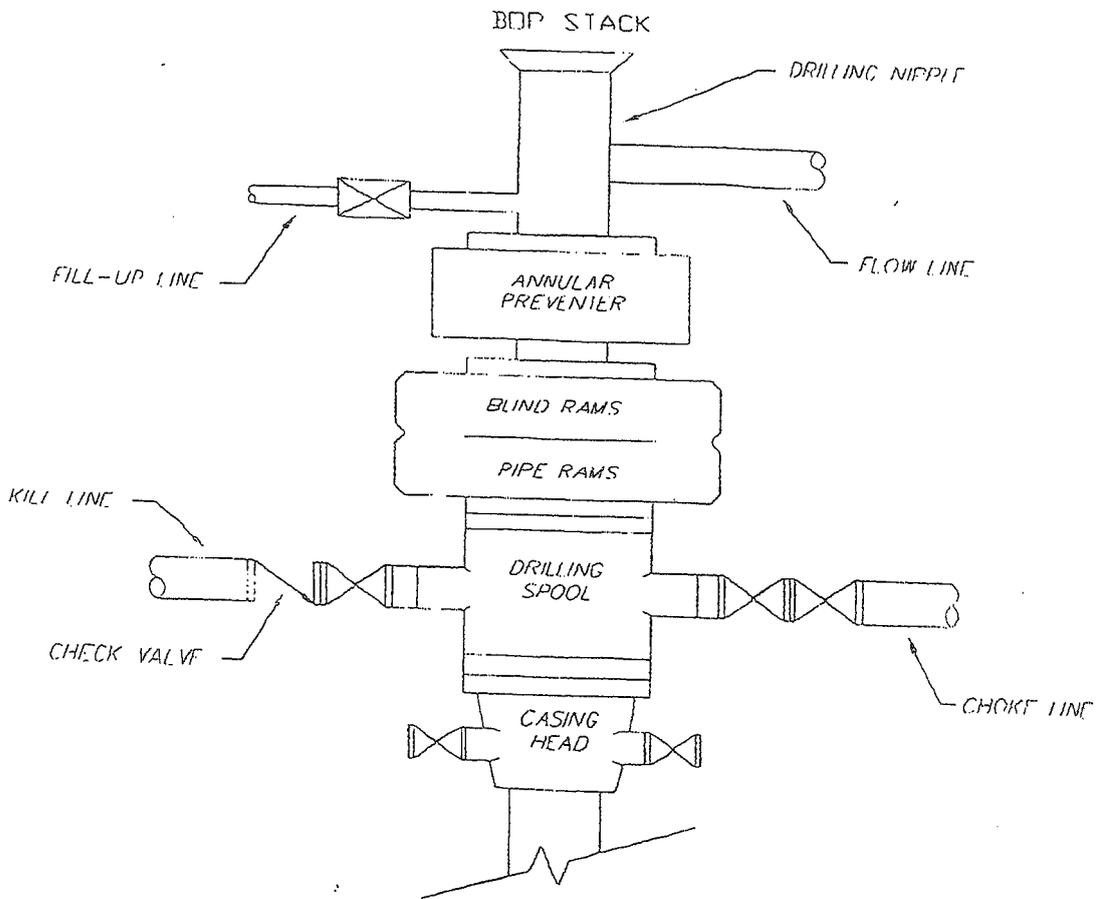
9. Abnormalities (including sour gas):

No abnormal pressures, temperatures or other hazards are anticipated. Oil and gas shows are anticipated in the Wasatch Formation. Other wells drilled in the area have not encountered over pressured zones or H₂S.

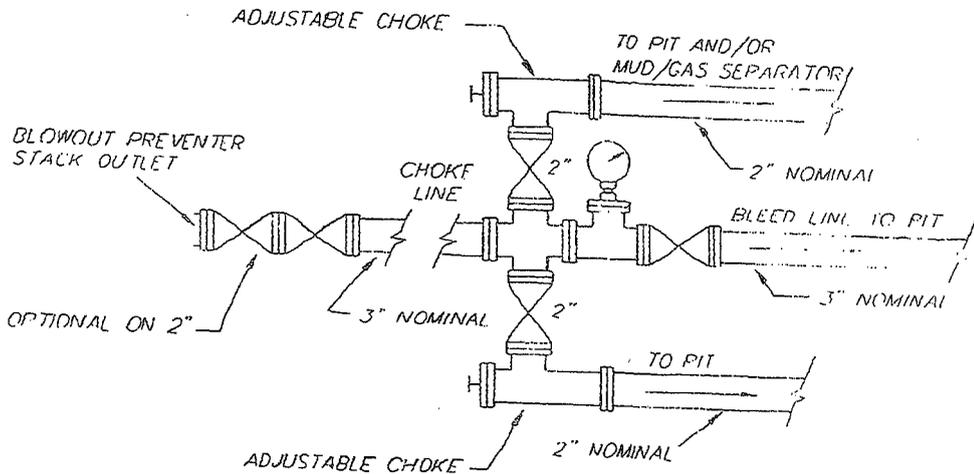
10. Drilling Schedule:

The anticipated starting date is April 1, 2005. Duration of operations is expected to be 30 days.

TYPICAL 3,000 p.s.i.
BLOWOUT PREVENTER SCHEMATIC



TYPICAL 3,000 p.s.i.
CHOKER MANIFOLD SCHEMATIC



SLATE RIVER RESOURCES, LLC

13 POINT SURFACE USE PLAN

FOR WELL

MUSTANG 1321-7F

LOCATED IN THE SE ¼ NW ¼

SECTION 7, TOWNSHIP 13 SOUTH, RANGE 21 EAST S.L.B.& M.

UINTAH COUNTY, UT

LEASE NUMBER: UT10001.000

SURFACE OWNERSHIP: FEE

1. Existing Roads:

SLATE RIVER RESOURCES, LLC
Mustang 1321-7F
Section 7, T13S, R21E, S.L.B.&M.

PROCEED IN A WESTERLY DIRECTION FROM VERNAL, UTAH ALONG U.S. HIGHWAY 40 APPROXIMATELY 14 MILES TO THE JUNCTION OF STATE HIGHWAY 88; EXIT LEFT AND PROCEED IN A SOUTHERLY DIRECTION ALONG STATE HIGHWAY 88 APPROXIMATELY 17 MILES TO OURAY, UTAH; FROM OURAY, PROCEED IN A SOUTHERLY DIRECTION ALONG THE SEEP RIDGE ROAD (COUNTY B ROAD 2810) APPROXIMATELY 29.4 MILES TO ITS INTERSECTION WITH THE BUCK CANYON ROAD (COUNTY B ROAD 5460); EXIT RIGHT AND PROCEED IN A SOUTHWESTERLY DIRECTION ALONG THE BUCK CANYON ROAD APPROXIMATELY 3.2 MILES TO WILLOW CREEK; TURN RIGHT AND PROCEED IN A NORTHWESTERLY DIRECTION ALONG THE WILLOW CREEK ROAD (COUNTY B ROAD 5120) APPROXIMATELY 2.1 MILES TO ITS INTERSECTION WITH THE AGENCY DRAW ROAD (COUNTY B ROAD 5340); EXIT LEFT AND PROCEED IN A WESTERLY THEN SOUTHERLY DIRECTION ALONG THE AGENCY DRAW ROAD APPROXIMATELY 2.7 MILES TO THE PROPOSED ACCESS ROAD; FOLLOW ROAD FLAGS IN A SOUTHWESTERLY DIRECTION APPROXIMATELY 0.7 MILES TO THE PROPOSED LOCATION.

TOTAL DISTANCE FROM VERNAL, UTAH TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 69.1 MILES.

All existing roads to the proposed location are State of Utah, BLM maintained or County Class D roads. Please see the attached map for additional details.

2. Planned access road

The proposed access road will be approximately 130' +/- of new construction on lease. The road will be graded once per year minimum and maintained.

- A) Approximate length 130 ft
- B) Right-of-Way width 30 ft
- C) Running surface 18 ft
- D) Surface material Native soil
- E) Maximum grade 5%
- F) Fence crossing None
- G) Culvert None
- H) Turnouts None
- I) Major cuts and fills None
- J) Road Flagged Yes
- K) Access road surface ownership Fee
- L) All new construction on lease Yes
- M) Pipe line crossing No

Please see the attached location plat for additional details.

An off lease Right-of-Way will not be required.

All surface disturbances for the road and location will be within the lease boundary.

3. Location of existing wells

The following wells are located within a one-mile radius of the location site.

- | | |
|---|------|
| A) Producing well | None |
| B) Water well | None |
| C) Abandoned well
UOA #1 | |
| D) Temp. abandoned well | None |
| E) Disposal well | None |
| F) Drilling /Permitted well
Mustang 1321-6N
Uintah Oil Association 1321-7A
Mustang 1320-12A
Mustang 1320-11 | |
| G) Shut in wells | None |
| H) Injection well | None |
| I) Monitoring or observation well | None |

Please see the attached map for additional details.

4. Location of tank batteries, production facilities and production gathering service lines.

All production facilities are to be contained within the proposed location site. Please see the attached plat plan for a typical gas well separator installation and well site piping.

All permanent (on site for more than six months or longer) structures constructed or installed will be painted a **Carlsbad Canyon or Olive Green** color. Facilities required to comply with O.S.H.A. (Occupational Safety and Health Act) will be excluded.

All tanks will be surrounded by a dike of sufficient capacity to contain the storage capacity of the largest tank in the battery. The integrity of the dike will be maintained.

The operator will adhere to all site security guidelines and regulation identified in 43 cfr 3126.7.

All off lease storage, off lease measurement, commingling on lease or off lease, of production, will have prior written approval from the authorized officer.

If the well is capable of economic production a surface gas line will be required.

Approximately 250' +/- of 3" pipeline would be constructed on Private Lands. The line would tie into the proposed pipeline in Section 7, T13S, R21E. The line will be strung and boomed to the north of the location.

An off lease Right-of-Way will not be required.

Please see the attached location diagrams for pipeline location. There will be no additional surface disturbances required for the installation of a gathering line.

The gas meter run will be located within 500' of the wellhead. The gas line will be buried or anchored down from the wellhead to the meter. Meter runs will be housed and/or fenced.

The gas meter will be calibrated and the tank strapped in place prior to any deliveries. Tests for meter accuracy will

be conducted monthly for the first three months on new meter installations and at least quarterly thereafter. The authorized officer will be provided with a date and time for the initial meter calibration and all future meter-proving schedules. A copy of the meter calibration report will be submitted to the BLM's Vernal District office and State of Utah, Division of Oil, Gas, and Mining. All measurement facilities will conform to API (American Petroleum Institute) and AGA (American Gas Association) standards for gas and liquid hydrocarbon measurement.

5. Location and type of water supply

Water for drilling and cementing will come from Willow Creek Permit # - T75377.

6. Source of construction materials

All construction material for this location site and access road shall be borrow material accumulated during construction of the location site and access road. Additional road gravel or pit lining material will be obtained from private resources.

7. Methods for handling waste disposal

A) Pit construction and liners:

The reserve pit will be approximately 8 ft. deep and most of the depth shall be below the surface of the existing ground Please see the attached plat for details.

The reserve pit will be lined.

The reserve pit will be used to store water for drilling. A semi-closed system will be used to drill the well. All fresh water for drilling will come from a frac tank placed on location and from the rig tank. The pit will be used to hold non-flammable materials such as cuttings, salt, drilling fluids, chemicals, produced fluids, etc.

B) Produced fluids:

Produced water will be confined to the reserve pit, or if deemed necessary, a storage tank for a period not to exceed 120 days after initial production. During the 120-day period an application for approval for permanent disposal method and location will be submitted to the authorized officer.

C) Garbage:

A trash cage fabricated from expanded metal will be used to hold trash on location and will be removed to an authorized landfill location.

D) Sewage:

A portable chemical toilet will be supplied for human waste.

E) Site clean-up:

After the rig is moved off the location the well site area will be cleaned and all refuse removed.

8. Ancillary facilities

There are no ancillary facilities planned at this time and none are foreseen for the future.

9. Well-site layout

Location dimensions are as follows:

- A) Pad length 340 ft
- B) Pad width 250 ft
- C) Pit depth 8 ft
- D) Pit length 160 ft
- E) Pit width 60 ft
- F) Max cut 14.3 ft
- G) Max fill 8.1 ft
- H) Total cut yds. 5,690 cu yds
- I) Pit location south side
- J) Top soil location south sides
- K) Access road location east side
- L) Flare Pit corner C

Please see the attached location diagram for additional details.

All pits will be fenced according to the following minimum standards:

- A) Thirty nine inch net wire shall be used with at least one strand of wire on top of the net wire. Barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence.
- B) The net wire shall be no more than 2 inches above the ground. The barbed wire shall be 3 inches above the net wire. Total height of the fence shall be at least 42 inches.

C) Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.

D) Standard steel, wood or pipe posts shall be used between the corner braces. Maximum distance between any two posts shall be no greater than 16 ft.

E) All wire shall be stretched by using a stretching device before it is attached to the corner posts.

10. Plans for restoration of the surface

Prior to construction of the location, the top 6 inches of soil material will be stripped off the location and the pit area. The topsoil removed and piled will amount to approximately 1,490 cubic yards of material. Topsoil will be stockpiled in one distinct pile. Placement of the topsoil is noted on the attached location plat. The topsoil pile from the location will be seeded as soon as the soil is stock piled with the seed mix listed. When all drilling and completion activities have been completed and the pit back-filled the topsoil from the pit area will be spread on the pit area. The pit area will be seeded when the soil has been spread. The unused portion of the location (the area outside the dead men) will be re-contoured.

The dirt contractor will be provided with an approved copy of the surface use plan prior to construction activities.

Changes to the drainage during the construction activities shall be restored

to its original line of flow or as near as possible when the pit is back-filled

All disturbed areas will be re-contoured to the approximate natural contours. Prior to back filling the pit the fences around the reserve pit will be removed.

The reserve pit will be reclaimed within 120 days of well completion. If the reserve pit has not dried sufficiently to allow back filling, an extension on the time requirement for back filling the pit will be requested. Once reclamation activities have begun, they shall be completed within 30 days.

After the reserve pit has been reclaimed, no depressions in the soil covering the reserve pit will be allowed. The objective is to keep seasonal rainfall and run off from seeping into the soil used to cover the reserve pit. Diversion ditches and water bars will be used to divert the run off as needed.

When restoration activities have been completed, the location site and new access road cuts and shoulders shall be reseeded. Prior to reseeding, all disturbed areas will be scarified. And left with a rough surface.

A) Seeding dates:

Seed will be spread when topsoil is stock piled and when reclamation work is performed.

The seed mix and quantity list will be used whether the seed is broadcast or drilled.

B) Seed Mix

To be determined by surface owner or will reflect the native vegetation.

11. Surface ownership:

Access road	Fee
Location	Fee
Pipe line	Fee

12. Other information:

A) Vegetation

The vegetation coverage is Slight. The majority of the existing vegetation consists of Sagebrush. Rabbit brush, Bitter Brush, and Indian Rice grass are also found on the location.

B) Dwellings:

There are no dwelling or other facilities within a one-mile radius of the location.

C) Archeology:

If, during operations, any archaeological or historical sites, or any objects of antiquity (subject to the antiquities act of June 8, 1906) are discovered, all operations, which would affect such sites, will be suspended and the discovery reported promptly to the surface owner.

D) Water:

The nearest water is Willow Creek located approximately 3.5 miles to the East.

E) Chemicals:

No pesticides, herbicides or other possible hazardous chemicals will be used without prior application.

F) Notification:

- a) Location Construction
At least forty eight (48) hours prior to construction of location and access roads.
- b) Location completion
Prior to moving on the drilling rig.
- c) Spud notice
At least twenty-four (24) hours prior to spudding the well.
- d) Casing string and cementing
At least twenty-four (24) hours prior to running casing and cementing all casing strings.
- e) BOP and related equipment tests
At least twenty-four (24) hours prior to initial pressure tests.
- f) First production notice
Within five (5) business days after the new well begins, or production resumes after well has been off production for more than 90 days.

G) Flare pit:

The flare pit will be located in **corner C** of the reserve pit out side the pit fences and 100 feet from the bore hole on the east side of the location. All fluids will be removed from the pit within 48 hours of occurrence.

13. Lessees or Operator's representative and certification

A) Representative(s)

JT Conley
Slate River Resources, LLC
418 East Main ST
Vernal, UT 84078

Office 435-781-1871
Fax 435-781-1875

Ginger P Stringham, Agent
Paradigm Consulting, INC
PO BOX 790203
Vernal, UT 84079

Office 435-790-4163
Fax 435-789-0255

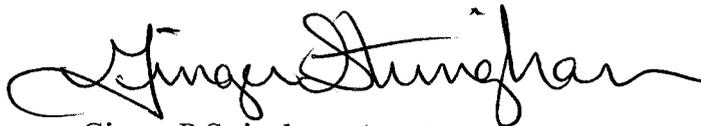
All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, onshore oil and gas orders, and any applicable notices to lessees. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance.

This drilling permit will be valid for a period of one year from the date of approval. After permit termination, a new application will be filed for approval for any future operations.

B) Certification:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill-site and access route, that I am familiar with the conditions which presently exist, that the statements made in this plan are, to the best of my knowledge and belief, true and correct, and that the work associated with the operation proposed herein will be performed by Slate River Resources, LLC and its contractors and subcontractors in conformity with this plan and terms and conditions with this plan and the terms and conditions under which it is approved.

Date 3/11/05



Ginger P Stringham, Agent
Paradigm Consulting, INC

Onsite Dates:

RECEIVED
MAY 06 2004
WATER RIGHTS
VERNAL

TEMPORARY APPLICATION TO APPROPRIATE WATER

Rec. by STW
Fee Paid \$ 75.00
Receipt # 04-01905

STATE OF UTAH

For the purpose of acquiring the right to use a portion of the unappropriated water of the State of Utah, application is hereby made to the State Engineer, based upon the following showing of facts, submitted in accordance with the requirements of Title 73, Chapter 3, Utah Code Annotated 1953, as amended.

WATER RIGHT NUMBER: 49 - 2179
(BMW)

TEMPORARY APPLICATION NUMBER: T75377

1. OWNERSHIP INFORMATION:

LAND OWNED? No

A. NAME: A-1 Tank Rental and Brine Service
ADDRESS: P. O. Box 1168
Vernal UT 84078

B. PRIORITY DATE: May 6, 2004

FILING DATE: May 6, 2004

2. SOURCE INFORMATION:

A. QUANTITY OF WATER: 10.0 acre-feet

B. SOURCE: Willow Creek

COUNTY: Uintah

C. POINT OF DIVERSION -- SURFACE:

(1) N 150 feet W 650 feet from SE corner, Section 29, T 12S, R 21E, SLBM
DIVERT WORKS: Pump into tank trucks and haul to place of use

D. COMMON DESCRIPTION: 30 miles southwest of Vernal

3. WATER USE INFORMATION:

OIL EXPLORATION: from May 15 to May 1 Drilling and completion of oil/gas wells
in the south Ouray area.
Period of Use - May 15, 2004 to May 14, 2005.

-----*

4. PLACE OF USE: (which includes all or part of the following legal subdivisions:)

BASE	TOWN	RANG	SEC	NORTH-WEST 1/4				NORTH-EAST 1/4				SOUTH-WEST 1/4				SOUTH-EAST 1/4			
				NW	NE	SW	SE	NW	NE	SW	SE	NW	NE	SW	SE	NW	NE	SW	SE
SL	10S	21E		Entire TOWNSHIP															
SL	10S	22E		Entire TOWNSHIP															
SL	11S	21E		Entire TOWNSHIP															
SL	11S	22E		Entire TOWNSHIP															
SL	12S	21E		Entire TOWNSHIP															
SL	12S	22E		Entire TOWNSHIP															

Statement of use of Hazardous Materials

No chemical(s) from the EPA's consolidated list of Chemicals Subject to Reporting under Title III of the Superfund Amendments and Reauthorization, Act (SARA) of 1986 will be used, produced, transported, stored, disposed, or associated with the proposed action. No extremely hazardous substances, as defined in 40 cfr 355, will be used, produced, stored, transported, disposed, or associated with the proposed action.

If you require additional information please contact:

Ginger Stringham
Agent for Slate River Resources, LLC
Paradigm Consulting, INC
PO BOX 790203
Vernal, UT 84079

435-790-4163 Office
435-789-0255 Fax

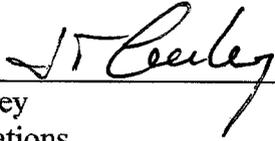
AFFIDAVIT OF SURFACE OWNER USE AGREEMENT

Slate River Resources, LLC has in place, agreements with the surface owners of the following leases. Slate River Resources, LLC is the operator and makes this certification that the agreements provide for management of the Fee surface lands under development.

Eagle Minerals Ltd. Oil and Gas Lease

Uintah Oil Association Oil & Gas Lease

Utah Oil Shales, Inc. Oil & Gas Lease



J.T. Conley
VP Operations
Slate River Resources, LLC
418 East Main
Vernal, UT 84078
435-781-1871

DESIGNATION OF AGENT OR OPERATOR

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

LEASE NAME: Fee Leases, see attached

LEASE NUMBER: Fee, no numbers assigned

and hereby designates

NAME: Ginger Stringham, Paradigm Consulting Inc.

ADDRESS: PO Box 790203

city Vernal state UT zip 84078

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

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

Fee leases, see attached

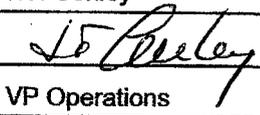
It is understood that this designation of agent/operator does not relieve the lessee of responsibility for compliance with the terms of the lease and the Oil and Gas Conservation General Rules and Procedural Rules of the Board of Oil, Gas and Mining of the State of Utah. It is also understood that this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

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

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

Effective Date of Designation: 03/01/2005

BY: (Name) J.T. Conley

(Signature) 

(Title) VP Operations

(Phone) (435) 781-1871

OF: (Company) Slate River Resources, LLC

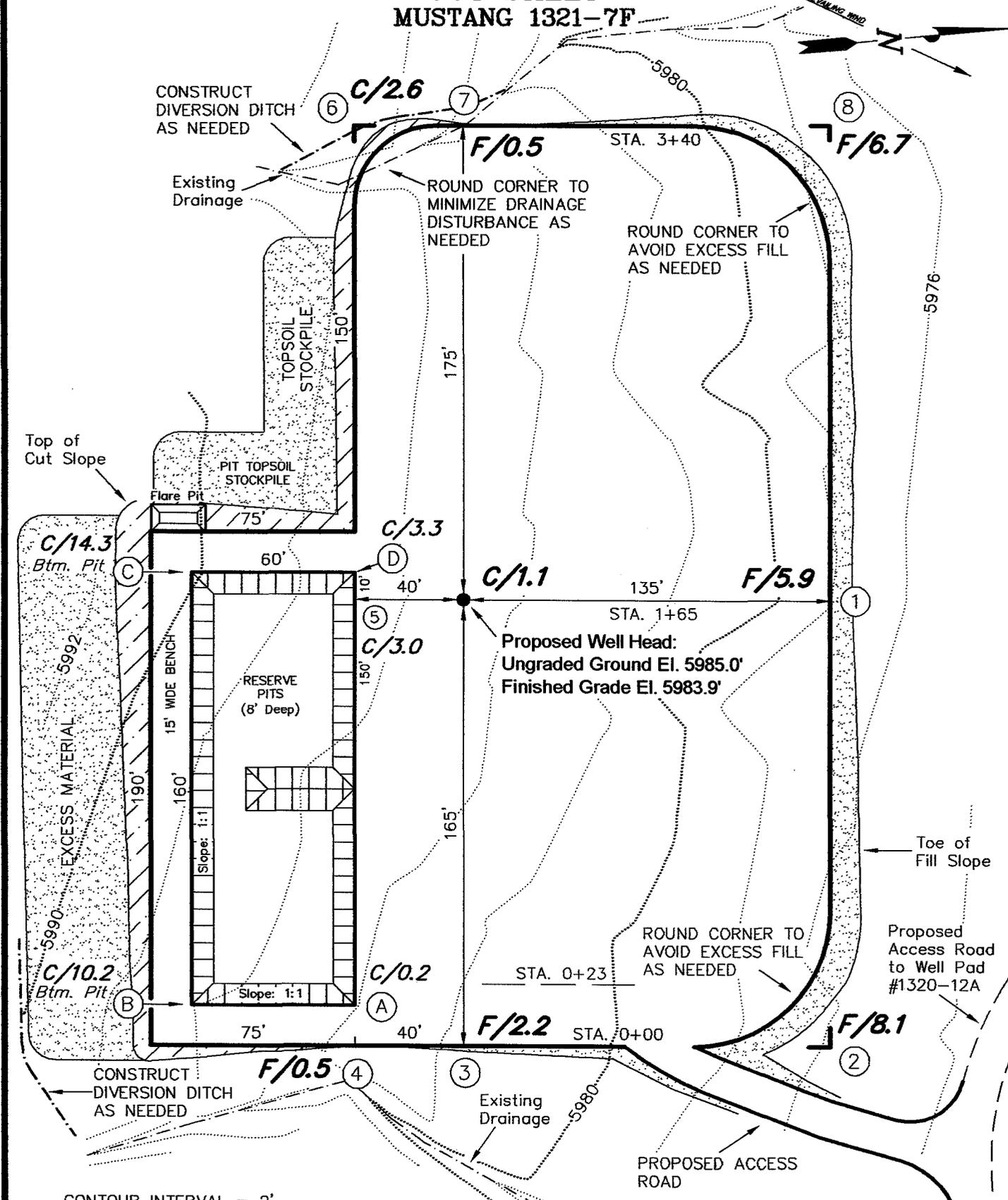
(Address) 418 East Main

city Vernal

state UT zip 84078

SLATE RIVER RESOURCES, LLC

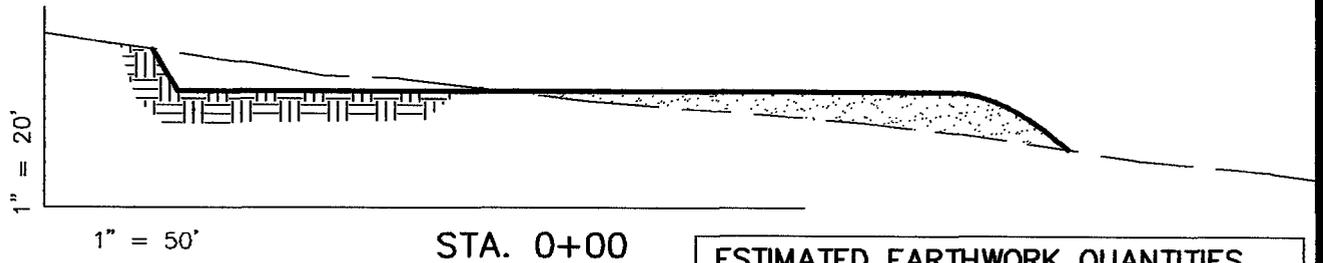
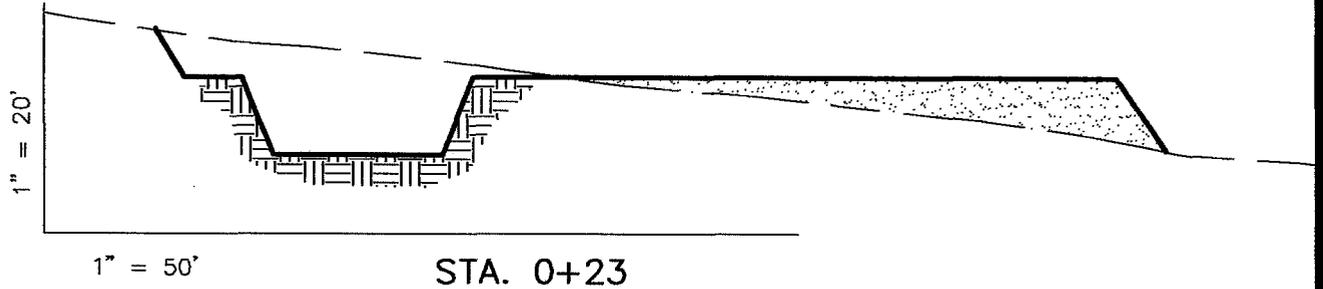
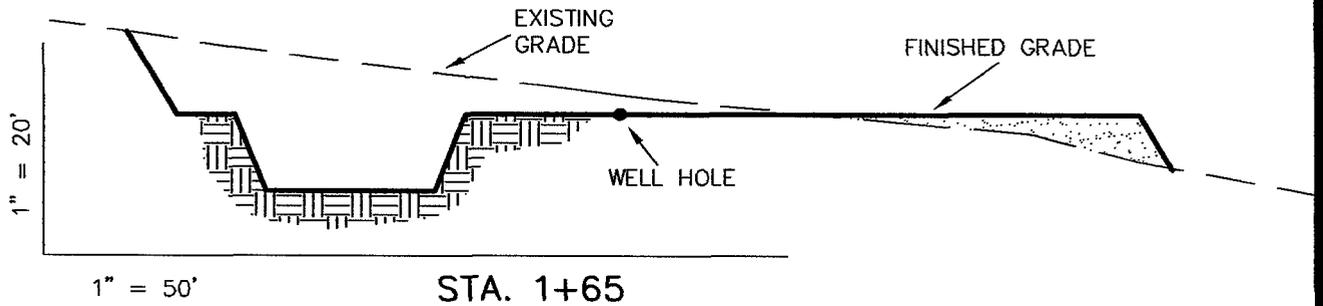
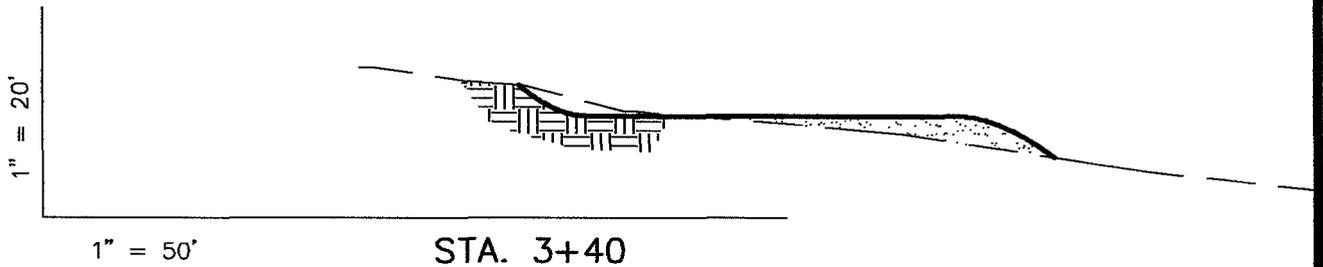
CUT SHEET MUSTANG 1321-7F



Section 7, T13S, R21E, S.L.B.&M.		Qtr/Qtr Location: SE NW	Footage Location: 1913' FNL & 1604' FWL
Date Surveyed: 2-23-05	Date Drawn: 2-26-05	Date Last Revision:	Timberline (435) 789-1365
Surveyed By: K.K.	Drawn By: J.R.S.	Scale: 1" = 50'	SHEET 2 OF 10
			38 WEST 100 NORTH VERNAL, UTAH 84078

SLATE RIVER RESOURCES, LLC

CROSS SECTIONS MUSTANG 1321-7F



REFERENCE POINTS

- 185' NORTHERLY = 5974.4'
- 235' NORTHERLY = 5971.8'
- 225' WESTERLY = 5984.8'
- 275' WESTERLY = 5986.7'

NOTE:
UNLESS OTHERWISE NOTED
ALL CUT/FILL SLOPES ARE
AT 1.5:1

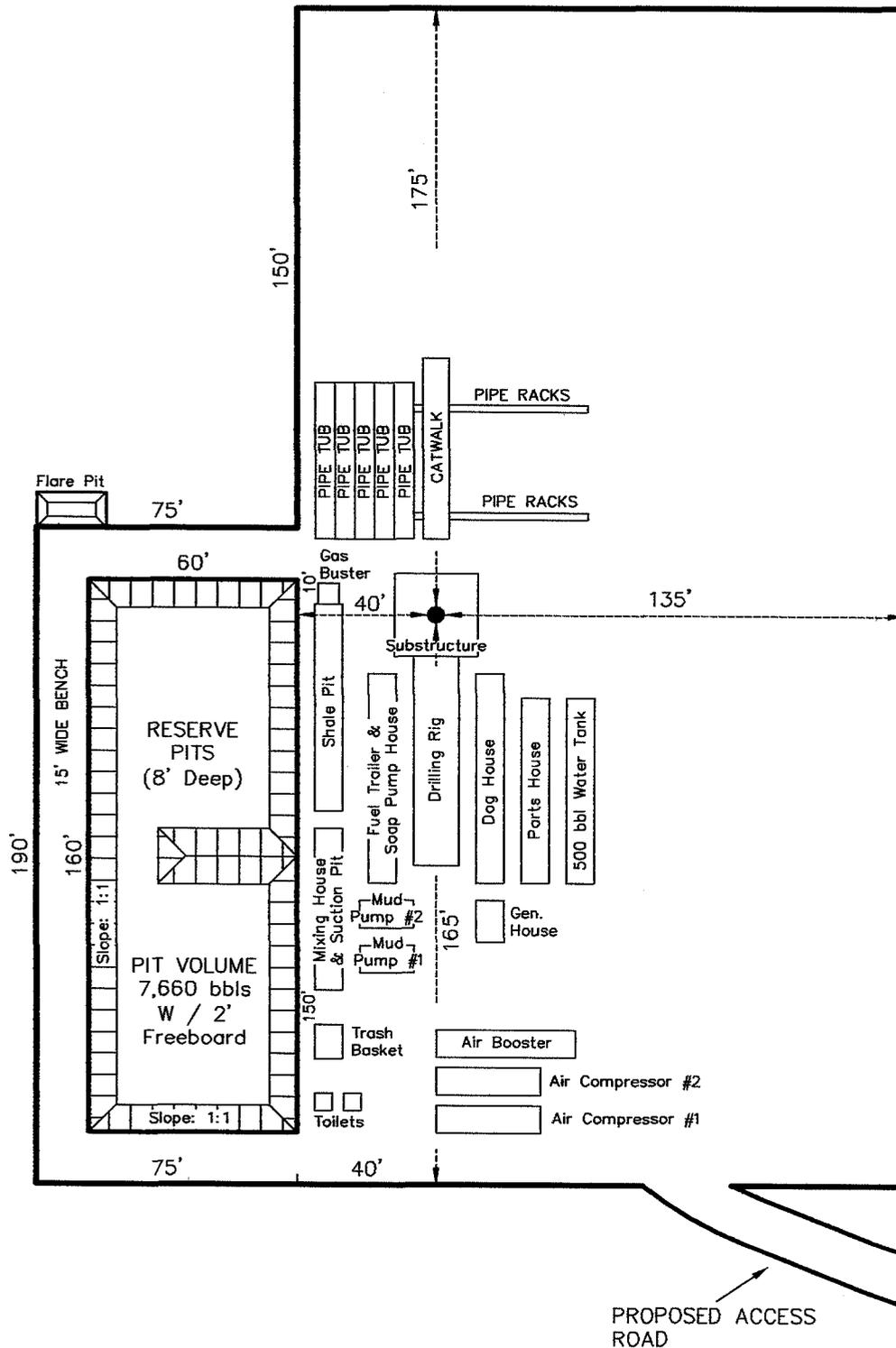
ESTIMATED EARTHWORK QUANTITIES				
(Expressed in Cubic Yards)				
ITEM	CUT	FILL	6" TOPSOIL	EXCESS
PAD	3,420	4,550	Topsoil is not included in Pad Cut	1,130
PIT	2,270	0		0
TOTALS	5,690	4,550	1,490	1,140

Excess Material after Pit Rehabilitation = 0 Cu. Yds.

Section 7, T13S, R21E, S.L.B.&M.		Qtr/Qtr Location: SE NW	Footage Location: 1913' FNL & 1604' FWL	
Date Surveyed: 2-23-05	Date Drawn: 2-26-05	Date Last Revision:	Timberline (435) 789-1365 Land Surveying, Inc. 38 WEST 100 NORTH VERNAL, UTAH 84078	
Surveyed By: K.K.	Drawn By: J.R.S.	Scale: 1" = 50'		
			SHEET	3
			OF 10	

SLATE RIVER RESOURCES, LLC

TYPICAL RIG LAYOUT MUSTANG 1321-7F

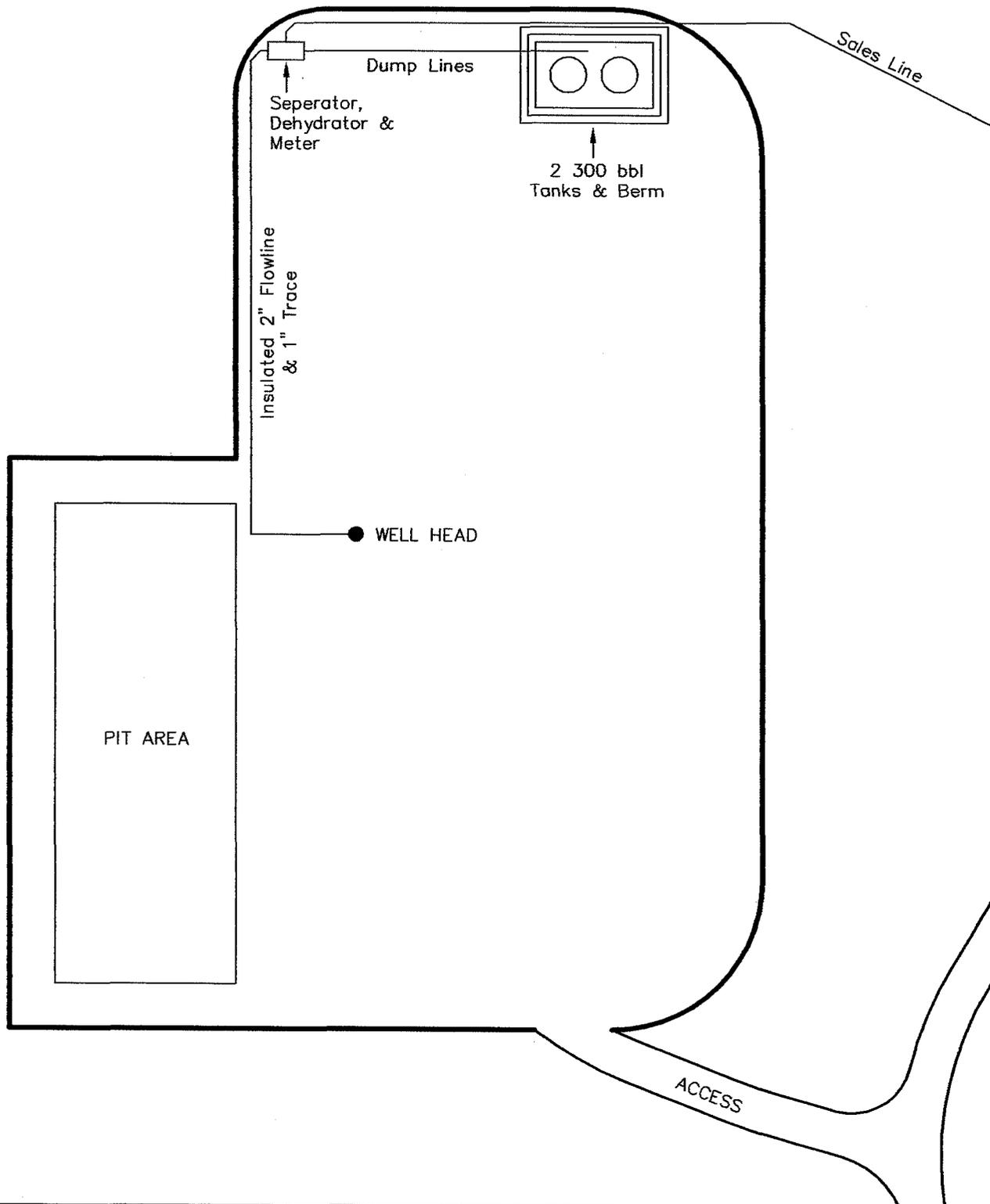


Section 7, T13S, R21E, S.L.B.&M.		Qtr/Qtr Location: SE NW	Footage Location: 1913' FNL & 1604' FWL
Date Surveyed: 2-23-05	Date Drawn: 2-26-05	Date Last Revision:	<i>Timberline</i> (435) 789-1365
Surveyed By: K.K.	Drawn By: J.R.S.	Scale: 1" = 50'	SHEET 4 OF 10

Timberline
Land Surveying, Inc.
38 WEST 100 NORTH VERNAL, UTAH 84078

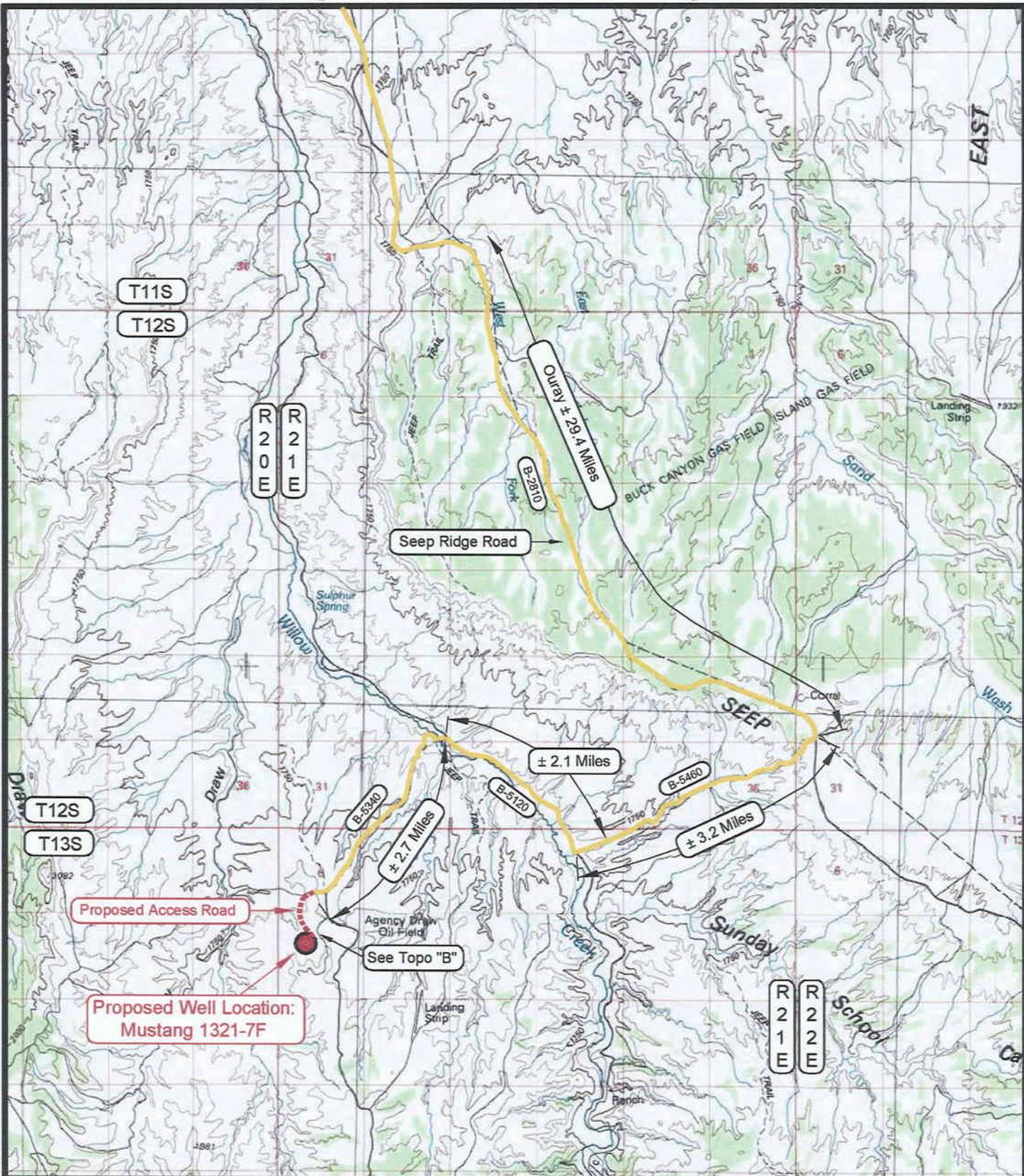
SLATE RIVER RESOURCES, LLC

TYPICAL PRODUCTION LAYOUT MUSTANG 1321-7F



Section 7, T13S, R21E, S.L.B.&M.		Qtr/Qtr Location: SE NW	Footage Location: 1913' FNL & 1604' FWL
Date Surveyed: 2-23-05	Date Drawn: 2-26-05	Date Last Revision:	<i>Timberline</i> (435) 789-1365
Surveyed By: K.K.	Drawn By: J.R.S.	Scale: 1" = 50'	SHEET 5 OF 10

Timberline
Land Surveying, Inc.
38 WEST 100 NORTH VERNAL, UTAH 84078



LEGEND

- = PROPOSED WELL LOCATION
- = EXISTING ROAD
- - - = PROPOSED ACCESS ROAD
- B-5460 = COUNTY ROAD CLASS & NUMBER

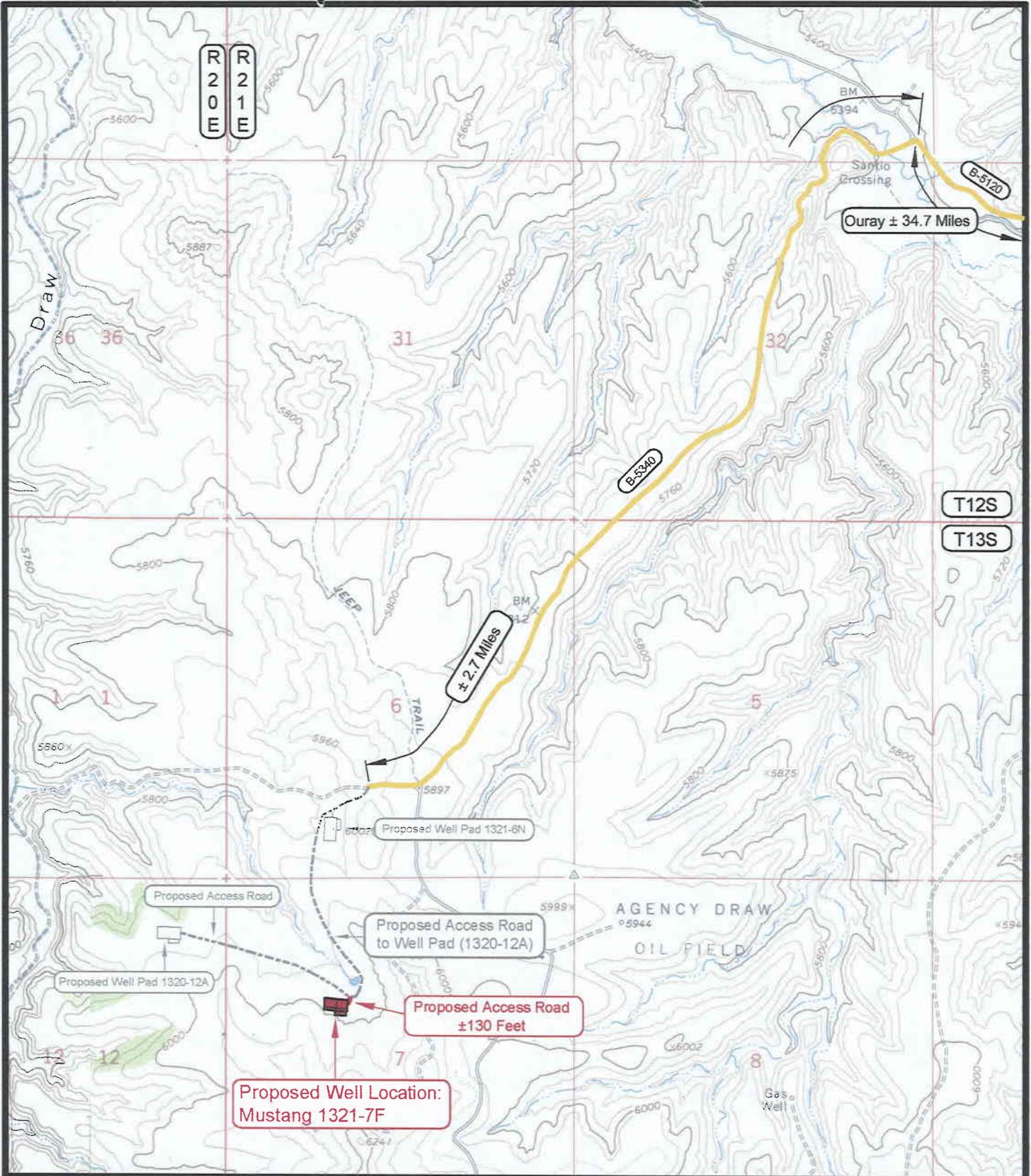
SLATE RIVER RESOURCES, LLC

Mustang 1321-7F
SECTION 7, T13S, R21E, S.L.B.&M.
1913' FNL & 1604' FWL

TOPOGRAPHIC MAP "A"		DATE SURVEYED: 2-23-05
		DATE DRAWN: 2-26-05
SCALE: 1:100,000	DRAWN BY: J.R.S.	REVISED:

Timberline Land Surveying, Inc.
 38 West 100 North Vernal, Utah 84078
 (435) 789-1365

SHEET
6
OF 10



R 20 E
R 21 E

Ouray ± 34.7 Miles

T12S

T13S

± 2.7 Miles

Proposed Well Pad 1321-6N

Proposed Access Road

Proposed Access Road to Well Pad (1320-12A)

Proposed Well Pad 1320-12A

Proposed Access Road ±130 Feet

Proposed Well Location:
Mustang 1321-7F

AGENCY DRAW
OIL FIELD

LEGEND

- = EXISTING ROAD
- = EXISTING ROAD (TO BE IMPROVED)
- - - = PROPOSED ACCESS ROAD
- B-5460 = COUNTY ROAD CLASS & NUMBER

TOPOGRAPHIC MAP "B"

DATE SURVEYED: 2-23-05
DATE DRAWN: 2-26-05
REVISED:

SCALE: 1" = 2000'

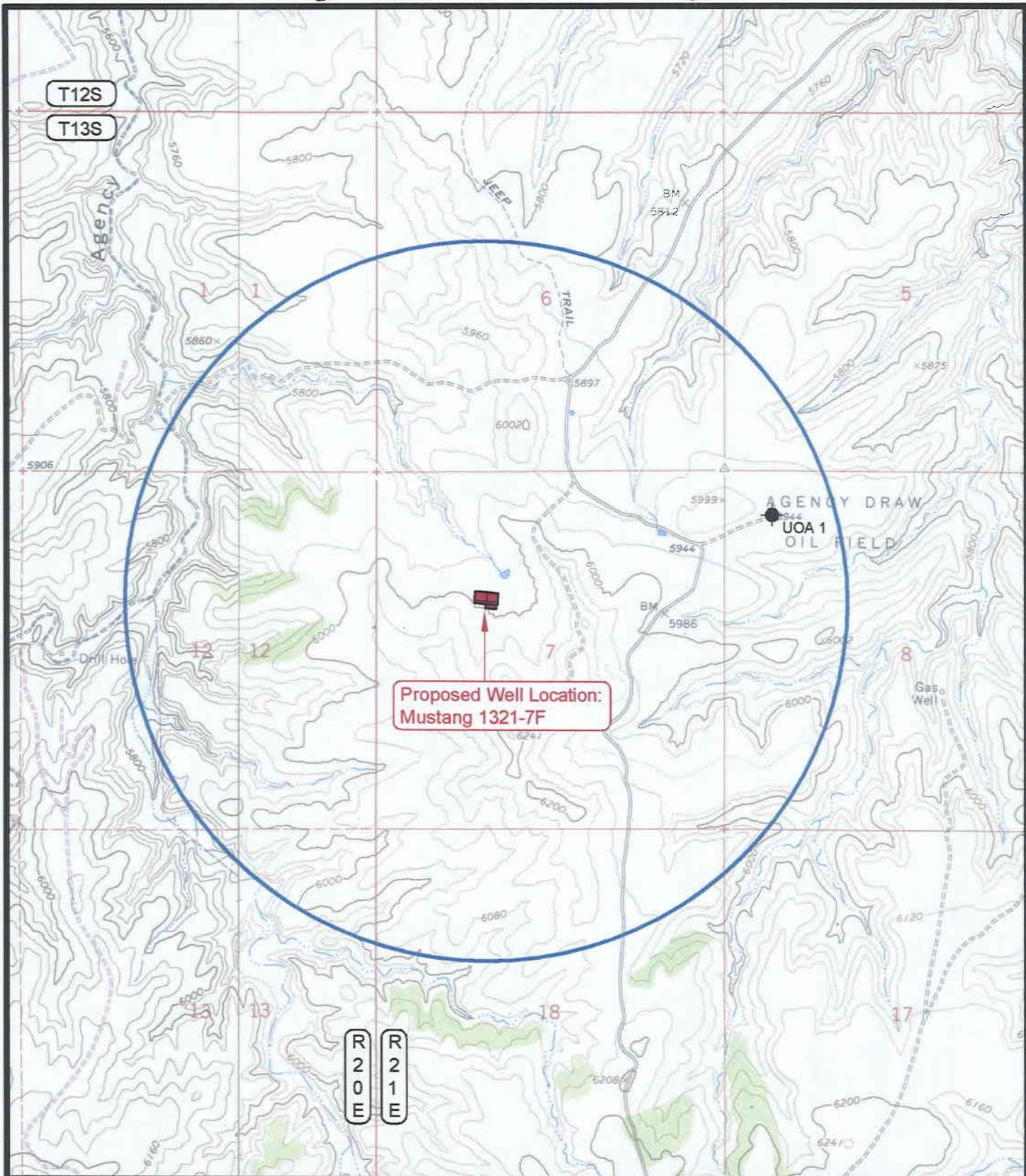
DRAWN BY: J.R.S.

SLATE RIVER RESOURCES, LLC

Mustang 1321-7F
SECTION 7, T13S, R21E, S.L.B.&M.
1913' FNL & 1604' FWL

Timberline Land Surveying, Inc.
38 West 100 North Vernal, Utah 84078
(435) 789-1365

SHEET
7
OF 10



LEGEND

- ⊘ = DISPOSAL WELL
- = PRODUCING WELL
- = SHUT IN WELL
- ⊘ = WATER WELL
- = ABANDONED WELL
- = TEMPORARILY ABANDONED WELL



SLATE RIVER RESOURCES, LLC

Mustang 1321-7F
SECTION 7, T13S, R21E, S.L.B.&M.
1913' FNL & 1604' FWL

TOPOGRAPHIC MAP "C"

DATE SURVEYED: 2-23-05

DATE DRAWN: 2-26-05

SCALE: 1" = 2000'

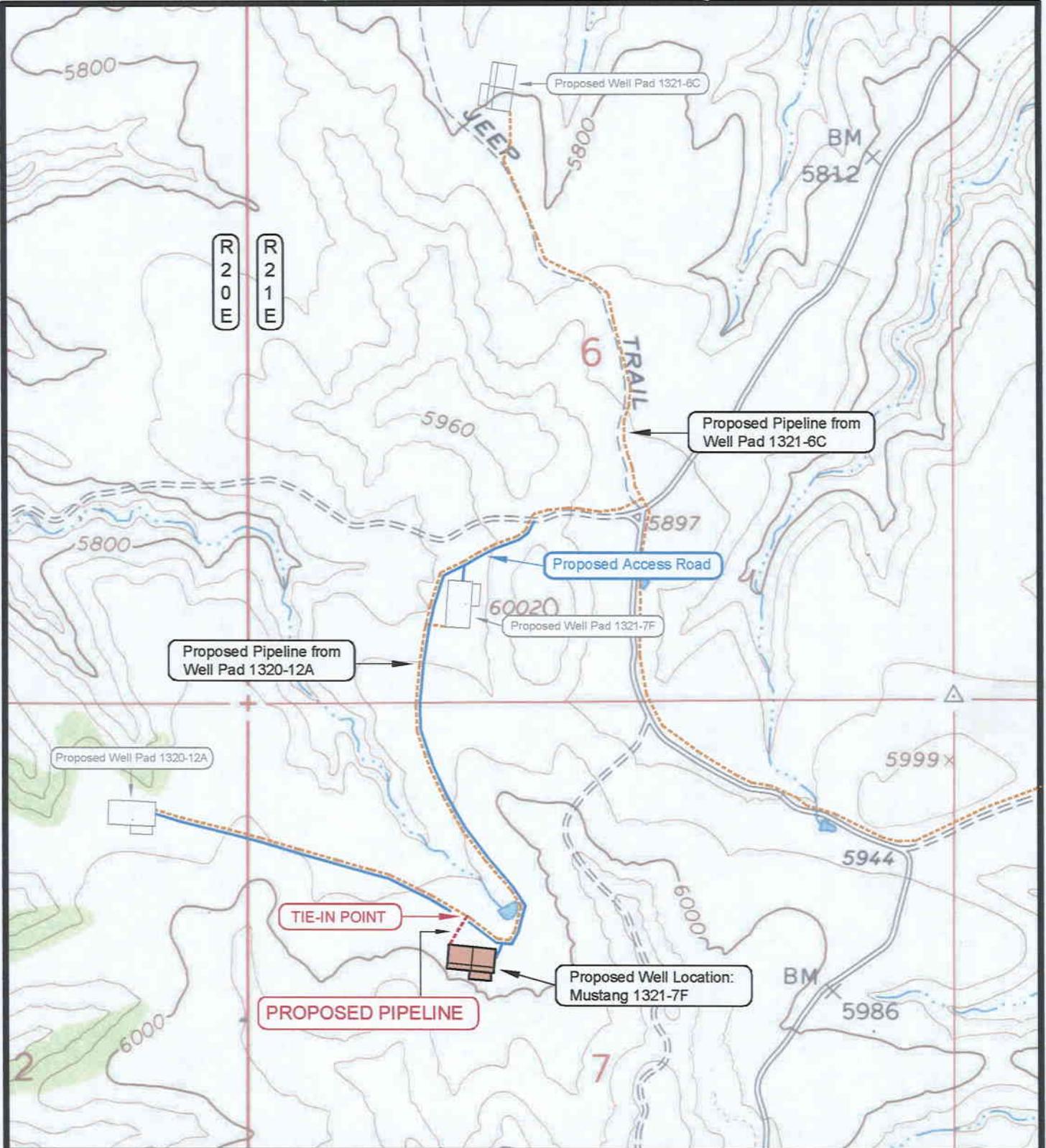
DRAWN BY: J.R.S.

REVISED:

Timberline Land Surveying, Inc.

38 West 100 North Vernal, Utah 84078
 (435) 789-1365

SHEET
8
OF 10



APPROXIMATE PIPELINE LENGTH = 250 FEET

LEGEND

- = EXISTING PIPELINE
- .-.- = PROPOSED PIPELINE
- = PROPOSED ACCESS ROAD

SLATE RIVER RESOURCES, LLC

**Mustang 1321-7F
SECTION 7, T13S, R21E, S.L.B.&M.
1913' FNL & 1604' FWL**

TOPOGRAPHIC MAP "D"

DATE SURVEYED: 2-23-05

DATE DRAWN: 2-26-05

SCALE: 1" = 1000'

DRAWN BY: J.R.S.

REVISED:

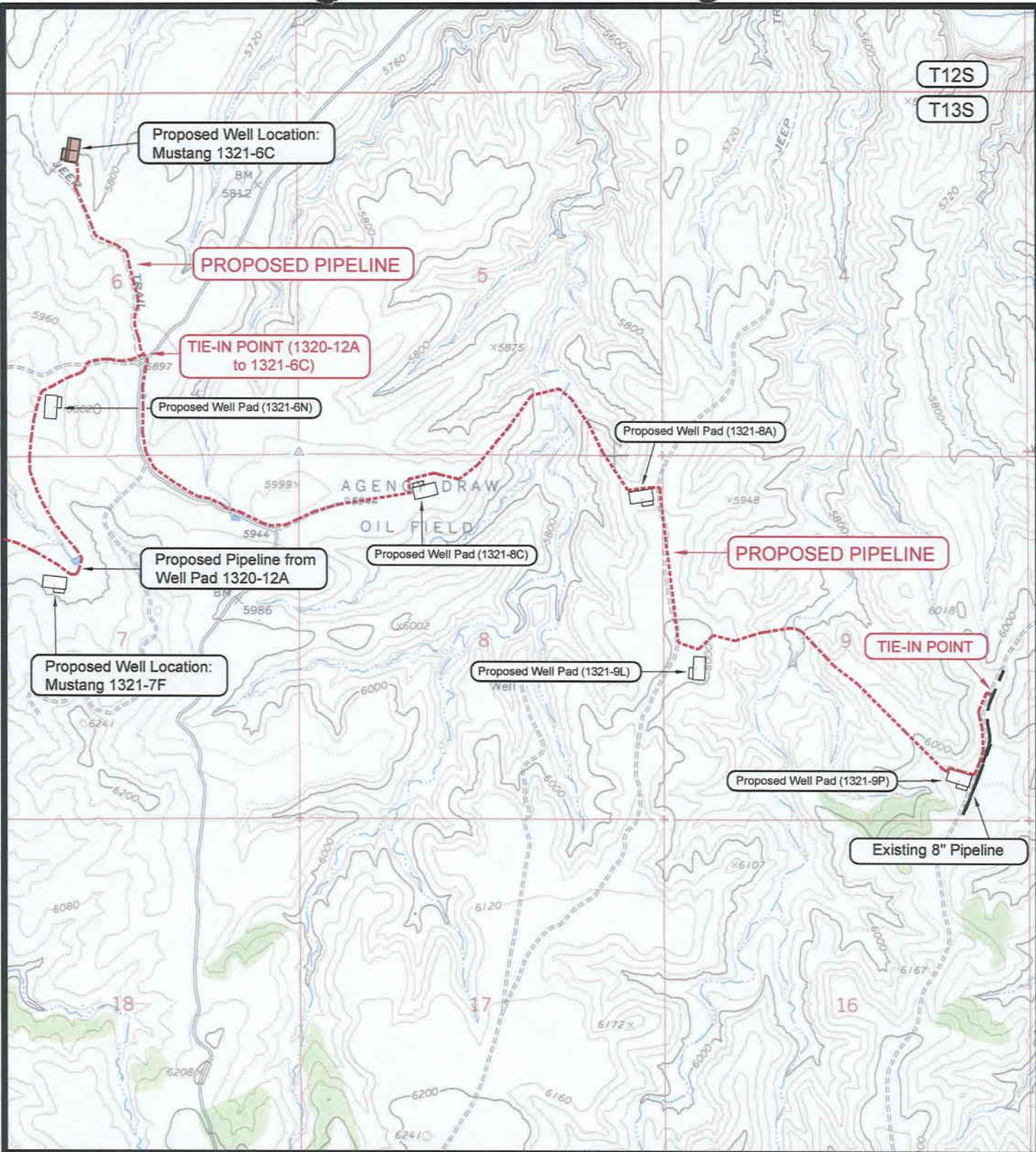
Timberline Land Surveying, Inc.

38 West 100 North Vernal, Utah 84078
(435) 789-1385

SHEET

9

OF 10



APPROXIMATE PIPELINE LENGTH = 23,090'

LEGEND

- = EXISTING PIPELINE
- = PROPOSED PIPELINE
- = PROPOSED ACCESS ROAD

TOPOGRAPHIC MAP "D-1"

DATE SURVEYED: 2-23-05

DATE DRAWN: 2-26-05

SCALE: 1" = 2000'

DRAWN BY: J.R.S.

LATEST REVISION: 3-3-05

SLATE RIVER RESOURCES, LLC

Mustang 1321-7F

**Proposed Pipeline from Well 1321-6C to Tie In
SECTIONS 5, 6, 7, 8 & 9, T13S, R21E, S.L.B.&M.
1913' FNL & 1604' FWL**

Timberline Land Surveying, Inc.

38 West 100 North Vernal, Utah 84078
(435) 789-1365

SHEET

9a

OF 10

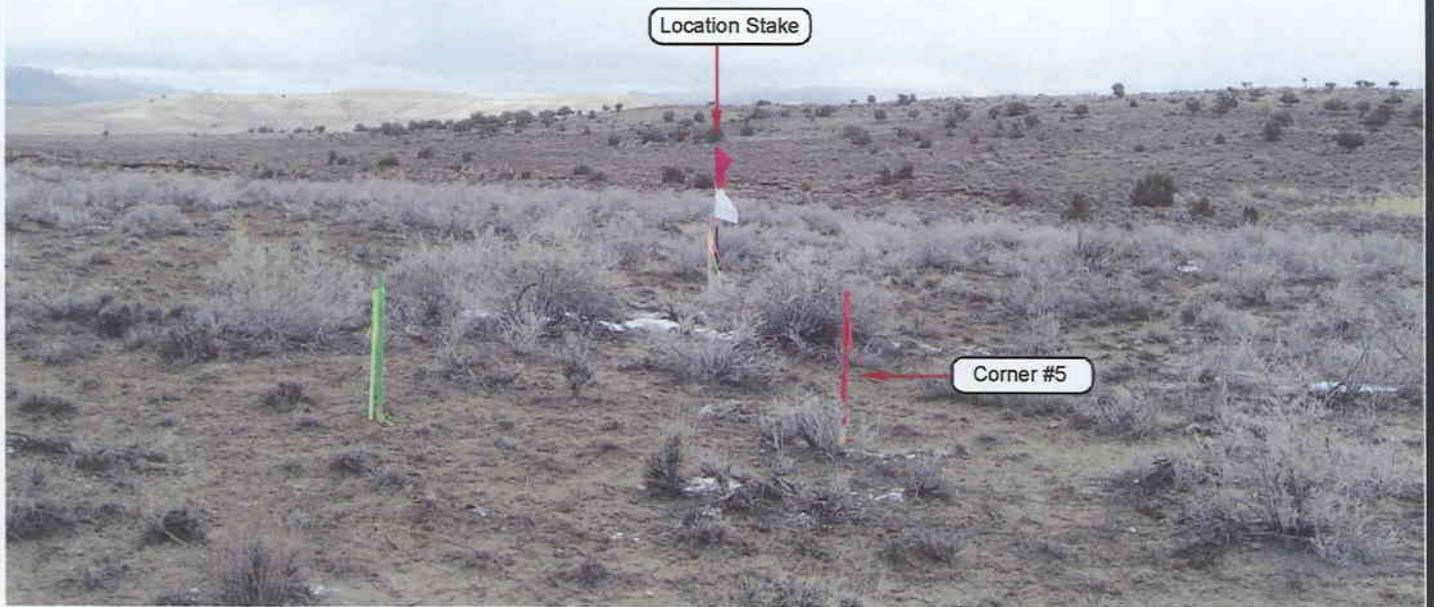


PHOTO VIEW: FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: NORTHERLY

SLATE RIVER RESOURCES, LLC

Mustang 1321-7F
SECTION 7, T13S, R21E, S.L.B.&M.
1913' FNL & 1604' FWL

LOCATION PHOTOS

TAKEN BY: K.K.

DRAWN BY: J.R.S.

DATE TAKEN: 2-23-05

DATE DRAWN: 2-26-05

REVISED:

Timberline Land Surveying, Inc.

38 West 100 North Vernal, Utah 84078
 (435) 789-1365

SHEET
10
 OF 10

SLATE RIVER RESOURCES, LLC
Mustang 1321-7F
Section 7, T13S, R21E, S.L.B.&M.

PROCEED IN A WESTERLY DIRECTION FROM VERNAL, UTAH ALONG U.S. HIGHWAY 40 APPROXIMATELY 14 MILES TO THE JUNCTION OF STATE HIGHWAY 88; EXIT LEFT AND PROCEED IN A SOUTHERLY DIRECTION ALONG STATE HIGHWAY 88 APPROXIMATELY 17 MILES TO OURAY, UTAH; FROM OURAY, PROCEED IN A SOUTHERLY DIRECTION ALONG THE SEEP RIDGE ROAD (COUNTY B ROAD 2810) APPROXIMATELY 29.4 MILES TO ITS INTERSECTION WITH THE BUCK CANYON ROAD (COUNTY B ROAD 5460); EXIT RIGHT AND PROCEED IN A SOUTHWESTERLY DIRECTION ALONG THE BUCK CANYON ROAD APPROXIMATELY 3.2 MILES TO WILLOW CREEK; TURN RIGHT AND PROCEED IN A NORTHWESTERLY DIRECTION ALONG THE WILLOW CREEK ROAD (COUNTY B ROAD 5120) APPROXIMATELY 2.1 MILES TO ITS INTERSECTION WITH THE AGENCY DRAW ROAD (COUNTY B ROAD 5340); EXIT LEFT AND PROCEED IN A WESTERLY THEN SOUTHERLY DIRECTION ALONG THE AGENCY DRAW ROAD APPROXIMATELY 2.7 MILES TO THE PROPOSED ACCESS ROAD; FOLLOW ROAD FLAGS IN A SOUTHWESTERLY DIRECTION APPROXIMATELY 0.7 MILES TO THE PROPOSED LOCATION.

TOTAL DISTANCE FROM VERNAL, UTAH TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 69.1 MILES.

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 03/09/2005

API NO. ASSIGNED: 43-047-36371

WELL NAME: MUSTANG 1321-7F
OPERATOR: SLATE RIVER RESOURCES (N2725)
CONTACT: GINGER STRINGHAM

PHONE NUMBER: 435-790-4163

PROPOSED LOCATION:

SENW 07 130S 210E
SURFACE: 1913 FNL 1604 FWL
BOTTOM: 1913 FNL 1604 FWL
UINTAH
WILDCAT (1)

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	DKD	4/15/05
Geology		
Surface		

LEASE TYPE: 4 - Fee
LEASE NUMBER: FEE
SURFACE OWNER: 4 - Fee
PROPOSED FORMATION: MNCS
COALBED METHANE WELL? NO

LATITUDE: 39.70307
LONGITUDE: -109.6120

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[] Ind[] Sta[] Fee[]
(No. B001556)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. 49-2179)
- RDCC Review (Y/N)
(Date: _____)
- Fee Surf Agreement (Y/N)

LOCATION AND SITING:

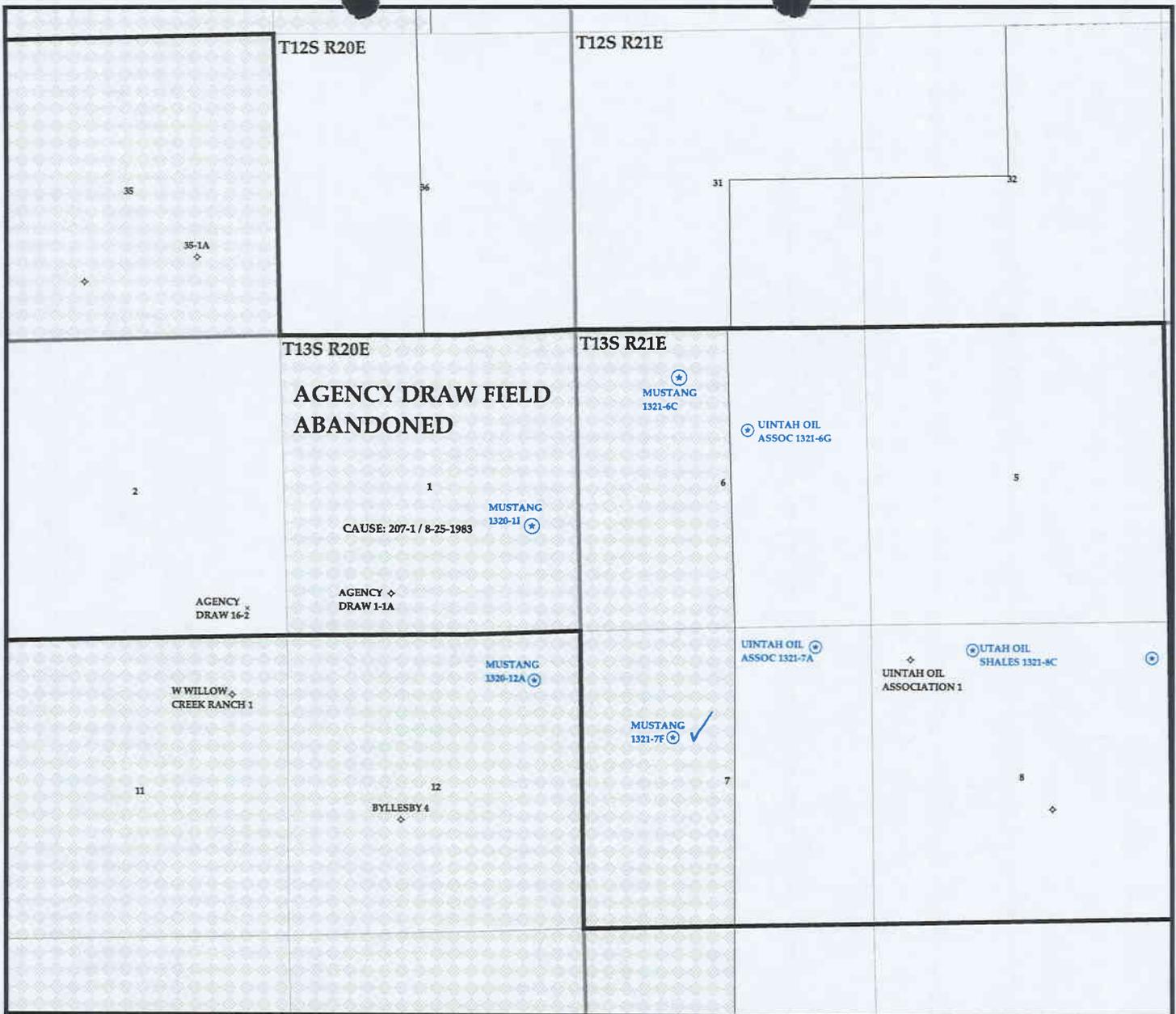
- R649-2-3.
Unit _____
- R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells
- R649-3-3. Exception
- Drilling Unit
Board Cause No: 207-1
Eff Date: 8-25-1983
Siting: 660 ft. ext bdry of NW 1/4 or SE 1/4
- R649-3-11. Directional Drill

COMMENTS:

Needs Permit (03-31-05)

STIPULATIONS:

- 1- STATEMENT OF BASIS
- 2- Cement Strip #3 - 4 1/2" production string cemented back to 2000' MD



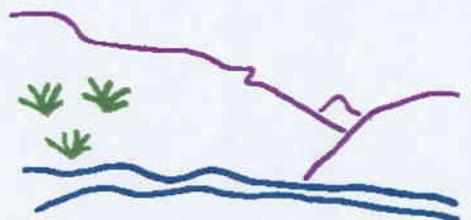
OPERATOR- SLATE RIVER RES (N2725)

SEC. 7 T.13S R.21E

FIELD: WILDCAT (001)

COUNTY: UINTAH

CAUSE: 207-1 / 8-25-1983



Utah Oil Gas and Mining



PREPARED BY: DIANA WHITNEY
DATE: 11-MARCH-2005

Wells	Units.shp	Fields.shp
⚡ GAS INJECTION	🔲 EXPLORATORY	🔲 ABANDONED
⊙ GAS STORAGE	🔲 GAS STORAGE	🔲 ACTIVE
✕ LOCATION ABANDONED	🔲 NF PP OIL	🔲 COMBINED
⊕ NEW LOCATION	🔲 NF SECONDARY	🔲 INACTIVE
⚡ PLUGGED & ABANDONED	🔲 PENDING	🔲 PROPOSED
⚡ PRODUCING GAS	🔲 PI OIL	🔲 STORAGE
● PRODUCING OIL	🔲 PP GAS	🔲 TERMINATED
⚡ SHUT-IN GAS	🔲 PP GEOTHERML	
⚡ SHUT-IN OIL	🔲 PP OIL	
✕ TEMP. ABANDONED	🔲 SECONDARY	
⊙ TEST WELL	🔲 TERMINATED	
⚡ WATER INJECTION		
⚡ WATER SUPPLY		
⚡ WATER DISPOSAL		

003

FAX TRANSMISSION

SLATE RIVER RESOURCES, LLC

1600 Broadway, Suite 900

Denver, Colorado 80202

office: 303-592-4444

direct: 303-592-4448

fax: 303-592-4440

To: Diana Whitney, DOGM **Date:** March 15, 2005
Fax #: 801-359-3940 **Pages:** 8, including this cover sheet.

From: Bruce E. Johnston
Subject: Mustang Oil and Gas Lease and Surface Damage Agreement

Attached is the Oil and Gas lease covering the 19,199.80 acres owned by Mustang Fuel Corporation (Eagle Minerals Ltd.). Please note the surface use language is Item 13 of the Oil and Gas Lease.

I will fax you a copy of the Surface Use Letter Agreement with Utah Oil Shale and Uintah Oil Association tomorrow. Ed Bown was not able to finish it today. Thanks for your help.

RECEIVED
MAR 15 2005
DIV. OF OIL, GAS & MINING

From the desk of...
Bruce E. Johnston
Vice President Land
Slate River Resources, LLC
1600 Broadway, Suite 900
Denver, CO 80202
bjohnston@slriver.com
303-592-4448
Fax: 303-592-4440

Entry 2005001032
 Book 914 Page 535 \$58.00
 09-FEB-05 02:27

RANDY SIMMONS
 RECORDER, UINTAH COUNTY, UTAH
 MUSTANG FUEL CORPORATION
 BROADWAY EXTENSION OKLAHOMA CITY, O
 (PAID UP) Rec By: DEBRA ROOKS DEPUTY

Entry 2005001032
 Book 914 Page 535

AGREEMENT, Made and entered into this 1st day of February, 2005, by and between Eagle Minerals Ltd., 13439 Broadway Extension, Oklahoma City, OK 73114-2202, hereinafter called Lessor (whether one or more), and Mustang Fuel Corporation, 13439 Broadway Extension, Oklahoma City, OK 73114-2202 hereinafter called Lessee, Witnesseth:

1. That the said Lessor, for and in consideration of TEN AND MORE DOLLARS, cash in hand paid, receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of Lessee to be paid, kept and performed, hereby grants, demises, leases and lets unto Lessee for the sole and only purpose of exploring, drilling and operating for and producing oil and gas and of laying pipelines, storing oil and building tanks, roads, and structures thereon to produce, save, care for, treat and transport said substances produced from the land leased hereunder (sometimes referred to in this Lease as the "leased premises") situated in the County of Uintah, State of Utah, to-wit:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

and containing 19,199.8 acres, more or less.

2. **Term** Subject to the provisions hereinafter contained, this Lease shall remain in force for a term of five (5) years from this date (herein called primary term) and as long thereafter as oil or gas, or either of them, is produced in paying quantities from the leased premises, or operations are being conducted as hereinafter provided. Upon the termination or any partial termination of this Lease, Lessee shall prepare, execute and deliver to Lessor a recordable release of such acreage in accordance with Section 12 of this Lease.

At the expiration of the primary term, this Lease shall automatically terminate as to the leased premises except for those portions included in a proration unit (as further defined in Section 11 below) attributable to a well capable of producing oil and/or gas in paying quantities unless operations are then being conducted in accordance with the Continuous Development provisions of Section 9 below or the Additional Drilling or Reworking provisions of Section 10 below, in which case the terms of said Sections 9 and 10 shall control. At the time of any such termination hereunder, each such producing proration unit shall be considered as a separate Lease for all purposes in this Lease.

If at the expiration of the primary term, this Lease is perpetuated by production of oil and/or gas in paying quantities, then, with respect to each proration unit on the leased premises, this Lease shall automatically terminate as to all rights granted by this Lease below the base of the deepest formation from which oil and/or gas is then being produced, provided, however, if at the expiration of the primary term, Lessee is engaged in drilling an additional well or wells pursuant to the provisions of Section 9 of this Lease, then this Lease shall not terminate with respect to the depths described in this section so long as development continues in accordance with the terms of said Section 9. Furthermore, if at the expiration of the primary term, Lessee is engaged in deepening an existing well, then for purposes of this Section only, the deepening of an existing well shall be considered a Continuous Development operation under Section 9 of this Lease, and so long as Lessee continues developing the leased premises in accordance with the terms provided therein, the rights to the depths described in this Section shall not terminate.

If at any time after the expiration of the primary term or the expiration of any extended term provided in Section 9 below, whichever is later, should the deepest producing formation attributable to any proration unit on this Lease cease to produce in paying quantities, then Lessee shall have one hundred twenty (120) days to begin either deepening that well or commencing the drilling of another well or wells on that proration unit in accordance with the provisions of Section 10 of this Lease, or this Lease, insofar as it covers such proration unit, shall automatically terminate with regard to all depths below the base of the deepest formation from which oil and/or gas is then being produced. In the event the applicable proration unit size (provided in Section 11 below) for such producing formation then being produced is smaller than that applicable for the prior producing formation, then unless perpetuated by other terms of this Lease, such acreage outside the permitted proration unit shall be released in accordance with Section 12 below.

To the extent that any part of this Lease remains in effect, Lessee shall retain such easements across the terminated portions of the Lease as shall be reasonably necessary for pipelines, roads, drilling and production facilities and ingress and egress to enable Lessee to develop and operate the remaining portion of this Lease.

3. **Limitation to Oil and Gas** This Lease is intended to cover only free flowing oil and gas producible by conventional oil and gas industry accepted means (i.e., the drilling and producing of vertical and/or horizontal wellbores) and shall not be deemed to include oil and gas which may be produced through the mining and processing of oil shale or other solid hydrocarbons or solid carbonaceous materials or processing in place of oil shale or other solid hydrocarbons or solid carbonaceous beds or deposits. Lessor expressly reserves and retains herefrom all gilsonite, trona, oil shale, tar sands and all other minerals (except oil and gas) which may underlie all or part of the leased premises. The term "oil shale" is defined as a mineable, hydrogen-bearing, finely laminated brown or black sedimentary rock that will yield liquid or gaseous hydrocarbons on distillation. This Lease does cover coal bed methane gas.

4. **Pooling** Lessee does not have the right and power to pool or combine the acreage covered by this Lease or any portion thereof as to all and any or either of them with any other land or lease, except as such pooling may be permitted to produce

RECEIVED

MAR 15 2005

DIV. OF OIL, GAS & MINING

Entry 2005001032
 Book 914 Page 535 \$50.00
 09-FEB-05 02:27

RANDY SIMMONS
 RECORDER, UTAH COUNTY, UTAH
 MUSTANG FUEL CORPORATION
 13439 BROADWAY EXTENSION OKLAHOMA CITY, OK
 (PAID UP) Rec By: DEBRA ROOKS DEPUTY

Entry 2005001032
 Book 914 Page 535

AGREEMENT, Made and entered into this 1st day of February, 2005, by and between Eagle Minerals Ltd., 13439 Broadway Extension, Oklahoma City, OK 73114-2202, hereinafter called Lessor (whether one or more), and Mustang Fuel Corporation, 13439 Broadway Extension, Oklahoma City, OK 73114-2202 hereinafter called Lessee, Witnesseth:

1. That the said Lessor, for and in consideration of TEN AND MORE DOLLARS, cash in hand paid, receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of Lessee to be paid, kept and performed, hereby grants, demises, leases and lets unto Lessee for the sole and only purpose of exploring, drilling and operating for and producing oil and gas and of laying pipelines, storing oil and building tanks, roads, and structures thereon to produce, save, care for, treat and transport said substances produced from the land leased hereunder (sometimes referred to in this Lease as the "leased premises") situated in the County of Uintah, State of Utah, to-wit:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

and containing 19,199.8 acres, more or less.

2. **Term** Subject to the provisions hereinafter contained, this Lease shall remain in force for a term of five (5) years from this date (herein called primary term) and as long thereafter as oil or gas, or either of them, is produced in paying quantities from the leased premises, or operations are being conducted as hereinafter provided. Upon the termination or any partial termination of this Lease, Lessee shall prepare, execute and deliver to Lessor a recordable release of such acreage in accordance with Section 12 of this Lease.

At the expiration of the primary term, this Lease shall automatically terminate as to the leased premises except for those portions included in a proration unit (as further defined in Section 11 below) attributable to a well capable of producing oil and/or gas in paying quantities unless operations are then being conducted in accordance with the Continuous Development provisions of Section 9 below or the Additional Drilling or Reworking provisions of Section 10 below, in which case the terms of said Sections 9 and 10 shall control. At the time of any such termination hereunder, each such producing proration unit shall be considered as a separate Lease for all purposes in this Lease.

If at the expiration of the primary term, this Lease is perpetuated by production of oil and/or gas in paying quantities, then, with respect to each proration unit on the leased premises, this Lease shall automatically terminate as to all rights granted by this Lease below the base of the deepest formation from which oil and/or gas is then being produced, provided, however, if at the expiration of the primary term, Lessee is engaged in drilling an additional well or wells pursuant to the provisions of Section 9 of this Lease, then this Lease shall not terminate with respect to the depths described in this section so long as development continues in accordance with the terms of said Section 9. Furthermore, if at the expiration of the primary term, Lessee is engaged in deepening an existing well, then for purposes of this Section only, the deepening of an existing well shall be considered a Continuous Development operation under Section 9 of this Lease, and so long as Lessee continues developing the leased premises in accordance with the terms provided therein, the rights to the depths described in this Section shall not terminate.

If at any time after the expiration of the primary term or the expiration of any extended term provided in Section 9 below, whichever is later, should the deepest producing formation attributable to any proration unit on this Lease cease to produce in paying quantities, then Lessee shall have one hundred twenty (120) days to begin either deepening that well or commencing the drilling of another well or wells on that proration unit in accordance with the provisions of Section 10 of this Lease, or this Lease, insofar as it covers such proration unit, shall automatically terminate with regard to all depths below the base of the deepest formation from which oil and/or gas is then being produced. In the event the applicable proration unit size (provided in Section 11 below) for such producing formation then being produced is smaller than that applicable for the prior producing formation, then unless perpetuated by other terms of this Lease, such acreage outside the permitted proration unit shall be released in accordance with Section 12 below.

To the extent that any part of this Lease remains in effect, Lessee shall retain such easements across the terminated portions of the Lease as shall be reasonably necessary for pipelines, roads, drilling and production facilities and ingress and egress to enable Lessee to develop and operate the remaining portion of this Lease.

3. **Limitation to Oil and Gas** This Lease is intended to cover only free flowing oil and gas producible by conventional oil and gas industry accepted means (i.e., the drilling and producing of vertical and/or horizontal wellbores) and shall not be deemed to include oil and gas which may be produced through the mining and processing of oil shale or other solid hydrocarbons or solid carbonaceous materials or processing in place of oil shale or other solid hydrocarbons or solid carbonaceous beds or deposits. Lessor expressly reserves and retains herefrom all gilsonite, iron, oil shale, tar sands and all other minerals (except oil and gas) which may underlie all or part of the leased premises. The term "oil shale" is defined as a mineable, kerogen-bearing, finely laminated brown or black sedimentary rock that will yield liquid or gaseous hydrocarbons on distillation. This Lease does cover coal bed methane gas.

4. **Pooling** Lessee does not have the right and power to pool or combine the acreage covered by this Lease or any portion thereof as to oil and gas, or either of them, with any other land or leases, except as such pooling may be required to conform to spacing prescribed by applicable governing agencies of the State of Utah.

5. **Royalty Percentage** Lessee covenants and agrees to pay Lessor the following royalties subject to the provisions of Section 6 hereof:

RECEIVED
 MAR 15 2005

DIV. OF OIL, GAS & MINING

try 2005001032
ok 814 Page 536

(a) 22% of 8/8ths (reduced to 20% of 8/8ths as of April 28, 2012) of the gross proceeds of all oil and other liquid hydrocarbons recovered or separated on the leased premises produced and saved from the leased premises and sold by Lessee in an arms' length transaction, and, as to such oil and other liquid hydrocarbons not sold by Lessee in an arms' length transaction, royalties of that share or percentage calculated by using the highest price plus premium, if any, paid or offered for oil and other liquid hydrocarbons of comparable quality in the general area where produced and when run; or after sixty (60) days written notice from Lessor, which notice may be given from time to time, Lessee shall deliver free of cost to Lessor at the well, or to the credit of Lessor into the pipeline to which the well is connected, such share or percentage of all oil and other liquid hydrocarbons produced and saved from the leased premises; and

(b) 22% of 8/8ths (reduced to 20% of 8/8ths as of April 28, 2012) of the gross proceeds received by Lessee for all gas recovered or separated on the leased premises, produced from the leased premises and sold by Lessee in an arms' length transaction; and as to such gas not sold by Lessee in an arms' length transaction, royalties of that share or percentage calculated by using the highest price paid or offered for gas of comparable quality in the general area where produced and when run.

6. Royalty Payment

(a) Lessee shall pay Lessor monthly royalty on all oil and other liquid hydrocarbons including condensate, and on all gas, including all substances contained in such gas, (all hereinafter collectively called "Products" and each individually called a "Product") produced from a well on the leased premises, whether or not such Products are produced to the credit of Lessee or sold under a contract executed by or binding on Lessee. Lessee shall pay Lessor's royalty within ninety (90) days of the sale by Lessee to the purchaser of such oil and gas produced from the leased premises or after curing of all significant title defects, whichever is later. Liquidated damages for failure to timely make such payment shall be one and one-half percent (1-1/2%) per month on the royalty due Lessor. If Lessee fails to comply with the provisions of this section, then Lessor shall, at its option, have the right to terminate this Lease, however, Lessor shall give written notice by certified mail of such intention to Lessee and Lessee shall have sixty (60) days from notice receipt in which to comply with the requirements contained in this section. Failure of Lessee to comply herewith or provide Lessor with a reasonable explanation for said noncompliance shall cause immediate forfeiture of this Lease. If Lessee provides Lessor with a reasonable explanation for said noncompliance, Lessor and Lessee will negotiate the actual amount owed and the penalty will be the liquidated damages provided for above.

(b) In no event shall Lessor's royalty for a Product be based on a price less than the price paid Lessee in an arms' length transaction for Lessee's share of that Product produced hereunder. For purposes of this Lease, an arms' length transaction is a sale of a Product by Lessee to a buyer not affiliated with Lessee or with any subsidiary or other affiliate of Lessee under an agreement negotiated in good faith by all parties.

(c) Lessor's royalty shall bear its share of applicable taxes. Lessor shall never bear, either directly or indirectly, any part of the production or post-production cost or expense, including without limitation, cost or expense for storing, separating, dehydrating, transporting, compressing, treating, gathering, or otherwise rendering marketable or marketing the Products; however, reasonable costs incurred in enhancing the value of already marketable Products, including costs of transporting Products that have been made marketable or that are otherwise then marketable, can be deducted by Lessee in calculating royalty payments hereunder.

(d) Upon demand in writing by Lessor, Lessee shall furnish to Lessor or Lessor's representative copies of production records and receipts from sales pertaining to the oil and gas produced from the leased premises. The sales contract pertaining to said production shall be furnished for inspection, copying and examination by Lessor or Lessor's representative upon request, subject to a confidentiality agreement. Lessor shall have a first lien on the oil and/or gas produced under this Lease to secure the payment of all unpaid royalties and/or shut-in payments that may become due under this Lease.

7. Right to Take Production in Kind Lessor shall always have the right, at any time and from time to time, upon reasonable written notice to Lessee, to take Lessor's share of oil, gas and processed liquids in kind. Lessor may elect to take Lessor's gas in kind at the well; or at the point of delivery where Lessee delivers Lessee's gas to any third party. If gas is processed, Lessor may elect to take Lessor's share of the residue gas attributable to production from the leased premises at the same point of delivery where Lessee received its share of residue gas or has its share of residue gas delivered to a third party. Lessor may elect to have its royalty share of processed liquids stored in tanks at the plant or delivered into pipelines on the same basis as Lessee's share of liquids is stored or delivered. Lessor shall reimburse Lessee for all reasonable costs incurred by Lessee in installing, operating or maintaining additional facilities necessary for Lessor's royalty gas and processed liquids to be separately metered, accounted for, and delivered to a third party, but Lessor shall not be charged for any expense in the production, gathering, dehydration, separation, compression, transportation, treatment, processing or storage of Lessor's share of gas and processed liquids along with Lessee's share of gas and processed liquids.

8. Shut-in Payments While there is a well on the leased premises capable of producing gas in paying quantities but the production thereof is shut-in for a period anticipated to exceed (90) days due to lack of a market, available pipeline, or because of government restrictions or, if it is economically inadvisable for Lessee to sell gas for a time then, Lessee may pay as shut-in royalty on or before ninety (90) days after the date on which (1) production from any such well is shut-in; or (2) this Lease is no longer maintained by compliance with one of the other preservation provisions hereof, whichever is the later date, and thereafter at annual intervals the sum of Five Hundred Dollars (\$500.00) per well, for each and every shut-in well. If such payment is made in accordance with the terms hereof, this Lease shall not terminate, but shall continue in force for a period of one (1) year from the date of making such shut-in payment (subject to the exceptions set out hereafter) and it shall be considered that gas is being produced from the leased premises in paying quantities within the meaning of each pertinent provision of this Lease. Any shut-in royalty payment shall not be a credit against production nor credited with prior production royalty. In the event that production is begun or resumed during the year following the payment of a shut-in royalty payment and is subsequently shut-in during such year, the second annual shut-in payment shall be due and payable on the anniversary date of the first payment. If there is production on such first anniversary date and the well is subsequently shut-in, then the second shut-in payment shall be made on or before ninety (90) days after such new shut-in date or the Lease shall terminate. Notwithstanding anything to the contrary set out above, should the shut-in period extend beyond the

RECEIVED

MAR 15 2005

DIV. OF OIL, GAS & MINING

expiration of the primary term such shut-in provision shall maintain the rights granted by this Lease only to the producing proration units and horizons of such gas well(s) as if they were producing gas in paying quantities pursuant to Section 2 above. Should such shut-in royalty payments not be made in a timely manner as provided for above, then, in that event it shall be considered for all purposes that there is no production of gas from any such well or wells and, unless this Lease is being maintained by any other preservation provision hereof, this Lease shall terminate automatically at midnight on the last day provided for the payment of such shut-in royalties, and Lessee shall thereupon furnish to Lessor a release of all of its interest in and to this Lease as provided in Section 12.

9. Continuous Development At the end of the primary term or upon the completion of any well then drilling on the leased premises as a well capable of producing in paying quantities or as a dry hole (completion being defined as the release of the completion rig, or if the well is a dry hole, the release of the drilling rig), Lessee shall have the recurring right for one hundred eighty (180) days thereafter, to commence the drilling of another well or wells on the leased premises (commencement being defined as the actual spudding of the succeeding well with a drilling rig capable of drilling to the permitted depth for the well and conducting continuous drilling operations to said permitted depth for the well), with no more than one hundred eighty (180) days elapsing between the completion of one well as a producer or a dry hole and the commencement of the next succeeding well. Failure to commence such additional well or wells within the time herein provided shall terminate this Lease ipso facto as to all lands except those included within the surface boundaries of any proration unit otherwise being maintained under the provisions of this Lease. In the event Lessee accelerates the drilling of additional wells, Lessee shall earn cumulative credit for such accelerated drilling. The cumulative credit for accelerated drilling shall be calculated by adding for all such accelerated wells the number of days from the date of actual well commencement to the date of required commencement pursuant to the terms of this Section 9. Such cumulative credit shall be limited to a total of three hundred sixty (360) days. No additional credit shall be given. The credited days may be used at any time during the continuous development period when Lessee is unable to timely commence a well within the one hundred eighty (180) day time period stipulated in this Section 9.

10. Additional Drilling or Reworking If, at the expiration of the primary term, or the expiration of any extended term provided in Section 9 above, whichever is later, oil and/or gas are being produced in paying quantities, but production thereafter ceases from any cause, this Lease shall not terminate as to the proration unit attributable to the well or wells affected thereby if Lessee commences reworking or additional actual drilling on such well(s) or within such proration unit(s) within one hundred twenty (120) days thereafter and such reworking or additional drilling is diligently prosecuted and production in paying quantities thereafter resumes.

If, at the expiration of the primary term, or the expiration of any extended term provided in Section 9 above, whichever is later, oil and/or gas are not then being produced from any well or wells on the leased premises, but Lessee is then engaged in operations (as defined hereinafter) on any such well or wells, this Lease shall remain in force for so long as such operations are diligently prosecuted with no cessation of more than one hundred twenty (120) consecutive days between such cessation and the resumption of such operations. If such operations result in the production of oil or gas in paying quantities, this Lease shall not terminate as to the proration unit attributable to the well or wells then producing oil or gas in such quantities; but this Lease shall terminate as to all other acreage unless Lessee shall have commenced drilling a new well or wells in accordance with the Continuous Development provisions of Section 9 of this Lease.

Wherever used in this Lease the word "operations" shall mean standard and prudent operations for and any of the following: actual drilling, testing, completing, sidetracking, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil or gas in paying quantities.

11. Proration Unit Except where agreed to otherwise between Lessor and Lessee, the term "proration unit" where used in this Lease, shall mean:

- (a) As to each well each well classified as an oil well by the appropriate governmental authority, the governmental forty (40) acres within which the well locates
- (b) As to each well classified as a gas well by the appropriate governmental authority, the acreage set out below:
 - (i). For a well producing from formations located above the base of the Wasatch formation, an eighty (80) acre governmental half-quarter section within which the well locates, as designated by Lessee
 - (ii). For a well producing from formations located between the base of the Wasatch formation and the base of the Mancos formation, a one hundred sixty (160) acre governmental quarter section within which the well locates, as designated by Lessee
 - (iii). For a well producing from formations located below the base of the Mancos formation, a three hundred twenty (320) acre governmental half section within which the well locates, as designated by Lessee

12. Releases Required Within ninety (90) days after the partial termination of this Lease as provided under any of the terms and provisions herein, Lessee shall deliver to Lessor a plat showing the proration units designated by Lessee, and a fully executed, recordable release properly describing the lands and depths to be retained by Lessee around each producing well. If the Lease terminates in its entirety, then Lessee shall deliver a complete, fully executed, recordable release to Lessor within sixty (60) days. If such release complies with the requirements of this section, Lessor shall record such release.

13. Surface Operations With respect to operations conducted on the leased premises, the following shall control:

- (a) Lessee shall make a good faith effort to use existing roadways and a minimal amount of production facilities whenever practicable and to limit the amount of new road construction on the leased premises. Lessee agrees to maintain and keep all lease roads, gates and cattle guards in satisfactory condition. Prior to the commencement of any operations (other than staking of location) for the drilling of any well hereunder affecting surface owned by Lessor or any of its affiliate or subsidiary companies, Lessee shall provide for such surface owner's consent a plat reflecting its

proposed route of ingress and egress to the well location and stating the length of any new road(s) proposed to be constructed for such well. Said surface owner's consent to the proposed route and any associated road construction shall not be unreasonably withheld. Upon completion of any operation performed pursuant to this lease, Lessee shall restore the affected surface as nearly as practicable to its condition prior to such operation.

(b) Prior to the commencement of drilling operations, Lessee shall pay the surface owner for surface damages, the sum of:

- (i). \$2500 for each well permitted to a proposed depth down to the base of the Mancos formation, or
- (ii). \$5000 for each well permitted to a proposed depth deeper than the base of the Mancos formation.

(c) Damages to be paid to the surface owner for construction of new road or for laying of new pipeline shall be calculated on the basis of \$ 10.00 per linear rod.

(d) Salt water shall not be disposed of on the leased premises without the written consent of the appropriate surface owner. No hunting or fishing shall be allowed on the leased premises by Lessee or any of its contractors, subcontractors, etc. without the written consent of the surface owner. Lessee shall keep the leased premises free and clear of trash and debris.

(e) Lessee recognizes that the leased premises may be subject to leases covering other surface activities, including the grazing of livestock and/or the removal of stone for commercial purposes. In this regard Lessee agrees to conduct its operations in such a manner as to cause minimal disturbance to or interference with said activities.

14. Notifications Required Lessee shall advise Lessor in writing immediately upon the commencement of each well drilled hereunder and shall advise Lessor in writing of the date of completion and/or abandonment of each such well (such notice shall include furnishing Lessor a copy of the applicable completion or plugging report filed with any governmental or regulatory agency) within thirty (30) days after completion or abandonment. As to any well drilled hereunder, Lessor, or Lessor's representatives, or any one or more of the same, shall at all times and at Lessor's own risk but subject to applicable safety regulations, have full and complete access to the location, well and derrick floor. Upon request, Lessor shall be furnished with copies of daily drilling reports. Such reports and information shall be furnished within seven (7) days after the same are obtained or compiled by Lessee. In addition, Lessee shall, upon written request, furnish Lessor within thirty (30) days from the date of the request or thirty (30) days from the date that the data is received by Lessee, whichever is later:

- (a) Plats or maps showing the location of the well on this Lease.
- (b) The details of any tests taken in said well, and the results of any core analysis or analyses which shall be run on any cores taken while drilling said well.
- (c) Upon commencement of any drilling or reworking operations on this Lease with copies of all reports filed with the appropriate governmental authority or other governmental agency having jurisdiction in connection with such operation.
- (d) Upon completion of any drilling or reworking operations on this Lease with copies of all logs run in such well and copies of core or other type of formation analysis, subject to a confidentiality obligation on Lessor's part if filed as confidential with the appropriate governmental authority.
- (e) A summary report, to be made annually on the anniversary date of this Lease and commencing upon the expiration of the primary term of this Lease, to include (1) as of said date, the number of producing wells and the number of wells not producing but not plugged; (2) the number of wells that were plugged during the previous twelve (12) months; (3) a map denoting the location of each of these wells on the leased premises; and (4) a tabulation by well reflecting cumulative credit days (if any) earned and/or used due to accelerated drilling pursuant to Section 9 of this Lease.
- (f) It is understood and agreed that all information provided Lessor herein is proprietary and is to be held in confidence.

15. Water To the extent Lessor or any of its affiliate or subsidiary companies own any water rights as surface owner, Lessee shall have the free use of water from the leased premises, for all operations solely thereon. In the event Lessee drills a water well on the leased premises, such well shall be drilled in accordance with such surface owner's specifications and all governmental regulations pertaining thereto. Said surface owner shall have the option to retain any such water well, and Lessee shall leave the well and casing therein for the use of surface owner after Lessee's need for same has ceased; provided however, that Lessee may remove any pump and motor installed by Lessee. Said surface owner shall assume all rights, responsibilities and liabilities, if any, for operation, maintenance and abandonment of any water well it so retains. As to any water well which surface owner does not retain, Lessee shall plug said well in accordance with all governmental regulations pertaining thereto.

16. Ancillary Rights Lessee shall have the right for a period of one hundred eighty (180) days following the expiration of this Lease or the release of any lands covered by this Lease, to remove all property and fixtures placed by Lessee on said land including the right to draw and remove all casing. If not removed, Lessor, to the extent Lessor or any of its affiliate or subsidiary companies own surface rights, shall have the option to either claim the property, in whole or in part, as its own or to have said properties and fixtures removed, in whole or in part, at Lessee's expense. If Lessor elects for such removal, additional expenses for surface damages and restoring the land shall be charged to Lessee; provided, however, Lessee shall not be relieved of its liability to plug any well so abandoned.

17. Indemnification Lessee, its successors and assigns, agrees to indemnify, defend and hold harmless Lessor (except to the extent that any such Lessor owns rights hereunder as a Lessee), from and against any and all claims, losses, liabilities, fines, costs, expenses (including attorneys fees and expenses) resulting from or arising out of Lessee's ownership of this Lease or in connection with operations of or for Lessee, its agents, contractors, or subcontractors hereunder, regardless of

the cause of such claims, losses, liabilities, fines, costs or expenses. This Section and the indemnities provided herein shall survive the termination of this Lease and shall bind and inure to the successors, heirs and assigns of Lessor and Lessee.

18. Notices All notices or communications required or permitted to be given under this Lease shall be in writing and delivered, mailed or transmitted to the parties at the addresses set out below. Notices shall be deemed given when received except that notices given by facsimile transmission on weekends, holidays or after 5:00 local time at the location of the recipient shall be deemed received on the next business day. If delivered by commercial delivery service or mailed by registered or certified mail, the delivery receipt shall evidence the date of receipt.

TO LESSOR:

Eagle Minerals Ltd.
13439 Broadway Extension
Oklahoma City, OK 73114-2202
Attention: Sr. Vice President
Fax No. (405) 748-9420

TO LESSEE:

Mustang Fuel Corporation
13439 Broadway Extension
Oklahoma City, OK 73114-2202
Attention: Sr. Land Manager
Fax No. (405) 748-9250

No modification of any notice address shall become effective until the other party receives by United States certified mail such notification of change from the modifying party.

19. Division Orders Any division order tendered to Lessor pursuant to this Lease shall be used solely for the purpose of confirming the extent of Lessor's interest in production of oil and gas from wells located on the leased premises, and any other provisions may be stricken or disregarded by Lessor.

20. Compliance with Environmental Laws and Regulations Lessee, its successors and assigns, by its acceptance of this Lease, hereby agrees to comply with all applicable laws, rules and regulations and hereby assumes full responsibility for and agrees to indemnify, defend and hold harmless, Lessor (except to the extent that Lessor owns rights hereunder as a Lessee) from and against any loss, liability, claim, fine, expense, cost (including attorneys fees and expenses) and cause of action resulting from or arising out of the violation (or defense of the alleged violation) of any federal, state or local laws, rules or regulations applicable to any waste material, drilling matter fluid or any hazardous substances released or caused to be released by Lessee or Lessee's agents, or independent contractors from the land leased hereunder into the atmosphere or into or upon the land or any water course or body of water, including ground water.

21. Force Majeure Lessee shall not be liable for delays or defaults in its performance of any agreement or covenant hereunder due to force majeure. The term "force majeure" shall mean: any act of God including but not limited to storms, floods, washouts, landslides, and lightning; act of a public enemy; wars, blockades, insurrection or riots; strikes or lockouts; epidemics or quarantines, regulations, laws, acts, orders or requests of federal, state, municipal or other governments or governmental officers or agents under the color of authority requiring, ordering or directing Lessee to cease drilling, reworking or producing operations; freight embargoes or failures; exhaustion or unavailability or delays in delivery of any product, labor, service or material. The term "force majeure" shall not include lack of markets for production or any other events affecting only the economic or financial aspects of drilling, development or production. During the period of force majeure and for a period of sixty (60) days after termination of an event of force majeure, each and every provision of this Lease that might operate to terminate it or the estate conveyed by it shall be suspended and inoperative and this Lease shall continue in full force; provided, however, that in no event shall the primary term be extended unless Lessee has commenced as defined herein a well prior to the date of the expiration of the primary term.

22. Proportionate Reduction It is agreed that if Lessor's interest in the oil and gas minerals in and under any of the leased premises is less than the entire oil and gas mineral estate, then the royalties and all other benefits to accrue or to be paid to Lessor hereunder as to such lands shall be reduced to the proportion thereof which the oil and gas mineral estate of Lessor in such land bears to the entire oil and gas mineral estate.

23. Assignability and Consent to Assign In the event the rights of either party hereunder are assigned in whole or in part, the provisions hereof shall extend to the heirs, executors, administrators, successors and assigns of the parties hereto. Lessee or its, heirs, executors, administrators, successors or assigns may not assign this Lease in whole or in part unless such assignment is consented thereto by Lessor in writing, which consent shall not be unreasonably withheld. Any assignment made without Lessor's consent shall be void and of no force and effect. No change or division in ownership of the leased premises or royalty shall be binding on the Lessee until after Lessee has been furnished with a recorded written transfer or assignment or a certified copy thereof.

24. Rules and Regulations This Lease is expressly made subject to all state and federal laws and all rules and regulations of the Utah Division of Oil, Gas and Minerals or other governmental authority, state or federal, having jurisdiction over the leased premises, and nothing herein contained shall be construed as requiring Lessee to violate any such regulation or to penalize Lessee for complying therewith.

25. No Warranties of Title This Lease is made without warranties of any kind, either express or implied. Lessor agrees that Lessee, at its option, after having given Lessor sixty (60) days' written notice, may discharge any tax, mortgage or other lien upon Lessor's interest in said land, either in whole or in part, and in the event Lessee does so, it shall be subrogated to such lien with right to enforce same, subject to any defenses of Lessor, and apply royalties accruing hereunder toward satisfying same.

26. Alteration/Modification The terms of this Lease cannot be altered or amended except by a written instrument clearly demonstrating such purpose and effect, and executed by both parties to this Lease. The written instrument shall describe the specific terms or provisions being altered and the proposed modification or change thereto.

Surface Owners: Fee Lands
Slate River Resources, L.L.C

Utah Oil Shales 1321-8C
c/o Edward M. Bown
1972 E Claremont Way
Salt Lake City, UT 84108
801-281-0930

Uintah Oil Association 1321-7A
c/o Edward M. Bown
1972 E Claremont Way
Salt Lake City, UT 84108
801-281-0930

Utah Oil Shales 1321-8A
c/o Edward M. Bown
1972 E Claremont Way
Salt Lake City, UT 84108
801-281-0930

Mustang 1321-7F
c/o David Salter
13439 Broadway Extension
Oklahoma City, OK 73114-2202
405-748-9464

Mustang 1320-12A
c/o David Salter
13439 Broadway Extention
Oklahoma City, OK 73114-2202
405-748-9464

Uintah Oil Shales 1321-6G
c/o Edward M. Bown
1972 E Claremont Way
Salt Lake City, UT 84108
801-281-0930

Utah Oil Shales 1321-9P
c/o Edward M. Bown
1972 E Claremont Way
Salt Lake City, UT 84108
801-281-0930

Utah Oil Shales 1321-9L
c/o Edward M. Bown
1972 E Claremont Way
Salt Lake City, UT 84108
801-281-0930

Mustang 1320-11
c/o David Salter
13439 Broadway Extension
Oklahoma City, OK 73114-2202
405-748-9464

Mustang 1321-6C
c/o David Salter
13439 Broadway Extension
Oklahoma City, OK 73114-2202
405-748-9464

RECEIVED
MAR 15 2005
DIV. OF OIL, GAS & MINING

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

OPERATOR: SLATE RIVER RESOURCES, LLC.
WELL NAME & NUMBER: MUSTANG 1321-7F
API NUMBER: 43-047-36371
LEASE: FEE FIELD/UNIT: WILDCAT
LOCATION: 1/4,1/4 SE/NW Sec: 7 TWP: 13S RNG: 21E 1604' FWL 1913' FNL
LEGAL WELL SITING: 660 feet from drilling unit boundary.
GPS COORD (UTM): 4395522N 12618989E SURFACE OWNER: MUSTANG FUEL.

PARTICIPANTS

DAVID W. HACKFORD (DOGM), GINGER STRINGHAM, JOHN CONLEY (SLATE RIVER),
THREE DIRT CONTRACTORS.

REGIONAL/LOCAL SETTING & TOPOGRAPHY

SITE IS ON A FLAT TOPPED RIDGE THAT LIES BETWEEN WILLOW CREEK WHICH IS
4.6 MILES TO THE EAST, AND AGENCY DRAW WHICH IS 1.1 MILES TO THE WEST.
WILLOW CREEK, AT THIS POINT, IS A YEAR ROUND STREAM WHILE AGENCY DRAW
HAS WATER ONLY DURING RUNNOFF. AGENCY DRAW ENTERS WILLOW CREEK FIVE
MILES TO THE NORTH. VERNAL, UTAH IS 69.1 MILES TO THE NORTH. DRAINAGE
IS TO THE NORTH.

SURFACE USE PLAN

CURRENT SURFACE USE: WILDLIFE AND LIVESTOCK GRAZING, HUNTING.

PROPOSED SURFACE DISTURBANCE: LOCATION WILL BE 340' BY 235'. ACCESS
ROAD WILL BE 130 FEET.

LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS: SEE ATTACHED MAP FROM
GIS DATABASE.

LOCATION OF PRODUCTION FACILITIES AND PIPELINES: ALL PRODUCTION
FACILITIES WILL BE ON LOCATION AND ADDED AFTER DRILLING WELL. PIPELINE
WILL BE FOLLOW ACCESS ROAD.

SOURCE OF CONSTRUCTION MATERIAL: ALL CONSTRUCTION MATERIAL WILL BE
BORROWED FROM SITE DURING CONSTRUCTION OF LOCATION.

ANCILLARY FACILITIES: NONE WILL BE REQUIRED.

WILL DRILLING AT THIS LOCATION GENERATE PUBLIC INTEREST OF CONCERNS?
(EXPLAIN): UNLIKELY.

WASTE MANAGEMENT PLAN:

DRILLED CUTTINGS WILL BE SETTLED INTO RESERVE PIT. LIQUIDS FROM PIT WILL
BE ALLOWED TO EVAPORATE. FORMATION WATER WILL BE CONFINED TO STORAGE
TANKS. SEWAGE FACILITIES, STORAGE AND DISPOSAL WILL BE HANDLED BY

COMMERCIAL CONTRACTOR. TRASH WILL BE CONTAINED IN TRASH BASKETS AND HAULED TO AN APPROVED LAND FILL.

ENVIRONMENTAL PARAMETERS

AFFECTED FLOODPLAINS AND/OR WETLANDS: NONE

FLORA/FAUNA: RABBITBRUSH, JUNIPER, SAGE, GREASEWOOD, PRICKLY PEAR, CHEATGRASS, RUSSIAN THISTLE: ELK, DEER, RODENTS, RAPTORS, COYOTE, SONGBIRDS, RABBIT, BOBCAT, BEAR, COUGAR, PRONGHORN.

SOIL TYPE AND CHARACTERISTICS: LIGHT BROWN SANDY CLAY.

EROSION/SEDIMENTATION/STABILITY: VERY LITTLE NATURAL EROSION. SEDIMENTATION AND STABILITY ARE NOT A PROBLEM AND LOCATION CONSTRUCTION SHOULDN'T CAUSE AN INCREASE IN STABILITY OR EROSION PROBLEMS.

PALEONTOLOGICAL POTENTIAL: NONE SITED.

RESERVE PIT

CHARACTERISTICS: 160' BY 60' AND EIGHT FEET DEEP.

LINER REQUIREMENTS (Site Ranking Form attached): A LINER WILL NOT BE REQUIRED FOR RESERVE PIT.

SURFACE RESTORATION/RECLAMATION PLAN

AS PER LANDOWNER AGREEMENT

SURFACE AGREEMENT: YES

CULTURAL RESOURCES/ARCHAEOLOGY: SITE IS ON FEE SURFACE.

OTHER OBSERVATIONS/COMMENTS

THIS PREDRILL INVESTIGATION WAS CONDUCTED ON A COOL , WINDY DAY.

ATTACHMENTS

PHOTOS OF THIS SITE WERE TAKEN AND PLACED ON FILE.

DAVID W. HACKFORD
DOGM REPRESENTATIVE

3/31/05 12:15 PM
DATE/TIME

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

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

Final Score 10 (Level III Sensitivity)

Sensitivity Level I = 20 or more; total containment is required.

Sensitivity Level II = 15-19; lining is discretionary.

Sensitivity Level III = below 15; no specific lining is required.





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

OPERATOR: SLATE RIVER RESOURCES, LLC

WELL NAME & NUMBER: MUSTANG 1321-7F

API NUMBER: 43-047-36371

LOCATION: 1/4,1/4 SE/NW Sec: 7 TWP: 13S RNG:21E 1604' FWL 1913' FNL

Geology/Ground Water:

Slate River proposes to set 2,000' of surface casing at this location. The base of the moderately saline water is at approximately 3,500 feet in this area. This location lies on the Green River Formation. The proposed location is in a recharge area for the aquifers of the Green River Formation and fresh water can be expected to be found in the Green River. A search of Division of Water Rights records indicates 1 water well within a 10,000 foot radius of the proposed location. The well is over 1.3 miles from the proposed location. This well is owned by Utah Oil Shale Inc. it is drilled to a depth of 70 feet and listed as used for stock watering. The proposed casing and cement program should adequately protect any useable ground water.

Reviewer: Brad Hill **Date:** 04-11-2005

Surface:

The predrill investigation of the surface was performed on 3/31/05. This site is on fee surface with fee minerals, and appears to be the best site for a location in the immediate area. I notified Mr. David Satler (Representative of Mustang Fuel) of this investigation on 3/21/05 by telephone at (405) 748-9464. He told me he had no specific concerns regarding the drilling of this well or the construction of this location, and he would not be present at the predrill investigation. This area is heavily used for livestock grazing, so I asked that the reserve pit be fenced on three sides while drilling is taking place, and on the fourth side when the rig moves off. Mr. Conley (Vice President of Slate River Resources) said he would do this. Numerous shallow drainages crossing this site will be re-routed through a diversion ditch around the east side of location.

Reviewer: David W. Hackford **Date:** 4/04/05

None.



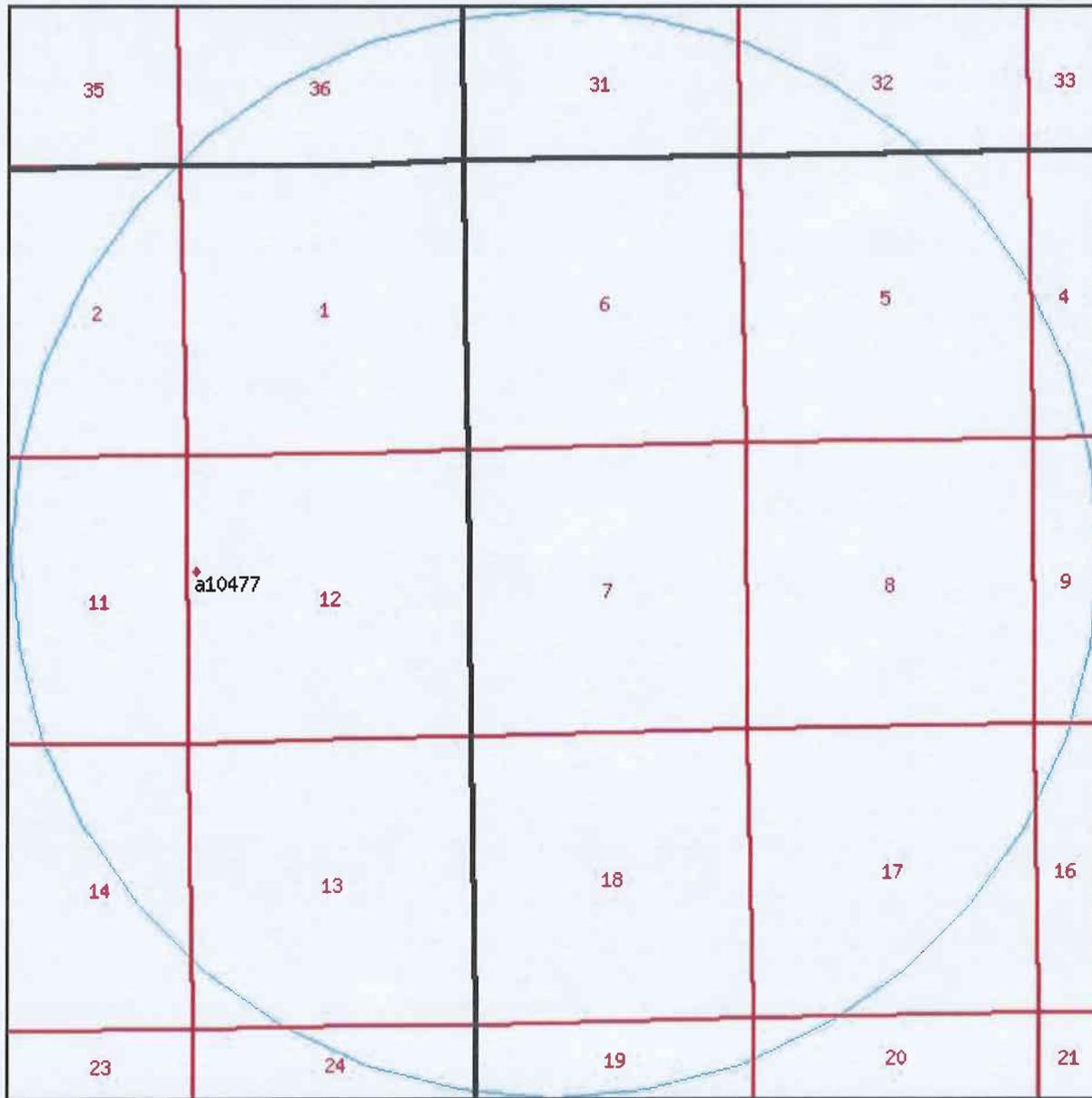
Search Utah.gov **GO**

UTAH DIVISION OF WATER RIGHTS

WRPLAT Program Output Listing

Version: 2004.12.30.00 Rundate: 04/11/2005 11:25 AM

Radius search of 10000 feet from a point S1913 E1604 from the NW corner, section 07, Township 13S, Range 21E, SL b&m
Criteria:wrtypes=W,C,E podtypes=U status=U,A,P usetypes=all



0 1300 2600 3900 5200 ft

Water Rights

WR Number	Diversion Type/Location	Well Log	Status	Priority	Uses	CFS	ACFT	Owner Name
<u>49-285</u>	Underground S2125 E170 NW 12 13S 20E SL		A	19701203	S	0.015	0.000	UTAH OIL SHALES INC. C/O RAYMOND T. SENIOR, PRESIDENT
<u>a10477</u>	Underground S2125 E170 NW 12 13S 20E SL		A	19781106	S	0.015	0.000	UTAH OIL SHALES INC. 622 NEWHOUSE BLDG. (10 EXCHANGE PLACE)

[Natural Resources](#) | [Contact](#) | [Disclaimer](#) | [Privacy Policy](#) | [Accessibility Policy](#)

Well name:	04-05 Slate Mustang 1321-7F	
Operator:	Slate River Resources, LLC	Project ID:
String type:	Surface	43-047-36371
Location:	Uintah County	

Design parameters:

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

Burst
Max anticipated surface pressure: 1,760 psi
Internal gradient: 0.120 psi/ft
Calculated BHP: 2,000 psi
No backup mud specified.

Minimum design factors:

Collapse:
Design factor: 1.125

Burst:
Design factor: 1.00

Tension:
8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)
Tension is based on buoyed weight.
Neutral point: 1,753 ft

Environment:

H2S considered? No
Surface temperature: 75 °F
Bottom hole temperature: 103 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 1,500 ft
Cement top: 508 ft

Non-directional string.

Re subsequent strings:

Next setting depth: 8,000 ft
Next mud weight: 9.000 ppg
Next setting BHP: 3,740 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 2,000 ft
Injection pressure: 2,000 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	2000	9.625	32.30	H-40	ST&C	2000	2000	8.876	126.8

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	873	1370	1.570	2000	2270	1.14	57	254	4.49 J

Prepared by: Clinton Dworshak
Utah Div. of Oil & Mining

Phone: 801-538-5280
FAX: 801-359-3940

Date: April 12, 2005
Salt Lake City, Utah

Remarks:
Collapse is based on a vertical depth of 2000 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.

Well name:	04-05 Slate Mustang 1321-7F		
Operator:	Slate River Resources, LLC		
String type:	Production	Project ID:	43-047-36371
Location:	Uintah County		

Design parameters:

Collapse

Mud weight: 9,000 ppg
 Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 3,005 psi
 Internal gradient: 0.092 psi/ft
 Calculated BHP: 3,740 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: 6,924 ft

Environment:

H2S considered? No
 Surface temperature: 75 °F
 Bottom hole temperature: 187 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 1,500 ft

 Cement top: 4,243 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	8000	4.5	11.60	M-80	LT&C	8000	8000	3.875	185.4
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	3740	6350	1.698	3740	7780	2.08	80	267	3.32 B

Prepared by: Clinton Dworshak
 Utah Div. of Oil & Mining

Phone: 801-538-5280
 FAX: 801-359-3940

Date: April 12, 2005
 Salt Lake City, Utah

Remarks:

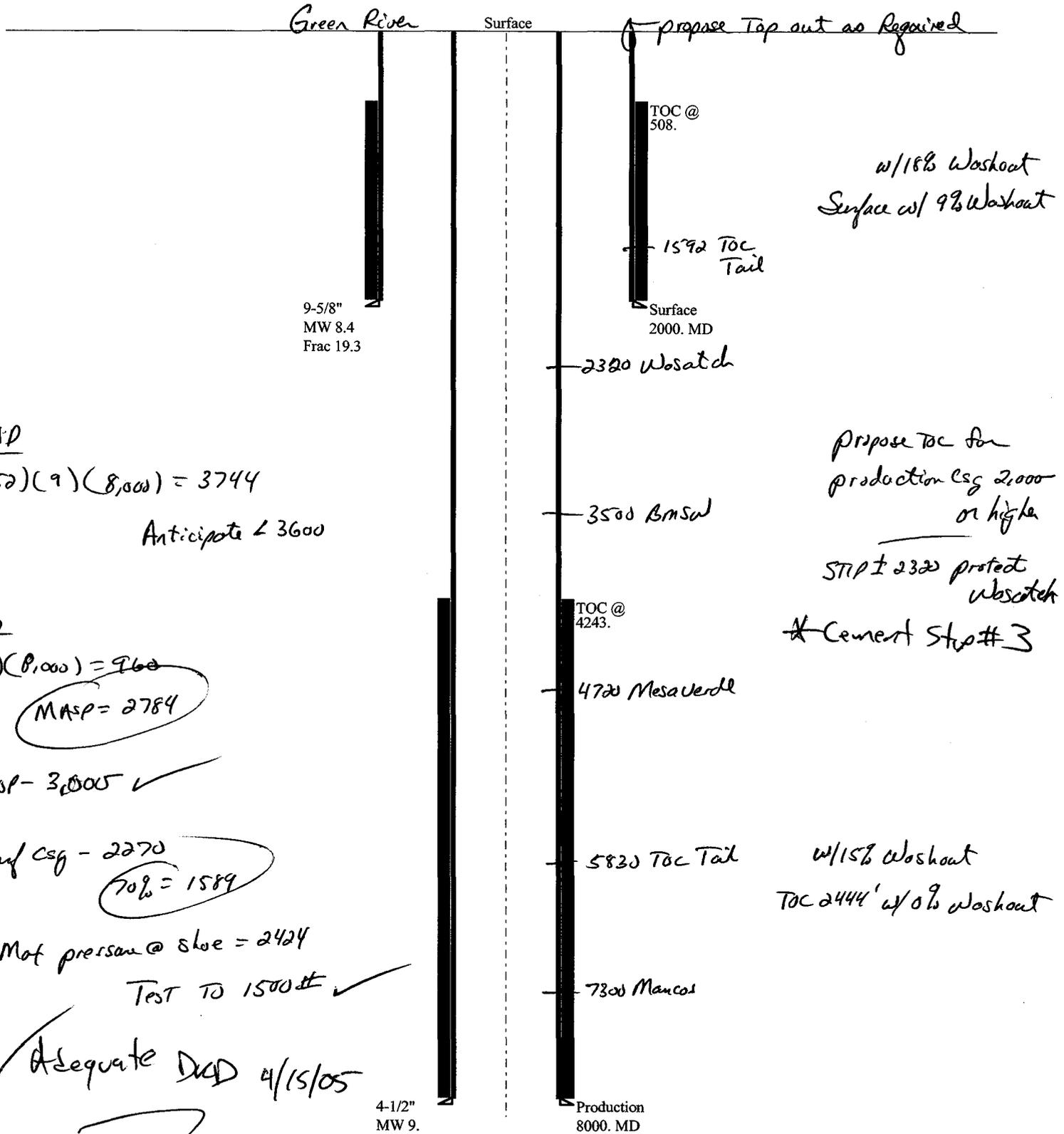
Collapse is based on a vertical depth of 8000 ft, a mud weight of 9 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

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

04-05 Slate Mustang 1321

Casing Schematic



**State of Utah****Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

MARY ANN WRIGHT
Acting Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

April 18, 2005

Slate River Resources, LLC
418 East Main Street
Vernal, Utah 84078

Re: Mustang 1321-7F Well, 1913' FNL, 1604' FWL, SE NW, Sec. 7, T. 13 South,
R. 21 East, Uintah 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 43-047-36371.

Sincerely,

A handwritten signature in black ink that reads "John R. Baza".

John R. Baza
Associate Director

jc
Enclosures

cc: Uintah County Assessor

Operator: Slate River Resources, LLC
Well Name & Number Mustang 1321-7F
API Number: 43-047-36371
Lease: Fee

Location: SE NW Sec. 7 T. 13 South R. 21 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. Cement volume for the 4 ½" production string shall be determined from actual hole diameter in order to place cement from the pipe setting depth back to 2000' MD as indicated in the submitted drilling plan.

43-047-361

4304736371
13321507

**APPLICATION FOR TRANSPORTATION AND
UTILITY SYSTEMS AND FACILITIES
ON FEDERAL LANDS**

FORM APPROVED
OMB NO. 1004-0060
Expires: December 31, 2001

FOR AGENCY USE ONLY

NOTE: Before completing and file application, the applicant should completely review this package and schedule a preapplication meeting with representatives of the agency responsible for processing the application. Each agency may have specific and unique requirements to be met in preparing and processing the application. Many times, with help of the representative, the application can be completed at the application meeting.

Application Number

Date Filed

1 Name and address of the applicant (include Zip code)

**Slate River Resources, LLC
418 E Main
Vernal, UT 84078**

2 Name, title, and address of authorized agent if different from item 1 (include zip code)

**Ginger Stringham
PO BOX 790203
Vernal, UT 84079**

3 TELEPHONE (area code)

Applicant

435-781-1871

Authorized Agent

435-790-4163

4

- a Individual
- b Corporation*
- c Partnership/Association*
- d State Government/State Agency
- e Local Government
- f Federal Agency

* If checked complete supplemental page

6 If an individual, or partnership are you a citizen(s) of the United States?

7 Project description (describe in detail): (a) Type of system or facility, e.g., canal, pipeline, road);(b) related structures and facilities; (c) physical specifications (length, width, grade, etc.); (d) term of years needed; (e) time of year of use or operation; (f) Volume or amount of production to be transported; (g) duration and time of construction; and (h) temporary work area needed for construction (Attach additional sheets, if additional space is needed.)

- a. Application for pipeline right-of-way to serve Agency Draw area.
- b. Five staging areas will be constructed of Federal and State Lands.
- c. Approximately 21,820.99 ft, temporary width 45 ft, permanent width 15 ft.
- d. 20 years or the production life of the well.
- e. year round
- f. Please see attached POD
- g. One week.
- h. none.

8 Attach a map covering area and show location of proposal

9 State or Local government approval Attached Applied for Not Required

10 Nonreturnable application fee: Attached Not Required

11 Does Project cross international or affect international waterways? Yes No

12 Give statement of your technical and financial capability to conduct, operate, maintain, and terminate system for which aauthorization id being requested
Slate River Resources, LLC has the technical and financial capability to construct, operate, maintain and terminate the proposed pipeline.

RECEIVED

SEP 3 / 2005

13 a Describe other reasonable alternative routs and modes considered.

An alternative would be to burry the gathering line. Alternate routes were considered, but due to T&E species, the alternate route was discounted.

b Why were these alternatives not selected

Loss of habitat, habitat fragmentation, and existing routes were determining factors in not choosing an alternative route.

c Give explanation as to why it is necessary to cross Federal Lands.

It is necessary to cross Federal lands to access Fee lands in Agency Draw and avoid curtailment of gas from the area.

14 List authorization and pending application filed for similar projects which may provide information to authorizing agency. (specify number, date, code, or name)

**Miller, Dyer and Associates have a paralelled gas line within the proposed route.
Applicatio**

15 Provide statement of need for project, including the economic feasibility and items as: (a) cost of proposal (construction, operation, and maintenance); (b) estimated cost of next best alternative; and © expected public benefits.

a. The cost estimate for the proposed project is \$650,000.

b. The cost estimate for the alternative would be \$5/ft of installed buried gas gathering line.

c. The expected public benefit is increase local jobs and less dependency on foreign oil & gas.

16 Describe probable effects on the population in the area, including the social and economic aspects, and the rural lifestyles.

There will be no significant impacts on the areas population, social or economic aspects or the rural lifestyle from the proposed project.

17 Describe likely environmental effects project will have on: (a) air quality; (b) visual impacts; © surface and ground water quality and Quantity; (d) the control or structural change on any stream or other body of water; (e) existing noise levels; and (f) the surface of the land including vegetation, permafrost, soil, and soil stability.

a. minimal

d. no change

b. mimimal

e. minimal

c. minimal

f. slight disturbance when pipeline is boomed off access.

18 Describe the probable effects that the proposed project will have on (a) populations of fish, plantlike, wildlife, and marine life, including threatened and endangered species; and (b) marine mammals, including hunting, capturing, collecting, or killing these animals.

a. There will be little or no impacts on fish, plantlife, wildlife, and threatened and endangered species

b. NA

19 State whether any hazardous material, as defined in this paragraph, will be used, transported or stored on or within the right-of-way or any of the right-of-way facilities, or used in the construction, operation, maintenance or termination of the right-of-way or any of its facilities. "Hazardous Material" means any substance, pollutant or contaminant that is listed as hazardous under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. 9601 et seq., and its regulations. The definition of hazardous substances unsure CERCLA includes any "hazardous waste" as defined in the Resource Conservation and Recovery Act of 1976 (RCRA), ass amended, 42 U.S.C. 6901 et seq., and its regulations. The term hazardous material also includes any nuclear or byproduct material as defined by the Atomic Energy Act of 1954, as amended, 42 U.S.C. 2011 et seq. The term does **not** include petroleum, including crude oil or any fraction thereof that is not otherwise specifically listed or described as a hazardous substance, under CERCIA Section 101(14), 42 U.S.C. 9601(14), nor does the term include natural gas.

Less than one gallon per day of methenol cold be used to minimize freezing in the winter months.

20 Name all the Department(s)/Agency(ies) where this application is being filed.

Bureau of Land Management, Vernal Field Office. Vernal, UT

Cc: Utah Division of Oil, Gas and Mining.

I HEREBY CERTIFY, That I am of legal age and authorized to do business in the State and that I have personally examined the information contained the information contained in the application and believe that the formation submitted in correct to the best of my knowledge.

Signature of applicant



Date

8/25/2005

Titl 18, U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the Utah States any false, fictitious, or fraudulent statements or representations as to any matter within its jurisdiction.

PLAN OF DEVELOPMENT

Sunday School Canyon Pipeline

**Sections 1, 2, 3, 9, 10 of Township 13S, Range 21East
Section 36 of Township 12 South, Range 21East
Sections 30 & 31 of Township 12 South, Range 22 East
S.L.B. & M.
Uintah County, Utah**

Slate River Resources, LLC is proposing to construct an 8" surface pipeline to transport developed gas within the Agency Draw area. The proposed project is estimated to cost approximately \$650,000 to construct and commission the pipeline. This project will allow gas sales from the Fee leases presently under development. The project is necessary to prevent gas curtailment from the Agency Draw area.

The following leases will be gathered from Slate River Resources Agency Draw Area:

Eagle Minerals Ltd. Oil and Gas Lease (Fee)	19,199.80 acres, more or less
Uintah Oil Association Oil & Gas Lease (Fee)	2,038.96 acres, more or less
Utah Oil Shales, Inc. Oil & Gas Lease (Fee)	<u>2,278.69</u> acres, more or less
Total Fee Acreage Under Development	23,517.45 acres, more or less

The pipeline and route will begin in the NE ¼ of the SE ¼ in Section 9, Township 13S, Range 21 East and proceed to the northeast, follow the existing roads and travel cross country, terminating in the SE¼ of the SW¼ of section 30, Township 12S, Range 22E which will be proximately 29,019.25' in length, 45' in width for construction and 15' permanent width. An 8" nominal, 8-5/8" OD x 0.188 WT, burst pressure of 1,140 psi pipeline will be placed in the route to transport the produced natural gas to markets. The estimated operating pressure of the pipeline will range from 300 psig to 900 psig.

The following information is provided as a supplement to the summary information included in the application.

Description of the Proposed Pipeline

Purpose and Need for the Right of Way

Gas production is being developed from the Agency Draw gas field and local gathering lines are economically inaccessible or provide very limited capacity to move the Agency Draw gas to market. Slate River Resources, LLC has drilled and logged the first well on the Fee lease position and intends to complete the well during August 2005. Additional wells will be drilled utilizing a single, continuous drilling rig and completion rig program. The ongoing program would be curtailed, and development on the Fee leases would halt due to a lack of pipeline capacity or a viable, economical transport pipeline to move the gas to market.

The below mentioned wells are currently capable of producing, drilling or proposed within the Agency Draw area which are part of the curtailment of gas:

Township 13S, Ranges 20E & 21E, Uintah County, Utah

Well	Field	Lease #	Spot	S-T-R
UOS #1321- 9P	Agency Draw	Utah Oil Shales	SESE	9-13S-21E
Mustang #1320- 1I	Agency Draw	Eagle Minerals Ltd	NESE	1-13S-20E
UOA #1321- 6G	Agency Draw	Uintah Oil Association	SWNE	6-13S-21E
UOA #1321- 7A	Agency Draw	Uintah Oil Association	NENE	7-13S-21E
UOA #1321- 8C	Agency Draw	Uintah Oil Association	NENW	8-13S-21E
UOS #1321- 9L	Agency Draw	Utah Oil Shales	NWSW	9-13S-21E
Mustang #1321- 7F	Agency Draw	Eagle Minerals Ltd	SENE	7-13S-21E
Mustang #1320-12A	Agency Draw	Eagle Minerals Ltd	NENE	12-13S-20E
Mustang #1321- 6C	Agency Draw	Eagle Minerals Ltd	NENW	6-13S-21E
UOS #1321- 8A	Agency Draw	Utah Oil Shales	NENE	8-13S-21E
Mustang #1321- 6N	Agency Draw	Eagle Minerals Ltd	SESW	6-13S-21E

Additional wells are planned for the area and development will continue for several years with approximately 25 wells developed per year.

Pipeline Design and Construction Factors

The pipeline will be of welded construction and have an operating pressure range of 300-900 psig. The pipe will be 8" nominal, 8.625" OD x 0.188 WT with a design burst of 1,140 psi. The line will be a surface line used to transport the produced Agency Draw gas to markets. Above ground piping will be bare and below grade piping will be coated with an appropriate material to prevent corrosion and premature failure. The line will be designed in accordance with API and industry standards for non-regulated gathering lines.

Installation of the pipeline segment in the NE¼ of NW¼ of Section 10, Township 13 South, Range 21E will involve a steep grade descent. A staging area at the top of the grade will be used for pipe welding, and the pipe will be lowered down the grade to the base in the Willow Creek bottom. The staging area will be 60' wide by 100' in length and will be reclaimed to the 15' ROW width following the descent segment construction. The pipeline will be anchored to at the top of the decent by boring into the rock and installing anchor supports. Five staging area's for construction of the pipeline are included in the attached map and will be shared and reclaimed with Miller, Dyer and Associates.

The pipeline proceeds to the northeast and will cross the Willow Creek in the NW¼ of the NE¼ of Section 10, Township 13S, Range 21E. The crossing will span the Willow Creek on supports constructed to elevate the pipeline above high water stream flows.

Construction

The proposed 8" surface line will be buried at road crossings. All buried pipe will be coated with an appropriate material to inhibit external corrosion. A backhoe or other trenching equipment will be utilized during construction. All welded line pipe will be visually inspected, and the entire pipeline will be pressure tested before being placed into service. Blasting of rock will only occur where topography is too severe to use trenching equipment and only to reach the required depth to lay the pipeline in. During construction, a 45' wide access will be required to get the required equipment into the proposed pipeline route for trenching. Upon completion of construction the pipeline will be a 15' right-of-way.

The below mentioned wells are currently capable of producing, drilling or proposed

within the Agency Draw area which are part of the curtailment of gas:

Township 13S, Ranges 20E & 21E, Uintah County, Utah

Well	Field	Lease #	Spot	S-T-R
UOS #1321- 9P	Agency Draw	Utah Oil Shales	SESE	9-13S-21E
Mustang #1320- 1I	Agency Draw	Eagle Minerals Ltd	NESE	1-13S-20E
UOA #1321- 6G	Agency Draw	Uintah Oil Association	SWNE	6-13S-21E
UOA #1321- 7A	Agency Draw	Uintah Oil Association	NENE	7-13S-21E
UOA #1321- 8C	Agency Draw	Uintah Oil Association	NENW	8-13S-21E
UOS #1321- 9L	Agency Draw	Utah Oil Shales	NWSW	9-13S-21E
Mustang #1321- 7F	Agency Draw	Eagle Minerals Ltd	SENE	7-13S-21E
Mustang #1320-12A	Agency Draw	Eagle Minerals Ltd	NENE	12-13S-20E
Mustang #1321- 6C	Agency Draw	Eagle Minerals Ltd	NENW	6-13S-21E
UOS #1321- 8A	Agency Draw	Utah Oil Shales	NENE	8-13S-21E
Mustang #1321- 6N	Agency Draw	Eagle Minerals Ltd	SESW	6-13S-21E

After construction is completed, the pipeline right-of-way will be 15 ft wide.

Alternative Route

An alternative route was not selected due to the additional disturbance necessary for routes not utilizing the existing roads.

Noxious Weeds

Along the 15 ft wide right-of-way the operator will control noxious weeds, which meet the prescription of the authorized BLM Office, State Division of Oil, Gas and Mining, and the Private Land Owner.

Additional Components of the Right of Way

Governmental Agency Involvement

Paved roads will not be crossed by the proposed pipeline. Dirt roads will be cut and restored to a condition equivalent to the existing condition. The pipeline will cross Uintah County Roads #2810 and #5120. The County will be contacted and an agreement and bonding will be provided for the crossings.

Right of Way Location

A location survey map prepared by Timberline Land Surveying is attached.

Resource Values and Environmental Concerns

A Cultural Resource Inventory will not be filed unless requested by the land owner.

A Paleontological report will not be filed unless requested by the land owner.

The proposed project will have minimal short-term environmental effects. During construction dust generation will have a minimal effect on air quality and minimal visual impact. The construction area contains sparse natural vegetation, which will be

naturally reclaimed once construction is complete. Additionally, the project will be within or adjacent to the existing rights-of-way which have experienced previous surface disturbances. All construction activities will be performed to retain all natural water flows; therefore, there will be minimum impact to streams and/or other bodies of water.

The proposed project will have no adverse effects on fish or marine life.

Scheduling

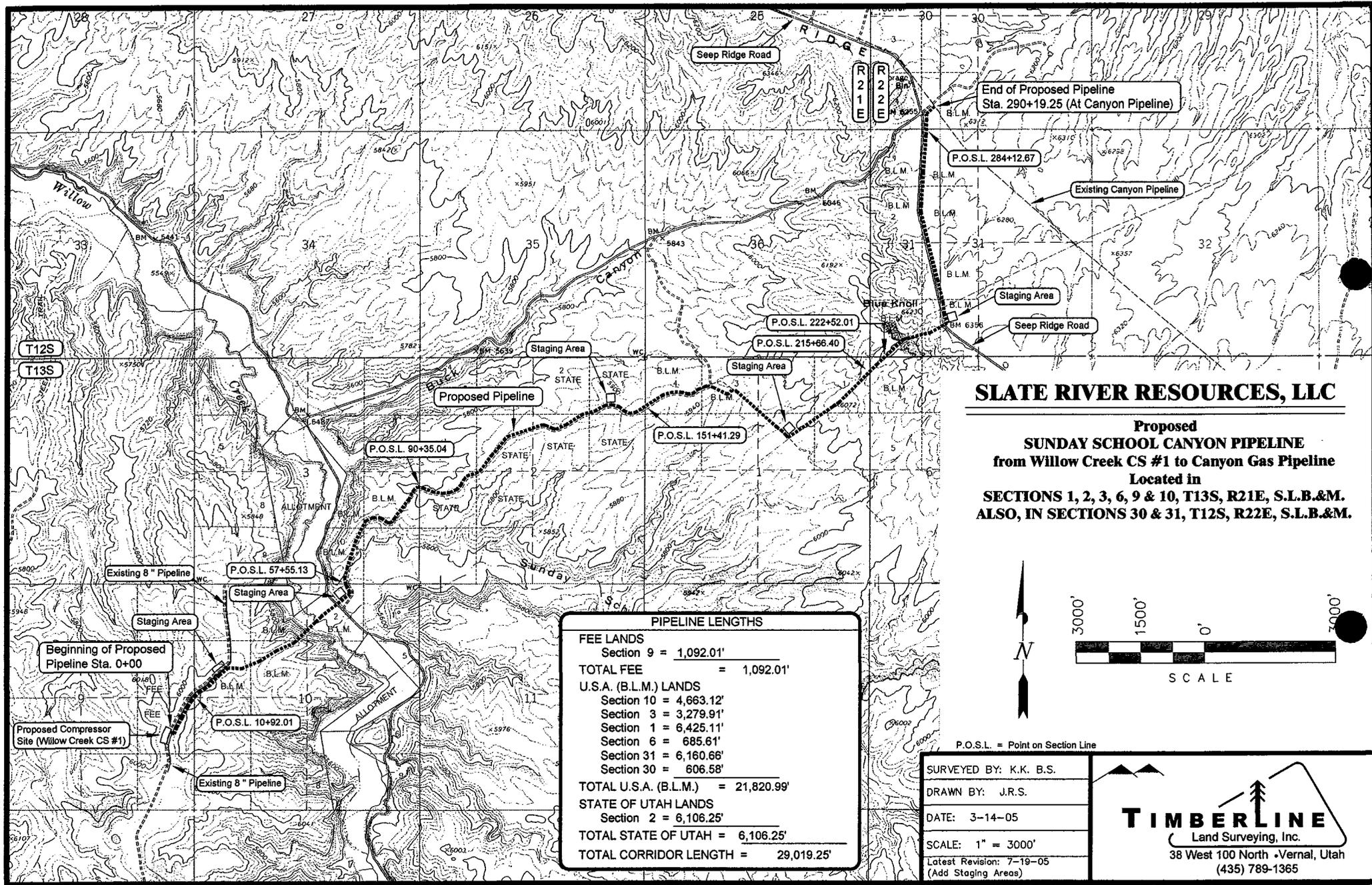
Begin Construction: October 1, 2005

In Service Date: November 1, 2005

Upon approval of the rights-of-way Slate River Resources, LLC plans on construction of the pipeline. The above schedule is dependent upon the approval and stipulations.

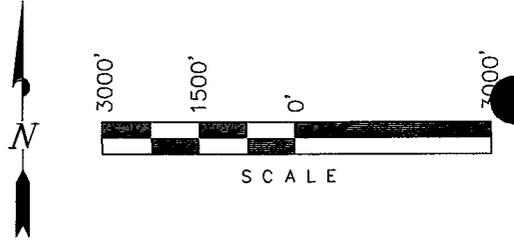
Termination and Restoration

Slate River Resources, LLC, or its successor will remove and dispose of the 8" pipeline and properly abandon the route when the pipeline is no longer needed for gas gathering and transportation. At that time, the right-of-way would be terminated and reclaimed to the requirements of the Bureau of Land Management, Vernal Field office, State of Utah and the private land owner.



SLATE RIVER RESOURCES, LLC

**Proposed
SUNDAY SCHOOL CANYON PIPELINE
from Willow Creek CS #1 to Canyon Gas Pipeline
Located in
SECTIONS 1, 2, 3, 6, 9 & 10, T13S, R21E, S.L.B.&M.
ALSO, IN SECTIONS 30 & 31, T12S, R22E, S.L.B.&M.**

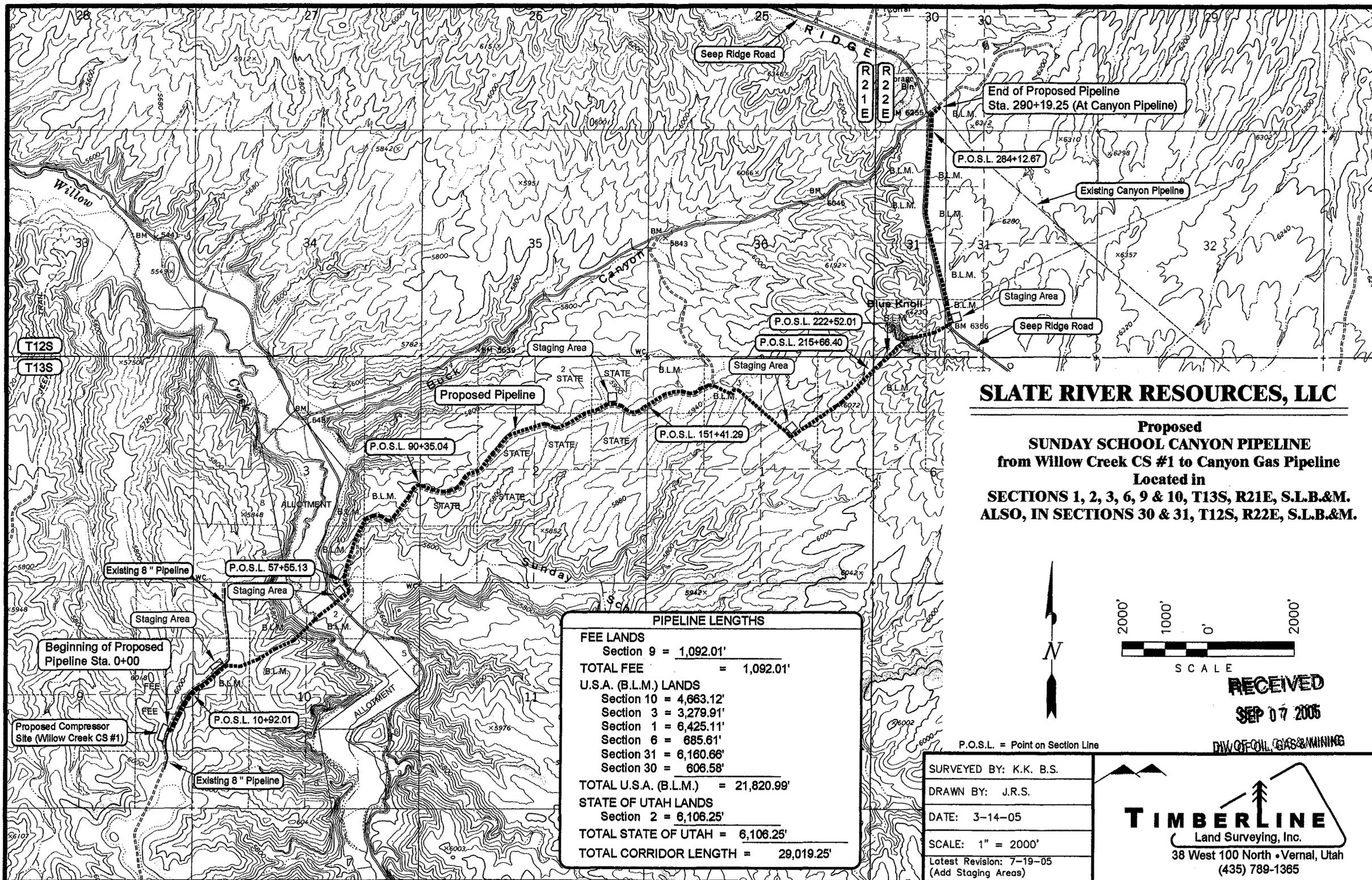


PIPELINE LENGTHS	
FEE LANDS	
Section 9 =	1,092.01'
TOTAL FEE	= 1,092.01'
U.S.A. (B.L.M.) LANDS	
Section 10 =	4,663.12'
Section 3 =	3,279.91'
Section 1 =	6,425.11'
Section 6 =	685.61'
Section 31 =	6,160.66'
Section 30 =	606.58'
TOTAL U.S.A. (B.L.M.)	= 21,820.99'
STATE OF UTAH LANDS	
Section 2 =	6,106.25'
TOTAL STATE OF UTAH	= 6,106.25'
TOTAL CORRIDOR LENGTH	= 29,019.25'

P.O.S.L. = Point on Section Line

SURVEYED BY:	K.K. B.S.
DRAWN BY:	J.R.S.
DATE:	3-14-05
SCALE:	1" = 3000'
Latest Revision:	7-19-05 (Add Staging Areas)

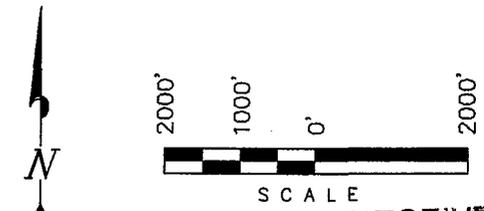
TIMBERLINE
Land Surveying, Inc.
38 West 100 North • Vernal, Utah
(435) 789-1365



SLATE RIVER RESOURCES, LLC

**Proposed
SUNDAY SCHOOL CANYON PIPELINE**
from Willow Creek CS #1 to Canyon Gas Pipeline
Located in
SECTIONS 1, 2, 3, 6, 9 & 10, T13S, R21E, S.L.B.&M.
ALSO, IN SECTIONS 30 & 31, T12S, R22E, S.L.B.&M.

PIPELINE LENGTHS	
FEE LANDS	
Section 9 =	1,092.01'
TOTAL FEE	= 1,092.01'
U.S.A. (B.L.M.) LANDS	
Section 10 =	4,663.12'
Section 3 =	3,279.91'
Section 1 =	6,425.11'
Section 6 =	685.61'
Section 31 =	6,160.66'
Section 30 =	606.58'
TOTAL U.S.A. (B.L.M.)	= 21,820.99'
STATE OF UTAH LANDS	
Section 2 =	6,106.25'
TOTAL STATE OF UTAH	= 6,106.25'
TOTAL CORRIDOR LENGTH	= 29,019.25'



RECEIVED
SEP 07 2005

DIV. OF OIL, GAS & MINING

P.O.S.L. = Point on Section Line

SURVEYED BY:	K.K. B.S.
DRAWN BY:	J.R.S.
DATE:	3-14-05
SCALE:	1" = 2000'
Latest Revision:	7-19-05 (Add Staging Areas)

TIMBERLINE
Land Surveying, Inc.
38 West 100 North • Vernal, Utah
(435) 789-1365

DIVISION OF OIL, GAS AND MINING

SPUDDING INFORMATION

Name of Company: SLATE RIVER RESOURCES LLC

Well Name: MUSTANG 1321-7F

Api No: 43-047-36371 Lease Type: FEE

Section 07 Township 13S Range 21E County UINTAH

Drilling Contractor PETE MARTIN'S RIG # BUCKET

SPUDDED:

Date 10/10/05

Time _____

How DRY

Drilling will Commence: _____

Reported by RON SJOSTROM

Telephone # 1-435-828-7967

Date 10/12/05 Signed CHD

FORM 9

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT -" for such proposals

5. Lease Designation and Serial Number:
FEE

6. If Indian, Allocated or Tribe Name:

7. Unit Agreement Name:

8. Well Name and Number:
MUSTANG 1321-7F

9. API Well Number:
43-047-36371

10. Field and Pool, or Wildcat:
WILDCAT

1. Type of Well: OIL GAS OTHER:

2. Name of Operator:
SLATE RIVER RESOURCES, LLC

3. Address and Telephone Number:
418 E. MAIN STE 18 VERNAL, UT 84078

4. Location of Well:
Footages: **1913' FNL & 1604' FWL**
C.C. Sec., T., R., M.: **SE/NW SEC 7 T13S R21E SLC MERIDIAN**

County: **UINTAH**
State: **UT**

CONFIDENTIAL

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

NOTICE OF INTENT

(Submit in Duplicate)

- | | |
|--|---|
| <input type="checkbox"/> Abandon | <input type="checkbox"/> New Construction |
| <input type="checkbox"/> Repair Casing | <input type="checkbox"/> Pull or Alter Casing |
| <input type="checkbox"/> Change of Plans | <input type="checkbox"/> Recomplete |
| <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Reperforate |
| <input type="checkbox"/> Fracture Treat or Acidize | <input type="checkbox"/> Vent or Flare |
| <input type="checkbox"/> Multiple Completion | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Other _____ | |

Approximate date work will start _____

SUBSEQUENT REPORT

(Submit Original Form Only)

- | | |
|--|---|
| <input type="checkbox"/> Abandon* | <input type="checkbox"/> New Construction |
| <input type="checkbox"/> Repair Casing | <input type="checkbox"/> Pull or Alter Casing |
| <input type="checkbox"/> Change of Plans | <input type="checkbox"/> Reperforate |
| <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Vent or Flare |
| <input type="checkbox"/> Fracture Treat or Acidize | <input type="checkbox"/> Water Shut-Off |
| <input checked="" type="checkbox"/> Other <u>Spud Notice</u> | |

Date of work completion: 10/14/2005

Report results of Multiple Completions and Recompletions to different reservoirs on WELL COMPLETION OR RECOMPLETION REPORT AND LOG form.

* Must be accompanied by a cement verification report.

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work)

Pete Martin Rathole Drilling MI&RU RHR. The well was spud at 8:00 a.m. on 10/10/05. 40' of 14" conductor pipe was cemented with approx. 3 yards of ready-mix cement.

10/13/2005

Bill Jr. Rathole Drilling, Inc. MI&RU. Drilled a 12-1/4" surface hole to 1870'. Set 1818.6' (20 Jts) of 9-5/8" 32.30# H-40 ST&C as follows: Lead - 160 sks 16% gel, 10# gilsonite, 3% salt, 3# GR3, 1/4# Flocele; Tail - 200 sks 2% CaCl2, 1/4# flocele; Top - 150 sks 4% CaCl2, 1/4" flocele; Top out - 75 sks 2% CaCl2, 1/4# sk Flocele. Cement to surface - stayed full, 15 bbls cement to pit. RDMOL. WO Rotary tool.

13. Name and Signature: Lucy Nemeec Title: SR. Operations Spec Date: 18-Oct-05

(This space for State use only.)

(4/94)

(See Instructions on Reverse Side)

RECEIVED

OCT 18 2005

DIV. OF OIL, GAS & MINING

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

FORM 6

ENTITY ACTION FORM

Operator: Slate River Resources, LLC Operator Account Number: N 2725
 Address: 418 E. Main Suite 18
city Vernal
state Ut zip 84078 Phone Number: (435) 781-1870

Well 1

API Number	Well Name	QQ	Sec	Twp	Rng	County
4304736371	Mustang 1321-7F	SENW	7	13S	21E	Uintah
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date	
A	99999	14998	10/10/2005		10/20/05	
Comments: MIRU Pete Martin Rathole Rig Spud @ 8:00 a.m. on 10/10/05 MNCS CONFIDENTIAL J						

Well 2

API Number	Well Name	QQ	Sec	Twp	Rng	County
4304736369	Mustang 1320-12A	NENE	12	13S	20E	Uintah
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date	
A	99999	14999	10/11/2005		10/20/05	
Comments: MIRU Pete Martin Rathole Rig Spud @ 7:00 a.m. on 10/11/05 MNCS CONFIDENTIAL J						

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)

Lucy Nemec

Name (Please Print)

Lucy Nemec
Signature

Sr. Operations Specialist

10/17/2005

Title

Date

(5/2000)

RECEIVED

OCT 18 2005

DIV. OF OIL, GAS & MINING

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING

SUNDRY NOTICES AND REPORTS ON WELLS		5. Lease Designation and Serial Number: FEE
Do not use this form for proposals to drill or deepen or reentry to a different reservoir. Use "APPLICATION FOR PERMIT -" for such proposals		6. If Indian, Allottee or Tribe Name:
		7. Unit Agreement Name:
1. Type of Well: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER:		8. Well Name and Number: MUSTANG 1321-7F
2. Name of Operator: SLATE RIVER RESOURCES, LLC		9. API Well Number: 43-047-36371
3. Address and Telephone Number: 418 E. MAIN STE 18 VERNAL, UT 84078		10. Field and Pool, or Wildcat: WILDCAT
4. Location of Well: Footages: 1913' FNL & 1604' FWL County: UINTAH QQ, Sec., T., R., M.: SE/NW SEC 7 T13S R21E SLC MERIDIAN State: UT		

CONFIDENTIAL

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

NOTICE OF INTENT (Submit in Duplicate)	SUBSEQUENT REPORT (Submit Original Form Only)
<input type="checkbox"/> Abandon <input type="checkbox"/> Repair Casing <input type="checkbox"/> Change of Plans <input type="checkbox"/> Convert to Injection <input type="checkbox"/> Fracture Treat or Acidize <input type="checkbox"/> Multiple Completion <input type="checkbox"/> Other _____ Approximate date work will start _____	<input type="checkbox"/> Abandon* <input type="checkbox"/> Repair Casing <input type="checkbox"/> Change of Plans <input type="checkbox"/> Convert to Injection <input type="checkbox"/> Fracture Treat or Acidize <input checked="" type="checkbox"/> Other <u>Set & Cement Production Casing</u> Date of work completion <u>10/29/2005</u> <small>Report results of Multiple Completions and Recompletions to different reservoirs on WELL COMPLETION OR RECOMPLETION REPORT AND LOG form. * Must be accompanied by a cement verification report.</small>

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work)

10/17 -10/29/05

**MIRU Union Rig #7. Drilled a 7-7/8" hole from 1870' - 7651'.
 Ran 180 jts of new 4-1/2" 11.60# M-80 LT&C casing and set @ 7649'.
 Big 4 Cementing cemented production casing with 1070 sx cement as follows:
 Lead - 300 sx of 16% Cel - 10# sk Gilsonite, 3% salt, 1/4# flocele, 3# sk GR-3
 Tail - 670 sx - 50/50 Poz, 10% salt, 2% FLD .2% dispersant, 2% Gel, 1/4# sk flocele
 Good circulation throughout job, approx 10 bbl (15 sks) lead cement to pit. - Float held**

Rig Released @0600 10/29/05. RDMOL. WO Completion Rig

13. Name and Signature: *Lucy Nemecek* Title: SR. Operations Spec Date: 28-Dec-05
Lucy Nemecek

(This space for State use only.)

RECEIVED
DEC 30 2005

**STATE OF UTAH
DIVISION OF OIL, GAS AND MINING**

CONFIDENTIAL

WELL COMPLETION OR RECOMPLETION REPORT AND LOG*	5. LEASE DESIGNATION AND SERIAL NO. FEE
	6. IF INDIAN, ALLOTTEE OR TRIBE NAME

1a. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> DRY <input type="checkbox"/> Other _____	7. UNIT AGREEMENT NAME
1b. TYPE OF COMPLETION NEW WELL <input checked="" type="checkbox"/> WORK OVER <input type="checkbox"/> DEEP-EN <input type="checkbox"/> PLUG BACK <input type="checkbox"/> DIFF. RESVR. <input type="checkbox"/> Other _____	8. FARM OR LEASE NAME, WELL NO. Mustang 1321-7F

2. NAME OF OPERATOR Slate River Resources LLC	9. API NO. 43-047-36371
---	-----------------------------------

3. ADDRESS AND TELEPHONE NO. 418 E. Main St. Suite 18, Vernal, UT 84078 435-781-1870	10. FIELD AND POOL OR WILDCAT WILDCAT
---	---

4. LOCATION OF WELL (Report locations clearly and in accordance with any State requirements) At Surface 1913' FNL, 1604' FWL	11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA SENW SEC 7, T13S R21E SL&M
At top prod. Interval reported below	12. COUNTY UINTAH
At total depth	13. STATE UTAH

14. DATE SPURRED 10/10/05	15. DATE T.D. REACHED 10/26/05	16. DATE COMPL. (Ready to prod. or Plug & Abandon <input type="checkbox"/> Ready to Prod <input checked="" type="checkbox"/> 12/5/05	17. ELEVATIONS (DF, RKB, RT, GR, ETC.)* 5984 GL, 5999.6 KB
-------------------------------------	--	--	--

18. TOTAL DEPTH, MD & TVD 7651' MD 7651' TVD	19. PLUG, BACK T.D., MD & TVD 7605' TD	20. IF MULTIPLE COMPL., HOW MANY 3	21. DEPTH BRIDGE PLUG SET: TVD
---	--	--	---------------------------------------

24. PRODUCING INTERVAL(S), OF THIS COMPLETION--TOP, BOTTOM, NAME (MD AND TVD) Mesaverde 5766' - 6380, Sege 6787 - 6852, Blackhawk 7376' - 7433', MD & TVD	25. WAS DIRECTIONAL SURVEY MADE NO
---	--

26. TYPE ELECTRIC AND OTHER LOGS RUN HRI/SD/DSN, CBL/CCL/VDL	27. WAS WELL CORED YES <input type="checkbox"/> NO <input checked="" type="checkbox"/> (Submit analysis) DRILL STEM TEST YES <input type="checkbox"/> NO <input checked="" type="checkbox"/> (See reverse side)
--	--

23. CASING RECORD (Report all strings set in well)					
CASING SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
9-5/8" H-40	32-30#	1834	12-1/4"	585 sxs "G" Cement top: surface	None
4-1/2" M-80	11.60#	7649	7-7/8"	300 sxs Lead Prem, 670 sks Tail "50/50 TOC @ 240"	None

29. LINER RECORD					30. TUBING RECORD		
SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
					2-3/8"	7293.61'	

31. PERFORATION RECORD (Interval, size and number)			32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.	
INTERVAL	SIZE	NUMBER	DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
See attached			7376 - 7436	48,033# 20/40 Sand ATR 19.1 BPM, ATP 2762 PSIG
			6849 - 6791	63,624# 20/40 Sand ATR 19.2 BPM, ATP 2640 PSIG
			6374 - 6380	28,152# 20/40 Sand ATR 14.8 BPM, ATP 2301 PSIG
			6198 - 6204	47,352# 20/40 Sand ATR 15.5 BPM, ATP 2754 PSIG

33.* PRODUCTION							
DATE FIRST PRODUCTION	PRODUCTION METHOD (Flowing, gas lift, pumping--size and type of pump)					WELL STATUS (Producing or shut-in)	
2/8/06	Flowing - Intermittent					Producing	
DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD	OIL--BBL.	GAS--MCF.	WATER--BBL.	GAS-OIL RATIO
2/9/06	24	12/64	---	1	575	18	600:1
FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	GAS--MCF.		WATER--BBL.		OIL GRAVITY-API (CORR.)
879	1355	---	1 575		18		

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.) Sold	TEST WITNESSED BY
---	-------------------

35. LIST OF ATTACHMENTS Additional perf and frac intervals	
--	--

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

SIGNED <u><i>Lucy Nissen</i></u>	TITLE Sr. Operations Specialist	RECEIVED DATE 3/13/2006
----------------------------------	--	--

See Spaces for Addition Data on Reverse Side

MAR 15 2006

INSTRUCTIONS

This form should be completed in compliance with the Utah Oil and Gas Conservation General Rules. If not filed prior to this time, all logs, tests, and directional surveys as required by Utah Rules should be attached and submitted with this report.

ITEM 18: Indicate which elevation is used as reference for depth measurements given in other spaces on this form and on any attachments.

ITEMS 22 and 24: If this well is completed for separate production from more than one interval zone (multiple completion), so state in item 22, and in item 24 show the producing interval, or intervals, top(s), bottom(s) and name(s) for only the interval reported in item 33. Submit a separate report (page) on this form, adequately identified, for each additional interval to be separately produced, showing the additional data pertinent to such interval.

ITEM 29: "Sacks Cement": Attached supplemental records for this well should show the details of any multiple stage cementing and the location of the cementing tool.

ITEM 33: Submit a separate completion report on this form for each interval to be separately produced (see instruction for items 22 and 24 above).

37. SUMMARY OF POROUS ZONES: 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.				38. GEOLOGIC MARKERS		
Formation	Top	Bottom	Description, contents, etc.	Name	Top	
					Meas. Depth	True Vert. Depth
Wasatch	2382		Shale & Sandstone	CONFIDENTIAL		
Mesaverde	4484		Shale & Sandstone			
Castlegate	6930		Shale & Sandstone			
Mancos	7180		Sandstone & Shale			
Blackhawk	7350		Sandstone & Shale			

Mesaverde and Mancos are comingled. Test on 9/20/05 included both intervals.

Attachment to Completion Report

Mustang #1321-7F

27. PERFORATION RECORD

3-1/8" Barrel Gun 120 Deg Phasing .35 perf Diameter

<u>Formation</u>	<u>Interval</u>	<u>No Holes</u>		<u>Status</u>
Blackhawk	7433 - 7436	6	2 SPF	Open
Blackhawk	7376 - 7380	8	2 SPF	Open
Sego	6849 - 6852	6	2 SPF	Open
Sego	6787 - 6791	8	2 SPF	Open
Mesaverde	6374 - 6380	18	3 SPF	Open
Mesaverde	6198 - 6204	18	3 SPF	Open
Mesaverde	5766 - 5771	15	3 SPF	Open
	Total	79		

28. FRAC HISTORY (cont'd)

Depth of Interval

5764 - 5769 46,257 20/40/ sand, ATR 13.3 BPM, ATP 2124 PSIG

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT" for...

CONFIDENTIAL

5. Lease Designation and Serial Number:
FEE

6. If Indian, Alutese or Tribe Name:

7. Unit Agreement Name:

8. Well Name and Number:
See attached

9. API Well Number:
43-047-312371

10. Field and Pool or Widcat:

1. Type of Well: OIL GAS OTHER:

2. Name of Operator:
SLATE RIVER RESOURCES, LLC

3. Address and Telephone Number:
418 E. MAIN VERNAL UT 84078

4. Location of Well:
Footages: **See attached**
G.G. Sec. T., R., M.:

County: **UINTAH**
State: **UT**

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

NOTICE OF INTENT
(Submit in Duplicate)

- Abandon
- Repair Casing
- Change of Plans
- Convert to Injection
- Fracture Treat or Acidize
- Multiple Completion
- Other Disposal of Produced Water
- New Construction
- Pull or Alter Casing
- Recomplete
- Reperforate
- Vent or Flare
- Water Shut-Off

Approximate date work will start 1/25/2006

SUBSEQUENT REPORT
(Submit Original Form Only)

- Abandon*
- Repair Casing
- Change of Plans
- Convert to Injection
- Fracture Treat or Acidize
- Other
- New Construction
- Pull or Alter Casing
- Reperforate
- Vent or Flare
- Water Shut-Off

Date of work completion

Report results of Multiple Completions and Recompletions to different reservoirs on WELL
COMPLETION OR RECOMPLETION REPORT AND LOG form.
* Must be accompanied by a cement verification report.

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work)

Slate River Resources LLC requests approval to dispose of produced water at either one or both of the approved disposal sites listed below for the attached list of producing wells.

Dalbo/Ace
8848 W. Hwy 40
Vernal, UT

Dalbo Inc. Glen Bench Disposal
26800 S. Glen Bench Road
Vernal, Utah

COPY SENT TO OPERATOR
Date: 10-13-06
Initials: RM

13.

Name and Signature: Lucy Werpac

Title: S.R. Operations Specialist

Date: 11-Sep-06

(This space for State use only.)

Accepted by the
Utah Division of
Oil, Gas and Mining

RECEIVED
OCT 12 2006

(4/94) Date: 10-12-06

(See Instructions on Reverse Side)

DIV. OF OIL, GAS & MINING

By: [Signature]

**SLATE RIVER RESOURCES LLC
 AGENCY DRAW PRODUCING WELLS
 OCTOBER 12,2006**

Well	Field	Lease	API #	Spot	Description		State
				S-T-R	County		
UOS #1321- 9P	Agency Draw	Fee	43-047-36375	SESE	9-13S-21E	Uintah	Utah
Mustang #1320- 1I	Agency Draw	Fee	43-047-36384	NESE	1-13S-20E	Uintah	Utah
UOS #1321- 9L	Agency Draw	Fee	43-047-36376	NWSW	9-13S-21E	Uintah	Utah
UOA #1321- 7A	Agency Draw	Fee	43-047-36372	NENE	7-13S-21E	Uintah	Utah
UOA #1321- 6G	Agency Draw	Fee	43-047-36370	SWNE	6-13S-21E	Uintah	Utah
UOA #1321- 8C	Agency Draw	Fee	43-047-36373	NENW	8-13S-21E	Uintah	Utah
Mustang #1321- 7F	Agency Draw	Fee	43-047-36371	SENW	7-13S-21E	Uintah	Utah
Mustang #1320-12A	Agency Draw	Fee	43-047-36369	NENE	12-13S-20E	Uintah	Utah
Mustang #1321- 6C	Agency Draw	Fee	43-047-36383	NENW	6-13S-21E	Uintah	Utah
UOS #1321- 8A	Agency Draw	Fee	43-047-36374	NENE	8-13S-21E	Uintah	Utah
Mustang #1220-35I	Agency Draw	Fee	43-047-37287	NESE	35-12S-20E	Uintah	Utah
Mustang #1320-10I	Agency Draw	Fee	43-047-37291	NESE	10-13S-20E	Uintah	Utah
Mustang #1320-11H	Agency Draw	Fee	43-047-37295	SENE	11-13S-20E	Uintah	Utah
Mustang #1320-24E	Agency Draw	Fee	43-047-37298	SWNW	24-13S-20E	Uintah	Utah
Mustang #1320-14P	Agency Draw	Fee	43-047-37288	SESE	14-13S-20E	Uintah	Utah
Mustang #1320-13D	Agency Draw	Fee	43-047-37289	NWNW	13-13S-20E	Uintah	Utah
Mustang #1320-14D	Agency Draw	Fee	43-047-37296	NWNW	14-13S-20E	Uintah	Utah

FORM 1

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT" for such proposals

1. Type of Well: OIL GAS OTHER:

2. Name of Operator:
SLATE RIVER RESOURCES, LLC

3. Address and Telephone Number:
418 E. MAIN STE 18 VERNAL, UT 84078

4. Location of Well:
Footages: 1913' FNL & 1604' FWL
QQ, Sec., T., R., M.: SE/NW SEC 7 T13S R21E SLC MERIDIAN

County: UINTAH
State: UT

5. Lease Description and Serial Number:

FEE

6. If Indian, Allottee or Tribe Name:

7. Unit Agreement Name:

8. Well Name and Number:
MUSTANG 1321-7F

9. API Well Number:
43-047-36371

10. Field and Pool, or Wildcat:
WILDCAT

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

NOTICE OF INTENT
(submit in duplicate)

- Abandon
- Repair Casing
- Change of Plans
- Convert to Injection
- Fracture Treat or Acidize
- Multiple Completion
- Other Plug Back
- New Construction
- Pull or Alter Casing
- Recomplete
- Reperforate
- Vent or Flare
- Water Shut-Off

Approximate date work will start 2/1/2007

SUBSEQUENT REPORT
(submit original form only)

- Abandon*
- Repair Casing
- Change of Plans
- Convert to Injection
- Fracture Treat or Acidize
- Other _____
- New Construction
- Pull or Alter Casing
- Reperforate
- Vent or Flare
- Water Shut-Off

Date of work completion _____

Report results of Multiple Completions and Recompletions to different reservoirs on WELL COMPLETION OR RECOMPLETION REPORT AND LOG form.

* Must be accompanied by a cement verification report.

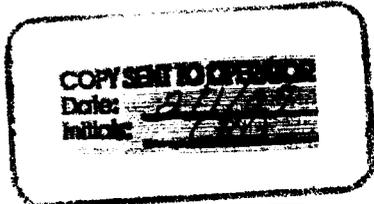
12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work)

Slate River Resources requests approval to plugback the existing Mesaverde and Blackhawk zones and perforate and test uphole Wasatch zones.

Procedure as follows:

- Set CIBP @ ±5750' to plugback and isolate existing perforated interval 5766' - 7436'
- Perforate the Wasatch zones 4198-4206, 4218-4226, 4344-4352 w/ 4SPF
- Breakdown perfs and swab test.
- Stimulate zones if commercial gas is encountered
- Place well back on production from the Wasatch zones.

We have a completion rig on the well now and a verbal response would be appreciated.



13.

Name and Signature: Lucy Nemeo

Title: SR. Operations Spec

Date: 31-Jan-07

(This space for State use only.)

APPROVED BY THE STATE
OF UTAH DIVISION OF
OIL, GAS, AND MINING

14.90

DATE: 1/31/07
BY: [Signature]

(See instructions on Reverse Side)

* see attached email dated 1/31/07

RECEIVED
31
JAN 25 2007

DIV. OF OIL, GAS & MINING

418 E. Main Street
 Vernal, UT 84078
 Office: 435-781-1870
 Fax: 435-781-1875

**SLATE RIVER
 RESOURCES, LLC**

Fax

To: Dustin Ducet	From: Lucy Nemeec
Company: DOGM	Company: Slate River Resources
Fax: 801-359-3940	Pages: 2
Phone:	Date: 1-31-07
Re: NOI - Recompletion	cc:
<input checked="" type="checkbox"/> Urgent <input type="checkbox"/> For Review <input type="checkbox"/> Please Comment <input type="checkbox"/> Please Reply <input type="checkbox"/> Please Recycle	

• Comments:

Hi Dustin,

Attached is a NOI for the Mustang 1321-7F to plugback the existing Mesaverde and Blackhawk zones and test uphole Wasatch zones.

We have a completion Rig on the well now and a verbal response would be appreciated.

Please call if you have any questions - 435-781-1874

Lucy Nemeec

RECEIVED

31
 JAN 25 2007

DIV. OF OIL, GAS & MINING

From: Dustin Doucet
To: Nemec, Lucy
Date: 1/31/2007 2:28 PM
Subject: Re: Mustang 1321-7F NOI
Attachments: 20070131144012.pdf

CC: JTConley
Lucy/John,

I have approved the plug back, however I had a couple of questions/stipulations. Are you planning on going back into the Mesaverde at some time? If not, then a 100' cement plug should be placed above the bridge plug. This doesn't need to be done immediately (preferable) but would need to be done before setting any more plugs and moving up hole. Also, if you were going to drill out the CIBP and commingle Wasatch and Mesaverde, then that would have to be approved (R649-3-22) prior to commingling. Just wanted to make you aware of potential future requirements. Let me know if you have questions. Thanks.

Dustin

Dustin K. Doucet
Petroleum Engineer
Utah Division of Oil, Gas and Mining
Oil and Gas Program
1594 West North Temple, Suite 1210
Salt Lake City, UT 84116

Phone: (801) 538-5281
fax: (801) 359-3940
email: dustindoucet@utah.gov

>>> "Lucy Nemec" <lnemec@sl8river.com> 1/31/2007 1:37 PM >>>
Dustin,

We moved on this well a few days ago and found scale in the Mesaverde and Blackhawk current completion zones.

Our geologist in Denver would like us to test three Wasatch zones before we move the rig.

Could you take a look and give us a call if this plugback is OK.

Apologize for the short notice. Please let John or me know if you have any questions.

I will be out of the office tomorrow, Thursday, but back in on Friday.

I've faxed over a signed copy to your office.

Thanks for the help,

Lucy Nemec

Slate River Resources

418 E. Main, Suite 18

Vernal, UT 84078

Off: 435-781-1874

Fax: 435-781-1875

Cell: 435-828-7965

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT -" for such proposals

5. Lease Designation and Serial Number:
FEE

6. If Indian, Allottee or Tribe Name:

7. Unit Agreement Name:

8. Well Name and Number:
MUSTANG 1321-7F

9. API Well Number:
43-047-36971

10. Field and Pool, or Wildcat:
WILDCAT

1. Type of Well: OIL GAS OTHER:

2. Name of Operator:
SLATE RIVER RESOURCES, LLC

3. Address and Telephone Number:
418 E. MAIN STE 18 VERNAL UT 84078

4. Location of Well:
Footages: **1913' FNL & 1604' FWL**
Q. Sec., T., R., M.: **SE/NW SEC 7 T13S R21E SLC MERIDIAN**

County: **UINTAH**
State: **UT**

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

NOTICE OF INTENT
(Submit in Duplicate)

- | | |
|--|---|
| <input type="checkbox"/> Abandon | <input type="checkbox"/> New Construction |
| <input type="checkbox"/> Repair Casing | <input type="checkbox"/> Pull or Alter Casing |
| <input type="checkbox"/> Change of Plans | <input type="checkbox"/> Recomplete |
| <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Reperforate |
| <input type="checkbox"/> Fracture Treat or Acidize | <input type="checkbox"/> Vent or Flare |
| <input type="checkbox"/> Multiple Completion | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Other _____ | |

Approximate date work will start _____

SUBSEQUENT REPORT
(Submit Original Form Only)

- | | |
|---|---|
| <input type="checkbox"/> Abandon* | <input type="checkbox"/> New Construction |
| <input type="checkbox"/> Repair Casing | <input type="checkbox"/> Pull or Alter Casing |
| <input type="checkbox"/> Change of Plans | <input type="checkbox"/> Reperforate |
| <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Vent or Flare |
| <input type="checkbox"/> Fracture Treat or Acidize | <input type="checkbox"/> Water Shut-Off |
| <input checked="" type="checkbox"/> Other <u>Recomplete Castle Gate</u> | |

Date of work completion Work Cancelled

Report results of Multiple Completions and Recompletions to different reservoirs on WELL COMPLETION OR RECOMPLETION REPORT AND LOG form.

* Must be accompanied by a cement verification report.

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work)

Slate River Resources submitted a NOI proposing to recomplete the referenced well for Upper Castlegate sands; perf and frac zones down tubing under a packer. This work was not completed and Slate River wishes to cancel the NOI.

18. Name and Signature: *Lucy Nemeo* Title: SR. Operations Spec Date: 02-Feb-07
Lucy Nemeo

(This space for State use only.)

RECEIVED
FEB 05 2007
DIV. OF OIL, GAS & MINING

Division of Oil, Gas and Mining
OPERATOR CHANGE WORKSHEET

ROUTING

1. DJJ
2. CDW

X - Change of Operator (Well Sold)

Operator Name Change/Merger

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

2/21/2008

FROM: (Old Operator): N2725-Slate River Resources, LLC 418 E Main, Suite 18 Vernal, UT 84078 Phone: 1 (435) 781-1874	TO: (New Operator): N1675-Mustang Fuel Corporation 13439 Broadway Ext. Oklahoma City, OK 73114-2202 Phone: 1 (405) 748-9487
---	---

CA No.			Unit:					
WELL NAME	SEC	TWN	RNG	API NO	ENTITY NO	LEASE TYPE	WELL TYPE	WELL STATUS
SEE ATTACHED LIST								

OPERATOR CHANGES DOCUMENTATION

Enter date after each listed item is completed

- (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 3/28/2008
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 3/18/2008
- The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 4/28/2008
- a. Is the new operator registered in the State of Utah: Yes Business Number: 1467562-0143
- b. If **NO**, the operator was contacted on: _____
- a. (R649-9-2)Waste Management Plan has been received on: _____ Requested
- b. Inspections of LA PA state/fee well sites complete on: n/a
- c. Reports current for Production/Disposition & Sundries on: _____
- Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: BLM n/a BIA n/a
- Federal and Indian Units:**
The BLM or BIA has approved the successor of unit operator for wells listed on: n/a
- Federal and Indian Communization Agreements ("CA"):**
The BLM or BIA has approved the operator for all wells listed within a CA on: n/a
- Underground Injection Control ("UIC")** The Division has approved UIC Form 5, **Transfer of Authority to Inject**, for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: n/a

DATA ENTRY:

- Changes entered in the **Oil and Gas Database** on: 4/28/2008
- Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 4/28/2008
- Bond information entered in RBDMS on: 4/28/2008
- Fee/State wells attached to bond in RBDMS on: 4/28/2008
- Injection Projects to new operator in RBDMS on: n/a
- Receipt of Acceptance of Drilling Procedures for APD/New on: _____ n/a

BOND VERIFICATION:

- Federal well(s) covered by Bond Number: n/a
- Indian well(s) covered by Bond Number: n/a
- a. (R649-3-1) The **NEW** operator of any fee well(s) listed covered by Bond Number 400KB7078
- b. The **FORMER** operator has requested a release of liability from their bond on: 4/18/2008 Disposal Facilities only
The Division sent response by letter on: _____

LEASE INTEREST OWNER NOTIFICATION:

- (R649-2-10) The **NEW** operator of the fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: 4/28/2008

COMMENTS:

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

FORM 9

5. LEASE DESIGNATION AND SERIAL NUMBER:

FEE

SUNDRY NOTICES AND REPORTS ON WELLS

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

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

1. TYPE OF WELL OIL WELL GAS WELL OTHER _____

8. WELL NAME and NUMBER:

See attached

2. NAME OF OPERATOR:
Mustang Fuel Corporation *N1675*

9. API NUMBER:

See attach

3. ADDRESS OF OPERATOR:
13439 Broadway Extension CITY Oklahoma City STATE OK ZIP 73114-2202

PHONE NUMBER:
(405) 748-9487

10. FIELD AND POOL, OR WILDCAT:

See attached

4. LOCATION OF WELL
FOOTAGES AT SURFACE: See attached schedule of wells

COUNTY: Uintah

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

STATE: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: <u>2/21/2008</u>	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input checked="" type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

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

Mustang Fuel Corporation requests a change of operator from Slate River Resources, LLC to Mustang Fuel Corporation, effective February 21, 2008 for the wells and facilities listed on the attached schedule.

The bond numbers for Mustang Fuel Corporation are:
State of Utah DOGM Bond *400KB7078*
State of Utah Bond of Lessee
Federal Utah Statewide Bond

NAME (PLEASE PRINT) Jim Hill TITLE Operations Manager
SIGNATURE *Jim Hill* DATE 2/21/2008

(This space for State use only)

APPROVED *4128108*

Earlene Russell
Division of Oil, Gas and Mining
Earlene Russell, Engineering Technician

(See Instructions on Reverse Side)

RECEIVED

MAR 18 2008

DIV. OF OIL, GAS & MINING

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

FORM 9

5. LEASE DESIGNATION AND SERIAL NUMBER:
FEE

SUNDRY NOTICES AND REPORTS ON WELLS

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

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

7. UNIT or CA AGREEMENT NAME:

1. TYPE OF WELL
OIL WELL GAS WELL OTHER _____

8. WELL NAME and NUMBER:
See attached

2. NAME OF OPERATOR:
Slate River Resources, LLC *N2725*

9. API NUMBER:
See attach

3. ADDRESS OF OPERATOR:
418 E. Main, Suite 18 CITY **Vernal** STATE **UT** ZIP **84078**

PHONE NUMBER:
(435) 781-1874

10. FIELD AND POOL, OR WILDCAT:
See attached

4. LOCATION OF WELL
FOOTAGES AT SURFACE: **See attached schedule of wells**

COUNTY: **Uintah**

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

STATE:
UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: <u>2/21/2008</u>	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input checked="" type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION		

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

Slate River Resources, LLC requests a Change of Operator from Slate River Resources, LLC to Mustang Fuel Corporation on the wells listed on the attached schedule including a change of Operator for the AD Disposal Pit 1, AD Disposal Pit #2 and the Willow Creek Compressor facility effective 2/21/08.

NAME (PLEASE PRINT) Lucy Nemece

TITLE Sr. Operations Specialist

SIGNATURE *Lucy Nemece*

DATE 3/27/2008

(This space for State use only)

APPROVED 4/28/08

Earlene Russell
Division of Oil, Gas and Mining
Earlene Russell, Engineering Technician
(See Instructions on Reverse Side)

RECEIVED

MAR 28 2008

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

February 24, 2009

CERTIFIED MAIL NO.: 7004 2510 0004 1824 6916

Mr. Rand Phipps
Mustang Fuel Corporation
13439 Broadway Extension
Oklahoma City, OK 73114-2202

43 047 36371
Mustang 1321-7F
135 2E 7

Subject: **SECOND NOTICE: Extended Shut-in and Temporarily Abandoned Well Requirements for Fee or State Leases**

Dear Mr. Phipps:

As of January 2009, Mustang Fuel Corporation (Mustang) has six (6) Fee Lease Wells (see Attachment A) that are currently in non-compliance with the requirements for extended shut-in or temporarily abandoned (SI/TA) status. Wells SI/TA beyond twelve (12) consecutive months requires filing a Sundry Notice (R649-3-36-1). Wells with five (5) years non-activity or non-productivity shall be plugged, unless the Utah Division of Oil, Gas & Mining ("Division) grants approval for extended shut-in time upon a showing of good cause by the operator (649-3-36-1.3.3).

On September 3, 2008 the Division sent a notice via certified mail, which addressed four of the six listed wells non-compliance issues (see Attachment A). Mustang was given 30 days to address this matter. To date the Division has not seen any such correspondence.

The Division also wishes to inform Mustang that wells Mustang 1321-7F (API 43-047-36371) and Utah Oil Shales 1321-9P (API 43-047-36375) have been added to the non-compliance list (Attachment A). This is a **First Notice** for these wells, and requires the same response as the others listed.



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, a notice of violation will be issued. If you have any questions concerning this matter, please contact me at (801) 538-5281.

Sincerely,



Dustin K. Doucet
Petroleum Engineer

ATTACHMENT A

	Well Name	API	Lease Type	Years Inactive
SECOND NOTICE				
1	Mustang 1320-1I	43-047-36384	Fee	1 Year 5 Months
2	UINTAH OIL ASSC 1321-7P	43-047-37290	Fee	2 Years 9 Months
3	UT OIL SHALES 1321-4M	43-047-37292	Fee	2 Years 9 Months
4	UT OIL SHALES 1321-17A	43-047-37293	Fee	2 Years 9 Months
FIRST NOTICE				
5	MUSTANG 1321-7F	43-047-36371	Fee	1 Year 3 Months
6	UTAH OIL SHALES 1321-9P	43-047-36375	Fee	1 Year 4 Months

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING

SUNDRY NOTICES AND REPORTS ON WELLS		5. Lease Designation and Serial Number: FEE
Do not use this form for proposals to drill or deepen or reentry to a different reservoir. Use "APPLICATION FOR PERMIT -" for such proposals		6. If Indian, Allottee or Tribe Name:
		7. Unit Agreement Name:
1. Type of Well: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER:		8. Well Name and Number: MUSTANG 1321-7F
2. Name of Operator: Mustang Fuel Corporation		9. API Well Number: 43-047-36371
3. Address and Telephone Number: 418 E. MAIN STE 18 VERNAL, UT 84078		10. Field and Pool, or Wildcat: WILDCAT
4. Location of Well: Footages: 1913' FNL & 1604' FWL QQ, Sec., T., R., M.: SE/NW SEC 7 T13S R21E SLC MERIDIAN		County: UINTAH State: UT

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA																											
NOTICE OF INTENT <small>(Submit in Duplicate)</small>	SUBSEQUENT REPORT <small>(Submit Original Form Only)</small>																										
<table style="width:100%;"> <tr> <td><input type="checkbox"/> Abandon</td> <td><input type="checkbox"/> New Construction</td> </tr> <tr> <td><input type="checkbox"/> Repair Casing</td> <td><input type="checkbox"/> Pull or Alter Casing</td> </tr> <tr> <td><input type="checkbox"/> Change of Plans</td> <td><input type="checkbox"/> Recomplete</td> </tr> <tr> <td><input type="checkbox"/> Convert to Injection</td> <td><input type="checkbox"/> Reperforate</td> </tr> <tr> <td><input type="checkbox"/> Fracture Treat or Acidize</td> <td><input type="checkbox"/> Vent or Flare</td> </tr> <tr> <td><input type="checkbox"/> Multiple Completion</td> <td><input type="checkbox"/> Water Shut-Off</td> </tr> <tr> <td><input type="checkbox"/> Other _____</td> <td></td> </tr> </table> <p>Approximate date work will start _____</p>	<input type="checkbox"/> Abandon	<input type="checkbox"/> New Construction	<input type="checkbox"/> Repair Casing	<input type="checkbox"/> Pull or Alter Casing	<input type="checkbox"/> Change of Plans	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Reperforate	<input type="checkbox"/> Fracture Treat or Acidize	<input type="checkbox"/> Vent or Flare	<input type="checkbox"/> Multiple Completion	<input type="checkbox"/> Water Shut-Off	<input type="checkbox"/> Other _____		<table style="width:100%;"> <tr> <td><input type="checkbox"/> Abandon*</td> <td><input type="checkbox"/> New Construction</td> </tr> <tr> <td><input type="checkbox"/> Repair Casing</td> <td><input type="checkbox"/> Pull or Alter Casing</td> </tr> <tr> <td><input type="checkbox"/> Change of Plans</td> <td><input type="checkbox"/> Reperforate</td> </tr> <tr> <td><input type="checkbox"/> Convert to Injection</td> <td><input type="checkbox"/> Vent or Flare</td> </tr> <tr> <td><input type="checkbox"/> Fracture Treat or Acidize</td> <td><input type="checkbox"/> Water Shut-Off</td> </tr> <tr> <td><input checked="" type="checkbox"/> Other <u>Cancel Wasatch Recompletion</u></td> <td></td> </tr> </table> <p>Date of work completion <u>Work Cancelled</u></p> <p><small>Report results of Multiple Completions and Recompletions to different reservoirs on WELL COMPLETION OR RECOMPLETION REPORT AND LOG form.</small></p> <p><small>* Must be accompanied by a cement verification report.</small></p>	<input type="checkbox"/> Abandon*	<input type="checkbox"/> New Construction	<input type="checkbox"/> Repair Casing	<input type="checkbox"/> Pull or Alter Casing	<input type="checkbox"/> Change of Plans	<input type="checkbox"/> Reperforate	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Vent or Flare	<input type="checkbox"/> Fracture Treat or Acidize	<input type="checkbox"/> Water Shut-Off	<input checked="" type="checkbox"/> Other <u>Cancel Wasatch Recompletion</u>	
<input type="checkbox"/> Abandon	<input type="checkbox"/> New Construction																										
<input type="checkbox"/> Repair Casing	<input type="checkbox"/> Pull or Alter Casing																										
<input type="checkbox"/> Change of Plans	<input type="checkbox"/> Recomplete																										
<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Reperforate																										
<input type="checkbox"/> Fracture Treat or Acidize	<input type="checkbox"/> Vent or Flare																										
<input type="checkbox"/> Multiple Completion	<input type="checkbox"/> Water Shut-Off																										
<input type="checkbox"/> Other _____																											
<input type="checkbox"/> Abandon*	<input type="checkbox"/> New Construction																										
<input type="checkbox"/> Repair Casing	<input type="checkbox"/> Pull or Alter Casing																										
<input type="checkbox"/> Change of Plans	<input type="checkbox"/> Reperforate																										
<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Vent or Flare																										
<input type="checkbox"/> Fracture Treat or Acidize	<input type="checkbox"/> Water Shut-Off																										
<input checked="" type="checkbox"/> Other <u>Cancel Wasatch Recompletion</u>																											

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work)

Slate River Resources submitted a NOI proposing to plugback the existing Mesaverde and Blackhawk zones and perf and test uphole Wasatch zones. This work was not completed and Mustang Fuel Corporation wishes to cancel the NOI.

13. Name and Signature: Lucy Nemec Title: SR. Operations Spec Date: 29-Sep-08

(This space for State use only.)

RECEIVED
APR 22 2009
DIV. OF OIL, GAS & MINING

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

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

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: FEE
2. NAME OF OPERATOR: Mustang Fuel Corporation		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 418 E. Main, Suite 18 CITY Vernal STATE UT ZIP 84078		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1913' FNL 1604' FWL		8. WELL NAME and NUMBER: Mustang 1321-7F
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SENW 7 13S 21E		9. API NUMBER: 4304736371
COUNTY: Uintah		10. FIELD AND POOL, OR WILDCAT: Wildcat
STATE: UTAH		

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: 6/1/2009	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion:	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input checked="" type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

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

Mustang Fuel Corporation requests a one year SI status for the Mustang 1321-7F well in order to explore the economics of reentering the well to complete the Wasatch and or Ute land Butte formations. Mustang has only had operation of the well for one year and needs additional time to adequately review these options. Mustang submits the following supporting data to prove casing integrity for an extended SI status:

11/17/05: Ran CBL from PBD @ 7566' to 50', TOC @ 240'. Tested casing @ 5000 psi - tested good. The well was completed by Slate River Resources in the Mesaverde, Castlegate and Blackhawk intervals. 6-27-07: Set CIBP @ 5700', fill hole w/2% KCL wtr, tested csg & CIBP to 1500 psig for 5 min. Ran GasView Log from 5678' to 2200', tubing was RIH and set @ 5592'; the well was SI pending log evaluation. 3-20-09: SICIP 0 psi, FL @ 1085'. This location is in a recharge area for the aquifers of the Green River Formation, so 1834' of 9-5/8" casing was run and cemented to surface. 10-28-05: 7649' of 4-1/2" 11.60# M-80 casing was run and cemented w/ 300 sxs lead and 670 sks tail cement. A search of Division of Water Rights records indicates 1 water well within a 10,000' radius of the well. The well is over 1.3 miles from the 7F location. This well was drilled to a depth of 70' and listed as used for stock watering. The casing and cementing program described adequately protects any useable ground water. (Cementing reports are attached).

The above tests and cementing procedures conducted would indicate the casing has integrity and does not pose a risk to public health and safety or to the environment. A current wellbore diagram is also attached.

NAME (PLEASE PRINT) <u>Lucy Nemeec</u>	TITLE <u>Sr. Operations Specialist</u>
SIGNATURE <u><i>Lucy Nemeec</i></u>	DATE <u>5/19/2009</u>

(This space for State use only)

APPROVED BY THE STATE OF UTAH DIVISION OF OIL, GAS, AND MINING

DATE: 11/17/09
BY: *[Signature]*

COPY SENT TO OPERATOR
Date: 11.17.2009
Initials: KS

RECEIVED
MAY 26 2009

DIV. OF OIL, GAS & MINING

(5/2000) * Valid through 6/1/10
* monitoring of pressures/fluid levels should be maintained through approval period

Big4

CEMENTING

(435) 789-1735

P.O. Box 1817, Vernal, Utah 84078

JOB SUMMARY REPORT

Customer SLATE RIVER		Date 10/14/05	Ticket Number 4337	
Lease & Well Name MUSTANG 1301-7F		Sec.	Twp.	Range County WINTAH
Job Type SURFACE		Drilling Contractor B.H. JR #5		
Surface CSG Size 9518	Wt./Grade 30.30	Thread 820	Depth From 0	To 1818.6
Inter CSG Size	Wt./Grade	Thread	Depth From	To
Prod. CSG Size	Wt./Grade	Thread	Depth From	To
Liner CSG Size	Wt./Grade	Thread	Depth From	To
TBG or D.P. Size	Wt./Grade	Thread	Depth From	To

SKS	Materials Furnished	Slurry Wt. P.P.G.	Slurry Yield FT ³	Water Gal./Sk.
END 1100	16 1/4 gal, 10# gilsonite, 3% salt, 3# grease, 1/4# flocc 6	11	3.82	23
TRAIL 200	I 20% CaCl ₂ , 1/4# flocc 6	15.6	1.18	5.2
SPONT 150	I 4% CaCl ₂ , 1/4# flocc 6	15.6	1.18	5.2
SPONT 75	I 2% CaCl ₂ , 1/4# flocc 6	15.6	1.18	5.2

Float Equipment
 Guide shoe, float collar, Top plug, clamp, Centralizers (8),
 Thread lock (2)

Equipment & Personnel
 MLCB 35, CHUB 46, T.M. 4847, DATE 27-26

Notes:
 CEMENT TO SURFACE - STAY 10 FEET
 205 SK USED IN TOP OUT
 15 BBL CMT. TO PIT

RECEIVED

MAY 26 2009

DIV. OF OIL, GAS & MINING

For Slate River

Lease MUSTANG 1301-7F

Rig No. 5

JOB LOG

TIME	DESCRIPTION	RATE	PSI	VOLUME
0100	ON LOCATION - RIG UP RUN 1" pipe 200'			
0218	START WATER HEAD END WATER	7.5	150	0 110
0233	START HCL END HCL	7.7	200	0 40
0239	START LEAD CEMENT @ 11 th 160 SK END LEAD CEMENT	7.7	210	0 168.9
0250	START TAIL CEMENT @ 15.6 th 200 SK	5	170	0
0304	DROP plug on the fly END TAIL CEMENT			42
0304	START DISPLACEMENT	7.7	220	0
0321	ESTABLISH CIRCULATION	7.7	380	95
0335	LAND plug END Displacement CHECK FLOAT		500/800	139.7
0341	Mix 9 pump 150 SK down 1" pipe 4% OIL	3		31.5
0700	Mix 8 pump 75 SK @ 15.6 th	3		15.8
	CEMENT TO SURFACE STAYIN FULL 225 SK USED IN TOP OUT 15 BB CMT TO PIT			

RECEIVED

MAY 26 2009

Operator M. Lutz

Accepted and Approved by _____

DIV. OF OIL, GAS & MINING

Rig Phone No.: 435-828-7967 **MORNING REPORT** DATE: 10/29/2005
 OPERATOR: Slate River Resources, LLC WI 50% NRI 40.250% LEASE & WELL: Mustang 1321-7F
 PROSPECT: Agency Draw COUNTY: Uintah STATE: Utah
 RIG: UNION RIG 7 SPUD DATE: 10/18/2005 DFS: 11 OPER. @ RPT. TIME: RIG DOWN
 DEPTH: 7651 FTG. LAST 24 Hr.s: 0 Fl. AVG. Ft/Hr. 0.0 REPORT BY: RANDY DUGAN

ACTIVITY LAST 24 HOURS		DESCRIPTIVE HOURLY BREAKDOWN		
HOURS	DESCRIPTION	ACTIVITY	HOURS	ACC. HR.S
6.5	L/D DRILL PIPE	1.) RU- TD		26.0
		2.) DRILLING		92.5
11.0	RUN 180 JT 4.5 CASING , SHOE @ 764 9', FLOAT 7605', MARKER 4998'	REAMING		1.5
	CEMENT WITH BIG 4 PUMP300 SKS LEAD 11. , 13.82 YEILD, 670 SKS TAIL	4.) CORING		0.0
	50/50 POZ 14.2 LB , 1.26 YEILD , GOOD CIRC THRU OUT JOB, APPROX	CIRC		5.5
	10 BBL (15 SKS) LEAD CMT TO PIT (FLOAT HELD)	6.) TRIP	6.5	61.5
		7.) SERVICE		4.5
		8.) REPAIR		15.5
1.5	NIPPLE DWN BOP SET SLIPS 90,000	9.) CUT DL		0.0
		10.) SURVEY		9.0
5.0	CLEAN PITS RELEASE RIG 10/29/05 @0600	11.) LOGGING		11.0
		12.) CSG & CMT	11.0	19.0
		13.) WOC		0.0
		14.) NU & TEST		1.5
		15.) INSP. BHA		0.0
		16.) DST		0.0
		17.) PLUGBACK		0.0
		18.) LOST CIRC.		0.0
		19.) FISHING		0.0
		20.) DIR. WORK		0.0
		21.) OTHER	6.5	13.0
		Total Hours =		24.0
24.0	TOTAL HOURS			260.5

MUD				PUMPS				BIT RECORD								
WT. IN		PH		NO. 1		NO. 2		BIT NO. RR-1				BIT NO. 3				
WT. OUT		PM		SIZE	6.0	9.0	6.0	9.0	SERIAL NO.	111488			111833			
VISC.		PF/MF		TYPE	F800		F800	MFG / TYPE	H.L/ DSX 199GJUW			DSX146 HGJ				
PV		CL		SPM				SIZE	7 7/8			7 7/8				
YP		CA		BPS	.0747		.0747	JETS	3/14s&3/18s			3X18 3X14				
GELS		EX. LIME		PSI				IN / OUT	IN 5278/ OUT6432			IN 6432/OUT7651				
FL.		LCM		GPM	0.0		0.0	WOB	10 TO 15			10 TO 25				
CAKE 32nds		ECD		AVDC				RPM	40 to 50			100				
% SOLIDS		H2S PPM		AVDP				FEET	2857			1299				
% WATER				STKS. SUR TO BIT				HOURS	37.5			44				
% OIL				STKS. BIT TO SUR.				DULL	2	2	WC	SH	1	3	WC	SH
% SAND				REDUCED PUMP RATE				GRADE	X	IN	CT	PR	X	I	CT	TD

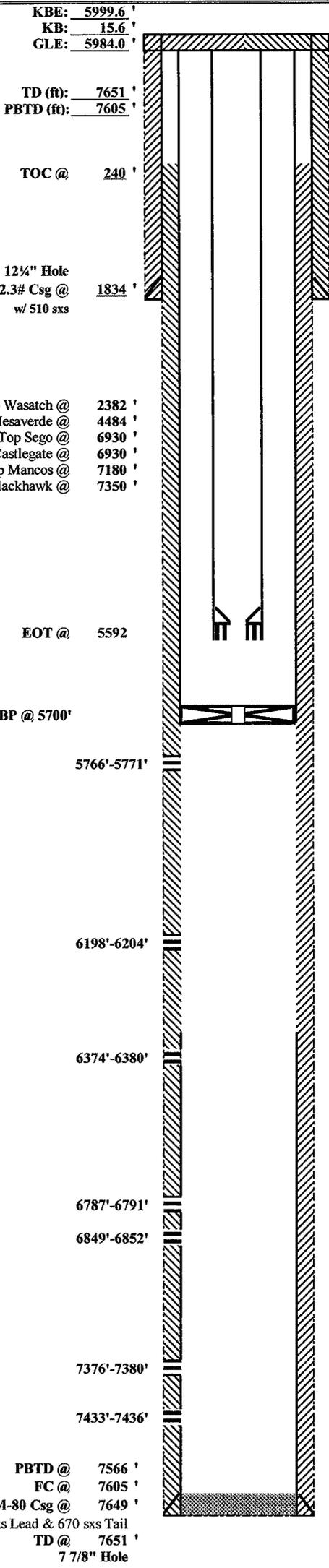
RECEIVED
MAY 26 2009
 DIV. OF OIL, GAS & MINING

OPERATOR: MUSTANG FUEL CORPORATION
WELL: Mustang #1321-7F
FIELD: AGENCY DRAW
API #: 43-047-36371
LEASE #: FEE
UIC #: N/A

CNTY: UINTAH **FTG:** 1913' FNL, 1604' FWL
STATE: UT **Q-Q:** SENW
ROTARY SPUD: 18-Oct-05 **SEC.:** 7
COMP: 23-Nov-05 **TWS:** 13S
STATUS: SIGW **RGE:** 21E
WBD DATE: 19-May-09 **BY:** LN

IP GAS: _____
IP OIL: _____
IP WTR: _____
CUM GAS: _____
CUM OIL: _____
CUM WTR: _____
LAST PROD: _____

WELLBORE DIAGRAM



CASING HEAD: CAMERON 11" 3K x 9-5/8"
WELLHEAD: CAMERON 7-1/16"-5K x 2-1/16"

CASING RECORD

HOLE (in)	SIZE (in)	WT (lb/ft)	GRADE	TOP (ft)	BTM (ft)	JTS
12 1/4	9 5/8	32.3	H-40	0	1834	42
7 7/8	4 1/2	11.6	M-80	0	7649	180

Flag Joint @ 4998' Float Collar @ 7605'

TUBING RECORD COND: NEW DATE: 14-Nov-05

SIZE (in)	WT (lb/ft)	GRADE	TOP (ft)	TALLY (ft)	JTS	In Hole On Location
2 3/8	4.7	J-55	0	6343.61	202	
2 3/8	4.7	J-55		967.71	31	

ITEM	DESC	SIZE (in)	TALLY (ft)	JTS
K.B.			15.60	
HANGER			0.68	
TBG		2 3/8	5574.29	182
SUB	R-NIPPLE 1.781 LD.		1.43	
EOT @			5592.00	

PERFORATION RECORD

ZONE	TOP (ft)	BTM (ft)	SPF	DATE SHOT	STATUS	STIM
Mesaverde	5766	5771	3	Nov-05	Open	Frac w/ 46,257#
Mesaverde	6198	6204	3	Nov-05	Open	Frac w/ 47,352#
Mesaverde	6374	6380	3	Nov-05	Open	Frac w/ 28,152#
Sego	6787	6791	2	Nov-05	Open	Frac w/ 63,624#
Sego	6849	6852	2	Nov-05	Open	
Blackhawk	7376	7380	2	Nov-05	Open	Frac w/ 48,033#
Blackhawk	7433	7436	2	Nov-05	Open	

RECEIVED
MAY 26 2009
 DIV. OF OIL, GAS & MINING

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS			5. LEASE DESIGNATION AND SERIAL NUMBER: FEE
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.			6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____			7. UNIT or CA AGREEMENT NAME:
2. NAME OF OPERATOR: Mustang Fuel Corporation			8. WELL NAME and NUMBER: Mustang 1321-7F
3. ADDRESS OF OPERATOR: 418 E. Main, Suite 18 CITY Vernal STATE UT ZIP 84078		PHONE NUMBER: (435) 781-1870	9. API NUMBER: 4304736371
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1913' FNL 1604' FWL			10. FIELD AND POOL, OR WILDCAT: Wildcat
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SENW 7 13S 21E			COUNTY: Uintah
			STATE: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: <u>6/1/2009</u>	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input checked="" type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

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

Mustang Fuel Corporation submits this addendum #2 to the NOI Sundry submitted on 5/19/2009 requesting extended SI status.

On September 9 , 2009, Clay Batty checked the surface casing pressure on the above referenced well. It was 0 PSI.

RECEIVED
OCT 05 2009

DIV. OF OIL, GAS & MINING

COPY SENT TO OPERATOR

Date: 11.24.2009
Initials: KS

NAME (PLEASE PRINT) <u>Lucy Nemeec</u>	TITLE <u>Sr. Operations Specialist</u>
SIGNATURE <u><i>Lucy Nemeec</i></u>	DATE <u>10/2/2009</u>

(This space for State use only)

Input Data (Provided By Operator)						Output Data						Data Comparative	
Sfc Csg Depth	Sfc Csg Psi	Prod Csg Psi	Tbg Psi	Fluid Level	Depth (Csg, Perf or Plug back)	Water Column Dv	Gas Head Psi	Water Head Psi	Formation Frac @ Sfc Shoe	Reservoir Pressure Total	Calc Press @ Sfc Shoe	Normal Reservoir Psi for Depth	
1834	0	0	0	1085	5766	4681	109	2027	1,284	2135	433	2,497	
Packer	No												
Fluid Gradient psi/ft Gas	0.433												
Gradient psi/ft Frac	0.1												
Gradient psi/ft	0.7												
SCENARIOS						Indicates Integrity?							
#1	SFC CSG = 0 PSI MEANS NO COMMUNICATION, REASSURING INTEGRITY					Yes							
#2	If measured reservoir psi is equal to normal gradient reservoir pressure, well has integrity. Otherwise, pressure would be less; therefore leaching into formation.					No Cusp @ 5700' - O.K.							
#3	If it is a producing well and reservoir pressure is less than calculated normally pressured reservoir; an evaluation of frac gradient at the sfc shoe is necessary. If calculated pressure is less than frac pressure at the shoe, than fluid is probably not moving into the formation.					Yes							
#4	If packer is in the hole, with psi on tbg and no psi on prod csg, this indicates tbg and packer integrity.					NA							



GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

April 14, 2011

CERTIFIED MAIL NO.: 7005 1820 0001 5562 9061

Ms. Lucy Nemec
Mustang Fuel Corporation
418 East Main Suite 18
Vernal, UT 84078

43 047 36371
Mustang 1321-7F
135 21E 7

Subject: **SECOND NOTICE: Extended Shut-in and Temporarily Abandoned Well Requirements for Wells on Fee or State Leases**

Dear Ms. Nemec:

As of January 2011, Mustang Fuel Corporation (Mustang) has three (3) Fee Lease Wells (see Attachment A) that have more recently been added to Mustang's non-compliance list concerning the requirements for extended shut-in or temporarily abandoned (SI/TA) status. Wells SI/TA beyond twelve (12) consecutive months requires 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).

This is the **SECOND NOTICE** of non-compliance that Mustang has received for wells listed as such on Attachment A. On February 24, 2009, first notices were sent via certified mail requesting required information to bring wells into compliance. Kerr McGee sent information concerning these wells and the Division granted SI/TA extension valid through June 1, 2010, which has since expired. To date the Division has not received any additional information nor seen any progress being made to move the wells out of non-compliance status.

This is also a **FIRST NOTICE** for the well that has recently been added to Mustang's non compliance list. Please submit the required information for extended SI/TA status within 30 days of this notice or further actions will be initiated.

An NOV was sent out March 10, 2011, for four (4) additional wells owned and operated by Mustang.



Page 2
Mustang Fuel Corporation
April 14, 2011

For extended SI/TA consideration the operator shall provide the Utah Division of Oil, Gas & Mining 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).

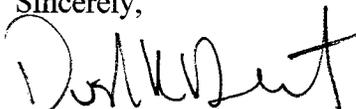
Please note that the Divisions preferred method for showing well integrity is by MIT

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

DKD/JP/js
Enclosure
cc: Compliance File
Well File

ATTACHMENT A

	Well Name	API	LEASE	Years Inactive	SI/TA Extension Expired On
2ND NOTICE					
→ 1	MUSTANG 1321-7F	43-047-36371	FEE	3 Years 3 Months	6/1/2010
2	UTAH OIL SHALES 1321-9P	43-047-36375	FEE	3 Years 4 Months	6/1/2010
1ST NOTICE					
3	UINTAH OIL ASSOC 1321-7A	43-047-36372	FEE	1 Year 4 Months	

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

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

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: FEE
2. NAME OF OPERATOR: Mustang Fuel Corporation		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 418 E. Main, Suite 18 CITY <u>Vernal</u> STATE <u>UT</u> ZIP <u>84078</u>		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: <u>1913' FNL 1604' FWL</u>		8. WELL NAME and NUMBER: Mustang 1321-7F
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <u>SENW 7 13S 21E</u>		9. API NUMBER: 4304736371
COUNTY: <u>Uintah</u>		10. FIELD AND POOL, OR WILDCAT: Wildcat
STATE: UTAH		

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: <u>5/5/2011</u>	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion:	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>Extended SI Status</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

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

Mustang Fuel Corporation requests an additional one year SI status for the Mustang 1321-7F beginning 5/5/11 to 5/5/12 well in order to explore the economics of reentering the well. At the present value of gas, it is not feasible to recomplete the well. Mustang submits the following supporting data to prove casing integrity for an extended SI status:

11/17/05: Ran CBL from PBD @ 7566' to 50', TOC @ 240'. Tested casing @ 5000 psi - tested good. The well was completed by Slate River Resources in the Mesaverde, Castlegate and Blackhawk intervals. 6-27-07: Set CIBP @ 5700', fill hole w/2% KCL wtr, tested csg & CIBP to 1500 psig for 5 min. Ran GasView Log from 5678' to 2200', tubing was RIH and set @ 5592'; the well was SI pending log evaluation. 3-20-09: SICP 0 psi, FL @ 1085'.

This location is in a recharge area for the aquifers of the Green River Formation, so 1834' of 9-5/8" casing was run and cemented to surface. 10-28-05: 7649' of 4-1/2" 11.60# M-80 casing was run and cemented w/ 300 sxs lead and 670 sks tail cement.

A search of Division of Water Rights records indicates 1 water well within a 10,000' radius of the well. The well is over 1.3 miles from the 7F location. This well was drilled to a depth of 70' and listed as used for stock watering. The casing and cementing program described adequately protects any useable ground water.

4-18-11: SITP 0 psi; SICP 0 psi. Fluid level @ 3013'. 4-28-11: Pressure tested casing to 1000 psi for 30 minutes - no drop in pressure (Pressure chart attached).

The above tests and cementing procedures conducted would indicate the casing has integrity and does not pose a risk to public health and safety or to the environment. A current wellbore diagram is also attached.

NAME (PLEASE PRINT) <u>Lucy Nemeec</u>	TITLE <u>Sr. Operations Specialist</u>
SIGNATURE <u><i>Lucy Nemeec</i></u>	DATE <u>5/3/2011</u>

(This space for State use only)

APPROVED BY THE STATE OF UTAH DIVISION OF OIL, GAS, AND MINING

DATE: 5/5/2012

BY: *[Signature]*

COPY SENT TO OPERATOR

Date: AUG 08 2011

Initials: KS

RECEIVED

MAY 09 2011

DIV. OF OIL, GAS & MINING

(5/2000) *Ext. Valid through 5/5/2012

Delsco Northwest, Inc.

P.O. Box 955 · Roosevelt, Utah 84066 · (435) 722-4236

FINAL BILLING

100116

SERVICE AGREEMENT AND OPERATOR'S REPORT

We have requested DELSCO NORTHWEST, INC., to come to the location of MUSTANG Resources (Owner)

(Lease) CITAB (Well No.) _____ Well in the _____ (Name of Field)
 (State) _____ Field and Hereby Agree That Its Work Shall Be Performed Under the Following Terms and Conditions:

DELSCO NORTHWEST, INC.,

(hereinafter referred to as Delsco or its employees, or its personnel do not warrant or guarantee satisfactory results of the work performed, however, Delsco, or its employees, or its personnel will perform work requested to the best of their ability. Delsco reserves the right to move off the well or location at any time if, in its opinion, well or location conditions render such action advisable. If, for any reason, Delsco is forced to leave its equipment on the well or location and is unable to recover its equipment, the customer ordering the work and equipment will be billed for same at the regular retail price. However, if the equipment is eventually recovered and delivered to Delsco, the customer being previously billed for the equipment will be issued full credit for same less any costs for repairs or reconditioning, if the equipment is of the same type in general use by Delsco. If Delsco is to be transported by means other than its own power, service charges at regular location rates commence upon arrival at place where transportation is to begin. Mileage charges shall be billed to customer round trip from Delsco office to location or dock at regular current rates. Delsco shall not be liable or responsible for any loss or damage to property or bodily injury occurring either below or above the surface of the ground caused by any equipment furnished by Delsco or operated by Delsco personnel or employees. Delsco shall not be responsible nor have any liability for any such property damage or loss or for any bodily injury if not directly caused by willful misconduct. Unless caused by willful misconduct, customer shall indemnify, absolve and hold harmless Delsco from all responsibility for any and all such loss, damage and/or injury incurred or sustained by customer or any other party. All charges covered by this service agreement are due within 30 days after invoice without discount. A 8% per annum interest charge on the unpaid balance shall begin one day after the aforesaid 30-day period.

BILLING ADDRESS: _____ Signed MUSTANG Resources (Company)
 _____ By CLAY (Company Representative)

DELSCO REPS. Ken S. Customer's Order No. _____

Unit Well Tbg. Well Tbg. Tree
 No. Press. End Depth Size Connection

Date	Mileage Charge	From	To	Miles	Rate	Amount
4-18-11	To Location	Shop	LOC	81	1.50	
	From Location	LOC	Shop	81	1.50	243.00

On Location Charges:	Description of Operation	Arrival	Departure	Hrs.	Rate	Amount
	Rig up echometer & shoot Fluid Levels					
	Tubing casing collars Fluid level					
1321-4m	0psi 0psi 31	945'				150.00
1321-17A	0" 0" 178	5429'				150.00
1321-7P	0" 0" 168	5124'				150.00
1321-7F	0" 0" 99	3013'				150.00
1320-17	0" 17" 8	244'				150.00
Based on a 30.5' joint AVERAGE						

Other Charges: \$40.00 per hour / man & truck 8:30 15:30 280.00

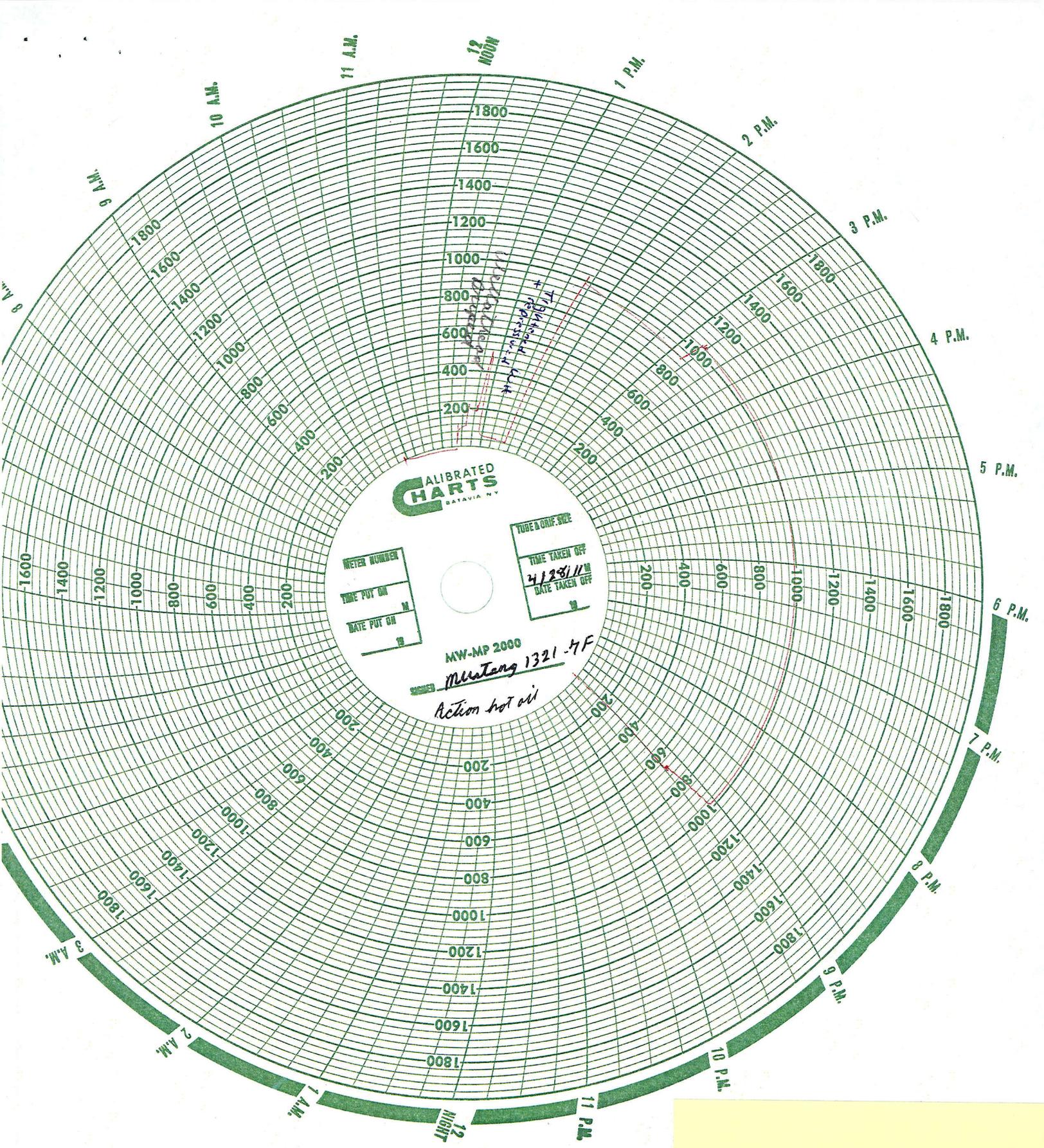
Quan.	Size	Mfg.	Part No.	DESCRIPTION OF MATERIAL	Unit Price

RECEIVED
 MAY 09 2011
 DIV. OF OIL, GAS & MINING

PARISH TAX _____
 SALES TAX _____

REMARKS: _____ Approved: MUSTANG Resources

TOTAL \$1273.00



This was a 30 min.
Test
They used the
wrong chart.

OPERATOR: MUSTANG FUEL CORPORATION
WELL: Mustang #1321-7F
FIELD: AGENCY DRAW
API # 43-047-36371
LEASE #: FEE
UIC #: N/A

CNTY: Uintah FTG: 1913' FNL, 1604' FWL
STATE: UT Q-Q: SENW
ROTARY SPUD: 18-Oct-05 SEC.: 7
COMP: 23-Nov-05 TWS: 13S
STATUS: SIGW RGE: 21E
WBD DATE: 19-May-09 BY: LN

IP GAS: _____
IP OIL: _____
IP WTR: _____
CUM GAS: _____
CUM OIL: _____
CUM WTR: _____
LAST PROD: _____

WELLBORE DIAGRAM

KBE: 5999.6'
KB: 15.6'
GLE: 5984.0'

TD (ft): 7651'
PBTD (ft): 7605'

TOC @ 240'

12 1/4" Hole
9 5/8", 32.3# Csg @ 1834'
 w/ 510 sxs

Top Wasatch @ 2382'
 Top Mesaverde @ 4484'
 Top Segó @ 6930'
 Top Castlegate @ 6930'
 Top Mancos @ 7180'
 Top Blackhawk @ 7350'

EOT @ 5592

CIBP @ 5700'

Mesaverde 5766'-5771'

Mesaverde 6198'-6204'

Mesaverde 6374'-6380'

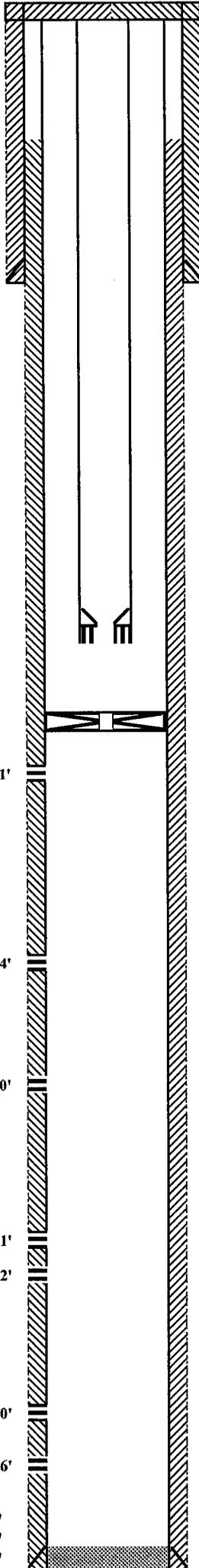
Sego 6787'-6791'

Sego 6849'-6852'

Blackhawk 7376'-7380'

Blackhawk 7433'-7436'

PBTD @ 7566'
FC @ 7605'
4 1/2", 11.6#, M-80 Csg @ 7649'
 Cmt'd w/ 300 sxs Lead & 670 sxs Tail
TD @ 7651'
7 7/8" Hole



CASING HEAD: CAMERON 11" 3K x 9-5/8"
WELLHEAD: CAMERON 7-1/16"-5K x 2-1/16"

CASING RECORD

HOLE (in)	SIZE (in)	WT (lb/ft)	GRADE	TOP (ft)	BTM (ft)	JTS
12 1/4	9 5/8	32.3	H-40	0	1834	42
7 7/8	4 1/2	11.6	M-80	0	7649	180

Flag Joint @ 4998' **Float Collar @ 7605'**

TUBING RECORD

COND: NEW DATE: 14-Nov-05

SIZE (in)	WT (lb/ft)	GRADE	TOP (ft)	TALLY (ft)	JTS	In Hole On Location
2 3/8	4.7	J-55	0	6343.61	202	
2 3/8	4.7	J-55		967.71	31	

ITEM

DESC	SIZE (in)	TALLY (ft)	JTS
K.B.		15.60	
HANGER		0.68	
TBG	2 3/8	5574.29	182
SUB	R-NIPPLE 1.781 LD.	1.43	
EOT @		5592.00	

PERFORATION RECORD

ZONE	TOP (ft)	BTM (ft)	SPF	DATE SHOT	STATUS	STIM
Mesaverde	5766	5771	3	Nov-05	Open	Frac w/ 46,257#
Mesaverde	6198	6204	3	Nov-05	Open	Frac w/ 47,352#
Mesaverde	6374	6380	3	Nov-05	Open	Frac w/ 28,152#
Sego	6787	6791	2	Nov-05	Open	Frac w/ 63,624#
Sego	6849	6852	2	Nov-05	Open	
Blackhawk	7376	7380	2	Nov-05	Open	Frac w/ 48,033#
Blackhawk	7433	7436	2	Nov-05	Open	

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: FEE
	6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
	7. UNIT or CA AGREEMENT NAME:
1. TYPE OF WELL Gas Well	8. WELL NAME and NUMBER: MUSTANG 1321-7F
2. NAME OF OPERATOR: MUSTANG FUEL CORPORATION	9. API NUMBER: 43047363710000
3. ADDRESS OF OPERATOR: 418 East Main , Vernal , UT, 84078	PHONE NUMBER: 405 748-9487 Ext
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1913 FNL 1604 FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: SENW Section: 07 Township: 13.0S Range: 21.0E Meridian: S	9. FIELD and POOL or WILDCAT: AGENCY DRAW
	COUNTY: UINTAH
	STATE: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT Approximate date work will start: 5/5/2012	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> CASING REPAIR
<input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion:	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> CHANGE WELL NAME
<input type="checkbox"/> SPUD REPORT Date of Spud:	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> CONVERT WELL TYPE
<input type="checkbox"/> DRILLING REPORT Report Date:	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> NEW CONSTRUCTION
	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> PLUG BACK
	<input type="checkbox"/> PRODUCTION START OR RESUME	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION
	<input type="checkbox"/> REPERFORATE CURRENT FORMATION	<input type="checkbox"/> SIDETRACK TO REPAIR WELL	<input type="checkbox"/> TEMPORARY ABANDON
	<input type="checkbox"/> TUBING REPAIR	<input type="checkbox"/> VENT OR FLARE	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> WATER SHUTOFF	<input checked="" type="checkbox"/> SI TA STATUS EXTENSION	<input type="checkbox"/> APD EXTENSION
	<input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> OTHER	OTHER: <input type="text" value="Extended SI Status"/>

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

See attached backup file.

REQUEST DENIED
 Utah Division of
 Oil, Gas and Mining

Date: September 13, 2012

By: *Derek Quist*

NAME (PLEASE PRINT) Lucy Nemec	PHONE NUMBER 435 781-1870	TITLE Sr Operation Spec
SIGNATURE N/A	DATE 5/2/2012	



The Utah Division of Oil, Gas, and Mining

- State of Utah
- Department of Natural Resources

Electronic Permitting System - Sundry Notices

Sundry Conditions of Approval Well Number 43047363710000

The request is being denied for the following reasons/concerns:

The well has been shut-in for over 5 years. Minimal production from existing interval prior to shut-in. Changing fluid level measurements indicate a lack of integrity even though MIT's seem to indicate integrity. Sufficient justification for good cause was not given. No explanation why this well wasn't recompleted in a better pricing environment, when other wells were drilled and completed and put online in this same time period.

Mustang Fuel Corporation
Mustang 1321-7F
Sundry Notices and Reports on Wells...continued

12. Describe Proposed or Completed Operations

Mustang Fuel Corporation requests an additional one year SI status for the Mustang 1321-7F beginning 5/5/12 to 5/5/13 well in order to explore the economics of reentering the well. At the present value of gas, it is not feasible to recomplete the well. Mustang submits the following supporting data to prove casing integrity for an extended SI status:

1. 11/17/05: Ran CBL from PBTD @ 7566' to 50', TOC @ 240'. Tested casing @ 5000 psi - tested good. The well was completed by Slate River Resources in the Mesaverde, Castlegate and Blackhawk intervals. 6-27-07: Set CIBP @ 5700', fill hole w/2% KCL wtr, tested csg & CIBP to 1500 psig for 5 min. Ran GasView Log from 5678' to 2200', tubing was RIH and set @ 5592'; the well was SI pending log evaluation. 3-20-09: SICP 0 psi, FL @ 1085'.
2. This location is in a recharge area for the aquifers of the Green River Formation, so 1834' of 9-5/8" casing was run and cemented to surface. 10-28-05: 7649' of 4-1/2" 11.60# M-80 casing was run and cemented w/ 300 sxs lead and 670 sks tail cement. A search of Division of Water Rights records indicates 1 water well within a 10,000' radius of the well. The well is over 1.3 miles from the 7F location. This well was drilled to a depth of 70' and listed as used for stock watering. The casing and cementing program described adequately protects any usable ground water.
3. 4-18-11: SITP 0 psi; SICP 0 psi. Fluid level @ 3013'. 4-28-11: Pressure tested casing to 1000 psi for 30 minutes - no drop in pressure.
4. 4-11-12: SITP 0 psi; SICP 0 psi. Fluid level @ 1426'. 4-16-12: Pressure tested the casing to 1000 psi and held for 10 minutes with no change.

Based on the casing pressure tests and SIPs have remained unchanged, I believe that the wellbore integrity has not been compromised.

Adler Hot Oil Service, Inc.

P.O. Box 698 • Vernal, UT 84078

24 Hour Dispatch - (435) 789-0900

CO (435) 828-0901 • ND (701) 339-2340 • UT (435) 828-0902

For Job Cost Please Contact Dispatch

WORK TICKET

43848

Job #

301165

Charge To: <u>Mustang</u>	Date: <u>4/16/12</u>
Lease: <u>Mustang 1321-7F</u>	State: <u>UT</u>
Operator: <u>Jared</u>	

Unit # <u>32</u>			Treated				Working Procedure			Propane & Fuel Readings			
Charge Type	Reg Hrs.	Stand-by Hrs.	Flow Line	Casing	Tubing	Pressure		Start Temp	Max Temp	Total BBLs	Start	Stop	GAL
						Start	Finish						
Hot Oil Unit	<u>3.5</u>			<u>X</u>		<u>0</u>	<u>1000</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>
Propane Fired Frac Heater													
Diesel Fired Frac Heater													
Trailer Mounted Frac Heater													
Propane Trk													
Extra Man/Pickup													
Swamper													

Misc Charges:	Quantity
---------------	----------

Description of Work	Hours
<u>Travel from previous location</u>	<u>.25</u>
<u>Rig up</u>	<u>.25</u>
<u>Pressure casing to 1000 PSI with 1 bbl water & chart for 10 min, bleed to 0 after charting</u>	<u>.5</u>
<u>Rig down</u>	<u>.25</u>
<u>Travel to Vernal</u>	<u>2.25</u>

Seal #'s and Gauge Readings						
Tank #'s	Sales Valve Seals		Drain Valve Seals		Gauge	
	Off	On	Off	On	Top	Bottom

Requested By: Clay Batty Phone #: 833-6116 Signature: _____

[Handwritten mark]

UTAH DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas & Mining
Oil and Gas Program
1594 West North Temple, Suite 1210, Box 145801
Salt Lake City, UT 84114-5801
(801) 538-5340 Phone
(801) 359-3940 Fax

These wells are in violation of R-649-3-36 as listed above. The Division requires Mustang to put up full cost bonding for the wells in violation above per R649-3-4. It is also mandatory that Mustang submit all documentation as required by R649-3-36 concerning shut-in and temporarily abandoned wells.

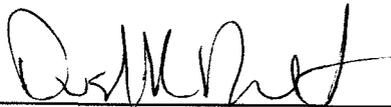
Immediate Action: For the wells subject to this notice, Mustang shall fulfill full cost bonding requirements for each well. Mustang shall also submit all information as required by R649-3-36 or plug and abandon or place the wells on production.

* **Fines may be levied up to \$10,000.00 per day for every well in violation given the authority provided under U.C.A 40-6-11, part 4**

This notice shall remain in effect until it is modified, terminated, or vacated by a written notice of an authorized representative of the director of the Division of Oil, Gas and Mining. Failure to comply with this notice will result in the Division pursuing further actions against said operator. Further actions may include initiation of agency actions to order full cost bonding and plugging and abandonment of wells and requests for bond forfeiture and civil penalties.

Compliance Deadline: May 1, 2013

Date of Service Mailing: March 19, 2013 Certified Mail No.: 7010 1670 0001 4810 3959



Division Representative Signature

Operator Representative (if presented in person)

cc: Compliance File
Well Files

1/2013

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

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

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: Fee
2. NAME OF OPERATOR: Mustang Fuel Corporation		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 9800 N Oklahoma Ave CITY Oklahoma City STATE OK ZIP 73114		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1913' FNL, 1604' FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SENW 7 13S 21E		8. WELL NAME and NUMBER: Mustang 1321 - 7F
PHONE NUMBER: (405) 748-9400		9. API NUMBER: 4304736371
COUNTY: Uintah		10. FIELD AND POOL, OR WILDCAT: Wildcat
STATE: UTAH		

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: <u>10/20/2013</u>	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion:	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input checked="" type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

COPY SENT TO OPERATOR

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

Date: 10-17-2013
Initials: KS

Mustang Fuel proposes to plug and abandon this well per the following :

MOL and RU daylight pulling unit. 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. TOH and tally the tubing. Drill out existing 4-1/2" CIBP at 5700' and push below 7350'.

1. Plug #1 (Blackhawk perforations: 7326' to 7216'); set CR or CIBP at 7326'; 12 sxs Class B cement inside casing above CR.
2. Plug #2 (Mesaverde Interval: 5716' to 5616"); set CR or CIBP at 5716'; 12 sxs Class B cement inside casing above CR.
3. Plug #3 (Mesaverde top: 4534' to 4434'); 12 sxs Class B cement inside casing.
4. Plug #4 (BMSW: 3550' to 3450'); 12 sxs Class B cement inside casing.
5. Plug #5 (Wasatch: 2432' to 2332'); 12 sxs Class B cement inside casing.
6. Plug #6 (9.625" casing shoe: 1884' to 1784'); 12 sxs Class B cement inside casing.
7. Plug #7 (Surface 100' - 0'): Perforate at 100'. Approximately 40 sxs Class B cement down casing to circulate good cement to the surface. Cut off wellhead. Install P&A marker. RD & MOL.

NAME (PLEASE PRINT) <u>Jason Goss (405-842-7888)</u>	TITLE <u>Consulting Engineer</u>
SIGNATURE <u>[Signature]</u>	DATE <u>9/24/2013</u>

(This space for State Use only)
APPROVED BY THE STATE OF UTAH DIVISION OF OIL, GAS, AND MINING

DATE: 10/10/2013

BY: [Signature] (See Instructions on Reverse Side)
* See Conditions of Approval (Attached)

RECEIVED

OCT 10 2013

DIV. OF OIL, GAS & MINING



GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

CONDITIONS OF APPROVAL TO PLUG AND ABANDON WELL

Well Name and Number: Mustang 1321-7F
API Number: 43-047-36371
Operator: Mustang Fuel Corporation
Reference Document: Original Sundry Notice dated September 24, 2013,
received by DOGM on October 10, 2013.

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 they are at the depths specified in the procedure.
3. All annuli shall be cemented from a minimum depth of 100' to the surface.
4. Surface reclamation shall be done in accordance with R649-3-34 – Well Site Restoration.
5. All requirements in the Oil and Gas Conservation General Rule R649-3-24 shall apply.
6. If there are any changes to the procedure or the wellbore configuration, notify Dustin Doucet at 801-538-5281 (ofc) 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

October 10, 2013

Date

Wellbore Diagram

API Well No: 43-047-36371-00-00 Permit No: Well Name/No: MUSTANG 1321-7F
 Company Name: MUSTANG FUEL CORPORATION
 Location: Sec: 7 T: 13S R: 21E Spot: SENW
 Coordinates: X: 618930 Y: 4395718
 Field Name: AGENCY DRAW
 County Name: UINTAH

String Information

String	Bottom (ft sub)	Diameter (inches)	Weight (lb/ft)	Length (ft)	Capacity (F/CF)
HOL1	1834	12.25			
SURF	1834	9.625	32.3		
HOL2	7649	7.785			
PROD	7649	4.5	11.6		11.459
TI	7293	2.375			

Plug #7

$$\frac{1W}{100'} \frac{100'}{(1.15)(11.459)} = 85x$$

$$\frac{OUT}{100'} \frac{100'}{(1.15)(3.0172)} = 295x$$

$$9 \frac{5}{8}'' \times 4 \frac{1}{2}'' \rightarrow 3.0172$$
 375x total
 propose 405x ✓ OK.

Cement from 1834 ft. to surface

Surface: 9.625 in. @ 1834 ft.
 Hole: 12.25 in. @ 1834 ft.

Cement Information

String	BOC (ft sub)	TOC (ft sub)	Class	Sacks
PROD	7649	0	UK	300
PROD	7649	0	50	670
SURF	1834	0	UK	585

Plug #6
 125x = 158' ✓ OK.

Plug #5
 125x = 158' ✓ OK.

Plug #4
 125x = 158' ✓ OK.

Plug #3
 125x = 158' ✓ OK.

Plug #2
 125x = 158' ✓ OK.

Plug #1

$$(125x)(1.15)(11.459) = 158'$$
 ✓ OK.

Perforation Information

Top (ft sub)	Bottom (ft sub)	Shts/Ft	No Shts	Dt Squeeze
5766	7436			

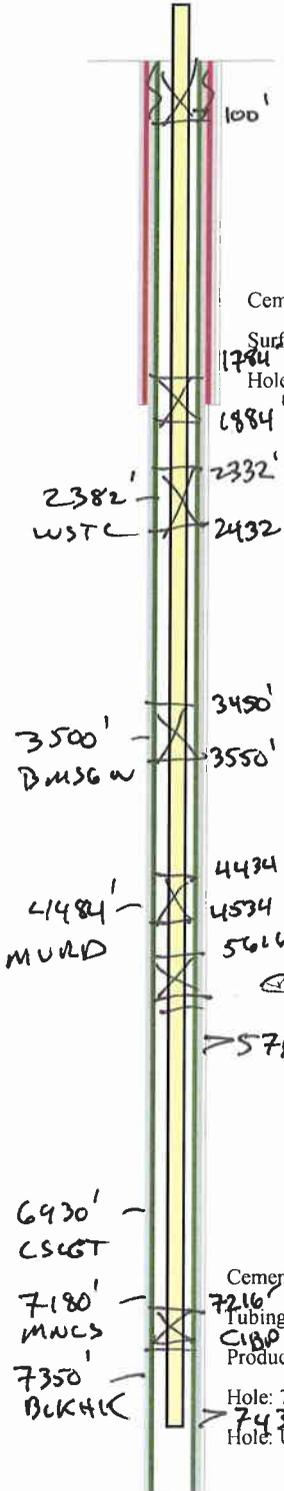
Formation Information

Formation	Depth
WSTC	2382
BMSW	3500
MVRD	4484
CSLGT	6930
MNCS	7180
BLKHK	7350

Cement from 7649 ft. to surface

Tubing: 2.375 in. @ 7293 ft.
 CIBPE 7324
 Production: 4.5 in. @ 7649 ft.

Hole: 7.785 in. @ 7649 ft.
 Hole: Unknown



TD: 7651 TVD: 7651 PBD: 7605

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: FEE
		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
		7. UNIT or CA AGREEMENT NAME:
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		8. WELL NAME and NUMBER: Mustang #1321-7F
2. NAME OF OPERATOR: Mustang Fuel Corporation		9. API NUMBER: 4304736371
3. ADDRESS OF OPERATOR: 9800 North Oklahoma Ave CITY OKC STATE OK ZIP 73114	PHONE NUMBER: (405) 748-9261	10. FIELD AND POOL, OR WILDCAT: Agency Draw
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1913' FNL, 1604' FWL		COUNTY: Uintah
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SENW 7 13S 21E		STATE: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input checked="" type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: 10/27/2013	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

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

10-23/27-2013
 NU BOP's, RU floor, TOO H tallying tbg, pull new rope socket on sand line, TIH w/ 3.875" 5 blade mill, tag CIBP @ 5697', RU swivel, start drlg CIBP thru plug, WHP 2200#, blow well down, WHP 50#, kill well w/ 40 BF, TIH, pushing plug to 7400', TOO H w/ tbg, TIH w/ cmt retainer & set @ 7326', RU pump, circ hole, pump plug #1 fr/ 7326'-7216', LD 10 jts, TOO H, attempt to blow down well, pump 40 bbls to kill well, TIH w/ 80 jts tbg, well starts surging, RU pump, pump add'l 40 bbls down tbg, TIH w/ 60 jts, well starts to surge, RU pump, attempt to kill well, unable to kill well, try to blow down, well has blowed down to 100#, attempt to kill well, unable to kill well, call f/ 10# brine wtr to kill well, RU pump, pump 60 bbls 10# wtr to kill well, TIH w/ 50 jts, well surge, pump remaining 40 bbls 10# wtr to kill well, TIH w/ remaining tbg, set CR @ 5716', pump plug #2 fr/ 5716'-5616', LD tbg to 4534', pump plug #3 fr/ 4534'- 4434', LD tbg to 3550', pump plug #4 fr/ 3550'-3450', LD tbg to 2432', pump plug #5 fr/ 2432'-2332', LD tbg to 1884', pump plug #6 fr/ 1884'-1784', LD remaining tbg, MIRU WL, RIH & shoot 3 holes @ 100', TOO H, RDMO WL, pump plug #7 & circ to surf, RD floor, cut off WH, install P&A marker, RD, prep to move out, well Plugged & Abandoned 10-27-13.

NAME (PLEASE PRINT) <u>Angelia M Duffy</u>	TITLE <u>Operations Tech</u>
SIGNATURE <u>Angelia M Duffy</u>	DATE <u>6/20/2014</u>

(This space for State use only)

RECEIVED
JUN 23 2014