



VIA CERTIFIED MAIL

May 9, 2005

RE: Location Exception
Nielsen #3-22 Well
240' FNL, 1573' FWL
Sec. 22, T.7S., R.20E. SLB & M
Uintah County, Utah

Dear Owner:

Elk Resources Inc. has filed an application with the State of Utah Department of Oil, Gas and Mining requesting approval for a location exception for the referenced wellbore.

If the Utah Department of Oil, Gas and Mining is in agreement and there are no objections, the application will be administratively approved.

Elk has moved this location at the request of the surface owner who has a center pivot sprinkler/irrigation system in place and Elk is working with the owner so we minimize the disturbance of our drillpad. Please sign and return to me via fax (303-296-4506) a copy of your approval of this request.

Thank you for your cooperation.

Sincerely,

Todd R. Kalstrom
VP Land & Negotiations

Agreed and Accepted By:

Name:

Company:

Addressees

Len Collins
617 Panorama Dr.
Grand Junction, CO 81503

Jacobs Irrevocable Trust
460b S. 10th E #200
Salt Lake City, UT 84102

Ross Jacobs
405 W. Mayfield Dr.
Grand Junction, CO 81501

OFS 1981 Yr. Uintah
488 Madison Ave.
New York, NY 10022

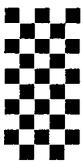
Questar Market Resources Inc.
1050 17th St. Suite 500
Denver, CO 80202
Attn: Angela Page

John Chasel ✓
2285 Lucky John Drive
Park City, UT 84060

Uintah Management Corp.
9 Altamont Dr.
Granite, UT 84092

Jeanne Snyder
9777 Wilshire Blvd.
Beverly Hills, CA 90212

EOG Resources Inc.
600 17th Street
Denver, CO 80202-5402
Attn: R. G. Davis



VIA CERTIFIED MAIL

May 9, 2005

John Chasel
2285 Lucky John Drive
Park City, UT 84060

RE: Location Exception
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Sincerely,

Todd R. Kalstrom
VP Land & Negotiations

Agreed and Accepted By:

Name:

Company:



June 1, 2005

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

**RE: Revised Application for Permit to Drill
Nielsen 3-22 (4304736539)
NENW Section 22-7S-20E SLB&M
Uintah County, UT**

Dear Diana:

Enclosed is our **amended** Application for Permit to Drill for the subject well location. Please keep this application "**CONFIDENTIAL**". Included with the APD is the following supplemental information:

- Exhibit "A" – **Revised** Survey plats and layouts of the proposed well site;
- Exhibit "B" – **Revised** Proposed location map with access corridors;
- Exhibit "C" – Form 5;
- Exhibit "D" – Drilling Plan (same as previously submitted);
- Exhibit "E" – Typical BOP and Choke Manifold diagram;
- Exhibit "F" – Location Exception Letter and plat with copies of notifications to surrounding owners;
- Exhibit "G" – Surface Use Plan and Surface Damage Agreement.

Should you require any additional information, please contact me or Tom Young at (303) 296-4505.

Sincerely,

Karin Kuhn
Engineering Technician

RECEIVED
JUN 03 2005

DIV. OF OIL, GAS & MINING

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

FORM 3

AMENDED REPORT
(highlight changes)

APPLICATION FOR PERMIT TO DRILL			5. MINERAL LEASE NO: Patent	6. SURFACE: Fee
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>			7. IF INDIAN, ALLOTTEE OR TRIBE NAME: NA	
B. TYPE OF WELL: OIL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>			8. UNIT or CA AGREEMENT NAME: NA	
2. NAME OF OPERATOR: Elk Resources, Inc.			9. WELL NAME and NUMBER: Nielsen 3-22	
3. ADDRESS OF OPERATOR: 1401 17th St., Suite 700 CITY Denver STATE CO ZIP 80202		PHONE NUMBER: (303) 296-4505	10. FIELD AND POOL, OR WILDCAT: Undesignated	
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 240' FNL, 1573' FWL 614170X 40.203053 4450947Y AT PROPOSED PRODUCING ZONE: 240' FNL, 1573' FWL -109.658559			11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NENW 22 7S 20E S	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: Approx. 22.8 miles southeast of Vernal, UT			12. COUNTY: Uintah	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 240	16. NUMBER OF ACRES IN LEASE: 80	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40		
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 2300	19. PROPOSED DEPTH: 11,000	20. BOND DESCRIPTION: B000969		
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 4851' GR	22. APPROXIMATE DATE WORK WILL START: 6/15/2005	23. ESTIMATED DURATION: 50 Days		

24. **PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
17 1/2	13 3/8" H-40 48#	100	250 sx Class "G" See drlg plan
12 3/4	8 5/8" J-55 32#	2,500	815 sx/275 sx See drlg plan 1.78 / 6.20 ead 6.23/05
7 7/8	5 1/2" N-80 17#	11,000	See drlg plan lead 100 se / Tao / 1500 sx 3.86 / 1.25 ea
RECEIVED			
JUN 03 2005			
DIV. OF OIL, GAS & MINING			

25. **ATTACHMENTS**

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

<input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER	<input checked="" type="checkbox"/> COMPLETE DRILLING PLAN
<input type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER	<input checked="" type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

CONFIDENTIAL

NAME (PLEASE PRINT) Karin Kuhn TITLE Engineering Technician

SIGNATURE *Karin Kuhn* DATE 5/23/2005

(This space for State use only)

API NUMBER ASSIGNED: 43-047-34539

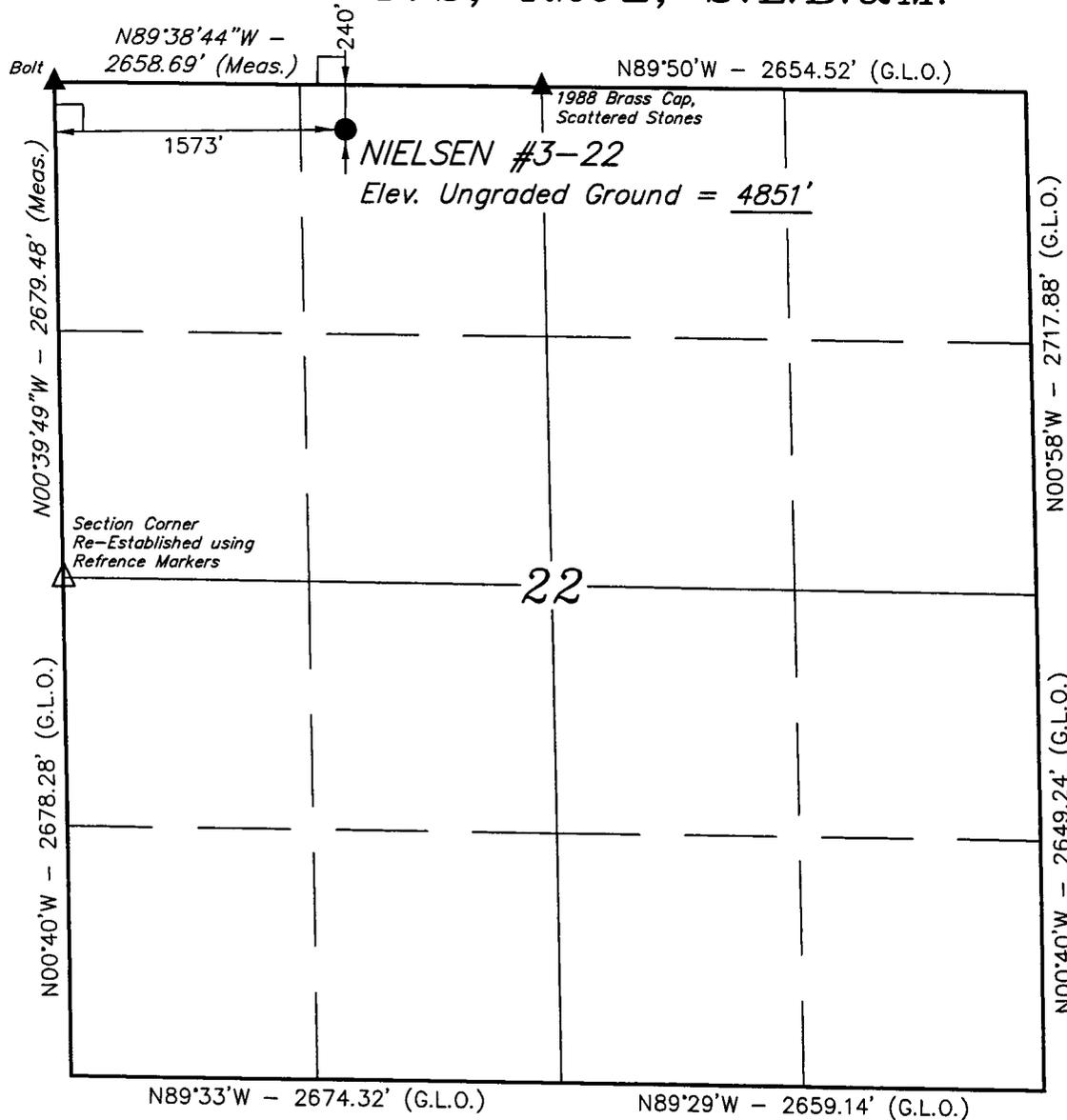
APPROVED BY THE STATE OF UTAH DIVISION OF OIL, GAS, AND MINING

DATE: 6/24/05
BY: *D. STOKES*

T7S, R20E, S.L.B.&M.

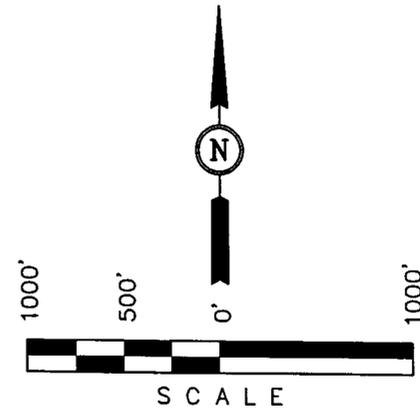
ELK RESOURCES, INC.

Well location, NIELSEN #3-22, located as shown in the NE 1/4 NW 1/4 of Section 22, T7S, R20E, S.L.B.&M. Uintah County, Utah.



BASIS OF ELEVATION

BENCH MARK (38EAM) LOCATED IN THE SW 1/4 OF SECTION 9, T7S, R20E, S.L.B.&M. TAKEN FROM THE PELICAN LAKE QUADRANGLE, UTAH, UINTAH COUNTY, 7.5 MINUTE SERIES (TOPOGRAPHICAL MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 4942 FEET.



CERTIFICATE

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

Robert H. Gray
 REGISTERED LAND SURVEYOR
 REGISTRATION NO. 161319
 STATE OF UTAH

Revised: 5-5-05
 Revised: 4-4-05
 Revised: 3-30-05

BASIS OF BEARINGS

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.

(AUTONOMOUS NAD 83)
 LATITUDE = 40°12'10.84" (40.203011)
 LONGITUDE = 109°39'33.38" (109.659272)
 (AUTONOMOUS NAD 27)
 LATITUDE = 40°12'10.97" (40.203047)
 LONGITUDE = 109°39'30.88" (109.658578)

LEGEND:

- └─┘ = 90° SYMBOL
- = PROPOSED WELL HEAD.
- ▲ = SECTION CORNERS LOCATED.
- △ = SECTION CORNERS RE-ESTABLISHED. (Not Set on Ground)

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

SCALE 1" = 1000'	DATE SURVEYED: 3-14-05	DATE DRAWN: 3-28-05
PARTY D.A. T.C. K.G.	REFERENCES G.L.O. PLAT	
WEATHER COLD	FILE ELK RESOURCES, INC.	



JON M. HUNTSMAN, JR.
Governor
GARY R. HERBERT
Lieutenant Governor

State of Utah
DEPARTMENT OF NATURAL RESOURCES
Division of Water Rights

MICHAEL R. STYLER JERRY D. OLDS
Executive Director State Engineer/Division Director

ORDER OF THE STATE ENGINEER
For Temporary Application Number 43-11655 (T75852)

Temporary Application Number 43-11655 (T75852) in the name of Elk Resources Inc was filed on June 9, 2005, to appropriate 4.00 acre-feet of water from a surface source (irrigation runoff) at a point to be located South 240 feet and East 1470 feet from the NW Corner of Section 22, T7S, R20E, SLB&M. The water is to be used for oil exploration (Drilling and completion of oil/gas well - Nielsen #3-22).

Notice of this Temporary Application was not published in a newspaper. It is the opinion of the State Engineer that it meets the criteria of Section 73-3-5.5 for temporary applications and that this application can be approved without impairing existing water rights.

It is, therefore, **ORDERED** and Temporary Application Number 43-11655 (T75852) is hereby **APPROVED** subject to the prior rights and the condition that this application will automatically, **PERMANENTLY LAPSE ON June 17, 2006**.

This approval is limited to the rights to divert and beneficially use water and does not grant any rights of access to, or use of land, or facilities not owned by the applicant.

This approval is granted subject to prior rights. The applicant shall be liable to mitigate or provide compensation for any impairment of or interference with prior rights as such may be stipulated among parties or decreed by a court of competent jurisdiction.

Failure on your part to comply with the requirements of the applicable statutes (73-3-5.5 and 73-3-8 of the Utah Code) may result in forfeiture of this temporary application.

This application shall expire one year from the date hereof.

It is the applicant's responsibility to maintain a current address with this office and to update ownership of their water right. Please notify this office immediately of any change of address or for assistance in updating ownership.

Your contact with this office, should you need it, is with the Eastern Regional Office. The telephone number is 435-781-5327.

This Order is subject to the provisions of Administrative Rule R655-6-17 of the Division of Water Rights and to Sections 63-46b-13 and 73-3-14 of the Utah Code which provide for filing either a Request for Reconsideration with the State Engineer or an appeal with the appropriate District Court. A Request for Reconsideration must be filed with the State Engineer within 20 days of the date of this Order. However, a Request for Reconsideration is not a prerequisite to

ORDER OF THE STATE ENGINEER

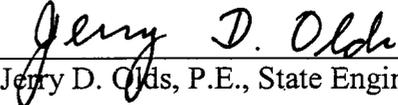
Temporary Application Number

43-11655 (T75852)

Page 2

filing a court appeal. A court appeal must be filed within 30 days after the date of this Order, or if a Request for Reconsideration has been filed, within 30 days after the date the Request for Reconsideration is denied. A Request for Reconsideration is considered denied when no action is taken 20 days after the Request is filed.

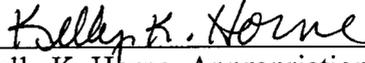
Dated this 17th day of June, 2005.



Jerry D. Olds, P.E., State Engineer

Mailed a copy of the foregoing Order this 17th day of June, 2005 to:

Elk Resources Inc
Alamo Plaza
1401 17th Street, Suite 700
Denver, CO 80202

BY: 

Kelly K. Horne, Appropriation Secretary

DRILLING PLAN

Elk Resources, Inc.
Nielsen #3-22
NE/NW of Section 22, T-7-S, R-20-E, S.L.B. & M.
Uintah County, Utah

1,2,3 **Estimated Tops of Geological Markers and Formations Expected to Contain Water, Oil and Gas and Other Minerals**

<u>Formation</u>	<u>Depth</u>
Uinta	800'
Uinta (Possible pay intervals)	2500'*
Green River	3400'*
Wasatch	7350'*
Mesaverde	9722'*

PROSPECTIVE PAY* oil and gas

4 **Casing Program**

<u>HOLE</u>	<u>SETTING DEPTH</u>		<u>SIZE</u>	<u>WEIGHT</u>	<u>GRADE</u>	<u>THREAD</u>	<u>COND.</u>
<u>SIZE</u>	<u>from</u>	<u>to</u>					
17-1/2	surface	80'	13-3/8"	48#	H-40	ST&C	New
12-3/4"	surface	2500'	8-5/8"	32#	J-55	ST&C	New
7-7/8"	surface	11,000'	5-1/2"	17#	N-80	LT&C	New.

5 **Cementing Program**

13-3/8' Conductor 250 sx class "G" with 2% CaCl and ¼ lb/sx celloflake

8-5/8" Surface Lead: 815 sx light wt. with 1% CaCl and ¼ lb/sx celloflake mixed 12.8 lb/gal. (75% excess on lead)
Tail : 275 sx Type V with 2% CaCl and ¼ lb/sx celloflake mixed 15.6 lb/gal. (50% excess on tail)

5-1/2" Production Lead: Volume determined by caliper plus 20%. Section to be covered will be from 500' above uppermost potentially productive zone to above shoe of surface casing. Hi-Fill cement mixed @ 11.0 ppg, yield 3.86 ft³/sx.
Tail: Volume determined by caliper plus 20%. Section to be covered will be 500' above uppermost zone noted on logs as being potentially productive. Dependent on overall height of interval to be covered, a stage collar may be required. 50/50 Poz containing 2% gel, .6% fluid loss (Halad-322), 5% salt bwow, .25 lb/sx celloflake, Mixed 14.3 ppg, yield 1.25 ft³/sx.

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6 Mud Program

<u>INTERVAL</u>	<u>WEIGHT</u>	<u>VISCOSITY</u>	<u>FLUID LOSS</u>	<u>REMARKS</u>
Surf. - 80'	N/A			Air drilled
80' - 2500'	8.5 / 8.8 ppg	32	NC	Spud Mud
2500 - 10,000'	8.5 / 9.0 ppg	28	NC	KCL Water
10,000 - TD	9.0 ppg	34	10	KCL/Gel/Polymer

7 BOP and Pressure Containment Data

<u>Depth Intervals</u>	<u>BOP Equipment</u>
Surf. - 2500'	Rotating head
2500' - TD	3000# Ram Type double BOP 3000# Annular

Drilling spool to accommodate choke and kill lines.

ANCILLARY EQUIPMENT AND CHOKE MANIFOLD RATED AT 3000#
 ALL BOP AND BOPE TESTS WILL BE IN ACCORDANCE WITH THE REQUIREMENTS
 OF THE STATE OF UTAH.

THE STATE OF UTAH DIVISION OF OIL, GAS AND MINING
 WILL BE NOTIFIED 24 HOURS IN ADVANCE OF ALL BOP PRESSURE TESTS.

8 Auxiliary equipment

- a) Upper and Lower Kelly cock
- b) Floor stabbing valve 5000#
- c) Safety valve(s) and subs to fit all string connections in use

9 Testing, Logging and Core Programs

Cores	None anticipated
Testing	None anticipated
Sampling	10' samples; surface casing to TD.
Surveys	Run every 1000' and on trips
Logging	Resistivity, neutron density, and caliper from TD to surface casing. Gamma ray from TD to surface

10 Anticipated Abnormal Pressures or Temperatures

None anticipated.

11 Drilling Schedule

Spud	Approximately June 15, 2005
Duration	20 days drilling time 30 days completion time

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HAZARDOUS MATERIAL DECLARATION

Neilsen #3-22

Elk Resources, Inc. guarantees that during the drilling and completion of the above referenced well, we will not use, produce, or store, transport or dispose 10,000# annually of any of the hazardous chemicals contained in the Environmental Protection Agency's consolidated list of chemicals subject to reporting under Title III Super Amendments and Reauthorization Act (SARA) of 1986.

Elk Resources, Inc. guarantees that during the drilling and completion of the above referenced well, we will use, produce, store, transport, or dispose less than the threshold planning quantity (TPQ) of any extremely hazardous substances as defined in 40 CFR 355.

CONFIDENTIAL

SURFACE DAMAGE AGREEMENT

THIS AGREEMENT dated May 9, 2005 between Nelden C. Nielsen Enterprises, A Utah Limited Partnership, by Mary Y Nielsen, Partner, whose address is P.O. Box 717, Salt Lake City, UT 84110, hereinafter referred to as "Surface Owner", and Elk Resources, Inc., whose address is 1401 17th Street, Suite 700, Denver, CO 80202 hereinafter referred to as "Operator".

WITNESSETH:

WHEREAS, Surface Owner represents that they are the owners in fee and in possession of the surface estate for the following described lands in Uintah County, Utah, hereinafter referred to as "Lands", to wit:

A Tract of land lying in the NE/4NW/4 of Section 22, Township 7 South, Range 20 East, S.L.M. containing 3.719 acres; said Tract being more fully described on Exhibit "A" attached hereto and by this reference made a part hereof. After completion of initial operations, Operator agrees to contract the location to 1.5 acres or less, as long as the contracted site will still allow Operator sufficient space to carry on routine monitoring, maintenance and re-working of the well without infringing in any way on the alfalfa field currently under cultivation adjoining the well location. Operator will restrict their activities exclusively to the 3.719 acre tract and under no circumstances will Operator expand the initial 3.719 acre tract.

WHEREAS, Operator has or will acquire certain leasehold interests in the oil and gas mineral estate in the LANDS and proposes to conduct drilling and subsequent production operations of the Nielsen #3-22 Well on the Lands; and

WHEREAS, the parties believe that it is in their mutual best interest to agree to the amount of damages to be assessed incident to the operations of Operator on the premises in the exploration for, development and production of oil, gas and/or other leasehold substances under the terms of those certain oil and gas leases now owned or which may be acquired by Operator covering portions of the mineral estate of the Lands; and,

WHEREAS, the parties believe that a reasonable estimate can be made of the damages which will result from the exploration, development and production operations contemplated by such oil and gas leases.

NOW, THEREFORE, in consideration of ten dollars and other valuable consideration, the sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Operator has the right of ingress and egress only to the 3.719 acre tract described above and the use of those portions of the 3.719 acre tract which it requires for oil and gas exploration, development and production operations, including tank batteries and other production facilities and the transportation of produced substances from the leasehold, and also the right to construct and use roads and pipelines across portions of the 3.719 acre tract. Operator shall have no rights of ingress and egress across any other land owned by the Surface Owner, except to access water being leased from the surface owner as described below in Additional Provisions, without prior permission of the Surface Owner. Operator shall pay Surface Owner as liquidated damages the sum of \$14,500.00 (Fourteen thousand five hundred Dollars) as full settlement and satisfaction of all damages growing out of, incident to, or in connection with the usual and customary exploration, drilling, completion, sidetracking, reworking, equipping and production operations, contemplated by the oil and gas leases covering the Lands, unless otherwise specifically provided herein:

a. **Wellsite.** If, by reasons directly resulting from the operations of Operator, there is damage to real or personal property upon the Lands which is not associated with usual and customary operations, such as (but not limited to) damage to livestock, structures, buildings, fences, culverts, cement ditches, irrigation systems, and natural water ways, such damage will be repaired or replaced by Operator, or Operator will pay reasonable compensation to Surface Owner for such additional damage.

b. **Access.** Operator shall pay to Owner an initial access fee of Ten dollars (\$10.00) per rod for use of existing roads on the Lands not previously being used by Operator, and Ten dollars (\$10.00) per rod for new roads constructed by Operator on the Lands.

c. **Power Lines and Pipelines.** For each new power line or new pipeline installed by Operator, Operator shall pay to Owner the sum of Ten dollars (\$10.00) per rod for each such line. Operator shall be responsible for back filling, re-packing, re-seeding, and re-contouring the surface so as not to interfere with Owner's operations. Operator shall provide Owner with a survey showing the location of all power lines, pipelines and gathering systems promptly after their installation. All pipelines and gathering systems located by Operator on the Lands shall be buried to a depth of at least three (3) feet below the surface, and surface marked in accordance with industry standards. All easements and rights-of-way for power lines and pipelines shall be fifty (50) feet in width during initial construction and reclamation activities, and after completion of initial construction and reclamation activities such easements and rights-of-way shall revert to twenty-five (25) feet in width being twelve and one-half (12.5) feet on each side of the centerline of the line. All power lines shall be installed underground to a depth of at least three (3) feet below the surface whenever reasonably practical to do so.

2. Operator agrees to consult with the surface owner and/or tenant as to all routes of ingress and egress. Prior to the construction of any roads, pipelines, tank battery installations, or installation of any other equipment on the leased premises, Operator shall consult with the surface owner and/or tenant as to the location and direction of same.

3. It is the intention of the parties hereto to cause as little interference with farming operations on the leased premises as reasonably possible, including but specifically not limited to the operation of any pivotal irrigation sprinkler system, or any other irrigation method. If any circular irrigation sprinkler system is in use at the time of initial drilling operations on the leased premises, then any subsequent production equipment, including but specifically not limited to pump jacks, hydraulic lifting equipment, or any other equipment necessary to produce any oil or gas from such well, shall be recessed to such depths, or ramps constructed, so as to allow the continued use of such circular irrigation system.

4. In the event any well hereunder is plugged and abandoned, Operator agrees that Operator will, within a reasonable time, restore Surface Owner's surface estate as near as practical to its original condition found prior to Operator's operations. It is understood and agreed that Surface Owner may elect in writing, prior to cessation of operations of Operator, to have any road constructed under the terms of this Agreement remain upon the property, in which event Operator agrees to leave such road or roads in reasonable condition.

5. Operator is responsible for acquiring all necessary permits, licenses, fees, etc. incident to its operations on the Lands.

6. In the event Surface Owner considers that Operator has not complied with all its obligations hereunder, both express and implied, Surface Owner shall notify Operator in writing, setting out specifically in what respects Operator has breached this contract. Operator shall then have sixty (60) days to meet or commence to meet all or any part of the breaches alleged by Surface Owner. The service of said notice shall be precedent to the bringing of any action by Surface Owner for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on Operator. In the event of litigation, the prevailing party's reasonable attorney's fees will be paid by the opposing party.

7. Operator shall be responsible and shall remain liable for any environmental problems on the subject lands which are caused by or through its operations. To the extent that any such claims are asserted, Operator will be responsible for any remediation required as provided by state regulations. This assumption of liability, however, does not include any third-party operations on the subject lands or any Surface Owner actions which could cause environmental problems but is limited solely to the actions of Operator. Operator hereby indemnifies and holds harmless Surface Owner from any and all environmental problems it causes on the Lands.

8. In the event Surface Owner owns less than the entire fee interest in the Lands, then any payment stated herein shall be proportionately reduced to the interest owned.

9. This Agreement shall remain in full force and effect from the date hereof and for so long thereafter as Operator's oil and gas operations affecting the Lands are in effect.

10. When the word "Operator" is used in this Agreement, it shall also mean the successors and assigns of Operator, including but not limited to its employees and officers, agents, affiliates, contractors, subcontractors and/or purchasers.

11. This Agreement shall be binding upon and inure to the benefit of the heirs, successors and assigns of the parties.

ADDITIONAL PROVISIONS:

-Operator agrees to fence location and access road in such a manner as to turn livestock.

-Surface Owner agrees to allow Operator to use an amount of water not to exceed 1.5 acre feet in order to conduct Operations. Operator acknowledges that this is a one-time allotment, during drilling operations only, and not a permanent sale of any water rights. Operator agrees to consult with Surface Owner prior to filling the holding pond on the location and to do so in a timely fashion and in such a way as to not in any way interfere with Surface Owner's pivot irrigation system. Operator agrees to attempt to use or stockpile this water allotment prior to July 1, 2005 in order to assure that Surface Owner has sufficient water to allow for farming operations later in the season. If Operator should need water after July 1, 2005 and Surface Owner determines that she has sufficient water, Surface Owner agrees to provide water as outlined in this Agreement. If Surface Owner determines that the use of additional water by Operator after July 1, 2005 will adversely affect her farming operations, Surface Owner agrees to refund a pro-rated amount of the \$4000 payment for any part of the 1.5 acre of water, if any, that has not been used by the Operator and Operator shall acquire any additional water needed from an outside source. Surface Owner agrees to allow Operator access along the road running along the West side of Surface Owner's property to allow access to the irrigation riser for the purposes of filling the holding pond on the 3.719 acre site. Operator agrees to use this road strictly for the purpose of accessing the water riser and will endeavor to accomplish this in a 1-2 day period. If Operator should need to lay some type of pipe or hose to carry water from the irrigation riser to the holding pond on the 3.719 acre site and decide to abandon said pipe or hose after operations are complete, Surface Owner shall have the option to retain the pipe or hose for her own use. Should Surface Owner not choose to use said pipe or hose, Operator agrees to remove pipe or hose at the request of the Surface Owner.

-This Agreement shall be site specific and apply only to the 3.719 acres described above.

-Operator agrees, as soon as is practicable after initial Operations are complete, to contract the initial 3.719 acre area to 1.5 acres or less and still allow Operator sufficient space to carry on routine monitoring, maintenance and re-working of the Nielsen #3-22 Well without infringing onto Surface Owner's alfalfa field adjoining the well location. In no case shall Operator expand the site beyond the initial 3.719 acres, either during initial operations or subsequent monitoring, maintenance or re-working. Operator agrees never to expand the 3.719 acres described above into the alfalfa field currently under cultivation by Surface Owner in the E/2NW/4 of Section 22 without prior permission of Surface Owner.

-Surface Owner acknowledges that payment received as damages for this Agreement constitutes payment in full and includes estimated costs to replace the existing septic system, domestic water and power pole now on the Lands. Any other unanticipated damages will be covered under Section 1, Subsection A of this Agreement.

SURFACE OWNER:

Nelden C. Nielsen Enterprises, A Utah Limited Partnership:

Mary Y. Nielsen

By Mary Y. Nielsen, Partner

SS/Tax ID# 87-0279256

STATE of Utah

ACKNOWLEDGEMENT-INDIVIDUAL

COUNTY of Mintah

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 20th day of May, 2005, personally appeared Mary Y. Nielsen in her capacity as partner of Nelden C. Nielsen Enterprises, A Utah Limited Partnership

, to me known to be the identical person _____, described in and who executed the within and foregoing instrument of writing and acknowledged to me that S he _____ duly executed same as her free and voluntary act and deed for the uses and purposes therein set forth and in the capacity stated therein.

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

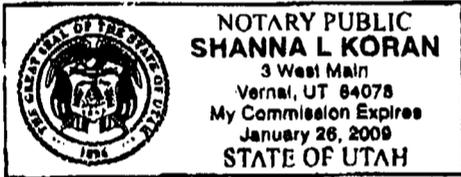
My Commission Expires: 1/26/2009

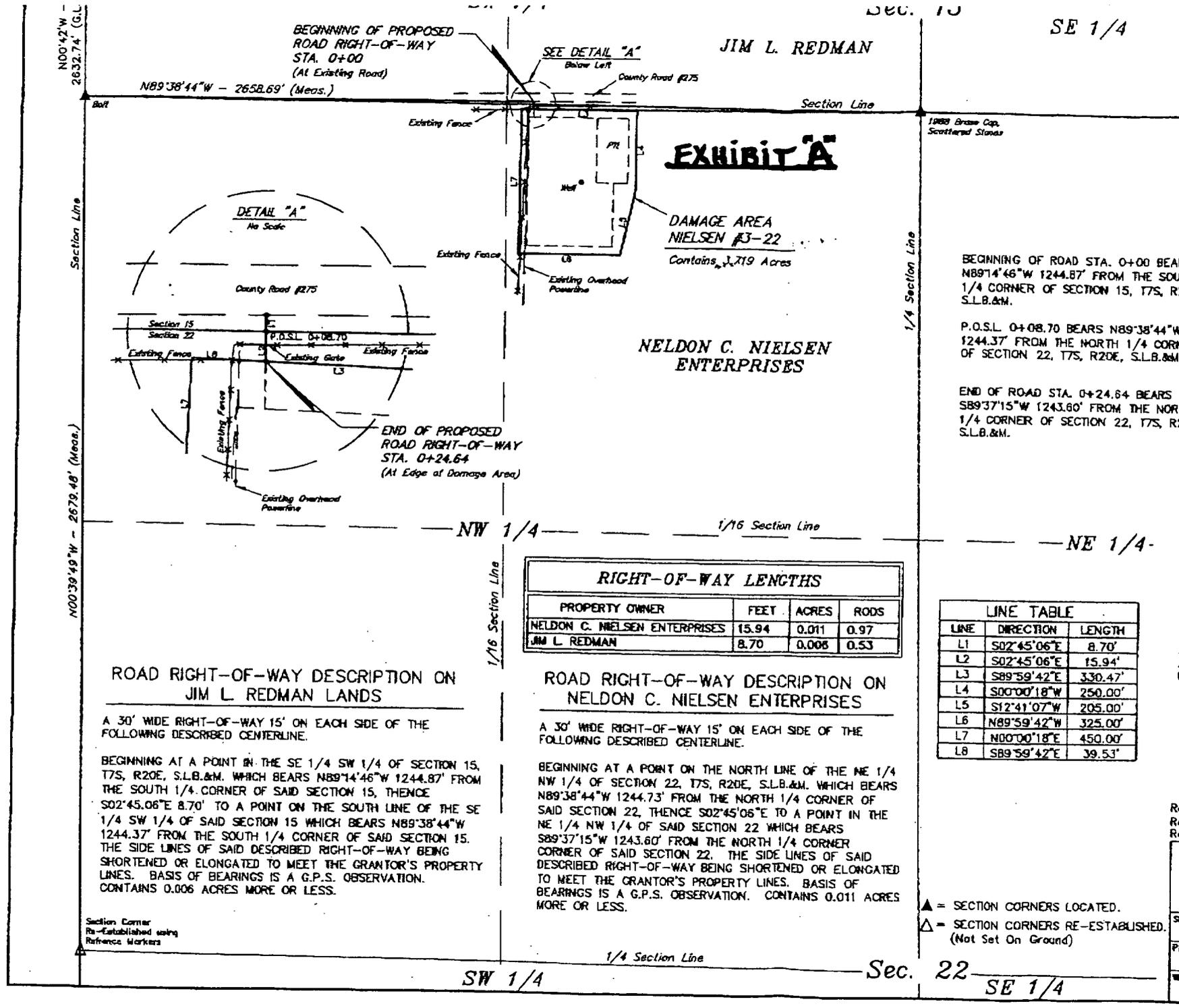
[Signature]

Notary Public:

Address:

Vernal





ROAD RIGHT-OF-WAY DESCRIPTION ON JIM L. REDMAN LANDS

A 30' WIDE RIGHT-OF-WAY 15' ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE.
 BEGINNING AT A POINT IN THE SE 1/4 SW 1/4 OF SECTION 15, T7S, R20E, S.L.B.&M. WHICH BEARS N89°14'46"W 1244.87' FROM THE SOUTH 1/4 CORNER OF SAID SECTION 15, THENCE S02°45'06"E 8.70' TO A POINT ON THE SOUTH LINE OF THE SE 1/4 SW 1/4 OF SAID SECTION 15 WHICH BEARS N89°38'44"W 1244.37' FROM THE SOUTH 1/4 CORNER OF SAID SECTION 15. THE SIDE LINES OF SAID DESCRIBED RIGHT-OF-WAY BEING SHORTENED OR ELONGATED TO MEET THE GRANTOR'S PROPERTY LINES. BASIS OF BEARINGS IS A G.P.S. OBSERVATION. CONTAINS 0.006 ACRES MORE OR LESS.

Section Corner Re-established using Reference Markers

ROAD RIGHT-OF-WAY DESCRIPTION ON NELDON C. NIELSEN ENTERPRISES

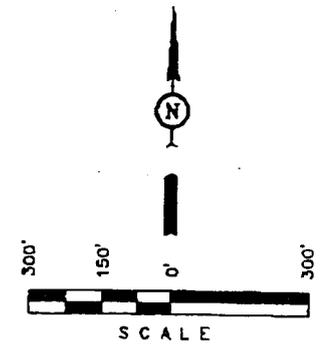
A 30' WIDE RIGHT-OF-WAY 15' ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE.
 BEGINNING AT A POINT ON THE NORTH LINE OF THE NE 1/4 NW 1/4 OF SECTION 22, T7S, R20E, S.L.B.&M. WHICH BEARS N89°38'44"W 1244.73' FROM THE NORTH 1/4 CORNER OF SAID SECTION 22, THENCE S02°45'06"E TO A POINT IN THE NE 1/4 NW 1/4 OF SAID SECTION 22 WHICH BEARS S89°37'15"W 1243.60' FROM THE NORTH 1/4 CORNER OF SAID SECTION 22. THE SIDE LINES OF SAID DESCRIBED RIGHT-OF-WAY BEING SHORTENED OR ELONGATED TO MEET THE GRANTOR'S PROPERTY LINES. BASIS OF BEARINGS IS A G.P.S. OBSERVATION. CONTAINS 0.011 ACRES MORE OR LESS.

RIGHT-OF-WAY LENGTHS			
PROPERTY OWNER	FEET	ACRES	RODS
NELDON C. NIELSEN ENTERPRISES	15.94	0.011	0.97
JIM L. REDMAN	8.70	0.006	0.53

LINE TABLE		
LINE	DIRECTION	LENGTH
L1	S02°45'06"E	8.70'
L2	S02°45'06"E	15.94'
L3	S89°59'42"E	330.47'
L4	S00°00'18"W	250.00'
L5	S12°41'07"W	205.00'
L6	N89°59'42"W	325.00'
L7	N00°00'18"E	450.00'
L8	S89°59'42"E	39.53'

▲ = SECTION CORNERS LOCATED.
 △ = SECTION CORNERS RE-ESTABLISHED. (Not Set On Ground)

ELK RESOURCES, INC.
LOCATION DAMAGE AREA & ROAD RIGHT-OF-WAY ON FEE LANDS
 (For NIELSEN #3-22)
 LOCATED IN SECTIONS 15 & 22, T7S, R20E, S.L.B.&M. UTAH COUNTY, UTAH



BASIS OF BEARINGS

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.

DAMAGE AREA DESCRIPTION

BEGINNING AT A POINT IN THE NE 1/4 NW 1/4 OF SECTION 22, T7S, R20E, S.L.B.&M. WHICH BEARS S89°37'15"W 1243.60' FROM THE NORTH 1/4 CORNER OF SAID SECTION 22, THENCE S89°59'42"E 330.47'; THENCE S00°00'18"W 250.00'; THENCE S12°41'07"W 205.00'; THENCE N89°59'42"E 325.00'; THENCE N00°00'18"E 450.00'; THENCE S89°59'42"E 39.53' TO THE POINT OF BEGINNING. BASIS OF BEARINGS IS A G.P.S. OBSERVATION. CONTAINS 3.719 ACRES MORE OR LESS.

CERTIFICATE

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

[Signature]
 REGISTERED LAND SURVEYOR
 REGISTRATION NO. 191312
 STATE OF UTAH

Revised: 5-5-05
 Revised: 4-4-05
 Revised: 3-30-05

UINTAH ENGINEERING & LAND SURVEYING 85 SOUTH - 200 EAST • (435) 789-1017 VIBURNUM, UTAH - 84070			
SCALE 1" = 300'	DATE 3-28-05	PARTY D.A. I.C. K.G.	
WEATHER COLD	REFERENCES G.L.O. PLAT	FILE 4 3 8 5 7	

SW 1/4 Sec. 22 SE 1/4

SURFACE USE PLAN

Attachment to Permit to Drill

The dirt contractor will be provided with an approved copy of the surface use plan of operations before initiating construction.

The onsite inspection for the referenced well is pending with the Division of Oil, Gas and Mining and the landowner:

1. Existing Roads:

- a. The proposed well site is located approximately 22.5 miles to Vernal, Utah.
- b. The following are directions to the proposed well site:
Proceed in an Southerly direction from Vernal, Utah along U.S. Highway 40 approximately 14 miles; go South on State Highway 88 for 7.0 miles to an existing road; head East for approximately 0.3 miles to the proposed location. Please see attached map.
- c. The use of roads under Federal, State and County Road Department maintenance are necessary to access the Nielsen 3-22 location.
- d. All existing roads will be maintained and kept in good repair during all phases of operation.
- e. Vehicle operators will obey posted speed restrictions and observe safe speeds commensurate with road and weather conditions.
- f. Since no improvements are anticipated to the State, County, or BLM access roads, no topsoil striping will occur.

2. Planned Access Roads:

- a. From the existing surface county road, a new access is proposed trending southerly approximately 300 feet to the proposed well site. The access consists of entirely new disturbance and crosses no significant drainages. A road design plan and right-of-way encroachment application will be submitted to the Uintah County Planning, Building and Zoning Department.
- b. The proposed access road crosses surface owned by Nelden C. Nielsen Enterprises in which a surface-damage agreement to construct and utilize the road is attached.
- c. The proposed access road will consist of a 14' travel surface within a 30' disturbed area.

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- d. A maximum grade of 4% will be maintained throughout the project with no cuts and fills required to access the well.
- e. No turnouts are proposed since the access road is only 300 feet long and adequate site distance exists in all directions.
- f. No low water crossings are anticipated. Adequate drainage structures will be incorporated into the road.
- g. No surfacing material will come from Federal or SITLA lands.
- h. One gate is anticipated at this time as the fence is crossed leaving the paved surface.
- i. Surface disturbance and vehicular travel will be limited to the approved location access road.
- j. All access roads and surface disturbing activities will conform to the standards outlined in the attached fee surface damage agreement.
- k. The operator will be responsible for all maintenance of the access road including drainage structures.

3. Location of Existing Wells:

- a. Exhibit B has a map reflecting these wells within a one-mile radius of the proposed well.

4. Location of Production Facilities:

- a. All permanent structures will be painted a flat, non-reflective Desert Brown to match the standard environmental colors. All facilities will be painted within six month of installation. Facilities required to comply with the Occupational Safety and Health Act (OSHA) may be excluded.
- b. If productive, a gas meter run will be constructed and located on lease within 500 feet of the wellhead. Meter runs will be housed and/or fenced. All gas production and measurement shall comply with the provisions of 43 CFR 3162. 7-3, Onshore Oil and Gas Order No. 5, and American Gas Association (AGA) Report No. 3.
- c. If productive, a tank battery will be constructed on this lease, it will be surrounded by a dike of sufficient capacity to contain the storage capacity of the largest tank. All loading lines and valves will be placed inside the berm surrounding the tank battery. All liquid hydrocarbons production and measurement shall conform to the provisions of 43 CFR 3162.7-3 and Onshore Oil and Gas Order No. 4 and Onshore Oil and Gas Order No. 5 for oil and natural gas production and measurement.
- d. Any necessary pits will be properly fenced to prevent any wildlife and livestock entry.
- e. All access roads will be maintained as necessary to prevent erosion and accommodate year-round traffic. The road will be maintained in a safe useable condition.
- f. The site will require periodic maintenance to ensure that drainages are kept open and free of debris, ice, and snow, and that surfaces are properly treated to reduce erosion, fugitive dust, and impacts to adjacent areas.

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5. Location and Type of Water:

- a. Water for construction and drilling will be obtained through a direct purchase agreement with the local municipal water company.

6. Source of Construction Material:

- a. No construction materials will be removed from Ute Tribal, SITLA or BLM lands.
- b. If any gravel is used, it will be obtained from a State-approved gravel pit.

7. Methods of Handling Waste Disposal:

- a. All wastes associated with this application will be contained and disposed of utilizing approved facilities.
- b. Drill cuttings will be contained and buried onsite.
- c. The reserve pit will be located outboard of the location and along the southwest side of the pad.
- d. The reserve pit will be constructed so as not to leak, break, or allow any discharge.
- e. The reserve pit will be lined with 12-mil minimum thickness plastic nylon-reinforced liner material. The liner will overlay a felt pad only if rock is encountered during excavation. The pit liner will overlap the pit walls and be covered with dirt and/or rocks to hold it in place. No trash, scrap pipe, etc., that could puncture the liner will be disposed of in the pit. Pit walls will be sloped no greater than 2:1. A minimum 2-foot freeboard will be maintained in the pit at all times during the drilling and completion operation.
- f. The reserve pit has been located in cut material. Three sides of the reserve pit will be fenced before drilling starts. The fourth side will be fenced as soon as drilling is completed, and shall remain until the pit is dry. After the reserve pit has dried, all areas not needed for production will be rehabilitated.
- g. Trash will be contained in a trash cage and hauled away to an approved disposal site as necessary but no later than at the completion of drilling operations. The contents of the trash container will be hauled off periodically to the approved Uintah County Landfill near Vernal, Utah.
- h. Produced fluids from the well other than water will be produced into a test tank until such time as construction of production facilities is completed. Any spills of oil, gas, saltwater or other produced fluids will be cleaned up and removed.
- i. Any salts and/or chemicals, which are an integral part of the drilling system, will be disposed of in the same manner as the drilling fluid.
- j. Sanitary facilities will be onsite at all times during operations. Sewage will be placed in a portable chemical toilet and the toilet replaced periodically utilizing a licensed contractor to transport by truck the portable chemical

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toilet so that its contents can be delivered to the Vernal Wastewater Treatment Facility in accordance with State and County regulations.

8. Ancillary Facilities:

- a. Garbage containers and portable toilets are the only ancillary facilities proposed in this application.

9. Well Site Layout:

- a. The well will be properly identified in accordance with State regulations.
- b. Access to the well pad will be from the northeast.
- c. The pad and road designs are consistent with State and Federal specifications.
- d. A pre-construction meeting with responsible company representative, contractors, landowner representatives and the Utah Division of Oil, Gas and Mining will be conducted at the project site prior to commencement of surface-disturbing activities. The pad and road will be construction-staked prior to this meeting.
- e. The pad has been staked at its maximum size; however, it will be constructed smaller if possible, depending upon rig availability. Should the layout change, this application will be amended and approved utilizing a sundry notice.
- f. All surface disturbing activities will be supervised by a qualified, responsible company representative who is aware of the terms and conditions of the APD and specification in the approved plans.
- g. All cut and fill slopes will be such that stability can be maintained for the life of the activity.
- h. The site surface will be graded to drain away from the pit to avoid pit spillage during large storm events.
- i. The stockpiled topsoil (first 6 inches or maximum available) will be stored in a window on the uphill side of the location to prevent any possible contamination. All topsoil will be stockpiled for reclamation in such a way as to prevent soil loss and contamination.
- j. Pits will remain fenced until site cleanup.
- k. The blooie line will be located at least 100 feet from the well head.
- l. Water injection may be implemented if necessary to minimize the amount of fugitive dust.

10. Plans for Restoration of the Surface:

- a. Site reclamation for a producing well will be accomplished for portions of the site not required for the continued operation of the well.
- b. The Operator will control noxious weeds along access road use authorizations, well sites, or other applicable facilities by spraying or mechanical removal. A list of noxious weeds may be obtained from the Utah Division of Oil, Gas and Mining or the appropriate County Extension Office.

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- c. Upon well completion, any hydrocarbons in the pit shall be removed. Once the reserve pit is dry, the plastic nylon-reinforced liner shall be torn and perforated before backfilling of the reserve pit. The reserve pit and that portion of the location not needed for production facilities/operations will be recontoured to the approximate natural contours.
- d. The cut and fill slopes and all other disturbed areas not needed for the production operation will be top soiled and re-vegetated. The stockpiled topsoil will be evenly distributed over the disturbed area.
- e. Prior to reseeding the site, all disturbed areas, including the access road, will be scarified and left with a rough surface. The site will then be seeded and/or planted as prescribed by the landowner. The landowner recommended seed mix will be detailed within their surface-use documents.

11. Surface and Mineral Ownership:

- a. Surface Ownership: Nelden C. Nielsen Enterprises, PO Box 717, Salt Lake City, UT 84111.
- b. Mineral Ownership: Nelden C. Nielsen Enterprises, PO Box 717, Salt Lake City, UT 84111.

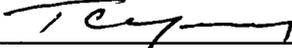
12. Other Information:

- a. A fee surface damage agreement with Nelden C. Nielsen Enterprises is attached.

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13. Operator's Representative and Certification:

I hereby certify that I, or person under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in the plan are, to the best of my knowledge, true and correct; and that the work associated with operations herein will be performed by _____, (construction contractor has not been determined) and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

Name and Title 
Tom Young, Vice President – Operations

STATE OF COLORADO
COUNTY OF DENVER

Subscribed and sworn to before me this 23rd day of May, 2005.

My commission Expires: January 18, 2009


Notary Public

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DESIGNATION OF AGENT OR OPERATOR

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

LEASE NAME: Nielsen

LEASE NUMBER: Nielsen 3-22

and hereby designates

NAME: Elk Resources, Inc.

ADDRESS: 1401 17th St., Suite 700

city Denver state CO zip 80202

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.)

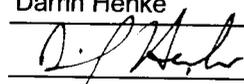
T7S R20E SLM, Section 22 E2NW

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: MAY 23, 2005

BY: (Name) Darrin Henke
(Signature) 
(Title) Attorney-in-Fact
(Phone) (303) 623-2300



OF: (Company) EnCana Oil & Gas (USA) Inc.
(Address) 370 17th Street, Suite 1700
city Denver
state CO zip 80202

ELK RESOURCES, INC.

NIELSEN #3-22

LOCATED IN UINTAH COUNTY, UTAH
SECTION 22, T7S, R20E, S.L.B.&M.



PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: WESTERLY



PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: SOUTHERLY



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

LOCATION PHOTOS

03 23 05
MONTH DAY YEAR

PHOTO

TAKEN BY: D.A.

DRAWN BY: C.P.

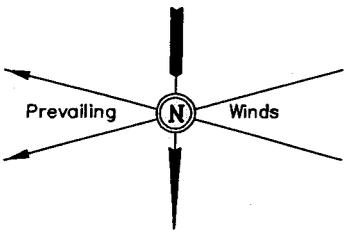
REVISED: 04-29-05

ELK PRODUCTION, LLC

LOCATION LAYOUT FOR

NIELSEN #3-22
SECTION 22, T7S, R20E, S.L.B.&M.
240' FNL 1573' FWL

FIGURE #1



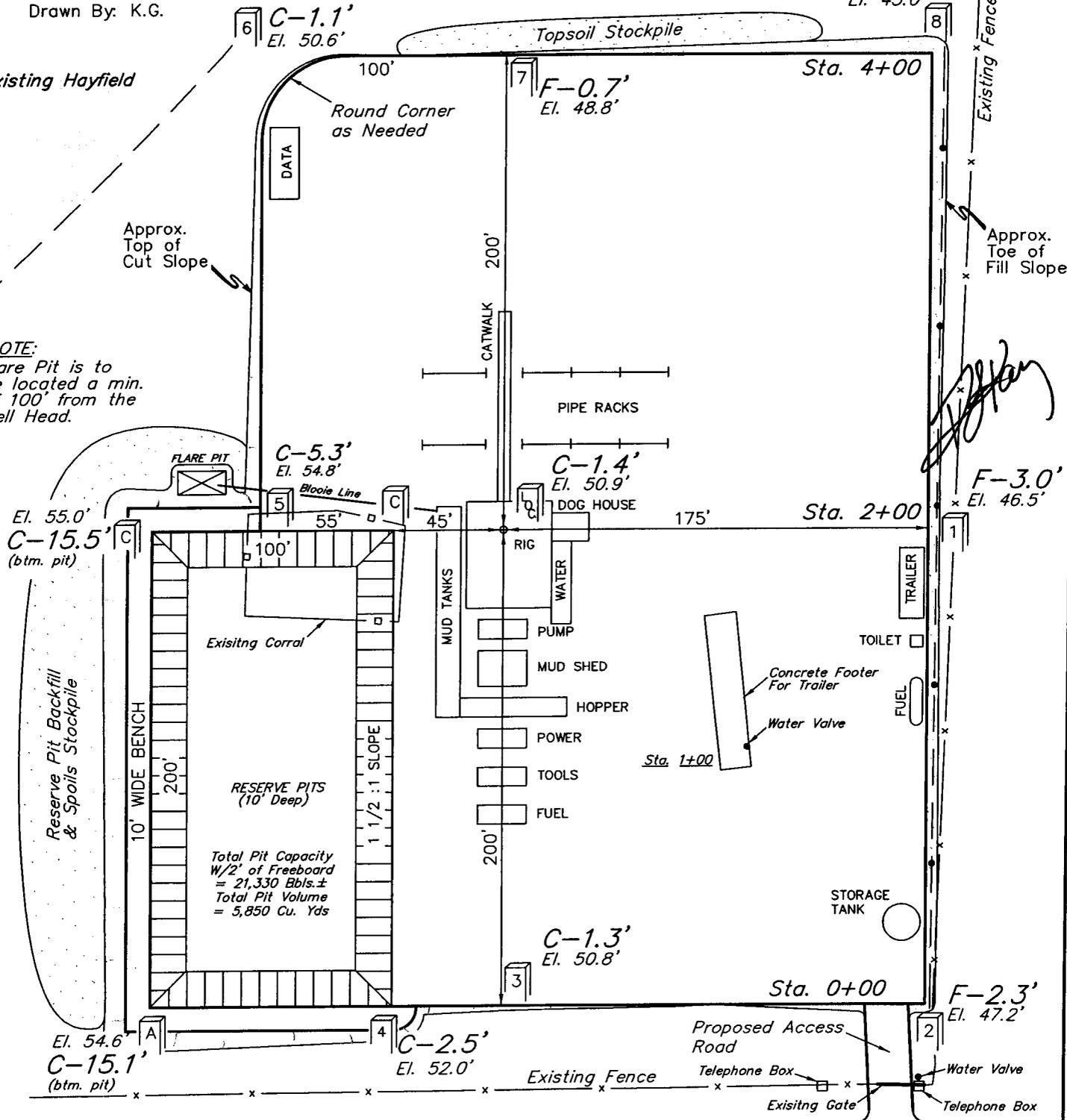
SCALE: 1" = 60'
DATE: 5-5-05
Drawn By: K.G.

Existing Overhead Powerline

Existing Hayfield

Approx. Top of Cut Slope

NOTE:
Flare Pit is to be located a min. of 100' from the Well Head.



Elev. Ungraded Ground at Location Stake = 4850.9'
Elev. Graded Ground at Location Stake = 4849.5'

County Road #275

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

ELK PRODUCTION, LLC

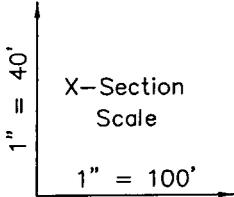
FIGURE #2

TYPICAL CROSS SECTIONS FOR

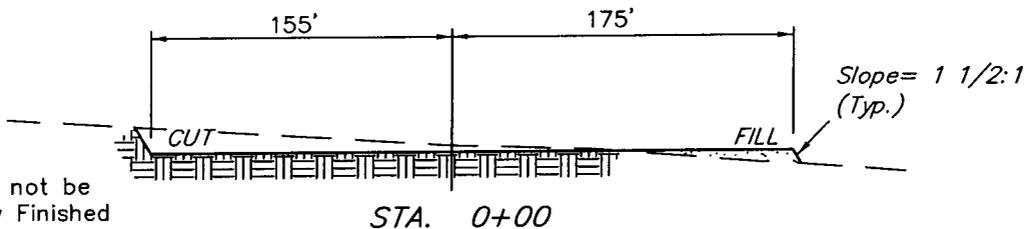
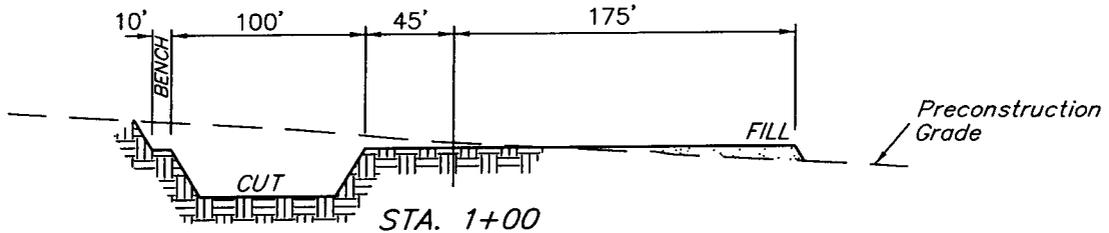
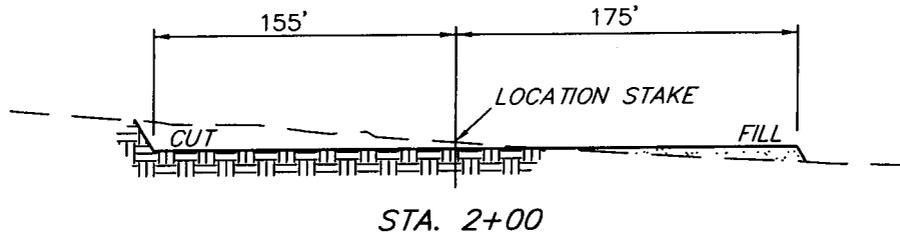
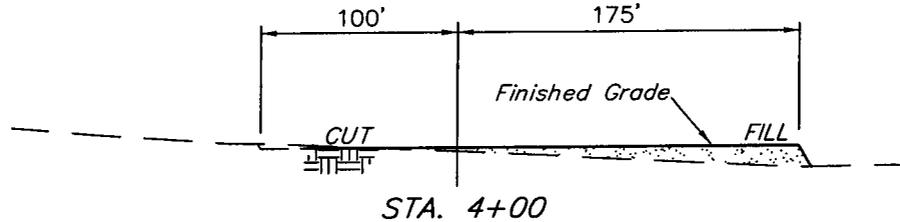
NIELSEN #3-22

SECTION 22, T7S, R20E, S.L.B.&M.

240' FNL 1573' FWL



DATE: 5-5-05
Drawn By: K.G.



NOTE:
Topsoil should not be Stripped Below Finished Grade on Substructure Area.

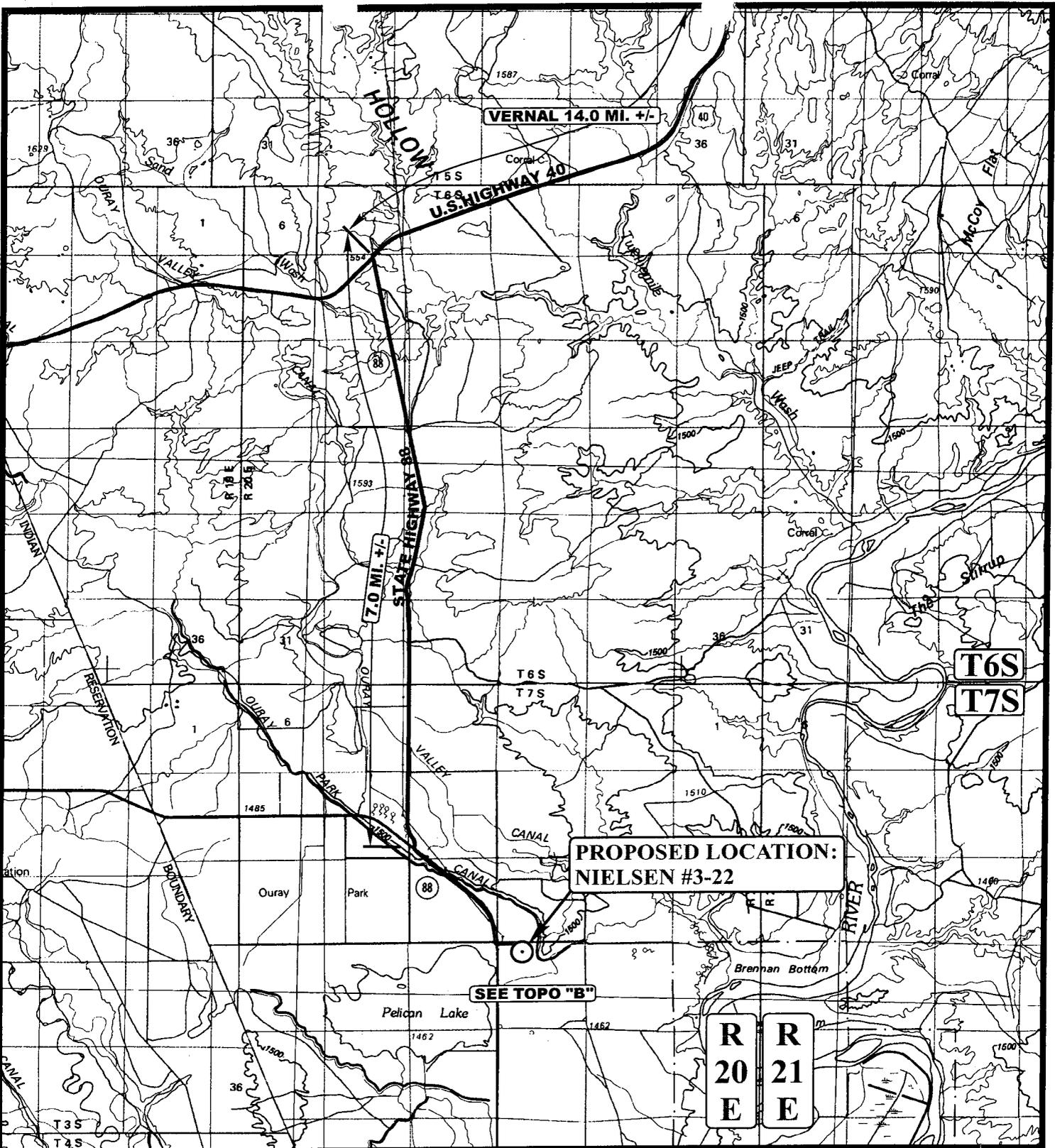
* NOTE:
FILL QUANTITY INCLUDES 5% FOR COMPACTION

APPROXIMATE YARDAGES

(12") Topsoil Stripping	= 4,930 Cu. Yds.
Remaining Location	= 9,870 Cu. Yds.
TOTAL CUT	= 14,800 CU.YDS.
FILL	= 6,940 CU.YDS.

EXCESS MATERIAL	= 7,860 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 7,860 Cu. Yds.
EXCESS UNBALANCE (After Rehabilitation)	= 0 Cu. Yds.

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



LEGEND:

○ PROPOSED LOCATION



ELK RESOURCES, INC.

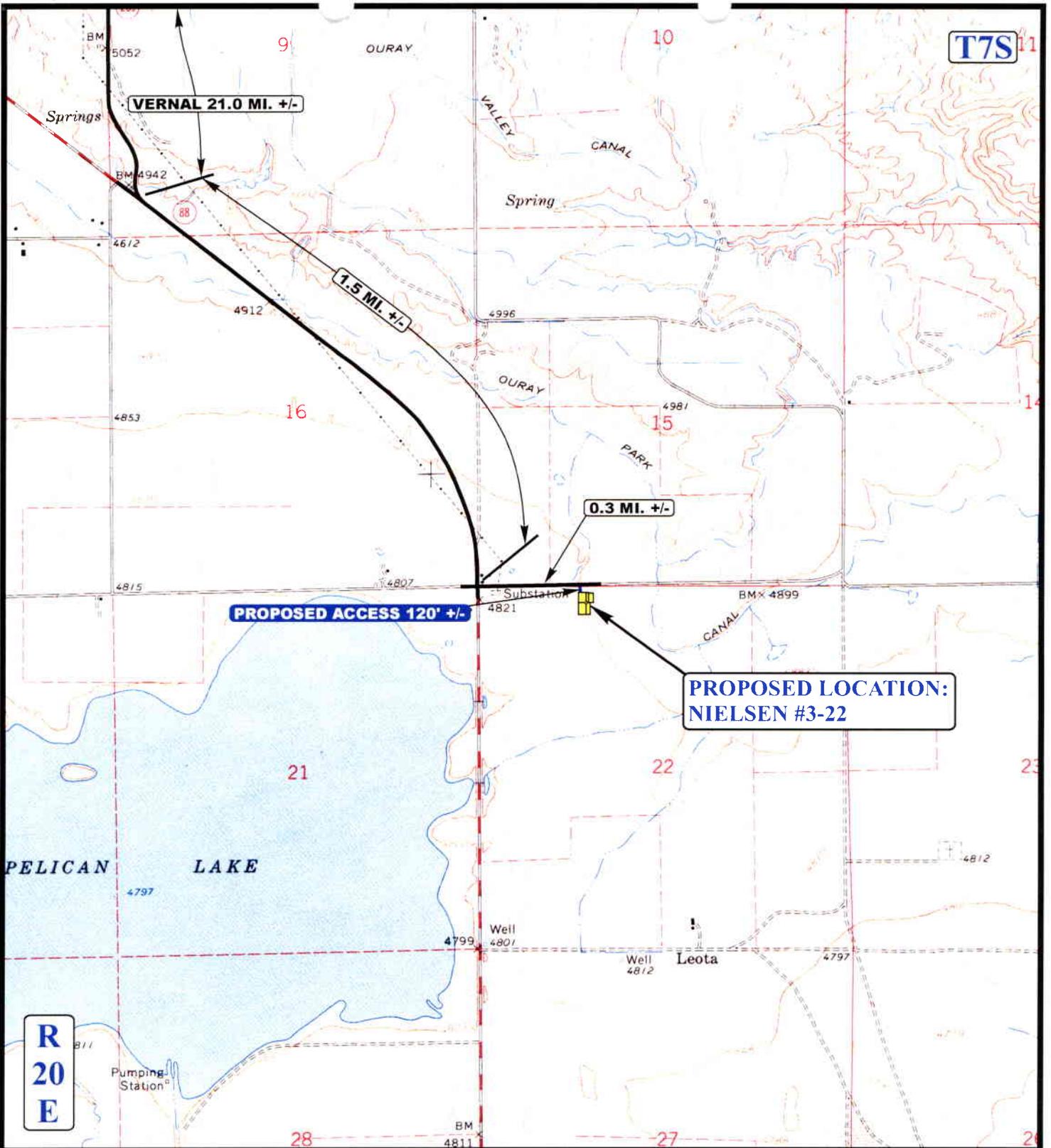
NIELSEN #3-22
SECTION 22, T7S, R20E, S.L.B.&M.
240' FNL 1573' FWL



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

TOPOGRAPHIC MAP
03 23 05
MONTH DAY YEAR
SCALE: 1:100,000 DRAWN BY: C.P. REVISED: 04-29-05





LEGEND:

- EXISTING ROAD
- PROPOSED ACCESS ROAD

ELK RESOURCES, INC.

NIELSEN #3-22
SECTION 22, T7S, R20E, S.L.B.&M.
240' FNL 1573' FWL



Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
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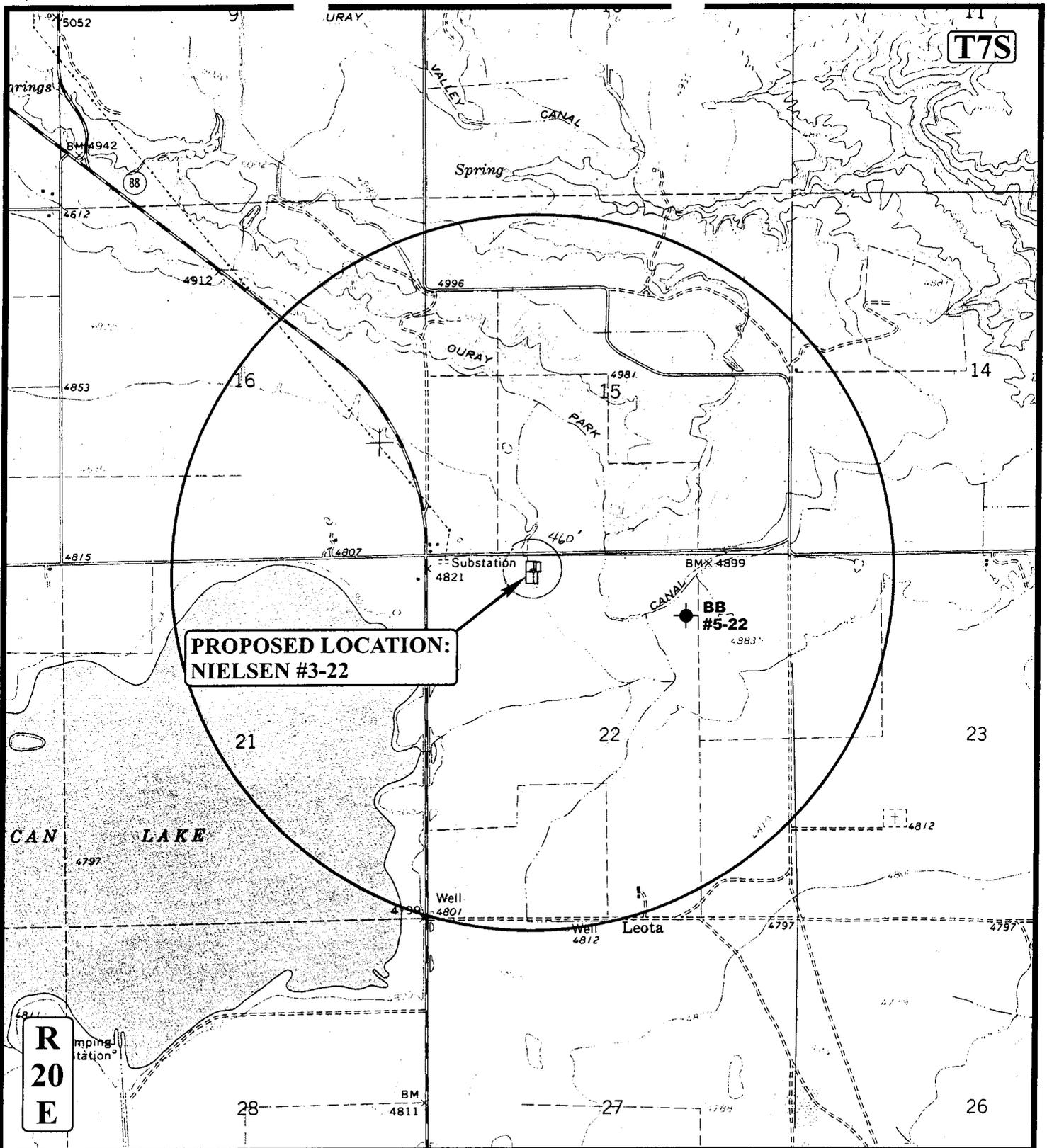


TOPOGRAPHIC
MAP

03	23	05
MONTH	DAY	YEAR

SCALE: 1" = 2000' DRAWN BY: C.P. REVISED: 04-29-05





**PROPOSED LOCATION:
NIELSEN #3-22**

**R
20
E**

LEGEND:

- ⊘ DISPOSAL WELLS
- PRODUCING WELLS
- ⬮ SHUT IN WELLS
- ⊘ WATER WELLS
- ⬮ ABANDONED WELLS
- ⬮ TEMPORARILY ABANDONED

ELK RESOURCES, INC.

**NIELSEN #3-22
SECTION 22, T7S, R20E, S.L.B.&M.
240' FNL 1573' FWL**



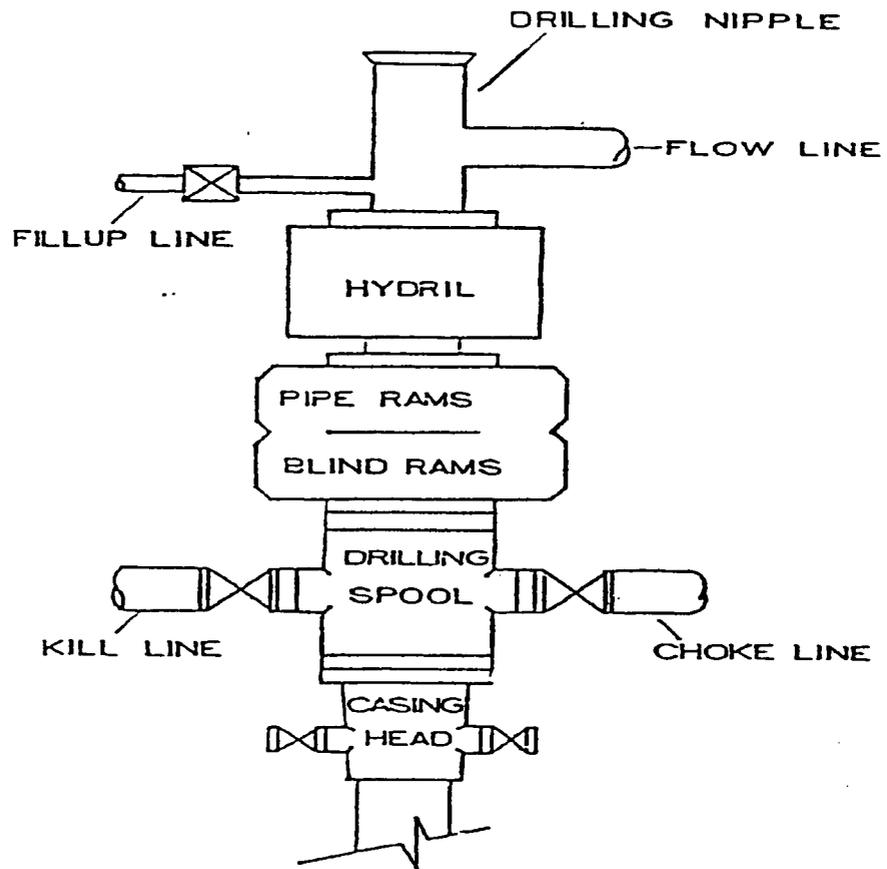
Utah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC			03	23	05
MAP			MONTH	DAY	YEAR
SCALE: 1" = 2000'		DRAWN BY: C.P.		REVISED: 04-29-05	

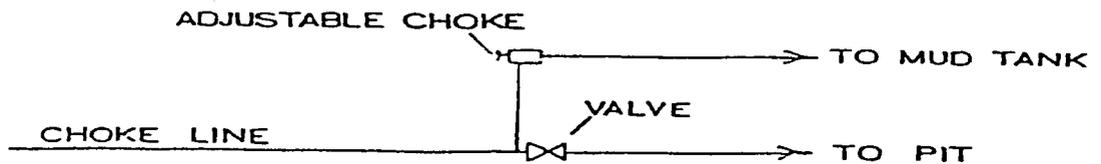


CONFIDENTIAL

BOP STACK



CHOKE MANIFOLD



CONFIDENTIAL

**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 06/03/2005

API NO. ASSIGNED: 43-047-36539

WELL NAME: NIELSEN 3-22
 OPERATOR: ELK RESOURCES, INC. (N2755)
 CONTACT: KARIN KUHN

PHONE NUMBER: 303-296-4505

PROPOSED LOCATION:

NENW 22 070S 200E
 SURFACE: 0240 FNL 1573 FWL
 BOTTOM: 0240 FNL 1573 FWL
 UINTAH
 UNDESIGNATED (2)

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	DKD	6/23/05
Geology		
Surface		

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

LATITUDE: 40.20305
 LONGITUDE: -109.6586

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[] Ind[] Sta[] Fee[]
(No. B000969)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. 43-11655)
- RDCC Review (Y/N)
(Date: _____)
- Fee Surf Agreement (Y/N)

LOCATION AND SITING:

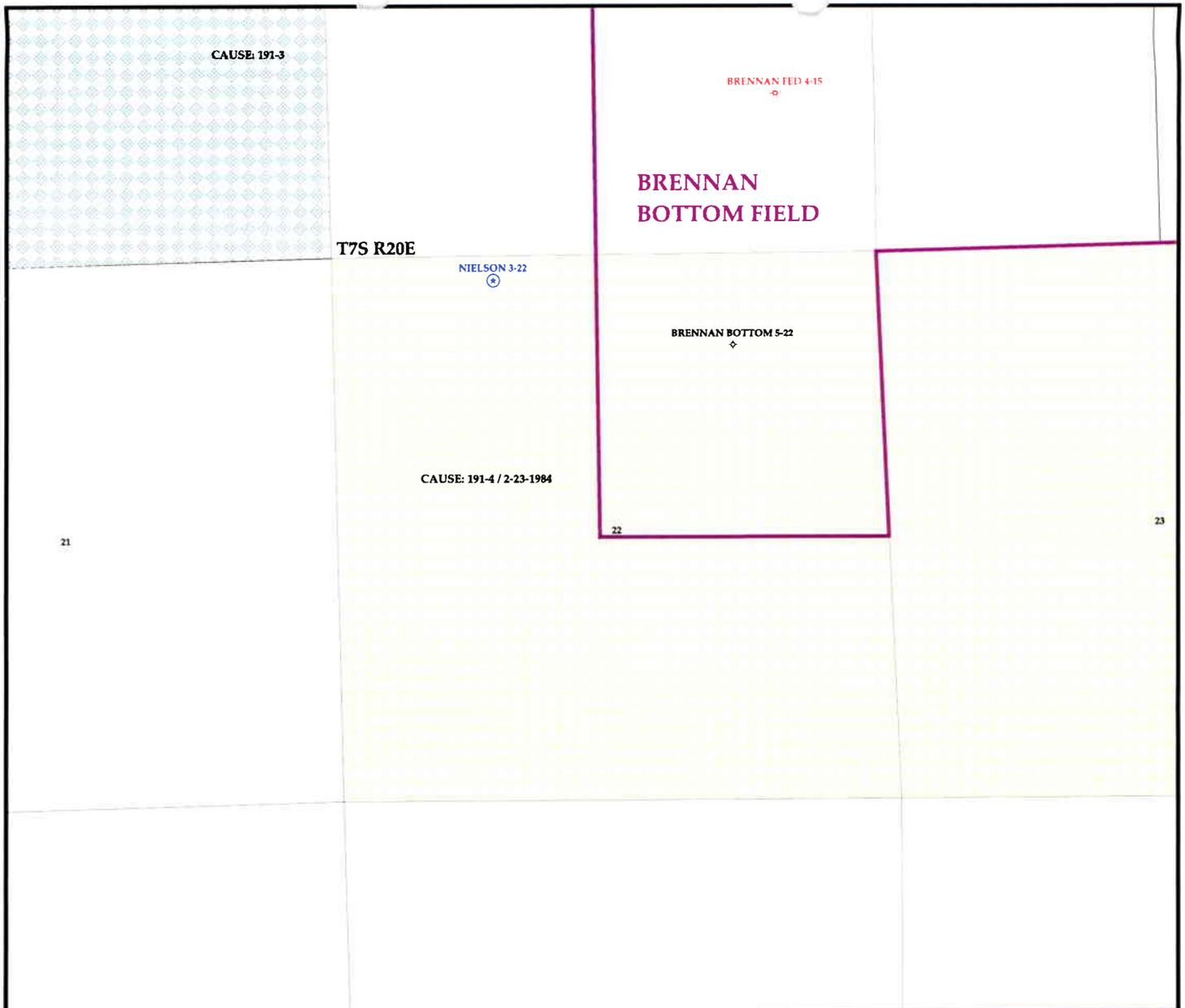
- R649-2-3.
Unit _____
- R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells
- R649-3-3. Exception
- Drilling Unit
Board Cause No: 191-4
Eff Date: 2-23-1984
Siting: 500' fr unit + boundary
- R649-3-11. Directional Drill

COMMENTS:

Needs Permit (6-24-05)

STIPULATIONS:

- ① Surface Csg Cont Stip (Cement to Surface)
- ② Statement of Basics



OPERATOR: ELK RESOURCES INC (N2755)

SEC: 22 T. 7S R. 20E

FIELD: UNDESIGNATED (002)

COUNTY: UINTAH

CAUSE: 191-4 / 2-23-1984



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		



PREPARED BY: DIANA WHITNEY
DATE: 13-JUNE-2005

DIVISION OF OIL, GAS AND MINING

APPLICATION FOR PERMIT TO DRILL STATEMENT OF BASIS

OPERATOR: ELK RESOURCES, INC.

WELL NAME & NUMBER: NIELSEN 3-22

API NUMBER: 43-047-36539

LEASE: PATENT FIELD/UNIT: UNDESIGNATED

LOCATION: 1/4,1/4 NE/NW Sec: 22 TWP: 7S RNG: 20E 1573' FWL 240' FNL

Geology/Ground Water:

A poorly to moderately permeable soil is likely to be developed on Quaternary Alluvium covering the Tertiary Duchesne River Formation, which consists of interbedded sandstone and shale. It may contain an unconfined groundwater resource owing to proximity of Pelican Lake, which sits in a bowl-shaped depression on the alluvium. The location is about 2000' east northeast of the lake and is about 60' above the lake level (before site preparation). Significant volumes of quality ground water may be encountered at this location. Elk Resources, Inc., proposes to install 2,500 feet of surface casing. The base of moderately saline groundwater is estimated to be at an elevation of approximately 4,500 feet at this location. The proposed and approved casing and cementing program should adequately isolate any zones of fresh water that may be penetrated. An underground water right has been filed on a location that is nearly a mile distant from this location. Several surface water rights that have been filed within a mile of the location.

Reviewer: Christopher J. Kierst

Date: 6/24/2005

Surface:

The predrill investigation of the surface was performed on 6/24/05. 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 Mrs. Mary Nielsen (landowner) on 6/20/2005 of this investigation and invited him to attend. She was present. The only concern she expressed was that the location be fenced, and a cattleguard installed where the access road enters her property. Mr. Kalstrom with Elk Resources agreed to this. I informed Mrs. Nielsen that fruit trees at this site would be destroyed. She said that was okay. An old wood corral will also be destroyed to construct the location. Mrs. Nielsen did not want the old lumber left on her property. Mr. Kalstrom stated that the old lumber would be disposed of in a legal manner. This site is an exception location. The reason for this is to keep the location out of Mrs. Nielsen's alfalfa field.

Reviewer: David W. Hackford

Date: 6/24/2005

Stipulations:

1. Line pit with a minimum 12 mil liner.
2. Fence location and install a cattleguard where the access road enters Mrs. Nielsen's property.

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

OPERATOR: ELK RESOURCES, INC.

WELL NAME & NUMBER: NIELSEN 3-22

API NUMBER: 43-047-36539

LEASE: PATENT FIELD/UNIT: UNDESIGNATED

LOCATION: 1/4, 1/4 NE/NW Sec: 22 TWP: 7S RNG: 20E 1573' FWL 240' FNL

LEGAL WELL SITING: F SEC. LINE; F 1/4, 1/4 LINE; F ANOTHER WELL.

GPS COORD (UTM): 4450946N 12614171E SURFACE OWNER: NELDON C. NIELSEN ENTERPRISES.

PARTICIPANTS

DAVID W. HACKFORD (DOGM), TODD KALSTROM (ELK RESOURCES, INC.).
MARY NIELSEN (LANDOWNER), ONE DIRT CONTRACTOR.

REGIONAL/LOCAL SETTING & TOPOGRAPHY

SITE IS ON AN EXTENDED FLAT DRAINING VERY GRADUALLY TO THE WEST TOWARD PELICAN LAKE WHICH IS 0.8 MILES AWAY. OURAY, UTAH IS SIX MILES TO THE SOUTH, AND ROOSEVELT, UTAH IS 17 MILES TO THE NORTHWEST. THIS ENTIRE AREA IS IRRIGATED FARM LAND.

SURFACE USE PLAN

CURRENT SURFACE USE: IRRIGATED FARM LAND AND LIVESTOCK GRAZING.

PROPOSED SURFACE DISTURBANCE: LOCATION WILL BE 400' BY 275'. ACCESS ROAD WILL BE 120 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 PERMITTED AT A LATER DATE IF NECESSARY.

SOURCE OF CONSTRUCTION MATERIAL: ALL CONSTRUCTION MATERIAL WILL BE BORROWED FROM SITE DURING CONSTRUCTION OF LOCATION. IF IT BECOMES NECESSARY TO HAUL IN GRAVEL, IT WILL BE PURCHASED FROM A LOCAL GRAVEL PIT.

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: IRRIGATED FARM LAND. THIS AREA TRADITIONALLY IS USED TO GROW CORN, ALFALFA, AND PASTURE.

SOIL TYPE AND CHARACTERISTICS: LIGHT BROWN SANDY LOAM.

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: 200' BY 100' AND TEN FEET DEEP.

LINER REQUIREMENTS (Site Ranking Form attached): A LINER WILL 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 WARM, SUNNY DAY.

ATTACHMENTS

PHOTOS OF THIS SITE WERE TAKEN AND PLACED ON FILE.

DAVID W. HACKFORD
DOGM REPRESENTATIVE

6/24/05 9:00 AM
DATE/TIME

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

<u>Site-Specific Factors</u>	<u>Ranking</u>	<u>Site Ranking</u>
Distance to Groundwater (feet)		
>200	0	
100 to 200	5	
75 to 100	10	
25 to 75	15	
<25 or recharge area	20	<u>10</u>
Distance to Surf. Water (feet)		
>1000	0	
300 to 1000	2	
200 to 300	10	
100 to 200	15	
< 100	20	<u>2</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>20</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>10</u>
Drill Cuttings		
Normal Rock	0	
Salt or detrimental	10	<u>0</u>
Annual Precipitation (inches)		
<10	0	
10 to 20	5	
>20	10	<u>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>15</u>

Final Score 57 (Level I Sensitivity)

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

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

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





JUN 24 2005



JUN 24 2005



State Online Services

Agency List

Business.utah.gov

Search Utah.gov

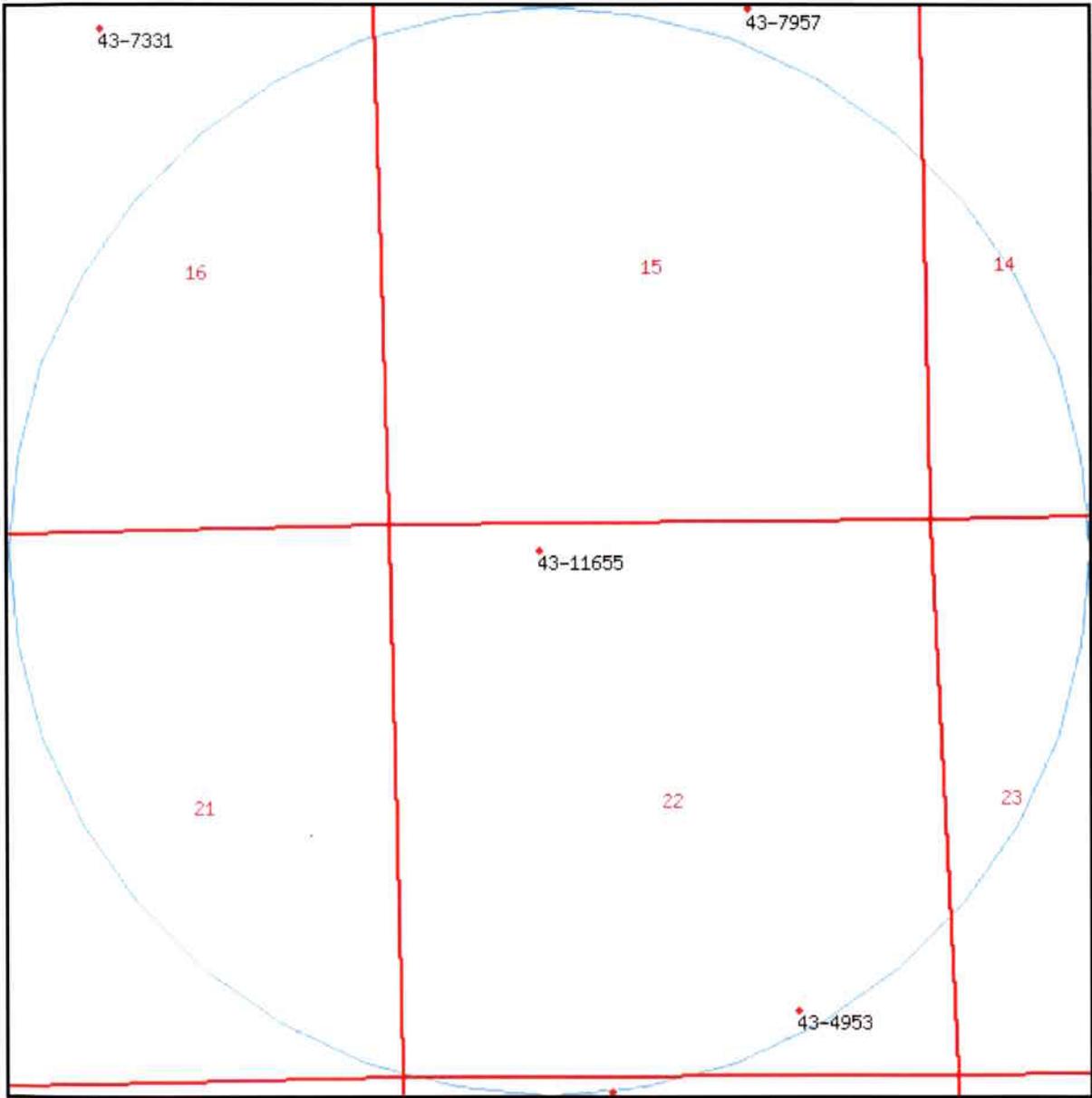


UTAH DIVISION OF WATER RIGHTS

WRPLAT Program Output Listing

Version: 2004.12.30.00 Rundate: 06/24/2005 02:02 PM

Radius search of 5280 feet from a point S240 E1573 from the NW corner, section 22, Township 7S, Range 20E, SL b&m
Criteria:wrtypes=W,C,E podtypes=all status=U,A,P usetypes=all



0 700 1400 2100 2800 ft

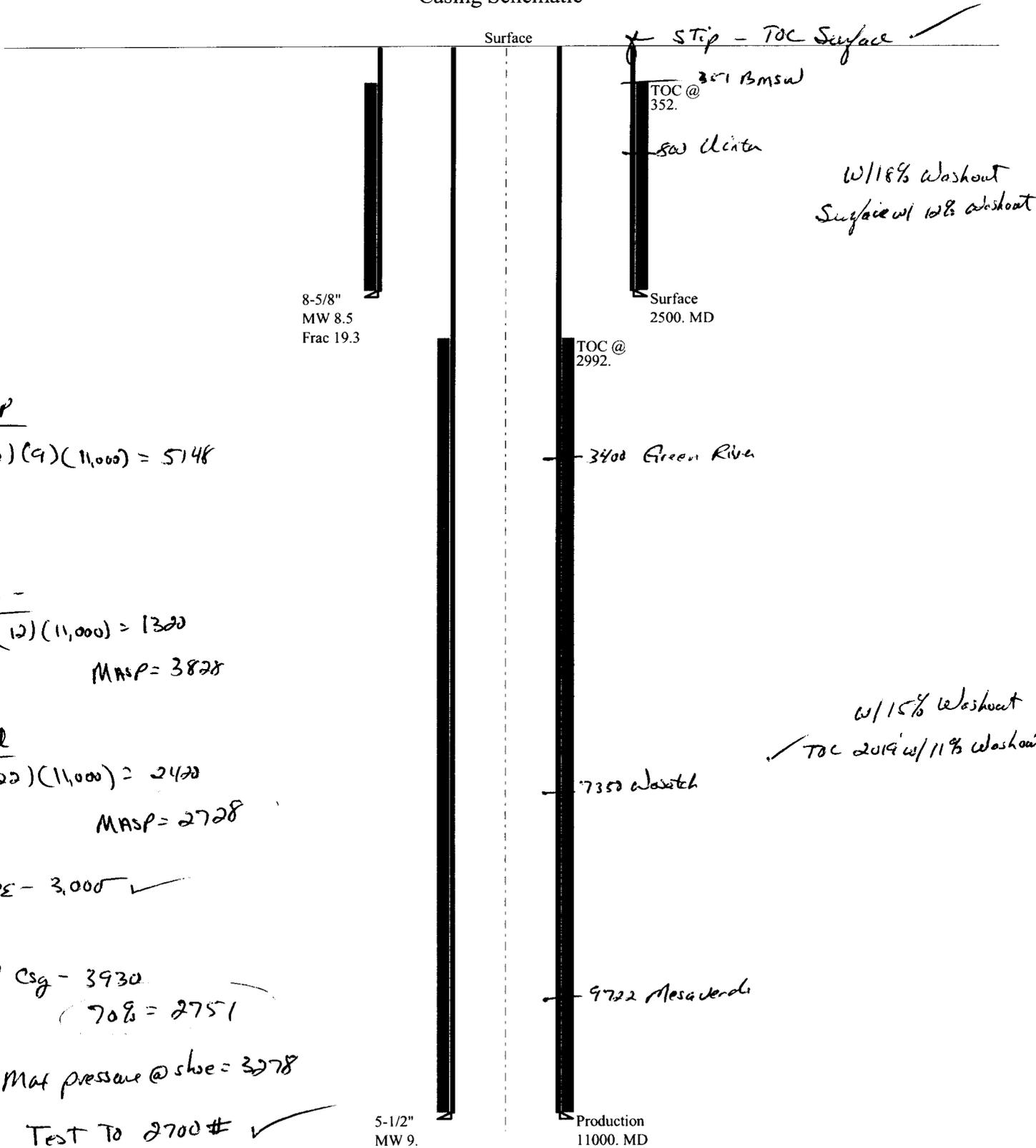
Water Rights

WR Number	Diversion Type/Location	Well Log	Status	Priority	Uses	CFS	ACFT	Owner Name
43-11075	Surface S362 0 N4 16 7S 20E SL		A	20000829	IS	0.000	15.140	DARCI LEASING C. ROSE HILL, TRUSTEE
43-11655	Surface S240 E1470 NW 22 7S 20E SL		A	20050609	O	0.000	4.000	ELK RESOURCES INC ALAMO PLAZA
43-3601	Underground S135 E2040 NW 27 7S 20E SL		P	19601209	S	0.010	0.000	H. ARVENE COOPER 1200 SOUTH 500 WEST
43-4953	Underground N629 W1557 SE 22 7S 20E SL		P	19340920	DS	0.033	0.000	I. S. EKSUND LEOTA UT
43-6868	Surface S362 0 N4 16 7S 20E SL		P	19720331	DIS	0.200	0.000	IVAN ROGERS ROUTE 2 BOX 200
43-7331	Surface S362 0 N4 16 7S 20E SL		P	19720331	DI	0.100	0.000	LABRUM. LOUIS H. AND JUDY HC 69 BOX 285
43-7957	Surface S320 E990 N4 15 7S 20E SL		P	19460905	IS	0.500	0.000	JOHN G. AND DALE W. BARRATT BARRATT HC 69, BOX 172

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

06-05 Elk Nielson 3-22

Casing Schematic



BHP

$$(.052)(9)(11,000) = 5148$$

~~Gas~~

Gas -

$$(.12)(11,000) = 1320$$

$$MASP = 3828$$

Mud

$$(.22)(11,000) = 2420$$

$$MASP = 2728$$

ROPE - 3,000 ✓

Surf Csg - 3930

$$70\% = 2751$$

Mat pressure @ shoe = 3278

Test To 2700# ✓

✓ Adequate Disk 6/23/05

Well name:	06-05 Elk Nielson 3-22	
Operator:	Elk Resources Inc	Project ID:
String type:	Surface	43-047-36539
Location:	Uintah County	

Design parameters:

Collapse
Mud weight: 8.500 ppg
Design is based on evacuated pipe.

Minimum design factors:

Collapse:
Design factor 1.125

Burst:
Design factor 1.00

Environment:

H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 100 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 150 ft
Cement top: 352 ft

Burst

Max anticipated surface pressure: 2,316 psi
Internal gradient: 0.074 psi/ft
Calculated BHP 2,500 psi

No backup mud specified.

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

Tension is based on air weight.
Neutral point: 2,184 ft

Non-directional string.

Re subsequent strings:

Next setting depth: 11,000 ft
Next mud weight: 9.000 ppg
Next setting BHP: 5,143 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 2,500 ft
Injection pressure 2,500 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	2500	8.625	32.00	J-55	ST&C	2500	2500	7.875	158.8
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	1104	2530	2.292	2500	3930	1.57	80	372	4.65 J

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

Date: June 23,2005
Salt Lake City, Utah

ENGINEERING STIPULATIONS: NONE
Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.
Collapse is based on a vertical depth of 2500 ft, a mud weight of 8.5 ppg The casing is considered to be evacuated for collapse purposes.
Burst strength is not adjusted for tension.

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

Well name:	06-05 Elk Nielson 3-22	
Operator:	Elk Resources Inc	Project ID:
String type:	Production	43-047-36539
Location:	Utah County	

Design parameters:

Collapse

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

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
 Surface temperature: 65 °F
 Bottom hole temperature: 219 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 220 ft

Cement top: 2,992 ft

Burst

Max anticipated surface pressure: 343 psi
 Internal gradient: 0.436 psi/ft
 Calculated BHP 5,143 psi

No backup mud specified.

Tension:

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

Non-directional string.

Tension is based on air weight.

Neutral point: 9,499 ft

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	11000	5.5	17.00	N-80	LT&C	11000	11000	4.767	379.1
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	5143	6290	1.223	5143	7740	1.51	187	348	1.86 J

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

Date: June 23,2005
 Salt Lake City, Utah

ENGINEERING STIPULATIONS: NONE

Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.
 Collapse is based on a vertical depth of 11000 ft, a mud weight of 9 ppg. The casing is considered to be evacuated for collapse purposes.
 Burst strength is not adjusted for tension.

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

Well name:	06-05 Elk Nielson 3-22	
Operator:	Elk Resources Inc	Project ID:
String type:	Surface	43-047-36539
Location:	Uintah County	

Design parameters:

Collapse

Mud weight: 8.500 ppg
 Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 2,316 psi
 Internal gradient: 0.074 psi/ft
 Calculated BHP: 2,500 psi

No backup mud specified.

Minimum design factors:

Collapse:

Design factor: 1.125

Burst:

Design factor: 1.00

Tension:

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

Tension is based on air weight.
 Neutral point: 2,242 ft

Environment:

H2S considered? No
 Surface temperature: 65 °F
 Bottom hole temperature: 100 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 150 ft

Cement top: 352 ft

Non-directional string.

Re subsequent strings:

Next setting depth: 11,000 ft
 Next mud weight: 9,000 ppg
 Next setting BHP: 5,143 psi
 Fracture mud wt: 19,250 ppg
 Fracture depth: 2,500 ft
 Injection pressure: 2,500 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
3	100	8.625	32.00	J-55	ST&C	100	100	7.875	6.4
2	1900	8.625	24.00	J-55	ST&C	2000	2000	7.972	91.5
1	500	8.625	32.00	J-55	ST&C	2500	2500	7.875	31.8

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
3	44	2432	55.072	2323	3930	1.69	65	372	5.74 J
2	883	1355	1.534	2463	2950	1.20	62	244	3.96 J
1	1104	2530	2.292	2500	3930	1.57	16	372	23.25 J

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

Date: June 29, 2005
 Salt Lake City, Utah

ENGINEERING STIPULATIONS: NONE
 Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.
 Collapse is based on a vertical depth of 2500 ft, a mud weight of 8.5 ppg. The casing is considered to be evacuated for collapse purposes.
 Burst strength is not adjusted for tension.

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



VIA CERTIFIED MAIL

May 9, 2005

Questar Market Resources Inc.
1050 17th Street, Suite 500
Denver, CO 80202
Attn: Angela Page

RE: Location Exception
Nielsen #3-22 Well
240' FNL, 1573' FWL
Sec. 22, T.7S., R.20E. SLB & M
Uintah County, Utah

Dear Owner:

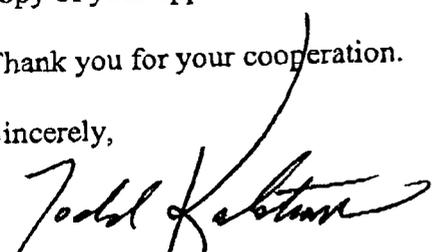
Elk Resources Inc. has filed an application with the State of Utah Department of Oil, Gas and Mining requesting approval for a location exception for the referenced wellbore.

If the Utah Department of Oil, Gas and Mining is in agreement and there are no objections, the application will be administratively approved.

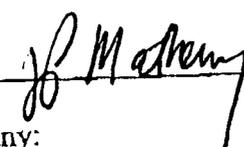
Elk has moved this location at the request of the surface owner who has a center pivot sprinkler/irrigation system in place and Elk is working with the owner so we minimize the disturbance of our drillpad. Please sign and return to me via fax (303-296-4506) a copy of your approval of this request.

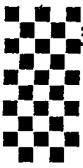
Thank you for your cooperation.

Sincerely,


Todd R. Kalstrom
VP Land & Negotiations

Agreed and Accepted By:


Name: _____
Company: _____



VIA CERTIFIED MAIL

May 9, 2005

EOG Resources Inc.
600 17th Street
Denver, CO 80202-5402
Attn: R. G. Davis

RECEIVED

MAY 10 2005

EOG Resources, Inc.

RE: Location Exception
Nielsen #3-22 Well
240' FNL, 1573' F \bar{W} L
Sec. 22, T.7S., R.20E. SLB & M
Uintah County, Utah

*10 7 50'
200' TOP of Kuv*

Dear Owner:

Elk Resources Inc. has filed an application with the State of Utah Department of Oil, Gas and Mining requesting approval for a location exception for the referenced wellbore.

If the Utah Department of Oil, Gas and Mining is in agreement and there are no objections, the application will be administratively approved.

Elk has moved this location at the request of the surface owner who has a center pivot sprinkler/irrigation system in place and Elk is working with the owner so we minimize the disturbance of our drillpad. Please sign and return to me via fax (303-296-4506) a copy of your approval of this request.

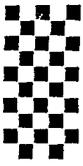
Thank you for your cooperation.

Sincerely,

Todd R. Kalstrom
VP Land & Negotiations

Agreed and Accepted By:

Name: R.G. DAVIS, Project LANDMAN
Company: EOG RESOURCES



VIA CERTIFIED MAIL

May 9, 2005

John Chasel
2285 Lucky John Drive
Park City, UT 84060

RE: Location Exception
Nielsen #3-22 Well
240' FNL, 1573' FWL
Sec. 22, T.7S., R.20E. SLB & M
Uintah County, Utah

Dear Owner:

Elk Resources Inc. has filed an application with the State of Utah Department of Oil, Gas and Mining requesting approval for a location exception for the referenced wellbore.

If the Utah Department of Oil, Gas and Mining is in agreement and there are no objections, the application will be administratively approved.

Elk has moved this location at the request of the surface owner who has a center pivot sprinkler/irrigation system in place and Elk is working with the owner so we minimize the disturbance of our drillpad. Please sign and return to me via fax (303-296-4506) a copy of your approval of this request.

Thank you for your cooperation.

Sincerely,

Todd R. Kalstrom
VP Land & Negotiations

Agreed and Accepted By:

Name:
Company:



June 16, 2005

VIA FACSIMILE AND OVERNIGHT MAIL

Ms. Diana Whitney
State of Utah
Division of Oil, Gas & Mining
1594 W. North Temple, Suite 1210
Salt Lake City, UT 84116

**RE: Location Exception
Revised Application for Permit to Drill
Nielsen 3-22 (4304736539)
NENW Section 22-7S-20E SLB&M
Uintah County, UT**

Dear Ms. Whitney:

Per the surface owner's request, the location was changed, making the location an exception. Per Cause No. 191-4, Elk Resources, Inc. is filing application with the State of Utah, Division of Oil, Gas and Mining requesting approval for a location exception for the referenced wellbore. Elk plans to drill to a depth of 11,000' and test the Upper Mesa Verde.

Attached is a list of owners within 500' radius of the above-mentioned drilling location. Also attached are signed letters of acceptance for all owners on the attached list.

Sincerely,

Karin Kuhn
Engineering Technician

RECEIVED
JUN 1 / 2005

DIV. OF OIL, GAS & MINING

**Nielsen 3-22 (4304736539)
NENW Section 22-7S-20E SLB&M
Uintah County, UT**

LIST OF OWNERS WITHIN 450' RADIUS FROM DRILLING LOCATION

EOG Resources Inc.
600 17th Street
Denver, CO 80202-5402
Attn: R. G. Davis

Questar Market Resources Inc.
1050 17th Street, Suite 500
Denver, CO 80202
Attn: Angela Page

John Chasel
2285 Lucky John Drive
Park City, UT 84060



JON M. HUNTSMAN, JR.
Governor
GARY R. HERBERT
Lieutenant Governor

State of Utah
DEPARTMENT OF NATURAL RESOURCES
Division of Water Rights

MICHAEL R. STYLER JERRY D. OLDS
Executive Director *State Engineer/Division Director*

RECEIVED

JUN 22 2005

DIVISION OF WATER RIGHTS

ORDER OF THE STATE ENGINEER
For Temporary Application Number 43-11655 (T75852)

Temporary Application Number 43-11655 (T75852) in the name of Elk Resources Inc was filed on June 9, 2005, to appropriate 4.00 acre-feet of water from a surface source (irrigation runoff) at a point to be located South 240 feet and East 1470 feet from the NW Corner of Section 22, T7S, R20E, SLB&M. The water is to be used for oil exploration (Drilling and completion of oil/gas well - Nielsen #3-22).

Notice of this Temporary Application was not published in a newspaper. It is the opinion of the State Engineer that it meets the criteria of Section 73-3-5.5 for temporary applications and that this application can be approved without impairing existing water rights.

It is, therefore, **ORDERED** and Temporary Application Number 43-11655 (T75852) is hereby **APPROVED** subject to the prior rights and the condition that this application will automatically, **PERMANENTLY LAPSE ON June 17, 2006**.

This approval is limited to the rights to divert and beneficially use water and does not grant any rights of access to, or use of land, or facilities not owned by the applicant.

This approval is granted subject to prior rights. The applicant shall be liable to mitigate or provide compensation for any impairment of or interference with prior rights as such may be stipulated among parties or decreed by a court of competent jurisdiction.

Failure on your part to comply with the requirements of the applicable statutes (73-3-5.5 and 73-3-8 of the Utah Code) may result in forfeiture of this temporary application.

This application shall expire one year from the date hereof.

It is the applicant's responsibility to maintain a current address with this office and to update ownership of their water right. Please notify this office immediately of any change of address or for assistance in updating ownership.

Your contact with this office, should you need it, is with the Eastern Regional Office. The telephone number is 435-781-5327.

This Order is subject to the provisions of Administrative Rule R655-6-17 of the Division of Water Rights and to Sections 63-46b-13 and 73-3-14 of the Utah Code which provide for filing either a Request for Reconsideration with the State Engineer or an appeal with the appropriate District Court. A Request for Reconsideration must be filed with the State Engineer within 20 days of the date of this Order. However, a Request for Reconsideration is not a prerequisite to

ORDER OF THE STATE ENGINEER

Temporary Application Number

43-11655 (T75852)

Page 2

filing a court appeal. A court appeal must be filed within 30 days after the date of this Order, or if a Request for Reconsideration has been filed, within 30 days after the date the Request for Reconsideration is denied. A Request for Reconsideration is considered denied when no action is taken 20 days after the Request is filed.

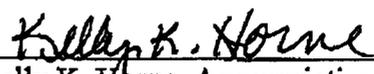
Dated this 17th day of June, 2005.



Jerry D. Olds, P.E., State Engineer

Mailed a copy of the foregoing Order this 17th day of June, 2005 to:

Elk Resources Inc
Alamo Plaza
1401 17th Street, Suite 700
Denver, CO 80202

BY: 

Kelly K. Horne, Appropriation Secretary



June 22, 2005

VIA FACSIMILE AND U.S. MAIL

Ms. Diana Whitney
State of Utah
Division of Oil, Gas & Mining
1594 W. North Temple, Suite 1210
Salt Lake City, UT 84116

**RE: Water Permit (43-11655, T75852)
Revised Application for Permit to Drill
Nielsen 3-22 (4304736539)
NENW Section 22-7S-20E SLB&M
Uintah County, UT**

Dear Ms. Whitney:

Enclosed are two copies of a water permit obtained from the Division of Water Rights (Temporary Application Number 43-11655, T75852) for using water to drill the above-mentioned well. A copy has also been faxed to you and Dan Jarvis's attention.

Should you require additional information, please contact me at (303) 339-1919.

Sincerely,

Karin Kuhn
Engineering Technician

RECEIVED

JUN 23 2005

DIV. OF OIL, GAS & MINING



State of Utah

**Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

June 24, 2005

Elk Resources, Inc.
1401 17th St., Suite 700
Denver, CO 80202

Re: Nielsen 3-22 Well, 240' FNL, 1573' FWL, NE NW, Sec. 22, T. 7 South,
R. 20 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.

Appropriate information has been submitted to DOGM and administrative approval of the requested exception location is hereby 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 43-047-36539.

Sincerely,

Gil Hunt
Acting Associate Director

pab
Enclosures

cc: Uintah County Assessor

Operator: Elk Resources, Inc.
Well Name & Number Nielsen 3-22
API Number: 43-047-36539
Lease: Fee

Location: NE NW **Sec.** 22 **T.** 7 South **R.** 20 East

Conditions of Approval

1. General

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

2. Notification Requirements

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

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

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

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

3. Reporting Requirements

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

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

5. Surface casing shall be cemented to the surface.



FACSIMILE COVER SHEET

TO: *DOGm*
Dustin Doucet

FAX:

FROM:

DATE:

RE: *Karen Kubo*
Nielsen 13-22
Surf exp. Chg.

6/29/05
TOTAL NO. OF PAGES
(INCLUDING COVER) *2*

Confidentiality Note: The documents accompanying this facsimile transmission contain information from Elk Resources, Inc., which is confidential or privileged. The information is intended to be for the use of the individual or entity named on this transmission sheet. If you are not the intended recipient, be aware that disclosure, copying, distribution, or use of the contents of this faxed information is prohibited. If you have received this facsimile in error, please notify us by telephone at 303/296-4505 immediately so that we can arrange for the retrieval of the original documents at no cost to you. Thank you.

Original in the mail.

KK

RECEIVED
JUN 29 2005
DIV. OF OIL, GAS & MINING

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

FORM 9

5. FEE DESIGNATION AND SERIAL NUMBER: Fee
6. IF INDIAN, ALLOTTEE OR TRIBE NAME: NA
7. UNIT OR CO. AGREEMENT NAME:
8. WELL NAME and NUMBER: Nielsen 3-22
9. API NUMBER: 4304736539
10. FIELD AND POOL OR WILDCAT: Undesignated

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 checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER _____
2. NAME OF OPERATOR: Elk Resources, Inc.
3. ADDRESS OF OPERATOR: 1401 17th. St., #700 CITY Denver STATE CO ZIP 80202
4. LOCATION OF WELL FOOTAGES AT SURFACE: 240' FNL, 1573' FWL COUNTY: Uintah QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NENW 22 7S 20E S STATE: UTAH

PHONE NUMBER: (303) 296-4505
--

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: 6/30/2005	<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 checked="" 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 checked="" 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 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.
Elk plans alter the surface casing plans submitted in our APD for the subject well. The 2500' string of 8 5/8" casing will now be composed of, from top down, 80', 32#, J-55, followed by: 1920' of 24#, J-55, followed by: 500' of 32#, J-55.

DATE SENT TO OPERATOR: **6/30/05**
BY: **CHD**

NAME (PLEASE PRINT) Karin Kuhn	TITLE Engineering Technician
SIGNATURE <i>Karin Kuhn</i>	DATE 6/29/2005

(This space for State use only)

APPROVED BY THE STATE
OF UTAH DIVISION OF
OIL, GAS, AND MINING
DATE: **6/29/05**
Debbie
(See Instructions on Reverse Side)

RECEIVED
JUN 29 2005
DIV. OF OIL, GAS & MINING

DIVISION OF OIL, GAS AND MINING

SPUDDING INFORMATION

Name of Company: ELK RESOURCES INC

Well Name: NIELSEN 3-22

Api No: 43-047-36539 Lease Type: FEE

Section 22 Township 07S Range 20E County UINTAH

Drilling Contractor _____ RIG # _____

SPUDDED:

Date 06/30/05

Time _____

How DRY

Drilling will Commence: _____

Reported by GARY WEST to DAVE HACKFORD

Telephone # _____

Date 07/01/2005 Signed CHD

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: NA
			7. UNIT or CA AGREEMENT NAME:
1. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER _____	8. WELL NAME and NUMBER: Nielsen 3-22		
2. NAME OF OPERATOR: Elk Resources, Inc.		9. API NUMBER: 4304736539	
3. ADDRESS OF OPERATOR: 1401 17th. St., #700 CITY Denver STATE CO ZIP 80202	PHONE NUMBER: (303) 296-4505	10. FIELD AND POOL, OR WILDCAT: Undesignated	
4. LOCATION OF WELL FOOTAGES AT SURFACE: 240' FNL, 1573' FWL COUNTY: Uintah QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NENW 22 7S 20E S 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: 6/30/2005	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input checked="" 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 checked="" 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 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.

Elk plans alter the surface casing plans submitted in our APD for the subject well. The 2500' string of 8 5/8" casing will now be composed of, from top down, 80', 32#, J-55, followed by: 1920' of 24#, J-55, followed by: 500' of 32#, J-55.

*faxed to
Dustin Doucet
on 6/29/05
Hand copy of 4/20/04*

NAME (PLEASE PRINT) Karin Kuhn	TITLE Engineering Technician
SIGNATURE <i>Karin Kuhn</i>	DATE 6/29/2005

(This space for State use only)

For Copy Approved 6/29/05 OKED

**RECEIVED
JUL 01 2005
DIV. OF OIL, GAS & MINING**

ENTITY ACTION FORM

Operator: Elk Resources, Inc.
Address: 1401 17th Street, Suite 700
city Denver
state CO zip 80202

Operator Account Number: N 2755
Phone Number: (303) 296-4505

Well 1

API Number	Well Name		QQ	Sec	Twp	Rng	County
4304736539	Nielsen 3-22		NENW	22	7S	20E	Uintah
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
A	99999	14806	6/30/2005		7-6-05		
Comments: <u>MURD</u>							CONFIDENTIAL

Well 2

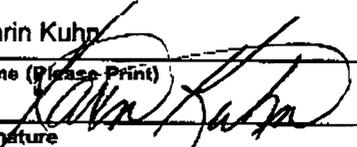
API Number	Well Name		QQ	Sec	Twp	Rng	County
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
Comments:							

Well 3

API Number	Well Name		QQ	Sec	Twp	Rng	County
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
Comments:							RECEIVED JUL 01 2005

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)

Karin Kuhn
Name (Please Print)

Signature
Engineering Technician
Title
7/1/2005
Date

DIV. OF OIL, GAS & MINING

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator **Elk Resources, Inc.**

3a. Address
1401 17th St., Suite 700

3b. Phone No. (include area code)
303-296-4505

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
240' FNL, 1573' FWL, NENW Section 22-T7S-R20E

5. Lease Serial No.
Fee

6. If Indian, Allottee or Tribe Name
NA

7. If Unit or CA/Agreement, Name and/or No.
Aurora "Deep" Unit

8. Well Name and No.
Nielsen 3-22

9. API Well No.
4304736539

10. Field and Pool, or Exploratory Area
Undesignated

11. County or Parish, State
Uintah County, UT

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Spud well
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Elk Resources, Inc. spud the subject well @ 20:00 hrs on 6/30/05. The well was drilled to 80' and 15" conductor pipe was set @ 80' and cemented in place. The well was drilled continuously past midnight 7/1/05 to a depth 810'. Current operations are to drill ahead.

This well is the initial test of the Aurora "Deep" Unit.

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed) **Karin Kuhn** Title **Engineering Technician**

Signature  Date **07/01/2005**

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by _____ Title _____ Date _____

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office **RECEIVED**

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

JUL 05 2005

(Instructions on page 2)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator **Elk Resources, Inc.**

3a. Address
1401 17th St., Suite 700

3b. Phone No. (include area code)
303-296-4505

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
240' FNL, 1573' FWL, NENW Section 22-T7S-R20E

5. Lease Serial No.
Fee

6. If Indian, Allottee or Tribe Name
NA

7. If Unit or CA/Agreement, Name and/or No.
Aurora "Deep" Unit

8. Well Name and No.
Nielsen 3-22

9. API Well No.
4304736539

10. Field and Pool, or Exploratory Area
Undesignated

11. County or Parish, State
Uintah County, UT

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Emergency Pit
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Elk Resources, Inc. had to dig an emergency pit to accomodate cuttings on 8/28/05. The pit is lined with a 12-mil liner and is 55' x 55' and is 12' deep; located in the southwest corner of the drilling pad.

Approved by the
Utah Division of
Oil, Gas and Mining

Date: **08-08-05**
By: *[Signature]*

OPERATIONS
9-9-05
CFO

cc: DOGM

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Karin Kuhn

Title **Engineering Technician**

Signature

[Signature]

Date

08/29/2005

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Title

Date

Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

RECEIVED
AUG 30 2005



December 7, 2005

Carol Daniels
Utah Division of Oil, Gas, and Mining
PO Box 145801
Salt Lake City, UT 84114-5801

**RE: Nielsen #3-22
Aurora Deep Unit**

Dear Ms. Daniels:

As per our telephone conversation on Monday, December 5, 2005, enclosed are copies of our sundry with a summary of drilling and completion operations for the subject well. The well completion report has been submitted under separate cover.

I will submit sundries for the Rogers 13-16 and Roosevelt Unit 5-19 summarizing drilling and completion operations as soon as possible. Now that I have been made aware, I will submit monthly updates on all future wells.

If you have any questions, please call me at (303) 339-1919.

Sincerely,

Karin Kuhn
Engineering Technician

Enclosures

cc: BLM

RECEIVED
DEC 12 2005

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

AMENDED REPORT FORM 8
(highlight changes)

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

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

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

2. NAME OF OPERATOR: Elk Resources, Inc.

3. ADDRESS OF OPERATOR: 1401 17th St., #700 CITY Denver STATE CO ZIP 80202 PHONE NUMBER: (303) 296-4505

4. LOCATION OF WELL (FOOTAGES)
AT SURFACE: 240' FNL, 1573' FWL
AT TOP PRODUCING INTERVAL REPORTED BELOW: 240' FNL, 1573' FWL
AT TOTAL DEPTH: 240' FNL, 1573' FWL

5. LEASE DESIGNATION AND SERIAL NUMBER: Fee

6. IF INDIAN, ALLOTTEE OR TRIBE NAME: NA

7. UNIT or CA AGREEMENT NAME: Aurora "Deep" Unit

8. WELL NAME and NUMBER: Nielsen 3-22

9. API NUMBER: 4304736539

10. FIELD AND POOL, OR WILDCAT: Undesignated

11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NENW 22 7S 20E

12. COUNTY: Uintah 13. STATE: UTAH

14. DATE SPURRED: 6/30/2005 15. DATE T.D. REACHED: 9/9/2005 16. DATE COMPLETED: 11/15/2005 ABANDONED READY TO PRODUCE

17. ELEVATIONS (DF, RKB, RT, GL): 4848' GL, 4860' KB

18. TOTAL DEPTH: MD 10,000 TVD _____ 19. PLUG BACK T.D.: MD 9,865 TVD _____ 20. IF MULTIPLE COMPLETIONS, HOW MANY? * 1 21. DEPTH BRIDGE MD PLUG SET: TVD

22. TYPE ELECTRIC AND OTHER MECHANICAL LOGS RUN (Submit copy of each)
BHC Sonic/GR, DIL, CDL/CNL/Caliper, CBL/GR, MUD LOG

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

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

HOLE SIZE	SIZE/GRADE	WEIGHT (#/R.)	TOP (MD)	BOTTOM (MD)	STAGE CEMENTER DEPTH	CEMENT TYPE & NO. OF SACKS	SLURRY VOLUME (BBL)	CEMENT TOP **	AMOUNT PULLED
17 1/2"	15		0	80		Type 1	10	Surf-CIR	0
12 1/4"	8 5/8 J55	24#, 32#	0	2,510		"G" 500	340	Surf-CIR	0
						Prem 300	61	Surf-CIR	0
7 7/8"	5 1/2 N80	17#	0	7,995		5050Pz 895	201	6252	0
	5 1/2 P110	17#	7,995	10,000		5050Pz 872	195	3400-CBL	0

25. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
2 7/8"	8.258							

26. PRODUCING INTERVALS

FORMATION NAME	TOP (MD)	BOTTOM (MD)	TOP (TVD)	BOTTOM (TVD)	INTERVAL (Top/Bot - MD)	SIZE	NO. HOLES	PERFORATION STATUS
(A) Wasatch	6,882	9,712			9,336 9,712	3 3/8	25	Open <input checked="" type="checkbox"/> Squeezed <input type="checkbox"/>
(B)					8,790 9,210	3 3/8	24	Open <input checked="" type="checkbox"/> Squeezed <input type="checkbox"/>
(C)					8,285 8,337	3 3/8	24	Open <input checked="" type="checkbox"/> Squeezed <input type="checkbox"/>
(D)								Open <input type="checkbox"/> Squeezed <input type="checkbox"/>

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

DEPTH INTERVAL	AMOUNT AND TYPE OF MATERIAL
9336-9712	500gals 10% Acetic, 1680gals 15%HCl + 36 1.18 SG BS, 10678 gelled pad, 7182 gals 30/50 sd
8790-9210	960gals 15% HCl + 32 BS, 11988 gals Pad, 26919 gals 20/40sd, 500 gals acid
8285-8337	395gals 15% HCl, 8546 gals Delta 200, 26193 gals 20/40 sd

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

30. WELL STATUS: *S/I WOPL Producing*

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31. INITIAL PRODUCTION

INTERVAL A (As shown in Item #26)

DATE FIRST PRODUCED: 11/27/2005		TEST DATE: 12/4/2005		HOURS TESTED: 24		TEST PRODUCTION RATES: →	OIL - BBL: 125	GAS - MCF:	WATER - BBL: 55	PROD. METHOD: Pump
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU - GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL - BBL: 125	GAS - MCF:	WATER - BBL: 55	INTERVAL STATUS: A

INTERVAL B (As shown in Item #26)

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

INTERVAL C (As shown in Item #26)

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

INTERVAL D (As shown in Item #26)

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

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

Vented; waiting on pipeline hookup

33. SUMMARY OF POROUS ZONES (Include Aquifers):

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

34. FORMATION (Log) MARKERS:

Formation	Top (MD)	Bottom (MD)	Descriptions, Contents, etc.	Name	Top (Measured Depth)
				Uinta	800
				Green River	3,150
				Wasatch	6,882
				Mesaverde	9,931

35. ADDITIONAL REMARKS (Include plugging procedure)

LCP: 3940'-4112' (183 sx "G" neat); 3816'-4270' (184 sx "G" neat); 4010'-4393' (200 sx "G" Neat), 3795'-4188' (225 sx "G")

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

NAME (PLEASE PRINT) Karin Kuhn TITLE Engineering Technician
 SIGNATURE *Karin Kuhn* DATE 12/5/2005

This report must be submitted within 30 days of

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

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

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

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

Phone: 801-538-5340
 Fax: 801-359-3940

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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: NA
		7. UNIT or CA AGREEMENT NAME: Aurora "Deep" Unit
1. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER _____	8. WELL NAME and NUMBER: Nielsen 3-22	
2. NAME OF OPERATOR: Elk Resources, Inc.		9. API NUMBER: 4304736539
3. ADDRESS OF OPERATOR: 1401 17th. St., Suite 700 CITY: Denver STATE: CO ZIP: 80202	PHONE NUMBER: (303) 296-4505	10. FIELD AND POOL, OR WILDCAT: Undesignated
4. LOCATION OF WELL FOOTAGES AT SURFACE: 240' FNL, 1573' FWL		COUNTY:
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NENW 22 7S 20E		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 checked="" 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>Operations Summary</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.

Attached is a summary of drilling and completions operations for the subject well.

NAME (PLEASE PRINT) <u>Karin Kuhn</u>	TITLE <u>Engineering Technician</u>
SIGNATURE	DATE <u>12/6/2005</u>

(This space for State use only)

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DIV. OF OIL, GAS & MINING

**Nielsen #3-22
4304736539
240' FNL, 1573 FEL
NENW Section 22-7S-20E
Uintah County, UT
Attachment to Sundry**

Summary of Drilling and Completion Operations:

The subject well was spudded on June 30, 2005 with a spudder rig. A 17 1/2" hole was drilled to 80'; 15" conductor pipe was set @ 80'. The conductor pipe was cemented in place. Drilled 12 1/4" hole to 1230'. On July 2, 2005, the well was capped and shut in to wait for the drilling rig.

On August 4, 2005 the True Rig #27 began drilling additional 12 1/4" hole. The hole was drilled to 2552'; ran 8 5/8", 32# and 24#, J-55, ST&C surface casing and set @ 2510'. The 8 5/8" casing was cemented with 500 sx lead @ 50/50 Poz "G", 340 bbls slurry and tailed with 300 sx Premium, 61 bbls slurry.

The cement was drilled out and new 7 7/8" hole was drilled to 5135'. Due to numerous episodes of lost circulation problems, loss circulation cement plugs were set @ 3940'-4112' (183 sx "G" neat); 3816'-4270' (184 sx "G" neat); 4010'-4393' (200 sx "G"Neat), 3795'-4188' (225 sx "G") and drilled out.

The hole was drilled to TD @ 10,000' on September 9, 2005. Rigged up Phoenix Surveys and logged well with GR, Guard, Dual Induction, SP log, Compensated Density, Compensated Neutron Caliper log.

Ran 47 jts 5 1/2", 17#, P110 HC casing and ran 184 jts 5-1/2", 17#, N-80 LT&C casing; casing was set @ 10,000'. Cement 5 1/2" casing in place with Stage 1: 872 sx Halad 322 Lead and 895 sx Halad-322 tail. The drilling rig was released on September 14, 2005.

On September 22, 2005 the completion unit was moved in and rigged up. Drilled out cement. Tagged PBTD @ 9865'.

Rigged up Halliburton and pumped 160 bbls 2% KCL water, plus 500 gals 10% Acetic acid and put acid on spot with 53 bbls 2% KCL water. Estimate TOC @ 3400'. Perforate with 3 3/8" gun from 9708'-9712' (6 holes), 9584'-9589' (7 holes), 9350'-9354' (6 holes) and 9336'-9340'. Perfs from 9336'-9712' were spotted with 12 bbls 10% Acetic acid. On October 5, 2005 the well was frac'd with 500 gals 1680 gals 15% HCL, 36 – 1.18 SG ball sealers, 10678 gals gelled pad plus 7182 gals 30/50 sand and flushed with 500 gals acid plus 2% KCL water.

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DIV. OF OIL, GAS & MINING

The well perf'd from 9206'-9210' (8 holes) and 8790'-8794' (8 holes). Acidize perfs with 960 15% HCl plus 32 ball sealers. Frac 8790'-9210' perfs with 11988 gals pad plus 26919 gals 20/40 sand, 500 gals acid.

Perf from 8334'-8337' (4 holes), 8319'-8324' (10 holes), and 8285'-8290' (10 holes). Frac with 395 gals 15% HCL 8546 gals Delta 200 25# gel, 26193 gals 20/40 sand.

Flowed well to flow back frac.

Run in hole with 4 3/4" bit to drill out composite plugs. While attempting to come out of hole after drilling out plugs, tubing twisted off. Made numerous fishing trips. GIH with 2 1/8" OD chemical cutter and cut 2 7/8" tbg @ 8785'. Ran impression block. Mill on fish to 9099'. GIH with wash shoe to 9118'. Load out fishing tools.

Swabbed well. Ran production equipment. Released completion rig on November 15, 2005. Set pumping unit. Put well on production November 27, 2005.

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DEC 12 2005

DIV. OF OIL, GAS & MINING

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well Oil Well Gas Well Other

2. Name of Operator **Elk Resources, Inc.**

3a. Address
1401 17th St., Suite 700

3b. Phone No. (include area code)
303-296-4505

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
240' FNL, 1573' FWL, NENW Section 22-T7S-R20E

CONFIDENTIAL

5. Lease Serial No.
Fee

6. If Indian, Allottee or Tribe Name
NA

7. If Unit or CA/Agreement, Name and/or No.
Aurora "Deep" Unit

8. Well Name and No.
Nielsen 3-22

9. API Well No.
4304736539

10. Field and Pool, or Exploratory Area
Undesignated

11. County or Parish, State
Uintah County, UT

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input checked="" type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Add additional
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Wasatch
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	Perforations

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Elk plans to add perforations to the Wasatch formation and frac stimulate. We plan to add perfs from 7264'-7577', 7749'-8127', and 8180'-8231' followed by a three-stage frac. Perfs from 8285'-9712' currently exist.

APPROVED BY THE STATE
OF UTAH DIVISION OF
OIL, GAS, AND MINING
DATE: 04/04/06
BY: [Signature]

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed) **Karin Kuhn** Title **Engineering Technician**

Signature [Signature] Date **04/04/2006**

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by _____ Title _____ Date _____

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office _____

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

RECEIVED

APR 07 2006

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. Fee
2. Name of Operator Elk Resources, Inc.		6. If Indian, Allottee or Tribe Name NA
3a. Address 1401 17th St., Suite 700	3b. Phone No. (include area code) 303-296-4505	7. If Unit or CA/Agreement, Name and/or No. Aurora "Deep" Unit
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 240' FNL, 1573' FWL, NENW Section 22-T7S-R20E		8. Well Name and No. Nielsen 3-22
		9. API Well No. 4304736539
		10. Field and Pool, or Exploratory Area Undesignated
		11. County or Parish, State Utah County, UT

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input checked="" type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Add additional
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Wasatch
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	Perforations

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Elk added perforations to the Wasatch formation and frac stimulated. The following work was performed: Set CBP @ 8255'. Perf f/ 8180'-8231' (42 holes). Frac w/ 750 gas 15% HCL, 159,508# 20/40 sand, 16517 gals Pad, flush w/ 7276 gal gel wtr. Set CFP @ 8145'. Perf f/ 8104'-8127' (33 holes). Frac w/ 750 gals 15% HCL, 130,418# 20/40 sand, 12,723 gal Pad, flush 7180 gel wtr. Set CFP @ 7610'. Perf f/ 7492'-7577' (39 holes). Frac w/ 178,892# 20/40 sand, 17117 gals Pad, flush w/ 7165 gals gel wtr. Flow back frac. Cln out sand f/ 7387' to CFP @ 7610'. Drl out plug & circ cln. Drl out plugs @ 8145' & 8255'; cln out sand, circ cln btms up. GIH w/ Protechnics tracer log & log f/ 7100'-8600'. RIH w/ tbg, pump, and rods. Return well to production on 6/12/06.

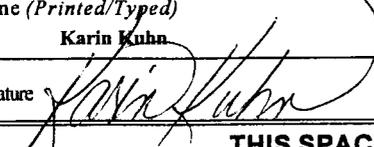
14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Karin Kuhn

Title Engineering Technician

Signature



Date

06/13/2006

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Title

Date

Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

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JUN 15 2006

DIV. OF OIL, GAS & MINING

CONFIDENTIAL

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well Oil Well Gas Well Other

2. Name of Operator **Elk Resources, Inc.**

3a. Address **1401 17th St., Suite 700** 3b. Phone No. (include area code) **303-296-4505**

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
240' FNL, 1573' FWL, NENW Section 22-T7S-R20E

5. Lease Serial No.
Fee

6. If Indian, Allottee or Tribe Name
NA

7. If Unit or CA/Agreement, Name and/or No.
Aurora "Deep" Unit

8. Well Name and No.
Nielsen 3-22

9. API Well No.
4304736539

10. Field and Pool, or Exploratory Area
Undesignated

11. County or Parish, State
Uintah County, UT

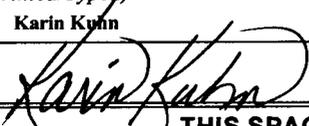
12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input checked="" type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other _____
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Elk acidized subject well with 2500 gals 15% HCl w/ paraffin solvent, iron sequestrers & scale inhibitors. The well was returned to production on 9/11/2006.

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed) Karin Kuhn	Title Sr. Engineering Technician
Signature 	Date 09/12/2006

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by _____	Title _____	Date _____
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.		
Office _____		

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

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SEP 14 2006

DIV. OF OIL, GAS & MINING

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.		5. Lease Serial No. Fee
1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		6. If Indian, Allottee or Tribe Name NA
2. Name of Operator Elk Resources, Inc.		7. If Unit or CA/Agreement, Name and/or No. Aurora "Deep" Unit
3a. Address 1401 17th St., Suite 700	3b. Phone No. (include area code) 303-296-4505	8. Well Name and No. Nielsen 3-22
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 240' FNL, 1573' FWL, NENW Section 22-T7S-R20E		9. API Well No. 4304736539
		10. Field and Pool, or Exploratory Area Brennan Bottom/Wasatch
		11. County or Parish, State Utah County, UT

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input checked="" type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input checked="" type="checkbox"/> Recomplete	<input type="checkbox"/> Other _____
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Elk proposes to recomplete to the Green River formation for the subject well. Elk plans to set a flow-through composite plug @ 7435' and perf from 6054' to 6838' with a 3 1/8" OD carrier gun with 23-gram charges and 120-deg phasing (123 shots total). Acidize Green River perfs with 16,000 gals 15% HCL plus bio balls. Swab back acid and test. Elk will then move up hole and set a retrievable bridge plug @ 5975'; perf additional Green River from 5509' to 5920' with a 3 1/8" OD carrier gun with 23-gram charges and 120-deg phasing (134 shots total). Acidize from 5509'-5920' with 20,000 gals 15% HCL plus bio balls. Swab back acid and test; retrieve bidge plug and return well to production.

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

DATE: 12/7/07
BY: [Signature]

* Operator should get approval for commingling in accordance with 2649-3-22 prior to commingling any two formations/zones

14. I hereby certify that the foregoing is true and correct	
Name (Printed/Typed) Karin Kuhn	Title Sr. Engineering Technician
Signature <u>[Signature]</u>	Date 12/03/2007

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by _____	Title _____	Date _____
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.		
Office _____		

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

COPY SENT TO OPERATOR
Date: 12-10-2007
Initials: KS

RECEIVED

DEC 06 2007

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
			6. IF INDIAN, ALLOTTEE OR TRIBE NAME: NA
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: Aurora "Deep" Unit
			8. WELL NAME and NUMBER: Nielsen 3-22
1. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER _____		9. API NUMBER: 4304736539	
2. NAME OF OPERATOR: Elk Resources, Inc.		10. FIELD AND POOL, OR WILDCAT: Brennan Bottom/Wasatch	
3. ADDRESS OF OPERATOR: 1401 17th. St., Suite 700 CITY Denver STATE CO ZIP 80202		PHONE NUMBER: (303) 296-4505	
4. LOCATION OF WELL			
FOOTAGES AT SURFACE 240' FNL, 1573' FWL		COUNTY Uintah	
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN NENW 22 7S 20E S		STATE: UTAH	

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: 	<input checked="" 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: 2/6/2008	<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 type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input checked="" type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

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

Work began on 12/11/2007 to recomplete to the Green River formation for the subject well. Elk set a flow-through composite plug @ 7435' and perforated from 6054' to 6838' with a 3 1/8" OD carrier gun with 23-gram charges, 120° phasing (123 holes). Acidize Green River perms with 16,000 gals 15% HCL plus bio balls. Swab back acid and flow test well. Run logs. Flow and swab test perms from 6185'-6200'. Set a CBP @ 6170' and cement retainer @ 5960'. Cement squeeze with 200 sx 15.8 density, 1.5 yield TM plugging cement from 5960'-6170' in two stages. Let cement cure. Drill out cement retainer and cement from 5920'-6158'. Swab test perms from 6054'-6150'. Drill out CBP @ 6170'. Drill out cement from 6400'-6880'. Clean out well to CFTP @ 7435'. Swab test perms from 6054'-6838'. Run Cement Bond Log from 7000' - 3500'. Perf from 5920'-5509' (134 holes) with 3 1/8" OD gun with 23-gram charges, 120° phasing. Acidize from 5509'-5920' with 20,000 gals 15% HCL plus bio balls. Swab back acid and test. Run in hole with tubing, rods and pump. Put well on pump 2/06/2008. Monitor Green River production. Wait on commingling approval prior to combining with Wasatch production in well bore.

NAME (PLEASE PRINT) <u>Karin Kuhn</u>	TITLE <u>Sr. Engineering Technician</u>
SIGNATURE	DATE <u>2/7/2008</u>

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

AMENDED REPORT FORM 8
(highlight changes)

WELL COMPLETION OR RECOMPLETION REPORT AND LOG									
1a. TYPE OF WELL: OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> DRY <input type="checkbox"/> OTHER _____					5. LEASE DESIGNATION AND SERIAL NUMBER: Fee				
b. TYPE OF WORK: NEW WELL <input type="checkbox"/> HORIZ. LATS. <input type="checkbox"/> DEEP-EN <input type="checkbox"/> RE-ENTRY <input type="checkbox"/> DIFF. RESVR. <input checked="" type="checkbox"/> OTHER _____					6. IF INDIAN, ALLOTTEE OR TRIBE NAME NA				
2. NAME OF OPERATOR: Elk Resources, Inc.					7. UNIT or CA AGREEMENT NAME Aurora "Deep" Unit				
3. ADDRESS OF OPERATOR: 1401 17th St., Suite 700 CITY Denver STATE CO ZIP 80202					8. WELL NAME and NUMBER: Nielsen 3-22				
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 240' FNL, 1573' FWL AT TOP PRODUCING INTERVAL REPORTED BELOW: 240' FNL, 1573' FWL AT TOTAL DEPTH: 240' FNL, 1573' FWL					9. API NUMBER: 4304736539				
14. DATE SPUNDED: 12/11/2007					15. DATE T.D. REACHED: 9/9/2005				
16. DATE COMPLETED: 2/6/2008 <i>Recompletion</i>					17. ELEVATIONS (DF, RKB, RT, GL): 4848' GL, 4860' KB				
18. TOTAL DEPTH: MD 10,000 TVD _____					19. PLUG BACK T.D.: MD 9,105 TVD _____				
20. IF MULTIPLE COMPLETIONS, HOW MANY? * 1					21. DEPTH BRIDGE MD 7,435 PLUG SET: TVD _____				
22. TYPE ELECTRIC AND OTHER MECHANICAL LOGS RUN (Submit copy of each) CBL w/ GR & CCL					23. WAS WELL CORED? NO <input checked="" type="checkbox"/> YES <input type="checkbox"/> (Submit analysis) WAS DST RUN? NO <input checked="" type="checkbox"/> YES <input type="checkbox"/> (Submit report) DIRECTIONAL SURVEY? NO <input checked="" type="checkbox"/> YES <input type="checkbox"/> (Submit copy)				
24. CASING AND LINER RECORD (Report all strings set in well)									
HOLE SIZE	SIZE/GRADE	WEIGHT (#/F.)	TOP (MD)	BOTTOM (MD)	STAGE CEMENTER DEPTH	CEMENT TYPE & NO. OF SACKS	SLURRY VOLUME (BBL)	CEMENT TOP **	AMOUNT PULLED
17 1/2"	14		0	80		Type 1	10	Surf-CIR	0
12 1/4"	8 5/8 J55	24#, 32#	0	2,510		"G" 500	340	Surf-CIR	0
						Prem 300	61	Surf-CIR	0
7 7/8"	5 1/2 N80	17#	0	7,995		5050Pz 895	201	6252	0
	5 1/2 P110	17#	7,995	10,000		5050Pz 872	195	3420-CBL	0
25. TUBING RECORD									
SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)	
2 7/8"	7,383								
26. PRODUCING INTERVALS					27. PERFORATION RECORD				
FORMATION NAME	TOP (MD)	BOTTOM (MD)	TOP (TVD)	BOTTOM (TVD)	INTERVAL (Top/Bot - MD)	SIZE	NO. HOLES	PERFORATION STATUS	
(A) Green River	3,150	6,882			6,054 6,838	3 1/8	123	Open <input type="checkbox"/>	Squeezed <input checked="" type="checkbox"/>
(B)					5,509 5,920	3 1/8	134	Open <input checked="" type="checkbox"/>	Squeezed <input type="checkbox"/>
(C)								Open <input type="checkbox"/>	Squeezed <input type="checkbox"/>
(D)								Open <input type="checkbox"/>	Squeezed <input type="checkbox"/>
28. ACID, FRACTURE, TREATMENT, CEMENT SQUEEZE, ETC.									
DEPTH INTERVAL	AMOUNT AND TYPE OF MATERIAL								
6054-6838	16,000 gal 15% HCl plus bio-balls, 200 sx (2 stages) TM plugging cmt + Halad R34 + CFR-3								
5509-5520	20,000 gals 15% HCl plus bio balls								
29. ENCLOSED ATTACHMENTS:								30. WELL STATUS:	
<input type="checkbox"/> ELECTRICAL/MECHANICAL LOGS <input type="checkbox"/> SUNDRY NOTICE FOR PLUGGING AND CEMENT VERIFICATION <input type="checkbox"/> GEOLOGIC REPORT <input type="checkbox"/> CORE ANALYSIS <input type="checkbox"/> DST REPORT <input type="checkbox"/> OTHER: _____ <input type="checkbox"/> DIRECTIONAL SURVEY								Producing	

(5/2000)

(CONTINUED ON BACK)

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FEB 12 2008

DIV. OF OIL, GAS & MINING

31. INITIAL PRODUCTION

INTERVAL A (As shown in Item #26)

DATE FIRST PRODUCED: 2/6/2008		TEST DATE: 2/11/2008		HOURS TESTED: 24		TEST PRODUCTION RATES: →	OIL - BBL: 30	GAS - MCF: 10	WATER - BBL: 33	PROD. METHOD: Pump
CHOKE SIZE: NA	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU - GAS	GAS/OIL RATIO 0	24 HR PRODUCTION RATES: →	OIL - BBL: 30	GAS - MCF: 10	WATER - BBL: 33	INTERVAL STATUS: A

INTERVAL B (As shown in Item #26)

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

INTERVAL C (As shown in Item #26)

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

INTERVAL D (As shown in Item #26)

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

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

Vented; waiting on pipeline hookup

33. SUMMARY OF POROUS ZONES (Include Aquifers):

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

34. FORMATION (Log) MARKERS:

Formation	Top (MD)	Bottom (MD)	Descriptions, Contents, etc.	Name	Top (Measured Depth)
				Uinta	800
				Green River	3.150
				Wasatch	6.882
				Mesaverde	9.931

35. ADDITIONAL REMARKS (Include plugging procedure)

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

NAME (PLEASE PRINT) Karin Kuhn

TITLE Sr. Engineering Technician

SIGNATURE *Karin Kuhn*

DATE 2/12/2008

This report must be submitted within 30 days of

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

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

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

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

Phone: 801-538-5340

Fax: 801-359-3940

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

FORM 6

ENTITY ACTION FORM

Operator: Elk Resources, Inc.
Address: 1401 17th Street, Suite 700
city Denver
state CO zip 80202

Operator Account Number: N 2755
Phone Number: (303) 296-4505

Well 1

API Number	Well Name		QQ	Sec	Twp	Rng	County
4304736539	Nielsen 3-22		NENW	22	7S	20E	Uintah
Action Code	Current Entity Number	New Entity Number	Spud Date			Entity Assignment Effective Date	
C	14806	14806	12/11/2007			2/6/2008	
Comments: Recompleted to the Green River; applying for permission to commingle with the Wasatch. <u>2/13/08</u> <u>from WSTC to GREV</u>							

Well 2

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

Well 3

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

ACTION CODES:

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

Karin Kuhn

Name (Please Print)

Signature

Sr. Engineering Technician

Title

2/12/2008

Date

(5/2000)

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FEB 12 2008

DIV. OF OIL, GAS & MINING

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

AMENDED REPORT FORM 8
(highlight changes)

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

5. LEASE DESIGNATION AND SERIAL NUMBER:
Fee

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
NA

7. UNIT or CA AGREEMENT NAME:
Aurora "Deep" Unit

8. WELL NAME and NUMBER:
Nielsen 3-22

9. API NUMBER:
4304736539

10. FIELD AND POOL, OR WILDCAT:
Brennan Bottom/Green River

11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:
NENW 22 7S 20E

12. COUNTY:
Uintah

13. STATE:
UTAH

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

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

2. NAME OF OPERATOR:
Elk Resources, Inc.

3. ADDRESS OF OPERATOR:
1401 17th St., Suite 700 CITY Denver STATE CO ZIP 80202 PHONE NUMBER: **(303) 296-4505**

4. LOCATION OF WELL (FOOTAGES)
AT SURFACE: **240' FNL, 1573' FWL**
AT TOP PRODUCING INTERVAL REPORTED BELOW: **240' FNL, 1573' FWL**
AT TOTAL DEPTH: **240' FNL, 1573' FWL**

14. DATE SPUDDED *Recomp*: **12/11/2007** 15. DATE T.D. REACHED: **9/9/2005** 16. DATE COMPLETED: **2/6/2008** *Recompletion* ABANDONED READY TO PRODUCE

17. ELEVATIONS (DF, RKB, RT, GL):
4848' GL, 4860' KB

18. TOTAL DEPTH: MD **10,000** TVD _____ 19. PLUG BACK T.D.: MD **9,105** TVD _____ 20. IF MULTIPLE COMPLETIONS, HOW MANY? * **1**

21. DEPTH BRIDGE MD **7,435** TVD _____

22. TYPE ELECTRIC AND OTHER MECHANICAL LOGS RUN (Submit copy of each)
CBL w/ GR & CCL

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

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

HOLE SIZE	SIZE/GRADE	WEIGHT (#/ft)	TOP (MD)	BOTTOM (MD)	STAGE CEMENTER DEPTH	CEMENT TYPE & NO. OF SACKS	SLURRY VOLUME (BBL)	CEMENT TOP **	AMOUNT PULLED
17 1/2"	14		0	80		Type 1	10	Surf-CIR	0
12 1/4"	8 5/8 J55	24#, 32#	0	2,510		"G" 500	340	Surf-CIR	0
						Prem 300	61	Surf-CIR	0
7 7/8"	5 1/2 N80	17#	0	7,995		5050Pz 895	201	6252	0
	5 1/2 P110	17#	7,995	10,000		5050Pz 872	195	3420-CBL	0

25. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
2 7/8"	7,383							

26. PRODUCING INTERVALS

FORMATION NAME	TOP (MD)	BOTTOM (MD)	TOP (TVD)	BOTTOM (TVD)	INTERVAL (Top/Bot - MD)	SIZE	NO. HOLES	PERFORATION STATUS
(A) Green River	3,150	6,882			6,054 6,838	3 1/8	123	Open <input type="checkbox"/> Squeezed <input checked="" type="checkbox"/>
(B)					5,509 5,920	3 1/8	134	Open <input checked="" type="checkbox"/> Squeezed <input type="checkbox"/>
(C)								Open <input type="checkbox"/> Squeezed <input type="checkbox"/>
(D)								Open <input type="checkbox"/> Squeezed <input type="checkbox"/>

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

DEPTH INTERVAL	AMOUNT AND TYPE OF MATERIAL
6054-6838	16,000 gal 15% HCl plus bio-balls, 200 sx (2 stages) TM plugging cmt + Halad R34 + CFR-3
5509-5520	20,000 gals 15% HCl plus bio balls

29. ENCLOSED ATTACHMENTS:

ELECTRICAL/MECHANICAL LOGS GEOLOGIC REPORT DST REPORT DIRECTIONAL SURVEY

SUNDRY NOTICE FOR PLUGGING AND CEMENT VERIFICATION CORE ANALYSIS OTHER: _____

30. WELL STATUS:
Producing

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FEB 19 2008
DIV. OF OIL, GAS & MINING

31. INITIAL PRODUCTION

INTERVAL A (As shown in Item #26)

DATE FIRST PRODUCED: 2/6/2008		TEST DATE: 2/11/2008		HOURS TESTED: 24		TEST PRODUCTION RATES: →	OIL – BBL: 30	GAS – MCF: 10	WATER – BBL: 33	PROD. METHOD: Pump
CHOKE SIZE: NA	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO 0	24 HR PRODUCTION RATES: →	OIL – BBL: 30	GAS – MCF: 10	WATER – BBL: 33	INTERVAL STATUS: A

INTERVAL B (As shown in Item #26)

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

INTERVAL C (As shown in Item #26)

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

INTERVAL D (As shown in Item #26)

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

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

Vented; waiting on pipeline hookup

33. SUMMARY OF POROUS ZONES (Include Aquifers):

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

34. FORMATION (Log) MARKERS:

Formation	Top (MD)	Bottom (MD)	Descriptions, Contents, etc.	Name	Top (Measured Depth)
				Uinta	800
				Green River	3,150
				Wasatch	6,882
				Mesaverde	9,931

35. ADDITIONAL REMARKS (Include plugging procedure)

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

NAME (PLEASE PRINT) Karin Kuhn TITLE Sr. Engineering Technician
 SIGNATURE *Karin Kuhn* DATE 2/12/2008

This report must be submitted within 30 days of

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

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

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

Phone: 801-538-5340
 Fax: 801-359-3940



February 14, 2008

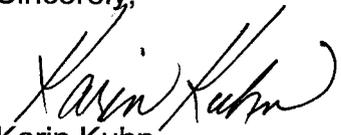
Utah, Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, UT 84116

**RE: COMMINGLING APPLICATION
NIELSEN 3-22
NENW SEC. 22-T7S-R20E
UINTAH COUNTY, UTAH**

Please find enclosed one original and one copy of a Form 9 which details the commingling request for the Nielsen 3-22, in the Aurora Deep Unit, NENW Section 22, T7S, R20E, Uintah County, Utah.

Please call Layle Robb at (303) 296-4505 if you have any questions.

Sincerely,


Karin Kuhn
Sr. Engineering Technician

Enclosures

RECEIVED
FEB 20 2008

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: NA
			7. UNIT or CA AGREEMENT NAME: Aurora "Deep" Unit
1. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER _____	8. WELL NAME and NUMBER: Nielsen 3-22		9. API NUMBER: 4304736539
2. NAME OF OPERATOR: Elk Resources, Inc.	3. ADDRESS OF OPERATOR: 1401 17th. St., Suite 700 CITY Denver STATE CO ZIP 80202		10. FIELD AND POOL, OR WILDCAT: Brennan Bottom/Wasatch
4. LOCATION OF WELL FOOTAGES AT SURFACE: 240' FNL, 1573' FWL		COUNTY: Uintah	
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NENW 22 7S 20E S		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: 4/15/2008	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion:	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input checked="" 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.

With this Sundry Notice, Elk Resources, Inc. is requesting authority to commingle Wasatch and Green River production in the referenced well bore. A workover of the well has been completed, recompleting the subject well to the Green River formation; a bridge plug was set @ 7435' and the Green River formation was perforated and will be tested from 5509'-6838'. The well was originally drilled and cased to a total depth of 10000' in the Wasatch formation. The well was completed in and has produced from the Wasatch formation. Upon approval of this commingling request, Elk plans to remove the bridge plug separating the Green River and Wasatch producing formations and thereby commingle the combined production in the well bore.

Elk Resources, Inc. has complied with Utah DOGM Rule R649-3-22 by sending a copy of this application to all owners of all contiguous oil and gas leases and drilling units adjacent to this well and the overlying pools to be commingled along with a plat showing the relative offsetting wells and leases/drilling units.

The royalty, overriding royalty, and working interests are identical in each zone. The Green River and Wasatch formations at this location are not subject to DOGM spacing orders and is located within the Aurora (Deep) Unit. Therefore, Elk will not allocate production for reporting purposes to each zone individually, but the commingled production stream will be reported as the combined Green River/Wasatch formations. Elk will wait for permission to remove the bridge plug prior to combining the two producing zones.

NAME (PLEASE PRINT) <u>Karin Kuhn</u>	TITLE <u>Sr. Engineering Technician</u>
SIGNATURE	DATE <u>2/14/2008</u>

(This space for State use only)

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

DATE: 3/18/08 (See Instructions on Reverse Side)

BY:

COPY SENT TO OPERATOR

Date: 3-19-2008

Initials: KS

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DIV. OF OIL, GAS & MINING

(5/2000)

Nielsen 3-22
4304736539
NENW Section 22-7S-20E
Uintah County, UT

Owners Within One-Mile Radius

Elk Resources, Inc.
1401 17th Street, Suite 700
Denver, CO 80202

QEP Uinta Basin, Inc.
1050 17th Street, Suite 500
Denver, CO 80265

EnCana Oil & Gas Co., (USA), Inc.
370 17th Street, Suite 1700
Denver, CO 80202

Forest Oil Corporation
707 17th Street, Suite 3600
Denver, CO 80202

John Chasel
2285 Lucky John Drive
Park City, UT 84060

Bureau of Land Management
Vernal Field Office
170 South 500 East
Vernal, UT 84078



United States Department of the Interior



BUREAU OF LAND MANAGEMENT

POM Vernal
 Aurora (Deep) Unit File
 MMS
 SITLA
 Division of Oil, Gas and Mining

Utah State Office
 P.O. Box 45155
 Salt Lake City, UT 84145-0155
<http://www.blm.gov>

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DIV. OF OIL, GAS & MINING

IN REPLY REFER TO
 3160 Central Files
 (U-922) Agr. Sec. Chron.
 Fluid Chron
 Tickler (May 2008)

MCoulthard:mc:3-31-08

March 31, 2008

Elk Resources Inc.
 1401 17th Street
 Suite 700
 Denver, CO 80202
 Attn: David K. Davenport

Re: Non-Paying Well Determination
 Nielson 3-22 Well, Aurora (Deep) Unit
 Uintah County, Utah

Gentlemen:

Pursuant to your request of March 7, 2008, it has been determined by this office that under existing conditions the following well is not capable of producing unitized substances in paying quantities as defined in Section 9 of the unit agreement.

API Number	Well Name	Location	Comp. Date	Lease
4304736539	3-22	NENW 22 7.0 S 20.0 E SLB&M	11/15/2005	FEE

All past and future production from this well shall be handled and reported on a lease basis.

Sincerely,

/s/ Becky J. Hammond

Becky J. Hammond
 Chief, Branch of Fluid Minerals

Division of Oil, Gas and Mining
OPERATOR CHANGE WORKSHEET

ROUTING
1. DJJ
2. CDW

Change of Operator (Well Sold)

X - Operator Name Change/Merger

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

2/11/2008

FROM: (Old Operator): N2755-Elk Resources, Inc. 1401 17th St, Suite 700 Denver, CO 80202 Phone: 1 (303) 296-4505	TO: (New Operator): N3480-Elk Resources, LLC. 1401 17th St, Suite 700 Denver, CO 80202 Phone: 1 (303) 296-4505
---	--

CA No.		Unit:		AURORA (DEEP)		
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: 4/24/2008
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 4/24/2008
- The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 4/29/2008
- a. Is the new operator registered in the State of Utah: NO Business Number: _____
- b. If **NO**, the operator was contacted on: 4/29/2008
- a. (R649-9-2)Waste Management Plan has been received on: IN PLACE
- b. Inspections of LA PA state/fee well sites complete on: N/A
- c. Reports current for Production/Disposition & Sundries on: ok
- 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 3/13/2008 BIA
- Federal and Indian Units:**
The BLM or BIA has approved the successor of unit operator for wells listed on: 3/13/2008
- 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: _____

DATA ENTRY:

- Changes entered in the **Oil and Gas Database** on: 4/29/2008
- Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 4/29/2008
- Bond information entered in RBDMS on: 4/29/2008
- Fee/State wells attached to bond in RBDMS on: 4/29/2008
- Injection Projects to new operator in RBDMS on: n/a
- Receipt of Acceptance of Drilling Procedures for APD/New on: ok

BOND VERIFICATION:

- Federal well(s) covered by Bond Number: UTB000135
- 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 B000969
- b. The **FORMER** operator has requested a release of liability from their bond on: n/a

LEASE INTEREST OWNER NOTIFICATION:

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

COMMENTS: Bond was amended from Elk Resources, Inc to Elk Resources, LLC

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: See Attached List
		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: NA
		7. UNIT or CA AGREEMENT NAME: Aurora "Deep" Unit
1. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		8. WELL NAME and NUMBER: See Attached List
2. NAME OF OPERATOR: ELK RESOURCES, LLC		9. API NUMBER: See List
3. ADDRESS OF OPERATOR: 1401 17th. St., Suite 700 CITY Denver STATE CO ZIP 80202		10. FIELD AND POOL, OR WILDCAT: See Attached List
4. LOCATION OF WELL FOOTAGES AT SURFACE: _____ COUNTY: UINTAH		
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: _____ STATE: UTAH		

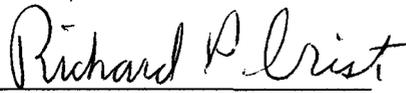
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

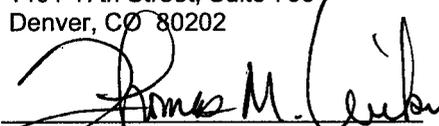
TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: CHANGE OF OPERATOR
	<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.
Effective February 11, 2008, Elk Resources, LLC became the operator of the wells on the attached list.

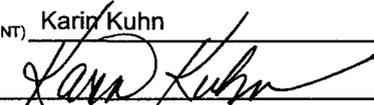
Previous Operator:
ELK RESOURCES, INC. (N2755)
a Texas limited liability company
1401 17th Street, Suite 700
Denver, CO 80202

New Operator:
ELK RESOURCES, LLC **N3480**
a Texas limited liability company
1401 17th Street, Suite 700
Denver, CO 80202


Richard P. Crist
Executive Vice President Business Development


Thomas M. Wilson
CEO

BLM BOND = UTB000135
State + Fee BOND = B000969

NAME (PLEASE PRINT) <u>Karin Kuhn</u>	TITLE <u>Sr. Engineering Technician</u>
SIGNATURE 	DATE <u>4/14/2008</u>

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well_name	sec	twp	rng	api	entity	lease	well	stat	flag	qtr_qtr	unit	l_num
ROGERS 13-16	16	070S	200E	4304736538	14989	Fee	OW	P		SWSW	AURORA (DEEP)	FEE
NIELSEN 3-22	22	070S	200E	4304736539	14806	Fee	OW	P		NENW	AURORA (DEEP)	FEE
WALL 13-17	17	070S	200E	4304736668	15363	Federal	GW	S		SWSW	AURORA (DEEP)	UTU-75092
ROGERS 16-43	16	070S	200E	4304738347		Fee	GW	APD	C	SWSE	AURORA (DEEP)	FEE
AURORA FED 5-32	05	070S	200E	4304738463		Federal	OW	APD	C	NESW	AURORA (DEEP)	U-75241
AURORA FED 26-33	26	070S	200E	4304738468		Federal	OW	APD	C	NWSE	AURORA (DEEP)	UTU-80689
J GENTRY 17-24	17	070S	200E	4304738865		Fee	GW	APD	C	SENE	AURORA (DEEP)	FEE
ARGYLE 8-43	08	070S	200E	4304738866		Fee	GW	APD	C	SWSE	AURORA (DEEP)	FEE



United States Department of the Interior
BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155
<http://www.blm.gov/ut/st/en.html>



IN REPLY REFER TO:
UTU-0143511, et al.
BLM Bond Number: UTB000135
Surety Bond Number: B000971

March 13, 2008

NOTICE

Elk Resources, LLC
1401 17th Street, Suite 700
Denver, Colorado 80202

U.S. Specialty Insurance Co.
13403 Northwest Freeway
Houston, Texas 77040

MERGER RECOGNIZED

We received acceptable evidence of the merger of Elk Resources, Inc. into Elk Resources, LLC. Elk Resources, LLC is the surviving entity. This recognition is effective February 6, 2008, as certified by the Secretary of State, State of Texas.

We have documented the merger by copy of this notice in the oil and gas lease files identified on the enclosed exhibit. We have also updated our automated records. We compiled the exhibit from leases shown on our automated records system and any list of leases you provided. The exhibit also reflects serial numbers of agreements where you are the operator. We are notifying the Minerals Management Service and all Bureau of Land Management (BLM) offices of the merger by copies of this notice.

If you find additional leases where the merging parties maintain an interest, please contact this office. We will document the records under our jurisdiction, and if the leases are under the jurisdiction of another State Office, we will notify them.

This merger affects the following bond(s) held by the BLM:

BLM Bond Number: UTB000135	Amount: \$ 25,000	Surety/Other Identifier: B000971
BLM Bond Number: UTB000299	Amount: \$ 5,000	Surety/Other Identifier: B004125

We have updated our bond file and automated system to reflect the merger. If the principal's/obligor's name also changed, we have updated our records to reflect the correct name. No rider is necessary as the change occurred by operation of law. We are in the process

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DIV. OF OIL, GAS & MINING

of determining the total liability for the leases affected by the merger and may require increased coverage in a later action.

If you have any questions, please contact Leslie Wilcken at (801) 539-4112.

/s/ Becky J. Hammond

Becky J. Hammond
Chief, Branch of Fluid Minerals

Enclosure

1-Exhibit: List of Leases

cc (w/encl):

MMS-MRM, Attn: (Leona Reilly)

State of Utah, DOGM

Vernal Field Office

Branch Chief, Lands & Reality

Merger/Name Change File

Connie Seare

Dave Mascarenas

Susan Bauman

Electronic copies (w/encl):

BLM_Bond_Surety

BLM_Fluids_Forum

Lease #	Agreement #	
UTU-0143511	UTU-82456X	Aurora (Deep)
UTU-0143512	UTU-82456A	
UTU-04378	UTU-84716X	Ouray Valley
UTU-21308	UTU-86071X	N Horseshoe
UTU-74417		Bend (Pending)
UTU-75092		
UTU-75093		
UTU-75673		
UTU-76259		
UTU-76260		
UTU-76261		
UTU-78445		
UTU-80689		
UTU-82565		
UTU-82566		
UTU-82567		
UTU-85219		
UTU-85487		
UTU-85488		
UTU-85489		
UTU-85589		
UTU-85590		
UTU-85591		

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 checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: Fee
2. NAME OF OPERATOR: Elk Resources, LLC		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: NA
3. ADDRESS OF OPERATOR: 1401 17th. St., Suite 700 CITY Denver STATE CO ZIP 80202		7. UNIT or CA AGREEMENT NAME: Aurora "Deep" Unit
4. LOCATION OF WELL FOOTAGES AT SURFACE: 240' FNL, 1573' FWL		8. WELL NAME and NUMBER: Nielsen 3-22
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NENW 22 7S 20E S		9. API NUMBER: 4304736539
COUNTY: Uintah		10. FIELD AND POOL, OR WILDCAT: Brennan Bottom/GR/Wasatch
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: 11/1/2008	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion:	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input checked="" 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.

Elk recompleted to the Green River in the subject well in 2/2008. Elk plans to drill out plug @ 7435' and commingle the Green River and Wasatch production zones in the wellbore. Elk's commingling application was approved on 3/18/2008.

NAME (PLEASE PRINT) Karin Kuhn	TITLE Sr. Engineering Technician
SIGNATURE	DATE 10/6/2008

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OCT 14 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 Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.	6. IF INDIAN, ALLOTTEE OR TRIBE NAME: _____
7. UNIT or CA AGREEMENT NAME: AURORA (DEEP)	

1. TYPE OF WELL Oil Well	8. WELL NAME and NUMBER: NIELSEN 3-22
------------------------------------	---

2. NAME OF OPERATOR: ELK RESOURCES, LLC	9. API NUMBER: 43047365390000
---	---

3. ADDRESS OF OPERATOR: 1401 17th Street, Suite 700 , Denver, CO, 80202	PHONE NUMBER: 303 296-4505 Ext	9. FIELD and POOL or WILDCAT: BRENNAN BOTTOM
---	--	--

4. LOCATION OF WELL FOOTAGES AT SURFACE: 0240 FNL 1573 FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NENW Section: 22 Township: 07.0S Range: 20.0E Meridian: S	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: 12/7/2009 <input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: <input type="checkbox"/> SPUD REPORT Date of Spud: <input type="checkbox"/> DRILLING REPORT Report Date:	<input type="checkbox"/> ACIDIZE <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> DEEPEN <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PRODUCTION START OR RESUME <input checked="" type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> ALTER CASING <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input checked="" type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> SI TA STATUS EXTENSION <input type="checkbox"/> OTHER	<input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> PLUG BACK <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> WATER DISPOSAL <input type="checkbox"/> APD EXTENSION OTHER:

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

Elk plans to perforate additional Green River formation f/ 5010' to 5288', 4 SPF, 80 shots total and fracture treat w/ 2500 gals acid w/ approx. 200 bio balls, and 129,000 lbs sand.

Approved by the Utah Division of Oil, Gas and Mining

Date: November 30, 2009

By: *Derek Quist*

NAME (PLEASE PRINT) Karin Kuhn	PHONE NUMBER 303 296-4505	TITLE Sr. Engineering Technician
SIGNATURE N/A	DATE 11/30/2009	

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 Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.	6. IF INDIAN, ALLOTTEE OR TRIBE NAME: 7. UNIT or CA AGREEMENT NAME: AURORA (DEEP)
1. TYPE OF WELL Oil Well	8. WELL NAME and NUMBER: NIELSEN 3-22
2. NAME OF OPERATOR: ELK RESOURCES, LLC	9. API NUMBER: 43047365390000
3. ADDRESS OF OPERATOR: 1401 17th Street, Suite 700 , Denver, CO, 80202	PHONE NUMBER: 303 296-4505 Ext
4. LOCATION OF WELL FOOTAGES AT SURFACE: 0240 FNL 1573 FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NENW Section: 22 Township: 07.0S Range: 20.0E Meridian: S	9. FIELD and POOL or WILDCAT: BRENNAN BOTTOM COUNTY: UINTAH STATE: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT Approximate date work will start:	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> CASING REPAIR
<input checked="" type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: 12/18/2009	<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 checked="" 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 checked="" type="checkbox"/> REPERFORATE CURRENT FORMATION	<input type="checkbox"/> SIDETRACK TO REPAIR WELL	<input type="checkbox"/> TEMPORARY ABANDON
	<input type="checkbox"/> TUBING REPAIR	<input type="checkbox"/> VENT OR FLARE	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> WATER SHUTOFF	<input type="checkbox"/> SI TA STATUS EXTENSION	<input type="checkbox"/> APD EXTENSION
	<input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> OTHER	OTHER:

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

Work began 12/4/09 to recomplete upper GR fm. RIH w/ scraper to 7327'. RIH w/ 3 1/8" perf guns. Perf Stage 9 f/ 6053'-6057' & 6063'-6066', 4 SPF (24 holes). Set RBP @ 6085' & set pkr @ 6018'. Acdz w/ 500 gals 15% iron acid. Rls RBP & pkr. Set CBP @ 6030'. Perf Stage 10 f/ 5509'-5976' (158 holes). Frac w/ 2500 gals 15% HCl + 300 ball sealers, 20,000 gals Pad, 183,439 gals Treating Fluid, 9740 lbs 100 Mesh & 389,320 lbs 20/40 sand, & 12,067 gals Flush. Set plug @ 5440'. Perf Stage 11 f/ 5010'-5386' (108 holes). Frac w/ 2500 gals 15% HCl acid + 200 ball sealers, 9,996 gals Pad, 79,513 gals Treating Fluid, 12,000 lbs 100 Mesh & 162,780 lbs 20/40 sand, & 10,395 gals Flush. Drl out CBP @ 6030'; clean out to plug @ 7435'. Flow back frac. Run prod eqpt. RTP 12/18/09. Well producing f/ GR only.

Accepted by the
 Utah Division of
 Oil, Gas and Mining
 FOR RECORD ONLY
 December 22, 2009

NAME (PLEASE PRINT) Karin Kuhn	PHONE NUMBER 303 296-4505	TITLE Sr. Engineering Technician
SIGNATURE N/A	DATE 12/21/2009	

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: NA
		7. UNIT or CA AGREEMENT NAME: NA
1. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER _____		8. WELL NAME and NUMBER: Nielsen 3-22
2. NAME OF OPERATOR: Elk Resources, LLC		9. API NUMBER: 4304736539
3. ADDRESS OF OPERATOR: 1401 17th. St., Suite 700 CITY Denver STATE CO ZIP 80202		PHONE NUMBER: (303) 296-4505
4. LOCATION OF WELL FOOTAGES AT SURFACE: 240' FNL, 1573' FWL COUNTY: Uintah		10. FIELD AND POOL, OR WILDCAT: Brennan Bottoms/GR
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NENW ²³ / ₂₇ 7S 20E 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 checked="" 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 checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: 6/8/2010	<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 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.

Work began 6/2/10 to acidize the upper Green River zone in the subject well. Ran scraper to above perms. Acidize well w/ 2,750 gals Iron acid plus 350 bio balls. Swab well. Returned well to production 6/8/10.

NAME (PLEASE PRINT) Paul Gottlob	TITLE Engineering Technician
SIGNATURE <i>Paul Gottlob</i>	DATE 6/24/2010

(This space for State use only)

RECEIVED
JUN 29 2010
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 checked="" type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER:
2. NAME OF OPERATOR: Elk Resources, LLC N3480		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A
3. ADDRESS OF OPERATOR: 1401 17th Street, Suite 700 CITY Denver STATE CO ZIP 80202		7. UNIT or CA AGREEMENT NAME: Aurora (Deep) Unit
4. LOCATION OF WELL FOOTAGES AT SURFACE: _____ COUNTY: Uintah		8. WELL NAME and NUMBER:
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: _____ 7S 20E S STATE: UTAH		9. API NUMBER:
PHONE NUMBER: (303) 296-4505		10. FIELD AND POOL, OR WILDCAT:

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input 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
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	<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.

Please see the attached "Transfer of APD" forms and list of wells that are included in this change of operator.
Effective Jan 1, 2011

Previous Operator: Elk Resources, LLC 1401 17th Street, Suite 700 Denver, Colorado 80202 303-296-4505 Utah DOGM Bond # B000969 BLM Bond # B000971	New Operator: N2165 Bill Barrett Corporation 1099 18th Street, Suite 2300 Denver, Colorado 80202 303-293-9100 Utah DOGM Bond # WYB 000040 BLM Bond # LPM 4138148
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Bill Barrett Corp. Representative:
 NAME (PLEASE PRINT) Huntington T Walker TITLE Sr. VP - Prod.
 SIGNATURE [Signature] DATE 6/8/11

NAME (PLEASE PRINT) John Whisler TITLE CEO
 SIGNATURE [Signature] DATE 6/8/11

(This space for State use only)

APPROVED 7/11/2011
Earlene Russell
 Division of Oil, Gas and Mining
 Earlene Russell, Engineering Technician

(See Instructions on Reverse Side)

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JUL 11 2011

DIV. OF OIL, GAS & MINING

ELK RESOURCES, LLC (N3480) to BILL BARRETT CORPORATION (N2165)
 effective January 1, 2011

well name	sec	twp	rng	api	entity	Lease	well	stat	conf	unit	lease no	zone
ROGERS 13-16	16	070S	200E	4304736538	14989	Fee	OW	P		AURORA (DEEP)	FEE	GR-WS
NIELSEN 3-22	22	070S	200E	4304736539	14806	Fee	OW	P		AURORA (DEEP)	FEE	GRRV
WALL 13-17	17	070S	200E	4304736668	15363	Federal	GW	P		AURORA (DEEP)	UTU-75092	BLKHK
ROGERS 16-43	16	070S	200E	4304738347	16977	Fee	OW	P		AURORA (DEEP)	FEE	GR-WS
AURORA FED 5-32	05	070S	200E	4304738463	17120	Federal	OW	P		AURORA (DEEP)	UTU-75241	GR-WS
AURORA FED 26-33	26	070S	200E	4304738468	17226	Federal	OW	P		AURORA (DEEP)	UTU-80689	GRRV
FOUR STAR 7-32-7-20	07	070S	200E	4304751285	17881	Fee	OW	P	C	AURORA (DEEP)	Patent	WSTC
PELICAN LAKE 16-12-7-20	16	070S	200E	4304751287		Fee	OW	APD	C	AURORA (DEEP)	Patent	
ARGYLE 8-43	08	070S	200E	4304751509		Fee	OW	APD	C	AURORA (DEEP)	Fee	



United States Department of the Interior



BUREAU OF LAND MANAGEMENT

Utah State Office

440 West 200 South, Suite 500

Salt Lake City, UT 84101

<http://www.blm.gov/ut/st/en.html>

IN REPLY REFER TO:
3180 (UTU82456X)
UT-922000

RECEIVED

JUL 09 2014

JUL 7 2014

43-047-30539
43-047-52042
43-047-53883

Mr. Kevin Funk
Bill Barrett Corporation
1099 18th Street, Suite 2300
Denver, Colorado 80202

DIV. OF OIL, GAS & MINING

Re: Automatic Contraction
Aurora (Deep) Unit
Uintah County, Utah

Dear Mr. Funk:

Your letter received on May 1, 2014, describes the lands automatically eliminated effective November 11, 2013, from the Aurora (Deep) Unit Area, located in Uintah County, Utah, pursuant to Section 2(e) of the unit agreement and requests our concurrence. The lands you have described contain 12,522.73 acres more or less, and constitute all legal subdivisions, no parts of which are included in the Aurora (Deep) Participating Area "A". As a result of the automatic contraction, the unit is reduced to 1,920.00 acres.

The following Federal Leases are entirely eliminated from the unit area:

UTU 82707	UTU80580
UTU14219	UTU89145
UTU88141*	
UTU85993*	
UTU74417	
UTU74837	
UTU75242	
UTU75675	
UTU78445	
UTU79129	

*Indicates non-committed lease

The following Federal Leases are partially eliminated from the unit area.

UTU75092
UTU75093
UTU75241
UTU76488
UTU80689
UTU85591

You have complied with the requirements of Section 2(e), provided you promptly notify all interested parties.

If you have any questions, please contact Judy Nordstrom at (801) 539-4108.

Sincerely,



Roger L. Bankert
Chief, Branch of Minerals

Enclosure

cc: UDOGM
SITLA
ONRR w/Exhibit "B" (Attn: Jennifer Cortez)
BLM FOM - Vernal w/enclosure