

TALON RESOURCES INC

December 14, 2005

Mrs. Diana Whitney
State of Utah
Division of Oil Gas and Mining
P.O. Box 145801
Salt Lake City, Utah 84114-5801

RE: Application for Permit to Drill—
State 8-32-13-22, Uintah County, Utah: Section 32, T13S, R22E, SLB&M
State 16-32-13-22, Uintah County, Utah: Section 32, T13S, R22E, SLB&M
State 4-36-13-22, Uintah County, Utah: Section 36, T13S, R22E, SLB&M
State 6-36-13-22, Uintah County, Utah: Section 36, T13S, R22E, SLB&M

Dear Mrs. Whitney:

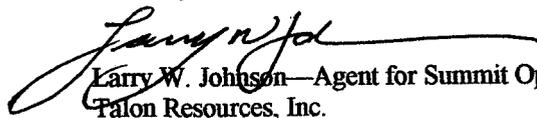
On behalf of Summit Operating, LLC (Summit), Talon Resources, Inc. respectfully submits the enclosed original of the *Application for Permit to Drill (APD)* for the above referenced wells. Included with the APD is the following supplemental information:

- Exhibit "A" - Survey plats and layouts of the proposed well site;
- Exhibit "B" - Proposed location maps with utility corridors;
- Exhibit "C" - Drilling site layout;
- Exhibit "D" - Drilling Program;
- Exhibit "E" - Multi Point Surface Use Plan;
- Exhibit "F" - Typical road cross-section;
- Exhibit "G" - Typical BOP diagram & wellhead manifold diagram.

Please accept this letter as Summit's written request for confidential treatment of all information contained in and pertaining to this application, if said information is eligible for such consideration.

Thank you very much for your timely consideration of this application. Please feel free to contact myself, or Mr. David Allin at 970-254-3114 if you have any questions or need additional information.

Sincerely,


Larry W. Johnson—Agent for Summit Operating
Talon Resources, Inc.

cc: Mr. Floyd Bartlett, DOGM
Mr. Ed Bonner, SITLA
Mr. David Lillywhite, Summit Operating
Mr. David Allin, Consultant

RECEIVED

DEC 15 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: ML-47393	6. SURFACE: State
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>		7. IF INDIAN, ALLOTTEE OR TRIBE NAME N/A	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>		8. UNIT or CA AGREEMENT NAME: N/A	
2. NAME OF OPERATOR: Summit Operating, LLC		9. WELL NAME and NUMBER: State 6-36-13-22	
3. ADDRESS OF OPERATOR: 2064 Prospector Ave102 CITY Park City STATE UT ZIP 84060		PHONE NUMBER: (435) 940-9001	10. FIELD AND POOL, OR WILDCAT: See map <i>undesignated</i>
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 2170' FNL, 1810' FWL AT PROPOSED PRODUCING ZONE: 2170' FNL, 1810' FWL		11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SENW 36 13S 22E S	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 44 miles south of Ouray, Utah		12. COUNTY: Uintah	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 1810'	16. NUMBER OF ACRES IN LEASE: 640	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) See attached map	19. PROPOSED DEPTH: 11,700	20. BOND DESCRIPTION: N2315	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 6607' GR	22. APPROXIMATE DATE WORK WILL START: 2/1/2005	23. ESTIMATED DURATION: 28 Days	

24. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT		
12-3/4"	9-5/8" J-55 LT&C 36#	2,000	HHF	350 Sacks	3.2 cu ft/sk 11.6 ppg
			Premium	200 sacks	1.17 cu ft/sk 15.3 ppg
7-7/8"	5-1/2" N-80 LT&C 17#	11,700	Super flush/water		9.2/8.33 ppg
			50/50 Poz Premium AG	450 sacks	1.49 cu ft/sk 13.5 ppg
			Hi Fill Mod	415 sacks	3.85 cu ft/sk 11.0 ppg
			Premium AG	50 sacks	1.15 cu ft/sk 15.8 ppg

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

NAME (PLEASE PRINT) Larry W. Johnson TITLE Agent for Summit Operating, LLC

SIGNATURE *Larry W. Johnson* DATE 12/14/05

(This space for State use only)

APl NUMBER ASSIGNED: 43-047-32522

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

Date: 02-16-06
By: *[Signature]*

See Instructions on Reverse Side

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DEC 15 2005**

DIV. OF OIL, GAS & MINING

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Range 22 East

N89°59'32"E - 5290.52'
(S89°59'E - 5291.88')

Township 13 South

N00°01'52"W - 5281.39'
(N00°01'W)

STATE #6-36-13-22
ELEV. 6607.3'

UTM
N 4389606
E 636778

1810.19'

2169.96'

36

Legend

- Drill Hole Location
- ⊕ Brass Cap (Found)
- Brass Cap (Searched for, but not found)
- △ Rock Pile
- () GLO
- GPS Measured

NOTES:

1. UTM and Latitude / Longitude Coordinates are derived using a GPS Pathfinder and are shown in NAD 27 Datum.

LAT / LONG
39°38'40.185" N
109°24'21.421" W

Location:

The well location was determined using a Trimble 5700 GPS survey grade unit.

Basis of Bearing:

The Basis of Bearing is GPS Measured.

GLO Bearing:

The Bearings indicated are per the recorded plat obtained from the U.S. Land Office.

Basis of Elevation:

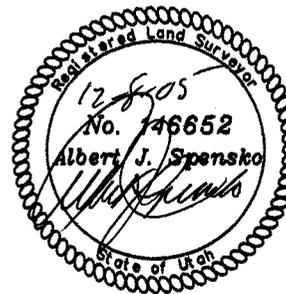
Basis of Elevation of 6849.0' being at the West Quarter Corner of Section 2, Township 14 South, Range 22 East, Salt Lake Base & Meridian, as shown on the Bates Knolls Quadrangle 7.5 Minute Series Map.

Description of Location:

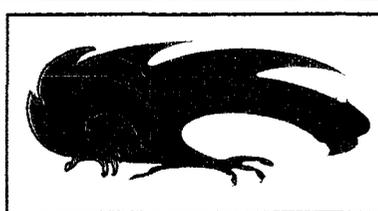
Proposed Drill Hole located in the SE1/4 NW1/4 of Section 36, T13S, R22E, S.L.B.&M., being 2169.96' South and 1810.19' East from the Northwest Corner of Section 36, T13S, R22E, Salt Lake Base & Meridian.

Surveyor's Certificate:

I, Albert J. Spensko, a Registered Professional Land Surveyor, holding Certificate 146652 State of Utah, do hereby certify that the information on this drawing is a true and accurate survey based on data of record and was conducted under my personal direction and supervision as shown hereon.



GRAPHIC SCALE
0 500' 1000'
(IN FEET)
1 inch = 1000 ft.



TALON RESOURCES, INC.

195 North 100 West P.O. Box 1230
Huntington, Utah 84528
Phone (435)687-5310 Fax (435)687-5311
E-Mail talon@etv.net

SUMMIT OPERATING

State #6-36-13-22
Section 36, T13S, R22E, S.L.B.&M.
Uintah County, Utah

Drawn By: J. STANSFIELD	Checked By: L.W.J./J.S.H.
Drawing No. A-1	Date: 11/06/05
	Scale: 1" = 1000'
Sheet 1 of 4	Job No. 2079

EXHIBIT "D"
DRILLING PROGRAM

Attached to UDOGM Form 3
Summit Operating, LLC
State 6-36-13-22
SE/4 NW/4, Sec. 36, T13S, R22E, SLB & M
2170' FNL, 1810' FWL
Uintah County, Utah

1. The Geologic Surface Formation

Green River

2. Estimated Tops of Important Geologic Markers

KB	Ground + 22'
Wasatch	1839'
Mesaverde Group	3639'
Castlegate	5657'
Mancos Shale	5997'
Dakota Silt	9635'
Dakota Marker	9682'
Morrison	9952'
Summerville/Curtis	10432'
Entrada Sandstone	10497'
Carmel	10652'
Navajo Sandstone	10720'
Kayenta	10850'
Wingate Sandstone	10985'
Triassic Chinle	11385'
Triassic Shinarump Conglomerate	11545'
Triassic Moenkopi	11580'

3. Projected Gas & Water Zones

No Groundwater is anticipated to be encountered. Water encountered will be reported on a Form 7 "Report of Water Encountered During Drilling".

Casing & cementing will be done to protect potentially productive hydrocarbons, lost circulation zones, abnormal pressure zones, and prospectively valuable mineral deposits. All indications of usable water will be reported.

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Surface casing will be tested to 1500 psi for 15 minutes. Pressure drop is not to exceed 150 psi.

7) The Proposed Casing and Cementing Programs

Casing Program

HOLE SIZE	SETTING DEPTH (INTERVAL)	SIZE (OD)	WEIGHT, GRADE & JOINT	CONDITION
12-1/4"	2000'	9-5/8"	36# J-55 LT&C	New
7-7/8"	11,700'	5-1/2"	17# N-80 LT&C	New

Cement Program

Surface Casing:

Lead: 350 sacks HHF
 Weight: 11.6 # / gal
 Yield: 3.2 cu.ft / sk

Tail: 200 sacks Premium
 Weight: 15.8 # / gal
 Yield: 1.17 cu.ft / sk

Production Casing: Two stage with multiple stage cementer placed at 9,400'

Stage 1: Lead: Super flush / water
 Weight: 9.2 # / gal / 8.33 #/gal

Stage 2: Lead: 415 sacks Hi Fill Mod
 Weight: 11.0 #/gal
 Yield: 3.85 cu.ft / sk

Tail: 450 sacks 50./50 Poz Premium AG
 Weight: 13.5 #/gal
 Yield: 1.49 cu.ft/sk

Tail: 50 sacks Premium AG
 Weight: 15.8 #/gal
 Yield: 1.15 cu.ft/sk

The following shall be entered in the driller's log:

- 1) Blowout preventer pressure tests, including test pressures and results;
- 2) Blowout preventer tests for proper functioning;
- 3) Blowout prevention drills conducted;
- 4) Casing run, including size, grade, weight, and depth set;
- 5) How the pipe was cemented, including amount of cement, type, whether cement

circulated, location of the cementing tools, etc.;

- 6) Waiting on cement time for each casing string;
- 7) Casing pressure tests after cementing, including test pressures and results.

5. The Operator's Minimum Specifications for Pressure Control

Exhibit "G" is a schematic diagram of the blowout preventer equipment. An 11" 5,000 psi Double gate Hydraulic BOP with one (1) blind ram and one (1) pipe ram and Annular Preventer; equipped with a 3,000 psi automatic choke manifold. The BOP will be tested and charted using a BOP tester and test plug to 5,000 psi for 10 minutes. The Annular Preventer will be tested to 2,500 psi for 10 minutes. All text will be recorded in the Driller's log book. Physical operation of the BOP will be checked on each trip.

6. The Type and Characteristics of the Proposed Circulating Muds

Surface hole will be drilled with air/mist/foam
Long string hole will be drilled with KCL/gel/chem. mud

7. The Testing, Logging and Coring Programs are as followed

Testing -

DST's are not planned

Logging -

End of Surface casing - TD Gamma Ray, Density-Neutron Porosity,
Induction, Caliper, Sonic

Coring --

No coring is planned for this location

Any Anticipated Abnormal Pressures or Temperatures

No abnormal pressures or temperatures have been noted or reported in wells drilled in The area nor at the depths anticipated in this well. Bottom hole pressure expected is 3,800 psi max. No hydrogen sulfide or other hazardous gases or fluids have been found, reported or are known to exist at these depths in the area.

8. Anticipated Starting Date and Duration of the Operations.

The well will be drilled approx.: February 1, 2006.

Verbal and/or written notifications listed below shall be submitted in accordance with instructions from the Division of Oil, Gas & Mining:

- (a) prior to beginning construction;
- (b) prior to spudding;
- (c) prior to running any casing or BOP tests;
- (d) prior to plugging the well, for verbal plugging instructions.

Spills, blowouts, fires, leaks, accidents or other unusual occurrences shall be reported to the Division of Oil, Gas & Mining immediately.

EXHIBIT "E"
Multipoint Surface Use Plan

Attached to UDOGM Form 3
Summit Operating, LLC
State 6-36-13-22
SE/4 NW/4, Sec. 36, T13S, R22E, SLB & M
2170' FNL, 1810' FWL
Uintah County, Utah

1. Existing Roads

- a. The proposed access road will be Constructed consistent with the State of Utah and Summit Operating, LLC, and will intersect the access road to the State 4-36-13-22
- b. Existing roads will be maintained in the same or better condition. See Exhibit "B".

2. Planned Access

Approximately 2300' of new access will be required (See Exhibit "B") Access is determined by acquired Right of way by the surface owner.

- a. Maximum Width: 24'
- b. Maximum grade: 10 %
- c. Turnouts: None
- d. Drainage design: 1 – 24" culvert and 4 – 18" culverts may be required along the new portion of the road. Water will be diverted around the road as necessary and practical.
- e. If the well is productive, the road will be surfaced and maintained as necessary to prevent soil erosion and accommodate year-round traffic.
- f. Existing trees will be left in place where practical to provide screening and buffer areas.

3. Location of Existing Wells

- a. See Exhibit "B", Drawing L-1. There is existing well locations within a one mile radius of the proposed location.

4. Location of Existing and/or Proposed Facilities

- a. If the well is a producer, installation of production facilities will follow.
- b. Rehabilitation of all pad areas not used for production facilities will be made in accordance with landowner stipulations.

5. Location and Type of Water Supply

- a. Water to be used for drilling will be obtained from Bitter Creek, Permit #T75377
- b. Water will be transported by truck over approved access roads.
- c. No water well is to be drilled for this location.

6. Source of Construction Materials

- a. Any necessary construction materials needed will be obtained locally from a private source and hauled to the location on existing roads.
- b. No construction or surfacing materials will be taken from Federal/Indian land.

7. Methods for handling waste disposal

- a. A reserve pit will be constructed with a minimum of one-half the total depth below the original ground surface on the lowest point within the pit. The pit will be lined with a synthetic liner. Three sides of the reserve pit will be fenced within 24 hours after completion of construction and the fourth side within 24 hours after drilling operations cease with four strands of barbed wire, or woven wire topped with barbed wire to a height of not less than four feet. The fence will be kept in good repair while the pit is drying.

- b. Following drilling, the liquid waste will be evaporated from the pit and the pit backfilled and returned to natural grade. No liquid hydrocarbons will be discharged to the reserve pit or location.
- c. In the event fluids are produced, any oil will be retained in tanks until sold and any water produced will be retained until its quality can be determined. The quality and quantity of the water will determine the method of disposal.
- d. Trash will be contained in a portable metal container and will be hauled from location periodically and disposed of at an approved disposal site. Chemical toilets will be placed on location and sewage will be disposed of at an appropriate disposal site.

8. Ancillary Facilities

- a. We anticipate no need for ancillary facilities with the exception of trailers to be located on the drill site.

9. Well-site Layout

- a. Available topsoil will be removed from the location and stockpiled. Location of the rig, reserve and blooie pits, and drilling support equipment will be located as shown on Attachment "C".
- b. A blooie pit will be located 100' from the drill hole. A line will be placed on the surface from the center hole to the blooie pit. The blooie pit will not be lined, but will be fenced on four sides to protect livestock/wildlife.
- c. Access to the well pad will be as shown on Exhibit "B".
- d. Natural runoff will be diverted around the well pad.

10. Plans for Restoration of Surface

- a. All surface areas not required for producing operations will be graded to as near original condition as possible and contoured to maintain possible erosion to a minimum.
- b. Available topsoil will be stockpiled and will be evenly distributed over the disturbed areas and the area will be reseeded as prescribed by the landowner.
- c. Pits and any other area that would present a hazard to wildlife or livestock will be fenced off when the rig is released and removed.

- d. Any oil accumulation on the pit will be removed or overhead flagged as dictated by then existed conditions.
- e. Rehabilitation will commence following completion of the well. Rat and mouse holes will be filled immediately upon release of the drilling rig from the location. If the well-site is to be abandoned, all disturbed areas will be recontoured to the natural contour as is possible.

11. Surface Ownership

- a. The well-site and access road will be constructed on lands owned by the School and Institutional Trust Lands Administration, 675 East 500 South, Salt Lake City, Utah 84102-2818; 801-538-5100. The operator shall contact the landowner and the Division of Oil, Gas and Mining 48 hours prior to beginning construction activities.

12. Other Information:

- a. The primary surface use is wildlife habitat and grazing. The nearest dwelling is approximately 4 miles West. Nearest live water is in Willow Creek, 4 miles West.
- b. If there is snow on the ground when construction begins, it will be removed before the soil is disturbed, and piled downhill from the topsoil stockpile location.
- c. The back-slope and fore-slope will be constructed no steeper than 3:1.
- d. All equipment and vehicles will be confined to the access road and well pad.
- e. A complete copy of the approved Application for Permit to Drill (APD) including conditions and stipulations shall be on the well-site during construction and drilling operations.

There will be no deviation from the proposed drilling and/or workover program without prior approval from the Division of Oil, Gas & Mining.

13. **Company Representative**

David Lillywhite
Summit Operating, LLC.
2064 Prospector Avenue
Suite 102
Park City, Utah 84060
1-435-940-9001

Permitting Consultant

Larry W. Johnson
Talon Resources, Inc.
195 North 100 West
Huntington, UT. 84528
1-435-687-5310

Excavation Contractor

Stubbs & Stubbs Oilfield Construction
437 South 800 East
Vernal, Utah 84078
1-435-789-8874

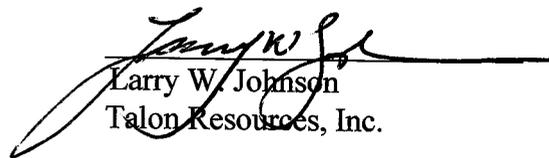
Mail Approved A.P.D. To:

Company Representative

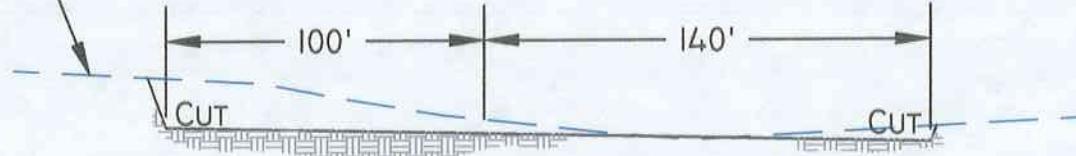
14. **Certification**

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

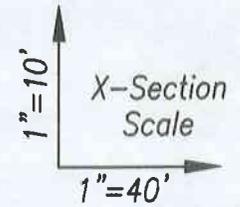
12/14/05
Date


Larry W. Johnson
Talon Resources, Inc.

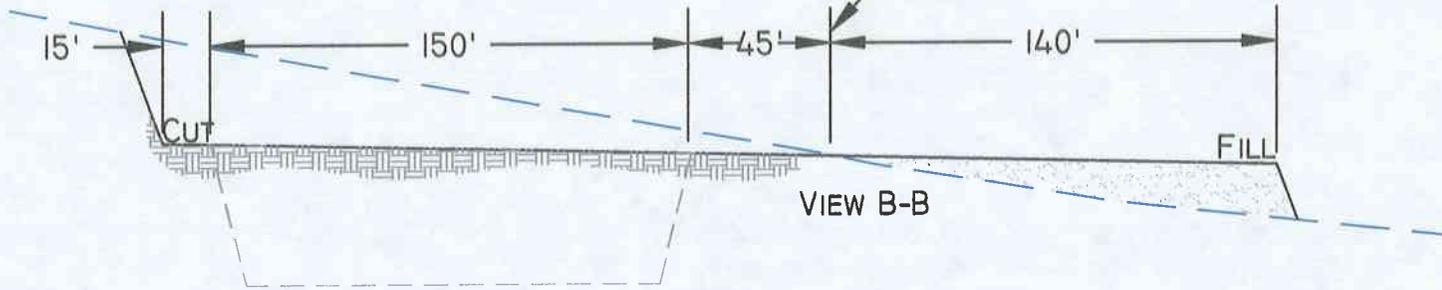
PRECONSTRUCTION GRADE



VIEW C-C

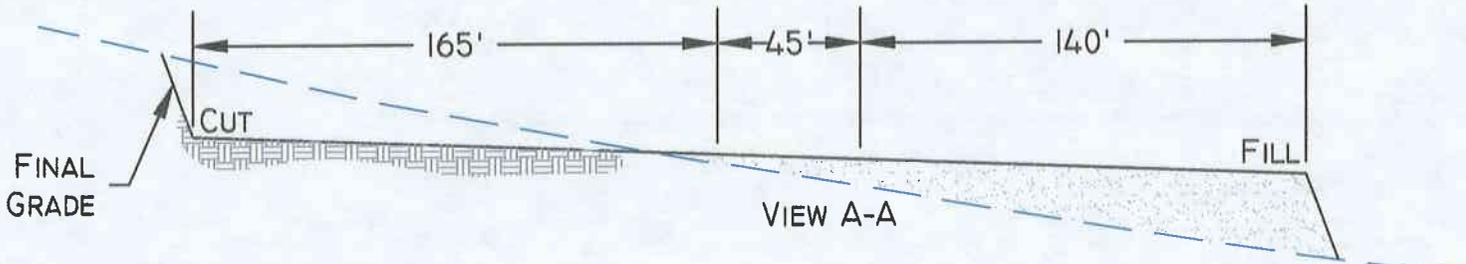


LOCATION STAKE



VIEW B-B

SLOPE = 1 1/2 : 1
(EXCEPT PIT)
PIT SLOPE = 1 ; 1



VIEW A-A



TALON RESOURCES, INC.

195 North 100 West P.O. Box 1230
Huntington, Utah 84528

Phone (435)687-5310 Fax (435)687-5311
E-Mail taloneetv.net

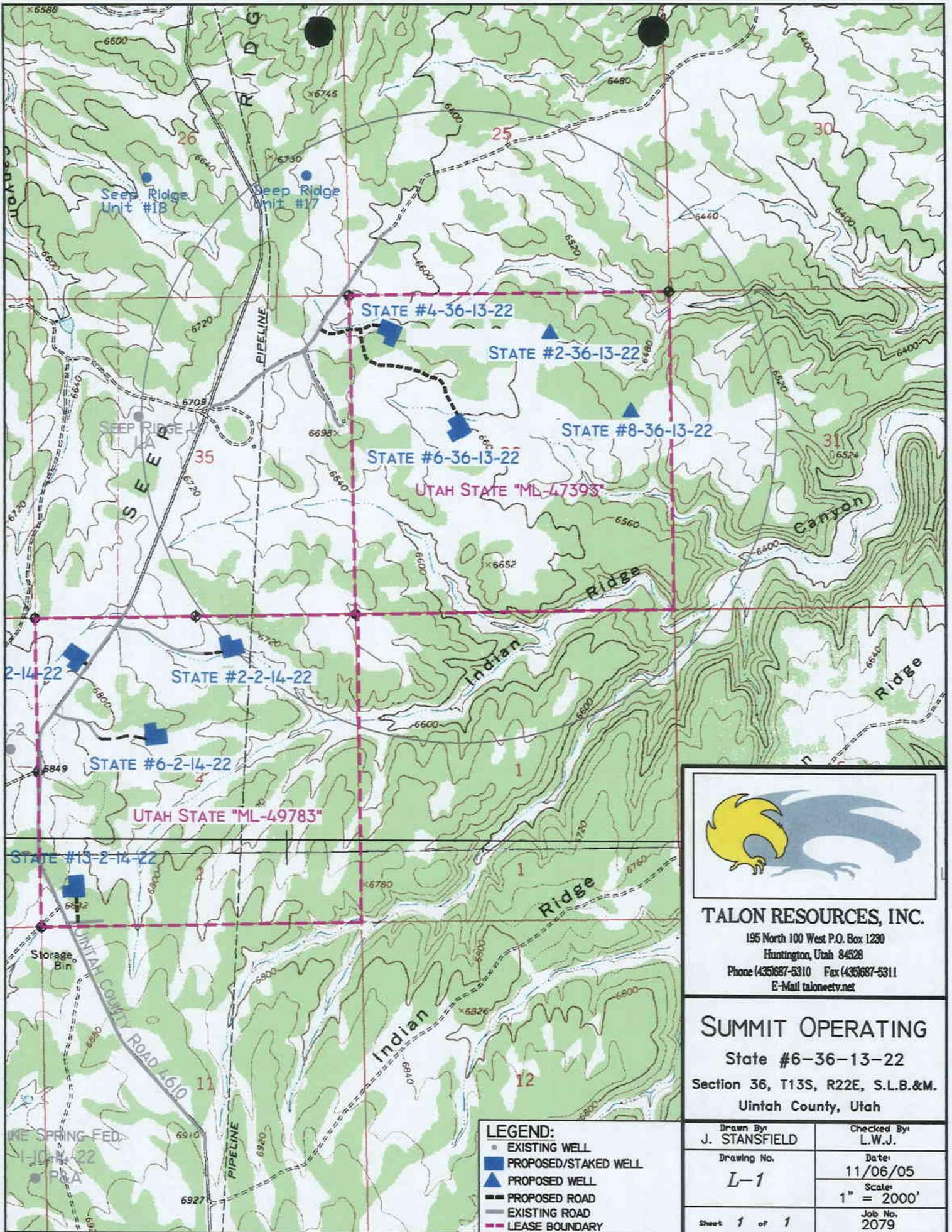
SUMMIT OPERATING

TYPICAL CROSS SECTION
Section 36, T13S, R22E, S.L.B.&M.
WELL #6-36-13-22

Drawn By: J. STANSFIELD	Checked By: L.W.J.
Drawing No. C-1	Date: 11/07/05
	Scale: 1" = 40'
Sheet 3 of 4	Job No. 2079

APPROXIMATE YARDAGES

CUT
(6") TOPSOIL STRIPPING = 2,250 CU. YDS.
REMAINING LOCATION = 8,510 CU. YDS.
TOTAL CUT = 16,675 CU. YDS.
TOTAL FILL = 4,550 CU. YDS.



TALON RESOURCES, INC.

195 North 100 West P.O. Box 1230
 Huntington, Utah 84528
 Phone (435)687-5310 Fax (435)687-5311
 E-Mail taloneqv.net

SUMMIT OPERATING
 State #6-36-13-22
 Section 36, T13S, R22E, S.L.B.&M.
 Uintah County, Utah

- LEGEND:**
- EXISTING WELL
 - PROPOSED/STAKED WELL
 - ▲ PROPOSED WELL
 - PROPOSED ROAD
 - EXISTING ROAD
 - PIPELINE
 - LEASE BOUNDARY

Drawn By:
J. STANSFIELD

Drawing No.
L-1

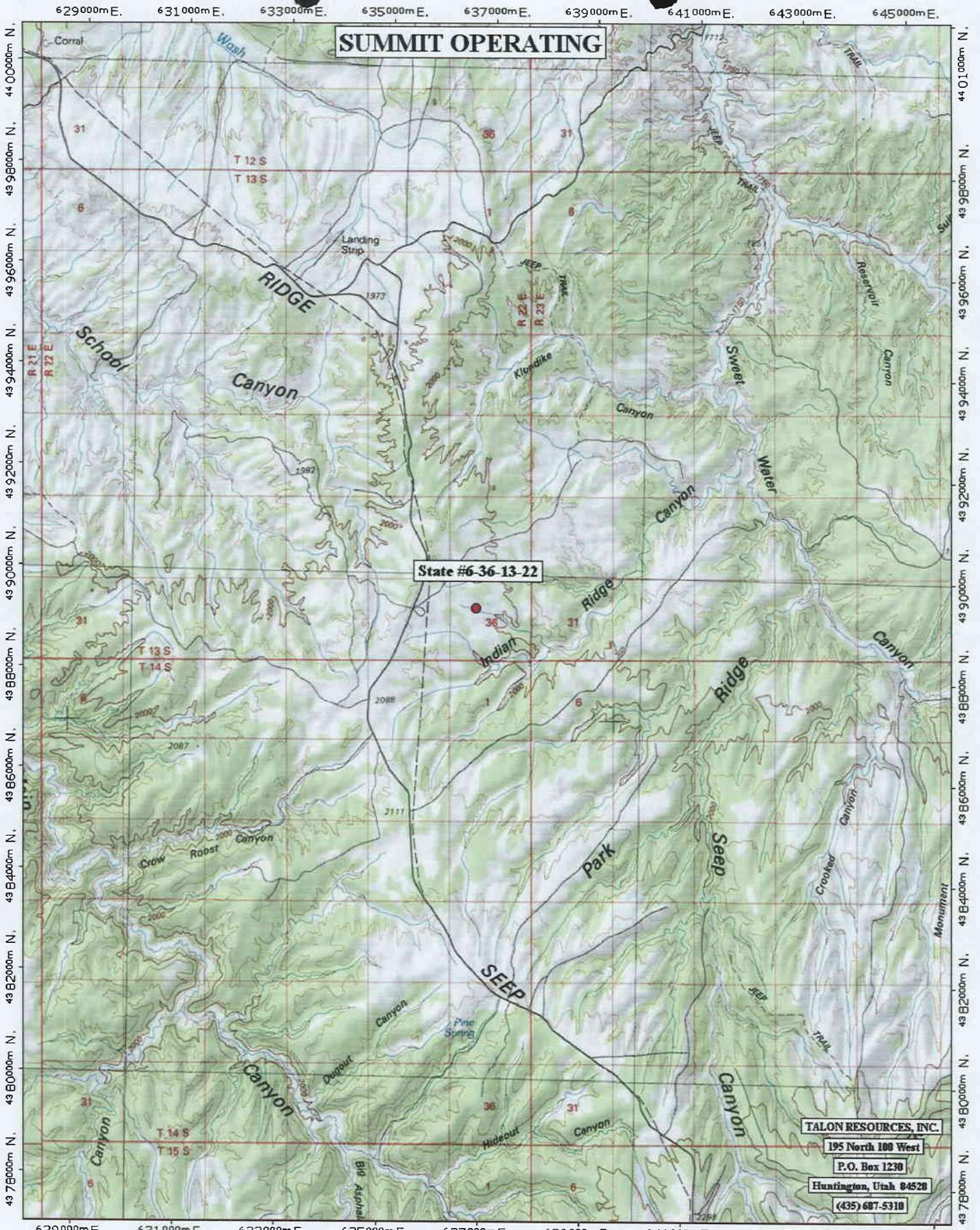
Sheet **1** of **1**

Checked By:
L.W.J.

Date:
11/06/05

Scale:
1" = 2000'

Job No.
2079

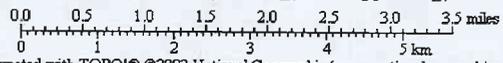


SUMMIT OPERATING

State #6-36-13-22

TALON RESOURCES, INC.
 195 North 100 West
 P.O. Box 1230
 Huntington, Utah 84528
 (435) 687-5310

TN
 12°

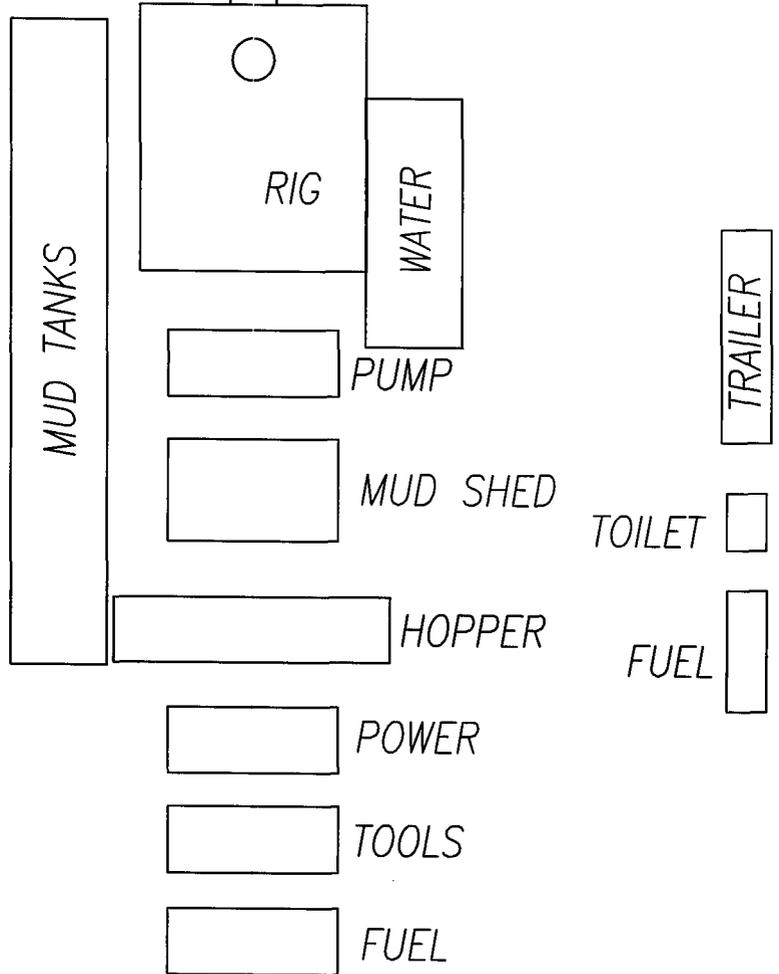
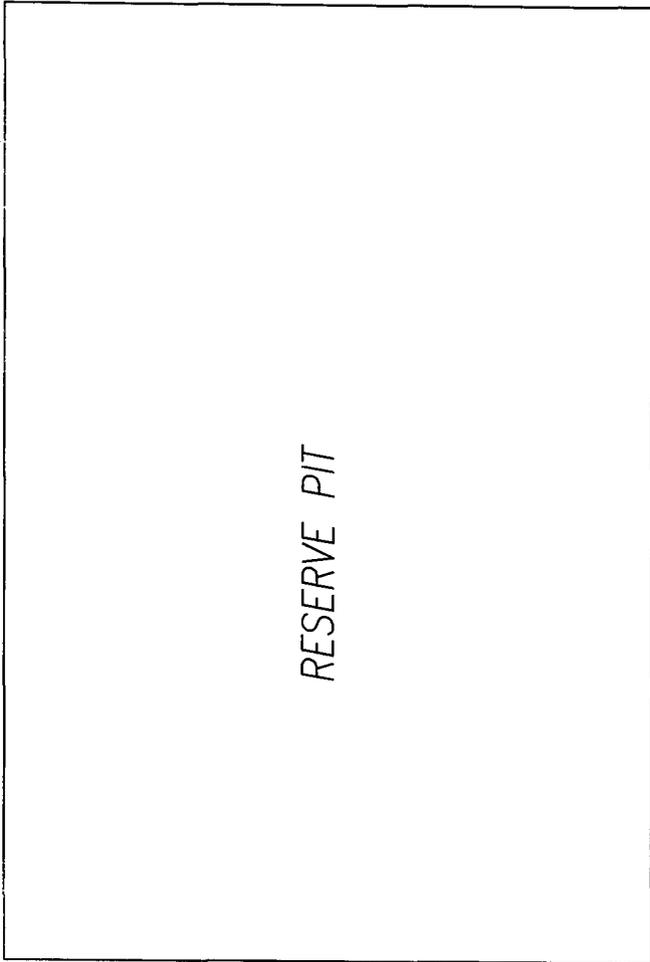
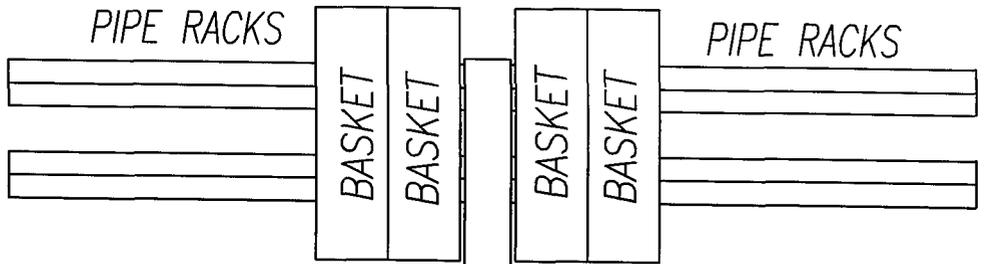


Map created with TOPOI® ©2003 National Geographic (www.nationalgeographic.com/Topo)

NAD27 Zone 12S 646000m E.

Summit Operating

DATA



STORAGE TANK

RIG & EQUIPMENT LAYOUT
(Not to Scale)

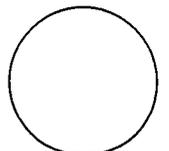
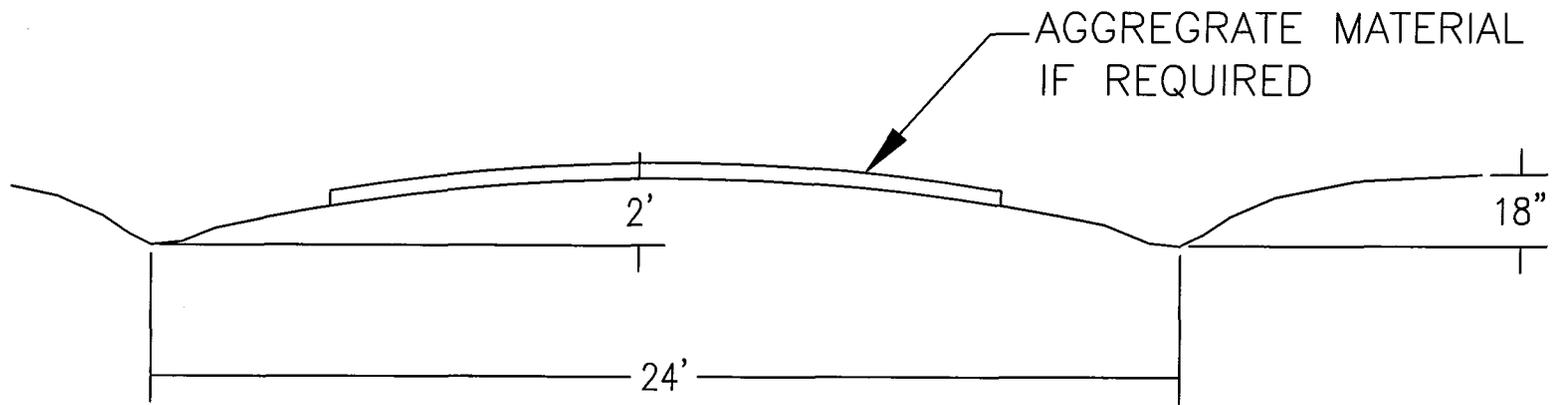
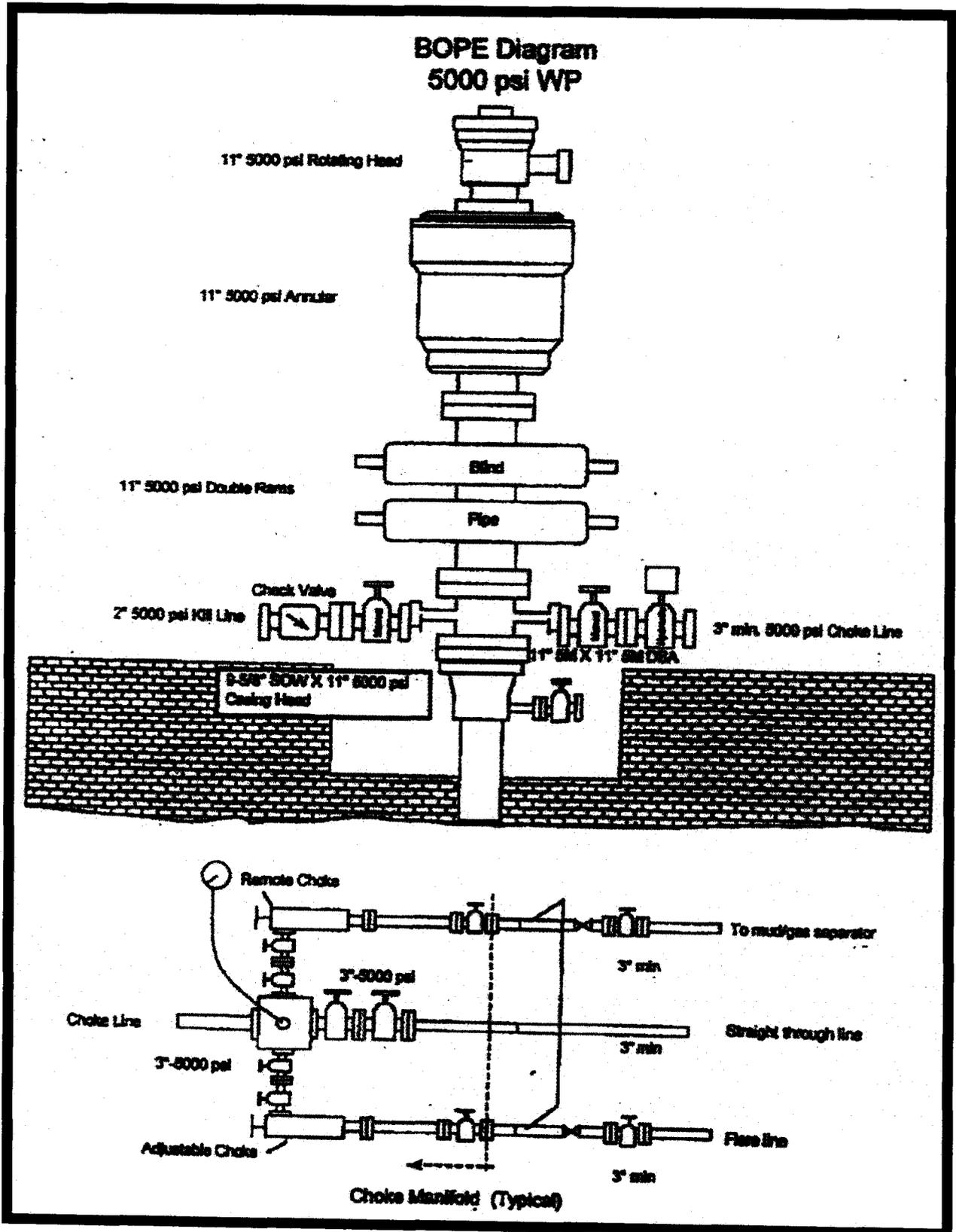


EXHIBIT "C"

TYPICAL ROAD CROSS-SECTION



Summit Operating



**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 12/15/2005

API NO. ASSIGNED: 43-047-37522

WELL NAME: STATE 6-36-13-22
 OPERATOR: SUMMIT OPERATING LLC (N2315)
 CONTACT: LARRY JOHNSON

PHONE NUMBER: 435-687-5310

PROPOSED LOCATION:

SENW 36 130S 220E
 SURFACE: 2170 FNL 1810 FWL
 BOTTOM: 2170 FNL 1810 FWL
 UINTAH
 UNDESIGNATED (2)

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	DUCD	1/23/06
Geology		
Surface		

LEASE TYPE: 3 - State
 LEASE NUMBER: ML-47393
 SURFACE OWNER: 3 - State
 PROPOSED FORMATION: MNKP
 COALBED METHANE WELL? NO

LATITUDE: 39.64444
 LONGITUDE: -109.4059

RECEIVED AND/OR REVIEWED:

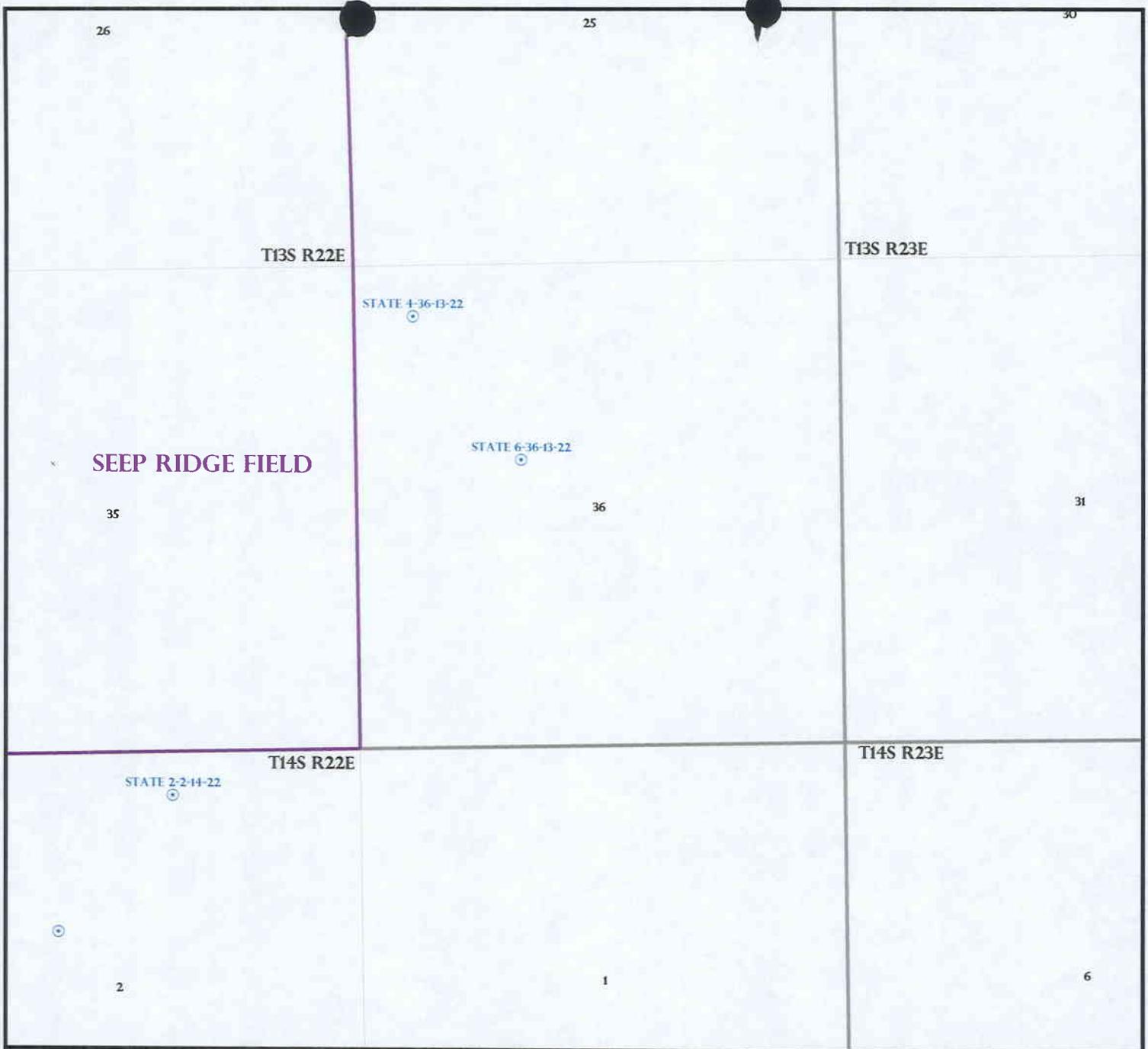
- Plat
- Bond: Fed[] Ind[] Sta[] Fee[]
(No. ZSB 800622)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. T75377)
- RDCC Review (Y/N)
(Date: _____)
- Fee Surf Agreement (Y/N)
- Intent to Commingle (Y/N)

LOCATION AND SITING:

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

COMMENTS: Needs Permit (01-09-06)

STIPULATIONS: 1- Spacing Strip
2- STATEMENT OF BASIS



OPERATOR: SUMMIT OPER LLC (N2315)

SEC: 36 T. 13S R. 22E

FIELD: UNDESIGNATED (002)

COUNTY: UINTAH

SPACING: R649-3-2 / GENERAL SITING

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

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

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



PREPARED BY: DIANA WHITNEY
DATE: 20-DECEMBER-2005

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

OPERATOR: Summit Operating, LLC
WELL NAME & NUMBER: State 6-36-13-22
API NUMBER: 43-047-37522
LOCATION: 1/4,1/4 SE/NW Sec:36 TWP: 13S RNG: 22 E 2170' FNL 1810' FWL

Geology/Ground Water:

Summit proposes setting 2,000 feet of surface casing cemented to surface. The Base of the moderately saline ground water is estimated to be at a depth of 4,100 feet. A search of Division of Water Rights records indicates that there are three water wells within a 10,000' radius of the center of Section 36. These wells are all approximately .75 miles southwest of the proposed location. Depth for two of the wells is not listed. One well was drilled to a depth of 1,360 feet. The surface formation at the proposed location is the Green River Formation. The Green River Formation can be a significant aquifer and should be protected. The proposed casing and cement program should adequately protect useable ground water.

Reviewer: Brad Hill **Date:** 01-17-06

Surface:

At the request of Summit Resources LLC, a pre-site for this well was completed on 1/09/2006. The State of Utah (SITLA) owns both the surface and minerals. Mr. Larry Johnson, of Talon Consulting representing Summit Resources LLC, was contacted by phone on 1/3/2006 and informed of and invited to participate in the presite. He suggested the date set. Mr. Ben Williams of the Utah Division of Wildlife Resources and Mr. Jim Davis from SITLA were both contacted by telephone and e-mail and both attended. Ben Williams, representing the UDWR, stated this area is also classified as critical value winter habitat for both deer and elk. He explained how the areas are classified. As was explained in the comments for the 4-36-13-22 well, the access road to that location is planned to be relocated into the pinion-juniper type to reduce the loss of desirable big game forage. The access road to this location (6-36) will continue off from the access to the 4-36 well. Mr. Williams again recommended to Mr. Johnson, Mr. Davis and Mr. Stubbs that they limit their activity from Nov. 15 thru April 15 to protect wintering values for these species. This activity would include road and pad construction, drilling and work-over rigs. Mr. Williams gave Mr. Johnson and Mr. Davis a written summary of his observations and recommended seed mix for stabilizing the area. I explained to Mr. Johnson that the seasonal restriction were recommendation from DWR and would not be a condition of the permit that DOGM would issue. Mr. Johnson said he would include this information in his report to Summit Operating. The area poses no surface problems for drilling a well.

Reviewer: Floyd Bartlett **Date:** 01/09/2006

Conditions of Approval/Application for Permit to Drill:

1. A synthetic liner with a minimum thickness of 12 mils with a felt sub-liner shall be properly installed and maintained in the reserve pit.
2. An archeological survey needs to be completed and submitted.

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

OPERATOR: Summit Operating, LLC
WELL NAME & NUMBER: State 6-36-13-22
API NUMBER: 43-047-37522
LEASE: ML-47393 **FIELD/UNIT:** Undesignated
LOCATION: 1/4, 1/4 SE/NW Sec:36 TWP: 13S RNG: 22 E 2170' FNL 1810' FWL
LEGAL WELL SITING: 460 F SEC. LINE; 460 F 1/4, 1/4 LINE; 920 F ANOTHER WELL.
GPS COORD (UTM): 4389400 Y 0636778 X **SURFACE OWNER:** STATE (SITLA)

PARTICIPANTS

Floyd Bartlett (DOG M), Jim Davis (SITLA), Larry Johnson, (Talon Resources-Permit Consultant), Jared Lofthouse (Surveyor, Talon Resources), David Taylor (Surveyor, Talon Resources), Cory Stubbs (Stubbs and Stubbs Construction), Ben Williams (Utah Division of Wildlife Resources)

REGIONAL/SETTING TOPOGRAPHY

Site is in Uintah County, Utah in the head of Indian Ridge Canyon and approximately 3/4 mile east of the Seep Ridge Uintah County Road. Ouray, Utah is approximately 44 miles to the north. South of this area is the area locally known as the old Geo-Kenetics oil shale area. The Willow Creek drainage lies to the west and the Bitter Creek drainage is to the east. The general topography is characterized by open broad to narrow ridges or plateaus intersected by numerous draws or canyons, which often become steep. Drainage is generally northeasterly toward Bitter Creek, which contains a intermittent ephemeral stream. All drainages in the immediate area are ephemeral.

Access to the site from Ouray, UT is following the Seep Ridge Road south approximately 44 miles, then east on a road to be constructed. (See Drawing L-1 of the APD). Also note that this road is going to be relocated. See other observations and comments below. Length will not significantly change.

The well pad is location is on the south side of a wide flat open swale which drains east toward Indian Ridge Canyon. Topography is gentle sloping in the area.

SURFACE USE PLAN

CURRENT SURFACE USE: Summer and winter cattle grazing, small and big game hunting and general recreation.

PROPOSED SURFACE DISTURBANCE: Location of 350' x 335' which includes a reserve pit of 150' x 150' and a 15' wide bench. Approximately 2,300 feet of new road will be constructed from the proposed 4-36 well to the northwest. A pipeline will be laid adjacent to the road.

LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS: There is one existing well within 1 mile radius. This operator within this radius currently plans four other wells. The general area to the south includes an area operated in the early 1980 as an in-situ oil recovery program from the underlain oil shale. This specific location does not lie on the area used for that project.

LOCATION OF PRODUCTION FACILITIES AND PIPELINES: All production facilities will be on location and added after drilling well. Pipeline will follow access road.

SOURCE OF CONSTRUCTION MATERIAL: All construction material will be obtained from the site.

ANCILLARY FACILITIES: None will be required.

WILL DRILLING AT THIS LOCATION GENERATE PUBLIC INTEREST CONCERNS? (EXPLAIN). Probably not as there is oil field activity in the general area.

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. Commercial contractor will handle sewage facilities, storage and disposal. Trash will be contained in trash baskets and hauled to an approved land fill.

ENVIRONMENTAL PARAMETERS

AFFECTED FLOODPLAINS AND/OR WETLANDS: None.

FLORA/FAUNA: Vegetated with a mixed grass-sagebrush type consisting of big sage, , 4-winged saltbrush, winterfat, slender wheatgrass , blue gramma and curly mesquite. Deer, elk, mountain lion, coyote and other small mammals and birds.

SOIL TYPE AND CHARACTERISTICS: Deep light brown sandy loam. No exposed surface rock.

EROSION/SEDIMENTATION/STABILITY: Very little natural erosion. No significant drainages intercept the proposed location. Sedimentation and stability are not a problem and location construction shouldn't cause an increase in stability or erosion problems.

PALEONTOLOGICAL POTENTIAL: None observed.

RESERVE PIT

CHARACTERISTICS: 150' x 150' x 10' deep, located on the southeast corner of the location. , The reserve pit is within a cut. A 15' wide bench is planned around the outer edges. Two feet of freeboard is provided.

LINER REQUIREMENTS (Site Ranking Form attached): Level I sensitivity. A

pit liner with a sub liner is required for the reserve pit.

SURFACE RESTORATION/RECLAMATION PLAN

As per Land Owner Agreement.

SURFACE AGREEMENT:

A surface agreement has been executed and is on file.

ARCULTURAL RESOURCES/ARCHAEOLOGY: An archaeological survey has not yet been completed.

OTHER OBSERVATIONS/COMMENTS

Ben Williams, representing the UDWR, stated this area is also classified as critical value winter habitat for both deer and elk. He explained how the areas are classified. As was explained in the comments for the 4-36-13-22 well, the access road to that location is planned to be relocated into the pinion-juniper type to reduce the loss of desirable big game forage. The access road to this location (6-36) will continue off from the access to the 4-36 well. Mr. Williams again recommended to Mr. Johnson, Mr. Davis and Mr. Stubbs that they limit their activity from Nov. 15 thru April 15 to protect wintering values for these species. This activity would include road and pad construction, drilling and work-over rigs. Mr. Williams gave Mr. Johnson and Mr. Davis a written summary of his observations and a recommended seed mix for stabilizing the area. I explained to Mr. Johnson that the seasonal restriction were recommendation from DWR and would not be a condition of the permit that DOGM would issue. Mr. Johnson said he would include this information in his report to Summit Operating.

ATTACHMENTS

Photos of this site were taken and placed on file.

FLOYD BARTLETT
DOGM REPRESENTATIVE

January 9, 2006; 10:45 AM

DATE/TIME

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

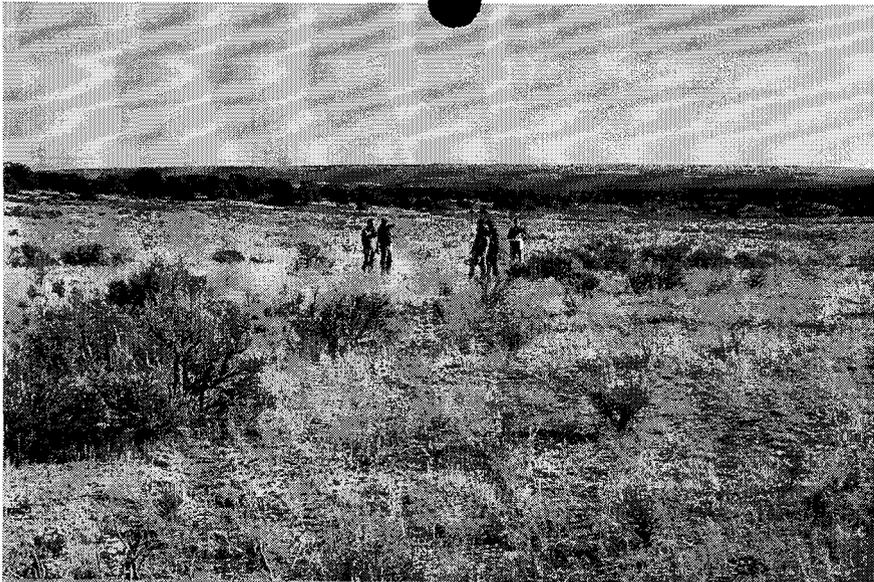
<u>Site-Specific Factors</u>	<u>Ranking</u>	<u>Site Ranking</u>
Distance to Groundwater (feet)		
>200	0	
100 to 200	5	
75 to 100	10	
25 to 75	15	
<25 or recharge area	20	<u>0</u>
Distance to Surf. Water (feet)		
>1000	0	
300 to 1000	2	
200 to 300	10	
100 to 200	15	<u>0</u>
< 100	20	
Distance to Nearest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

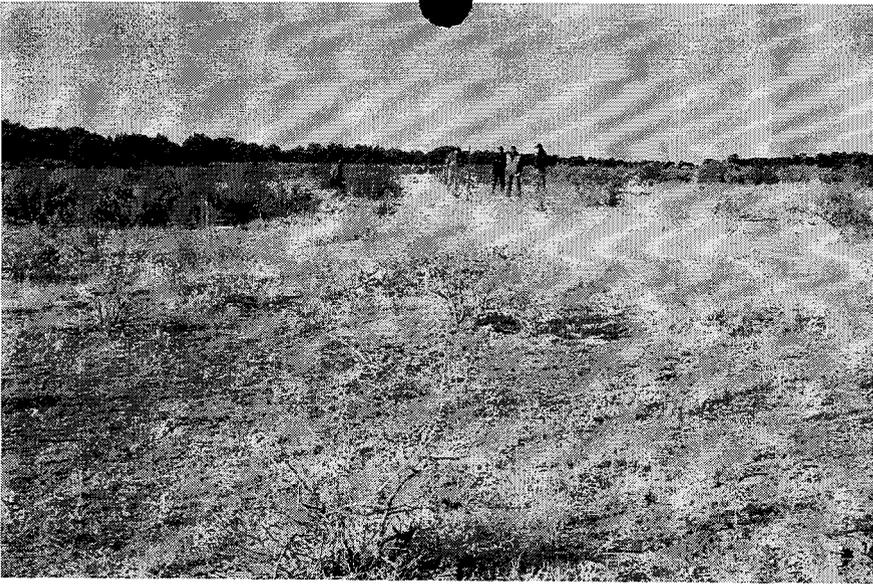
Final Score 25 (Level I Sensitivity)

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

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

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





Casing Schematic

Green River

Surface

STIP - TOC - Seafare

9-5/8"
MW 8.4
Frac 19.3

TOC @
143.

1679
TOC Tail
1839 Wasatch

Surface
2000. MD

w/ 18% Washout
✓ Seafare w/ 15% Washout

3639 Mesaverde

TOC @
3666.

✓ STIP - TOC ± 3400'

400 BMSW

✓ TOC 3637 w/ 15%

5997 Mancos Shale

9325 TOC Tail
DVT @ 9400'

w/ 15% Washout
G.K.

10,720 Navajo S.S.

11385 Chalk

Production
11700. MD

BHP
 $(.052)(10)(11,700) = 6084$
 Anticipate 3800

G₀
 $(.12)(11,700) = 1404$
 MASP = 4680

BOPE = 5,000 ✓

Seaf Csg - 3520
 70% = 2464

Max pressure @ Seaf shoe = 1666
 ✓ Test to 1600# (proposed 1500)

✓ Adequate DUD
 1/23/04

5-1/2"
MW 10.

Well name:	01-06 Summit State 6-36-13-22	
Operator:	Summit Exploration Company	
String type:	Surface	Project ID: 43-047-37522
Location:	Uintah County	

Design parameters:

Collapse

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

Burst

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

No backup mud specified.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Tension:

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

Tension is based on buoyed weight.
Neutral point: 1,751 ft

Environment:

H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 93 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 250 ft

Cement top: 143 ft

Non-directional string.

Re subsequent strings:

Next setting depth: 11,700 ft
Next mud weight: 10.000 ppg
Next setting BHP: 6,078 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 2,000 ft
Injection pressure: 2,000 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	2000	9.625	36.00	J-55	LT&C	2000	2000	8.796	142.4
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	873	2020	2.315	2000	3520	1.76	63	453	7.19 J

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

Phone: 801-538-5280
FAX: 810-359-3940

Date: January 18, 2006
Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 2000 ft, a mud weight of 8.4 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

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

Well name:	01-06 Summit State 6-36-13-22		
Operator:	Summit Exploration Company		
String type:	Production	Project ID:	43-047-37522
Location:	Uintah County		

Design parameters:

Collapse

Mud weight: 10.000 ppg
 Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 4,674 psi
 Internal gradient: 0.120 psi/ft
 Calculated BHP: 6,078 psi

 No backup mud specified.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Tension:

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

Tension is based on buoyed weight.
 Neutral point: 9,926 ft

Environment:

H2S considered? No
 Surface temperature: 65 °F
 Bottom hole temperature: 229 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 1,500 ft

 Cement top: 3,666 ft

Non-directional string.

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	11700	5.5	17.00	N-80	LT&C	11700	11700	4.767	403.2
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	6078	6290	1.035	6078	7740	1.27	169	348	2.06 J

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

Phone: 801-538-5280
 FAX: 810-359-3940

Date: January 18, 2006
 Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 11700 ft, a mud weight of 10 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

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

From: Ed Bonner
To: Whitney, Diana
Date: 2/15/2006 3:57:43 PM
Subject: Well Clearance

The following wells have been given cultural resource clearance by the Trust Lands Cultural Resources Group:

EOG Resources, Inc
NBU 556-18E
NBU 557-18E

Summit Operating, LLC
State 16-32-13-22
State 8-32-13-22
State 6-36-13-22
State 4-36-13-22

Westport Oil & Gas Company
NBU 1021-28G
NBU 1021-28O (APD has name as **State 1021-28O**) One significant site which must be avoided
NBU 1021-13A
NBU 1021-13C
NBU 1021-13G
NBU 1021-13I
NBU 1021-13K
NBU 1021-13O

Wind River II Corporation
Snowshoe 2-15-16-22

If you have any questions regarding this matter please give me a call.

CC: Garrison, LaVonne; Hill, Brad; Hunt, Gil



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

February 16, 2006

Summit Operating, LLC
2064 Prospector Ave., Suite 102
Park City, UT 84060

Re: State 6-36-13-22 Well, 2170' FNL, 1810' FWL, SE NW, Sec. 36, T. 13 South,
R. 22 East, Uintah County, Utah

Gentlemen:

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

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-37522.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

cc: Uintah County Assessor
SITLA

Operator: Summit Operating, LLC
Well Name & Number State 6-36-13-22
API Number: 43-047-37522
Lease: ML-47393

Location: SE NW **Sec.** 36 **T.** 13 South **R.** 22 East

Conditions of Approval

1. **General**

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

2. **Notification Requirements**

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

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

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

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

3. **Reporting Requirements**

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

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

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

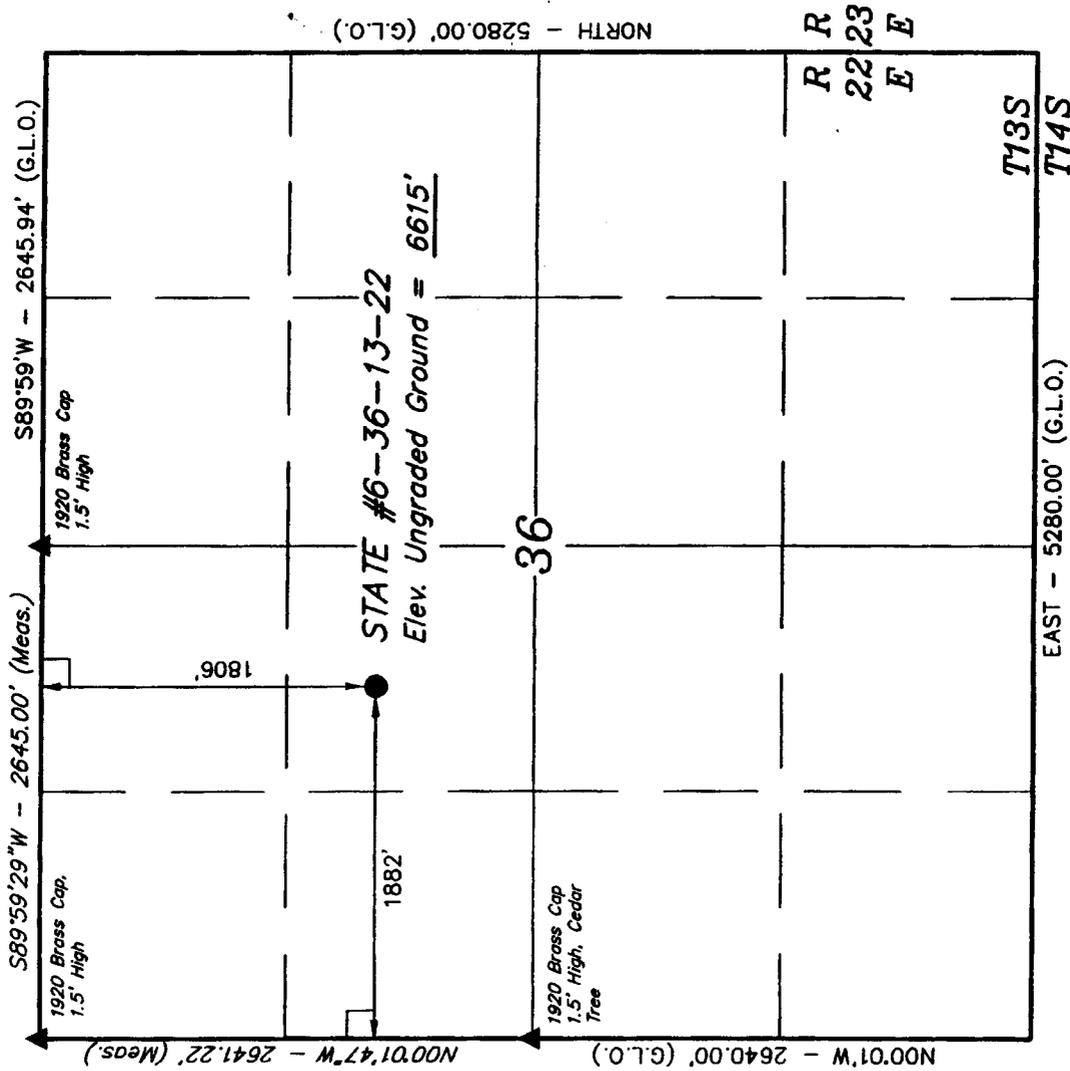
Page 2

43-047-37522

February 16, 2006

6. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.

43. DATA 37522
 T13S, R22E, S.L.B.&M.



NORTH - 5280.00' (G.L.O.)

SUMMIT OPERATING, LLC.

Well location, STATE #6-36-13-22, located as shown in the SE 1/4 NW 1/4 of Section 36, T13S, R22E, S.L.B.&M. Uintah County, Utah.

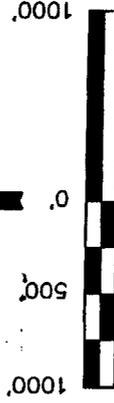
BASIS OF ELEVATION

SPOT ELEVATION LOCATED AT A ROAD INTERSECTION IN THE NW 1/4 NE 1/4 OF SECTION 26, T13S, R22E, S.L.B.&M. TAKEN FROM THE BATES KNOLLS, QUADRANGLE, UTAH, UINTAH COUNTY, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 6590 FEET.

BASIS OF BEARINGS

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

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



SCALE



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

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

SCALE	DATE SURVEYED:	DATE DRAWN:
1" = 1000'	11-22-06	11-24-06
PARTY	REFERENCES	
J.W. B.D. D.R.B.	G.L.O. PLAT	
WEATHER	FILE	
COOL	SUMMIT OPERATING, LLC.	

LEGEND:
 — = 90° SYMBOL
 ● = PROPOSED WELL HEAD.
 ▲ = SECTION CORNERS LOCATED.

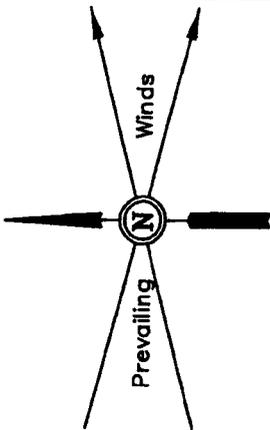
EAST - 5280.00' (G.L.O.)
 (NAD 83)
 LATITUDE = 39°38'43.57" (39.645436)
 LONGITUDE = 109°24'23.15" (109.406431)
 (NAD 27)
 LATITUDE = 39°38'43.69" (39.645469)
 LONGITUDE = 109°24'20.71" (109.405753)

SUMMIT OPERATING, LLC.

FIGURE #1

LOCATION LAYOUT FOR

STATE #6-36-13-22
SECTION 36, T13S, R22E, S.L.B.&M.
1806' FNL 1882' FWL

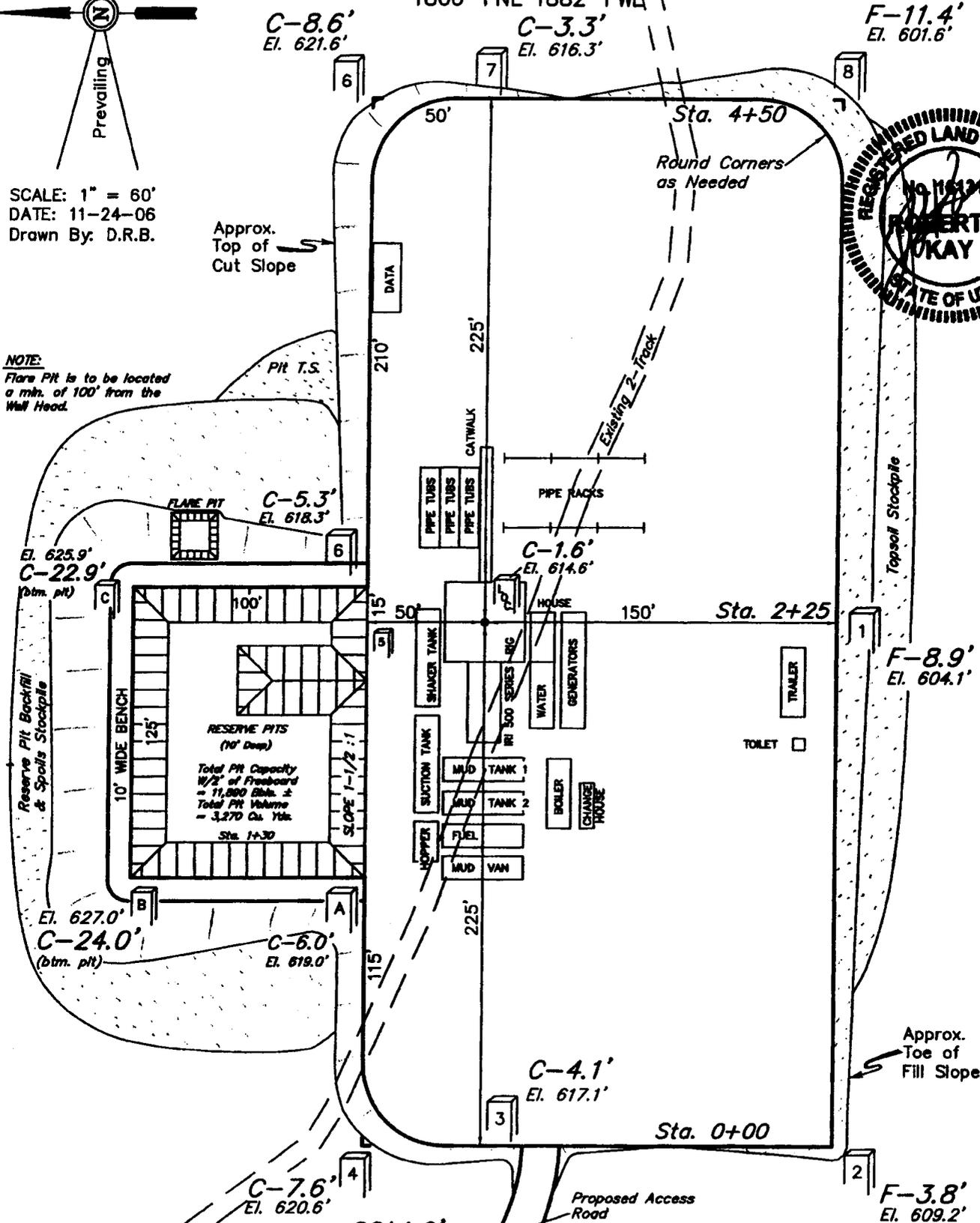


SCALE: 1" = 60'
DATE: 11-24-06
Drawn By: D.R.B.

Approx. Top of Cut Slope



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



Approx. Toe of Fill Slope

Elev. Ungraded Ground At Loc. Stake = 6614.6'
FINISHED GRADE ELEV. AT LOC. STAKE = 6613.0'

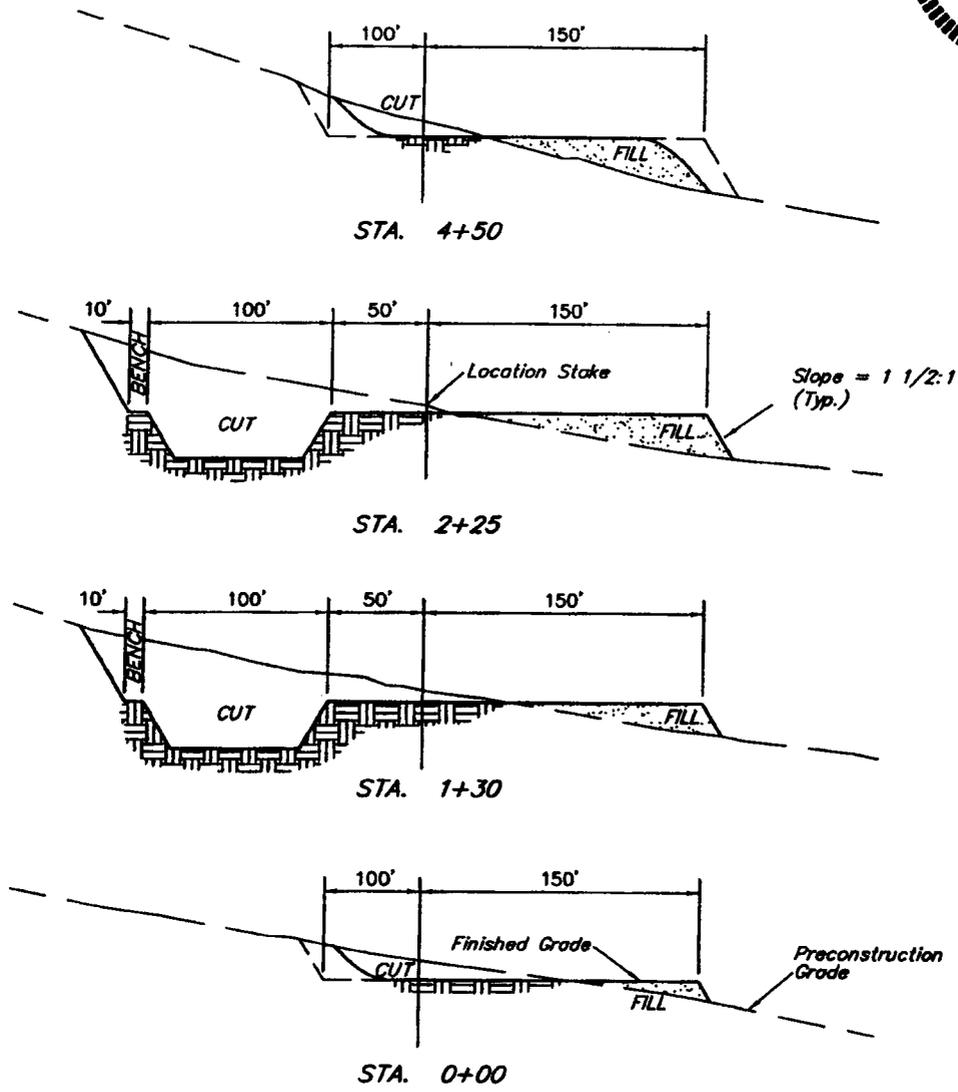
SUMMIT OPERATING, LLC.

FIGURE #2

TYPICAL CROSS SECTIONS FOR
 STATE #6-36-13-22
 SECTION 36, T13S, R22E, S.L.B.&M.
 1806' FNL 1882' FWL

1" = 40'
 X-Section
 Scale
 1" = 100'

DATE: 11-24-06
 Drawn By: D.R.B.



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

* NOTE:
 FILL QUANTITY INCLUDES 5% FOR COMPACTION

APPROXIMATE YARDAGES

CUT	
(6") Topsoil Stripping	= 2,430 Cu. Yds.
Remaining Location	= 14,980 Cu. Yds.
TOTAL CUT	= 17,410 CU.YDS.
FILL	= 10,120 CU.YDS.

EXCESS MATERIAL	= 7,290 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 4,070 Cu. Yds.
EXCESS UNBALANCE (After Interim Rehabilitation)	= 3,220 Cu. Yds.

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

SUMMIT OPERATING, LLC

STATE #6-36-13-22

LOCATED IN UINTAH COUNTY, UTAH
SECTION 36, T13S, R22E, S.L.B.&M.



PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: SOUTHERLY

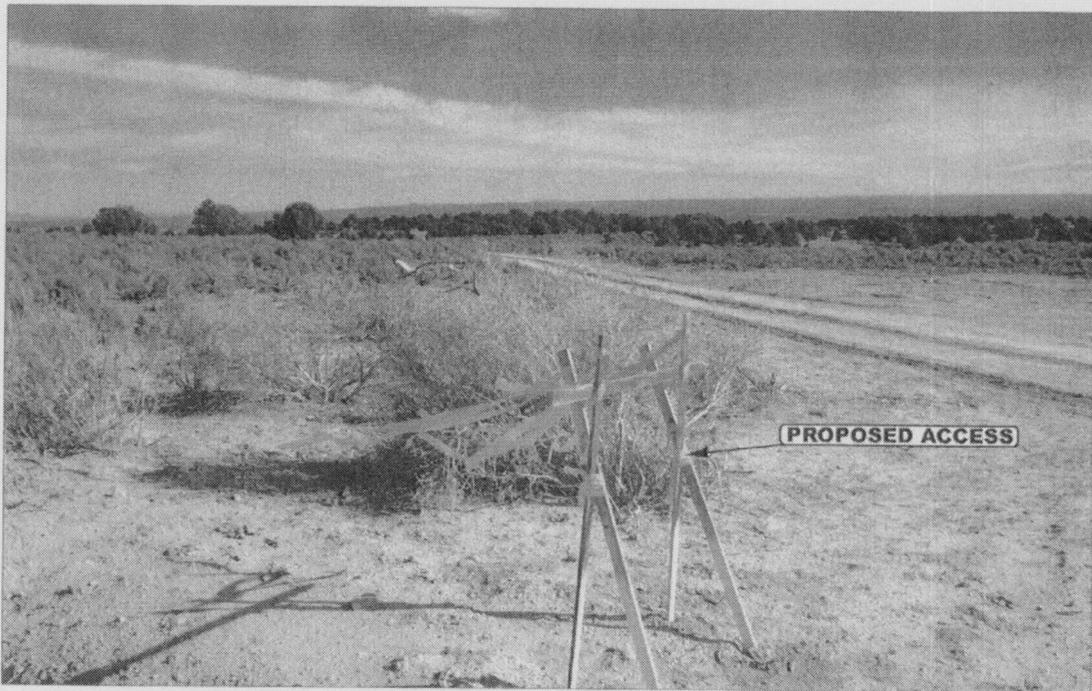


PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: EASTERLY



UELS

Uintah Engineering & Land Surveying

85 South 200 East Vernal, Utah 84078
435-789-1017 uels@uelsinc.com

LOCATION PHOTOS

11 27 06
MONTH DAY YEAR

PHOTO

TAKEN BY: J.W.

DRAWN BY: C.P.

REVISED: 00-00-00



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

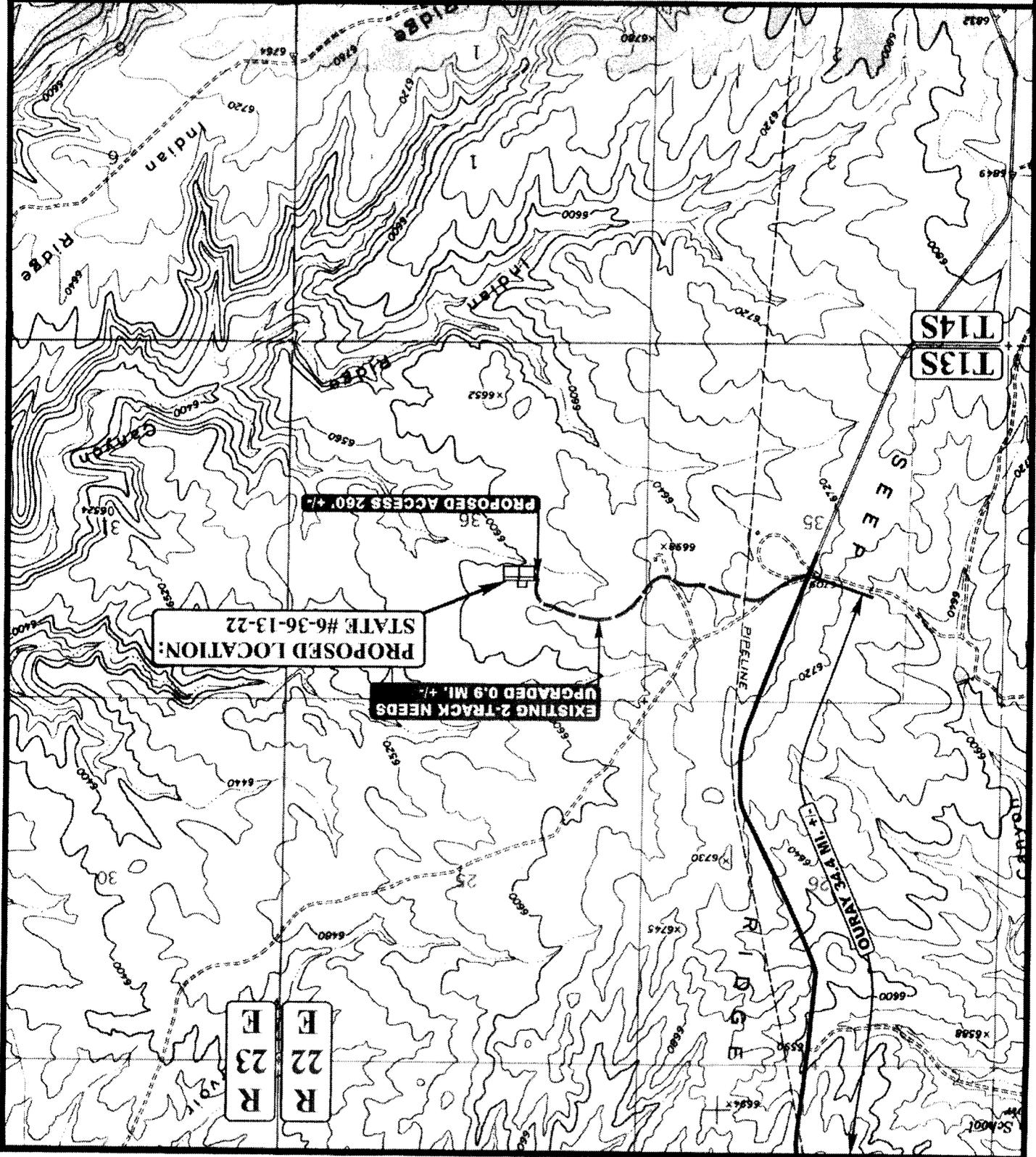
TOPOGRAPHIC MAP
 MONTH DAY YEAR
 11 27 06
 SCALE: 1" = 2000'
 DRAWN BY: C.P.
 REVISED: 00-00-00
 TOPO B

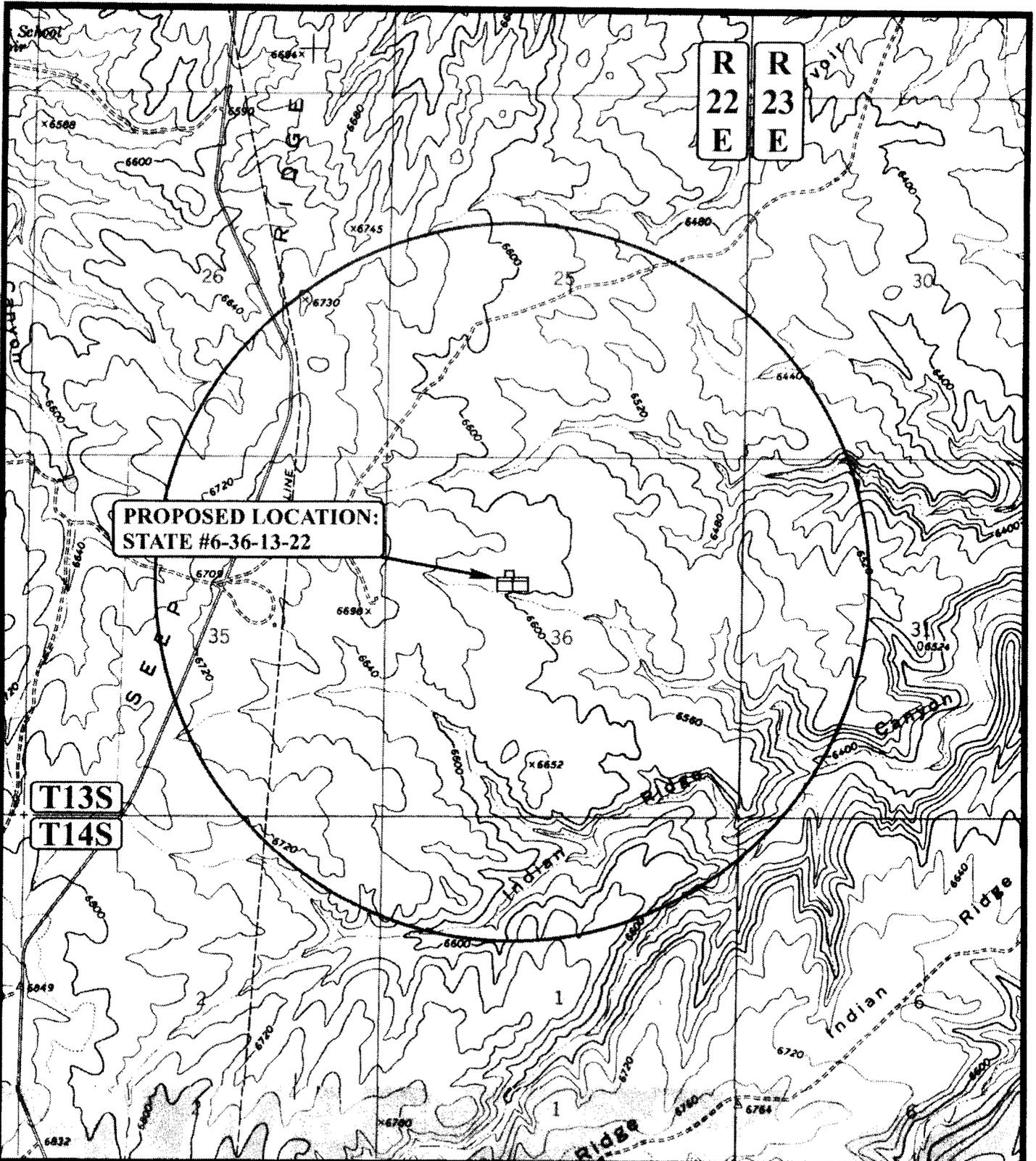
EXISTING ROAD
 PROPOSED ACCESS ROAD
 EXISTING 2-TRACK NEEDS UPGRADED



SUMMIT OPERATING, LLC
 STATE #6-36-13-22
 SECTION 36, T13S, R22E, S1.B.&M.
 1806 FNL, 1882 FWL

LEGEND:





**PROPOSED LOCATION:
STATE #6-36-13-22**

**T13S
T14S**

**R
22
E** **R
23
E**

LEGEND:

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

SUMMIT OPERATING, LLC

STATE #6-36-13-22
SECTION 36, T13S, R22E, S.L.B.&M.
1806' FNL 1882' FWL



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



TOPOGRAPHIC 11 27 06
MAP MONTH DAY YEAR
SCALE: 1" = 2000' DRAWN BY: C.P. REVISED: 00-00-00



CONFIDENTIAL

DIVISION OF OIL, GAS AND MINING

SPUDDING INFORMATION

Name of Company: SUMMIT OPERATING, LLC

Well Name: STATE 6-36-13-22

Api No: 43-047-37522 Lease Type: STATE

Section 36 Township 13S Range 22E County UINTAH

Drilling Contractor PETE MARTIN'S RIG # BUCKET

SPUDDED:

Date 11/29/06

Time 1:57 PM

How DRY

Drilling will Commence: _____

Reported by LARRY CALDWELL

Telephone # (435) 828-1733

Date 11/29/2006 Signed CHD

Division of Oil, Gas and Mining
OPERATOR CHANGE WORKSHEET

ROUTING

1. DJJ
2. CDW

X - Change of Operator (Well Sold)

Operator Name Change/Merger

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

12/26/2006

FROM: (Old Operator): N2315-Summit Opreating, LLC PO Box 683909 Park City, UT 84068 Phone: 1 (435) 940-9001	TO: (New Operator): N0330-Del-Rio Resources, Inc. PO Box 459 Vernal, UT 84078 Phone: 1 (435) 789-1703
--	---

CA No.

Unit:

WELL NAME	SEC	TWN	RNG	API NO	ENTITY NO	LEASE TYPE	WELL TYPE	WELL STATUS
STATE 4-36-13-22	36	130S	220E	4304737523		State	GW	APD
STATE 8-36-13-22	36	130S	220E	4304737714		State	GW	APD
STATE 2-36-13-22	36	130S	220E	4304737715		State	GW	APD
STATE 6-36-13-22	36	130S	220E	4304737522	15835	State	GW	DRL

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: 1/3/2007
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 1/3/2007
- The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 12/28/2006
- a. Is the new operator registered in the State of Utah: YES Business Number: 667385-0142
- b. If **NO**, the operator was contacted on:
- 5a. (R649-9-2) Waste Management Plan has been received on: OK
- 5b. Inspections of LA PA state/fee well sites complete on: n/a
- 5c. 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 BIA
- Federal and Indian Units:**
The BLM or BIA has approved the successor of unit operator for wells listed on: _____
- Federal and Indian Communization Agreements ("CA"):**
The BLM or BIA has approved the operator for all wells listed within a CA on: _____
- 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: 1/11/2007
- Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 1/11/2007
- Bond information entered in RBDMS on: 1/11/2007
- Fee/State wells attached to bond in RBDMS on: 1/11/2007
- Injection Projects to new operator in RBDMS on: n/a
- Receipt of Acceptance of Drilling Procedures for APD/New on: 1/9/2007

BOND VERIFICATION:

- Federal well(s) covered by Bond Number: n/a
- Indian well(s) covered by Bond Number: n/a
- a. (R649-3-1) The **NEW** operator of any fee well(s) listed covered by Bond Number 8734397758
- 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: 1/16/2007

COMMENTS:

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

5. Lease Designation and Serial Number:
ML47393

6. If Indian, Allottee or Tribe Name:

SUBMIT IN TRIPLICATE

7. If Unit or CA/Agreement, Name:
As Described Below

1. Type of Well
 Oil Well Gas Well Other

8. Well Name and Number
As Described Below

2. Name of Operator
Del-Rio Resources, Inc. **N0330**

9. API Number:
As Described Below

3. Address
PO Box 459, Vernal, UT 84078
Phone Number:
435-789-1703

10. Field and Pool, or Wildcat:
As Described Below

4. Location of Well:
As Described Below

County: UINTAH
State: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> Notice of Intent Approximate date work will start:	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Re-perforate Current Form.
<input checked="" type="checkbox"/> Subsequent Report 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"/> Temp. Abandon
	<input type="checkbox"/> Change to 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 Form.	<input type="checkbox"/> Reclamation of Well Site	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Convert Well Types	<input type="checkbox"/> Re-complte Different Form	CHANGE OF OPERATOR

12. Describe Proposed or Completed Operation

Summit Operating and its Partners have sold 100% of the working interest in and to the following wells located in Uintah County, Utah. Del-Rio Resources will assume operations for the following wells. Said wells will be covered by Del-Rio's bond # **8734397758** effective **12/24/2006**

Lease/Wells:

State 6-36-13-22 Located at T13S R22E, Sec 36, SENW (API: 43-047-37522)
State 2-36-13-22 Located at T13S R22E, Sec 36, NWNE (API: 43-047-37715)
State 8-36-13-22 Located at T13S R22E, Sec 36, SENE (API: 43-047-37714)
State 4-36-13-22 Located at T13S R22E, Sec 36, NWNW (API: 43-047-37523)

All of the above listed wells are in lease ML47393

APPROVED 1111 107

Agreed:

Summit Operating, LLC

N2315
Earlene Russell, Engineering Technician
Division of Oil, Gas and Mining

RECEIVED

JAN 03 2007

DIV. OF OIL, GAS & MINING

Lawrence C. Caldwell
PO Box 683909 Park City Ut 84068 435-940-9001

Name Lawrence C. Caldwell

Title President

Signature

Date December 26, 2006

(This space for State use only)

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

CONFIDENTIAL

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS		5. LEASE DESIGNATION AND SERIAL NUMBER: ML-47393
		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A
		7. UNIT OR CA AGREEMENT NAME: N/A
		8. WELL NAME and NUMBER: State 6-36-13-22
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.		9. API NUMBER: 43-047-37522
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <u>Approved APD (location)</u>	2. NAME OF OPERATOR: Summit Operating, LLC	10. FIELD AND POOL, OR WILDCAT: Seep Ridge
3. ADDRESS OF OPERATOR: 2064 Prospector Ave, #102, Park City, STATE UT ZIP 84060	PHONE NUMBER: 435-940-9001	
4. LOCATION OF WELL FOOTAGES AT SURFACE: 2170' FNL, 1810' FWL		COUNTY: Uintah
QTR/QR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SENW, Section 36, T13S, R 22E, SLM		STATE: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: <u>November 24, 2006</u>	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion:	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>Move location and begin construction</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.

Construction of the location is scheduled to begin ASAP to save lease under arrangement with Utah SITLA. A field inspection was conducted November 20, 2006 that found that the location construction would require building less access road, disturbing less overall area and involve cutting substantially less rock if the location were moved 184' due north. The attached plat depicts the requested well site move up out of a drainage where it was originally approved and nearer an existing two track road.

The new footages for the well will be 1986' FNL, 1810 FWL, Section 36, T13S, R22E, SLM.

Please consider verbal approval if possible so that construction can occur over the upcoming holiday weekend.

63677X 39444951
4389956Y -109.405941

NAME (PLEASE PRINT) David L. Allin TITLE Agent for Summit Operating, LLC

SIGNATURE [Signature] DATE November 21, 2006

(This space for State use only)

COPY SENT TO OPERATOR
 Date: 12/5/06
 Initials: CAO

Approved by the
Utah Division of
Oil, Gas and Mining

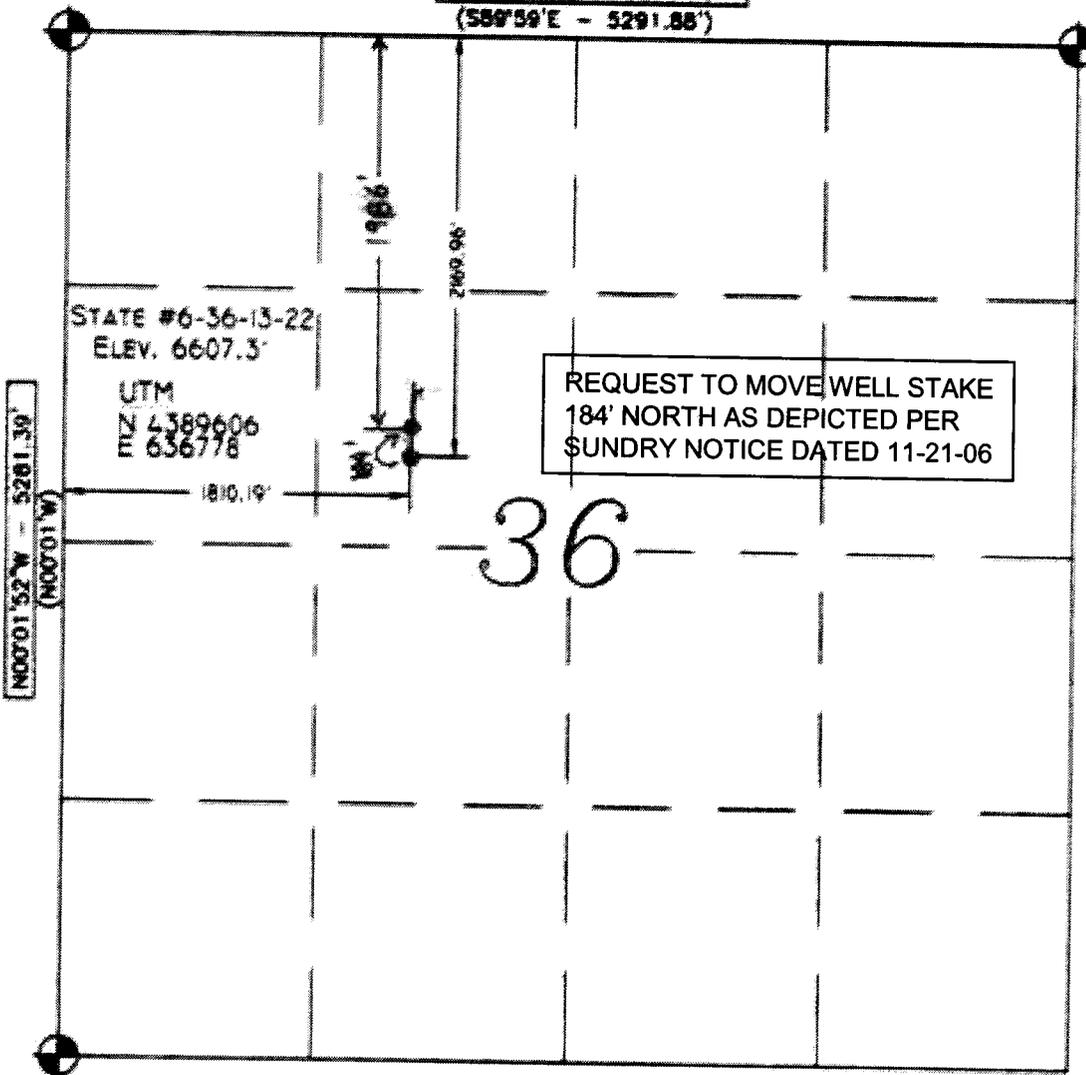
Date: 11-22-06
By: [Signature]

(5/2000) See Instructions on Reverse Side

Range 22 East

N89°59'32"E - 5290.52'
(589°59'E - 5291.88')

Township 13 South



Location:

The well location was determined using a Trimble 5700 GPS survey grade unit.

Basis of Bearing:

The Basis of Bearing is GPS Measured.

GLO Bearing:

The Bearings indicated are per the recorded plat obtained from the U.S. Land Office.

Basis of Elevation:

Basis of Elevation of 6849.0' being at the West Quarter Corner of Section 2, Township 14 South, Range 22 East, Salt Lake Base & Meridian, as shown on the Bates Knolls Quadrangle 7.5 Minute Series Map.

Description of Location:

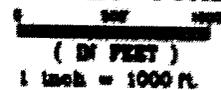
Proposed Drill Hole located in the SE1/4 NW1/4 of Section 36, T13S, R22E, S.L.B.&M., being 2169.96' South and 1810.19' East from the Northwest Corner of Section 36, T13S, R22E, Salt Lake Base & Meridian.

Surveyor's Certificate:

I, Albert J. Spensko, a Registered Professional Land Surveyor, holding Certificate 146652 State of Utah, do hereby certify that the information on this drawing is a true and accurate survey based on data of record and was conducted under my personal direction and supervision as shown hereon.



GRAPHIC SCALE



Legend

- Drill Hole Location
- ⊕ Brass Cap (Found)
- Brass Cap (Searched for, but not found)
- △ Rock Pile
- () GLO
- ▭ GPS Measured

NOTES:

1. UTM and Latitude / Longitude Coordinates are derived using a GPS Pathfinder and are shown in NAD 27 Datum.

LAT / LONG
39°38'40.185" N
109°24'21.421" W



TALON RESOURCES, INC.

195 North 100 West P.O. Box 1230
Huntington, Utah 84308
Phone 435-987-5310 Fax 435-987-5311
E-Mail talon@rv.com

SUMMIT OPERATING

State #6-36-13-22
Section 36, T13S, R22E, S.L.B.&M.
Utah County, Utah

Drawn By J. STANSFIELD	Checked By L.W.J./J.S.H.
Drawing No. A-1	Date 11/06/05
	Scale 1" = 1000'
Sheet 1 of 1	Job No. 2079

Brad Hill - State 6-36-13-22 (43-047-37522)

From: "David L Allin" <allinpro@bresnan.net>
To: "Bradley Hill" <bradhill@utah.gov>
Date: 11/21/2006 6:29 PM
Subject: State 6-36-13-22 (43-047-37522)
CC: "Larry Caldwell" <delrio@easilink.com>

Brad,

I left a message for you on your answering machine this afternoon about getting a location built to drill this well. You may have tried to call me back but my call-forwarding to my cell phone may have failed while I ran an errand to the Post Office. When I returned I talked to John Baza because he happened to pick up the phone, and he said that you had probably left by that time and suggested that I talk to Gil Hunt. I explained the situation to Gil and he was going to leave you a message about it, but I let him know that I would make sure that you got a complete written version anyway and that he could defer.

The background is that my client, Summit Operating, LLC, had this well staked late last year while they were recording the Seep Ridge 3-D Seismic Project ("SR 3-D"). They used an engineering firm from Huntington, Utah that did an effective and speedy job of surveying a number of locations and filing generic APD's for wells on three Utah SITLA leases. One of those locations has been drilled and a successful well was completed last August at a site about 1 mile SW of the State 6-36-13-22 site in SENW Section 2-14S-22E (State 6-2-14-22). After some deliberation and recalibration of the SR 3-D data and the new well data, Summit has made arrangements to drill a well in Section 36-13s-22E. The site selected was the SENW where they had been granted a permit to drill the State 6-36-13-22 last February.

All of the arrangements have been made to build the location and set the surface casing string into the top of the Wasatch as planned and a contract has been let for drilling the long string hole. This is a tricky situation because the underlying lease (ML-47393) is due to expire on November 30, next week. LaVonne Garrison with Utah SITLA is aware of the situation and the lease will be extended as long as the surface casing job to the top of the Wasatch is completed and the big rig moves on within 90 days.

Summit's consulting field engineer, Larry Caldwell, was on Seep Ridge yesterday with a crew of surveyors from UELS in Vernal to stake some new Federal locations plus check the State 6-36-13-22 site prior to starting construction. When the site was inspected again in detail and the well pad design was reviewed it became apparent that the way it was originally engineered would involve extensive excavation and land disturbance that could be radically reduced if the site were moved up out of a drainage and nearer an existing two track road. I was consulted about the situation and found that a minimal move to nearer the center of the SENW drilling window would also put this vertical well in a better position over a small seismic anomaly in the Navajo that is one of several prospective layers that will be tested by this well.

Under these circumstances, the UELS survey crew was ordered to survey an alternative location within the approved area with better overall attributes from the standpoint of surface disturbance, new road building, dirt work and geology. The optimum site was determined to be 184' due north of the original stake. The well location was marked and an outline of the pit and pad were walked out that will specifically fit the big rig. One change from the existing permit which generically proposed the maximum possible area of disturbance is that the reserve pit will be substantially smaller, more on the

order of 80' X 120'.

The big problem my client has is the time frame and that dirt work must start this Friday and go on through the weekend. I have prepared a Sundry Notice in digital form that is attached to this transmission that includes the original survey plat drafted by Talon Resources, Inc. on which I have labelled the 184' move. The on-site inspection of the site was originally held on Friday, January 9, 2006 with Floyd Bartlett representing Utah DOGM. At that time the dirt contractor may have been overly enthusiastic about enhancing his prospects of scope of work by virtue of his input about where the location was staked.

Summit has people standing by to meet Floyd on the site to go over this change, if necessary. Gil suggested that Floyd's notes or recollection from the on-site inspection could agree with Summit's current opinion that the dirt work and surface impacts could be substantially reduced with the proposed move and that the adjusted location could be built with Utah DOGM approval ASAP.

Let me know what can be done. Contact me anytime on this matter.

Thanks and Happy Thanksgiving,

Dave

David L. Allin
Consultant to Summit Operating, LLC
AAPG Certified Petroleum Geologist 2934
Utah Licensed Professional Geologist 5526699-2250
dba Allin Proprietary
475 Seasons Drive
Grand Junction, CO 81503-8749
Telephone (970) 254-3114
Telefax (970) 254-3117
allinpro@bresnan.net

From: "David L Allin" <allinpro@bresnan.net>
To: "Carol Daniels" <CarolDaniels@utah.gov>
Date: 12/11/2006 2:17:39 PM
Subject: State 6-36-13-22 (43-047-37522) ML-47393

CONFIDENTIAL

Carol, 13S 22E 36

Please ignore or delete the earlier transmission. I sent it without the attachment.

I have attached the daily drilling report from the Summit Operating LLC State 6-36-13-22 well to meet the requirement for monthly reporting on the project. A copy is being furnished to LaVonne Garrison at Utah SITLA to insure that her agency is up to date on the diligent operations to extend OG&H lease ML-47393. The rig that is under contract to drill the long string hole is currently drilling a well for FIML in the NOSR2 area and will move on to this location as soon as it is available in approximately 35 days (according to a projection made earlier today).

Please treat all information related to the State 6-36-13-22 as confidential as long as possible under current regulations according to the wishes of the current operator, Summit Energy, LLC.

Thank you.

David L. Allin
Consultant to Summit Operating, LLC
AAPG Certified Petroleum Geologist 2934
Utah Licensed Professional Geologist 5526699-2250
dba Allin Proprietary
475 Seasons Drive
Grand Junction, CO 81503-8749
Telephone (970) 254-3114
Telefax (970) 254-3117
allinpro@bresnan.net

CC: "LaVonne J Garrison" <lavonnegarrison@utah.gov>

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DEC 11 2006

DIV. OF OIL, GAS & MINING



DEL-RIO RESOURCES, INC.

P.O. BOX 459, VERNAL, UT 84078

Telephone (435) 789-1703 ☼ Cell (435) 828-1703 ☼ Fax (435) 789-5703

CONFIDENTIAL

Daily Drilling Report

¹⁹⁸⁶ ~~1810~~ State 6-36-13-22, API No. 43-047-37522
1806' fwl, 1886' fwl (SENW) Section 36, T13S, R22E, SLM, Uintah County, Utah
Graded Ground Level Elevation 6613'

All depths cited are drilling depths prior to open-hole logging

11-20-06

Uintah Engineering & Land Surveying (UELS) crew under direction of Lawrence C. Caldwell, II (Caldwell) selected a new location within the SENW standard drilling window to optimize geological intersections, minimize new access road construction, avoid heavy timber and simplify location construction operations

11-21-06

Brad Hill-Utah DOGM was contacted by David L. Allin (Allin) by telephone and e-mail to explain location adjustment from originally permitted site and requested approval for construction at adjusted site via digitally transmitted Sundry Notice dated 11-21-06.

11-22-06

Verbal approval granted by Brad Hill-Utah DOGM by telephone with Allin for adjusted location and commencement of construction activities on same at 07:50. Floyd Bartlett-Utah DOGM concurred with approval by telephone with Caldwell and a voice-mail message was left for David Hackford-Utah DOGM by Caldwell concerning changes. UELS completed surveying and engineering of new site to accommodate Krobar Drilling LLC Rig 21

11-24-06

Diamond J began upgrading existing two-track road for access and location construction at 08:00.

11-25-06

Location construction continued.

11-26-06

Location construction continued.

11-27-06

Documentation for adjusted location created by UELS was transmitted in digital form to Brad Hill-DOGM including location plat, location layout, cross sections and topographic maps at various scales. Location construction continued.

11-28-06

Voice-mail notification of dry spud planned 11-29-06 left for Carol Daniels-Utah DOGM by Caldwell. Location construction continued and excavation of reserve pit begun.

11-29-06

Well dry spudded by Pete Martin Drilling, Inc. at 13:57. Drilled 20" hole to 40' below ground level and set 14" conductor casing string. Conductor casing was cemented to surface with Class A cement. Carol Daniels-Utah DOGM and LaVonne Garrison-

RECEIVED

DEC 11 2006

- Utah SITLA notified of dry spud by telephone calls from Caldwell. Excavation of reserve pit and location construction continued.
- 11-30-06
- Drilled blast holes for excavation of reserve pit and location construction continued.
- 12-01-06
- Drilled blast holes for excavation of reserve pit and location construction continued.
- 12-02-06
- Blasted reserve pit area, began muck removal and location construction continued.
- 12-03-06
- Mucked reserve pit area and trimmed location to final grade.
- 12-04-06
- Bill Jr's Rathole Drilling, Inc. moved on location to drill 12.25" surface casing hole into top of Wasatch Fm (1800-1850'). Commenced drilling 12.25" surface hole out from under 14" conductor casing at 20:00. Caldwell notified Floyd Bartlett-Utah DOGM of event via telephone. Reserve pit and location trimming continued.
- 12-05-06
- Drilled 12.25" surface hole. Below 1080' as of 08:00 without encountering any water. Uppermost tongue of Wasatch Fm intersected at 1650' along with minor water influx. Caldwell notified Floyd Bartlett-Utah DOGM via telephone that surface casing cementing would occur on 12-06-06. Reserve pit and location trimming continued.
- 12-06-06
- TD for 12.25" surface hole called at 1865' at 09:30. No significant water flows were encountered. Ran 1818' of 9.625" 32.30 ppf, H-40 casing. Big 4 Cementing rigged up 1" line in annulus at 200' to squeeze cement if necessary and cemented the surface casing with 560 sx of premium (Class G) cement, 10 sx CaCl, 140 lbs flocele, 32 sx gel, 1,600 lbs gilsonite, 451 lbs of NaCl and 480 lbs of CR-3. Top plug went down at 10:45 after pumping 160 sx in 108.8 bbls (3.82 cu ft/sack) of lead slurry and 200 sx in 41 bbls (1.15 cu ft/sack) of tail slurry. Good circulation noted throughout job. Slight sinking was noted and 200 sx in 40.8 bbls (1.15 cu ft/sack) of slurry was squeezed through 1" line in annulus with good circulation. Cement level held OK. A total of 20 bbls excess cement slurry was circulated to pit. Net cement placed in annulus was 463 sx in 170.6 bbls of combined lead and tail slurries. Cementing operation was witnessed by Floyd Bartlett-Utah DOGM. Reserve pit and location trimming continued.
- 12-07-06
- Completed location construction. Ordering drilling flange and pit liner. Waiting on Krobar Drilling LLC Rig #21 to drill long string hole.

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DEC 11 2006

DIV. OF OIL, GAS & MINING

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

FORM 8

ENTITY ACTION FORM

Operator: Summit Operating, LLC Operator Account Number: N 2315
 Address: PO Box 683909
city Park City
state UT zip 84068-3909 Phone Number: (435) 940-9001

Well 1

4304737522	State 6-36-13-22	serw	36	13s	22e	Uintah
A	99999	15835	11/29/2006	12/13/06		
Comments: MNKP		CONFIDENTIAL				

Well 2

Comments:						

Well 3

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)

Marie Adams

Name (Please Print)

Marie Adams

Signature
Operations

12/13/2006

Date

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DEC 13 2006

Division of Oil, Gas and Mining
OPERATOR CHANGE WORKSHEET

ROUTING
1. DJJ
2. CDW

X - Change of Operator (Well Sold)

Operator Name Change/Merger

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

12/26/2006

FROM: (Old Operator): N2315-Summit Opreating, LLC PO Box 683909 Park City, UT 84068 Phone: 1 (435) 940-9001	TO: (New Operator): N0330-Del-Rio Resources, Inc. PO Box 459 Vernal, UT 84078 Phone: 1 (435) 789-1703
--	---

CA No.

Unit:

WELL NAME	SEC	TWN	RNG	API NO	ENTITY NO	LEASE TYPE	WELL TYPE	WELL STATUS
STATE 4-36-13-22	36	130S	220E	4304737523		State	GW	APD
STATE 8-36-13-22	36	130S	220E	4304737714		State	GW	APD
STATE 2-36-13-22	36	130S	220E	4304737715		State	GW	APD
STATE 6-36-13-22	36	130S	220E	4304737522	15835	State	GW	DRL

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: 1/3/2007
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 1/3/2007
- The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 12/28/2006
- 4a. Is the new operator registered in the State of Utah: YES Business Number: 667385-0142
- 4b. If **NO**, the operator was contacted on: _____
- 5a. (R649-9-2)Waste Management Plan has been received on: OK
- 5b. Inspections of LA PA state/fee well sites complete on: n/a
- 5c. 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 BIA
- Federal and Indian Units:**
The BLM or BIA has approved the successor of unit operator for wells listed on: _____
- Federal and Indian Communization Agreements ("CA"):**
The BLM or BIA has approved the operator for all wells listed within a CA on: _____
- 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: 1/11/2007
- Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 1/11/2007
- Bond information entered in RBDMS on: 1/11/2007
- Fee/State wells attached to bond in RBDMS on: 1/11/2007
- Injection Projects to new operator in RBDMS on: n/a
- Receipt of Acceptance of Drilling Procedures for APD/New on: 1/9/2007

BOND VERIFICATION:

- Federal well(s) covered by Bond Number: n/a
- Indian well(s) covered by Bond Number: n/a
- 3a. (R649-3-1) The **NEW** operator of any fee well(s) listed covered by Bond Number 8734397758
- 3b. 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: 1/16/2007

COMMENTS:

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

5. Lease Designation and Serial Number:
ML47393

6. If Indian, Allottee or Tribe Name:

7. If Unit or CA/Agreement, Name:

As Described Below

SUBMIT IN TRIPLICATE

1. Type of Well
 Oil Well Gas Well Other

8. Well Name and Number
As Described Below

2. Name of Operator
Del-Rio Resources, Inc.

N0330

9. API Number:
As Described Below

3. Address
PO Box 459, Vernal, UT 84078

Phone Number:
435-789-1703

10. Field and Pool, or Wildcat:
As Described Below

4. Location of Well:
As Described Below

County: UINTAH

State: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> Notice of Intent Approximate date work will start:	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Re-perforate Current Form.
	<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"/> Temp. Abandon
	<input type="checkbox"/> Change to Plans	<input type="checkbox"/> Operator Change	<input type="checkbox"/> Tubing Repair
<input checked="" type="checkbox"/> Subsequent Report Date of work completion:	<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 Form.	<input type="checkbox"/> Reclamation of Well Site	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Convert Well Types	<input type="checkbox"/> Re-complte Different Form	CHANGE OF OPERATOR

12. Describe Proposed or Completed Operation

Summit Operating and its Partners have sold 100% of the working interest in and to the following wells located in Uintah County, Utah. Del-Rio Resources will assume operations for the following wells. Said wells will be covered by Del-Rio's bond # 8724397758 effective 12/26/2006

Lease/Wells:

State 6-36-13-22 Located at T13S R22E, Sec 36, SENW (API: 43-047-37522)

State 2-36-13-22 Located at T13S R22E, Sec 36, NWNE (API: 43-047-37715)

State 8-36-13-22 Located at T13S R22E, Sec 36, SENE (API: 43-047-37714)

State 4-36-13-22 Located at T13S R22E, Sec 36, NWNW (API: 43-047-37523)

All of the above listed wells are in lease ML47393

APPROVED 1111 107

Agreed:

Summit Operating, LLC

N2315

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

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JAN 03 2007

DIV. OF OIL, GAS & MINING

PO Box 683909 Park City Ut 84068 435-940-9001

Name Lawrence C. Caldwell

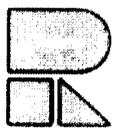
Title President

Signature

Lawrence C. Caldwell

Date December 26, 2006

(This space for State use only)



DEL-RIO RESOURCES, INC.

P.O. BOX 459, VERNAL, UT 84078

Telephone (435) 789-1703 ☼ Cell (435) 828-1703 ☼ Fax (435) 789-5703

CONFIDENTIAL

Daily Drilling Report

State 6-36-13-22, API No. 43-047-37522

1806' fnl, 1886' fwl (SEnw) Section 36, T13S, R22E, SLM, Uintah County, Utah

Graded Ground Level Elevation 6613'

All depths cited are drilling depths prior to open-hole logging

11-20-06

Uintah Engineering & Land Surveying (UELS) crew under direction of Lawrence C. Caldwell, II (Caldwell) selected a new location within the SENW standard drilling window to optimize geological intersections, minimize new access road construction, avoid heavy timber and simplify location construction operations

11-21-06

Brad Hill-Utah DOGM was contacted by David L. Allin (Allin) by telephone and e-mail to explain location adjustment from originally permitted site and requested approval for construction at adjusted site via digitally transmitted Sundry Notice dated 11-21-06.

11-22-06

Verbal approval granted by Brad Hill-Utah DOGM by telephone with Allin for adjusted location and commencement of construction activities on same at 07:50. Floyd Bartlett-Utah DOGM concurred with approval by telephone with Caldwell and a voice-mail message was left for David Hackford-Utah DOGM by Caldwell concerning changes. UELS completed surveying and engineering of new site to accommodate Krobar Drilling LLC Rig 21

11-24-06

Diamond J began upgrading existing two-track road for access and location construction at 08:00.

11-25-06

Location construction continued.

11-26-06

Location construction continued.

11-27-06

Documentation for adjusted location created by UELS was transmitted in digital form to Brad Hill-DOGM including location plat, location layout, cross sections and topographic maps at various scales. Location construction continued.

11-28-06

Voice-mail notification of dry spud planned 11-29-06 left for Carol Daniels-Utah DOGM by Caldwell. Location construction continued and excavation of reserve pit begun.

11-29-06

Well dry spudded by Pete Martin Drilling, Inc. at 13:57. Drilled 20" hole to 40' below ground level and set 14" conductor casing string. Conductor casing was cemented to surface with Class A cement. Carol Daniels-Utah DOGM and LaVonne Garrison-

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Utah SITLA notified of dry spud by telephone calls from Caldwell. Excavation of reserve pit and location construction continued.

11-30-06
Drilled blast holes for excavation of reserve pit and location construction continued.

12-01-06
Drilled blast holes for excavation of reserve pit and location construction continued.

12-02-06
Blasted reserve pit area, began muck removal and location construction continued.

12-03-06
Mucked reserve pit area and trimmed location to final grade.

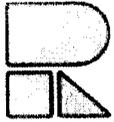
12-04-06
Bill Jr's Rathole Drilling, Inc. moved on location to drill 12.25" surface casing hole into top of Wasatch Fm (1800-1850'). Commenced drilling 12.25" surface hole out from under 14" conductor casing at 20:00. Caldwell notified Floyd Bartlett-Utah DOGM of event via telephone. Reserve pit and location trimming continued.

12-05-06
Drilled 12.25" surface hole. Below 1080' as of 08:00 without encountering any water. Uppermost tongue of Wasatch Fm intersected at 1650' along with minor water influx. Caldwell notified Floyd Bartlett-Utah DOGM via telephone that surface casing cementing would occur on 12-06-06. Reserve pit and location trimming continued.

12-06-06
TD for 12.25" surface hole called at 1865' at 09:30. No significant water flows were encountered. Ran 1818' of 9.625" 32.30 ppg, H-40 casing. Big 4 Cementing rigged up 1" line in annulus at 200' to squeeze cement if necessary and cemented the surface casing with 560 sx of premium (Class G) cement, 10 sx CaCl, 140 lbs flocele, 32 sx gel, 1,600 lbs gilsonite, 451 lbs of NaCl and 480 lbs of CR-3. Top plug went down at 10:45 after pumping 160 sx in 108.8 bbls (3.82 cu ft/sack) of lead slurry and 200 sx in 41 bbls (1.15 cu ft/sack) of tail slurry. Good circulation noted throughout job. Slight sinking was noted and 200 sx in 40.8 bbls (1.15 cu ft/sack) of slurry was squeezed through 1" line in annulus with good circulation. Cement level held OK. A total of 20 bbls excess cement slurry was circulated to pit. Net cement placed in annulus was 463 sx in 170.6 bbls of combined lead and tail slurries. Cementing operation was witnessed by Floyd Bartlett-Utah DOGM. Reserve pit and location trimming continued.

12-07-06
Completed location construction. Ordering drilling flange and pit liner. Waiting on Krobar Drilling LLC Rig #21 to move on and drill long string hole.

01-05-07
Subcontractors lined up. Waiting on Krobar 21. Current estimated date of arrival of rig on location is January 29th.



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DEL-RIO RESOURCES, INC.

P.O. BOX 459, VERNAL, UT 84078

Telephone (435) 789-1703 ☼ Cell (435) 828-1703 ☼ Fax (435) 789-5703

Daily Drilling Report Version 4-6-07-09:00

Del-Rio Resources State 6-36-13-22, API No. 43-047-37522, Seep Ridge Field

A Tronco Energy Corporation and Philco Exploration, LLC Project

1806' fnl, 1882' fwl (SEnw) Section 36, T13S, R22E, SLM, Uintah County, Utah

Graded Ground Level Elevation 6613' and KB 6635'

All depths cited are drilling depths prior to logging

11-20-06: Uintah Engineering & Land Surveying (UELS) crew under direction of Lawrence C. Caldwell, II (Caldwell) selected a new location within the SENW standard drilling window to optimize geological intersections, minimize new access road construction, avoid heavy timber and simplify location construction operations

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11-30-06: Drilled blast holes for excavation of reserve pit and location construction continued.

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DIV. OF OIL, GAS & MINING

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12-07-06: Completed location construction. Dug out cellar and set cellar ring. Ordered wellhead and drilling flange from Cameron and pit liner from Diamond J. Waiting on Krobar Drilling, LLC Rig 21 to move on and drill long string hole.

01-05-07: Subcontractors lined up. Waiting on Krobar 21. Current estimated date of arrival of rig on location is January 29th. December monthly report transmitted to Carol Daniels-Utah DOGM with cc to LaVonne Garrison-Utah SITLA.

01-31-07: Subcontractors lined up and on notice for all services. Waiting on Krobar 21 to be released from current assignment. Rig moving expected to begin February 6th. January monthly report transmitted to Carol Daniels-Utah DOGM with cc to LaVonne Garrison-Utah SITLA.

02-07-07: Krobar 21 still working for FIML Natural Resources, LLC and may not be released until February 12th. Checked for availability of other rigs, such as Frontier 3 stacked on Seep Ridge Road after release by Pioneer Natural Resources, but none were available with appropriate rating and drill pipe/collars to safely drill State 6-36-13-22.

02-12-07: Diamond J motor grader trimmed location following thaw in preparation to begin moving Krobar 21 onto location but location was too wet to allow completion. Soft spots in access road must be filled with shale prior to move in due to thaw.

02-13-07: Diamond J crew was placed on notice to install pit liner, but road conditions too poor to allow access. FIML Natural Resources, LLC (FIML) expected to release Krobar 21 late 2-16-07 from their well in Section 20-13S-19E and start rig move to State 6-36-13-22 location.

02-14-07: Diamond J motor grader cleaned up access road. FIML completed open hole logging but decision has not been made to P&A or run long string. Release of Krobar 21 may be possible by 2-17-07.

02-15-07: Cameron crew installed 9.625" wellhead on surface casing, pressure tested same and installed drilling flange.

2-16-07: Krobar 21 down yesterday for mechanical work. FIML will run long string, but may not begin operation until late today. Rig release is probable sometime 2-19-07 to allow rig moving crews to begin 5 day move to State 6-36-13-22 location. First weekly report of operations transmitted to Carol Daniels-Utah DOGM with cc to LaVonne Garrison-Utah SITLA. TD 1818' (GL)

2-19-07: Krobar 21 released by FIML and began rigging down at the FIML site. First Bar IS, Inc. moving truck arrived on that location during afternoon. Diamond J motor grader trimmed up pad and access road at State 6-36-13-22 location.

2-20-07: Diamond J crew installed the pit liner and erected lease signs. Dalbo, Inc. notified to begin hauling water to place in pit to hold down liner and for later use in drilling operations. First three loads of Krobar 21 equipment delivered during afternoon.

2-21-07: Ten more loads of Krobar 21 delivered by Bar IS, Inc. Diamond J motor grader operator called in sick and Caldwell had to operate equipment to maintain passable condition of access road for arriving loads; Drill pipe inspection underway

2-22-07: Eleven more loads of Krobar 21 delivered in good order. The only major components left are the two derrick sections and one mud pump. The steel mud pits were spotted on the pad next to the reserve pit. Diamond J crew maintained road. Well site geologists and mud logging equipment are lined up for work to begin possibly by 2-27.

2-23-07: All loads will be on site this evening despite snow storm with crane following in the morning. BOP testing scheduled 2-27. All three Krobar crews working days during rig move. Second weekly report of operations transmitted to Carol Daniels-Utah DOGM with cc to LaVonne Garrison-Utah SITLA. TD 1818' (GL)

2-24-07: Rig up rotary tools (RURT) Krobar 21. Crane arrived by 09:00 and set the major components of the rig such as the two mud pumps, draw works and substructure. Derrick assembled and ready to be raised. Muddy conditions slowed work but getting better. Two of the man camp trailers were damaged by the trucking company. Arrangements made for electrical generators and installation of plumbing at the rig site and man camp locations. TD 1818' (GL)

2-25-07: RURT Krobar 21 continued. TD 1818' (GL)

2-26-07: RURT Krobar 21 continued. HughesChristensen delivered the five drill bits needed for the project. 12:00 crane released. Water deliveries to reserve pit in progress to allow mixing of initial circulating medium when steel mud pits and water supply tank are connected. TD 1818' (GL)

2-27-07: RURT Krobar 21 continued. Caldwell notified Floyd Bartlett-Utah DOGM via telephone that BOP testing could begin in the evening. Company man's skid spotted on site. Derrick raising operation delayed by high wind. Components of the bottom hole assembly (BHA) delivered by Spidle Turbeco including the mud motors and stabilizers selected for the project. 14:00 Pason trailer spotted on site. The initial inventory of drilling mud was delivered by Mustang Drilling Fluids. On-site housing power, sewer & water hookups partially completed. 19:05 derrick was raised during lull in wind. TD 1818' (GL)

2-28-07: BOP testing scheduled during afternoon. Pason EDR tech and well site geologists on site. Man camp and on-site housing should be completed today. BOP testing delayed due to poor makeup caused by ice from water that was not drained properly prior to moving. Choke manifold in same sorry condition and will require thawing by welders before pressure testing can begin. TD 1818' (GL)

3-1-07: Krobar crew ripped hole in the reserve pit liner and caused loss of all of the previously hauled water to mix initial mud batches. Several water haulers were engaged to haul water to the day tank and steel mud pits. Significant repairs to various rig components damaged during the move had to be addressed to allow the Kelly rod to be picked up to begin BOP testing. 19:30 BOP testing was in progress. TD 1818' (GL)

3-2-07: 02:00 BOP testing completed. Rig repairs continued on Kelly spinner and Kelly hose. 10:00 blizzard conditions and initial mud formulation mixed ready to commence drilling cement from the surface casing and through the surface casing shoe. 14:00 picked up Bit 1 (HC506Z) first motor and the other elements of the BHA and began first trip in hole (TIH) with the drill collars and drill pipe. 15:30 TIH to circulate out cement displacement water and drill cement left in surface casing shoe from the cementing operations performed last November. 20:30 TIH to 1,750' (KB) inside 9.625" surface casing. Depth measurements recited from this point on are measurements below the Kelly Bushing on the rig floor. No drilling activity after that during the night tour. Rig component repairs were made and water was hauled in to begin circulation but the reserve pit would not hold water. TD 1840' (KB). TIH

3-3-07: 06:00 No drilling activity overnight for remainder of night tour. 08:00 Day tour crew rotated and reciprocated pipe periodically after their arrival. Rig component repairs were made and more water was delivered to keep up with leaking reserve pit. The pit liner will have to be patched or plugged with bentonite in order to maintain circulation. 08:40 Pump 2 operating and TIH to drill through the cement in the surface casing shoe near 1840'. 11:15 switched to Pump 1 due to problems with Pump 2. 16:30 drilling ahead below 2042' in Wasatch Fm circulating mud through closed system between the steel mud pits. Reserve pit liner repair operation in progress. 19:30 drilling ahead below 2081'. 9.0 hours total drilling time during night tour and day tour that ended at 19:00. 23:59 reciprocating drill string while pumping out cellar and closing a BOP valve. Drilling below 2205'.

3-4-07: 07:30 drilling in Wasatch Fm below 2423' and cut 342' in the past 12 hours for a 28.5 ft/hr average rate of penetration (ROP). 22.5 hours total drilling time during night and day tours that ended at 19:00. Hole trajectory was deviating from vertical at increasing angle, so the weight on bit (WOB) was adjusted to slow the ROP and get well back toward the plumb line. Reserve pit liner repair complete and holding water. No shows. 23:59 drilling below 2664'.

3-5-07: 07:30 drilling in Wasatch Fm below 2708' and cut 285' in the past 24 hours for ROP of 11.9 ft/hr. No shows. 13:00 drilling below 2990'. 21.5 hours total drilling time during night and day tours that ended at 19:00, drilled from 2643' to 3146' and advanced hole 503'. Gross and on-bottom ROP for that 24 hour period was 20.1 ft/hr and 23.4 ft/hr. Third weekly report of operations transmitted to Carol Daniels-Utah DOGM with cc to LaVonne Garrison-Utah SITLA. 19:30 decision made to trip bit and BHA from 3181' to check out bit walking problem that produced a survey that indicated the hole was 6 degrees out of plumb, likely down dip to the north. A Smith bit that could help re-plumb the hole was ordered and a new mud motor will be run. Tripping from 3181'.

3-6-07: 07:00 tripped out of hole (TOH) to examine BHA and Teledrift instrument to determine why the well has deviated from vertical and if the deviation is real. The Pason daily report was delayed by temporary problem with their web mail server. No mud gas shows could be measured from 2920' because the Pason team ran out of hydrogen that is required to operate the gas chromatograph. A replacement bottle containing sample gas was sent out in error and ultimately a more expensive control gas medium, helium, was delivered to the site last night after the current TOH event began. Mud gas measurement was calibrated and active again when drilling resumed after the round trip. Five to 10% sample fluorescence was reported in all Wasatch Fm samples from 2930' to 3250' and 3400' to 3460'. No mud gas shows. Laid down first mud motor, dog sub and upper stabilizer to revise BHA and keep hole straight. 07:15 began TIH with Bit 2 (Smith MV616LPX, PDC) and new mud motor. 09:30 on bottom and resumed drilling in Wasatch Fm. 10:00 survey at 3168' was 8 degrees off vertical. 13:00 survey at 3233' was 7 degrees. 16:00 drilling below 3280'. 10.0 hours total drilling time during night and day tours that ended at 19:00, drilled from 3146' to 3348' and advanced hole 202'. Gross and on-bottom ROP for that 24 hour period was 8.4 ft/hr and 20.2 ft/hr. 20:25 survey at 3360' was 6 degrees off vertical and improving. 21:30 drilling in Wasatch Fm below 3390' with ROP above 100 ft/hr in sandy layer. 23:59 drilling below 3491' in Wasatch Fm. Drilling.

3-7-07: 07:30 drilling in Wasatch Fm near the top of the Mesaverde Group below 3630'. Survey at 3611' was 6 degrees. 07:41 subtle mud gas shows circulated up from 3627'. Second survey at 3611' was 4 degrees. 09:11 more minor mud gas shows circulated up from 3654' probably from carbonaceous shale near the top of the Mesaverde Group section. 09:30 survey at 3640' was 5 degrees. 23.0 hours total drilling time during night and day tours that ended at 19:00, drilled from 3348' to 3922' and advanced hole 574'. Gross and on-bottom ROP for that 24 hour period was 23.9 ft/hr and 25.0 ft/hr. No mud gas shows of a commercial nature. 23:59 drilling below 4020' in Mesaverde Group. Drilling.

3-8-07: 07:30 drilling in Mesaverde Group (Tuscher Fm) below 4172'. No mud gas shows of a commercial nature. The well is advancing back toward vertical. Teledrift instrument will not read inclinations under 4 degrees until reset when tripped; Last wireline inclination survey at 3969' was 6.5 degrees but may be incorrect. 22.0 hours total drilling time during night and day tours that ended

at 19:00, drilled from 3922' to 4487' and advanced hole 565'. Gross and on-bottom ROP for that 24 hour period was 23.5 ft/hr and 25.7 ft/hr. Drilling.

3-9-07: 03:30 survey at 4604' was 4.5 degrees. 07:00 drilling in Mesaverde Group (Neslen Fm) below 4829'. Background levels of mud gas have risen due to additions of gas from sandstone layers and thin coal beds. The mud gas shows are about double the levels in the nearest offset well from this part of the section although the mud is 9.6 ppg vs 8.9 ppg. 08:10 Bit 2 ROP collapsed below 4861'. Fourth weekly report of operations transmitted to Carol Daniels-Utah DOGM with cc to LaVonne Garrison-Utah SITLA. 14:00 TOH with Bit 2 from 4923'. 18.0 hours total drilling time during night and day tours that ended at 19:00, drilled from 4487' to 4923' and advanced hole 436'. Gross and on-bottom ROP for that 24 hour period was 18.2 ft/hr and 24.2 ft/hr. Bit 2 was damaged but had brought the well path back from 9 degrees to around 2 degrees. Re-ran Bit 1 (HC506Z) to complete drilling into the top of the Mancos Sh. 23:50 completed TIH with RR Bit 1 and started drilling from a corrected depth of 4907'. Six feet of fill largely composed of coal was circulated up after TIH. Strong mud gas shows were reported from coal seams and sandstone in the Neslen Fm. Drilling.

3-10-07: 04:50 survey at 5052' was 2 degrees. 07:30 drilling in Mesaverde Group (Neslen Fm) below 5250'. Mud gas shows from coal seams and sandstone layers up to 3,000 units were measured despite circulating 9.6 ppg mud. 16:32 the top of the Castlegate Ss Member of Mesaverde Group was intersected at 5549'. Further drilling produced mud gas shows of up to 10,000 units. 19.5 hours total drilling time during night and day tours that ended at 19:00, drilled from 4923' to 5631' and advanced hole 708'. Gross and on-bottom ROP for that 24 hour period was 29.5 ft/hr and 36.3 ft/hr. Drilling.

3-11-07: 06:30 survey at 5935' was 2 degrees. 07:00 drilling in the Upper Blue Gate Member of Mancos Sh below 6003' with ROP reaching 100 ft/hr. 23.5 hours total drilling time during night and day tours that ended at 19:00, drilled from 5631' to 6578' and advanced hole 947'. Gross and on-bottom ROP for that 24 hour period was 39.5 ft/hr and 40.3 ft/hr. Strong mud gas shows were recorded while drilling the upper part of the Prairie Canyon (Mancos "B") section below its top at 6408'. Drilling.

3-12-07: 08:15 survey at 7077' was 2 degrees. 09:00 drilling in the Lower Blue Gate Member of Mancos Sh below 7107'. 14:40 bit was getting dull and the mud motor failed. 15:30 pumped pills and began TOH from 7254' at 16:00. 19.5 hours total drilling time during night and day tours that ended at 19:00, drilled from 6578' to 7254' and advanced hole 676'. Gross and on-bottom ROP for that 24 hour period was 28.2 ft/hr and 34.7 ft/hr. 21:15 picked up new mud motor and HC504ZX to run as Bit 3 and TIH. Tripping.

3-13-07: 01:30 started reaming back to bottom at 7254' and resumed drilling. 04:25 survey at 7360' was 3 degrees. Fast penetration of Mancos Sh produced mud gas shows from 400 to 1,000 units. No mud gas shows from fractures yet. 06:00 drilling in Lower Blue Gate Member Mancos Sh below 7,500' with on-bottom ROP of 90 to 100 ft/hr. The mud weight got up to 9.8 ppg, but it will get back into shape when the centrifuge is set and plumbed in today. 16.0 hours total drilling time during night and day tours that ended at 19:00, drilled from 7254' to 8004' and advanced hole 750'. Gross

and on-bottom ROP for that 24 hour period was 31.3 ft/hr and 46.9 ft/hr. Centrifuge set by crane during the afternoon and it became operations late in the day. Drilling.

3-14-07: 05:06 survey at 8352' was 2 degrees. 06:45 centrifuge working properly, but mud weight is still very high at 9.7 ppg. Mud gas shows of up to 5,000 units overnight are surprising considering the mud weight. 07:50 drilling below 8447' in Lower Blue Gate Member of Mancos Sh. 23.5 hours total drilling time during night and day tours that ended at 19:00, drilled from 8004' to 8765' and advanced hole 761'. Gross and on-bottom ROP for that 24 hour period was 31.7 ft/hr and 32.4 ft/hr. Drilling.

3-15-07: 04:30 mud weight was in acceptable range of 9.2 ppg, but by 05:30 was 9.5 ppg. Centrifuge repairs required already. 05:15 survey at 9052' was 3 degrees. The slight bit-walk problem requires that WOB be moderated and the ROP has been lower than expected. Mud gas levels have ranged from 800 to over 4,000 units typical of the lower Mancos Sh. 07:00 drilling in Lower Blue Gate Member of Mancos Sh below 9106'. 12:10 pumped pill and prepared to TOH with Bit 3 from 9212'. Centrifuge repairs required again. 14:45 began TOH with Bit 3. 16.0 hours total drilling time during night and day tours that ended at 19:00, drilled from 8765' to 9212' and advanced the hole 447'. Gross and on-bottom ROP for that 24 hour period was 18.6 ft/hr and 27.9 ft/hr. 19:30 Bit 3 out and appeared to be in mint condition. 21:00 TIH with Bit 4 (HC506ZX) to continue drilling. Tripping.

3-16-07: 00:30 began washing and reaming to previous TD. 01:00 mud weight 9.4 ppg. 01:15 resumed drilling new hole in the lowermost member of the Mancos Sh. Total round trip time was 13 hours. 02:00 trip mud gas peak was 8357 units. 03:00 bit balling in thin native bentonite layers and generally clay-rich Tununk Member of Mancos Sh and progress is very slow. 07:30 drilling in Tununk Member of Mancos Shale below 9234' with continued bit balling problems. The mud weight is 9.2 ppg and has been reduced into the high end of the range where it was hoped that it could be maintained for this project. 12:45 drilling at about 10 ft/hr in Tununk Member of Mancos Sh below 9254'. The WOB increase from 15,000 to 25,000 pounds plus the mud treatments at connections seems to be helping. Fifth weekly report of operations transmitted to Carol Daniels-Utah DOGM with cc to LaVonne Garrison-Utah SITLA. 17.0 hours total drilling time during night and day tours that ended at 19:00, drilled from 9212' to 9367' and advanced the hole 155'. Gross and on-bottom ROP for that 24 hour period was 6.5 ft/hr and 9.1 ft/hr. ROP increased dramatically after increase in WOB to 30,000 pounds and the mud weight was gotten under control. 22:50 sharp but short drilling break below 9503' that produced a strong mud gas show correlated with top of Dakota silt in offset well. Drilling.

3-17-07: 01:10 survey at 9553' was 4 degrees. 02:15 sustained drilling break over 24' produced mud gas shows of over 2,000 units. 05:50 reached 9770' and probable top of Morrison Fm after 40 minutes of slow drilling through a possible silicified, chert pebble conglomerate bed in the lower Cedar Mtn Fm. 10:00 a thin layer of sandstone below 9921 produced a mud gas show that peaked at 703 units. 13:45 drilling at about 50 ft/hr in Morrison Fm below 10062'. 23.5 hours total drilling time during night and day tours that ended at 19:00, drilled from 9367' to 10170' and advanced the hole 803'. Gross and on-bottom ROP for that 24 hour period was 33.5 ft/hr and 34.2 ft/hr. 23:21 intersected the top of the Curtis Fm at 10300'. Drilling.

3-18-07: 00:45 intersected top of Slick Rock Member of Entrada Ss at 10346' and the upper few feet produced a mud gas show that peaked at 438 units (about a ten-fold increase over the background gas at the time). A reverse drilling break occurred over that interval indicating that Bit 4 is getting dull. 07:30 stopped drilling in upper part of the Carmel Fm at 10484' to get the mud weight back in line because it had crept up to 9.4 ppg. Progress had been about 20 ft/hr overnight. Carmel Fm top was intersected near 10475'. 18:40 the Navajo Ss top was intersected near 10547'. 16.5 hours total drilling time during night and day tours that ended at 19:00, drilled from 10170' to 10556' and advanced the hole 386'. Gross and on-bottom ROP for that 24 hour period was 16.1 ft/hr and 23.4 ft/hr. Considerable time was spent conditioning the mud prior to drilling into the Navajo Sandstone. Drilling.

3-19-07: 06:00 survey at 10665' was 3 degrees. 08:30 drilling in Kayenta Fm below 10750' at 25 ft/hr. The mud has been conditioned to optimum specifications now and will be maintained by a rented system that will insure that the mud properties will be consistent through the rest of the drilling operation. 12:00 stopped drilling at 10801' near the base of the Kayenta Fm to repair the draw-works drive chain. 16:35 resumed drilling from 10801' where survey was 3 degrees. 18:05 intersected the top of the Wingate Ss at 10815'. No significant mud gas shows. 15.5 hours total drilling time during night and day tours that ended at 19:00, drilled from 10556' to 10830' and advanced the hole 274'. Gross and on-bottom ROP for that 24 hour period was 11.4 ft/hr and 17.7 ft/hr. 21:45 Stopped drilling at 10840' in the Wingate Ss due to deteriorated ROP. Pumped pill. 23:00 began TOH with Bit 4 after its 1628' run. Tripping.

3-20-07: 04:00 Bit 4 out of the hole. 05:00 Began TIH with Bit 5 (HTC HC506ZX+). TIH was suspended at 1670' by 06:22 while drilling line was cut and slipped and rotating head was replaced. 11:30 TIH with Bit 5 was resumed. 14:30 reamed a few feet back down to 10840' and resumed drilling in Wingate Ss. Total time for round trip, maintenance and repairs was 16.5 hours. Mud gas show from trip was 2,460 units and the Prairie Canyon Member of Mancos Sh added an early mud gas show. 3.5 hours total drilling time during night and day tours that ended at 19:00, drilled from 10830' to 10856' and advanced the hole 26'. Gross and on-bottom ROP for that 24 hour period was 1.1 ft/hr and 7.4 ft/hr. Drilling.

3-21-07: 06:05 drilling in Wingate Ss below 11000'. No mud gas shows overnight except from the Prairie Canyon zone on connections. 23.0 hours total drilling time during night and day tours that ended at 19:00, drilled from 10856' to 11174' and advanced the hole 318'. Gross and on-bottom ROP for that 24 hour period was 13.3 ft/hr and 13.8 ft/hr. 21:39 intersected the top of the Chinle Fm near 11204'. Drilling.

3-22-07: 10:25 drilling in lower Chinle Fm and possibly in the Shinarump Cgl Member below 11370' at 15 to 17 ft/hr. No mud gas shows overnight except from the Prairie Canyon zone on connections. 16:00 drilling in Maroon/Weber Fm/Ss below 11437' at 18 to 20 ft/hr. 23.5 hours total drilling time during night and day tours that ended at 19:00, drilled from 11174' to 11498' and advanced the hole 324'. Gross and on-bottom ROP for that 24 hour period was 13.5 ft/hr and 13.8 ft/hr. Drilling.

3-23-07: 07:15 drilling in Morgan Fm below 11690' at 20 to 23 ft/hr. 07:55 samples from 11695' are all limestone typical of the Madison Ls. 07:55 samples from 11695' are all limestone typical of

the Madison Ls. 09:00 Bit 5 encountered pyrite at 11710'. 09:20 Bit 5 encountered more pyrite at 11723' and below and was damaged. ROP got erratic and quit drilling by 13:10 at 11783'. 16:20 started TOH with Bit 5 after pumping pill. 19.5 hours total drilling time during night and day tours that ended at 19:00, drilled from 11498' to 11783' and advanced the hole 285'. Gross and on-bottom ROP for that 24 hour period was 11.9 ft/hr and 14.6 ft/hr. 22:30 Bit 5 out of the hole and verified damage beyond the point of being rebuilt. 23:00 began TIH with Bit 6 (HTC HC506ZX+) and reran the same mud motor. Tripping.

3-24-07: 06:20 began washing and reaming back to old TD. Round trip took 13.75 hours. 07:50 established new pattern on bottom and resumed drilling from 11783' in Madison Ls. 10:00 drilling at 11836' in Madison Ls at 40 ft/hr. 11.0 hours total drilling time during night and day tours that ended at 19:00, drilled from 11783' to 12093' and advanced the hole 310'. Gross and on-bottom ROP for that 24 hour period was 12.9 ft/hr and 28.2 ft/hr. 19:30 ROP crashed at 12092' after drilling in Elbert Fm limestone layers at rates exceeding 60 ft/hr. 20:30 samples circulated up from the bit when it was below 12092' were granite wash and Pre-Cambrian granite. 22:00 TD called at 12112' in Pre-Cambrian granite. 22:30 conditioned mud with pill and began ten stand short trip. 23:30 began circulating and conditioning mud following short trip. TD 12112'.

3.25-07: 04:00 began TOH with Bit 6. The Krobar 21 tour report contained no data on the mud characteristics during the 4.5 hours listed for the circulating and conditioning mud ops. 06:00 HES loggers on location ready to rig up. 09:30 Allin arrived on location to witness OH logging ops. 10:00 TOH with Bit 6 was completed. Bit 6 had one chipped cutter from its encounter with granite, but otherwise in good shape. HES loggers rigged up loggers to run triple combo plus sonic log in a quad tool arrangement. 13:00 loggers ran in to 2300' and logged back up to 1200' to verify that the 6.625" surface casing shoe was located at 1836' KB. 13:30 loggers encountered bridge at 2085' and began pulling out to rig down and stand by while the hole was washed and reamed to clear the bridge. 14:30 picked up Bit 7 (TCI tri-cone rock bit) on a bit sub and one stand of drill collars and began TIH to wash and ream bridge. 15:50 completed TIH to bridge at 2085' and picked up Kelly to begin to wash and ream the hole. 23:05 washed and reamed hole to 2600' and began TOH with Bit 7. OH logging.

3-26-07: 00:45 completed TOH with Bit 7 and began rigging up loggers for second attempt to record OH logs with quad array. The loggers' mud check indicated that the chloride concentration in the mud was below spec at 11,000 ppm. 02:20 loggers encountered bridge at 2230'. It was apparent that: 1) the mud had not been maintained properly to all specs by the rig crew prior to TOH for OH logging ops the previous night; 2) the mud had not been attended to by the rig crew during the washing and reaming ops; and 3) the upper Wasatch Fm was beginning to fail as a result of the lapses in maintaining the mud to the mud engineer's specs. 02:30 OH logging ops called off. 03:00 loggers were released from the location and began to rig down completely to move out. 05:00 picked up Bit 6 to rerun along with the last mud motor on the full string of drill collars to wash and ream hole to TD and completely recondition the mud from the top down and the bottom up. 07:25 released Fluid Processing crew and equipment so that they could begin to rig down and move out with crane scheduled immediately. 07:30 tagged up on bridge in hole at 2437' (Pason reset 100' too deep and true depth near 2330') and began washing and reaming ops. 08:30 Allin notified Mustang Drilling Fluids of problems organizing rig crew to maintain mud and need to have the mud engineer on site to supervise the rig crew and order supplies until the mud was reconditioned to allow safe wash and

ream ops plus fully recondition the mud to final specs prior to TOH laying down the drill pipe to run the long string. 09:00 mud engineer ordered first batch of additional supplies and gave instructions to pass on to the rig crew. 09:15 Allin notified the rig crew of mud formula to build and all available hands including the Krobar 21 tool pusher got busy on the project. 10:15 mud engineer on site to assess the current mud properties and what additional supplies were necessary to recondition the mud. 14:00 Krobar 21 tour report indicated that the "mud engineer dumped the shale tank" to begin rebuilding mud (not verified). The rig mud pits are a 1,500 bbl system that can no longer be partitioned for some unknown reason, as is typical, so a large volume of mud had to be mixed to make up for the dumped shale volume to keep the multiple mud pump inlets from entraining air. The wash and ream ops were halted at 2912' to focus on building a new batch of mud with all hands. 16:00 resumed wash and ream ops once mud volume had reached 650 bbls. 17:00 wash and ream ops suspended at 2912' to replace the drive chain in the compound (primary transmission). 19:00 rig repair completed and wash and ream ops resumed. 19:45 wash and ream ops suspended at 3150' to condition mud and circulate same until Caldwell returned to the location. 21:00 Caldwell returned to location to supervise ops. 22:00 after tripping in four stands to 3400' the drill collars got into a tight spot near 3200' where the maximum deviation from vertical in the hole had been recorded. 23:00 completed wash and ream ops to 3500' and continued TIH. 23:50 suspended TIH at 5600' to circulate out old mud and mix with new batch. Conditioning mud while making wiper runs.

3-27-07: 00:30 continued TIH while mud engineer and Allin mixed mud. 02:30 suspended TIH at 10450' to circulate out old mud and mix with new batch. 03:30 continued TIH. 04:45 TIH to 11800' and began to wash and ream with single joints to clear out fill to TD. 06:00 reached old TD 12112' and began circulating hole and conditioning mud to final specs to make wiper run. 11:30 the mud reached final specs set to begin the wiper run trip up into the surface casing and back to TD. 15:30 completed TOH to 1460'. 16:00 began TIH to TD. 20:40 completed TIH to TD and began final mud circulation and conditioning. 22:21 ended circulation and began final TOH laying down drill pipe (sideways). Laying down drill pipe, drill collars and BHA.

3-28-07: 09:15 completed laying down drill pipe, drill collars, mud motor and Bit 6 and began preparations to run 5.5" P-110 17 ppf casing string. 15:00 began running long string. 22:50 long string was landed at TD after encountering only one tight spot at 3400'. 23:15 began conditioning mud by circulating mud through the casing with the rig pump, picked up the string to stretch it in the hole and got the guide shoe a few feet off bottom. After the casing was suspended it was reciprocated over a short interval to help the circulating mud clear bridges. Running LS casing and preparation for cementing ops.

3-29-07: 02:15 the last report on the mud properties was viscosity 48 and weight 9.6 ppg and within specs. 02:25 ended the circulation of mud to condition the annulus prior to pumping cement. 02:25 HES began pumping the first lead fluid followed by 50-50 Pozmix cement slurry for the first stage to place cement behind the casing from TD to 9400'. The casing was periodically reciprocated to insure even cement placement throughout annulus. 04:35 first stage cement placement completed, reciprocation ended and began waiting on cement to cure prior to beginning second stage cementing ops. 06:05 began circulating mud through the cement stage tool to re-condition the mud in the annulus above 9400'. 13:55 ended circulation of mud with rig pump through area of second stage of long string cementing ops from 9400' to surface casing shoe. 13:30 began pumping second stage consisting of nitrogen foamed cement slurry. 16:00 long string cementing ops completed with good

results. Transmitted a copy of the daily reports to satisfy the requirement to file weekly reports to Carol Daniels-Utah DOGM and cc to LaVonne Garrison-Utah SITLA. Waiting on cement.

3-30-07: 07:00 tensioned casing to 100,000 lbs and set slips in wellhead. Nippled down BOP's and nipped up casing head. 14:00 released Krobar 21. Waiting for Krobar 21 to be rigged down and moved out.

3-31-07: Company man's skid emptied out and made ready for return. Waiting for Krobar 21 to be rigged down and moved out.

4-1-07: Rigged down K 21 and continued moving equipment out.

4-2-07: Rigged down K 21 and continued moving equipment out.

4-3-07: Rigged down K 21 and continued moving equipment out.

4-4-07: Rigged down K 21 and continued moving equipment out.

4-5-07: Rigged down K 21 and completed moving equipment out.

4-6-07: Set anchors for service unit guy wires. Diamond J maintainer trimmed up the location and access road. Transmitted a copy of the daily reports to satisfy the requirement to file weekly reports to Carol Daniels-Utah DOGM and cc to LaVonne Garrison-Utah SITLA. Waiting on completion tools.



DEL-RIO RESOURCES, INC.

CONFIDENTIAL

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13S 22E 36
Daily Completion Report Version 6-1-07-13:30

**Del-Rio Resources, Inc. State 6-36-13-22, API No. 43-047-37522, Seep Ridge Field
A Tronco Energy Corporation and Philco Exploration, LLC Project**

General Information:

Operator: Del-Rio Resources, Inc. Tel: 435-789-1703 Fax: 435-789-5703
P.O. Box 459
Vernal, UT 84068

Owner: Philco Exploration, LLC Tel: 801-619-8000
c/o Tronco Energy Corporation
2825 East Cottonwood Parkway
Salt Lake City, UT 84121

API Number: 43-047-37522

Lease: SITLA ML-47393 All Section 36, T13S, R22E, SLM, Uintah County, Utah
100% record title interest in 640 acres held by Philco Exploration, LLC

Location: 1806' FNL & 1882' FWL, SENW Section 36, T13S, R22E, SLM
Seep Ridge Field, Uintah County, Utah

Elevation Data: 6635' KB and 6613' GL

Construction and Logging Information:

All depths measured from KB unless specified from another datum
TD Driller: 12112' PBSD CH Logger 12100'
Maximum recorded temperature not recorded

Dry spudded: 14" conductor pipe set at 40' GL in 20" hole and cemented 11-29-06 with Class A to surface

9.625", H-40 ST&C, 32.30 ppf surface casing set at 1836' (per later OH log casing shoe check) in 12.25" hole and cemented 12-6-06 to surface with: 1) 160 sacks Class G lead in 108.8 bbls of slurry (3.82 cu ft/sk); 2) 200 sacks Class G tail in 41 bbls of slurry (1.15 cu ft/sack); and 3) 200 sacks Class G squeezed through 1" pipe at 200' in 40.8 bbls of slurry (1.15 cu ft/sack) with 20 bbls excess slurry for a net total of 463 sacks Class G in 170.6 bbls total slurry.

Well drilled below surface casing with KCl/Gel/Polymer mud (10-18,000 mg/L chlorides).

Mud weight ranged from 9.4 to 9.8 ppg 3700' to 9000', 9.0 to 9.3 ppg 9000' to 10800' and 8.9 to 9.2 ppg 10800' to TD. Solids in the mud were not controlled properly by the substandard rig equipment and a Fluid Processor's centrifuge was added while drilling near 9000'. Chloride levels and viscosity deteriorated near TD and continued to get worse while circulating bottoms-up to TOH for OH logging ops.

Open hole logging attempted by HES 3-25 and 3-26-07 was called off due to bridges in the hole within 500' of the surface casing shoe in Wasatch Fm due to poor condition of mud that allowed the Wasatch shale to heave. Mud was completely reconditioned to TD prior to running long string.

5.5" P-110 LT&C, 17 ppf production casing was set at 12107' in 7.875" hole. Cement float collar was run at 12096' with a 10' shoe joint below it. Stage, DV tool was run at 9438' (per CBL-CCL log measurement). Cemented 3-29-07 with: Stage 1) 240 sacks Class G (HES Light Premium AG) with slurry yield 2.07 cu ft/sk and slurry weight 12.5 ppg mixed 65% cement and 35% Poz with 8% gel, 0.4% HALD-344, 0.125 lb/sk Polyflake, 5 lb/sk Silicalite, 0.1% FWCA and 0.2% HR-12 (102.5 bbls slurry); and Stage 2) 770 sacks nitrified Class G with slurry yield of 3.00 cu ft/sk and slurry weight 10.5 ppg mixed 50% cement and 50% Poz with no gel, 20% SSA-1, 5 lb/sk Silicalite, 0.2% Versaset, 0.3% Halad-766 and 1.5% Zone Sealant 2000 (175 bbls slurry plus nitrogen).

Cased hole logging by HES 4-13 and 4-14-07: GR, Casing Collar Locator and Thermal Multigate Decay-Lithology over segments from 12100' to 2900' and GR, Casing Collar Locator and CAST-V CBL over segments from 12100' to 2900'. Top of cement estimated near 1750'.

Chronological Completion Operations Supervised by Lawrence C. Caldwell, II:

4-6-07: Diamond J completed trimming up the location after removal of primary rotary tools (Krobar 21).

4-9-07: MIRUSU (Peak), took delivery of first load of 2.375" P-110, 4.7 ppf tubing.

4-10-07: 07:00 picked up bit (4.75" milled-tooth tri-cone) and scraper on a bit sub and began TIH to drill out cement stage tool; Took delivery of second load of tubing; 14:00 tagged up on cement above stage tool near 9320', laid down one joint of tubing, picked up power swivel and began drilling out cement; Drilled 65' of cement from casing to 9385' by 19:00; SDFN

4-11-07: Completed drilling through cement stage tool at 9438' and TIH to float collar by 17:00; SDFN

4-12-07: Drilled through float collar, circulated clean from 12100' and TOH with tubing, bit and scraper by 17:00; SDFN

4-13-07: 07:00 RU HES equipment from Grand Junction, CO, acquired TMD-L log segments and RD by 19:00; 18:00 RU HES equipment from Vernal, UT, to acquire the CAST-V CBL

segments; 22:00 field print of TMD-L log delivered to David L. Allin in Grand Junction, CO for evaluation of preliminary data

4-14-07: 02:00 HES completed acquisition of CAST-V CBL segments and digits were uploaded to the HES processing center; Peak SU put on standby until final, computed logs are distributed; SDFWE

4-15-07: Digital versions of logs delivered to Allin; The initial two, four-zone testing plans for the Devonian and Mississippian formations were formulated; Caldwell made arrangements to implement the plan in the field; SDFWE

4-16-07: 07:00 TIH open-ended tubing to prepare for complete unloading with a Weatherford foam unit; 10:00 RU foam unit and unloaded casing in stages by circulating KCl water, foam and air until casing was unloaded to TD; 16:00 RD foam unit and Peak SU crew began TOH; 18:30 SDFN

4-17-07: 07:00 continued TOH with tubing; 10:00 RU Black Warrior Wireline Corporation for perforating and breakdown operations; 12:45 perforated Elbert Fm 12050-60' with four shots per foot (spf) for a total of 40 0.43" holes; 15:00 during stimulation (propellant) gun ignition, the wireline separated from the carrier at the rope socket and the carrier fell to the bottom of the hole; The fluid level remained unchanged near 10900'; No shows; Operations were suspended for the day waiting for fishing tools to be delivered to the site 4-18-07; 16:00 SDFN

4-18-07: 07:00 began fishing run for lost stimulation carrier; The fluid level was unchanged overnight; No shows; 10:00 recovered fish and completed perforating Ouray Fm 11980-90' with four spf for a total of 40 0.43" holes; Stimulation carrier parted from the wireline after ignition and had to be fished out; Fluid level rose 2,200' to near 8700' with strong blow of air after the stimulation and fishing runs and prior to the run in to shoot the third perf set; 14:30 perforated lower Madison Ls 11928-38' with four spf for a total of 40 0.43" holes; 15:30 completed ignition of the stimulation gun and recovered carrier with wireline frayed above the carrier rope socket; Wireline splicing tools were not on site, well was shut-in and operations were suspended at 16:30; SDFN

4-19-07: 07:00 BWWC and Peak crews on site; No pressure on casing; BWWC crew completed wireline splicing and repairs; 08:15 completed perforating middle Madison Ls 11810-20' with four spf for a total of 40 0.43" holes; The fluid level was found near 7000' on the trips in and out with the perf gun carrier indicating an overnight fluid influx of 1,700'; No shows; 11:00 BWWC completed stimulation run and crew was released leaving the wireline truck on the location on free standby; TIH w/notched collar on tubing and a seating nipple (no-go) one joint off bottom; 16:30 landed tubing at 11798' (12' above uppermost perf in the middle of the Madison Ls); 17:00 began swabbing fluid from 7000' and noted first flammable gas show; Made 12 swab runs and recovered 42 bbls of foamy gas cut fluid; 19:00 swabbed fluid down to 9100'; SDFN

4-20-07: 07:00 casing pressure (CP) 22 psi, tubing pressure (TP) 56 psi and fluid level 8000'; Swabbed fluid down to 10000' with strong gas shows following swab runs; Suspended swabbing for 30 minutes to change swab cups and found fluid level at 7000' indicating 65 bbls of fluid influx (excluding displacement by the tubing string) in that short time; Began TOH w/tubing to prepare to set a cast iron bridge plug (CIBP) near 12965' to shut off water influx from the two lower perf sets in the Ouray and Elbert formations; SI and SDFN

4-21-07: 07:00 CP 45 psi, TP 45 psi and fluid level unknown; 11:30 completed TOH and RU BWWC to run gauge ring and check for any hang up points prior to running in with the CIBP; 13:00 gauge ring run completed with no hang-ups or tight spots and began run in well with CIBP; 14:30 CIBP set at 12694'; The fluid level was found to be at 1970' on the bridge plug run and had risen 5,000' in about 24 hours (116 bbls); The minimum formation pressure at the perforations is inferred to be 4,400 psi; TIH with notched collar on bottom and seating nipple at top of first joint of tubing; 19:00 reset tubing at 11798'; SI and SDFN

4-22-07: 07:00 CP 35 psi, TP 35 psi and fluid level near 500'; Swabbed fluid down to 7000' with no apparent entry during a 30 minute shut-down; 19:00 SI and SDFN

4-23-07: 07:00 CP 60 psi, TP 60 psi and fluid level undetermined in highly gas cut fluid; 15:00 swab recovery reached 72 barrels of fluid composed mainly of black sulfur water with gas shows; The fluid level remained near 6500' indicating continued, excessive fluid influx; 15:30 began tubing TOH; 19:00 SI and SDFN

4-24-07: 07:00 CP 25 psi, TP 50 psi and fluid level unknown; Continued tubing TOH and completed same at 11:00; RU BWWC to set CIBP over lower Madison Ls zone 11928-38'; Wireline run found fluid level at 2320' at 11:30; The fluid level had risen from 6500' to 2320' or 4,180' in 20 hours overnight (97 bbls ignoring partial tubing displacement); The fluid influx rate during that 20 hour period was 4.8 bbls per hour; 12:00 CIBP was set at 11910' and the fluid level had reached 2180'; 40 minutes later the fluid level reached 2140', a rise of 40' (0.9 bbl) indicating that the fluid influx rate had been reduced to 1.4 bbls per hour; 13:15 began tubing TIH 78 stands to 5085' with notched collar on end and seating nipple one joint off bottom to begin swab testing; 15:15 found fluid level at 2000' indicating no fluid influx in 2 hours considering the displacement of 3,085' of tubing; Rigged to flow to the pit; 15:45 first gas show after second swab run; 16:45 swabbed fluid down to 2800' recovering approximately 18 bbls of increasingly more clear fluid and less black sulfur water with gas shows; Tested pit with color cut and tested positive for oil and/or condensate; 17:00 SI and SDFN

4-25-07: 07:00 CP 25 psi, TP 25 psi and fluid level near 1800'; The fluid level had risen 1,000' in 15 hours overnight (18 bbls adjusted for displacement of 3,285' of tubing); The fluid influx rate for that 15 hour period was 1.2 bbls per hour; Test of pit with color cut-coated lath indicated 4" of colorless, light oil in pit (650 bbls); 07:30 began tubing TOH; 09:30 completed tubing TOH and RU BWWC to begin perforating zone selections in upper Madison Ls.; 11:00 completed perforating upper Madison Ls 11758-68' with four spf for a total of 40 0.43" holes; 12:45 completed stimulating 11758-68' with 6' of propellant segments; 14:00 completed perforating upper Madison Ls 11724-34' with four spf for a total

of 40 0.43" holes; Minor fluctuations of under 100' were noted in the fluid level on the three wireline runs; 15:30 released BWWC crew and put wireline truck on stand-by and began tubing TIH with notched collar on bottom and seating nipple one joint up; Made two swab runs and decision was made to TOH to order a packer for delivery in the morning and TIH with the packer on tubing to accelerate the process of testing the perms without unloading the entire hole; 18:30 TOH completed; SI and SDFN

4-26-07: 07:00 CP 25 psi and fluid level near 1300'; Picked up 2.375" x 5.5" tubing packer, made up packer one joint off bottom with seating nipple above and TIH on tubing to set tubing end at 11688'; 11:30 began swabbing and noted gas and condensate shows with water immediately; Swabbed down to 3500' and fluid influx ramped up and established new level near 2600' that could not be swabbed down; 15:30 SI and SDFN

4-27-07: 07:00 TP 100 psi and fluid level near 1300'; Swabbed black sulfur water with gas shows and got fluid level down to near 5000' when the well kicked and moved the swab assembly up the hole; 13:15 as the operator tried to wind up the sand line as fast as possible, the swab assembly parted at the rope socket when it hit the top of the lubricator and fell back down the tubing; The packer was unseated and a tubing TOH was begun to recover swab gear; Tubing TOH suspended several times due to unstable flowing well conditions but completed by 22:00; Recovered the lost swab gear; SI and SDFN

4-28-07: 07:00 CP 40 psi; RU BWWC for propellant stimulation of upper Madison perf zone 11724-34'; Found fluid level at 1370' on wireline run; 08:45 completed stimulation run with 6' of propellant segments and released BWWC crew; 09:00 began tubing TIH with notched collar and wafer nipple on bottom and seating nipple one joint up; 11:00 RU Weatherford foam unit, broke wafer on bottom of tubing and began reverse circulation to unload fluid from well; Landed tubing at 11688'; 13:00 CP rose from 1,480 psi to 1,500 psi in 20 minutes; Flowed tubing to pit on 64/64" choke; Flow testing

4-29-07: 05:30 continued flowing gas cut fluid to pit on 64/64" choke with CP 1,300 psi; 07:50 tubing flow died down even though CP had built to 1,600 psi; 10:00 completed straightening up bad wraps on the sand line drum from kick incident on 4-27-07, made one swab run, recovered 2 bbls of fluid and the well kicked off flowing gas cut fluid; 11:00 flow died down with fluid level near 4000', made one more swab run from 5,000' and well kicked off flowing again causing additional damage to the sand line as the swab gear moved up the tubing ahead of the wireline winding speed; The fluid level at the kick-off point between 4,000' and 5000' and CP near 1,600 psi indicated formation pressure should be at least 4,850 psi and slightly lower than when the lower Madison Ls and Devonian aquifers were open; 13:00 700' of damaged sand line and the rope socket had to be cut off; Operations were suspended until a new rope socket could be brought out and poured 4-30-07; Rigged tubing to flow-back tank on 64/64" choke; Flow testing

4-30-07: 07:00 CP 1,700 psi and FTP trace; Flowed 8 bbls of fluid with unknown volume of gas overnight on 64/64" choke; 09:00 the new rope socket was attached to the shortened sand line and Peak crew began to prepare for additional swab testing; Swabbing operations very

difficult due to gas kicks when the fluid level in the tubing is lowered below 4000'; Recovered small volume of fluid with strong gas shows; 17:00 SI and SDFN

5-1-07: Peak crew off for the day; SI

5-2-07: 07:00 CP 1,750 psi; Found fluid level near 1300' on first swab run; Recovered 70 bbls of fluid with gas shows and lowered the fluid level to 2600'; 11:30 began tubing TOH; 16:30 completed TOH, SI and SDFN

5-3-07: 07:00 picked up retrievable bridge plug (RBP) and 2.375" x 5.5" packer on tubing and TIH; 17:00 TIH suspended after multiple delays due to high winds; SI and SDFN

5-4-07: 07:00 CP 0 psi; 07:30 continued TIH, set RBP at 11838' below lowest open perf set in Madison Ls 11810-20' and the packer was set at 11788' to isolate that zone and began swabbing; Run 1 found fluid level near 1200'; Run 2 found fluid level near 2100'; 11:00 run 3 found fluid level near 3600' with slight gas show on recovery; Run 4 found fluid level near 4300'; Waited 30 minutes and run 5 found fluid level near 4150'; Waited 30 minutes and run 6 found fluid level near 3800'; Run 7 found fluid level near 4500'; Run 8 found fluid level near 4870'; Run 9 found fluid level near 5170'; Run 10 found fluid level near 5650'; After 40 minute wait to change lubricator rubbers, run 11 found fluid level near 3640'; Run 12 found fluid level near 4910'; Run 13 found fluid level near 5700'; Run 14 found fluid level near 6000'; Run 15 found fluid level near 6000'; Run 16 found fluid level near 6300'; Run 17 found fluid level near 6430'; After 30 minute wait to change swab cups run 18 found fluid level near 4900'; 17:30 run 19 found fluid level near 5650'; Total fluid recovery for the day was 96-100 bbls with variable gas shows after runs and the fluid level was left near 6350' with no significant shows; The middle Madison Ls perf set 11810-20' yielded some gas but so far mostly formation water that could be either indigenous or the result of invasion; SI and SDFN

5-5-07: 07:00 TP 120 psi; Vented the gas from the tubing and found fluid level near 1700'; The indicated formation pressure in the Madison Ls perf zone 11810-20' is 4,670 psi using an estimated fluid pressure gradient of 0.45 psi per foot and adding in the TP reading; 07:30 the tool pusher for the Peak crew announced he had a personal emergency and the crew left the location with him as he returned to Vernal; SI and SDFWE

5-6-07: Filed weekly activities report with Carol Daniels-Utah DOGM; Crew off; SI

5-7-07: 07:00 TP 20 psi and found fluid level near 1200'; 08:00 Peak crew cut off more kinked sand line and poured a new rope socket; Moved RBP up to 11780' and set packer at 11740' to isolate and test the upper Madison Ls perf zone 11758-68'; 12:00 made two swab runs, but the tubing/casing annulus appeared to be participating through the uppermost Madison Ls perf zone 11724-34' or the packer had failed to seat; The packer was moved up and reset at 11710' to test the 11758-68' and 11724-34' perf zones together since they appeared to be communicating; Run 1 found fluid level near 1500'; Run 2 found fluid level near 2050'; Run 3 and subsequent runs produced gas cut fluid but the well could not be swabbed down below 2600' to initiate sustained flowing condition; 19:00 SI and SDFN

5-8-07: 07:00 TP 150 psi and found fluid level near 1350'; Made 12 swab runs producing gas cut fluid but could not get fluid level below 2740' on average; Between runs 11 and 12 and a 30 minute delay to change swab cups, the fluid level rose to 1410'; The 1,330' fluid rise in that time equates to a volume of 5.1 bbls and an extrapolated daily fluid influx rate of 245 bbls per day; Recovered 40 bbls of fluid with gas and condensate shows; 12:00 SI and SDFN

5-9-07: 07:00 TP 150 psi and found fluid level near 1320'; The water sample collected at this time from the gross perf interval 11724-820' in the Madison Ls was analyzed 5-10-07 by HES and had the following properties: SG 1.086; pH 6.75; Resistivity 0.069 Ω *m @ 75.4°F; Iron 100 mg/L; Potassium 700 mg/L; Chlorides 89,700 mg/L; Calcium 5,050 mg/L; Magnesium 1,725 mg/L; Sulfates 600 mg/L; Carbonates 0 mg/L; Bicarbonates 1,270 mg/L; Sodium (calculated) 49,435 mg/L and TDS 148,580 mg/L; The hydrostatic column on the perms was 10,404', the pressure gradient was 0.47 psi/ft and the TP 150 psi indicated 5,040 psi formation pressure; 07:30 unseated the packer, latched onto and released RBP and began tubing TOH; 14:00 completed tubing TOH and RU BWWC; 14:30 plan to set CIBP at 11640' to abandon the Madison Ls perf zones was altered when the wireline conveyed CIBP became stuck in the top collar of a marker casing joint at 10327.5'; 14:45 the CIBP could not be moved so it was set where it was stuck; The tubing and tools run below 8000' were recovered coated with a brownish black putty-like substance that probably interfered with the wireline run to set the CIBP; Samples of the black precipitate were collected and the cursory examination by HES 5-10-07 indicated it was possibly similar to gilsonite mixed with gypsum; A field test with a magnet proved that a ball of the material was magnetic; 16:00 completed perforating lower Cedar Mountain Fm 9762-72' with four spf for a total of 40 0.43" holes; The fluid level remained stable at 1350' where it had stabilized following tubing TOH and during wireline TIH to set the CIBP; RD BWWC, released crew and kept equipment on location on stand-by; 17:00 SI and SDFN

5-10-07: 07:00 casing accidentally left open overnight by Peak crew so no CP information was available; BWWC crew on site for expected operation to set second CIBP due to suspicion that the last CIBP set in a collar may leak; HES tool hand on site to assist with packers if needed later in the day; 08:00 Dalbo delivered 260 bbls of 2% KCl water that was placed in a frac tank; 11:00 Peak crew on site late, and the Peak superintendent called off work due to possible impairment of two crew members; All personnel from all services sent back to town; 12:00 SI and SDFN

5-11-07: 07:00 CP on slight vacuum; TIH with bit and scraper on tubing to 9975' but did not attempt circulation due to presence of hydrocarbon emulsion in the heavy brine water left in the well from the testing operations on the Mississippian and Devonian perf sets that had interfered with setting the last CIBP; 12:00 the first swab run hit an obstruction in the tubing near 1075', kinked the sand line in the aftermath and operations were delayed until the sand line was cut off and a new rope socket poured to reattach the swab gear; 15:30 the second swab run found an obstruction in the tubing at 20' that the sinker bars would not pass through; Pulled two stands of tubing and found no obstruction in those joints; The third swab run found the obstruction in the tubing at 20'; Operations were suspended until 5-12-07 when additional sinker bars for the swab and sand cups could be used to clear the obstruction; 17:00 SI and SDFN

5-12-07: 07:00 TP on slight vacuum; Added sinker bars to swab gear, found tar emulsion obstruction near 150', worked down through it and began swabbing the brine and emulsion from the well; Made 26 swab runs during the afternoon and began to recover gas when the fluid level was reduced below 5100'; The final swab run left the fluid level near 5500'; 18:00 SI and SDFWE

5-13-07: Crew off for Sunday (Mother's Day); SI

5-14-07: 07:00 CP 35 psi, TP 10 psi and found fluid level near 4850' (650' rise or 14.1 bbls infill in 36 hours); Estimated formation pressure in the lower Cedar Mtn Fm zone 9762-72' was 2,196 psi; Continued swabbing brine water and emulsion from the well; Filed weekly activities report with Carol Daniels-Utah DOGM; 13:00 swabbed fluid level down to 8000'; Suspended swabbing operation, TIH with bit and scraper, tagged up on last CIBP at 10328' and TOH to 9750' and reset tubing there; Made a total of 32 swab runs, recovered 100 bbls of fluid with gas shows and left fluid level near 7900'; 19:00 SI and SDFN

5-15-07: 07:00 CP 25 psi, TP 10 psi and found fluid level near 5000' (2900' rise or 62.8 bbls infill in 12 hours); Estimated formation pressure in the lower Cedar Mtn Fm zone 9762-72' was 2,120 psi; Collected formation water sample for analysis; Began tubing TOH; 16:00 TOH completed ready for wireline work; SI and SDFN

5-16-07: 07:00 CP 20 psi; 07:30 RU BWWC; 07:40 began wireline TIH with CIBP, 09:00 set CIBP at 9750' after delays caused by extremely sticky conditions in the casing below 7000'; Found fluid level at 6460' on trip in well to set CIBP; Dumped 1 sack of cement on top of the CIBP on a second wireline round trip; 11:40 completed perforating Dakota Fm 9633-43' with four spf for a total of 40 0.43" holes; The fluid level rose 60' within five minutes to 6400' when the perforating gun carrier came out of the fluid; 12:00 released BWWC wireline crew and kept equipment on stand-by; 12:30 began tubing TIH with a notched collar on one joint of tubing below a 2.875" x 5.5" packer and a seating nipple above the packer; 16:00 set packer at 9606' with the end of the tubing at 9642', across from the perforations; RU to swab; Run 1 found fluid level near 5800' and recovered 600' (2.3 bbls) of highly gas cut fluid; Run 2 found fluid level near 6400' and recovered 1,200' (4.6 bbls) of highly gas cut fluid; Run 3 was pulled from near the seating nipple above the packer and recovered 100' (0.4 bbls) of highly gas cut fluid; 18:00 SI for pressure build-up and SDFN

5-17-07: 07:00 TP 10 psi; Found fluid level near 9000' indicating that the Dakota Ss perf zone 9633-43' is not wet but the perms will need a breakdown treatment with propellant to continue evaluation; 08:30 the Peak operator caused the remainder of the sand line to become damaged when he lowered the swab assembly into the fluid too quickly on the second run to recover a water sample; Wireline cleanup delayed tubing TOH; 14:30 released packer and began tubing TOH to allow BWWC wireline stimulation work; Thunderstorm delayed TOH; 18:00 completed TOH , SI and SDFN

5-18-07: 07:00 CP 10 psi; Rolled damaged sand line off Peak rig and rolled on new line; RU BWWC and stimulated Dakota Ss perf zone 9633-43" with a 10' propellant burn; Found fluid level near 4500'; RD BWWC and TIH with notched collar and seating nipple on tubing and

set at 9602'; Made 5 swab runs and recovered 25 bbls of fluid. Fluid level remained between 4500' and 5000'; The propellant stimulation seems to have released a substantial volume of normally irreducible, connate water or the last CIBP failed; 17:00 SI and SDFWE

5-19-07: Crew off; SI

5-20-07: Crew off; SI

5-21-07: 07:00 TP 0 psi (leaky valve?); Found fluid level near 4500'; 5,133' of fluid over Dakota Ss perms indicate formation pressure of 2,258 psi; Sent weekly report to Carol Daniels-DOGGM; Made 24 swab runs and recovered 96 bbls with no significant gas shows; The fluid level was left near 6000'; Three water samples from the current Dakota Ss perf set (9633-43') were collected and analyzed by HES; The results of the third sampling seemed to be representative with SG 1.035; pH 5.88; Resistivity 0.124 Ω *m @ 77.5°F; Iron 250 mg/L; Potassium 1,050 mg/L; Chlorides 36,730 mg/L; Calcium 1,765 mg/L; Magnesium 180 mg/L; Sulfates 655 mg/L; Carbonates 0 mg/L; Bicarbonates 75 mg/L; Sodium (calculated) 21,155 mg/L and TDS 61,860 mg/L; The water sample was substantially different and twice as saline as the water from the isolated lower Cedar Mountain Fm in an offset well; The analysis may be accurate for connate water resident in the Dakota Ss or the difference in chemistry may be due to some invasion of the Dakota Ss zone with Madison Ls water that was present when the Dakota Ss zone was perfed, or the previously set CIBP's could be leaking; Tagged up on the cement over the last CIBP at 9738' and it seemed to be in place where it should be; 18:00 SI and SDFN

5-22-07: 07:00 TP 0 psi; Found fluid level between 5000' and 5400'; Made 4 swab runs, recovered 13-15 bbls with weak gas shows and left the fluid level between 6200' and 6500'; Tagged up on cement over the last CIBP at 9740' with tubing and began TOH; RU BWWC, ran GR-CCL and verified that the last CIBP and cement cap over it were in place at 9740' and presumed to be a viable bridge; A junk basket run found the fluid level at 6830' now that the tubing had been removed from the well; RD BWWC; 19:00 SI and SDFN

5-23-07: 07:00 CP 0 psi; TIH with notched collar and seating nipple on tubing and set at 9602'; Made 4 swab runs and reduced the fluid level to 8500', waited 1 hour, gained no fluid and made run 5 to reduce fluid level to 8800'; Made a total of 12 runs and recovered a total of 48 bbls; There was no significant recovery from the last 2 runs; The recovered fluid was increasingly less black and more gray-brown through the swabbing session; 18:30 SI casing and CP rose 5 psi in five minutes and a light blow of gas was noted from the tubing; Water samples were collected during the day when the fluid level was near 5500', 7500', 9200' and 9400'; The results of the fourth sampling seemed to be representative with SG N/A; pH 6.09; Resistivity 0.113 Ω *m @ 67.7°F; Iron 120 mg/L; Potassium 950 mg/L; Chlorides 36,730 mg/L; Calcium 1,765 mg/L; Magnesium 445 mg/L; Sulfates 915 mg/L; Carbonates 0 mg/L; Bicarbonates 60 mg/L; Sodium (calculated) 20,835 mg/L and TDS 61,8625mg/L; The fluid level was left near 9400'; 19:00 SI and SDFN

5-24-07: 07:00 CP 30 psi and TP 10 psi; Found fluid level near 8500'; Overnight fluid influx was 900' or 19.5 bbls (at the most); Swab run 1 was pulled from the seating nipple and

recovered 200' or 0.8 bbl; A total of 4 swab runs were completed that recovered 10-13 bbls with gas shows; Water samples were collected for analysis by the HES lab; The results of the third sampling seemed to be representative with SG N/A; pH 5.05; Resistivity 0.138 $\Omega \cdot m$ @ 69.8°F; Iron 200 mg/L; Potassium 900 mg/L; Chlorides 31,045 mg/L; Calcium 1,565 mg/L; Magnesium 205 mg/L; Sulfates 750 mg/L; Carbonates 0 mg/L; Bicarbonates 25 mg/L; Sodium (calculated) 17,775 mg/L and TDS 52,465 mg/L; 12:30 began tubing TOH to prepare for pumping an acid breakdown; 19:00 completed TOH with tubing; SI and SDFN

5-25-07: 07:00 CP not reported; Found fluid level with the bailer at 8112'; Picked up 2.375" x 5.5" packer and seating nipple on tubing and TIH; The packer got stuck near the planned setting site at 9604' but would not set properly; The stuck packer was worked up to 9440' where it was sticking but set all right; 10:10RU HES to pump HCl acid breakdown treatment of Dakota perms 9633-43'; 12:50 began pumping treatment with 2,000 gal 15% HCl with clay and iron inhibitors flushed past the perms with 85 bbls of 2% KCl water (133 bbls total load); The acid was diverted with 65 frac balls; Average pump rate was 4.3 bbls/min and maximum pump rate was 7.2 bbls/min; Average surface pressure was 4,000 psi and the maximum surface pressure was 5,174 psi; 13:20 pressure at shut down was 5,174 psi, ISIP was 2,625 psi, after 5 min 2,388 psi, after 10 min 2,270 psi and after 15 min 2,176 psi; 14:12 pressure was 1,700 psi; 14:30 RD and release HES crew and equipment; The calculated frac gradient was 0.72 psi/ft and compared favorably with frac gradients determined after pumping frac treatments in an offset well: 0.73 psi/ft in the upper Cedar Mountain Fm and 0.79 psi/ft in the Dakota Ss; 15:00 SI and SDFWE

5-26-07: Transmitted weekly report to Carol Daniels-Utah DOGM; Memorial Day weekend; SI

5-27-07: Crew off; SI

5-28-07: Crew off; SI

5-29-07: 07:00 TP slight vacuum; Found fluid level near 800'; 09:00 first gas shows on run 5 after recovery of 25 bbls of 133 bbls of total load; 10:00 recovered 40 bbls of highly gas cut fluid composed of KCl water and spent acid; 12:30 completed 10 swab runs that brought the fluid level in the tubing down to 8700' and released the packer; Attempted to lower the tubing to a point nearer the perms, but a bridge at 9455' precluded the move; Completed 5 more swab runs, recovered a total of 80 bbls with gas shows and left the fluid level near 8200'; The well produced a steady blow of gas during the afternoon; 17:30 released Peak crew and rig; Suspended operations until preparations begin 6-4-07 for frac stimulation scheduled on 6-6-07; SI

5-30-07: 11:00 TP 300 psi and CP 310 psi; Fluid level is unknown; Peak equipment remained on site after the crew damaged the derrick attempting to rig down; SI

5-31-07: 12:00 TP 550 psi and CP 600 psi; Fluid level is unknown; Peak workover rig moved to Vernal for repairs on derrick; SI

6-1-07: 12:00 TP 650 psi and CP 700 psi; Fluid level unknown; Transmitted weekly report to Carol Daniels-Utah DOGM; SI


DEL-RIO RESOURCES, INC.

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Daily Completion Report Version 7-16-07-17:00 by David L. Allin
Del-Rio Resources, Inc. State 6-36-13-22, API No. 43-047-37522, Seep Ridge Field
A Tronco Energy Corporation and Philco Exploration, LLC Project

General Information:

Operator: Del-Rio Resources, Inc. Tel: 435-789-1703 Fax: 435-789-5703
 P.O. Box 459
 Vernal, UT 84068

Owner: Philco Exploration, LLC Tel: 801-619-8000
 c/o Tronco Energy Corporation
 2825 East Cottonwood Parkway
 Salt Lake City, UT 84121

API Number: 43-047-37522

Lease: SITLA ML-47393 All Section 36, T13S, R22E, SLM, Uintah County, Utah
 100% record title interest in 640 acres held by Philco Exploration, LLC

Location: 1806' FNL & 1882' FWL, SENW Section 36, T13S, R22E, SLM
 Seep Ridge Field, Uintah County, Utah

Elevation Data: 6635' KB and 6613' GL

Construction and Logging Information:

All depths measured from KB unless specified from another datum
 TD Driller: 12112' PBSD CH Logger 12100'
 Maximum recorded temperature not recorded

Dry spudded: 14" conductor pipe set at 40' GL in 20" hole and cemented 11-29-06 with
 Class A to surface

9.625", H-40 ST&C, 32.30 ppf surface casing set at 1836' (per later OH log casing shoe
 check) in 12.25" hole and cemented 12-6-06 to surface with: 1) 160 sacks Class G lead in
 108.8 bbls of slurry (3.82 cu ft/sk); 2) 200 sacks Class G tail in 41 bbls of slurry (1.15 cu
 ft/sack); and 3) 200 sacks Class G squeezed through 1" pipe at 200' in 40.8 bbls of slurry
 (1.15 cu ft/sack) with 20 bbls excess slurry for a net total of 463 sacks Class G in 170.6 bbls
 total slurry.

Well drilled below surface casing with KCl/Gel/Polymer mud (10-18,000 mg/L chlorides).

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Mud weight ranged from 9.4 to 9.8 ppg 3700' to 9000', 9.0 to 9.3 ppg 9000' to 10800' and 8.9 to 9.2 ppg 10800' to TD. Solids in the mud were not controlled properly by the substandard rig equipment and a Fluid Processor's centrifuge was added while drilling near 9000'. Chloride levels and viscosity deteriorated near TD and continued to get worse while circulating bottoms-up to TOH for OH logging ops.

Open hole logging attempted by HES 3-25 and 3-26-07 was called off due to bridges in the hole within 500' of the surface casing shoe in Wasatch Fm due to poor condition of mud that allowed the Wasatch shale to heave. Mud was completely reconditioned to TD prior to running long string.

5.5" P-110 LT&C, 17 ppf production casing was set at 12107' in 7.875" hole. Cement float collar was run at 12096' with a 10' shoe joint below it. Stage, DV tool was run at 9438' (per CBL-CCL log measurement). Cemented 3-29-07 with: Stage 1) 240 sacks Class G (HES Light Premium AG) with slurry yield 2.07 cu ft/sk and slurry weight 12.5 ppg mixed 65% cement and 35% Poz with 8% gel, 0.4% HALD-344, 0.125 lb/sk Polyflake, 5 lb/sk Silicalite, 0.1% FWCA and 0.2% HR-12 (102.5 bbls slurry); and Stage 2) 770 sacks nitrified Class G with slurry yield of 3.00 cu ft/sk and slurry weight 10.5 ppg mixed 50% cement and 50% Poz with no gel, 20% SSA-1, 5 lb/sk Silicalite, 0.2% Versaset, 0.3% Halad-766 and 1.5% Zone Sealant 2000 (175 bbls slurry plus nitrogen).

Cased hole logging by HES 4-13 and 4-14-07: GR, Casing Collar Locator and Thermal Multigate Decay-Lithology over segments from 12100' to 2900' and GR, Casing Collar Locator and CAST-V CBL over segments from 12100' to 2900'. Top of cement estimated near 1750'.

Open perforations in Dakota Sandstone 9633-43' (4" casing gun, 4 spf, 0.43" holes phased 90° shot 5-10-07) and Prairie Canyon Member Mancos Shale 6548-62', 6515-32' and 6440-76' (4" casing guns, 4 spf, 0.43" holes phased 90° shot 6-8-07)

2.375" P-110 4.7 ppf tubing set at 9602' with pump-off bit sub on end and seating nipple one joint up

Chronological Completion Operations Supervised by Lawrence C. Caldwell, II:

4-6-07: Diamond J completed trimming up the location after removal of primary rotary tools (Krobar 21).

4-9-07: MIRUSU (Peak), took delivery of first load of 2.375" P-110, 4.7 ppf tubing.

4-10-07: 07:00 picked up bit (4.75" milled-tooth tri-cone) and scraper on a bit sub and began TIH to drill out cement stage tool; Took delivery of second load of tubing; 14:00 tagged up on cement above stage tool near 9320', laid down one joint of tubing, picked up power swivel and began drilling out cement; Drilled 65' of cement from casing to 9385' by 19:00; SDFN

4-11-07: Completed drilling through cement stage tool at 9438' and TIH to float collar by 17:00; SDFN

4-12-07: Drilled through float collar, circulated clean from 12100' and TOH with tubing, bit and scraper by 17:00; SDFN

4-13-07: 07:00 RU HES equipment from Grand Junction, CO, acquired TMD-L log segments and RD by 19:00; 18:00 RU HES equipment from Vernal, UT, to acquire the CAST-V CBL segments; 22:00 field print of TMD-L log delivered to David L. Allin in Grand Junction, CO for evaluation of preliminary data

4-14-07: 02:00 HES completed acquisition of CAST-V CBL segments and digits were uploaded to the HES processing center; Peak SU put on standby until final, computed logs are distributed; SDFWE

4-15-07: Digital versions of logs delivered to Allin; The initial two, four-zone testing plans for the Devonian and Mississippian formations were formulated; Caldwell made arrangements to implement the plan in the field; SDFWE

4-16-07: 07:00 TIH open-ended tubing to prepare for complete unloading with a Weatherford foam unit; 10:00 RU foam unit and unloaded casing in stages by circulating KCl water, foam and air until casing was unloaded to TD; 16:00 RD foam unit and Peak SU crew began TOH; 18:30 SDFN

4-17-07: 07:00 continued TOH with tubing; 10:00 RU Black Warrior Wireline Corporation for perforating and breakdown operations; 12:45 perforated Elbert Fm 12050-60' with four shots per foot (spf) for a total of 40 0.43" holes; 15:00 during stimulation (propellant) gun ignition, the wireline separated from the carrier at the rope socket and the carrier fell to the bottom of the hole; The fluid level remained unchanged near 10900'; No shows; Operations were suspended for the day waiting for fishing tools to be delivered to the site 4-18-07; 16:00 SDFN

4-18-07: 07:00 began fishing run for lost stimulation carrier; The fluid level was unchanged overnight; No shows; 10:00 recovered fish and completed perforating Ouray Fm 11980-90' with four spf for a total of 40 0.43" holes; Stimulation carrier parted from the wireline after ignition and had to be fished out; Fluid level rose 2,200' to near 8700' with strong blow of air after the stimulation and fishing runs and prior to the run in to shoot the third perf set; 14:30 perforated lower Madison Ls 11928-38' with four spf for a total of 40 0.43" holes; 15:30 completed ignition of the stimulation gun and recovered carrier with wireline frayed above the carrier rope socket; Wireline splicing tools were not on site, well was shut-in and operations were suspended at 16:30; SDFN

4-19-07: 07:00 BWWC and Peak crews on site; No pressure on casing; BWWC crew completed wireline splicing and repairs; 08:15 completed perforating middle Madison Ls 11810-20' with four spf for a total of 40 0.43" holes; The fluid level was found near 7000' on the trips in and out with the perf gun carrier indicating an overnight fluid influx of 1,700'; No

shows; 11:00 BWWC completed stimulation run and crew was released leaving the wireline truck on the location on free standby; TIH w/notched collar on tubing and a seating nipple (no-go) one joint off bottom; 16:30 landed tubing at 11798' (12' above uppermost perf in the middle of the Madison Ls); 17:00 began swabbing fluid from 7000' and noted first flammable gas show; Made 12 swab runs and recovered 42 bbls of foamy gas cut fluid; 19:00 swabbed fluid down to 9100'; SDFN

4-20-07: 07:00 casing pressure (CP) 22 psi, tubing pressure (TP) 56 psi and fluid level 8000'; Swabbed fluid down to 10000' with strong gas shows following swab runs; Suspended swabbing for 30 minutes to change swab cups and found fluid level at 7000' indicating 65 bbls of fluid influx (excluding displacement by the tubing string) in that short time; Began TOH w/tubing to prepare to set a cast iron bridge plug (CIBP) near 12965' to shut off water influx from the two lower perf sets in the Ouray and Elbert formations; SI and SDFN

4-21-07: 07:00 CP 45 psi, TP 45 psi and fluid level unknown; 11:30 completed TOH and RU BWWC to run gauge ring and check for any hang up points prior to running in with the CIBP; 13:00 gauge ring run completed with no hang-ups or tight spots and began run in well with CIBP; 14:30 CIBP set at 12694'; The fluid level was found to be at 1970' on the bridge plug run and had risen 5,000' in about 24 hours (116 bbls); The minimum formation pressure at the perforations is inferred to be 4,400 psi; TIH with notched collar on bottom and seating nipple at top of first joint of tubing; 19:00 reset tubing at 11798'; SI and SDFN

4-22-07: 07:00 CP 35 psi, TP 35 psi and fluid level near 500'; Swabbed fluid down to 7000' with no apparent entry during a 30 minute shut-down; 19:00 SI and SDFN

4-23-07: 07:00 CP 60 psi, TP 60 psi and fluid level undetermined in highly gas cut fluid; 15:00 swab recovery reached 72 barrels of fluid composed mainly of black sulfur water with gas shows; The fluid level remained near 6500' indicating continued, excessive fluid influx; 15:30 began tubing TOH; 19:00 SI and SDFN

4-24-07: 07:00 CP 25 psi, TP 50 psi and fluid level unknown; Continued tubing TOH and completed same at 11:00; RU BWWC to set CIBP over lower Madison Ls zone 11928-38'; Wireline run found fluid level at 2320' at 11:30; The fluid level had risen from 6500' to 2320' or 4,180' in 20 hours overnight (97 bbls ignoring partial tubing displacement); The fluid influx rate during that 20 hour period was 4.8 bbls per hour; 12:00 CIBP was set at 11910' and the fluid level had reached 2180'; 40 minutes later the fluid level reached 2140', a rise of 40' (0.9 bbl) indicating that the fluid influx rate had been reduced to 1.4 bbls per hour; 13:15 began tubing TIH 78 stands to 5085' with notched collar on end and seating nipple one joint off bottom to begin swab testing; 15:15 found fluid level at 2000' indicating no fluid influx in 2 hours considering the displacement of 3,085' of tubing; Rigged to flow to the pit; 15:45 first gas show after second swab run; 16:45 swabbed fluid down to 2800' recovering approximately 18 bbls of increasingly more clear fluid and less black sulfur water with gas shows; Tested pit with color cut and tested positive for oil and/or condensate; 17:00 SI and SDFN

4-25-07: 07:00 CP 25 psi, TP 25 psi and fluid level near 1800'; The fluid level had risen 1,000' in 15 hours overnight (18 bbls adjusted for displacement of 3,285' of tubing); The fluid influx rate for that 15 hour period was 1.2 bbls per hour; Test of pit with color cut-coated lath indicated 4" of colorless, light oil in pit (650 bbls); 07:30 began tubing TOH; 09:30 completed tubing TOH and RU BWWC to begin perforating zone selections in upper Madison Ls.; 11:00 completed perforating upper Madison Ls 11758-68' with four spf for a total of 40 0.43" holes; 12:45 completed stimulating 11758-68' with 6' of propellant segments; 14:00 completed perforating upper Madison Ls 11724-34' with four spf for a total of 40 0.43" holes; Minor fluctuations of under 100' were noted in the fluid level on the three wireline runs; 15:30 released BWWC crew and put wireline truck on stand-by and began tubing TIH with notched collar on bottom and seating nipple one joint up; Made two swab runs and decision was made to TOH to order a packer for delivery in the morning and TIH with the packer on tubing to accelerate the process of testing the perms without unloading the entire hole; 18:30 TOH completed; SI and SDFN

4-26-07: 07:00 CP 25 psi and fluid level near 1300'; Picked up 2.375" x 5.5" tubing packer, made up packer one joint off bottom with seating nipple above and TIH on tubing to set tubing end at 11688'; 11:30 began swabbing and noted gas and condensate shows with water immediately; Swabbed down to 3500' and fluid influx ramped up and established new level near 2600' that could not be swabbed down; 15:30 SI and SDFN

4-27-07: 07:00 TP 100 psi and fluid level near 1300'; Swabbed black sulfur water with gas shows and got fluid level down to near 5000' when the well kicked and moved the swab assembly up the hole; 13:15 as the operator tried to wind up the sand line as fast as possible, the swab assembly parted at the rope socket when it hit the top of the lubricator and fell back down the tubing; The packer was unseated and a tubing TOH was begun to recover swab gear; Tubing TOH suspended several times due to unstable flowing well conditions but completed by 22:00; Recovered the lost swab gear; SI and SDFN

4-28-07: 07:00 CP 40 psi; RU BWWC for propellant stimulation of upper Madison perf zone 11724-34'; Found fluid level at 1370' on wireline run; 08:45 completed stimulation run with 6' of propellant segments and released BWWC crew; 09:00 began tubing TIH with notched collar and wafer nipple on bottom and seating nipple one joint up; 11:00 RU Weatherford foam unit, broke wafer on bottom of tubing and began reverse circulation to unload fluid from well; Landed tubing at 11688'; 13:00 CP rose from 1,480 psi to 1,500 psi in 20 minutes; Flowed tubing to pit on 64/64" choke; Flow testing

4-29-07: 05:30 continued flowing gas cut fluid to pit on 64/64" choke with CP 1,300 psi; 07:50 tubing flow died down even though CP had built to 1,600 psi; 10:00 completed straightening up bad wraps on the sand line drum from kick incident on 4-27-07, made one swab run, recovered 2 bbls of fluid and the well kicked off flowing gas cut fluid; 11:00 flow died down with fluid level near 4000', made one more swab run from 5,000' and well kicked off flowing again causing additional damage to the sand line as the swab gear moved up the tubing ahead of the wireline winding speed; The fluid level at the kick-off point between 4,000' and 5000' and CP near 1,600 psi indicated formation pressure should be at least 4,850 psi and slightly lower than when the lower Madison Ls and Devonian aquifers were open;

13:00 700' of damaged sand line and the rope socket had to be cut off; Operations were suspended until a new rope socket could be brought out and poured 4-30-07; Rigged tubing to flow-back tank on 64/64" choke; Flow testing

4-30-07: 07:00 CP 1,700 psi and FTP trace; Flowed 8 bbls of fluid with unknown volume of gas overnight on 64/64" choke; 09:00 the new rope socket was attached to the shortened sand line and Peak crew began to prepare for additional swab testing; Swabbing operations very difficult due to gas kicks when the fluid level in the tubing is lowered below 4000'; Recovered small volume of fluid with strong gas shows; 17:00 SI and SDFN

5-1-07: Peak crew off for the day; SI

5-2-07: 07:00 CP 1,750 psi; Found fluid level near 1300' on first swab run; Recovered 70 bbls of fluid with gas shows and lowered the fluid level to 2600'; 11:30 began tubing TOH; 16:30 completed TOH, SI and SDFN

5-3-07: 07:00 picked up retrievable bridge plug (RBP) and 2.375" x 5.5" packer on tubing and TIH; 17:00 TIH suspended after multiple delays due to high winds; SI and SDFN

5-4-07: 07:00 CP 0 psi; 07:30 continued TIH, set RBP at 11838' below lowest open perf set in Madison Ls 11810-20' and the packer was set at 11788' to isolate that zone and began swabbing; Run 1 found fluid level near 1200'; Run 2 found fluid level near 2100'; 11:00 run 3 found fluid level near 3600' with slight gas show on recovery; Run 4 found fluid level near 4300'; Waited 30 minutes and run 5 found fluid level near 4150'; Waited 30 minutes and run 6 found fluid level near 3800'; Run 7 found fluid level near 4500'; Run 8 found fluid level near 4870'; Run 9 found fluid level near 5170'; Run 10 found fluid level near 5650'; After 40 minute wait to change lubricator rubbers, run 11 found fluid level near 3640'; Run 12 found fluid level near 4910'; Run 13 found fluid level near 5700'; Run 14 found fluid level near 6000'; Run 15 found fluid level near 6000'; Run 16 found fluid level near 6300'; Run 17 found fluid level near 6430'; After 30 minute wait to change swab cups run 18 found fluid level near 4900'; 17:30 run 19 found fluid level near 5650'; Total fluid recovery for the day was 96-100 bbls with variable gas shows after runs and the fluid level was left near 6350' with no significant shows; The middle Madison Ls perf set 11810-20' yielded some gas but so far mostly formation water that could be either indigenous or the result of invasion; SI and SDFN

5-5-07: 07:00 TP 120 psi; Vented the gas from the tubing and found fluid level near 1700'; The indicated formation pressure in the Madison Ls perf zone 11810-20' is 4,670 psi using an estimated fluid pressure gradient of 0.45 psi per foot and adding in the TP reading; 07:30 the tool pusher for the Peak crew announced he had a personal emergency and the crew left the location with him as he returned to Vernal; SI and SDFWE

5-6-07: Filed weekly activities report with Carol Daniels-Utah DOGM; Crew off; SI

5-7-07: 07:00 TP 20 psi and found fluid level near 1200'; 08:00 Peak crew cut off more kinked sand line and poured a new rope socket; Moved RBP up to 11780' and set packer at

11740' to isolate and test the upper Madison Ls perf zone 11758-68'; 12:00 made two swab runs, but the tubing/casing annulus appeared to be participating through the uppermost Madison Ls perf zone 11724-34' or the packer had failed to seat; The packer was moved up and reset at 11710' to test the 11758-68' and 11724-34' perf zones together since they appeared to be communicating; Run 1 found fluid level near 1500'; Run 2 found fluid level near 2050'; Run 3 and subsequent runs produced gas cut fluid but the well could not be swabbed down below 2600' to initiate sustained flowing condition; 19:00 SI and SDFN 5-8-07: 07:00 TP 150 psi and found fluid level near 1350'; Made 12 swab runs producing gas cut fluid but could not get fluid level below 2740' on average; Between runs 11 and 12 and a 30 minute delay to change swab cups, the fluid level rose to 1410'; The 1,330' fluid rise in that time equates to a volume of 5.1 bbls and an extrapolated daily fluid influx rate of 245 bbls per day; Recovered 40 bbls of fluid with gas and condensate shows; 12:00 SI and SDFN

5-9-07: 07:00 TP 150 psi and found fluid level near 1320'; The water sample collected at this time from the gross perf interval 11724-820' in the Madison Ls was analyzed 5-10-07 by HES and had the following properties: SG 1.086; pH 6.75; Resistivity 0.069 $\Omega \cdot m$ @ 75.4°F; Iron 100 mg/L; Potassium 700 mg/L; Chlorides 89,700 mg/L; Calcium 5,050 mg/L; Magnesium 1,725 mg/L; Sulfates 600 mg/L; Carbonates 0 mg/L; Bicarbonates 1,270 mg/L; Sodium (calculated) 49,435 mg/L and TDS 148,580 mg/L; The hydrostatic column on the perfs was 10,404', the pressure gradient was 0.47 psi/ft and the TP 150 psi indicated 5,040 psi formation pressure; 07:30 unseated the packer, latched onto and released RBP and began tubing TOH; 14:00 completed tubing TOH and RU BWWC; 14:30 plan to set CIBP at 11640' to abandon the Madison Ls perf zones was altered when the wireline conveyed CIBP became stuck in the top collar of a marker casing joint at 10327.5'; 14:45 the CIBP could not be moved so it was set where it was stuck; The tubing and tools run below 8000' were recovered coated with a brownish black putty-like substance that probably interfered with the wireline run to set the CIBP; Samples of the black precipitate were collected and the cursory examination by HES 5-10-07 indicated it was possibly similar to gilsonite mixed with gypsum; A field test with a magnet proved that a ball of the material was magnetic; 16:00 completed perforating lower Cedar Mountain Fm 9762-72' with four spf for a total of 40 0.43" holes; The fluid level remained stable at 1350' where it had stabilized following tubing TOH and during wireline TIH to set the CIBP; RD BWWC, released crew and kept equipment on location on stand-by; 17:00 SI and SDFN

5-10-07: 07:00 casing accidentally left open overnight by Peak crew so no CP information was available; BWWC crew on site for expected operation to set second CIBP due to suspicion that the last CIBP set in a collar may leak; HES tool hand on site to assist with packers if needed later in the day; 08:00 Dalbo delivered 260 bbls of 2% KCl water that was placed in a frac tank; 11:00 Peak crew on site late, and the Peak superintendent called off work due to possible impairment of two crew members; All personnel from all services sent back to town; 12:00 SI and SDFN

5-11-07: 07:00 CP on slight vacuum; TIH with bit and scraper on tubing to 9975' but did not attempt circulation due to presence of hydrocarbon emulsion in the heavy brine water left in the well from the testing operations on the Mississippian and Devonian perf sets that had interfered with setting the last CIBP; 12:00 the first swab run hit an obstruction in the tubing

near 1075', kinked the sand line in the aftermath and operations were delayed until the sand line was cut off and a new rope socket poured to reattach the swab gear; 15:30 the second swab run found an obstruction in the tubing at 20' that the sinker bars would not pass through; Pulled two stands of tubing and found no obstruction in those joints; The third swab run found the obstruction in the tubing at 20'; Operations were suspended until 5-12-07 when additional sinker bars for the swab and sand cups could be used to clear the obstruction; 17:00 SI and SDFN

5-12-07: 07:00 TP on slight vacuum; Added sinker bars to swab gear, found tar emulsion obstruction near 150', worked down through it and began swabbing the brine and emulsion from the well; Made 26 swab runs during the afternoon and began to recover gas when the fluid level was reduced below 5100'; The final swab run left the fluid level near 5500'; 18:00 SI and SDFWE

5-13-07: Crew off for Sunday (Mother's Day); SI

5-14-07: 07:00 CP 35 psi, TP 10 psi and found fluid level near 4850' (650' rise or 14.1 bbls infill in 36 hours); Estimated formation pressure in the lower Cedar Mtn Fm zone 9762-72' was 2,196 psi; Continued swabbing brine water and emulsion from the well; Filed weekly activities report with Carol Daniels-Utah DOGM; 13:00 swabbed fluid level down to 8000'; Suspended swabbing operation, TIH with bit and scraper, tagged up on last CIBP at 10328' and TOH to 9750' and reset tubing there; Made a total of 32 swab runs, recovered 100 bbls of fluid with gas shows and left fluid level near 7900'; 19:00 SI and SDFN

5-15-07: 07:00 CP 25 psi, TP 10 psi and found fluid level near 5000' (2900' rise or 62.8 bbls infill in 12 hours); Estimated formation pressure in the lower Cedar Mtn Fm zone 9762-72' was 2,120 psi; Collected formation water sample for analysis; Began tubing TOH; 16:00 TOH completed ready for wireline work; SI and SDFN

5-16-07: 07:00 CP 20 psi; 07:30 RU BWWC; 07:40 began wireline TIH with CIBP, 09:00 set CIBP at 9750' after delays caused by extremely sticky conditions in the casing below 7000'; Found fluid level at 6460' on trip in well to set CIBP; Dumped 1 sack of cement on top of the CIBP on a second wireline round trip; 11:40 completed perforating Dakota Fm 9633-43' with four spf for a total of 40 0.43" holes; The fluid level rose 60' within five minutes to 6400' when the perforating gun carrier came out of the fluid; 12:00 released BWWC wireline crew and kept equipment on stand-by; 12:30 began tubing TIH with a notched collar on one joint of tubing below a 2.875" x 5.5" packer and a seating nipple above the packer; 16:00 set packer at 9606' with the end of the tubing at 9642', across from the perforations; RU to swab; Run 1 found fluid level near 5800' and recovered 600' (2.3 bbls) of highly gas cut fluid; Run 2 found fluid level near 6400' and recovered 1,200' (4.6 bbls) of highly gas cut fluid; Run 3 was pulled from near the seating nipple above the packer and recovered 100' (0.4 bbls) of highly gas cut fluid; 18:00 SI for pressure build-up and SDFN

5-17-07: 07:00 TP 10 psi; Found fluid level near 9000' indicating that the Dakota Ss perf zone 9633-43' is not wet but the perms will need a breakdown treatment with propellant to continue evaluation; 08:30 the Peak operator caused the remainder of the sand line to become damaged when he lowered the swab assembly into the fluid too quickly on the second run to

recover a water sample; Wireline cleanup delayed tubing TOH; 14:30 released packer and began tubing TOH to allow BWWC wireline stimulation work; Thunderstorm delayed TOH; 18:00 completed TOH , SI and SDFN

5-18-07: 07:00 CP 10 psi; Rolled damaged sand line off Peak rig and rolled on new line; RU BWWC and stimulated Dakota Ss perf zone 9633-43" with a 10' propellant burn; Found fluid level near 4500'; RD BWWC and TIH with notched collar and seating nipple on tubing and set at 9602'; Made 5 swab runs and recovered 25 bbls of fluid. Fluid level remained between 4500' and 5000'; The propellant stimulation seems to have released a substantial volume of normally irreducible, connate water or the last CIBP failed; 17:00 SI and SDFWE

5-19-07: Crew off; SI

5-20-07: Crew off; SI

5-21-07: 07:00 TP 0 psi (leaky valve?); Found fluid level near 4500'; 5,133' of fluid over Dakota Ss perms indicate formation pressure of 2,258 psi; Sent weekly report to Carol Daniels-DOGM; Made 24 swab runs and recovered 96 bbls with no significant gas shows; The fluid level was left near 6000'; Three water samples from the current Dakota Ss perf set (9633-43') were collected and analyzed by HES; The results of the third sampling seemed to be representative with SG 1.035; pH 5.88; Resistivity 0.124 $\Omega \cdot m$ @ 77.5°F; Iron 250 mg/L; Potassium 1,050 mg/L; Chlorides 36,730 mg/L; Calcium 1,765 mg/L; Magnesium 180 mg/L; Sulfates 655 mg/L; Carbonates 0 mg/L; Bicarbonates 75 mg/L; Sodium (calculated) 21,155 mg/L and TDS 61,860 mg/L; The water sample was substantially different and twice as saline as the water from the isolated lower Cedar Mountain Fm in an offset well; The analysis may be accurate for connate water resident in the Dakota Ss or the difference in chemistry may be due to some invasion of the Dakota Ss zone with Madison Ls water that was present when the Dakota Ss zone was perfed, or the previously set CIBP's could be leaking; Tagged up on the cement over the last CIBP at 9738' and it seemed to be in place where it should be; 18:00 SI and SDFN

5-22-07: 07:00 TP 0 psi; Found fluid level between 5000' and 5400'; Made 4 swab runs, recovered 13-15 bbls with weak gas shows and left the fluid level between 6200' and 6500'; Tagged up on cement over the last CIBP at 9740' with tubing and began TOH; RU BWWC, ran GR-CCL and verified that the last CIBP and cement cap over it were in place at 9740' and presumed to be a viable bridge; A junk basket run found the fluid level at 6830' now that the tubing had been removed from the well; RD BWWC; 19:00 SI and SDFN

5-23-07: 07:00 CP 0 psi; TIH with notched collar and seating nipple on tubing and set at 9602'; Made 4 swab runs and reduced the fluid level to 8500', waited 1 hour, gained no fluid and made run 5 to reduce fluid level to 8800'; Made a total of 12 runs and recovered a total of 48 bbls; There was no significant recovery from the last 2 runs; The recovered fluid was increasingly less black and more gray-brown through the swabbing session; 18:30 SI casing and CP rose 5 psi in five minutes and a light blow of gas was noted from the tubing; Water samples were collected during the day when the fluid level was near 5500', 7500', 9200' and 9400'; The results of the fourth sampling seemed to be representative with SG N/A; pH 6.09;

Resistivity 0.113 $\Omega \cdot m$ @ 67.7°F; Iron 120 mg/L; Potassium 950 mg/L; Chlorides 36,730 mg/L; Calcium 1,765 mg/L; Magnesium 445 mg/L; Sulfates 915 mg/L; Carbonates 0 mg/L; Bicarbonates 60 mg/L; Sodium (calculated) 20,835 mg/L and TDS 61,8625mg/L; The fluid level was left near 9400'; 19:00 SI and SDFN

5-24-07: 07:00 CP 30 psi and TP 10 psi; Found fluid level near 8500'; Overnight fluid influx was 900' or 19.5 bbls (at the most); Swab run 1 was pulled from the seating nipple and recovered 200' or 0.8 bbl; A total of 4 swab runs were completed that recovered 10-13 bbls with gas shows; Water samples were collected for analysis by the HES lab; The results of the third sampling seemed to be representative with SG N/A; pH 5.05; Resistivity 0.138 $\Omega \cdot m$ @ 69.8°F; Iron 200 mg/L; Potassium 900 mg/L; Chlorides 31,045 mg/L; Calcium 1,565 mg/L; Magnesium 205 mg/L; Sulfates 750 mg/L; Carbonates 0 mg/L; Bicarbonates 25 mg/L; Sodium (calculated) 17,775 mg/L and TDS 52,465 mg/L; 12:30 began tubing TOH to prepare for pumping an acid breakdown; 19:00 completed TOH with tubing; SI and SDFN

5-25-07: 07:00 CP not reported; Found fluid level with the bailer at 8112'; Picked up 2.375" x 5.5" packer and seating nipple on tubing and TIH; The packer got stuck near the planned setting site at 9604' but would not set properly; The stuck packer was worked up to 9440' where it was sticking but set all right; 10:10RU HES to pump HCl acid breakdown treatment of Dakota perfs 9633-43'; 12:50 began pumping treatment with 2,000 gal 15% HCl with clay and iron inhibitors flushed past the perfs with 85 bbls of 2% KCl water (133 bbls total load); The acid was diverted with 65 frac balls; Average pump rate was 4.3 bbls/min and maximum pump rate was 7.2 bbls/min; Average surface pressure was 4,000 psi and the maximum surface pressure was 5,174 psi; 13:20 pressure at shut down was 5,174 psi, ISIP was 2,625 psi, after 5 min 2,388 psi, after 10 min 2,270 psi and after 15 min 2,176 psi; 14:12 pressure was 1,700 psi; 14:30 RD and release HES crew and equipment; The calculated frac gradient was 0.72 psi/ft and compared favorably with frac gradients determined after pumping frac treatments in an offset well: 0.73 psi/ft in the upper Cedar Mountain Fm and 0.79 psi/ft in the Dakota Ss; 15:00 SI and SDFWE

5-26-07: Transmitted weekly report to Carol Daniels-Utah DOGM; Memorial Day weekend; SI

5-27-07: Crew off; SI

5-28-07: Crew off; SI

5-29-07: 07:00 TP slight vacuum; Found fluid level near 800'; 09:00 first gas shows on run 5 after recovery of 25 bbls of 133 bbls of total load; 10:00 recovered 40 bbls of highly gas cut fluid composed of KCl water and spent acid; 12:30 completed 10 swab runs that brought the fluid level in the tubing down to 8700' and released the packer; Attempted to lower the tubing to a point nearer the perfs, but a bridge at 9455' precluded the move; Completed 5 more swab runs, recovered a total of 80 bbls with gas shows and left the fluid level near 8200'; The well produced a steady blow of gas during the afternoon; 17:30 released Peak crew and rig; Suspended operations until preparations begin 6-4-07 for frac stimulation scheduled on 6-6-07; SI and SDFN

5-30-07: 11:00 TP 300 psi and CP 310 psi; Fluid level is unknown; Peak equipment remained on site after the crew damaged the derrick attempting to rig down; SI

5-31-07: 12:00 TP 550 psi and CP 600 psi; Fluid level is unknown; Peak workover rig moved to Vernal for repairs to derrick; SI

6-1-07: 12:00 TP 650 psi and CP 700 psi; Fluid level unknown; Transmitted weekly report to Carol Daniels-Utah DOGM; SI

6-2-07: SI

6-3-07: SI

6-4-07: 08:00 TP 1,100 psi and CP unknown due to faulty gauge; Fluid level unknown; MIRU Stone Well Service SU; MI equipment to support CO2 foam frac stimulation scheduled at 11:00 6-6-07 including HES Mountain Mover and bulk storage vessel for CO2; 17:00 SI and SDFN

6-5-07: 07:00 TP 1,150 psi and CP 850 psi; Fluid level found near 5600'; The 4,033' of fluid with near 50,000 ppm TDS added 1,815 psi to the TP of 1,150 psi indicating a formation pressure in the Dakota Ss zone below 9633' of 2,965 psi; 07:30 began blowing down gas pressure from the tubing on various chokes to flare pit; 09:00 began swabbing well down to enable one more overnight SI prior to tubing TOH to pump frac stimulation; 12:00 completed 6 swab runs, reduced fluid level to near 6900' and reduced the CP slightly to 700 psi; Completed a total of 14 swab runs and recovered 31.25 bbls with gas shows; 15:30 on run 15 the well kicked off flowing as the annular pressure vented up the tubing; Flowed well on 22/64" choke until it blew down; Total swab and flowing recovery was about 65 bbls; All proppant, KCl water and CO2 on location ready for frac stimulation scheduled at 11:00 6-6-07; 17:00 SI and SDFN

6-6-07: 07:00 TP 380 psi and CP 350 psi; Bled tubing down in 15 minutes; Fluid level found near 7100'; Run 1 recovered 1.5 bbls with gas shows; Run 2 found fluid level near 7500', recovered 1.5 bbls from which a water sample was taken for analysis, left fluid level near 7900', RD swab gear and began tubing TOH; Pulling operation delayed by high wind conditions; 11:00 HES frac crew moved in and began rigging up; Filled well with 2% KCl water and at 13:00 began pumping frac; Frac stimulation pumped very well at up to 30 bbls/min with surface treating pressure steady near 5,000 psi until proppant stages 5 and 6 were in the casing on the way down ahead of the flush and the HES pump lost prime with 72 bbls of water supply left in the tank ending the job with 30,000 lbs of proppant in the zone and the remainder (50,000 lbs) left in the casing; RD and released HES; 17:00 began flow-back on 10/64" choke and increased choke sizes as unbroken gel and proppant showed; When the well stopped producing that remnant material from the frac stimulation other than CO2 gas for 30 minutes on a 48/6" choke the well was choked back; The CO2 gas flow rate stabilized at TP 700 psi on a 18/64" choke (1,292 Mcf per day) by 21:00 and the well was SI to prepare for wireline work; SDFN

6-7-07: 07:00 CP 700 psi; Fluid level unknown; MIRU BWWC wireline unit and TIH with gauge ring and junk basket to find top of proppant at 9200'; 14:00 CP 850 psi, bled off 150 psi and TIH with composite bridge plug found fluid level at 1500'; Set composite bridge plug at 7000' and dumped 3 sacks of sand on top with dump bailer; Released BWWC wireline crew and kept wireline unit on location for perforating and stimulation work on the Prairie Canyon Mbr of Mancos Sh turbidite zones to begin in the morning; 16:30 SI with CP 700 psi and SDFN

6-8-07: 07:00 CP 750 psi; Fluid level at 1850'; Started construction of 4" Seep Ridge East gas gathering pipeline from location to CDM point on Canyon's Mesa Pipeline; RU BWWC and perforated Prairie Canyon Mbr Mancos Sh 6548-62' with four spf for a total of 56 0.43" holes; The fluid level remained stable at 1850'; Stimulated the new perfs with 8' propellant burn; One 2' segment misfired; Perforated Prairie Canyon Mbr Mancos Sh 6515-32' with four spf for a total of 68 0.43" holes; The fluid level remained stable at 1850'; Stimulated the new perfs with 8' propellant burn; Perforated Prairie Canyon Mbr Mancos Sh 6440-76' with four spf for a total of 144 0.43" holes; The fluid level remained stable at 1850'; Stimulated the new perfs with two 8' propellant burns; 16:30 RD and released BWWC; 17:30 blew well down from 750 psi to 400 psi on 20/64" choke; Opened choke to 28/64" to continue flow but casing head froze off; Thawed out well head and continued to flow well on larger choke sizes ending with a 48/64" setting with CP 50 psi; Recovered 5 to 7 bbls of fluid and CO2 gas left in well prior to setting the last CIBP; Opened well and blew down remaining pressure; RU Washington stripping head; TIH with 4.75" mill tooth bit on pump-off sub, 1 joint of tubing, a pot metal wafer tubing plug, a seating nipple on tubing string to near 1000'; 18:30 SI and SDFN

6-9-07: 07:00 continued tubing TIH and set near 6400'; Began swabbing; Well flowed fluid and CO2 gas after run 3; Made 11 swab runs and recovered 20.3 bbls of fluid with no significant flammable gas shows; TIH with tubing and set at 6950'; Made 5 more swab runs for a total of 16 runs; Total fluid recovery was 28.75 bbls with no significant flammable gas shows; Continued gas gathering pipeline construction; SI and SDFWE

6-10-07: SI

6-11-07: 07:00 CP 50 psi and TP 0 psi; Found fluid level near 6500'; No significant entry from perforations; Transmitted weekly report to Carol Daniels-Utah DOGM; Swabbed down with slight gas shows; Continued gas gathering pipeline construction; 15:00 SI and SDFN

6-12-07: 07:00 CP and TP not reported; PU power swivel and RU Weatherford foam unit; Drilled out composite bridge plug previously set at 7000' and circulated proppant off the Dakota Ss perfs; Took a 1,000 psi flammable gas kick; Cleaned well out to the cement over the last CIBP at 9740'; Strong flammable gas shows while circulating out proppant; Pumped slug to knock bit off tubing sub; Set tubing at 9602'; Stripped off Washington stripping head, ND BOP's and removed same, set tubing in donut and NU wellhead; Laid down power swivel and RD and released Weatherford foam unit; Continued gas gathering pipeline construction; 17:00 SI and SDFN

6-13-07: 07:00 CP 500' and TP 550 psi; Found fluid level near 4500'; 13:00 completed 5 swab runs and left fluid level near 5200'; Recovered some unbroken frac gel and crushed proppant along with flammable gas shows; Continued swabbing fluid from well and left fluid level near 9000'; Completed construction of 4" Seep Ridge East Lateral gas gathering pipeline from location to CDM pad near hop tap point on Canyon's Mesa Pipeline; 17:00 SI and SDFN

6-14-07: 07:00 CP 500 psi and TP 500 psi; Found fluid level near 8800'; Began swabbing and well kicked off flowing flammable gas on second swab run when the casing came around; Let well blow down to CP 50 psi and steady blow from tubing; 15:30 put Stone Well Service SU on free standby, SI and SDFWE

6-15-07: SI

6-16-07: SI

6-17-07: SI

6-18-07: 07:00 CP 1,050 psi and TP 1,050 psi indicating no fluid above the end of the tubing; 07:20 began flowing tubing to flare pit on 28/64" choke; 07:30 CP 950 psi and FTP 950 psi; 07:40 CP 900 psi and FTP 700 psi; 07:50 CP 800 psi and FTP 700 psi; **08:00 CP 700 psi and FTP 550 psi on 28/64" choke with instantaneous flow rate of 2,464 Mcf per day**; Reduced choke size to 16/64" and by 08:10 CP 700 psi and FTP 700 psi; 08:20 CP 700 psi and FTP 650 psi; **09:00 CP 700 psi and FTP stable at 650 psi on 16/64" choke with instantaneous flow rate of 907 Mcf per day**; SI and released Stone Well Service SU; Transmitted weekly report to Carol Daniels-Utah DOGM; Waiting on pipeline hook-up.

6-19-07: SI and WOPL

6-20-09 09:00 CP 1,050 psi and TP 1,050 psi indicating no fluid above the end of the tubing; Stone Well Service crew moved SU to SRU #7; SI and WOPL connection

6-21-07: Tronco ordered additional flow testing and a downhole 10-day pressure build-up test; SI and WO testing equipment

6-22-07: SI and WO testing equipment

6-23-07: SI and WO testing equipment

6-24-07: SI and WO testing equipment

6-25-07: 08:00 CP 1,400 psi and TP 1,400 psi indicating no fluid entry; Transmitted weekly report to Carol Daniels-Utah DOGM; SI and WO flow testing equipment

6-26-07: 08:00 CP 1,500 psi and TP 1,500 psi; SI and WO flow testing equipment

6-27-07: 08:00 CP 1,550 psi and TP 1,550 psi; SI and WO flow testing equipment

6-28-07: SI and WO flow testing equipment

6-29-07: SI and WO flow testing equipment

6-30-07: SI and WO flow testing equipment

7-1-07: SI and WO flow testing equipment

7-2-07: Tronco called off moving in flow testing equipment; SI and WOPL connection

7-3-07: 08:00 CP 1,700 psi and TP 1,700 psi; Transmitted weekly report to Carol Daniels-Utah DOGM; SI and WOPL connection

7-4-07: SI and WOPL connection

7-5-07: SI and WOPL connection

7-6-07: SI and WOPL connection

7-7-07: SI and WOPL connection

7-8-07: SI and WOPL connection

7-9-07: 08:00 CP 1,800 psi and TP 1,750 psi; If the gauges are accurate, the fluid level may have risen over the end of the production tubing at 9602'; Requested update from Canyon Gas Resources, Inc. on timing of construction of hot tap in the Mesa line for hook-up of Seep Ridge East Lateral and S 6-36; Transmitted weekly report to Carol Daniels-Utah DOGM; SI and WOPL connection

7-10-07: Canyon contractor completed hot tap in Mesa pipeline and set the CDM for the Seep Ridge East Lateral serving the S 6-36; Del-Rio/Tronco contractor set tank, separator and well meter run; SI and WOPL connection

7-11-07: Finishing up final grading and plumbing to allow start-up and initial production testing; SI and WOPL connection

7-12-07: SI and WOPL connection

7-13-07: SI and WOPL connection

7-14-07: SI and WOPL connection

7-15-07: SI and WOPL connection

7-16-07: Pigging Seep Ridge East Lateral prior to final connection with Canyon's CDM at new interconnection with Mesa pipeline; Transmitted weekly report to Carol-Daniels-Utah DOGM; SI and WOPL connection

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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: **Del-Rio Resources, Inc.**

3. ADDRESS OF OPERATOR: P. O. Box 459 CITY **Vernal** STATE **UT** ZIP **84078** PHONE NUMBER **435-789-1703**

7. UNIT or CA AGREEMENT NAME: _____

8. WELL NAME and NUMBER: **State 6-36-13-22**

9. API NUMBER: **43-047-37522**

10. FIELD AND POOL, OR WLD/CAT: **Wildcat (Seep Ridge Extension)**

4. LOCATION OF WELL (FOOTAGES)
AT SURFACE: **1806' fml & 1882' fwl, SENW Section 36, T13S, R22E, SLM**
AT TOP PRODUCING INTERVAL REPORTED BELOW: **Vertical, same as surface location**
AT TOTAL DEPTH: **Vertical, same as surface location**

11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: **SEnw 36-13S-22E, SLM**

12. COUNTY: **Uintah** 13. STATE: **UTAH**

14. DATE SPUDDED: **11-29-06 w/rathole rig** 15. DATE T.D. REACHED: **3-24-07** 16. DATE COMPLETED: **12-8-07** ABANDONED READY TO PRODUCE

17. ELEVATIONS (DF, RKB, RT, GL): **6635' KB (log datum), 6613' GL**

18. TOTAL DEPTH: MD **12112'** TVD **12112'** 19. PLUG BACK T.D.: MD **12100'** TVD **12100'** 20. IF MULTIPLE COMPLETIONS, HOW MANY? * _____

21. DEPTH BRIDGE PLUG SET (last): MD **9750' + 6 sx** TVD **9750' + 6 sx**

22. TYPE ELECTRIC AND OTHER MECHANICAL LOGS RUN (Submit copy of each)
1) CHI Processed Triple Combo from Thermal Multigate Decay Lithology log acquired 4-13-2007 over pre-Mancos Shale zones 9230'-12086' and processed 4-14-2007
2) Cast V CBL-CCL-GR

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
12.25"	9.625" H-40	32.30	Surface	1836		Class G 463	170.6	Surface CIR	
7.875"	5.5" P-110	17.00	Surface	12107	9438	Class G 240	102.5	Stage Tool CBL	
					9438	50/50 Poz 770	N2 foam+175	1750' CAL	

25. TUBING RECORD **2.375" 4.7 #/ft P-110 last set for production post frac flow back 11-14-07**

SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
2.375"	9609							

26. PRODUCING INTERVALS

FORMATION NAME	TOP (MD)	BOTTOM (MD)	TOP (TVD)	BOTTOM (TVD)	INTERVAL (Top/Bot - MD)	SIZE	NO HOLES	PERFORATION STATUS
(A) Dakota (lwr)	9705	9714	9705	9714	9704-12	0.38"	32 (4 spf)	Open <input checked="" type="checkbox"/> Squeezed <input type="checkbox"/>
(B) Dakota (upr)	9602	9654	9602	9654	9633-43	0.43"	40 (4 spf)	Open <input checked="" type="checkbox"/> Squeezed <input type="checkbox"/>
(C) Prairie Cyn (Mancos)	6429	6562	6429	6562	6548-62	0.43"	56 (4 spf)	Open <input checked="" type="checkbox"/> Squeezed <input type="checkbox"/>
(D)					6515-32	0.43"	68 (4 spf)	Open <input checked="" type="checkbox"/> Squeezed <input type="checkbox"/>
					6440-76	0.43"	144 (4 spf)	Open <input checked="" type="checkbox"/>

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

DEPTH INTERVAL	See Completion Report for abnd perf treatments AMOUNT AND TYPE OF MATERIAL
9633-43	BD w/10' propellant burn; BD w/2,000 gals 15% HCl acid; Frac w/30k lbs of planned 80k lbs 20-40 ceramic in 70% CO2 foam
6440-562	BD 6548-62 w/6' propellant burn; BD 6515-32 w/8' propellant burn; BD 6440-76 w/16' propellant burn
9704-12 (& refrac 9633-43)	BD w/500 gals 7.5% HCl acid; Frac 9633-712 w/101k lbs of planned 119k lbs 20-40 ceramic in 70% CO2 foam

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

30. WELL STATUS: **Producing gas well**

31. INITIAL PRODUCTION Intervals B & C commingled

INTERVAL A (As shown in item #26)

DATE FIRST PRODUCED: 7-31-07		TEST DATE: 6-18-07		HOURS TESTED: 1		TEST PRODUCTION RATES →		OIL - BBL: 0	GAS - MCF: 37.79	WATER - BBL: 0	PROD METHOD: Flow
CHOKE SIZE: 16/64"	TBG. PRESS. 650	CSG. PRESS. 700	API GRAVITY	BTU - GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES →	OIL - BBL: 0	GAS - MCF: 907	WATER - BBL: 0	INTERVAL STATUS: Producing	

Intervals A, B & C commingled

INTERVAL B (As shown in item #26)

DATE FIRST PRODUCED: 12-8-07		TEST DATE: 12-8-07		HOURS TESTED: 8		TEST PRODUCTION RATES →		OIL - BBL: 0	GAS - MCF: 134	WATER - BBL: 0	PROD METHOD: Flow
CHOKE SIZE: 12/64"	TBG. PRESS. 1,000	CSG. PRESS. 700	API GRAVITY	BTU - GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES →	OIL - BBL: 0	GAS - MCF: 402	WATER - BBL: 0	INTERVAL STATUS: Producing	

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.)

Sold

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)
				Wasatch Fm	1845
				Mesaverde Group (Tuscher Fm)	3762
				Castlegate Ss	5509
				Dakota Fm marker	9580
				Morrison Fm	9796
				Stump Fm (Summerville/Curtis)	10325
				Slickrock Mbr Entrada Ss	10454
				Navajo Ss	10647
				Wingate Ss	10891
				Shinarump Cgl	11461
				Moenkopi Fm	11473
				Maroon Fm	11519
				Morgan Fm	11690

35. ADDITIONAL REMARKS (Include plugging procedure)

Production of ceramic proppant from Dakota Ss perms 9633-712' has limited the contribution from those layers and has not been addressed since service unit was last released on 11-28-07.

Madison Ls	11706
Ouray Ls	11973
Elbert Fm	12050

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

NAME (PLEASE PRINT) David L. Allin

TITLE Vice President, Exploration Manager

SIGNATURE *David L. Allin*

DATE August 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

* 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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DEL-RIO RESOURCES, INC.

P.O. BOX 459, VERNAL, UT 84078

Telephone (435) 789-1703 ☼ Cell (435) 828-1703 ☼ Fax (435) 789-5703

**Daily Drilling Report Version 4-6-07-09:00 Compiled by David L. Allin
Del-Rio Resources State 6-36-13-22, API No. 43-047-37522, Seep Ridge Field
A Tronco Energy Corporation and Philco Exploration, LLC Project
1806' fnl, 1882' fwl (SEnw) Section 36, T13S, R22E, SLM, Uintah County, Utah
Graded Ground Level Elevation 6613' and KB 6635'
All depths cited are drilling depths prior to logging**

11-20-06: Uintah Engineering & Land Surveying (UELS) crew under direction of Lawrence C. Caldwell, II (Caldwell) selected a new location within the SENW standard drilling window to optimize geological intersections, minimize new access road construction, avoid heavy timber and simplify location construction operations

11-21-06: Brad Hill-Utah DOGM was contacted by David L. Allin (Allin) by telephone and e-mail to explain location adjustment from originally permitted site and requested approval for construction at adjusted site via digitally transmitted Sundry Notice dated 11-21-06.

11-22-06: Verbal approval granted by Brad Hill-Utah DOGM by telephone with Allin for adjusted location and commencement of construction activities on same at 07:50. Floyd Bartlett-Utah DOGM concurred with approval by telephone with Caldwell and a voice-mail message was left for David Hackford-Utah DOGM by Caldwell concerning changes. UELS completed surveying and engineering of new site to accommodate Krobar Drilling LLC Rig 21

11-24-06: Diamond J began upgrading existing two-track road for access and location construction at 08:00.

11-25-06: Location construction continued.

11-26-06: Location construction continued.

11-27-06: Documentation for adjusted location created by UELS was transmitted in digital form to Brad Hill-DOGM including location plat, location layout, cross sections and topographic maps at various scales. Location construction continued.

11-28-06: Voice-mail notification of dry spud planned 11-29-06 left for Carol Daniels-Utah DOGM by Caldwell. Location construction continued and excavation of reserve pit begun.

11-29-06: Well dry spudded by Pete Martin Drilling, Inc. at 13:57. Drilled 20" hole to 40' below ground level and set 14" conductor casing string. Conductor casing was cemented to surface with Class A cement. Carol Daniels-Utah DOGM and LaVonne Garrison-Utah SITLA notified of dry spud by telephone calls from Caldwell. Reserve pit and location construction continued.

11-30-06: Drilled blast holes for excavation of reserve pit and location construction continued.

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12-01-06: Drilled blast holes for excavation of reserve pit and location construction continued.

12-02-06: Blasted reserve pit area, began muck removal and location construction continued.

12-03-06: Mucked reserve pit area and trimmed location to final grade.

12-04-06: Bill Jr's Rathole Drilling, Inc. moved on location to drill 12.25" surface casing hole into top of Wasatch Fm (1800-1850'). Commenced drilling 12.25" surface hole out from under 14" conductor casing at 20:00. Caldwell notified Floyd Bartlett-Utah DOGM of event via telephone. Reserve pit and location trimming continued.

12-05-06: Drilled 12.25" surface hole. Below 1080' as of 08:00 without encountering any water. Uppermost tongue of Wasatch Fm intersected at 1650' along with minor water influx. Caldwell notified Floyd Bartlett-Utah DOGM via telephone that surface casing cementing would occur on 12-06-06. Reserve pit and location trimming continued.

12-06-06: TD for 12.25" surface hole called at 1865' at 09:30. No significant water flows were encountered. Ran 1818' of 9.625" 32.30 ppf, H-40 casing. Big 4 Cementing rigged up 1" line in annulus at 200' to squeeze cement if necessary and cemented the surface casing with 560 sx of premium (Class G) cement, 10 sx CaCl, 140 lbs flocele, 32 sx gel, 1,600 lbs gilsonite, 451 lbs of NaCl and 480 lbs of CR-3. Top plug went down at 10:45 after pumping 160 sx in 108.8 bbls (3.82 cu ft/sack) of lead slurry and 200 sx in 41 bbls (1.15 cu ft/sack) of tail slurry. Good circulation noted throughout job. Slight sinking was noted and 200 sx in 40.8 bbls (1.15 cu ft/sack) of slurry was squeezed through 1" line in annulus with good circulation. Cement level held OK. A total of 20 bbls excess cement slurry was circulated to pit. Net cement placed in annulus was 463 sx in 170.6 bbls of combined lead and tail slurries. Cementing operation was witnessed by Floyd Bartlett-Utah DOGM. Reserve pit and location trimming continued.

12-07-06: Completed location construction. Dug out cellar and set cellar ring. Ordered wellhead and drilling flange from Cameron and pit liner from Diamond J. Waiting on Krobar Drilling, LLC Rig 21 to move on and drill long string hole.

01-05-07: Subcontractors lined up. Waiting on Krobar 21. Current estimated date of arrival of rig on location is January 29th. December monthly report transmitted to Carol Daniels-Utah DOGM with cc to LaVonne Garrison-Utah SITLA.

01-31-07: Subcontractors lined up and on notice for all services. Waiting on Krobar 21 to be released from current assignment. Rig moving expected to begin February 6th. January monthly report transmitted to Carol Daniels-Utah DOGM with cc to LaVonne Garrison-Utah SITLA.

02-07-07: Krobar 21 still working for FIML Natural Resources, LLC and may not be released until February 12th. Checked for availability of other rigs, such as Frontier 3 stacked on Seep Ridge Road after release by Pioneer Natural Resources, but none were available with appropriate rating and drill pipe/collars to safely drill State 6-36-13-22.

02-12-07: Diamond J motor grader trimmed location following thaw in preparation to begin moving Krobar 21 onto location but location was too wet to allow completion. Soft spots in access road must be filled with shale prior to move in due to thaw.

02-13-07: Diamond J crew was placed on notice to install pit liner, but road conditions too poor to allow access. FIML Natural Resources, LLC (FIML) expected to release Krobar 21 late 2-16-07 from their well in Section 20-13S-19E and start rig move to State 6-36-13-22 location.

02-14-07: Diamond J motor grader cleaned up access road. FIML completed open hole logging but decision has not been made to P&A or run long string. Release of Krobar 21 may be possible by 2-17-07.

02-15-07: Cameron crew installed 9.625" wellhead on surface casing, pressure tested same and installed drilling flange.

2-16-07: Krobar 21 down yesterday for mechanical work. FIML will run long string, but may not begin operation until late today. Rig release is probable sometime 2-19-07 to allow rig moving crews to begin 5 day move to State 6-36-13-22 location. First weekly report of operations transmitted to Carol Daniels-Utah DOGM with cc to LaVonne Garrison-Utah SITLA. TD 1818' (GL)

2-19-07: Krobar 21 released by FIML and began rigging down at the FIML site. First Bar IS, Inc. moving truck arrived on that location during afternoon. Diamond J motor grader trimmed up pad and access road at State 6-36-13-22 location.

2-20-07: Diamond J crew installed the pit liner and erected lease signs. Dalbo, Inc. notified to begin hauling water to place in pit to hold down liner and for later use in drilling operations. First three loads of Krobar 21 equipment delivered during afternoon.

2-21-07: Ten more loads of Krobar 21 delivered by Bar IS, Inc. Diamond J motor grader operator called in sick and Caldwell had to operate equipment to maintain passable condition of access road for arriving loads; Drill pipe inspection underway

2-22-07: Eleven more loads of Krobar 21 delivered in good order. The only major components left are the two derrick sections and one mud pump. The steel mud pits were spotted on the pad next to the reserve pit. Diamond J crew maintained road. Well site geologists and mud logging equipment are lined up for work to begin possibly by 2-27.

2-23-07: All loads will be on site this evening despite snow storm with crane following in the morning. BOP testing scheduled 2-27. All three Krobar crews working days during rig move. Second weekly report of operations transmitted to Carol Daniels-Utah DOGM with cc to LaVonne Garrison-Utah SITLA. TD 1818' (GL)

2-24-07: Rig up rotary tools (RURT) Krobar 21. Crane arrived by 09:00 and set the major components of the rig such as the two mud pumps, draw works and substructure. Derrick assembled and ready to be raised. Muddy conditions slowed work but getting better. Two of the man camp

trailers were damaged by the trucking company. Arrangements made for electrical generators and installation of plumbing at the rig site and man camp locations. TD 1818' (GL)

2-25-07: RURT Krobar 21 continued. TD 1818' (GL)

2-26-07: RURT Krobar 21 continued. HughesChristensen delivered the five drill bits needed for the project. 12:00 crane released. Water deliveries to reserve pit in progress to allow mixing of initial circulating medium when steel mud pits and water supply tank are connected. TD 1818' (GL)

2-27-07: RURT Krobar 21 continued. Caldwell notified Floyd Bartlett-Utah DOGM via telephone that BOP testing could begin in the evening. Company man's skid spotted on site. Derrick raising operation delayed by high wind. Components of the bottom hole assembly (BHA) delivered by Spidle Turbeco including the mud motors and stabilizers selected for the project. 14:00 Pason trailer spotted on site. The initial inventory of drilling mud was delivered by Mustang Drilling Fluids. On-site housing power, sewer & water hookups partially completed. 19:05 derrick was raised during lull in wind. TD 1818' (GL)

2-28-07: BOP testing scheduled during afternoon. Pason EDR tech and well site geologists on site. Man camp and on-site housing should be completed today. BOP testing delayed due to poor makeup caused by ice from water that was not drained properly prior to moving. Choke manifold in same sorry condition and will require thawing by welders before pressure testing can begin. TD 1818' (GL)

3-1-07: Krobar crew ripped hole in the reserve pit liner and caused loss of all of the previously hauled water to mix initial mud batches. Several water haulers were engaged to haul water to the day tank and steel mud pits. Significant repairs to various rig components damaged during the move had to be addressed to allow the Kelly rod to be picked up to begin BOP testing. 19:30 BOP testing was in progress. TD 1818' (GL)

3-2-07: 02:00 BOP testing completed. Rig repairs continued on Kelly spinner and Kelly hose. 10:00 blizzard conditions and initial mud formulation mixed ready to commence drilling cement from the surface casing and through the surface casing shoe. 14:00 picked up Bit 1 (HC506Z) first motor and the other elements of the BHA and began first trip in hole (TIH) with the drill collars and drill pipe. 15:30 TIH to circulate out cement displacement water and drill cement left in surface casing shoe from the cementing operations performed last November. 20:30 TIH to 1,750' (KB) inside 9.625" surface casing. Depth measurements recited from this point on are measurements below the Kelly Bushing on the rig floor. No drilling activity after that during the night tour. Rig component repairs were made and water was hauled in to begin circulation but the reserve pit would not hold water. TD 1840' (KB). TIH

3-3-07: 06:00 No drilling activity overnight for remainder of night tour. 08:00 Day tour crew rotated and reciprocated pipe periodically after their arrival. Rig component repairs were made and more water was delivered to keep up with leaking reserve pit. The pit liner will have to be patched or plugged with bentonite in order to maintain circulation. 08:40 Pump 2 operating and TIH to drill through the cement in the surface casing shoe near 1840'. 11:15 switched to Pump 1 due to problems with Pump 2. 16:30 drilling ahead below 2042' in Wasatch Fm circulating mud through closed

system between the steel mud pits. Reserve pit liner repair operation in progress. 19:30 drilling ahead below 2081'. 9.0 hours total drilling time during night tour and day tour that ended at 19:00. 23:59 reciprocating drill string while pumping out cellar and closing a BOP valve. Drilling below 2205'.

3-4-07: 07:30 drilling in Wasatch Fm below 2423' and cut 342' in the past 12 hours for a 28.5 ft/hr average rate of penetration (ROP). 22.5 hours total drilling time during night and day tours that ended at 19:00. Hole trajectory was deviating from vertical at increasing angle, so the weight on bit (WOB) was adjusted to slow the ROP and get well back toward the plumb line. Reserve pit liner repair complete and holding water. No shows. 23:59 drilling below 2664'.

3-5-07: 07:30 drilling in Wasatch Fm below 2708' and cut 285' in the past 24 hours for ROP of 11.9 ft/hr. No shows. 13:00 drilling below 2990'. 21.5 hours total drilling time during night and day tours that ended at 19:00, drilled from 2643' to 3146' and advanced hole 503'. Gross and on-bottom ROP for that 24 hour period was 20.1 ft/hr and 23.4 ft/hr. Third weekly report of operations transmitted to Carol Daniels-Utah DOGM with cc to LaVonne Garrison-Utah SITLA. 19:30 decision made to trip bit and BHA from 3181' to check out bit walking problem that produced a survey that indicated the hole was 6 degrees out of plumb, likely down dip to the north. A Smith bit that could help re-plumb the hole was ordered and a new mud motor will be run. Tripping from 3181'.

3-6-07: 07:00 tripped out of hole (TOH) to examine BHA and Teledrift instrument to determine why the well has deviated from vertical and if the deviation is real. The Pason daily report was delayed by temporary problem with their web mail server. No mud gas shows could be measured from 2920' because the Pason team ran out of hydrogen that is required to operate the gas chromatograph. A replacement bottle containing sample gas was sent out in error and ultimately a more expensive control gas medium, helium, was delivered to the site last night after the current TOH event began. Mud gas measurement was calibrated and active again when drilling resumed after the round trip. Five to 10% sample fluorescence was reported in all Wasatch Fm samples from 2930' to 3250' and 3400' to 3460'. No mud gas shows. Laid down first mud motor, dog sub and upper stabilizer to revise BHA and keep hole straight. 07:15 began TIH with Bit 2 (Smith MV616LPX, PDC) and new mud motor. 09:30 on bottom and resumed drilling in Wasatch Fm. 10:00 survey at 3168' was 8 degrees off vertical. 13:00 survey at 3233' was 7 degrees. 16:00 drilling below 3280'. 10.0 hours total drilling time during night and day tours that ended at 19:00, drilled from 3146' to 3348' and advanced hole 202'. Gross and on-bottom ROP for that 24 hour period was 8.4 ft/hr and 20.2 ft/hr. 20:25 survey at 3360' was 6 degrees off vertical and improving. 21:30 drilling in Wasatch Fm below 3390' with ROP above 100 ft/hr in sandy layer. 23:59 drilling below 3491' in Wasatch Fm. Drilling.

3-7-07: 07:30 drilling in Wasatch Fm near the top of the Mesaverde Group below 3630'. Survey at 3611' was 6 degrees. 07:41 subtle mud gas shows circulated up from 3627'. Second survey at 3611' was 4 degrees. 09:11 more minor mud gas shows circulated up from 3654' probably from carbonaceous shale near the top of the Mesaverde Group section. 09:30 survey at 3640' was 5 degrees. 23.0 hours total drilling time during night and day tours that ended at 19:00, drilled from 3348' to 3922' and advanced hole 574'. Gross and on-bottom ROP for that 24 hour period was 23.9 ft/hr and 25.0 ft/hr. No mud gas shows of a commercial nature. 23:59 drilling below 4020' in Mesaverde Group. Drilling.

3-8-07: 07:30 drilling in Mesaverde Group (Tuscher Fm) below 4172'. No mud gas shows of a commercial nature. The well is advancing back toward vertical. Teledrift instrument will not read inclinations under 4 degrees until reset when tripped; Last wireline inclination survey at 3969' was 6.5 degrees but may be incorrect. 22.0 hours total drilling time during night and day tours that ended at 19:00, drilled from 3922' to 4487' and advanced hole 565'. Gross and on-bottom ROP for that 24 hour period was 23.5 ft/hr and 25.7 ft/hr. Drilling.

3-9-07: 03:30 survey at 4604' was 4.5 degrees. 07:00 drilling in Mesaverde Group (Neslen Fm) below 4829'. Background levels of mud gas have risen due to additions of gas from sandstone layers and thin coal beds. The mud gas shows are about double the levels in the nearest offset well from this part of the section although the mud is 9.6 ppg vs 8.9 ppg. 08:10 Bit 2 ROP collapsed below 4861'. Fourth weekly report of operations transmitted to Carol Daniels-Utah DOGM with cc to LaVonne Garrison-Utah SITLA. 14:00 TOH with Bit 2 from 4923'. 18.0 hours total drilling time during night and day tours that ended at 19:00, drilled from 4487' to 4923' and advanced hole 436'. Gross and on-bottom ROP for that 24 hour period was 18.2 ft/hr and 24.2 ft/hr. Bit 2 was damaged but had brought the well path back from 9 degrees to around 2 degrees. Re-ran Bit 1 (HC506Z) to complete drilling into the top of the Mancos Sh. 23:50 completed TIH with RR Bit 1 and started drilling from a corrected depth of 4907'. Six feet of fill largely composed of coal was circulated up after TIH. Strong mud gas shows were reported from coal seams and sandstone in the Neslen Fm. Drilling.

3-10-07: 04:50 survey at 5052' was 2 degrees. 07:30 drilling in Mesaverde Group (Neslen Fm) below 5250'. Mud gas shows from coal seams and sandstone layers up to 3,000 units were measured despite circulating 9.6 ppg mud. 16:32 the top of the Castlegate Ss Member of Mesaverde Group was intersected at 5549'. Further drilling produced mud gas shows of up to 10,000 units. 19.5 hours total drilling time during night and day tours that ended at 19:00, drilled from 4923' to 5631' and advanced hole 708'. Gross and on-bottom ROP for that 24 hour period was 29.5 ft/hr and 36.3 ft/hr. Drilling.

3-11-07: 06:30 survey at 5935' was 2 degrees. 07:00 drilling in the Upper Blue Gate Member of Mancos Sh below 6003' with ROP reaching 100 ft/hr. 23.5 hours total drilling time during night and day tours that ended at 19:00, drilled from 5631' to 6578' and advanced hole 947'. Gross and on-bottom ROP for that 24 hour period was 39.5 ft/hr and 40.3 ft/hr. Strong mud gas shows were recorded while drilling the upper part of the Prairie Canyon (Mancos "B") section below its top at 6408'. Drilling.

3-12-07: 08:15 survey at 7077' was 2 degrees. 09:00 drilling in the Lower Blue Gate Member of Mancos Sh below 7107'. 14:40 bit was getting dull and the mud motor failed. 15:30 pumped pills and began TOH from 7254' at 16:00. 19.5 hours total drilling time during night and day tours that ended at 19:00, drilled from 6578' to 7254' and advanced hole 676'. Gross and on-bottom ROP for that 24 hour period was 28.2 ft/hr and 34.7 ft/hr. 21:15 picked up new mud motor and HC504ZX to run as Bit 3 and TIH. Tripping.

3-13-07: 01:30 started reaming back to bottom at 7254' and resumed drilling. 04:25 survey at 7360' was 3 degrees. Fast penetration of Mancos Sh produced mud gas shows from 400 to 1,000 units. No mud gas shows from fractures yet. 06:00 drilling in Lower Blue Gate Member Mancos Sh below

7,500' with on-bottom ROP of 90 to 100 ft/hr. The mud weight got up to 9.8 ppg, but it will get back into shape when the centrifuge is set and plumbed in today. 16.0 hours total drilling time during night and day tours that ended at 19:00, drilled from 7254' to 8004' and advanced hole 750'. Gross and on-bottom ROP for that 24 hour period was 31.3 ft/hr and 46.9 ft/hr. Centrifuge set by crane during the afternoon and it became operations late in the day. Drilling.

3-14-07: 05:06 survey at 8352' was 2 degrees. 06:45 centrifuge working properly, but mud weight is still very high at 9.7 ppg. Mud gas shows of up to 5,000 units overnight are surprising considering the mud weight. 07:50 drilling below 8447' in Lower Blue Gate Member of Mancos Sh. 23.5 hours total drilling time during night and day tours that ended at 19:00, drilled from 8004' to 8765' and advanced hole 761'. Gross and on-bottom ROP for that 24 hour period was 31.7 ft/hr and 32.4 ft/hr. Drilling.

3-15-07: 04:30 mud weight was in acceptable range of 9.2 ppg, but by 05:30 was 9.5 ppg. Centrifuge repairs required already. 05:15 survey at 9052' was 3 degrees. The slight bit-walk problem requires that WOB be moderated and the ROP has been lower than expected. Mud gas levels have ranged from 800 to over 4,000 units typical of the lower Mancos Sh. 07:00 drilling in Lower Blue Gate Member of Mancos Sh below 9106'. 12:10 pumped pill and prepared to TOH with Bit 3 from 9212'. Centrifuge repairs required again. 14:45 began TOH with Bit 3. 16.0 hours total drilling time during night and day tours that ended at 19:00, drilled from 8765' to 9212' and advanced the hole 447'. Gross and on-bottom ROP for that 24 hour period was 18.6 ft/hr and 27.9 ft/hr. 19:30 Bit 3 out and appeared to be in mint condition. 21:00 TIH with Bit 4 (HC506ZX) to continue drilling. Tripping.

3-16-07: 00:30 began washing and reaming to previous TD. 01:00 mud weight 9.4 ppg. 01:15 resumed drilling new hole in the lowermost member of the Mancos Sh. Total round trip time was 13 hours. 02:00 trip mud gas peak was 8357 units. 03:00 bit balling in thin native bentonite layers and generally clay-rich Tununk Member of Mancos Sh and progress is very slow. 07:30 drilling in Tununk Member of Mancos Shale below 9234' with continued bit balling problems. The mud weight is 9.2 ppg and has been reduced into the high end of the range where it was hoped that it could be maintained for this project. 12:45 drilling at about 10 ft/hr in Tununk Member of Mancos Sh below 9254'. The WOB increase from 15,000 to 25,000 pounds plus the mud treatments at connections seems to be helping. Fifth weekly report of operations transmitted to Carol Daniels-Utah DOGM with cc to LaVonne Garrison-Utah SITLA. 17.0 hours total drilling time during night and day tours that ended at 19:00, drilled from 9212' to 9367' and advanced the hole 155'. Gross and on-bottom ROP for that 24 hour period was 6.5 ft/hr and 9.1 ft/hr. ROP increased dramatically after increase in WOB to 30,000 pounds and the mud weight was gotten under control. 22:50 sharp but short drilling break below 9503' that produced a strong mud gas show correlated with top of Dakota silt in offset well. Drilling.

3-17-07: 01:10 survey at 9553' was 4 degrees. 02:15 sustained drilling break over 24' produced mud gas shows of over 2,000 units. 05:50 reached 9770' and probable top of Morrison Fm after 40 minutes of slow drilling through a possible silicified, chert pebble conglomerate bed in the lower Cedar Mtn Fm. 10:00 a thin layer of sandstone below 9921 produced a mud gas show that peaked at 703 units. 13:45 drilling at about 50 ft/hr in Morrison Fm below 10062'. 23.5 hours total drilling time during night and day tours that ended at 19:00, drilled from 9367' to 10170' and advanced the

hole 803'. Gross and on-bottom ROP for that 24 hour period was 33.5 ft/hr and 34.2 ft/hr. 23:21 intersected the top of the Curtis Fm at 10300'. Drilling.

3-18-07: 00:45 intersected top of Slick Rock Member of Entrada Ss at 10346' and the upper few feet produced a mud gas show that peaked at 438 units (about a ten-fold increase over the background gas at the time). A reverse drilling break occurred over that interval indicating that Bit 4 is getting dull. 07:30 stopped drilling in upper part of the Carmel Fm at 10484' to get the mud weight back in line because it had crept up to 9.4 ppg. Progress had been about 20 ft/hr overnight. Carmel Fm top was intersected near 10475'. 18:40 the Navajo Ss top was intersected near 10547'. 16.5 hours total drilling time during night and day tours that ended at 19:00, drilled from 10170' to 10556' and advanced the hole 386'. Gross and on-bottom ROP for that 24 hour period was 16.1 ft/hr and 23.4 ft/hr. Considerable time was spent conditioning the mud prior to drilling into the Navajo Sandstone. Drilling.

3-19-07: 06:00 survey at 10665' was 3 degrees. 08:30 drilling in Kayenta Fm below 10750' at 25 ft/hr. The mud has been conditioned to optimum specifications now and will be maintained by a rented system that will insure that the mud properties will be consistent through the rest of the drilling operation. 12:00 stopped drilling at 10801' near the base of the Kayenta Fm to repair the draw-works drive chain. 16:35 resumed drilling from 10801' where survey was 3 degrees. 18:05 intersected the top of the Wingate Ss at 10815'. No significant mud gas shows. 15.5 hours total drilling time during night and day tours that ended at 19:00, drilled from 10556' to 10830' and advanced the hole 274'. Gross and on-bottom ROP for that 24 hour period was 11.4 ft/hr and 17.7 ft/hr. 21:45 Stopped drilling at 10840' in the Wingate Ss due to deteriorated ROP. Pumped pill. 23:00 began TOH with Bit 4 after its 1628' run. Tripping.

3-20-07: 04:00 Bit 4 out of the hole. 05:00 Began TIH with Bit 5 (HTC HC506ZX+). TIH was suspended at 1670' by 06:22 while drilling line was cut and slipped and rotating head was replaced. 11:30 TIH with Bit 5 was resumed. 14:30 reamed a few feet back down to 10840' and resumed drilling in Wingate Ss. Total time for round trip, maintenance and repairs was 16.5 hours. Mud gas show from trip was 2,460 units and the Prairie Canyon Member of Mancos Sh added an early mud gas show. 3.5 hours total drilling time during night and day tours that ended at 19:00, drilled from 10830' to 10856' and advanced the hole 26'. Gross and on-bottom ROP for that 24 hour period was 1.1 ft/hr and 7.4 ft/hr. Drilling.

3-21-07: 06:05 drilling in Wingate Ss below 11000'. No mud gas shows overnight except from the Prairie Canyon zone on connections. 23.0 hours total drilling time during night and day tours that ended at 19:00, drilled from 10856' to 11174' and advanced the hole 318'. Gross and on-bottom ROP for that 24 hour period was 13.3 ft/hr and 13.8 ft/hr. 21:39 intersected the top of the Chinle Fm near 11204'. Drilling.

3-22-07: 10:25 drilling in lower Chinle Fm and possibly in the Shinarump Cgl Member below 11370' at 15 to 17 ft/hr. No mud gas shows overnight except from the Prairie Canyon zone on connections. 16:00 drilling in Maroon/Weber Fm/Ss below 11437' at 18 to 20 ft/hr. 23.5 hours total drilling time during night and day tours that ended at 19:00, drilled from 11174' to 11498' and advanced the hole 324'. Gross and on-bottom ROP for that 24 hour period was 13.5 ft/hr and 13.8 ft/hr. Drilling.

3-23-07: 07:15 drilling in Morgan Fm below 11690' at 20 to 23 ft/hr. 07:55 samples from 11695' are all limestone typical of the Madison Ls. 07:55 samples from 11695' are all limestone typical of the Madison Ls. 09:00 Bit 5 encountered pyrite at 11710'. 09:20 Bit 5 encountered more pyrite at 11723' and below and was damaged. ROP got erratic and quit drilling by 13:10 at 11783'. 16:20 started TOH with Bit 5 after pumping pill. 19.5 hours total drilling time during night and day tours that ended at 19:00, drilled from 11498' to 11783' and advanced the hole 285'. Gross and on-bottom ROP for that 24 hour period was 11.9 ft/hr and 14.6 ft/hr. 22:30 Bit 5 out of the hole and verified damage beyond the point of being rebuilt. 23:00 began TIH with Bit 6 (HTC HC506ZX+) and reran the same mud motor. Tripping.

3-24-07: 06:20 began washing and reaming back to old TD. Round trip took 13.75 hours. 07:50 established new pattern on bottom and resumed drilling from 11783' in Madison Ls. 10:00 drilling at 11836' in Madison Ls at 40 ft/hr. 11.0 hours total drilling time during night and day tours that ended at 19:00, drilled from 11783' to 12093' and advanced the hole 310'. Gross and on-bottom ROP for that 24 hour period was 12.9 ft/hr and 28.2 ft/hr. 19:30 ROP crashed at 12092' after drilling in Elbert Fm limestone layers at rates exceeding 60 ft/hr. 20:30 samples circulated up from the bit when it was below 12092' were granite wash and Pre-Cambrian granite. 22:00 TD called at 12112' in Pre-Cambrian granite. 22:30 conditioned mud with pill and began ten stand short trip. 23:30 began circulating and conditioning mud following short trip. TD 12112'.

3.25-07: 04:00 began TOH with Bit 6. The Krobar 21 tour report contained no data on the mud characteristics during the 4.5 hours listed for the circulating and conditioning mud ops. 06:00 HES loggers on location ready to rig up. 09:30 Allin arrived on location to witness OH logging ops. 10:00 TOH with Bit 6 was completed. Bit 6 had one chipped cutter from its encounter with granite, but otherwise in good shape. HES loggers rigged up loggers to run triple combo plus sonic log in a quad tool arrangement. 13:00 loggers ran in to 2300' and logged back up to 1200' to verify that the 6.625" surface casing shoe was located at 1836' KB. 13:30 loggers encountered bridge at 2085' and began pulling out to rig down and stand by while the hole was washed and reamed to clear the bridge. 14:30 picked up Bit 7 (TCI tri-cone rock bit) on a bit sub and one stand of drill collars and began TIH to wash and ream bridge. 15:50 completed TIH to bridge at 2085' and picked up Kelly to begin to wash and ream the hole. 23:05 washed and reamed hole to 2600' and began TOH with Bit 7. OH logging.

3-26-07: 00:45 completed TOH with Bit 7 and began rigging up loggers for second attempt to record OH logs with quad array. The loggers' mud check indicated that the chloride concentration in the mud was below spec at 11,000 ppm. 02:20 loggers encountered bridge at 2230'. It was apparent that: 1) the mud had not been maintained properly to all specs by the rig crew prior to TOH for OH logging ops the previous night; 2) the mud had not been attended to by the rig crew during the washing and reaming ops; and 3) the upper Wasatch Fm was beginning to fail as a result of the lapses in maintaining the mud to the mud engineer's specs. 02:30 OH logging ops called off. 03:00 loggers were released from the location and began to rig down completely to move out. 05:00 picked up Bit 6 to rerun along with the last mud motor on the full string of drill collars to wash and ream hole to TD and completely recondition the mud from the top down and the bottom up. 07:25 released Fluid Processing crew and equipment so that they could begin to rig down and move out with crane scheduled immediately. 07:30 tagged up on bridge in hole at 2437' (Pason reset 100' too deep and

true depth near 2330') and began washing and reaming ops. 08:30 Allin notified Mustang Drilling Fluids of problems organizing rig crew to maintain mud and need to have the mud engineer on site to supervise the rig crew and order supplies until the mud was reconditioned to allow safe wash and ream ops plus fully recondition the mud to final specs prior to TOH laying down the drill pipe to run the long string. 09:00 mud engineer ordered first batch of additional supplies and gave instructions to pass on to the rig crew. 09:15 Allin notified the rig crew of mud formula to build and all available hands including the Krobar 21 tool pusher got busy on the project. 10:15 mud engineer on site to assess the current mud properties and what additional supplies were necessary to recondition the mud. 14:00 Krobar 21 tour report indicated that the "mud engineer dumped the shale tank" to begin rebuilding mud (not verified). The rig mud pits are a 1,500 bbl system that can no longer be partitioned for some unknown reason, as is typical, so a large volume of mud had to be mixed to make up for the dumped shale volume to keep the multiple mud pump inlets from entraining air. The wash and ream ops were halted at 2912' to focus on building a new batch of mud with all hands. 16:00 resumed wash and ream ops once mud volume had reached 650 bbls. 17:00 wash and ream ops suspended at 2912' to replace the drive chain in the compound (primary transmission). 19:00 rig repair completed and wash and ream ops resumed. 19:45 wash and ream ops suspended at 3150' to condition mud and circulate same until Caldwell returned to the location. 21:00 Caldwell returned to location to supervise ops. 22:00 after tripping in four stands to 3400' the drill collars got into a tight spot near 3200' where the maximum deviation from vertical in the hole had been recorded. 23:00 completed wash and ream ops to 3500' and continued TIH. 23:50 suspended TIH at 5600' to circulate out old mud and mix with new batch. Conditioning mud while making wiper run.

3-27-07: 00:30 continued TIH while mud engineer and Allin mixed mud. 02:30 suspended TIH at 10450' to circulate out old mud and mix with new batch. 03:30 continued TIH. 04:45 TIH to 11800' and began to wash and ream with single joints to clear out fill to TD. 06:00 reached old TD 12112' and began circulating hole and conditioning mud to final specs to make wiper run. 11:30 the mud reached final specs set to begin the wiper run trip up into the surface casing and back to TD. 15:30 completed TOH to 1460'. 16:00 began TIH to TD. 20:40 completed TIH to TD and began final mud circulation and conditioning. 22:21 ended circulation and began final TOH laying down drill pipe (sideways). Laying down drill pipe, drill collars and BHA.

3-28-07: 09:15 completed laying down drill pipe, drill collars, mud motor and Bit 6 and began preparations to run 5.5" P-110 17 ppf casing string. 15:00 began running long string. 22:50 long string was landed at TD after encountering only one tight spot at 3400'. 23:15 began conditioning mud by circulating mud through the casing with the rig pump, picked up the string to stretch it in the hole and got the guide shoe a few feet off bottom. After the casing was suspended it was reciprocated over a short interval to help the circulating mud clear bridges. Running LS casing and preparation for cementing ops.

3-29-07: 02:15 the last report on the mud properties was viscosity 48 and weight 9.6 ppg and within specs. 02:25 ended the circulation of mud to condition the annulus prior to pumping cement. 02:25 HES began pumping the first lead fluid followed by 50-50 Pozmix cement slurry for the first stage to place cement behind the casing from TD to 9400'. The casing was periodically reciprocated to insure even cement placement throughout annulus. 04:35 first stage cement placement completed, reciprocation ended and began waiting on cement to cure prior to beginning second stage cementing ops. 06:05 began circulating mud through the cement stage tool to re-condition the mud in the

annulus above 9400'. 13:55 ended circulation of mud with rig pump through area of second stage of long string cementing ops from 9400' to surface casing shoe. 13:30 began pumping second stage consisting of nitrogen foamed cement slurry. 16:00 long string cementing ops completed with good results. Transmitted a copy of the daily reports to satisfy the requirement to file weekly reports to Carol Daniels-Utah DOGM and cc to LaVonne Garrison-Utah SITLA. Waiting on cement.

3-30-07: 07:00 tensioned casing to 100,000 lbs and set slips in wellhead. Nippled down BOP's and nipped up casing head. 14:00 released Krobar 21. Waiting for Krobar 21 to be rigged down and moved out.

3-31-07: Company man's skid emptied out and made ready for return. Waiting for Krobar 21 to be rigged down and moved out.

4-1-07: Rigged down K 21 and continued moving equipment out.

4-2-07: Rigged down K 21 and continued moving equipment out.

4-3-07: Rigged down K 21 and continued moving equipment out.

4-4-07: Rigged down K 21 and continued moving equipment out.

4-5-07: Rigged down K 21 and completed moving equipment out.

4-6-07: Set anchors for service unit guy wires. Diamond J maintainer trimmed up the location and access road. Transmitted a copy of the daily reports to satisfy the requirement to file weekly reports to Carol Daniels-Utah DOGM and cc to LaVonne Garrison-Utah SITLA. Waiting on completion tools.



DEL-RIO RESOURCES, INC.

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**Daily Completion/Testing Report Version 12:30 8-12-08 Compiled by David L. Allin
Del-Rio Resources, Inc. State 6-36-13-22, API No. 43-047-37522, Seep Ridge Field
A Tronco Energy Corporation and Philco Exploration, LLC Project**

General Information:

Operator: Del-Rio Resources, Inc. Tel: 435-789-1703 Fax: 435-789-5703
P.O. Box 459
Vernal, UT 84068

Owner: Philco Exploration, LLC
c/o Del-Rio Resources, Inc.
P.O. Box 459
Vernal, UT 84078

API Number: 43-047-37522

Lease: SITLA ML-47393 All Section 36, T13S, R22E, SLM, Uintah County, Utah
100% record title interest in 640 acres held by Philco Exploration, LLC

Location: 1806' FNL & 1882' FWL, SENW Section 36, T13S, R22E, SLM
Seep Ridge Field, Uintah County, Utah

Elevation Data: 6635' KB and 6613' GL

Construction and Logging Information:

All depths measured from KB unless specified from another datum

TD Driller: 12112' PBTD CH Logger 12100'

Maximum recorded temperature not recorded

Dry spudded: 14" conductor pipe set at 40' GL in 20" hole and cemented 11-29-06 with Class A to surface

9.625", H-40 ST&C, 32.30 ppf surface casing set at 1836' (per later OH log casing shoe check) in 12.25" hole and cemented 12-6-06 to surface with: 1) 160 sacks Class G lead in 108.8 bbls of slurry (3.82 cu ft/sk); 2) 200 sacks Class G tail in 41 bbls of slurry (1.15 cu ft/sack); and 3) 200 sacks Class G squeezed through 1" pipe at 200' in 40.8 bbls of slurry (1.15 cu ft/sack) with 20 bbls excess slurry for a net total of 463 sacks Class G in 170.6 bbls total slurry.

Well drilled below surface casing with KCl/Gel/Polymer mud (10-18,000 mg/L chlorides).

Mud weight ranged from 9.4 to 9.8 ppg 3700' to 9000', 9.0 to 9.3 ppg 9000' to 10800' and 8.9 to 9.2 ppg 10800' to TD. Solids in the mud were not controlled properly by the substandard rig equipment and a Fluid Processor's centrifuge was added while drilling near 9000'. Chloride levels and viscosity deteriorated near TD and continued to get worse while circulating bottoms-up to TOH for OH logging ops.

Open hole logging attempted by HES 3-25 and 3-26-07 was called off due to bridges in the hole within 500' of the surface casing shoe in Wasatch Fm due to poor condition of mud that allowed the Wasatch shale to heave. Mud was completely reconditioned to TD prior to running long string.

5.5" P-110 LT&C, 17 ppf production casing was set at 12107' in 7.875" hole. Cement float collar was run at 12096' with a 10' shoe joint below it. Stage, DV tool was run at 9438' (per CBL-CCL log measurement). Cemented 3-29-07 with: Stage 1) 240 sacks Class G (HES Light Premium AG) with slurry yield 2.07 cu ft/sk and slurry weight 12.5 ppg mixed 65% cement and 35% Poz with 8% gel, 0.4% HALD-344, 0.125 lb/sk Polyflake, 5 lb/sk Silicalite, 0.1% FWCA and 0.2% HR-12 (102.5 bbls slurry); and Stage 2) 770 sacks nitrified Class G with slurry yield of 3.00 cu ft/sk and slurry weight 10.5 ppg mixed 50% cement and 50% Poz with no gel, 20% SSA-1, 5 lb/sk Silicalite, 0.2% Versaset, 0.3% Halad-766 and 1.5% Zone Sealant 2000 (175 bbls slurry plus nitrogen).

Cased hole logging by HES 4-13 and 4-14-07: GR, Casing Collar Locator and Thermal Multigate Decay-Lithology over segments from 12100' to 2900' and GR, Casing Collar Locator and CAST-V CBL over segments from 12100' to 2900'. Top of cement estimated near 1750'.

Open perforations in Dakota Sandstone 9633-43' (4" casing gun, 4 spf, 40 0.43" holes phased 90° shot 5-10-07) and 9704-12' (4 spf, 38 0.38" holes phased 90° shot 8-10-07) and Prairie Canyon Member Mancos Shale 6548-62', 6515-32' and 6440-76' (4" casing guns, 4 spf, 268 0.43" holes phased 90° shot 6-8-07)

2.375" P-110 4.7 ppf tubing set at 9609' with notched collar on end and seating nipple one joint up 11-14-07

PBTD 9712' with 6 sacks of cement dumped over CIBP originally set at 9750' 5-16-07

Chronological Completion Operations Supervised by Lawrence C. Caldwell, II:

4-6-07: Diamond J completed trimming up the location after removal of primary rotary tools (Krobar 21).

4-9-07: MIRUSU (Peak), took delivery of first load of 2.375" P-110, 4.7 ppf tubing.

4-10-07: 07:00 picked up bit (4.75" milled-tooth tri-cone) and scraper on a bit sub and began TIH to drill out cement stage tool; Took delivery of second load of tubing; 14:00 tagged up on

cement above stage tool near 9320', laid down one joint of tubing, picked up power swivel and began drilling out cement; Drilled 65' of cement from casing to 9385' by 19:00; SDFN

4-11-07: Completed drilling through cement stage tool at 9438' and TIH to float collar by 17:00; SDFN

4-12-07: Drilled through float collar, circulated clean from 12100' and TOH with tubing, bit and scraper by 17:00; SDFN

4-13-07: 07:00 RU HES equipment from Grand Junction, CO, acquired TMD-L log segments and RD by 19:00; 18:00 RU HES equipment from Vernal, UT, to acquire the CAST-V CBL segments; 22:00 field print of TMD-L log delivered to David L. Allin in Grand Junction, CO for evaluation of preliminary data

4-14-07: 02:00 HES completed acquisition of CAST-V CBL segments and digits were uploaded to the HES processing center; Peak SU put on standby until final, computed logs are distributed; SDFWE

4-15-07: Digital versions of logs delivered to Allin; The initial two, four-zone testing plans for the Devonian and Mississippian formations were formulated; Caldwell made arrangements to implement the plan in the field; SDFWE

4-16-07: 07:00 TIH open-ended tubing to prepare for complete unloading with a Weatherford foam unit; 10:00 RU foam unit and unloaded casing in stages by circulating KCl water, foam and air until casing was unloaded to TD; 16:00 RD foam unit and Peak SU crew began TOH; 18:30 SDFN

4-17-07: 07:00 continued TOH with tubing; 10:00 RU Black Warrior Wireline Corporation for perforating and breakdown operations; 12:45 perforated Elbert Fm 12050-60' with four shots per foot (spf) for a total of 40 0.43" holes; 15:00 during stimulation (propellant) gun ignition, the wireline separated from the carrier at the rope socket and the carrier fell to the bottom of the hole; The fluid level remained unchanged near 10900'; No shows; Operations were suspended for the day waiting for fishing tools to be delivered to the site 4-18-07; 16:00 SDFN

4-18-07: 07:00 began fishing run for lost stimulation carrier; The fluid level was unchanged overnight; No shows; 10:00 recovered fish and completed perforating Ouray Fm 11980-90' with four spf for a total of 40 0.43" holes; Stimulation carrier parted from the wireline after ignition and had to be fished out; Fluid level rose 2,200' to near 8700' with strong blow of air after the stimulation and fishing runs and prior to the run in to shoot the third perf set; 14:30 perforated lower Madison Ls 11928-38' with four spf for a total of 40 0.43" holes; 15:30 completed ignition of the stimulation gun and recovered carrier with wireline frayed above the carrier rope socket; Wireline splicing tools were not on site, well was shut-in and operations were suspended at 16:30; SDFN

4-19-07: 07:00 BWWC and Peak crews on site; No pressure on casing; BWWC crew completed wireline splicing and repairs; 08:15 completed perforating middle Madison Ls 11810-20' with four spf for a total of 40 0.43" holes; The fluid level was found near 7000' on the trips in and out with the perf gun carrier indicating an overnight fluid influx of 1,700'; No shows; 11:00 BWWC completed stimulation run and crew was released leaving the wireline truck on the location on free standby; TIH w/notched collar on tubing and a seating nipple (no-go) one joint off bottom; 16:30 landed tubing at 11798' (12' above uppermost perf in the middle of the Madison Ls); 17:00 began swabbing fluid from 7000' and noted first flammable gas show; Made 12 swab runs and recovered 42 bbls of foamy gas cut fluid; 19:00 swabbed fluid down to 9100'; SDFN

4-20-07: 07:00 casing pressure (CP) 22 psi, tubing pressure (TP) 56 psi and fluid level 8000'; Swabbed fluid down to 10000' with strong gas shows following swab runs; Suspended swabbing for 30 minutes to change swab cups and found fluid level at 7000' indicating 65 bbls of fluid influx (excluding displacement by the tubing string) in that short time; Began TOH w/tubing to prepare to set a cast iron bridge plug (CIBP) near 12965' to shut off water influx from the two lower perf sets in the Ouray and Elbert formations; SI and SDFN

4-21-07: 07:00 CP 45 psi, TP 45 psi and fluid level unknown; 11:30 completed TOH and RU BWWC to run gauge ring and check for any hang up points prior to running in with the CIBP; 13:00 gauge ring run completed with no hang-ups or tight spots and began run in well with CIBP; 14:30 CIBP set at 12694'; The fluid level was found to be at 1970' on the bridge plug run and had risen 5,000' in about 24 hours (116 bbls); The minimum formation pressure at the perforations is inferred to be 4,400 psi; TIH with notched collar on bottom and seating nipple at top of first joint of tubing; 19:00 reset tubing at 11798'; SI and SDFN

4-22-07: 07:00 CP 35 psi, TP 35 psi and fluid level near 500'; Swabbed fluid down to 7000' with no apparent entry during a 30 minute shut-down; 19:00 SI and SDFN

4-23-07: 07:00 CP 60 psi, TP 60 psi and fluid level undetermined in highly gas cut fluid; 15:00 swab recovery reached 72 barrels of fluid composed mainly of black sulfur water with gas shows; The fluid level remained near 6500' indicating continued, excessive fluid influx; 15:30 began tubing TOH; 19:00 SI and SDFN

4-24-07: 07:00 CP 25 psi, TP 50 psi and fluid level unknown; Continued tubing TOH and completed same at 11:00; RU BWWC to set CIBP over lower Madison Ls zone 11928-38'; Wireline run found fluid level at 2320' at 11:30; The fluid level had risen from 6500' to 2320' or 4,180' in 20 hours overnight (97 bbls ignoring partial tubing displacement); The fluid influx rate during that 20 hour period was 4.8 bbls per hour; 12:00 CIBP was set at 11910' and the fluid level had reached 2180'; 40 minutes later the fluid level reached 2140', a rise of 40' (0.9 bbl) indicating that the fluid influx rate had been reduced to 1.4 bbls per hour; 13:15 began tubing TIH 78 stands to 5085' with notched collar on end and seating nipple one joint off bottom to begin swab testing; 15:15 found fluid level at 2000' indicating no fluid influx in 2 hours considering the displacement of 3,085' of tubing; Rigged to flow to the pit; 15:45 first gas show after second swab run; 16:45 swabbed fluid down to 2800' recovering approximately 18 bbls of increasingly more clear fluid and less black sulfur water with gas

shows; Tested pit with color cut and tested positive for oil and/or condensate; 17:00 SI and SDFN

4-25-07: 07:00 CP 25 psi, TP 25 psi and fluid level near 1800'; The fluid level had risen 1,000' in 15 hours overnight (18 bbls adjusted for displacement of 3,285' of tubing); The fluid influx rate for that 15 hour period was 1.2 bbls per hour; Test of pit with color cut-coated lath indicated 4" of colorless, light oil in pit (650 bbls); 07:30 began tubing TOH; 09:30 completed tubing TOH and RU BWWC to begin perforating zone selections in upper Madison Ls.; 11:00 completed perforating upper Madison Ls 11758-68' with four spf for a total of 40 0.43" holes; 12:45 completed stimulating 11758-68' with 6' of propellant segments; 14:00 completed perforating upper Madison Ls 11724-34' with four spf for a total of 40 0.43" holes; Minor fluctuations of under 100' were noted in the fluid level on the three wireline runs; 15:30 released BWWC crew and put wireline truck on stand-by and began tubing TIH with notched collar on bottom and seating nipple one joint up; Made two swab runs and decision was made to TOH to order a packer for delivery in the morning and TIH with the packer on tubing to accelerate the process of testing the perms without unloading the entire hole; 18:30 TOH completed; SI and SDFN

4-26-07: 07:00 CP 25 psi and fluid level near 1300'; Picked up 2.375" x 5.5" tubing packer, made up packer one joint off bottom with seating nipple above and TIH on tubing to set tubing end at 11688'; 11:30 began swabbing and noted gas and condensate shows with water immediately; Swabbed down to 3500' and fluid influx ramped up and established new level near 2600' that could not be swabbed down; 15:30 SI and SDFN

4-27-07: 07:00 TP 100 psi and fluid level near 1300'; Swabbed black sulfur water with gas shows and got fluid level down to near 5000' when the well kicked and moved the swab assembly up the hole; 13:15 as the operator tried to wind up the sand line as fast as possible, the swab assembly parted at the rope socket when it hit the top of the lubricator and fell back down the tubing; The packer was unseated and a tubing TOH was begun to recover swab gear; Tubing TOH suspended several times due to unstable flowing well conditions but completed by 22:00; Recovered the lost swab gear; SI and SDFN

4-28-07: 07:00 CP 40 psi; RU BWWC for propellant stimulation of upper Madison perf zone 11724-34'; Found fluid level at 1370' on wireline run; 08:45 completed stimulation run with 6' of propellant segments and released BWWC crew; 09:00 began tubing TIH with notched collar and wafer nipple on bottom and seating nipple one joint up; 11:00 RU Weatherford foam unit, broke wafer on bottom of tubing and began reverse circulation to unload fluid from well; Landed tubing at 11688'; 13:00 CP rose from 1,480 psi to 1,500 psi in 20 minutes; Flowed tubing to pit on 64/64" choke; Flow testing

4-29-07: 05:30 continued flowing gas cut fluid to pit on 64/64" choke with CP 1,300 psi; 07:50 tubing flow died down even though CP had built to 1,600 psi; 10:00 completed straightening up bad wraps on the sand line drum from kick incident on 4-27-07, made one swab run, recovered 2 bbls of fluid and the well kicked off flowing gas cut fluid; 11:00 flow died down with fluid level near 4000', made one more swab run from 5,000' and well kicked off flowing again causing additional damage to the sand line as the swab gear moved up the

tubing ahead of the wireline winding speed; The fluid level at the kick-off point between 4,000' and 5000' and CP near 1,600 psi indicated formation pressure should be at least 4,850 psi and slightly lower than when the lower Madison Ls and Devonian aquifers were open; 13:00 700' of damaged sand line and the rope socket had to be cut off; Operations were suspended until a new rope socket could be brought out and poured 4-30-07; Rigged tubing to flow-back tank on 64/64" choke; Flow testing

4-30-07: 07:00 CP 1,700 psi and FTP trace; Flowed 8 bbls of fluid with unknown volume of gas overnight on 64/64" choke; 09:00 the new rope socket was attached to the shortened sand line and Peak crew began to prepare for additional swab testing; Swabbing operations very difficult due to gas kicks when the fluid level in the tubing is lowered below 4000'; Recovered small volume of fluid with strong gas shows; 17:00 SI and SDFN

5-1-07: Peak crew off for the day; SI

5-2-07: 07:00 CP 1,750 psi; Found fluid level near 1300' on first swab run; Recovered 70 bbls of fluid with gas shows and lowered the fluid level to 2600'; 11:30 began tubing TOH; 16:30 completed TOH, SI and SDFN

5-3-07: 07:00 picked up retrievable bridge plug (RBP) and 2.375" x 5.5" packer on tubing and TIH; 17:00 TIH suspended after multiple delays due to high winds; SI and SDFN

5-4-07: 07:00 CP 0 psi; 07:30 continued TIH, set RBP at 11838' below lowest open perf set in Madison Ls 11810-20' and the packer was set at 11788' to isolate that zone and began swabbing; Run 1 found fluid level near 1200'; Run 2 found fluid level near 2100'; 11:00 run 3 found fluid level near 3600' with slight gas show on recovery; Run 4 found fluid level near 4300'; Waited 30 minutes and run 5 found fluid level near 4150'; Waited 30 minutes and run 6 found fluid level near 3800'; Run 7 found fluid level near 4500'; Run 8 found fluid level near 4870'; Run 9 found fluid level near 5170'; Run 10 found fluid level near 5650'; After 40 minute wait to change lubricator rubbers, run 11 found fluid level near 3640'; Run 12 found fluid level near 4910'; Run 13 found fluid level near 5700'; Run 14 found fluid level near 6000'; Run 15 found fluid level near 6000'; Run 16 found fluid level near 6300'; Run 17 found fluid level near 6430'; After 30 minute wait to change swab cups run 18 found fluid level near 4900'; 17:30 run 19 found fluid level near 5650'; Total fluid recovery for the day was 96-100 bbls with variable gas shows after runs and the fluid level was left near 6350' with no significant shows; The middle Madison Ls perf set 11810-20' yielded some gas but so far mostly formation water that could be either indigenous or the result of invasion; SI and SDFN

5-5-07: 07:00 TP 120 psi; Vented the gas from the tubing and found fluid level near 1700'; The indicated formation pressure in the Madison Ls perf zone 11810-20' is 4,670 psi using an estimated fluid pressure gradient of 0.45 psi per foot and adding in the TP reading; 07:30 the tool pusher for the Peak crew announced he had a personal emergency and the crew left the location with him as he returned to Vernal; SI and SDFWE

5-6-07: Filed weekly activities report with Carol Daniels-Utah DOGM; Crew off; SI

5-7-07: 07:00 TP 20 psi and found fluid level near 1200'; 08:00 Peak crew cut off more kinked sand line and poured a new rope socket; Moved RBP up to 11780' and set packer at 11740' to isolate and test the upper Madison Ls perf zone 11758-68'; 12:00 made two swab runs, but the tubing/casing annulus appeared to be participating through the uppermost Madison Ls perf zone 11724-34' or the packer had failed to seat; The packer was moved up and reset at 11710' to test the 11758-68' and 11724-34' perf zones together since they appeared to be communicating; Run 1 found fluid level near 1500'; Run 2 found fluid level near 2050'; Run 3 and subsequent runs produced gas cut fluid but the well could not be swabbed down below 2600' to initiate sustained flowing condition; 19:00 SI and SDFN

5-8-07: 07:00 TP 150 psi and found fluid level near 1350'; Made 12 swab runs producing gas cut fluid but could not get fluid level below 2740' on average; Between runs 11 and 12 and a 30 minute delay to change swab cups, the fluid level rose to 1410'; The 1,330' fluid rise in that time equates to a volume of 5.1 bbls and an extrapolated daily fluid influx rate of 245 bbls per day; Recovered 40 bbls of fluid with gas and condensate shows; 12:00 SI and SDFN

5-9-07: 07:00 TP 150 psi and found fluid level near 1320'; The water sample collected at this time from the gross perf interval 11724-820' in the Madison Ls was analyzed 5-10-07 by HES and had the following properties: SG 1.086; pH 6.75; Resistivity 0.069 $\Omega \cdot m$ @ 75.4°F; Iron 100 mg/L; Potassium 700 mg/L; Chlorides 89,700 mg/L; Calcium 5,050 mg/L; Magnesium 1,725 mg/L; Sulfates 600 mg/L; Carbonates 0 mg/L; Bicarbonates 1,270 mg/L; Sodium (calculated) 49,435 mg/L and TDS 148,580 mg/L; The hydrostatic column on the perms was 10,404', the pressure gradient was 0.47 psi/ft and the TP 150 psi indicated 5,040 psi formation pressure; 07:30 unseated the packer, latched onto and released RBP and began tubing TOH; 14:00 completed tubing TOH and RU BWWC; 14:30 plan to set CIBP at 11640' to abandon the Madison Ls perf zones was altered when the wireline conveyed CIBP became stuck in the top collar of a marker casing joint at 10327.5'; 14:45 the CIBP could not be moved so it was set where it was stuck; The tubing and tools run below 8000' were recovered coated with a brownish black putty-like substance that probably interfered with the wireline run to set the CIBP; Samples of the black precipitate were collected and the cursory examination by HES 5-10-07 indicated it was possibly similar to gilsonite mixed with gypsum; A field test with a magnet proved that a ball of the material was magnetic; 16:00 completed perforating lower Cedar Mountain Fm 9762-72' with four spf for a total of 40 0.43" holes; The fluid level remained stable at 1350' where it had stabilized following tubing TOH and during wireline TIH to set the CIBP; RD BWWC, released crew and kept equipment on location on stand-by; 17:00 SI and SDFN

5-10-07: 07:00 casing accidentally left open overnight by Peak crew so no CP information was available; BWWC crew on site for expected operation to set second CIBP due to suspicion that the last CIBP set in a collar may leak; HES tool hand on site to assist with packers if needed later in the day; 08:00 Dalbo delivered 260 bbls of 2% KCl water that was placed in a frac tank; 11:00 Peak crew on site late, and the Peak superintendent called off work due to possible impairment of two crew members; All personnel from all services sent back to town; 12:00 SI and SDFN

5-11-07: 07:00 CP on slight vacuum; TIH with bit and scraper on tubing to 9975' but did not attempt circulation due to presence of hydrocarbon emulsion in the heavy brine water left in the well from the testing operations on the Mississippian and Devonian perf sets that had interfered with setting the last CIBP; 12:00 the first swab run hit an obstruction in the tubing near 1075', kinked the sand line in the aftermath and operations were delayed until the sand line was cut off and a new rope socket poured to reattach the swab gear; 15:30 the second swab run found an obstruction in the tubing at 20' that the sinker bars would not pass through; Pulled two stands of tubing and found no obstruction in those joints; The third swab run found the obstruction in the tubing at 20'; Operations were suspended until 5-12-07 when additional sinker bars for the swab and sand cups could be used to clear the obstruction; 17:00 SI and SDFN

5-12-07: 07:00 TP on slight vacuum; Added sinker bars to swab gear, found tar emulsion obstruction near 150', worked down through it and began swabbing the brine and emulsion from the well; Made 26 swab runs during the afternoon and began to recover gas when the fluid level was reduced below 5100'; The final swab run left the fluid level near 5500'; 18:00 SI and SDFWE

5-13-07: Crew off for Sunday (Mother's Day); SI

5-14-07: 07:00 CP 35 psi, TP 10 psi and found fluid level near 4850' (650' rise or 14.1 bbls infill in 36 hours); Estimated formation pressure in the lower Cedar Mtn Fm zone 9762-72' was 2,196 psi; Continued swabbing brine water and emulsion from the well; Filed weekly activities report with Carol Daniels-Utah DOGM; 13:00 swabbed fluid level down to 8000'; Suspended swabbing operation, TIH with bit and scraper, tagged up on last CIBP at 10328' and TOH to 9750' and reset tubing there; Made a total of 32 swab runs, recovered 100 bbls of fluid with gas shows and left fluid level near 7900'; 19:00 SI and SDFN

5-15-07: 07:00 CP 25 psi, TP 10 psi and found fluid level near 5000' (2900' rise or 62.8 bbls infill in 12 hours); Estimated formation pressure in the lower Cedar Mtn Fm zone 9762-72' was 2,120 psi; Collected formation water sample for analysis; Began tubing TOH; 16:00 TOH completed ready for wireline work; SI and SDFN

5-16-07: 07:00 CP 20 psi; 07:30 RU BWWC; 07:40 began wireline TIH with CIBP, 09:00 set CIBP at 9750' after delays caused by extremely sticky conditions in the casing below 7000'; Found fluid level at 6460' on trip in well to set CIBP; Dumped 1 sack of cement on top of the CIBP on a second wireline round trip; 11:40 completed perforating Dakota Fm 9633-43' with four spf for a total of 40 0.43" holes; The fluid level rose 60' within five minutes to 6400' when the perforating gun carrier came out of the fluid; 12:00 released BWWC wireline crew and kept equipment on stand-by; 12:30 began tubing TIH with a notched collar on one joint of tubing below a 2.375" x 5.5" packer and a seating nipple above the packer; 16:00 set packer at 9606' with the end of the tubing at 9642', across from the perforations; RU to swab; Run 1 found fluid level near 5800' and recovered 600' (2.3 bbls) of highly gas cut fluid; Run 2 found fluid level near 6400' and recovered 1,200' (4.6 bbls) of highly gas cut fluid; Run 3 was pulled from near the seating nipple above the packer and recovered 100' (0.4 bbls) of highly gas cut fluid; 18:00 SI for pressure build-up and SDFN

5-17-07: 07:00 TP 10 psi; Found fluid level near 9000' indicating that the Dakota Ss perf zone 9633-43' is not wet but the perms will need a breakdown treatment with propellant to continue evaluation; 08:30 the Peak operator caused the remainder of the sand line to become damaged when he lowered the swab assembly into the fluid too quickly on the second run to recover a water sample; Wireline cleanup delayed tubing TOH; 14:30 released packer and began tubing TOH to allow BWWC wireline stimulation work; Thunderstorm delayed TOH; 18:00 completed TOH, SI and SDFN

5-18-07: 07:00 CP 10 psi; Rolled damaged sand line off Peak rig and rolled on new line; RU BWWC and stimulated Dakota Ss perf zone 9633-43' with a 10' propellant burn; Found fluid level near 4500'; RD BWWC and TIH with notched collar and seating nipple on tubing and set at 9602'; Made 5 swab runs and recovered 25 bbls of fluid. Fluid level remained between 4500' and 5000'; The propellant stimulation seems to have released a substantial volume of normally irreducible, connate water or the last CIBP failed; 17:00 SI and SDFWE

5-19-07: Crew off; SI

5-20-07: Crew off; SI

5-21-07: 07:00 TP 0 psi (leaky valve?); Found fluid level near 4500'; 5,133' of fluid over Dakota Ss perms indicate formation pressure of 2,258 psi; Sent weekly report to Carol Daniels-DOGMI; Made 24 swab runs and recovered 96 bbls with no significant gas shows; The fluid level was left near 6000'; Three water samples from the current Dakota Ss perf set (9633-43') were collected and analyzed by HES; The results of the third sampling seemed to be representative with SG 1.035; pH 5.88; Resistivity 0.124 $\Omega \cdot m$ @ 77.5°F; Iron 250 mg/L; Potassium 1,050 mg/L; Chlorides 36,730 mg/L; Calcium 1,765 mg/L; Magnesium 180 mg/L; Sulfates 655 mg/L; Carbonates 0 mg/L; Bicarbonates 75 mg/L; Sodium (calculated) 21,155 mg/L and TDS 61,860 mg/L; The water sample was substantially different and twice as saline as the water from the isolated lower Cedar Mountain Fm in an offset well; The analysis may be accurate for connate water resident in the Dakota Ss or the difference in chemistry may be due to some invasion of the Dakota Ss zone with Madison Ls water that was present when the Dakota Ss zone was perfed, or the previously set CIBP's could be leaking; Tagged up on the cement over the last CIBP at 9738' and it seemed to be in place where it should be; 18:00 SI and SDFN

5-22-07: 07:00 TP 0 psi; Found fluid level between 5000' and 5400'; Made 4 swab runs, recovered 13-15 bbls with weak gas shows and left the fluid level between 6200' and 6500'; Tagged up on cement over the last CIBP at 9740' with tubing and began TOH; RU BWWC, ran GR-CCL and verified that the last CIBP and cement cap over it were in place at 9740' and presumed to be a viable bridge; 4 more sacks of cement were placed over bridge plug with dump bailer; A junk basket run found the fluid level at 6830' with the tubing removed from the well; RD BWWC; 19:00 SI and SDFN

5-23-07: 07:00 CP 0 psi; TIH with notched collar and seating nipple on tubing and set at 9602'; Made 4 swab runs and reduced the fluid level to 8500', waited 1 hour, gained no fluid

and made run 5 to reduce fluid level to 8800'; Made a total of 12 runs and recovered a total of 48 bbls; There was no significant recovery from the last 2 runs; The recovered fluid was increasingly less black and more gray-brown through the swabbing session; 18:30 SI casing and CP rose 5 psi in five minutes and a light blow of gas was noted from the tubing; Water samples were collected during the day when the fluid level was near 5500', 7500', 9200' and 9400'; The results of the fourth sampling seemed to be representative with SG N/A; pH 6.09; Resistivity 0.113 Ω *m @ 67.7°F; Iron 120 mg/L; Potassium 950 mg/L; Chlorides 36,730 mg/L; Calcium 1,765 mg/L; Magnesium 445 mg/L; Sulfates 915 mg/L; Carbonates 0 mg/L; Bicarbonates 60 mg/L; Sodium (calculated) 20,835 mg/L and TDS 61,8625mg/L; The fluid level was left near 9400'; 19:00 SI and SDFN

5-24-07: 07:00 CP 30 psi and TP 10 psi; Found fluid level near 8500'; Overnight fluid influx was 900' or 19.5 bbls (at the most); Swab run 1 was pulled from the seating nipple and recovered 200' or 0.8 bbl; A total of 4 swab runs were completed that recovered 10-13 bbls with gas shows; Water samples were collected for analysis by the HES lab; The results of the third sampling seemed to be representative with SG N/A; pH 5.05; Resistivity 0.138 Ω *m @ 69.8°F; Iron 200 mg/L; Potassium 900 mg/L; Chlorides 31,045 mg/L; Calcium 1,565 mg/L; Magnesium 205 mg/L; Sulfates 750 mg/L; Carbonates 0 mg/L; Bicarbonates 25 mg/L; Sodium (calculated) 17,775 mg/L and TDS 52,465 mg/L; 12:30 began tubing TOH to prepare for pumping an acid breakdown; 19:00 completed TOH with tubing; SI and SDFN

5-25-07: 07:00 CP not reported; Found fluid level with the bailer at 8112'; Picked up 2.375" x 5.5" packer and seating nipple on tubing and TIH; The packer got stuck near the planned setting site at 9604' but would not set properly; The stuck packer was worked up to 9440' where it was sticking but set all right; 10:10RU HES to pump HCl acid breakdown treatment of Dakota perfs 9633-43'; 12:50 began pumping treatment with 2,000 gal 15% HCl with clay and iron inhibitors flushed past the perfs with 85 bbls of 2% KCl water (133 bbls total load); The acid was diverted with 65 frac balls; Average pump rate was 4.3 bbls/min and maximum pump rate was 7.2 bbls/min; Average surface pressure was 4,000 psi and the maximum surface pressure was 5,174 psi; 13:20 pressure at shut down was 5,174 psi, ISIP was 2,625 psi, after 5 min 2,388 psi, after 10 min 2,270 psi and after 15 min 2,176 psi; 14:12 pressure was 1,700 psi; 14:30 RD and release HES crew and equipment; The calculated frac gradient was 0.72 psi/ft and compared favorably with frac gradients determined after pumping frac treatments in an offset well: 0.73 psi/ft in the lower Dakota SS and 0.79 psi/ft in the upper Dakota Ss; 15:00 SI and SDFWE

5-26-07: Transmitted weekly report to Carol Daniels-Utah DOGM; Memorial Day weekend; SI

5-27-07: Crew off; SI

5-28-07: Crew off; SI

5-29-07: 07:00 TP slight vacuum; Found fluid level near 800'; 09:00 first gas shows on run 5 after recovery of 25 bbls of 133 bbls of total load; 10:00 recovered 40 bbls of highly gas cut fluid composed of KCl water and spent acid; 12:30 completed 10 swab runs that brought the

fluid level in the tubing down to 8700' and released the packer; Attempted to lower the tubing to a point nearer the perms, but a bridge at 9455' precluded the move; Completed 5 more swab runs, recovered a total of 80 bbls with gas shows and left the fluid level near 8200'; The well produced a steady blow of gas during the afternoon; 17:30 released Peak crew and rig; Suspended operations until preparations begin 6-4-07 for frac stimulation scheduled on 6-6-07; SI and SDFN

5-30-07: 11:00 TP 300 psi and CP 310 psi; Fluid level is unknown; Peak equipment remained on site after the crew damaged the derrick attempting to rig down; SI

5-31-07: 12:00 TP 550 psi and CP 600 psi; Fluid level is unknown; Peak workover rig moved to Vernal for repairs to derrick; SI

6-1-07: 12:00 TP 650 psi and CP 700 psi; Fluid level unknown; Transmitted weekly report to Carol Daniels-Utah DOGM; SI

6-2-07: SI

6-3-07: SI

6-4-07: 08:00 TP 1,100 psi and CP unknown due to faulty gauge; Fluid level unknown; MIRU Stone Well Service SU; MI equipment to support CO2 foam frac stimulation scheduled at 11:00 6-6-07 including HES Mountain Mover and bulk storage vessel for CO2; 17:00 SI and SDFN

6-5-07: 07:00 TP 1,150 psi and CP 850 psi; Fluid level found near 5600'; The 4,033' of fluid with near 50,000 ppm TDS added 1,815 psi to the TP of 1,150 psi indicating a formation pressure in the Dakota Ss zone below 9633' of 2,965 psi; 07:30 began blowing down gas pressure from the tubing on various chokes to flare pit; 09:00 began swabbing well down to enable one more overnight SI prior to tubing TOH to pump frac stimulation; 12:00 completed 6 swab runs, reduced fluid level to near 6900' and reduced the CP slightly to 700 psi; Completed a total of 14 swab runs and recovered 31.25 bbls with gas shows; 15:30 on run 15 the well kicked off flowing as the annular pressure vented up the tubing; Flowed well on 22/64" choke until it blew down; Total swab and flowing recovery was about 65 bbls; All proppant, KCl water and CO2 on location ready for frac stimulation scheduled at 11:00 6-6-07; 17:00 SI and SDFN

6-6-07: 07:00 TP 380 psi and CP 350 psi; Bled tubing down in 15 minutes; Fluid level found near 7100'; Run 1 recovered 1.5 bbls with gas shows; Run 2 found fluid level near 7500', recovered 1.5 bbls from which a water sample was taken for analysis, left fluid level near 7900', RD swab gear and began tubing TOH; Pulling operation delayed by high wind conditions; 11:00 HES frac crew moved in and began rigging up; Filled well with 2% KCl water and at 13:00 began pumping frac; Frac stimulation pumped very well at up to 30 bbls/min with surface treating pressure steady near 5,000 psi until proppant stages 5 and 6 were in the casing on the way down ahead of the flush and the HES pump lost prime with 72 bbls of water supply left in the tank ending the job with 30,000 lbs of proppant in the zone

and the remainder (50,000 lbs) left in the casing; RD and released HES; 17:00 began flow-back on 10/64" choke and increased choke sizes as unbroken gel and proppant showed; When the well stopped producing that remnant material from the frac stimulation other than CO2 gas for 30 minutes on a 48/64" choke the well was choked back; The CO2 gas flow rate stabilized at TP 700 psi on a 18/64" choke (1,292 Mcf per day) by 21:00 and the well was SI to prepare for wireline work; SDFN

6-7-07: 07:00 CP 700 psi; Fluid level unknown; MIRU BWWC wireline unit and TIH with gauge ring and junk basket to find top of proppant at 9200'; 14:00 CP 850 psi, bled off 150 psi and TIH with composite bridge plug found fluid level at 1500'; Set composite bridge plug at 7000' and dumped 3 sacks of sand on top with dump bailer; Released BWWC wireline crew and kept wireline unit on location for perforating and stimulation work on the Prairie Canyon Mbr of Mancos Sh turbidite zones to begin in the morning; 16:30 SI with CP 700 psi and SDFN

6-8-07: 07:00 CP 750 psi; Fluid level at 1850'; Started construction of 4" Seep Ridge East gas gathering pipeline from location to CDM point on Canyon's Mesa Pipeline; RU BWWC and perforated Prairie Canyon Mbr Mancos Sh 6548-62' with four spf for a total of 56 0.43" holes; The fluid level remained stable at 1850'; Stimulated the new perfs with 8' propellant burn; One 2' segment misfired; Perforated Prairie Canyon Mbr Mancos Sh 6515-32' with four spf for a total of 68 0.43" holes; The fluid level remained stable at 1850'; Stimulated the new perfs with 8' propellant burn; Perforated Prairie Canyon Mbr Mancos Sh 6440-76' with four spf for a total of 144 0.43" holes; The fluid level remained stable at 1850'; Stimulated the new perfs with two 8' propellant burns; 16:30 RD and released BWWC; 17:30 blew well down from 750 psi to 400 psi on 20/64" choke; Opened choke to 28/64" to continue flow but casing head froze off; Thawed out well head and continued to flow well on larger choke sizes ending with a 48/64" setting with CP 50 psi; Recovered 5 to 7 bbls of fluid and CO2 gas left in well prior to setting the last CIBP; Opened well and blew down remaining pressure; RU Washington stripping head; TIH with 4.75" mill tooth bit on pump-off sub, 1 joint of tubing, a pot metal wafer tubing plug, a seating nipple on tubing string to near 1000'; 18:30 SI and SDFN

6-9-07: 07:00 continued tubing TIH and set near 6400'; Began swabbing; Well flowed fluid and CO2 gas after run 3; Made 11 swab runs and recovered 20.3 bbls of fluid with no significant flammable gas shows; TIH with tubing and set at 6950'; Made 5 more swab runs for a total of 16 runs; Total fluid recovery was 28.75 bbls with no significant flammable gas shows; Continued gas gathering pipeline construction; SI and SDFWE

6-10-07: SI

6-11-07: 07:00 CP 50 psi and TP 0 psi; Found fluid level near 6500'; No significant entry from perforations; Transmitted weekly report to Carol Daniels-Utah DOGM; Swabbed down with slight gas shows; Continued gas gathering pipeline construction; 15:00 SI and SDFN

6-12-07: 07:00 CP and TP not reported; PU power swivel and RU Weatherford foam unit; Drilled out composite bridge plug previously set at 7000' and circulated proppant off the

Dakota Ss perms; Took a 1,000 psi flammable gas kick; Cleaned well out to the cement over the last CIBP at 9740' (9712'??); Strong flammable gas shows while circulating out proppant; Pumped slug to knock bit off tubing sub; Set tubing at 9602'; Stripped off Washington stripping head, ND BOP's and removed same, set tubing in donut and NU wellhead; Laid down power swivel and RD and released Weatherford foam unit; Continued gas gathering pipeline construction; 17:00 SI and SDFN

6-13-07: 07:00 CP 500' and TP 550 psi; Found fluid level near 4500'; 13:00 completed 5 swab runs and left fluid level near 5200'; Recovered some unbroken frac gel and crushed proppant along with flammable gas shows; Continued swabbing fluid from well and left fluid level near 9000'; Completed construction of 4" Seep Ridge East Lateral gas gathering pipeline from location to CDM pad near hot tap point on Canyon's Mesa Pipeline; 17:00 SI and SDFN

6-14-07: 07:00 CP 500 psi and TP 500 psi; Found fluid level near 8800'; Began swabbing and well kicked off flowing flammable gas on second swab run when the casing came around; Let well blow down to CP 50 psi and steady blow from tubing; 15:30 put Stone Well Service SU on free standby, SI and SDFWE

6-15-07: SI

6-16-07: SI

6-17-07: SI

6-18-07: 07:00 CP 1,050 psi and TP 1,050 psi indicating no fluid above the end of the tubing; 07:20 began flowing tubing to flare pit on 28/64" choke; 07:30 CP 950 psi and FTP 950 psi; 07:40 CP 900 psi and FTP 700 psi; 07:50 CP 800 psi and FTP 700 psi; **08:00 CP 700 psi and FTP 550 psi on 28/64" choke with instantaneous flow rate of 2,464 Mcf per day**; Reduced choke size to 16/64" and by 08:10 CP 700 psi and FTP 700 psi; 08:20 CP 700 psi and FTP 650 psi; **09:00 CP 700 psi and FTP stable at 650 psi on 16/64" choke with instantaneous flow rate of 907 Mcf per day**; SI and released Stone Well Service SU; Transmitted weekly report to Carol Daniels-Utah DOGM; Waiting on pipeline hook-up.

6-19-07: SI and WOPL

6-20-09 09:00 CP 1,050 psi and TP 1,050 psi indicating no fluid above the end of the tubing; Stone Well Service crew moved SU to SRU #7; SI and WOPL connection

6-21-07: Tronco ordered additional flow testing and a downhole 10-day pressure build-up test; SI and WO testing equipment

6-22-07: SI and WO testing equipment

6-23-07: SI and WO testing equipment

6-24-07: SI and WO testing equipment

6-25-07: 08:00 CP 1,400 psi and TP 1,400 psi indicating no fluid entry; Transmitted weekly report to Carol Daniels-Utah DOGM; SI and WO flow testing equipment

6-26-07: 08:00 CP 1,500 psi and TP 1,500 psi; SI and WO flow testing equipment

6-27-07: 08:00 CP 1,550 psi and TP 1,550 psi; SI and WO flow testing equipment

6-28-07: SI and WO flow testing equipment

6-29-07: SI and WO flow testing equipment

6-30-07: SI and WO flow testing equipment

7-1-07: SI and WO flow testing equipment

7-2-07: Tronco called off moving in flow testing equipment; SI and WOPL connection

7-3-07: 08:00 CP 1,700 psi and TP 1,700 psi; Transmitted weekly report to Carol Daniels-Utah DOGM; SI and WOPL connection

7-4-07: SI and WOPL connection

7-5-07: SI and WOPL connection

7-6-07: SI and WOPL connection

7-7-07: SI and WOPL connection

7-8-07: SI and WOPL connection

7-9-07: 08:00 CP 1,800 psi and TP 1,750 psi; If the gauges are accurate, the fluid level may have risen over the end of the production tubing at 9602'; Requested update from Canyon Gas Resources, Inc. on timing of construction of hot tap in the Mesa line for hook-up of Seep Ridge East Lateral and S 6-36; Transmitted weekly report to Carol Daniels-Utah DOGM; SI and WOPL connection

7-10-07: Canyon contractor completed hot tap in Mesa pipeline and set the CDM for the Seep Ridge East Lateral serving the S 6-36; Del-Rio/Tronco contractor set tank, separator and well meter run; SI and WOPL connection

7-11-07: Finishing up final grading and plumbing to allow start-up and initial production testing; SI and WOPL connection

7-12-07: SI and WOPL connection

7-13-07: SI and WOPL connection

7-14-07: SI and WOPL connection

7-15-07: SI and WOPL connection

7-16-07: Pigging Seep Ridge East Lateral prior to final connection with Canyon's CDM at new interconnection with Mesa pipeline; Transmitted weekly report to Carol-Daniels-Utah DOGM; SI and WOPL connection

7-17-07: SI and WOPL connection

7-18-07: SI and WOPL connection

7-19-07: SI and WOPL connection

7-19-07: Pipeline facilities completed; SI

7-20-07: Field operations supervised by Gene Brown under the direction of Tronco Energy Corporation; 07:00 CP 1,800 psi and TP 1,800 psi; Started well, but flow was halted when the Kimray pressure regulation valve shut the well in prematurely due to abnormally high pressure setting; CP 560 psi and TP 220 psi; Well failed to start again and continue to unload fluid that had accumulated during extended shut-in period; SI

7-21-07: SI

7-22-07: SI

7-23-07: SI

7-24-07: 07:00 CP 950 psi and TP 600 psi; MIRU Stone Well Service rig from the SRU #7; Blew well down to pit; Pumped 40 bbls 2% KCl water down tubing and 10 bbls 2% KCl water down casing; Nipped down tubing head and nipped up BOP; TOH with tubing to 3055' and SDFN; First 120' of TOH pulled tight possibly indicating proppant fill; SI

7-25-07: Completed TOH with tubing, removed and laid down 4.75" clean-out bit and sub; Made up notched collar on end, retained seating nipple one joint up, TIH with 313 joints of tubing, added 4 more joints of tubing and tagged up on cement above CIBP at 9733' (9712'??); Attempted to circulate well down tubing with 150 bbls 2% KCl water using rig pump; Reset tubing at original setting 9602' and rigged to swab; Made 10 swab runs, recovered 40 bbls of KCl water and left fluid level near 4000'; SI and SDFN

7-26-07: 07:00 CP 0 psi and TP 0 psi; Made 17 swab runs, recovered 55 bbls of gas cut KCl water and left fluid level near 6500'; Well did not kick off flowing; SI and SDFN

7-27-07: 07:00 CP 365 psi and TP 200 psi; Made 18 swab runs, recovered 72 bbls of gas cut KCl water and left fluid level near 9000'; Well did not kick off flowing; No fluid entry was apparent on last swab runs; Cumulative KCl water recovery after 3 days was 167 bbls; SI and SDFWE

7-28-07: SI

7-29-07: SI

7-30-07: Field operations supervised by Lawrence C. Caldwell, II while Gene Brown was on vacation; 07:00 CP 750 psi and TP 30 psi; TIW (primary) tubing head valve had been leaking and was cleared and tested; Blew tubing down and RU swab gear; Found fluid level near 6000'; Swabbed fluid level down to 7500'; SI and SDFN

7-31-07: 07:00 CP 600 psi and TP 400 psi; Found fluid level near 6600'; Began swabbing and well kicked off flowing on second run; 08:00 turned tubing on to pipeline and flowed at modest rates against 180 psi sales line pressure; 11:00 rising ambient temperature increased sales line pressure to 236 psi and well quit flowing; Turned tubing to pit and continued to remove water; Cumulative fluid recovery since 7-25 estimated to be 217 bbls; SI and put rig on standby

8-1-07: 08:00 CP 620 psi and TP 490 psi; Fluid level unknown; Crew off; SI

8-2-07: Crew off; SI

8-3-07: Crew off; SI

8-4-07: Weekend; SI

8-5-07: Weekend; SI

8-6-07: 07:00 CP 950 psi and TP 950 psi; Fluid level unknown; Started well and flowed at modest volumes to pit on various chokes throughout the day; Recovered 64 bbls of water; Cumulative recovery since 7-25 estimated to be 281 bbls of up 300 to 400 bbls of formation infill fluid and KCl water introduced and not recovered from stimulation and circulation attempt operations; SI and put rig on standby

8-7-07: Crew off; SI

8-8-07: Crew off; SI

8-9-07: Field operations supervised by Gene Brown under the direction of Tronco Energy Corporation; 07:00 CP 700 psi and TP 700 psi; Flowed well to pit, recovered 20 bbls of fluid, blew well down and left fluid level near 8300'; Cumulative fluid recovery estimated to be 301 bbls; TOH with tubing in preparation for additional perforating; SI and SDFN

8-10-07: Wireline unit on location for additional perforating; Transmitted updated report to Carol-Daniels-Utah DOGM; Perforated Dakota zone 9704-12' at the top of cement over the CIBP at 9750' that was previously set on 5-16-07; SI and SD for weekend

8-11-07: Crew off; SI

8-12-07: Crew off; SI

8-13-07: Waiting to get on schedule for breakdown treatment; Crew off; SI

8-14-07: Waiting to get on schedule for breakdown treatment; Crew off; SI

8-15-07: TIH with packer on tubing and set at 9667'; Pumped 500 gallons 7.5% HCl breakdown flushed to perfs 9704-12'; RD pump and began swabbing back acid water; SI and SDFN

8-16-07: Blew tubing down and reset packer at 9594'. Found fluid level near 6300'; Recovered 30 bbls of fluid and reduced fluid level to 6900'; SI and SDFN

8-17-07: CP 20 psi and TP 175 psi; Blew tubing down and found fluid level near 4700'; Run 1 pulled from 6700' and recovered highly gas cut fluid; Run 2 found fluid level near 2000'; Subsequent swab runs found fluid influx rate was 500' per hour (1.9 bbls per hour); Recovered 20 bbls of fluid; SDFWE and SI

8-18-07: Crew off; SI

8-19-07: Crew off; SI

8-20-07: CP 1,000 psi; Waiting to arrange for 3.5" rented tubing string and packer and schedule a refrac of upper Dakota perfs 9633-43' and initial frac of lower Dakota perfs 9704-12'; Crew off; SI

8-21-07: Crew off; SI

8-22-07: Crew off; SI

8-23-07: Crew off; SI

8-24-07: Crew off; SI

8-25-07: Crew off for weekend; SI

8-26-07: Crew off for weekend; SI

8-27-07: Crew off; SI

8-28-07: Crew off; SI

8-29-07: Crew off; SI

8-30-07: Blew well down, TOO H with tubing, laid down Baker packer and TIH with tubing to near 9600'; Exact setting and configuration of tubing was not reported; Released Stone Well Service rig until stimulation work can be scheduled; SI

8-31-07: SI

9-1-07 through 9-30-07: Lined up 3.5" P-110 tubing string and wellhead fittings for foam frac stimulation; Waiting on availability of CO2 for use in stimulation; Transmitted updated report to Carol Daniels-Utah DOGM; SI

10-1-07 through 10-22-07: Praxair (CO2) and HES (pumps and proppant) scheduled to perform a refrac of upper Dakota perms 9633-43' and initial frac of lower Dakota perms 9704-12' down 3.5" tubing with 70% quality CO2 foam on 11-3-07; Transmitted updated report to Carol Daniels-Utah DOGM and copy to LaVonne Garrison-Utah SITLA; SI

10-23-07 through 10-27-07: SI

10-28-07: CP 2,000 psi; Tightened up leaky fittings in separator/dehy combo unit; Spotted two 400 bbl water tanks and four CO2 bulk storage vessels on the location in preparation for refrac/frac procedure; Water tanks filled with 2% KCl water; SI

10-29-07: CP 2,400 psi; Praxair CO2 transports continued filling bulk storage vessels on location; SI

10-30-07: Praxair CO2 transports continued filling bulk storage vessels on location; SI

10-31-07: Cleaned up separator/dehy combo unit and started flowing well into sales line to avoid loss of gas accumulation during long shut-in period; Average initial flow rate 700 Mcf per day on 16/64" choke; Flow testing to blow down prior to TOO H with tubing to prepare for refrac/frac procedure; SDFN and SI

11-1-07: Flowing into sales line continued on various choke sizes at instantaneous rates varying from 900 Mcf per day to 200 Mcf per day; Produced 308 Mcf during the day; MIRU Leed 677 SU; SDFN and continued flow testing and blow down into sales line overnight; Producing

11-2-07: FTP 200 psi on 64/64" choke; Pumped into tubing and casing to kill well; ND tree, NU BOP's and TOO H with tubing; Set 3.5" P-110 tubing fracture liner from 6336-670' to protect the perf sets in the Prairie Canyon Member Mancos Shale; Reset the Implicit Monitoring system to allow review of production information on web; SDFN and SI

11-3-07: CP 500 psi prior to frac; 07:00 MIRU HES equipment to pump 70% CO₂/pHaser refrac of upper Dakota perms 9633-43' and initial frac of lower Dakota perms 9704-12'; Pumping went OK until the 4 ppg stage was going in the perms, the pumps were staging to flush and the well screened out; No breaks were apparent from the pumping data and the screenout was unavoidable as pumping pressures went over 8,000 psi while pumping flush and had to be reduced; Screenout calculations showed that the bulk of the 20/40 ceramic proppant, 104,200 lbs, went into the formation and 14,838 lbs of proppant was left in the casing where the top of the proppant plug was near 8482' (1130' above the deepest perf); When proppant fill was tagged at 8385' on 11-6-07 it was determined that 17,674 lbs of proppant was left in the casing and the formation took approximately 100,000 lbs; The average wellhead rate was 26.91 bpm with maximum rate of 37.84 bpm; The average wellhead pressure was 5,661 psi with maximum of 8,023 psi; Used 190 tons of CO₂ and 615 bbls of fluid including 2,000 gals 15% HCl acid spear to insure that the lower perf set was broken down; ISIP at approximately 16:30 was 8,004 psi, +5 minutes 7,776 psi, +10 minutes 7,653 psi and +15 minutes 7,553 psi; The frac gradient of 1.26 psi/ft that was calculated was not representative of the formation; RDMO most of HES equipment except isolation tool truck and one pump truck; 19:00 CP 6,969 psi; SDFN and SI

11-4-07: 09:00 CP 4,400 psi; HES removed wellhead isolation tools; RDMO remainder of HES equipment; 13:00 started flow back with CP 2,000 psi on 15/64" choke with 675 bbls estimated fluid load to recover; 23:59 FCP 650 psi on 24/64" choke with flow rate of 2,094 Mcf CO₂ per day and 559 bbls of load fluid left to recover; Recovered a small volume of proppant during flow back; Post-frac flow back and clean-up

11-5-07: 06:00 FCP 450 psi on 24/64" choke with flow rate of 1,241 Mcf CO₂ per day and 451 bbls of load fluid to recover; 10:30 well died; Latched onto and released the frac packers and liner and removed the assembly from the casing; 16:00 made up 4.75" bit on tubing and TIH to 5400'; SDFN and SI

11-6-07: 07:00 CP 400 psi and TP 400 psi; 08:45 tagged top of proppant fill in casing at 8420' indicating 1,287' of proppant in casing (17,674 lbs) and the net proppant in the formation could be 100,000 lbs after flowing some back; Installed Washington stripping head, picked up power swivel, TIH w/18 stds & filled casing with 181 bbls 2% KCl water; At 8583' well began flowing water, CO₂ & proppant; Continued TIH to 9138' & circulated for 30 minutes; Total fluid left to recover is 620 bbls; Transmitted copies of updated completion history to Carol Daniels-Utah DOGM and LaVonne Garrison-Utah SITLA; SDFN and SI

11-7-07: 07:00 CP 600 psi and TP 500 psi and well remained full overnight; Bled off pressure & TIH w/4 jts without pump; Tagged hard fill at 9431'; Washed out with pump pressure at 1,800 psi & well flowing; Circulated for 30 minutes & TIH w/6 jts without pump; Tagged hard fill at 9647'; Washed out proppant & CO₂ for 30 minutes; 11:00 TIH to 9712' & tagged cement at PBD 9712'; Bit torqued up on top of cement; Circulated two hole volumes with no shows of proppant in returns; 13:00 began TOH with tubing; 16:00 completed TOH and found that the 4.75" bit had been lost in the casing; SDFN and SI

11-8-07: 07:00 CP 475 psi; Bled pressure off casing; 09:00 began TIH w/capillary string sub on tbg & capillary string; 10:00 tagged up on lost bit in casing at 960'; TOH w/tbg stripping off capillary string; 12:00 TIH w/bit sub on tbg, jarred bit loose & chased down the casing; Well began flowing during TIH at 3590' & was killed by pumping 50 bbls of 2% KCl water down tbg & csg; 15:00 tagged up on proppant at 9692'; Reverse circulated well clean from PBTD & laid down 3 jts tbg; Total fluid left to recover 650 bbls; 17:00 SDFN and SI

11-9-07: Crew off; SI

11-10-07: Crew off; SI

11-11-07: Crew off; SI

11-12-07: Crew off; SI

11-13-07: 07:00 CP 25 psi, TP 25 psi & hole full; Reverse circulated hole; 08:30 TIH w/3 jts tbg & tagged proppant fill at 9672'; Laid down 3 jts tbg & TOH; 12:00 began TIH w/4.5" notched collar on tbg; Tagged up in casing at 993' & TOH; TIH w/2.375" notched collar on tbg & tagged up in casing at 993'; TOH & found 2 bent teeth on notched collar; Repaired notched collar & TIH to 1303'; 15:30 SDFN and SI

11-14-07: 07:00 continued TIH with notched collar on end and SN one joint up; Tagged 10' of proppant fill above PBTD; Circulated proppant out of the casing; Landed tubing at 9609' and began swabbing starting with the hole full of fluid; Well kicked off flowing on third swab run; FTP built to 250 psi in one hour; Canyon Resources crew notified to make repairs on cracked fitting near their CDM on the gas sales line; The end of the gas sales line near the CDM will be buried and secured to protect fittings; SD until flow line repair is completed; SI

11-15-07: Crew off; SI

11-16-07: Crew off; Waiting on reconfiguration and repair of gas sales line by Canyon crew; SI

11-17-07: Crew off; Waiting on reconfiguration and repair of gas sales line by Canyon crew; SI

11-18-07: Crew off; Waiting on reconfiguration and repair of gas sales line by Canyon crew; SI

11-19-07: 07:00: CP 1,075 psi and TP 1,075 psi; Opened tbg on 64/64" choke but flow died at 07:30; RU lubricator for swabbing & well kicked off flowing at 08:00; 10:00 well died & began swabbing; Fluid level on first run was near 5000' with CP 1,050 psi; Fluid level on Run 2 was near 4500' with CP 450 psi; Fluid level in 3000' range on Runs 3-7 with CP 450 psi; Blew casing down in 15 minutes after Run 7; Found fluid level near 7000' on Run 8 (last); Total flow and swabbed recovery 35 bbls with short gas flows between swab runs; Rough estimate of 300 Bbls of fluid left to recover; SDFN & SI

11-20-07: Swabbed well; No report; SDFN & SI

11-21-07: 07:00 CP 350 psi and TP 0 psi after being left open overnight; 13:00 Run 1 found fluid level near 4500' & recovered 1 bbl of highly gas cut fluid on pull from 6200'; Run 2 found fluid level near 4,500' & recovered 2.8 bbls of gas cut fluid on pull from near the seating nipple that induced flowing conditions; 15:00 Crew off for Thanksgiving weekend & replaced by flow observer; Flow testing

11-22-07: 07:00 CP 625 psi & FTP 325 psi; Recovered 3.6 bbls fluid since 16 hour flow period began; Flow testing

11-23-07: 07:00 CP 650 psi & FTP 0 to 50 psi; Well flowed gas and 7.2 bbls of fluid before it loaded up with fluid and the gas flow became periodic; Flow testing

11-24-07: 07:00 CP 750 psi & FTP 0 to 50 psi; Periodic gas flow with no further fluid recovery; Flow testing

11-25-07: 07:00 CP 700 psi & FTP 0 to 50 psi; Periodic gas and fluid flow; Flow testing

11-26-07: 07:00 CP 700 psi & FTP 50 psi; Fluid recovery with gas since 07:00 11-24-07 was 14.4 bbls; RU lubricator to swab fluid; 09:00 Run 1 found fluid level near 1500', recovered 3.6 bbls fluid & induced flowing condition with CP 400 psi; 09:30 flowed gas & 1.8 bbls fluid with CP 350 psi; 10:30 flowed gas & 1.8 bbls fluid; 11:00 flowed gas & 3.6 bbls fluid with CP 280 psi; 12:00 well died & flowing condition was induced by swabbing; 15:00 weak gas flow with water & CP 250 psi on 14/64" choke; Total fluid recovery for the day was 13.2 bbls; Crew off & replaced by flow observer; Flow testing

11-27-07: Well flowing periodically on 14/64" choke; Flow testing

11-28-07: 07:00 crew SI well; RDMO Leed 677 SU to SRU #7; SI

11-29-07: CP 500 psi & TP 360 psi; SI

11-30-07: CP 675 psi & TP 600 psi; SI

12-1-07: No report; SI

12-2-07: No report; SI

12-3-07: CP 1,050 psi & TP 1,000 psi; SI

12-4-07: CP 1,125 psi & TP 1,100 psi; Turned gas to combination separator/dehydrator unit & fired up burners; SI

12-5-07: CP 1,180 psi & TP 1,125 psi; Pumper unavailable to start well; SI

12-6-07: Wellhead pressures not reported; Turned well on & flowed about 10 Mcf through well meter but pressured up flow line to CDM on Energy Transfer (formerly Canyon) Mesa Pipeline; Corrected & updated completion history & transmitted copies to Utah DOGM & Utah SITLA; SDFN & SI

12-7-07: CP 1,150 psi & TP 1,250 psi; Failed to clear ice from flow lines; SI

12-8-07: CP 1,150 psi & TP 1,300 psi; Purged flow line to ET CDM & opened main line valve; Fired up separator burners, set choke at 10/64" and turned well on at 15:00; Varied choke from 12-13/64" & left on line with TP 1,150 psi at 16:00; 23:00 flow ended presumably due to ice formation in flow lines; **Daily production 134 Mcf**; Flow testing & SI due to ice

12-9-07: Wellhead pressures not reported; Fired up separator burners, thawed out flow lines & turned well on by 15:00; 23:30 flow ended presumably due to ice formation in flow lines; Daily production 29 Mcf; Flow testing & SI due to ice

12-10-07: 06:00 CP 925 psi & TP 925 psi; Flow line frozen at inlet to combination separator/dehydrator unit; Fired up separator burners, but ran out of fuel gas due to ice in supply lines & flow lines; 15:00 lines frozen; CP 980 Psi & TP 980 psi; No significant gas flow; SI due to ice

12-11-07: Wellhead pressures not reported; Flow lines frozen; Crew on site to install heat trace lines to prevent freezing; SI due to ice

12-12-07: CP 1,000 psi & TP 1,000 psi; Separator was flooded, drained and burners relit; Turned well on, but choke had to be moved periodically to prevent freezing; Insulation crew wrapped all of the heat-traced flow lines; Daily production 93 Mcf; Flow testing & SI due to ice

12-13-07: CP 1,000 & TP 1,050 psi; Relit separator burners; Installed check valves on heat trace lines; Production line appeared to be frozen near wellhead; SI due to ice

12-14-07: CP 1,000 psi & TP 1,050 psi; Crew repaired heat tracing pump & welder attempted to thaw out flow line from wellhead to separator; SI due to ice

12-15-07: CP 1,125 psi & TP 1,180 psi; Wellhead frozen; Installed slug pot at wellhead & introduced 10 gals methanol that seemed to start gas flow; Relit separator burners & started heat tracing pump; Welder attempted to thaw wellhead but failed; Turned off separator & heat trace pump since supply gas would not be available overnight; Heat trace tubing extended to cover wellhead; SI due to ice

12-16-07: CP 1,180 psi & TP 1,250 psi; Welder finished installing heat trace lines around wellhead & wrapped the assembly with a tarp until it can be insulated permanently; Relit separator burners & started gas flow after equipment warmed up at 13:30; CP 1,126 psi & TP 1,312 psi; Initial flowing rate on 12/64" choke 810 Mcf/d but declined from there due to icing

and subsequent pressure build-up in the sales line to the ET CDM at the Mesa Pipeline; Daily production 179 Mcf; Flow testing & SI due to ice;

12-17-07: Wellhead pressures not reported; Flow lines frozen; 15:15 trans copy of updated & corrected completion history to Utah DOGM & Utah SITLA; SI due to ice

12-18-07: Wellhead pressures not reported; 09:00 opened well & average flow rate to 10:00 was 446 Mcf/d; Adjusted choke settings & recorded peak flow of 665 Mcf/d from 11:00 to 12:00; Flow ceased by 17:00 as FTP equalized with 155 psi static pressure on sales line; Daily production 109 Mcf; SI overnight to build pressure

12-19-07: 09:00 CP 500 psi & TP 250 psi; Sales line appeared to be frozen although combination unit burners were lit and trace lines were warm; SI to build pressure

12-20-07: 09:00 CP 600 psi & TP 450 psi; 09:30 opened well on 19/64" choke with initial rate 664 Mcf/d; 16:00 static pressure in sales line rose from 175 psi to 258 psi due to freezing problems in the ET pipeline & knocked well off line; Installed a short lubricator on tubing head, dropped 3 soap sticks & SI; Changed out dump valve on combo unit; Installed two hot taps for methanol slugger pots on the sales line to the ETC CDM to control freezing problems in that segment of gathering pipeline; Daily production 64 Mcf; SI overnight to build pressure

12-21-07: 09:00 CP 575 psi & TP 500 psi; 09:30 opened well on 13/64" choke with initial rate 406 Mcf/d; 12:00 dropped 3 soap sticks; 14:00 TP equalized with sales line at 172 psi & production ceased; 20:30 well began producing into sales line & continued until 00:30 12-22-07; Daily production 24 Mcf; On line

12-22-07: Wellhead pressures not reported; 15:00 well SI; SI to build pressure

12-23-07: Wellhead pressures not reported; SI to build pressure

12-24-07: CP 780 psi & TP 900 psi; Combo unit burners out; Treated well with methanol & 3 soap sticks; Treated sales line with methanol but sales line appeared to be blocked with ice; SI due to ice

12-25-07: Wellhead pressures not reported; SI due to ice & holiday

12-26-07: 09:00 CP 1,100 psi & TP 1,200 psi; Slugged flow line with methanol, got gas on to combo unit, lit burners, but freed ice chunks blocked choke at inlet to combo unit & it could not be thawed & cleared; SI due to ice

12-27-07: 09:00 CP 1,130 psi & TP 1,230 psi; Flow line fittings damaged by freed ice on 12-26-07 were replaced; Combo unit burners were lit & unit heated to operating range; 12:00 opened well on 14/64" choke with initial rate 804 Mcf/d; 14:30 dump valves failed allowing gas to flow to water tank; The frost-damaged valves required replacement; Well was SI & combo unit was shut down; Daily production 38 Mcf; SI to repair combo unit

12-28-07: 08:00 CP 1,125 psi & TP 1,180 psi; Natco replaced dump valve after the burners were lit & combo unit was warmed up; 09:15 opened well on 12/64" choke with initial rate 823 Mcf/d; 11:00 rate 431 Mcf/d & opened choke to 13/64"; 13:00 rate 467 Mcf/d & opened choke to 14/64"; 14:00 rate 322 Mcf/d; 14:40 opened choke to 64/64" to lift water; 15:25 rate 533 Mcf/d & reduced choke to 16/64"; 16:00 rate 248 Mcf/d; 17:30 FTP equalized with sales line pressure effectively shutting well in; Daily production 148 Mcf; On line

12-29-07: 09:00 CP 360 psi and FTP 192 psi; 12:00 dropped 3 soap sticks down the tubing and SI; 14:15 trans copy of updated & corrected completion history to Utah DOGM & Utah SITLA; SI for weekend

12-30-07: SI

12-31-07: 07:15 CP 860 psi and TP 492; Opened well at 07:30 and flowed until 10:30 when the tubing pressure equalized with the 136 psi static pressure in the sales line; 10:35 dropped 3 soap sticks down the tubing and SI; Daily production 60 Mcf; SI overnight

1-1-08: SI

1-2-08: 08:30 CP 735 psi and TP 610; Opened well at 08:45 and flowed until 13:00 when the tubing pressure equalized with the 135 psi static pressure in the sales line; 13:10 dropped 3 soap sticks down the tubing and SI; Daily production 60 Mcf; SI overnight

1-3-08: 11:10 CP 563 psi and TP 247 psi; Opened well at 11:20 and flowed until 14:45 when the tubing pressure equalized with the 138 psi static pressure in the sales line; 16:00 SI; Daily production 38 Mcf and 8 BW; SI overnight

1-4-08: 09:45 CP 519 psi and TP 243 psi; Opened well at 10:00 and flowed until 13:10 when the tubing pressure equalized with the 138 psi static pressure in the sales line; 13:30 dropped 3 soap sticks down the tubing and SI; Daily production 36 Mcf and 5 BW; SI overnight

1-5-08: 16:30 trans copy of updated & corrected completion history to Utah DOGM & Utah SITLA; SI for weekend

1-6-08: SI for weekend

1-7-08: 09:00 CP 749 psi and TP 524 psi; Opened well at 09:10 and flowed until 15:15 when the tubing pressure effectively equalized with the 141 psi static pressure in the sales line; 15:30 SI; Daily production 58 Mcf and 5 BW; SI overnight

1-8-08: 08:00 CP 527 psi and TP 344 psi; Relit burner on dehydrator; Opened well at 08:40 and flowed until 11:45 when the tubing pressure effectively equalized with the 154 psi static pressure in the sales line; 12:00 SI; Daily production 37 Mcf and 2 BW; SI overnight

1-9-08: 11:30 CP 530 psi and TP 444 psi; Opened well at 11:40 and flowed until 15:30 when the tubing pressure effectively equalized with the 138 psi static pressure in the sales line; Well

was SI for 1 hr from 13:00 to 14:00 to build up tubing pressure; 15:45 SI; Daily production 37 Mcf and 7 BW; SI overnight

1-10-08: 08:00 CP 477 psi and TP 302 psi; Opened well at 08:05 and flowed until 12:40 when the tubing pressure effectively equalized with the 140 psi static pressure in the sales line; Well was SI for two 40 minute periods to build up tubing pressure; 12:45 SI for 1 hr but tubing pressure did not build enough to continue production testing; 13:45 SI; Daily production 28 Mcf and 2 BW; SI for the night

1-11-08: SI

1-12-07: SI

1-13-08: 09:00 CP 697 psi and TP 785 psi; Opened well at 09:15 but well meter EFM display did not work; Canyon CDM was operating correctly for backup, but well was SI at 09:25 to notify Paragon for EFM maintenance; Daily production unknown but minimal; SI overnight

1-14-08: 10:20 CP 728 psi and TP 746 psi; Opened well at 10:25 and flowed until 13:55 when the tubing pressure effectively equalized with the 140 psi static pressure in the sales line; Well was SI for three short periods to build up tubing pressure to at least 400 psi; After 1 hr and 20 min until 15:10, the tubing pressure had reached 344 psi and well was SI for the night; Daily production 36 Mcf and 2 BW; SI overnight

1-15-08: 09:10 CP 538 psi and TP 518 psi; Opened well at 09:15 and flowed until 11:45 when the tubing pressure effectively equalized with the 142 psi static pressure in the sales line; Well was SI for three short periods to build up tubing pressure to at least 500 psi; After 2 hrs and 15 min, until 14:15 the tubing pressure had reached 376 psi and well was SI for the night; Daily production 25 Mcf and 2 BW; SI overnight

1-16-08: 07:45 CP 505 psi and TP 453 psi; Opened well at 07:55 and flowed until 09:35 when the tubing pressure effectively equalized with the 139 psi static pressure in the sales line; Well was SI for three short periods to build up tubing pressure to at least 400 psi; After 1 hr and 25 min until 11:00 the tubing pressure had reached 337 psi and well was opened to blow down through the sales line; Daily production 24 Mcf and 5 BW; SI overnight

1-17-08: 10:25 CP 513 psi and TP 550 psi; Opened well at 10:30 and flowed until 12:30 when the tubing pressure effectively equalized with the 139 psi static pressure in the sales line; Well was SI for one 35 minute period to build up tubing pressure to at least 400 psi; Well was SI at 12:30 to build tubing pressure, but did not reach 400 psi by 13:30 and was left SI; Daily production 29 Mcf and 2.5 BW; SI overnight

1-18-08: No pressure data reported; Daily production 26 Mcf and water volume unknown; SI overnight

1-19-08: SI

1-20-08: 08:50 CP 592 psi and TP 746 psi; Opened well at 09:00 and flowed until 10:40 when the tubing pressure effectively equalized with the 132 psi static pressure in the sales line; Daily production 23 Mcf and 0.8 BW; Left online overnight

1-21-08: 07:00 CP 350 psi and TP equalized with the 140 psi sales line pressure; Daily production 10 Mcf and water volume unknown; SI to build pressure

1-22-08: No pressures reported; 15:30 trans copy of updated & corrected completion history to Utah DOGM & Utah SITLA; SI

1-23-08: 07:30 CP 598 psi and TP 705 psi; Opened well at 07:45 & flowed until 08:10; SI for 1 hr 15 min to build TP; CP 451 psi & TP 518 psi prior to resumption of flow at 09:25; Flowed until 09:50; SI for 1 hr 50 min to build TP; CP 398 psi & TP 422 psi prior to resumption of flow at 11:40; Flowed until 13:20 when flowing TP effectively equalized with the 157 psi sales line pressure & well was SI; Daily production 31 Mcf & 2.5 BW; SI overnight

1-24-08: 12:15 CP 484 psi & TP 506 psi; Opened well at 12:20 & flowed until 13:15; SI for 45 minutes to build TP; CP 341 psi & TP 385 psi prior to resumption of flow at 14:00; Flowed until 14:50 when flowing TP effectively equalized with the 135 psi sales line pressure & well was SI; Daily production 29 Mcf and 1.7 BW; SI overnight

1-25-08: 10:45 CP 470 psi & TP 428 psi; Opened well at 10:50 and flowed until 12:55 when flowing TP effectively equalized with the 141 psi sales line pressure & well was SI; Daily production 32 Mcf & 3.3 BW; Dropped two soap sticks and SI overnight

1-26-08: 08:25 CP 452 psi & TP 451 psi; Opened well at 08:30 and flowed until 10:40 when flowing TP effectively equalized with the 140 psi sales line pressure & well was SI; Daily production 31 Mcf & 1.7 BW; SI for weekend

1-27-08: No report; 14:00 trans copy of updated & corrected completion and testing history to Utah DOGM & Utah SITLA; SI

1-28-08: 08:15 CP 520 psi & TP 478 psi; Opened well at 08:20 & flowed until 09:05 when soap foam filled the combo unit requiring a 7 min blow to tank to clean lines and allow burners to be relit; Opened well at 10:30 & flowed until 11:25 when flowing TP effectively equalized with the 148 psi sales line pressure & well was SI; Daily production 36 Mcf & 3.2 BW; SI overnight

1-29-08: 12:15 CP 469 psi & TP 574 psi; Opened well at 12:20 and flowed until 14:05 when flowing TP effectively equalized with the 152 psi sales line pressure & well was SI; Daily production 31 Mcf & 1.7 BW; SI overnight

1-30-08: 11:00 CP 427 psi & TP 448 psi; Had to re-light burners in combo unit; Opened well at 11:20 and flowed until 12:15; SI to build TP until 13:05; Flowed well until 14:05 when

flowing TP effectively equalized with the 140 psi sales line pressure; Left well open to sales line; Daily production 32 Mcf & 2.5 BW; On line overnight

1-31-08: 11:00 flowing TP 175 psi with minimal gas flow; SI well until 13:00 but TP did not build; Left well SI to build pressure; Estimated monthly total 663 Mcf; SI

2-1-08: SI

2-2-08: SI over weekend

2-3-08: SI over weekend

2-4-08: 12:45 CP 744 psi & TP 797 psi; Opened well at 12:50 and flowed until 15:15 when flowing TP effectively equalized with the 149 psi sales line pressure & well was SI; Daily production 50 Mcf & 0 BW; SI overnight

2-5-08: 10:00 transmitted updated & corrected flow testing report to Utah DOGM & Utah SITLA; 10:20 CP 470 psi & TP 360 psi; Opened well at 10:25 & flowed until 12:15; SI for 1 hr & 50 min to build TP; CP 313 psi & TP 335 psi prior to resumption of flow at 14:05; Flowed until 14:55 when flowing TP effectively equalized with the 143 psi sales line pressure & well was SI; Daily production 34 Mcf and 4.2 BW; SI overnight

2-6-08: 10:00 CP 447 psi & TP 383 psi; Opened well at 10:05 and flowed until 12:40 when flowing TP effectively equalized with the 152 psi sales line pressure & well was SI; Daily production 32 Mcf & 1.7 BW; SI overnight

2-7-08: 12:45 CP 423 psi & TP 444 psi; Opened well at 12:50 and flowed until 15:25 when flowing TP effectively equalized with the 149 psi sales line pressure & well was SI; Daily production 32 Mcf & 1.7 BW; SI overnight

2-8-08: 11:05 CP 395 psi & TP 428 psi; Opened well at 11:10 and flowed until 13:15 when flowing TP effectively equalized with the 164 psi sales line pressure & well was SI; Dropped 1 soap stick prior to SI; Daily production 28 Mcf & 3.3 BW; SI for weekend

2-9-08: SI over weekend

2-10-08: SI over weekend

2-11-08: 11:15 CP 484 psi & TP 657 psi; Opened well at 11:20 & SI at 12:40 to check pressure buildup in 55 minutes; TP built from 264 to 277; Opened well again at 13:35 and flowed until 14:00 when flowing TP effectively equalized with the 216 psi sales line pressure & well was SI; Daily production 28 Mcf & 1.7 BW; 13:00 transmitted updated & corrected flow testing report to Utah DOGM & Utah SITLA;

2-12-08: 09:00 CP 417 psi & TP 422 psi; Opened well at 09:05 and flowed until 11:25 when flowing TP effectively equalized with the 199 psi sales line pressure & well was SI; Daily production 16 Mcf & 0 BW; SI overnight

2-13-08: 09:40 CP 435 psi & TP 456 psi; Opened well at 09:50 and flowed until 12:05 when flowing TP effectively equalized with the 171 psi sales line pressure & well was SI; Daily production 31 Mcf & 2.5 BW; SI

2-14-08: No report due to heavy snow; Pumper could not drive to the well site

2-15-08: 09:30 wellhead frozen & all burners off; Began process of thawing wellhead with welder, but there was no gas pressure to run system; SI overnight

2-16-08: 09:35 CP 495 psi & TP 510 psi; Production line still frozen, but parts of the production equipment got thawed; SI for weekend

2-17-08: SI for weekend

2-18-08: 09:10 CP 615 psi & TP 815 psi; Opened well at 09:30 and flowed until 11:20 when flowing TP effectively equalized with the 172 psi sales line pressure & well was SI; Daily production 43 Mcf & 0 BW; 17:30 transmitted updated & corrected flow testing report to Utah DOGM & Utah SITLA; On line overnight

2-19-08: 11:00 automated valve did not close overnight at set point as previously adjusted; TP equalized with sales line pressure; Daily production 2 Mcf & 0 BW; Reset automated SI point allowing periodic pressure build-up to control gas flow; On line

2-20-08: 11:00 automated valve did not close overnight at new set point as adjusted; TP equalized with sales line pressure; Daily production 2 Mcf & 0 BW; Reset automated SI point allowing periodic pressure build-up to control gas flow; On line

2-21-08: 11:00 various settings applied to automated valve to control periodic gas flow; TP ranged from 385 psi SI to 195 psi on line; Daily production 13 Mcf; On line

2-22-08: 11:00 TP ranged from 315 psi SI to 215 psi on line; Daily production 13 Mcf; On line

2-23-08: 11:00 TP ranged from 315 psi SI to 215 psi on line; Daily production 20 Mcf; 15:00 transmitted updated & corrected flow testing report to Utah DOGM & Utah SITLA; On line

2-24-08: 11:00 TP ranged from 320 psi SI to 216 psi on line; Daily production 16 Mcf; On line

2-25-08: 11:00 TP ranged from 318 psi SI to 222 psi on line; Daily production 15 Mcf; On line

2-26-08: 11:00 set control valve on tubing to SI at 220 psi & open at 400 psi; Daily production 20 Mcf; On line

2-27-08: Daily production total 17 Mcf; On line

2-28-08: Daily production total 18 Mcf; On line

2-29-08: Daily production total 14 Mcf and total for month 469 Mcf; On line

3-1-08: Daily production total 20 Mcf; On line

3-2-08: Daily production total 22 Mcf; On line

3-3-08: Daily production total 36 Mcf; 16:30 transmitted updated & corrected flow testing report to Utah DOGM & Utah SITLA; On line

3-4-08: Daily production total 17 Mcf; On line

3-5-08: Daily production total 2 Mcf; On line

3-6-08: Daily production total 13 Mcf; On line

3-7-08: Daily production total 15 Mcf; On line

3-8-08: Daily production total 22 Mcf; On line

3-9-08: Daily production total 29 Mcf; On line

3-10-08: Daily production total 28 Mcf; 11:05 transmitted updated & corrected flow testing report to Utah DOGM & Utah SITLA; On line

3-11-08: Daily production total 20 Mcf; On line

3-12-08: Daily production total 31 Mcf; On line

3-13-08: Daily production total 8 Mcf; On line

3-14-08: Automated valves failed to operate; Off line

3-15-08: Automated valves failed to operate; Off line

3-16-08: Daily production total 3 Mcf; On line

3-17-08: Daily production total 20 Mcf; On line

3-18-08: Daily production total 13 Mcf; On line

3-19-08: Daily production total 28 Mcf; On line

3-20-08: Daily production total 33 Mcf; On line

3-21-08: Daily production total 29 Mcf; On line

3-22-08: Daily production total 32 Mcf; On line

3-23-08: Daily production total 22 Mcf; On line

3-24-08: 08:30 telcon w/Peak Well Service re possible schedule for rig during week of 4-7-08 to have rig and rental equipment on site to clean proppant fill from well over the Dakota perfs; Daily production total 37 Mcf; On line

3-25-08: 09:30 transmitted updated & corrected flow testing report to Utah DOGM & Utah SITLA; Daily production total 13 Mcf; On line

3-26-08: Daily production total 22 Mcf; On line

3-27-08: Daily production total 34 Mcf; On line

3-28-08: Daily production total 21 Mcf; On line

3-29-08: Daily production total 32 Mcf; On line

3-30-08: Daily production total 25 Mcf; On line

3-31-08: Daily production total 30 Mcf and total for monthl 647 Mcf; On line

4-1-08: Daily production total 19 Mcf; On line

4-2-08: Daily production total 12 Mcf; 11:00 transmitted updated & corrected flow testing report to Utah DOGM & Utah SITLA; Cleanout operation delayed until May when Peak Well Service equipment will be working in the vicinity; On line

4-3-08: Daily production total 39 Mcf; On line

4-4-08: Daily production total 29 Mcf; On line

4-5-08: Daily production total 25 Mcf; On line

4-6-08: Daily production total 23 Mcf; On line

4-7-08: Daily production total 54 Mcf; On line

4-8-08: Combination separator/dehydrator unit down; Off line

4-9-08: Combination unit down; Off line

4-10-08: Combination unit down; Off line

4-11-08: Daily production total 51 Mcf; On line

4-12-08: Daily production total 42 Mcf; On line

4-13-08: Daily production total 33 Mcf; 11:45 transmitted updated & corrected flow testing report to Utah DOGM & Utah SITLA; On line

4-14-08: Daily production total 27 Mcf; On line

4-15-08: Daily production total 1 Mcf; On line

4-16-08: Daily production total 10 Mcf; On line

4-17-08: Daily production total 15 Mcf; On line

4-18-08: Daily production total 14 Mcf; On line

4-19-08: Daily production total 8 Mcf; On line

4-20-08: Daily production total 2 Mcf; On line

4-21-08: Daily production total 10 Mcf; On line

4-22-08: Daily production total 16 Mcf; On line

4-23-08: Daily production total 12 Mcf; 18:15 transmitted updated & corrected flow testing report to Utah DOGM & Utah SITLA; On line

4-24-08: Daily production total 11 Mcf; On line

4-25-08: Daily production total 16 Mcf; On line

4-26-08: Daily production total 18Mcf; On line

4-27-08: Daily production total 21 Mcf; On line

4-28-08: Daily production not available until 08:00 4-29; 13:45 transmitted updated & corrected flow testing report to Utah DOGM & Utah SITLA; On line

4-29-08: Daily production total 14 Mcf; On line

4-30-08: Daily production total 8 Mcf and total for month 550 Mcf; On line

5-1-08: Daily production total 13 Mcf; On line

5-2-08: Daily production total 18 Mcf; On line

5-3-08: Daily production total 18 Mcf; On line

5-4-08: Daily production total 16 Mcf; On line

5-5-08: Daily production total 20 Mcf; 12:45 transmitted updated & corrected flow testing report to Utah DOGM & Utah SITLA; On line

5-6-08: Daily production total 14 Mcf; On line

5-7-08: Daily production total 14 Mcf; On line

5-8-08: Daily production total 11 Mcf; On line

5-9-08: Daily production total 9 Mcf; On line

5-10-08: Daily production total 18 Mcf; On line

5-11-08: Daily production total 15 Mcf; On line

5-12-08: Daily production total 11 Mcf; On line

5-13-08: Daily production total 12 Mcf; On line

5-14-08: Daily production total 16 Mcf; On line

5-15-08: Daily production total 15 Mcf; On line

5-16-08: Daily production total 23 Mcf; On line

5-17-08: Daily production total 12 Mcf; On line

5-18-08: Daily production total 7 Mcf; On line

5-19-08: Daily production total 5 Mcf; On line

5-20-08: Daily production total 5 Mcf; On line

5-21-08: Daily production total 5 Mcf; 13:45 transmitted updated & corrected flow testing report to Utah DOGM & Utah SITLA; On line

5-22-08: Daily production total 14 Mcf; On line

5-23-08: Daily production total 16 Mcf; On line

5-24-08: Daily production total 9 Mcf; On line

5-25-08: Daily production total 4 Mcf; On line

5-26-08: Daily production total 7 Mcf; On line

5-27-08: Daily production total 9 Mcf; On line

5-28-08: Daily production total 47 Mcf; 16:45 transmitted updated & corrected flow testing report to Utah DOGM & Utah SITLA; On line

5-29-08: Daily production total 6 Mcf; On line

5-30-08: Daily production total 37 Mcf; On line

5-31-08: Daily production total 3 Mcf and total for month 429 Mcf; On line

6-1-08: Daily production total 12 Mcf; On line

6-2-08: Daily production total 8 Mcf; On line

6-3-08: Daily production total 11 Mcf; On line

6-4-08: Daily production total 8 Mcf; 16:45 transmitted updated & corrected flow testing report to Utah DOGM & Utah SITLA; On line

6-5-08: Daily production total 13 Mcf; On line

6-6-08: Daily production total 13 Mcf; On line

6-7-08: Daily production total 18 Mcf; On line

6-8-08: Daily production total 19 Mcf; On line

6-9-08: Daily production total 32 Mcf; On line

6-10-08: Daily production total 10 Mcf; On line

6-11-08: Daily production total 14 Mcf; On line

6-12-08: Daily production total 15 Mcf; 18:15 transmitted updated & corrected flow testing report to Utah DOGM & Utah SITLA; On line

6-13-08: Daily production total 18 Mcf; On line

6-14-08: Daily production total 10 Mcf; On line

6-15-08: Daily production total 11 Mcf; On line

6-16-08: Daily production total 9 Mcf; Reclamation of reserve pit begun; On line

6-17-08: Daily production total 10 Mcf; Water removed from reserve pit and transported to disposal facility to speed dry-out; On line

6-18-08: Daily production total 14 Mcf; 10:30 transmitted updated & corrected flow testing report to Utah DOGM & Utah SITLA; On line

6-19-08: Daily production total 12 Mcf; On line

6-20-08: Daily production total 3 Mcf; On line

6-21-08: Daily production total 5 Mcf; On line

6-22-08: Daily production total 5 Mcf; On line

6-23-08: Daily production total 8 Mcf; On line

6-24-08: Daily production total 8 Mcf; On line

6-25-08: Daily production total 8 Mcf; 16:40 transmitted updated & corrected flow testing report to Utah DOGM & Utah SITLA; On line

6-26-08: Daily production total 9 Mcf; On line

6-27-08: Daily production total 1 Mcf; On line

6-28-08: Daily production total 2 Mcf; On line

6-29-08: Daily production total 3 Mcf; On line

6-30-08: Daily production total 17 Mcf and total for month 327 Mcf; On line

7-1-08: Daily production total 7 Mcf; On line

7-2-08: Daily production total 9 Mcf; 11:30 transmitted updated & corrected flow testing report to Utah DOGM & Utah SITLA; On line

7-3-08: Daily production total 11 Mcf; On line

7-4-08: Daily production total 8 Mcf; On line

7-5-08: Daily production total 10 Mcf; On line

7-6-08: Daily production total 11 Mcf; On line

7-7-08: Daily production total 10 Mcf; On line

7-8-08: Daily production total 11 Mcf; On line

7-9-08: Daily production total 11 Mcf; 13:40 transmitted updated & corrected flow testing report to Utah DOGM & Utah SITLA; On line

7-10-08: Daily production total 9 Mcf; Reserve pit reclamation work completed; On line

7-11-08: Daily production total 9 Mcf; On line

7-12-08: Daily production total 8 Mcf; On line

7-13-08: Daily production total 9 Mcf; On line

7-14-08: Daily production total 11 Mcf; On line

7-15-08: Daily production total 11 Mcf; On line

7-16-08: Daily production total 12 Mcf; 10:00 transmitted updated & corrected flow testing report to Utah DOGM & Utah SITLA; On line

7-17-08: Daily production total 9 Mcf; On line

7-18-08: Daily production total 9 Mcf; On line

7-19-08: Daily production total 10 Mcf; On line

7-20-08: Daily production total 8 Mcf; On line

7-21-08: Daily production total 12 Mcf; On line

7-22-08: Daily production total 14 Mcf; On line

7-23-08: Daily production total 11 Mcf; On line

7-24-08: Daily production total 10 Mcf; 13:20 transmitted updated & corrected flow testing report to Utah DOGM & Utah SITLA; On line

7-25-08: Daily production total 21 Mcf; On line

7-26-08: Daily production total 13 Mcf; On line

7-27-08: Daily production total not available due to EFM link problem; On line

7-28-08: Daily production total not available due to EFM link problem; On line

7-29-08: Daily production total not available due to EFM link problem; On line

7-30-08: Daily production total not available due to EFM link problem; 16:40 transmitted updated & corrected flow testing report to Utah DOGM & Utah SITLA; On line

7-31-08: Daily production total 16 Mcf and total for month 289 Mcf exclusive of missing reports from 7-27 through 7-30; Final volume to be determined from Energy Transfer CDM; On line

8-1-08: Daily production total not available due to EFM link problem; On line

8-2-08: Daily production total not available due to EFM link problem; On line

8-3-08: Daily production total 14 Mcf; On line

8-4-08: Daily production total 11 Mcf; On line

8-5-08: Daily production total 4 Mcf; On line

8-6-08: Daily production total 10 Mcf; 11:30 transmitted updated & corrected flow testing report to Utah DOGM & Utah SITLA; On line

8-7-08: Daily production total 6 Mcf; On line

8-8-08: Daily production total 48 Mcf; On line

8-9-08: Daily production total 38 Mcf; On line

8-10-08: Daily production total 12 Mcf; On line

8-11-08: Daily production total not available due to EFM link problem; On line

8-12-08: Daily production total not available until 08:00 8-13-08; Field inspection of well to determine fluid level in casing and evaluate need for proppant wash out or installation of a plunger lift; Well completion report to be filed by mail today with current date; 13:15 transmitted updated & corrected flow testing report to Utah DOGM & Utah SITLA; On line

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

5. LEASE DESIGNATION AND SERIAL NUMBER:
ML-47393

SUNDRY NOTICES AND REPORTS ON WELLS

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

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

7. UNIT or CA AGREEMENT NAME:
N/A

1. TYPE OF WELL OIL WELL GAS WELL OTHER _____

8. WELL NAME and NUMBER:
State 6-36-13-22

2. NAME OF OPERATOR:
Del-Rio Resources, Inc.

9. API NUMBER:
43-047-37522

3. ADDRESS OF OPERATOR:
P.O. Box 459 CITY Vernal STATE UT ZIP 84078 PHONE NUMBER: 435-789-1703

10. FIELD AND POOL, OR WILDCAT:
Seep Ridge

4. LOCATION OF WELL
FOOTAGES AT SURFACE: 1806' FNL, 1882' FWL COUNTY: Uintah

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SENW, Section 36, T13S, R 22E, SLM STATE: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input 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 checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: November 27, 2006	<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.

Construction of the pad for this well occurred based upon an adjusted location surveyed November 22, 2006 by Uintah Engineering & Land Surveying (UELS) and engineering drawings produced by that company November 24, 2006. The revised location plat and drawings produced by UELS were transmitted in digital form to Brad Hill-DOG M November 27, 2006 and were added to the well file around that time. No Sundry Notice accompanied that transmission. This Sundry Notice Subsequent Report is intended to correct that omission. The final well location differed from footages recited by the APD dated December 14, 2005 and a Sundry Notice of Intent dated November 21, 2006.

The location of the well as built per UELS plan is 1806' FNL, 1882' FWL, SENW Section 36, T13S, R22E, SLM.

637034X 39 643155
43891614 -109.402991

RECEIVED
AUG 20 2008

DIV. OF OIL, GAS & MINING

NAME (PLEASE PRINT) David L. Allin Phone 970-254-3114 TITLE Vice President, Exploration Manager
SIGNATURE *David L. Allin* DATE August 20, 2008

(This space for State use only)

43.047.37522
 T13S, R22E, S.L.B.&M.

SUMMIT OPERATING, LLC.

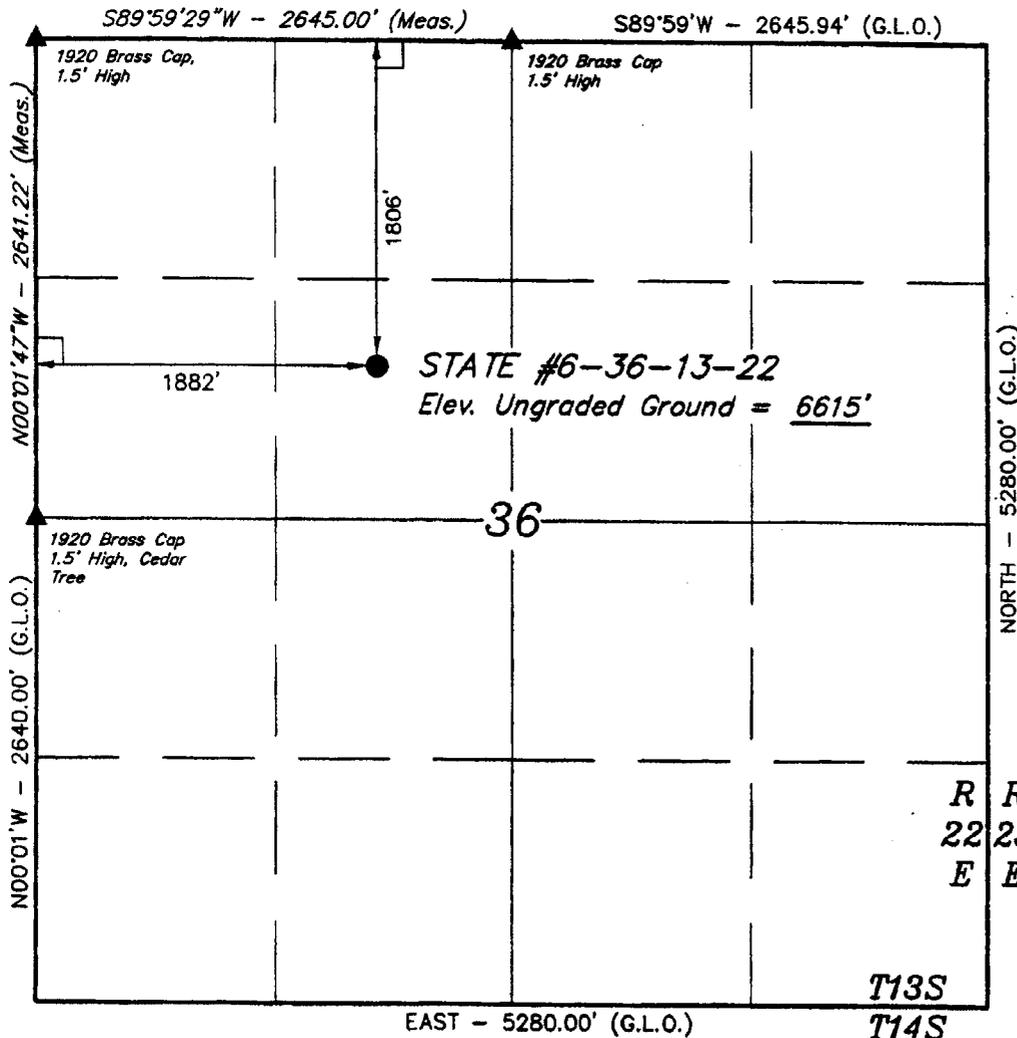
Well location, STATE #6-36-13-22, located as shown in the SE 1/4 NW 1/4 of Section 36, T13S, R22E, S.L.B.&M. Uintah County, Utah.

BASIS OF ELEVATION

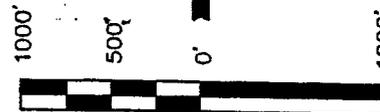
SPOT ELEVATION LOCATED AT A ROAD INTERSECTION IN THE NW 1/4 NE 1/4 OF SECTION 26, T13S, R22E, S.L.B.&M. TAKEN FROM THE BATES KNOLLS, QUADRANGLE, UTAH, UINTAH COUNTY, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 6590 FEET.

BASIS OF BEARINGS

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



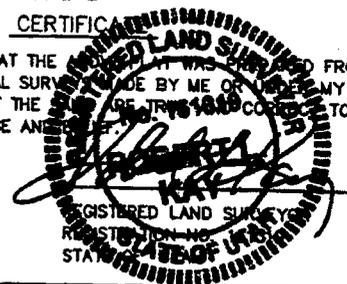
Accepted by the
 Utah Division of
 Oil, Gas and Mining
FOR RECORD ONLY



SCALE

CERTIFICATE

THIS IS TO CERTIFY THAT THE SURVEY WAS MADE FROM FIELD NOTES OF ACTUAL SURVEY MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SURVEY IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.



LEGEND:

- └─┘ = 90° SYMBOL
- = PROPOSED WELL HEAD.
- ▲ = SECTION CORNERS LOCATED.

(NAD 83)
 LATITUDE = 39°38'43.57" (39.645436)
 LONGITUDE = 109°24'23.15" (109.406431)
 (NAD 27)
 LATITUDE = 39°38'43.69" (39.645469)
 LONGITUDE = 109°24'20.71" (109.405753)

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

SCALE 1" = 1000'	DATE SURVEYED: 11-22-06	DATE DRAWN: 11-24-06
PARTY J.W. B.D. D.R.B.	REFERENCES G.L.O. PLAT	
WEATHER COOL	FILE SUMMIT OPERATING, LLC.	

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

5. LEASE DESIGNATION AND SERIAL NUMBER:
ML-47393

SUNDRY NOTICES AND REPORTS ON WELLS

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

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

7. UNIT or CA AGREEMENT NAME:
N/A

1. TYPE OF WELL
OIL WELL [] GAS WELL [X] OTHER []

8. WELL NAME and NUMBER:
State 6-36-13-22

2. NAME OF OPERATOR:
Del-Rio Resources, Inc.

9. API NUMBER:
43-047-37522

3. ADDRESS OF OPERATOR:
P.O. Box 459 CITY Vernal STATE UT ZIP 84078 PHONE NUMBER: 435-789-1703

10. FIELD AND POOL, OR WILDCAT:
Seep Ridge

4. LOCATION OF WELL
FOOTAGES AT SURFACE: 1806' FNL, 1882' FWL
COUNTY: Uintah
QTR/QR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SENW, Section 36, T13S, R 22E, SLM
STATE: UTAH

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

Table with columns: TYPE OF SUBMISSION, TYPE OF ACTION. Includes checkboxes for NOTICE OF INTENT, SUBSEQUENT REPORT, and various actions like ACIDIZE, DEEPEN, REPERFORATE CURRENT FORMATION, etc.

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.
Del-Rio Resources, Inc. requests approval from DOGM pursuant to R649-3-22 to commingle the natural gas production from the Prairie Canyon Member of Mancos Shale perforated from 6440-6562' gross with natural gas production from the Dakota Sandstone perforated from 9633-9712' gross in the State 6-36-13-22. Del-Rio proposes that this commingling is in the public interest because it will accelerate maximum ultimate recovery of natural gas, prevent waste, provide for orderly and efficient production of hydrocarbons and present no detrimental effects from commingling the two natural gas streams. Both the Prairie Canyon and Dakota producing intervals exhibit low permeability which eliminates significant cross-flow between the zones and prevents either zone from acting as a thief. There will be no other perforated intervals open in the production casing string. The tubing will be set at 9609' without a packer and there is no reliable method available to account for the production from each zone separately. The lease has uniform ownership in all depths so an exception is requested from R649-3-22-2.

The Dakota Sandstone is currently known to produce natural gas from three wells in a nine square mile area centered on Section 36-13S-22E. The Prairie Canyon Member has not been tested or placed in production in any well in the same area and the limits of the pool are unknown. See Attachment 1-map of the area that contains wells. The Prairie Canyon Member producing interval in the State 6-36-13-22 is not expected to drain more than 20-40 acres and such drilling units and eight possible offsets are all enclosed within the boundaries of ML-47393 leased by Philco Exploration, LLC. See Attachment 2-Affidavit of Mailing to Philco Exploration, LLC.

NAME (PLEASE PRINT) David L. Allin 970-254-3114 TITLE Vice President, Exploration Manager
SIGNATURE [Signature] allinpro@bresnan.net DATE August 22, 2008

(This space for State use only)

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

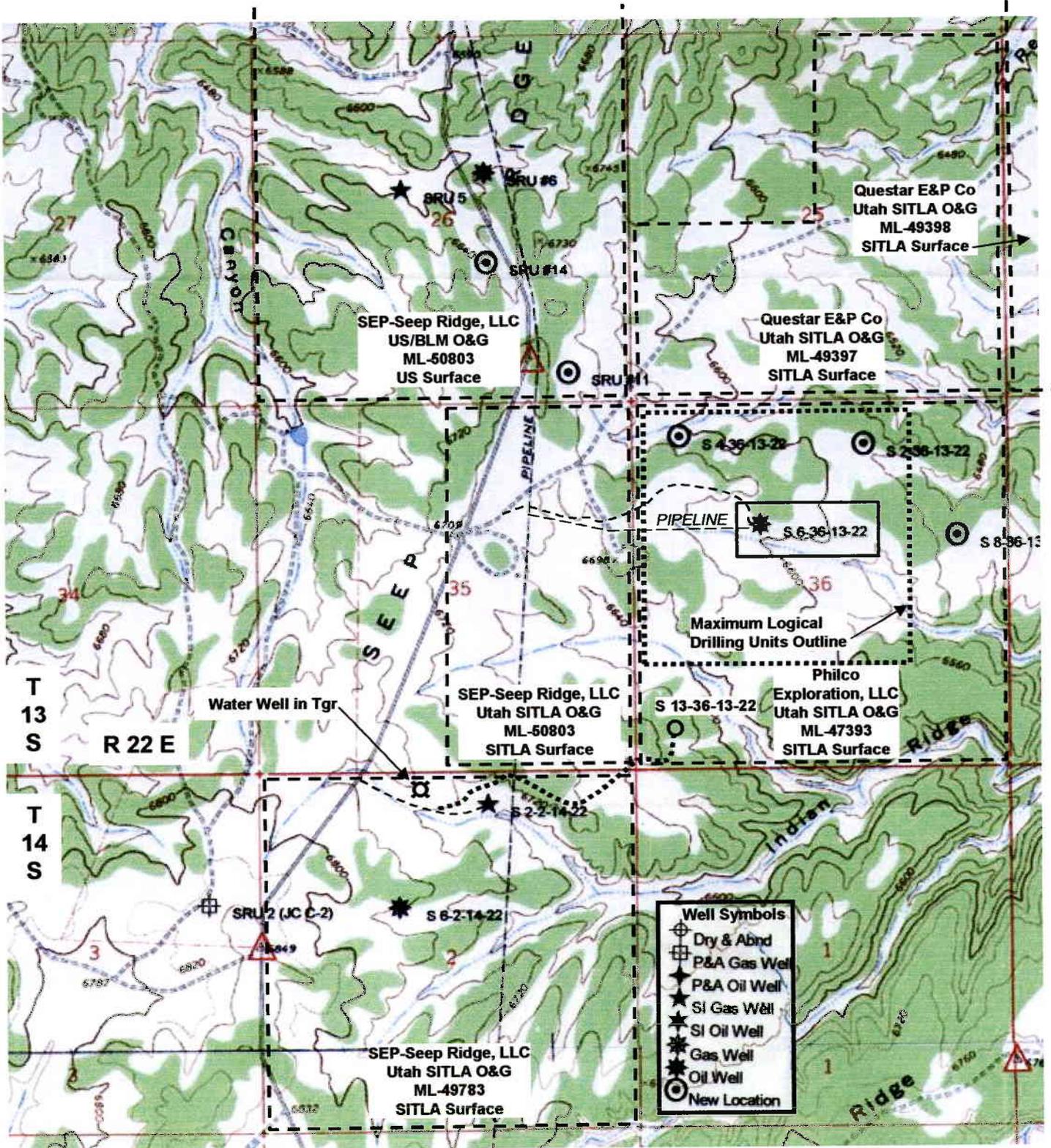
RECEIVED
AUG 25 2008

(5/2000)

DATE: 9/15/08
BY: [Signature]

(See Instructions on Reverse Side)
COPY SENT TO OPERATOR OF OIL, GAS & MINING
Date: 9.17.2008
Initials: KS

Map Showing Wells, APD Sites and Outline of Logical Drilling Units Near State 6-36-13-22
1806' fnl, 1882' fwl, SENW Section 36, T13S, R22E, SLM
Operated by Del-Rio Resources, Inc., P.O. Box 459 Vernal, UT 84078 (435) 789-1703
Seep Ridge Field, Uintah County, Utah



Well Symbols

- ⊕ Dry & Abnd
- ⊞ P&A Gas Well
- ★ P&A Oil Well
- ☆ SI Gas Well
- ☆ SI Oil Well
- ☆ Gas Well
- ☆ Oil Well
- ⊙ New Location

One Mile
Scale 1:24,000
OG lease or tract boundary

AFFIDAVIT OF MAILING

STATE OF COLORADO)
)ss
COUNTY OF MESA)

David L. Allin (hereinafter sometimes referred to as "Affiant"), of lawful age, being first duly sworn, deposes and says:

1. Affiant is Vice President for Del-Rio Resources, Inc. (hereinafter referred to as "Del-Rio") whose address is P.O. Box 459, Vernal, Utah 84078.
2. Del-Rio is the operator of the following described oil and gas well and lease:

Well: State 6-36-13-22, API No. 43-047-37522
1806' fnl, 1882' fwl, SENW Section 36, T13S, R22E, SLM

Lease: Utah SITLA ML-47393
T13S, R22E: Section 36: All
3. A search of the applicable records confirmed that Philco Exploration, LLC is the ML-47393 lessee of record with 100% record title interest and is the sole leasehold interest owner of the logical contiguous drilling units overlying the pools proposed to be commingled.
4. On or about this 22nd day of August, 2008, Affiant mailed (or caused to be mailed) in the U.S. Mail, with postage paid, a copy of the attached Sundry Notice (Form 9) dated August 22, 2008 requesting approval to commingle producing formations in the single well bore of the well described above to the owner described above and to the State of Utah Division of Oil, Gas and Mining, and
5. Attachment 1 to the Sundry Notice dated August 22, 2008 is a map showing the location of wells on contiguous oil and gas leases and possible drilling units overlying the pools proposed to be commingled.

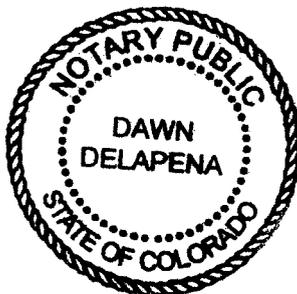
Affiant saith no more.



David L. Allin, Affiant

Scribed and sworn before me this 22nd day of August, 2008 by David L. Allin.

(Seal)





Notary Public

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: ML-47393
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		7. UNIT or CA AGREEMENT NAME: N/A
2. NAME OF OPERATOR: Del-Rio Resources, Inc.		8. WELL NAME and NUMBER: State 6-36-13-22
3. ADDRESS OF OPERATOR: P.O. Box 459 CITY Vernal STATE UT ZIP 84078		9. API NUMBER: 43-047-37522
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1806' FNL, 1882' FWL		10. FIELD AND POOL, OR WILDCAT: Seep Ridge
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SENW, Section 36, T13S, R 22E, SLM		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 (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input checked="" 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.
 Del-Rio Resources, Inc. belatedly reports herewith that the date of first production from the State 6-36-13-22 to a sales pipeline was 12-8-07. The production was intermittent during December 2007 and January 2008 due to well head and flow line blockage as a result of freezing conditions that were not resolved until February 2008.

NAME (PLEASE PRINT) <u>David L. Allin</u>	970-254-3114	TITLE <u>Vice President, Exploration Manager</u>
SIGNATURE <u><i>David L. Allin</i></u>	<u>allinpro@bresnan.net</u>	DATE <u>September 17, 2008</u>

(This space for State use only)

RECEIVED
SEP 22 2008
DIV. OF OIL, GAS & MINING



GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

March 1, 2011

CERTIFIED MAIL NO.: 7004 1160 0003 0190 4925

Mr. Dave Allin
Del Rio Resources
1245 Brickyard Rd STE 210
Salt Lake City, UT 84106

43 047 37522
State 6-36-13-22
13S 22E 30

Subject: Extended Shut-in and Temporary Abandoned Well Requirements for Fee or State Leases

Dear Mr. Allin:

As of January 2011, Del Rio Resources has one (1) State Lease Well (see attachment A) that is currently in non-compliance with the requirements for extended shut-in or temporarily abandoned (SI/TA) status.

Wells SI/TA beyond twelve (12) consecutive months requires filing a Sundry Notice (R649-3-36-1). Wells with five (5) years non-activity or non-productivity shall be plugged, unless the Division grants approval for extended shut-in time upon a showing of good cause by the operator (649-3-36-1.3.3). For extended SI/TA consideration the operator shall provide the Utah Division of Oil, Gas & Mining with the following:

1. Reasons for SI/TA of the well (R649-3-36-1.1).
2. The length of time the well is expected to be SI/TA (R649-3-36-1.2), and
3. An explanation and supporting data if necessary, for showing the well has integrity, meaning that the casing, cement, equipment condition, static fluid level, pressure, existence or absence of Underground Sources of Drinking Water and other factors do not make the well a risk to public health and safety or the environment (R649-3-36-1.3).

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



Page 2
Del Rio Resources
March 1, 2011

Submitting the information suggested below may help show well integrity and may help qualify your well for extended SI/TA. **Note: As of July 1, 2003, wells in violation of the SI/TA rule R649-3-36 may be subject to full cost bonding (R649-3-1-4.2, 4.3).**

1. Wellbore diagram, and
2. Copy of recent casing pressure test, and
3. Current pressures on the wellbore (tubing pressure, casing pressure, and casing/casing annuli pressure) showing wellbore has integrity, and
4. Fluid level in the wellbore, and
5. An explanation of how the submitted information proves integrity.

If the required information is not received within 30 days of the date of this notice, further actions may be initiated. If you have any questions concerning this matter, please contact me at (801) 538-5281.

Sincerely,



Dustin K. Doucet
Petroleum Engineer

DKD/JP/js
Enclosure
cc: Compliance File
Well File
LaVonne Garrison, SITLA

N:\O&G Reviewed Docs\ChronFile\PetroleumEngineer\SITA

ATTACHMENT A

	Well Name	API	LEASE	Years Inactive
1	STATE 6-36-13-22	43-047-37522	ML-47393	2 Years 2 Months

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING	FORM 9 5. LEASE DESIGNATION AND SERIAL NUMBER: ML-47393
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:
1. TYPE OF WELL Gas Well	8. WELL NAME and NUMBER: STATE 6-36-13-22
2. NAME OF OPERATOR: DEL-RIO RESOURCES INC	9. API NUMBER: 43047375220000
3. ADDRESS OF OPERATOR: P.O. Box 459 , Vernal, UT, 84078	PHONE NUMBER: 970 254-3114 Ext
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1806 FNL 1882 FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: SENW Section: 36 Township: 13.0S Range: 22.0E Meridian: S	9. FIELD and POOL or WILDCAT: SEEP RIDGE 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"/> 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 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 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 checked="" 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: <input style="width: 50px;" type="text"/>
<input checked="" type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: 11/30/2009			
<input type="checkbox"/> SPUD REPORT Date of Spud:			
<input type="checkbox"/> DRILLING REPORT Report Date:			

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

Request approval for extended SI after November, 2008 due to low gas prices for monthly stripper volumes which are further penalized by gas gatherer, ETC Canyon Pipeline, LLC. Waiting for alternative local markets for natural gas: 1) Red Leaf Resources, Inc. for in-situ shale oil recovery and 2) Summit Operating, LLC Seep Ridge WIW 1 produced water disposal operation. Well should be restarted during 2011. Well was constructed of all new materials during 2007 per WCR on file. Surface casing was set at 1836' and cemented to the surface and long string was cemented in two stages with a calculated top near 1750'. The utilized USDW in the Green River Fm lies within a few hundred feet of the surface. Layers in the lower Wasatch Fm that qualify as USDW's are not utilized but occur as deep as 3800'. All are protected. SICP 1350 psi and SITP 1950 psi indicate water somewhere above EOT. No leaks.

REQUEST DENIED
Utah Division of
Oil, Gas and Mining

Date: 06/08/2011
By: *Dark K. Quist*

NAME (PLEASE PRINT) David L. Allin	PHONE NUMBER 970 254-3114	TITLE Vice President/Exploration Mgr
SIGNATURE N/A		DATE 3/17/2011



The Utah Division of Oil, Gas, and Mining

- State of Utah
- Department of Natural Resources

Electronic Permitting System - Sundry Notices

Sundry Conditions of Approval Well Number 43047375220000

Submitted information does not indicate or show integrity.

Del Rio

Sfc Csg Depth	Input Data (Provided By Operator)				Depth (Csg, Perf or Plug back)	Output Data				Data Comparative		
	Sfc Csg Psi	Prod Csg Psi	Tbg Psi	Fluid Level		Water Column Dx	Gas Head Psi	Water Head Psi	Normal Press @ Sfc Shoe	Formation Frac @ Sfc Shoe	Calc Press @ Sfc Shoe	Normal Reservoir Psi for Depth
1836	0	1350	1950	9500	12100	2600	950	1126	795	1,285	1,534	5,239
Packer Fluid Gradient	No											
psi/ft Gas Gradient	0.433											
psi/ft Frac Gradient	0.1											
psi/ft	0.7											
SCENARIOS												
#1	SFC CSG = 0 PSI MEANS NO COMMUNICATION, REASSURING INTEGRITY					Indicates Integrity?			Yes			
#2	If measured reservoir psi is equal to normal gradient reservoir pressure, well probably has integrity. If pressure is less, well could lack integrity explained by pressure bleeding into a shallower formation.					Indicates Integrity?			No			
#3	If calculated pressure is less than normal pressure at the surface shoe, then fluid is probably not moving into the formation.					Indicates Integrity?			No			
#4	If packer is in the hole, with psi on tbg and no psi on prod csg, this indicates tbg and packer integrity.					Indicates Integrity?			NA			

FL somewhere above EOT @ 9609
PBTD @ 12100'
TOC @ ± 2900' per CBL

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: ML-47393			
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:			
1. TYPE OF WELL Gas Well		7. UNIT or CA AGREEMENT NAME:			
2. NAME OF OPERATOR: DEL-RIO RESOURCES INC		8. WELL NAME and NUMBER: STATE 6-36-13-22			
3. ADDRESS OF OPERATOR: P.O. Box 459 , Vernal, UT, 84078		9. API NUMBER: 43047375220000			
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1806 FNL 1882 FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: SENW Section: 36 Township: 13.0S Range: 22.0E Meridian: S		9. FIELD and POOL or WILDCAT: SEEP RIDGE			
		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: 12/1/2008 <input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: <input type="checkbox"/> SPUD REPORT Date of Spud: <input type="checkbox"/> DRILLING REPORT Report Date:	<table style="width: 100%; border: none;"> <tr> <td style="width: 33%; vertical-align: top;"> <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 type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> WILDCAT WELL DETERMINATION </td> <td style="width: 33%; vertical-align: top;"> <input type="checkbox"/> ALTER CASING <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input 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 checked="" type="checkbox"/> SI TA STATUS EXTENSION <input type="checkbox"/> OTHER </td> <td style="width: 33%; vertical-align: top;"> <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: <input style="width: 50px;" type="text"/> </td> </tr> </table>		<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 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 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 checked="" 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: <input style="width: 50px;" type="text"/>
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12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.					
Request approval for extended SI status since November, 2008 based upon new submission to replace 03/17/2011 request that was denied 06/08/2011. Please review Attachments A and B for additional information. Well will be placed on production again within the next two months.					
		Approved by the Utah Division of Oil, Gas and Mining			
		Date: 08/16/2011 By: <u>David L. Allin</u>			
NAME (PLEASE PRINT) David L. Allin		PHONE NUMBER 970 254-3114			
SIGNATURE N/A		TITLE Vice President/Exploration Mgr			
		DATE 6/9/2011			

Please Review Attached Conditions of Approval

RECEIVED Jun. 09, 2011



The Utah Division of Oil, Gas, and Mining

- State of Utah
- Department of Natural Resources

Electronic Permitting System - Sundry Notices

Sundry Conditions of Approval Well Number 43047375220000

Approval valid through 12/31/2011 to allow for time to put well back into production.

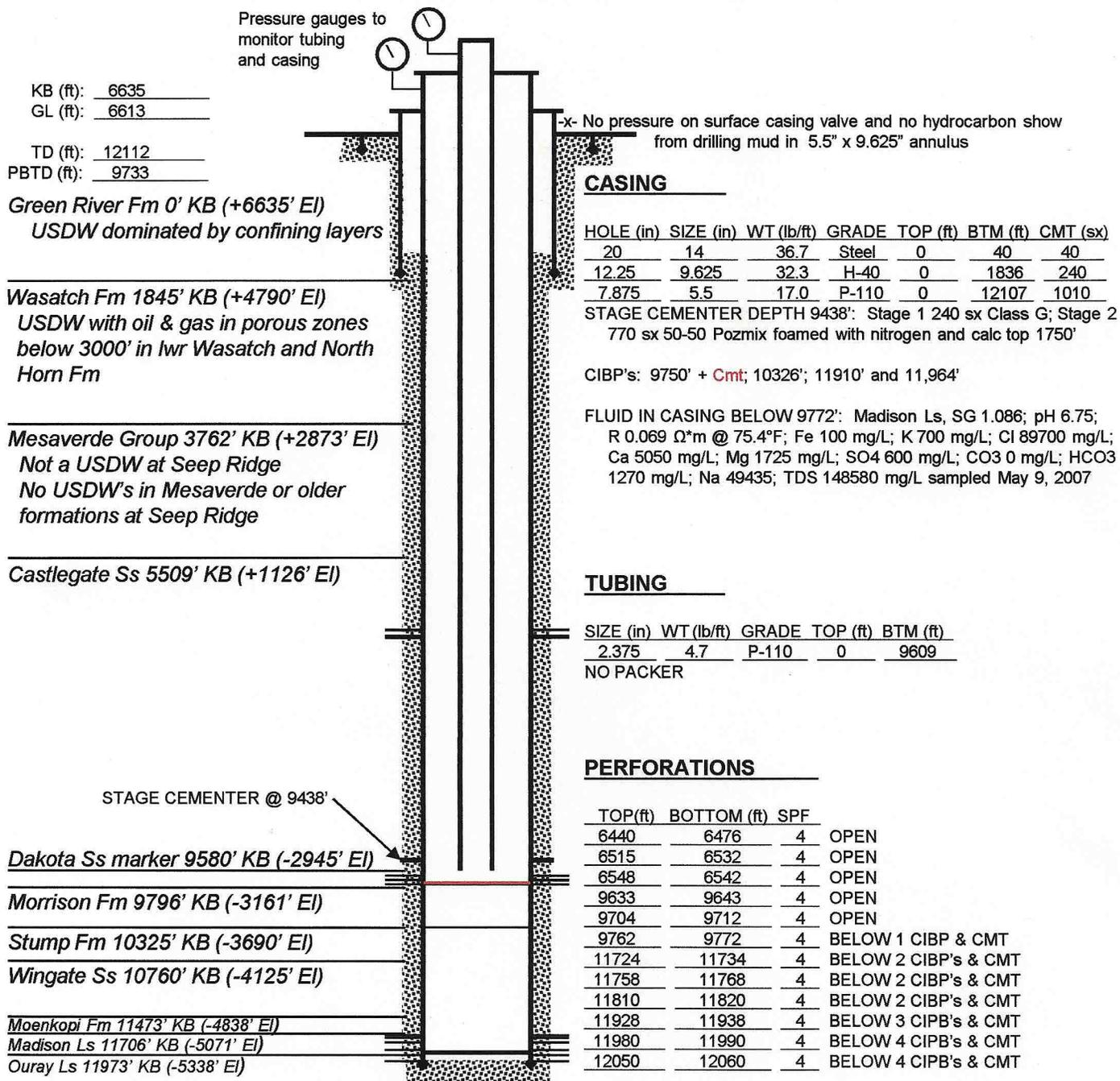
Input Data (Provided By Operator)						Output Data						Data Comparative		
Sfc Csg Depth	Sfc Csg Psi	Prod Csg Psi	Tbg Psi	Fluid Level	Depth (Csg, Perf or Plug back)	Water Column Dx	Gas Head Psi	Water Head Psi	Normal Sfc Shoe Press @ Sfc Shoe	Formation Sfc Shoe	Reservoir Pressure Total	Calc Press @ Sfc Shoe	Normal Reservoir Psi for Depth	
1836	0	1350	1950	4400	6440	2040	440	920	828	1,285	2710	1,534	2,789	
SCENARIOS														
#1	SFC CSG = 0 PSI MEANS NO COMMUNICATION, REASSURING INTEGRITY					Indicates Integrity?		Yes						
#2	If measured reservoir psi is equal to normal gradient reservoir pressure, well probably has integrity. If pressure is less, well could lack integrity explained by pressure bleeding into a shallower formation.					Indicates Integrity?		Yes						
#3	If calculated pressure is approximately equal to normal pressure at the surface shoe, then fluid could be moving into the formation.					Indicates Integrity?		Yes						
#4	If packer is in the hole, with psi on tbg and no psi on prod csg, this indicates tbg and packer integrity.					Indicates Integrity?		NA						
Packer	No					Indicates Integrity?								
Fluid Gradient Gas	0.451					Indicates Integrity?								
Fluid Gradient Gas	0.1					Indicates Integrity?								
Frac Gradient	0.7					Indicates Integrity?								

TCC @ ± 2900' per cbl

DEL-RIO RESOURCES, INC., Operating for Philco Exploration, LLC

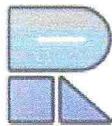
WELL: State 6-36-13-22 CNTY: UINTAH FTGS: 1806' FNL 1882 FWL
 FIELD: SEEP RIDGE STATE: UTAH Q-Q: SENW
 API #: 43-047-37522 SEC: 36
 LEASE #: ML-47393 TWP: 13S
 EPA PERMIT #: N/A RGE: 23E

WELLBORE DIAGRAM (Completion Reported December 8, 2007)



Scale:
 Vertical 1"=2000' below surface
 No horizontal or above ground scale

Attachment A to June 9, 2011 Sundry Notice



DEL-RIO RESOURCES, INC.

P.O. BOX 459, VERNAL, UT 84078

Telephone (435) 789-1703 ☼ Cell (435) 828-1703 ☼ Fax (435) 789-5703

June 9, 2011

Utah Division of Oil, Gas and Mining
P.O. Box 145801
Salt Lake City, UT 84114-5801

Re: Del-Rio Resources, Inc. State 6-36-13-22, API No. 43-047-37522, SENW 36-13S-22E, Uintah County, Utah
Attachment B to June 9, 2011 Sundry Notice for Extended SI to Comply with Rule R649-3-36

Ladies and Gentlemen:

Del-Rio Resources, Inc. ("Del-Rio") requests approval for the past and current shut-in of the above referenced well since its last production during November, 2008. The well was shut in due to the low volume delivery penalties assessed by the gas gatherer which resulted in an uneconomic operational environment for this stripper well. The shut in period was not anticipated to last 12 months much less over 26 months. It is the intention of Del-Rio to place the well on production during the summer months each year until more economic markets for the gas production are established locally. The well will be placed back on line in the next two months. New, more economic markets for gas include the produced water disposal facility proposed by Summit Operating, LLC in the adjacent Section 35 to be constructed around the Seep Ridge WIW 1 injection well and the in-situ shale oil recovery project planned in the adjacent Section 25 by Red Leaf Resources, Inc.

A wellbore diagram has been attached to the current Sundry Notice submission as Attachment A. Information previously submitted in the December 8, 2007 WCR has been incorporated in the wellbore diagram as well as additional information about the location of USDW's. The current pressure readings from the well include 0 psi on the 5.5" long string casing by 9.625" surface casing annulus which is full of drilling mud and part of the lead of the second stage foam cement slurry. The 5.5" long string casing pressure reading is 1,350 psi at the surface, and the 2.375" tubing pressure reading at the surface is 1,950 psi. No leaks are evident at the surface and no hydrocarbon shows or pressure build-up has been observed from the 5.5" long string casing by 9.625" surface casing annulus valve on the wellhead.

No MIT has been performed on the 5.5" long string casing since it was installed new during 2007 prior to perforating and testing operations. There is fluid in the tubing and tubing by 5.5" long string casing annulus. This fluid is composed of formation water from the Dakota Sandstone perforation sets. Testing of this fluid from a sample collected June 5, 2007 indicated that it contained 61,765 mg/L TDS and its SG was 1.04. This solution will produce a hydrostatic pressure gradient of 0.451 psi per foot. Swabbing and intervening pressure build-up testing of the Dakota Ss perf zone 9,633-43' during completion work indicated that the formation pressure was about 65% of normal or near 2,700 psi. Low formation pressure conditions in the pre-Mancos through Triassic section are common throughout the south flank of the Uinta Basin where it is influenced by the Uncompahgre Uplift. Ignoring the pressure gradient exerted by the gas column, the well will reach an equilibrium condition when the SG 1.04 fluid level in the tubing is 1,663' above the top Dakota Ss perforation at 9,633' or 7,970' KB depth and the surface pressure reading is 1,950 psi. The gas bubble trapped in the tubing by 5.5" long string casing annulus is shorter in height and again ignoring the effect of the gas column, the fluid level there is near 6,640' KB depth. The 5.5" long string cement sheath is competent well over the shallowest perfs in the Prairie Canyon Member of Mancos Shale at 6,440' KB depth and ties over the 9.625" surface casing shoe with foamed cement and mud. The only point in the well which could accommodate leak-off is the sub-normally pressured Dakota Ss perforations. There is no definitive evidence that the well lacks integrity and no USDW is threatened.

Faithfully submitted,

David L. Allin
Vice President/Exploration Manager

cc: Del-Rio Resources, Inc. HQ

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		FORM 9 5. LEASE DESIGNATION AND SERIAL NUMBER: ML-47393
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:
1. TYPE OF WELL Gas Well	8. WELL NAME and NUMBER: STATE 6-36-13-22	
2. NAME OF OPERATOR: DEL-RIO RESOURCES INC	9. API NUMBER: 43047375220000	
3. ADDRESS OF OPERATOR: P.O. Box 459 , Vernal, UT, 84078	PHONE NUMBER: 970 254-3114 Ext	9. FIELD and POOL or WILDCAT: SEEP RIDGE
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1806 FNL 1882 FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: SENW Section: 36 Township: 13.0S Range: 22.0E 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 type="checkbox"/> NOTICE OF INTENT Approximate date work will start:	<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 checked="" type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> WILDCAT WELL DETERMINATION	
<input checked="" type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: 8/29/2011	<input type="checkbox"/> ALTER CASING <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input 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"/> SPUD REPORT Date of Spud:	<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: <input style="width: 100px;" type="text"/>	
<input type="checkbox"/> DRILLING REPORT Report Date:		
12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc. Well was returned to production on August 29, 2011. At start tubing pressure was 2,500 psi and casing pressure was 1,900 psi.		
Accepted by the Utah Division of Oil, Gas and Mining FOR RECORD ONLY		
NAME (PLEASE PRINT) David L. Allin	PHONE NUMBER 970 254-3114	TITLE Vice President/Exploration Mgr
SIGNATURE N/A	DATE 8/31/2011	



GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

June 3, 2014

Certified Mail No. 7003 2260 0003 2358 7035

Mr. Dave Allin
Del Rio Resources
1245 Brickyard Rd STE 210
Salt Lake City, UT 84106

43 047 37522
State 6-36-13-22
13S 22E 36

Subject: Extended Shut-in and Temporary Abandoned Well Requirements for Fee or State Leases

Dear Mr. Dave Allin:

As of April 2014, Del Rio Resources has one (1) State Lease Well (see attachment A) that is currently in non-compliance with the requirements for extended shut-in or temporarily abandoned (SI/TA) status.

Wells SI/TA beyond twelve (12) consecutive months requires filing a Sundry Notice (R649-3-36-1). Wells with five (5) years non-activity or non-productivity shall be plugged, unless the Division grants approval for extended shut-in time upon a showing of good cause by the operator (649-3-36-1.3.3). For extended SI/TA consideration the operator shall provide the Utah Division of Oil, Gas & Mining with the following:

1. Reasons for SI/TA of the well (R649-3-36-1.1).
2. The length of time the well is expected to be SI/TA (R649-3-36-1.2), and
3. An explanation and supporting data if necessary, for showing the well has integrity, meaning that the casing, cement, equipment condition, static fluid level, pressure, existence or absence of Underground Sources of Drinking Water and other factors do not make the well a risk to public health and safety or the environment (R649-3-36-1.3).

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

Page 2
Del Rio Resources
June 3, 2014

Submitting the information suggested below may help show well integrity and may help qualify your well for extended SI/TA. **Note: As of July 1, 2003, wells in violation of the SI/TA rule R649-3-36 may be subject to full cost bonding (R649-3-1-4.2, 4.3).**

1. Wellbore diagram, and
2. Copy of recent casing pressure test, and
3. Current pressures on the wellbore (tubing pressure, casing pressure, and casing/casing annuli pressure) showing wellbore has integrity, and
4. Fluid level in the wellbore, and
5. An explanation of how the submitted information proves integrity.

If the required information is not received within 30 days of the date of this notice, further actions may be initiated. If you have any questions concerning this matter, please contact me at (801) 538-5281.

Sincerely,



Dustin K. Doucet
Petroleum Engineer

DKD/JP/js

cc: Compliance File
Well File
LaVonne Garrison, SITLA

N:\O&G Reviewed Docs\ChronFile\PetroleumEngineer\SITA

ATTACHMENT A

	Well Name	API	LEASE	Years Inactive
→ 1	STATE 6-36-13-22	43-047-37522	ML-47393	1 year