

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. U-5217
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator Thurston Energy Operating Comapny		7. If Unit or CA Agreement, Name and No.
3a. Address PO BOX 240 Vernal, UT 84078		8. Lease Name and Well No. Thurston 7-9-9-24
3b. Phone No. (include area code) 435-789-0968		9. API Well No. 43-047-37790
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 652144' 2056' FNL & 2061' FEL SWNE 40.651957 At proposed prod. zone same as above 4434838Y -109.214361		10. Field and Pool, or Exploratory Davis Playground 575
11. Sec., T. R. M. or Blk. and Survey or Area Sec. 9, T. 9S, R. 24E SLB&M		12. County or Parish Uintah
14. Distance in miles and direction from nearest town or post office* 38.0 miles south of Vernal, UT		13. State UT
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 2056'	16. No. of acres in lease 120	17. Spacing Unit dedicated to this well 40
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 2,000'	19. Proposed Depth 8,000	20. BLM/BIA Bond No. on file UTB-000181
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5,194' GL	22. Approximate date work will start* 05/01/2007	23. Estimated duration 30 Days

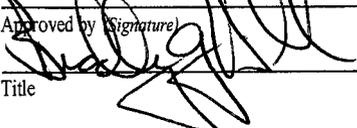
24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

- | | |
|------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the BLM. |

25. Signature 	Name (Printed/Typed) Ginger Stringham	Date 04/24/2007
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Title Agent		
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Approved by (Signature) 	Name (Printed/Typed) BRADLEY G. HILL	Date 05-03-07
----------------------------------------------------------------------------------------------------------------	------------------------------------------------	-------------------------

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

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

*(Instructions on page 2)

**Federal Approval of this
Action is Necessary**

RECEIVED

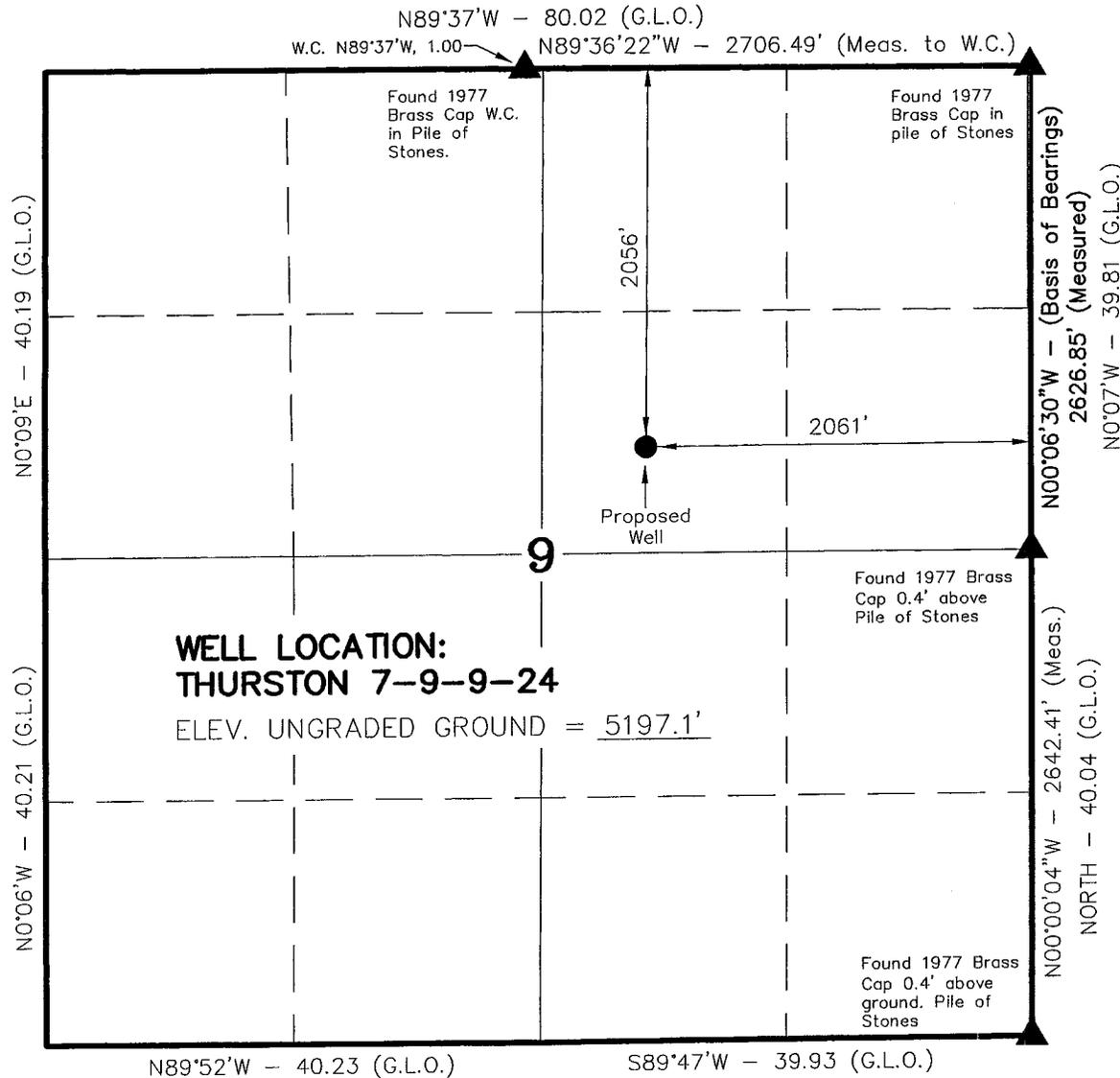
APR 25 2007

DIV. OF OIL, GAS & MINING

T9S, R24E, S.L.B.&M.

THURSTON ENERGY OPERATING COMPANY

WELL LOCATION, THURSTON 7-9-9-24,
 LOCATED AS SHOWN IN THE SW 1/4 NE
 1/4 OF SECTION 9, T9S, R24E, S.L.B.&M.
 Uintah County, Utah.



NOTES:

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



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

Kolby R. Kay
 REGISTERED LAND SURVEYOR
 REGISTRATION NO. 362251
 STATE OF UTAH

▲ = SECTION CORNERS LOCATED
 BASIS OF ELEVATION IS BENCH MARK 46 EAM LOCATED IN THE SW 1/4 OF SECTION 23, T9S, R24E, S.L.B.&M. THE ELEVATION OF THIS BENCH MARK IS SHOWN ON THE BONANZA 7.5 MIN. QUADRANGLE AS BEING 5550'.

THURSTON 7-9-9-24
 (Proposed Well Head)
 NAD 83 Autonomous
 LATITUDE = $40^{\circ} 03' 07.3''$
 LONGITUDE = $109^{\circ} 13' 01.2''$

TIMBERLINE LAND SURVEYING, INC.

38 WEST 100 NORTH. - VERNAL, UTAH 84078
 (435) 789-1365

DATE SURVEYED: 10-16-05	SURVEYED BY: K.R.K.	SHEET 2 OF 10
DATE DRAWN: 10-29-05	DRAWN BY: J.R.S.	
SCALE: 1" = 1000'	Date Last Revised:	

Ten Point Plan

Thurston Energy Operating Company

Thurston 7-9-9-24

Surface Location SW $\frac{1}{4}$ NE $\frac{1}{4}$

Section 9, T.9S. R.24E.

1. Surface Formation

Green River

2. Estimated Formation Tops and Datum:

<u>Formation</u>		<u>Depth</u>	<u>Datum</u>
Green River		Surface	+5,194' G.L.
Birds Nest	Water	1,600	+3,594'
Wasatch	Oil/Gas	4,034	+1,160'
Mesaverda	Oil/Gas	5,734	-540'
TD		8,000	-2,806'

A 12 1/4" hole will be drilled to 2,000' +/- . The hole depth will depend on the depth that the Birds Nest Zone is encountered. The hole will be drilled 400' beyond the top of the Birds Nest. All water and oil and gas bearing zones shall be protected by casing and cement program.

3. Producing Formation Depth:

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

4. Proposed Casing:

<u>Hole Size</u>	<u>Casing Size</u>	<u>Weight/FT</u>	<u>Grade</u>	<u>Coupling & Tread</u>	<u>Casing Depth</u>	<u>New/Used</u>
12 1/4"	9 5/8"	36#	J-55	STC	2000	NEW
7 7/8"	5 1/2"	17#	N-80	LTC	T.D.	NEW

Cement Program:

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

Note: Cement amounts shown with 50% excess.

<u>Casing Depth</u>	<u>Casing Size</u>	<u>Cement Type</u>	<u>Cement Amounts</u>	<u>Cement Yield</u>	<u>Water Mix</u>	<u>Cement Weight</u>
Lead: 0-1,600'	9 5/8	Premium "5" 16% Gel 10 #/sk Gilsonite 3% Salt 3 #/sk GB3 0.25 #/sk Flocele	197 sks. +/-	3.82ft ³ /sk	23	11.0 ppg
Tail: 1,600-2,000'	9 5/8	Class "G" 2% Calcium Chloride 0.25 #/sk Flocele	159 sks. +/-	1.18ft ³ /sk	5	15.6 ppg
Top Job:	9 5/8	Class "G" 4% Calcium Chloride 0.25 #/sk Flocele	10-200 sks. +/-	1.15ft ³ /sk	5	15.8 ppg

Production casing will be cemented to 1,800' or higher as follows:

Note: Tail should be 200' above the Wasatch.

Note: Cement amounts shown with 25% excess.

<u>Casing Depth</u>	<u>Casing Size</u>	<u>Cement Type</u>	<u>Cement Amounts</u>	<u>Cement Yield</u>	<u>Water Mix</u>	<u>Cement Weight</u>
Lead: 1,800'-3,834'	5 ½	Premium Lite II 0.05 #/sk Static Free 0.25 #/sk Cello Flake 5 #/sk KOL Seal 0.005 gps FP-6L 8% Gel 0.5% R-3 0.5% FL-52	139 sks +/-	3.38ft ³ /sk	20.52	11.0 ppg
Tail: 3,834-8,000'	5 ½	Class "G" 0.05% Static Free 10% NACL 0.1% R-3 2% Gel	689 sks +/-	1.31ft ³ /sk	5.91	14.3 ppg

5. BOP and Pressure Containment Data:

A 3000-psi WP BOP system as described in the BOP and Pressure Containment Data (attached) will be installed and maintained from the 9 5/8" surface casing. An upper kelly cock to the required pressure rating with a handle available shall be employed.

The BOP system including the casing will be pressure tested to minimum standards set forth in "On Shore Order #2". The BOP will be mechanically checked daily during the drilling operation.

6. Mud Program:

<u>Interval</u>	<u>Mud weight lbs./gal.</u>	<u>Viscosity Sec./OT.</u>	<u>Fluid Loss MI/30 Mins.</u>	<u>Mud Type</u>
0-2000	Air/Clear Water	-----	No Control	Water/Gel
2000-T.D.	8.4-9.4	30-45	8-10	LSND

water based mud system

Note: Mud weights may exceed 9.4 due to solids increasing at or near T.D. Increased weights are not required to control formation pressure. Operator will have on location sufficient mud and weight material to increase mud weight to 9.4 at any time while drilling the subject well. Visual mud monitoring incorporating pit level indicators shall be used.

7. Testing, Coring, Sampling and Logging:

- a) DST: None are anticipated.
- b) Coring: There is the possibility of sidewall coring.
- c) Mud Sampling: Every 10' from 2000' to T.D.
- d) Logging:

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

8. Abnormalities (including sour gas):

Based on off set wells anticipated bottom hole pressure will be less than 3000 psi. No abnormal pressures, temperatures or other hazards are anticipated. Other wells drilled in the area have not encountered over pressured zones or H2S.

9. Other facets of the proposed operation:

Off Set Well information:

Abandon Location:

Little Bonanza Fed #1-3
NGC #43-8
State #14-16

Abandon Wells:

Little Bonanza #1-4
Dirty Devil #U 1-9
Bonanza #2B-16

Shut in Well:

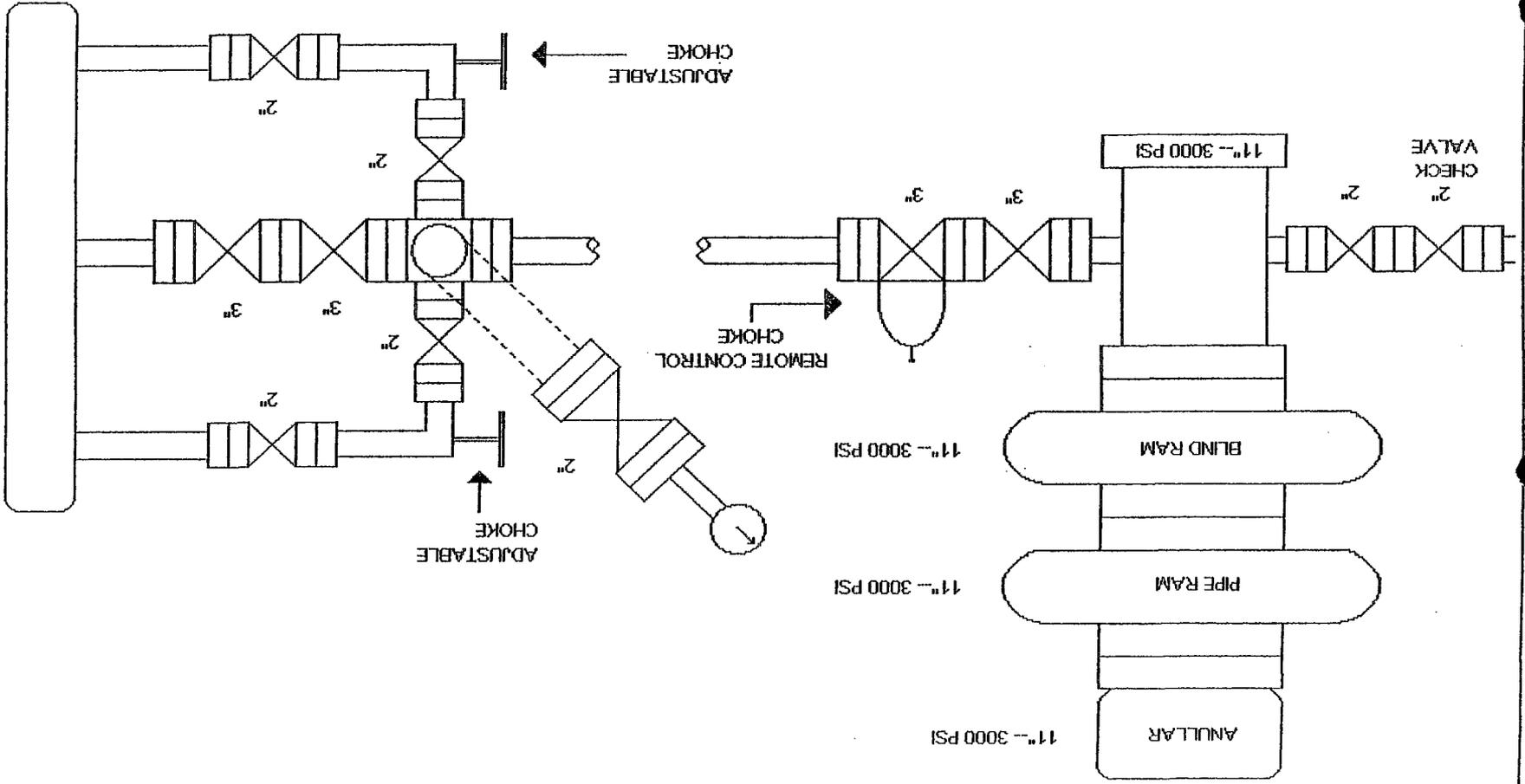
Bonanza #10D-8

Producing Wells:

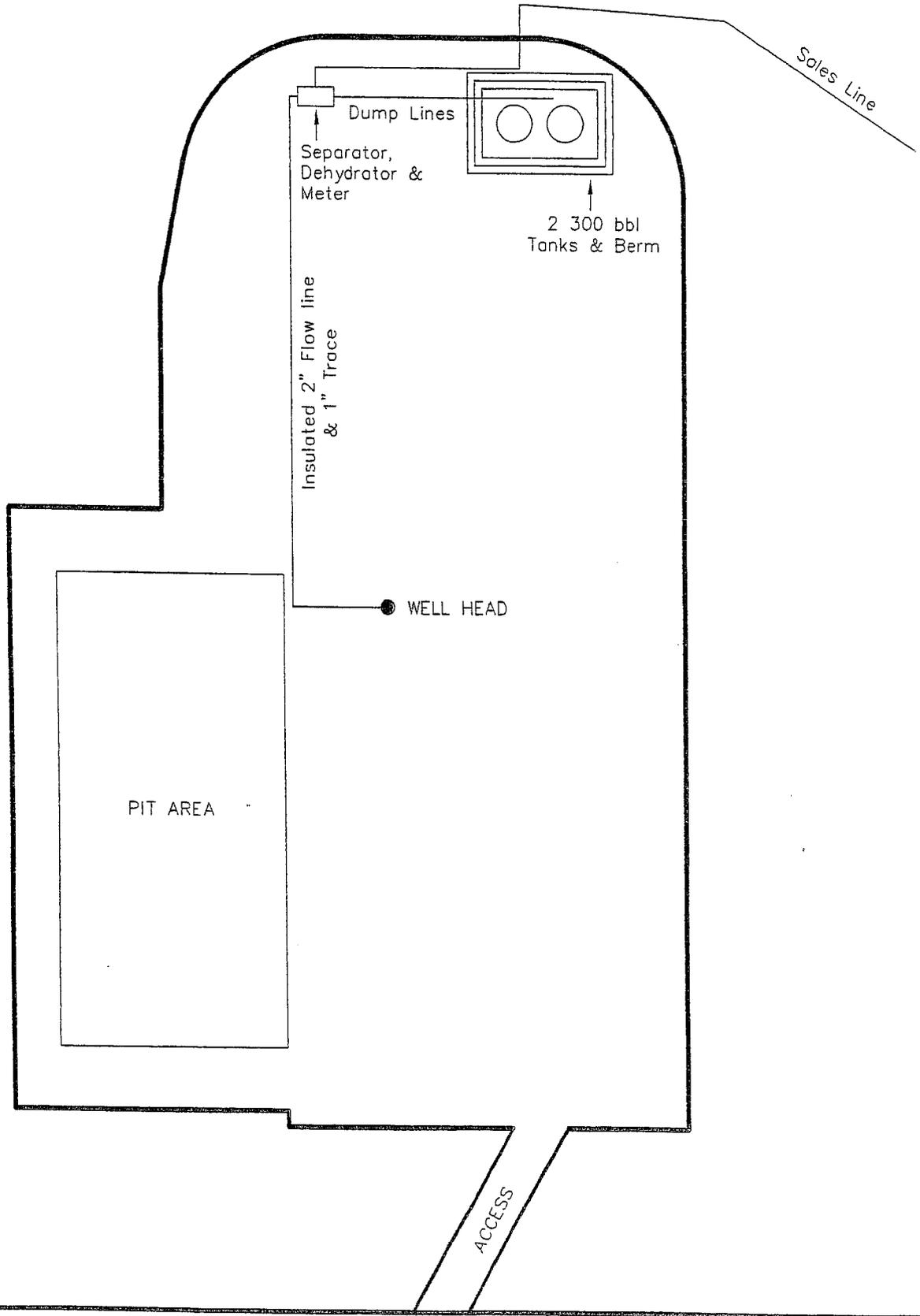
Devils Playground #41-9
Bonanza #4D-16

10. Drilling Schedule:

The anticipated starting date is 5/1/07. Duration of operations is expected to be 30 days.



TYPICAL PRODUCTION LAYOUT



THURSTON ENERGY OPERATING COMPANY

13 POINT SURFACE USE PLAN

FOR WELL

THURSTON 7-9-9-24

LOCATED IN SW $\frac{1}{4}$ NE $\frac{1}{4}$

SECTION 9, T.9S, R24E, S.L.B.&M.

UINTAH COUNTY, UTAH

LEASE NUMBER: U-5217

SURFACE OWNERSHIP: FEDERAL

1. Existing Roads:

Thurston Energy Operating CO

Thurston #7-9-9-24

Section 9, T9S, R24E

Starting in Vernal, Utah:

Proceed in an easterly, then southerly direction from Vernal, Utah along US Highway 40 approximately 3.3 miles to the junction of State Highway 45; exit right and proceed in a southerly direction along State Highway 45 approximately 33.0 miles to the junction of a service road. Exit right and proceed in a northwesterly direction along the service road approximately 1.2 miles to the proposed access road. Follow road flags in a southwesterly direction approximately 2,425' to the proposed location.

Total distance from Vernal, Utah to the proposed well location is approximately 38.0 miles.

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

2. Planned access road

The proposed access road will be approximately 2,425' +/- of new construction on lease. The road will be graded once per year minimum and maintained.

- A) Approximate length 2425 ft
- B) Right-of-Way width 30 ft
- C) Running surface 18 ft
- D) Surface material Native soil
- E) Maximum grade 5%
- F) Fence crossing None
- G) Culvert 2
60" & 48"
- H) Turnouts None
- I) Major cuts and fills None
- J) Road Flagged Yes
- K) Access road surface ownership Federal
- L) All new construction on lease Yes
- M) Pipe line crossing 3
 - 1- UTU-742527
Triage Energy Corp.
 - 2- SL-067001
Chevron Pipeline
 - 3- There is a plastic line in the area adjacent to the location where the new access road starts. It will be protected with a half culvert.
- N) Power-line crossing 1
UTU-44447
Moon Lake Electric Association
435-722-2448

Please see the attached location plat for additional details.

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

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

3. Location of existing wells

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

- A) **Producing well**
Bonanza 4D-16
Devils Playground 41-9
- B) **Water well** **None**
- C) **Abandoned well**
Bonanza 2B-16
Dirty Devil U 1-9
Little Bonanza 1-4
- D) **Temp. abandoned well** **None**
- E) **Disposal well** **None**
- F) **Drilling /Permitted well**
Bonanza 16-8
RWS 3MU9-9-24
- G) **Shut in wells**
Bonanza 10D-8
- H) **Injection well** **None**
- I) **Monitoring or observation well**
None

Please see the attached map for additional details.

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

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

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

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

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

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

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

Approximately 11,695' of 3" steel surface pipeline would be constructed on Federal and Private Lands. (Due to bedrock sandstone, shallow soils and a tie-in with a surface gathering system the line will not be buried.) The pipeline will tie into the existing well location 31-15A in Sec 15, T9S, R24E. The pipeline will be strung and boomed to the southeast of the location and parallel to the access roads when they are present.

An off lease Right-of-Way will be required for approximately 8,700'.

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

The gas meter run will be located within 500' of the wellhead. The gas

line will be buried or anchored down from the wellhead to the meter. Meter runs will be housed and/or fenced.

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

5. Location and type of water supply

Water for drilling and cementing will come from a municipal source at 355 S 1000 E in Vernal, UT. (Dalbo/A-1 Tank)

6. Source of construction materials

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

7. Methods for handling waste disposal

A) Pit construction and liners:

The reserve pit will be approximately **12 ft.** deep and most of the depth shall be below the surface of the existing ground. Please see the attached plat for details.

The reserve pit will be lined.

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

B) Produced fluids:

Produced water will be confined to the reserve pit or, if deemed necessary, a storage tank for a period not to exceed 90 days after initial production. During the 90-day period an application for approval for permanent disposal method and location will be submitted to the authorized officer.

C) Garbage:

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

D) Sewage:

A portable chemical toilet will be supplied for human waste.

E) Site clean-up:

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

8. Ancillary facilities

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

9. Well-site layout

Location dimensions are as follows:

- A) Pad length 345 ft
- B) Pad width 260 ft
- C) Pit depth 12 ft
- D) Pit length 150 ft
- E) Pit width 75 ft
- F) Max cut 17.6 ft
- G) Max fill 6.1 ft
- H) Total cut yds. 6,470 cu yds
- I) Pit location North end
- J) Top soil location
 East & West ends
- K) Access road location
 West end
- L) Flare Pit corner C

Please see the attached location diagram for additional details.

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

- A) Thirty nine inch net wire shall

be used with at least one strand of wire on top of the net wire. Barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence.

- B) The net wire shall be no more than 2 inches above the ground. The barbed wire shall be 3 inches above the net wire. Total height of the fence shall be at least 42 inches.

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

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

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

10. Plans for restoration of the surface

Prior to construction of the location, the top 6 inches of soil material will be stripped off the location and the pit area. The topsoil removed and piled will amount to approximately 1,500 cubic yards of material. Topsoil will be stockpiled in one distinct pile. Placement of the topsoil is noted on the attached location plat. The topsoil pile from the location will be seeded as soon as the soil is stock piled with the seed mix listed. **The topsoil will be**

used in the interim reclamation.

When all drilling and completion activities have been completed and the pit back-filled the topsoil from the pit area will be spread on the pit area. The pit area will be seeded when the soil has been spread. **The unused portion of the location (the area outside the dead men) will be reclaimed and re-contoured.**

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

Changes to the drainage during the construction activities shall be restored to its original line of flow or as near as possible when the pit is back-filled

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

The reserve pit will be reclaimed within 90 days of well completion. If the reserve pit has not dried sufficiently to allow back filling, an extension on the time requirement for back filling the pit will be requested. Once reclamation activities have begun, they shall be completed within 30 days.

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

and water bars will be used to divert the run off as needed.

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

A) Seeding dates:

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

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

B) Interim Seed Mix:

- 6#/acre Needle & Thread Grass**
- 6#/acre Crested Wheat Grass**

11. Surface ownership:

Access road	Federal
Location	Federal
Pipe line	Federal & Fee

12. Other information:

A) Vegetation

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

B) Dwellings:

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

C) Archeology:

The location has been surveyed. A copy of that survey will be forwarded to your office.

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

D) Water:

The nearest water is the White River located approximately 7 miles to the South.

E) Chemicals:

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

F) Notification:

- a) Location Construction
At least forty eight (48) hours prior to construction of location and access roads.
- b) Location completion

Prior to moving on the drilling rig.

- c) Spud notice
At least twenty-four (24) hours prior to spudding the well.
- d) Casing string and cementing
At least twenty-four (24) hours prior to running casing and cementing all casing strings.
- e) BOP and related equipment tests
At least twenty-four (24) hours prior to initial pressure tests.
- f) First production notice
Within five (5) business days after the new well begins, or production resumes after well has been off production for more than 90 days.

G) Flare pit:

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

13. Lessees or Operator's representative and certification

A) Representative

Ginger Stringham
Paradigm Consulting
Vernal, UT 84078

Office 435-789-4162
Fax 435-789-8188
Cellular 435-790-4163

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

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

B) Certification:

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

Self Certification Statement

The following self-certification statement is provided per Federal requirements dated June 15, 1988.

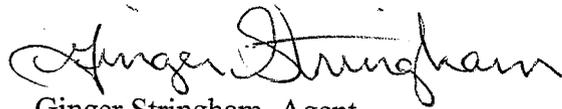
Please be advised that Thurston Energy Operating Company is considered to be the operator of the following well:

Thurston 7-9-9-24
Section 9, T. 9S, R. 24E
SW ¼ of the NE ¼
Lease U-5217
Uintah County, Utah

Thurston Energy Operating Company is responsible under the terms and conditions of the lease for the operations conducted upon the lease lands.

Bond UTB-000181 provides state-wide bond coverage on all Federal Lands.

Date 4/24/07


Ginger Stringham, Agent
Paradigm Consulting

Onsite Dates: 01/05/06

Statement of use of Hazardous Materials

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

If you require additional information please contact:

Paradigm Consulting, INC
Ginger Stringham, Agent for
Thurston Energy Operating Company
PO BOX 790203
Vernal, UT 84079

435-789-4162 Office
435-789-8188 Fax

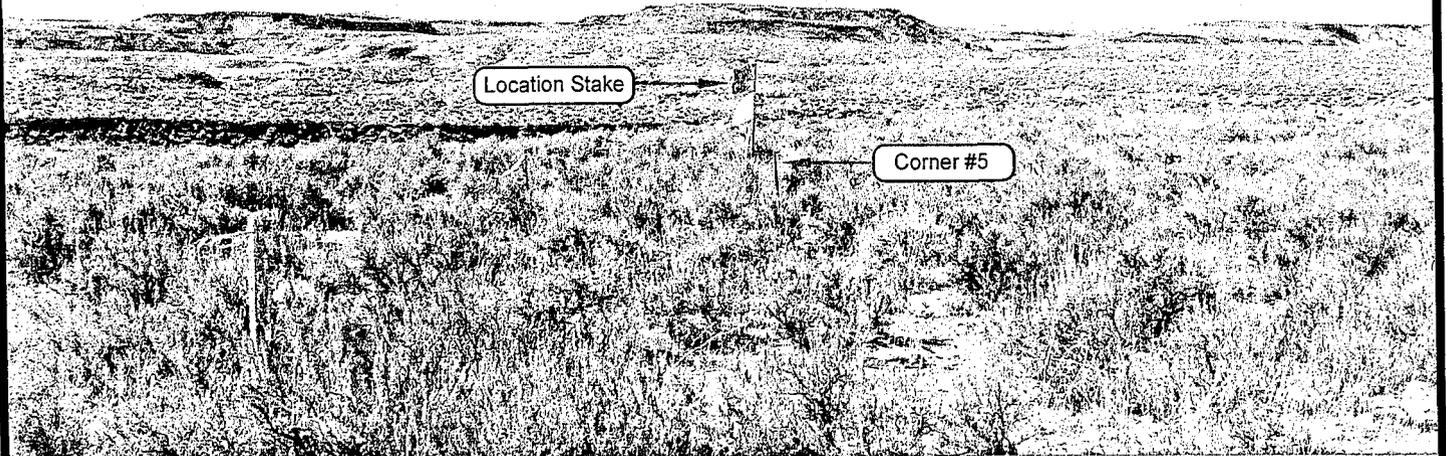


PHOTO VIEW: FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: SOUTHWESTERLY

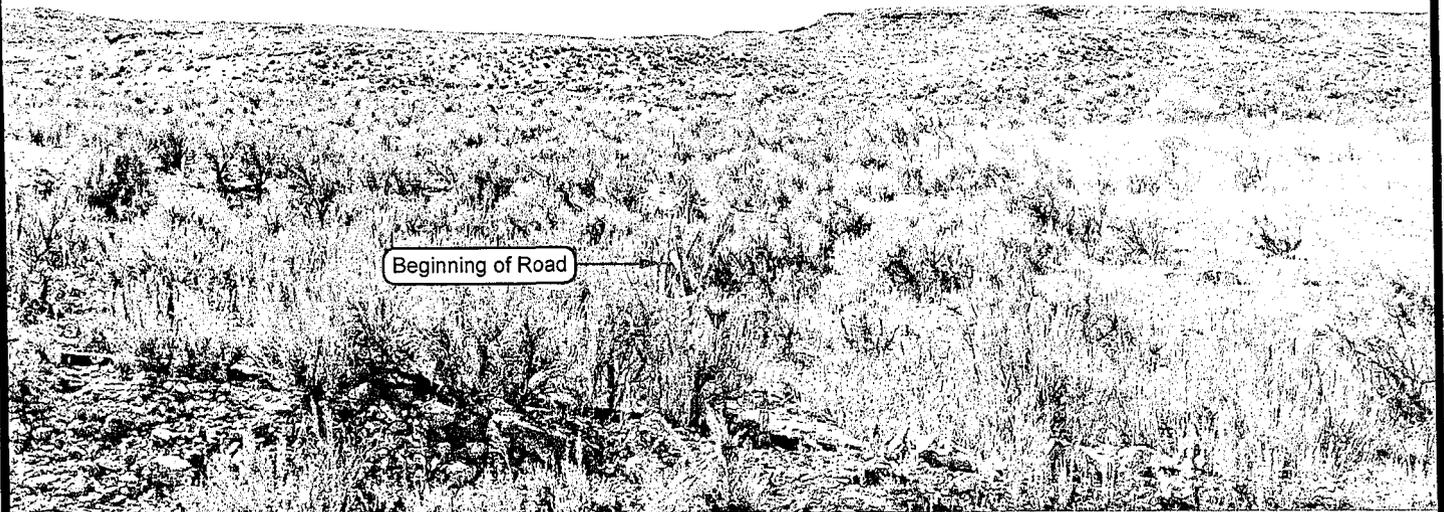


PHOTO VIEW: FROM BEGINNING OF PROPOSED ROAD

CAMERA ANGLE: SOUTHWESTERLY

THURSTON ENERGY

THURSTON 7-9-9-24
SECTION 9, T9S, R24E, S.L.B.&M.
2056' FNL & 2061' FEL

LOCATION PHOTOS

TAKEN BY: K.R.K.

DRAWN BY: B.J.Z.

DATE TAKEN: 10-16-05

DATE DRAWN: 11-03-05

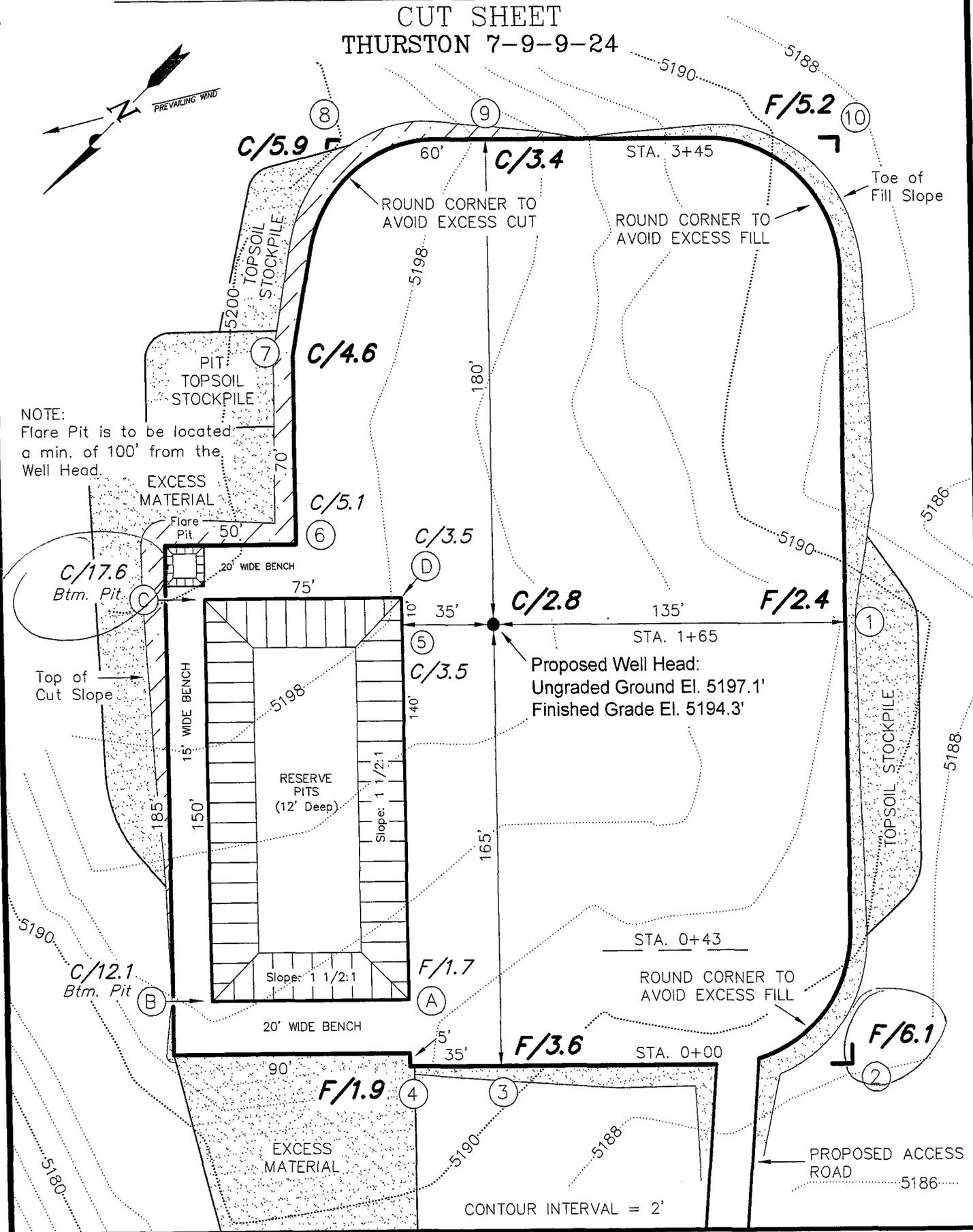
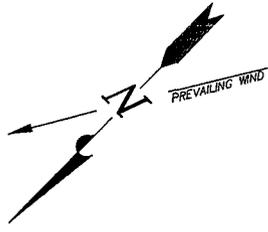
REVISED:

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

SHEET
1
 OF 10

THURSTON ENERGY OPERATING COMPANY

CUT SHEET THURSTON 7-9-9-24

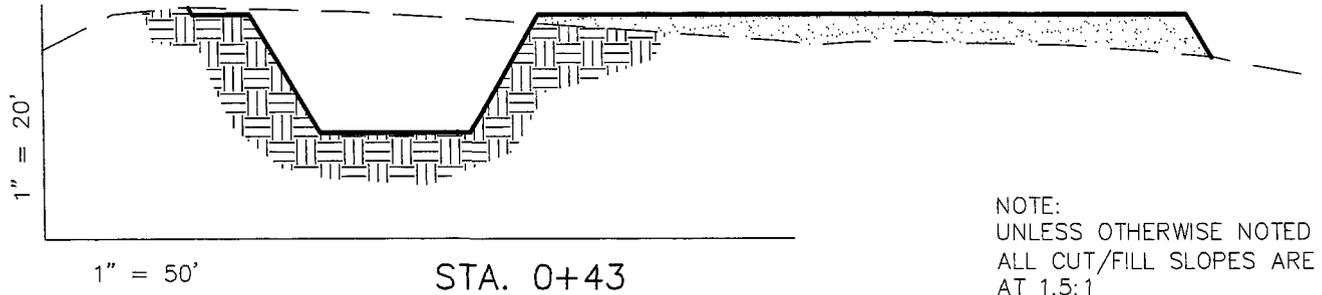
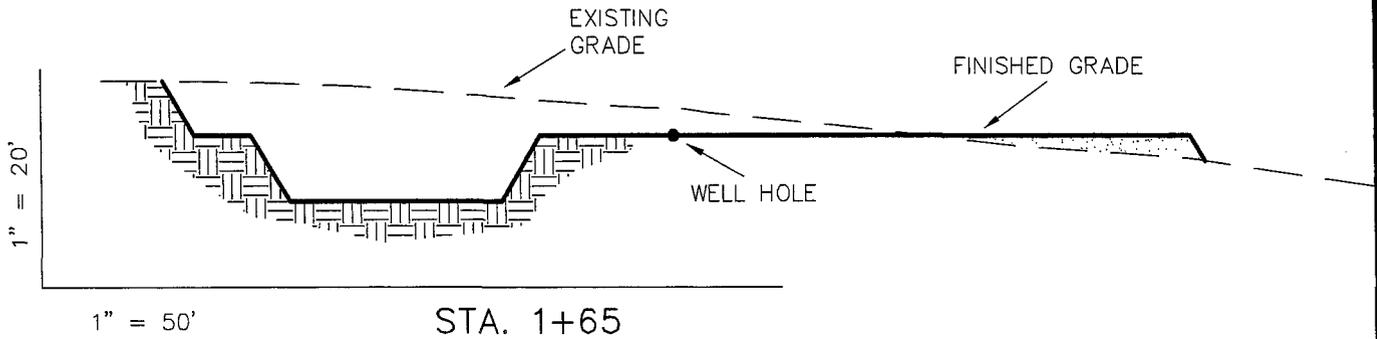
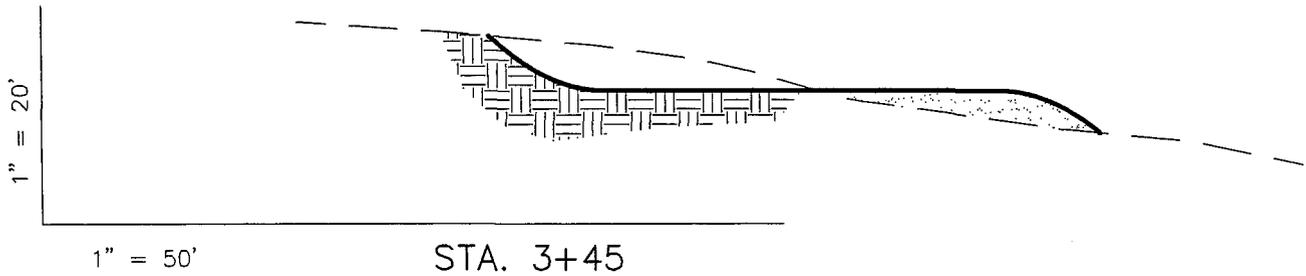


NOTE:
Flare Pit is to be located
a min. of 100' from the
Well Head.

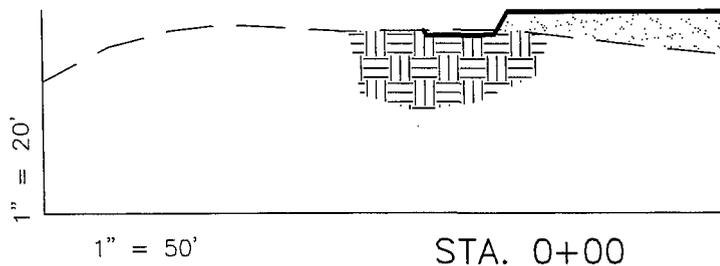
Section 9, T9S, R24E, S.L.B.&M.		Qtr/Qtr Location: SW NE	Footage Location: 2056' FNL & 2061' FEL
Date Surveyed: 10-16-05	Date Drawn: 11-3-05	Date Last Revision:	Timberline (435) 789-1365 Land Surveying, Inc. 38 WEST 100 NORTH VERNAL, UTAH 84078
Surveyed By: K.R.K.	Drawn By: J.R.S.	Scale: 1" = 50'	

THURSTON ENERGY OPERATING COMPANY

CROSS SECTIONS THURSTON 7-9-9-24



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



Pit overburden is included in pad cut.

ESTIMATED EARTHWORK QUANTITIES
(No shrink or swell adjustments have been used)
(Expressed in Cubic Yards)

ITEM	CUT	FILL	6" TOPSOIL	EXCESS
PAD	3,130	4,800	Topsoil is not included in Pad Cut	-1,670
PIT	3,340	0		3,340
TOTALS	6,470	4,800	1,500	1,670

Excess Material after Pit Rehabilitation = 0 Cu. Yds.

REFERENCE POINTS

185' SOUTHWESTERLY = 5189.0'
229' SOUTHWESTERLY = 5184.0'
230' SOUTHEASTERLY = 5190.3'
280' SOUTHEASTERLY = 5187.3'

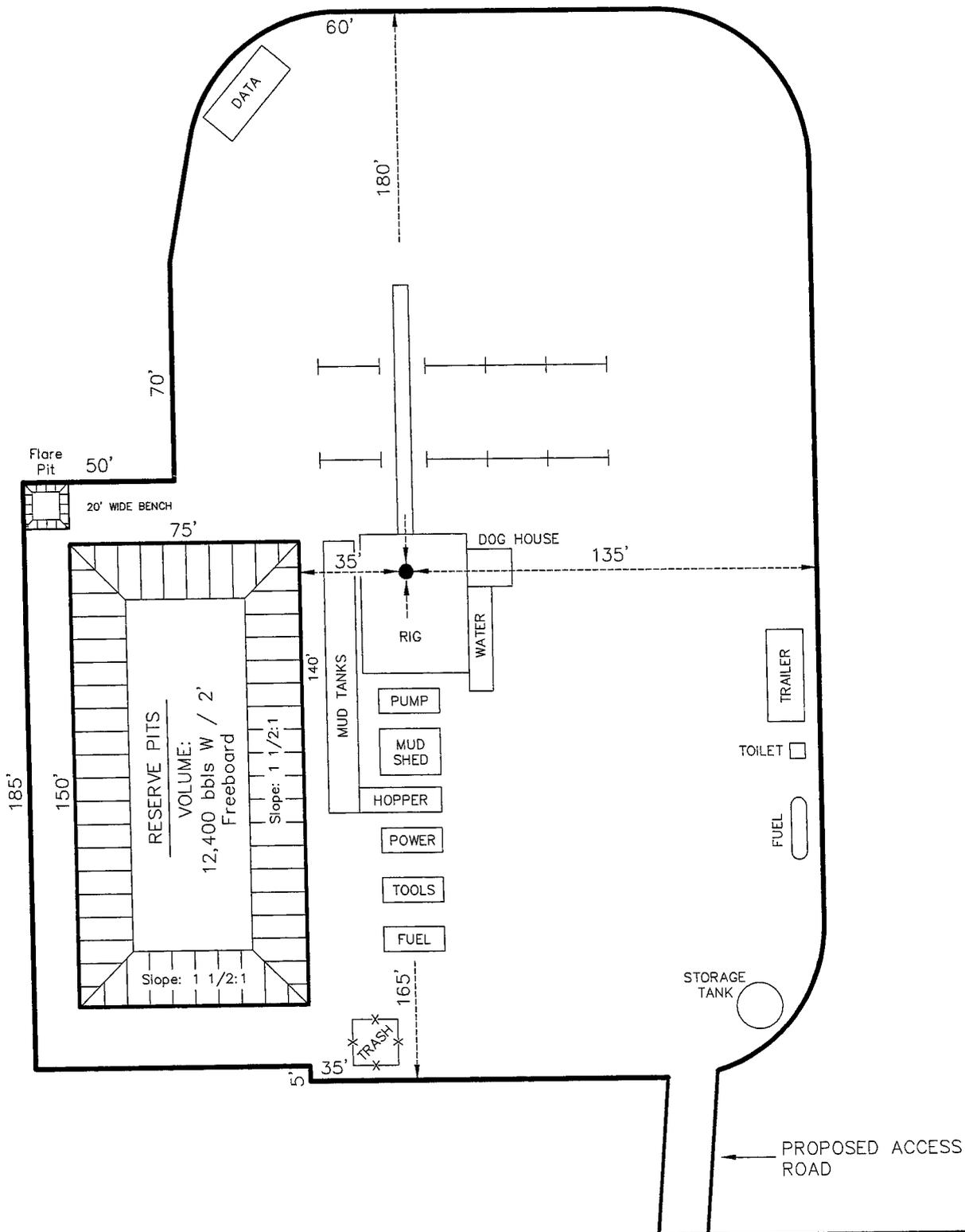
Section 9, T9S, R24E, S.L.B.&M.		Qtr/Qtr Location: SW NE	Footage Location: 2056' FNL & 2061' FEL
Date Surveyed: 10-16-05	Date Drawn: 11-3-05	Date Last Revision:	Timberline (435) 789-1365 <i>Land Surveying, Inc.</i> 38 WEST 100 NORTH VERNAL, UTAH 84078
Surveyed By: K.R.K.	Drawn By: J.R.S.	Scale: 1" = 50'	

SHEET
4
OF 10

THURSTON ENERGY OPERATING COMPANY

TYPICAL RIG LAYOUT

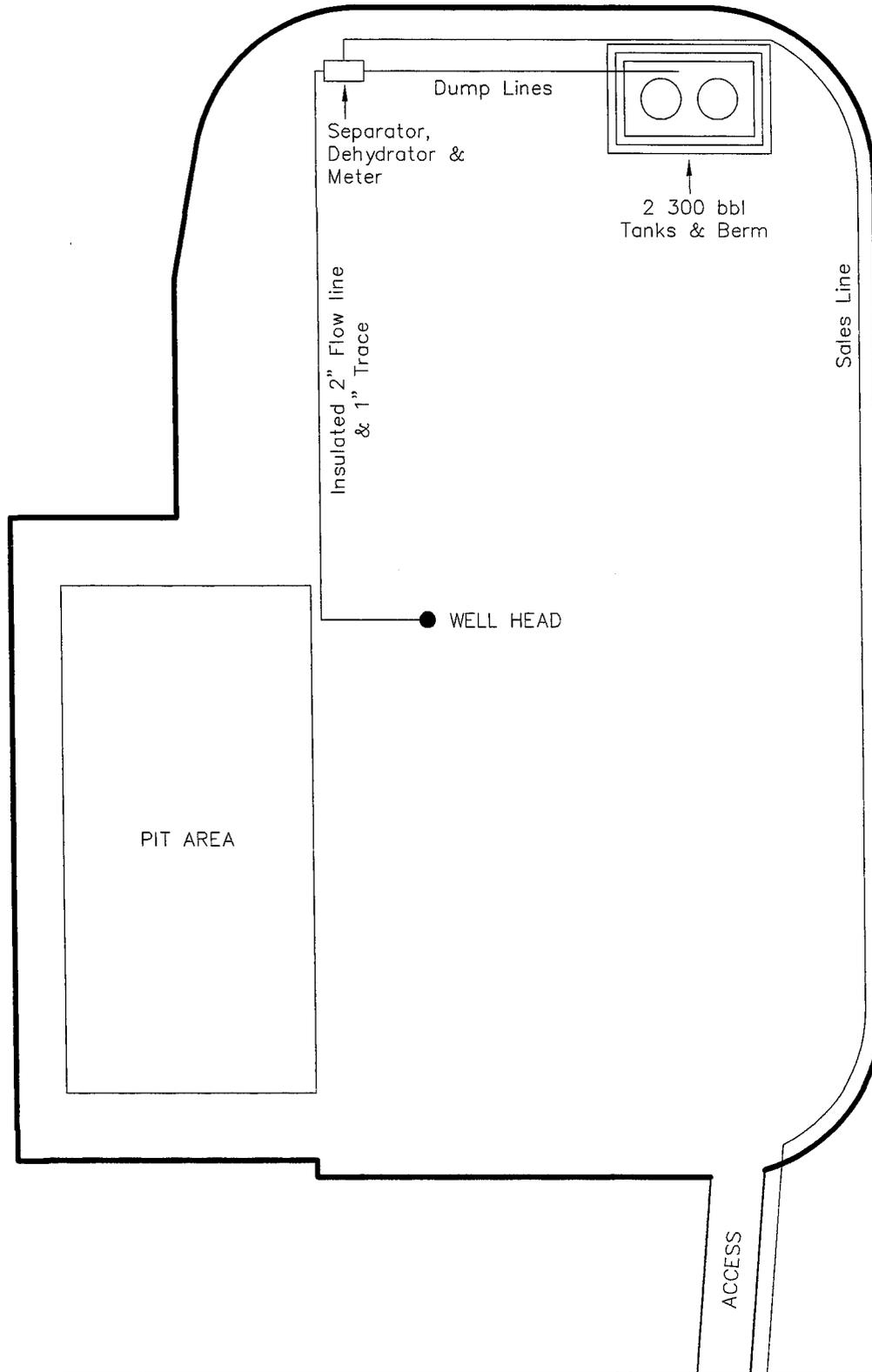
THURSTON 7-9-9-24



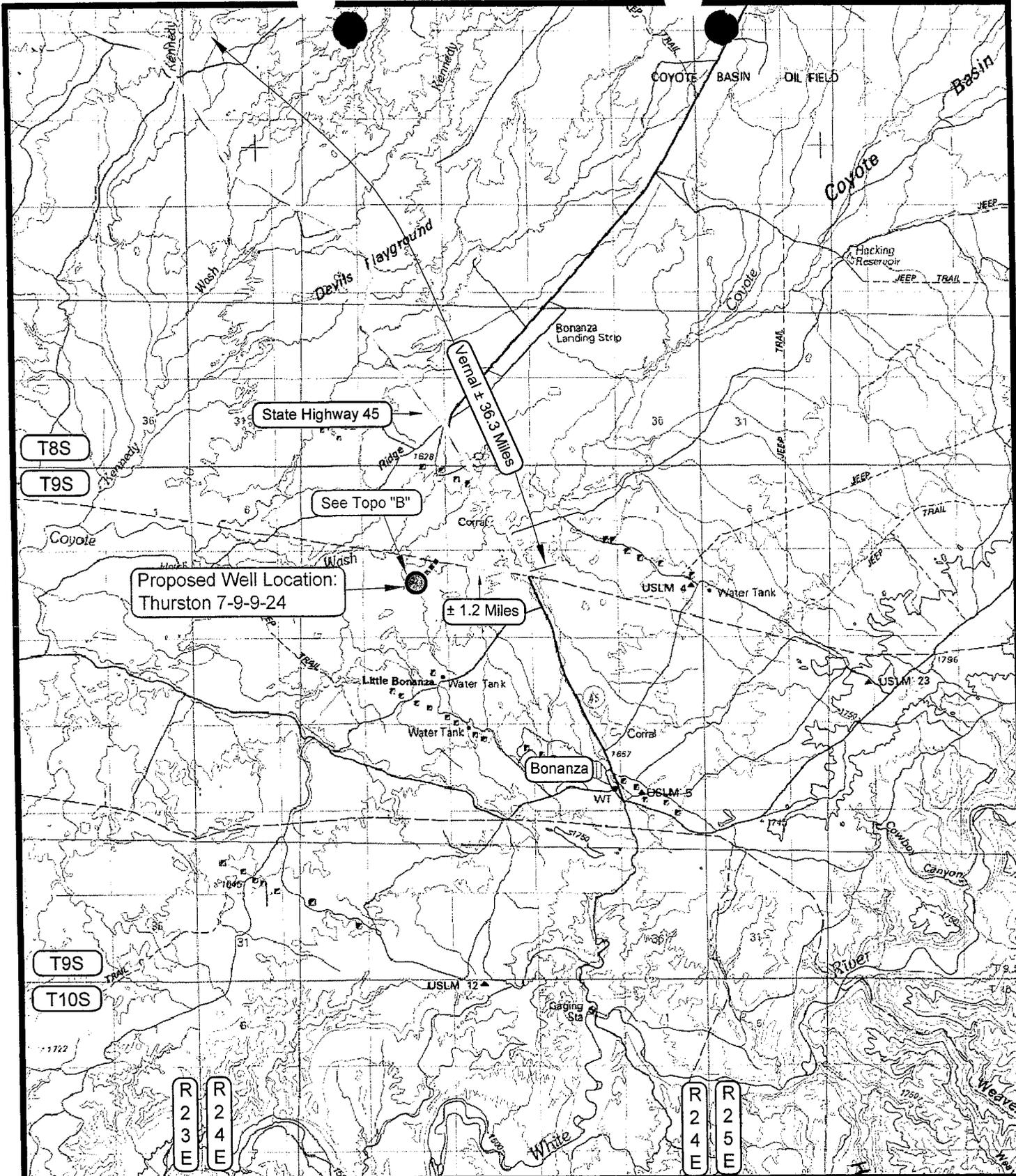
Section 9, T9S, R24E, S.L.B.&M.		Qtr/Qtr Location: SW NE	Footage Location: 2056' FNL & 2061' FEL
Date Surveyed: 10-16-05	Date Drawn: 11-3-05	Date Last Revision:	Timberline (435) 789-1365 Land Surveying, Inc. 38 WEST 100 NORTH VERNAL, UTAH 84078
Surveyed By: K.R.K.	Drawn By: J.R.S.	Scale: 1" = 50'	
			SHEET 5 OF 10

THURSTON ENERGY OPERATING COMPANY

TYPICAL PRODUCTION LAYOUT THURSTON 7-9-9-24



Section 9, T9S, R24E, S.L.B.&M.		Qtr/Qtr Location: SW NE	Footage Location: 2056' FNL & 2061' FEL
Date Surveyed: 10-16-05	Date Drawn: 11-3-05	Date Last Revision:	<i>Timberline</i> (435) 789-1365 <i>Land Surveying, Inc.</i> 38 WEST 100 NORTH VERNAL, UTAH 84078
Surveyed By: K.R.K.	Drawn By: J.R.S.	Scale: 1" = 50'	
			SHEET 6 OF 10



LEGEND

- = PROPOSED WELL LOCATION
- = EXISTING ROAD
- = EXISTING ROAD (TO BE IMPROVED)
- = PROPOSED ACCESS ROAD
- = COUNTY ROAD CLASS & NUMBER

TOPOGRAPHIC MAP "A"

DATE SURVEYED: 10-16-05
 DATE DRAWN: 11-02-05
 REVISED: 11-04-05 B.J.Z.

SCALE: 1:100,000

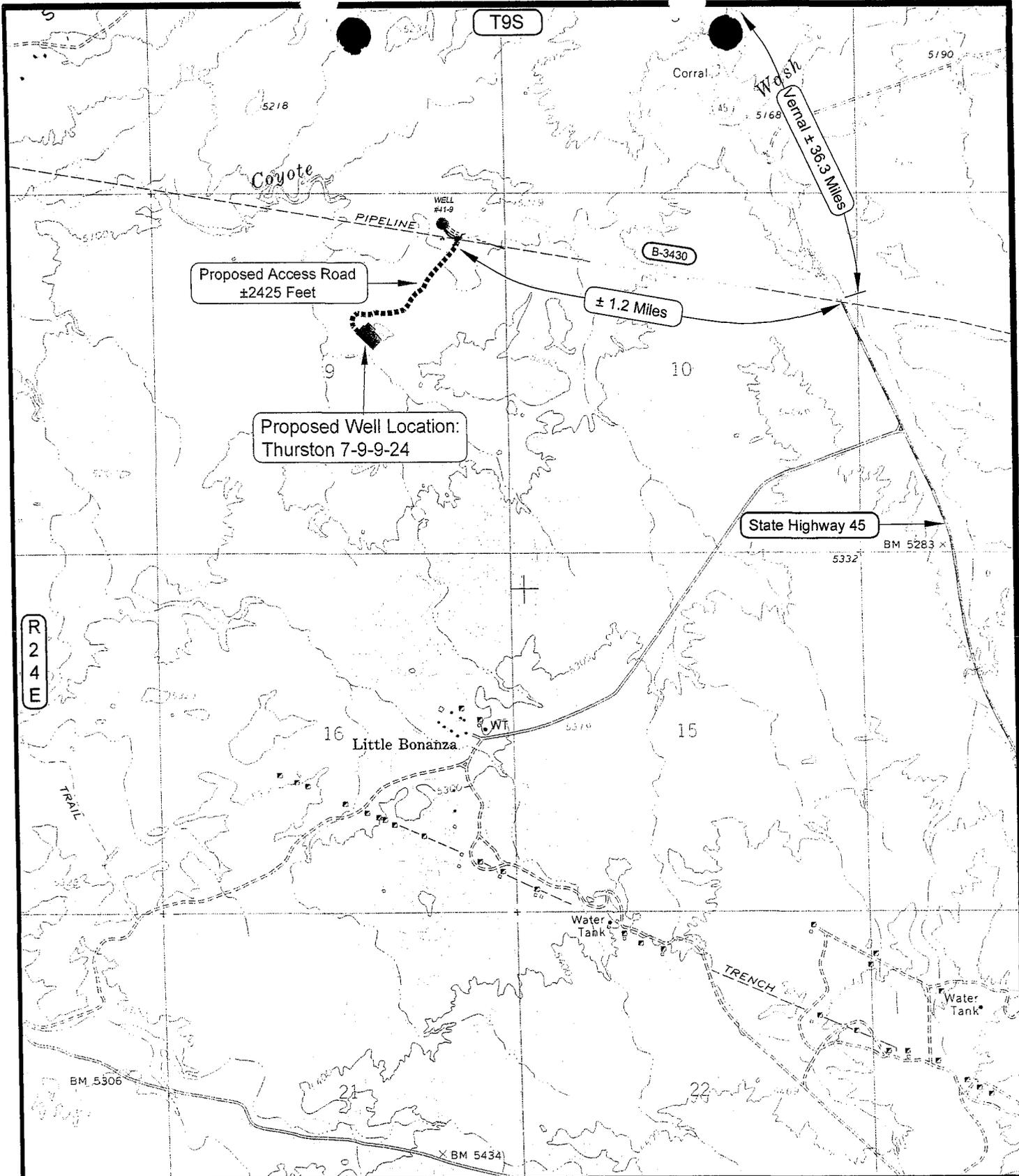
DRAWN BY: B.J.Z.

THURSTON ENERGY OPERATING COMPANY

Thurston 7-9-9-24
SECTION 9, T9S, R24E, S.L.B.&M.
2056' FNL & 2061' FEL

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

SHEET
7
OF 10



LEGEND

- PROPOSED ACCESS ROAD
- = SUBJECT WELL
- = SHARED ACCESS
- = EXISTING ROAD
- = EXISTING ROAD (TO BE IMPROVED)
- (B-5460) = COUNTY ROAD CLASS & NUMBER
- = LEASE LINE AND / OR PROPERTY LINE

TOPOGRAPHIC MAP "B"

SCALE: 1" = 2000'

DRAWN BY: BJ.Z.

DATE SURVEYED: 10-16-05

DATE DRAWN: 11-02-05

REVISED:

THURSTON ENERGY OPERATING COMPANY

Thurston 7-9-9-24
SECTION 9, T9S, R24E, S.L.B.&M.
2056' FNL & 2061' FEL

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

SHEET
8
OF 10

T9S

SAND

RIDG

BM 5246

Corral

Wash

Little Bonanza 1-4

Little Bonanza Fed 1-3

Coyote

PIPELINE

Devils Playground 41-9

Federal 11-9

RWS 3MU-9-9-24

Proposed Well Location:
Thurston 7-9-9-24

NGC 43-8

Bonanza 10D-8

Bonanza 16-8

Dirty Devil U 1-9

Bonanza 2B-16

State 14-16

Bonanza 4D-16

Little Bonanza

WT

TRAIL

Water

R 24 E

LEGEND

- ∅ = DISPOSAL WELL
- = PRODUCING WELL
- = SHUT IN WELL
- = PROPOSED WELL
- ∅ = WATER WELL
- = ABANDONED WELL
- = TEMPORARILY ABANDONED WELL
- ⊕ = ABANDONED LOCATION

THURSTON ENERGY OPERATING COMPANY

Thurston 7-9-9-24
SECTION 9, T9S, R24E, S.L.B.&M.
2056' FNL & 2061' FEL

TOPOGRAPHIC MAP "C"

DATE SURVEYED: 10-16-05

DATE DRAWN: 11-02-05

SCALE: 1" = 2000'

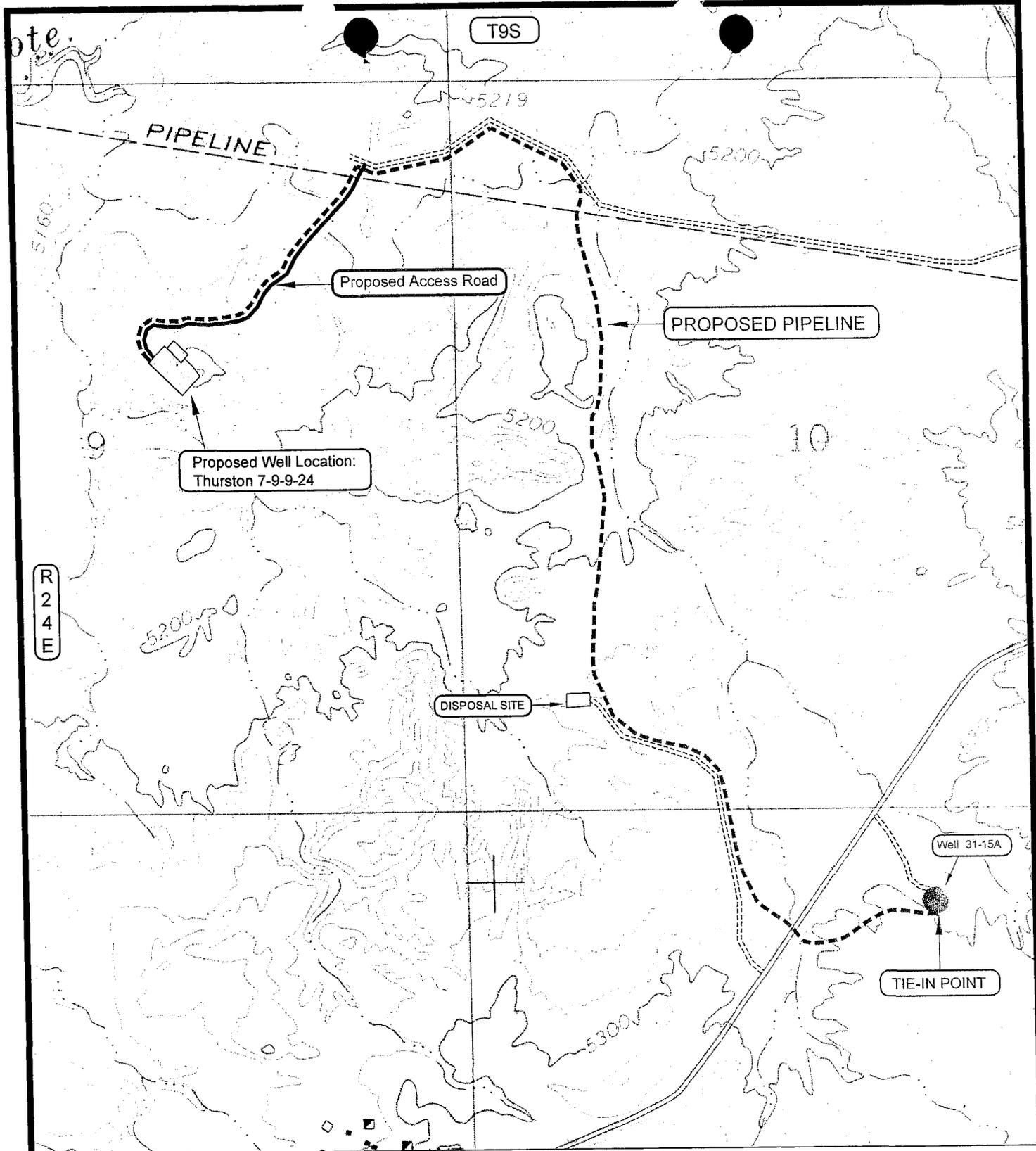
DRAWN BY: B.J.Z.

REVISED: 11-04-05 B.J.Z.

Timberline Land Surveying, Inc.

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

SHEET
9
OF 10



APPROXIMATE PIPELINE LENGTH = 11,695 FEET

LEGEND

- = OTHER PIPELINE
- - - - = PROPOSED PIPELINE
- = PROPOSED ACCESS ROAD
- = LEASE LINE AND / OR PROPERTY LINE

THURSTON ENERGY OPERATING COMPANY

Thurston 7-9-9-24
SECTION 9 , T9S, R24E, S.L.B.&M.
2056' FNL & 2061' FEL

TOPOGRAPHIC MAP "D"

DATE SURVEYED: 10-16-05
 DATE DRAWN: 11-03-05
 REVISED: 01-26-06 M.W.W.

SCALE: 1" = 1000'

DRAWN BY: B.J.Z.



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

SHEET
10
OF 10

**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 02/16/2006

API NO. ASSIGNED: 43-047-37790

WELL NAME: THURSTON 7-9-9-24
 OPERATOR: THURSTON ENERGY (N2790)
 CONTACT: WILLIAM RYAN

PHONE NUMBER: 435-789-0968

PROPOSED LOCATION:

SWNE 09 090S 240E
 SURFACE: 2056 FNL 2061 FEL
 BOTTOM: 2056 FNL 2061 FEL
 COUNTY: UINTAH
 LATITUDE: 40.05196 LONGITUDE: -109.2164
 UTM SURF EASTINGS: 652144 NORTHINGS: 4434838
 FIELD NAME: DEVILS PLAYGROUND (575)

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering		
Geology		
Surface		

LEASE TYPE: 1 - Federal
 LEASE NUMBER: U-5217
 SURFACE OWNER: 1 - Federal

PROPOSED FORMATION:
 COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[1] Ind[] Sta[] Fee[]
(No. UTB-000181)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. _____)
- RDCC Review (Y/N)
(Date: _____)
- Fee Surf Agreement (Y/N)
- Intent to Commingle (Y/N)

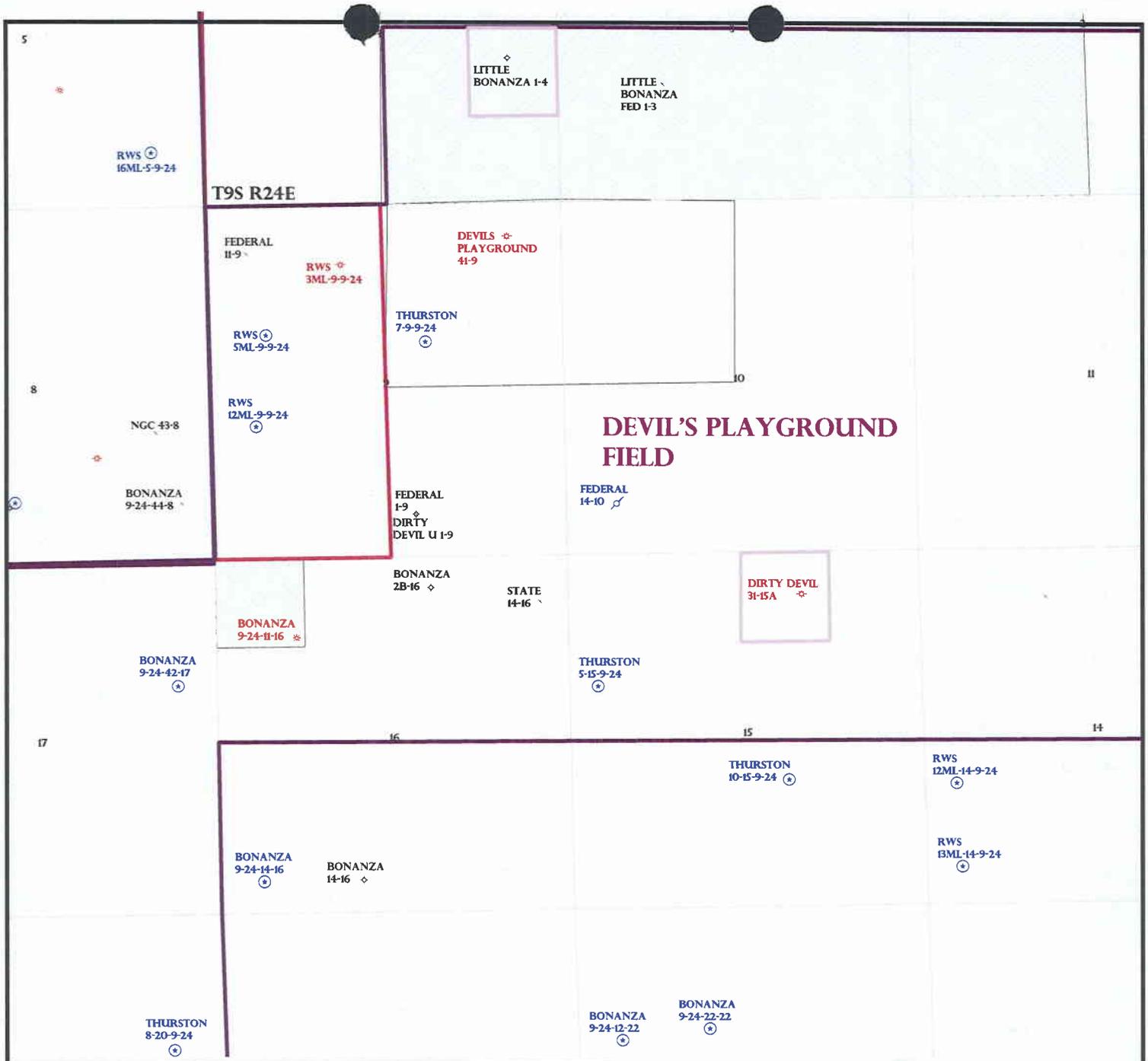
LOCATION AND SITING:

- ___ 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: _____

STIPULATIONS: _____

*1- Federal Approval
2- Spacing Strip*



OPERATOR: THURSTON ENERGY (N2790)

SEC: 9,15 T.9S R. 24E

FIELD: DEVILS PLAYGROUND (575)

COUNTY: UINTAH

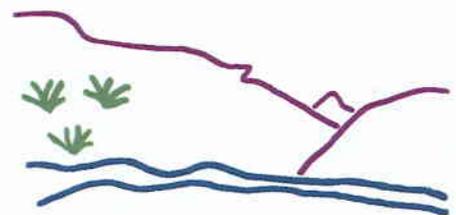
SPACING: R649-3-2 / GENERAL SITING

- 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



Utah Oil Gas and Mining



PREPARED BY: DIANA MASON
DATE: 3-MAY-2007



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

May 3, 2007

Thurston Energy Operating Company
P O Box 240
Vernal, UT 84078

Re: Thurston 7-9-9-24 Well, 2056' FNL, 2061' FEL, SW NE, Sec. 9, T. 9 South,
R. 24 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 43-047-37790.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

cc: Uintah County Assessor
Bureau of Land Management, Vernal Office

Operator: Thurston Energy Operating Company
Well Name & Number Thurston 7-9-9-24
API Number: 43-047-37790
Lease: U-5217

Location: SW NE Sec. 9 T. 9 South R. 24 East

Conditions of Approval

1. General

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

2. Notification Requirements

Notify the Division with 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dustin Doucet at (801) 538-5281 office
(801) 733-0983 home

3. Reporting Requirements

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

4. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.

5. 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.



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

March 30, 2007

Thurston Energy Operating Co.
PO Box 240
Vernal, UT 84078

Re: APD Rescinded - Thurston 7-9-9-24 Sec. 9 T. 9 R. 24E
Uintah County, Utah API No. 43-047-37790

Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on February 23, 2006. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective March 30, 2007.

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

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

Sincerely,


Diana Mason
Environmental Scientist

cc: Well File
Bureau of Land Management, Vernal

(formerly 9-331c)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

5 LEASE DESIGNATION AND SERIAL NO. U-5217

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

6 IF INDIAN, ALLOTTEE OR TRIBE NAME na

1a TYPE OF WORK

DRILL [X] DEEPEN [] PLUG BACK []

7. UNIT AGREEMENT NAME na

B TYPE OF WELL

OIL WELL [] GAS WELL [X] OTHER [] SINGLE ZONE [] MULTIPLE ZONE [X]

8. FARM OR LEASE NAME na

2. NAME OF OPERATOR

Thurston Energy Operating Company

9. WELL NO. Thurston 7-9-9-24

3. ADDRESS OF OPERATORS

PO Box 240 Vernal, UT 84078

RECEIVED

10. FIELD OR LEASE NAME Undesignated

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirement)

at surface 2056' FNL & 2061' FEL SWNE At proposed prod. Zone same as above

JAN 31 2006

11. Sec., T., R., M., OR BLK AND SURVEY OR AREA Sec. 9, T9S, R24

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

38 miles south of Vernal, UT

43.047.37790

12. COUNTY OR PARISH Uintah 13. STATE Utah

15. DISTANCE FROM PROPOSED LOC. TO NEAREST PROP. OR LEASE LINE, FT. (Also to nearest drlg. Unit line, if any)

2056'

16. NO. OF ACRES IN LEASE

120

17. NO. OF ACRES ASSIGNED TO THIS WELL

40

16. DISTANCE FROM PROPOSED LOCATION * TO NEAREST WELL, DRILLING COMPLETED. OR APPLIED FOR, ON THIS LEASE, FT.

2,000'

19. PROPOSED DEPTH

8,000

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATION (SHOW WHETHER DF, RT, GR, etc.)

5194' GR

22. APPROX. DATE WORK WILL START

4/30/06

PROPOSED CASING AND CEMENT PROGRAM

Table with 5 columns: SIZE OF HOLE, SIZE OF CASING, WEIGHT PER FOOT, SETTING DEPTH, QUANTITY OF CEMENT. Rows include 11" hole with 9 5/8" casing and 7 7/8" hole with 5 1/2" casing.

The operator requests permission to drill the subject well. Please find the attached 10 point plan and 13 point plan.

William A Ryan 290 S 800 E Vernal, UT 84078 435-789-0968

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposed in to deepen or plug back, give data on proposed productive zone and proposed new productive zone. If proposal is to drill or deepen directional, give pertinent data on subsurface location and measure and true vertical depths. Give blowout preventer program, if any.

24

SIGNATURE [Signature] TITLE Agent DATE

(This space for Federal or State Office use)

PERMIT NO. APPROVAL DATE

APPROVED BY [Signature] TITLE Assistant Field Manager DATE 6-19-2007

CONDITIONS OF APPROVAL ATTACHED

NOTICE OF APPROVAL

*See Instructions on Reverse Side

RECEIVED

JUN 26 2007

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

DIV. OF OIL, GAS & MINING

06BM2066A

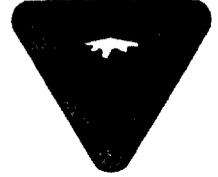


**UNITED STATES DEPARTMENT OF THE INTERIOR
 BUREAU OF LAND MANAGEMENT
 VERNAL FIELD OFFICE**

170 South 500 East

VERNAL, UT 84078

(435) 781-4400



CONDITIONS OF APPROVAL FOR APPLICATION FOR PERMIT TO DRILL

Company: Thurston Energy Operating Company
Well No: Thurston 7-9-9-24
API No: 43-047-37790

Location: SWNE, Sec. 9, T9S, R24E
Lease No: UTU-5217
Agreement: N/A

Title	Name	Office Phone Number	Cell Phone Number
Petroleum Engineer:	Matt Baker	(435) 781-4490	(435) 828-4470
Petroleum Engineer:	Michael Lee	(435) 781-4432	(435) 828-7875
Petroleum Engineer:	James Ashley	(435) 781-4470	(435) 828-7874
Petroleum Engineer:	Ryan Angus	(435) 781-4430	(435) 828-7368
Supervisory Petroleum Technician:	Jamie Sparger	(435) 781-4502	(435) 828-3913
NRS/Enviro Scientist:	Paul Buhler	(435) 781-4475	(435) 828-4029
NRS/Enviro Scientist:	Karl Wright	(435) 781-4484	
NRS/Enviro Scientist:	Holly Villa	(435) 781-4404	
NRS/Enviro Scientist:	Chuck MacDonald	(435) 781-4441	(435) 828-7481
NRS/Enviro Scientist:	Jannice Cutler	(435) 781-3400	
NRS/Enviro Scientist:	Michael Cutler	(435) 781-3401	
NRS/Enviro Scientist:	Anna Figueroa	(435) 781-3407	
NRS/Enviro Scientist:	Verlyn Pindell	(435) 781-3402	
NRS/Enviro Scientist:	Darren Williams	(435) 781-4447	
NRS/Enviro Scientist:	Nathan Packer	(435) 781-3405	

Fax: (435) 781-4410

**A COPY OF THESE CONDITIONS SHALL BE FURNISHED TO YOUR
 FIELD REPRESENTATIVE TO INSURE COMPLIANCE**

All lease and/or unit operations are to be conducted in such a manner that full compliance is made with the applicable laws, regulations (43 CFR Part 3160), and this approved Application for Permit to Drill including Surface and Downhole Conditions of Approval. The operator is considered fully responsible for the actions of his subcontractors. A copy of the approved APD must be on location during construction, drilling, and completion operations. **This permit is approved for a two (2) year period, or until lease expiration, whichever occurs first. An additional extension, up to two (2) years, may be applied for by sundry notice prior to expiration.**

NOTIFICATION REQUIREMENTS

Location Construction (Notify Environmental Scientist)	- Forty-Eight (48) hours prior to construction of location and access roads.
Location Completion (Notify Environmental Scientist)	- Prior to moving on the drilling rig.
Spud Notice (Notify Petroleum Engineer)	- Twenty-Four (24) hours prior to spudding the well.
Casing String & Cementing (Notify Supv. Petroleum Tech.)	- Twenty-Four (24) hours prior to running casing and cementing all casing strings.
BOP & Related Equipment Tests (Notify Supv. Petroleum Tech.)	- Twenty-Four (24) hours prior to initiating pressure tests.
First Production Notice (Notify Petroleum Engineer)	- Within Five (5) business days after new well begins or production resumes after well has been off production for more than ninety (90) days.

**SURFACE USE PROGRAM
CONDITIONS OF APPROVAL (COAs)**

General Surface COAs:

- If there is an active Gilsonite mining operation within 2 miles of the well location, operator shall notify the Gilsonite operator at least 48 hours prior to any blasting during construction.
- If paleontological materials are uncovered during construction, the operator is to immediately stop work and contact the Authorized Officer (AO). A determination will be made by the AO as to what mitigation may be necessary for the discovered paleontologic material before construction can continue.

Specific Surface COAs:

- The interim seed mix for this location shall be:

Crested wheat grass	<i>Agropyron cristatum</i>	6 lbs. /acre
Needle and Thread grass	<i>Stipa comata</i>	6 lbs. /acre

 - All pounds are in pure live seed.
 - Reseeding may be required if first seeding is not successful.
- The topsoil from the reserve pit shall be stripped and piled separately near the reserve pit. When the reserve pit is closed, it shall be recontoured and the topsoil respread, and the area shall be seeded in the same manner as the location topsoil.
- Once the location is plugged and abandoned, it shall be recontoured to natural contours, topsoil respread where appropriate, and the entire location seeded with the recommended seed mix. Seeding shall take place by broadcasting the seed and walking it into the soil with a dozer immediately after the dirt work is completed.

DOWNHOLE CONDITIONS OF APPROVAL

SITE SPECIFIC DOWNHOLE CONDITIONS OF APPROVAL

- A Cement Bond Log (CBL) shall be run from the TD to the top of cement. A field copy of the CBL shall be submitted to the BLM Vernal Field Office for review.

All provisions outlined in Onshore Oil & Gas Order #2 Drilling Operations shall be strictly adhered to. The following items are emphasized:

DRILLING/COMPLETION/PRODUCING OPERATING STANDARDS

- The spud date and time shall be reported orally to Vernal Field Office within 24 hours of spudding.
- Notify Vernal Field Office Supervisory Petroleum Engineering Technician at least 24 hours in advance of casing cementing operations and BOPE & casing pressure tests.
- Blowout prevention equipment (BOPE) shall remain in use until the well is completed or abandoned. Closing unit controls shall remain unobstructed and readily accessible at all times. Choke manifolds shall be located outside of the rig substructure.
- All BOPE components shall be inspected daily and those inspections shall be recorded in the daily drilling report. Components shall be operated and tested as required by Onshore Oil & Gas Order No. 2 to insure good mechanical working order. All BOPE pressure tests shall be performed by a test pump with a chart recorder and **NOT** by the rig pumps. Test shall be reported in the driller's log.
- BOP drills shall be initially conducted by each drilling crew within 24 hours of drilling out from under the surface casing and weekly thereafter as specified in Onshore Oil & Gas Order No. 2.
- Casing pressure tests are required before drilling out from under all casing strings set and cemented in place.
- No aggressive/fresh hard-banded drill pipe shall be used within casing.
- **Cement baskets shall not be run on surface casing.**
- The operator must report all shows of water or water-bearing sands to the BLM. If flowing water is encountered it must be sampled, analyzed, and a copy of the analyses submitted to the BLM Vernal Field Office.
- The operator must report encounters of all non oil & gas mineral resources (such as Gilsonite, tar sands, oil shale, trona, etc.) to the Vernal Field Office, in writing, within 5 working days of each encounter. Each report shall include the well name/number, well location, date and depth (from KB or GL) of encounter, vertical footage of the encounter and, the name of the person making the report (along with a telephone number) should the BLM need to obtain additional information.
- A complete set of angular deviation and directional surveys of a directional well will be submitted to the Vernal BLM office engineer within 30 days of the completion of the well.

- Chronologic drilling progress reports shall be filed directly with the BLM, Vernal Field Office on a weekly basis in sundry, letter format or e-mail to the Petroleum Engineers until the well is completed.
- A cement bond log (CBL) will be run from the production casing shoe to the top of cement and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.
- **Please submit an electronic copy of all other logs run on this well in LAS format to UT_VN_Welllogs@BLM.gov. This submission will supersede the requirement for submittal of paper logs to the BLM.**
- There shall be no deviation from the proposed drilling, completion, and/or workover program as approved. Safe drilling and operating practices must be observed. Any changes in operation must have prior approval from the BLM Vernal Field Office.

OPERATING REQUIREMENT REMINDERS:

- All wells, whether drilling, producing, suspended, or abandoned, shall be identified in accordance with 43 CFR 3162.6. There shall be a sign or marker with the name of the operator, lease serial number, well number, and surveyed description of the well.
- In accordance with 43 CFR 3162.4-3, this well shall be reported on the "Monthly Report of Operations" (Oil and Gas Operations Report ((OGOR)) starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report shall be filed in duplicate, directly with the Minerals Management Service, P.O. Box 17110, Denver, Colorado 80217-0110, or call 1-800-525-7922 (303) 231-3650 for reporting information.
- Should the well be successfully completed for production, the BLM Vernal Field office must be notified when it is placed in a producing status. Such notification will be by written communication and must be received in this office by not later than the fifth business day following the date on which the well is placed on production. The notification shall provide, as a minimum, the following informational items:
 - Operator name, address, and telephone number.
 - Well name and number.
 - Well location (¼¼, Sec., Twn, Rng, and P.M.).
 - Date well was placed in a producing status (date of first production for which royalty will be paid).
 - The nature of the well's production, (i.e., crude oil, or crude oil and casing head gas, or natural gas and entrained liquid hydrocarbons).
 - The Federal or Indian lease prefix and number on which the well is located; otherwise the non-Federal or non-Indian land category, i.e., State or private.
 - Unit agreement and/or participating area name and number, if applicable.
 - Communitization agreement number, if applicable.
- Any venting or flaring of gas shall be done in accordance with Notice to Lessees (NTL) 4A and needs prior approval from the BLM Vernal Field Office.
- All undesirable events (fires, accidents, blowouts, spills, discharges) as specified in NTL 3A will be reported to the BLM, Vernal Field Office. Major events, as defined in NTL3A, shall be reported verbally within 24 hours, followed by a written report within 15 days. "Other than Major Events" will be reported in writing within 15 days. "Minor Events" will be reported on the Monthly Report of Operations and Production.
- Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (BLM Form 3160-4) shall be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3162.4-1. Two copies of all logs run, core descriptions, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, shall be filed on BLM Form 3160-4. Submit with the well completion report a geologic report including, at a minimum, formation tops, and a summary and conclusions. Also include deviation surveys,

sample descriptions, strip logs, core data, drill stem test data, and results of production tests if performed. Samples (cuttings, fluid, and/or gas) shall be submitted only when requested by the BLM, Vernal Field Office.

- All off-lease storage, off-lease measurement, or commingling on-lease or off-lease, shall have prior written approval from the BLM Vernal Field Office.
- Oil and gas meters shall be calibrated in place prior to any deliveries. The BLM Vernal Field Office Petroleum Engineers will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports shall be submitted to the BLM Vernal Field Office. All measurement facilities will conform to the API standards for liquid hydrocarbons and the AGA standards for natural gas measurement. All measurement points shall be identified as the point of sale or allocation for royalty purposes.
- A schematic facilities diagram as required by Onshore Oil & Gas Order No. 3 shall be submitted to the BLM Vernal Field Office within 30 days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with Onshore Oil & Gas Order No. 3.
- Any additional construction, reconstruction, or alterations of facilities, including roads, gathering lines, batteries, etc., which will result in the disturbance of new ground, shall require the filing of a suitable plan and need prior approval of the BLM Vernal Field Office. Emergency approval may be obtained orally, but such approval does not waive the written report requirement.
- No location shall be constructed or moved, no well shall be plugged, and no drilling or workover equipment shall be removed from a well to be placed in a suspended status without prior approval of the BLM Vernal Field Office. If operations are to be suspended for more than 30 days, prior approval of the BLM Vernal Field Office shall be obtained and notification given before resumption of operations.
- Pursuant to Onshore Oil & Gas Order No. 7, this is authorization for pit disposal of water produced from this well for a period of 90 days from the date of initial production. A permanent disposal method must be approved by this office and in operation prior to the end of this 90-day period. In order to meet this deadline, an application for the proposed permanent disposal method shall be submitted along with any necessary water analyses, as soon as possible, but no later than 45 days after the date of first production. Any method of disposal which has not been approved prior to the end of the authorized 90-day period will be considered as an Incident of Noncompliance and will be grounds for issuing a shut-in order until an acceptable manner for disposing of said water is provided and approved by this office.
- Unless the plugging is to take place immediately upon receipt of oral approval, the Field Office Petroleum Engineers must be notified at least 24 hours in advance of the plugging of the well, in order that a representative may witness plugging operations. If a well is suspended or abandoned, all pits must be fenced immediately until they are backfilled. The "Subsequent Report of Abandonment" (Form BLM 3160-5) must be submitted within 30 days after the actual plugging of the well bore, showing location of plugs, amount of cement in each, and amount of casing left in hole, and the current status of the surface restoration.

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: UT-5217
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		7. UNIT or CA AGREEMENT NAME:
2. NAME OF OPERATOR: Thurston Energy Operating Company		8. WELL NAME and NUMBER: Thurston 7-9-9-24
3. ADDRESS OF OPERATOR: 290 South 800 East CITY Vernal STATE UT ZIP 84078		9. API NUMBER: 4304737790
4. LOCATION OF WELL FOOTAGES AT SURFACE: 2056' FNL & 2061' FEL		10. FIELD AND POOL, OR WILDCAT: Bonanza
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNE 9 9S 24E		COUNTY: Uintah
		STATE: UTAH

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

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

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

The operator respectfully requests a one year APD approval extension for the subject location.

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 04-29-08
By: [Signature]

COPY SENT TO OPERATOR

Date: 5.1.2008
Initials: KS

NAME (PLEASE PRINT) <u>Ginger Bowden</u>	TITLE <u>Agent</u>
SIGNATURE <u>[Signature]</u>	DATE <u>4/24/2008</u>

(This space for State use only)

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APR 28 2008

DIV. OF OIL, GAS & MINING

RESET

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

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

API: 4304737790
Well Name: Thurston 7-9-9-24
Location: Sec. 9, T9S, R24E SWNE
Company Permit Issued to: Thurston Energy Operating Company
Date Original Permit Issued: 2/23/2006

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes No

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes No

Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes No

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes No

Has the approved source of water for drilling changed? Yes No

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes No

Is bonding still in place, which covers this proposed well? Yes No

Finger Bowden
Signature

4/24/2008
Date

Title: Agent

Representing: Thurston Energy Operating CO

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APR 28 2008
DIV. OF OIL, GAS & MINING



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

June 3, 2009

Thurston Energy Operating Co.
290 South 800 East
Vernal, UT 84078

Re: APD Rescinded – Thurston 7-9-9-24, Sec.9, T.9S, R.24E
Uintah County, Utah API No. 43-047-37790

Ladies and Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on May 3, 2007. On April 29, 2008, the Division granted a one-year APD extension. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective June 3, 2009.

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

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

Sincerely,


Diana Mason
Environmental Scientist

cc: Well File
Bureau of Land Management, Vernal

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS

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

5. Lease Serial No. **UTU 5217**

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well
 Oil Well Gas Well Other

7. If Unit of CA/Agreement. Name and/or No.

2. Name of Operator **THURSTON ENERGY OPERATING COMPANY**

8. Well Name and No. **Thurston 7-9-9-24**

3a. Address **4925 Greenville Ave**

3b. Phone No. (include area code) **214-704-3896**

9. API Well No. **43-047-37790**

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
SUNE Sec 9 T9S R24E

10. Field and Pool or Exploratory Area

11. Country or Parish, State
Uintah County, Utah

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

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

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

Thurston respectfully requests an extension of the current APD that is on file. We are requesting a 2 year extension.

RECEIVED
FEDERAL BUREAU OF LAND MANAGEMENT
JUN 19 PM 1:35

CONDITIONS OF APPROVAL ATTACHED

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

Name (Printed Type) **Ralph CURTON Jr - CEO**

Signature *Ralph Curton Jr*

Title **Chairman - CEO**

Date **June 17, 2009**

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JUL 15 2009
DIV. OF OIL, GAS & MINING

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by *[Signature]*

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

Petroleum Engineer

Office

Date **JUN 23 2009**

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



CONDITIONS OF APPROVAL

Thurston Energy Operating Company

Notice of Intent APD Extension

Lease: UTU-5217
Well: Thurston 7-9-9-24
Location: SWNE Sec 9-T9S-R24E

An extension for the referenced APD is granted with the following conditions:

1. The extension and APD shall expire on 6/19/2011.
2. No other extension shall be granted.

If you have any other questions concerning this matter, please contact Ryan Angus of this office at (435) 781-4430



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Green River District-Vernal Field Office

170 South 500 East

Vernal, UT 84078

(435) 781-4400 Fax: (435) 781-4410

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



March 31, 2011

IN REPLY REFER TO:
3160 (UTG011)

Russell Cox
Thurston Energy Operating Company, LLC
365 West 50 North, Suite W-8
Vernal, UT 84078

43 047 37790

Re: Request to Return APD
Well No. Thurston 7-9-9-24 GR
SWNE, Sec. 9, T9S, R24E
Uintah County, Utah
Lease No. UTU-5217

Dear Mr. Cox:

The Application for Permit to Drill (APD) for the above referenced well received in this office on December 16, 2010, is being returned unapproved per your request to this office in letter received on March 25, 2011. The letter stated that Thurston Energy has determined it does not wish to pursue a well at this location and wishes to withdraw the APD. If you intend to drill at this location at a future date, a new APD must be submitted.

If you have any questions regarding APD processing, please contact Cindy Severson at (435) 781-4455.

Sincerely,

Jerry Kenczka
Assistant Field Manager
Lands & Mineral Resources

Enclosures

cc: UDOGM

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APR 11 2011

DIV. OF OIL, GAS & MINING

United States Department of the Interior



BUREAU OF LAND MANAGEMENT

Green River District-Vernal Field Office

170 South 500 East

Vernal, UT 84078

(435) 781-4400 Fax: (435) 781-4410

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



JUN 08 2011

IN REPLY REFER TO:
3160 (UTG011)

Patti Cox
Thurston Energy Operating Company, LLC
365 West 50 North, Suite W-8
Vernal, UT 84078

Re: Notification to Withdraw Returned APD
Well No. Thurston 7-9-9-24 GR
SWNE, Sec. 9, T9S, R24E
Uintah County, Utah
Lease No. UTU-5217

43-047-37790

Dear Ms. Cox:

This letter is withdrawing the letter dated March 31, 2011, returning unprocessed the Application for Permit to Drill (APD) for the above referenced well received in this office on December 16, 2010. Thurston Energy Operating Company, LLC contacted Land Law Examiner Cindy Severson on May 31, 2011 letting her know that there had been a misunderstanding and the request to return the APD was made in error. The company only wanted to replace the drilling plan in the original pending APD. On June 3, 2011, Thurston Energy Operating Company, LLC resubmitted the APD as Thurston 7-9-9-24 WA to this office to continue the processing of the application to approval.

If you have any questions regarding APD processing, please contact Cindy Severson at (435) 781-4455.

Sincerely,

Jerry Kenczka
Assistant Field Manager
Lands & Mineral Resources

cc: UDOGM

RECEIVED
JUN 15 2011
DIV. OF OIL, GAS & MINING