

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

FORM 3

AMENDED REPORT   
(highlight changes)

<b>APPLICATION FOR PERMIT TO DRILL</b>		5. MINERAL LEASE NO: Fee	6. SURFACE: Fee
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>		7. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
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:	
2. NAME OF OPERATOR: Slate River Resources, LLC		9. WELL NAME and NUMBER: Mustang 1320-3B	
3. ADDRESS OF OPERATOR: 418 E. Main ST Vernal UT 84078		PHONE NUMBER: (435) 781-1871	10. FIELD AND POOL, OR WILDCAT: <del>Agency Draw</del> <i>W. 13100</i>
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 789' FNL & 1847' FEL AT PROPOSED PRODUCING ZONE: Same as above		11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <del>13</del> 3 13S 20E NWNE	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 73.3 miles south of Vernal, UT		12. COUNTY: Uintah	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 789"	16. NUMBER OF ACRES IN LEASE: 19,199.80	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 3,900'	19. PROPOSED DEPTH: 8,751	20. BOND DESCRIPTION: B-001556	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 6,057' GR	22. APPROXIMATE DATE WORK WILL START: 6/1/2006	23. ESTIMATED DURATION: 30 Days	

**24. PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT		
12 1/4	9 5/8 H-40 32.2#	2,000	Cement "V"	200 sks	3.82cuft/sk 11.0 PPG
			Class "G"	100 sks	1.15cuft/sk 15.8 PPG
7 7/8	4 1/2 M-80 11.6#		Premium 100%	350 sks	3.82cuft/sk 11.0 PPG
		8,751	Class "G"	1000 sks	1.25cuft/sk 14.2 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 checked="" type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER	<input checked="" type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

NAME (PLEASE PRINT) Ginger Stringham TITLE Agent

SIGNATURE *Ginger Stringham* DATE 3-29-06

(This space for State use only)

API NUMBER ASSIGNED: 43-047-37981

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

APPROVAL

Date: 05-04-06

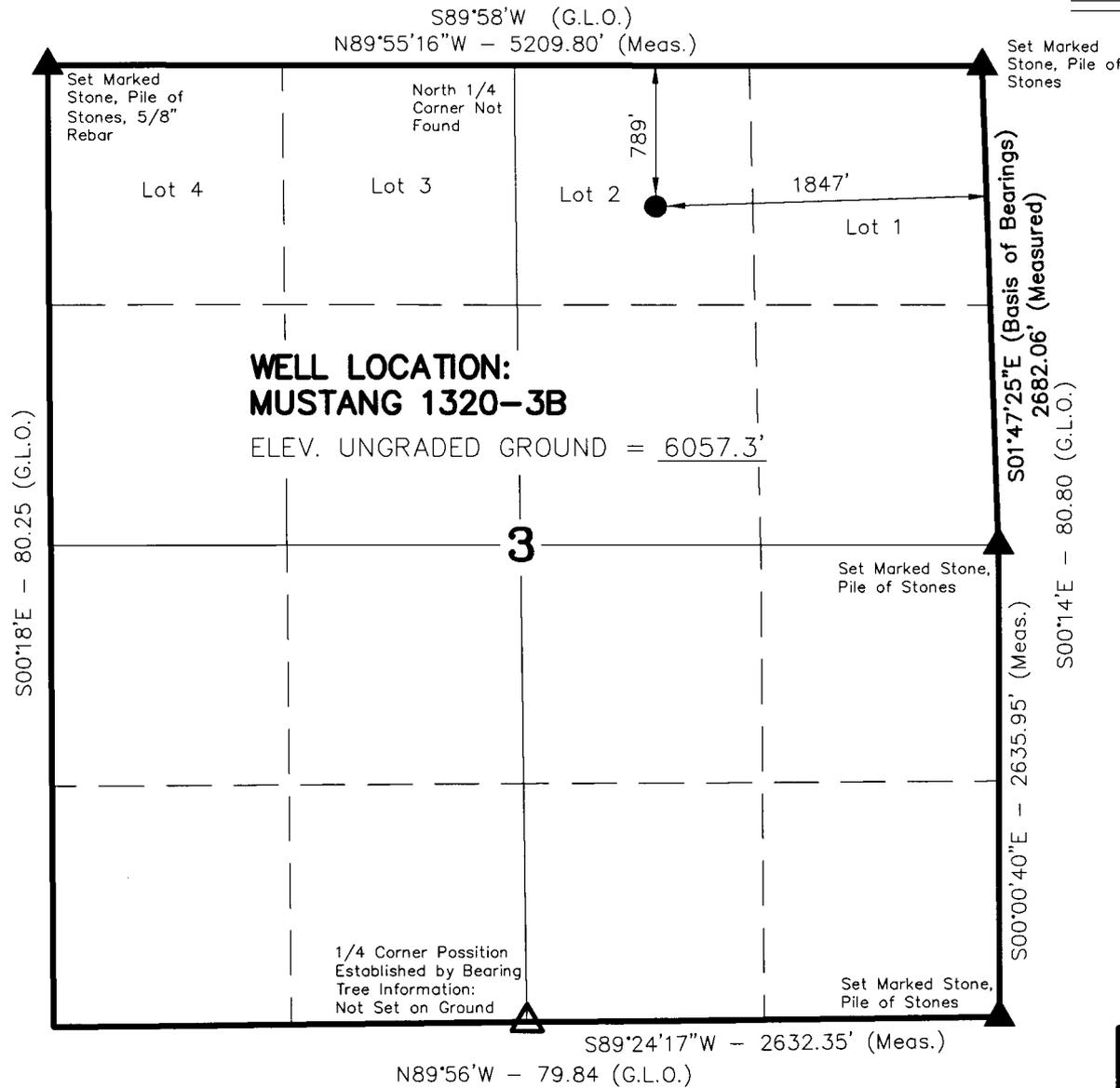
By: *[Signature]*

**RECEIVED**  
**APR 04 2006**

DIV. OF OIL, GAS & MINING

# T13S, R20E, S.L.B.&M.

# SLATE RIVER RESOURCES, LLC



WELL LOCATION, MUSTANG 1320-3B, LOCATED AS SHOWN IN LOT 2 OF SECTION 3, T13S, R20E, S.L.B.&M. UTAH COUNTY, UTAH.

**NOTES:**

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



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

No. 362251  
 KOLBY R. KAY  
 KAY  
 REGISTERED LAND SURVEYOR  
 REGISTRATION STATE OF UTAH  
 STATE OF UTAH

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

**MUSTANG 1320-3B**  
**(Proposed Well Head)**  
**NAD 83 Autonomous**  
 LATITUDE = 39° 43' 14.5"  
 LONGITUDE = 109° 39' 44.3"

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

DATE SURVEYED: 03-20-06	SURVEYED BY: B.J.S.
DATE DRAWN: 03-21-06	DRAWN BY: M.W.W.
SCALE: 1" = 1000'	Date Last Revised:

**SHEET**  
**2**  
**OF 10**

**DESIGNATION OF AGENT OR OPERATOR**

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

**LEASE NAME:** Fee Leases, see attached

**LEASE NUMBER:** Fee, no numbers assigned

and hereby designates

**NAME:** Ginger Stringham, Paradigm Consulting Inc.

**ADDRESS:** PO Box 790203

city Vernal state UT zip 84078

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

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

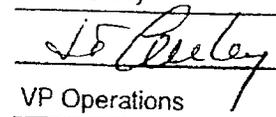
It is understood that this designation of agent/operator does not relieve the lessee of responsibility for compliance with the terms of the lease and the Oil and Gas Conservation General Rules and Procedural Rules of the Board of Oil, Gas and Mining of the State of Utah. It is also understood that this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

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

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

**Effective Date of Designation:** 03/01/2005

**BY:** (Name) J.T. Conley

(Signature) 

(Title) VP Operations

(Phone) (435) 781-1871

**OF:** (Company) Slate River Resources, LLC

(Address) 418 East Main

city Vernal

state UT zip 84078

UT10001.000

Eagle Minerals Ltd. Oil and Gas Lease

Dated February 1, 2005

Recorded Book 914, Page 535 Uintah County, Utah

**DESCRIPTION OF LEASED PREMISES:**

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

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

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

Section 31:	Lots 3, 4, E/2SW/4 (SW/4) (149.66 acres)	Serial Number: 10:093:0002
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TOWNSHIP 13 SOUTH, RANGE 20 EAST, S.L.M.

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

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

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

UINTAH COUNTY, UTAH  
containing a total of 19,199.80 acres, more or less

**UT10002.000**

**Uintah Oil Association Oil & Gas Lease**

**Dated September 15, 2004**

**Recorded Book 904, Page 1 Uintah County, Utah**

**Description of Leased Premises**

Township 12 South, Range 21 East

Sec 31: SE/4

Sec 32: S/2

Township 13 South, Range 21 East

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

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

Sec 7: E/2

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

Uintah County, Utah

2,038.96 acres

**UT10003.000**

**Utah Oil Shales, Inc. Oil & Gas Lease**

**Dated September 15, 2004**

**Recorded Book 904, Page 9 Uintah County, Utah**

**Description of Leased Premises**

Township 13 South, Range 21 East

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

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

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

Sec 9: All

Sec 16: W/2

Sec 17: E/2

Uintah County, Utah

2,278.69 acres

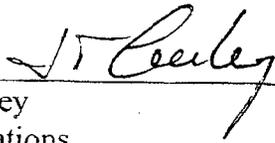
AFFIDAVIT OF SURFACE OWNER USE AGREEMENT

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

**Eagle Minerals Ltd. Oil and Gas Lease**

**Uintah Oil Association Oil & Gas Lease**

**Utah Oil Shales, Inc. Oil & Gas Lease**



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

**Ten Point Plan**

**Slate River Resources, LLC**

**Mustang 1320-3B**

**Section 3, Township 13 South, Range 20 East, Lot #2**

**1. Surface Formation**

Green River

**2. Estimated Formation Tops and Datum:**

<u>Formation</u>	<u>Depth</u>	<u>Datum</u>
Green River	Surface	6,057' G.R.
Wasatch	2280'	3,777'
Mesa Verde	4780'	1,277'
Castlegate	6760'	-703'
Mancos	7400'	-1,343'
TD	8751'	-2,694'

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

**3. Producing Formation Depth:**

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

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

**Drilling/Permitted:**

Mustang #1320-3O

**Abandoned Wells:**

West Willow Creek Ranch #2

Agency Draw #16-3

**4. Proposed Casing:**

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

**Cement Program:**

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

	<u>Casing Size</u>	<u>Cement Type</u>	<u>Cement Amounts</u>	<u>Cement Yield</u>	<u>Cement Weight</u>
Lead:	9 5/8	Cement "V" Gel 16% Gilsonite 10#/sk Salt 3% BWOC GR-3 3#/sk Flocele ¼#/sk	200 sks +/-	3.82 ft³/sk	11.0 ppg
Tail:	9 5/8	Cement "G" Calcium Chloride 2% Flocele ¼ #/sk 5.0 gal/sk	100 sks. +/-	1.15 ft³/sk	15.8 ppg
Top Out:	9 5/8	Cement "G" Calcium Chloride 3%	100 sks +/-	1.15 ft³/sk	15.8 ppg

**Note:**

Top out with sufficient cement to bring cement to surface.

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

	<u>Casing Size</u>	<u>Cement Type</u>	<u>Cement Amounts</u>	<u>Cement Yield</u>	<u>Cement Weight</u>
Lead:	4 1/2	Premium Cement 100% Gel 16% Salt 3% BWOC Gilsonite 10#/sk Flocele 1/4 #/sk GR-3 3#/sk	350 sks +/-	3.82ft <sup>3</sup> /sk	11.0 ppg
Tail:	4 1/2	Class "G" 50% POZ 50% Gel 2% Salt 10%BWOC Dispersant 0.4% Fluid loss 0.3% Flocele 1/4 #/sk	1000 sks +/-	1.25ft <sup>3</sup> /sk	14.2 ppg

**Note:**

Approximately 350 sks lead and 1000 sks tail will be pumped. Actual cement volumes will be calculated based on the borehole volume log plus excess to bring the cement to surface.

**5. BOP and Pressure Containment Data:**

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

**6. Mud Program:**

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

## 7. Auxiliary Equipment

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

## 8. Testing, Coring, Sampling and Logging:

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

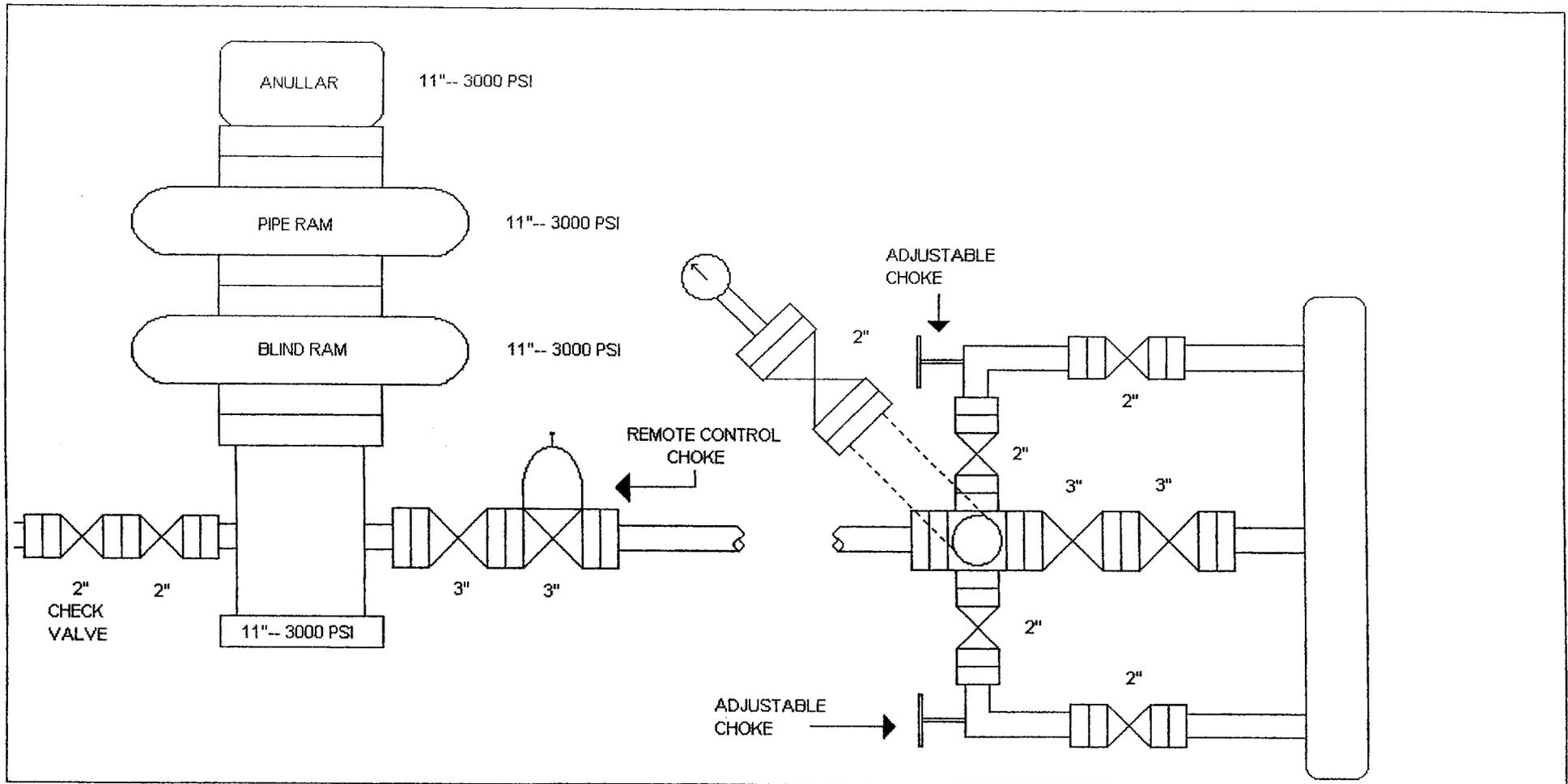
Type	Interval
DLL/SFL W/GR and SP	T.D. to Surf. Csg
FDC/CNL W/GR and CAL	T.D. to Surf. Csg

## 9. Abnormalities (including sour gas):

No abnormal pressures, temperatures or other hazards are anticipated. Oil and gas shows are anticipated in the Wasatch Formation. Other wells drilled in the area have not encountered over pressured zones or H<sub>2</sub>S.

## 10. Drilling Schedule:

The anticipated starting date is **June 1, 2006**. Duration of operations is expected to be 30 days.



**SLATE RIVER RESOURCES, LLC**

**13 POINT SURFACE USE PLAN**

**FOR WELL**

**MUSTANG 1320-3B**

**LOCATED IN LOT #2**

**SECTION 3, T.13S, R20E, S.L.B.&M.**

**UINTAH COUNTY, UTAH**

**LEASE NUMBER: FEE**

**SURFACE OWNERSHIP: FEE**

1. Existing Roads:

SLATE RIVER RESOURCES, LLC  
Mustang 1320-3B  
Section 3, T13S, R20E, S.L.B.&M.

PROCEED IN A WESTERLY DIRECTION FROM VERNAL, UTAH ALONG U.S. HIGHWAY 40 APPROXIMATELY 14 MILES TO THE JUNCTION OF STATE HIGHWAY 88; EXIT LEFT AND PROCEED IN A SOUTHERLY DIRECTION ALONG STATE HIGHWAY 88 APPROXIMATELY 17 MILES TO OURAY, UTAH; FROM OURAY, PROCEED IN A SOUTHERLY DIRECTION ALONG THE SEEP RIDGE ROAD (COUNTY B ROAD 2810) APPROXIMATELY 29.4 MILES TO ITS INTERSECTION WITH THE BUCK CANYON ROAD (COUNTY B ROAD 5460); EXIT RIGHT AND PROCEED IN A SOUTHWESTERLY DIRECTION ALONG THE BUCK CANYON ROAD APPROXIMATELY 3.2 MILES TO WILLOW CREEK; TURN RIGHT AND PROCEED IN A NORTHWESTERLY DIRECTION ALONG THE WILLOW CREEK ROAD (COUNTY B ROAD 5120) APPROXIMATELY 2.1 MILES TO ITS INTERSECTION WITH THE AGENCY DRAW ROAD (COUNTY B ROAD 5340); EXIT LEFT AND PROCEED IN A WESTERLY THEN SOUTHWESTERLY DIRECTION ALONG THE AGENCY DRAW ROAD APPROXIMATELY 6.0 MILES TO ITS INTERSECTION WITH THE GREENS DRAW ROAD (COUNTY B ROAD 5430); EXIT RIGHT AND PROCEED IN A NORTHERLY DIRECTION ALONG THE GREENS DRAW ROAD APPROXIMATELY 1.5 MILES TO THE PROPOSED ACCESS ROAD; EXIT RIGHT FOLLOW ROAD FLAGS IN A NORTHEASTERLY DIRECTION APPROXIMATELY 410 FEET TO THE PROPOSED LOCATION.

TOTAL DISTANCE FROM VERNAL, UTAH TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 73.3 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 410' of new construction on lease. The road will be graded once per year minimum and maintained.

A) Approximate length	410 ft
B) Right-of-Way width	30 ft
C) Running surface	18 ft
D) Surface material	Native soil
E) Maximum grade	8%
F) Fence crossing	None
G) Culvert	None
H) Turnouts	None
I) Major cuts and fills	None
J) Road Flagged	Yes
K) Access road surface ownership	Fee
L) All new construction on lease	Yes
M) Pipe line crossing	No

Please see the attached location plat for additional details.

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

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

3. Location of existing wells

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

A) Producing well	None
B) Water well	None
C) Abandoned well	
Agency Draw 16-3	

<b>West Willow Creek #2</b>	
<b>D) Temp. abandoned well</b>	<b>None</b>
<b>E) Disposal well</b>	<b>None</b>
<b>F) Drilling /Permitted well</b>	
<b>Mustang 1320-3O</b>	
<b>G) Shut in wells</b>	<b>None</b>
<b>H) Injection well</b>	<b>None</b>
<b>I) Monitoring or observation well</b>	<b>None</b>

Please see the attached map for additional details.

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

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

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

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

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 3,740' +/- of 3" steel surface pipeline would be constructed on Private. The line would tie into the existing pipeline in Section 3, T13S, R20E. The line will be strung and boomed to the South of the location and will follow the access roads. The line will be buried at road crossings.**

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

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

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

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

5. Location and type of water supply

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

production. During the 120-day period an application for approval for permanent disposal method and location will be submitted to the authorized officer.

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.

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.

7. Methods for handling waste disposal

A) Pit construction and liners:

The reserve pit will be approximately **10 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.

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.

B) Produced fluids:

Produced water will be confined to the reserve pit or, if deemed necessary, storage tank for a period not to exceed 120 days after initial

9. Well-site layout

Location dimensions are as follows:

<b>A) Pad length</b>	<b>340 ft</b>
<b>B) Pad width</b>	<b>270 ft</b>
<b>C) Pit depth</b>	<b>10 ft</b>
<b>D) Pit length</b>	<b>160 ft</b>
<b>E) Pit width</b>	<b>80 ft</b>
<b>F) Max cut</b>	<b>23.5 ft</b>
<b>G) Max fill</b>	<b>12.0 ft</b>
<b>H) Total cut yds.</b>	<b>10,210 cu yds</b>

- I) Pit location West end
- J) Top soil location East & West ends
- K) Access road location South 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 **1,490** cubic yards of material. Topsoil will be stockpiled in one distinct pile. Placement of the topsoil is noted on the attached location plat. The topsoil pile from the location will be seeded as soon as the soil is stock piled with the seed mix listed. When all drilling and completion activities have been completed and the pit back-filled the topsoil from the pit area will be spread on the pit area. The pit area will be seeded when the soil has been spread. The unused portion of the location (the area outside the dead men) will be re-contoured.

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

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

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

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

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

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

A) Seeding dates:

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

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

B) Seed Mix

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

11. Surface ownership:

<b>Access road</b>	<b>Fee</b>
<b>Location</b>	<b>Fee</b>
<b>Pipe line</b>	<b>Fee</b>

12. Other information:

A) Vegetation

The vegetation coverage is Slight. The majority of the

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

B) Dwellings:

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

C) Archeology:

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

D) Water:

The nearest water is Willow Creek located approximately 2.5 miles to the East.

E) Chemicals:

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

F) Notification:

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

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

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

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

Office 435-789-4162  
Cell 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.

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.

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 preformed by Slate River

13. Lessees or Operator's representative and certification

A) Representative(s)

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

Resources, LLC and its  
contractors and subcontractors  
in conformity with this plan and  
terms and conditions with this  
plan and the terms and conditions  
under which it is approved.

Date 3/29/06

A handwritten signature in black ink that reads "Ginger P Stringham". The signature is written in a cursive, flowing style.

Ginger P Stringham, Agent  
Paradigm Consulting, INC

**Onsite Dates:**

### **Statement of use of Hazardous Materials**

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

If you require additional information please contact:

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

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

**Mustang**

c/o David Salter

13439 Broadway Extension

Oklahoma City, OK 73114-2202

405-748-9464

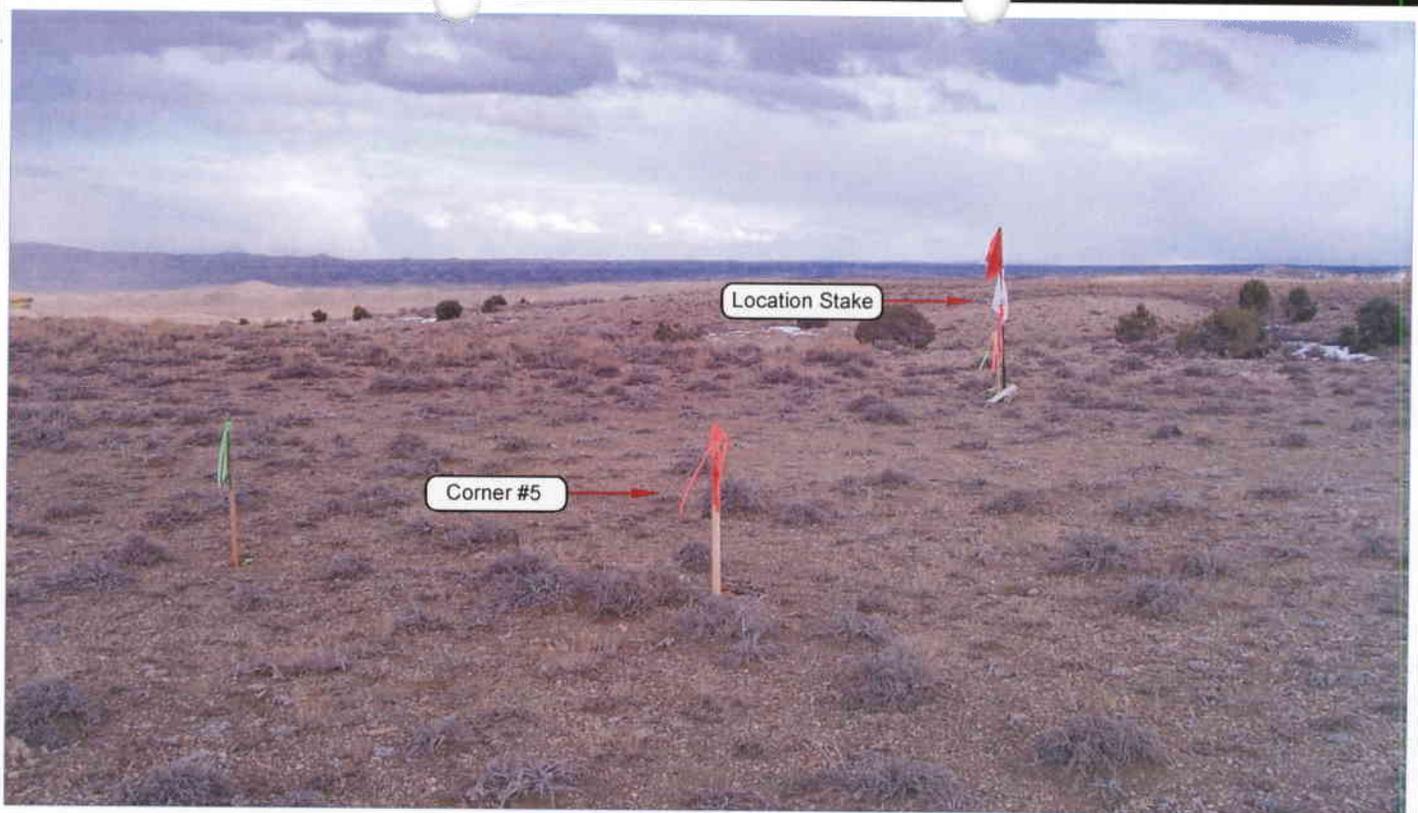


PHOTO VIEW: FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: SOUTHEASTERLY

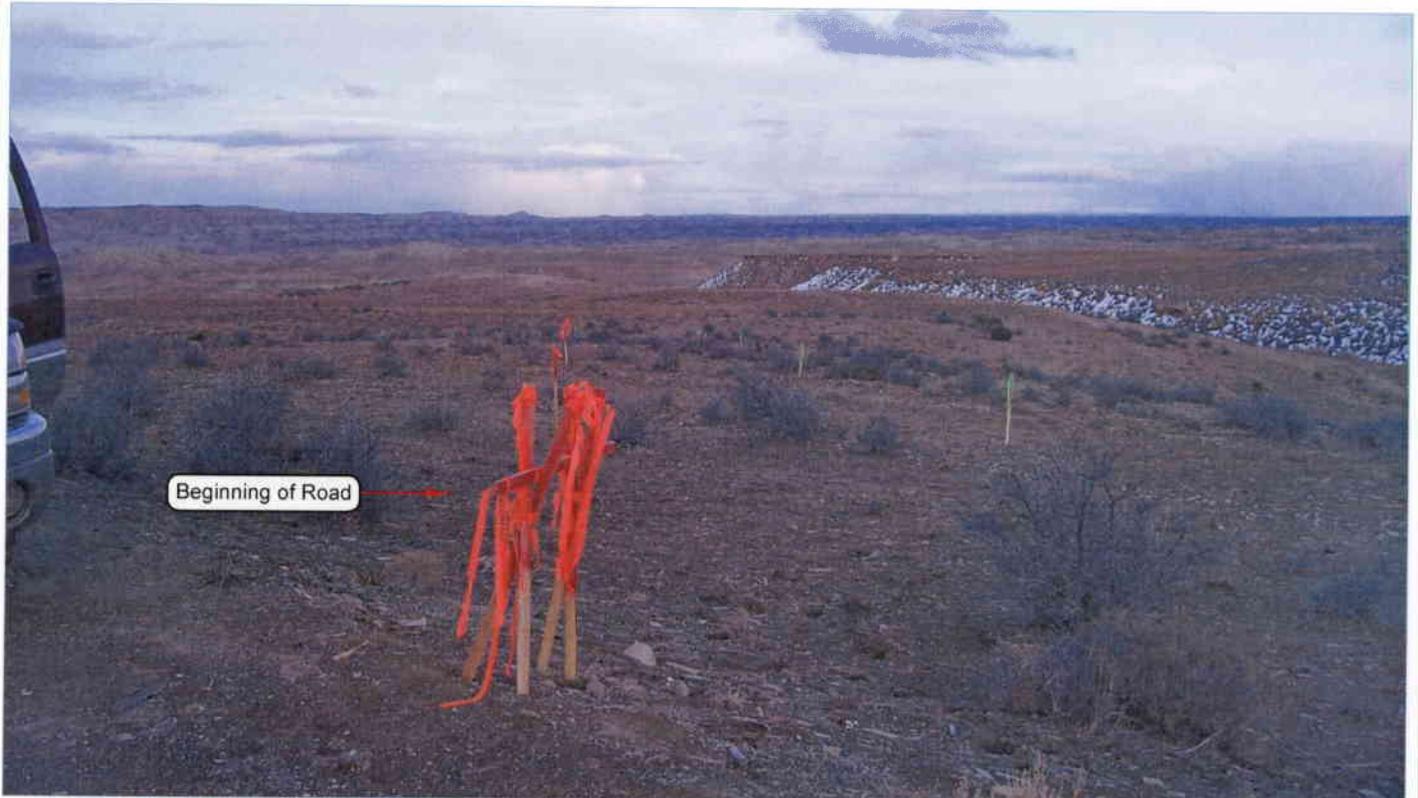


PHOTO VIEW: FROM BEGINNING OF PROPOSED ROAD

CAMERA ANGLE: EASTERLY

**SLATE RIVER RESOURCES, LLC**

**Mustang 1320-3B**

**SECTION 3, T13S, R20E, S.L.B.&M.**

**789' FNL & 1847' FEL**

**LOCATION PHOTOS**

DATE TAKEN: 03-20-06

DATE DRAWN: 03-23-06

TAKEN BY: B.J.S.

DRAWN BY: B.J.Z.

REVISED:

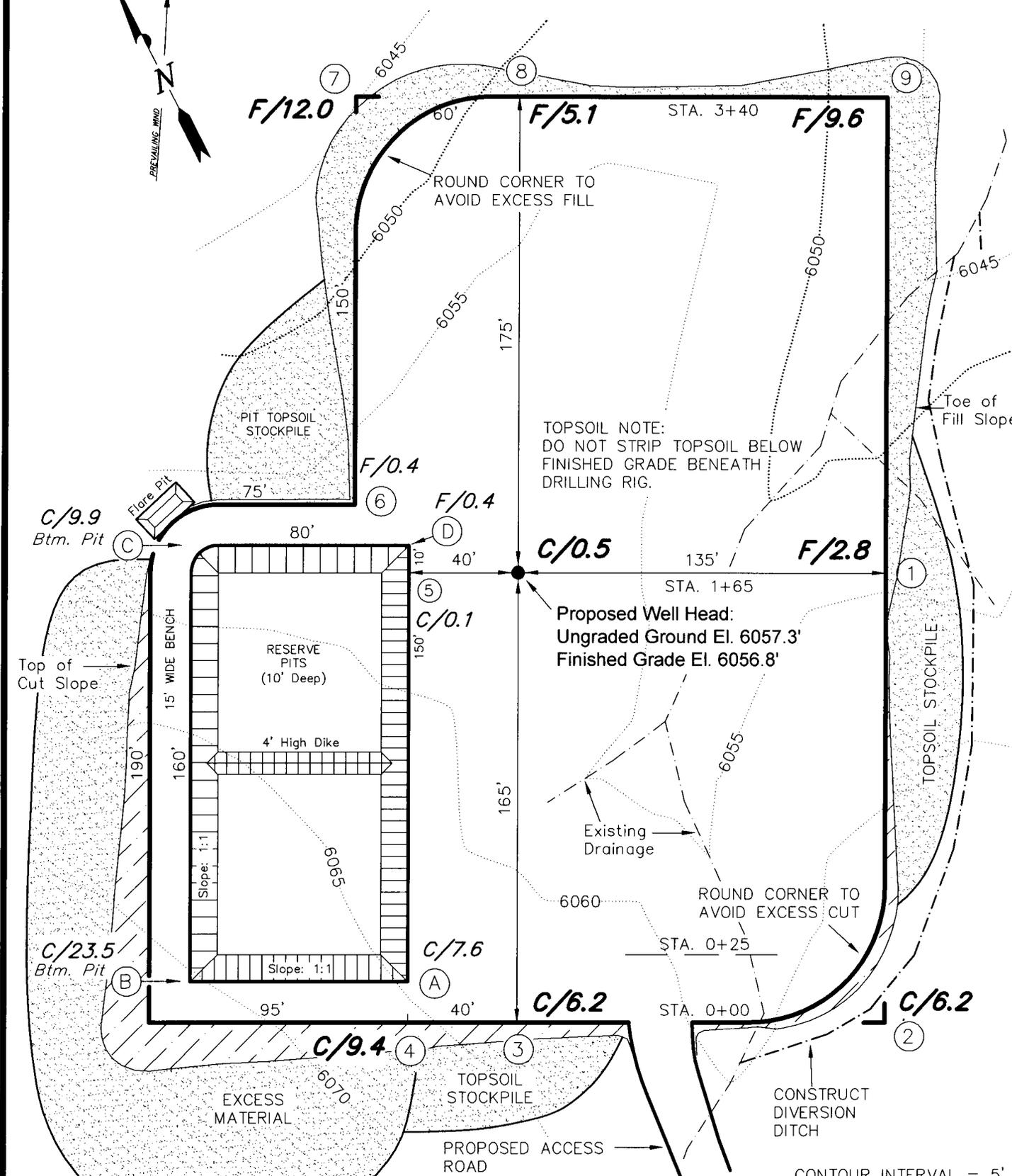
**Timberline Land Surveying, Inc.**

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

SHEET  
**1**  
OF 10

# SLATE RIVER RESOURCES, LLC

## CUT SHEET MUSTANG 1320-3B



TOPSOIL NOTE:  
DO NOT STRIP TOPSOIL BELOW  
FINISHED GRADE BENEATH  
DRILLING RIG.

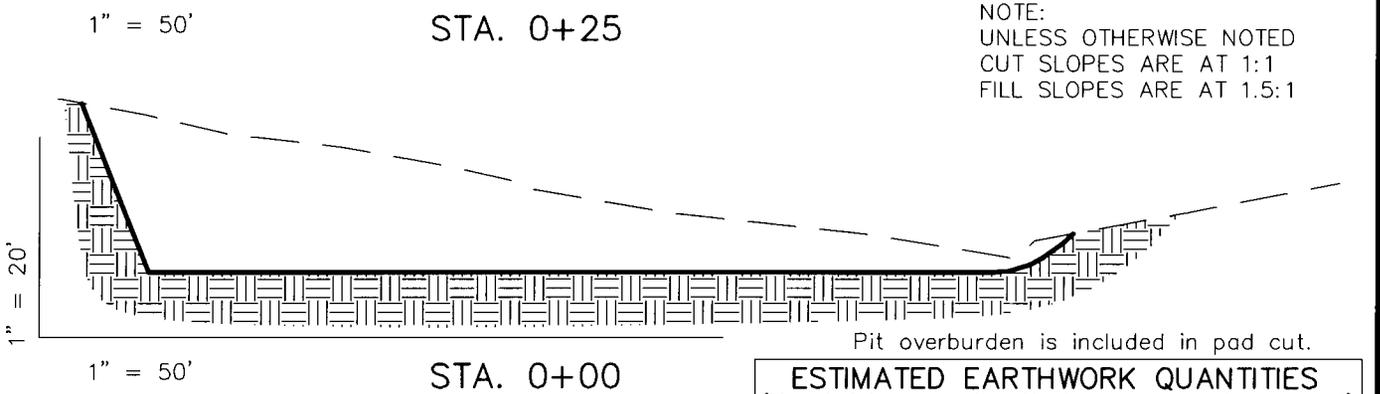
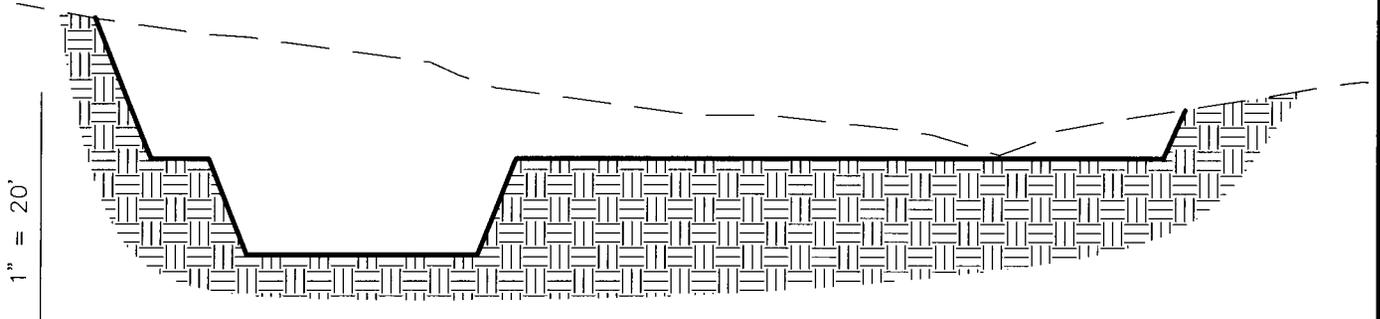
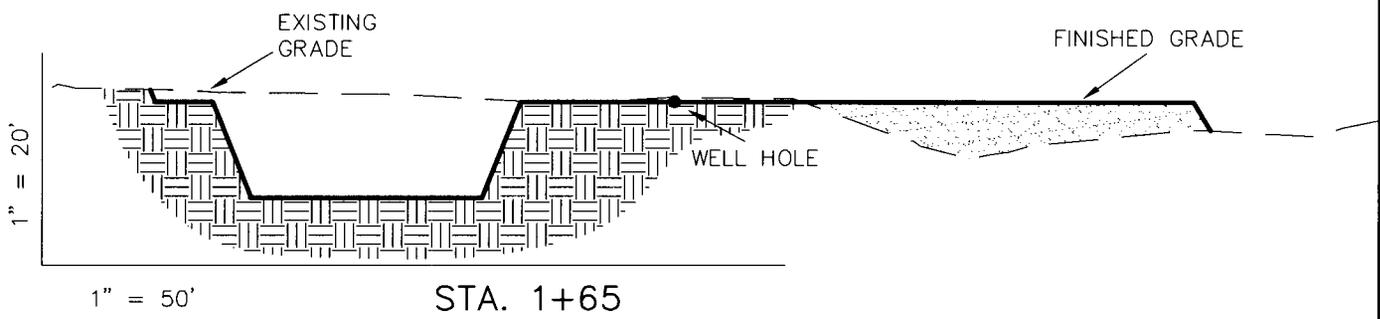
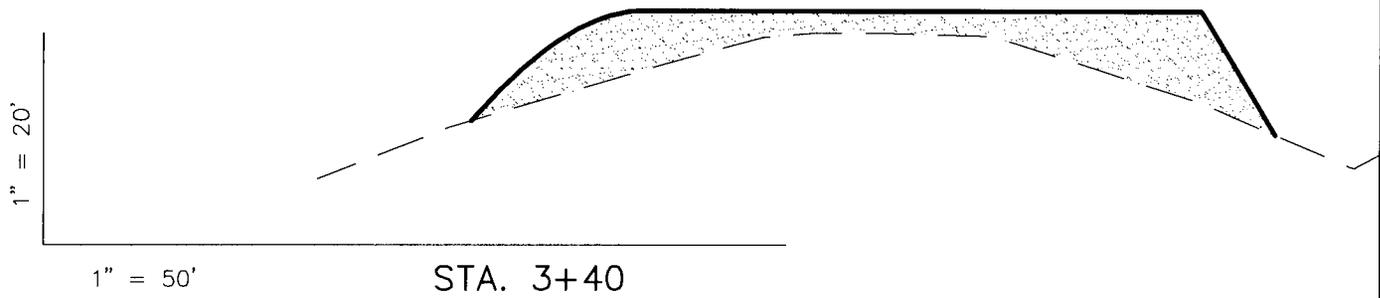
Proposed Well Head:  
Ungraded Ground El. 6057.3'  
Finished Grade El. 6056.8'

CONTOUR INTERVAL = 5'

Section 3, T13S, R20E, S.L.B.&M.		Qtr/Qtr Location: NW NE	Footage Location: 789' FNL & 1847' FEL	
Date Surveyed: 03-20-06	Date Drawn: 03-21-06	Date Last Revision:	<b>Timberline</b> <i>Land Surveying, Inc.</i> (435) 789-1365 38 WEST 100 NORTH VERNAL, UTAH 84078	<b>SHEET</b> <b>3</b> <b>OF 10</b>
Surveyed By: B.J.S..	Drawn By: M.W.W.	Scale: 1" = 50'		

# SLATE RIVER RESOURCES, LLC

## CROSS SECTIONS MUSTANG 1320-3B



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

Pit overburden is included in pad cut.

### REFERENCE POINTS

- 225' NORTHEASTERLY = 6046.7'
- 273' NORTHEASTERLY = 6042.2'
- 185' SOUTHEASTERLY = 6055.0'
- 235' SOUTHEASTELRY = 6059.1'

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

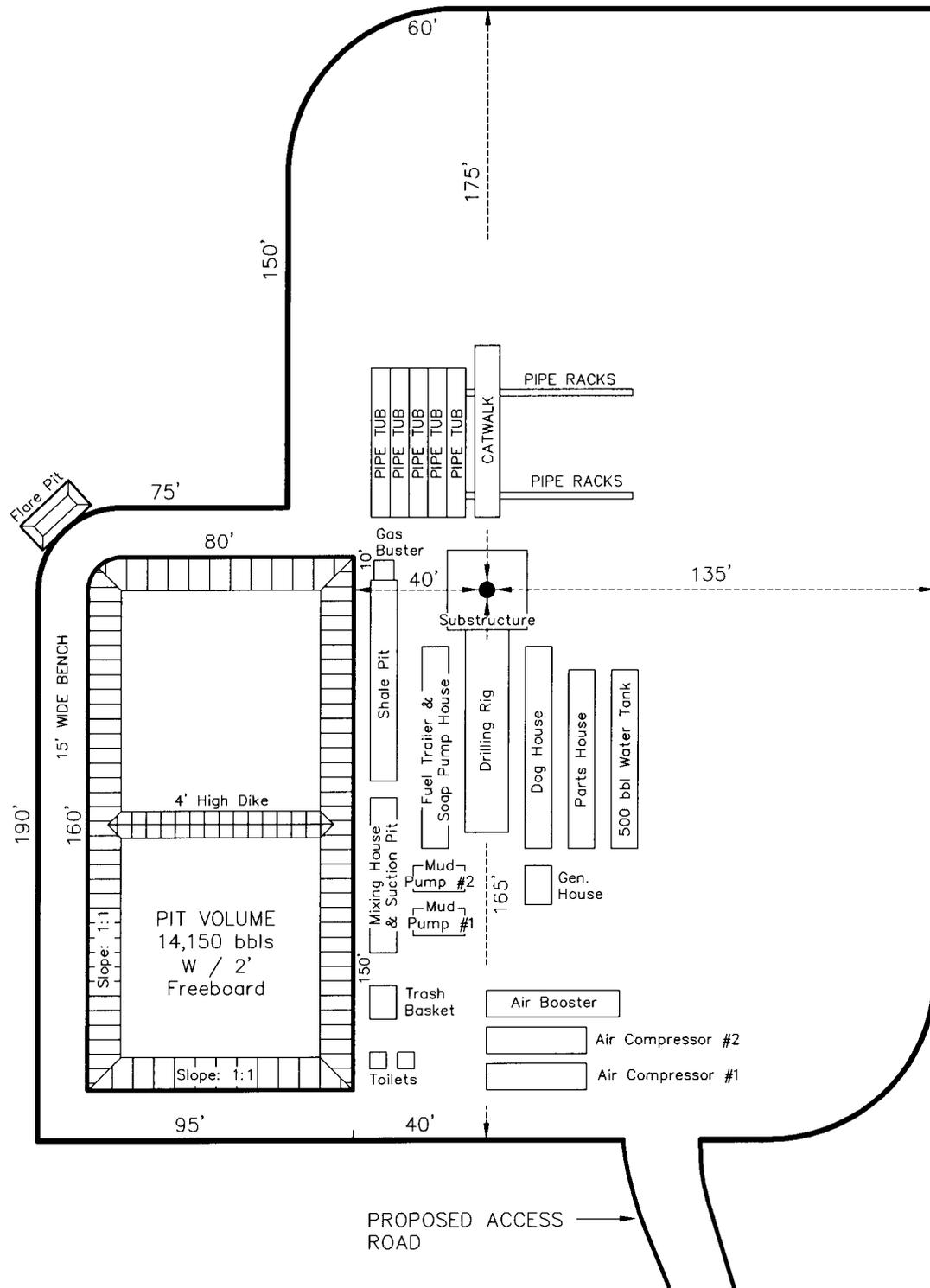
ITEM	CUT	FILL	6" TOPSOIL	EXCESS
PAD	6,360	6,710	Topsoil is not included in Pad Cut	-350
PIT	3,850	0		3,850
<b>TOTALS</b>	<b>10,210</b>	<b>6,710</b>	<b>1,490</b>	<b>3,500</b>

Excess Material after Pit Rehabilitation = 1,570 Cu. Yds.

Section 3, T13S, R20E, S.L.B.&M.		Qtr/Qtr Location: NW NE	Footage Location: 789' FNL & 1847' FEL
Date Surveyed: 03-20-06	Date Drawn: 03-21-06	Date Last Revision:	<b>Timberline</b> (435) 789-1365 <i>Land Surveying, Inc.</i> 38 WEST 100 NORTH VERNAL, UTAH 84078
Surveyed By: B.J.S.	Drawn By: M.W.W.	Scale: 1" = 50'	
			<b>SHEET</b> <b>4</b> <b>OF 10</b>

# SLATE RIVER RESOURCES, LLC

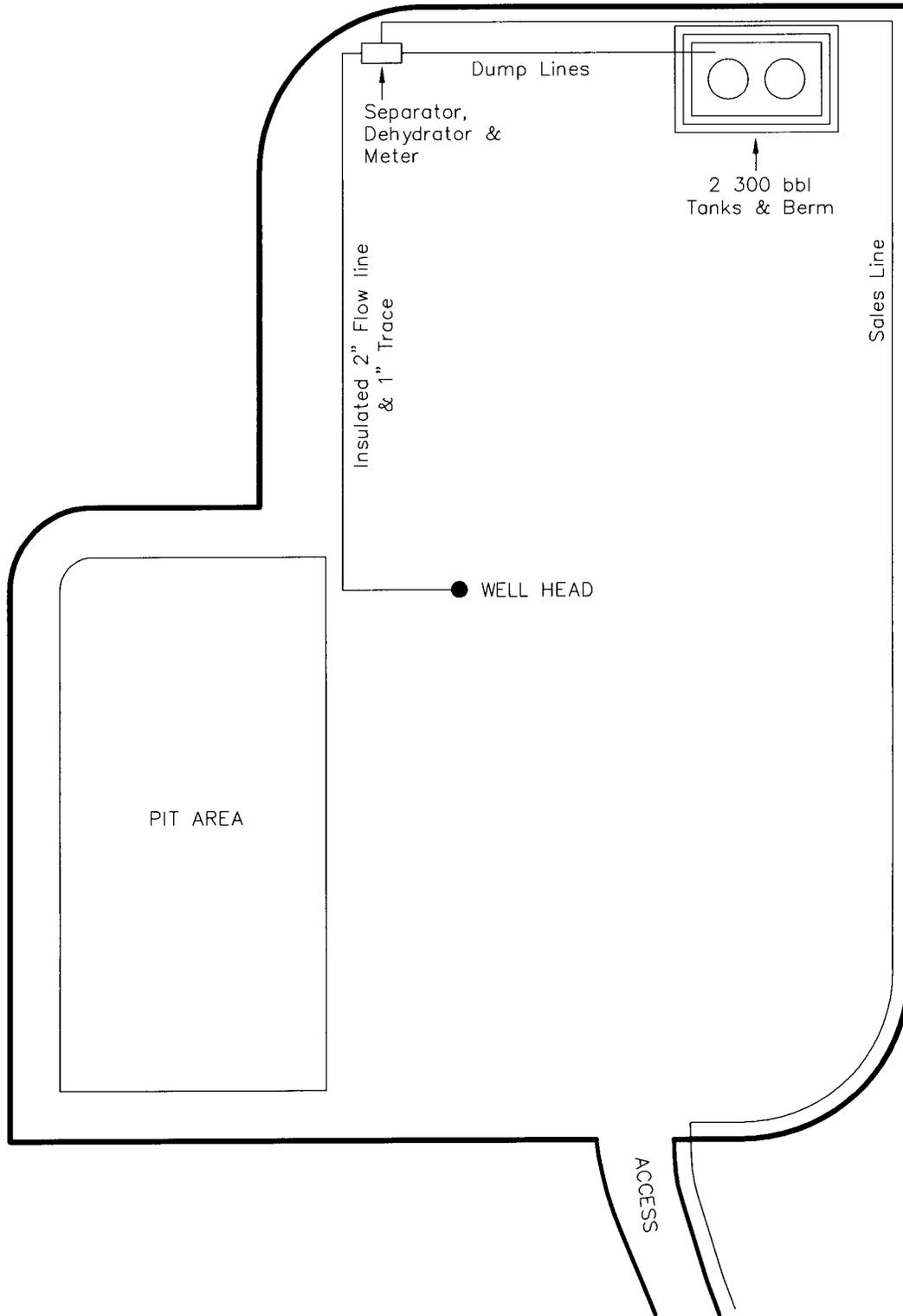
## TYPICAL RIG LAYOUT MUSTANG 1320-3B



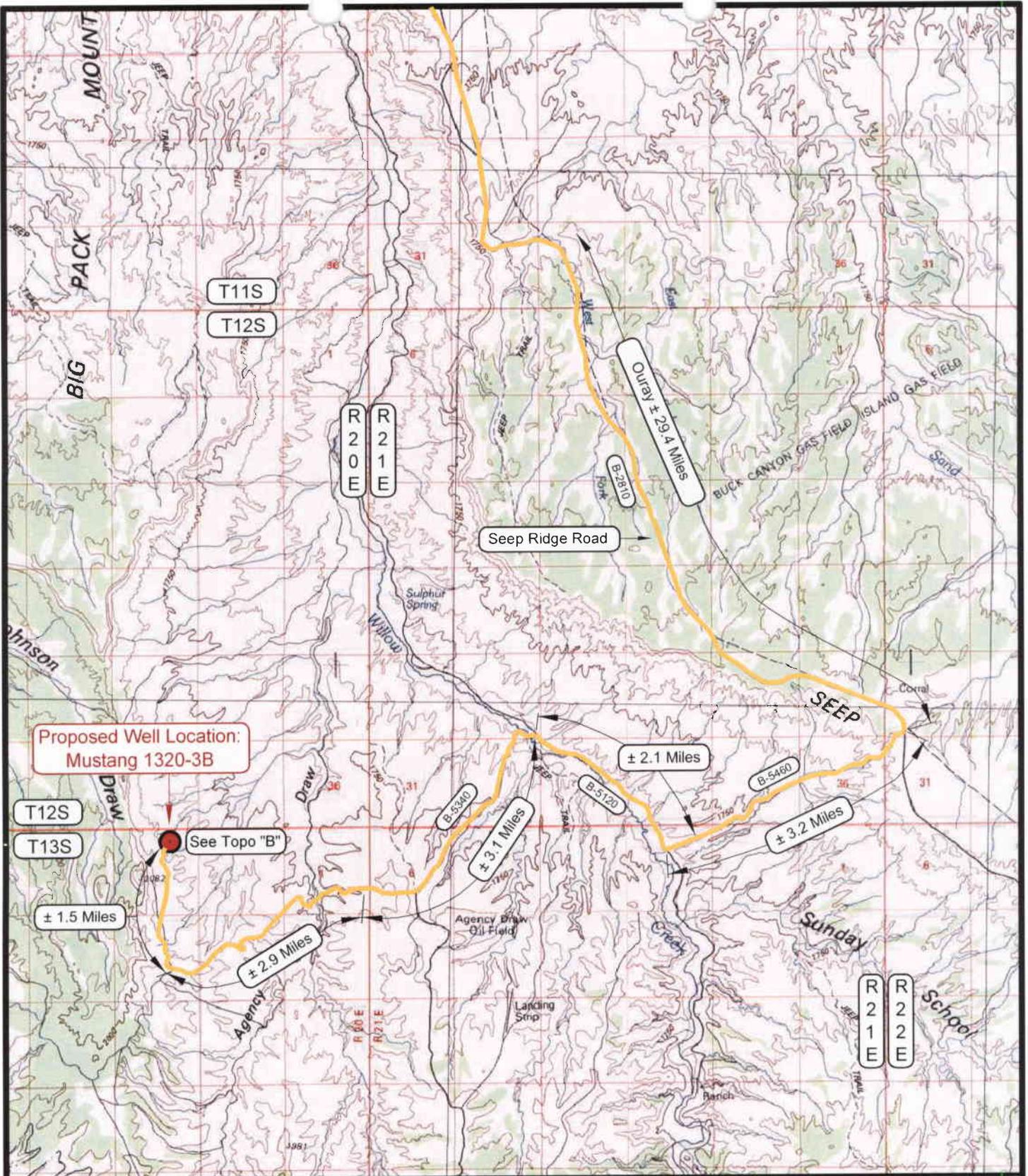
Section 3, T13S, R20E, S.L.B.&M.		Qtr/Qtr Location: NW NE	Footage Location: 789' FNL & 1847' FEL
Date Surveyed: 03-20-06	Date Drawn: 03-21-06	Date Last Revision:	<b>Timberline</b> (435) 789-1365 <i>Land Surveying, Inc.</i> 38 WEST 100 NORTH VERNAL, UTAH 84078
Surveyed By: B.J.S.	Drawn By: M.W.W.	Scale: 1" = 50'	
			SHEET <b>5</b> OF 10

# SLATE RIVER RESOURCES, LLC

## TYPICAL PRODUCTION LAYOUT MUSTANG 1320-3B



Section 3, T13S, R20E, S.L.B.&M.		Qtr/Qtr Location: NW NE	Footage Location: 789' FNL & 1847' FEL
Date Surveyed: 03-20-06	Date Drawn: 03-21-06	Date Last Revision:	<b>Timberline</b> (435) 789-1365 <i>Land Surveying, Inc.</i> 38 WEST 100 NORTH VERNAL, UTAH 84078
Surveyed By: B.J.S..	Drawn By: M.W.W.	Scale: 1" = 50'	
			SHEET <b>6</b> OF 10



Proposed Well Location:  
Mustang 1320-3B

**LEGEND**

- = PROPOSED ACCESS ROAD  
● = SUBJECT WELL  
○ = OTHER WELLS  
--- = EXISTING ROAD  
--- = EXISTING ROAD (TO BE IMPROVED)
- B-5460 = COUNTY ROAD CLASS & NUMBER

**TOPOGRAPHIC MAP "A"**

DATE SURVEYED: 03-20-06

DATE DRAWN: 03-23-06

SCALE: 1:100,000

DRAWN BY: B.J.Z.

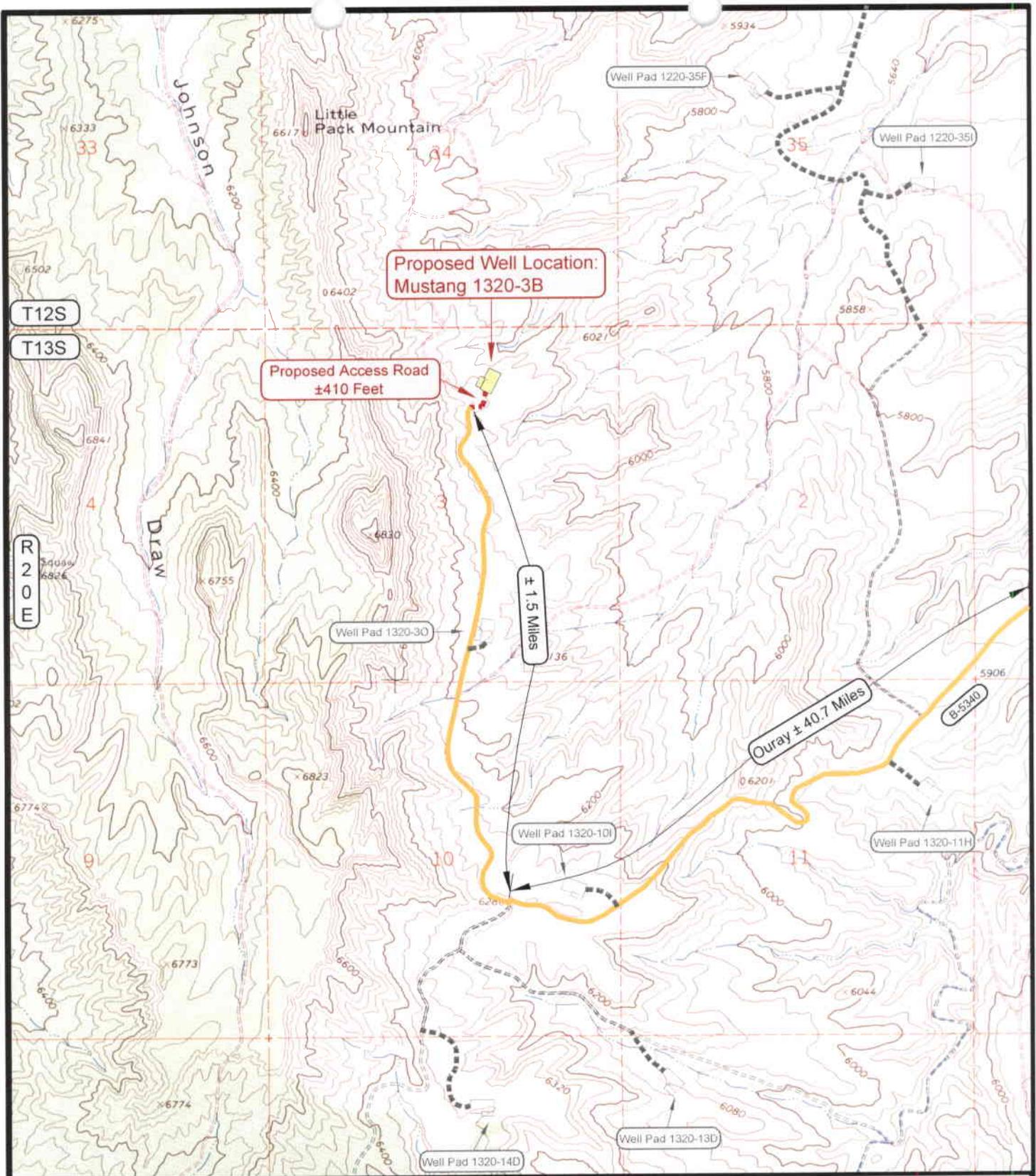
REVISED:

**SLATE RIVER RESOURCES, LLC**

**Mustang 1320-3B**  
**SECTION 3, T13S, R20E, S.L.B.&M.**  
**789' FNL & 1847' 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"**

DATE SURVEYED: 03-20-06

DATE DRAWN: 03-23-06

SCALE: 1" = 2000'

DRAWN BY: B.J.Z.

REVISED:

**SLATE RIVER RESOURCES, LLC**

**Mustang 1320-3B  
SECTION 3, T13S, R20E, S.L.B.&M.  
789' FNL & 1847' FEL**

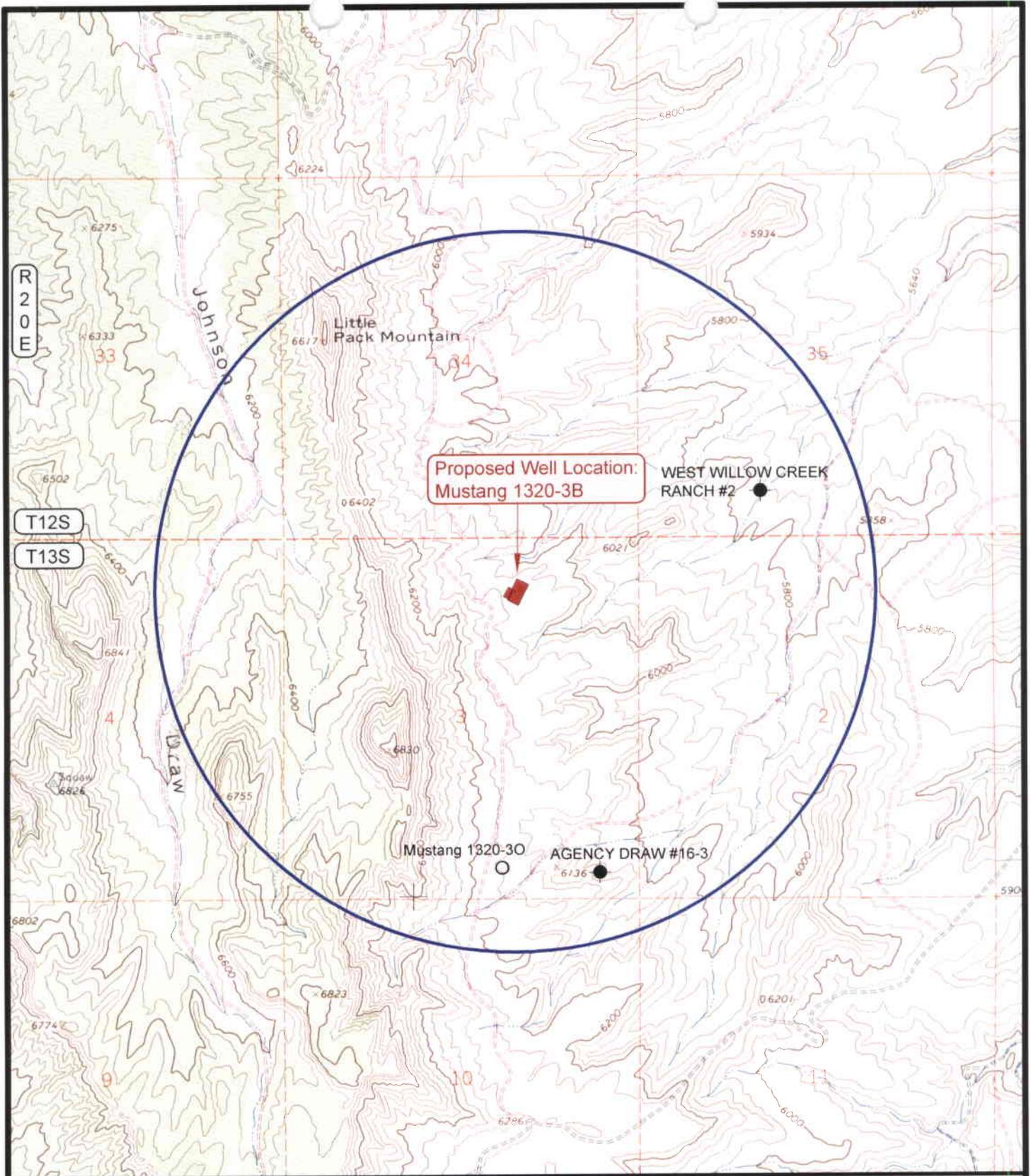
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**SHEET**

**8**

**OF 10**



**LEGEND**

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

**SLATE RIVER RESOURCES, LLC**

**Mustang 1320-3B**  
**SECTION 3, T13S, R20E, S.L.B.&M.**  
**789' FNL & 1847' FEL**

**TOPOGRAPHIC MAP "C"**

SCALE: 1" = 2000'

DRAWN BY: B.J.Z.

DATE SURVEYED: 03-20-06

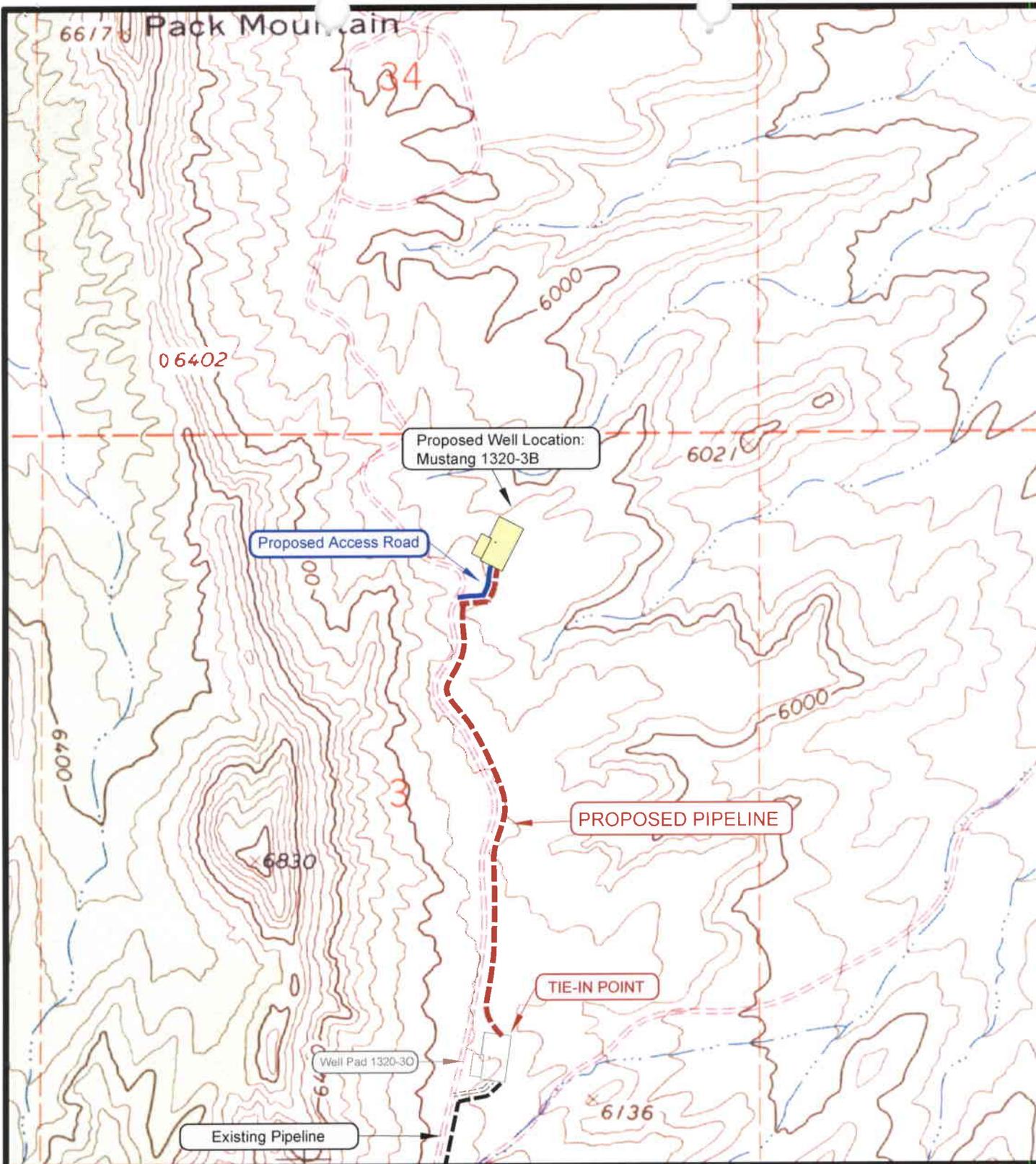
DATE DRAWN: 03-23-06

REVISED:

**Timberline Land Surveying, Inc.**

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 (435) 789-1365

**SHEET**  
**9**  
**OF 10**



**APPROXIMATE PIPELINE LENGTH = 3,740 Feet**

**SLATE RIVER RESOURCES, LLC**

**Mustang 1320-3B  
SECTION 3, T13S, R20E, S.L.B.&M.  
789' FNL & 1847' FEL**

**LEGEND**

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



<b>TOPOGRAPHIC MAP "D"</b>	DATE SURVEYED: 03-20-06
SCALE: 1" = 1000'	DATE DRAWN: 03-23-06
DRAWN BY: BJ.Z.	REVISED:

**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: 04/04/2006

API NO. ASSIGNED: 43-047-37981
--------------------------------

WELL NAME: MUSTANG 1320-3B  
 OPERATOR: SLATE RIVER RESOURCES ( N2725 )  
 CONTACT: GINGER STRINHAM

PHONE NUMBER: 435-781-1871

PROPOSED LOCATION:

NWNE 03 130S 200E  
 SURFACE: 0789 FNL 1847 FEL  
 BOTTOM: 0789 FNL 1847 FEL  
 COUNTY: UINTAH  
 LATITUDE: 39.72063 LONGITUDE: -109.6615  
 UTM SURF EASTINGS: 614723 NORTHINGS: 4397398  
 FIELD NAME: WILDCAT ( 1 )

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	DKD	5/4/06
Geology		
Surface		

LEASE TYPE: 4 - Fee  
 LEASE NUMBER: FEE  
 SURFACE OWNER: 4 - Fee

PROPOSED FORMATION: MNCS  
 COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[] Ind[] Sta[] Fee[]  
(No. B001556 )
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit  
(No. 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: 207-2  
Eff Date: 2-22-06  
Siting: 460' for 1/4 bend & 920' for 612' curve  
R649-3-2
- R649-3-11. Directional Drill

COMMENTS: Needs Permit (04-18-06)

STIPULATIONS: 1- STATEMENT OF BASIS  
2- Surface Csg Cont Stip



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

**OPERATOR:** Slate River Resources, LLC  
**WELL NAME & NUMBER:** Mustang 1320-3B  
**API NUMBER:** 43-047-37981  
**LOCATION:** 1/4,1/4 Lot 2 Sec: 03TWP: 13S RNG: 20 E; 789' FNL; 1847' FEL

**Geology/Ground Water:**

Slate River proposes to set 2,000' of surface casing at this location. The base of the moderately saline water is at approximately 3,500 feet in this area. This location lies on the Green River Formation. The proposed location is in a recharge area for the aquifers of the Green River Formation and fresh water can be expected to be found in the Green River. A search of Division of Water Rights records indicates 1 water well within a 10,000 foot radius of the proposed location. The well is approximately 1.75 miles from the proposed location. It is 70 feet deep and is used for stock watering. The well is owned by the Utah Oil Shales. The production casing cement should be brought up above the base of the moderately saline ground water to isolate it from fresher waters up hole. The proposed casing and cement program should adequately protect any useable ground water.

**Reviewer:** Brad Hill **Date:** 05-01-2006

**Surface:**

At the request of Slate River Resources, a pre-site for this well was completed on April 18, 2006. Both the surface and minerals are privately owned. Mr. David Salter represents the owner, Mustang-Eagle Minerals. He was contacted by phone on March 21, 2006 and informed of and invited to participate in the presite. He said the company has no specific concerns and he would not attend.

The area poses no problems for drilling a well.

**Reviewer:** Floyd Bartlett **Date:** 04/19/2006

**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.

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

**OPERATOR:** Slate River Resources, LLC  
**WELL NAME & NUMBER:** Mustang 1320-3B  
**API NUMBER:** 43-047-37981  
**LEASE:** FEE      **FIELD/UNIT:** Agency Draw  
**LOCATION:** 1/4, 1/4 Lot 2 **Sec:** 03 **TWP:** 13S    **RNG:** 20 E; 789' **FNL** 1847' **FEL**  
**LEGAL WELL SITING:** 460 F **SEC. LINE;** 460 F **1/4, 1/4 LINE;** 920 F **ANOTHER WELL.**  
**GPS COORD (UTM):** 4397409 Y    0614713 X    **SURFACE OWNER:** Mustang-Eagle Oil

**PARTICIPANTS**

Floyd Bartlett (DOGM), John Conley, (Vice President Slate River LLC),  
Ginger Stringham, (Permit Consultant), Gary Gerber (Stubbs and Stubbs  
Construction), Colby Kay (Timberline Land Surveying),

**REGIONAL/SETTING TOPOGRAPHY**

Site is in Uintah County, Utah in the Agency Draw area approximately  
73 miles south east of Vernal, UT. The Willow Creek drainage lies to  
the east and Hill Creek drainage is to the west. 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 into Willow Creek, which contains  
a perennial stream. All drainages in the Agency Draw area are  
ephemeral. No streams, springs or seeps are known to exist in the  
area.

Access to the site from Ouray, UT is following the Seep Ridge Road south  
29.4 miles from Ouray, UT, then south west 3.2 miles down the Uintah Co.  
road B-5460 to Willow Cr, then northwest 2.1 miles along Willow Cr and  
Uintah Co. road B-5120 to the Agency Draw road then following the Agency  
Draw road 7.5 miles. From this point approximately 410 feet of new road  
will be constructed to the well pad. (See Topographic Sheets "A and B"  
of the APD)

This location is on a narrow ridge with step side hills sloping both on  
the north and south into draws. The terrain is broken with small draws  
and ridges. Overall drainage slopes toward Agency Draw. One drainage  
will be diverted around the southeast corner of the location.

**SURFACE USE PLAN**

CURRENT SURFACE USE: Winter sheep grazing, limited big game hunting and  
general recreation.

PROPOSED SURFACE DISTURBANCE: Location of 340' x 195' and a reserve pit  
of 80' x 160' with an additional 15' wide bench. Approximately 410 feet  
of road will be constructed. A pipeline 3,740 feet in length will be  
laid along the access road to a tie-in point at the 1320-30 well..

LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS: See Topographic Map "C". Several other wells are planned as the field develops.

LOCATION OF PRODUCTION FACILITIES AND PIPELINES: All production facilities will be on location and added after drilling well. A 3,740 foot pipeline will be laid next to the access road to a tie-in point with an existing pipeline.

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). No public concerns or interests are expected from drilling this well.

#### **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: Moderately vegetated with a desert shrub type consisting of black sage, curly mesquite, broom snakeweed, curl leaf mahogany, and scattered juniper. Winter sheep grazing, wild horses, deer, elk, mountain lion, coyote and other small mammals and birds.

SOIL TYPE AND CHARACTERISTICS: Moderately deep light brown sandy clay loam. Some exposed small fractured rock on the surface.

EROSION/SEDIMENTATION/STABILITY: Little erosion. Sedimentation and stability are not a problem and location construction shouldn't cause an increase in stability or erosion problems. One small gully will be diverted around the location.

PALEONTOLOGICAL POTENTIAL: None observed.

#### **RESERVE PIT**

CHARACTERISTICS: 80' x 160' x 10' deep, located on the southwest corner of the location. , The reserve pit is all within 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. The operator stated they would line the pit with a at least a 16,mil liner and an appropriate sub-liner.

**SURFACE RESTORATION/RECLAMATION PLAN**

As per Land Owner Agreement.

**SURFACE AGREEMENT:**

A surface agreement has been executed and is on file.

**ARCULTURAL RESOURCES/ARCHAEOLOGY:** No Cultural or Archeological survey is required as per the Land Owner Agreement.

**OTHER OBSERVATIONS/COMMENTS**

None.

**ATTACHMENTS**

Photos of this site were taken and placed on file.

FLOYD BARTLETT  
DOGM REPRESENTATIVE

April 18, 2006; 4:30 PM

DATE/TIME

**Evaluation Ranking Criteria and Ranking Scale  
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 II 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.

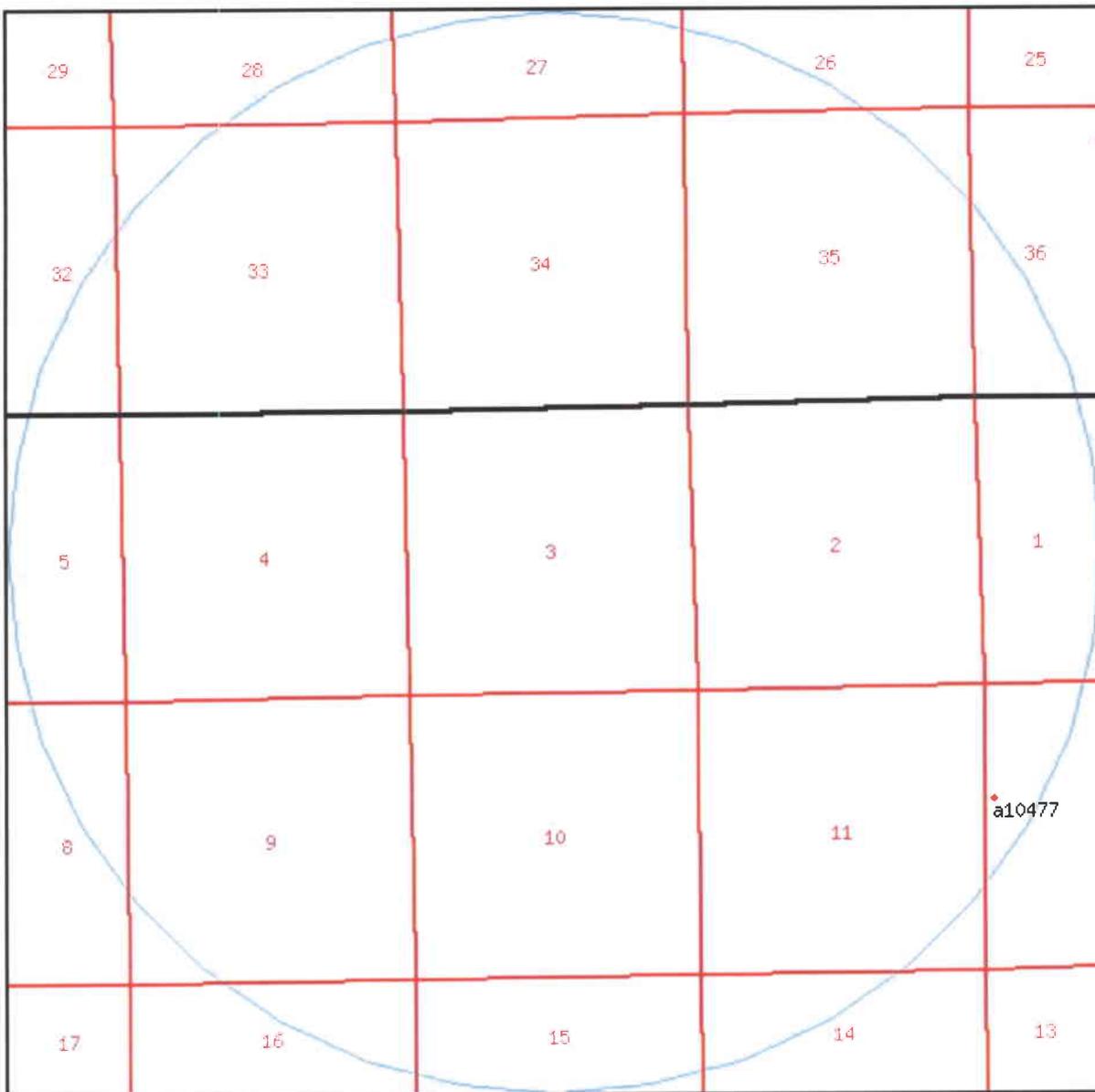
utah.gov State Online Services Agency List Business.utah.gov Search Ut

# UTAH DIVISION OF WATER RIGHTS

## WRPLAT Program Output Listing

Version: 2004.12.30.00 Rundate: 05/01/2006 03:27 PM

Radius search of 10000 feet from a point N2640 E2640 from the SW corner, section 03, Township 13S, Range 20E, SL b&m Criteria:wrtypes=W,C,E podtypes=U status=U,A,P usetypes=all



0 1300 2600 3900 5200 ft

**Water Rights**

<b>WR Number</b>	<b>Diversion Type/Location</b>	<b>Well Log</b>	<b>Status</b>	<b>Priority</b>	<b>Uses</b>	<b>CFS</b>	<b>ACFT</b>	<b>Owner</b>
49-285	Underground S2125 E170 NW 12 13S 20E SL		A	19701203	S	0.015	0.000	UTAH OIL SHALI C/O RAYMOND T PRESIDENT
49-285	Underground S580 E2375 NW 36 12S 20E SL		A	19701203	S	0.015	0.000	UTAH OIL SHALI C/O RAYMOND T PRESIDENT
a10477	Underground S2125 E170 NW 12 13S 20E SL		A	19781106	S	0.015	0.000	UTAH OIL SHALI 622 NEWHOUSE I EXCHANGE PLA
a10477	Underground S580 E2375 NW 36 12S 20E SL		A	19781106	S	0.015	0.000	UTAH OIL SHALI 622 NEWHOUSE I EXCHANGE PLA

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

# 05-06 Slate Mustang 1320- 3

## Casing Schematic

Green River

Surface

TOC @ 0.

TOC @ 1072.

1733

Surface

2000. MD

2280 Washout

3500 Bmsd

4780 Mesaverde

5040 TOC. Tail

7400 Mancos

Production

8751. MD

9-5/8"  
MW 8.4  
Frac 19.3

BHP

$$(.050)(11)(8751) = 5005$$

Anticipate < 3000psi  
water grad = 3789psi

Gas

$$(.10)(8751) = 1050$$

$$MASP = 3955$$

fluid

$$(.22)(8751) = 1925$$

$$MASP = 3080 \text{ O.K.}$$

BOPE 3000 ✓

Surf csj - 2270

$$70\% = 1589$$

Max pressure @ Surf csj shoe = 3520

Test TO 1589 ✓

✓ Adequate mud strength  
5 7/8" 4-1/2"  
MW 11.

✓ w/ 7% washout  
# surface stop

✓ w/ 15% washout

Well name:	<b>05-06 Slate Mustang 1320-3B</b>	
Operator:	<b>Slate River Resources, LLC</b>	Project ID:
String type:	Surface	43-047-37981
Location:	Uintah County	

**Design parameters:**

**Collapse**

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

**Minimum design factors:**

**Collapse:**

Design factor 1.125

**Burst:**

Design factor 1.00

**Environment:**

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

Cement top: Surface

**Burst**

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

No backup mud specified.

**Tension:**

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

Tension is based on buoyed weight.  
 Neutral point: 1,753 ft

Non-directional string.

**Re subsequent strings:**

Next setting depth: 8,751 ft  
 Next mud weight: 11.000 ppg  
 Next setting BHP: 5,001 psi  
 Fracture mud wt: 19.250 ppg  
 Fracture depth: 2,000 ft  
 Injection pressure 2,000 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	2000	9.625	32.30	H-40	ST&C	2000	2000	8.876	126.8
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	873	1370	1.570	2000	2270	1.14	57	254	4.49 J

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

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

Date: May 2, 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:	<b>05-06 Slate Mustang 1320-3B</b>		
Operator:	<b>Slate River Resources, LLC</b>		Project ID:
String type:	Production		43-047-37981
Location:	Uintah County		

**Design parameters:**

**Collapse**

Mud weight: 11.000 ppg  
 Design is based on evacuated pipe.

**Burst**

Max anticipated surface pressure: 1,969 psi  
 Internal gradient: 0.346 psi/ft  
 Calculated BHP: 5,001 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: 7,312 ft

**Environment:**

H2S considered? No  
 Surface temperature: 75 °F  
 Bottom hole temperature: 198 °F  
 Temperature gradient: 1.40 °F/100ft  
 Minimum section length: 1,500 ft  
  
 Cement top: 1,072 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	8751	4.5	11.60	M-80	LT&C	8751	8751	3.875	202.8
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	5001	6350	1.270	5001	7780	1.56	85	267	3.15 B

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

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

Date: May 2, 2006  
 Salt Lake City, Utah

**Remarks:**

Collapse is based on a vertical depth of 8751 ft, a mud weight of 11 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.*



**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 4, 2006

Slate River Resource, LLC  
418 E Main St.  
Vernal, UT 84078

Re: Mustang 1320-3B Well, 789' FNL, 1847' FEL, NW NE, Sec. 3, T. 13 South,  
R. 20 East, Uintah County, Utah

Gentlemen:

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

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 43-047-37981.

Sincerely,

A handwritten signature in black ink, appearing to read "Gil Hunt".

Gil Hunt  
Associate Director

pab  
Enclosures

cc: Uintah County Assessor

**Operator:** Slate River Resource, LLC  
**Well Name & Number** Mustang 1320-3B  
**API Number:** 43-047-37981  
**Lease:** Fee

**Location:** NW NE                      **Sec.** 3                      **T.** 13 South                      **R.** 20 East

### **Conditions of Approval**

1. **General**

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

2. **Notification Requirements**

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

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

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

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

3. **Reporting Requirements**

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

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

5. Surface casing shall be cemented to the surface.

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

**CONFIDENTIAL**

FORM 9

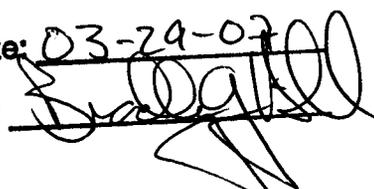
<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>		5. LEASE DESIGNATION AND SERIAL NUMBER: <b>FEE</b>
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
		7. UNIT or CA AGREEMENT NAME:
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____	8. WELL NAME and NUMBER: <b>Mustang 1320-3B</b>	
2. NAME OF OPERATOR: <b>Slate River Resources, LLC</b>		9. API NUMBER: <b>4304737981</b>
3. ADDRESS OF OPERATOR: 418 E. Main Ste 18 CITY <b>Vernal</b> STATE <b>UT</b> ZIP <b>84078</b>		10. FIELD AND POOL, OR WILDCAT: <b>Wildcat</b>
4. LOCATION OF WELL FOOTAGES AT SURFACE: <b>789' FNL 1847' FEL</b>		COUNTY: <b>Uintah</b>
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <b>NWNE 3 13S 20E</b>		STATE: <b>UTAH</b>

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

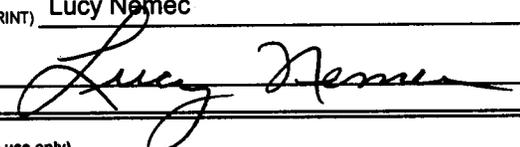
TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: <u>5/4/2007</u>	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> 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>APD 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.  
Slate River Resources, LLC requests a one year extension from 5/4/2007 to 5/4/2008 on the Application for Permit to Drill for the above referenced location due to expire 5/4/2007.

Approved by the  
Utah Division of  
Oil, Gas and Mining

Date: 03-29-07  
By: 

3-30-07  
km

NAME (PLEASE PRINT) <u>Lucy Nemecek</u>	TITLE <u>Sr. Operations Specialist</u>
SIGNATURE 	DATE <u>3/26/2007</u>

(This space for State use only)

**RECEIVED**  
**MAR 28 2007**  
DIV. OF OIL, GAS & MINING

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

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

**API:** 4304737981  
**Well Name:** Mustang 1320-3B  
**Location:** NWNE Section 3 T13S-R20E  
**Company Permit Issued to:** Slate River Resources, LLC  
**Date Original Permit Issued:** 5/4/2006

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

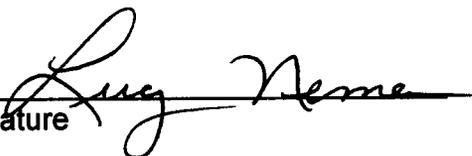
Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes  No

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

  
Signature

3/26/2007  
Date

Title: Sr. Operations Specialist

Representing: Slate River Resources, LLC

RECEIVED  
MAR 28 2007  
DIV. OF OIL, GAS & MINING



JON M. HUNTSMAN, JR.  
Governor

GARY R. HERBERT  
Lieutenant Governor

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil Gas and Mining

JOHN R. BAZA  
Division Director

April 3, 2008

Lucy Nemec  
Slate River Resources, LLC  
418 East Main, Ste. 18  
Vernal, UT 84078

43-047-37981

Re: APDs Rescinded at the request of Slate River Resources, LLC

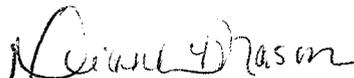
Dear Ms. Nemec:

Enclosed find the list of APDs that you requested to be rescinded to Slate River Resources, LLC. No drilling activity at these locations has been reported to the division. Therefore, approval to drill these wells is hereby rescinded, effective April 3, 2008.

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

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  
Brad Hill, Technical Services Manager



Mustang 1220-22P  
Mustang 1220-24L  
Mustang 1220-26B  
Mustang 1220-26P  
Mustang 1220-27K  
Mustang 1220-35F  
Mustang 1320-01B  
Mustang 1320-03B  
Mustang 1320-13N  
Mustang 1320-15B  
Mustang 1321-06N  
Uintah Oil Assoc 1221-31I  
Uintah Oil Assoc 1321-05L  
Uintah Oil Assoc 1321-05F

43-647-37981