

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

FORM 3

AMENDED REPORT
(highlight changes)

APPLICATION FOR PERMIT TO DRILL			5. MINERAL LEASE NO: U-019837	6. SURFACE: Indian
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>			7. IF INDIAN, ALLOTTEE OR TRIBE NAME: Ute Indian Tribe	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>			8. UNIT or CA AGREEMENT NAME: N/A	
2. NAME OF OPERATOR: Miller, Dyer & Co., LLC			9. WELL NAME and NUMBER: Ute Tribal 7-30-14-20	
3. ADDRESS OF OPERATOR: 475 17th St Suite 1200 CITY Denver STATE CO ZIP 80202			PHONE NUMBER: (303) 292-0949	10. FIELD AND POOL, OR WILDCAT: Flat Rock <i>60</i>
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 2011 FNL 1973 FEL <i>610149x</i> <i>39.572038</i> AT PROPOSED PRODUCING ZONE: SAME <i>43808354</i> <i>-109.717611</i>			11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNE 30 14S 20E S	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: See Topo Map "A" (Attached)			12. COUNTY: Uintah	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 1973	16. NUMBER OF ACRES IN LEASE: 627.84	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40		
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 1768	19. PROPOSED DEPTH: 12,500	20. BOND DESCRIPTION: RLB0008085		
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 7471 GR	22. APPROXIMATE DATE WORK WILL START: 10/1/2006	23. ESTIMATED DURATION: 1 Month		

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT			SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT			
15-1/2"	13-3/8"	H-40	48#	200	Class G	79 sacks	1.15	15.8
12-1/4"	9-5/8"	J-55	36#	3,150	Class G & Hi-Fill	543 sacks	1.15 & 3.82	11 & 15.8
8-3/4"	5-1/2"	N-80	17# & 20#	12,500	Hi-Fill & Prem Lite	1193 sacks	1.73 & 3.84	13.5-11-15.8

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

NAME (PLEASE PRINT) Jeff Lang TITLE Vice President of Operations
SIGNATURE *[Signature]* DATE 6/4/06

(This space for State use only)

API NUMBER ASSIGNED: 43-047-38263

**Approved by the
Utah Division of
Oil, Gas and Mining**
Date: 06-09-06
By: *[Signature]*
(See Instructions on Reverse Side)

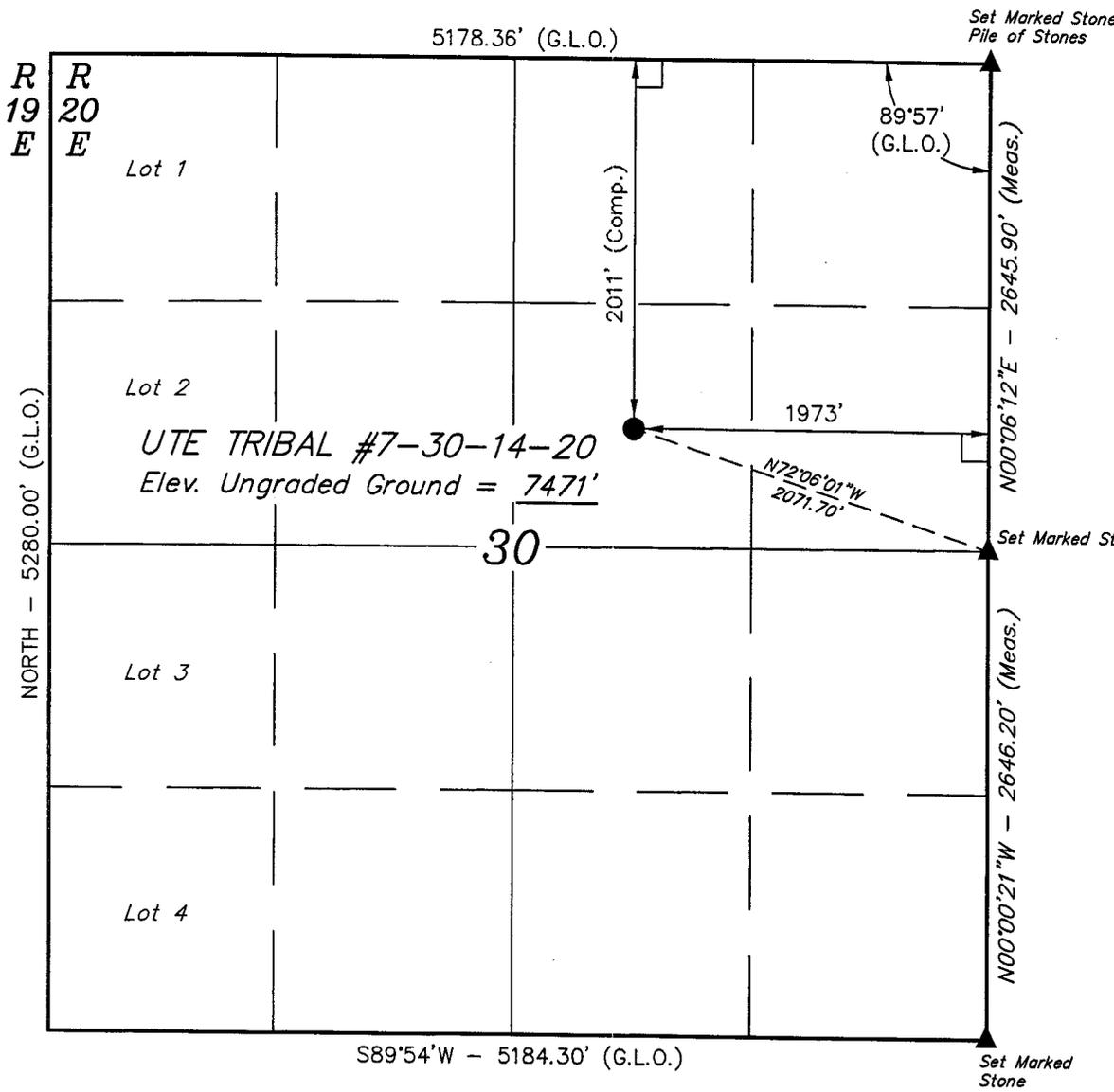
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DIV. OF OIL, GAS & MINING

T14S, R20E, S.L.B.&M.

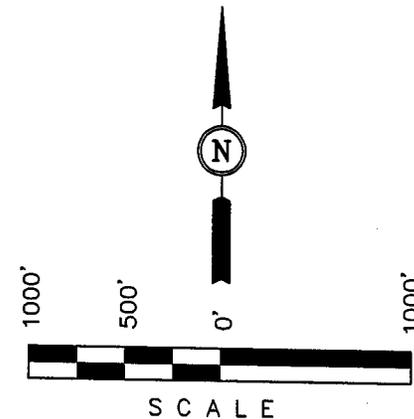
MILLER, DYER & CO. LLC.

Well location, UTE TRIBAL #7-30-14-20, located as shown in the SW 1/4 NE 1/4 of Section 30, T14S, R20E, S.L.B.&M., Uintah County, Utah.



BASIS OF ELEVATION

BENCH MARK (59WF) LOCATED IN THE NW 1/4 OF SECTION 10, T15S, R20E, S.L.B.&M. TAKEN FROM THE FLAT ROCK MESA QUADRANGLE, UTAH, UINTAH COUNTY, 7.5 MINUTE SERIES (TOPOGRAPHICAL MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 7449 FEET.



CERTIFICATE

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



REVISED: 05-10-06

BASIS OF BEARINGS

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.
 (AUTONOMOUS NAD 83)
 LATITUDE = 39°34'19.57" (39.572103)
 LONGITUDE = 109°43'05.96" (109.718322)
 (AUTONOMOUS NAD 27)
 LATITUDE = 39°34'19.70" (39.572139)
 LONGITUDE = 109°43'03.47" (109.717631)

LEGEND:

- └─┘ = 90° SYMBOL
- = PROPOSED WELL HEAD.
- ▲ = SECTION CORNERS LOCATED.

UNTAH ENGINEERING & LAND SURVEYING 85 SOUTH 200 EAST - VERNAL, UTAH 84078 (801) 789-1017		
SCALE 1" = 1000'	DATE SURVEYED: 04-21-06	DATE DRAWN: 04-25-06
PARTY N.H. T.F. C.G.	REFERENCES G.L.O. PLAT	
WEATHER WARM	FILE MILLER, DYER & CO. LLC.	

**DRILLING PLAN
MILLER, DYER & CO. LLC**

**Flat Rock #7-30-14-20
SWNE Section 30 T14S-R20E**

1. Estimated Formation Tops

<u>Estimated Formation Tops:</u>	<u>MD</u>	
Green River	Surface	
Wasatch	2,390'	Oil and/or gas anticipated > 3,000'
Mesaverde	4,520'	Gas
Castlegate Sandstone	6,380'	Gas
Mancos Shale	6,668'	Gas
Dakota Sandstone	10,580'	Gas
Cedar Mountain	10,644'	Gas
Morrison	10,860'	Gas
Curtis	11,470'	Gas
Entrada Sandstone	11,570'	Gas
Carmel	11,690'	Gas
Wingate	12,010'	Gas
Chinle	12,380'	Gas
TD	12,500'	

2. Pressure Control Equipment

Schematic attached (Diagram "A")

Blow Out Preventer (BOP) will be equipped as follows:

- A. Type: Eleven (11) Inch double Gate Hydraulic 3,000 psi BOP mounted on a 3,000 psi casinghead.
 - a. One set of blind rams (above)
 - b. One set of pipe rams (below)
 - c. Appropriate fill, kill and choke lines will be 2" x 2,000 psi working pressure

B. Auxiliary Equipment:

Auxiliary equipment to include upper Kelly cock with a handle, a floor safety valve with subs to fit all drill string connections in use, and a string float valve.

A rotating head will be installed above the blow-out preventer to divert any hydrocarbons in the drilling mud away from the rig floor.

C. Pressure Rating: 3,000 psi WP

D. Testing Procedure:

Hydraulic Ram-Type BOP

At a minimum, the BOP, choke manifold, and related equipment will be pressure tested to the approved working pressure of the BOP stack of 3,000 psi. This pressure will be maintained for a period of at least ten (10) minutes or until the requirements of the test are met, whichever is longer.

At a minimum, the above pressure test will be performed:

- 1) When the BOP is initially installed.
- 2) Whenever any seal subject to test pressure is broken.
- 3) Following related repairs; and
- 4) At thirty (30) day intervals

In addition to the above, the pipe and blind rams will be activated each trip, but no more than once each day.

E. Choke Manifold Equipment:

All choke lines will be straight lines; turns will use tee blocks, or targeted running tees, and will be anchored to prevent whip and vibration. The manifold will have two (2) manual chokes and a pressure gauge.

F. Accumulator:

The accumulator will have sufficient capacity to open the hydraulically controlled choke line valve, if so equipped, close all rams plus the annular BOP, and retain a minimum of 200 psi above precharge on the closing manifold without the use of the closing unit pumps. The fluid reservoir capacity will be double the usable fluid volume of the accumulator system capacity, and the fluid level of the reservoir will be maintained to the manufacturer's recommendations.

G. Miscellaneous Information:

The choke manifold and BOP ram extensions rods with hand wheels will be located outside the rig substructure. The hydraulic BOP closing unit will be located at least 25 feet from the well head, but readily accessible to the driller. Exact location and configuration of the hydraulic BOP closing unit will depend on the layout of the particular rig contracted to drill this well.

A flare line will be installed from the choke manifold to a flare pit, extending a minimum of 125 feet from the center of the drill hole.

The BOP and related pressure control equipment will be installed, tested and maintained in compliance with the specifications and requirements of the Onshore oil and Gas Order Number 2.

3. **Auxiliary Equipment**

- a. Kelly cock – Yes
- b. Float sub at bit – No
- c. Mud logger & instrumentation – Yes
- d. Full-opening safety valve on rig floor – Yes
- e. Rotating head – No

4. **Casing Program**

	Setting Depth	Hole Size	Casing O.D.	Grade	Weight/Ft.	Thread
Conductor	40'	26"	18"	Conductor	0.250" wall	
Surface	200'	15-1/2"	13-3/8"	H-40	48#	STC
Intermediate	3,150'	12-1/4"	9-5/8"	J-55	36#	STC
Production	0'-1,500'	8-3/4"	5-1/2"	N-80	17#	Buttress
	1,500'-10,500'	8-3/4"	5-1/2"	N-80	17#	LTC
	10,500'-12,500'	8-3/4"	5-1/2"	N-80	20#	LTC

- Subject to review on the basis of actual conditions encountered. Production casing depth will be adjusted based on results.
- **If we are able to drill 12-1/4" hole to 3150' utilizing a "smaller" rig already set up to drill with air if necessary, we will likely omit the 200' of 13-3/8" surface casing. Such rigs are available from contractors such as Bill Jr.'s Rat Hole Drilling. If we are unable to secure one of these rigs and have to drill the 12-1/4" hole utilizing the "big" rig, we will include the 200' of 13-3/8" surface casing as a precautionary measure in case an air package is required during the drilling of the well.**
- **Depending on availability, we may substitute 17#, P-110, LTC instead of the 20#, N-80, LTC for the bottom 2000' (10,500' – 12,500') of the 5-1/2" production string**

Cement Program

Conductor Casing: 0'-40'

Ready Mix to surface

Surface Casing: 0' – 200'

Cement:

0'-200'

15.8 ppg Class G

2% CaCl₂

¼ #/sk cello flake

Cement yield = 1.15 ft³/sk w/ 5 gal/sk water

Annular volume = 200' * 0.3347 ft³/ft = 66.9 ft³

Excess = 35%

Total volume w/ excess = 66.9 ft³ * 1.35 = 90.3 ft³

Cement Requirement = 90.3 ft³ / 1.15 ft³/sk = 79 sks

Intermediate Casing: 0'-3,150'

Lead Cement:

0'-2800'

11.0 ppg Hi-Fill

16% gel

10 #/sk gilsonite

3% salt

3 #/sk GR-3 (ground rubber)

¼ #/sk cello flake

Cement yield = 3.82 ft³/sk w/ 23 gal/sk water

Annular volume = 2800' * 0.3132 ft³/ft = 877.0 ft³

Excess = 40%

Total volume w/ excess = 877.0 ft³ * 1.40 = 1227.8 ft³

Lead Cement Requirement = 1227.8 ft³ / 3.82 ft³/sk = 321 sks

Tail Cement:

2800'-3150' plus shoe joint

15.8 ppg Class G

1% CaCl₂

¼ #/sk cello flake

Cement yield = 1.15 ft³/sk w/ 5 gal/sk water

Annular volume = 350' * 0.3132 ft³/ft = 109.6 ft³

Excess = 35%

Total annular volume w/ excess = 109.6 ft³ * 1.35 = 148.0 ft³

Shoe volume = 45' * 0.4340 ft³/ft = 19.5 ft³

Excess (shoe) = 0%

Total volume w/ excess (incl. shoe) = 148.0 + 19.5 = 167.5 ft³

Tail Cement Requirement = 167.5 ft³ / 1.15 ft³/sk = 146 sks

Displacement Volume:

3105' * 0.0773 bbl/ft = 240.0 bbls

Top Out Cement:

0-200' (displaced down backside w/ 1" string)

15.8 ppg Class G

3% CaCl₂
¼ #/sk cello flake
Cement yield = 1.15 ft³/sk w/ 5 gal/sk water
Annular volume = 200' * 0.3132 ft³/ft = 62.6 ft³
Excess = 40%
Total volume w/ excess = 62.6 ft³ * 1.40 = 87.7 ft³
Top Out Cement Requirement = 87.7 ft³ / 1.15 ft³/sk = 76 sks

Production Casing: 0'-12,500' (DV Tool @ 9000')

Stage 1

Cement:

9000'-12500'
13.5 ppg Halliburton Poz Premium (or equivalent)
5 #/sk Silicalite Compacted (light weight additive)
0.4% Halad®-344 (low fluid loss control)
0.2% Super CBL (gas migration control)
0.2% HR-12 (retarder)
0.25 #/sk Flocele (lost circulation additive)
0.2% CFR-3 (dispersant)
20% SSA-1 (additive material)
Cement yield = 1.73 ft³/sk w/ 8.2 gal/sk water
Annular volume = 3500' * 0.2526 ft³/ft = 884.1 ft³
Excess = 25%
Total volume w/ excess = 846.2 ft³ * 1.25 = 1105.1 ft³
Shoe volume = 45' * 0.1305 ft³/ft = 5.9 ft³
Excess (shoe) = 0%
Total volume w/ excess (incl. shoe) = 1105.1 + 5.9 = 1111.0 ft³
Stage 1 Cement Requirement = 1111.0 ft³ / 1.73 ft³/sk = 642 sks

Displacement Volume:

(12500'-45') * 0.0232 bbl/ft = 289 bbls

Stage 2 (DV tool to 500' inside surface casing)

Lead Cement:

2650'-8820'
11.0 ppg Halliburton Hi-Fill (or equivalent)
16% Bentonite (light weight additive)
0.75% Econolite (light weight additive)
10 #/sk gilsonite (lost circulation additive)
0.25 #/sk Flocele (lost circulation additive)
3% salt
1% HR-7 (retarder)
Cement yield = 3.84 ft³/sk w/ 23 gal/sk water
Volume inside intermediate casing = 500' * 0.2691 ft³/ft = 134.6 ft³
Excess = 0%

Annular volume = 5670' * 0.2526 ft³/ft = 1432.2 ft³
 Excess = 25%
 Annular volume w/ excess = 1432.2 ft³ * 1.25 = 1790.3 ft³
 Total volume = 134.6 + 1790.3 = 1924.9 ft³
Lead Cement Requirement = 1924.9 ft³ / 3.84 ft³/sk = 501 sks

Tail Cement:
 8820' – 9000'
 15.8 ppg Premium cement
 0.2% HR-5 (retarder)
 Cement yield = 1.15 ft³/sk w/ 5 gal/sk water
 Annular volume = 180' * 0.2526 ft³/ft = 45.5 ft³
 Excess = 25%
 Annular volume w/ excess = 45.5 ft³ * 1.25 = 56.9 ft³
Tail Cement Requirement = 50 sks

Displacement Volume:
 9000' * 0.0232 bbl/ft = 209 bbls

5. **Mud Program** (visual monitoring)

Interval	Mud Type	Weight	Viscosity	Fluid Loss
0'- 2,400'	Water/Gel/Lime/Native Clays	8.3-8.6 ppg	33-36 sec/qt	N/C
2,400'- 12,500'	KCl/Polymer or DAP/Polymer	9.0-9.3 ppg	38-42 sec/qt	8-10cc

Sufficient mud materials to maintain mud properties, control lost circulation, contain a “gas” kick, and rebuild an active mud system will be available on location during drilling operations.

6. **Testing, Logging, Coring**

- a. Drill stem tests – non anticipated
- b. Electric logs - DIL/SP/GR, FDC/CNL/CAL/PE/GR, BHC sonic/GR all from TD to surface
- c. Coring – possible sidewall coring in the Dakota, Cedar Mountain, Morrison or Entrada formations and/or full diameter coring in the Entrada formation

7. **Anticipated Bottom Hole Pressure and Temperature, and other Potential Hazards**

A. Bottom Hole Pressure:

Maximum anticipated bottom hole pressure is 4,375 psi (calculated at 0.35 psi/ft. at the 12,500' level of the Chinle). This pressure gradient was calculated from a bottom hole pressure buildup test conducted on the Del-Rio / Orion 29-7A well located in the same section as the proposed well. Therefore the maximum

anticipated surface pressure is 1,625 psi (bottom hole pressure minus the pressure of a partially evacuated hole calculated at 0.22 psi/ft.).

B. Bottom Hole Temperature:

The bottom hole temperature anticipated in this wellbore is approximately 229 degrees Fahrenheit at 12,500' TVD. This anticipated temperature is consistent with the temperatures encountered in the other two deep wells (Del-Rio / Orion 29-6A and 7A) drilled in this section.

C. Abnormal Pressures or Temperatures:

As demonstrated above, no abnormal pressures or temperatures are anticipated in this well.

D. Potential Hazards:

No hydrogen sulfide (H₂S) gas or other potential hazards have been encountered or are known to exist in any well drilled to similar depths in the general area.

8. Anticipated Starting Date and Duration

Spud Date: Upon governmental approval and drilling rig availability

Duration of Operations:

- 1) Drilling: Approximately 45 days.
- 2) Completion: Approximately 20 days

Drilling Notification:

The spud date will be reported orally to the Authorized Officer of the Bureau of Land Management, Vernal Field Office, 24 hours prior to spudding, unless otherwise instructed in the site specific conditions of approval.

**SURFACE USE PLAN
MILLER, DYER & CO. LLC**

**Ute Tribal #7-30-14-20
SWNE Section 30 T14S-R20E**

1. Existing Roads:
 - a. Topographic Map “A” shows the vicinity of the well, including a portion of the Agency Draw Road. This road is reached from Ouray, Utah, by following the Seep Ridge Road south to Buck Canyon; taking the Buck Canyon road west to the Willow Creek Road; then north on the Willow Creek Road to Santio Crossing, which is at the junction of the Willow Creek Road and the Agency Draw Road.
 - b. Topographic Map “B” shows the point approximately 53 miles south of Ouray where the access road to the well departs from the Agency Draw Road 1 mile south of the Flat Rock Mesa Road. Beyond this point the access road consists of 1.4 mile of existing lease road leading to the Ute Tribal #7-30-14-20 location.

2. Planned Access Road: (refer to Topographic Map “D”)
 - a. Length of new road re-route will be approximately 0.1 mile.
 - b. The right-of-way width is 30’ (15’ on either side of the centerline) with a 20-foot wide running surface.
 - c. Maximum grade will be less than 2%
 - d. No turn-outs are planned.
 - e. The new road will be crowned, ditched and dipped to provide adequate drainage.
 - f. Culverts will be used if necessary.
 - g. No gates or cattle guards will be needed. Nor will any existing facilities be modified.
 - h. The proposed road was flagged when the location was staked.
 - i. The authorized officer will be contacted at least 24 hours in advance of commencement of construction of the access road and well pad.

3. Location of Existing Wells:
 - a. The nearest producing well is the Ute Tribal #30-2A, located approximately 1867’ southwest of the proposed well location in Section 30-T14S-R20E.

4. Location of Existing and/or Proposed Facilities:
 - a. There are no existing facilities on the proposed well pad. All proposed facilities will be contained within the proposed location site (see attached “Location Layout”). Topographic Map “D” shows the proposed route for a gas line, to be co-located in the access road right-of-way, and connected to the Miller, Dyer & Co. LLC gathering system.

- b. The operator will submit information concerning proposed on and off well pad facilities once production has been established by applying for approval of subsequent operations.
5. Location and Type of Water Supply:
- a. Some produced water from existing wells will be used for drilling. Fresh water will be taken at a point of diversion at Santio Crossing from Willow Creek in the SESE Section 29-T12S-R21E, SLB&M, if available during the drought. This water will be taken under the terms of the Ute Oilfield Water Service's state filing.
 - b. Water will be transported by truck on the Agency Draw and Flat Rock Mesa roads.
 - c. Miller, Dyer & Co. operates an approved water supply well, the Flat Rock 30-4A, located in the NENW of Section 30-T14S-R20E. Water from this well will be utilized in the drilling of the new well if possible.
6. Source of Construction Materials:
- a. It is anticipated that any construction materials will be needed for the drilling phase of this project. Gravel, shale or road base materials needed to upgrade access roads and well pad will be obtained from the operator's pit located on SITLA land near Chimney Rock.
 - b. The entire well site and all access roads to be upgraded for built are located on lands held in trust by the federal government for the Ute Indian Tribe.
 - c. All construction materials used in building the well pad and access road will be native materials accumulated during construction. In the event that additional materials are needed, they will be obtained from the operator's existing pit on SILTA land or from private sources.
7. Methods for Handling Waste Disposal:
- a. Methods and locations for safe containment and disposal of the following materials:
 1. Drill cuttings will be buried in the reserve pit.
 2. Garbage and trash will be contained in trash baskets and hauled to a sanitary landfill. There will be no burning of trash on the location at any time.
 3. Salts will be kept in proper containers and salvaged for future use or disposed of at an approved facility.
 4. Chemicals will be kept in proper containers and salvaged for future use or disposed of at an approved facility.
 5. Sewage waste will be contained in portable chemical toilets serviced by a commercial sanitary service.
 - b. Drilling fluids will be contained in the reserve pit and mud tanks. To the extent possible, drilling fluids and water will be saved for use at future drilling locations. Unusable drilling fluids and water will be disposed of in an approved manner upon the completion of the well.

- c. No chemicals subject to reporting under SARA Title III (hazardous materials) in an amount greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling, testing, of this well. Furthermore, extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will not be used, produced, stored, transported, or disposed of in association with the drilling, testing, or completing of this well.

- d. Reserve pit and waste water disposal:
 1. The reserve pit will be constructed so as not to lead, break, or allow the discharge of fluids.
 2. The reserve pit will be lined with 12 mil plastic nylon reinforced liner installed over sufficient bedding material to cover any exposed rocks. The pit will be fenced on three sides with 39" net wire, topped with a minimum of one strand of barbed wire. All wire will be stretched prior to attachment to the corner posts. The fourth side will be fenced when drilling activities are completed to allow drying.
 3. The closure of the reserve pit will follow the Guidance for Reserve Pit Closure as found in the Environmental Handbook of the State of Utah, Division of Oil, Gas & Mining.
 - a) The reserve pit will be closed within one year following drilling and completion of a well (R649-16.3).
 - b) Liquid in a pit will be allowed to either evaporate or be removed. If removed, it will be disposed of properly, some options are injection (in this well or another), hauled to a permitted disposal facility, or re-used at another well.
 - c) The pit liner may be cut off above the cuttings/mud level and hauled to a landfill, or folded in and processed along with other pit contents and covered. No remnants of liner material will be exposed at the surface when pit closure is complete. Pit area will be mounded so as not to allow ponding of water and drainage diverted around as not to allow erosion of the old pit site.
 4. A closed drilling system will not be used as there is no irrigable land, floodplains, or lands under crop production.
 5. In accordance with Onshore Order No. 7, a permanent disposal method and location will be applied for within 90 days of establishing production.
 6. After first production:
 - a) Produced waste water will be confined to the reserve pit, or a storage tank for a period not to exceed 90 days.
 - b) During the 90 day period, in accordance with Onshore Order No. 7, an application for approval of a permanent disposal method and location, along with the required water analysis will be submitted to the authorized officer.

- c) No produced water will be used for dust or weed control of any kind. Should spills of oil, produced water, or hazardous materials occur, the area of the spill will be re-mediated and contaminated soil and recovered oil or hazardous materials will be hauled to an approved disposal facility.

- 8. Ancillary Facilities:
 - a. No airstrips will be built. Mobile living quarters and office facilities for supervisors, geologists, mud engineers, mud loggers and air compressor personnel will be confined to the drilling location as shown on the "Location Layout" diagram. The drilling crew will be housed on location.

- 9. Well Site Layout:
 - a. Refer to attached "Typical Cross Section" diagram for cuts and fills and relation to topography.
 - b. Refer to "Location Layout" diagram for location of mud tanks, reserve and flare pits, pipe racks, living facilities and top soil stockpiles.
 - c. Refer to "Location Layout" diagram for rig orientation, access road and parking area. Parking area will be in the northeast corner of the location.

- 10. Plans for Restoration of the Surface:
 - a. Producing well location
 - 1. Immediately upon well completion the location and surrounding area will be cleared of all tubing, equipment, debris, materials, trash and junk not required for production.
 - 2. Immediately upon well completion any hydrocarbons on the reserve pit will be removed and disposed of properly.
 - 3. The reserve pit and that portion of the location not needed for production facilities/operations will be re-contoured to the approximate natural contours. The reserve pit will be reclaimed within 90 days of the date of well completion, or as soon thereafter as is practical. Before any dirt work takes place, the reserve pit must be completely dry and all cans, barrels, pipe, etc removed. The liner will be perforated and torn prior to backfilling.
 - 4. Access roads will be graded and maintained to prevent erosion and accommodate year-round traffic.
 - 5. All disturbed areas not needed for operations will be seeded with the mixture required by the BIA in the manner specified by the BIA.

 - b. Dry Hole/Abandoned Location
 - 1. At such time as it is determined that the well is to be plugged and abandoned, the operator will submit a subsequent report of abandonment to the BLM and the BIA. The BLM will attach plugging conditions of approval, and the BIA will attach conditions of approval for the restoration of the surface.

11. **Surface Ownership:**
 - a. Access roads and location are held in trust for the Ute Indian Tribe by the United States. The operator has obtained a right-of-way with the BIA and submitted payment for damages as specified in its Exploration and Development Agreement with the Ute Indian Tribe.

12. **Additional Information:**
 - a. The operator will inform all persons in the area who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, the operator will immediately stop work that might further disturb such materials, and will inform the assigned monitor and the authorized officer (AO) at the BIA. Within five working days the AO will inform the operator as to:
 1. Whether the materials appear to be eligible for the National Register of Historic Places;
 2. The mitigation measures the operator will likely have to undertake before the site can be used (assuming in situ preservation is not necessary); and
 3. A time frame for the AO to complete an expedited review under 36 CFR 900.11 to confirm, through the State Historic Preservation Officer, that the findings of the AO are correct and that mitigation is appropriate.
 - b. If the operator wishes at any time to relocate activities to avoid the cost of mitigation and/or the delays associated with this process, the AO will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation costs. The AO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the AO that required mitigation has been completed, the operator will be allowed to resume construction.
 - c. At the request of the Ute Indian Tribe, a 30'-wide fire break will be bladed around the perimeter of the location.

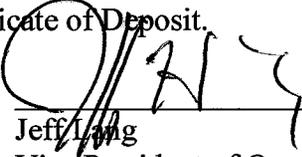
13. **Lessee's or Operator's Representative and Certification:**
 - a. Jeff Lang, Vice President of Operations
Miller, Dyer & Co. LLC
475 17th Street, Suite 1200
Denver, CO 80202
Office: 303 292 0949 Ext 102
FAX: 303 292 3901
Cell: 303 503 3730
Email: jeff@millerdyer.com

I hereby certify that I have inspected the proposed drill site and access road; that I am familiar with the conditions which currently exist; that the statements made in this plan are true and correct to the best of my knowledge; and that the work associated with the

operations proposed here will be performed by Miller, Dyer & Co. LLC, and its contractors and subcontractors in conformity with the plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

Please be advised that Miller, Dyer & Co. LLC is considered to be the operator of the Ute Tribal #7-30-14-20 well; SWNE of Section 30, T14S-R20E and all producing zones; Uintah County, Utah; and is responsible for the operations conducted upon the leased lands. Bond coverage is provided by Certificate of Deposit.

6/6/06
Date



Jeff King
Vice President of Operations

The onsite inspection for this well was conducted on _____, 2006

Participants in the onsite inspection were:

Robert Kay, Uintah Engineering & Land Surveying

John E. Dyer, Miller, Dyer & Co. LLC

_____ Ute Indian Tribe

_____ Ute Indian Tribe

_____ (contractor...)

_____ BIA rep

_____ State of Utah rep

UTE INDIAN TRIBE OF THE
UINTAH AND OURAY RESERVATION

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF INDIAN AFFAIRS
UINTAH AND OURAY AGENCY
Fort Duchesne, Utah 84026

BIA No. 14-20-H62- 5069

PERMIT FOR THE USE AND/OR DRILLING OF WATER SUPPLY WELL

It is expressly understood that the interests of the parties to this Agreement are subject to the terms and conditions of that certain Surface Use and Access Agreement by and between The Ute Indian Tribe ("Tribe" or "Permitter"), and Miller, Dyer & Co. LLC ("Permittee") dated January 1, 2004 ("SUA"). In the event there is a conflict between the provisions of this permit and the provisions of the Surface Use and Access Agreement, the Surface Use and Access Agreement shall control.

1. Permission is granted to Miller, Dyer & Co. LLC hereinafter referred to as Permittee, by the Ute Indian Tribe, hereinafter referred to as Permitter, to enter upon Indian owned trust lands to use an existing water well or to drill a well to draw water for the purpose of oil and/or gas well drilling operations, said water well to be located in the NE/4NW/4 of section 30, Township 14 South, Range 20 East, S.L.B.& M., Uintah County, Utah.
2. In consideration of the water claimed by the Ute Indian Tribe, the Permittee will pay the sum of \$ none, see SUA by check, payable to the Bureau of Indian Affairs.
3. The Permittee agrees:
 - a. The Permitter can make no guarantee as to amount of or time of year that such water will be available. It is understood that availability is totally dependent on the natural supply of water.
 - b. All facilities including, but not limited to pipe and pumps, installed by the Permittee must be of such nature and design so as not to in any way interfere with the Tribe's current use of the surface.

- c. It is agreed the Permitter will have access and use of the water well.
- d. The Permittee acknowledges and verifies there is no economic behind pipe reserves potential in the well.
- e. Once a year the Permittee will send a current water analysis of the water well to the Tribe's Energy and Minerals Department.
- f. The Permittee agrees the water will not be used for secondary water recovery operations.
- g. Upon completion or apparent abandonment of the oil and/or gas operations for which this drilling permit is granted, the Permittee will repair any damages and remove or be responsible for the cost of removal of any facilities installed by the Permittee. Notwithstanding the foregoing, the Permittee shall give 30 days notice to the Tribe prior to abandonment to allow the Tribe to take over the well and facilities for the Tribe's use and relieve the Permittee of said removal and abandonment responsibility.
- h. LIABILITY: Permittee is liable for all damages that result from its operations, or for injury to the Permitter or its property, including livestock, to lessees, licensees and surface owners. The Permittee agrees to save and hold harmless the Permitter and the United States and its officers, representatives and employees, and the surface owners or their tenants from all suits for injury or claims for damage to persons and property from the Permittee's operations under this permit.

BOND: To guarantee performance under this permit, a bond is to be furnished as follows: see Permittee's existing bond for oil & gas operations on file with the Bureau of Indian Affairs, Uintah & Ouray Agency office in Fort Duchesne, Utah.

i. TERM: Permittee is granted use of the water well subject to conditions hereinabove stated for a period beginning with the date of approval of this permit, and for ten years thereafter.

j. All conditions of this permit are thoroughly understood and only those specifically stated herein are intended to be granted.

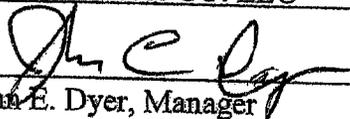
k. Issue copy of permit to each water hauler using the well for permittee's oil and gas operations, being limited to operations only on lands described as the Contract Premises in the Surface Use and Access Agreement.

l. Remind company personnel that carrying firearms while on the Uintah and Ouray Reservation is prohibited.

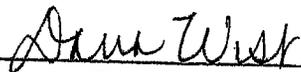
m. Notwithstanding anything to the contrary herein, this permit and the rights granted hereunder are limited to the Permittee and its oil and gas operations contemplated under the Surface Use and Access Agreement and may not be transferred to another party.

PERMITTEE:

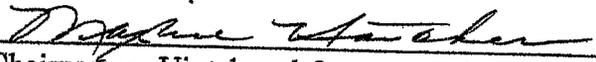
MILLER, DYER & CO. LLC

By: 
John E. Dyer, Manager

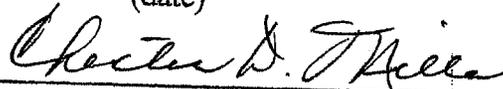
ATTEST:


Secretary, Uintah and Ouray Tribal
Business Committee

PERMITTER: THE UTE INDIAN TRIBE

By: 
Chairperson, Uintah and Ouray Tribal
Business Committee

APPROVED: 09/30/04
(date)


SUPERINTENDENT, Uintah and Ouray Agency

EXPIRES: 08/31/2024
(date)

MILLER, DYER & CO. LLC
UTE TRIBAL #7-30-14-20
 LOCATED IN UINTAH COUNTY, UTAH
 SECTION 30, T14S, R20E, S.L.B.&M.

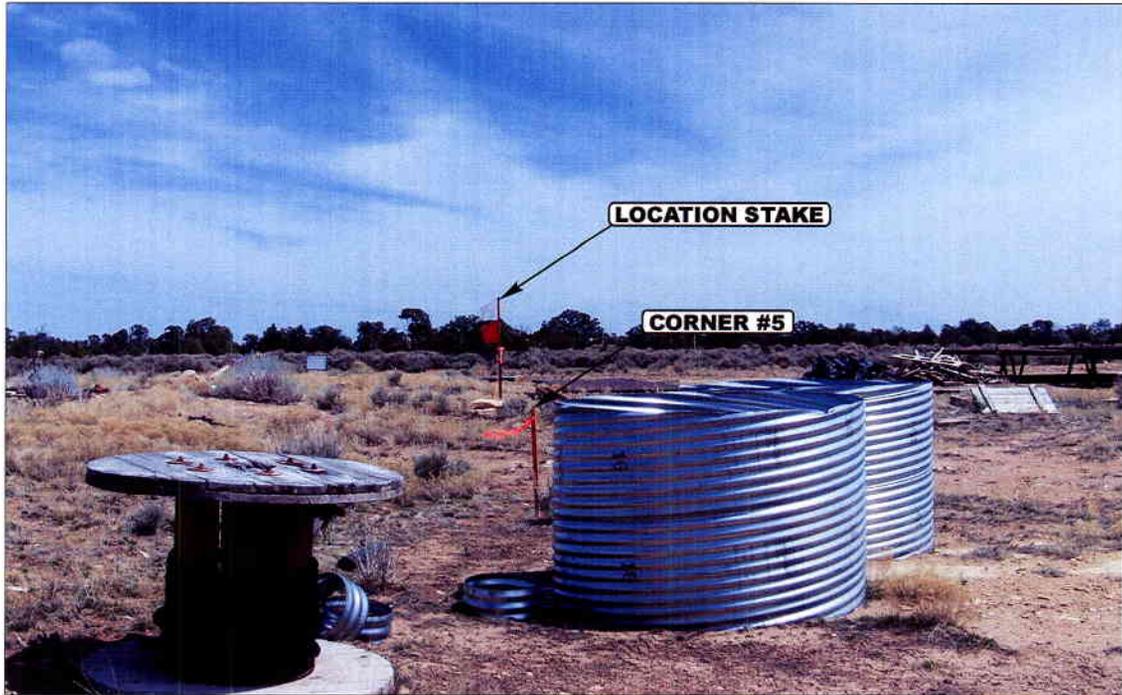


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: NORTHEASTERLY



PHOTO: VIEW OF EXISTING ACCESS

CAMERA ANGLE: NORTHWESTERLY



- Since 1964 -

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

LOCATION PHOTOS			04	25	06	PHOTO
			MONTH	DAY	YEAR	
TAKEN BY: N.H.	DRAWN BY: S.L.	REVISED: 05-10-06				

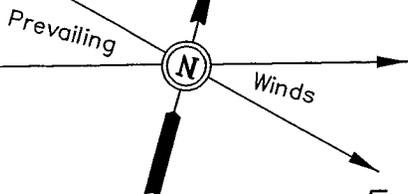
MILLER, DYER & CO. 

LOCATION LAYOUT FOR

UTE TRIBAL #7-30-14-20
SECTION 30, T14S, R20E, S.L.B.&M.

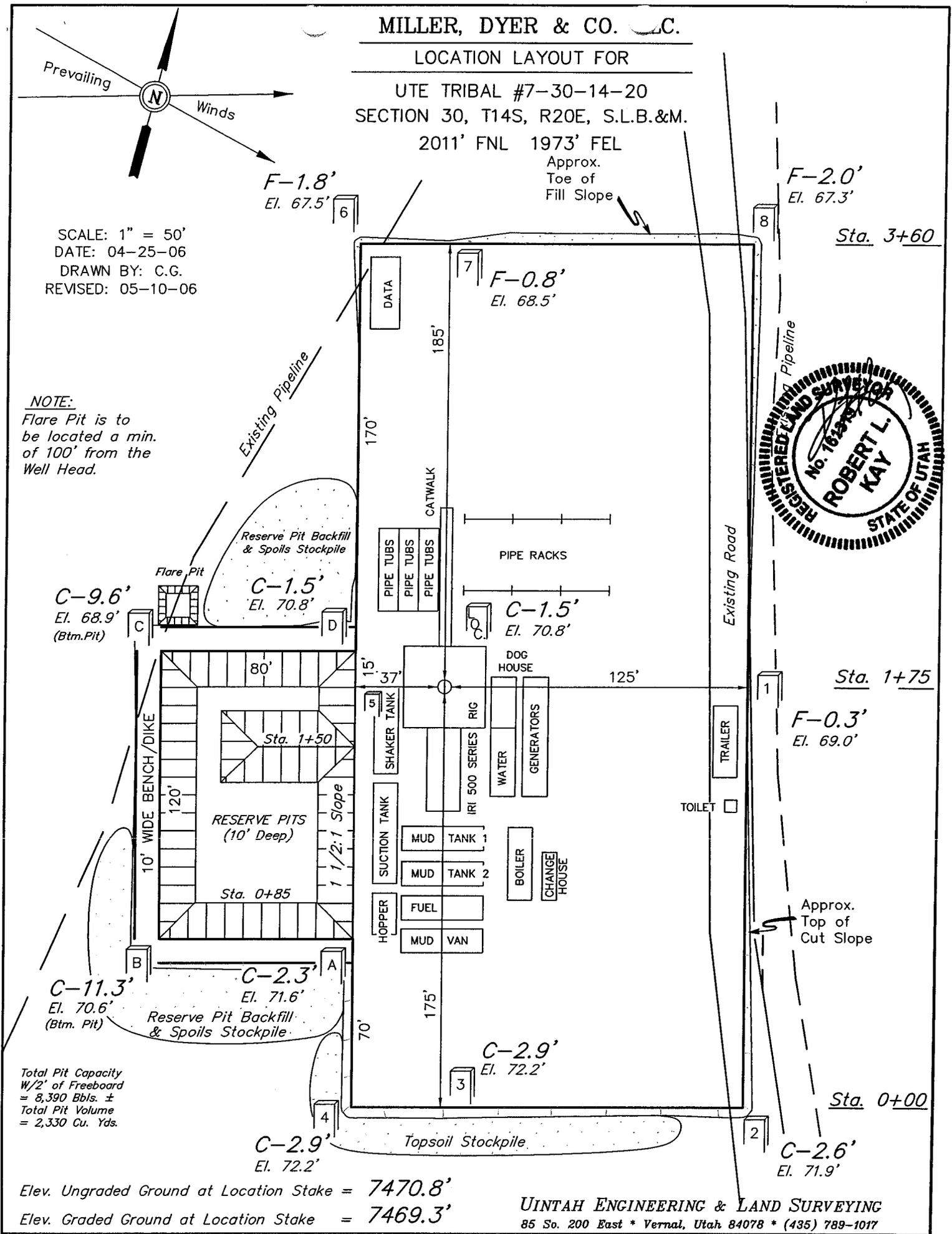
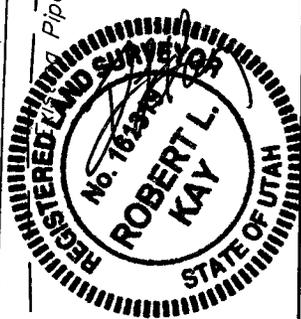
2011' FNL 1973' FEL

Approx.
Toe of
Fill Slope



SCALE: 1" = 50'
DATE: 04-25-06
DRAWN BY: C.G.
REVISED: 05-10-06

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



Total Pit Capacity
W/2' of Freeboard
= 8,390 Bbls. ±
Total Pit Volume
= 2,330 Cu. Yds.

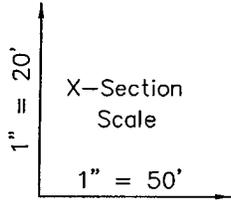
Elev. Ungraded Ground at Location Stake = 7470.8'
Elev. Graded Ground at Location Stake = 7469.3'

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

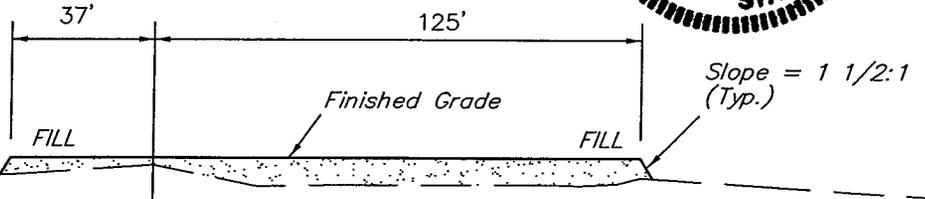
MILLER, DYER & CO. LL^C.

TYPICAL CROSS SECTIONS FOR

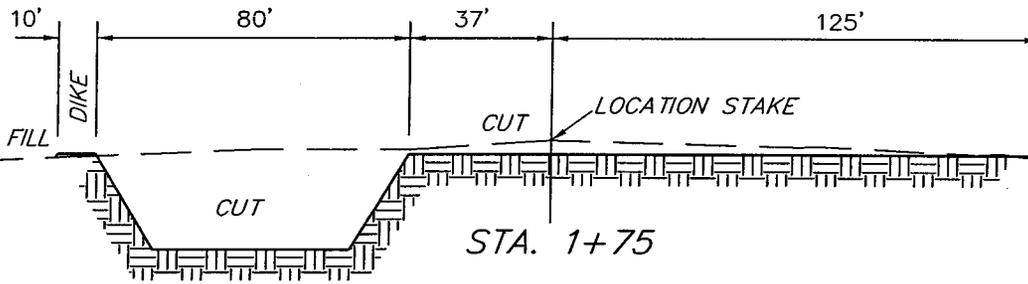
UTE TRIBAL #7-30-14-20
SECTION 30, T14S, R20E, S.L.B.&M.
2011' FNL 1973' FEL



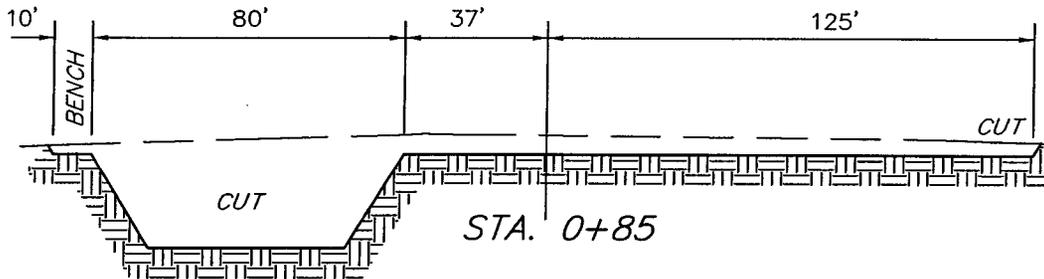
DATE: 04-25-06
DRAWN BY: C.G.
REVISED: 05-10-06



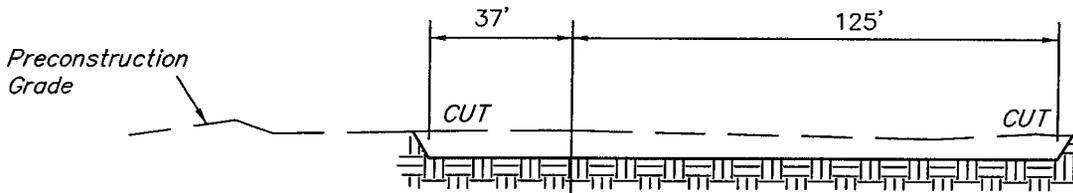
STA. 3+60



STA. 1+75



STA. 0+85



STA. 0+00

* NOTE:
FILL QUANTITY INCLUDES
5% FOR COMPACTION

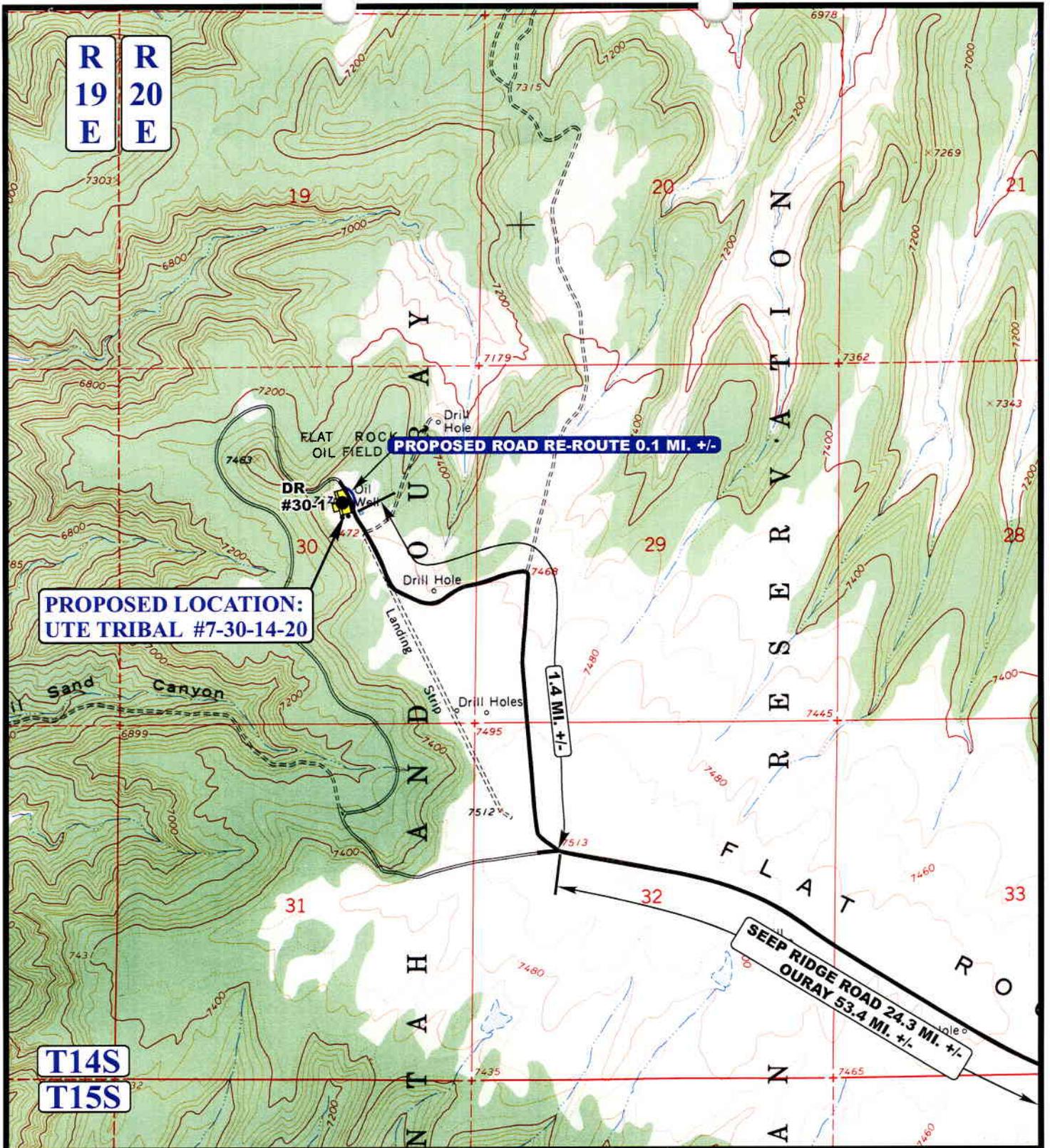
NOTE:
Topsoil should not be
Stripped Below Finished
Grade on Substructure Area.

APPROXIMATE YARDAGES

CUT	
(12") Topsoil Stripping	= 2,800 Cu. Yds.
Remaining Location	= 3,210 Cu. Yds.
TOTAL CUT	= 6,010 CU.YDS.
FILL	= 2,040 CU.YDS.

EXCESS MATERIAL	= 3,970 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 3,970 Cu. Yds.
EXCESS UNBALANCE (After Interim Rehabilitation)	= 0 Cu. Yds.

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



**PROPOSED LOCATION:
UTE TRIBAL #7-30-14-20**

PROPOSED ROAD RE-ROUTE 0.1 MI. +/-

1.4 MI. +/-

**SEEP RIDGE ROAD 24.3 MI. +/-
OURAY 53.4 MI. +/-**

LEGEND:

-  EXISTING ROAD
-  PROPOSED ROAD RE-ROUTE



MILLER, DYER & CO. LLC

**UTE TRIBAL #7-30-14-20
SECTION 30, T14S, R20E, S.L.B.&M.
2011' FNL 1973' FEL**



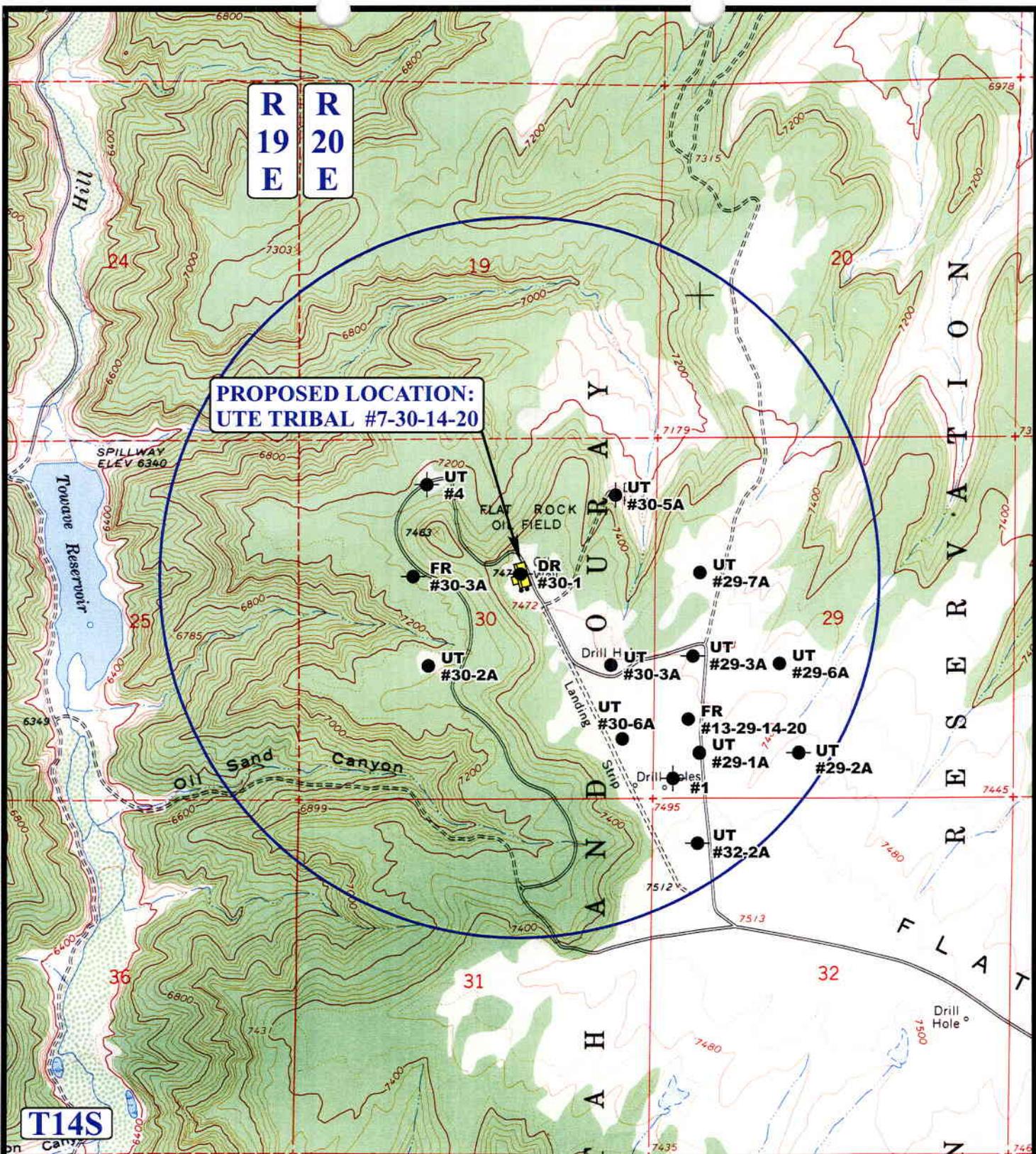
Ute Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

**TOPOGRAPHIC
MAP**

04	25	06
MONTH	DAY	YEAR

SCALE: 1" = 2000' DRAWN BY: S.L. REVISED: 05-10-06





**PROPOSED LOCATION:
UTE TRIBAL #7-30-14-20**

T14S

LEGEND:

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

MILLER, DYER & CO. LLC

**UTE TRIBAL #7-30-14-20
SECTION 30, T14S, R20E, S.L.B.&M.
2011' FNL 1973' FEL**

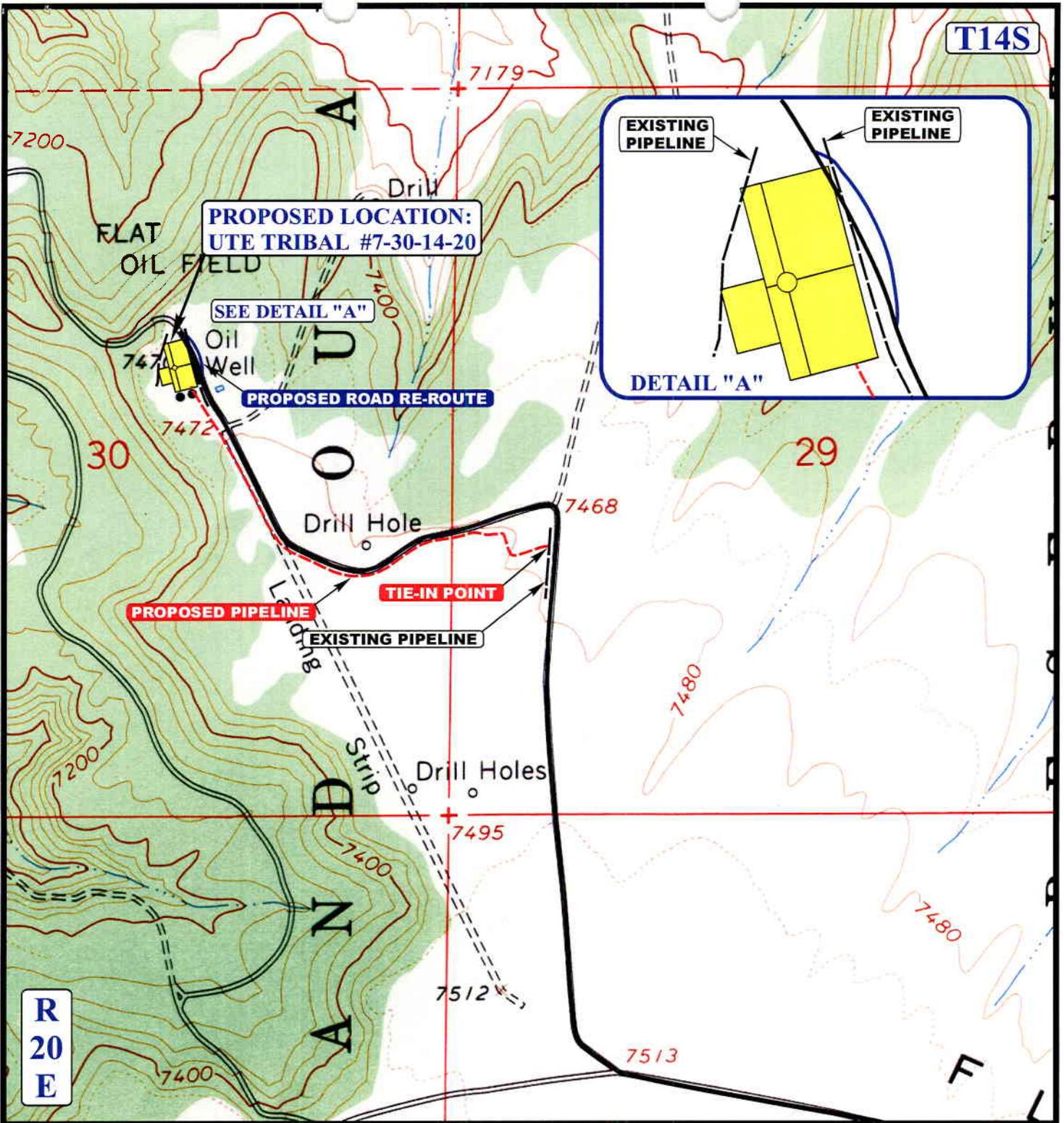
U&L S Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813



TOPOGRAPHIC MAP 04 25 06
MONTH DAY YEAR
SCALE: 1" = 2000' DRAWN BY: S.L. REVISED: 05-10-06



T14S



APPROXIMATE TOTAL PIPELINE DISTANCE = 3539' +/-

LEGEND:

- PROPOSED ACCESS ROAD
- EXISTING PIPELINE
- PROPOSED PIPELINE

MILLER, DYER & CO. LLC

UTE TRIBAL #7-30-14-20
 SECTION 30, T14S, R20E, S.L.B.&M.
 2011' FNL 1973' FEL



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

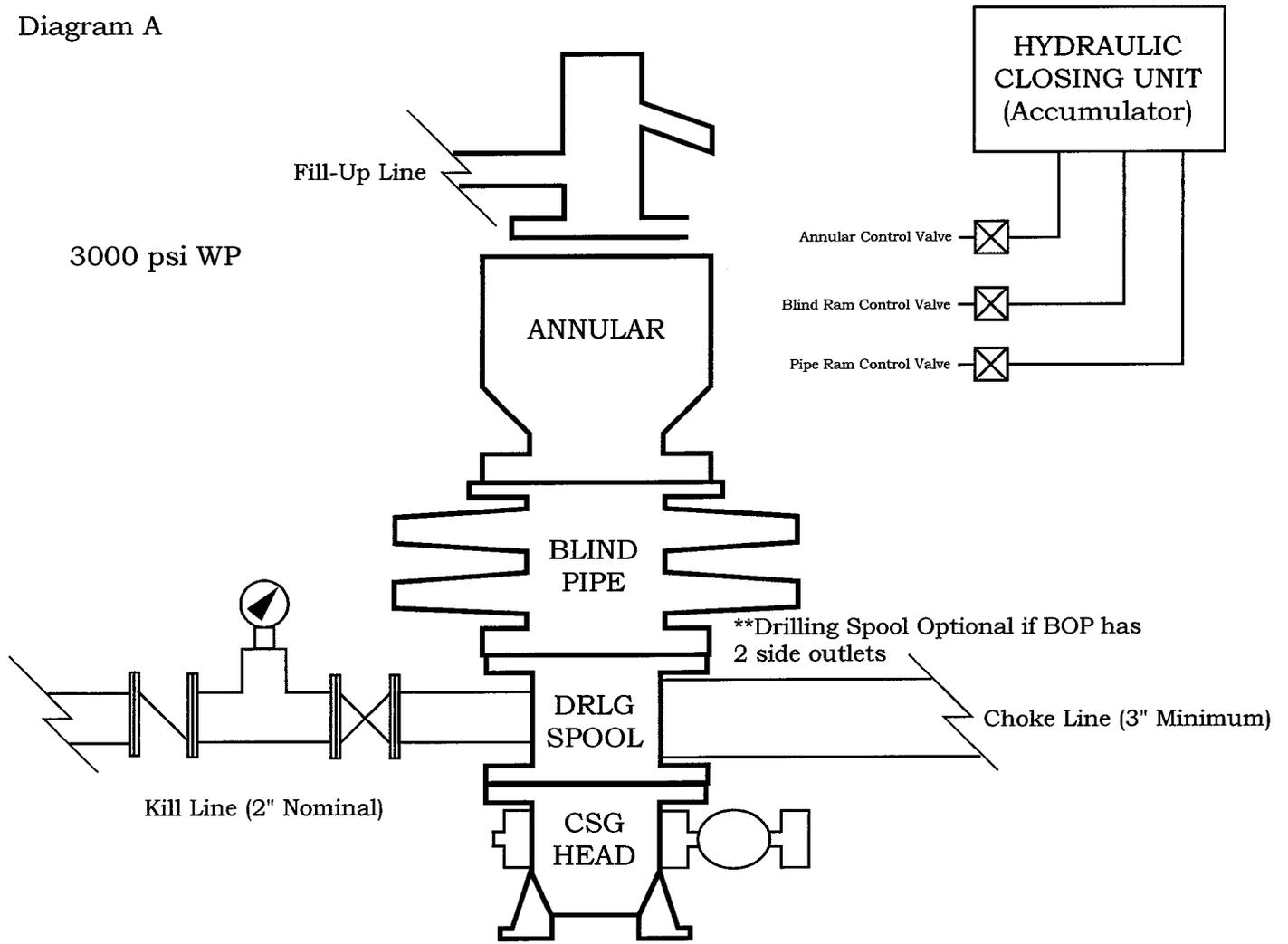


TOPOGRAPHIC MAP 04 25 06
MONTH DAY YEAR

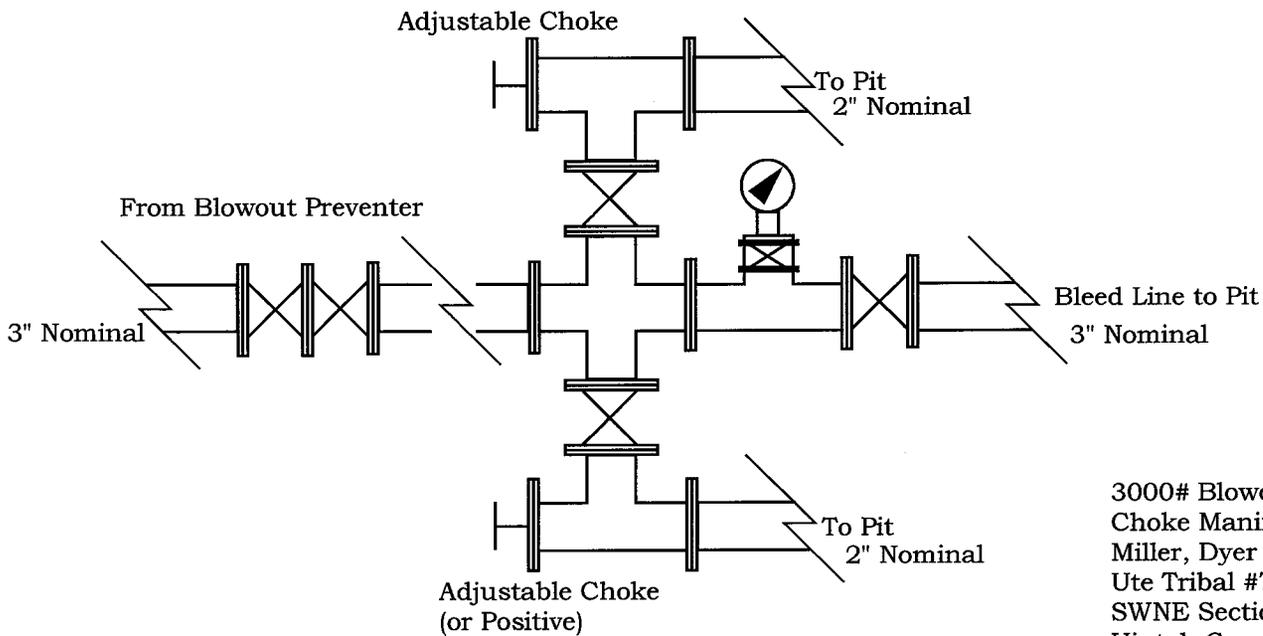
SCALE: 1" = 1000' DRAWN BY: S.L. REVISED: 05-10-06



Diagram A



Choke Manifold Requirement (3000 psi WP)



3000# Blowout Preventer &
Choke Manifold Schematic
Miller, Dyer & Co. LLC
Ute Tribal #7-30-14-20
SWNE Section 30 T14S-R20E
Uintah County, Utah

**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 06/09/2006

API NO. ASSIGNED: 43-047-38263

WELL NAME: UTE TRIBAL 7-30-14-20

OPERATOR: MILLER, DYER & CO, LLC (N2580)

PHONE NUMBER: 303-292-0949

CONTACT: JEFF LANG

PROPOSED LOCATION:

SWNE 30 140S 200E
 SURFACE: 2011 FNL 1973 FEL
 BOTTOM: 2011 FNL 1973 FEL
 COUNTY: UINTAH
 LATITUDE: 39.57204 LONGITUDE: -109.7176
 UTM SURF EASTINGS: 610149 NORTHINGS: 4380835
 FIELD NAME: FLAT ROCK (600)

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

LEASE TYPE: 1 - Federal

LEASE NUMBER: U-019837

SURFACE OWNER: 2 - Indian

PROPOSED FORMATION: WINGT

COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

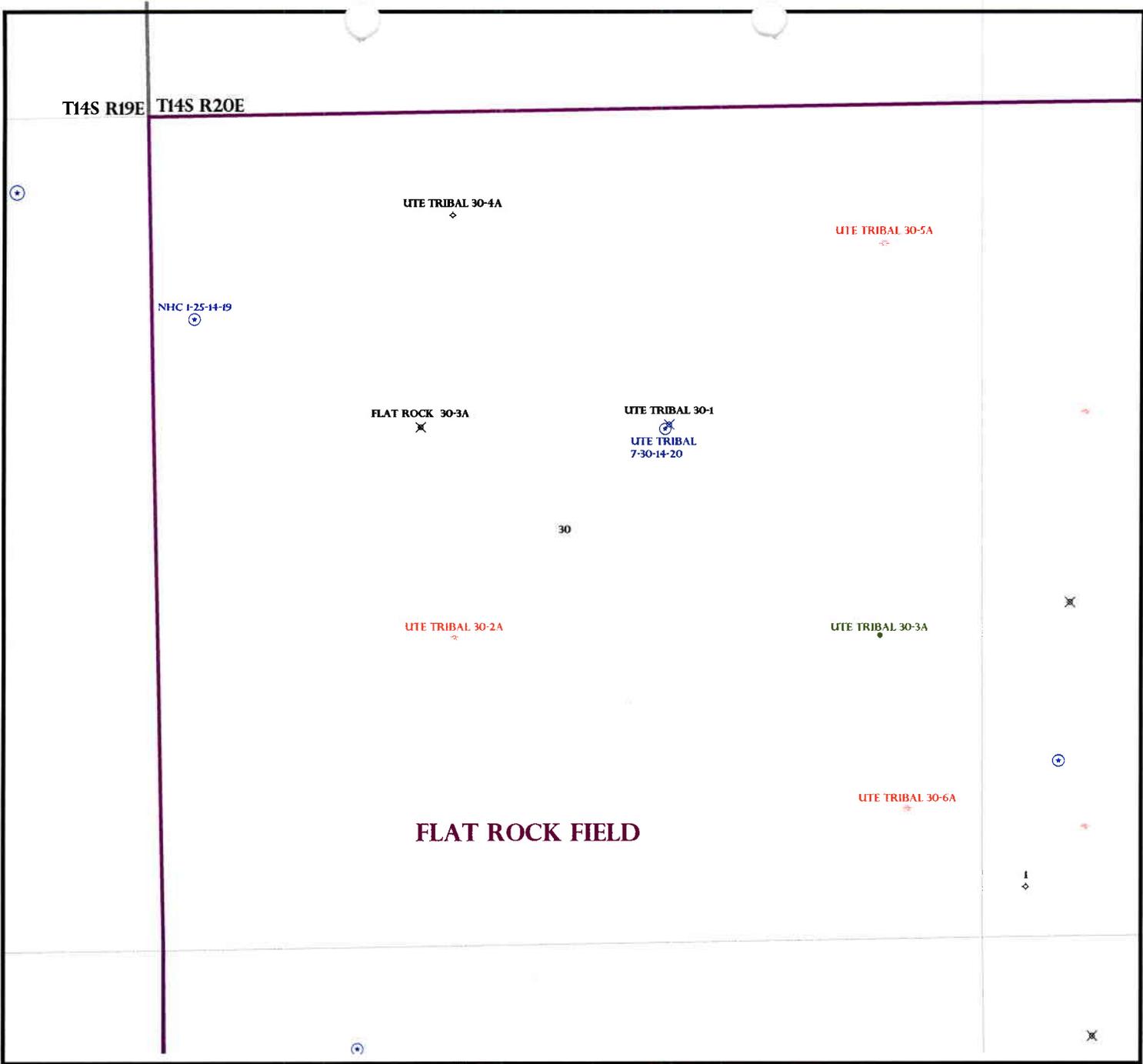
- Plat
- Bond: Fed[1] Ind[] Sta[] Fee[]
(No. RLB0008085)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. 49-1667)
- RDCC Review (Y/N)
(Date: _____)
- Fee Surf Agreement (Y/N)
- Intent to Commingle (Y/N)

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: MILLER, DYER & CO (N2580)

SEC: 30 T. 14S R. 20E

FIELD: FLAT ROCK (600)

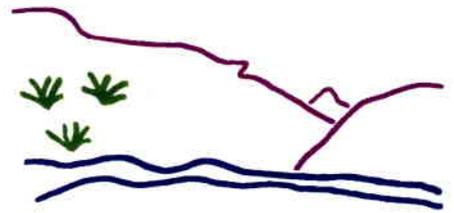
COUNTY: UINTAH

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 WHITNEY
DATE: 15-JUNE-2006



State of Utah

**Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

June 19, 2006

Miller, Dyer & Co., LLC
475 17th St., Ste. 1200
Denver, CO 80202

Re: Ute Tribal 7-30-14-20 Well, 2011' FNL, 1973' FEL, SW NE, Sec. 30,
T. 14 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 43-047-38263.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

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

Operator: Miller, Dyer & Co., LLC
Well Name & Number Ute Tribal 7-30-14-20
API Number: 43-047-38263
Lease: U-019837

Location: SW NE **Sec.** 30 **T.** 14 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

Notify the Division within 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 Dan Jarvis at (801) 538-5338

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.



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

July 16, 2007

Jeff Lang
Miller, Dyer & Co. LLC
475 17TH Street Ste 1200
Denver, CO 80202

Re: APD Rescinded -Ute Tribal 7-30-14-20 Sec. 30 T. 14S R. 20E
Uintah County, Utah API No. 43-047-38263

Dear Mr. Lang:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on June 19, 2006. On July 16, 2007, you requested that the division rescind the state approved APD. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective July 16, 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





United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Vernal Field Office

170 South 500 East

Vernal, UT 84078

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



IN REPLY REFER TO:

3160

UT08300

October 15, 2007

Jeff Lang
Miller, Dyer & Co., LLC
475 17th Street, Suite 1200
Denver, CO 80202

43-047-38263

Re: Well No. Ute Tribal 7-30-14-20
SWNE, Sec. 30, T14S, R20E
Uintah County, Utah
Lease No. UTU-019837

Dear Mr. Lang:

The Application for Permit to Drill (APD) the above referenced well submitted June 9, 2006 is being returned unapproved as per your request in a telephone call on October 12, 2007 to me. This APD was replaced with a new APD that was received on September 28, 2007 as Well No. Ute Tribal 7-30-14-20.

If you have any questions concerning APD processing, please contact me at (435) 781-4455.

Sincerely,

Cindy Severson

Cindy Severson
Land Law Examiner

cc: UDOGM – Diana Mason

RECEIVED

OCT 31 2007

DIV. OF OIL, GAS & MINING