

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

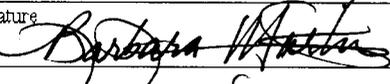
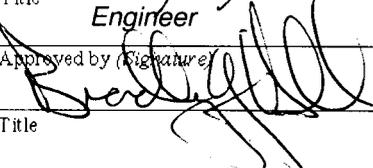
**APPLICATION FOR PERMIT TO DRILL OR REENTER**

5a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. <b>UTU-57455</b>
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name <b>N/A</b>
2. Name of Operator <b>McElvain Oil &amp; Gas Properties, Inc.</b>		7. If Unit or CA Agreement, Name and No. <b>N/A</b>
3a. Address <b>1050 17th Street, Suite 1800, Denver, CO 80265</b>	3b. Phone No. (include area code) <b>(303) 893-0933</b>	8. Lease Name and Well No. <b>Fat Tire Federal #5-1</b>
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface <b>660' FNL &amp; 467' FEL (NENE) Sec. 5, T12S-R23E S.L.B. &amp; M.</b> At proposed prod. zone <b>same (vertical well)</b> <i>4407507Y</i> <i>39.808c44</i> <i>-109.3739h5</i>		9. API Well No. <b>43-047-38452</b>
14. Distance in miles and direction from nearest town or post office* <b>Approx. 30 miles South of Bananza, Utah</b>		10. Field and Pool, or Exploratory <del>Rock House</del> <b>Winds (juste)</b>
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) <b>467' From East Lease Line</b>		11. Sec., T., R., M., or Blk. and Survey or Area <b>Sec. 5, T12S-R23E SLB&amp;M</b>
16. No. of Acres in lease <b>10,092.71 Acres</b>	17. Spacing Unit dedicated to this well <b>40 Acres</b>	12. County or Parish <b>Uintah County</b>
18. Distance from proposed location* to nearest well, drilling, completed, "C" Topo - 1 mile radius applied for, on this lease, ft.	19. Proposed Depth <b>7,600 ft</b>	13. State <b>Utah</b>
20. BLM/BIA Bond No. on file <b>LPM 4138223 (Nation-Wide Bond)</b>	21. Elevations (Show whether DF, KDB, RT, GL, etc.) <b>5,986.7 ft GL</b>	22. Approximate date work will start* <b>September 2006</b>
23. Estimated duration <b>30 Days Construction &amp; Drilling</b>		

**24. Attachments**

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

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

25. Signature 	Name (Printed/Typed) <b>Barbara Martin</b>	Date <b>Aug. 4, 2006</b>
Title <b>Engineer</b>		
Approved by (Signature) 	Name (Printed/Typed) <b>BRADLEY G. HILL</b>	Date <b>08-14-06</b>
Title <b>ENVIRONMENTAL MANAGER</b>		

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

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

\*(Instructions on reverse)

**Federal Approval of this  
Action is Necessary**

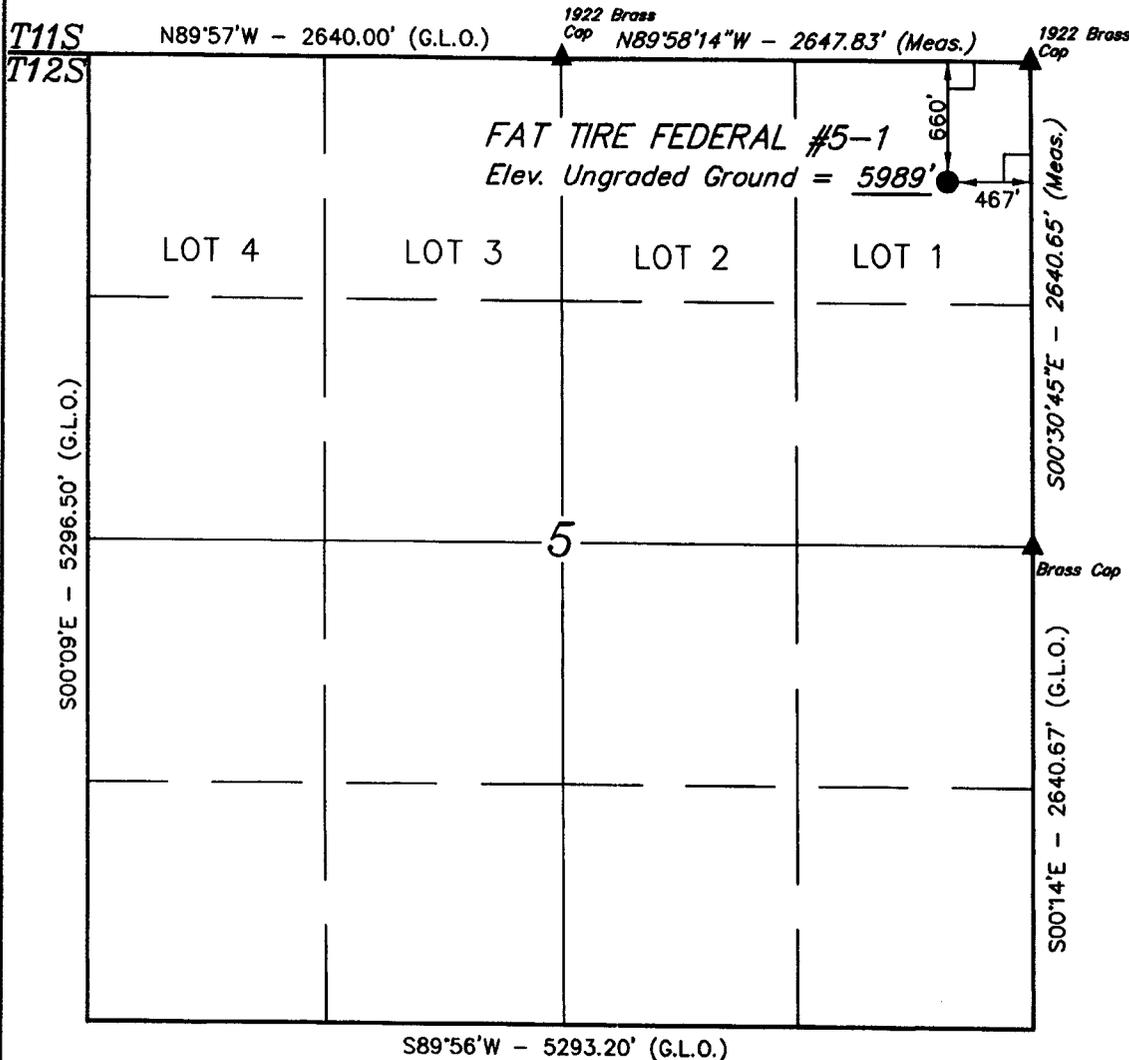
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AUG 08 2006**

**DIV. OF OIL, GAS & MINING**

# T12S, R23E, S.L.B.&M.

## McELVAIN OIL & GAS PROP., INC.

Well location, FAT TIRE FEDERAL #5-1, located as shown in the NE 1/4 NE 1/4 of Section 5, T12S, R23E, S.L.B.&M. Uintah County, Utah.

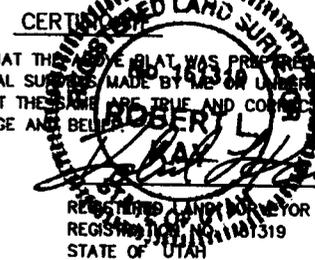
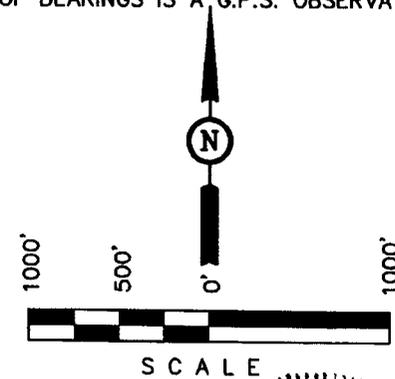


### BASIS OF ELEVATION

SPOT ELEVATION LOCATED IN THE SW 1/4 OF SECTION 1, T12S, R24E, S.L.B.&M. TAKEN FROM THE ARCHY BENCH SE, QUADRANGLE, UTAH, UTAH COUNTY, 7.5 MINUTE SERIES (TOPOGRAPHICAL MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 5887 FEET.

### BASIS OF BEARINGS

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



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

REVISED: 08-08-06

### LEGEND:

- = 90° SYMBOL
- = PROPOSED WELL HEAD.
- = SECTION CORNERS LOCATED.

(AUTONOMOUS NAD 83)

LATITUDE = 39°48'28.96" (39.808044)  
LONGITUDE = 109°21'32.93" (109.359147)

(AUTONOMOUS NAD 27)

LATITUDE = 39°48'29.08" (39.808078)  
LONGITUDE = 109°21'30.50" (109.358472)

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

SCALE 1" = 1000'	DATE SURVEYED: 07-05-05	DATE DRAWN: 07-06-05
PARTY J.F. P.J. L.K.		REFERENCES G.L.O. PLAT
WEATHER HOT	FILE McELVAIN OIL & GAS PROP., INC.	

## Ten Point Plan

McElvain Oil & Gas Properties, Inc.

Fat Tire Federal #5-1

Surface Location NE ¼, NE ¼, Section 5, T12S-R23E, SLB&M  
Uintah County, Utah

### 1. Surface Formation

Uintah

### 2. Estimated Formation Tops and Datum

(Datum Assumes 12' KB above ungraded GLE of 5,989' from sea level = 6,001' KB)

<u>Formation</u>	<u>Top @ Drill Depth</u>	<u>Datum</u>	<u>Anticipated Fluids</u>
Uintah	Surface	+6,001' KB	
Green River	1,206'	+4,795' KB	
Uteland Butte	2,771'	+3,230' KB	
Wasatch	2,971'	+3,030' KB	Gas, Water
Mesaverde	5,346'	+655' KB	Gas, Water
Estimated TD	7,600'		

Potential formation objectives include the Uteland Butte, Wasatch and Mesaverde, including the Mesaverde sub-members. Primary objectives will be the Wasatch and Mesaverde.

### 3. BOP and Pressure Containment Data

Formation pressures are anticipated to be normally or slightly under-pressured with a maximum bottom hole pressure of slightly less than 3,310 psi (pressure gradient of less than 0.435 psi/ft).

A 3000-psi WP BOP system as described in 43 CFR 3160 "Onshore Oil and Gas Order #2" will be utilized. The system will consist of a 3,000 psi double ram preventer with one blind, one pipe ram and an annular preventer. The system may, depending on the drilling rig's substructure clearance, utilize a rotating head above the annular preventer. Please refer to the attached BOP diagram for this 3,000 psi BOP configuration. The kill line and choke manifold will have a 3,000 psi or higher pressure rating. The BOP system, including the surface casing, will be pressure tested following initial installation and prior to drill-out of the surface casing. Pressure tests will be conducted to the minimum

standards set forth in "Onshore Oil and Gas Order #2". The BOP will be mechanically checked daily during the drilling operation.

#### 4. Proposed Hole, Casing and Cementing Data

##### Hole & Casing Configuration

<u>Hole Size</u>	<u>Hole Interval</u>	<u>Casing Size</u>	<u>Setting Depth</u>	<u>Casing New/Used</u>
12 1/4"	0 - 760'	9 5/8"	760'	New
7 7/8"	760 - TD	4 1/2"	T.D.	New

##### Casing Properties

<u>Csg Size</u>	<u>Csg Wt./Ft</u>	<u>Csg Grade</u>	<u>Csg Thread</u>	<u>Csg Collapse</u>	<u>Csg Burst</u>	<u>Csg Tensile</u>
9 5/8	32.3	H-40	ST&C	1,400 psi	2,270 psi	254,000#
4 1/2	11.6	I-80	LT&C	6,350 psi	7,780 psi	201,000#

If used, conductor pipe will be set at approximately 40 feet and have a 14" minimum outside diameter.

##### Cement Program

<u>Casing Size</u>	<u>Cement Type</u>	<u>Cement Amount</u>	<u>Cement Yield</u>	<u>Cement Weight</u>
9 5/8"	Premium + 2% CaCL + 0.25 lb/sk. Cello Flake.	400 sacks	1.18 cf/sk	15.6 lbs/gal

*Above surface casing cement volume based upon 75-100% excess for cement to surface*

4 1/2"	<u>Lead</u> (2600'-surface) Premium + 16% Gel + 1% Econolite + 5#/sk Gilsonite + 1.5#/sk Granulite + 0.25#/sk Flocele + 3% Salt	250 sacks	3.81 cf/sk	11.0 lbs/gal
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	<u>Tail</u> (TD to 2600') Premium-AG + 2% Gel + 0.5% Halad(R)-9 + 0.3% CFR-3 + 2% Microbond + 0.1% Super CBL	950 sacks	1.52 cf/sk	14.2 lbs/gal
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*Above cement volumes based upon 25% excess, or if accurate caliper log obtained, 15% excess for cement to surface.*

*A stage tool may be run if drilling conditions indicate a two stage job is warranted or if favorable mud log shows and elog responses indicate potential pay in the Uteland Butte or Green River Formation.*

### **Float Equipment & Centralizers**

Surface casing will be single staged with guide shoe, 1 joint casing, baffle. A minimum of 3 bow spring centralizers will be run on bottom as follows: Center of shoe joint, top of 1st casing connection & top 2nd casing connection.

Production casing will be single staged with float shoe, 1 joint casing, float collar. A minimum of 3 centralizers will be run on bottom plus additional centralizers run through potential pay zones in the tail cement interval.

### **5. Mud Program**

<u>Interval</u>	<u>Mud Type</u>	<u>Mud weight lbs./gal.</u>	<u>Viscosity Sec./Qt.</u>	<u>Fluid Loss ML/30 Min.</u>
0 - 760'	Air & Mist			No Control
760 – 2,400'	Water	8.4 - 8.8	28 - 36	No Control
2,400 – 7,600' (TD)	Water/Gel	8.8 – 9.4	32 – 42	8 - 10

*Unless hole conditions dictate otherwise, mud-up is anticipated to start approximately 300' above the Uteland Butte formation.*

### **6. Testing, Coring, Sampling and Logging Program**

- a) Test: None are anticipated.
- b) Coring: There is the possibility of sidewall coring.
- c) Sampling: Mud loggers will be scheduled for call-out following drill-out of the surface casing. The rig-up of gas detection equipment and recovery of cuttings samples will start at the bottom of the Green River formation at approximately 2,700' drill depth. Initially, a 30 foot sampling frequency will be scheduled. Depending on drill rates and shows, and at geologist's discretion, sampling frequency may be increased to 10 foot intervals.

#### d) Electric Logging:

<u>Type</u>	<u>Interval</u>
Array Induction-Gamma Ray-SP-Caliper	TD to Surface Casing
Density-Neutron-Gamma Ray-SP-Caliper	TD to Surface Casing
Cement Bond Log-Gamma Ray	PBTD to Top of Cement

**7. Abnormal Conditions**

Oil and gas shows are anticipated but no abnormal pressures, temperatures or other hazards are anticipated. Other wells drilled in the area have not encountered H<sub>2</sub>S. Anticipated formation pressures are expected to be “normally pressured” (0.435 psi/ft) or slightly under-pressured with a maximum bottom hole pressure of slightly less than 3,310 psi. Maximum anticipated surface pressure equals approximately 1,650 psi (Normal pressure gradient less partially evacuated hole gradient times depth: 0.435 psi/ft – 0.22 psi/ft x 7,600’ TD = 1,650 psi).

**8. Anticipated Starting Date & Drilling Schedule**

Location building and well spud is anticipated within 120 days of McElvain’s receipt of an approved drilling permit and conditioned upon lease wildlife stipulations. Duration of location construction, drilling & completion operations is expected to be approximately 55 aggregate days comprised of 7 construction days, 3 days to pre-set surface casing, 2 move-in/rig-up days, 15 drilling days, 2 rig-down/move-out days, 1 location prep day, 20 completion & testing days & 5 battery construction days.

**9. Variances**

Operator requests a variance to regulations requiring a straight run blooie line (when possible, a straight run blooie line will be used).

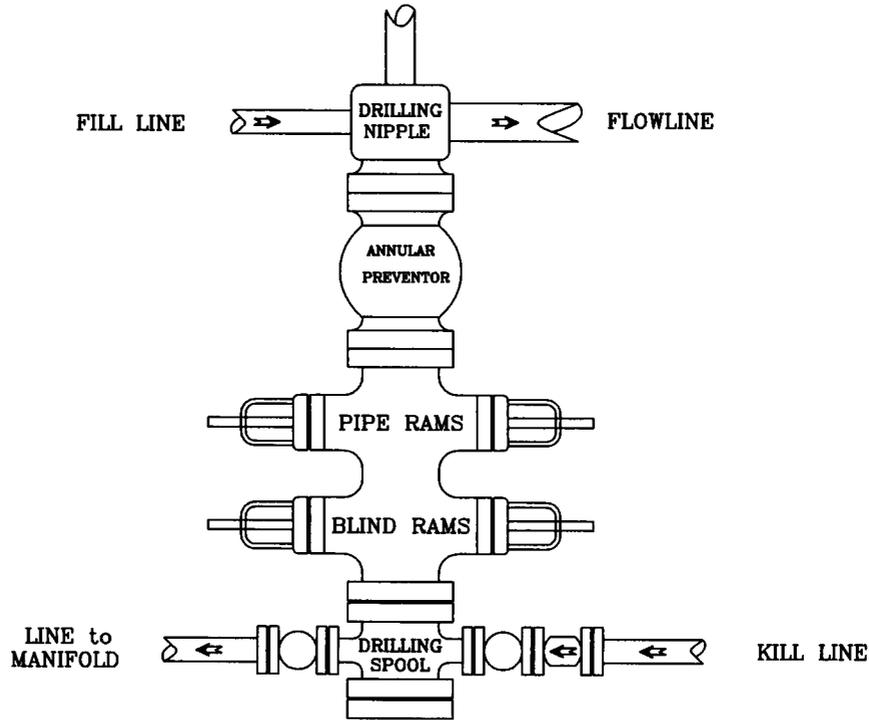
Operator requests a variance to regulations requiring an automatic igniter or continuous pilot light on the blooie line.

**10. Other**

A Cultural Resource Inventory Report for the well pad, access road and pipeline has been included in the APD packet. Archaeological survey was conducted by Sagebrush Consultants, LLC and their report #1442 indicates that “no cultural resources were located during this inventory”.

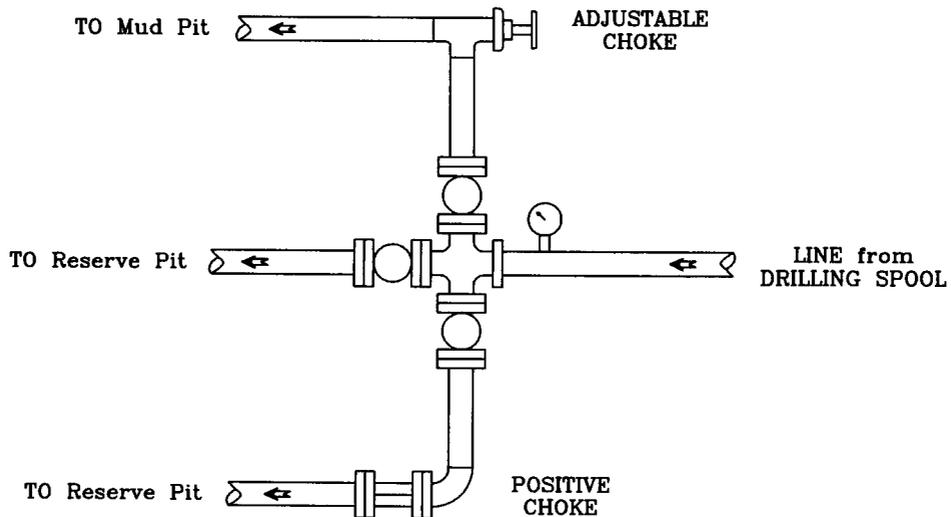
# PRESSURE CONTROL

## Wellhead Assembly



Preventer and Spools are to have a 9" Bore or larger and a 3000 PSI or higher Pressure Rating

## Choke Manifold



*McElvain Oil & Gas Properties, Inc.*

Fat Tire Federal #5-1

**McELVAIN OIL AND GAS PROPERTIES, INC.**

**13 POINT SURFACE USE PLAN**

**Fat Tire Federal #5-1**

**NE ¼ NE ¼**

**SEC. 5, T12S-R23E, S.L.B.&M.**

**UINTAH COUNTY, UTAH**

**LEASE NUMBER: UTU-57455**

**SURFACE MANAGER/OWNER:**

**BUREAU OF LAND MANAGEMENT**



## 1. Existing Roads

Directions to the proposed well Fat Tire Federal #5-1 in Section 5, T12S-R23E:

Starting in Vernal, Utah

Proceed East and southeast from Vernal on Highway 40 to Highway 45 at Naples, Utah where a sign indicates the direction to Bonanza Power Plant.

Right (south)  $\pm$  36 miles on Highway 45 to Bonanza, Utah.

Proceed south (past Bonanza and White River) on Highway 45 an additional  $\pm$  5 miles to mile marker "0".

Left (southeast) at mile marker "0" on gravel road. BLM sign indicates this is the access road leading to "Rainbow Junction" and "Baxter Pass" (Uintah Cnty Rd # 4180, Dragon Road).

Proceed south/southeast on gravel road approximately 3.7 miles to a "Y" in the road at sheep corrals known as the "Greek" corrals.

Right at the "Y" by the "Greek" corrals towards Atchee Ridge and Rainbow (Uintah Cnty Rd #4190, King's Wells Road).

Proceed  $\pm$  8.5 miles to a junction.

Left at the junction towards "Kings Wells" and "Rainbow" (continue on Rd #4190, Kings Wells Road)

Proceed  $\pm$  0.6 miles to another junction.

Right at junction towards "Kings Wells" and head southwest (continue on Rd #4190, Kings Wells Road)

Proceed  $\pm$  9.0 miles on "Kings Well" road to a "Y"(intersection of Asphalt Wash Rd & Kings Wells Road).

Right on (Rd #4160, Asphalt Wash Road) approximately 0.5 until a "Y".

Left at the "Y" on (Rd #4120, Bitter Creek Road) continue approximately 1.7 miles to another "Y".

Stay Left on (Rd #4120, Bitter Creek Road) approximately 2 miles to the proposed access road.

Left at proposed access road and head South approximately 900 ft into the proposed Fat Tire Federal #5-1 location.

Total distance from Vernal, Utah to the proposed well is approximately 70 miles.

All existing roads from Vernal, Utah to the proposed access road are State or County Class D roads.

Anticipated road up-grading and new road construction will occur on approximately 650 feet of ON-LEASE and 250 feet of STATE of UTAH OFF-LEASE access road adjoining and lying immediately North of the proposed location.

Please see the attached map B Topo for additional details.

## 2. Planned access road

The proposed location will require approximately 650 feet of ON-LEASE and 250 feet of State of Utah OFF-LEASE new road construction.

The new road will be built to the following standards:

A) Approximate length	900 Ft.
B) Right of Way width	30 Ft.
Running Surface	18 Ft.
C) Maximum grade	< 5%
D) Turnouts	None
E) Major cuts and fills	None
F) Culvert	None
G) Surfacing material	Native Soil
H) Fence crossing	None
I) Road flagged	Yes
J) Access road surface manager/owner	BLM/STATE
K) Pipe line crossing	None
L) Stream crossings	None
M) All new construction on lease	Yes

Please see the attached location Map B Topo for additional details.

Access roads and surface disturbing activities will conform to standards outlined in the Bureau of Land Management and Forest Service publication: Surfacing Operating Standards for Oil and Gas Exploration and Development, 1989. This is also referred to as the Gold Book.

The road will be constructed to meet the standards of the anticipated traffic flow and all-weather road requirements. Construction shall include ditching, draining, graveling, crowning, and capping the road bed, as necessary, to provide for a well-constructed safe road. Prior to construction, the road shall be cleared of any snow cover and allowed to dry completely. Travel off the 30 foot right-of-way will not be allowed. Road drainage crossings shall be of the typical dry creek drainage crossing type (unless specified differently). Crossings will be constructed so they will not cause "silt-up" or accumulation of debris in the drainage crossing, nor shall the drainages be blocked by the roadbed. Erosion of the drainage ditches by runoff water shall be prevented by diverting water at frequent intervals by utilizing cutouts. Up grading will not be constructed during muddy conditions. Should mud or dust holes develop, they will be filled in and detours around them avoided.

## 3. Location of existing wells

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

A) Water well	None
B) Abandoned well	None
C) Temp. abandoned well	None
D) Disposal well	None
E) Drilling/Permitted well	Three (Stump Jumper Fed 11-23-23-33, Hanging Rock 16-32, Hanging Rock 11-23- 41-32)
F) Producing well	None
G) Shut in well	None
H) Injection well	None
I) Monitoring or observation well	None

Please see the attached map C Topo for additional details.

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

A) Production Facility

All production facilities will be contained within the proposed location site. Please see the attached plan for a typical gas well equipment and pipe lay-out.

All permanent structures (on site for six month or longer), constructed or installed, will be painted a flat, non-reflective, earth-tone color to match one of the standard environmental colors. 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.

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

B) Gas Gathering Line

We propose to install approximately 14,400 feet (5,500 feet ON-LEASE, 8,450 feet Bureau of Land Management OFF-LEASE and 450 ft State of Utah OFF-LEASE) of steel gas gathering line if an economic well is drilled and completed.

Please see map D for gathering line location.

The gathering line will require a State of Utah OFF-LEASE and Bureau of Land Management OFF-LEASE right-of-way.

The line will be a 3-4" steel line, depending on the anticipated well deliverability.

Max operating pressure will be 500 psi.

The operating temperature of the gathering system will reflect the daily ambient temperature of the area.

At this time, there are no plans for on-site compression or pumping stations.

The gathering line will not be hydrostatically tested.

The pipe line will be laid and utilized above ground. The pipe line will be removed when there is no continuing need for this gathering line. Prior to removing the line, an onsite will be held with the BLM to insure that the removal and reclamation will conform to all applicable BLM regulations and requirements.

There will be no additional surface disturbances required for the installation of a gathering line. The pipeline will be welded together and pulled from the well-site location and tie-in points when practical, although it will likely be necessary to utilize small segments of the access road for some of the pipe line welding. The line will then be boomed off to the side of the road.

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

The gas meter will be calibrated and the production tank(s) strapped in place prior to any sales deliveries from the well. 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 the subject well will fresh water and will be trucked by contractor Tu & Frum, Inc. Depending on road conditions, water will be trucked from: Rose Wood Resources flowing water well, Well #5A, in Section 24 T11S-R23E, water permit number 49-1547, and/or Willow Creek, 30 miles southwest of Vernal in Sec. 29, T12S-R21E, permit #T-75377, and/or the White River in Sec. 23, T10S-R23E, permit #T-75517. Completion water will come from the same supply or from the City of Vernal, Utah.

## **6. Source of construction materials**

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

## **7. Methods for handling waste disposal**

### **A) Pit construction and liners:**

The reserve pit will be approximately 8 to 10 feet 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 not be lined unless the pit is blasted or soil conditions warrant a pit liner.

If a plastic liner is required by the BLM or used by the operator, it will be a nylon reinforced liner. It will be a minimum of 12 mil thickness with sufficient bedding (i.e. weed free straw or hay, felt, or soil) to cover any rocks. The liner will overlap the pit walls and be covered with dirt and/or rock to hold it in place. No trash, scrap pipe, etc., that could puncture the liner will be disposed of in the pit.

The pit will be used to hold non-flammable materials such as drilling make-up water, drill cuttings, salt, drilling fluids, chemicals, produced fluids, etc.

### **B) Produced fluids**

Produced water will be confined to the reserve pit, or if deemed necessary, a steel storage tank will be utilized for water storage for a period not to exceed 90 days after initial production. Produced water accumulated after the initial production and testing period will be stored in steel tank(s) before truck removal to an authorized disposal pit or injection well.

### **C) Garbage**

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

### **D) Sewage**

A portable chemical toilet will be supplied for human waste during the drilling operation.

### **E) Site clean up**

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

### **F) Hazardous Material Statement**

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 or completion of the well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produced, stored, transported, or disposed of in association with the drilling, testing or completion of the well.

**8. Ancillary facilities**

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

**9. Well-site layout and location**

The proposed location has been staked at 660' FNL & 467' FEL of Section 5, T12S-R23E.

Well-site layout

Location dimensions are as follows:

A) Pad length	345 ft	G) Max fill	12.2 ft
B) Pad width	160 ft	H) Total cut yards	12,560 cu. yds.
C) Pit depth	8 – 10 ft	I) Pit location	Southwest
D) Pit length	150 ft	J) Top soil locations	corner C, D & 6
E) Pit width	70 ft	K) Access road location	South East side
F) Max cut	26 ft	L) Flare pit	Corner D

Please see the attached location diagram for additional details.

The reserve pit will be fenced on three sides during drilling operations. The fourth side will be fenced when the drilling rig is removed from the location. The fence will be maintained until clean-up.

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 barb 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 feet.
- 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. This stripped top soil will amount to approximately 1,700 cubic yards of material. Topsoil will be stockpiled in two adjoining piles. Placement of the topsoil is noted on the attached location plat. The stock piled topsoil will be seeded with the seed mix dictated by the BLM. 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 topsoil has been spread. The unused portion of the location will be re-contoured.

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

##### **A) Producing location**

Following the back-fill of the reserve pit, the natural drainage pattern shall be restored, as nearly as practical, to its original line of flow .

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

The reserve pit will be reclaimed within 90 days of well completion. If the reserve pit has not dried sufficiently to allow for proper back filling, the Operator will submit a request for an extension of time. Once initiated, reclamation activities will completed within 30 days, weather conditions permitting.

If a reserve pit utilizes a liner, the liner shall be turned down below ground level and perforated before the pit is backfilled.

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 runoff from seeping into the soil used to cover the reserve pit. Diversion ditches and water bars will be used to divert runoff as needed.

When restoration activities have been completed, the location site 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 the topsoil is stock piled and when reclamation work is performed.

b) Seed mix

The seed mix utilized in the soil reclamation will be in the amounts, and of the type specified by the BLM in their "Conditions of Approval".

B) Dry hole/Abandoned location

At such time as the well is plugged and abandoned, the operator will submit a subsequent report of abandonment and the BLM will attach the appropriate surface rehabilitation conditions of approval.

**11. Surface Manager/Owner**

Location	Bureau of Land Management
Access road	Bureau of Land Management
Pipeline	Bureau of Land Management

**12. Other information**

A) Vegetation

The vegetation coverage is slight. The predominant existing vegetation consists of sage brush.

B) Archeology & Paleontological

A cultural resource inventory survey was conducted on the proposed well-site location, access road and pipe line route. A copy of the first page of the Sagebrush Report No. 1442 and the Intermountain Paleo-Consulting IPC# 05-108 are included with this APD.

During any operations, if 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 or objects will be suspended and the BLM will be immediately notified.

D) Water

The nearest live water is White River, ± 8.5 miles north-east of the proposed location.

E) Chemicals

No pesticides, herbicides or other possible hazardous chemicals will be used without AO approval.

F) Notifications

The Bureau of Land Management will be notified as follows

- a) Location construction  
At least 48 hours prior to construction of location and access roads
- b) Location completion  
24 hours prior to moving the drilling rig on location.
- c) Spud notice  
At least 24 hours prior to well spud.
- d) Casing string and cementing  
At least 24 hours prior to running casing and cementing all casing strings.
- e) BOP and related equipment tests  
At least 24 hours prior to initial pressure tests.
- f) Abandonment – Newly Drilled Dry Holes and/or Hole Failures  
At least 24 hours prior to start of abandonment operations. In certain situations, Operator may be unable to provide 24 hour advance notice, but in all situations, Operator will receive abandonment orders from the BLM prior to the actual commencement of abandonment operations.
- g) First production notice  
Within 5 business days after the new well begins, or production resumes after well has been off production for more than 90 days.
- h) Completion and Re-completion Operations  
At least 24 hours prior to moving the rig on location.
- i) State of Utah Division of Oil, Gas, and Mining (DOGM) Notifications  
Within 24 hours of well spud, Operator will notify DOGM at 801.538.5284. Prior to commencement of operations to plug and abandon the well, Operator will notify DOGM at 801.538.5338.

G) Flare pit

The flare pit will be located in corner C of the reserve pit and outside the pit fence on the south side of the location. All fluids will be removed from the flare pit within 48 hours of occurrence.

H) Wildlife Stipulations

Wildlife stipulations and possible activity restrictions will be detailed in the "Conditions of Approval" received with an approved Permit to Drill. Operator will comply with these wildlife "conditions of approval".

I) Onsite

Onsite Date: Thursday, July 6, 2006

Onsite attendants

Holly Villa	BLM
Amy Torres	BLM
Ivan Sadlier	McElvain Oil & Gas

**13. Lessees or Operator's representative(s) and certification**

A) Representatives

Barbara Martin  
Engineer  
1050 – 17<sup>th</sup> Street, Ste. 1800  
Denver, CO. 80265  
Off. 303.893.0933 xtn 345  
Fax. 303.893.0914  
Cell. 303.718.0812  
E-Mail. [barbaram@mcelvain.com](mailto:barbaram@mcelvain.com)

Ivan Sadlier  
Production Foreman  
P.O. Box 985  
Vernal, UT. 84078  
Cell #1: 435.828.0284  
Cell #2: 435.828.0282  
E-Mail. [sadlier@easilink.com](mailto:sadlier@easilink.com)

McElvain Oil & Gas Properties, Inc. is considered to be the operator of the subject well. McElvain Oil & Gas Properties, Inc. agrees to be responsible under the terms and conditions of the lease for operations conducted upon the leased premises.

B) Certification

All lease operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, and approved "Plan of Operation", and any applicable "Notice to Lessees".

The operator will be fully responsible for the actions of its subcontractors. A copy of these conditions will be furnished to the field representatives to ensure compliance.

Bond coverage for the lease activities is being provided by McElvain Oil & Gas Properties' BLM Nationwide Bond #LPM4138223.

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill-site and access route, that I am familiar with the conditions which presently exist, that the statements made in this plan are, to the best of my knowledge and belief, true and correct, and that the work associated with the operation proposed herein will be performed by McElvain Oil and Gas Properties, Inc. 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.

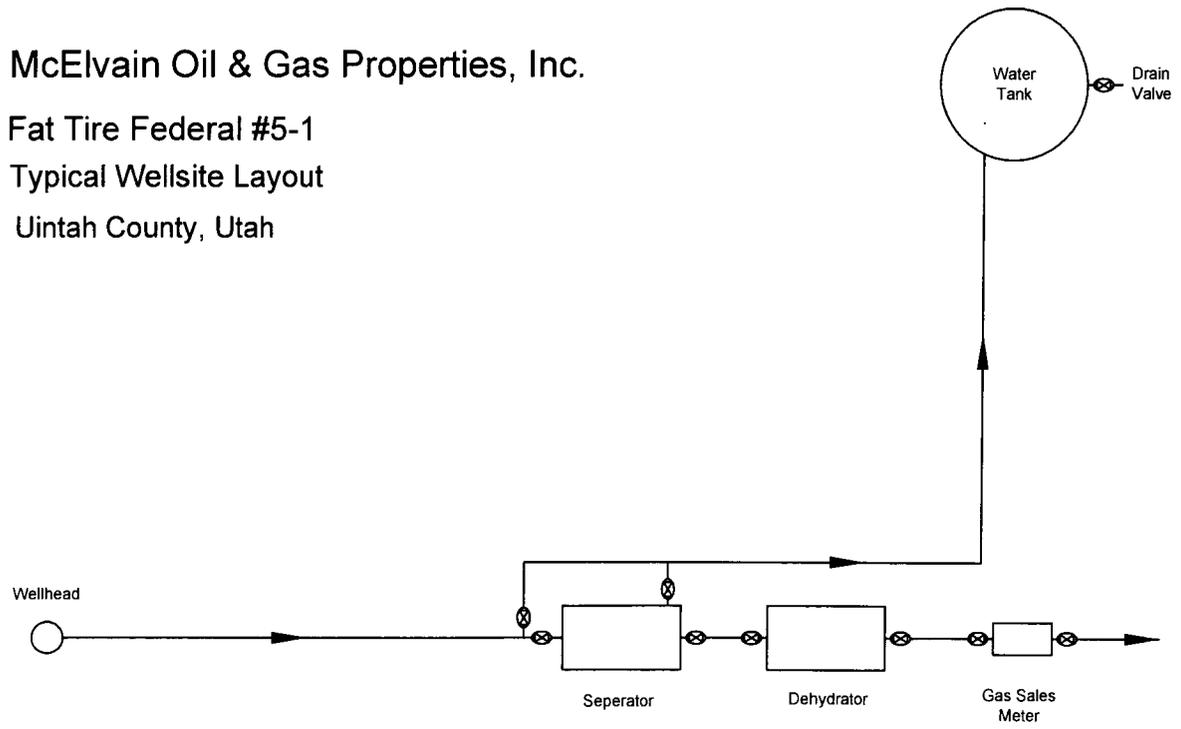
Date Aug. 4, 2006

McElvain Oil & Gas Properties, Inc.

A handwritten signature in black ink, appearing to read "Barbara Martin", written over a horizontal line.

Barbara Martin  
Engineer

McElvain Oil & Gas Properties, Inc.  
Fat Tire Federal #5-1  
Typical Wellsite Layout  
Uintah County, Utah



## **Paleontological Reconnaissance Report**

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**McElvain's Proposed Well Pads, Pipelines and Access Roads for  
"Stumpjumper Federal #33-11" & "Hardtail Federal #34-5" (Sec.  
16, 12, 27-28, & 33-34, T 11 S, R 23 E); "Fat Tire Federal #5-1"  
& "Single Track #6-2" (Sec. 32-34, T 11 S, R 23 E) & (Sec. 3-6,  
T 12 S, R 23 E); "Thimble Rock Federal #13-13" (Sec. 13 &  
23-24, T 11 S, R 24 E); "Tucker Federal #8-2"; "Center  
Fork Federal #17-2"; & Hanging Rock #18-4"  
(Sec. 7-8, & 17-18, T 12 S, R 24 E)**

**Archy Bench SE, Buck Camp Canyon, &  
Rainbow Topographic Quadrangles  
Uintah County, Utah**

September 16, 2005

Prepared by Stephen D. Sandau  
Paleontologist for  
Intermountain Paleo-Consulting  
P. O. Box 548  
Springville, Utah 84663

A CULTURAL RESOURCE INVENTORY OF THE CENTER FORK FEDERAL #17-2,  
FAT TIRE FEDERAL #5-1, AND SINGLE TRACK #6-2 WELLS AND THEIR  
ASSOCIATED ACCESS ROADS AND PIPELINES, IN UINTAH COUNTY, UTAH

by

Michael R. Polk  
Principal Archaeologist

Prepared for:

McElvain Oil & Gas Properties, Inc.  
1050 17th Street, Suite 1800  
Denver, Colorado 80265

Prepared by:

Sagebrush Consultants, L.L.C.  
3670 Quincy Avenue, Suite 203  
Ogden, Utah 84403

(801) 394-0013 office

Under the Authority of Cultural Resource Use Permit No. 04UT54630

and

Under the Authority of Utah State Antiquities Permit No. U-05-SJ-0968bps

Cultural Resource Report No. 1442

January 26, 2006

# McELVAIN OIL & GAS PROP., INC.

## FAT TIRE FEDERAL #5-1

LOCATED IN UINTAH COUNTY, UTAH

SECTION 5, T12S, R23E, S.L.B.&M.

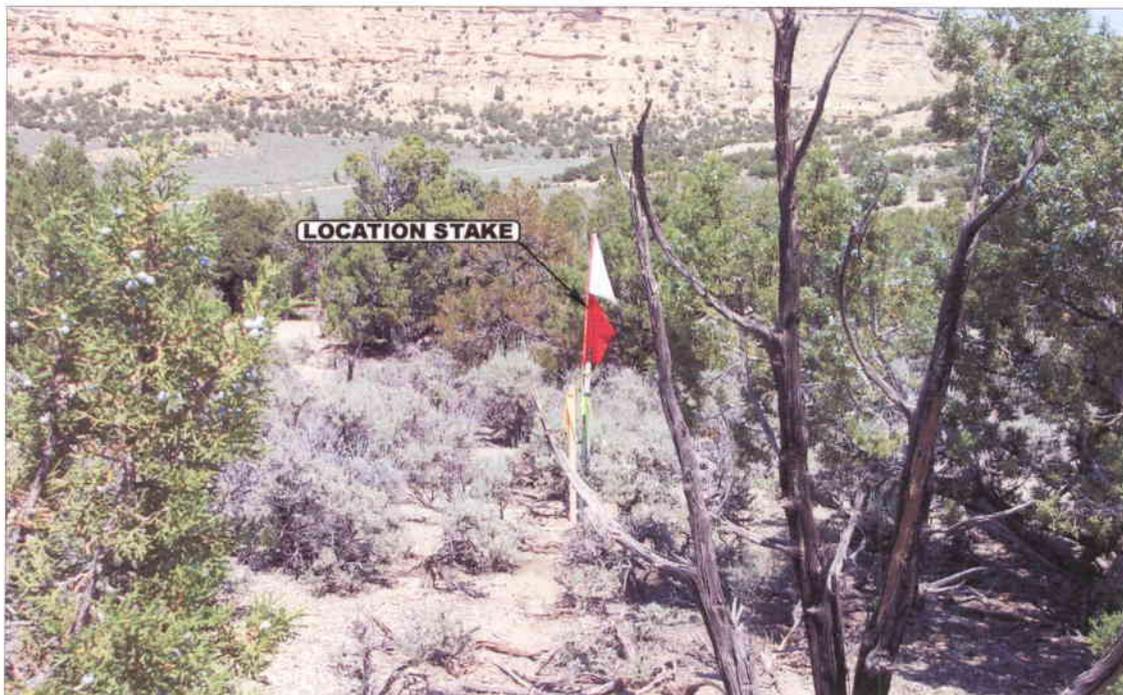


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: NORTHEASTERLY



PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: SOUTHERLY



- Since 1964 -

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

LOCATION PHOTOS

07 13 05  
MONTH DAY YEAR

PHOTO

TAKEN BY: J.F.

DRAWN BY: C.P.

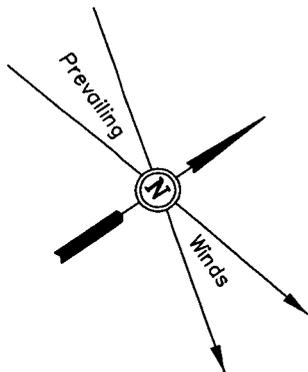
REVISED: 00-00-00

**McELVAIN OIL & GAS PROP., INC.**

LOCATION LAYOUT FOR

FAT TIRE FEDERAL #5-1  
SECTION 5, T12S, R23E, S.L.B.&M.  
660' FNL 467' FEL

*J.P. Kay*



SCALE: 1" = 50'  
DATE: 07-11-05  
Drawn By: L.K.

CONSTRUCT DIVERSION DITCH

Approx. Top of Cut Slope Pit Topsoil

El. 5999.1'  
C-22.4' (btm. pit)

Reserve Pit Backfill & Spoils Stockpile

10' WIDE BENCH

RESERVE PITS (10' Deep)

SLOPE 1 1/2 : 1

Sta. 0+45

Total Pit Capacity W/2' of Freeboard = 9,850 Bbls. ±  
Total Pit Volume = 2,780 Cu. Yds.

El. 6002.7'  
C-26.0' (btm. pit)

C-8.2' El. 5994.9'

C-15.1' El. 6001.8'

C-5.3' El. 5992.0'

F-8.9' El. 5977.8'

C-2.7' El. 5989.4'

F-12.2' El. 5974.5'

F-3.8' Sta. 3+45 El. 5982.9'

Round Corners as Needed

Topsoil Stockpile

DATA



CATWALK

PIPE RACKS

C-2.3' El. 5989.0'

RIG DOG HOUSE

125' Sta. 1+70

F-9.9' El. 5976.8'

1 MUD TANKS

C-5.8' El. 5992.5'

PUMP

MUD SHED

HOPPER

POWER

TOOLS

FUEL

TRASH

EXISTING DRAINAGE

TOILET

FUEL

TRAILER

STORAGE TANK

Approx. Toe of Fill Slope

Proposed Access Road

Elev. Ungraded Ground at Location Stake = 5989.0'  
Elev. Graded Ground at Location Stake = 5986.7'

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

**McELVAIN OIL & GAS PROP., INC.**

**TYPICAL CROSS SECTIONS FOR**

**FAT TIRE FEDERAL #5-1  
SECTION 5, T12S, R23E, S.L.B.&M.  
660' FNL 467' FEL**

*R. J. Day*

1" = 20'  
X-Section Scale  
1" = 50'

DATE: 07-11-05  
Drawn By: L.K.

Preconstruction Grade

STA. 3+45

STA. 1+70

STA. 0+45

STA. 0+00

Slope = 1 1/2:1 (Typ.)

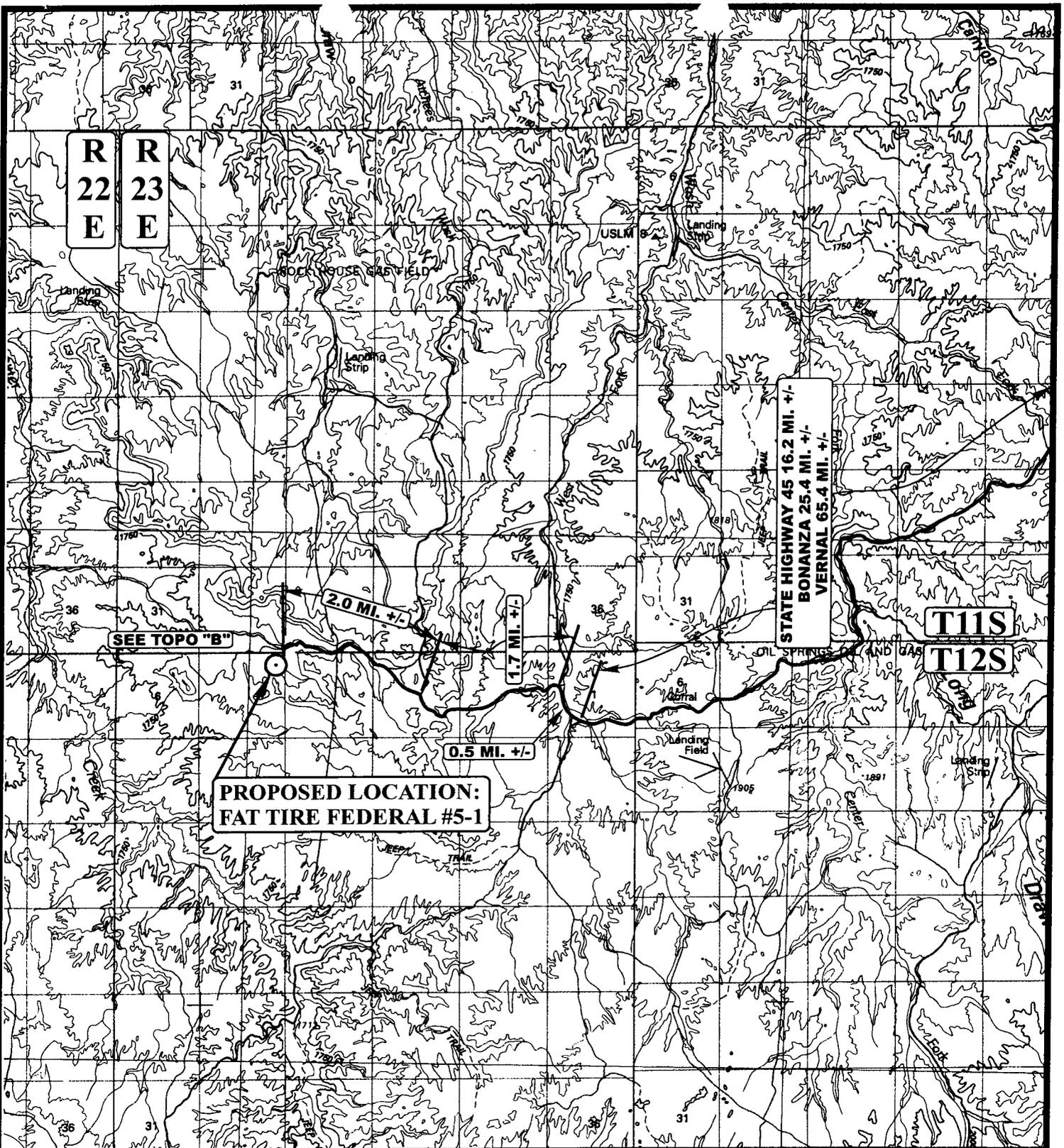
**APPROXIMATE YARDAGES**

<b>CUT</b>	
(6") Topsoil Stripping	= 1,700 Cu. Yds.
Remaining Location	= 10,860 Cu. Yds.
<b>TOTAL CUT</b>	<b>= 12,560 CU.YDS.</b>
<b>FILL</b>	<b>= 9,470 CU.YDS.</b>

\* NOTE:  
FILL QUANTITY INCLUDES  
5% FOR COMPACTION

Excess Material	= 3,090 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 3,090 Cu. Yds.
<b>EXCESS UNBALANCE</b> (After Rehabilitation)	<b>= 0 Cu. Yds.</b>

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



**PROPOSED LOCATION:  
FAT TIRE FEDERAL #5-1**

STATE HIGHWAY 45 16.2 MI. +/-  
 BONANZA 25.4 MI. +/-  
 VERNAL 65.4 MI. +/-

SEE TOPO "B"

2.0 MI. +/-

1.7 MI. +/-

0.5 MI. +/-

**LEGEND:**

○ PROPOSED LOCATION

**McELVAIN OIL & GAS PROP., INC.**

FAT TIRE FEDERAL #5-1  
 SECTION 5, T12S, R23E, S.L.B.&M.  
 660' FNL 467' FEL



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

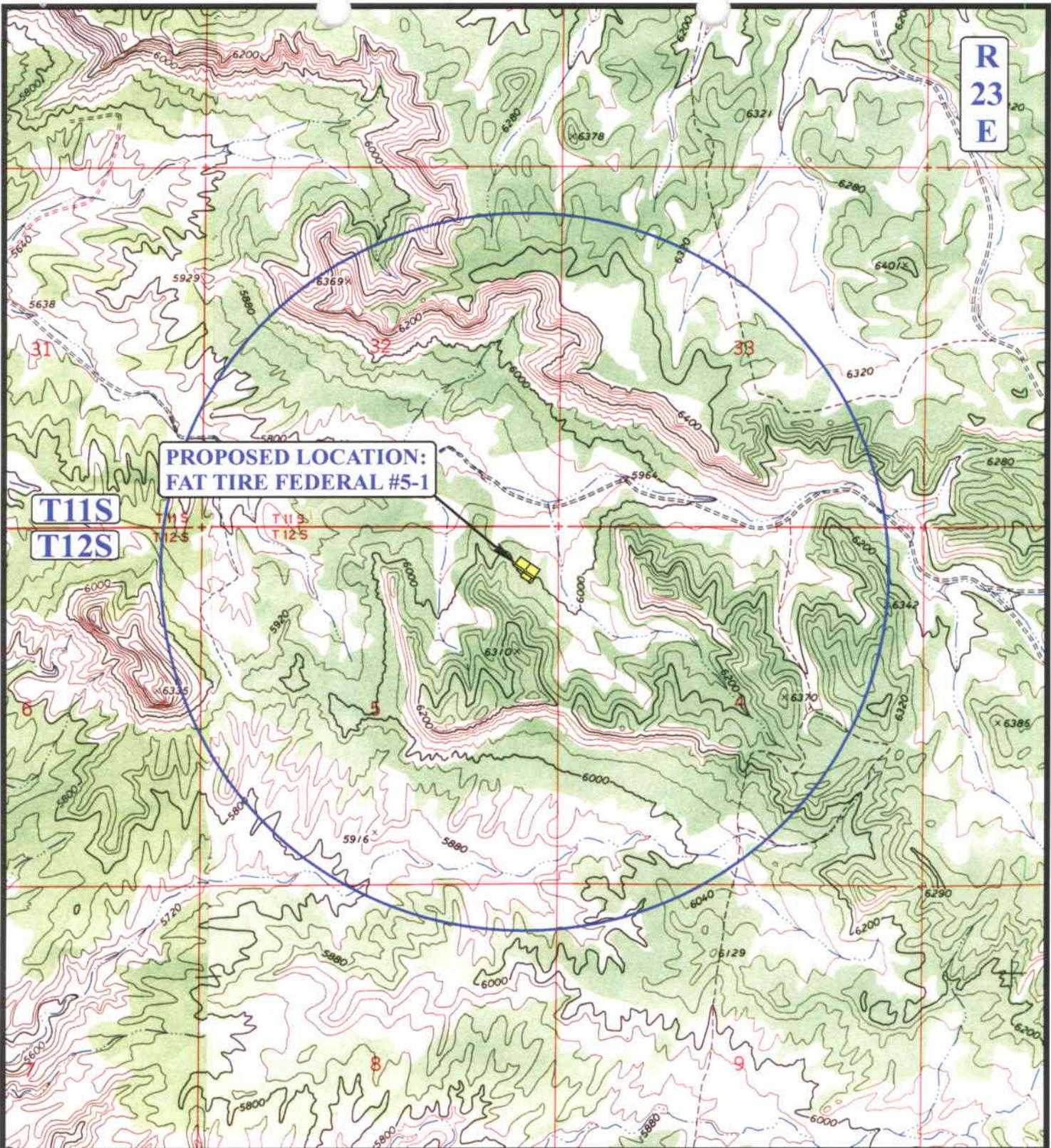
TOPOGRAPHIC  
 MAP

07 13 05  
 MONTH DAY YEAR

SCALE: 1:100,000 | DRAWN BY: C.P. | REVISED: 00-00-00







**PROPOSED LOCATION:  
FAT TIRE FEDERAL #5-1**

**R  
23  
E**

**T11S  
T12S**

**LEGEND:**

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



**McELVAIN OIL & GAS PROP., INC.**

**FAT TIRE FEDERAL #5-1  
SECTION 5, T12S, R23E, S.L.B.&M.  
660' FNL 467' FEL**



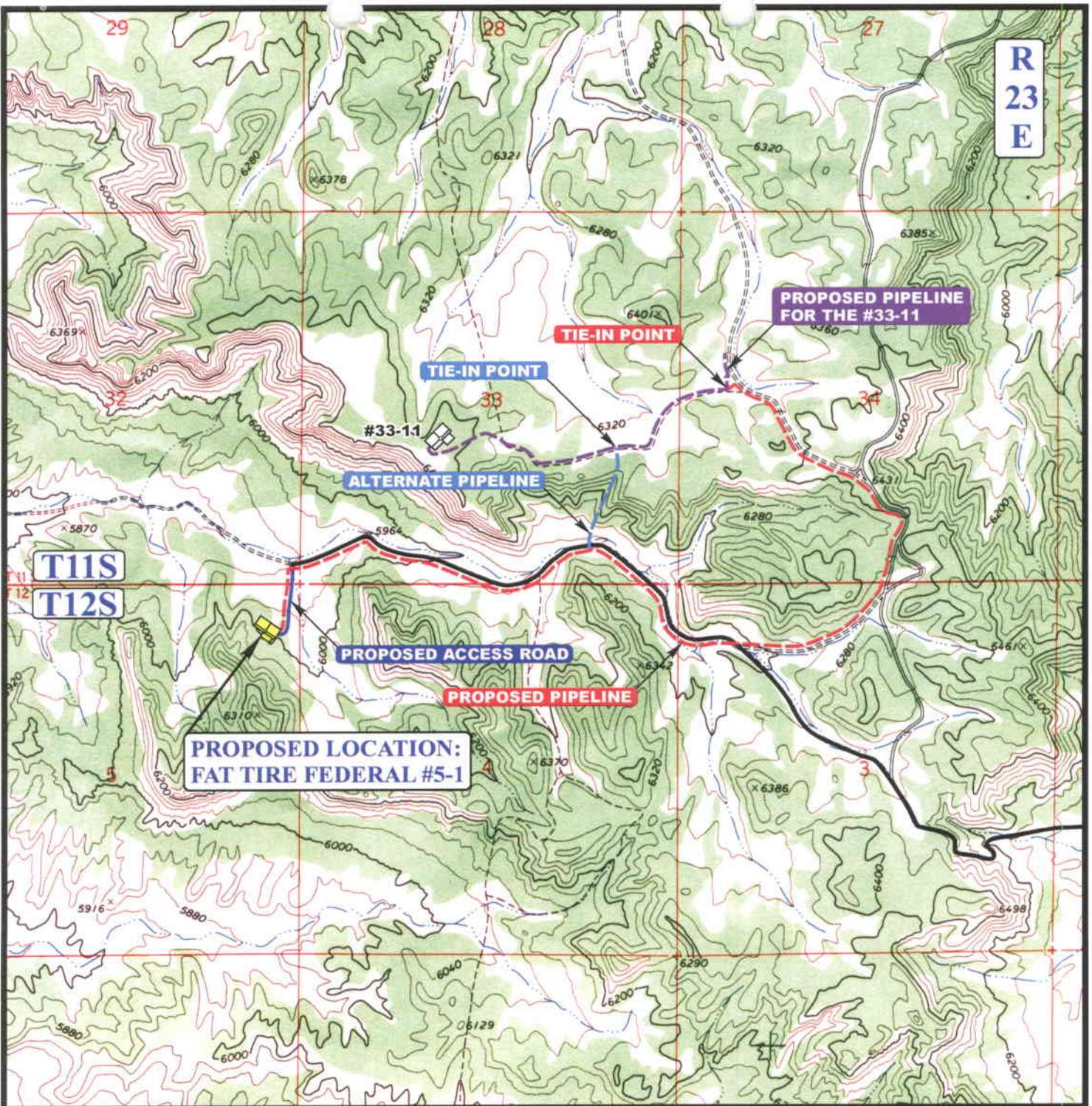
**Uintah Engineering & Land Surveying**  
85 South 200 East Vernal, Utah 84078  
(435) 789-1017 \* FAX (435) 789-1813

**TOPOGRAPHIC  
MAP**

**07 13 05**  
MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: C.P. REVISED: 00-00-00





**APPROXIMATE TOTAL PIPELINE DISTANCE = 14,400' +/-**

**APPROXIMATE TOTAL ALTERNATE PIPELINE DISTANCE = 6,900' +/-**

**LEGEND:**

-  PROPOSED ACCESS ROAD
-  PROPOSED PIPELINE
-  PROPOSED ALTERNATE ROUTE
-  PROPOSED PIPELINE (SERVICING OTHER WELLS)



**McELVAIN OIL & GAS PROP., INC.**

**FAT TIRE FEDERAL #5-1**  
**SECTION 5, T12S, R23E, S.L.B.&M.**  
**660' FNL 467' FEL**



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

**TOPOGRAPHIC**  
**MAP**

**07 13 05**  
 MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: C.P. REVISED: 00-00-00



**WORKSHEET  
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 08/08/2006

API NO. ASSIGNED: 43-047-38452

WELL NAME: FLAT TIRE FED 5-1  
 OPERATOR: MCELVAIN OIL & GAS ( N2100 )  
 CONTACT: BARBARA MARTIN

PHONE NUMBER: 303-893-0933

PROPOSED LOCATION:

NENE 05 120S 230E  
 SURFACE: 0660 FNL 0467 FEL  
 BOTTOM: 0660 FNL 0467 FEL  
 COUNTY: UINTAH  
 LATITUDE: 39.80804 LONGITUDE: -109.3740  
 UTM SURF EASTINGS: 639193 NORTHINGS: 4407507  
 FIELD NAME: UNDESIGNATED ( 2 )

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

LEASE TYPE: 1 - Federal  
 LEASE NUMBER: UTU-57455  
 SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: MVRD  
 COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[1] Ind[] Sta[] Fee[]  
(No. LPM 4138223 )
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit  
(No. 49-1547 )
- 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- Spending Slip

\_\_\_\_\_

\_\_\_\_\_

T11S R23E

FLAT TIRE FED 5-1

5

HANGING ROCK I 5-16

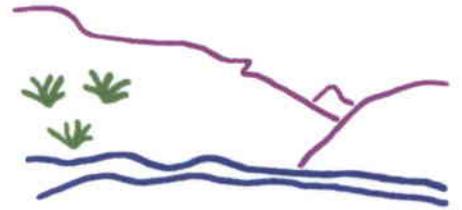
OPERATOR: MCELVAIN O&G PROP (N2100)

SEC: 5 T.12S R. 23E

FIELD: UNDESIGNATED (002)

COUNTY: UINTAH

SPACING: R649-3-2 / GENERAL SITING



Utah Oil Gas and Mining



PREPARED BY: DIANA WHITNEY  
DATE: 11-AUGUST-2006

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



## 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*

August 14, 2006

McElvain Oil & Gas Properties, Inc.  
1050 17th Street, Suite 1800  
Denver, CO 80265

Re: Flat Tire Federal 5-1 Well, 660' FNL, 467' FEL, NE NE, Sec. 5, T. 12 South,  
R. 23 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 43-047-38452.

Sincerely,

Gil Hunt  
Associate Director

pab  
Enclosures

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

**Operator:** McElvain Oil & Gas Properties, Inc.

**Well Name & Number** Flat Tire Federal 5-1

**API Number:** 43-047-38452

**Lease:** UTU-57455

**Location:** NE NE                      **Sec. 5**                      **T. 12 South**                      **R. 23 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.

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

FORM 9

5. LEASE DESIGNATION AND SERIAL NUMBER:  
**UTU-57455**

**SUNDRY NOTICES AND REPORTS ON WELLS**

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:  
N/A

7. UNIT or CA AGREEMENT NAME:  
N/A

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

8. WELL NAME and NUMBER:  
**Fat Tire Federal #5-1**

9. API NUMBER:  
**4304738452**

10. FIELD AND POOL, OR WILDCAT:  
**Oil Springs**

1. TYPE OF WELL  
OIL WELL  GAS WELL  OTHER \_\_\_\_\_

2. NAME OF OPERATOR:  
**McElvain Oil & Gas Properties, Inc.**

3. ADDRESS OF OPERATOR:  
**1050 17th Street, Ste 1800** CITY **Denver** STATE **CO** ZIP **80265** PHONE NUMBER: **(303) 893-0933**

4. LOCATION OF WELL  
FOOTAGES AT SURFACE: **660' FNL & 467' FEL** COUNTY: **Uintah**  
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: **NENE 5 12S 23E** STATE: **UTAH**

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: <u>7/1/2008</u>	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion:	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>Request for Drilling Permit 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.  
McElvain Oil & Gas Properties, Inc. is requesting an extension to our August 14, 2006 State of Utah drilling permit. We are waiting on a Federal APD approval at this time, and would like to apply for the maximum extension time allowed.

PLEASE SEE THE ATTACHED STATE OF UTAH FORM "APPLICATION FOR PERMIT TO DRILL - REQUEST FOR PERMIT EXTENSION VALIDATION"

Approved by the  
Utah Division of  
Oil, Gas and Mining

Date: 08-06-07  
By: [Signature]

NAME (PLEASE PRINT) Barbara Martin TITLE Engineer  
SIGNATURE [Signature] DATE 8/1/2007

(This space for State use only)

SENT TO OPERATOR  
8-7-07  
Rm

(5/2000)

(See Instructions on Reverse Side)

**RECEIVED**  
**AUG 06 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:** 43-047-38452  
**Well Name:** Fat Tire Federal #5-1  
**Location:** NENE Sec. 5, T12S-R23E, Uintah County, Utah  
**Company Permit Issued to:** McElvain Oil & Gas Properties, Inc.  
**Date Original Permit Issued:** 8/14/2006

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

8/1/2007  
\_\_\_\_\_  
Date

Title: Engineer

Representing: McElvain Oil & Gas Properties, Inc.

**RECEIVED  
AUG 06 2007**

DIV. OF OIL, GAS & MINING

RECEIVED  
VERNAL FIELD OFFICE

2006 AUG -7 PM 1:27

DEPT. OF THE INTERIOR  
BUREAU OF LAND MGMT.

Form 3160-3  
(September 2001)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

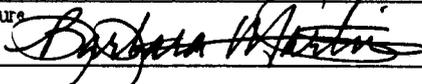
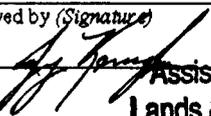
FORM APPROVED  
OMB No. 1004-0136  
Expires January 31, 2004

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. <b>UTU-57455</b>
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name <b>N/A</b>
2. Name of Operator <b>McElvain Oil &amp; Gas Properties, Inc.</b>		7. If Unit or CA Agreement, Name and No. <b>N/A</b>
3a. Address <b>1050 17th Street, Suite 1800, Denver, CO 80265</b>	3b. Phone No. (include area code) <b>(303) 893-0933</b>	8. Lease Name and Well No. <b>Fat Tire Federal #5-1</b>
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface <b>660' FNL &amp; 467' FEL (NENE) Sec. 5, T12S-R23E S.L.B. &amp; M.</b> At proposed prod. zone <b>same (vertical well)</b>		9. API Well No.
14. Distance in miles and direction from nearest town or post office* <b>Approx. 30 miles South of Bananza, Utah</b>		10. Field and Pool, or Exploratory <b>Rock House</b>
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) <b>467' From East Lease Line</b>	16. No. of Acres in lease <b>10,092.71 Acres</b>	11. Sec., T., R., M., or Blk. and Survey or Area <b>Sec. 5, T12S-R23E SLB&amp;M</b>
18. Distance from proposed location* to nearest well, drilling, completed, "C" Topo -1 mile radius applied for, on this lease, ft.	19. Proposed Depth <b>7,600 ft</b>	12. County or Parish <b>Uintah County</b>
21. Elevations (Show whether DF, KDB, RT, GL, etc.) <b>5,986.7 ft GL</b>	22. Approximate date work will start* <b>September 2006</b>	13. State <b>Utah</b>
17. Spacing Unit dedicated to this well <b>40 Acres</b>		
20. BLM/BIA Bond No. on file <b>LPM 4138223 (Nation-Wide Bond)</b>		
23. Estimated duration <b>30 Days Construction &amp; Drilling</b>		

24. Attachments

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

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

25. Signature 	Name (Printed/Typed) <b>Barbara Martin</b>	Date <b>Aug. 4, 2006</b>
Title <b>Engineer</b>		
Approved by (Signature) 	Name (Printed/Typed) <b>Terry Kavelle</b>	Date <b>10-22-2007</b>
Title <b>Assistant Field Manager Lands &amp; Mineral Resources</b>	Office <b>VERNAL FIELD OFFICE</b>	

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

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

NOTICE OF APPROVAL

063M 1843A

Entered in AFMSS

Date 11-20-06

CONDITIONS OF APPROVAL ATTACHED



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



170 South 500 East

VERNAL, UT 84078

(435) 781-4400

**CONDITIONS OF APPROVAL FOR APPLICATION FOR PERMIT TO DRILL**

**Company:** M<sup>e</sup>Elvain Oil & Gas Properties, Inc.    **Location:** NENE, Sec. 5, T12S, R23E  
**Well No:** Fat Tire Federal 5-1    **Lease No:** UTU-57455  
**API No:** 43-047-38452    **Agreement:** N/A

<b>Title</b>	<b>Name</b>	<b>Office Phone Number</b>	<b>Cell Phone Number</b>
Petroleum Engineer:	Matt Baker	(435) 781-4490	(435) 828-4470
Petroleum Engineer:	Michael Lee	(435) 781-4432	(435) 828-7875
Petroleum Engineer:	James Ashley	(435) 781-4470	(435) 828-7874
Petroleum Engineer:	Ryan Angus	(435) 781-4430	(435) 828-7368
Supervisory Petroleum Technician:	Jamie Sparger	(435) 781-4502	(435) 828-3913
NRS/Enviro Scientist:	Paul Buhler	(435) 781-4475	(435) 828-4029
NRS/Enviro Scientist:	Karl Wright	(435) 781-4484	(435) 828-7381
NRS/Enviro Scientist:	Holly Villa	(435) 781-4404	
NRS/Enviro Scientist:		(435) 781-4476	
NRS/Enviro Scientist:	Chuck MacDonald	(435) 781-4441	(435) 828-7481
NRS/Enviro Scientist:	Jannice Cutler	(435) 781-3400	(435) 828-3544
NRS/Enviro Scientist:	Michael Cutler	(435) 781-3401	(435) 828-3546
NRS/Enviro Scientist:	Anna Figueroa	(435) 781-3407	(435) 828-3548
NRS/Enviro Scientist:	Verlyn Pindell	(435) 781-3402	(435) 828-3547
NRS/Enviro Scientist:	Darren Williams	(435) 781-4447	
NRS/Enviro Scientist:	Nathan Packer	(435) 781-3405	(435) 828-3545

Fax: (435) 781-3420

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

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

**NOTIFICATION REQUIREMENTS**

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

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

- If paleontologic materials are uncovered during construction, the operator shall immediately stop work that might further disturb such materials and contact the Authorized Officer (AO). A determination will be made by the AO as to what mitigation will be necessary for the discovered paleontologic material.

The interim seed mix for this location shall be:

Needle and Thread grass	Stipa comata	6 lbs. /acre
Intermediate Wheat grass	Agropyron intermedium	6 lbs. /acre

All pounds are in pure live seed.

Reseeding may be required if first seeding is not successful.

- The topsoil from the reserve pit shall be stripped and piled separately near the reserve pit. When the reserve pit is closed, it shall be recontoured and the topsoil respread, and the area shall be seeded in the same manner as the location topsoil.
- Once the location is plugged and abandoned, it shall be recontoured to natural contours, topsoil respread where appropriate, and the entire location seeded with the recommended seed mix. Seeding should take place by broadcasting the seed and walking it into the soil with a dozer immediately after the dirt work is completed.
- The well will be spudded within five years of the existing or supplemented NEPA documentation.
- The requested color for all permanent structures is Olive Black.
- Within 90 calendar days of the approval date for this Application for Permit to Drill (APD), the operator/lessee shall submit to the Authorized Officer (AO), on Sundry Notice Form 3160-5, an Interim Surface Reclamation Plan for surface disturbance on well pads, access roads, and pipelines. At a minimum, this will include the reshaping of the pad to the original contour to the extent possible; the resspreading of the top soil up to the rig anchor points; and, the area reseeded using appropriate reclamation methods. The AO will provide written approval or concurrence within 30 calendar days of receipt.
- The best method to avoid entrainment is to pump from an off-channel location-one that does not connect to the river during high spring flows. An infiltration gallery constructed in a BLM and Service approved location is best.
- If the pump head is located in the river channel where larval fish are known to occur, the following measures apply:
  - do not situate the pump in a low-flow or no-flow area as these habitats tend to concentrate larval fishes;
  - limit the amount of pumping, to the greatest extent possible, during that period of the year when larval fish may be present (see above); and limit the amount of pumping, to the greatest extent possible, during the pre-dawn hours as larval drift studies indicate that this is a period of greatest daily activity.

- Screen all pump intakes with ¼" mesh material.
- Report any fish impinged on the intake screen to the Service (801.975.3330) and the Utah Division of Wildlife Resources:

Northeastern Region  
152 East 100 North, Vernal, UT 84078  
Phone: (435) 781-9453

#### **General Surface COA**

**Operator shall notify any active Gilsonite mining operation within 2 miles of the location 48 hours prior to any blasting during construction for this well.**

## **DOWNHOLE CONDITIONS OF APPROVAL**

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

### **SITE SPECIFIC DOWNHOLE CONDITIONS OF APPROVAL**

- A variance is granted for Onshore Order #2-Drilling Operations III. E. "Straight run on blooie line unless otherwise approved" Targeted tees shall be required if blooie line angle is greater then 45 degrees.
- A variance is denied for Onshore Order #2-Drilling Operations III. E. "Automatic igniter or continuous pilot light on the blooie line". An Automatic igniter or continuous pilot light shall be on the blooie line.
- A surface casing shoe integrity test shall be performed.
- Production casing cement top shall be at a minimum of 200' above the surface casing shoe.

### **DRILLING/COMPLETION/PRODUCING OPERATING STANDARDS**

- There shall be no deviation from the proposed drilling, completion, and/or workover program as approved. Safe drilling and operating practices must be observed. All wells, whether drilling, producing, suspended, or abandoned, shall be identified in accordance with 43 CFR 3162.6. There shall be a sign or marker with the name of the operator, lease serial number, well number, and surveyed description of the well. Any changes in operation must have prior approval from the BLM, Vernal Field Office Petroleum Engineers.
- The spud date and time shall be reported orally to Vernal Field Office within 24 hours of spudding.
- **Notify Vernal Field Office Supervisory Petroleum Engineering Technician at least 24 hours in advance of casing cementing operations and BOPE & casing pressure tests.**
- Blowout prevention equipment (BOPE) shall remain in use until the well is completed or abandoned. Closing unit controls shall remain unobstructed and readily accessible at all times. Choke manifolds shall be located outside of the rig substructure.
- All BOPE components shall be inspected daily and those inspections shall be recorded in the daily drilling report. Components shall be operated and tested as required by Onshore Oil & Gas Order No. 2 to insure good mechanical working order. All BOPE pressure tests shall be performed by a test pump with a chart recorder and **NOT** by the rig pumps. Test shall be reported in the driller's log.
- BOP drills shall be initially conducted by each drilling crew within 24 hours of drilling out from under the surface casing and weekly thereafter as specified in Onshore Oil & Gas Order No. 2.
- Casing pressure tests are required before drilling out from under all casing strings set and cemented in place.
- No aggressive/fresh hard-banded drill pipe shall be used within casing.

- **Cement baskets shall not be run on surface casing.**
- The lessee/operator must report all shows of water or water-bearing sands to the BLM. If flowing water is encountered it must be sampled and analyzed (a copy of the analyses to be submitted to the BLM Field Office in Vernal, Utah).
- All oil and gas shows shall be adequately tested for commercial possibilities, reported, and protected.
- The lessee/operator must report encounters of all non oil & gas mineral resources (such as Gilsonite, tar sands, oil shale, etc.) to the Vernal Field Office, in writing, within 5 working days of each encounter. Each report shall include the well name/number, well location, date and depth (from KB or GL) of encounter, vertical footage of the encounter and, the name of the person making the report (along with a telephone number) should the BLM need to obtain additional information.
- No location shall be constructed or moved, no well shall be plugged, and no drilling or workover equipment shall be removed from a well to be placed in a suspended status without prior approval of the BLM, Vernal Field Office. If operations are to be suspended for more than 30 days, prior approval of the BLM, Vernal Field Office shall be obtained and notification given before resumption of operations.
- Chronologic drilling progress reports shall be filed directly with the BLM, Vernal Field Office on a weekly basis in sundry, letter format or e-mail to the Petroleum Engineers until the well is completed.
- Any change in the program shall be approved by the BLM, Vernal Field Office. "Sundry Notices and Reports on Wells" (Form BLM 3160-5) shall be filed for all changes of plans and other operations in accordance with 43 CFR 3162.3-2.
- Emergency approval may be obtained orally, but such approval does not waive the written report requirement. Any additional construction, reconstruction, or alterations of facilities, including roads, gathering lines, batteries, etc., which will result in the disturbance of new ground, shall require the filing of a suitable plan pursuant to Onshore Oil & Gas Order No. 1 of 43 CFR 3164.1 and prior approval by the BLM, Vernal Field Office.
- In accordance with 43 CFR 3162.4-3, this well shall be reported on the "Monthly Report of Operations" (Oil and Gas Operations Report ((OGOR)) starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report shall be filed in duplicate, directly with the Minerals Management Service, P.O. Box 17110, Denver, Colorado 80217-0110, or call 1-800-525-7922 (303) 231-3650 for reporting information.
- Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (BLM Form 3160-4) shall be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3162.4-1. Two copies of all logs run, core descriptions, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, shall be filed on BLM Form 3160-4. Submit with the well completion report a geologic report including, at a minimum, formation tops, and a summary and conclusions. Also include deviation surveys, sample descriptions, strip logs, core data, drill stem test data, and results of production tests if

performed. Samples (cuttings, fluid, and/or gas) shall be submitted only when requested by the BLM, Vernal Field Office.

- A cement bond log (CBL) will be run from the production casing shoe to the top of cement and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.
- Please submit an electronic copy of all other logs run on this well in LAS format to UT\_VN\_Welllogs@BLM.gov. This submission will supersede the requirement for submittal of paper logs to the BLM.
- All off-lease storage, off-lease measurement, or commingling on-lease or off-lease shall have prior written approval from the BLM, Vernal Field Office.
- All measurement points shall be identified as point of sales or allocation for royalty determination prior to the installation of facilities.
- Oil and gas meters shall be calibrated in place prior to any deliveries. The Field Office Petroleum Engineers will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports shall be submitted to the BLM, Vernal Field Office. All measurement facilities will conform to the API standards for liquid hydrocarbons and the AGA standards for natural gas measurement.
- A schematic facilities diagram as required by Onshore Oil & Gas Order No. 3 shall be submitted to the BLM, Vernal Field Office within 30 days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with Onshore Oil & Gas Order No. 3.
- This APD is approved subject to the requirement that, should the well be successfully completed for production, the BLM, Vernal Field office must be notified when it is placed in a producing status. Such notification will be by written communication and must be received in this office by not later than the fifth business day following the date on which the well is placed on production. The notification shall provide, as a minimum, the following informational items:
  - Operator name, address, and telephone number.
  - Well name and number.
  - Well location (¼ ¼, Sec., Twn, Rng, and P.M.).
  - Date well was placed in a producing status (date of first production for which royalty will be paid).
  - The nature of the well's production, (i.e., crude oil, or crude oil and casing head gas, or natural gas and entrained liquid hydrocarbons).
  - The Federal or Indian lease prefix and number on which the well is located; otherwise the non-Federal or non-Indian land category, i.e., State or private.
  - Unit agreement and / or participating area name and number, if applicable.
  - Communitization agreement number, if applicable.
- Any venting or flaring of gas shall be done in accordance with Notice to Lessees (NTL) 4A and needs prior approval from Field Office Petroleum Engineers.

- All undesirable events (fires, accidents, blowouts, spills, discharges) as specified in NTL 3A will be reported to the BLM, Vernal Field Office. Major events as defined in NTL3A, shall be reported verbally within 24 hours, followed by a written report within 15 days. "Other than Major Events" will be reported in writing within 15 days. "Minor Events" will be reported on the Monthly Report of Operations and Production.
- Pursuant to Onshore Oil & Gas Order No. 7, this is authorization for pit disposal of water produced from this well for a period of 90 days from the date of initial production. A permanent disposal method must be approved by this office and in operation prior to the end of this 90-day period. In order to meet this deadline, an application for the proposed permanent disposal method shall be submitted along with any necessary water analyses, as soon as possible, but no later than 45 days after the date of first production. Any method of disposal which has not been approved prior to the end of the authorized 90-day period will be considered as an Incident of Noncompliance and will be grounds for issuing a shut-in order until an acceptable manner for disposing of said water is provided and approved by this office.
- Unless the plugging is to take place immediately upon receipt of oral approval, the Field Office Petroleum Engineers must be notified at least 24 hours in advance of the plugging of the well, in order that a representative may witness plugging operations. If a well is suspended or abandoned, all pits must be fenced immediately until they are backfilled. The "Subsequent Report of Abandonment" (Form BLM 3160-5) must be submitted within 30 days after the actual plugging of the well bore, showing location of plugs, amount of cement in each, and amount of casing left in hole, and the current status of the surface restoration.



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

October 23, 2008

McElvain Oil & Gas Properties, Inc.  
1050 17<sup>H</sup> Street, Suite 1800  
Denver, CO 80265

Re: APD Rescinded – Flat Tire Federal 5-1 Sec. 5 T. 12 R. 23E  
Uintah County, Utah API No. 43-047-38452

Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on July 14, 2005. On August 14, 2006 and on August 6, 2007, the Division granted a one-year APD extension. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective October 23, 2008.

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

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

Sincerely,

Diana Mason  
Environmental Scientist

cc: Well File  
Bureau of Land Management, Vernal



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

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

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

5. Lease Serial No.  
**UTU-57455**

6. If Indian, Allottee or Tribe Name  
**na**

7. If Unit or CA/Agreement, Name and/or No.  
**na**

8. Well Name and No.  
**Fat Tire Federal # 5-1**

9. API Well No.  
**43-047-38452**

10. Field and Pool, or Exploratory Area  
**Exploratory**

11. County or Parish, State  
**Uintah, Utah**

**SUBMIT IN TRIPLICATE- Other instructions on reverse side.**

1. Type of Well  
 Oil Well  Gas Well  Other

2. Name of Operator **McElvain Oil & Gas Properties, Inc.**

3a. Address  
**1050 - 17th Street, Suite 1800 Denver, Colorado 80265**

3b. Phone No. (include area code)  
**303.893.0933**

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
**660' FNL & 467' FEL (NENE) Sec. 5, T12S-R23E S.L.B.&M.**

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

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

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

**McElvain Oil & Gas Properties, Inc. would like to request a 24 month extension of our currently approved APD for the Fat Tire Federal # 5 - 1 well (API # 43-047-38452) located in the NENE Sec. 5, T12S-R23E of Uintah County, Utah. The APD was originally approved on October 22, 2007 and is due to expire on October 22, 2009.**

**RECEIVED**  
**INTERNAL FIELD OFFICE**  
**DEPT OF THE INTERIOR**  
**BUREAU OF LAND MGMT**  
**2009 OCT 21 PM 1 43**

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

**E. Reed Fischer**

Title **Senior Operations Engineer**

Signature

Date

**10/19/2009**

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by

**Petroleum Engineer**

**OCT 27 2009**

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

Office

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

**RECEIVED**

(Instructions on page 2)

**NOV 23 2009**

**UDOGM**

**CONDITIONS OF APPROVAL ATTACHED**

**DIV. OF OIL, GAS & MINING**

# CONDITIONS OF APPROVAL

## McElvain Oil & Gas Properties, Inc.

### Notice of Intent APD Extension

**Lease:** UTU-57455  
**Well:** Flat Tire Federal 5-1  
**Location:** NENE Sec 5-T12S-R23E

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

---

1. The extension and APD shall expire on 8/7/2011.
2. Since the APD was approved under a Categorical Exclusion and the referenced NEPA will expire 8/7/2011, if the well has not been spud by that date this APD will expire and the operator is to cease all operations related to the preparing to drill the well.

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



# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

Green River District-Vernal Field Office

170 South 500 East

Vernal, UT 84078

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

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



**APR 20 2012**

IN REPLY REFER TO:  
3160 (UTG011)

E. Reed Fischer  
McElvain Oil & Gas Properties, Inc.  
1050 17<sup>th</sup> Street, Suite 1800  
Denver, CO 80265

43 047 38452

Re: Notice of Expiration  
*Flat* Well No. ~~Fat~~ Tire Federal 5-1  
NENE, Sec. 5, T12S, R23E  
Uintah County, Utah  
Lease No. UTU-57455

Dear Mr. Fischer:

The Application for Permit to Drill (APD) for the above-referenced well was approved on October 22, 2007. A two (2) year extension request of the original APD was received on October 21, 2009. On October 27, 2009 the request was reviewed and the extension request was approved to August 7, 2011, consistent with the expiration of the 390 CX used to process the APD. According to our records, no known activity has transpired at the approved location. In view of the foregoing, this office is notifying you that the approval of the referenced application has expired. If you intend to drill at this location in the future, a new Application for Permit to Drill must be submitted.

This office requires a letter confirming that no surface disturbance has been made for this drill site. Any surface disturbance associated with the approved location of this well is to be rehabilitated. A schedule for this rehabilitation must be submitted to this office. Your cooperation in this matter is appreciated.

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

Sincerely,

Jerry Kenczka  
Assistant Field Manager  
Lands & Mineral Resources

**RECEIVED**

**MAY 02 2012**

**DIV OF OIL, GAS, & MINING**

cc: UDOGM