



FLYING J OIL & GAS INC.

333 WEST CENTER STREET • NORTH SALT LAKE, UTAH 84054
PHONE (801) 296-7700 • FAX (801) 296-7888

August 22, 2006

Mr. John Baza
Associate Director
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

RE: Deep Creek 2-30, NWNE Sec 30, T3S, R2E
Application for Permit to Drill
Randlett Field, Uintah County, Utah

Dear Mr. Baza:

Enclosed are an APD, Form 3, and appropriate attachments for the Deep Creek 2-30 well proposed as a new Green River Fm. development well in the Randlett Field. Your consideration and approval of this application is requested.

Flying J Oil & Gas plans to use fresh water for drilling to the surface casing depth of 750 feet. This water will be supplied by Water Disposal Inc. under water permit number 43-11273. Produced water from Flying J operated wells will be used to drill below surface casing under Flying J Oil & Gas Inc. water user number 2617. The surface owner at the proposed well site is Lee Smith, Deep Creek Investment, 2400 Sunnyside Ave, Salt Lake City, UT 84108, telephone 801-322-1235.

Thank you for consideration of this application. If you have any questions, or if you need additional information, please call me at 801-296-7710.

Sincerely,

Flying J Oil & Gas Inc.

James W. Wilson
Vice President Operations

RECEIVED
AUG 24 2006
DIV. OF OIL, GAS & MINING

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

FORM 3

AMENDED REPORT
(highlight changes)

APPLICATION FOR PERMIT TO DRILL		5. MINERAL LEASE NO: Fee	6. SURFACE: Fee
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>		7. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
B. TYPE OF WELL: OIL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> OTHER _____ SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		8. UNIT or CA AGREEMENT NAME:	
2. NAME OF OPERATOR: Flying J Oil & Gas Inc.		9. WELL NAME and NUMBER: Deep Creek 2-30	
3. ADDRESS OF OPERATOR: 333 W Center St CITY North Salt Lake STATE UT ZIP 84054		10. FIELD AND POOL, OR WILDCAT: Wildcat	
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 479 FNL, 2103 FEL, NWNE, Sec. 30, T3S, R2E, Uintah Co. AT PROPOSED PRODUCING ZONE: Same		11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNE 30 T3S R2E	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 18.1 miles south and east of Roosevelt, UT		12. COUNTY: Uintah	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 479	16. NUMBER OF ACRES IN LEASE: 40+	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) >920, no wells producing in field	19. PROPOSED DEPTH: 7,200	20. BOND DESCRIPTION: St. UT Bnkt Drilling Bnd 08757276	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 4,978 ungraded ground	22. APPROXIMATE DATE WORK WILL START: 11/1/2006	23. ESTIMATED DURATION: 10 days	

24. **PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
17 1/2"	14"	40	Premium 50 sks 1.16 cuft/sk 15.80 #/gal
12 1/4"	9 5/8" 36# J55	750	Primary: Standard 410 sks 1.20 cuft/sk 15.60 #/gal Top Out: Premium 100 sks 1.15 cuft/sk 15.80 #/gal
7 7/8"	5 1/2" 17# N80	7,200	Lead: Hi-Fill 350 sks 3.84 cuft/sk 11.0 #/gal Tail: Light 180 sks 1.55 cuft/sk 13.50 #/gal

25. **ATTACHMENTS**

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:

- | | |
|--|--|
| <input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER | <input checked="" type="checkbox"/> COMPLETE DRILLING PLAN |
| <input type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER | <input type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER |

NAME (PLEASE PRINT) James W. Wilson TITLE Vice President Operations
SIGNATURE *James W. Wilson* DATE 8/22/06

(This space for State use only)

API NUMBER ASSIGNED: 43 047-38502

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

RECEIVED

AUG 24 2006

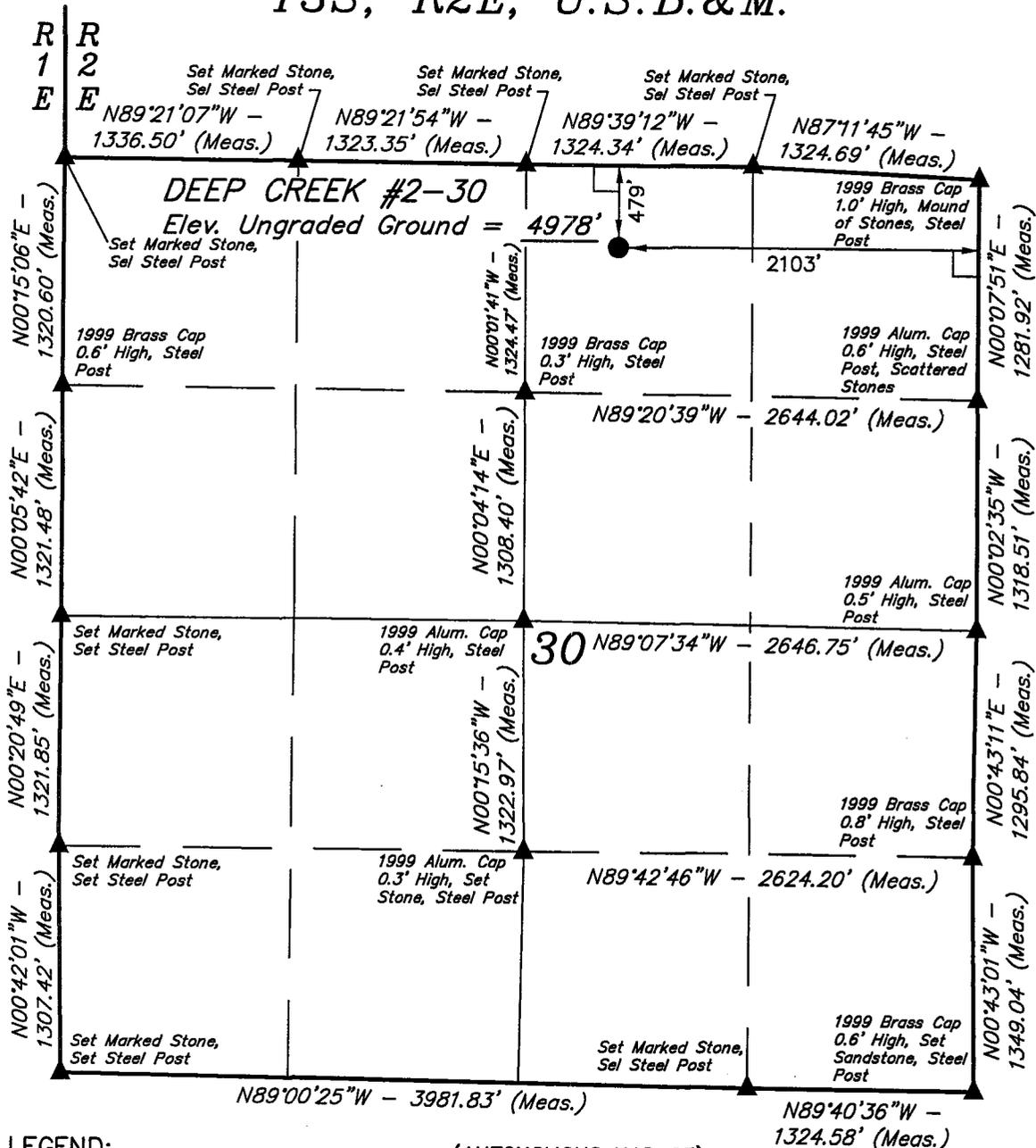
DIV. OF OIL, GAS & MINING

(11/2001)

Date: 10-10-06
(See Instructions on Reverse Side)

By: *[Signature]*

T3S, R2E, U.S.B.&M.



FLYING J OIL & GAS INC.

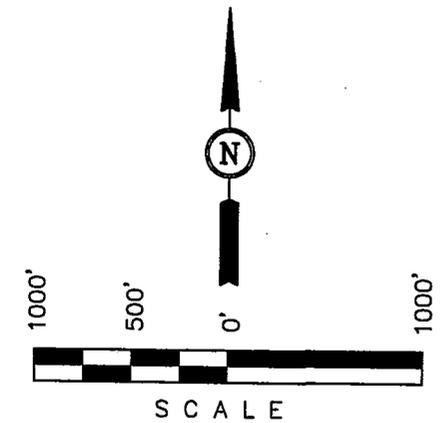
Well location, DEEP CREEK #2-30, located as shown in the NW 1/4 NE 1/4 of Section 30, T3S, R2E, U.S.B.&M., Uintah County, Utah.

BASIS OF ELEVATION

SPOT ELEVATION AT THE NORTHEAST CORNER OF SECTION 30, T3S, R2E, U.S.B.&M. TAKEN FROM THE RANDLETT, UTAH, QUADRANGLE, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 4939 FEET.

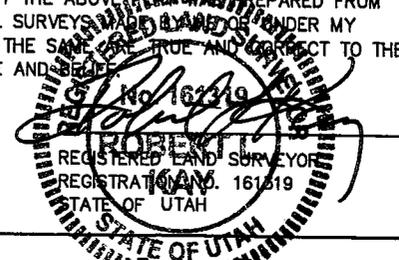
BASIS OF BEARINGS

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



CERTIFICATE

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



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

SCALE 1" = 1000'	DATE SURVEYED: 06-02-06	DATE DRAWN: 06-06-06
PARTY D.A. T.A. D.R.B.	REFERENCES G.L.O. PLAT	
WEATHER WARM	FILE FLYING J OIL & GAS INC.	



FLYING J OIL & GAS INC.

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August 22, 2006

Mr. John Baza, Associate Director
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

Re: Application for Permit to Drill Packages
Knight 14-30, Eliason 6-30, Knight 16-30 and the Deep Creek 2-30 Wells
Randlett Field, Uintah County, Utah

Dear Mr. Baza:

Enclosed please the referenced document packages for each well named in duplicate for your consideration and approval.

If you have any questions, please give Jim Wilson a call at (801) 296-7710.

Sincerely,

Launa Badovinac
Sr. Lease Analyst

Enclosures

RECEIVED

AUG 24 2006

DIV. OF OIL, GAS & MINING

FLYING J OIL AND GAS INC.

APPLICATION FOR PERMIT TO DRILL

For

Deep Creek 2-30

Located in

Township 3 South, Range 2 East, Section 30: NWNE
479' FNL, 2103' FEL

Uintah County, Utah

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Figure 2, Cut and Fill Sheet
Location Damage Area & Road Right-of-Way
Topo A, scale 1:100,000
Topo B, scale 1"=2000'
Affidavit of Surface Agreement

August 22, 2006

FLYING J OIL AND GAS INC.

Application for Permit to Drill

Deep Creek 2-30, T. 3S, R. 2E, Section 30, NWNE

Attached to Form 3, August 22, 2006

FLYING J OIL & GAS INC.

DRILLING PLAN

For

Deep Creek 2-30

Located in

Township 3 South, Range 2 East, Section 30: NWNE
479' FNL, 2103' FEL

Uintah County, Utah

Geology:

Tops of important geologic markers and potential water, oil, gas, and mineral content are as follows:

<u>Formation Top</u>	<u>Depth (KB)</u>	<u>Datum (SS)</u>	<u>Contents</u>
Uinta Formation (Surface)	12	+4,977	Water
Green River Formation	3,200	+1,789	Water, Gas
Tgr 3 Marker	6,020	-1,031	Water, Gas
Douglas Creek Member	6,510	-1,521	Oil, Gas
Total Depth	7,200		

Drilling Program:

- Build road and drilling pad. Set 14” conductor at 40’ and dig rat hole and mousehole. Check to make sure conductor has no deviation.
- If timing allows, use a smaller rig to drill a 12-1/4” hole to 750’ and pre-set surface casing as outlined in this procedure. Otherwise, the surface casing will be set by the bigger drilling rig.
- Move in and rig up a drilling rig.
- Drill 12-1/4” surface hole to 750’+ KB with fresh water mud. Survey at least every 100’ and limit deviation to 1°. Notify DOGM (801-538-5340) immediately upon spudding the well. Give the well name, legal location, permit number, drilling contractor, company representative, and the date and time of spudding. Note full name of person taking “notification of spud” on initial morning and tour reports.
- Run 750’ of 9-5/8”, 36#, J-55, ST&C casing. Cement the 9-5/8” casing to surface per cementing specifications. Top job if necessary with Class “G” cement containing a minimum 2% Calcium Chloride.
- Wait on cement 4 hours before slacking off weight and 12 hours before drilling out. Weld on a 9-5/8” x 11” 3M casing head and test weld to 1,500 psi. Nipple up BOPE with blind rams on bottom, pipe rams, and annular preventer on top. Perform BOPE tests.
- If a plug is used to facilitate BOPE tests, the casing will be tested prior to drillout to 1 psi/ft times the depth of the casing seat or 70% of the minimum internal yield pressure of the casing.
- Drill out using a 7-7/8” PDC bit and mud motor. After drilling 10’ of new formation, perform a casing shoe test to an equivalent mud weight of 10.0 ppg for 10 minutes. Run a brass saver sub below the kelly at all times.

- Drill to TD ($\pm 7,200'$) with mud as detailed in this procedure. Mud-up will not be required until $\pm 5,500'$ (520' above Tgr3). Take deviation surveys every 300' or at bit trips. Keep deviation less than 3° and doglegs less than $\frac{1}{2}^\circ/100'$ to TD.
- At TD, circulate to condition hole and trip out. Run the following open-hole logs and take up to 20 rotary side-wall cores as directed by wellsite geologist.

DIL-SP-GR-Caliper, TD to 750' (GR to Surface)
 CNL-FDC-GR, TD to 3,000'

- Clean out and condition hole and mud for running and cementing casing. Recommended mud properties: Plastic Viscosity (PV) < 15 centipoise (cp), Yield Point (YP) < 10 lb/100 ft², 10-second/10-minute gel strength values should be such that the 10-second and 10-minute readings are close together or flat (i.e., 5/6). The 30-minute reading should be less than 20 lb/100 ft². The goal of proper mud conditioning is to maximize displacement of mud and create turbulent flow during mud displacement/cementing operations. Work with mud engineer to manage PV/YP ratio to lower critical velocity necessary for turbulent flow.

Pull and lay down drill pipe and collars. Run 5-1/2" production casing as detailed. Cement the 5-1/2" casing as detailed. Reciprocate casing while cementing. Displace cement with water to leave no drilling mud in the production casing.

- Release drilling rig and demobilize off location.

Casing and Cementing Program:

Casing Program (new casing):

<u>Hole Size</u>	<u>Casing Size</u>	<u>Description</u>	<u>Setting Depth Interval</u>
17-1/2"+	14"	Conductor	40'
12-1/4"	9-5/8"	36#, J-55, STC	0 – 750'
7-7/8"	5-1/2"	17#, L80, LTC	0 – 7,200'

Casing with sufficient burst, collapse, and tension rating may be substituted for any of the above depending on availability.

The following safety factors were incorporated into the design of the casing program:

Burst	1.10
Collapse	1.125
Tension	1.80

For casing design purposes, the maximum mud weight at TD is assumed 9.0 ppg.

Cementing Program:

- Conductor:** Conductor cement will be neat Class "G" containing CaCl₂. The volume of cement will be as required to cement to surface.
- Surface:** Surface casing cement will consist of primary slurry: 410 sks standard cement w/0.25 lb/sk Flocele, CaCl₂ and other appropriate additives, 1.20 cuft/sk, 15.60 lb/gal; top out slurry: 100 sks premium cement, 1.15 cuft/sk, 15.80 lb/gal. Slurry volumes will be adjusted as required to cement to surface plus 100% excess. Casing hardware will include guide shoe, insert float, six centralizers, and a top plug.
- Production:** Production casing will be cemented in one stage consisting of 350 sks Hi-Fill lead cement, 3.84 cuft/sk, 11.0 lb/gal, to fill from 6,000' to surface and a tail of 180 sks light cement w/ appropriate additives, 1.55 cuft/sk, 13.50 lb/gal, to fill from approximately 7,200' (TD) to 6,000'. Hardware will include a guide shoe, float collar, thirty centralizers, and a top plug. Actual cement volumes are to be based on callipered hole volume plus 25% excess.

Actual cement slurries for conductor, surface, and production casing will be based on final service company recommendations.

The DOGM shall be notified at least twenty-four hours prior to running and cementing the surface and production casing strings.

Blow Out Prevention Equipment:

Minimum specifications for BOP equipment while drilling 7-7/8" hole to 7,200' KB below 9-5/8" casing are:

- 3,000 psi 9-5/8" casing head
- 3,000 psi csg/drilling spool w/outlets for kill and manifold line
- 3,000 double ram BOP with pipe rams and blind rams
- 3,000 psi spherical
 - upper and lower kelly cocks
 - flow nipple w/flow and fill line

Ram type BOP, choke manifold, and related equipment will be tested to rated working pressure of BOP stack, if isolated from the surface casing by a test plug, or 70% of internal yield of casing if not isolated. Annular type preventers shall be tested to 50% of rated working pressure. Pressure shall be maintained for at least 10 minutes or until the requirements of the test are met, whichever is longer. Testing will be performed when initially installed, whenever any seal subject to test is broken, following related repairs and at

least every 30 days. Pipe rams and blind rams shall be functionally operated on every trip. Annular type preventers shall be functionally operated at least weekly.

Accessories to BOP include a kelly cock, floor safety valve, and choke manifold with pressure rating equivalent to the BOP stack. All auxiliary BOP equipment will be tested to appropriate pressures when BOPs are tested.

All choke lines will be straight lines unless turns use tee blocks or are targeted with running tees, and will be anchored to prevent whip and vibration.

Choke manifold equipment shall be functionally equivalent to the attached diagram. The configuration of the chokes may vary.

All valves in the kill line choke manifold, and choke line shall be a type that does not restrict the flow (full opening) and that allows a straight through flow.

Pressure gauges in the well control system shall be a type designed for drilling fluid service.

The accumulator will have sufficient capacity to open the hydraulically controlled choke line valve (if so equipped), close all rams plus the annular preventer, 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 accumulator capacity and the fluid level be maintained at the manufacturer's recommendations. The BOP system will have two independent power sources to close the preventers. Nitrogen bottles (3 minimum) will be one of these independent power sources and will maintain a charge equal to the manufacturer's specifications.

The accumulator precharge pressure test will be conducted prior to connecting the closing unit to the BOP stack and at least once every 6 months thereafter. The accumulator pressure will be corrected if the measured precharge pressure is found to be above or below the maximum or minimum limits specified in Onshore Oil & Gas Order Number 2.

Mud Program:

<u>INTERVAL</u> <u>(feet)</u>	<u>MUD</u> <u>WEIGHT</u> <u>(lbs/gal)</u>	<u>VISCOSITY</u> <u>(sec/qt)</u>	<u>FLUID</u> <u>LOSS</u> <u>(ml/30 min)</u>	<u>MUD</u> <u>TYPE</u>
0 – 5,500	8.3 – 8.6	35 +/-	-	Water/Polymer
5,500 – 7,200	8.6 – 9.0	35 +/-	10cc/less	Low Solids Non Disp

Mud gain or loss will be visually monitored. Mud loggers will be rigged up prior to encountering anticipated hydrocarbon zones to monitor hydrocarbon content in the mud. Minimum mud weights will be maintained to insure fast penetration rates, and decrease the chances of lost circulation. An adequate amount of mud will be kept on location or readily accessible for the purpose of maintaining well control during the course of drilling operations.

Mud up with a LSND/PHPA system will occur at approximately 5,500' and filtration will be reduced to 10 cc's/30 minutes by the top of the Tgr3 marker at approximately 6,020'.

Sufficient mud inventory will be maintained on location during drilling operations to handle any adverse conditions that may occur, including LCM for lost circulation and weighting materials. The mud monitoring system will consist of visual pit markers. The hole will be kept full at all times.

Evaluation:

A two-man mud logging unit will be in operation from a depth of approximately 2,500' to TD. Samples will be caught, cleaned, bagged, and marked as required.

Drill Stem Tests – No DST's are expected.

Coring - No whole coring is planned. Up to 20 rotary side-wall cores are tentatively planned to be taken at select intervals in conjunction with open-hole logging operations.

Open-hole logs will include DIL-SP-GR-Caliper from TD to surface casing at 750' (GR to Surface) and CNL-FDC-GR from TD to 3,000'.

Expected Bottom-Hole Pressure and Abnormal Conditions:

Hydrogen Sulfide – No Hydrogen Sulfide (H₂S) gas is expected.

No significantly over-pressured zones are expected in this well. Bottom-hole pressure in the Douglas Creek Member of the Green River is expected to have a pressure gradient of approximately 0.45 psi/ft and require 9.0 ppg drilling fluid to control.

No abnormally high temperatures are expected. Bottom-hole temperature is expected to be approximately 150 °F.

FLYING J OIL AND GAS INC.

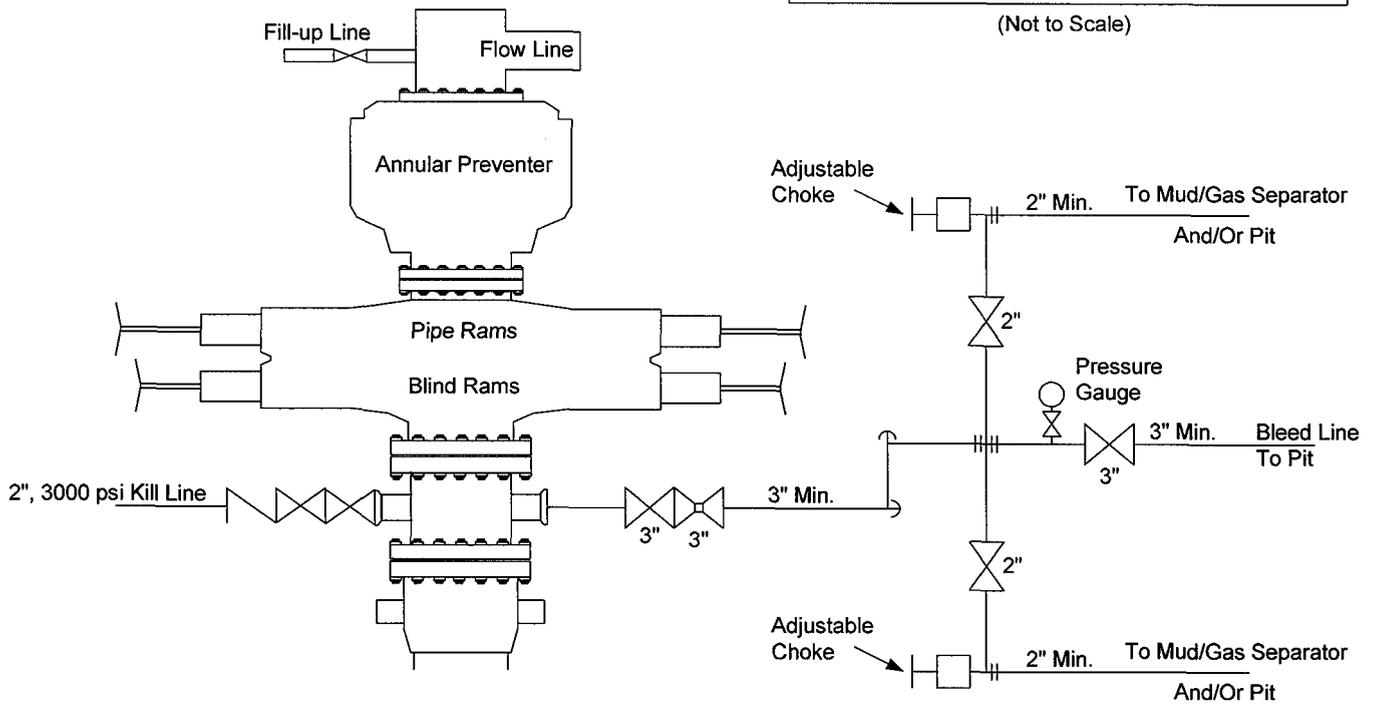
Application for Permit to Drill

Deep Creek 2-30, T. 3S, R. 2E, Section 30, NWNE

Attached to Form 3, August 22, 2006

Flying J Oil & Gas Inc.
Deep Creek 2-30
3000 PSI BOP Schematic

(Not to Scale)



FLYING J OIL AND GAS INC.

Application for Permit to Drill

Deep Creek 2-30, T. 3S, R. 2E, Section 30, NWNE

Attached to Form 3, August 22, 2006

FLYING J OIL AND GAS INC.

SURFACE USE PLAN

For

Deep Creek 2-30

Located in

Township 3 South, Range 2 East, Section 30: NWNW
479' FNL, 2103' FEL

Uintah County, Utah

Surface Use Plan:

Access will be from 6500 S also known as the JE Smith Ranch Road in the SE/4 section 19, T3S, R2E. An existing 2 track road will be upgraded (\approx 0.5 miles) and an additional 0.4 miles of new road built to access the Deep Creek 2-30 and one other well planned in section 30. See the attached exhibit "Topo B".

Current surface use is open range grazing.

Existing water and oil/gas wells within a one mile radius are shown on exhibit "Location of Existing Wells".

Planned production facilities are shown on exhibit "Production Facility Layout".

Construction materials are expected to be native and obtained on site.

No ancillary facilities are planned.

Waste management will included burial of drill cuttings on-site, and disposal of drilling mud, completion fluids and produced water into a permitted produced water disposal facility.

Reporting:

Drilling Contractor: A daily report will be provided to the company drilling consultant each day. All tickets and reports including a copy of the daily drilling log will be provided to the drilling consultant and to the Roosevelt, Utah office weekly.

Drilling Consultant: A daily report on the specified form will be emailed or faxed to the Roosevelt, Utah and North Salt Lake, Utah offices. A report of well spudding and BOP testing will be called into a representative of the UDOGM at least 24 hours prior to conducting such operations. Before conducting any critical operation such as running pipe, cementing, drill stem testing, or logging, the drilling consultant should contact Jim Wilson of the North Salt Lake office regarding the specific procedure for such operations.

Mud Contractor: The daily mud checks will be recorded and reported to the drilling consultant with accurate daily costs and volume of products used. A copy of these reports will be sent to the Roosevelt and North Salt Lake offices as a job summary.

Mud Logger: Reports should be provided as specified by Mr. Carl Kendell of the North Salt Lake office.

FLYING J OIL AND GAS INC.

Application for Permit to Drill

Deep Creek 2-30, T. 3S, R. 2E, Section 30, NWNE
Attached to Form 3, August 22, 2006

Landowner:

Lee Smith, Deep Creek Investment 801-322-1235 Salt Lake City, UT

Company Contacts:

Flying J Oil & Gas Inc.

Invoices and Bills for this Project:

P.O. Drawer 130
Roosevelt, UT 84066

Main Office:

333 West Center Street
North Salt Lake, Utah 84054

Superintendent:

Larry Rich
(435) 722-5166
(435) 722-5169
(435) 722-3111
(435) 823-5520

Roosevelt Office
Roosevelt Office Fax
Home
Cell

Engineer:

Jim Wilson
(801) 296-7710
(801) 296-7888
(801) 943-0693
(801) 541-0300

North Salt Lake Office
North Salt Lake Office Fax
Home
Cell

Geologist:

Carl Kendell
(801) 296-7721
(801) 296-7888
(801) 547-0484

North Salt Lake Office
North Salt Lake Office Fax
Home

Directions to Well Site:

The well location will be approximately 19 miles east and south of Roosevelt.

From Roosevelt, Utah:

Go east from center of Roosevelt on Highway 40 for 7.0 miles. Turn south and proceed for 7.6 miles. Turn left (east) on gravel road and go 2.6 miles, and then right (south) on access road and proceed 0.8 miles to the well site.

LEASE AND EASEMENT AGREEMENT

This Lease and Easement Agreement (the "Agreement") is made and entered into this ^{12th} day of August, 2006, by and between Deep Creek Investments, a Utah general partnership with its principal office at 2400 Sunnyside Avenue, Salt Lake City, Utah 84108 (hereinafter referred to as "Surface Owner") and Flying J Oil & Gas Inc., a Utah corporation with its principal office at 333 West Center Street, North Salt Lake, Utah 84054 (hereinafter referred to as "Flying J").

WHEREAS, Surface Owner owns and has the right to possession and control of the surface estate of Township 3 South, Range 2 East, Section 30: N1/2 and N1/2SW, U.S.B. & M., Uintah County, Utah ("Owner's Land"); and

WHEREAS, Flying J desires to utilize a 430 foot by 400 foot tract of Owner's Land at the location described on Exhibit A as the well location for the Deep Creek #2-30 well consisting of approximately 3.948 acres (the "Deep Creek #2-30 Well Site"); and

WHEREAS, Flying J desires to utilize a 430 foot by 400 foot tract of Owner's Land at the location described on Exhibit B as the well location for the Eliason #6-30 well consisting of approximately 3.948 acres (the "Eliason #6-30 Well Site" and collectively with the Deep Creek #2-30 Well Site, the "Well Sites"); and

WHEREAS, Flying J desires to utilize a 30 foot strip of land which runs from an existing road in the S/WN/E of Section 30, Township 3 South, Range 2 East, USB&M to the 1/16 Section Line, as more particularly described on Exhibit C, for an access road right-of-way (the "Access Road"); and

WHEREAS, Flying J desires to obtain from Surface Owner a lease and an easement upon Owner's Land for the Well Sites and an easement and right-of-way over and across Owner's Land for the Access Road together with the right to use and occupy portions of Owner's Land for the purpose of constructing, operating, maintaining and repairing the Well Sites, the Access Road, electric lines, pipelines and tank batteries and for the purpose of exploring, drilling, completing, producing, operating, recompleting, reworking, reclaiming and abandoning oil and gas wells;

NOW, THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration paid by Flying J to Surface Owner, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed as follows:

1. Surface Owner represents and warrants to Flying J that it owns or has the right to possess and control Owner's Land and that it has the right to enter into this Agreement with respect thereto. Surface Owner hereby grants, bargains, assigns and conveys to Flying J, its successors and assigns, a lease and an easement for the Well Sites and the right to use and occupy the tracts of land consisting of the Well Sites for the purpose of constructing, operating, maintaining and repairing the Well Sites, electric lines, pipelines and tank batteries and for the purpose of conducting all operations necessary for exploring, drilling, completing, producing, operating, recompleting, reworking, reclaiming, plugging and abandoning oil and gas wells.

2. Surface Owner hereby grants, bargains, assigns and conveys to Flying J, its successors and assigns, an easement and right-of-way for the Access Road together with the right to use and occupy the tract of land consisting of the Access Road for the purpose of gaining ingress to and egress from well sites and for constructing, operating, maintaining and repairing the Access Road, electric lines, pipelines and for the purpose of conducting all operations necessary for exploring, drilling, completing, producing, operating, recompleting, reworking, reclaiming, plugging and abandoning oil and gas wells.

3. Flying J shall be responsible for damages resulting from Flying J's negligence and Flying J shall indemnify Surface Owner from and against such liability. Subject to the obligations of Flying J specified in paragraph 5, below, and in the first sentence of this paragraph 3, Surface Owner hereby releases and discharges Flying J, its employees, agents, affiliates, insurers, contractors, successors and assigns of and from any and all actions, causes of action, suits, claims, demands, liabilities and obligations whatsoever for damages, including without limitation, growing crops, fences, pasture lands and any and all improvements to Owner's Land resulting from any of the activities described above for which the rights, easements and rights-of-way have been granted. The release and discharge provided in this paragraph is and shall be considered for all purposes a complete discharge, satisfaction and waiver of any obligation which Flying J may have for damages under any oil and gas lease or other agreement with respect to Owner's Land. In addition, the following terms and conditions are to be observed:

a. Flying J shall not relocate or remove any existing fences on Owner's Land without prior written consent of Surface Owner.

b. Flying J shall construct adequate fencing around its pits, sumps and equipment which are hazardous to livestock.

c. Flying J shall control its points of ingress and egress to Owner's Land so that livestock will not escape, which control may take the form of fences or cattle guards, as required.

d. Flying J shall use its best efforts to prevent the carrying of firearms by its employees, agents or subcontractors on Owner's Land.

e. Flying J shall carry on its operations on Owner's Land in accordance with applicable laws and regulations of the governmental agencies having jurisdiction thereof.

4. All notices required or permitted to be given hereunder shall be delivered by U.S. mail, certified with return receipt requested, by overnight courier or by personal delivery to the party to be notified at the respective addresses set forth above.

5. This Agreement shall remain in full force and effect for a period of thirty (30) years and so long thereafter as Flying J conducts any of the operations described in this Agreement. At such time as Flying J permanently ceases all such operations, this Agreement shall terminate; provided, however, that Flying J shall then have a period of one (1) year from the permanent cessation of all operations within which to complete the plugging and abandonment operations, reclamation of the surface, removal of any and all fixtures, equipment and personal property utilized in operations upon Owner's Land and to conduct such other activities as may be required by applicable law or agreement. The surface area directly disturbed by Flying J through its operations will be reclaimed, as nearly as practicable, to the condition of such area prior to Flying J conducting its operations.

LEASE AND EASEMENT AGREEMENT

This Lease and Easement Agreement (the "Agreement") is made and entered into this 21st day of August, 2006, by and between Robert P. Knight, an individual residing at 2592 Stanford Lane, Holladay, Utah 84117 (hereinafter referred to as "Surface Owner") and Flying J Oil & Gas Inc., a Utah corporation with its principal office at 333 West Center Street, North Salt Lake, Utah 84054 (hereinafter referred to as "Flying J").

WHEREAS, Surface Owner owns and has the right to possession and control of the surface estate of Township 3 South, Range 2 East, Section 30: S1/2S1/2, U.S.B. & M., Uintah County, Utah ("Owner's Land"); and

WHEREAS, Flying J desires to utilize a 430 foot by 400 foot tract of Owner's Land at the location described on Exhibit A as the well location for the Knight #14-30 well consisting of 3.948 acres (the "Knight #14-30 Well Site"); and

WHEREAS, Flying J desires to utilize a 430 foot by 400 foot tract of Owner's Land at the location described on Exhibit B as the well location for the Knight #16-30 well consisting of 3.948 acres (the "Knight #16-30 Well Site" and collectively with the Knight #14-30 Well Site, the "Well Sites"); and

WHEREAS, Flying J desires to utilize a 30 foot strip of land which runs from the 1/16 Section Line to the Knight #16-30 Well Site, as more particularly described on Exhibit C, for an access road right-of-way (the "Access Road"); and

WHEREAS, Flying J desires to obtain from Surface Owner a lease and an easement upon Owner's Land for the Well Sites and an easement and right-of-way over and across Owner's Land for the Access Road together with the right to use and occupy portions of Owner's Land for the purpose of constructing, operating, maintaining and repairing the Well Sites, the Access Road, electric lines, pipelines and tank batteries and for the purpose of exploring, drilling, completing, producing, operating, recompleting, reworking, reclaiming and abandoning oil and gas wells;

NOW, THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration paid by Flying J to Surface Owner, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed as follows:

1. Surface Owner represents and warrants to Flying J that it owns or has the right to possess and control Owner's Land and that it has the right to enter into this Agreement with respect thereto. Surface Owner hereby grants, bargains, assigns and conveys to Flying J, its successors and assigns, a lease and an easement for the Well Sites and the right to use and occupy the tracts of land consisting of the Well Sites for the purpose of constructing, operating, maintaining and repairing the Well Sites, electric lines, pipelines and tank batteries and for the purpose of conducting all operations necessary for exploring, drilling, completing, producing, operating, recompleting, reworking, reclaiming, plugging and abandoning oil and gas wells.

2. Surface Owner hereby grants, bargains, assigns and conveys to Flying J, its successors and assigns, an easement and right-of-way for the Access Road together with the right to use and occupy the tract of land consisting of the Access Road for the purpose of gaining ingress to and egress from well sites and for constructing, operating, maintaining and repairing the Access Road, electric lines, pipelines and for the purpose of conducting all operations necessary for exploring, drilling, completing, producing, operating, recompleting, reworking, reclaiming, plugging and abandoning oil and gas wells.

3. Flying J shall be responsible for damages resulting from Flying J's negligence and Flying J shall indemnify Surface Owner from and against such liability. Subject to the obligations of Flying J specified in paragraph 5, below, and in the first sentence of this paragraph 3, Surface Owner hereby releases and discharges Flying J, its employees, agents, affiliates, insurers, contractors, successors and assigns of and from any and all actions, causes of action, suits, claims, demands, liabilities and obligations whatsoever for damages, including without limitation, growing crops, fences, pasture lands and any and all improvements to Owner's Land resulting from any of the activities described above for which the rights, easements and rights-of-way have been granted. The release and discharge provided in this paragraph is and shall be considered for all purposes a complete discharge, satisfaction and waiver of any obligation which Flying J may have for damages under any oil and gas lease or other agreement with respect to Owner's Land.

4. All notices required or permitted to be given hereunder shall be delivered by U.S. mail, certified with return receipt requested, by overnight courier or by personal delivery to the party to be notified at the respective addresses set forth above.

5. This Agreement shall remain in full force and effect for a period of thirty (30) years and so long thereafter as Flying J conducts any of the operations described in this Agreement. At such time as Flying J permanently ceases all such operations, this Agreement shall terminate; provided, however, that Flying J shall then have a period of one (1) year from the permanent cessation of all operations within which to complete the plugging and abandonment operations, reclamation of the surface, removal of any and all fixtures, equipment and personal property utilized in operations upon Owner's Land and to conduct such other activities as may be required by applicable law or agreement. The surface area directly disturbed by Flying J through its operations will be reclaimed, as nearly as practicable, to the condition of such area prior to Flying J conducting its operations.

6. This Agreement shall bind and inure to the benefit of the parties hereto, their respective successors and assigns and shall bind Surface Owner as to any after acquired title Surface Owner may acquire in the lands after the date of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement the day and year first above written.

By: 
Robert P. Knight

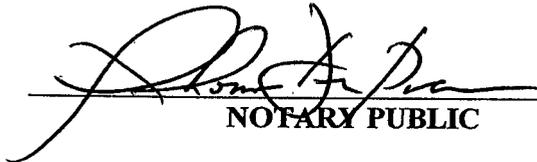
FLYING J OIL & GAS INC.
By: 
Title: Chris J. Malan
Vice President

STATE OF UTAH)
) SS:
COUNTY OF SALT LAKE)

On the 21 day of August, 2006, personally appeared before me, the undersigned Notary Public, in and for said County and State, Robert P. Knight, to me personally known, who executed the foregoing instrument and acknowledged to me that he executed the same for the uses and purposes set forth therein.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal.



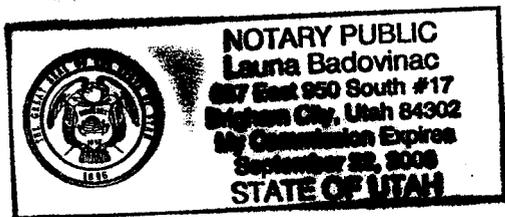


NOTARY PUBLIC

STATE OF UTAH)
) SS:
COUNTY OF DAVIS)

On the 21st day of August, 2006, personally appeared before me, the undersigned Notary Public, in and for said County and State, Chris J. Malan to me personally known to be Vice President of Flying J Oil & Gas Inc., a Utah corporation, who executed the foregoing instrument and acknowledged to me that he executed the same as the act and deed of said corporation for the uses and purposes set forth therein.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year last above written.

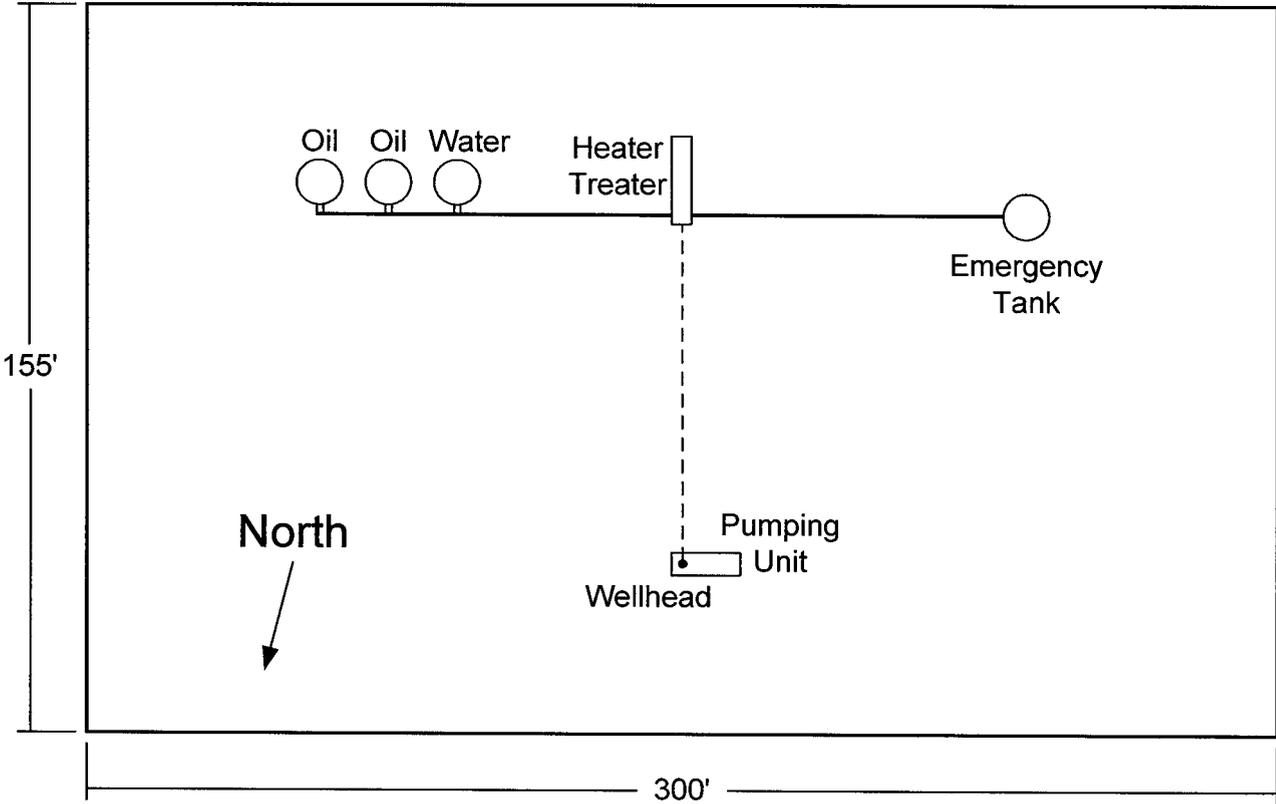




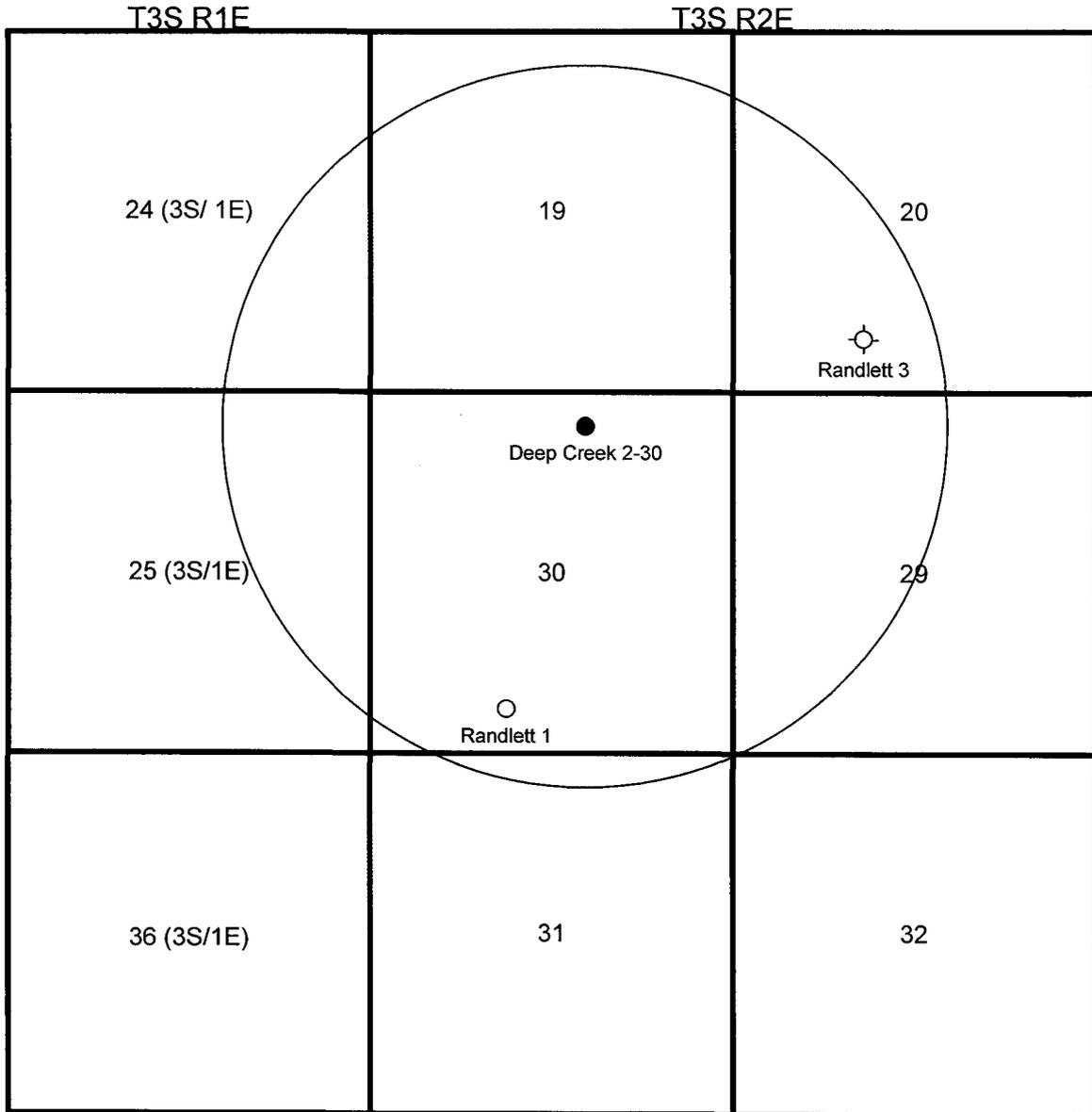
NOTARY PUBLIC

Deep Creek 2-30

Completed Well Production Facility Layout (Not to Scale)



Location of Existing Wells



Scale: 1" = 2640'

Oil/Gas Wells

- Randlett 1, P&A
- ⊕ Randlett 3, D&A

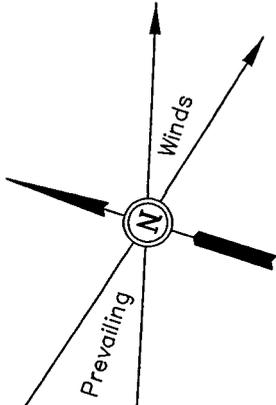
Water Wells

None

FLYING J OIL & GAS INC.

LOCATION LAYOUT FOR

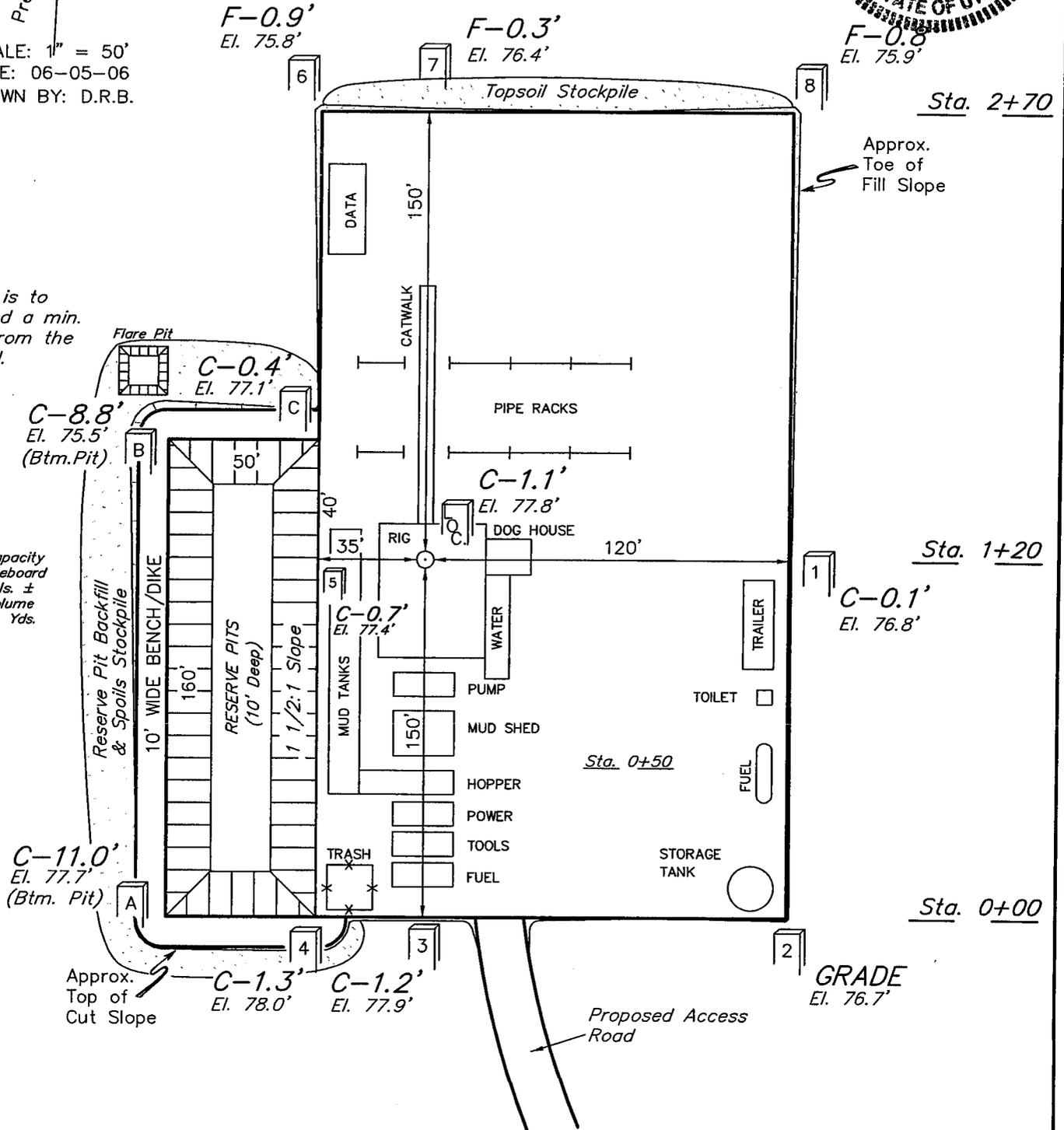
DEEP CREEK #2-30
SECTION 30, T3S, R2E, U.S.B.&M.
479' FNL 2103' FEL



SCALE: 1" = 50'
DATE: 06-05-06
DRAWN BY: D.R.B.

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

Total Pit Capacity
W/2' of Freeboard
= 6,540 Bbls. ±
Total Pit Volume
= 1,910 Cu. Yds.



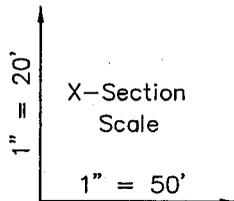
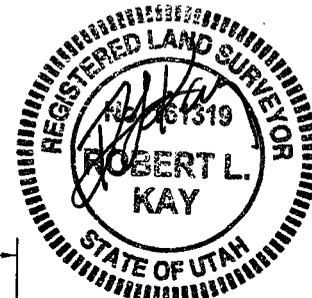
Elev. Ungraded Ground at Location Stake = 4977.8'
Elev. Graded Ground at Location Stake = 4976.7'

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

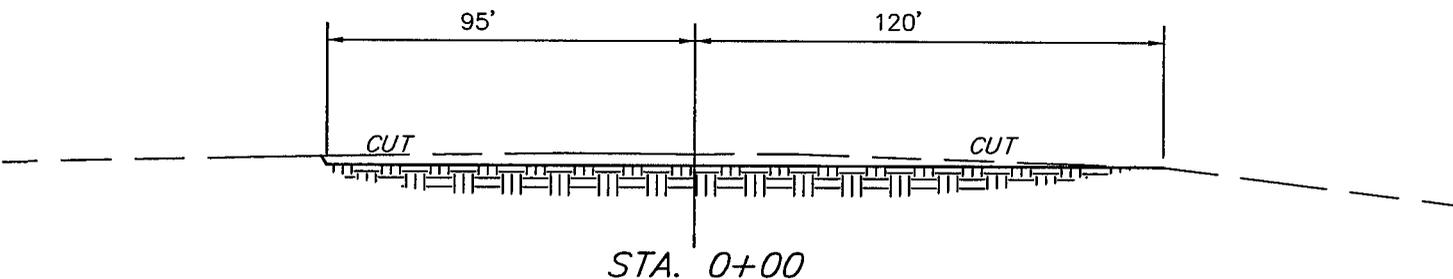
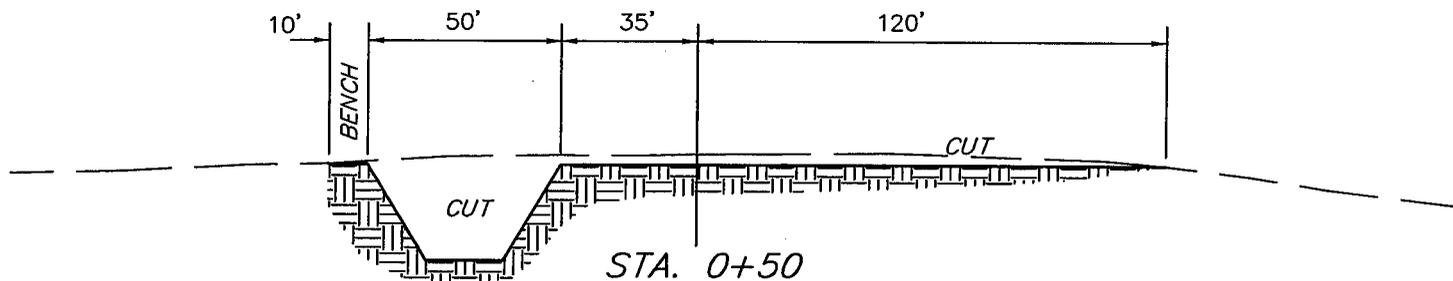
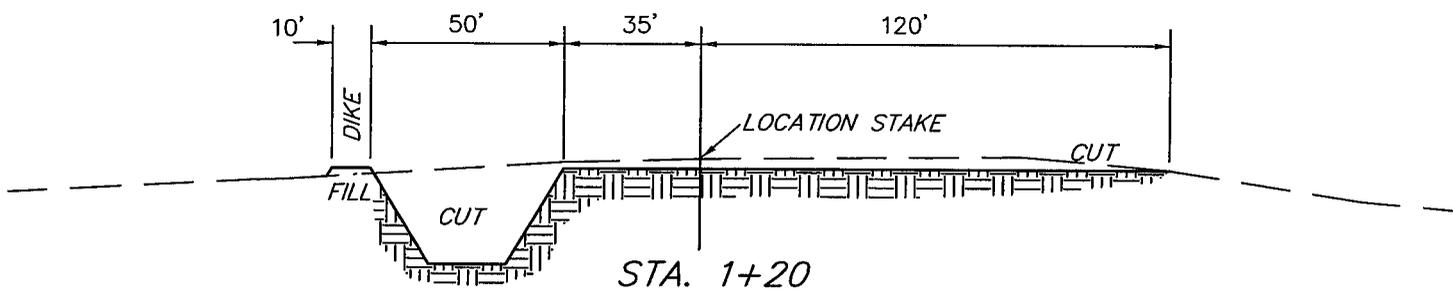
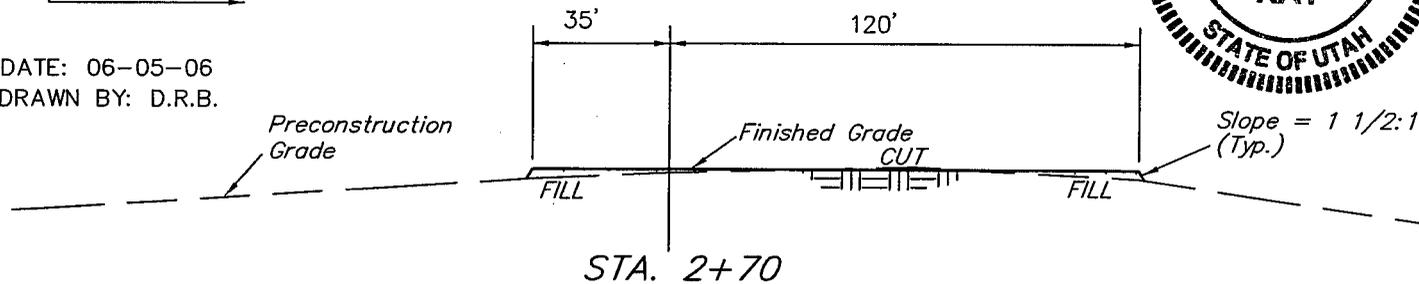
FLYING J OIL & GAS INC.

TYPICAL CROSS SECTIONS FOR

DEEP CREEK #2-30
SECTION 30, T3S, R2E, U.S.B.&M.
479' FNL 2103' FEL



DATE: 06-05-06
DRAWN BY: D.R.B.



APPROXIMATE YARDAGES

CUT	
(12") Topsoil Stripping	= 2,070 Cu. Yds.
Remaining Location	= 1,840 Cu. Yds.
TOTAL CUT	= 3,910 CU.YDS.
FILL	= 880 CU.YDS.

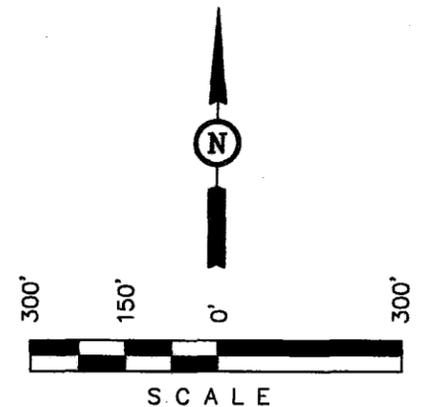
* NOTE:
FILL QUANTITY INCLUDES
5% FOR COMPACTION

EXCESS MATERIAL	= 3,030 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 3,030 Cu. Yds.
EXCESS UNBALANCE (After Interim Rehabilitation)	= 0 Cu. Yds.

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East * Vernal, Utah 84078 * (435) 789-1077

LOCATION DAMAGE AREA & ROAD RIGHT-OF-WAY ON FEE LANDS

(For DEEP CREEK #2-30)
 LOCATED IN
 SECTION 30, T3S, R2E, U.S.B.&M.
 UTAH COUNTY, UTAH

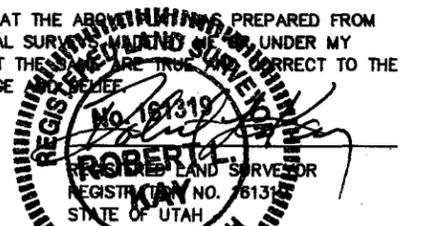


DAMAGE AREA DESCRIPTION

BEGINNING AT A POINT IN THE NW 1/4 NE 1/4 OF SECTION 30, T3S, R2E, U.S.B.&M. WHICH BEARS S36°38'06"E 696.94' FROM THE NORTH 1/4 CORNER OF SAID SECTION 30, THENCE N17°18'21"W 145.71'; THENCE N72°41'39"E 210.00'; THENCE S82°51'43"E 120.83'; THENCE S17°18'21"E 205.00'; THENCE S72°41'39"W 320.00'; THENCE N17°18'21"W 109.29' TO THE POINT OF BEGINNING. BASIS OF BEARINGS IS A G.P.S. OBSERVATION. CONTAINS 1.810 ACRES MORE OR LESS.

CERTIFICATE

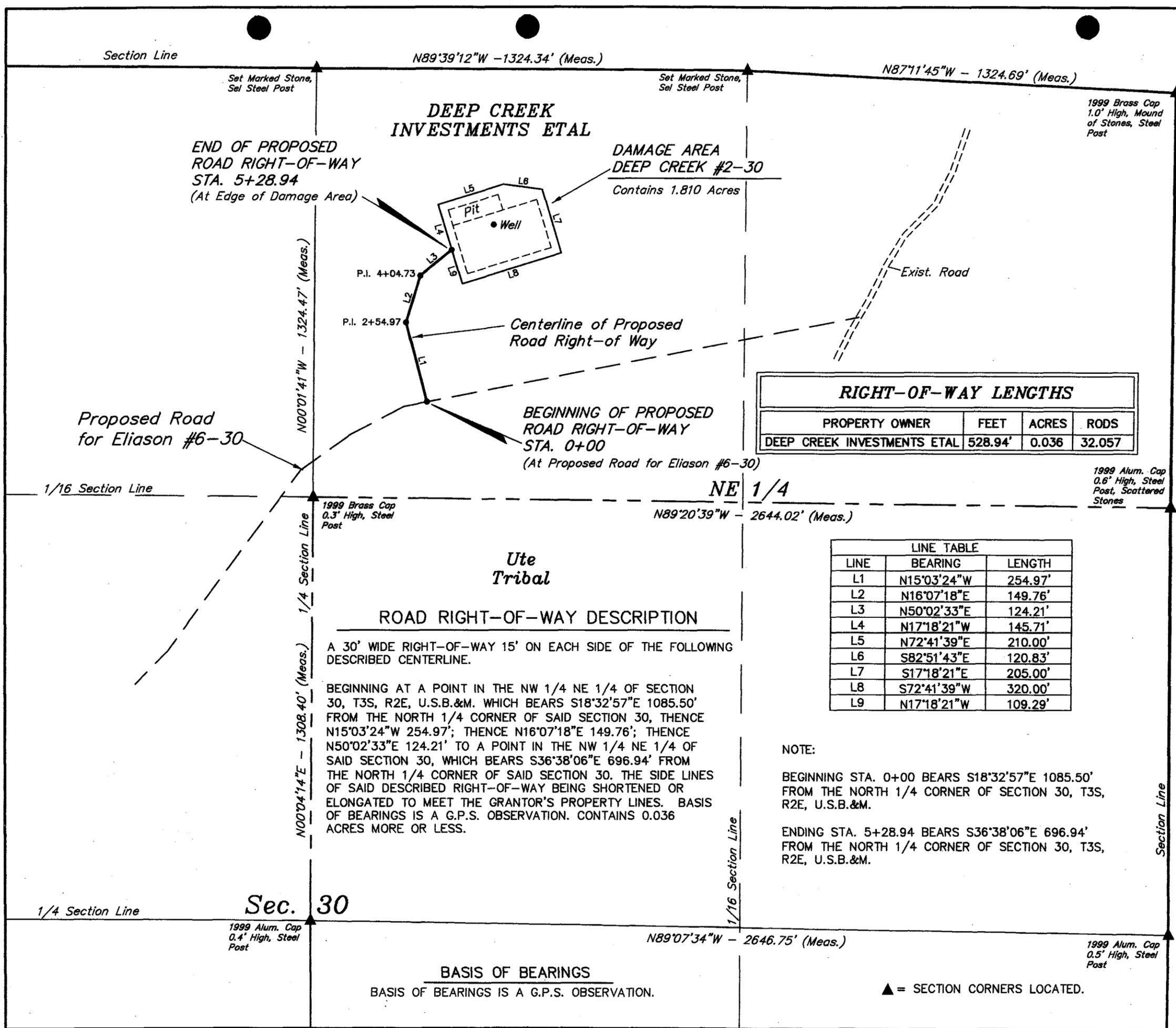
THIS IS TO CERTIFY THAT THE ABOVE INFORMATION PREPARED FROM FIELD NOTES OF ACTUAL SURVEYING UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.



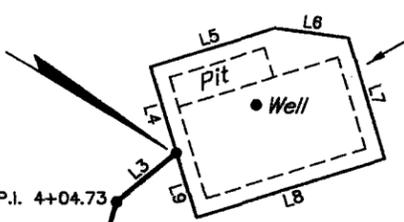
UINTAH ENGINEERING & SURVEYING

85 SOUTH - 200 EAST • (435) 789-1017
 VERNAL, UTAH - 84078

SCALE 1" = 300'	DATE 06-07-06
PARTY D.A. T.A. D.R.B.	REFERENCES G.L.O. PLAT
WEATHER WARM	FILE 4 4 7 5 3



DEEP CREEK INVESTMENTS ETAL
 DAMAGE AREA DEEP CREEK #2-30
 Contains 1.810 Acres



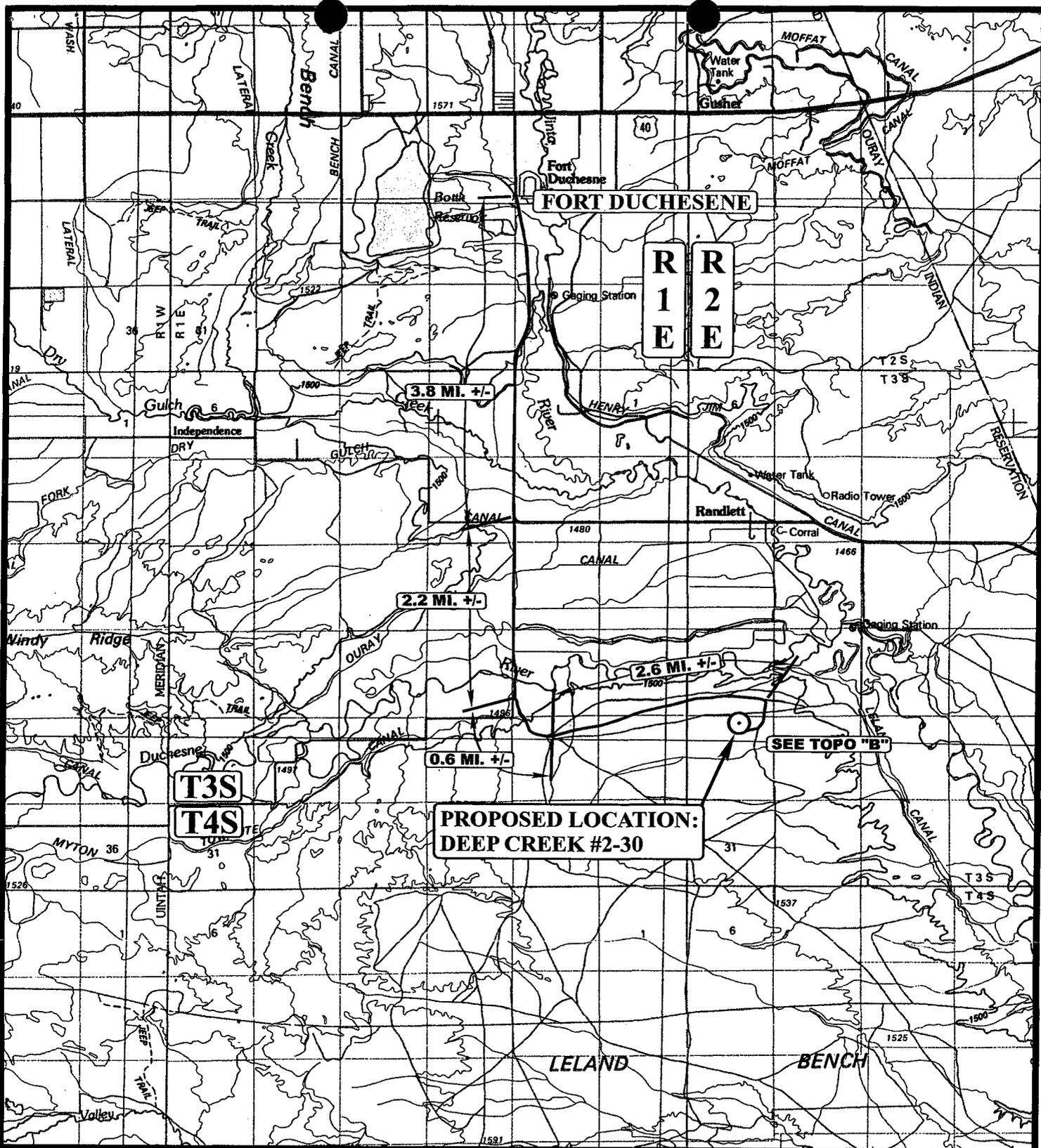
Centerline of Proposed Road Right-of-Way
 BEGINNING OF PROPOSED ROAD RIGHT-OF-WAY STA. 0+00
 (At Proposed Road for Eliason #6-30)

Ute Tribal ROAD RIGHT-OF-WAY DESCRIPTION

A 30' WIDE RIGHT-OF-WAY 15' ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE.
 BEGINNING AT A POINT IN THE NW 1/4 NE 1/4 OF SECTION 30, T3S, R2E, U.S.B.&M. WHICH BEARS S18°32'57"E 1085.50' FROM THE NORTH 1/4 CORNER OF SAID SECTION 30, THENCE N15°03'24"W 254.97'; THENCE N16°07'18"E 149.76'; THENCE N50°02'33"E 124.21' TO A POINT IN THE NW 1/4 NE 1/4 OF SAID SECTION 30, WHICH BEARS S36°38'06"E 696.94' FROM THE NORTH 1/4 CORNER OF SAID SECTION 30. THE SIDE LINES OF SAID DESCRIBED RIGHT-OF-WAY BEING SHORTENED OR ELONGATED TO MEET THE GRANTOR'S PROPERTY LINES. BASIS OF BEARINGS IS A G.P.S. OBSERVATION. CONTAINS 0.036 ACRES MORE OR LESS.

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

▲ = SECTION CORNERS LOCATED.



LEGEND:

○ PROPOSED LOCATION

N

FLYING J OIL & GAS INC.

**DEEP CREEK #2-30
SECTION 30, T3S, R2E, U.S.B.&M.
479' FNL 2103' FEL**



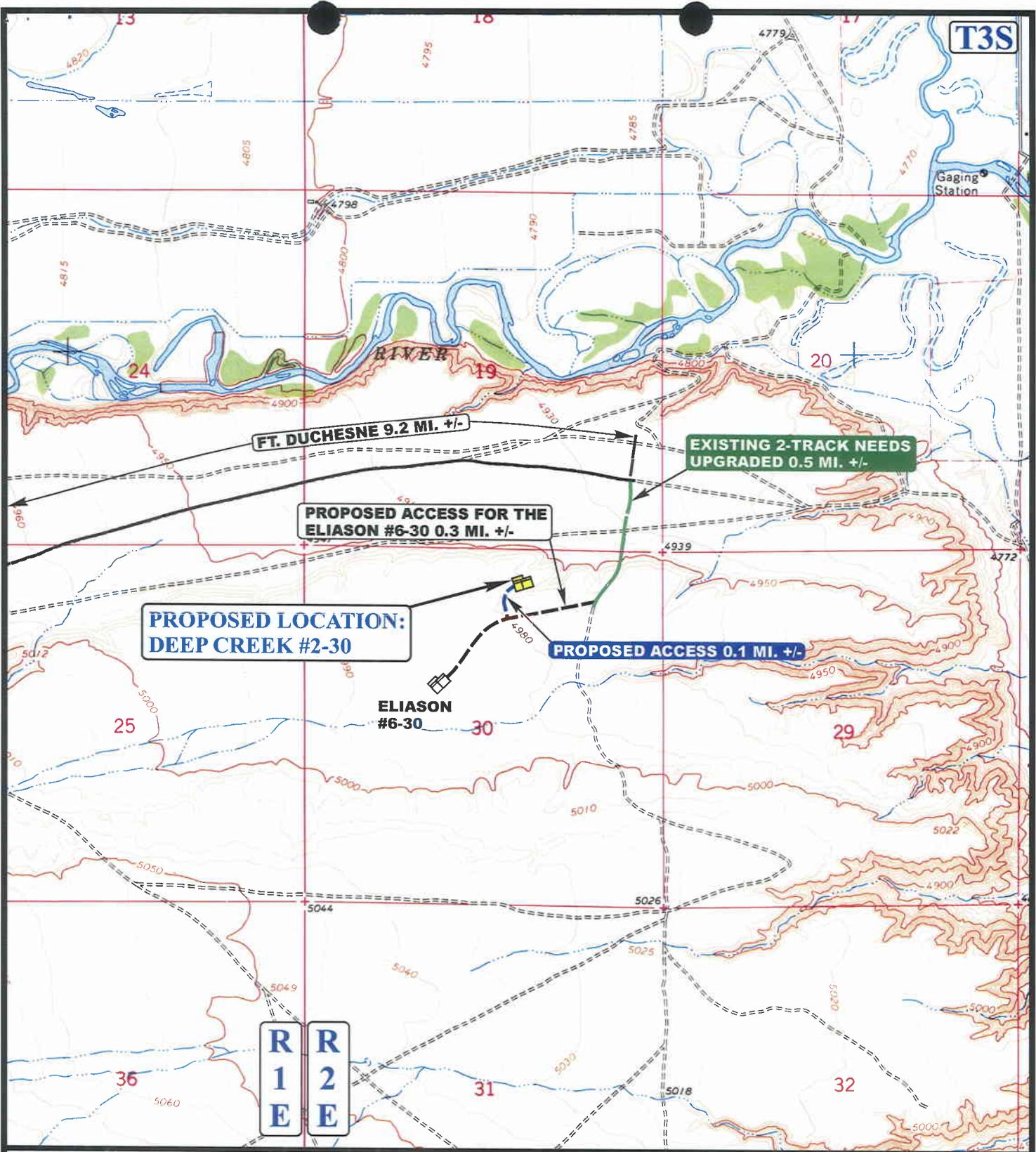
Utah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAG (435) 789-1813

**TOPOGRAPHIC
MAP**

06	07	06
MONTH	DAY	YEAR

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





LEGEND:

- EXISTING ROAD
- PROPOSED ACCESS ROAD
- EXISTING 2-TRACK NEEDS UPGRADED



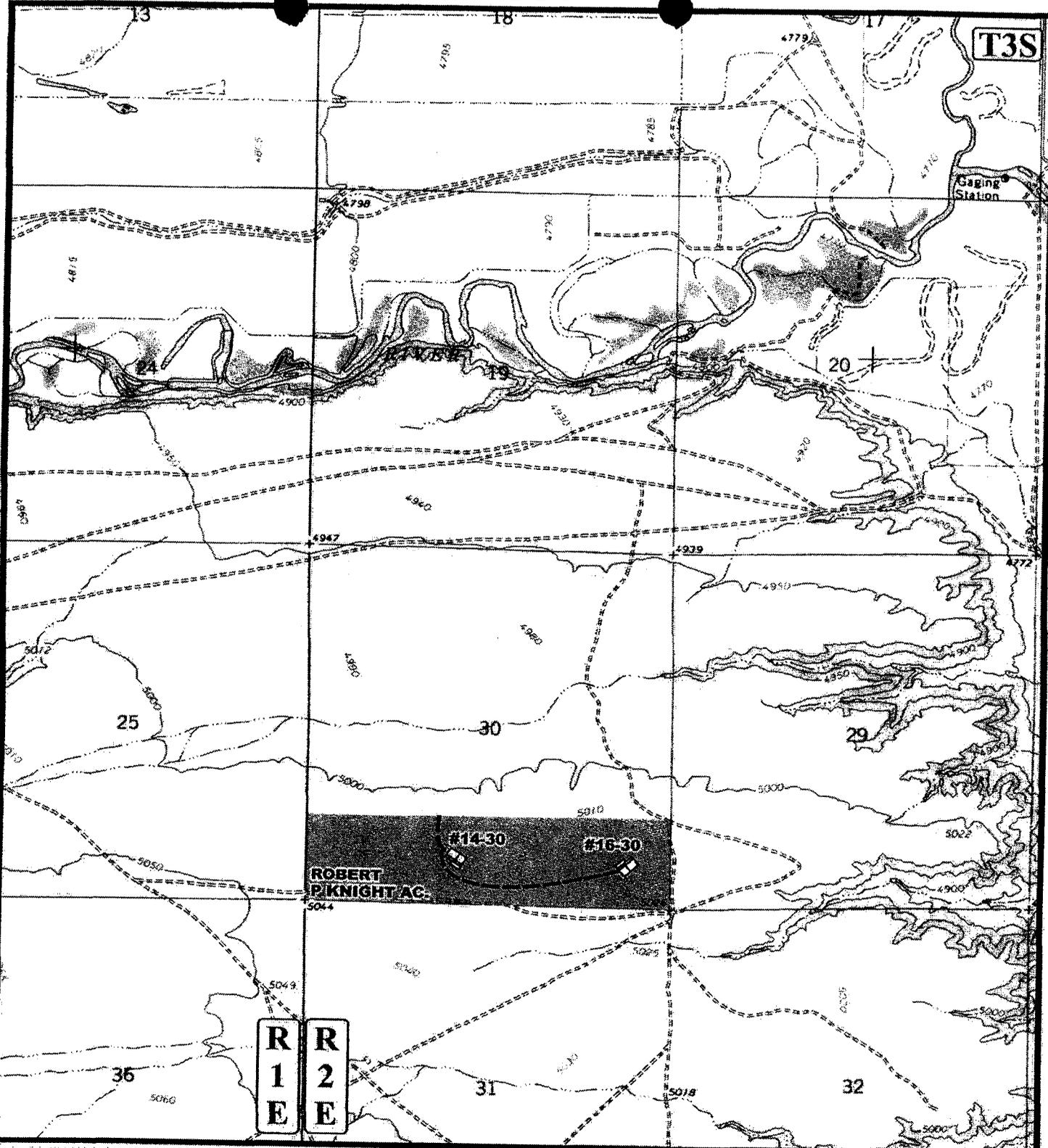
FLYING J OIL & GAS INC.

DEEP CREEK #2-30
SECTION 30, T3S, R2E, U.S.B.&M.
479' FNL 2103' FEL

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

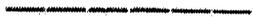
TOPOGRAPHIC MAP **06 07 06**
 MONTH DAY YEAR
 SCALE: 1" = 2000' DRAWN BY: B.C. REVISED: 00-00-00 **B TOPO**

T3S



R	R
1	2
E	E

LEGEND:

-  EXISTING ROAD
-  PROPOSED ACCESS ROAD
-  EXISTING 2-TRACK NEEDS UPGRADED

FLYING J OIL & GAS INC.

**ROBERT P KNIGHT AC.
SECTION 30, T3S, R2E, U.S.B.&M.**



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

TOPOGRAPHIC 08 01 06
MAP MONTH DAY YEAR

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

B
 TOPO

FLYING J OIL & GAS INC.

DEEP CREEK #2-30

LOCATED IN UINTAH COUNTY, UTAH
SECTION 30, T3S, R2E, U.S.B.&M.

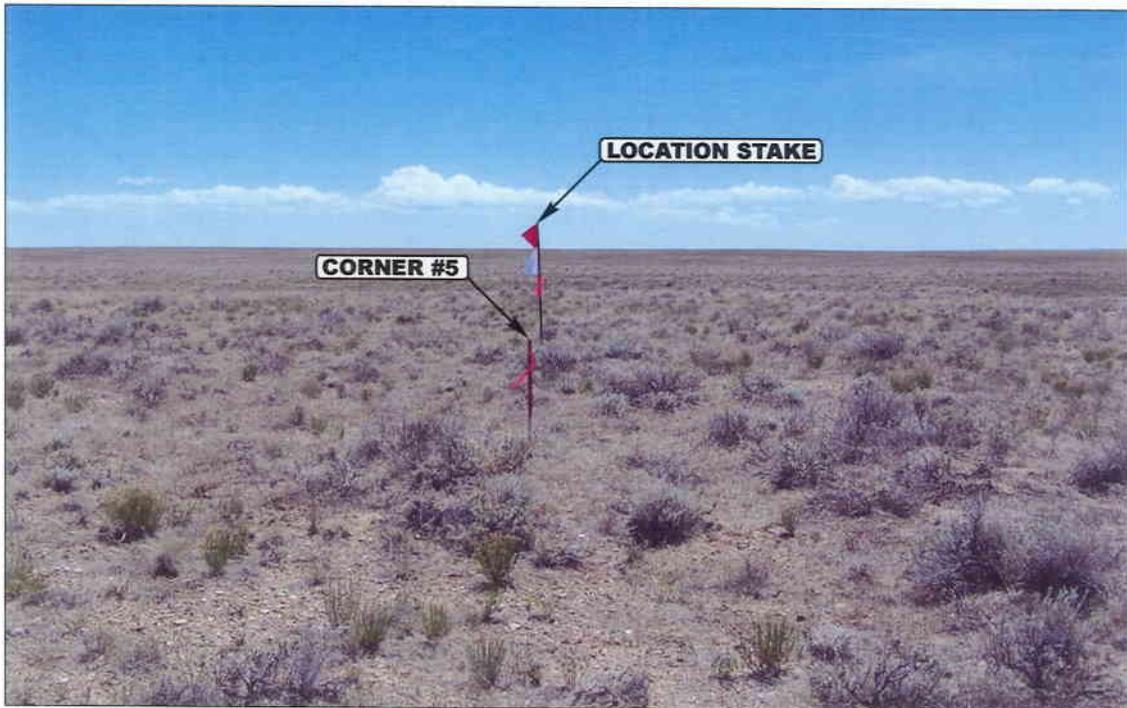


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: SOUTHEASTERLY

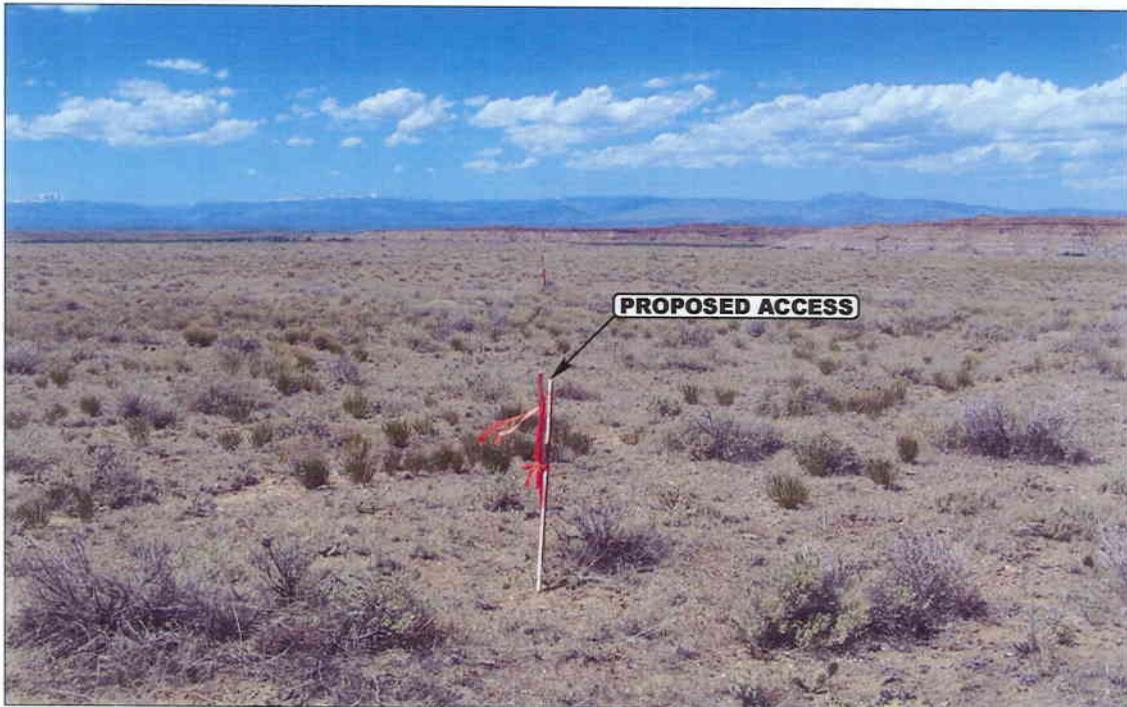


PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: NORTHERLY



- Since 1964 -

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

LOCATION PHOTOS

06 07 06
MONTH DAY YEAR

PHOTO

TAKEN BY: D.A.

DRAWN BY: B.C.

REVISED: 00-00-00

**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 08/24/2006

API NO. ASSIGNED: 43-047-38502

WELL NAME: DEEP CREEK 2-30
 OPERATOR: FLYING J OIL & GAS INC (N8080)
 CONTACT: JAMES WILSON

PHONE NUMBER: 801-296-7700

PROPOSED LOCATION:

NWNE 30 030S 020E
 SURFACE: 0479 FNL 2103 FEL
 BOTTOM: 0479 FNL 2103 FEL
 COUNTY: UINTAH
 LATITUDE: 40.19903 LONGITUDE: -109.8094
 UTM SURF EASTINGS: 601336 NORTHINGS: 4450317
 FIELD NAME: WILDCAT (1)

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	DWJ	10/6/06
Geology		
Surface		

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

PROPOSED FORMATION: GRRV
 COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[] Ind[] Sta[] Fee[]
(No. 08757270)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. 43-11273)
- RDCC Review (Y/N)
(Date: 09/09/2006)
- Fee Surf Agreement (Y/N)
- Intent to Commingle (Y/N)

LOCATION AND SITING:

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

COMMENTS: Needs Permit (09-12-06)

STIPULATIONS: Spacing Slip
2-STATEMENT OF BASIS

T3S R1E | T3S R2E

DEEP CREEK 2-30

ELIASON 6-30

RANDLETT 1
KNIGHT 14-30

KNIGHT 16-30

OPERATOR: FLYING J O&G CO (N8080)

SEC: 30 T.3S R.2E

FIELD: WILDCAT (001)

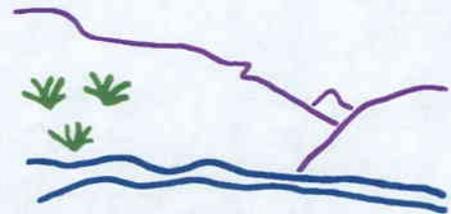
COUNTY: UINTAH

SPACING: R649-3-2 / GENERAL SITING

Field Status
 [Black Box] ABANDONED
 [Purple Box] ACTIVE
 [Pink Box] COMBINED
 [Light Purple Box] INACTIVE
 [Light Blue Box] PROPOSED
 [Red Box] STORAGE
 [White Box] TERMINATED

Unit Status
 [Light Blue Box] EXPLORATORY
 [Light Blue Box] GAS STORAGE
 [Light Blue Box] NF PP OIL
 [Light Blue Box] NF SECONDARY
 [Light Blue Box] PENDING
 [Green Box] PI OIL
 [Red Box] PP GAS
 [Green Box] PP GEOTHERML
 [Green Box] PP OIL
 [Light Blue Box] SECONDARY
 [White Box] TERMINATED

Wells Status
 [Red Star] GAS INJECTION
 [Red Star] GAS STORAGE
 [X] LOCATION ABANDONED
 [Blue Circle] NEW LOCATION
 [Red Star] PLUGGED & ABANDONED
 [Green Star] PRODUCING GAS
 [Green Star] PRODUCING OIL
 [Red Star] SHUT-IN GAS
 [Green Star] SHUT-IN OIL
 [X] TEMP. ABANDONED
 [Blue Circle] TEST WELL
 [Blue Triangle] WATER INJECTION
 [Blue Circle] WATER SUPPLY
 [Blue Triangle] WATER DISPOSAL
 [Red Star] DRILLING



Utah Oil Gas and Mining



PREPARED BY: DIANA WHITNEY
 DATE: 25-AUGUST-2006

Application for Permit to Drill

Statement of Basis

9/28/2006

Utah Division of Oil, Gas and Mining

Page 1

APD No	API WellNo	Status	Well Type	Surf Ownr	CBM
72	43-047-38502-00-00		OW	P	No
Operator	Surface Owner-APD				
FLYING J OIL & GAS INC					
Well Name	Unit				
DEEP CREEK 2-30					
Field	Type of Work				
WILDCAT					
Location	NWNE 30 3S 2E U 0 F L 0 F L GPS Coord (UTM) 601336E 4450317N				

Geologic Statement of Basis

Flying J proposes to set 40' of conductor pipe and 750' of surface casing at this location. The depth to the base of the moderately saline water at this location is estimated to be at a depth of 2,200'. A search of Division of Water Rights records shows no water wells within a 10,000 foot radius of the center of Section 30. The surface formation at this site is the Uinta Formation. The Uinta Formation is made up of interbedded shales and sandstones. The Uinta Formation is not expected to be a significant source of water in this area. The production casing cement should be brought up above the base of the moderately saline water in order to isolate it from fresher waters up hole.

APD Evaluator

Date / Time

Surface Statement of Basis

This location is on fee surface with fee minerals. Land owner representative Lee Smith was invited to this presite evaluation but stated that he did not wish to attend and stated no concerns with this location.

Richard Powell

9/12/2006

Onsite Evaluator

Date / Time

Conditions of Approval / Application for Permit to Drill

Category	Condition
Pits	A synthetic liner with a minimum thickness of 12 mils shall be properly installed and maintained in the reserve pit.

ON-SITE PREDRILL EVALUATION

Utah Division of Oil, Gas and Mining

Operator FLYING J OIL & GAS INC
Well Name DEEP CREEK 2-30
API Number 43-047-38502-0 APD No 72 Field/Unit WILDCAT
Location: 1/4,1/4 NWNE Sec 30 Tw 3S Rng 2E 0 FL 0 FL
GPS Coord (UTM) 601344 4450315 Surface Owner

Participants

Richard Powell, Larry Rich. Surface owner Lee Smith was invited by telephone but did not wish to attend.

Regional/Local Setting & Topography

This location sits on a large flat bench. To the east there is a small drainage which leads from the bench to a lower valley where runs the Duchesne River. The edge of the bench is several hundred feet from the location and the river is approximately 1 mile to the north. To the south about a 1/4 mile the land rises to a higher bench.

Surface Use Plan

Current Surface Use
Wildlife Habitat

New Road

Miles	Well Pad	Length	Src Const Material	Surface Formation
	Width 215	300	Onsite	

Ancillary Facilities N

Waste Management Plan Adequate? Y

Environmental Parameters

Affected Floodplains and/or Wetland N

Flora / Fauna

Pronghorn, rabbit, rodents, song birds, deer, prairie dogs, raptors. Sparse grasses, sage brush, shadscale, rabbit brush

Soil Type and Characteristics

Soils appear to be deep. Sandy clay loam

Erosion Issues N

Sedimentation Issues N

Site Stability Issues N

Drainage Diversion Required N

Berm Required? N

Erosion Sedimentation Control Required? N

Paleo Survey Run? Paleo Potential Observed? N Cultural Survey Run? Cultural Resources? N

Reserve Pit

Site-Specific Factors		Site Ranking
Distance to Groundwater (feet)	100 to 200	5
Distance to Surface Water (feet)	>1000	0
Dist. Nearest Municipal Well (ft)	>5280	0
Distance to Other Wells (feet)	>1320	0
Native Soil Type	Mod permeability	10
Fluid Type	Fresh Water	5
Drill Cuttings	Normal Rock	0
Annual Precipitation (inches)	<10	0
Affected Populations	<10	0
Presence Nearby Utility Conduits	Not Present	0
	Final Score	20
		1 Sensitivity Level

Characteristics / Requirements

160' x 50' and 10' deep.

Closed Loop Mud Required? N **Liner Required?** Y **Liner Thickness** 12 **Pit Underlayment Required?** N

Other Observations / Comments

Surface owner Lee Smith stated over the phone that a surface agreement was in place.

Richard Powell
Evaluator

9/12/2006
Date / Time

STATE ACTIONS
Resource Development Coordinating Committee
Governor's Office of Planning and Budget
5110 State Office Building
SLC, UT 84114
Phone No. 537-9230

1. State Agency Oil, Gas and Mining 1594 West North Temple, Suite 1210 Salt Lake City, UT 84114-5801	2. Approximate date project will start: Upon Approval or September 8, 2006
3. Title of proposed action: Application for Permit to Drill	
4. Description of Project: Flying J Oil & Gas inc proposes to drill the Deep Creek 2-30 well (wildcat) on a Fee lease, Uintah County, Utah. This action is being presented to the RDCC for consideration of resource issues affecting state interests. The Division of Oil, Gas and Mining is the primary administrative agency in this action and must issue approval before operations commence.	
5. Location and detailed map of land affected (site location map required, electronic GIS map preferred) (include UTM coordinates where possible) (indicate county) 479' FNL 2103' FEL, NW/4 NE/4, Section 30, Township 3 South, Range 2 East, Uintah County, Utah	
6. Possible significant impacts likely to occur: Surface impacts include up to five acres of surface disturbance during the drilling and completion phase (estimated for five weeks duration). If oil and gas in commercial quantities is discovered, the location will be reclaimed back to a net disturbance of between one and two acres – not including road, pipeline, or utility infrastructure. If no oil or gas is discovered, the location will be completely reclaimed.	
7. Identify local government affected a. Has the government been contacted? No. b. When? c. What was the response? d. If no response, how is the local government(s) likely to be impacted?	
8. For acquisitions of land or interests in land by DWR or State Parks please identify state representative and state senator for the project area. Name and phone number of state representative, state senator near project site, if applicable: a. Has the representative and senator been contacted? N/A	
9. Areawide clearinghouse(s) receiving state action: (to be sent out by agency in block 1) Uintah Basin Association of Governments	
10. For further information, contact: Diana Whitney Phone: (801) 538-5312	11. Signature and title of authorized officer  (for) Gil Hunt, Associate Director Date: August 25, 2006

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: Fee	6. SURFACE: Fee
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>			7. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
B. TYPE OF WELL: OIL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> OTHER _____ SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>			8. UNIT or CA AGREEMENT NAME:	
2. NAME OF OPERATOR: Flying J Oil & Gas Inc.			9. WELL NAME and NUMBER: Deep Creek 2-30	
3. ADDRESS OF OPERATOR: 333 W Center St CITY North Salt Lake STATE UT ZIP 84054			10. FIELD AND POOL, OR WILDCAT: WILDCAT <u>WILDCAT</u>	
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 479 FNL, 2103 FEL, NWNE, Sec. 30, T3S, R2E, Uintah Co. AT PROPOSED PRODUCING ZONE: Same			11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNE 30 T3S R2E	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 18.1 miles south and east of Roosevelt, UT			12. COUNTY: Uintah	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 479	16. NUMBER OF ACRES IN LEASE: 40+	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40		
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) >920, no wells producing in field	19. PROPOSED DEPTH: 7,200	20. BOND DESCRIPTION: St. UT Bnkt Drilling Bnd 08757276		
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 4,978 ungraded ground	22. APPROXIMATE DATE WORK WILL START: 11/1/2006	23. ESTIMATED DURATION: 10 days		

24. **PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT		
17 1/2"	14"	40	Premium	50 sks	1.16 cuft/sk 15.80 #/gal
12 1/4"	9 5/8" 36# J55	750	Primary: Standard	410 sks	1.20 cuft/sk 15.60 #/gal
			Top Out: Premium	100 sks	1.15 cuft/sk 15.80 #/gal
7 7/8"	5 1/2" 17# N80	7,200	Lead: Hi-Fill	350 sks	3.84 cuft/sk 11.0 #/gal
			Tail: Light	180 sks	1.55 cuft/sk 13.50 #/gal

25. **ATTACHMENTS**

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:

<input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER	<input checked="" type="checkbox"/> COMPLETE DRILLING PLAN
<input type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER	<input type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

NAME (PLEASE PRINT) James W. Wilson TITLE Vice President Operations

SIGNATURE *James W. Wilson* DATE 8/22/06

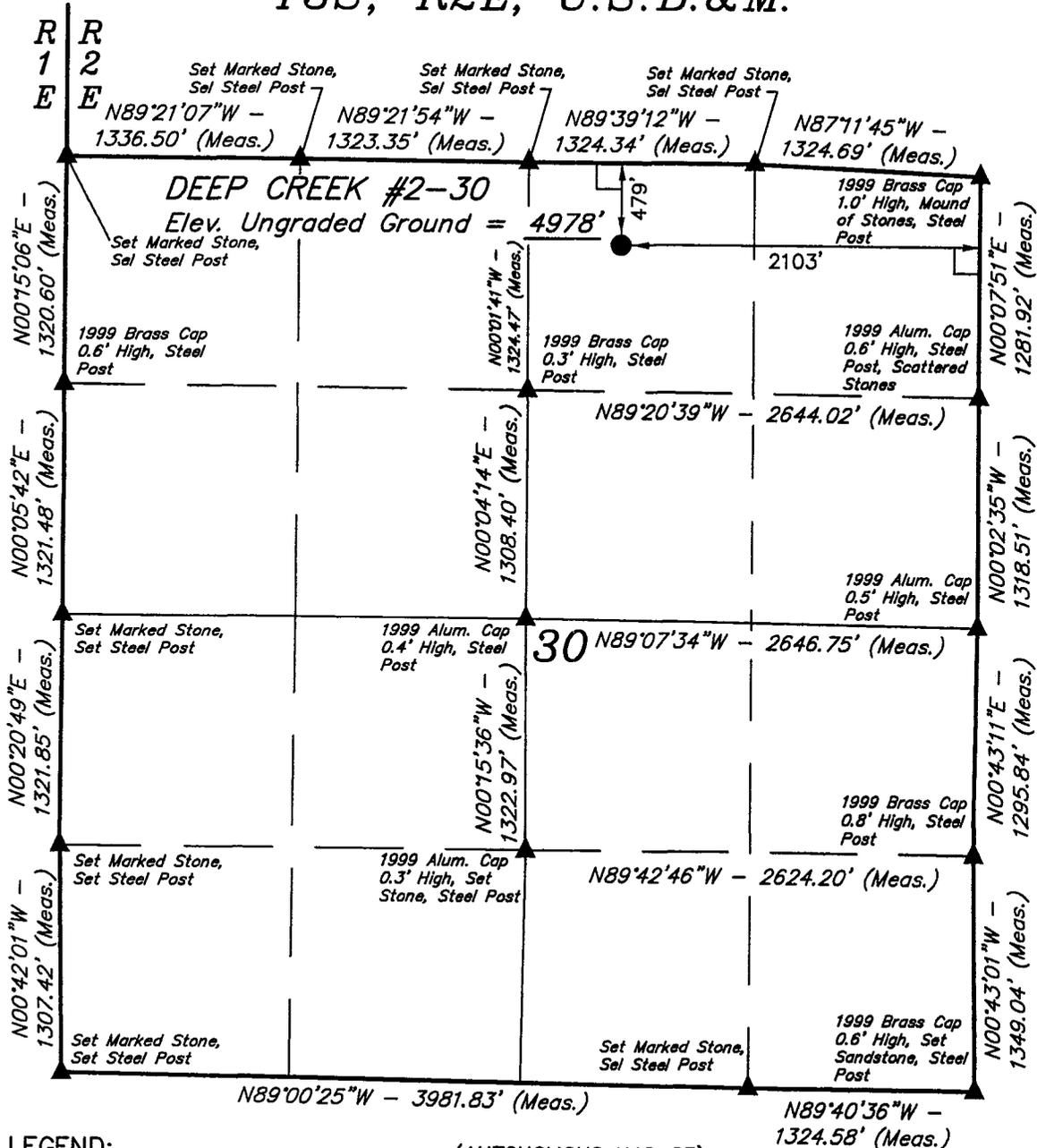
(This space for State use only)

API NUMBER ASSIGNED: 43 047-38502

APPROVAL:

RECEIVED
AUG 24 2006
DIV. OF OIL, GAS & MINING

T3S, R2E, U.S.B.&M.



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

(AUTONOMOUS NAD 83)
 LATITUDE = 40°11'56.65" (40.199069)
 LONGITUDE = 109°48'36.36" (109.810100)
 (AUTONOMOUS NAD 27)
 LATITUDE = 40°11'56.79" (40.199108)
 LONGITUDE = 109°48'33.84" (109.809400)

FLYING J OIL & GAS INC.

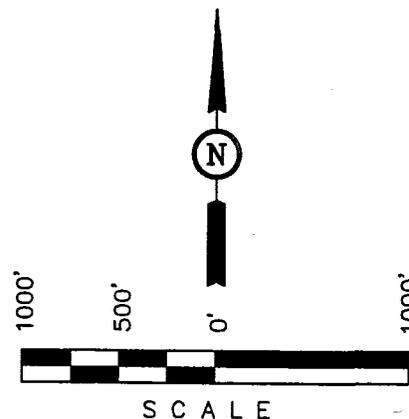
Well location, DEEP CREEK #2-30, located as shown in the NW 1/4 NE 1/4 of Section 30, T3S, R2E, U.S.B.&M., Uintah County, Utah.

BASIS OF ELEVATION

SPOT ELEVATION AT THE NORTHEAST CORNER OF SECTION 30, T3S, R2E, U.S.B.&M. TAKEN FROM THE RANDLETT, UTAH, QUADRANGLE, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 4939 FEET.

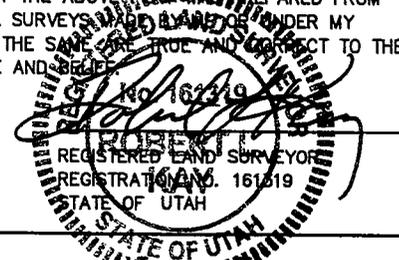
BASIS OF BEARINGS

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



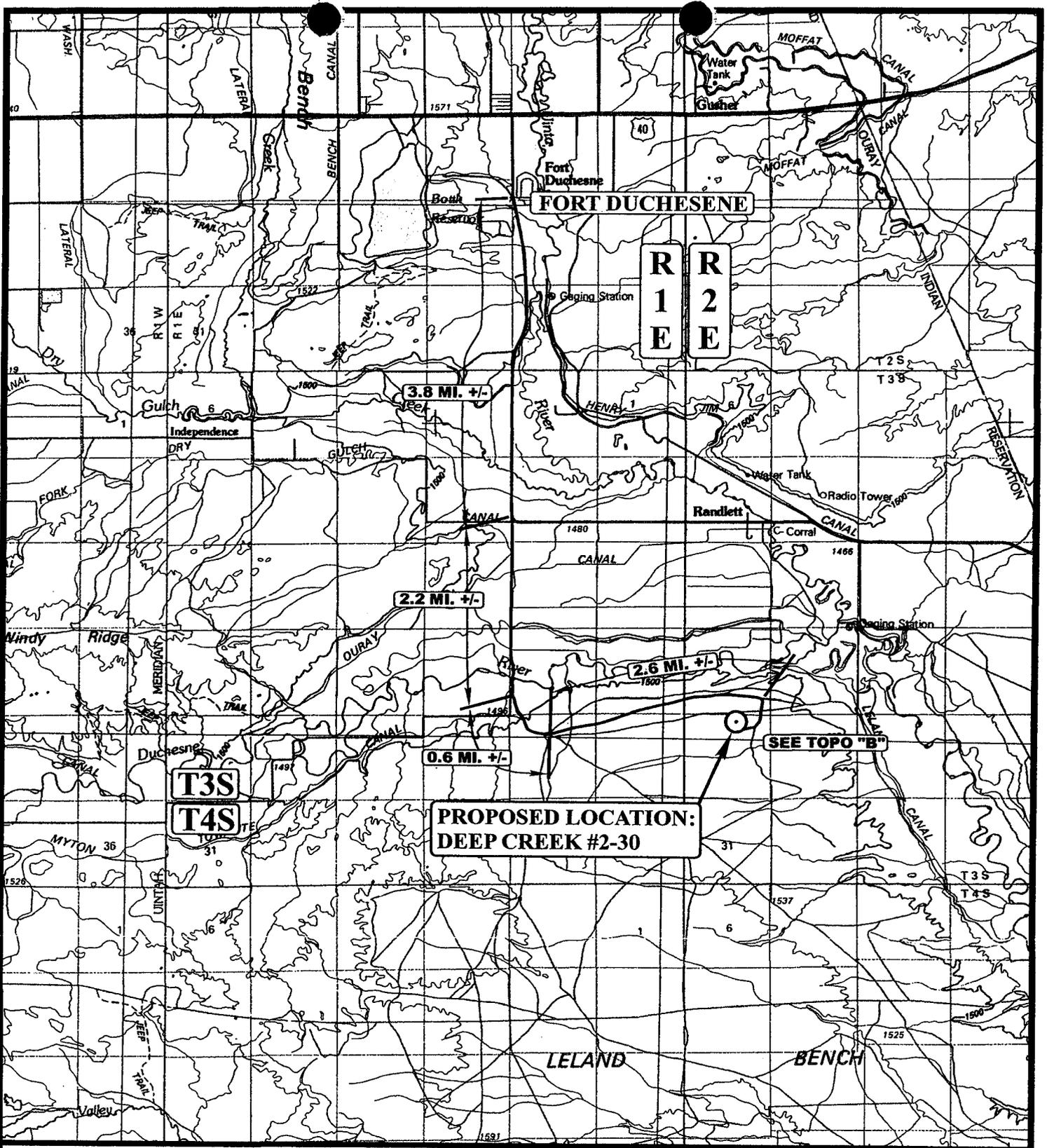
CERTIFICATE

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



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

SCALE 1" = 1000'	DATE SURVEYED: 06-02-06	DATE DRAWN: 06-06-06
PARTY D.A. T.A. D.R.B.	REFERENCES G.L.O. PLAT	
WEATHER WARM	FILE FLYING J OIL & GAS INC.	



LEGEND:

○ PROPOSED LOCATION

N

FLYING J OIL & GAS INC.
DEEP CREEK #2-30
SECTION 30, T3S, R2E, U.S.B.&M.
479' FNL 2103' FEL

U E I S	Uintah Engineering & Land Surveying 85 South 200 East Vernal, Utah 84078 (435) 789-1017 * FAG (435) 789-1813	TOPOGRAPHIC MAP	06 MONTH	07 DAY	06 YEAR	 TOPO
	SCALE: 1:100,000 DRAWN BY: B.C. REVISED: 00-00-00					

2006-10 Flying J Deep Cre 2-30

Casing Schematic

BHP
 $(0.052)(7200)9 = 3370 \text{ psi}$
 anticipate?

9-5/8"
 MW 8.6
 Frac 19.3

Gas
 $(1.12)7200 = 804$
 $3370 - 804 = 2506 \text{ psi, MASP}$

BoPE - 3M ✓

Burst = 3520
 70% = 2464

Max @ csg shoe
 $7200 - 750 = 6450$
 $22(6450) = 1419$
 $3370 - 1419 = 1951 \text{ psi}$

surf csg test to 2000psi ✓
 (± 1600psi = surf. press)

✓ Adequate DWD 10/6/06

5-1/2"
 MW 9.

Surface

12%

18%

TOC @ 0.

569' TOC tail ✓

Surface
 750. MD

TOC @
 941.

2200' BMSW

3200' Green River

6020' Tgr 3 Marker
 6124 TOC tail

6510 Douglass Creek

Production
 7200. MD

Well name:

2006-10 Flying J Deep Creek 2-30

Operator: **Flying J Oil & Gas, Inc.**

String type: **Surface**

Project ID:

43-047-38502

Location: **Uintah County, Utah**

Design parameters:

Collapse

Mud weight: 8.600 ppg
Design is based on evacuated pipe.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 76 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 750 ft

Cement top: Surface

Burst

Max anticipated surface pressure: 660 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 750 psi

No backup mud specified.

Tension:

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

Tension is based on buoyed weight.
Neutral point: 655 ft

Non-directional string.

Re subsequent strings:

Next setting depth: 7,200 ft
Next mud weight: 9.000 ppg
Next setting BHP: 3,366 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 750 ft
Injection pressure: 750 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	750	9.625	36.00	J-55	ST&C	750	750	8.796	325.5
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	335	2020	6.029	750	3520	4.69	24	394	16.72 J

Prepared by: Helen Sadik-Macdonald
Div of Oil, Gas & Minerals

Phone: (801) 538-5357
FAX: (801) 359-3940

Date: October 4, 2006
Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 750 ft, a mud weight of 8.6 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

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

Well name:	2006-10 Flying J Deep Creek 2-30		
Operator:	Flying J Oil & Gas, Inc.		
String type:	Production	Project ID:	43-047-38502
Location:	Uintah County, Utah		

Design parameters:

Collapse

Mud weight: 9.000 ppg
 Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 1,782 psi
 Internal gradient: 0.220 psi/ft
 Calculated BHP: 3,366 psi

No backup mud specified.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Tension:

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

Tension is based on buoyed weight.
 Neutral point: 6,217 ft

Environment:

H2S considered? No
 Surface temperature: 65 °F
 Bottom hole temperature: 166 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 1,500 ft

Cement top: 941 ft

Non-directional string.

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	7200	5.5	17.00	L-80	LT&C	7200	7200	4.767	939.8
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	3366	6290	1.869	3366	7740	2.30	106	338	3.20 J

Prepared by: Helen Sadik-Macdonald
 Div of Oil, Gas & Minerals

Phone: (801) 538-5357
 FAX: (801) 359-3940

Date: October 4, 2006
 Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 7200 ft, a mud weight of 9 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

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

43-047-38502

MEMORANDUM

DATE: August 29, 2006

TO: Utah Division of Oil, Gas and Mining, and Resource Development
Coordinating Committee

FROM: Utah Geological Survey, Ground Water and Paleontology Program

SUBJECT: UGS comments on RDCC items 6950, 6951, 6952, 6958, 6959, 6989,
6996, 6997, 6998, and 6999

6950. Trust Lands Administration, State Lease # ML-47954-A
Sec. 16, T7S, R25E, Uintah County

There are a number paleontological localities recorded in our files in this project area and it is mapped as T3 (Eocene Uinta and Duchesne River Formations) on the Utah State Geological Map. The Uinta and Duchesne River Formations are among the most paleontological sensitive rock units in Utah and have a strong potential for yielding significant vertebrate fossil localities. The office of the State paleontologist therefore recommends that a paleontological survey be conducted for this project and its easements by a paleontologist with a valid state permit.

6951. Trust Lands Administration, State Lease # ML-47965
Sec. 32, T10S, R25E, Uintah County

Although there are no paleontological localities recorded in our files in this project area, it is mapped as T3 (Eocene Uinta and Duchesne River Formations) on the Utah State Geological Map. The Uinta and Duchesne River Formations are among the most paleontological sensitive rock units in Utah and have a strong potential for yielding significant vertebrate fossil localities. The office of the State paleontologist therefore recommends that a paleontological survey be conducted for this project and its easements by a paleontologist with a valid state permit.

6952. Trust Lands Administration, State Lease # ML-47987
Sec. 2, T12S, R22E, Uintah County

Although there are no paleontological localities recorded in our files in this project area, it is mapped as T3 (Eocene Uinta and Duchesne River Formations) on the Utah State Geological Map. The Uinta and Duchesne River Formations are among the most paleontological sensitive rock units in Utah and have a strong potential for yielding significant vertebrate fossil localities. The office of the State paleontologist therefore recommends that a paleontological survey be conducted for this project and its easements by a paleontologist with a valid state permit.

6958. Trust Lands Administration, Seismic and Vibro Surveys, Sec. 2 & 36, T21S, R18E; Sec. 16, 33, 34, & 35, T21S, R19E; Sec. 2, T22S, R18E; and Sec. 2, 3, 4, 9, 10, 11, 14, 15, 16, 21, 22, 23, & 24, T21S, R18E; Uintah County

Although there are no paleontological localities recorded in our files in this project area, it is mapped as T3 (Eocene Uinta and Duchesne River Formations) on the Utah State Geological Map. The Uinta and Duchesne River Formations are among the most paleontological sensitive rock units in Utah and have a strong potential for yielding significant vertebrate fossil localities. The office of the State paleontologist therefore recommends that a paleontological survey be conducted for this project and its easements by a paleontologist with a valid state permit.

6959. Trust Lands Administration, SULA #1470, Sec. 36, T29S, R20E; Sec. 36, T29.5S, R20E; and Sec. 32, T30S, R20E; San Juan County

Although there are no paleontological localities recorded in our files in this project area, significant vertebrate fossil localities have been reported nearby in the Permian strata. The office of the State paleontologist therefore recommends that a paleontological survey be conducted for this project and its easements by a paleontologist with a valid state permit by a paleontologist with a valid state permit.

6989. Trust Lands Administration, State Lease # ML-47087
Sec. 2, T12S, R22E, Uintah County

Although there are no paleontological localities recorded in our files in this project area, it is mapped as T3 (Eocene Uinta and Duchesne River Formations) on the Utah State Geological Map. The Uinta and Duchesne River Formations are among the most paleontological sensitive rock units in Utah and have a strong potential for yielding significant vertebrate fossil localities. The office of the State paleontologist therefore recommends that a paleontological survey be conducted for this project and its easements by a paleontologist with a valid state permit.

6996. Division of Oil, Gas and Mining, Short Turn Around, Application for Permit to Drill - proposal to drill a wildcat well the Knight 14-30 on a Fee lease
Sec. 30, T3S, R2E, Uintah County

Although there are no paleontological localities recorded in our files in this project area, it is mapped as T3 (Eocene Uinta and Duchesne River Formations) on the Utah State Geological Map. The Uinta and Duchesne River Formations are among the most paleontological sensitive rock units in Utah and have a strong potential for yielding significant vertebrate fossil localities. The office of the State paleontologist therefore recommends that a paleontological survey be conducted for this project and its easements by a paleontologist with a valid state permit.

6997. Division of Oil, Gas and Mining, Short Turn Around, Application for Permit to

Drill - proposal to drill the Deep Creek 2-30 on a Fee lease, Sec. 30, T3S, R2E, Uintah County

Although there are no paleontological localities recorded in our files in this project area, it is mapped as T3 (Eocene Uinta and Duchesne River Formations) on the Utah State Geological Map. The Uinta and Duchesne River Formations are among the most paleontological sensitive rock units in Utah and have a strong potential for yielding significant vertebrate fossil localities. The office of the State paleontologist therefore recommends that a paleontological survey be conducted for this project and its easements by a paleontologist with a valid state permit.

6998. Division of Oil, Gas and Mining, Short Turn Around, Application for Permit to Drill - proposal to drill a wildcat well the Knight 16-30 on a Fee lease, Sec. 30, T3S, R2E, Uintah County

Although there are no paleontological localities recorded in our files in this project area, it is mapped as T3 (Eocene Uinta and Duchesne River Formations) on the Utah State Geological Map. The Uinta and Duchesne River Formations are among the most paleontological sensitive rock units in Utah and have a strong potential for yielding significant vertebrate fossil localities. The office of the State paleontologist therefore recommends that a paleontological survey be conducted for this project and its easements by a paleontologist with a valid state permit.

6999. Division of Oil, Gas and Mining, Short Turn Around, Application for Permit to Drill - proposal to drill a wildcat well the Eliason 6-30 on a Fee lease, Sec. 30, T3S, R2E, Uintah County

Although there are no paleontological localities recorded in our files in this project area, it is mapped as T3 (Eocene Uinta and Duchesne River Formations) on the Utah State Geological Map. The Uinta and Duchesne River Formations are among the most paleontological sensitive rock units in Utah and have a strong potential for yielding significant vertebrate fossil localities. The office of the State paleontologist therefore recommends that a paleontological survey be conducted for this project and its easements by a paleontologist with a valid state permit.

From: Robert Clark
To: Whitney, Diana
Date: 9/5/2006 9:52:52 AM
Subject: RDCC short turn around items

43-047-38502

The following comments are provided in response to short turn around items **RDCC #6996** through **RDCC #6999**, and **RDCC #7030** through **RDCC # 7032**.

RDCC #6996, Comments begin: The Flying J Oil & Gas Inc proposal to drill the **Knight 14-30** wildcat well, in Uintah County, may require a permit, known as an Approval Order, from the Executive Secretary of the Air Quality Board. If any compressor or pump stations are constructed at the site, a permit application, known as a Notice of Intent (NOI), should be submitted to the Executive Secretary at the Utah Division of Air Quality at 150 N. 1950 West, Salt Lake City, Utah, 84116 for review according to the Utah Air Quality Rule R307-401. Permit: Notice of Intent and Approval Order. A copy of the rules is found at www.rules.utah.gov/publicat/code/r307/r307.htm.

The proposed project is also subject to Utah Air Quality Rule R307-205-5, Fugitive Dust, due to the fugitive dust that is generated during the excavating phases of the project. These rules apply to construction activities that disturb an area greater than 1/4 acre in size. A permit, known as an Approval Order, is not required from the Executive Secretary of the Air Quality Board, but steps need to be taken to minimize fugitive dust, such as watering and/or chemical stabilization, providing vegetative or synthetic cover or windbreaks. A copy of the rules may be found at www.rules.utah.gov/publicat/code/r307/r307.htm. **Comments end.**

RDCC # 6997, Comments begin: The Flying J Oil & Gas Inc proposal to drill the **Deep Creek 2-30** wildcat well, in Uintah County, may require a permit, known as an Approval Order, from the Executive Secretary of the Air Quality Board. If any compressor or pump stations are constructed at the site, a permit application, known as a Notice of Intent (NOI), should be submitted to the Executive Secretary at the Utah Division of Air Quality at 150 N. 1950 West, Salt Lake City, Utah, 84116 for review according to the Utah Air Quality Rule R307-401. Permit: Notice of Intent and Approval Order. A copy of the rules is found at www.rules.utah.gov/publicat/code/r307/r307.htm.

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RDCC #6998, Comments begin: The Flying J Oil & Gas Inc proposal to drill the **Knight 16-30** wildcat well, in Uintah County, may require a permit, known as an Approval Order, from the Executive Secretary of the Air Quality Board. If any compressor or pump stations are constructed at the site, a permit application, known as a Notice of Intent (NOI), should be submitted to the Executive Secretary at the Utah Division of Air Quality at 150 N. 1950 West, Salt Lake City, Utah, 84116 for review according to the Utah Air Quality Rule R307-401. Permit: Notice of Intent and Approval Order. A copy of the rules is found at www.rules.utah.gov/publicat/code/r307/r307.htm.

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RDCC #6999, Comments begin: The Flying J Oil & Gas Inc proposal to drill the **Eliason 6-30** wildcat well, in Uintah County, may require a permit, known as an Approval Order, from the Executive Secretary of the Air Quality Board. If any compressor or pump stations are constructed at the site, a permit application, known as a Notice of Intent (NOI), should be submitted to the Executive Secretary at the Utah Division of Air Quality at 150 N. 1950 West, Salt Lake City, Utah, 84116 for review according to the Utah Air Quality Rule R307-401. Permit: Notice of Intent and Approval Order. A copy of the rules is found at www.rules.utah.gov/publicat/code/r307/r307.htm.

The proposed project is also subject to Utah Air Quality Rule R307-205-5, Fugitive Dust, due to the fugitive dust that is generated during the excavating phases of the project. These rules apply to construction activities that disturb an area greater than 1/4 acre in size. A permit, known as an Approval Order, is not required from the Executive Secretary of the Air Quality Board, but steps need to be taken to minimize fugitive dust, such as watering and/or chemical stabilization, providing vegetative or synthetic cover or windbreaks. A copy of the rules may be found at www.rules.utah.gov/publicat/code/r307/r307.htm. **Comments end.**

RDCC # 7030, Comments begin: The Miller, Dyer & Co., LLC proposal to drill the **Ute Tribal 8-16-14-20** wildcat well, in Uintah County, may require a permit, known as an Approval Order, from the Executive Secretary of the Air Quality Board. If any compressor or pump stations are constructed at the site, a permit application, known as a Notice of Intent (NOI), should be submitted to the Executive Secretary at the Utah Division of Air Quality at 150 N. 1950 West, Salt Lake City, Utah, 84116 for review according to the Utah Air Quality Rule R307-401. Permit: Notice of Intent and Approval Order. A copy of the rules is found at www.rules.utah.gov/publicat/code/r307/r307.htm.

The proposed project is also subject to Utah Air Quality Rule R307-205-5, Fugitive Dust, due to the fugitive dust that is generated during the excavating phases of the project. These rules apply to construction activities that disturb an area greater than 1/4 acre in size. A permit, known as an Approval Order, is not required from the Executive Secretary of the Air Quality Board, but steps need to be taken to minimize fugitive dust, such as watering and/or chemical stabilization, providing vegetative or synthetic cover or windbreaks. A copy of the rules may be found at www.rules.utah.gov/publicat/code/r307/r307.htm. **Comments end.**

RDCC # 7031, Comments begin: The Miller, Dyer & Co., LLC proposal to drill the **Ute Tribal 16-16-14-20** wildcat well, in Uintah County, may require a permit, known as an Approval Order, from the Executive Secretary of the Air Quality Board. If any compressor or pump stations are constructed at the site, a permit application, known as a Notice of Intent (NOI), should be submitted to the Executive Secretary at the Utah Division of Air Quality at 150 N. 1950 West, Salt Lake City, Utah, 84116 for review according to the Utah Air Quality Rule R307-401. Permit: Notice of Intent and Approval Order. A copy of the rules is found at www.rules.utah.gov/publicat/code/r307/r307.htm.

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RDCC # 7032, Comments begin: The Miller, Dyer & Co., LLC proposal to drill the **Ute Tribal 6-16-14-20** wildcat well, in Uintah County, may require a permit, known as an Approval Order, from the Executive Secretary of the Air Quality Board. If any compressor or pump stations are constructed at the site, a permit application, known as a Notice of Intent (NOI), should be submitted to the Executive Secretary at the Utah Division of Air Quality at 150 N. 1950 West, Salt Lake City, Utah, 84116 for review according to the Utah Air Quality Rule R307-401. Permit: Notice of Intent and Approval Order. A copy of the rules is found at www.rules.utah.gov/publicat/code/r307/r307.htm.

The proposed project is also subject to Utah Air Quality Rule R307-205-5, Fugitive Dust, due to the fugitive dust that is generated during the excavating phases of the project. These rules apply to construction activities that disturb an area greater than 1/4 acre in size. A permit, known as an Approval Order, is not required from the Executive Secretary of the Air Quality Board, but steps need to be taken to minimize fugitive dust, such as watering and/or chemical stabilization, providing vegetative or synthetic cover or windbreaks. A copy of the rules may be found at www.rules.utah.gov/publicat/code/r307/r307.htm **Comments end.**

Robert Clark
Division of Air Quality
536-4435

CC: Mcneill, Dave; Wright, Carolyn



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

October 10, 2006

Flying J Oil & Gas, Inc.
333 W. Center Street
N. Salt Lake, UT 84054

Re: Deep Creek 2-30 Well, 479' FNL, 2103' FEL, NW NE, Sec. 30, T. 3 South,
R. 2 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 43-047-38502.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

cc: Uintah County Assessor
SITLA

Operator: Flying J Oil & Gas, Inc.
Well Name & Number Deep Creek 2-30
API Number: 43-047-38502
Lease: Fee

Location: NW NE Sec. 30 T. 3 South R. 2 East

Conditions of Approval

1. **General**

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

2. **Notification Requirements**

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

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

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

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

3. **Reporting Requirements**

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

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

5. 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.
6. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)
7. Operator shall comply with applicable recommendations resulting from Resource Development Coordinating Committee review. Statements attached.

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS		5. LEASE DESIGNATION AND SERIAL NUMBER: Fee
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
		7. UNIT or CA AGREEMENT NAME:
1. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER _____	8. WELL NAME and NUMBER: Deep Creek 2-30	
2. NAME OF OPERATOR: Flying J Oil & Gas Inc.	9. API NUMBER: 4304738502	
3. ADDRESS OF OPERATOR: 333 W Center St CITY North Salt Lake STATE UT ZIP 84054	PHONE NUMBER: (801) 296-7700	10. FIELD AND POOL, OR WILDCAT: Randlett
4. LOCATION OF WELL FOOTAGES AT SURFACE: 479' FNL 2103' FEL	COUNTY: Uintah	
QTRQTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNE 30 T3S R2E U	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>12/1/2007</u>	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

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

Asking for Permit Extension Validation due to the necessary evaluation of production in the field, availability of drilling and completion companies, and budget extensions.

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

Date: 09-11-07
By: *Brady Hill*

NAME (PLEASE PRINT) <u>Jordan R. Nelson</u>	TITLE <u>Petroleum Engineer</u>
SIGNATURE <u><i>Jordan R. Nelson</i></u>	DATE <u>9/4/2007</u>

(This space for State use only)

RECEIVED

SEP 06 2007

DIV. OF OIL, GAS & MINING

9-12-07
Rm

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

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

API: 43-047-38502
Well Name: Deep Creek 2-30
Location: 479' FNL, 2103' FEL, NWNE Sec. 30, T3S, R2E
Company Permit Issued to: Flying J Oil & Gas Inc.
Date Original Permit Issued: 10/10/2006

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

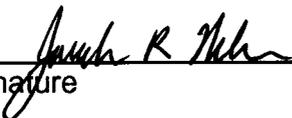
Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes No

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

9/4/2007

Date

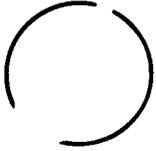
Title: Petroleum Engineer

Representing: Flying J Oil & Gas Inc.

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SEP 06 2007

DIV. OF OIL, GAS & MINING



FLYING J OIL & GAS INC.

333 WEST CENTER STREET • NORTH SALT LAKE, UTAH 84054
PHONE (801) 296-7700 • FAX (801) 296-7888

September 4, 2007

Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

Re: Deep Creek 2-30
Application for Permit to Drill
Request for Permit Extension Validation
Bluebell Field, Uintah County

To Whom It May Concern:

Enclosed please find in duplicate the referenced extension for your consideration. If you have any questions or are in need of further information, please give me a call at (801) 296-7772.

Sincerely,

Flying J Oil & Gas Inc

Jordan R. Nelson
Petroleum Engineer

Enclosures

Subsidiary - BIG WEST OIL & GAS INC.

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SEP 06 2007
DIV. OF OIL, GAS & MINING

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS		5. LEASE DESIGNATION AND SERIAL NUMBER: Fee
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
		7. UNIT or CA AGREEMENT NAME:
1. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER _____	8. WELL NAME and NUMBER: Deep Creek 2-30	
2. NAME OF OPERATOR: Flying J Oil & Gas Inc.	9. API NUMBER: 4304738502	
3. ADDRESS OF OPERATOR: 333 W Center St CITY North Salt Lake STATE UT ZIP 84054	PHONE NUMBER: (801) 296-7700	10. FIELD AND POOL, OR WILDCAT: Randlett
4. LOCATION OF WELL FOOTAGES AT SURFACE: 479' FNL 2103' FEL		COUNTY: Uintah
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNE 30 T3S R2E U		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>3/1/2009</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
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	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

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

Asking for Permit Extension Validation due to delays in field development, evaluation of production in the field, availability of drilling and completion companies, and budget extensions.

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 09-16-08
By: [Signature]

NAME (PLEASE PRINT) <u>Jordan R. Nelson</u>	TITLE <u>Petroleum Engineer</u>
SIGNATURE <u>[Signature]</u>	DATE <u>9/12/2008</u>

(This space for State use only)

COPY SENT TO OPERATOR

Date: 9.17.2008
Initials: KS

(See Instructions on Reverse Side)

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SEP 15 2008

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: 43-047-38502
Well Name: Deep Creek 2-30
Location: 479' FNL, 2103' FEL, NWNE Sec. 30, T3S, R2E
Company Permit Issued to: Flying J Oil & Gas Inc.
Date Original Permit Issued: 10/10/2006

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

9/12/2008

Date

Title: Petroleum Engineer

Representing: Flying J Oil & Gas Inc.

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SEP 15 2008

DIV. OF OIL, GAS & MINING



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

October 1, 2009

Flying J Oil & Gas, Inc.
333 W. Center Street
N. Salt Lake, UT 84054

Re: APD Rescinded – Deep Creek 2-30, Sec. 30 T. 3S, R. 2E
Uintah County, Utah API No. 43-047-38502

Ladies and Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on October 10, 2006. On September 11, 2007 and September 16, 2008, the Division granted a one-year APD extension. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective October 1, 2009.

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

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

Sincerely,

Diana Mason
Environmental Scientist

cc: Well File
Brad Hill, Technical Service Manager

