

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: ML-47502	6. SURFACE: Indian
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>				7. IF INDIAN, ALLOTTEE OR TRIBE NAME: Ute Indian Tribe	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>				8. UNIT or CA AGREEMENT NAME: N/A	
2. NAME OF OPERATOR: Miller, Dyer & Co., LLC				9. WELL NAME and NUMBER: Ute Tribal 8-16-14-20	
3. ADDRESS OF OPERATOR: 475 17th St Suite 1200 CITY Denver STATE CO ZIP 80202			PHONE NUMBER: (303) 292-0949	10. FIELD AND POOL, OR WILDCAT: Wildcat	
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 1574 FNL 632 FEL 613711X 39.602318 AT PROPOSED PRODUCING ZONE: SAME 4384249Y -109.67556L				11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SENE 16 14S 20E S	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: See Topo Map "A" (Attached)				12. COUNTY: Uintah	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 632		16. NUMBER OF ACRES IN LEASE: 1280		17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 2880		19. PROPOSED DEPTH: 5,000		20. BOND DESCRIPTION: RLB0008085	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 6881 GR		22. APPROXIMATE DATE WORK WILL START: 10/1/2006		23. ESTIMATED DURATION: 3 Weeks	

24. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT			
12-1/4"	9-5/8" J-55 36#	300	Standard Type 5	120 sacks	1.18	15.6
8-3/4"	5-1/2" J-55 15.5#	5,000	Hi-Fill & Poz Prem	979 sacks	3.84 & 1.25	11 & 14.35

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) Jeff Lang TITLE Vice President of Operations
 SIGNATURE [Signature] DATE 8/22/06

(This space for State use only)

API NUMBER ASSIGNED: 43047-38507

APPROVAL:

RECEIVED
AUG 24 2006

DIV. OF OIL, GAS & MINING

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NAME (PLEASE PRINT) Jeff Lang TITLE Vice President of Operations
SIGNATURE [Signature] DATE 8/22/06

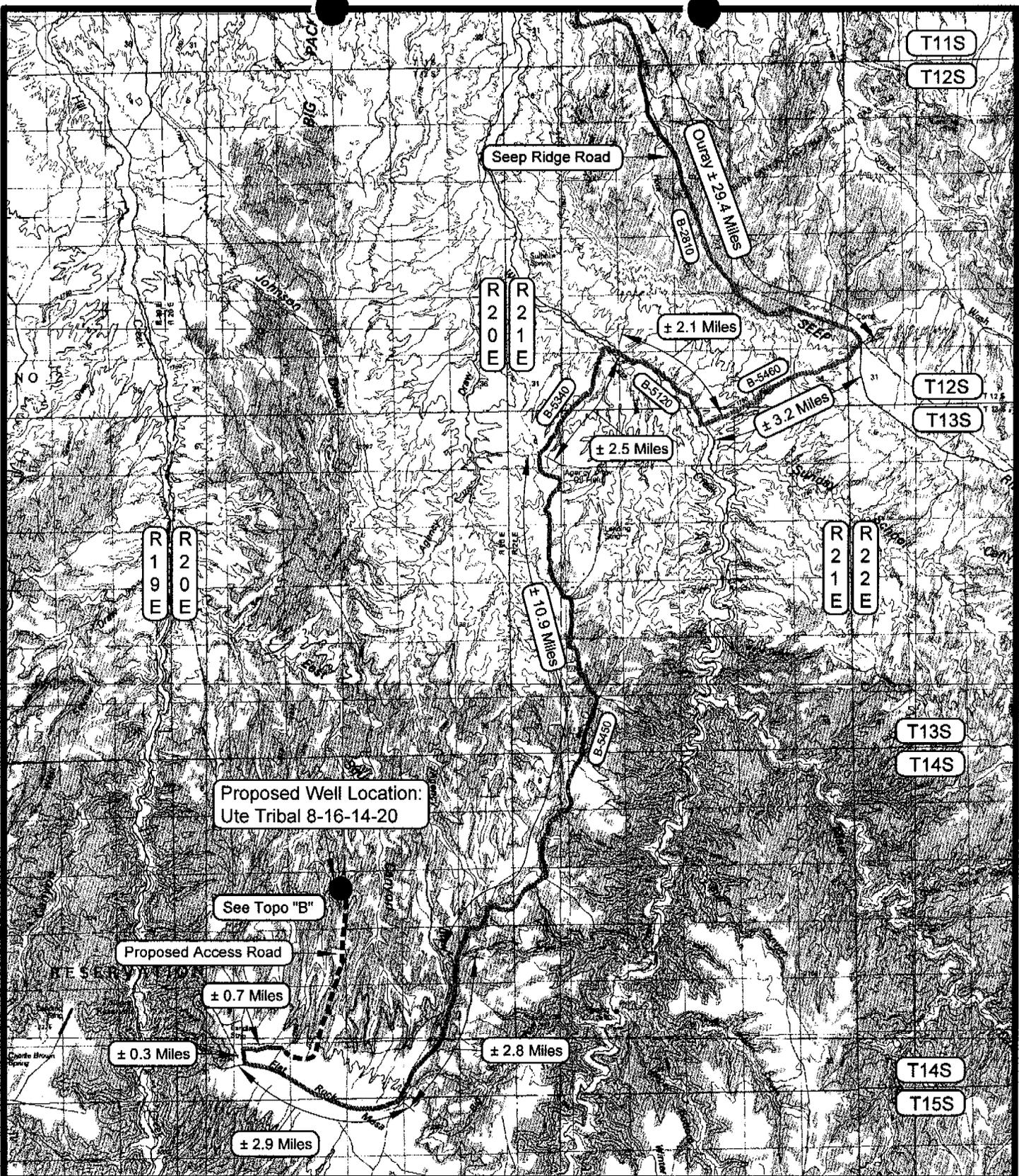
(This space for State use only)

API NUMBER ASSIGNED: 43047-38507

APPROVAL:

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AUG 24 2006

DIV. OF OIL, GAS & MINING



Proposed Well Location:
Ute Tribal 8-16-14-20

See Topo "B"

Proposed Access Road

± 0.7 Miles

± 0.3 Miles

± 2.8 Miles

± 2.9 Miles

± 29.4 Miles

± 2.1 Miles

± 2.5 Miles

± 3.2 Miles

± 10.9 Miles

B-5460

B-5340

B-5120

B-5460

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

TOPOGRAPHIC MAP "A"		DATE SURVEYED: 07-17-06
SCALE: 1:150,000	DRAWN BY: M.W.W.	DATE DRAWN: 07-19-06
		REVISED:

MILLER, DYER & CO. LLC

Ute Tribal 8-16-14-20
SECTION 16, T14S, R20E, S.L.B.&M.
1574' FNL & 632' FEL

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

SHEET
7
 OF 10

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

**UTE TRIBAL #8-16-14-20
SENE Section 16 T14S-R20E**

1. Estimated Formation Tops

<u>Estimated Formation Tops:</u>	<u>MD</u>	
Green River	Surface	
Wasatch	2,350'	Oil and/or gas anticipated > 3,000'
Mesaverde	4,600'	Gas

2. Pressure Control Equipment

Schematic attached (Diagram "A")

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

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

B. Auxiliary Equipment:

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

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

C. Pressure Rating: 3,000 psi WP

D. Testing Procedure:

Hydraulic Ram-Type BOP

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

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

- 1) When the BOP is initially installed.
- 2) Whenever any seal subject to test pressure is broken.
- 3) Following related repairs; and

- 4) At thirty (30) day intervals

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

E. Choke Manifold Equipment:

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

F. Accumulator:

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

G. Miscellaneous Information:

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

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

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

3. **Auxiliary Equipment**

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

4. **Casing Program**

	Setting Depth	Hole Size	Casing O.D.	Grade	Weight/Ft.	Thread
Conductor	40'	20"	16"	Conductor	0.250" wall	
Surface	0' - 300'	12-1/4"	9-5/8"	J-55	36#	STC
Production	0' - 5,000'	8-3/4"	5-1/2"	J-55	15.5#	STC

- Subject to review on the basis of actual conditions encountered. Production casing depth will be adjusted based on results.

Cement Program

Conductor Casing: 0'-40'

Ready Mix to surface

Surface Casing: 0' - 300'

Cement:

0'-300'

15.6 ppg Standard Type V

2% CaCl₂

¼ #/sk cello flake

Cement yield = 1.18 ft³/sk w/ 5 gal/sk water

Annular volume = 300' * 0.3132 ft³/ft = 94.0 ft³

Excess = 50%

Total volume w/ excess = 94.0 ft³ * 1.50 = 141.0 ft³

Cement Requirement = 141.0 ft³ / 1.18 ft³/sk = 120 sks

156.6 ft³

Production Casing: 0'-5,000'

Lead Cement:

0'-2500'

11.0 ppg Halliburton Hi-Fill (or equivalent)

16% Bentonite (light weight additive)

0.75% Econolite (light weight additive)

10 #/sk gilsonite (lost circulation additive)

0.25 #/sk Flocele (lost circulation additive)

3% salt

1% HR-7 (retarder)

Cement yield = 3.84 ft³/sk w/ 23 gal/sk water

Volume inside surface casing = $300' * 0.2691 \text{ ft}^3/\text{ft} = 80.7 \text{ ft}^3$
 Excess = 0%
 Annular volume = $2200' * 0.2526 \text{ ft}^3/\text{ft} = 555.7 \text{ ft}^3$
 Excess = 35%
 Annular volume w/ excess = $555.7 \text{ ft}^3 * 1.35 = 750.2 \text{ ft}^3$
 Total volume = $80.7 + 750.2 = 830.9 \text{ ft}^3$
Lead Cement Requirement = $830.9 \text{ ft}^3 / 3.84 \text{ ft}^3/\text{sk} = 216 \text{ sks}$

Tail Cement:

2500'-5000' plus shoe joint
 14.35 ppg 50/50 Poz Premium
 0.6% Halad® - 322 (Low Fluid Loss Control)
 2% Microbond M (Cement Material)
 5% Salt
 ¼ #/sk Flocele (Loct Circulation Additive)
 0.2% HR-5 (Retarder)
 Cement yield = 1.25 ft³/sk w/ 5.46 gal/sk water
 Annular volume = $2500' * 0.2526 \text{ ft}^3/\text{ft} = 631.5 \text{ ft}^3$
 Excess = 50%
 Total annular volume w/ excess = $631.5 \text{ ft}^3 * 1.50 = 947.3 \text{ ft}^3$
 Shoe volume = $45' * 0.1336 \text{ ft}^3/\text{ft} = 6.0 \text{ ft}^3$
 Excess (shoe) = 0%
 Total volume w/ excess (incl. shoe) = $947.3 + 6.0 = 953.3 \text{ ft}^3$
Tail Cement Requirement = $953.3 \text{ ft}^3 / 1.25 \text{ ft}^3/\text{sk} = 763 \text{ sks}$

Displacement Volume:

$4955' * 0.0238 \text{ bbl}/\text{ft} = 117.9 \text{ bbls}$

5. Mud Program (visual monitoring)

Interval	Mud Type	Weight	Viscosity	Fluid Loss
0'- 2,400'	Water/Gel/Lime/Native Clays	8.3-8.6 ppg	33-36 sec/qt	N/C
2,400'- 5000'	KCl/Polymer or DAP/Polymer	9.0-9.3 ppg	38-42 sec/qt	8-10cc

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

6. Testing, Logging, Coring

- a. Drill stem tests – non anticipated
- b. Electric logs - DIL/SP/GR, FDC/CNL/CAL/PE/GR, both from TD to surface

- c. Coring – possible sidewall coring in the Dakota, Cedar Mountain, Morrison and Entrada.

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

A. Bottom Hole Pressure:

Maximum anticipated bottom hole pressure is 2,165 psi (calculated at 0.433 psi/ft. at the 5,000' level of the Mesaverde). This normal pressure gradient is consistent with pressures seen in the nearby Flat Rock Field. Therefore, the maximum anticipated surface pressure is 1065 psi (bottom hole pressure minus the pressure of a partially evacuated hole calculated at 0.22 psi/ft.).

B. Bottom Hole Temperature:

The bottom hole temperature anticipated in this wellbore is approximately 120 degrees Fahrenheit at 5,000 TVD. This anticipated temperature is consistent with the temperatures encountered in wells drilled previously to similar depths in the Flat Rock Field.

C. Abnormal Pressures or Temperatures:

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

D. Potential Hazards:

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

8. **Anticipated Starting Date and Duration**

Spud Date: Upon governmental approval and drilling rig availability

Duration of Operations:

- 1) Drilling: Approximately 10 days.
- 2) Completion: Approximately 10 days

Drilling Notification:

The spud date will be reported orally to the Utah Division of Oil, Gas & Mining, 24 hours prior to spudding, unless otherwise instructed in the site specific conditions of approval.

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

**UTE TRIBAL 8-16-14-20
SENE Section 16 T14S-R20E**

1. Existing Roads:
 - a. Topographic Map "A" shows the vicinity of the well, including a portion of the Agency Draw Road. This road is reached from Ouray, Utah, by following the Seep Ridge Road south to Buck Canyon; taking the Buck Canyon road west to the Willow Creek Road; then north on the Willow Creek Road to Santio Crossing, which is at the junction of the Willow Creek Road and the Agency Draw Road. The Flat Rock Mesa Road then continues 3.2 miles to the Flat Rock Field.
 - b. Topographic Map "B" shows the point approximately 55 miles south of Ouray where the access road to the well departs from the Flat Rock Mesa Road. Beyond this point the access road consists of 0.7 mile of existing lease road leading to an existing well pad in the NENE of Section 29-R14E-R20E. Four miles of new road trending North will lead to a 200' access road for the Ute Tribal 8-16-14-20 location.

2. Planned Access Road: (refer to Topographic Map "D")
 - a. Length of new road will be approximately 200 feet.
 - b. The right-of-way width is 30' (15' on either side of the centerline) with a 20-foot wide running surface.
 - c. Maximum grade will be less than 2%
 - d. No turn-outs are planned.
 - e. The new road will be crowned, ditched and dipped to provide adequate drainage.
 - f. Culverts will be used if necessary.
 - g. No gates or cattle guards will be needed. Nor will any existing facilities be modified.
 - h. The proposed road was flagged when the location was staked.
 - i. The authorized officer will be contacted at least 24 hours in advance of commencement of construction of the access road and well pad.

3. Location of Existing Wells:
 - a. The nearest producing well is the Flat Rock #3-29-14-20, located approximately 2.5 miles southwest of the proposed well location in Section 29-T14S-R20E.

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

- b. The operator will submit information concerning proposed on and off well pad facilities once production has been established by applying for approval of subsequent operations.
5. Location and Type of Water Supply:
- a. Miller, Dyer & Co. existing water supply well the Ute Tribal 30-4A, located in the NENW Section 30-T14S-R20E on Indian surface has been approved by the Ute Indian Tribe. The existing BIA water permit number for the well is #14-20-H62-5069.
 - b. Some produced water from existing wells may be used for drilling. Fresh water may also be taken at a point of diversion at Santio Crossing from Willow Creek in the SESE Section 29-T12S-R21E, SLB&M, if available during the drought. This water will be taken under the terms of the Ute Oilfield Water Service's state filing.
 - c. Water will be transported by truck on the Agency Draw and Flat rock Mesa roads.
6. Source of Construction Materials:
- a. It is anticipated that any construction materials will be needed for the drilling phase of this project. Gravel, shale or road base materials needed to upgrade access roads and well pad will be obtained from the operator's pit located on SITLA land near Chimney Rock.
 - b. The entire well site and all access roads to be upgraded for built are located on lands held in trust by the federal government for the Ute Indian Tribe.
 - c. All construction materials used in building the well pad and access road will be native materials accumulated during construction. In the event that additional materials are needed, they will be obtained from the operator's existing pit on SILTA land or from private sources.
7. Methods for Handling Waste Disposal:
- a. Methods and locations for safe containment and disposal of the following materials:
 - 1. Drill cuttings will be buried in the reserve pit.
 - 2. Garbage and trash will be contained in trash baskets and hauled to a sanitary landfill. There will be no burning of trash on the location at any time.
 - 3. Salts will be kept in proper containers and salvaged for future use or disposed of at an approved facility.
 - 4. Chemicals will be kept in proper containers and salvaged for future use or disposed of at an approved facility.
 - 5. Sewage waste will be contained in portable chemical toilets serviced by a commercial sanitary service.
 - b. Drilling fluids will be contained in the reserve pit and mud tanks. To the extent possible, drilling fluids and water will be saved for use at future drilling locations. Unusable drilling fluids and water will be disposed of in an approved manner upon the completion of the well.

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

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

- c) No produced water will be used for dust or weed control of any kind. Should spills of oil, produced water, or hazardous materials occur, the area of the spill will be re-mediated and contaminated soil and recovered oil or hazardous materials will be hauled to an approved disposal facility.
8. Ancillary Facilities:
 - a. No airstrips will be built. Mobile living quarters and office facilities for supervisors, geologists, mud engineers, mud loggers and air compressor personnel will be confined to the drilling location as shown on the "Location Layout" diagram. The drilling crew will be housed on location.
9. Well Site Layout:
 - a. Refer to attached "Typical Cross Section" diagram for cuts and fills and relation to topography.
 - b. Refer to "Location Layout" diagram for location of mud tanks, reserve and flare pits, pipe racks, living facilities and top soil stockpiles.
 - c. Refer to "Location Layout" diagram for rig orientation, access road and parking area. Parking area will be in the northeast corner of the location.
10. Plans for Restoration of the Surface:
 - a. Producing well location
 1. Immediately upon well completion the location and surrounding area will be cleared of all tubing, equipment, debris, materials, trash and junk not required for production.
 2. Immediately upon well completion any hydrocarbons on the reserve pit will be removed and disposed of properly.
 3. The reserve pit and that portion of the location not needed for production facilities/operations will be re-contoured to the approximate natural contours. The reserve pit will be reclaimed within 90 days of the date of well completion, or as soon thereafter as is practical. Before any dirt work takes place, the reserve pit must be completely dry and all cans, barrels, pipe, etc removed. The liner will be perforated and torn prior to backfilling.
 4. Access roads will be graded and maintained to prevent erosion and accommodate year-round traffic.
 5. All disturbed areas not needed for operations will be seeded with the mixture required by the BIA in the manner specified by the BIA.
 - b. Dry Hole/Abandoned Location
 1. At such time as it is determined that the well is to be plugged and abandoned, the operator will submit a subsequent report of abandonment to the BLM and the BIA. The BLM will attach plugging conditions of approval, and the BIA will attach conditions of approval for the restoration of the surface.
11. Surface Ownership:

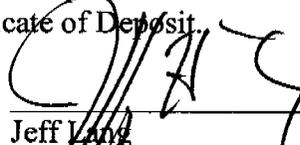
- a. Access roads and location are held in trust for the Ute Indian Tribe by the United States. The operator has obtained a right-of-way with the BIA and submitted payment for damages as specified in its Exploration and Development Agreement with the Ute Indian Tribe.
12. Additional Information:
- a. The operator will inform all persons in the area who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, the operator will immediately stop work that might further disturb such materials, and will inform the assigned monitor and the authorized officer (AO) at the BIA. Within five working days the AO will inform the operator as to:
 1. Whether the materials appear to be eligible for the National Register of Historic Places;
 2. The mitigation measures the operator will likely have to undertake before the site can be used (assuming in situ preservation is not necessary); and
 3. A time frame for the AO to complete an expedited review under 36 CFR 900.11 to confirm, through the State Historic Preservation Officer, that the findings of the AO are correct and that mitigation is appropriate.
 - b. If the operator wishes at any time to relocate activities to avoid the cost of mitigation and/or the delays associated with this process, the AO will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation costs. The AO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the AO that required mitigation has been completed, the operator will be allowed to resume construction.
 - c. At the request of the Ute Indian Tribe, a 30'-wide fire break will be bladed around the perimeter of the location.
13. Lessee's or Operator's Representative and Certification:
- a. Jeff Lang, Vice President of Operations
Miller, Dyer & Co. LLC
475 17th Street, Suite 1200
Denver, CO 80202
Office: 303 292 0949 Ext 102
FAX: 303 292 3901
Cell: 303 503 3730
Email: jeff@millerdyer.com

I hereby certify that I have inspected the proposed drill site and access road; that I am familiar with the conditions which currently exist; that the statements made in this plan are true and correct to the best of my knowledge; and that the work associated with the operations proposed here will be performed by Miller, Dyer & Co. LLC, and its

contractors and subcontractors in conformity with the plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

Please be advised that Miller, Dyer & Co. LLC is considered to be the operator of the Ute Tribal #6-16-14-20 well; SENW of Section 16, T14S-R20E and all producing zones; Uintah County, Utah; and is responsible for the operations conducted upon the leased lands. Bond coverage is provided by Certificate of Deposit.

8/22/06
Date



Jeff Lang
Vice President of Operations

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

Participants in the onsite inspection were:

Kolby Kay, Timberline Land Surveying

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

_____ Ute Indian Tribe

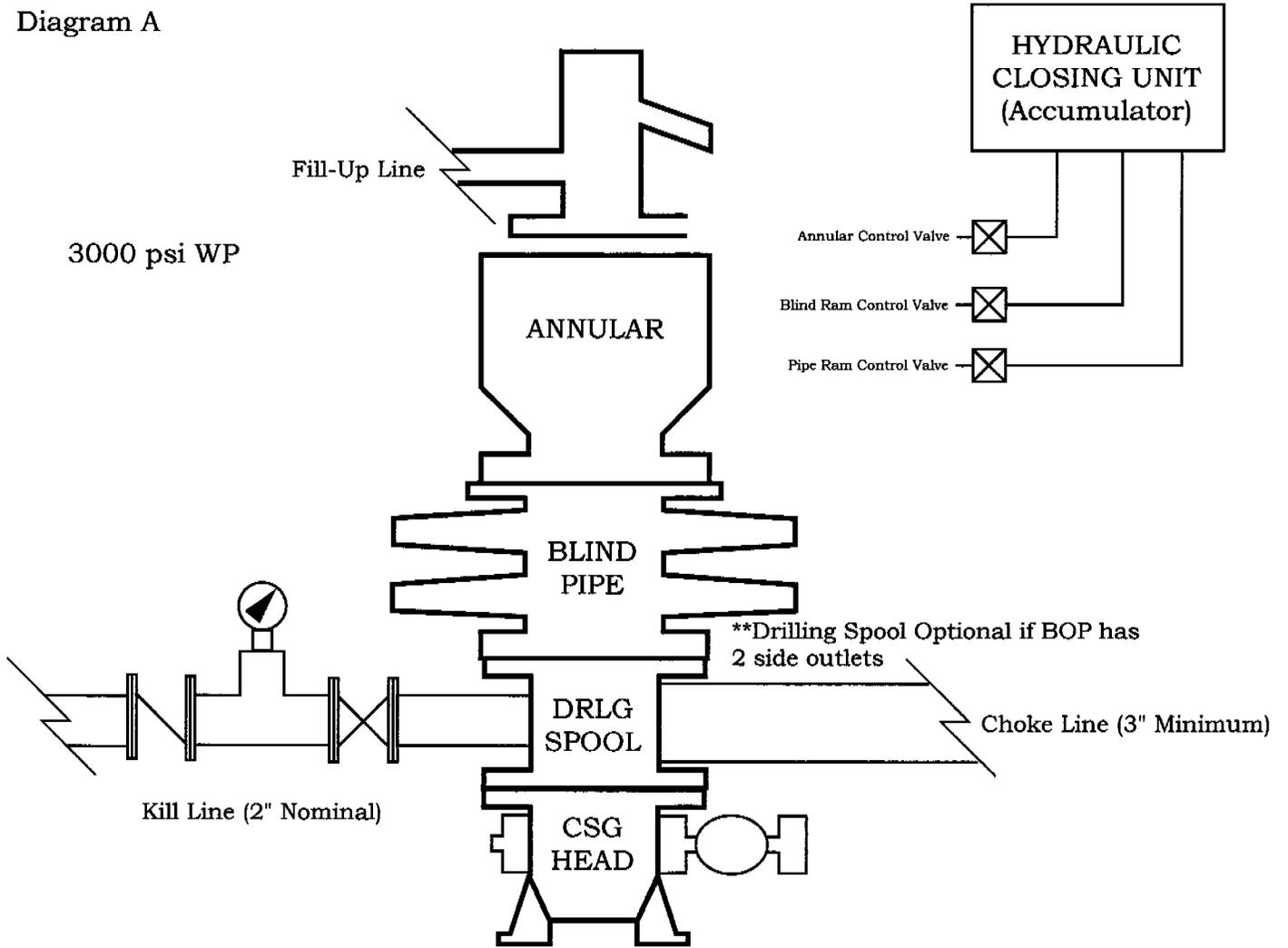
_____ Ute Indian Tribe

_____ (contractor....)

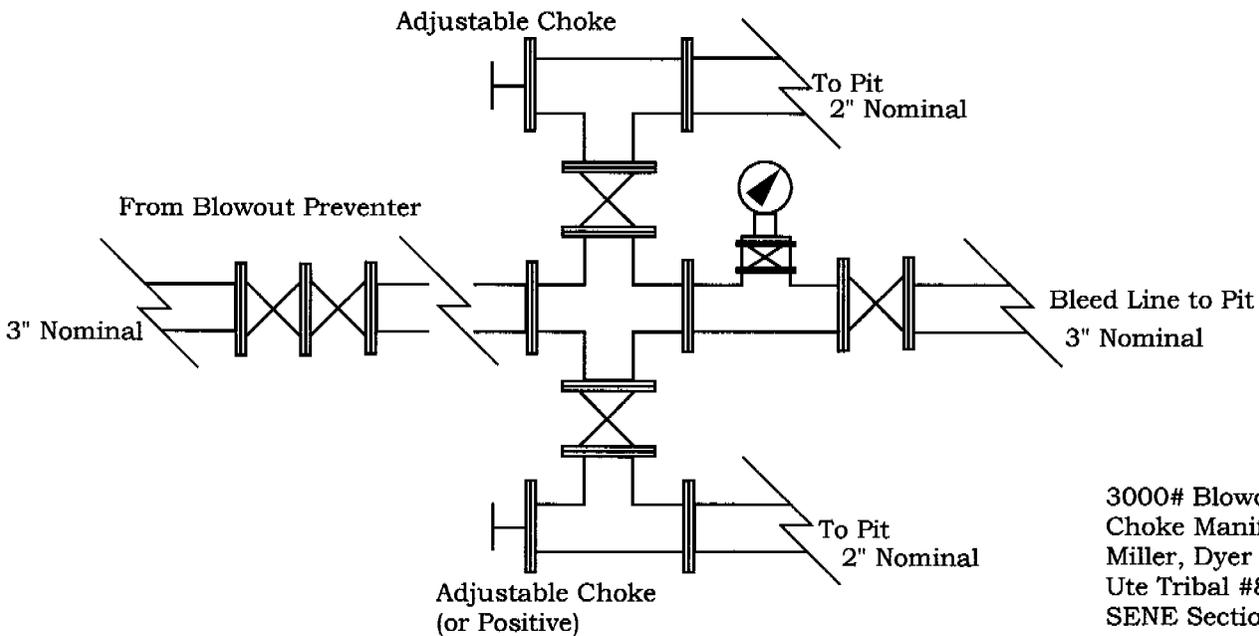
_____ BIA rep

_____ State of Utah rep

Diagram A



Choke Manifold Requirement (3000 psi WP)



3000# Blowout Preventer &
 Choke Manifold Schematic
 Miller, Dyer & Co. LLC
 Ute Tribal #8-16-14-20
 SENE Section 16 T14S-R20E
 Uintah County, Utah

**DRIVING DIRECTIONS
MILLER, DYER & CO. LLC
Ute Tribal 8-16-14-20
Section 16, T14S, R20E, S.L.B.&M.**

PROCEED IN A WESTERLY DIRECTION FROM VERNAL, UTAH ALONG U.S. HIGHWAY 40 APPROXIMATELY 14 MILES TO THE JUNCTION OF STATE HIGHWAY 88. TURN LEFT AND PROCEED IN A SOUTHERLY DIRECTION ALONG STATE HIGHWAY 88 APPROXIMATELY 17 MILES TO OURAY, UTAH. FROM OURAY, PROCEED IN A SOUTHERLY DIRECTION ALONG THE SEEP RIDGE ROAD (COUNTY B ROAD 2810) APPROXIMATELY 29.4 MILES TO ITS INTERSECTION WITH THE BUCK CANYON ROAD (COUNTY B ROAD 5460). TURN RIGHT AND PROCEED IN A SOUTHWESTERLY DIRECTION ALONG COUNTY B ROAD 5460 APPROXIMATELY 3.2 MILES TO WILLOW CREEK. TURN RIGHT AND PROCEED IN A NORTHWESTERLY DIRECTION ALON THE WILLOW CREEK ROAD (COUNTY B ROAD 5120) APPROXIMATELY 2.1 MILES TO ITS INTERSECTION WITH THE AGENCY DRAW ROAD (COUNTY B ROAD 5340). TURN LEFT AND PROCEED IN A WESTERLY THEN SOUTHWESTERLY DIRECTION ALONG COUNTY B ROAD 5340 APPROXIMATELY 2.5 MILES TO ITS INTERSECTION WITH THE FLAT ROCK ROAD (COUNTY B ROAD 5450). TURN LEFT AND PROCEED IN A SOUTHERLY DIRECTION ALONG COUNTY B ROAD 5450 APPROXIMATELY 10.9 MILES TO THE FLAT ROCK MESA ROAD. PROCEED IN A SOUTHWESTERLY DIRECTION ALONG THE FLAT ROCK MESA ROAD APPROXIMATELY 2.8 MILES TO ITS INTERSECTION WITH THE BLACK KNOLLS ROAD. CONTINUE IN A WESTERLY THEN NORTHWESTERLY DIRECTION ALONG THE FLAT ROCK MESA ROAD APPROXIMATELY 2.9 MILES TO THE NORTH FORK OF THE FLAT ROCK MESA ROAD. TURN RIGHT AND PROCEED IN A NORTHERLY DIRECTION ALONG THE NORTH FORK OF THE FLAT ROCK MESA ROAD APPROXIMATELY 0.3 MILES TO A SERVICE ROAD. TURN RIGHT AND PROCEED IN AN EASTERLY DIRECTION ALONG THE SERVICE ROAD APPROXIMATELY 0.7 MILES TO AN EXISTING WELL PAD. PROCEED IN A SOUTHEASTERLY DIRECTION ACROSS THE WELL PAD APPROXIMATELY 350 FEET TO THE PROPOSED ACCESS ROAD. FOLLOW ROAD FLAGS IN AN EASTERLY THEN NORTHERLY DIRECTION APPROXIMATELY 4.0 MILES TO THE PROPOSED LOCATION.

TOTAL DISTANCE FROM VERNAL, UTAH TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 89.9 MILES IN A SOUTHERLY DIRECTION.



PHOTO VIEW: VIEW OF CORNER #5 & LOCATION STAKE

CAMERA ANGLE: SOUTHWESTERLY



PHOTO VIEW: FROM BEGINNING OF PROPOSED ROAD

CAMERA ANGLE: SOUTHEASTERLY

MILLER, DYER & CO. LLC

**Ute Tribal 8-16-14-20
SECTION 16, T14S, R20E, S.L.B.&M.
1574' FNL & 632' FEL**

LOCATION PHOTOS

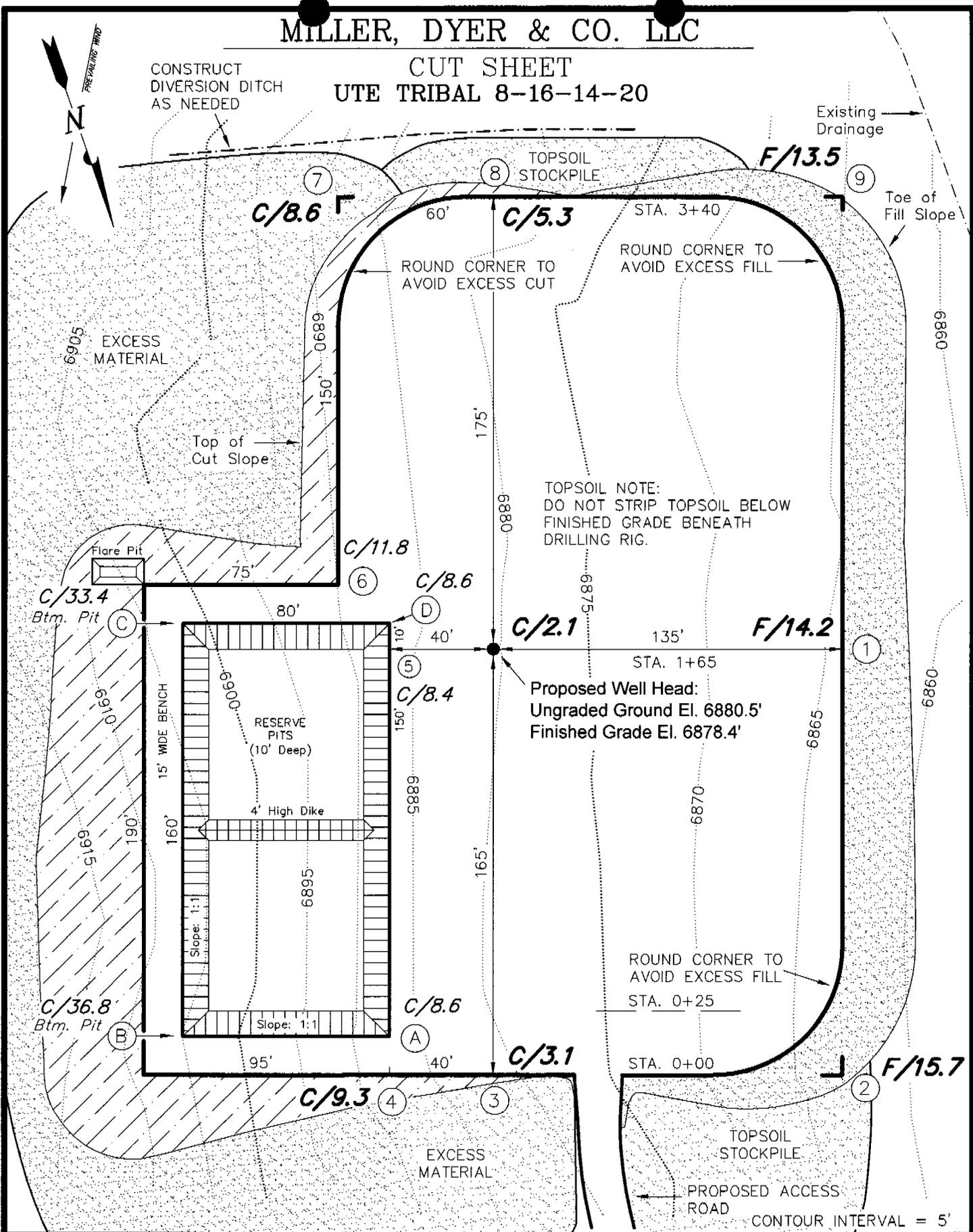
TAKEN BY: B.J.S. & M.S.B.	DRAWN BY: M.W.W.	DATE TAKEN: 07-17-06
		DATE DRAWN: 07-20-06
		REVISED:

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

**SHEET
1
OF 10**

MILLER, DYER & CO. LLC

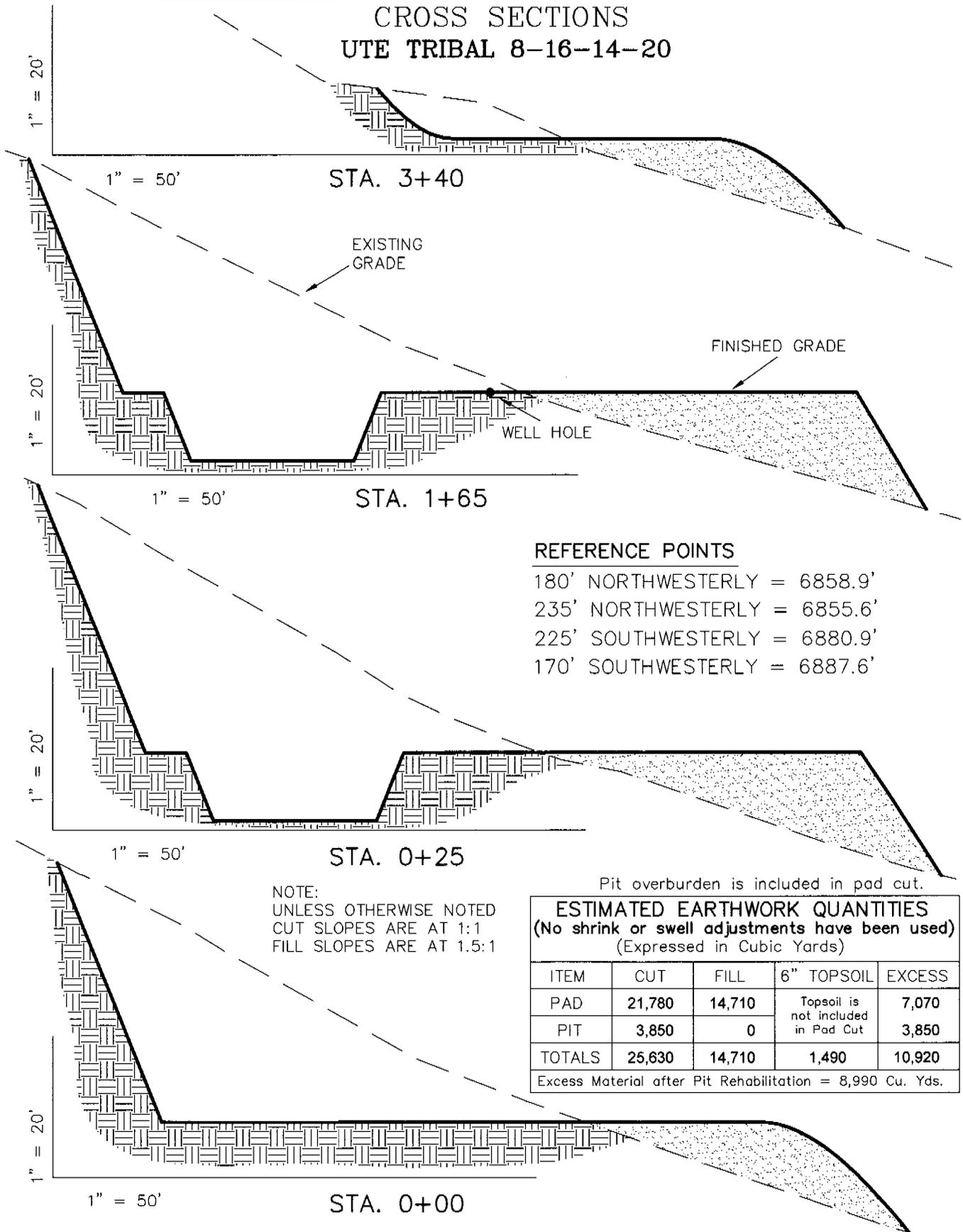
CUT SHEET UTE TRIBAL 8-16-14-20



Section 16, T14S, R20E, S.L.B.&M.		Qtr/Qtr Location: SE NE	Footage Location: 1574' FNL & 632' FEL
Date Surveyed: 07-17-06	Date Drawn: 07-19-06	Date Last Revision:	Timberline (435) 789-1365 Land Surveying, Inc. 38 WEST 100 NORTH VERNAL, UTAH 84078
Surveyed By: B.J.S.	Drawn By: M.W.W.	Scale: 1" = 50'	
			SHEET 3 OF 10

MILLER, DYER & CO. LLC

CROSS SECTIONS UTE TRIBAL 8-16-14-20



REFERENCE POINTS

- 180' NORTHWESTERLY = 6858.9'
- 235' NORTHWESTERLY = 6855.6'
- 225' SOUTHWESTERLY = 6880.9'
- 170' SOUTHWESTERLY = 6887.6'

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

Pit overburden is included in pad cut.

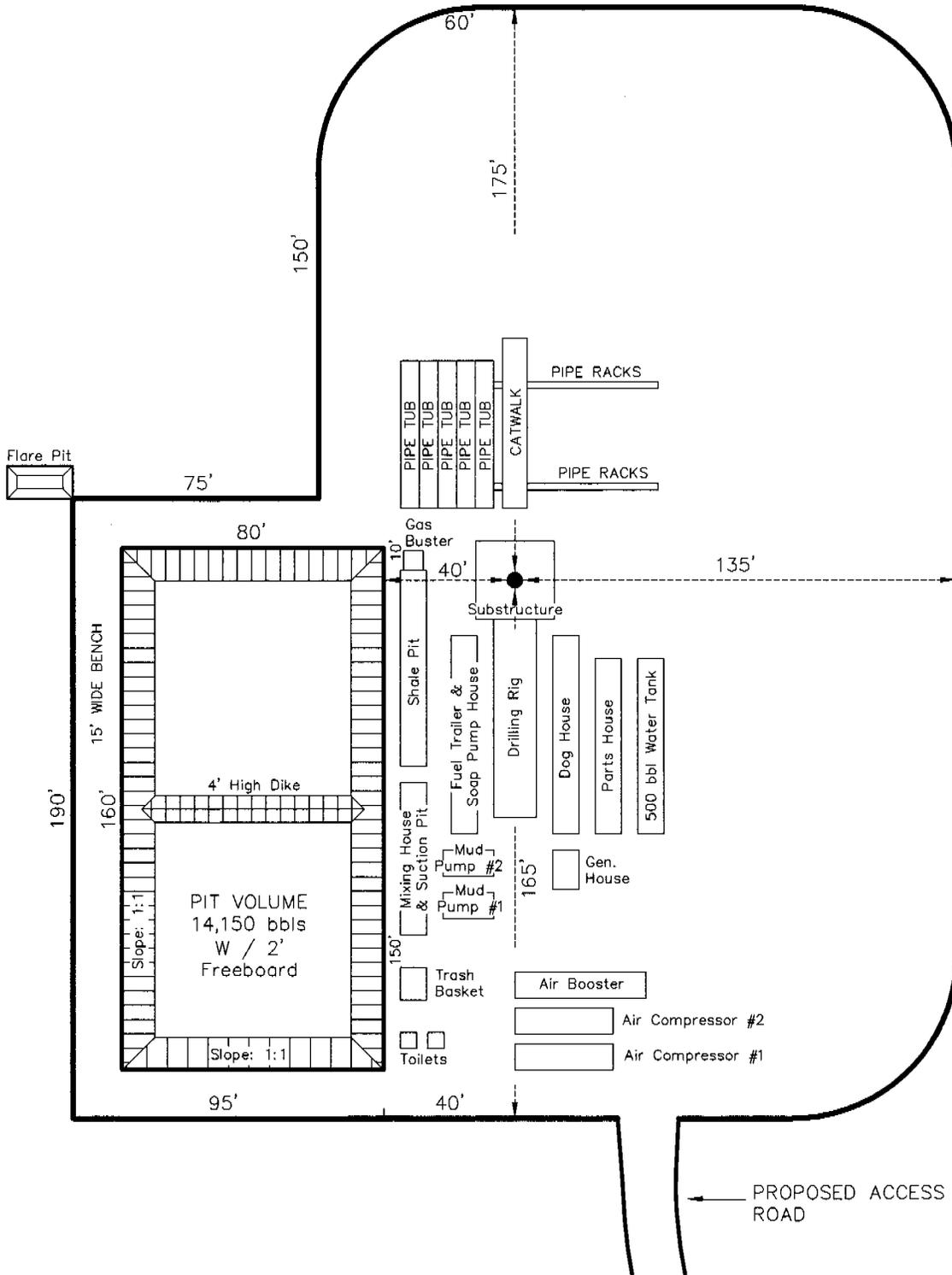
ESTIMATED EARTHWORK QUANTITIES (No shrink or swell adjustments have been used) (Expressed in Cubic Yards)

ITEM	CUT	FILL	6" TOPSOIL	EXCESS
PAD	21,780	14,710	Topsoil is not included in Pad Cut	7,070
PIT	3,850	0		3,850
TOTALS	25,630	14,710	1,490	10,920

Excess Material after Pit Rehabilitation = 8,990 Cu. Yds.

MILLER, DYER & CO. LLC

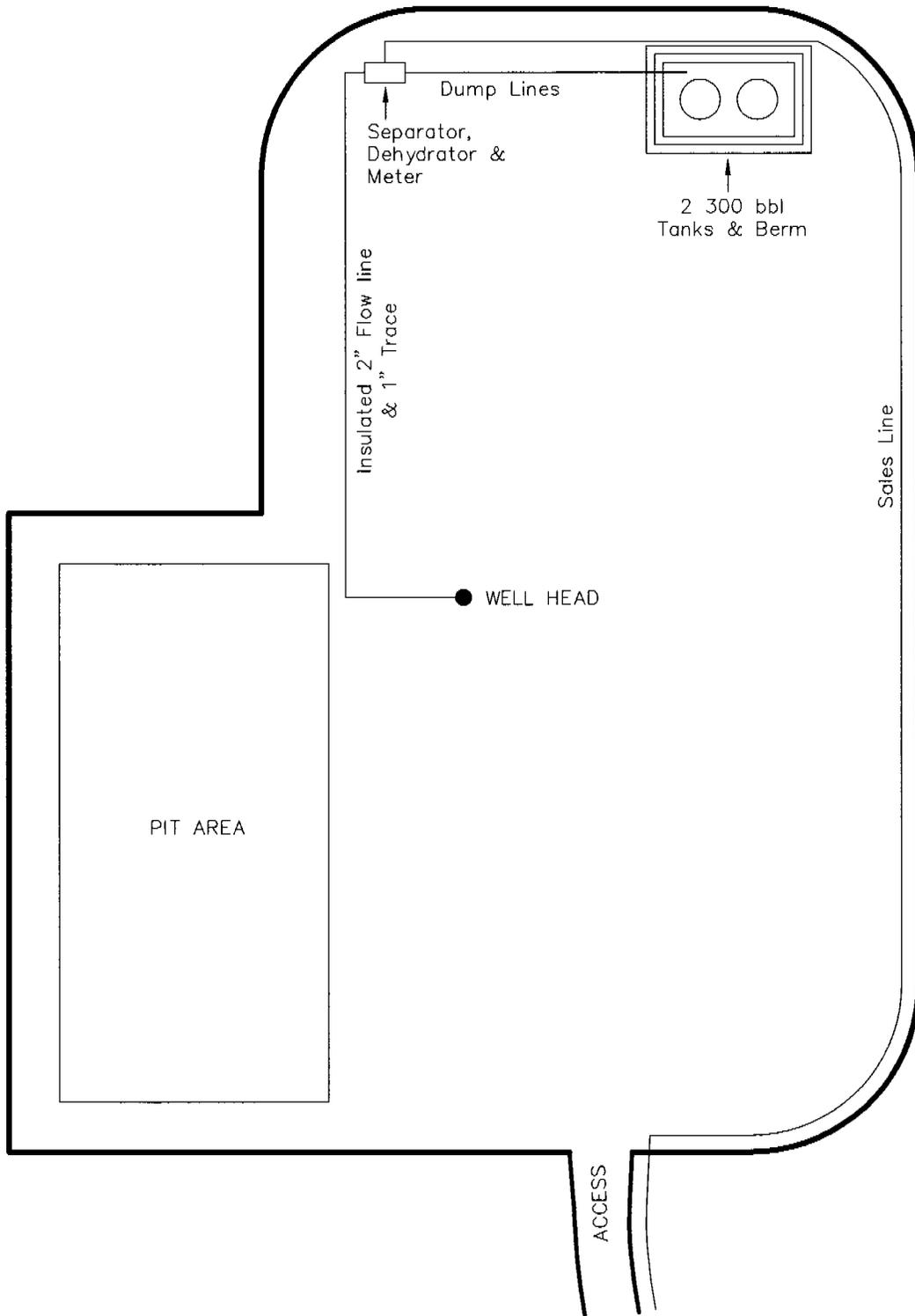
TYPICAL RIG LAYOUT UTE TRIBAL 8-16-14-20



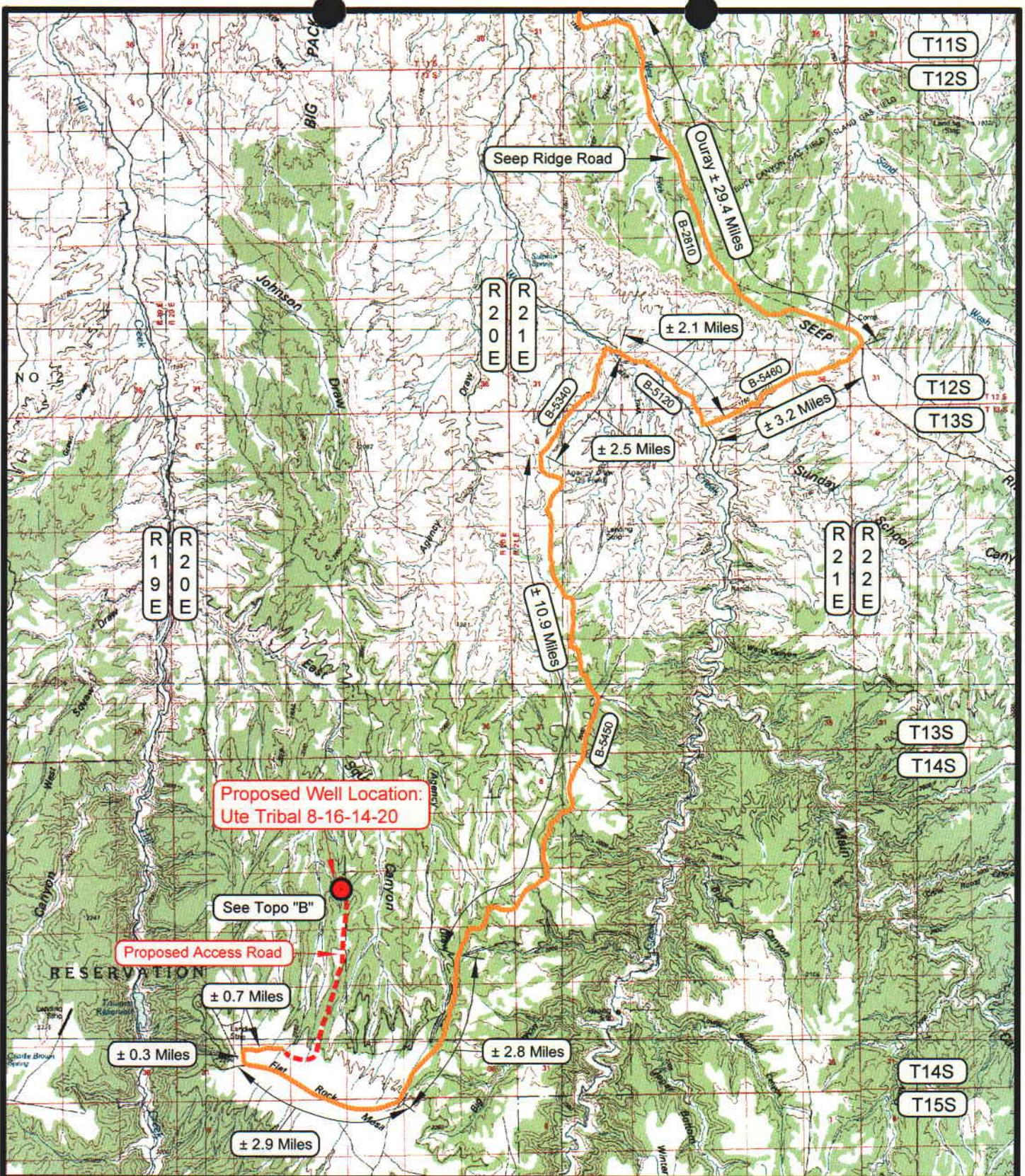
Section 16, T14S, R20E, S.L.B.&M.		Qtr/Qtr Location: SE NE	Footage Location: 1574' FNL & 632' FEL
Date Surveyed: 07-17-06	Date Drawn: 07-19-06	Date Last Revision:	Timberline (435) 789-1365 Land Surveying, Inc. 38 WEST 100 NORTH VERNAL, UTAH 84078
Surveyed By: B.J.S.	Drawn By: M.W.W.	Scale: 1" = 50'	
			SHEET 5 OF 10

MILLER, DYER & CO. LLC

TYPICAL PRODUCTION LAYOUT UTE TRIBAL 8-16-14-20



Section 16, T14S, R20E, S.L.B.&M.		Qtr/Qtr Location: SE NE	Footage Location: 1574' FNL & 632' FEL
Date Surveyed: 07-17-06	Date Drawn: 07-19-06	Date Last Revision:	Timberline (435) 789-1365 <i>Land Surveying, Inc.</i> 38 WEST 100 NORTH VERNAL, UTAH 84078
Surveyed By: B.J.S..	Drawn By: M.W.W.	Scale: 1" = 50'	
			SHEET 6 OF 10



Proposed Well Location:
Ute Tribal 8-16-14-20

See Topo "B"

Proposed Access Road

± 0.7 Miles

± 0.3 Miles

± 2.9 Miles

± 2.8 Miles

± 10.9 Miles

± 2.5 Miles

± 3.2 Miles

± 2.1 Miles

± 29.4 Miles

LEGEND

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

TOPOGRAPHIC MAP "A"

DATE SURVEYED: 07-17-06

DATE DRAWN: 07-19-06

SCALE: 1:150,000

DRAWN BY: M.W.V.

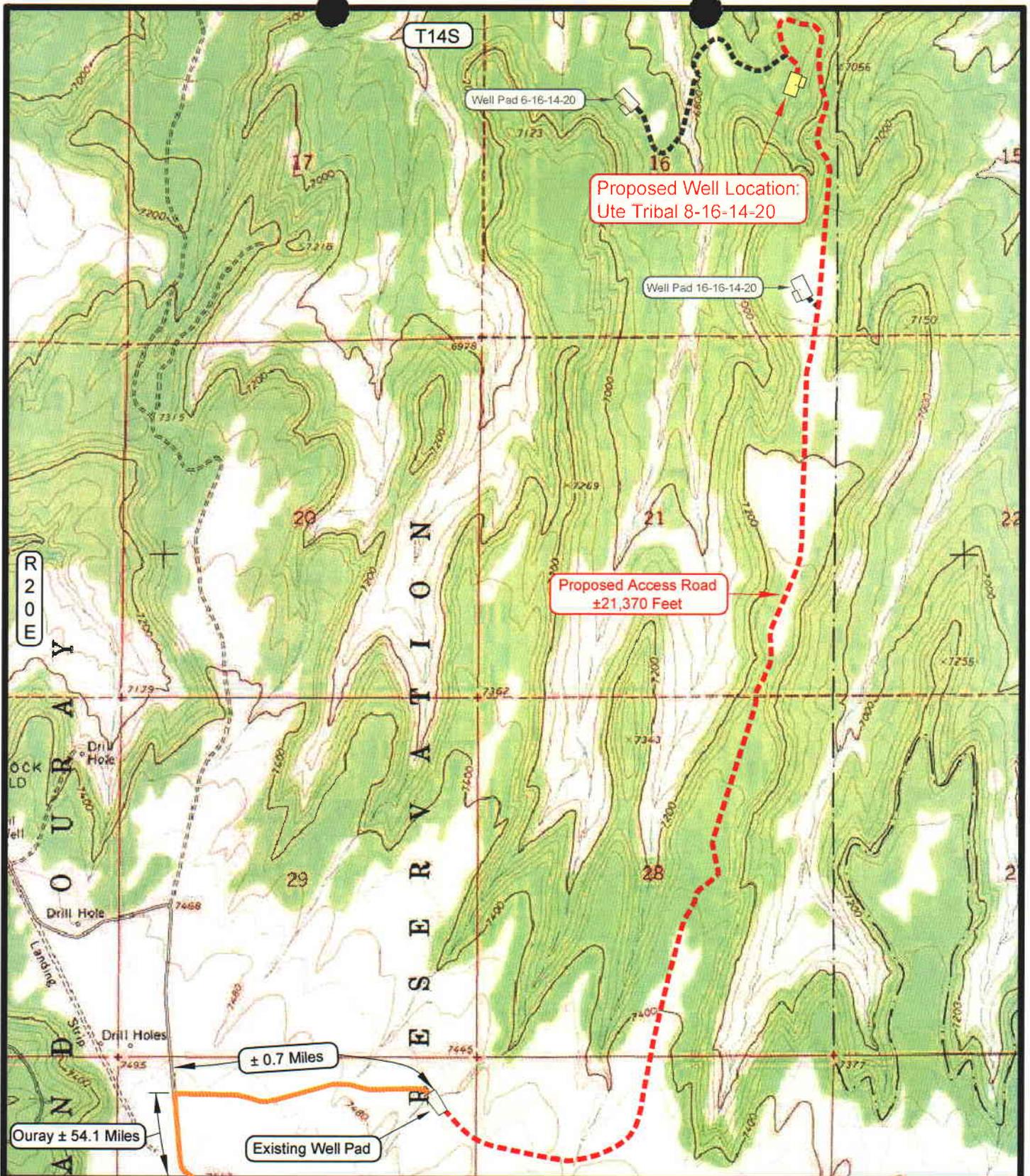
REVISED:

MILLER, DYER & CO. LLC

Ute Tribal 8-16-14-20
SECTION 16, T14S, R20E, S.L.B.&M.
1574' FNL & 632' FEL

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

SHEET
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OF 10



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

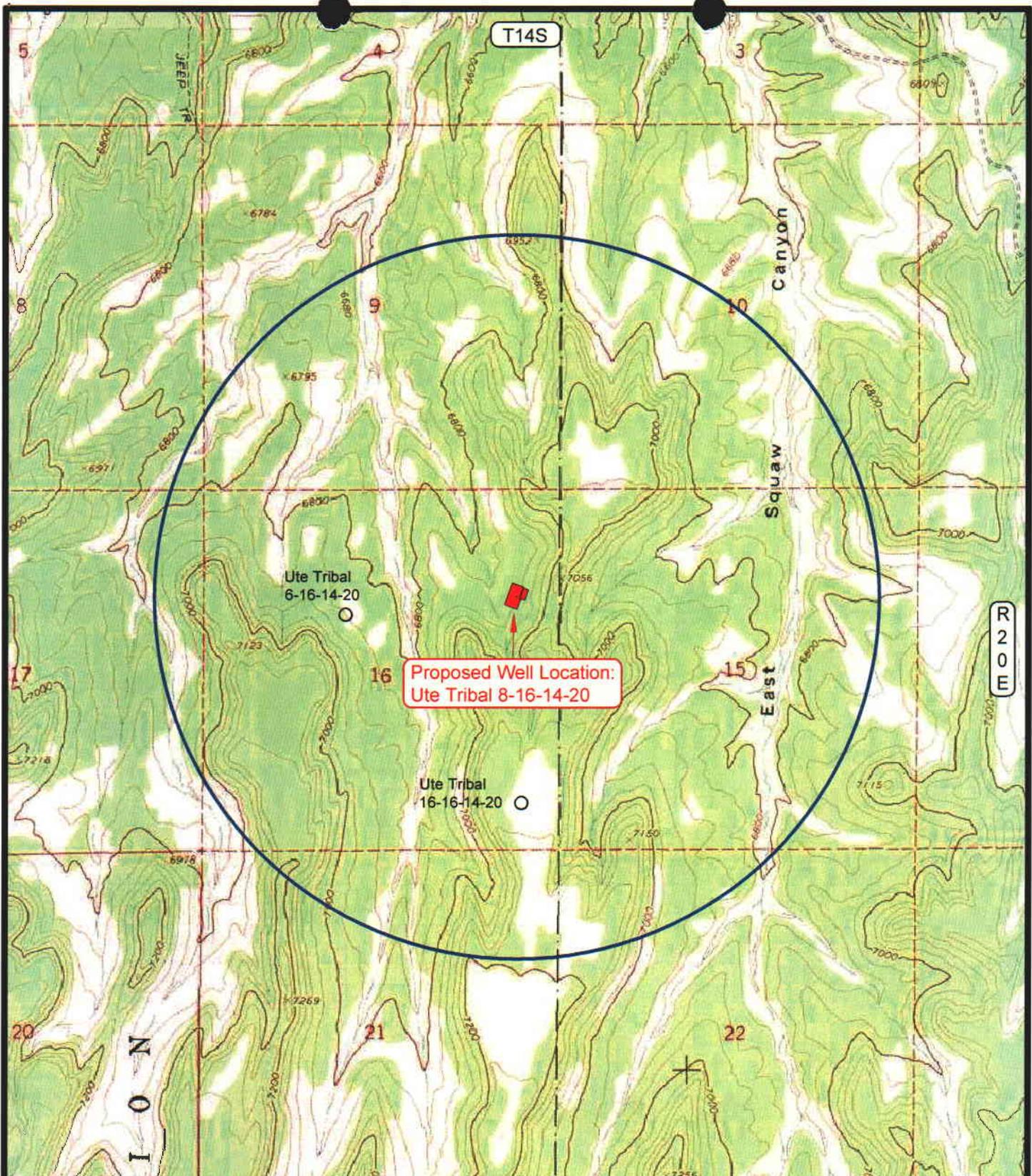
MILLER, DYER & CO. LLC

**Ute Tribal 8-16-14-20
SECTION 16, T14S, R20E, S.L.B.&M.
1574' FNL & 632' FEL**

TOPOGRAPHIC MAP "B"	DATE SURVEYED: 07-17-06
SCALE: 1" = 2000'	DATE DRAWN: 07-19-06
DRAWN BY: M.W.W.	REVISED:

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

**SHEET
8
OF 10**



LEGEND

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

MILLER, DYER & CO. LLC

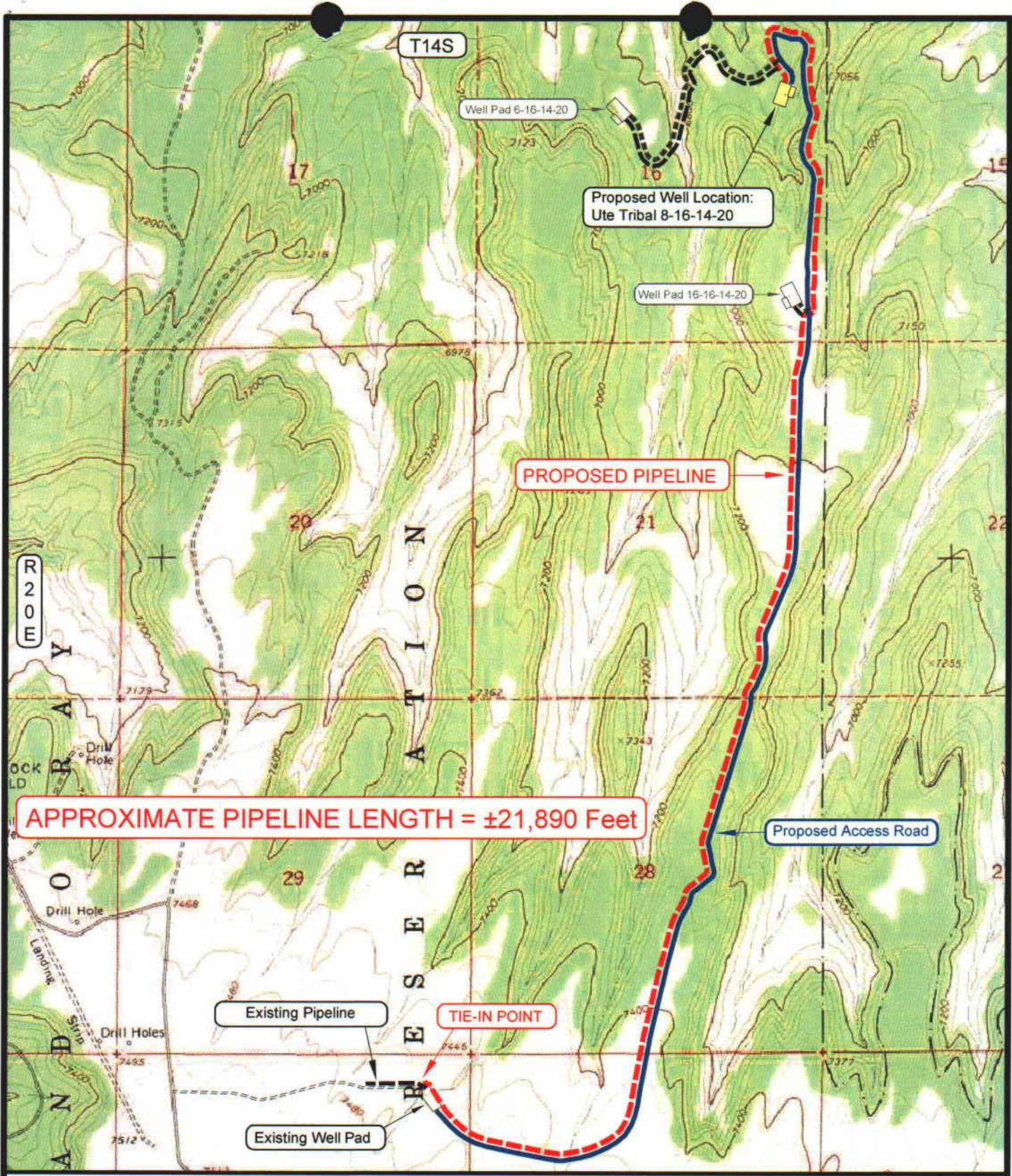
Ute Tribal 8-16-14-20
SECTION 16, T14S, R20E, S.L.B.&M.
1574' FNL & 632' FEL



TOPOGRAPHIC MAP "C"		DATE SURVEYED: 07-17-06
		DATE DRAWN: 07-20-06
SCALE: 1" = 2000'	DRAWN BY: M.W.W.	REVISED:

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

SHEET
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OF 10



APPROXIMATE PIPELINE LENGTH = ±21,890 Feet

LEGEND

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

MILLER, DYER & CO. LLC

**Ute Tribal 8-16-14-20
SECTION 16, T14S, R20E, S.L.B.&M.
1574' FNL & 632' FEL**

TOPOGRAPHIC MAP "D"	DATE SURVEYED: 07-17-06
SCALE: 1" = 2000'	DATE DRAWN: 07-20-06
DRAWN BY: M.W.W.	REVISED:



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

**SHEET
10
OF 10**

**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 08/24/2006

API NO. ASSIGNED: 43-047-38507

WELL NAME: UTE TRIBAL 8-16-14-20

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

CONTACT: JEFF LANG

PHONE NUMBER: 303-292-0949

PROPOSED LOCATION:

SENE 16 140S 200E
 SURFACE: 1574 FNL 0632 FEL
 BOTTOM: 1574 FNL 0632 FEL
 COUNTY: UINTAH
 LATITUDE: 39.60232 LONGITUDE: -109.6756
 UTM SURF EASTINGS: 613711 NORTHINGS: 4384249
 FIELD NAME: WILDCAT (1)

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	DLLD	10/20/06
Geology		
Surface		

LEASE TYPE: 3 - State
 LEASE NUMBER: ML-47502
 SURFACE OWNER: 2 - Indian

PROPOSED FORMATION: MVRD
 COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[] Ind[] Sta[] Fee[]
(No. RLB0008085)
- N Potash (Y/N)
- N Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. SEE FILE (14-26-H62-560))
- RDCC Review (Y/N)
(Date: 09/15/2006)
- NA Fee Surf Agreement (Y/N)
- NA Intent to Commingle (Y/N)

LOCATION AND SITING:

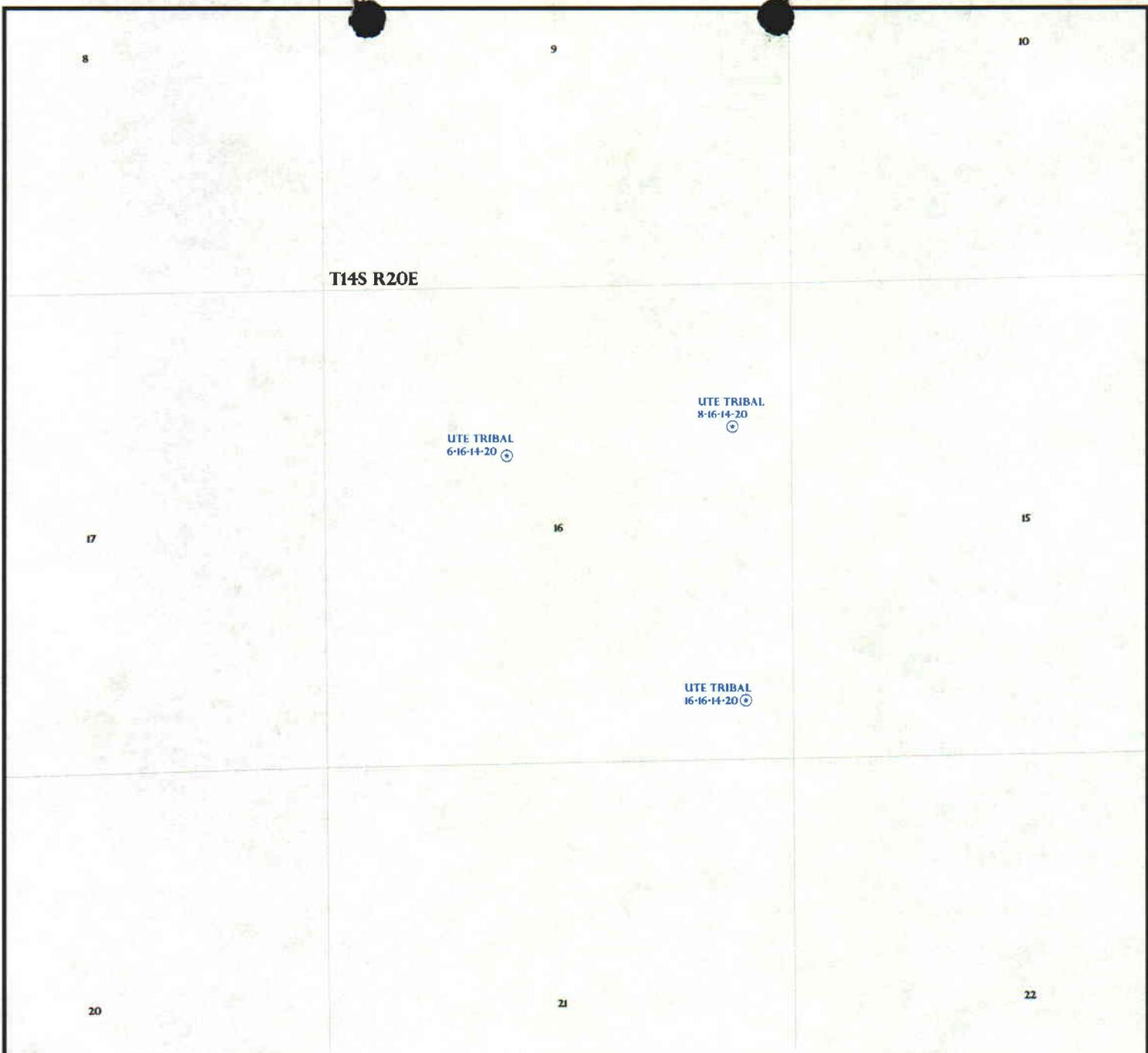
- R649-2-3.
- Unit: _____
- R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells
- R649-3-3. Exception
- Drilling Unit
- Board Cause No: _____
- Eff Date: _____
- Siting: _____
- R649-3-11. Directional Drill

COMMENTS: Needs Permit

STIPULATIONS: 1- Lease Approval

2- Spacing Strip

3- STATEMENT OF BASIS



OPERATOR: MILLER, DYIER & CO (N2580)

SEC: 16 T.14S R. 20E

FIELD: WILDCAT (001)

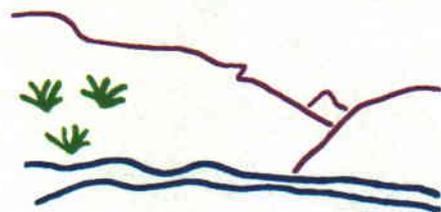
COUNTY: UINTAH

SPACING: R649-3-3 / EXCEPTION LOCATION

- Field Status**
- ABANDONED
 - ACTIVE
 - COMBINED
 - INACTIVE
 - PROPOSED
 - STORAGE
 - TERMINATED

- Unit Status**
- EXPLORATORY
 - GAS STORAGE
 - NF PP OIL
 - NF SECONDARY
 - PENDING
 - PI OIL
 - PP GAS
 - PP GEOTHERML
 - PP OIL
 - SECONDARY
 - TERMINATED

- Wells Status**
- ✕ GAS INJECTION
 - ✕ GAS STORAGE
 - ✕ LOCATION ABANDONED
 - ⊙ NEW LOCATION
 - ⊙ PLUGGED & ABANDONED
 - ✱ PRODUCING GAS
 - PRODUCING OIL
 - ✱ SHUT-IN GAS
 - SHUT-IN OIL
 - ✕ TEMP. ABANDONED
 - TEST WELL
 - △ WATER INJECTION
 - ⊙ WATER SUPPLY
 - ⊙ WATER DISPOSAL
 - ⊙ DRILLING



Utah Oil Gas and Mining



PREPARED BY: DIANA WHITNEY
DATE: 31-AUGUST-2006

Application for Permit to Drill

Statement of Basis

10/23/2006

Utah Division of Oil, Gas and Mining

Page 1

APD No	API WellNo	Status	Well Type	Surf Ownr	CBM
135	43-047-38507-00-00		GW	I	No
Operator	MILLER, DYER & CO, LLC	Surface Owner-APD			
Well Name	UTE TRIBAL 8-16-14-20	Unit			
Field	WILDCAT	Type of Work			
Location	SENE 16 14S 20E S 0 FL 0 FL GPS Coord (UTM) 613711E 4384249N				

Geologic Statement of Basis

Miller, Dyer & Co. proposes to set 500 feet of surface casing and 5,000 feet of production casing, both cemented to the surface. A search of Division of Water Rights records shows no water wells within a 10,000 foot radius of the center of Section 16. The base of the moderately saline water is estimated at 2,600 feet. The surface formation at the proposed location is the Green River Formation. The Green River Formation is made up of interbedded sandstones, limestones and shales. Fresh water can be expected to be found in the upper Green River. The proposed casing and cementing program should cover the entire Green River section and adequately protect the Green River aquifer.

Brad Hill
APD Evaluator

10/23/2006
Date / Time

Surface Statement of Basis

The Ute Indian Tribe is the surface owner at this location. The operator is responsible for obtaining any needed permits or rights of way before causing any surface disturbance or drilling.

Brad Hill
Onsite Evaluator

10/23/2006
Date / Time

Conditions of Approval / Application for Permit to Drill

Category	Condition
	None

STATE ACTIONS
Resource Development Coordinating Committee
Public Lands Policy Coordination Office
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 14, 2006
3. Title of proposed action: Application for Permit to Drill	
4. Description of Project: Miller, Dyer & Co., LLC proposes to drill the Ute Tribal 8-16-14-20 well (wildcat) on a State lease ML-47502, 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) 1574' FNL 632' FEL, SE/4 NE/4, Section 16, Township 14 South, Range 20 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  Gil Hunt, Associate Director Date: August 31, 2006

Casing Schematic

Surface

12%

18%

BHP
 $(0.1052)(5000)9.3 = 2418 \text{ psi}$
anticipate 2165

9-5/8"
MW 8.6
Frac 19.3

TOC @ 62.
TOC @ 0. ✓
Green River
Surface 500. MD

Gas
 $(.12)(5000) = 600$
 $2418 - 600 = 1818 \text{ psi}$
MASP

BOPE = 3000 ✓

Surf. CSG 3520
70% 2464 psi

2100' BMSW

2350' Wasatch

Max @ CSG shoe
 $4500(.22) = 990$
 $2418 - 990 = 1428 \text{ psi}$

Test to 1450 psi ✓
(± 1200 psi surf press)

✓ Adequate DUD 10/20/06

4600' Mesaverde

5-1/2"
MW 9.3

Production
5000. MD

6881
4750
2131

Well name:	09-06 Miller Dyer Ute Tribal 8-16-14-20	
Operator:	Miller, Dyer & Co., LLC	Project ID:
String type:	Surface	43-047-38507
Location:	Uintah County	

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: 75 °F
 Bottom hole temperature: 82 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 299 ft

Cement top: Surface

Burst

Max anticipated surface pressure: 1,816 psi
 Internal gradient: 0.120 psi/ft
 Calculated BHP 1,876 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: 436 ft

Non-directional string.

Re subsequent strings:

Next setting depth: 5,000 ft
 Next mud weight: 9,300 ppg
 Next setting BHP: 2,416 psi
 Fracture mud wt: 19,250 ppg
 Fracture depth: 5,000 ft
 Injection pressure: 5,000 psi

Run Seq	Segment Length (ft)	Size (In)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	500	9.625	36.00	J-55	ST&C	500	500	8.796	216.9

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	223	2020	9.047 ✓	1876	3520	1.88 ✓	16	394	25.09 J ✓

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

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

Date: October 18, 2006
 Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 500 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:	09-06 Miller Dyer Ute Tribal 8-16-14-20	
Operator:	Miller, Dyer & Co., LLC	Project ID:
String type:	Production	43-047-38507
Location:	Uintah County	

Design parameters:

Collapse
 Mud weight: 9.300 ppg
 Design is based on evacuated pipe.

Minimum design factors:

Collapse:
 Design factor 1.125

Burst:
 Design factor 1.00

Environment:

H2S considered? No
 Surface temperature: 75 °F
 Bottom hole temperature: 145 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 1,500 ft

Cement top: 62 ft

Burst

Max anticipated surface pressure: 1,316 psi
 Internal gradient: 0.220 psi/ft
 Calculated BHP 2,415 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: 4,296 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	5000	5.5	15.50	J-55	ST&C	5000	5000	4.825	668.2
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	2415	4040	1.673 ✓	2415	4810	1.99 ✓	67	202	3.03 J ✓

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

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

Date: October 18, 2006
 Salt Lake City, Utah

Remarks:
 Collapse is based on a vertical depth of 5000 ft, a mud weight of 9.3 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.

**MILLER
MDYER & CO. LLC**

475 Seventeenth Street, Suite 1200
Denver, Colorado 80202
P: 303-292-0949
F: 303-292-3901

August 31, 2006

Via: FAX (801) 359 3940

Ms. Diana Whitney
Division of Oil, Gas and Mining
P O Box 145801
Salt Lake City, UT 84114-5801

RE: Exception Location to Drill
Ute Tribal #8-16-14-20
Section 16, T14S R20E
ML-47502
Uintah County, Utah

Dear Ms. Whitney:

Miller, Dyer & Co. LLC, as Operator, is proposing to drill and has made application with the Division of Oil, Gas and Mining ("DOG M") for a permit to drill the following well:

Ute Tribal #8-16-14-20

Location: 1574' FNL, 632' FEL, (SENE) Section 16, T14S R20E, Uintah County, Utah

Lease: ML-47502; Record Title Owner - Chicago Energy Associates, LLC

Designated Operator: Miller, Dyer & Co. LLC (Designation on file with DOGM & SITLA)

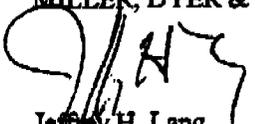
Pursuant to Rule R649-3-3, Miller, Dyer & Co. LLC is making application and seeking DOGM's administrative authority to grant an exception to the locating and siting requirements for this well.

The Ute Tribal #8-16-14-20 well is approximately 206' outside of the 200' drilling tolerance from the center of the 40-acre drilling unit designated as the SENE of Section 16. The location exception is necessary to facilitate an acceptable drilling location in this area of severe topography.

Chicago Energy Associates, LLC is the owner within a 460-foot radius of the proposed well location and is the owner of the offsetting drilling unit to the north, which is being crowded by this location.

Miller-Dyer and Chicago Energy Associates, LLC respectfully requests an administrative approval by the division of an exception location for the well referenced above.

Yours truly,
MILLER, DYER & CO. LLC


Jeffrey H. Lang
Vice President of Operations

RECEIVED

AUG 31 2006

DIV. OF OIL, GAS & MINING

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

*Miles, Ber 500
43-047-38507*

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 **Ellason 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.

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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

From: "Jeff Lang" <jlang@millerdyer.com>
To: "Diana Whitney" <dianawhitney@utah.gov>
Date: 9/5/2006 2:31:41 PM
Subject: RE: Chicago Energy

Diana -

Yes. Miller, Dyer & Co. LLC is the manager for Chicago Energy Associates and we are authorized to sign on their behalf.

Jeff

-----Original Message-----

From: Diana Whitney [mailto:dianawhitney@utah.gov]
Sent: Tuesday, September 05, 2006 2:25 PM
To: Jeff Lang
Subject: Chicago Energy

Jeff,

Do you have Chicago Energy's consent?

Diana

CC: "John Dyer" <jdyer@millerdyer.com>, "Jeff Lang" <jlang@millerdyer.com>

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: ML-47502	6. SURFACE: Indian
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>			7. IF INDIAN, ALLOTTEE OR TRIBE NAME: Ute Indian Tribe	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>			8. UNIT or CA AGREEMENT NAME: N/A	
2. NAME OF OPERATOR: Miller, Dyer & Co., LLC			9. WELL NAME and NUMBER: Ute Tribal 8-16-14-20	
3. ADDRESS OF OPERATOR: 475 17th St Suite 1200 CITY Denver STATE CO ZIP 80202		PHONE NUMBER: (303) 292-0949	10. FIELD AND POOL, OR WILDCAT: Wildcat	
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 1574 FNL 632 FEL AT PROPOSED PRODUCING ZONE: SAME			11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SENE 16 14S 20E S	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: See Topo Map "A" (Attached)			12. COUNTY: Uintah	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 632	16. NUMBER OF ACRES IN LEASE: 1280	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40		
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 2880	19. PROPOSED DEPTH: 5,000	20. BOND DESCRIPTION: RLB0008085		
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 6881 GR	22. APPROXIMATE DATE WORK WILL START: 10/1/2006	23. ESTIMATED DURATION: 3 Weeks		

24. **PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT		
12-1/4"	9-5/8" J-55 36#	500	Standard Type 5	272 sacks	1.18 15.6
8-3/4"	5-1/2" J-55 15.5#	5,000	Hi-Fill & Poz Prem	976 sacks	3.84 & 1.25 11 & 14.35

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) Jeff Lang TITLE Vice President of Operations
 SIGNATURE [Signature] DATE 10/11/06

(This space for State use only)

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

API NUMBER ASSIGNED: 43-647-38507

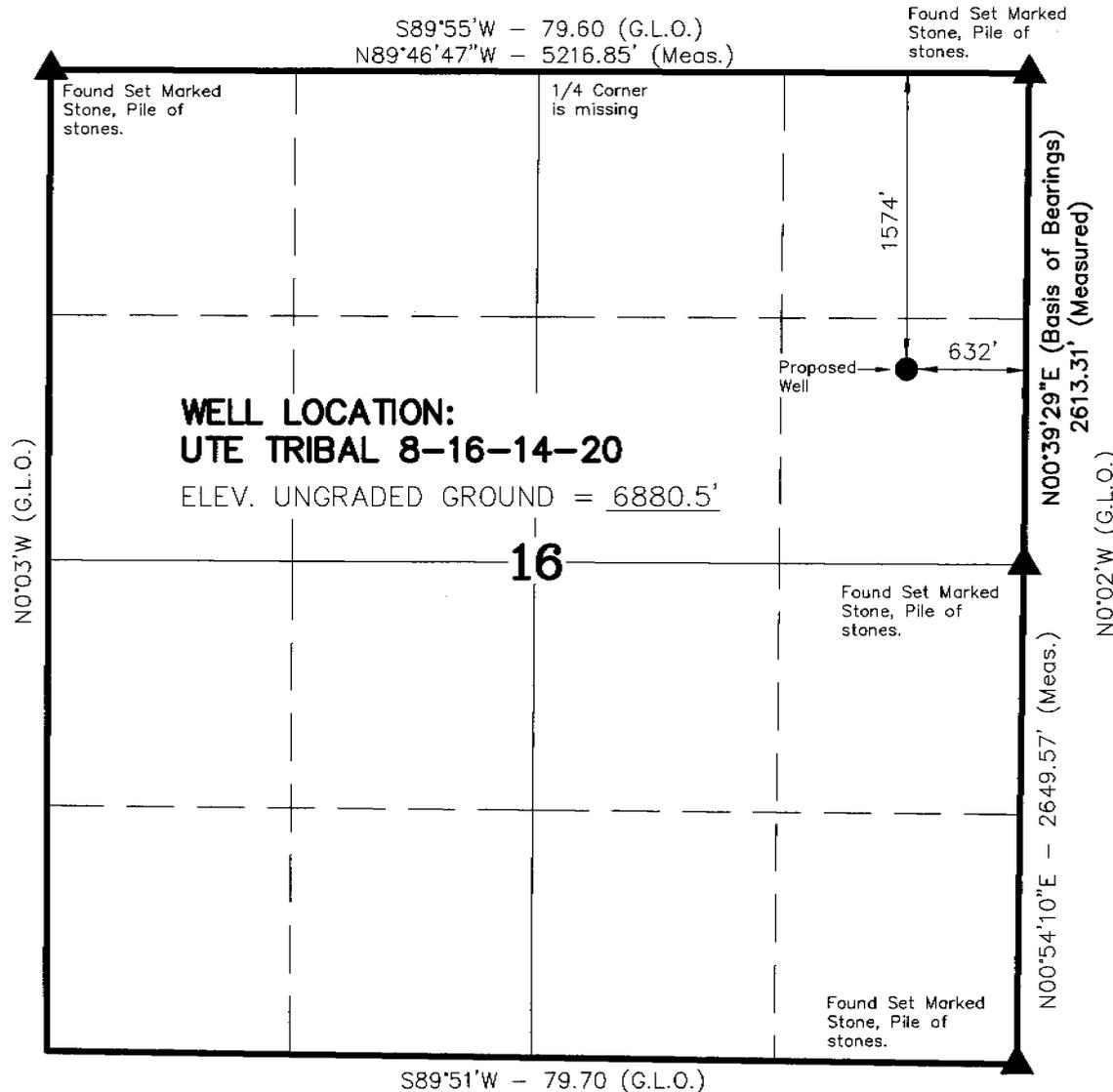
APPROVAL: [Signature]
 Date: 10-23-06
 By: [Signature]

**RECEIVED
OCT 13 2006
DIV. OF OIL, GAS & MINING**

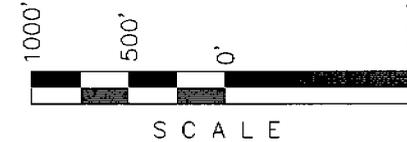
(11/2001) Federal Approval of this

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

MILLER, DYER & CO. LLC



WELL LOCATION, UTE TRIBAL 8-16-14-20,
 LOCATED AS SHOWN IN THE SE 1/4 NE 1/4
 OF SECTION 16, T14S, R20E, S.L.B.&M.
 UINTAH COUNTY, UTAH.



NOTES:

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

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD 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.

John R. Slaugh
 REGISTERED LAND SURVEYOR
 REGISTRATION No. 6028691
 STATE OF UTAH
 REGISTRATION No. 362251

▲ = SECTION CORNERS LOCATED
 BASIS OF ELEVATION IS BENCH MARK 60 WF 1952
 LOCATED IN THE SW 1/4 OF SECTION 35, T14S,
 R20E, S.L.B.&M. THE ELEVATION OF THIS BENCH
 MARK IS SHOWN ON THE FLAT ROCK MESA 7.5 MIN.
 QUADRANGLE AS BEING 7363'.

UTE TRIBAL 8-16-14-20
 (Proposed Well Head)
 NAD 83 Autonomous
 LATITUDE = 39° 36' 07.89"
 LONGITUDE = 109° 40' 34.31"

TIMBERLINE LAND SURVEYING, INC.

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

DATE SURVEYED: 07-17-06	SURVEYED BY: B.J.S.	SHEET 2 OF 10
DATE DRAWN: 07-19-06	DRAWN BY: M.W.W.	
SCALE: 1" = 1000'	Date Last Revised:	

4. **Casing Program**

	Setting Depth	Hole Size	Casing O.D.	Grade	Weight/Ft.	Thread
Conductor	40'	20"	16"	Conductor	0.250" wall	
Surface	0' - 500'	12-1/4"	9-5/8"	J-55	36#	STC
Production	0' - 5,000'	8-3/4"	5-1/2"	J-55	15.5#	STC

- Subject to review on the basis of actual conditions encountered. Production casing depth will be adjusted based on results.

Cement Program

Conductor Casing: 0'-40'

Ready Mix to surface

Surface Casing: 0' - 500'

Cement:

0'-500'

15.6 ppg Standard Type V

2% CaCl₂

¼ #/sk cello flake

Cement yield = 1.18 ft³/sk w/ 5 gal/sk water

Annular volume = 500' * 0.3132 ft³/ft = 156.6 ft³

Excess = 105% (Assumes 18% washout or 14.5" hole diameter)

Total volume w/ excess = 156.6 ft³ * 2.05 = 321.0 ft³

Cement Requirement = 321.0 ft³ / 1.18 ft³/sk = 272 sks

Production Casing: 0'-5,000'

Lead Cement:

0'-2500'

11.0 ppg Halliburton Hi-Fill (or equivalent)

16% Bentonite (light weight additive)

0.75% Econolite (light weight additive)

10 #/sk gilsonite (lost circulation additive)

0.25 #/sk Flocele (lost circulation additive)

3% salt

1% HR-7 (retarder)

Cement yield = 3.84 ft³/sk w/ 23 gal/sk water

Volume inside surface casing = $500' * 0.2691 \text{ ft}^3/\text{ft} = 134.6 \text{ ft}^3$
 Excess = 0%
 Annular volume = $2000' * 0.2526 \text{ ft}^3/\text{ft} = 505.2 \text{ ft}^3$
 Excess = 35%
 Annular volume w/ excess = $505.2 \text{ ft}^3 * 1.35 = 682.0 \text{ ft}^3$
 Total volume = $134.6 + 682.0 = 816.6 \text{ ft}^3$
Lead Cement Requirement = $816.6 \text{ ft}^3 / 3.84 \text{ ft}^3/\text{sk} = 213 \text{ sks}$

Tail Cement:

2500'-5000' plus shoe joint
 14.35 ppg 50/50 Poz Premium
 0.6% Halad® - 322 (Low Fluid Loss Control)
 2% Microbond M (Cement Material)
 5% Salt
 ¼ #/sk Flocele (Loct Circulation Additive)
 0.2% HR-5 (Retarder)
 Cement yield = $1.25 \text{ ft}^3/\text{sk} \text{ w/ } 5.46 \text{ gal/sk water}$
 Annular volume = $2500' * 0.2526 \text{ ft}^3/\text{ft} = 631.5 \text{ ft}^3$
 Excess = 50%
 Total annular volume w/ excess = $631.5 \text{ ft}^3 * 1.50 = 947.3 \text{ ft}^3$
 Shoe volume = $45' * 0.1336 \text{ ft}^3/\text{ft} = 6.0 \text{ ft}^3$
 Excess (shoe) = 0%
 Total volume w/ excess (incl. shoe) = $947.3 + 6.0 = 953.3 \text{ ft}^3$
Tail Cement Requirement = $953.3 \text{ ft}^3 / 1.25 \text{ ft}^3/\text{sk} = 763 \text{ sks}$

Displacement Volume:

$4955' * 0.0238 \text{ bbl}/\text{ft} = 117.9 \text{ bbls}$

5. Mud Program (visual monitoring)

Interval	Mud Type	Weight	Viscosity	Fluid Loss
0'- 2,400'	Water/Gel/Lime/Native Clays	8.3-8.6 ppg	33-36 sec/qt	N/C
2,400'- 5000'	KCl/Polymer or DAP/Polymer	9.0-9.3 ppg	38-42 sec/qt	8-10cc

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

6. Testing, Logging, Coring

- a. Drill stem tests – non anticipated
- b. Electric logs - DIL/SP/GR, FDC/CNL/CAL/PE/GR, both from TD to surface



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 23, 2006

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

Re: Ute Tribal 8-16-14-20 Well, 1574' FNL, 632' FEL, SE NE, Sec. 16, T. 14
South, R. 20 East, Uintah County, Utah

Gentlemen:

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

Appropriate information has been submitted to DOGM and administrative approval of the requested exception location is hereby 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 43-047-38507.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

cc: Uintah County Assessor
SITLA

Operator: Miller, Dyer & Co., LLC
Well Name & Number Ute Tribal 8-16-14-20
API Number: 43-047-38507
Lease: ML-47502

Location: SE NE Sec. 16 T. 14 South R. 20 East

Conditions of Approval

1. **General**
Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for Permit to Drill.
2. **Notification Requirements**
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. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.

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



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

December 10, 2007

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

Re: APD Rescinded –Ute Tribal 8-16-14-20 Sec. 16 T. 14S R. 20E
Uintah County, Utah API No. 43-047-38507

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 23, 2006.

No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective December 10, 2007.

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

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

Sincerely,


Diana Mason
Environmental Scientist

cc: Well File
SITLA, Ed Bonner

