



August 17, 2006

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

**RE: Exception Location
J. Gentry 17-24
2424' FNL, 216' FEL
SENE Section 17-7S-20E
Uintah County, UT**

To Whom It May Concern:

Please refer to the State Oil and Gas Conservation Rule R649-3-3. The J. Gentry 17-24 location is an exception to siting requirements of R649-3-2 because it is not located within 200 feet from the center of the 40-acre quarter-quarter section.

The exception is necessary to accommodate the request of the surface owner to avoid placing the well and access road in the center of an irrigated hay pasture.

This proposed well location is within the Aurora "Deep" Unit which Elk Resources, Inc. is the Operator and controls 100% of the working interest ownership of the adjacent working interest tracts pursuant to a Farmout Agreement with EnCana Oil & Gas (USA), Inc. and the Aurora Deep Unit Operating Agreement. EnCana's concurrence to this 17-24 location is noted in the Designation of Agent or Operator form (Form 5). There are no additional lease owners within 460 feet of the proposed well location. The proposed well is not being drilled less than 920 feet from any other well capable of producing oil or gas. See attached plat.

If you have any questions, please contact me.

Sincerely,

Karin Kuhn
Sr. Engineering Technician

CONFIDENTIAL



November 14, 2006

RECEIVED

NOV 15 2006

VIA OVERNIGHT MAIL

DIV. OF OIL, GAS & MINING

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

**RE: Application for Permit to Drill
J. Gentry 17-24
SENE Section 17-7S-20E SLB&M
Uintah County, UT**

Dear Diana:

Enclosed is our Application for Permit to Drill for the subject well location. Please keep this application "**CONFIDENTIAL**". Included with the APD is the following supplemental information:

Survey plats and layouts of the proposed well site;
Proposed location map with access corridors;
Drilling Plan
Typical BOP and Choke Manifold diagram;
Form 5;
Location Exception Letter and plat;
Surface Use Plan and Surface Damage Agreement.

Should you require any additional information, please contact me or Layle Robb at (303) 296-4505.

Sincerely,

Karin Kuhn
Sr. Engineering Technician

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: NA	
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: NA	
2. NAME OF OPERATOR: Elk Resources, Inc.			9. WELL NAME and NUMBER: J. Gentry 17-24	
3. ADDRESS OF OPERATOR: 1401 17th St., Suite 700 CITY Denver STATE CO ZIP 80202		PHONE NUMBER: (303) 296-4505	10. FIELD AND POOL, OR WILDCAT: Wildcat	
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 2424' FNL, 216' FEL <i>6119784</i> AT PROPOSED PRODUCING ZONE: 2424' FNL, 216' FEL <i>44518314</i>			CONFIDENTIAL	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: Approx. 21.6 miles southwest of Vernal, UT			11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SENE 17 7S 20E S	12. COUNTY: Uintah
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 216'			16. NUMBER OF ACRES IN LEASE: 90	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) NA			19. PROPOSED DEPTH: 15,600	20. BOND DESCRIPTION: B000969
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 4855' GR			22. APPROXIMATE DATE WORK WILL START: 1/1/2007	23. ESTIMATED DURATION: 60 Days + 30 Days Completion

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	13 3/8" H-40 48#	880	765 sx Class V See drlg plan
12 1/4	10 3/4" N-80 51#	5,000	See drlg plan
9 1/2	7 5/8" P-110 33.7#	11,000	See drlg plan
6 1/2	5" P-110 18#	15,600	See drlg plan

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

NAME (PLEASE PRINT) Karin Kuhn TITLE Sr. Engineering Technician

SIGNATURE *Karin Kuhn* DATE 11/1/2006

(This space for State use only)

API NUMBER ASSIGNED: 43-047-38865

APPROVAL:

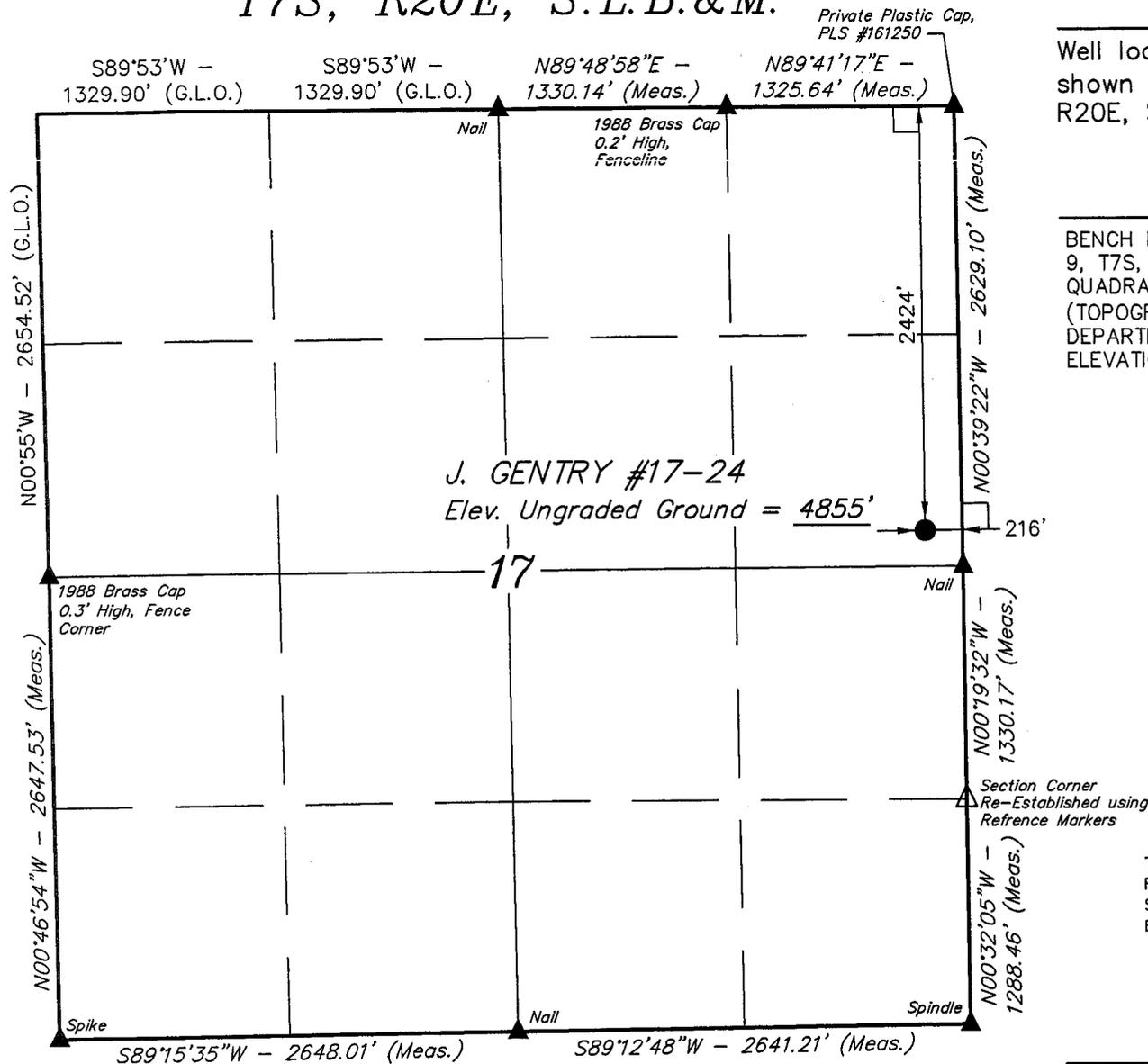
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DIV. OF OIL, GAS & MINING

T7S, R20E, S.L.B.&M.

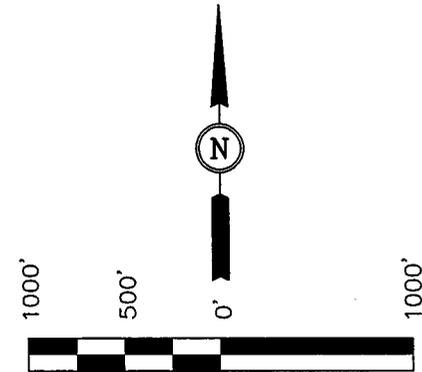
ELK RESOURCES, INC.

Well location, J. GENTRY #17-24, located as shown in the SE 1/4 NE 1/4 of Section 17, T7S, R20E, S.L.B.&M. Uintah County, Utah.



BASIS OF ELEVATION

BENCH MARK (38EAM) LOCATED IN THE SW 1/4 OF SECTION 9, T7S, R20E, S.L.B.&M. TAKEN FROM THE PELICAN LAKE QUADRANGLE, UTAH, UINTAH COUNTY, 7.5 MINUTE SERIES (TOPOGRAPHICAL MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 4942 FEET.



SCALE

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.

Robert Alan
REGISTERED LAND SURVEYOR
REGISTRATION NO. 161319
STATE OF UTAH

BASIS OF BEARINGS

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

(AUTONOMOUS NAD 83)
LATITUDE = 40°12'40.52" (40.211256)
LONGITUDE = 109°41'05.50" (109.684861)
(AUTONOMOUS NAD 27)
LATITUDE = 40°12'40.66" (40.211294)
LONGITUDE = 109°41'03.00" (109.684167)

LEGEND:

- └─┘ = 90° SYMBOL
- = PROPOSED WELL HEAD.
- ▲ = SECTION CORNERS LOCATED.
- △ = SECTION CORNERS RE-ESTABLISHED. (Not Set on Ground)

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

SCALE 1" = 1000'	DATE SURVEYED: 01-25-06	DATE DRAWN: 02-15-06
PARTY D.A. C.F. P.M.	REFERENCES G.L.O. PLAT	
WEATHER COLD	FILE ELK RESOURCES, INC.	

DRILLING PLAN

Elk Resources, Inc.
J. Gentry 17-24
SENE of Section 17, T7S, R20E, S.L.B. & M.
Uintah County, Utah

1,2,3 Estimated Tops of Geological Markers and Formations Expected to Contain Water, Oil and Gas and Other Minerals

<u>Formation</u>	<u>Depth</u>
Uinta	800'
Green River	3,346'*
Wasatch	7,420'*
Mesaverde	11,195'*
Castle Gate	14,205'
Mancos	14,294'
Mancos B	14,570'*
Proposed TD	15,600'

PROSPECTIVE PAY* oil and gas

4 Casing Program

<u>HOLE</u> <u>SIZE</u>	<u>SETTING DEPTH</u>		<u>SIZE</u>	<u>WEIGHT</u>	<u>GRADE</u>	<u>THREAD</u>	<u>COND.</u>
	<u>from</u>	<u>to</u>					
26"	surface	40'	20"				
17 1/2"	surface	500'	13 3/8"	48#	H-40	ST&C	New
12 1/4"	surface	5,000'	9 5/8"	40#	J-55	ST&C	New
8 3/4"	surface	10,500'	7"	26#	P-110	LT&C	New
6 1/4"	surface	15,600'	4 1/2"	13.5#	P-110	LT&C	New

5 Cementing Program (Volumes other than tail volumes will be calculated from caliper logs.)

20" Conductor Ready mix

13-3/8" Surface Lead: 185 sx light wt. with 1% CaCl and 1/4 lb/sx celloflake mixed 12.8 lb/gal., 1.78 cf/sk yield (75% excess on total volumes).
Tail: 225 sx Type V with 2% CaCl and 1/4 lb/sx celloflake mixed 15.6 lb/gal., 1.2 cf/sk yield.

9 5/8" Intermediate Stage 1: 705 sx 50-50 Pozmix with 2% CaCl and LCM mixed at 14.3 ppg, 1.25 cf/sk yield.

DV @ ±3200' Stage 2: Lead 750 sx 50-50 Pozmix with 8% bentonite and 10% Cal-Seal mixed at 12.5 ppg, 1.98 cf/sk yield; Second stage tail: 125 sx Premium Plus V with 1% CaCl mixed at 15.6 ppg, 1.19 cf/sk yield.
(Estimated top of cement second stage at surface with 65% excess).

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7”
 DV @ ±9000’
 Stage 1: 160 sx 50/50 Poz + 2% gel + 6% Halad-322 + 1 pps Granulite + 5% salt + ¼ pps Flocele; 14.4 ppg, 1.41 cf/sk (no excess).
 Stage 2: Lead 315 sx HiFill + 16% gel + 0.75% Econolite + 7.5 pps gilsonite + ¼ Flocele; 11.0 ppg, 3.81 cf/sx.
 Tail 480 sx 50/50 Poz + 2% gel + 6% Halad-322 + 1 pps Granulate + 5% salt + ¼ pps Flocele; 14.4 ppg, 1.41 cf/sk. Cement top to be 500’ into 9-5/8” protection string.

4 1/2”
 DV @ ±12,000’
 Stage 1: 350 sx 50/50 Poz 2% gel + 0.3% CFR-3 + 0.15% HR+ 12 + 20% SSA-1 + 0.4% Halad-344; 14.35 ppg, 1.41 cf/sk (35% excess).
 Stage 2: 145 sx 50/50 Poz 2% gel + 0.3% CF-3 + 0.15% HR + 12 + 20% SSA-1 + 0.4% Halad-344, 14.35 ppg, 1.41 cf/sk (35% excess). Cement top to be a minimum of 500’ into 7” intermediate string.

6 Mud Program

Elk Resources, Inc. will record slow pump speed on daily drilling report after mudding up.

Elk shall use electronic/mechanical mud monitoring equipment, which shall include a pit volume totalizer (PVT); stroke counter; and flow sensor.

A mud test will be performed at least every 24 hours after mudding up to determine density, viscosity, gel strength, filtration, and pH.

Gas-detecting equipment will be installed and operated in the mud-return system.

A flare system will be used that gathers and burns all gas. The flare line(s) shall discharge at least 100 feet from the well head with straight lines and shall be positioned downwind of the prevailing wind direction and shall be anchored.

A mud-gas separator (gas buster) shall be used from surface casing to TD.

As per 43 CFR 3160, Onshore Oil and Gas Order No. 2, Drilling Operations, C. Mud Program Requirements.

<u>INTERVAL</u>	<u>WEIGHT</u>	<u>VISCOSITY</u>	<u>FLUID LOSS</u>	<u>REMARKS</u>
Surf. - 880’	N/A			Water
880 – 4500’	8.4 / 8.6 ppg	32	NC	Spud Mud
4500 – 10000’	8.4 / 9.0 ppg	28	NC	KCL Water/Gel
10000 – 14600’	9.0/12.0 ppg	34	10	KCL/Gel/Polymer

7 BOP and Pressure Containment Data

Depth Intervals

Surf. - 1000'
1000' - 9700'
9700' - TD

BOP Equipment

None
3000# Ram type double BOP and annular
5,000# Ram type double BOP and 5000# annular
10,000# Ram type double BOP and 5000# annular

Estimated bottom hole pressure at TD will be 9100 psi. Drilling spool to accommodate choke and kill lines.

ANCILLARY EQUIPMENT RATED AT 5000# OR 10,000# AS NEEDED TO MATCH BOPE. ALL BOP AND BOPE TESTS WILL BE IN ACCORDANCE WITH THE REQUIREMENTS OF THE STATE OF UTAH.

THE STATE OF UTAH, DIVISION OF OIL, GAS AND MINING WILL BE NOTIFIED 24 HOURS IN ADVANCE OF ALL BOPE PRESSURE TESTS.

8 Auxiliary equipment

- a) Upper and Lower Kelly cock
- b) Floor stabbing valve 5,000#
- c) Safety valve(s) and subs to fit all string connections in use

9 Testing, Logging and Core Programs

Cores None anticipated
Testing None anticipated
Sampling 30' samples surface casing to 2500', 10' thereafter.
Surveys Run every 1000' and on trips
Logging Resistivity, neutron density, and caliper from TD to surface casing. Gamma ray from TD to surface

10 Anticipated Abnormal Pressures or Temperatures

Minor over-pressuring begins near the top of the Wasatch at 9950' with 9.5 ppg typically being required as TD is approached.

11 Drilling Schedule

Spud February 1, 2007
Duration 45- 55 days drilling time
30 days completion time

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HAZARDOUS MATERIAL DECLARATION

J. Gentry 17-24

Elk Resources, Inc. guarantees that during the drilling and completion of the above referenced well, we will not use, produce, or store, transport or dispose 10,000# annually of any of the hazardous chemicals contained in the Environmental Protection Agency's consolidated list of chemicals subject to reporting under Title III Super Amendments and Reauthorization Act (SARA) of 1986.

Elk Resources, Inc. guarantees that during the drilling and completion of the above referenced well, we will use, produce, store, transport, or dispose less than the threshold planning quantity (TPQ) of any extremely hazardous substances as defined in 40 CFR 355.

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DRILLING PLAN

Elk Resources, Inc.
J. Gentry 17-24
SENE of Section 17, T7S, R20E, S.L.B. & M.
Uintah County, Utah

1,2,3 **Estimated Tops of Geological Markers and Formations Expected to Contain Water, Oil and Gas and Other Minerals**

<u>Formation</u>	<u>Depth</u>
Uinta	800'
Green River	3,346'*
Wasatch	7,420'*
Mesaverde	11,195'*
Castle Gate	14,205'
Mancos	14,294'
Mancos B	14,570'*
Proposed TD	15,600'

PROSPECTIVE PAY* oil and gas

4 **Casing Program**

<u>HOLE</u> <u>SIZE</u>	<u>SETTING DEPTH</u>		<u>SIZE</u>	<u>WEIGHT</u>	<u>GRADE</u>	<u>THREAD</u>	<u>COND.</u>
	<u>from</u>	<u>to</u>					
26"	surface	50-75'	20"				
17 1/2"	surface	880'	13 3/8"	48#	H-40	ST&C	New
12 1/4"	surface	*5,000'	10 3/4"	51#	N-80	ST&C	New
9 1/2"	surface	±11,000'	7 5/8"	33.7#	P-110	LT&C	New
6 1/2"	surface	15,600'	5"	18#	P-110	LT&C	New

*Contingency string to be used if the "Birds Nest" loss zone is encountered.

5 **Cementing Program** (Volumes other than tail volumes will be calculated from caliper logs.)

20" Conductor	Ready mix
13 3/8"	765 sx Class V + 2% CaCl + 1/4 pps Flocele: 15.6 ppg, 1.2 cf/sk (50% excess). Cement to surface, top out as needed.
10 3/4"	Stage 1: 275 sx 50/50 Poz + 2% gel + 6% Halad-322 + 1 pps Granulite + 5% salt + 1/4 pps Flocele; 14.4 ppg, 1.41 cf/sk (15% excess). Stage 2: Lead 230 sx HiFill + 16% gel + 0.75% Econolite + 7.5 pps gilsonite + 1/4 Flocele; 11.0 ppg, 3.81 cf/sk (200% excess).
DV @ ±3200'	Tail 200 sx 50/50 Poz + 2% gel + 6% Halad-322 + 1 pps Granulate + 5% salt. Cement to surface, top out as needed.

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7 5/8" Stage 1: 400 sx 50/50 Poz + 2% gel + 6% Halad-322 + 1 pps Granulite + 5% salt + 1/4 pps Flocele; 14.4 ppg, 1.41 cf/sk (no excess).
 DV @ ±7800' Stage 2: Lead 260 sx HiFill + 16% gel + 0.75% Econolite + 7.5 pps gilsonite + 1/4 Flocele; 11.0 ppg, 3.81 cf/sx (200% excess). **NOTE: If 10 3/4" OD casing is not run, protect to 2000' w/ 930 sx instead of 150 sx.**
 Tail 250 sx 50/50 Poz + 2% gel + 6% Halad-322 + 1 pps Granulate + 5% salt + 1/4 pps Flocele; 14.4 ppg, 1.41 cf/sk. Cement top to be 500' into 10 3/4" protection string.

5" 460 sx 50/50 Poz 2% gel + 0.3% CFR-3 + 0.15% HR+12 + 20% SSA-1 + 0.4% Halad-344; 14.35 ppg, 1.41 cf/sk (35% excess). Cement top to be a maximum of 500' into 7 5/8" intermediate casing.

6 Mud Program

Elk Production, LLC will record slow pump speed on daily drilling report after mudding up.

Elk shall use electronic/mechanical mud monitoring equipment, which shall include a pit volume totalizer (PVT); stroke counter; and flow sensor.

A mud test will be performed at least every 24 hours after mudding up to determine density, viscosity, gel strength, filtration, and pH.

Gas-detecting equipment will be installed and operated in the mud-return system.

A flare system will be used that gathers and burns all gas. The flare line(s) shall discharge at least 100 feet from the well head with straight lines and shall be positioned downwind of the prevailing wind direction and shall be anchored.

A mud-gas separator (gas buster) shall be used from surface casing to TD.

As per 43 CFR 3160, Onshore Oil and Gas Order No. 2, Drilling Operations, C. Mud Program Requirements.

<u>INTERVAL</u>	<u>WEIGHT</u>	<u>VISCOSITY</u>	<u>FLUID LOSS</u>	<u>REMARKS</u>
Surf. - 880'	N/A			Water
880 - 4500'	8.4 / 8.6 ppg	32	NC	Spud Mud
4500 - 10000'	8.4 / 9.0 ppg	28	NC	KCL Water/Gel
10000 - 14600'	9.0/12.0 ppg	34	10	KCL/Gel/Polymer

7 BOP and Pressure Containment Data

<u>Depth Intervals</u>	<u>BOP Equipment</u>
Surf. - 1000'	None
1000' - 9700'	3000# Ram type double BOP and annular

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9700' – TD

5,000# Ram type double BOP and 5000# annular
10,000# Ram type double BOP and 5000# annular

Estimated bottom hole pressure at TD will be 9100 psi. Drilling spool to accommodate choke and kill lines.

ANCILLARY EQUIPMENT RATED AT 5000# OR 10,000# AS NEEDED TO MATCH BOPE. ALL BOP AND BOPE TESTS WILL BE IN ACCORDANCE WITH THE REQUIREMENTS OF THE STATE OF UTAH.

THE STATE OF UTAH, DIVISION OF OIL, GAS AND MINING WILL BE NOTIFIED 24 HOURS IN ADVANCE OF ALL BOPE PRESSURE TESTS.

8 **Auxiliary equipment**

- a) Upper and Lower Kelly cock
- b) Floor stabbing valve 5,000#
- c) Safety valve(s) and subs to fit all string connections in use

9 **Testing, Logging and Core Programs**

Cores	None anticipated
Testing	None anticipated
Sampling	30' samples surface casing to 2500', 10' thereafter.
Surveys	Run every 1000' and on trips
Logging	Resistivity, neutron density, and caliper from TD to surface casing. Gamma ray from TD to surface

10 **Anticipated Abnormal Pressures or Temperatures**

Minor over-pressuring begins near the top of the Wasatch at 9950' with 9.5 ppg typically being required as TD is approached.

11 **Drilling Schedule**

Spud	January 1, 2007
Duration	45- 55 days drilling time 30 days completion time

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HAZARDOUS MATERIAL DECLARATION

J. Gentry 17-24

Elk Resources, Inc. guarantees that during the drilling and completion of the above referenced well, we will not use, produce, or store, transport or dispose 10,000# annually of any of the hazardous chemicals contained in the Environmental Protection Agency's consolidated list of chemicals subject to reporting under Title III Super Amendments and Reauthorization Act (SARA) of 1986.

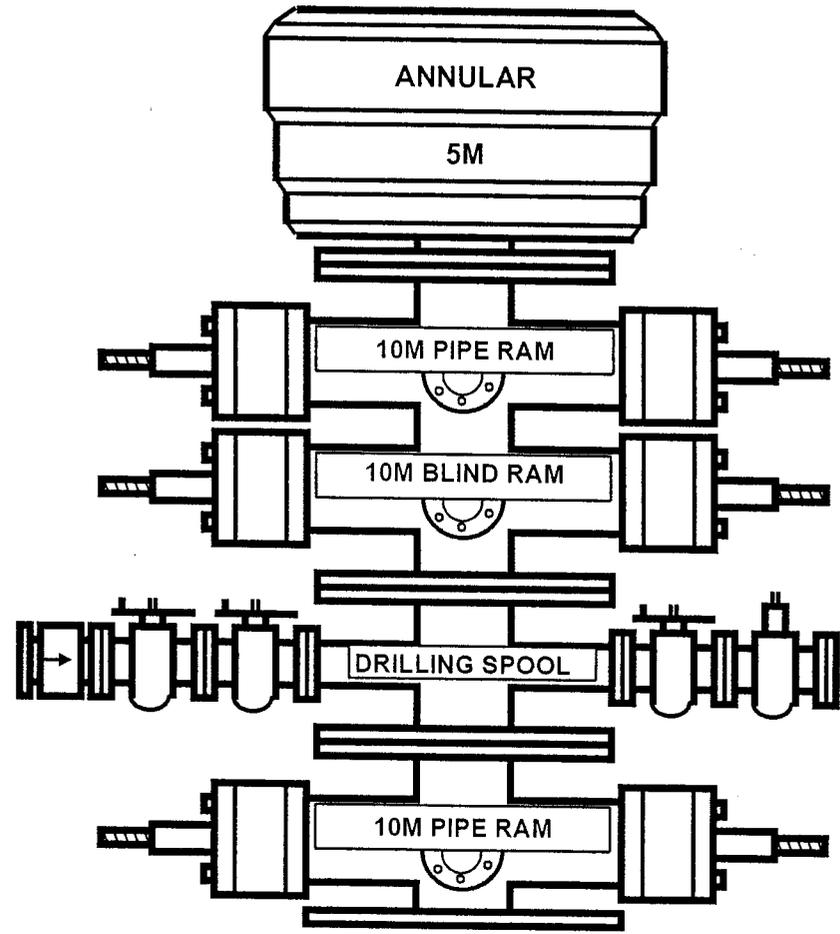
Elk Resources, Inc. guarantees that during the drilling and completion of the above referenced well, we will use, produce, store, transport, or dispose less than the threshold planning quantity (TPQ) of any extremely hazardous substances as defined in 40 CFR 355.

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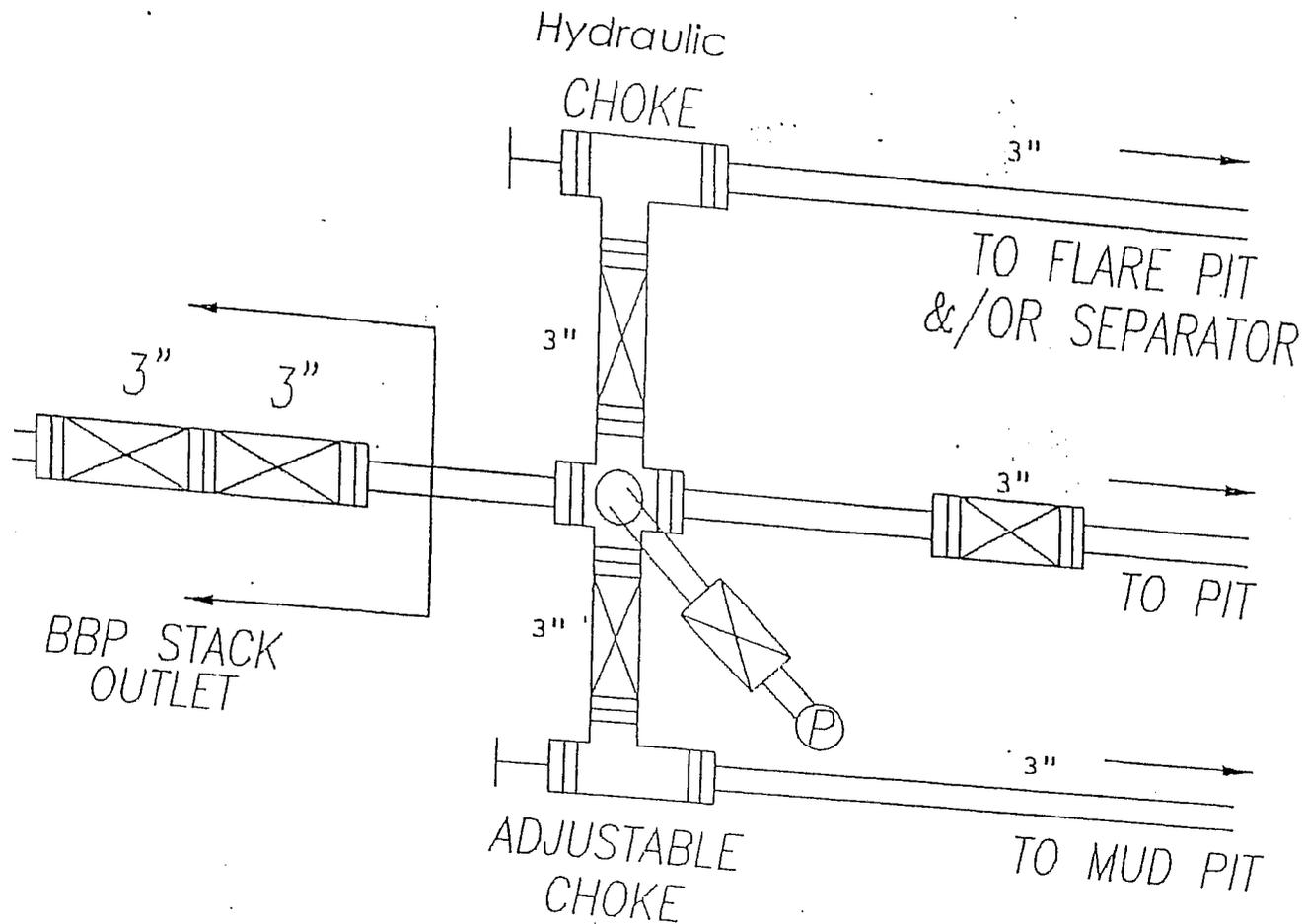
TYPICAL BLOWOUT PREVENTER

ROTARY

7 1/16" 10M BOP STACK



CHOKE MANIFOLD



SURFACE USE PLAN

J. Gentry 17-24

Attachment to Permit to Drill

The dirt contractor will be provided with an approved copy of the surface use plan of operations before initiating construction.

The onsite inspection for the referenced well is pending with the Division of Oil, Gas and Mining and the landowner:

1. Existing Roads:

- a. The proposed well site is located approximately 21.6 miles South-southwesterly of Vernal, Utah.
- b. The following are directions to the proposed well site:
Proceed in a Southerly direction from Vernal, Utah along U.S. Highway 40 approximately 14 miles; go South on State Highway 88 for 7.0 miles to an existing road; head Northwesterly for 200'±. Then head South for approximately 0.6 miles on an existing road to the access road; head West 40'± to the drilling location. See the attached plat.
- c. The use of roads under Federal, State and County Road Department maintenance are necessary to access the J. Gentry 17-24 location. All existing roads will be maintained and kept in good repair during all phases of operation.
- d. Vehicle operators will obey posted speed restrictions and observe safe speeds commensurate with road and weather conditions.
- e. Since no improvements are anticipated to the State, County, or BLM access roads, no topsoil striping will occur.

2. Planned Access Roads:

- a. From the existing surface county road, a new access is proposed trending easterly approximately 40 feet to the proposed well site. The access consists of entirely new disturbance across previously cultivated ground and crosses no significant drainages.
- b. The proposed access road crosses surface owned by J. Gentry. A copy of the fee surface damage agreement is attached.
- c. The proposed access road will consist of a 14' travel surface within a 30' disturbed area.

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- d. A maximum grade of 4% will be maintained throughout the project with no cuts and fills required to access the well.
- e. No turnouts are proposed since the access road is only 40 feet long and adequate site distance exists in all directions.
- f. No low water crossings are anticipated. Adequate drainage structures will be incorporated into the road.
- g. No surfacing material will come from Federal or SITLA lands.
- h. One gate is anticipated at this time as the fence is crossed leaving the paved surface.
- i. Surface disturbance and vehicular travel will be limited to the approved location access road.
- j. All access roads and surface disturbing activities will conform to the standards outlined in the pending fee surface use agreement.
- k. The operator will be responsible for all maintenance of the access road including drainage structures.

3. Location of Existing Wells:

- a. Attached is a map reflecting a one-mile radius of the proposed well; there is one existing well within this radius.

4. Location of Production Facilities:

- a. All permanent structures will be painted a flat, non-reflective Desert Brown to match the standard environmental colors. All facilities will be painted within six month of installation. Facilities required to comply with the Occupational Safety and Health Act (OSHA) may be excluded.
- b. If productive, a gas meter run will be constructed and located on lease within 500 feet of the wellhead. Meter runs will be housed and/or fenced. All gas production and measurement shall comply with the provisions of 43 CFR 3162.7-3, Onshore Oil and Gas Order No. 5, and American Gas Association (AGA) Report No. 3.
- c. If productive, a tank battery will be constructed on this lease, it will be surrounded by a dike of sufficient capacity to contain the storage capacity of the largest tank. All loading lines and valves will be placed inside the berm surrounding the tank battery. All liquid hydrocarbons production and measurement shall conform to the provisions of 43 CFR 3162.7-3 and Onshore Oil and Gas Order No. 4 and Onshore Oil and Gas Order No. 5 for oil and natural gas production and measurement.
- d. Any necessary pits will be properly fenced to prevent any wildlife and livestock entry.
- e. All access roads will be maintained as necessary to prevent erosion and accommodate year-round traffic. The road will be maintained in a safe useable condition.
- f. The site will require periodic maintenance to ensure that drainages are kept open and free of debris, ice, and snow, and that surfaces are properly treated to reduce erosion, fugitive dust, and impacts to adjacent areas.

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5. **Location and Type of Water:**

- a. Water for construction and drilling will be obtained through a direct purchase agreement with the local municipal water company.

6. **Source of Construction Material:**

- a. No construction materials will be removed from Ute Tribal, SITLA or BLM lands.
- b. If any gravel is used, it will be obtained from a State-approved gravel pit.

7. **Methods of Handling Waste Disposal:**

- a. All wastes associated with this application will be contained and disposed of utilizing approved facilities.
- b. Drill cuttings will be contained and buried onsite.
- c. The reserve pit will be located outboard of the location and along the northwest side of the pad.
- d. The reserve pit will be constructed so as not to leak, break, or allow any discharge.
- e. The reserve pit will be lined with 12-mil minimum thickness plastic nylon-reinforced liner material. The liner will overlay a felt pad only if rock is encountered during excavation. The pit liner will overlap the pit walls and be covered with dirt and/or rocks to hold it in place. No trash, scrap pipe, etc., that could puncture the liner will be disposed of in the pit. Pit walls will be sloped no greater than 2:1. A minimum 2-foot freeboard will be maintained in the pit at all times during the drilling and completion operation.
- f. The reserve pit has been located in cut material. Three sides of the reserve pit will be fenced before drilling starts. The fourth side will be fenced as soon as drilling is completed, and shall remain until the pit is dry. After the reserve pit has dried, all areas not needed for production will be rehabilitated.
- g. Trash will be contained in a trash cage and hauled away to an approved disposal site as necessary but no later than at the completion of drilling operations. The contents of the trash container will be hauled off periodically to the approved Uintah County Landfill near Vernal, Utah.
- h. Produced fluids from the well other than water will be produced into a test tank until such time as construction of production facilities is completed. Any spills of oil, gas, saltwater or other produced fluids will be cleaned up and removed.
- i. Any salts and/or chemicals, which are an integral part of the drilling system, will be disposed of in the same manner as the drilling fluid.
- j. Sanitary facilities will be onsite at all times during operations. Sewage will be placed in a portable chemical toilet and the toilet replaced periodically utilizing a licensed contractor to transport by truck the portable chemical toilet so that its contents can be delivered to the Vernal Wastewater Treatment Facility in accordance with State and County regulations.

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8. Ancillary Facilities:

- a. Garbage containers and portable toilets are the only ancillary facilities proposed in this application.

9. Well Site Layout:

- a. The well will be properly identified in accordance with State regulations.
- b. Access to the well pad will be from the south and west.
- c. The pad and road designs are consistent with State and Federal specifications.
- d. A pre-construction meeting with responsible company representative, contractors, landowner representatives and the Utah Division of Oil, Gas and Mining will be conducted at the project site prior to commencement of surface-disturbing activities. The pad and road will be construction-staked prior to this meeting.
- e. The pad has been staked at its maximum size; however, it will be constructed smaller if possible, depending upon rig availability. Should the layout change, this application will be amended and approved utilizing a sundry notice.
- f. All surface disturbing activities will be supervised by a qualified, responsible company representative who is aware of the terms and conditions of the APD and specification in the approved plans.
- g. All cut and fill slopes will be such that stability can be maintained for the life of the activity.
- h. The site surface will be graded to drain away from the pit to avoid pit spillage during large storm events.
- i. The stockpiled topsoil (first 6 inches or maximum available) will be stored in a window on the uphill side of the location to prevent any possible contamination. All topsoil will be stockpiled for reclamation in such a way as to prevent soil loss and contamination.
- j. Pits will remain fenced until site cleanup.
- k. The blooie line will be located at least 100 feet from the well head.
- l. Water injection may be implemented if necessary to minimize the amount of fugitive dust.

10. Plans for Restoration of the Surface:

- a. Site reclamation for a producing well will be accomplished for portions of the site not required for the continued operation of the well.
- b. The Operator will control noxious weeds along access road use authorizations, well sites, or other applicable facilities by spraying or mechanical removal. A list of noxious weeds may be obtained from the Utah Division of Oil, Gas and Mining or the appropriate County Extension Office.
- c. Upon well completion, any hydrocarbons in the pit shall be removed. Once the reserve pit is dry, the plastic nylon-reinforced liner shall be torn and perforated before backfilling of the reserve pit. The reserve pit and

that portion of the location not needed for production facilities/operations will be recontoured to the approximate natural contours.

- d. The cut and fill slopes and all other disturbed areas not needed for the production operation will be top soiled and re-vegetated. The stockpiled topsoil will be evenly distributed over the disturbed area.
- e. Prior to reseeding the site, all disturbed areas, including the access road, will be scarified and left with a rough surface. The site will then be seeded and/or planted as prescribed by the landowner. The landowner recommended seed mix will be detailed within their surface-use documents.

11. Surface and Mineral Ownership:

- a. Surface Ownership: J. Gentry, PO Box 1300, Rifle, CO 81650
- b. Mineral Ownership: J. Gentry

12. Other Information:

- a. A fee surface damage agreement with J. Gentry.

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13. **Operator's Representative and Certification:**

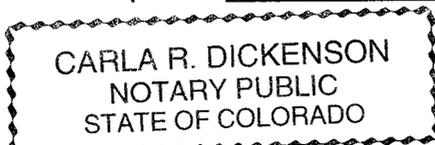
I hereby certify that I, or person under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in the plan are, to the best of my knowledge, true and correct; and that the work associated with operations herein will be performed by _____, (construction contractor has not been determined) and its contractors and subcontractors in conformity with this 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.

Name and Title *Layle L. Robb*
Layle L. Robb, Vice President of Northern Operations

STATE OF COLORADO
COUNTY OF DENVER

Subscribed and sworn to before me this 2nd day of November, 2006.

My commission Expires: _____



Notary Public My Commission Expires 09/07/2009

Carla R. Dickenson
11/02/06

DESIGNATION OF AGENT OR OPERATOR

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

LEASE NAME: Fee
LEASE NUMBER: J. Gentry 17-24

and hereby designates

NAME: Elk Resources, Inc.
ADDRESS: 1401 17th St., Suite 700
city Denver state CO zip 80202

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

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

T7S R20E SLB&M,
SECTION 17 SENE, NESE & BEGINNING 60 RODS WEST OF THE NE CORNER, THENCE SOUTH 80 RODS,
THENCE WEST 20 RODS; THENCE NORTH 80 RODS; THENCE EAST 20 RODS TO POINT OF BEGINNING
CONTAINING 90 ACRES MORE OR LESS.
UINTAH COUNTY, UTAH

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

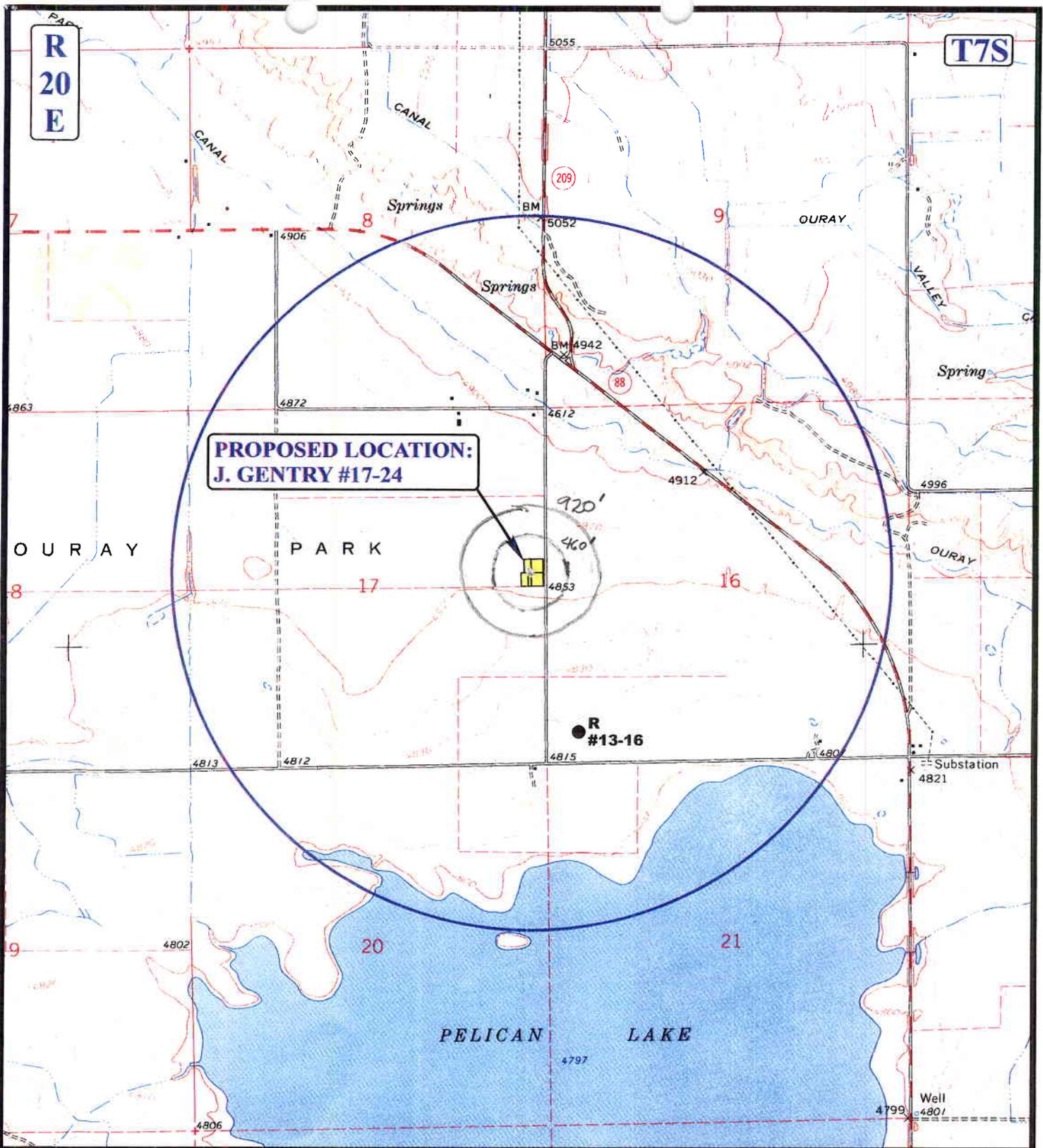
In case of default on the part of the designated agent/operator, the lessee will make full and prompt compliance with all rules, lease terms or orders of the Board of Oil, Gas and Mining of the State of Utah or its authorized representative.

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

Effective Date of Designation: 8-22-06

BY: (Name) Darrin J. Henke
(Signature) *D. Henke*
(Title) Attorney-in-Fact *BW*
(Phone) 720-876-5157

OF: (Company) EnCana Oil & Gas (USA) Inc.
(Address) 370 17th Street, Suite 1700
city Denver
state CO zip 80202



**PROPOSED LOCATION:
J. GENTRY #17-24**

**R
#13-16**

LEGEND:

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

ELK RESOURCES, INC.

**J. GENTRY #17-24
SECTION 17, T7S, R20E, S.L.B.&M.
2424' FNL 216' FEL**



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



**TOPOGRAPHIC
MAP**

02 23 06
MONTH DAY YEAR

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



CONFIDENTIAL

SURFACE DAMAGE AGREEMENT
(J. GENTRY #17-24 LOCATION)

THIS AGREEMENT dated July 6, 2006 between J. Gentry

P.O. Box 1300, Rifle, Colorado 81650, whose address is
Elk Resources, Inc., whose address is 1401 17th Street, Suite 700, Denver, CO 80202
hereinafter referred to as "Operator".

WITNESSETH:

WHEREAS, Surface Owner represents that they are the owners in fee and in possession of the surface estate for the following described lands in Uintah County, Utah, hereinafter referred to as "Lands", to wit:

A Tract of land lying in the **SE/4NE/4 of Section 17, Township 7 South, Range 20 East** containing 3.622 acres, more or less and more fully described on Exhibit "A" attached hereto and made a part hereof. The "Lands" for purposes of this Agreement shall only include such 3.622 acre parcel and Operator's activities shall be limited to the same.

WHEREAS, Operator has or will acquire certain leasehold interests in the oil and gas mineral estate in the Lands and proposes to conduct drilling and subsequent production operations on the Lands; and

WHEREAS, Surface Owner is generally aware of the nature of the operations which may be conducted under oil and gas leases covering the mineral estate of the Lands; and

WHEREAS, the parties believe that it is in their mutual best interest to agree to the amount of damages to be assessed incident to the operations of Operator on the premises in the exploration for, development and production of oil, gas and/or other leasehold substances under the terms of those certain oil and gas leases now owned or which may be acquired by Operator covering portions of the mineral estate of the Lands; and,

WHEREAS, the parties believe that a reasonable estimate can be made of the damages which will result from the exploration, development and production operations contemplated by such oil and gas leases.

NOW, THEREFORE, in consideration of ten dollars and other valuable consideration, the sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Operator has the right of ingress and egress and to the use of those portions of the Lands which it requires for oil and gas exploration, development and production operations, including tank batteries and other production facilities and the transportation of produced substances from the leasehold, and also the right to construct and use roads across portions of the Lands as specifically described on said Exhibit "A". Operator shall pay Surface Owner as liquidated damages the following sum as full settlement and satisfaction of all damages growing out of, incident to, or in connection with the usual and customary exploration, drilling, completion, sidetracking, reworking, equipping and production operations, contemplated by the oil and gas leases covering the Lands, unless otherwise specifically provided herein:

a. Wellsites and Access. for the said J. Gentry #17-24 wellsite, the production facilities or other necessary facilities in connection with the wellsite and the new access road to be constructed and located on the Lands and limited to and more fully described on Exhibit "A" attached hereto. If, by reasons directly resulting from the operations of Operator, there is damage to real or personal property upon the Lands which is not associated with usual and customary operations, such as (but not limited to) damage to livestock, structures, buildings, fences, culverts, cement ditches, irrigation systems, and natural water ways, such damage will be repaired or replaced by Operator, or Operator will pay reasonable compensation to Surface Owner for such additional damage.

2. Operator agrees to consult with the surface owner and/or tenant as to all routes of ingress and egress. Prior to the construction of any roads, pipelines, tank battery installations, or installation of any other equipment on the leased premises, Operator shall consult with the surface owner and/or tenant as to the location and direction of same.

3. It is the intention of the parties hereto to cause as little interference with farming operations on the leased premises as reasonably possible, including but specifically not limited to the operation of any pivotal irrigation sprinkler system, or any other irrigation method.

4. In the event any well hereunder is plugged and abandoned, Operator agrees that Operator will, within one year from the plugging and abandonment, restore Surface Owner's surface estate as near as practical to its original condition found prior to Operator's operations. It is understood and agreed that Surface Owner may elect in writing, prior to cessation of operations of Operator, to have any road constructed under the terms of this Agreement remain upon the property, in which event Operator agrees to leave such road or roads in reasonable condition.

5. Operator is responsible for acquiring all necessary permits, licenses, fees, etc. incident to its operations on the Lands.

6. In the event Surface Owner considers that Operator has not complied with all its obligations hereunder, both express and implied, Surface Owner shall notify Operator in writing, setting out specifically in what respects Operator has breached this contract. Operator shall then have sixty (60) days to meet or commence to meet all or any part of the breaches alleged by Surface Owner. The service of said notice shall be precedent to the bringing of any action by Surface Owner for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on Operator. In the event of litigation, the prevailing party's reasonable attorney's fees will be paid by the opposing party.

7. Operator shall be responsible and shall remain liable for any environmental problems on the subject lands which are caused by or through its operations. To the extent that any such claims are asserted, Operator will be responsible for any remediation required as

provided by state regulations. This assumption of liability, however, does not include any third-party operations on the subject lands or any Surface Owner actions which could cause environmental problems but is limited solely to the actions of Operator. Operator hereby indemnifies and holds harmless Surface Owner from any and all environmental problems it causes on the Lands.

8. In the event Surface Owner owns less than the entire fee interest in the Lands, then any payment stated herein shall be proportionately reduced to the interest owned.

9. This Agreement shall remain in full force and effect from the date hereof and for so long thereafter as Operator's oil and gas operations affecting the Lands are in effect.

10. When the word "Operator" is used in this Agreement, it shall also mean the successors and assigns of Operator, including but not limited to its employees and officers, agents, affiliates, contractors, subcontractors and/or purchasers.

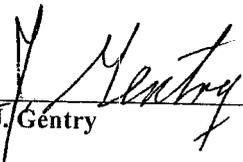
11. This Agreement shall be binding upon and inure to the benefit of the heirs, successors and assigns of the parties.

ADDITIONAL PROVISIONS:

- Operator agrees to fence locations and access roads in such a manner as to turn livestock and such fencing shall be of the same quality and construction as other fences on Surface Owner's property.

- Operator has paid Surface Owner a non-refundable advance toward the wellsite and access as provided above of \$400.00 upon execution of this Agreement. The Operator shall pay Surface Owner an additional, non-refundable advance of \$400.00, if the balance of \$11,600.00 has not been paid prior to January 1, 2007. Operator shall pay Surface Owner the balance of the \$12,000.00 (\$11,600.00 or \$10,800.00, as applicable) wellsite and access payment prior to commencing any construction activities under this Agreement. This Agreement shall terminate on July 1, 2009 unless Operator has paid Surface Owner the \$12,000.00 wellsite and access payment and the Operator has actually commenced the activities provided under this Agreement.

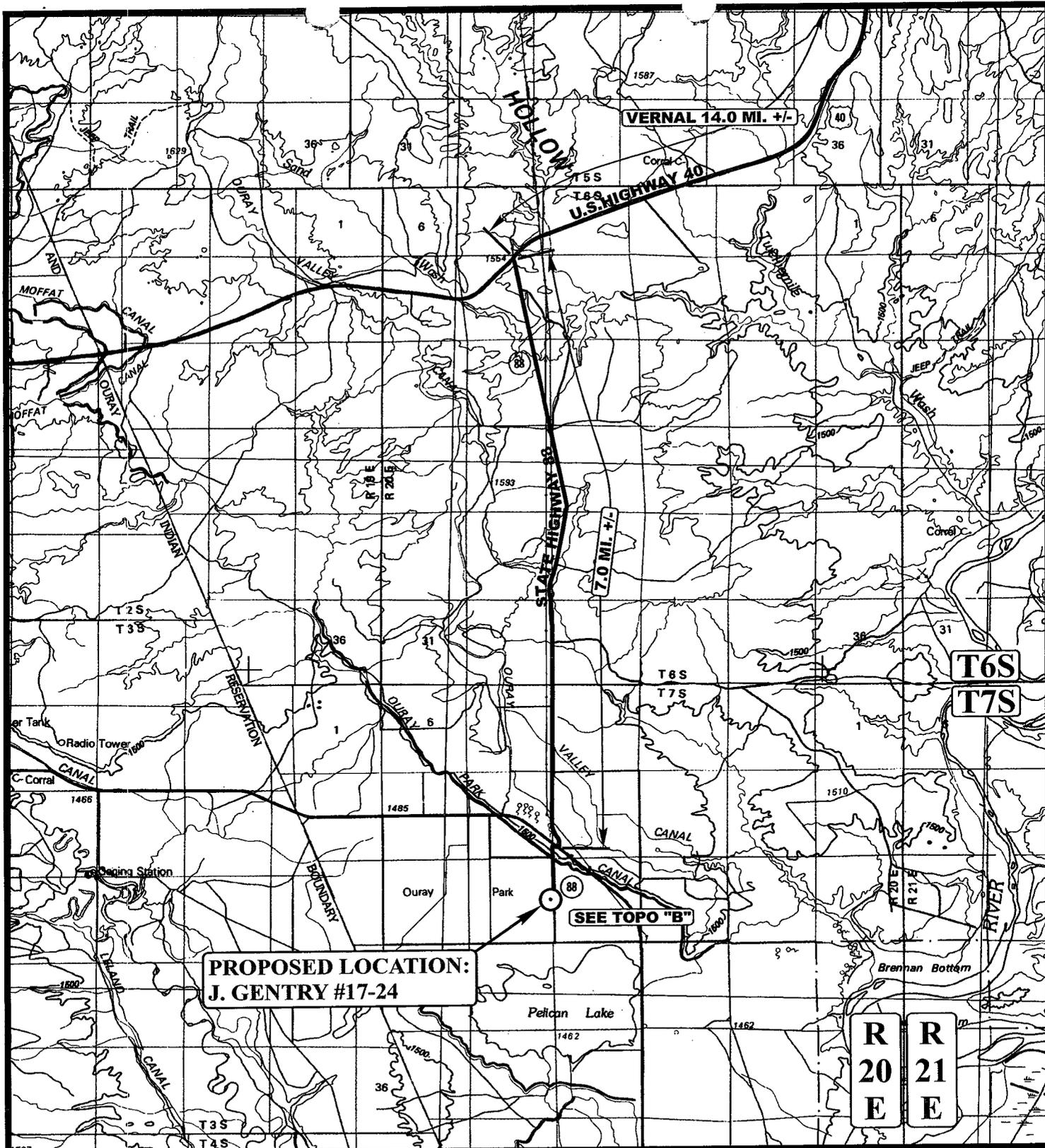
SURFACE OWNER:


By: J. Gentry

8/11/06

OPERATOR:


David K. Davenport,
Vice President Land
Elk Resources, Inc.



**PROPOSED LOCATION:
J. GENTRY #17-24**

SEE TOPO "B"

VERNAL 14.0 MI. +/-

7.0 MI. +/-

**T6S
T7S**

**R
20
E**

**R
21
E**

LEGEND:

○ PROPOSED LOCATION



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



ELK RESOURCES, INC.

J. GENTRY #17-24
SECTION 17, T7S, R20E, S.L.B.&M.
2424' FNL 216' FEL

**TOPOGRAPHIC
MAP**

02 23 06
MONTH DAY YEAR

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



ELK RESOURCES, INC.

J. GENTRY #17-24

LOCATED IN UINTAH COUNTY, UTAH
SECTION 17, T7S, R20E, S.L.B.&M.

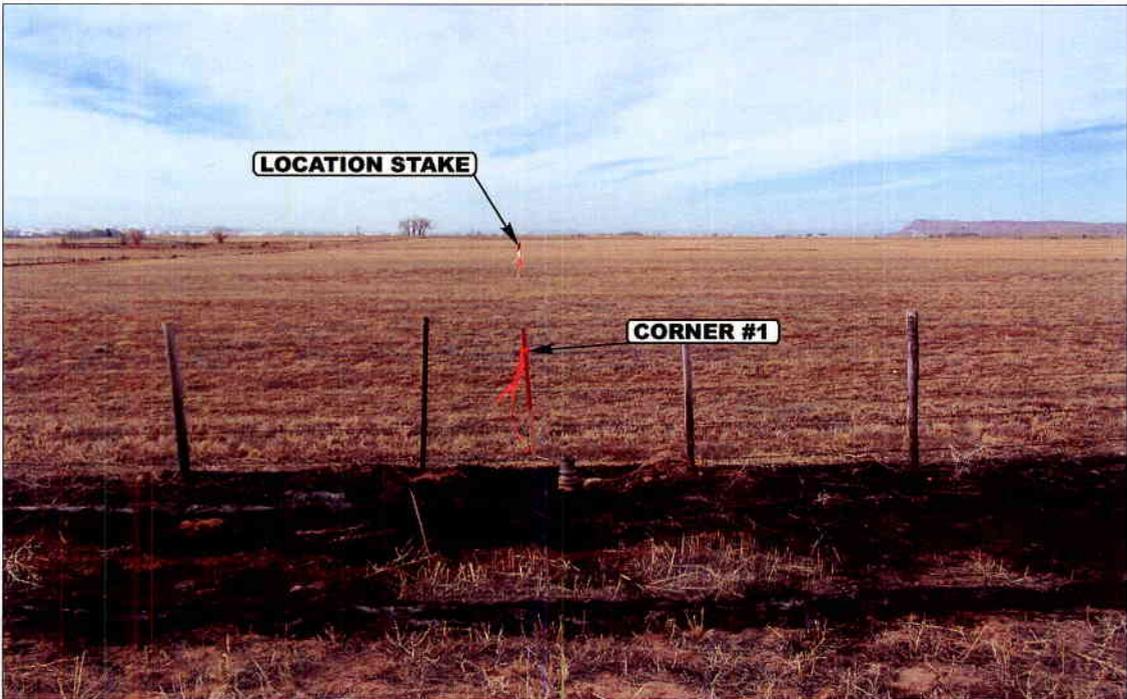


PHOTO: VIEW FROM CORNER #1 TO LOCATION STAKE

CAMERA ANGLE: WESTERLY



PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: WESTERLY



- Since 1964 -

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

LOCATION PHOTOS

02 23 06
MONTH DAY YEAR

PHOTO

TAKEN BY: D.A. | DRAWN BY: C.P. | REVISED: 00-00-00

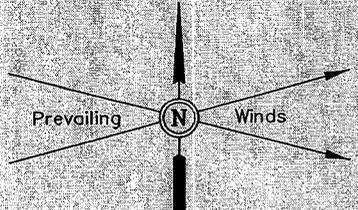
ELK RESOURCES, INC.

FIGURE #1

LOCATION LAYOUT FOR

J. GENTRY #17-24
SECTION 17, T7S, R20E, S.L.B.&M.

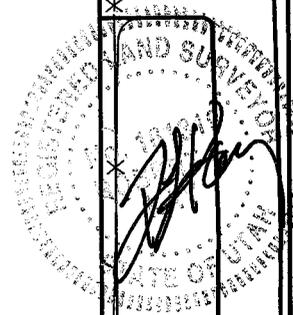
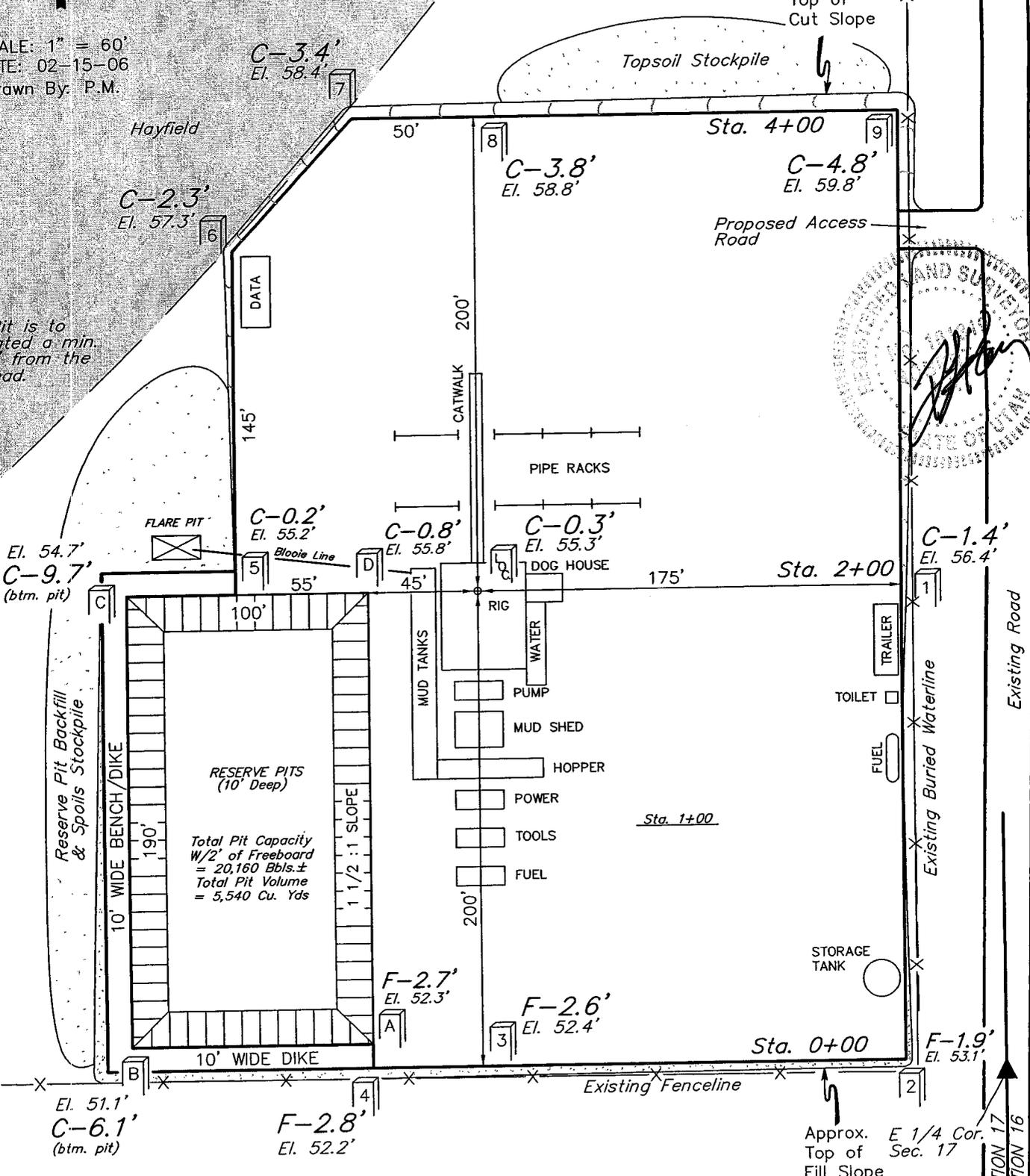
2424' FNL 216' FEL



SCALE: 1" = 60'
DATE: 02-15-06
Drawn By: P.M.

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

Approx. Top of Cut Slope



Elev. Ungraded Ground at Location Stake = 4855.3'
Elev. Graded Ground at Location Stake = 4855.0'

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

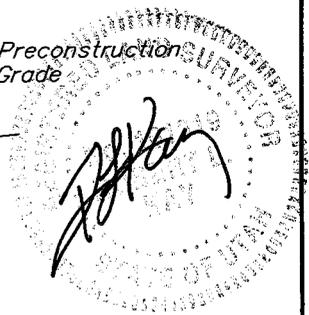
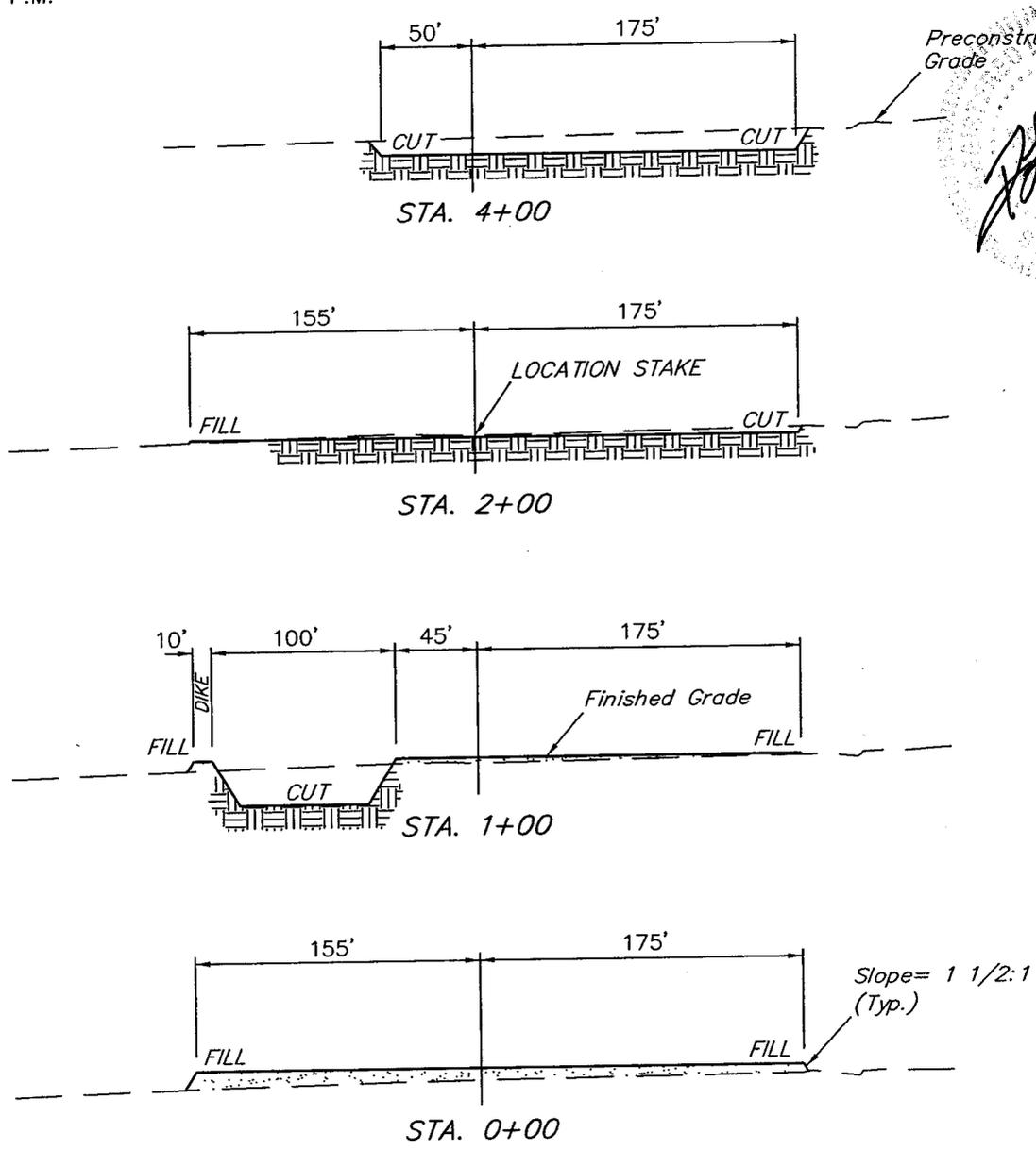
ELK RESOURCES, INC.
 TYPICAL CROSS SECTIONS FOR

FIGURE #2

J. GENTRY #17-24
 SECTION 17, T7S, R20E, S.L.B.&M.
 2424' FNL 216' FEL

1" = 40'
 X-Section Scale
 1" = 100'

DATE: 02-15-06
 Drawn By: P.M.



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

* NOTE:
 FILL QUANTITY INCLUDES 5% FOR COMPACTION

APPROXIMATE YARDAGES

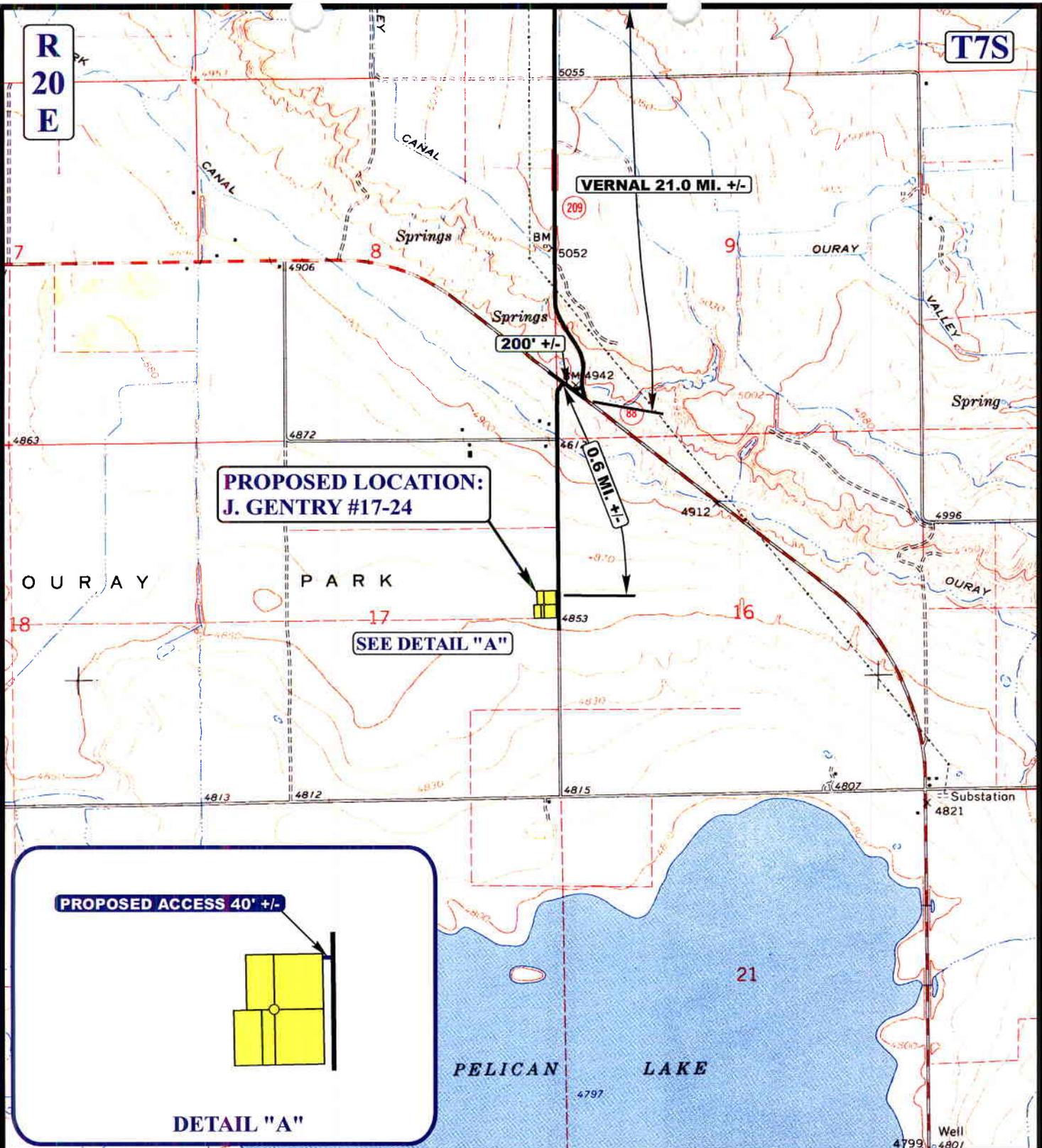
CUT	
(12") Topsoil Stripping	= 4,760 Cu. Yds.
Remaining Location	= 6,700 Cu. Yds.
TOTAL CUT	= 11,460 CU.YDS.
FILL	= 3,930 CU.YDS.

EXCESS MATERIAL	= 7,530 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 7,530 Cu. Yds.
EXCESS UNBALANCE (After Rehabilitation)	= 0 Cu. Yds.

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

R
20
E

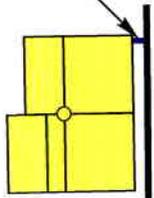
T7S



**PROPOSED LOCATION:
J. GENTRY #17-24**

SEE DETAIL "A"

PROPOSED ACCESS 40' +/-



DETAIL "A"

LEGEND:

-  EXISTING ROAD
-  PROPOSED ACCESS ROAD

ELK RESOURCES, INC.

J. GENTRY #17-24
SECTION 17, T7S, R20E, S.L.B.&M.
2424' FNL 216' FEL



Utah Engineering & Land Surveying
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 (435) 789-1017 * FAX (435) 789-1813



**TOPOGRAPHIC
MAP**

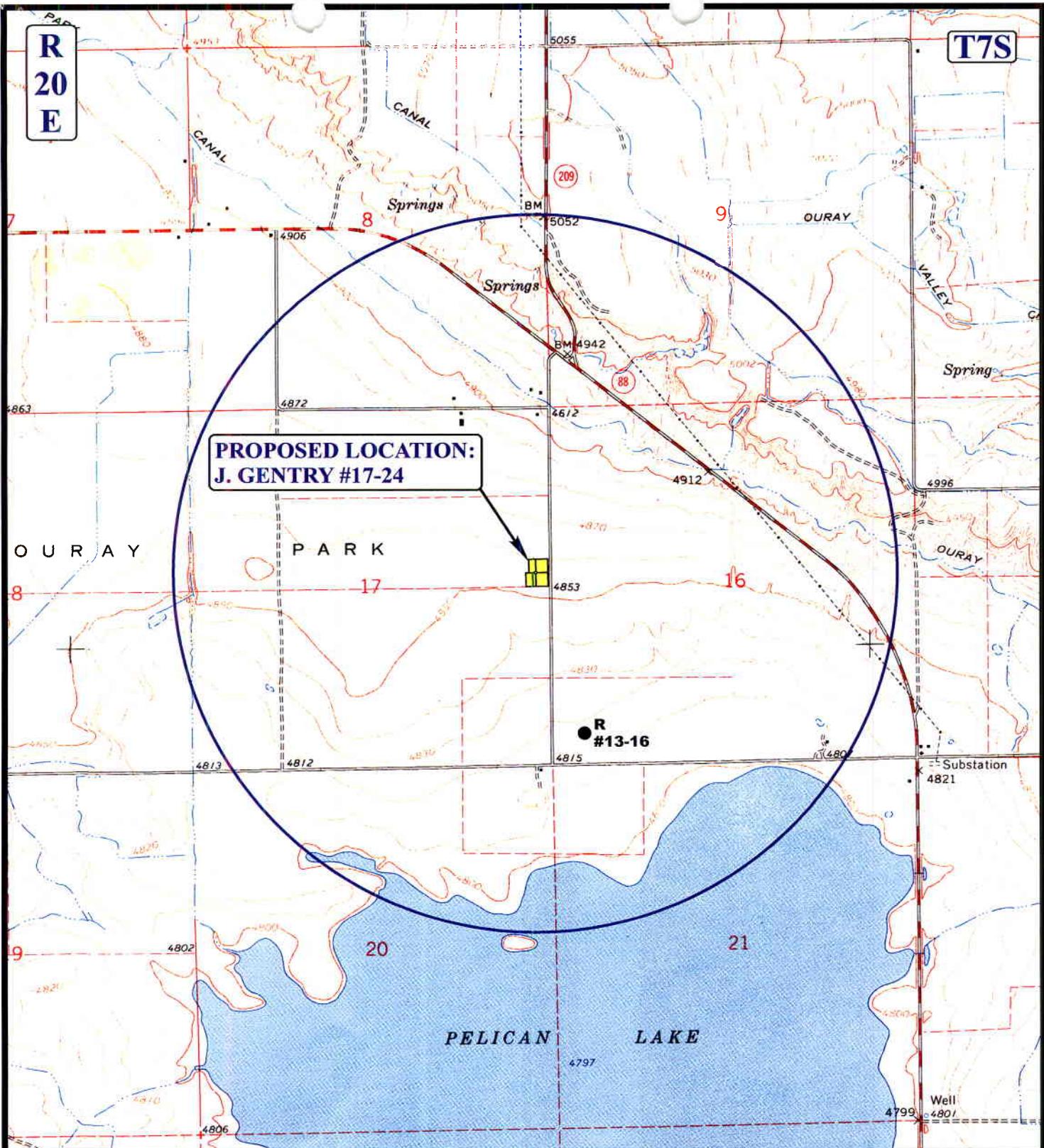
02	23	06
MONTH	DAY	YEAR

**B
TOPO**

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

R
20
E

T7S



**PROPOSED LOCATION:
J. GENTRY #17-24**

**R
#13-16**

LEGEND:

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



ELK RESOURCES, INC.

J. GENTRY #17-24
SECTION 17, T7S, R20E, S.L.B.&M.
2424' FNL 216' FEL



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

**TOPOGRAPHIC
MAP**

02 MONTH	23 DAY	06 YEAR
SCALE: 1" = 2000'		
DRAWN BY: C.P.		REVISED: 00-00-00



**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 11/15/2006

API NO. ASSIGNED: 43-047-38865

WELL NAME: J GENTRY 17-24
 OPERATOR: ELK RESOURCES, INC. (N2755)
 CONTACT: KARIN KUHN

PHONE NUMBER: 303-296-4505

PROPOSED LOCATION:

SENE 17 070S 200E
 SURFACE: 2424 FNL 0216 FEL
 BOTTOM: 2424 FNL 0216 FEL
 COUNTY: UINTAH
 LATITUDE: 40.21132 LONGITUDE: -109.6842
 UTM SURF EASTINGS: 611978 NORTHINGS: 4451831
 FIELD NAME: WILDCAT (1)

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	DKD	1/31/07
Geology		
Surface		

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

PROPOSED FORMATION: MNCS
 COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[] Ind[] Sta[] Fee[]
(No. B000969)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. MUNICIPAL)
- RDCC Review (Y/N)
(Date: 12/01/2006)
- 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 (11-07-06)

STIPULATIONS:

- 1- Spacing Strip*
- 2- STATEMENT OF BASIS*

T7S R20E

7

8

9

AURORA DEEP UNIT

ARGYLE 8-43

J GENTRY
17-24

18

17

16

WALL 13-17

ROGERS 13-16

OPERATOR: ELK RESOURCES INC (N2755)

SEC: 17 T.7S R. 20E

FIELD: WILDCAT (001)

COUNTY: UINTAH

SPACING: R649-3-3 / EXCEPTION LOCATION

Field Status

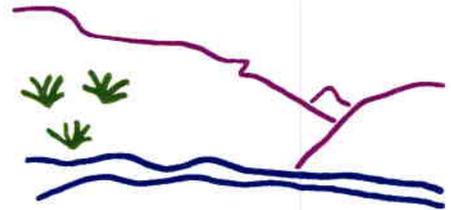
- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED

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 MASON
DATE: 16-NOVEMBER-2006

43-047-38805

From: Robert Clark
To: Mason, Diana
Date: 11/20/2006 10:14 AM
Subject: RDCC short turn around response

CC: Mcneill, Dave; Wright, Carolyn

The following comments are submitted directly to DOG&M due to the short turn around status of the RDCC item.

The following comment is submitted in response to **RDCC #7296**

RDCC #7296, Comments begin: The Elk Resources, Inc. proposal to drill the J Gentry 17-24 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
801-536-4435

MEMORANDUM

DATE: November 20, 2006
TO: Utah Division of Oil, Gas and Mining
FROM: Utah Geological Survey, Ground Water and Paleontology Program
CC: Resource Development Coordinating Committee
SUBJECT: UGS comments on RDCC short turn around item 7296

7296. Division of Oil, Gas and Mining
Short Turn Around Drilling Permit
Sec. 17, T7S, R20E, Uintah County
Application for Permit to Drill - proposal to drill a wildcat well the J Gentry 17-24 on a Fee lease

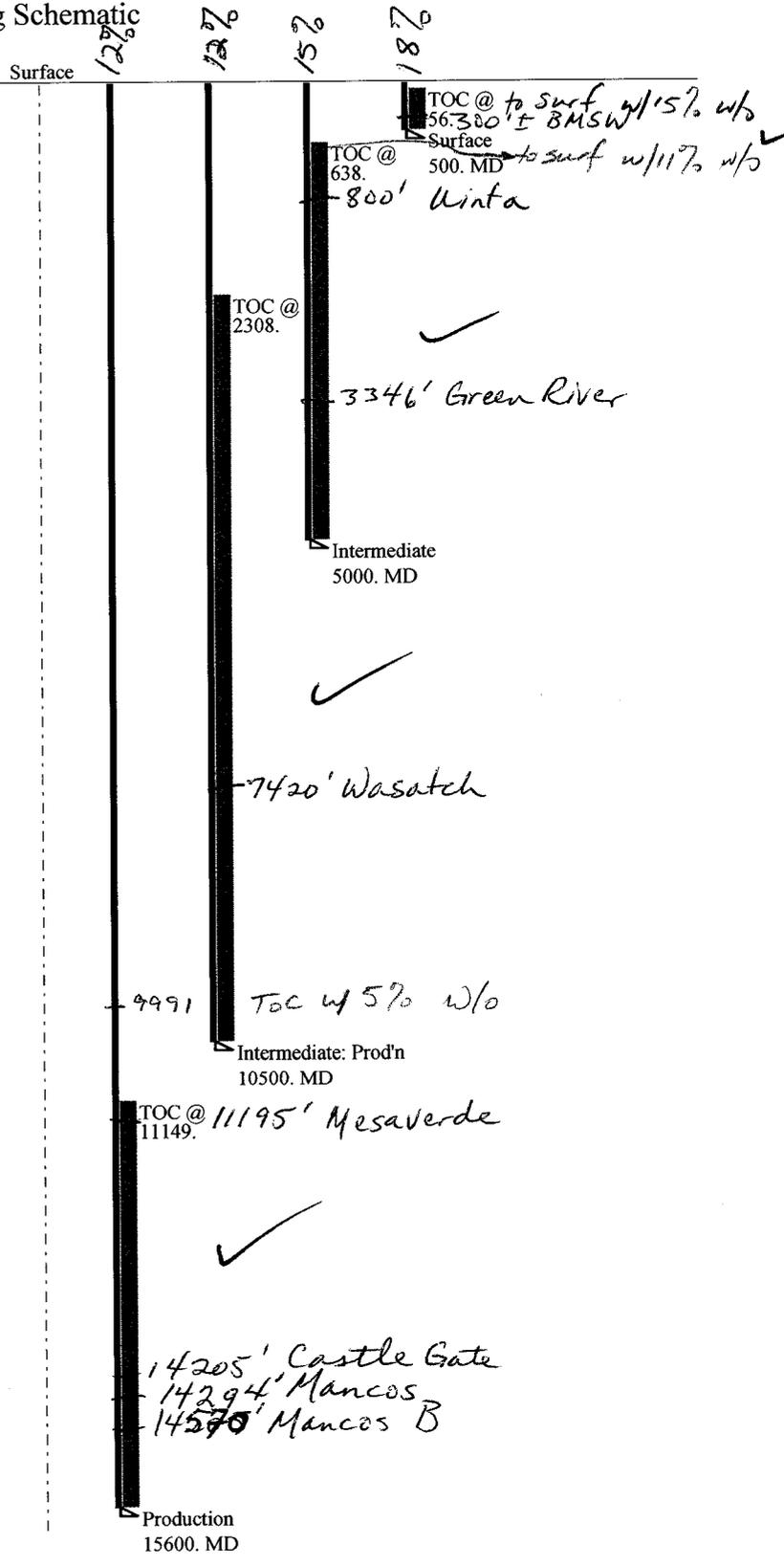
Although there are no paleontological localities recorded in our files for this project area, the Eocene Uinta Formation that may be exposed here has the potential for yielding significant vertebrate fossil localities. The office of the State Paleontologist therefore recommends that a paleontological survey be conducted for this project and its easements by a paleontologist with a valid permit.

Casing Schematic

① BHP Int
 $0.052(5000)8.6 = 2236 \text{ psi}$
 Gas $.12(5000) = 600$
 $2236 - 600 = 1636 \text{ psi, MASP}$
 BOPE 3000 psi
 Burst 1730 psi
 $70\% = 1211 \text{ psi}$
 Max P @ surf. shoe
 $.22(4500) = 990$
 $2236 - 990 = 1246 \text{ psi}$
 test to 1211 psi ✓
 13-3/8" MW 8.4 Frac 19.3

② Int prod
 $0.052(10500)9 = 4914 \text{ psi}$
 Gas $.12(10,500) = 1260$
 $4914 - 1260 = 3654 \text{ psi, MASP}$
 BOPE 5 M ✓
 Burst 3950
 $70\% = 2765 \text{ psi}$
 Max P @ int. csg shoe
 $.22(5500) = 1210$
 $4914 - 1210 = 3704 \text{ psi}$
 test to 2765 psi ✓
 9-5/8" MW 8.6 Frac 19.3

③ BHP
 $0.052(15600)12 = 9734 \text{ psi}$
 anticipate 9100 psi
 Gas $.12(15600) = 1872$
 $9734 - 1872 = 7862 \text{ psi, MASP}$
 BOPE 10 M ✓
 Burst 9950
 $70\% = 6965 \text{ psi}$
 Max P @ int. prod. csg. shoe
 $.22(5100) = 1122$
 $9734 - 1122 = 8612 \text{ psi}$
 test to 6965 psi ✓
 4-1/2" MW 12.



Strip → prod. cmt
 prod. csg.

✓ Adequate Dec 1/31/07

Well name:	2006-12a Elk J Gentry 17-24 rev	
Operator:	Elk Resources, Inc.	Project ID:
String type:	Surface	43-047-38865
Location:	Uintah County	

Design parameters:

Collapse

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

Burst

Max anticipated surface pressure: 440 psi
 Internal gradient: 0.120 psi/ft
 Calculated BHP: 500 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: 439 ft

Environment:

H2S considered? No
 Surface temperature: 75 °F
 Bottom hole temperature: 82 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 350 ft

Cement top: 56 ft

Completion type is subs
Non-directional string.

Re subsequent strings:

Next setting depth: 5,000 ft
 Next mud weight: 8.600 ppg
 Next setting BHP: 2,234 psi
 Fracture mud wt: 19.250 ppg
 Fracture depth: 500 ft
 Injection pressure: 500 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	13.375	48.00	H-40	ST&C	500	500	12.59	440.9

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	218	740	3.392	500	1730	3.46	21	322	15.30 J

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

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

Date: January 26, 2007
 Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 500 ft, a mud weight of 8.4 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

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

Well name:	2006-12a Elk J Gentry 17-24 rev	
Operator:	Elk Resources, Inc.	Project ID:
String type:	Intermediate	43-047-38865
Location:	Uintah County	

Design parameters:

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

Burst
Max anticipated surface pressure: 2,599 psi
Internal gradient: 0.220 psi/ft
Calculated BHP: 3,699 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: 4,360 ft

Environment:

H2S considered? No
Surface temperature: 75 °F
Bottom hole temperature: 145 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 880 ft

Cement top: 638 ft

Completion type is subs
Non-directional string.

Re subsequent strings:
Next setting depth: 10,500 ft
Next mud weight: 9.000 ppg
Next setting BHP: 4,909 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	5000	9.625	40.00	J-55	ST&C	5000	5000	8.75	2128.7
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	2234	2570	1.151	3699	3950	1.07	174	452	2.59 J

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

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

Date: January 26, 2007
Salt Lake City, Utah

Remarks:
Collapse is based on a vertical depth of 5000 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:	2006-12a Elk J Gentry 17-24 rev	
Operator:	Elk Resources, Inc.	Project ID:
String type:	Intermediate: Prod'n	43-047-38865
Location:	Uintah County	

Design parameters:

Collapse

Mud weight: 9.000 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: 222 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 1,500 ft

Cement top: 2,308 ft

Burst

Max anticipated surface pressure: 6,293 psi
 Internal gradient: 0.220 psi/ft
 Calculated BHP 8,603 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: 9,075 ft

Completion type is subs
Non-directional string.

Production liner info:

Liner setting depth: 15,600 ft
 Pore pressure equivalent: 12.000 ppg
 Assumed BHP at TD: 9,725 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	10500	7	26.00	P-110	LT&C	10500	10500	6.151	2255.7
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	4909	6230	1.269	8603	9950	1.16	236	693	2.94 J

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

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

Date: January 26, 2007
 Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 10500 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.

Well name:	2006-12a Elk J Gentry 17-24 rev		
Operator:	Elk Resources, Inc.	Project ID:	43-047-38865
String type:	Production		
Location:	Uintah County		

Design parameters:

Collapse

Mud weight: 12.000 ppg
 Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 6,293 psi
 Internal gradient: 0.220 psi/ft
 Calculated BHP: 9,724 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: 12,837 ft

Environment:

H2S considered? No
 Surface temperature: 75 °F
 Bottom hole temperature: 293 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 1,500 ft

Cement top: 11,149 ft

Completion type is subs
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	15600	4.5	13.50	P-110	LT&C	15600	15600	3.795	1307.4
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	9724	10680	1.098	9724	12410	1.28	173	338	1.95 J

Anticipate 9100psi → 1.174 ✓ O.K.

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

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

Date: January 29, 2007
 Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 15600 ft, a mud weight of 12 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.

Application for Permit to Drill

Statement of Basis

12/11/2006

Utah Division of Oil, Gas and Mining

Page 1

APD No	API WellNo	Status	Well Type	Surf Ownr	CBM
183	43-047-38865-00-00		GW	P	No
Operator	ELK RESOURCES, INC.	Surface Owner-APD			
Well Name	J GENTRY 17-24	Unit			
Field	WILDCAT	Type of Work			
Location	SENE 17 7S 20E S 0 FL 0 FL GPS Coord (UTM) 611978E 4451831N				

Geologic Statement of Basis

Elk proposes to set 880 feet of surface pipe, cemented to surface. The depth to the base of the moderately saline water at this location is estimated to be at approximately 300 feet. A search of Division of Water Rights records shows 9 water wells within a 10,000 foot radius of the proposed location. These wells are more than a mile from the proposed location and are listed for domestic use, irrigation, oil field use and stock watering. Depths of the wells ranges from 16 to 300 feet. The surface formation at this site is the Uinta Formation. The Uinta Formation is made up of interbedded shales and sandstones. The sandstones are mostly lenticular and discontinuous and should not be a significant source of useable ground water. The proposed casing and cement should adequately protect any useable ground water.

Brad Hill
APD Evaluator

12/11/2006
Date / Time

Surface Statement of Basis

The proposed J. Gentry 17-24 gas well is on the south east end of a sprinkler-irrigated pasture which has a very gentle slope southerly toward Pelican Lake. The swamp line of Pelican Lake is approximately 7/8 miles to the south. All of the surrounding area is sprinkler irrigated farm land with all ditches and canals burried so no surface water exists.

A Uintah County Road parallels the location on the east and will be used for access. About 30 feet of new road will be required. Ouray, Utah is seven miles to the south, and Roosevelt, Utah is 16 miles to the northwest.

The surface is owned by J. Gentry of Rifle Colorado. A signed Surface Damage Agreement has been executed. The location has been moved to the south east of the preferred spot to the corner of a fenced field. The north west corner of the pad will be rounded so as to avoid an adjacent pivot irrigation sprinkler.

Floyd Bartlett
Onsite Evaluator

11/7/2006
Date / Time

Conditions of Approval / Application for Permit to Drill

Category	Condition
Pits	A synthetic liner with a minimum thickness of 16 mils with a felt subliner shall be properly installed and maintained in the reserve pit.

ON-SITE PREDRILL EVALUATION

Utah Division of Oil, Gas and Mining

Operator ELK RESOURCES, INC.
Well Name J GENTRY 17-24
API Number 43-047-38865-0 **APD No** 183 **Field/Unit** WILDCAT
Location: 1/4,1/4 SENE **Sec** 17 **Tw** 7S **Rng** 20E 0 FL 0 FL
GPS Coord (UTM) 611978 4451828 **Surface Owner**

Participants

Floyd Bartlett (DOGM), Jeff Johnson (ELK Resources) and Austin Sorerson (Farm Manager for Gentry Ranch)

Regional/Local Setting & Topography

The proposed J. Gentry 17-24 gas well is on the south end of a sprinkler-irrigated pasture which has a very gentle slope southerly toward Pelican Lake. The swamp line of Pelican Lake is approximately 7/8 miles to the south. All of the surrounding area is sprinkler irrigated farm land with all ditches and canals buried so no surface water exists.

A Uintah County Road parallels the location on the east and will be used for access. About 30 feet of new road will be required. Ouray, Utah is seven miles to the south, and Roosevelt, Utah is 16 miles to the northwest.

Surface Use Plan

Current Surface Use

Agricultural
Grazing

New Road

Miles	Well Pad	Src Const Material	Surface Formation
0.001	Width 285	Length 400 Onsite	UNTA

Ancillary Facilities N

Waste Management Plan Adequate? Y

Environmental Parameters

Affected Floodplains and/or Wetland N

Flora / Fauna

Cultivated alfalfa. Stand is currently fair in abundance. Poa, dandelions and kochia weed also exists.

Prairie dogs, deer, small mammals and waterfowl.

Soil Type and Characteristics

Deep silty loam. Surface is probably underlain with gravel.

Erosion Issues N

Sedimentation Issues N

Site Stability Issues N

Drainage Diversion Required

Berm Required? N

Erosion Sedimentation Control Required? N

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

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)	1320 to 5280	5
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	Present	15
Final Score		40
		1 Sensitivity Level

Characteristics / Requirements

The reserve pit is planned in the southwest corner of the location mostly within an area of cut. A liner is required because of its location to Pelican Lake.

Closed Loop Mud Required? N Liner Required? Y Liner Thickness 16 Pit Underlayment Required? Y

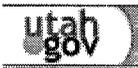
Other Observations / Comments

The surface is owned by J. Gentry of Rifle Colorado. He was invited to attend the pre-site evaluation by telephone but stated he would not attend and to invite his farm manager Mr. Austin Sorenson. Mr. Sorenson attended.

Jeff Johnson, at the request of Mr. Sorenson, agreed to permit Mr. Sorenson to construct the location fence. Mr. Johnson stated that ELK Resources would furnish the materials and Mr. Sorenson would bill for the construction costs.

Floyd Bartlett
Evaluator

11/7/2006
Date / Time



Online Services

Agency List

Business



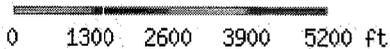
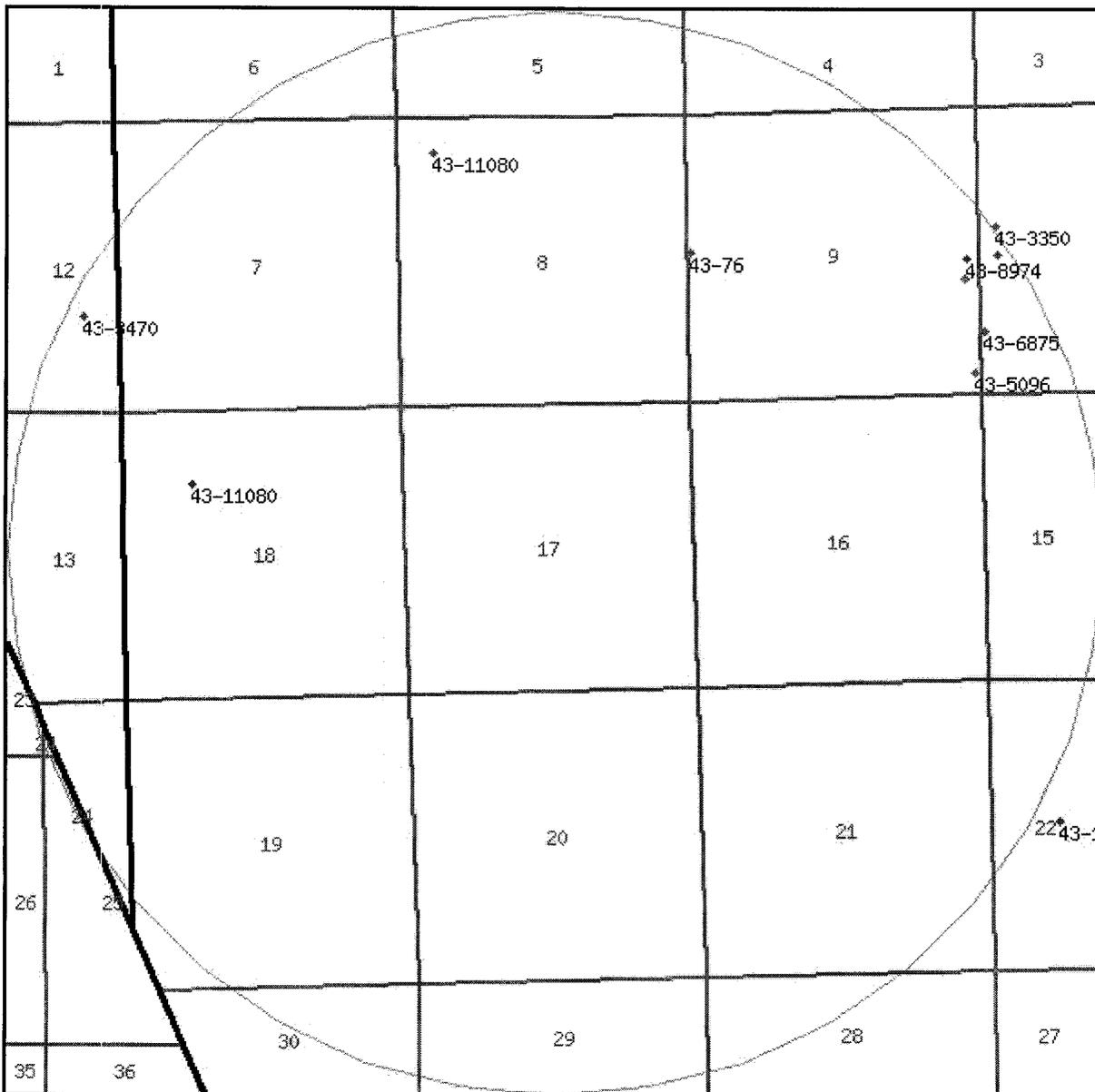
Search Ut

Utah Division of Water Rights

WRPLAT Program Output Listing

Version: 2006.11.17.00 Rundate: 12/11/2006 02:17 PM

Radius search of 10000 feet from a point N2640 E2640 from the SW corner, section 17, Township 7S, Range 20E, SL b&m Criteria:wrtypes=W,C,E podtypes=U status=U,A,P usetypes=all



Water Rights

WR Number	Diversion Type/Location	Well Log	Status	Priority	Uses	CFS	ACFT	Owner
<u>43-11080</u>	Underground S1320 E1320 NW 18 7S 20E SL		A	20000912	I	3.000	0.000	STEVEN W. J HC 69 BOX 1
<u>43-11080</u>	Underground S660 E660 NW 08 7S 20E SL		A	20000912	I	3.000	0.000	STEVEN W. J HC 69 BOX 1
<u>43-11315</u>	Underground S73 E343 E4 09 7S 20E SL		A	20021016	S	0.000	3.730	ALEX L. ANI BARNEY HC 69 BOX 1
<u>43-11691</u>	Underground N100 E1240 W4 22 7S 20E SL		A	20051006	O	0.000	11.000	MATTHEW A BETTS P. O. BOX 18
<u>43-3350</u>	Underground N450 E300 W4 10 7S 20E SL		P	19461202	D	0.015	0.000	RALPH DUR RANDLETT I
<u>43-3470</u>	Underground S891 W633 E4 12 7S 19E SL		P	19530325	D	0.030	0.000	UINTAH SCH VERNAL UT
<u>43-5096</u>	Underground N375 W125 SE 09 7S 20E SL		P	19661213	IS	0.100	0.000	ALEX L. ANI BARNEY H C 69 BOX 1
<u>43-6875</u>	Underground N1150 E40 SW 10 7S 20E SL	<u>well info</u>	P	19720503	DIS	0.027	0.000	ROBERT MA RANDLETT I
<u>43-76</u>	Underground N120 E50 W4 09 7S 20E SL		P	19671120	DIS	0.038	0.000	DENNY V. L RANDLETT I
<u>43-8620</u>	Underground S525 W275 E4 09 7S 20E SL		A	19800513	DIS	0.015	0.000	ALEX AND N H C 69 BOX 1
<u>43-8974</u>	Underground S135 W233 E4 09 7S 20E SL		A	19810508	DIS	0.015	0.000	RAY W. BAR STAR ROUTI

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 December 1, 2006
3. Title of proposed action: Application for Permit to Drill	
4. Description of Project: Elk Resources, Inc. proposes to drill the J Gentry 17-24 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) 2424' FNL 216' FEL, SE/4 NE/4, Section 17, Township 7 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: November 16, 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: NA	
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: NA	
2. NAME OF OPERATOR: Elk Resources, Inc.			9. WELL NAME and NUMBER: J. Gentry 17-24	
3. ADDRESS OF OPERATOR: 1401 17th St., Suite 700 CITY Denver STATE CO ZIP 80202		PHONE NUMBER: (303) 296-4505	10. FIELD AND POOL, OR WILDCAT: Wildcat	
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 2424' FNL, 216' FEL <i>Cell 9784 44518314</i> AT PROPOSED PRODUCING ZONE: 2424' FNL, 216' FEL <i>40.211315 - 109.684150</i>			11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SENE 17 7S 20E S	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: Approx. 21.6 miles southwest of Vernal, UT			12. COUNTY: Uintah	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 216'	16. NUMBER OF ACRES IN LEASE: 90	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40		
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) NA	19. PROPOSED DEPTH: 15,600	20. BOND DESCRIPTION: B000969		
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 4855' GR	22. APPROXIMATE DATE WORK WILL START: 1/1/2007	23. ESTIMATED DURATION: 60 Days + 30 Days Completion		

CONFIDENTIAL

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	13 3/8" H-40 48#	880	765 sx Class V See drlg plan
12 1/4	10 3/4" N-80 51#	5,000	See drlg plan
9 1/2	7 5/8" P-110 33.7#	11,000	See drlg plan
6 1/2	5" P-110 18#	15,600	See drlg plan

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

NAME (PLEASE PRINT) Karin Kuhn TITLE Sr. Engineering Technician

SIGNATURE *Karin Kuhn* DATE 11/1/2006

(This space for State use only)

API NUMBER ASSIGNED: 43 047-38865

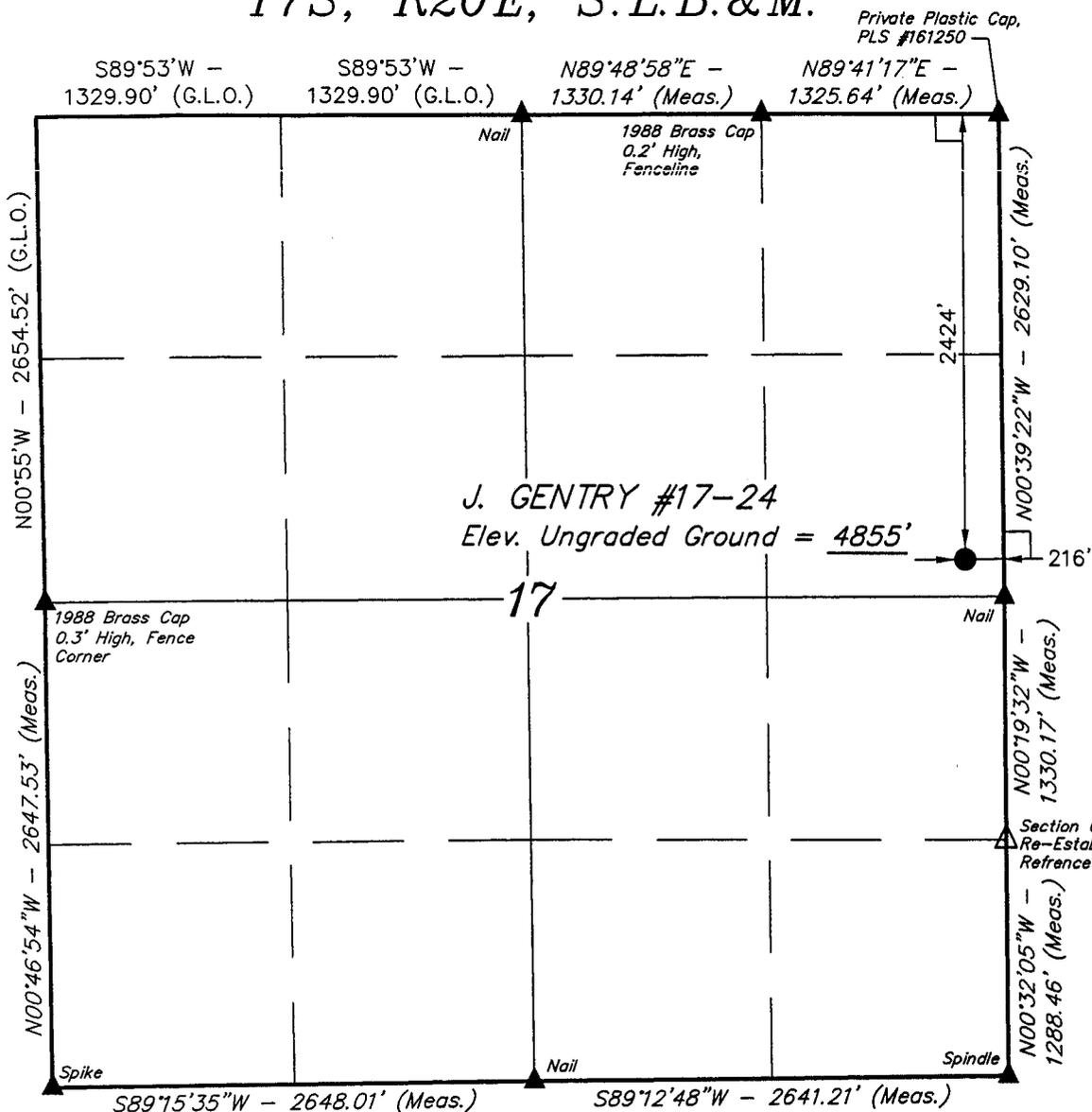
APPROVAL:

RECEIVED
NOV 15 2006

T7S, R20E, S.L.B.&M.

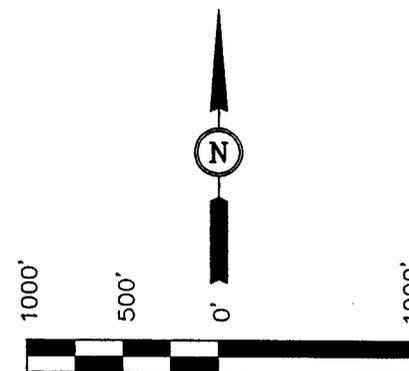
ELK RESOURCES, INC.

Well location, J. GENTRY #17-24, located as shown in the SE 1/4 NE 1/4 of Section 17, T7S, R20E, S.L.B.&M. Uintah County, Utah.



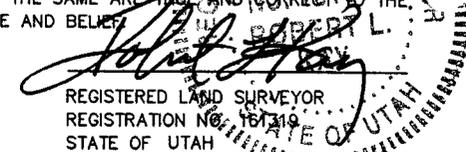
BASIS OF ELEVATION

BENCH MARK (38EAM) LOCATED IN THE SW 1/4 OF SECTION 9, T7S, R20E, S.L.B.&M. TAKEN FROM THE PELICAN LAKE QUADRANGLE, UTAH, UINTAH COUNTY, 7.5 MINUTE SERIES (TOPOGRAPHICAL MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 4942 FEET.



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.


 REGISTERED LAND SURVEYOR
 REGISTRATION No. 161319
 STATE OF UTAH

BASIS OF BEARINGS

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

(AUTONOMOUS NAD 83)
 LATITUDE = $40^{\circ}12'40.52''$ (40.211256)
 LONGITUDE = $109^{\circ}41'05.50''$ (109.684861)
 (AUTONOMOUS NAD 27)
 LATITUDE = $40^{\circ}12'40.66''$ (40.211294)
 LONGITUDE = $109^{\circ}41'03.00''$ (109.684167)

LEGEND:

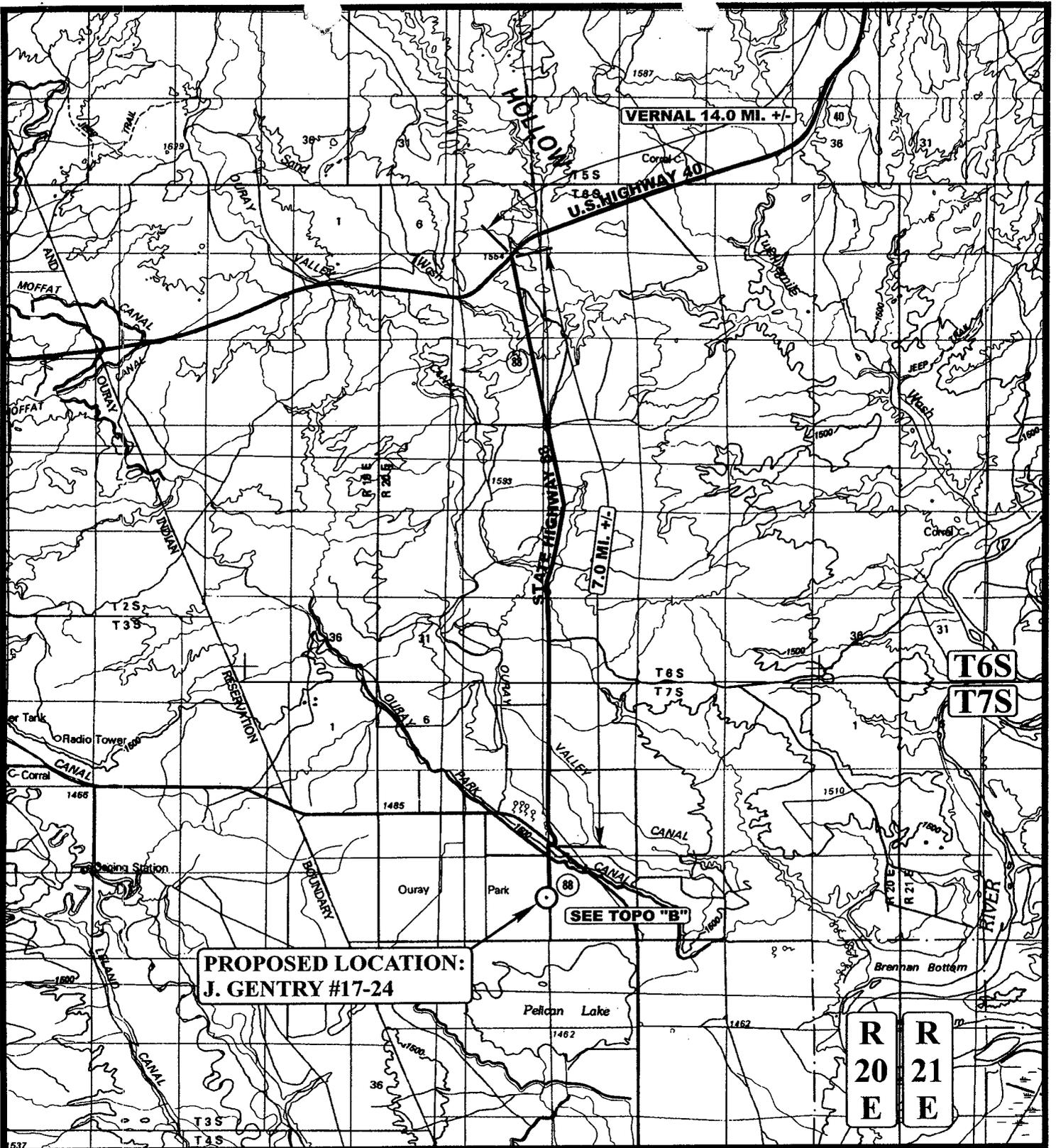
- \perp = 90° SYMBOL
- = PROPOSED WELL HEAD.
- ▲ = SECTION CORNERS LOCATED.
- △ = SECTION CORNERS RE-ESTABLISHED. (Not Set on Ground)

UINTAH ENGINEERING & LAND SURVEYING

85 SOUTH 200 EAST - VERNAL, UTAH 84078

(435) 789-1017

SCALE 1" = 1000'	DATE SURVEYED: 01-25-06	DATE DRAWN: 02-15-06
PARTY D.A. C.F. P.M.	REFERENCES G.L.O. PLAT	
WEATHER COLD	FILE ELK RESOURCES, INC.	



**PROPOSED LOCATION:
J. GENTRY #17-24**

SEE TOPO "B"

**R
20
E**

**R
21
E**

LEGEND:

○ PROPOSED LOCATION



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



ELK RESOURCES, INC.

J. GENTRY #17-24
SECTION 17, T7S, R20E, S.L.B.&M.
2424' FNL 216' FEL

**TOPOGRAPHIC
MAP**

02 23 06
MONTH DAY YEAR

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





January 18, 2007

VIA OVERNIGHT MAIL

Mr. Dustin Doucet
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, UT 84116

**RE: Application for Permit to Drill – Revised Drilling Plan
J. Gentry 17-24
SENE Section 17, T7S-20E SLB&M
Uintah County, UT**

Dear Dustin:

Per your telephone conversation with Layle Robb of our office a couple of weeks ago, enclosed are two copies of a revised drilling plan for the subject drilling application.

Should you require any additional information, please contact me or Layle Robb at (303) 296-4505.

Sincerely,

Karin Kuhn
Sr. Engineering Technician

Enclosures

RECEIVED
JAN 19 2007
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: NA	
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: NA	
2. NAME OF OPERATOR: Elk Resources, Inc.				9. WELL NAME and NUMBER: J. Gentry 17-24	
3. ADDRESS OF OPERATOR: 1401 17th St., Suite 700 CITY Denver STATE CO ZIP 80202			PHONE NUMBER: (303) 296-4505	10. FIELD AND POOL, OR WILDCAT: Wildcat	
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 2424' FNL, 216' FEL AT PROPOSED PRODUCING ZONE: 2424' FNL, 216' FEL				CONFIDENTIAL	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: Approx. 21.6 miles southwest of Vernal, UT				12. COUNTY: Uintah	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 216'		16. NUMBER OF ACRES IN LEASE: 90		17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) NA		19. PROPOSED DEPTH: 15,600		20. BOND DESCRIPTION: B000969	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 4855' GR		22. APPROXIMATE DATE WORK WILL START: 2/1/2007		23. ESTIMATED DURATION: 60 Days + 30 Days Completion	

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	13 3/8" H-40 48#	500	See drlg plan
12 1/4	9 5/8" J-55 40#	5,000	See drlg plan
8 3/4	7" P-110 26#	10,500	See drlg plan
6 1/4	4 1/2" P-110 13.5#	15,600	See drlg plan

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

NAME (PLEASE PRINT) Karin Kuhn TITLE Sr. Engineering Technician

SIGNATURE *Karin Kuhn* DATE 11/1/2006 Revised 1/18/07

(This space for State use only)

API NUMBER ASSIGNED: 43-047-38865 APPROVAL: _____

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

Date: 01-31-07
By: *[Signature]*

DRILLING PLAN

Elk Resources, Inc.
 J. Gentry 17-24
 SENE of Section 17, T7S, R20E, S.L.B. & M.
 Uintah County, Utah

1,2,3 **Estimated Tops of Geological Markers and Formations Expected to Contain Water, Oil and Gas and Other Minerals**

<u>Formation</u>	<u>Depth</u>
Uinta	800'
Green River	3,346'*
Wasatch	7,420'*
Mesaverde	11,195'*
Castle Gate	14,205'
Mancos	14,294'
Mancos B	14,570'*
Proposed TD	15,600'

PROSPECTIVE PAY* oil and gas

4 Casing Program

<u>HOLE SIZE</u>	<u>SETTING DEPTH</u>		<u>SIZE</u>	<u>WEIGHT</u>	<u>GRADE</u>	<u>THREAD</u>	<u>COND.</u>
	<u>from</u>	<u>to</u>					
26"	surface	40'	20"				
17 1/2"	surface	500'	13 3/8"	48#	H-40	ST&C	New
12 1/4"	surface	5,000'	9 5/8"	40#	J-55	ST&C	New
8 3/4"	surface	10,500'	7"	26#	P-110	LT&C	New
6 1/4"	surface	15,600'	4 1/2"	13.5#	P-110	LT&C	New

5 Cementing Program (Volumes other than tail volumes will be calculated from caliper logs.)

20" Conductor Ready mix

13-3/8" Surface Lead: 185 sx light wt. with 1% CaCl and 1/4 lb/sx celloflake mixed 12.8 lb/gal., 1.78 cf/sk yield (75% excess on total volumes).
 Tail: 225 sx Type V with 2% CaCl and 1/4 lb/sx celloflake mixed 15.6 lb/gal., 1.2 cf/sk yield.

9 5/8" Intermediate Stage 1: 705 sx 50-50 Pozmix with 2% CaCl and LCM mixed at 14.3 ppg, 1.25 cf/sk yield.

DV @ ±3200' Stage 2: Lead 750 sx 50-50 Pozmix with 8% bentonite and 10% Cal-Seal mixed at 12.5 ppg, 1.98 cf/sk yield; Second stage tail: 125 sx Premium Plus V with 1% CaCl mixed at 15.6 ppg, 1.19 cf/sk yield.
 (Estimated top of cement second stage at surface with 65% excess).

*TOC to surf.
w/14%*

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7"
 DV @ ±9000'
 Stage 1: 160 sx 50/50 Poz + 2% gel + 6% Halad-322 + 1 pps Granulite + 5% salt + ¼ pps Flocele; 14.4 ppg, 1.41 cf/sk (no excess).
 Stage 2: Lead 315 sx HiFill + 16% gel + 0.75% Econolite + 7.5 pps gilsonite + ¼ Flocele; 11.0 ppg, 3.81 cf/sx.
 Tail 480 sx 50/50 Poz + 2% gel + 6% Halad-322 + 1 pps Granulate + 5% salt + ¼ pps Flocele; 14.4 ppg, 1.41 cf/sk. Cement top to be 500' into 9-5/8" protection string.

4 1/2"
 DV @ ±12,000'
 Stage 1: 350 sx 50/50 Poz 2% gel + 0.3% CFR-3 + 0.15% HR+ 12 + 20% SSA-1 + 0.4% Halad-344; 14.35 ppg, 1.41 cf/sk (35% excess).
 Stage 2: 145 sx 50/50 Poz 2% gel + 0.3% CF-3 + 0.15% HR + 12 + 20% SSA-1 + 0.4% Halad-344, 14.35 ppg, 1.41 cf/sk (35% excess). Cement top to be a minimum of 500' into 7" intermediate string.

6 Mud Program

Elk Resources, Inc. will record slow pump speed on daily drilling report after mudding up.

Elk shall use electronic/mechanical mud monitoring equipment, which shall include a pit volume totalizer (PVT); stroke counter; and flow sensor.

A mud test will be performed at least every 24 hours after mudding up to determine density, viscosity, gel strength, filtration, and pH.

Gas-detecting equipment will be installed and operated in the mud-return system.

A flare system will be used that gathers and burns all gas. The flare line(s) shall discharge at least 100 feet from the well head with straight lines and shall be positioned downwind of the prevailing wind direction and shall be anchored.

A mud-gas separator (gas buster) shall be used from surface casing to TD.

As per 43 CFR 3160, Onshore Oil and Gas Order No. 2, Drilling Operations, C. Mud Program Requirements.

<u>INTERVAL</u>	<u>WEIGHT</u>	<u>VISCOSITY</u>	<u>FLUID LOSS</u>	<u>REMARKS</u>
Surf. - 880'	N/A			Water
880 - 4500'	8.4 / 8.6 ppg	32	NC	Spud Mud
4500 - 10000'	8.4 / 9.0 ppg	28	NC	KCL Water/Gel
10000 - 14600'	9.0/12.0 ppg	34	10	KCL/Gel/Polymer

7 BOP and Pressure Containment Data

Depth Intervals

Surf. - 1000'
1000' - 9700'
9700' - TD

BOP Equipment

None
3000# Ram type double BOP and annular
5,000# Ram type double BOP and 5000# annular
10,000# Ram type double BOP and 5000# annular

Estimated bottom hole pressure at TD will be 9100 psi. Drilling spool to accommodate choke and kill lines.

ANCILLARY EQUIPMENT RATED AT 5000# OR 10,000# AS NEEDED TO MATCH BOPE. ALL BOP AND BOPE TESTS WILL BE IN ACCORDANCE WITH THE REQUIREMENTS OF THE STATE OF UTAH.

THE STATE OF UTAH, DIVISION OF OIL, GAS AND MINING WILL BE NOTIFIED 24 HOURS IN ADVANCE OF ALL BOPE PRESSURE TESTS.

8 Auxiliary equipment

- a) Upper and Lower Kelly cock
- b) Floor stabbing valve 5,000#
- c) Safety valve(s) and subs to fit all string connections in use

9 Testing, Logging and Core Programs

Cores	None anticipated
Testing	None anticipated
Sampling	30' samples surface casing to 2500', 10' thereafter.
Surveys	Run every 1000' and on trips
Logging	Resistivity, neutron density, and caliper from TD to surface casing. Gamma ray from TD to surface

10 Anticipated Abnormal Pressures or Temperatures

Minor over-pressuring begins near the top of the Wasatch at 9950' with 9.5 ppg typically being required as TD is approached.

11 Drilling Schedule

Spud	February 1, 2007
Duration	45- 55 days drilling time 30 days completion time

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HAZARDOUS MATERIAL DECLARATION

J. Gentry 17-24

Elk Resources, Inc. guarantees that during the drilling and completion of the above referenced well, we will not use, produce, or store, transport or dispose 10,000# annually of any of the hazardous chemicals contained in the Environmental Protection Agency's consolidated list of chemicals subject to reporting under Title III Super Amendments and Reauthorization Act (SARA) of 1986.

Elk Resources, Inc. guarantees that during the drilling and completion of the above referenced well, we will use, produce, store, transport, or dispose less than the threshold planning quantity (TPQ) of any extremely hazardous substances as defined in 40 CFR 355.

CONFIDENTIAL



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

January 31, 2007

Elk Resources, Inc.
1401 17th St., Ste. 700
Denver, CO 80202

Re: J Gentry 17-24 Well, 2424' FNL, 216' FEL, SE NE, Sec. 17, T. 7 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 43-047-38865.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

cc: Uintah County Assessor (via e-mail)

Operator: Elk Resources, Inc.
Well Name & Number J Gentry 17-24
API Number: 43-047-38865
Lease: Fee

Location: SE NE **Sec.** 17 **T.** 7 South **R.** 20 East

Conditions of Approval

1. **General**

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

2. **Notification Requirements**

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

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

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

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

3. **Reporting Requirements**

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

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

5. Operator shall comply with applicable recommendations resulting from Resource Development Coordinating Committee review. Statements attached.

Page 2

43-047-38865

January 31, 2007

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.

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

CONFIDENTIAL

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: NA
		7. UNIT or CA AGREEMENT NAME: Aurora Deep Unit
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____	8. WELL NAME and NUMBER: J. Gentry 17-24	
2. NAME OF OPERATOR: Elk Resources, Inc.		9. API NUMBER: 4304738865
3. ADDRESS OF OPERATOR: 1401 17th. St., Suite 700 CITY Denver STATE CO ZIP 80202	PHONE NUMBER: (303) 296-4505	10. FIELD AND POOL, OR WILDCAT: Wildcat
4. LOCATION OF WELL FOOTAGES AT SURFACE: 2424' FNL, 216' FEL		COUNTY: Uintah
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SENE 17 7S 20E S		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: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>Change Water Source for Drig</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

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

Water for the drilling of the J. Gentry 17-24 will be pumped into tank trucks and trucked to the well site. Please see the attached approved Temporary Application Number 45-6177 (T77046). The source of the water is the Green River. Elk will be using a portion of the allocated amount of water for the drilling of the subject well.

COPY SENT TO OPERATOR
Date: 06/11/07
Initials: CKD

NAME (PLEASE PRINT) <u>Karin Kuhn</u>	TITLE <u>Sr. Engineering Technician</u>
SIGNATURE <u><i>Karin Kuhn</i></u>	DATE <u>5/23/2007</u>

(This space for State use only)

APPROVED BY THE STATE OF UTAH DIVISION OF OIL, GAS AND MINING

DATE: 5/29/07
BY: *[Signature]* (See Instructions on Reverse Side)

(5/2000)

RECEIVED
MAY 29 2007
DIV. OF OIL, GAS & MINING



JON M. HUNTSMAN, JR.
Governor
GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

Division of Water Rights

MICHAEL R. STYLER JERRY D. OLDS
Executive Director *State Engineer/Division Director*

ORDER OF THE STATE ENGINEER

For Temporary Application Number 45-6177 (T77046)

Temporary Application Number 45-6177 (T77046) in the name of Elk Resources Inc was filed on April 18, 2007, to appropriate 20.00 acre-feet of water from a surface source to be located South 850 feet and East 750 feet from the N¼ Corner of Section 31, T6S, R21E, SLB&M. The water is to be used for oil exploration (drilling and completion of oil/gas wells in South Book Cliffs). The water is to be used in all or portion(s) of T5S, R19E, SLB&M; T5S, R20E, SLB&M; T6S, R19E, SLB&M; T6S, R20E, SLB&M; T7S, R19E, SLB&M; T8S, R20E, SLB&M; and T7S, R20E, SLB&M.

Notice of this temporary application was not published in a newspaper. It is the opinion of the State Engineer that it meets the criteria of Section 73-3-5.5 for temporary applications.

It appears that this temporary application can be approved without affecting existing water rights.

It is, therefore, **ORDERED** and Temporary Application Number 45-6177 (T77046) is hereby **APPROVED** subject to prior rights and the condition that this application will automatically, **PERMANENTLY LAPSE** on **April 26, 2008**.

Inasmuch as this application proposes to divert water from a surface source, the applicant is required to contact the Stream Alteration Section of the Division of Water Rights at 801-538-7240 to obtain a Stream Alteration permit in addition to this Temporary Application.

This application is also approved according to the conditions of the current appropriation policy guidelines for the Colorado River Drainage, adopted March 7, 1990.

This approval is limited to the rights to divert and beneficially use water and does not grant any rights of access to, or use of land, or facilities not owned by the applicant.

This approval is granted subject to prior rights. The applicant shall be liable to mitigate or provide compensation for any impairment of or interference with prior rights as such may be stipulated among parties or decreed by a court of competent jurisdiction.

Failure on your part to comply with the requirements of the applicable statutes (73-3-5.5 and 73-3-8 of the Utah Code) may result in forfeiture of this temporary application.

This application shall expire one year from the date hereof.

ORDER OF THE STATE ENGINEER

Temporary Application Number

45-6177 (T77046)

Page 2

It is the applicant's responsibility to maintain a current address with this office and to update ownership of their water right. Please notify this office immediately of any change of address or for assistance in updating ownership.

Your contact with this office, should you need it, is with the Eastern Regional Office. The telephone number is 435-781-5327.

This Order is subject to the provisions of Administrative Rule R655-6-17 of the Division of Water Rights and to Sections 63-46b-13 and 73-3-14 of the Utah Code which provide for filing either a Request for Reconsideration with the State Engineer or an appeal with the appropriate District Court. A Request for Reconsideration must be filed with the State Engineer within 20 days of the date of this Order. However, a Request for Reconsideration is not a prerequisite to filing a court appeal. A court appeal must be filed within 30 days after the date of this Order, or if a Request for Reconsideration has been filed, within 30 days after the date the Request for Reconsideration is denied. A Request for Reconsideration is considered denied when no action is taken 20 days after the Request is filed.

Dated this 26 day of April, 2007.

Jerry D. Olds
Jerry D. Olds, P.E., State Engineer

Mailed a copy of the foregoing Order this 26 day of April, 2007 to:

Elk Resources Inc
Jeffrey J. Johnson
P. O. Box 817
Roosevelt, UT 84066

Stream Alteration Section
Division of Water Rights

BY: Kelly K. Horne
Kelly K. Horne, Appropriation Secretary

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

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.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____			5. LEASE DESIGNATION AND SERIAL NUMBER: Fee
2. NAME OF OPERATOR: Elk Resources, Inc.			6. IF INDIAN, ALLOTTEE OR TRIBE NAME: NA
3. ADDRESS OF OPERATOR: 1401 17th. St., Suite 700 CITY Denver STATE CO ZIP 80202		PHONE NUMBER: (303) 296-4505	7. UNIT or CA AGREEMENT NAME: NA
4. LOCATION OF WELL FOOTAGES AT SURFACE: 2424' FNL, 216 FEL COUNTY: Uintah QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SENE 17 7S 20E S STATE: UTAH			8. WELL NAME and NUMBER: J. Gentry 17-24
			9. API NUMBER: 4304738865
			10. FIELD AND POOL, OR WILDCAT: Wildcat

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: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>Extend APD</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

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

Elk requests to extend APD expiration date for one year (expiring 1/31/2009). This drilling location has not received Federal approval yet. A sundry was submitted changing the water source and was approved on 5/29/07. Please see the attached APD Request for Permit Extension Validation form. There have been no additional changes.

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 01-14-08
By: [Signature]

COPY SENT TO OPERATOR
Date: 1-16-2008
Initials: KS

NAME (PLEASE PRINT) <u>Karin Kuhn</u>	TITLE <u>Sr. Engineering Technician</u>
SIGNATURE <u>[Signature]</u>	DATE <u>1/10/2008</u>

(This space for State use only)

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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: 4304738865
Well Name: J. Gentry 17-24
Location: SENE Section 17-T7S-R20E
Company Permit Issued to: Elk Resources, Inc.
Date Original Permit Issued: 1/31/2007

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

1/10/2008

Date

Title: Sr. Engineering Technician

Representing: Elk Resources, Inc.

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JAN 11 2008

DIV. OF OIL, GAS & MINING

Division of Oil, Gas and Mining
OPERATOR CHANGE WORKSHEET

ROUTING
1. DJJ
2. CDW

Change of Operator (Well Sold)

X - Operator Name Change/Merger

The operator of the well(s) listed below has changed, effective:

2/11/2008

FROM: (Old Operator): N2755-Elk Resources, Inc. 1401 17th St, Suite 700 Denver, CO 80202 Phone: 1 (303) 296-4505	TO: (New Operator): N3480-Elk Resources, LLC. 1401 17th St, Suite 700 Denver, CO 80202 Phone: 1 (303) 296-4505
---	--

CA No. **Unit:** **AURORA (DEEP)**

WELL NAME	SEC	TWN	RNG	API NO	ENTITY NO	LEASE TYPE	WELL TYPE	WELL STATUS
SEE ATTACHED LIST								

OPERATOR CHANGES DOCUMENTATION

Enter date after each listed item is completed

- (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 4/24/2008
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 4/24/2008
- The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 4/29/2008
- a. Is the new operator registered in the State of Utah: NO Business Number: _____
- b. If **NO**, the operator was contacted on: 4/29/2008
- a. (R649-9-2)Waste Management Plan has been received on: IN PLACE
- b. Inspections of LA PA state/fee well sites complete on: N/A
- c. Reports current for Production/Disposition & Sundries on: ok
- Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: BLM 3/13/2008 BIA
- Federal and Indian Units:**
The BLM or BIA has approved the successor of unit operator for wells listed on: 3/13/2008
- Federal and Indian Communization Agreements ("CA"):**
The BLM or BIA has approved the operator for all wells listed within a CA on: n/a
- Underground Injection Control ("UIC")** The Division has approved UIC Form 5, **Transfer of Authority to Inject**, for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: _____

DATA ENTRY:

- Changes entered in the **Oil and Gas Database** on: 4/29/2008
- Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 4/29/2008
- Bond information entered in RBDMS on: 4/29/2008
- Fee/State wells attached to bond in RBDMS on: 4/29/2008
- Injection Projects to new operator in RBDMS on: n/a
- Receipt of Acceptance of Drilling Procedures for APD/New on: ok

BOND VERIFICATION:

- Federal well(s) covered by Bond Number: UTB000135
- Indian well(s) covered by Bond Number: n/a
- a. (R649-3-1) The **NEW** operator of any fee well(s) listed covered by Bond Number B000969
- b. The **FORMER** operator has requested a release of liability from their bond on: n/a

LEASE INTEREST OWNER NOTIFICATION:

- (R649-2-10) The **FORMER** operator of the fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: n/a

COMMENTS: Bond was amended from Elk Resources, Inc to Elk Resources, LLC

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: See Attached List
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: NA
1. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		7. UNIT or CA AGREEMENT NAME: Aurora "Deep" Unit
2. NAME OF OPERATOR: ELK RESOURCES, LLC		8. WELL NAME and NUMBER: See Attached List
3. ADDRESS OF OPERATOR: 1401 17th. St., Suite 700 CITY Denver STATE CO ZIP 80202		9. API NUMBER: See List
4. LOCATION OF WELL FOOTAGES AT SURFACE: _____ COUNTY: UINTAH		10. FIELD AND POOL, OR WILDCAT: See Attached List
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: _____ 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: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: CHANGE OF OPERATOR
	<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.

Effective February 11, 2008, Elk Resources, LLC became the operator of the wells on the attached list.

<p>Previous Operator: ELK RESOURCES, INC. (N2755) a Texas limited liability company 1401 17th Street, Suite 700 Denver, CO 80202</p> <p><i>Richard P. Crist</i> Richard P. Crist Executive Vice President Business Development</p>	<p>New Operator: ELK RESOURCES, LLC <i>N3480</i> a Texas limited liability company 1401 17th Street, Suite 700 Denver, CO 80202</p> <p><i>Thomas M. Wilson</i> Thomas M. Wilson CEO</p> <p align="center"><i>BLM BOND = UTB000135 State + Fee BOND = B000969</i></p>
--	--

NAME (PLEASE PRINT) <u>Karin Kuhn</u>	TITLE <u>Sr. Engineering Technician</u>
SIGNATURE <i>Karin Kuhn</i>	DATE <u>4/14/2008</u>

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well_name	sec	twp	rng	api	entity	lease	well	stat	flag	qtr_qtr	unit	l_num
ROGERS 13-16	16	070S	200E	4304736538	14989	Fee	OW	P		SWSW	AURORA (DEEP)	FEE
NIELSEN 3-22	22	070S	200E	4304736539	14806	Fee	OW	P		NENW	AURORA (DEEP)	FEE
WALL 13-17	17	070S	200E	4304736668	15363	Federal	GW	S		SWSW	AURORA (DEEP)	UTU-75092
ROGERS 16-43	16	070S	200E	4304738347		Fee	GW	APD	C	SWSE	AURORA (DEEP)	FEE
AURORA FED 5-32	05	070S	200E	4304738463		Federal	OW	APD	C	NESW	AURORA (DEEP)	U-75241
AURORA FED 26-33	26	070S	200E	4304738468		Federal	OW	APD	C	NWSE	AURORA (DEEP)	UTU-80689
J GENTRY 17-24	17	070S	200E	4304738865		Fee	GW	APD	C	SENE	AURORA (DEEP)	FEE
ARGYLE 8-43	08	070S	200E	4304738866		Fee	GW	APD	C	SWSE	AURORA (DEEP)	FEE



United States Department of the Interior
BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155
<http://www.blm.gov/ut/st/en.html>



IN REPLY REFER TO:
UTU-0143511, et al.
BLM Bond Number: UTB000135
Surety Bond Number: B000971

March 13, 2008

NOTICE

Elk Resources, LLC
1401 17th Street, Suite 700
Denver, Colorado 80202

U.S. Specialty Insurance Co.
13403 Northwest Freeway
Houston, Texas 77040

MERGER RECOGNIZED

We received acceptable evidence of the merger of Elk Resources, Inc. into Elk Resources, LLC. Elk Resources, LLC is the surviving entity. This recognition is effective February 6, 2008, as certified by the Secretary of State, State of Texas.

We have documented the merger by copy of this notice in the oil and gas lease files identified on the enclosed exhibit. We have also updated our automated records. We compiled the exhibit from leases shown on our automated records system and any list of leases you provided. The exhibit also reflects serial numbers of agreements where you are the operator. We are notifying the Minerals Management Service and all Bureau of Land Management (BLM) offices of the merger by copies of this notice.

If you find additional leases where the merging parties maintain an interest, please contact this office. We will document the records under our jurisdiction, and if the leases are under the jurisdiction of another State Office, we will notify them.

This merger affects the following bond(s) held by the BLM:

BLM Bond Number: UTB000135	Amount: \$ 25,000	Surety/Other Identifier: B000971
BLM Bond Number: UTB000299	Amount: \$ 5,000	Surety/Other Identifier: B004125

We have updated our bond file and automated system to reflect the merger. If the principal's/obligor's name also changed, we have updated our records to reflect the correct name. No rider is necessary as the change occurred by operation of law. We are in the process

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MAR 17 2008

DIV. OF OIL, GAS & MINING

of determining the total liability for the leases affected by the merger and may require increased coverage in a later action.

If you have any questions, please contact Leslie Wilcken at (801) 539-4112.

/s/ Becky J. Hammond

Becky J. Hammond
Chief, Branch of Fluid Minerals

Enclosure

1-Exhibit: List of Leases

cc (w/encl):

MMS-MRM, Attn: (Leona Reilly)

State of Utah, DOGM

Vernal Field Office

Branch Chief, Lands & Reality

Merger/Name Change File

Connie Seare

Dave Mascarenas

Susan Bauman

Electronic copies (w/encl):

BLM_Bond_Surety

BLM_Fluids_Forum

Lease #	Agreement #	
UTU-0143511	UTU-82456X	Aurora (Deep)
UTU-0143512	UTU-82456A	
UTU-04378	UTU-84716X	Ouray Valley
UTU-21308	UTU-86071X	N Horseshoe
UTU-74417		Bend (Pending)
UTU-75092		
UTU-75093		
UTU-75673		
UTU-76259		
UTU-76260		
UTU-76261		
UTU-78445		
UTU-80689		
UTU-82565		
UTU-82566		
UTU-82567		
UTU-85219		
UTU-85487		
UTU-85488		
UTU-85489		
UTU-85589		
UTU-85590		
UTU-85591		

CONFIDENTIAL

SUNDRY NOTICES AND REPORTS ON WELLS

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.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: Fee
2. NAME OF OPERATOR: Elk Resources, LLC		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: NA
3. ADDRESS OF OPERATOR: 1401 17th. St., Suite 700 CITY Denver STATE CO ZIP 80202		7. UNIT or CA AGREEMENT NAME: NA
4. LOCATION OF WELL FOOTAGES AT SURFACE: 2424' FNL, 216 FEL		8. WELL NAME and NUMBER: J. Gentry 17-24
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SENE 17 7S 20E S		9. API NUMBER: 4304738865
		10. FIELD AND POOL, OR WILDCAT: Wildcat
		COUNTY: Uintah
		STATE: UTAH

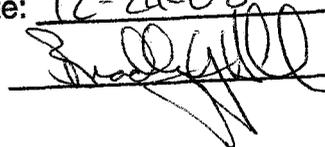
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

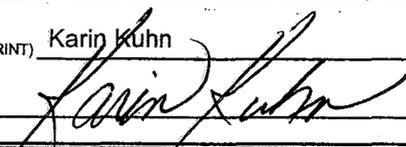
TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: <u>3/1/2009</u>	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
<input type="checkbox"/> 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
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>Extend APD</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

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

Elk requests to extend APD expiration date for another one year (expiring 1/31/2010). We currently anticipate drilling the subject location the first quarter of 2009. See attached Request for Permit Extension Validation.

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 12-24-08
By: 

NAME (PLEASE PRINT) <u>Karin Kuhn</u>	TITLE <u>Sr. Engineering Technician</u>
SIGNATURE 	DATE <u>12/18/2009</u>

(This space for State use only)

COPY SENT TO OPERATOR

Date: 12.30.2008

Initials: KS

(See Instructions on Reverse Side)

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DEC 22 2009

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: 4304738865
Well Name: J. Gentry 17-24
Location: SENE Section 17-T7S-R20E
Company Permit Issued to: Elk Resources, LLC
Date Original Permit Issued: 1/31/2007

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

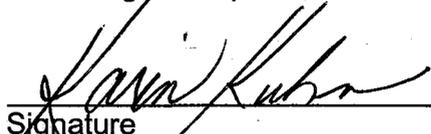
Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes No

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

12/18/2008

Date

Title: Sr. Engineering Technician

Representing: Elk Resources, LLC

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DEC 22 2008

DIV. OF OIL, GAS & MINING

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING	FORM 9
5. LEASE DESIGNATION AND SERIAL NUMBER: FEE	

SUNDRY NOTICES AND REPORTS ON WELLS 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: AURORA (DEEP)
--	---

1. TYPE OF WELL Gas Well	8. WELL NAME and NUMBER: J GENTRY 17-24
------------------------------------	---

2. NAME OF OPERATOR: ELK RESOURCES, LLC	9. API NUMBER: 43047388650000
---	---

3. ADDRESS OF OPERATOR: 1401 17th Street, Suite 700 , Denver, CO, 80202	PHONE NUMBER: 303 296-4505 Ext	9. FIELD and POOL or WILDCAT: WILDCAT
---	--	---

4. LOCATION OF WELL FOOTAGES AT SURFACE: 2424 FNL 0216 FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: SENE Section: 17 Township: 07.0S Range: 20.0E Meridian: S	COUNTY: UINTAH 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 Approximate date work will start: 11/30/2009 <input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: <input type="checkbox"/> SPUD REPORT Date of Spud: <input type="checkbox"/> DRILLING REPORT Report Date:	<input type="checkbox"/> ACIDIZE <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> DEEPEN <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> ALTER CASING <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> SI TA STATUS EXTENSION <input type="checkbox"/> OTHER	<input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> PLUG BACK <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> WATER DISPOSAL <input checked="" type="checkbox"/> APD EXTENSION OTHER:

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

Elk requests to extend the subject well location for another year.

REQUEST DENIED
Utah Division of
Oil, Gas and Mining

Date: December 14, 2009

By: 

NAME (PLEASE PRINT) Karin Kuhn	PHONE NUMBER 303 296-4505	TITLE Sr. Engineering Technician
SIGNATURE N/A	DATE 12/7/2009	



The Utah Division of Oil, Gas, and Mining

- State of Utah
- Department of Natural Resources

Electronic Permitting System - Sundry Notices

Request for Permit Extension Validation Well Number 43047388650000

API: 43047388650000

Well Name: J GENTRY 17-24

Location: 2424 FNL 0216 FEL QTR SENE SEC 17 TWNP 070S RNG 200E MER S

Company Permit Issued to: ELK RESOURCES LLC

Date Original Permit Issued: 1/31/2007

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 rightof- 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

REQUEST DENIED
Utah Division of
Oil, Gas and Mining

Signature: Karin Kuhn

Date: 12/7/2009

Title: Sr. Engineering Technician **Representing:** ELK RESOURCES LLC

Date: December 14, 2009

By: 

LA



GARY R. HERBERT
Governor

GREGORY S. BELL
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

February 1, 2010

Elk Resources, LLC
1401 17TH Suite 700
Denver, CO 80202

Re: APD Rescinded – J Gentry 17-24, Sec. 17, T. 7S, R. 20E
Uintah County, Utah API No. 43-047-38865

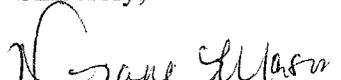
Ladies and Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on January 31, 2007. On January 14, 2008 and December 24, 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 February 1, 2010.

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

