



EOG Resources, Inc.  
1060 E Hwy 40  
Vernal, Utah 84078

**CERTIFIED MAIL**

**ARTICLE NO: 7005 2150 0003 5770 5062**

December 29, 2006

Questar Exploration and Production Company  
Independence Plaza  
1050 17th Street, Suite 500  
Denver, Colorado 80265  
Attention: Mr. Nate Koeniger

**RE: COMMINGLING APPLICATION  
NORTH CHAPITA 344-23  
2170' FNL – 1970' FEL (SWNE)  
SECTION 23, T8S, R22E  
LEASE: U-81657**

Mr. Koeniger:

EOG Resources, Inc. has filed an application with the State of Utah Department of Oil Gas and Mining requesting commingling approval in the Wasatch, and Mesaverde formations for the referenced wellbore. In the event allocation of production is necessary, the allocation will be based on proportionate net pay as calculated from cased hole logs. Production from the Wasatch, and Mesaverde formations will be commingled in the wellbore and produced through open ended 2-3/8" tubing landed below all perforations in the 4-1/2" production casing.

Attached is a map showing the location of all wells on contiguous oil and gas leases or drilling units and an affidavit showing that this application has been provided to owners of all contiguous oil and gas leases or drilling units overlying the pool.

Sincerely,

A handwritten signature in black ink, appearing to read "Kaylene R. Gardner".

Kaylene R. Gardner  
Sr. Regulatory Assistant



EOG Resources, Inc.  
1060 E Hwy 40  
Vernal, Utah 84078

**CERTIFIED MAIL**

**ARTICLE NO: 7005 2150 0003 5770 5055**

December 29, 2006

Kerr-McGee Oil & Gas Onshore LP  
1999 Broadway, Suite 3700  
Denver, Colorado 80202  
Attn: Mr. W. Chris Latimer

**RE: COMMINGLING APPLICATION  
NORTH CHAPITA 344-23  
2170' FNL – 1970' FEL (SWNE)  
SECTION 23, T8S, R22E  
LEASE: U-81657**

Mr. Latimer:

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1060 E Hwy 40  
Vernal, Utah 84078

**CERTIFIED MAIL**

**ARTICLE NO: 7005 2150 0003 5770 5062**

December 29, 2006

Ill Exploration Company  
555 South Cole Road  
P.O. Box 7608  
Boise, Idaho 83707  
Attention: Mr. Ken Smith

**RE: COMMINGLING APPLICATION  
NORTH CHAPITA 344-23  
2170' FNL – 1970' FEL (SWNE)  
SECTION 23, T8S, R22E  
LEASE: U-81657**

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Kaylene R. Gardner  
Sr. Regulatory Assistant

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

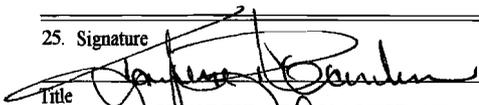
**APPLICATION FOR PERMIT TO DRILL OR REENTER**

|   |  |  |
|---|--|--|
| 5a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER  |  | 5. Lease Serial No.<br><b>U-81657</b>  |
| 5b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone                              |  | 6. If Indian, Allottee or Tribe Name   |
| 2. Name of Operator<br><b>EOG RESOURCES, INC</b>  |  | 7. If Unit or CA Agreement, Name and No.   |
| 3a. Address <b>1060 EAST HIGHWAY 40<br/>VERNAL, UT 84078</b>  |  | 8. Lease Name and Well No.<br><b>NORTH CHAPITA 344-23</b>                                  |
| 3b. Phone No. (include area code)<br><b>435-781-9111</b>  |  | 9. API Well No.<br><b>43-047-38950</b>   |
| 4. Location of Well (Report location clearly and in accordance with any State requirements.)*<br>At surface <b>b3p0087-2170 FNL 1970 FEL SWNE 40.109544 LAT 109.404869 LON</b><br>At proposed prod. zone <b>SAME 4440933Y 40.109610 -109.404170</b> |  | 10. Field and Pool, or Exploratory<br><b>NATURAL BUTTES/MESAVERD</b>                       |
| 14. Distance in miles and direction from nearest town or post office*<br><b>33.5 MILES SOUTH OF VERNAL, UTAH</b>  |  | 11. Sec., T. R. M. or Blk. and Survey or Area<br><b>SECTION 23, T8S, R22E S.L.B.&amp;M</b> |
| 15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)<br><b>470 DRILLING LINE</b><br><b>470 LEASE LINE</b>  |  | 12. County or Parish<br><b>UINTAH</b>  |
| 16. No. of acres in lease<br><b>160</b>   |  | 13. State<br><b>UT</b>   |
| 17. Spacing Unit dedicated to this well<br><b>40</b>  |  |  |
| 18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.<br><b>6700</b>   |  | 20. BLM/BIA Bond No. on file<br><b>NM 2308</b>   |
| 19. Proposed Depth<br><b>11,300</b>   |  |  |
| 21. Elevations (Show whether DF, KDB, RT, GL, etc.)<br><b>4864 GL</b>   |  | 22. Estimated duration<br><b>45 DAYS</b>   |
| 22. Approximate date work will start*   |  |  |

**24. Attachments**

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

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

|  |   |                           |
|--|---|---------------------------|
| 25. Signature<br> | Name (Printed/Typed)<br><b>KAYLENE R. GARDNER</b> | Date<br><b>12/28/2006</b> |
|--|---|---------------------------|

Title **SR REGULATORY ASSISTANT**

|  |  |                         |
|--|--|-------------------------|
| Approved by (Signature)<br> | Name (Printed/Typed)<br><b>BRADLEY G. HILL</b> | Date<br><b>01-25-07</b> |
|--|--|-------------------------|

Title **ENVIRONMENTAL MANAGER**

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

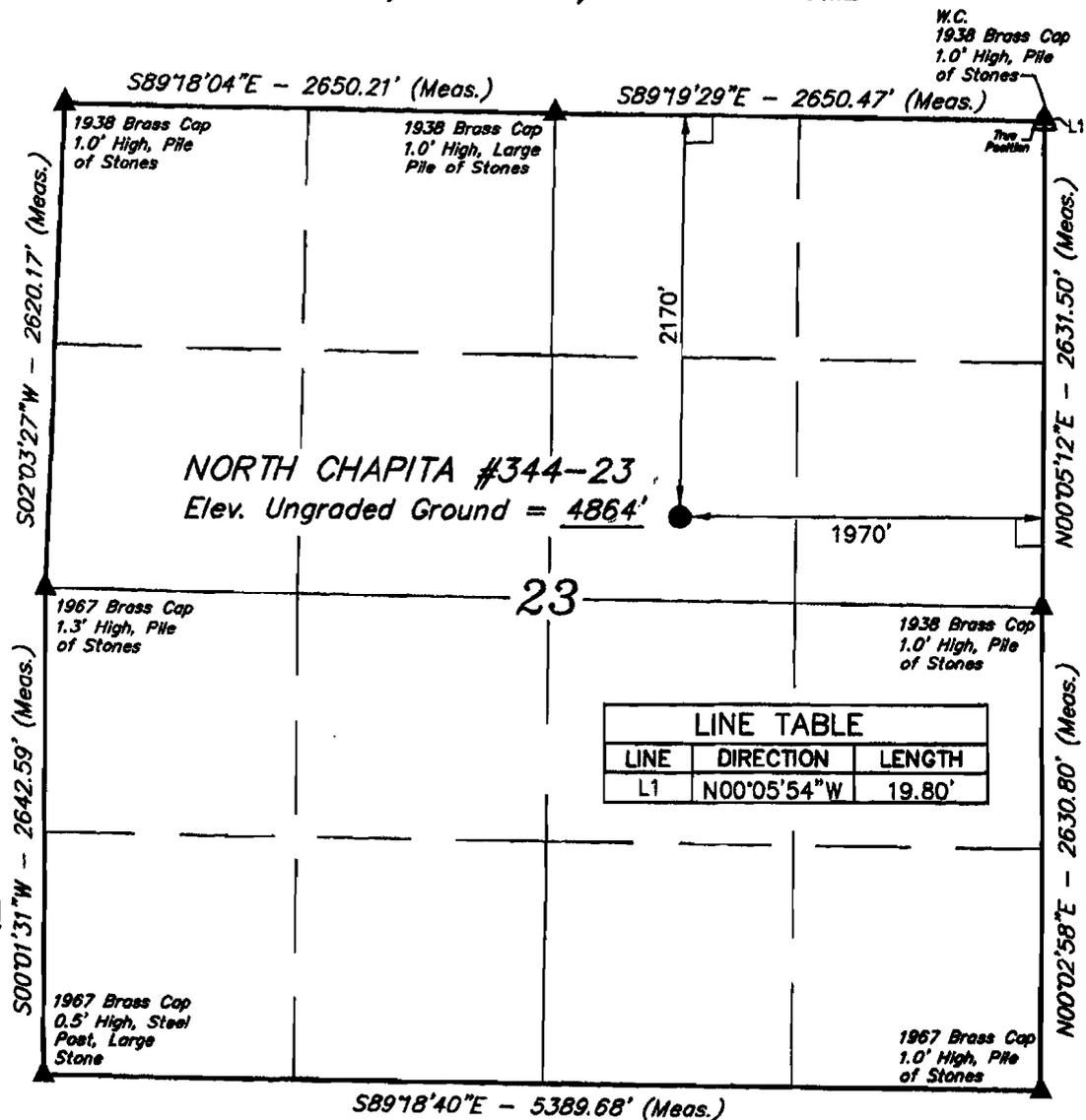
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

\*(Instructions on page 2)

**RECEIVED**  
**JAN 04 2007**  
DIV. OF OIL, GAS & MINING

*Federal Approval of this  
Action is Necessary*

# T8S, R22E, S.L.B.&M.



NORTH CHAPITA #344-23  
Elev. Ungraded Ground = 4864'

| LINE TABLE |              |        |
|------------|--------------|--------|
| LINE       | DIRECTION    | LENGTH |
| L1         | N00°05'54\"W | 19.80' |

- LEGEND:**
- └─┘ = 90° SYMBOL
  - = PROPOSED WELL HEAD.
  - ▲ = SECTION CORNERS LOCATED.
  - △ = SECTION CORNERS RE-ESTABLISHED. (Not Set On Ground)
- (NAD 83)  
 LATITUDE = 40°06'34.36" (40.109544)  
 LONGITUDE = 109°24'17.53" (109.404869)  
 (NAD 27)  
 LATITUDE = 40°06'34.49" (40.109581)  
 LONGITUDE = 109°24'15.07" (109.404186)

## EOG RESOURCES, INC.

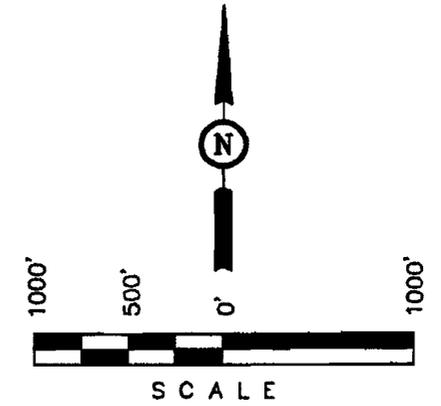
Well location, NORTH CHAPITA #344-23, located as shown in the SW 1/4 NE 1/4 of Section 23, T8S, R22E, S.L.B.&M., Uintah County, Utah.

### BASIS OF ELEVATION

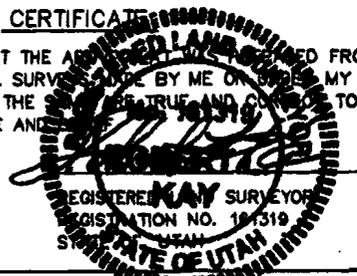
BENCH MARK (20EAM) LOCATED IN THE SE 1/4 OF SECTION 35, T8S, R21E, S.L.B.&M., TAKEN FROM THE OURAY SE QUADRANGLE, UTAH, UINTAH COUNTY, 7.5 MINUTE SERIES (TOPOGRAPHICAL MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 4697 FEET.

### BASIS OF BEARINGS

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



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



|  |                             |                         |
|--|-----------------------------|-------------------------|
| <b>UINTAH ENGINEERING &amp; LAND SURVEYING</b><br>85 SOUTH 200 EAST - VERNAL, UTAH 84078<br>(435) 789-1017 |                             |                         |
| SCALE<br>1" = 1000'  | DATE SURVEYED:<br>11-07-06  | DATE DRAWN:<br>11-14-06 |
| PARTY<br>G.S. J.H. C.H.  | REFERENCES<br>G.L.O. PLAT   |                         |
| WEATHER<br>COOL  | FILE<br>EOG RESOURCES, INC. |                         |

STATE OF UTAH )

) ss

COUNTY OF UINTAH )

VERIFICATION

Kaylene R. Gardner, of lawful age, being first duly sworn upon oath, deposes and says:

She is the Regulatory Assistant of EOG Resources, Inc., of Vernal, Utah. EOG Resources, Inc. is the operator of the following described well:

**NORTH CHAPITA 344-23**  
**2170' FNL – 1970' FEL (SWNE)**  
**SECTION 23, T8S, R22E**  
**UINTAH COUNTY, UTAH**

EOG Resources, Inc., Kerr-McGee Oil & Gas Onshore LP, Questar Exploration and Production Company, and III Exploration Company, Exhibit A are the only owners in the well and/or of all contiguous oil and gas leases or drilling units overlying the pool.

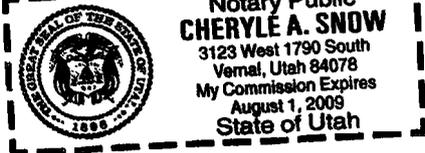
On the 28<sup>th</sup> day of December 2006 she placed in the United States mail, with postage prepaid, a copy of the attached Application for Commingling in one wellbore for the subject well.

Said envelope which contained these instruments was addressed to the Utah Division of Oil, Gas & Mining, Bureau of Land Management, Kerr-McGee Oil & Gas Onshore LP, Questar Exploration and Production Company, and III Exploration Company.

Further affiant saith not.

  
\_\_\_\_\_  
Kaylene R. Gardner  
Sr. Regulatory Assistant

~~Subscribed and sworn before me~~ this 28<sup>th</sup> day of December, 2006.



  
\_\_\_\_\_  
Notary Public

My Commission Expires: 8/1/2009

Exhibit "A" to Affidavit  
North Chapita 344-23 Application to Commingle

Kerr-McGee & Gas Onshore LP  
1999 Broadway, Suite 3700  
Denver, Colorado 80202  
Attn: Mr. Chris Latimer

Questar Exploration and Production Company  
Independence Plaza  
1050 17th Street, Suite 500  
Denver, Colorado 80265  
Attention: Mr. Nate Koeniger

III Exploration Company  
555 South Cole Road  
P.O. Box 7608  
Boise, Idaho 83707  
Attention: Mr. Ken Smith

R 22 E

T 8 S

MULLIGAN UNIT

WHITE RIVER UNIT

SG 8MU-23-8-22

NCW 344-23

U-81657

WRU E1 9ML-23-8-22

WRU E1 10W-23-8-22

SG 11MU-23-8-22

UTU-73687

U-43917

○ NORTH CHAPITA 344-23



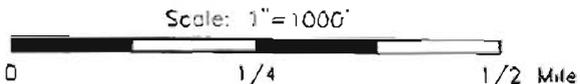
Denver Division

EXHIBIT "A"

NORTH CHAPITA 344-23

Commingling Application

Utah County, Utah



|                      |  |               |                          |
|----------------------|--|---------------|--------------------------|
| Scale:<br>1" = 1000' | D:\us2\Commingled\page_NC344-23_commingled.dwg<br>WELL | Author<br>TLM | Dec 07, 2008 -<br>3:45pm |
|----------------------|--|---------------|--------------------------|

**EIGHT POINT PLAN**

**NORTH CHAPITA 344-23**  
**SW/NE, SEC. 23, T8S, R22E, S.L.B.&M.**  
**UINTAH COUNTY, UTAH**

**1. & 2. ESTIMATED TOPS & ANTICIPATED OIL, GAS, & WATER ZONES:**

| <b>FORMATION</b>       | <b>TVD-RKB (ft)</b> | <b>Objective</b> |
|------------------------|---------------------|------------------|
| Green River            | 2,454               | Possible gas     |
| Wasatch                | 5,479               | Possible gas/oil |
| Chapita Wells          | 6,043               |                  |
| Buck Canyon            | 6,740               |                  |
| North Horn             | 7,344               |                  |
| KMV Price River        | 8,072               | GAS (S)          |
| KMV Price River Middle | 9,953               | Possible gas     |
| KMV Price River Lower  | 9,783               | Possible gas     |
| Sego                   | 10,242              | GAS (P)          |
| KMV Castlegate         | 10,409              | GAS (P)          |
| KMV Blackhawk          | 10,997              | GAS (S)          |
| Mancos                 | 11,207              | GAS (P)          |
|                        |                     |                  |
| <b>TD</b>              | <b>11,300</b>       |                  |

**EST. TD: 11,300' or 200'± below Mancos top**

**Anticipated BHP: 6,760 Psig**

1. Fresh Waters may exist in the upper, approximately 1,000 ft ± of the Green River Formation, with top at about 2,000 ft ±.
2. Cement isolation is installed to surface of the well isolating all zones by cement.

EOG Resources, Inc. requests authorization for commingling of production from the Wasatch, Mesaverde and Mancos formations in the referenced wellbore. In the event allocation of production is necessary, the allocation will be based on proportionate net pay as calculated from open hole logs. Production from the Wasatch, and Mesaverde formations will be commingled in the wellbore and produced through open ended 2-3/8" tubing landed below all perforations in the 4-1/2" production casing.

Attached is a map showing the location of all wells on contiguous oil and gas leases or drilling units and an affidavit showing that this application has been provided to owners of all contiguous oil and gas leases or drilling units overlying the pool.

**EIGHT POINT PLAN**

**NORTH CHAPITA 344-23**  
**SW/NE, SEC. 23, T8S, R22E, S.L.B.&M.**  
**UINTAH COUNTY, UTAH**

3. **PRESSURE CONTROL EQUIPMENT:** Production Hole – 5000 Psig  
BOP schematic diagrams attached.

3. **CASING PROGRAM:**

| <u>HOLE SIZE</u> | <u>INTERVAL</u> | <u>LENGTH</u>    | <u>SIZE</u> | <u>WEIGHT</u> | <u>GRADE</u> | <u>THREAD</u> | <u>RATING FACTOR</u> |              |                |
|------------------|-----------------|------------------|-------------|---------------|--------------|---------------|----------------------|--------------|----------------|
|                  |                 |                  |             |               |              |               | <u>COLLAPSE</u>      | <u>BURST</u> | <u>TENSILE</u> |
| Conductor:       | 26"             | 0' – 40'         | 20"         | 48.0#         | H-40         | STC           | 770 PSI              | 1730 PSI     | 322,000#       |
| Surface:         | 17 1/2"         | 40' – 500'       | 13 3/8"     | 48.0#         | H-40         | STC           | 770 PSI              | 1730 PSI     | 322,000#       |
| Intermediate:    | 12-1/4"         | 500' – 3,400'KB± | 9-5/8"      | 43.5#         | P-110        | LTC           | 5600 PSI             | 8700 Psi     | 106,000#       |
| Production:      | 7-7/8"          | 3,400'± – TD     | 4-1/2"      | 11.6#         | P-110        | LTC           | 7560 PSI             | 10,710 Psi   | 284,000#       |

**Note:** 12-1/4" intermediate hole will be drilled to a total depth of 200'± below the base of the Green River lost circulation zone and cased w/9-5/8" as shown to that depth. Drilled depth may be shallower or deeper than the 2300' shown above depending on the actual depth of the loss zone.

**All casing will be new or inspected.**

5. **Float Equipment:**

**Surface Hole Procedure (0' - 3400'±)**

Guide Shoe

Insert Float Collar (PDC drillable)

Centralizers: 1-5' above shoe, top of jts. #2 and #3 then every 5<sup>th</sup> joint to surface. (15 total)

**Production Hole Procedure (3400'± - TD):**

Float shoe, 1 joint casing, float collar and balance of casing to surface. 4-1/2", 11.6#, P-110 or equivalent marker collars or short casing joints to be placed at top of Price River and 400' above top of Wasatch. Centralizers to be placed 5' above shoe on joint #1, top of joint #2, and every 2nd joint to 400' above Wasatch Island top. (30± total). Thread lock float shoe, top and bottom of float collar, and top of 2<sup>nd</sup> joint.

6. **MUD PROGRAM**

**Surface Hole Procedure (Surface - 3400'±):**

Air/air mist or aerated water.

**EIGHT POINT PLAN**

**NORTH CHAPITA 344-23**  
**SW/NE, SEC. 23, T8S, R22E, S.L.B.&M.**  
**UINTAH COUNTY, UTAH**

**Production Hole Procedure (3400'± - TD):** Anticipated mud weight 10.5 – 11.5 ppg depending on actual wellbore conditions encountered while drilling.

**3400'± - TD** A closed mud system will be utilized. A bentonite gelled water mud system will be used to control viscosity w/PHPA polymer used for supplemental viscosity and clay encapsulation/inhibition. Water loss will be maintained at <15cc's using white starch or PAC. Bactericides will be used as needed. Anticipated pH will range from 9.0-10.0. Mud weight will be adjusted as necessary for well control. Deflocculants/thinners will be used as necessary to maintain mud quality. LCM sweeps will be utilized as necessary to control lost circulation and mud loss. CO2 contamination, if encountered, will be treated with lime and gypsum.

**7. VARIANCE REQUESTS:**

**Reference:** Onshore Oil and Gas Order No. 2 – Item E: Special Drilling Operations

EOG Resources, Inc. requests a variance to regulations requiring the blooie line to be 100' in length. Due to reduce location excavation, the blooie line will be approximately 75' in length

**8. EVALUATION PROGRAM:**

**Logs:** Mud log from base of surface casing to TD.

**Open Hole Logs:** Open Hole Logs will be run consisting of the following:

**Schlumberger Platform Express: Open Hole Gamma Ray, Resistivity, and Neutron Porosity**

**8. CEMENT PROGRAM:**

**Conductor Hole Procedure (Surface - 500'±):**

**Tail:** 190 sxs Class "G" cement with 2% CaCl<sub>2</sub>, ¼#/sk Flocele mixed at 15.6 ppg, 1.18 ft<sup>3</sup>/sk., 5.2 gps water.

**Note:** Cement volumes will be calculated to bring lead cement to surface.

**Surface Hole Procedure (Surface - 3400'±):**

**Lead:** 50 sxs Class "G" cement with 16% Gel, 10 #/sx Gilsonite, 3% Salt, 2% CaCl<sub>2</sub>, 3 lb/sx GR3 ¼ #/sx Flocele mixed at 11 ppg, 3.82 ft<sup>3</sup>/sk. yield, 23 gps water.

**EIGHT POINT PLAN**

**NORTH CHAPITA 344-23**  
**SW/NE, SEC. 23, T8S, R22E, S.L.B.&M.**  
**UINTAH COUNTY, UTAH**

**Tail:** 730 sxs Class "G" cement with 2% CaCl<sub>2</sub>, 1/4#/sk Flocele mixed at 15.6 ppg, 1.18 ft<sup>3</sup>/sk., 5.2 gps water.

**Top Out:** As necessary with Class "G" cement with 2% CaCl<sub>2</sub>, 1/4#/sk Flocele mixed at 15.6 ppg, 1.18 ft<sup>3</sup>/sk., 5.2 gps water.

**Note:** Cement volumes will be calculated to bring lead cement to surface and tail cement to 100' above the casing shoe.

**Final Cement volumes will be based upon gauge-hole plus 45% excess.**

**Production Hole Procedure (3400'± - TD)**

**Lead:** 180 sxs: 35:65 Poz "G" w/4% D20 (Bentonite), 2% D174 (Extender), 0.2% D65 (Dispersant), 0.2% D46 (Antifoam), 0.75% D112 (Fluid Loss Additive), 0.200% D13 (Retarder), 0.25 pps D29 (cello flakes) mixed at 13.0 ppg, 1.75 ft<sup>3</sup>/sk., 9.19 gps water.

**Tail:** 1605 sxs: 50:50 Poz "G" w/ 2% D20 (Bentonite), 0.1% D46 (Antifoam), 0.075% D13 (Retarder), 0.2% D167 (Fluid Loss Additive), 0.2% D65 (Dispersant), mixed at 14.1 ppg, 1.28 ft<sup>3</sup>/sk., 5.9gps water.

**Note:** The above number of sacks is based on gauge-hole calculation.  
Lead volume to be calculated to bring cement to 500'± above 9-5/8" casing shoe.  
Tail volume to be calculated to bring cement to 400'± above top of Wasatch.

**Final Cement volumes will be based upon gauge-hole plus 45% excess.**

**10. ABNORMAL CONDITIONS:**

**Surface Hole (Surface - 3400'±):**

Lost circulation

**Production Hole (3400'± - TD):**

Sloughing shales and key seat development are possible in the Wasatch Formation.

**11. STANDARD REQUIRED EQUIPMENT:**

- A. Choke Manifold
- B. Upper and Lower Kelly Cock

**EIGHT POINT PLAN**

**NORTH CHAPITA 344-23**  
**SW/NE, SEC. 23, T8S, R22E, S.L.B.&M.**  
**UINTAH COUNTY, UTAH**

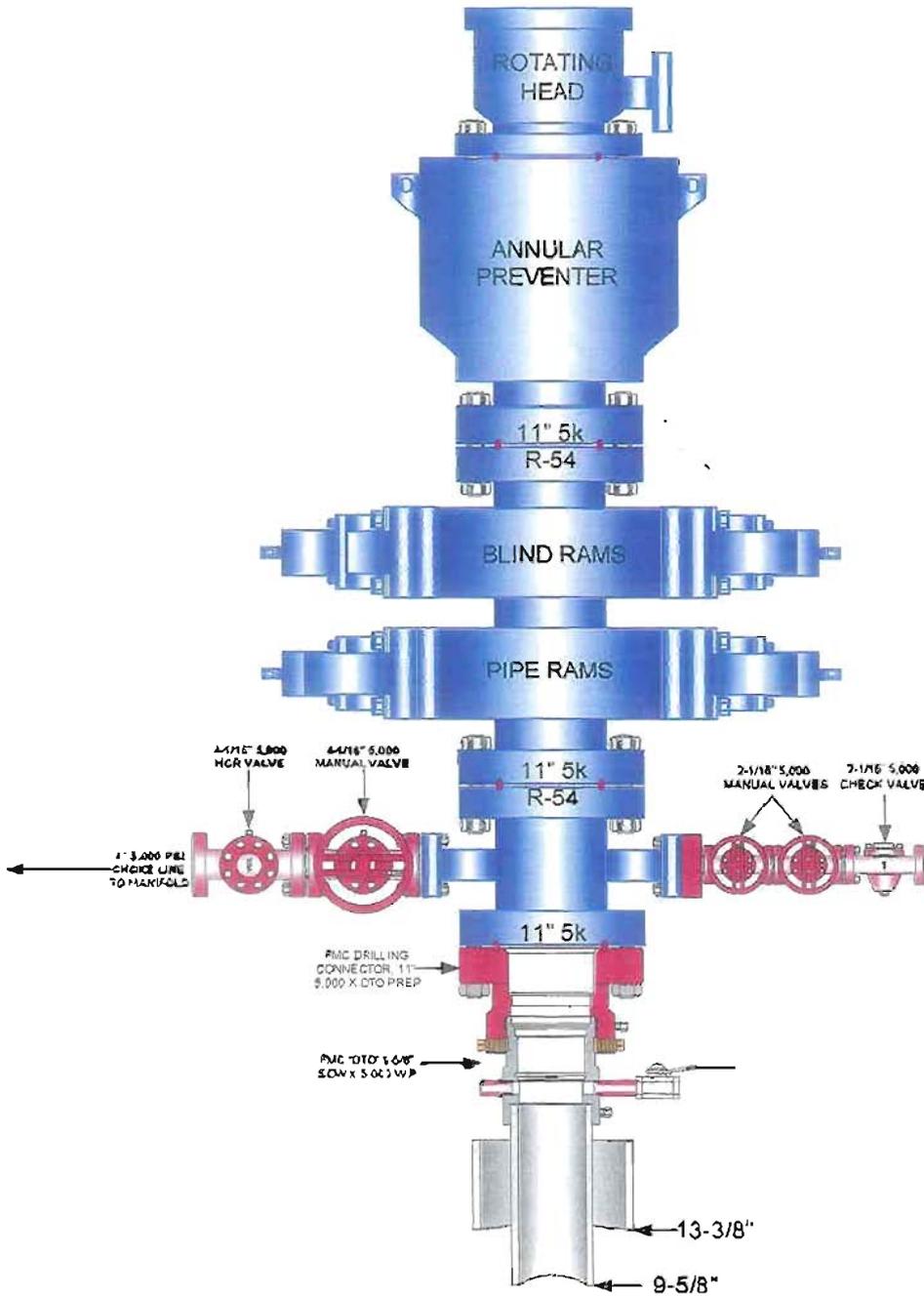
- C. Stabbing Valve
- D. Visual Mud Monitoring

**12. HAZARDOUS CHEMICALS:**

No chemicals subject to reporting under SARA title III in an amount equal to or greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling of this well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produced, stored, transported, or disposed of in association with the drilling of this well.

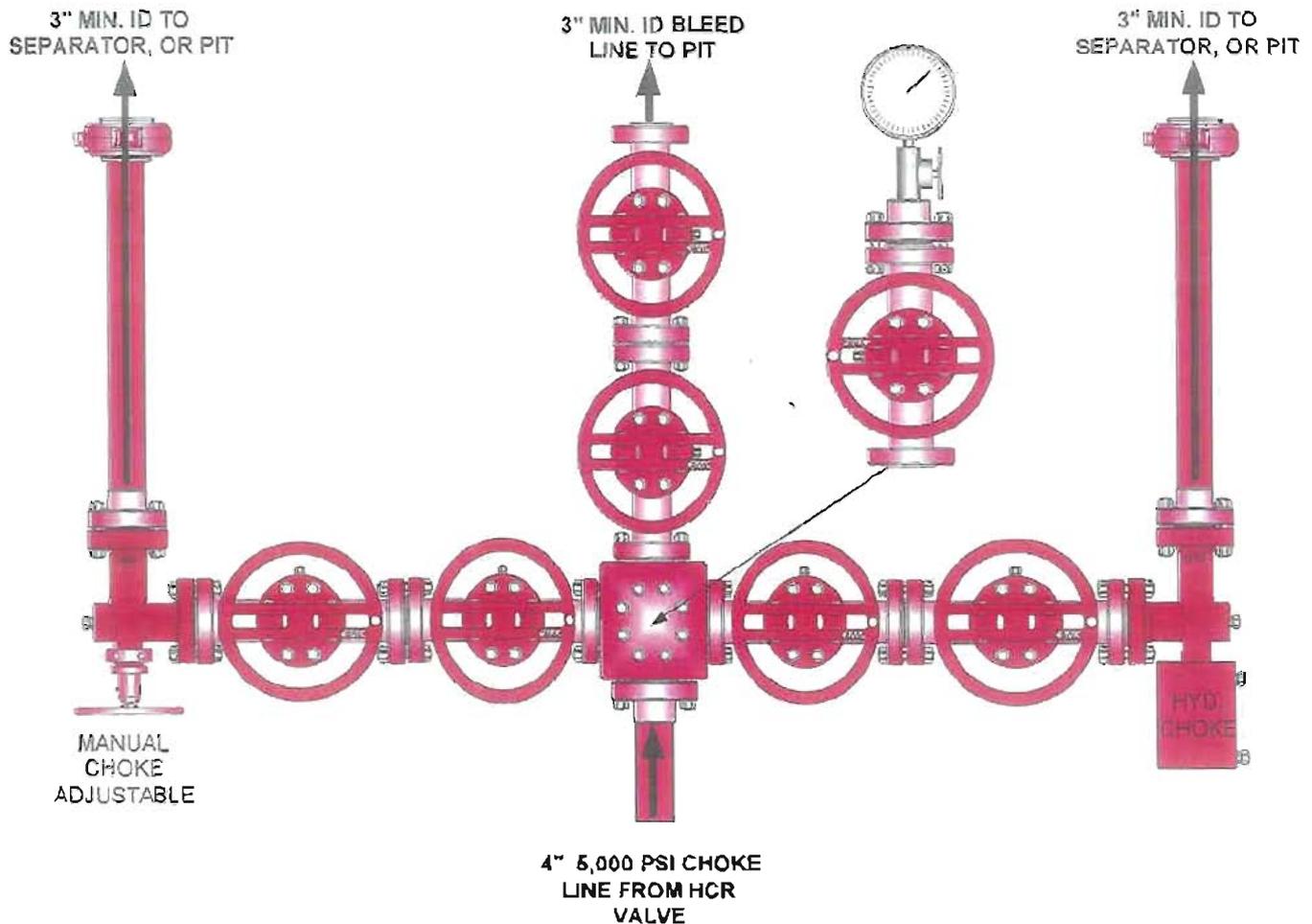
(Attachment: BOP Schematic Diagram)

**EOG RESOURCES 11" 5,000 PSI W.P. BOP CONFIGURATION**



EOG RESOURCES CHOKE MANIFOLD CONFIGURATION  
W/ 5,000 PSI WP VALVES

PAGE 2 OF 2



Testing Procedure:

1. BOP will be tested with a professional tester to conform to Onshore Order #2.
2. Blind and Pipe rams will be tested to rated working pressure, 5,000 psi.
3. Annular Preventer will be tested to 50% working pressure, 2,500 psi.  
Casing will be tested to 0.22 psi / ft. or 1,500 psi. Not to exceed 70% of burst strength, whichever is greater.
4. All lines subject to well pressure will be tested to the same pressure as blind and pipe rams.
5. All BOPE specifications and configurations will meet Onshore Order #2 requirements.



**NORTH CHAPITA WELLS 344-23  
SW/NE, Section 23, T8S, R22E  
Uintah County, Utah**

***SURFACE USE PLAN***

**NOTIFICATION REQUIREMENTS**

- Location Construction: Forty-eight (48) hours prior to construction of location and access roads.
- Location Completion: Prior to moving on the drilling rig.
- Spud Notice: At least twenty-four (24) hours prior to spudding the well.
- Casing String and Cementing: Twenty-four (24) hours prior to running casing and cementing all casing strings.
- BOP and related Equipment Tests: Twenty-four (24) hours prior to running casing and tests.
- First Production Notice: Within five (5) business days after new well begins or production resumes after well has been off production for more than ninety (90) days.

The well pad is approximately 325 feet long with a 246-foot width, containing 1.84 acres more or less. The well access road is approximately 1584 feet long with a 30-foot right-of-way, disturbing approximately 1.09 acres. New surface disturbance associated with access road and the well pad is estimated to be approximately 2.93 acres. The pipeline is approximately 2139 feet long disturbing approximately 1.96 acres.

An off lease road right-of-way was requested within NCW 343-23 Application for Permit to Drill, filed December 28, 2006, addressing 244 feet of road located within Federal Lease U-28652. The requested right-of-way will also be used to access North Chapita 344-23.

**1. EXISTING ROADS:**

- A. See attached Wellsite Plats showing directional reference stakes on location, and attached TOPO Map "B" showing access to location from existing roads.
- B. The proposed well site is located approximately 33.5 miles south of Vernal, Utah – See attached TOPO Map "A".
- C. Refer to attached Topographic Map "A" showing labeled access route to location.
- D. Existing roads will be maintained and repaired as necessary.

**2. PLANNED ACCESS ROAD:**

- A. The access road will be approximately 1584' in length, **with one (1) 48" x 40' CMP or CPP and three (3) 36" x 40' CMP's or CPP's.** See attached Topo Map "B".
- B. The access road has a 30 foot ROW w/18 foot running surface.
- C. Maximum grade of the new access road will be 8 percent.
- D. No turnouts will be required.
- E. Road drainage crossings shall be of the typical dry creek drainage crossing type.
- F. No culverts, bridges, or major cuts and fills will be required.
- G. The access road will be dirt surface. **Gravel shall be used as needed.**
- H. No gates, cattleguards, or fences will be required or encountered.

New or reconstructed roads will be centerlined – flagged at time of location staking.

Road drainage crossings shall be of the typical dry creek drainage crossing type. Crossings shall be designed so they will not cause siltation or accumulation or debris in the drainage crossings nor shall the drainages be blocked by the roadbed. Erosion of drainage ditches by run off water shall be prevented by diverting water off at frequent intervals by means of

cutouts. Upgrading shall not be allowed during muddy conditions. Should mud holes develop, they shall be filled in and detours around them avoided.

As operator, EOG Resources, Inc. shall be responsible for all maintenance on cattleguards, or gates associated with this oil and/or gas operation.

Traveling off the 30 foot right-of-way will not be allowed. The access road and associated drainage structures will be constructed and maintained in accordance with road guidelines contained in the joint BLM/USFS publication: Surface Operating Standards for Oil and Gas Exploration and Development, Third Edition, and/or BLM Manual Section 9113 concerning road construction standards on projects subject to federal jurisdiction. During the drilling and production phase of operations, the road surface and shoulders will be kept in a safe and useable condition and drainage ditches and culverts will be kept clear and free flowing.

**3. LOCATION OF EXISTING WELLS WITHIN A ONE-MILE RADIUS:**

See attached TOPO map "C" for the location of wells within a one-mile radius.

**4. LOCATION OF EXISTING AND/OR PROPOSED PRODUCTION FACILITIES:**

**A. On Well Pad**

1. Production facilities will be set on location if the well is successfully completed for production. Facilities will consist of wellhead valves, combo separator-dehy unit with meter, two (2) 400 BBL vertical tanks and attaching piping.
2. Gas gathering lines – A 4" gathering line will be buried from dehy to the edge of the location.

**B. Off Well Pad**

1. Proposed location of attendant off pad flowlines shall be flagged prior to archaeological clearance.
2. **A berm shall be constructed from corner 5 to corner 6 diverting run off water away from the location.**
3. **A water diversion dam will be constructed east of corner 7 to divert the main drainage around corner 8.**
4. **The location shall be rip rapped from corner 2 to corner 8 preventing erosion.**
5. The length of the new proposed pipeline is 5500' x 40'. The proposed pipeline leaves the eastern edge of the well pad (U-81657) proceeding in a southerly direction for an approximate distance of 5500' tying into an existing pipeline located in the SWSW, Section 23, T8S, R22E.

The proposed pipeline is located within lease and will not require a right-of-way.

- 6. Proposed pipeline will be a 4" OD steel, welded buried line for an approximate distance of 2100'. The proposed pipeline will be a 4" OD steel, ZapLok surface line adjacent to the existing road for an approximate distance of 2400'.**
7. Protective measures and devices for livestock and wildlife will be taken and /or installed where required.

If storage facilities/tank batteries are constructed on this lease, the facility/battery or the well pad shall be surrounded by a containment dike of sufficient capacity to contain, at a minimum, the entire contents of the largest tank within the facility/battery, unless more stringent protective requirements are deemed necessary by the authorized officer.

All permanent (on site for six months or longer) structures constructed or installed (including pumping units) will be painted a flat, non-reflective, earthtone color to match one of the standard environmental colors, as determined by the Rocky Mountain Five State Interagency Committee. All facilities will be painted within 6 months of installation. **All existing facilities will be painted with Carlsbad Canyon.** Facilities required to comply with O.S.H.A. (Occupational Safety and Health Act) will be excluded.

**5. LOCATION AND TYPE OF WATER SUPPLY:**

- A. Water supply will be from Ouray Municipal Water Plant at Ouray, Utah, and/ or Target Trucking Inc.'s water source in the SW/SW. Sec 35, T9S, R22E Uintah County, Utah (State Water Right # 49-1501, and/or Bonanza Power Plant water source in Sec 26, T8S, R23E Uintah County, UT (State Water Right # 49-225(A31368)). Water will be hauled by a licensed trucking company.
- B. Water will be hauled by a licensed trucking company.
- C. No water well will be drilled on lease.

**6. SOURCE OF CONSTRUCTION MATERIALS:**

- A. All construction material for this location and access road will be of native borrow and soil accumulated during the construction of the location.
- B. No mineral materials will be required.

**7. METHODS OF HANDLING WASTE DISPOSAL:**

**A. METHODS AND LOCATION**

1. Cuttings will be confined in the reserve pit.
2. A portable toilet will be provided for human waste during the drilling and completion of the well. Disposal will be at the Vernal sewage disposal plant.

3. Burning will not be allowed. Trash and other waste material will be contained in a wire mesh cage and disposed of at the Uintah County Landfill.
  4. Produced wastewater will be confined to a lined pit or storage tank for a period not to exceed 90 days after initial production. After the 90 day period, the produced water will be contained in a tank on location and then disposed of at one of the following three locations: Natural Buttes Unit 21-20B SWD, Ace Disposal, or EOG Resources, Inc. drilling operations (Chapita Wells Unit, Natural Buttes Unit & Stagecoach Unit).
  5. All chemicals will be disposed of at an authorized disposal site. Drip pans and absorbent pads will be used on the drilling rig to avoid leakage of oil to the pit.
- B. Water from drilling fluids and recovered during testing operations will be disposed of by either evaporating in the reserve pit or by removed and disposed of at an authorized disposal site. Introduction of well bore hydrocarbons to the reserve pit will be avoided by flaring them off in the flare pit at the time of recovery.

The reserve pit will be constructed so as not to leak, break, or allow discharge. If the reserve pit requires padding prior to lining (due to rocky conditions) felt padding will be used.

The reserve pit shall be lined with felt and a 16 millimeter plastic liner.

EOG Resources, Inc. maintains a file, per 29 CFR 1910.1200 (g) containing current Material Safety Data Sheets (MSDS) for all chemicals, compounds, and/or substances which are used during the course of construction, drilling, completion, and production operations for this project. Hazardous materials (substances) which may be found at the site may include drilling mud and cementing products which are primarily inhalation hazards, fuels (flammable and/or combustible), materials that may be necessary for well completion/ stimulation activities such as flammable or combustible substances and acids/gels (corrosives). The opportunity for Superfund Amendments and Reauthorization Act (SARA) listed Extremely Hazardous Substances (EHS) at the site is generally limited to proprietary treating chemicals. All hazardous and EHS and commercial preparations will be handled in an appropriate manner to minimize the potential for leaks or spills to the environment.

**8. ANCILLARY FACILITIES:**

None anticipated.

**9. WELL SITE LAYOUT:**

- A. Refer to attached well site plat for related topography cuts and fills and cross sections.
- B. Refer to attached well site plat for rig layout and soil material stockpile location as approved on On-site.

C. Refer to attached well site plat for rig orientation, parking areas, and access road.

The reserve pit will be located on the west corner of the location. The flare pit will be located downwind of the prevailing wind direction on the west side of the location, a minimum of 100 feet from the well head and 30 feet from the reserve pit fence.

The stockpiled pit topsoil will be stored separate from the location topsoil east of corner #5. The stockpiled location topsoil will be stored between corners #2 and #3. Upon completion of construction, the stockpiled topsoil from the location will be broadcast seeded with the approved seed mixture from this location and then walked down with a Caterpillar tractor.

Access to the well pad will be from the south.

**FENCING REQUIREMENTS:**

All pits will be fenced according to the following minimum standards:

- A. Thirty-nine inch net wire shall be used with at least one strand of barbed wire on top of the net wire. (Barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence.)
- B. The net wire shall be no more than 2 inches above the ground. The barbed wire strand shall be 3 inches above the net wire. Total height of the fence shall be at least 42 inches.
- C. Corner posts shall be cemented and/or braced in such a manner as to keep the fence tight at all times.
- D. Standard steel, wood, or pipe posts shall be used between the corner braces. Maximum distances between any two posts shall be no greater than 16 feet.
- E. All wire shall be stretched by using a stretching device before it is attached to the corner posts.

The reserve pit fencing will be on the three sides during drilling operations and on the fourth side when the rig moves off location. Pits will be fenced and maintained until clean-up.

Each existing fence to be crossed by the access road shall be braced and tied off before cutting so as to prevent slacking of the wire. The opening shall be closed temporarily as necessary during construction to prevent the escape of livestock, and, upon completion of construction, the fence shall be repaired to BLM or SMA specifications. A cattleguard with an adjacent 16 foot gate shall be installed in any fence where a road is regularly traveled. If the well is a producer, the cattleguards (shall/shall not) be permanently counted on concrete bases. Prior to crossing any fence located on Federal land, or any fence between Federal land and private land, the operator will contact the BLM, who will in turn contact the grazing permittee or owner of said fence and offer him/her the opportunity to be present when the fence is cut in order to satisfy himself/herself that the fence is adequately braced and tied off.

**10. PLANS FOR RECLAMATION OF THE SURFACE:**

**A. Producing Location**

Immediately upon well completion, the location and surrounding area will be cleared of all unused tubing, equipment, debris, materials, trash, and junk not required for production.

Immediately upon well completion, any hydrocarbons on the pit shall be removed in accordance with CFR 3162.7-1.

If a plastic nylon reinforced liner is used, it 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. The stockpiled pit topsoil will then be spread over the pit area and broadcast seeded with the prescribed seed mixture for this location. The seeded area will then be walked down with a cat.

| <b>Seed Mixture</b> | <b>Drilled Rate<br/>(lbs./acre PLS*)</b> |
|---------------------|--|
| Crested Wheatgrass  | 9.0                                      |
| Kochia Prostrata    | 3.0                                      |

\*Pure live seed (PLS) formula: percent of purity of seed mixture times percent germination of seed mixture equals portion of seed mixture that is PLS.

**B. Dry Hole/Abandoned Location**

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

| <b>Seed Mixture</b> | <b>Drilled Rate<br/>(lbs./acre PLS*)</b> |
|---------------------|--|
| Gardner saltbush    | 3.0                                      |
| Shadscale           | 3.0                                      |
| Crested Wheatgrass  | 3.0                                      |

\*Pure live seed (PLS) formula: percent of purity of seed mixture times percent germination of seed mixture equals portion of seed mixture that is PLS.

**11. SURFACE OWNERSHIP:**

Surface ownership of the proposed well site, access road, and pipeline route is as follows:

Bureau of Land Management

**12. OTHER INFORMATION:**

A. EOG Resources, Inc. will inform all persons in the area who are associated with this project that they are subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, the operator will immediately stop work that might further disturb such materials, and contact the Authorized Officer. Within five working days the Authorized Officer will inform the operator as to:

- Whether the materials appear eligible for the National Register of Historic Places;
- The mitigation measures the operator will likely have to undertake before the site can be used.
- A time frame for the Authorized Officer to complete an expedited review under 36 CFR 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the Authorized Officer are correct and that mitigation is appropriate.

If the operator wished, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this process, the Authorized Officer will assume responsibility for whatever recordation and stabilization of the exposed materials that may be required. Otherwise, the operator will be responsible for mitigation costs. The Authorized Officer will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the Authorized Officer that required mitigation has been completed, the operator will then be allowed to resume construction.

- B. As operator, EOG Resources, Inc. will control noxious weeds along Right-of-Ways for roads, pipelines, well sites, or other applicable facilities. A list of noxious weeds will be obtained from the BLM administered land, a Pesticide Use proposal shall be submitted, and given approval, prior to the application of herbicides or other pesticides or possible hazardous chemicals.
- C. The drilling rig and ancillary equipment will be removed from the location prior to commencement of completion operations. Completion operations will be conducted utilizing a completion/workover rig.
- D. Drilling rigs and/or equipment used during drilling operations on this well site will not be stacked or stored on BLM lands after the conclusion of drilling operations or at any other time without BLM authorization. However, if BLM authorization is obtained, it is only a temporary measure to allow time to make arrangements for permanent storage on commercial facilities. (The BLM does not seek to compete with private industry. There are commercial facilities available for stacking and storing drilling rigs.)

All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil and Gas Orders, the approved Plan of Operations, and any applicable Notice of Lessees. The operator is fully responsible for the actions of its subcontractors. A complete copy of the approved "Application for Permit to Drill" will be furnished to the field representative(s) to ensure compliance and shall be on location during all construction and drilling operations.

Construction activity will not be conducted using frozen or saturated soils material or during periods when watershed damage is likely to occur.

If the existing access road, proposed access road, and proposed pad are dry during construction, drilling, and completion activities, water will be applied to help facilitate compaction during construction and to minimize soil loss as a result of wind erosion.

A cultural resources survey was conducted and will be submitted by Montgomery Archaeological Consultants. A paleontological survey was conducted and submitted December 15, 2006 by Intermountain Paleo-Consulting.

**Additional Surface Stipulations:**

No construction or drilling shall occur during wet weather due to critical soils.

**LESSEE OR OPERATOR'S REPRESENTATIVE AND CERTIFICATION:**

**PERMITTING AGENT**

Kaylene R. Gardner  
EOG Resources, Inc.  
P.O. Box 1815  
Vernal, Ut 84078  
(435) 781-9111

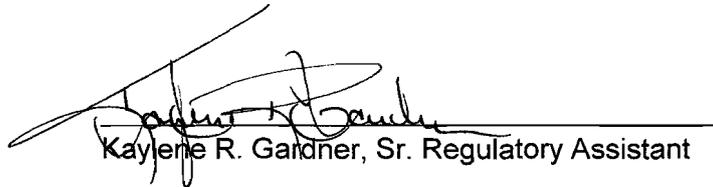
**DRILLING OPERATIONS**

Donald Presenkowski  
EOG Resources, Inc.  
P.O. Box 250  
Big Piney, WY 83113  
307-276-4865

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by EOG Resources, Inc. 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.

Please be advised that EOG Resources, Inc. is considered to be the operator of the North Chapita 344-23 Well, located in the SWNE, of Section 23, T8S, R22E, Uintah County, Utah; Federal land and minerals; and is responsible under the terms and conditions of the lease for the operations conducted upon the leased lands. Bond Coverage is under Bond # NM 2308.

December 28, 2006  
Date

  
Kaylene R. Gardner, Sr. Regulatory Assistant

**Request for Exception to Buried Pipeline Requirement**  
**North Chapita 344-23**  
**SW/NE, Sec. 23, T8S, R22E**  
**U-81657**

EOG Resources, Inc. requests a variance to the requirement for a buried gas sales pipeline for the referenced well for the following reasons:

1. In order to bury pipe on the gas sales line route, additional surface disturbance relative to surface pipeline would be approximately 50' X Length acres.
2. Ripping, cutting, or blasting of rock would be required, which in turn would leave long-term spoils on the right-of-way.
3. The disturbed soils on the pipeline corridor would be difficult to rehabilitate and would be susceptible to noxious weed infestation, which in turn would be hazardous to livestock.
4. Supplemental soil to replace removed rock would need to be hauled in from other locations to provide bedding and cover material.
5. The buried pipe would need to be coated and/or wrapped to minimize the potential for corrosion-caused gas leaks and blowouts.
6. Burying of pipe next to access roads increases the potential for damage, explosion, and fire when using graders and/or dozers for snow removal or road rehabilitation.
7. Surface equipment, including risers with blow down valves and pipeline markers will be required, adding to negative visual impact.
8. Disturbance of previously rehabilitated pipeline corridor could be necessary if increasing well density requires crossing of the corridor or location construction on the corridor.
9. Pipeline corridors subject to poor rehabilitation characteristics are susceptible to high rates of soil erosion.
10. Buried shallow pipelines in low areas subject to the occasional presence of standing water are susceptible to movement and surfacing.

**EOG RESOURCES, INC.**  
**NORTH CHAPITA #344-23**  
 LOCATED IN UINTAH COUNTY, UTAH  
 SECTION 23, T8S, R22E, S.L.B.&M.

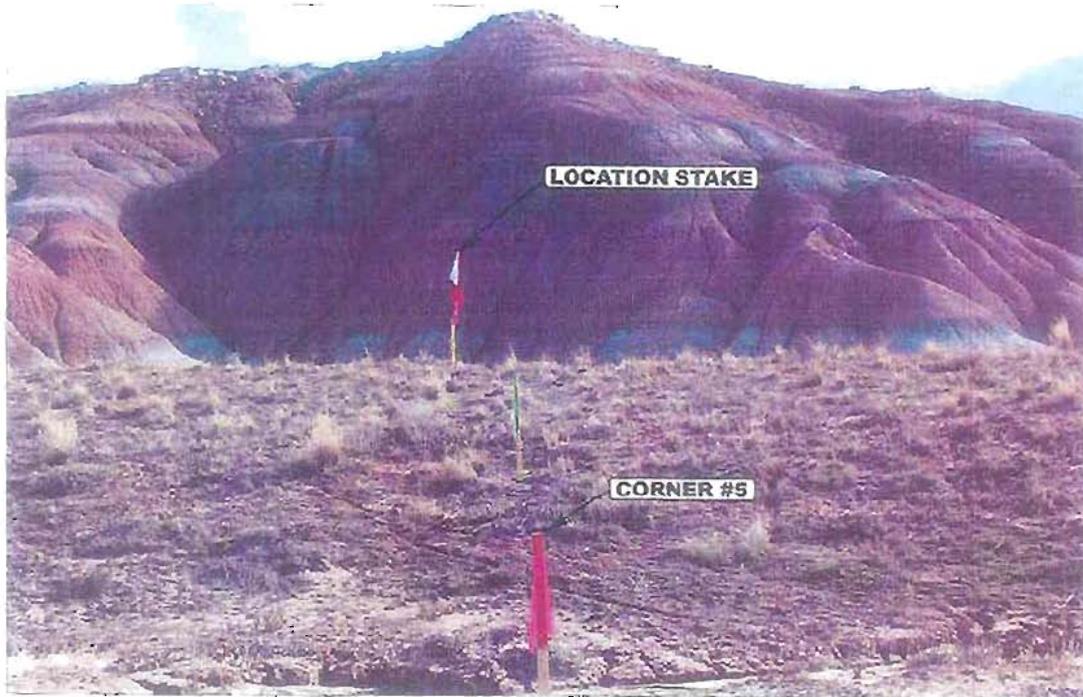


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: SOUTHEASTERLY

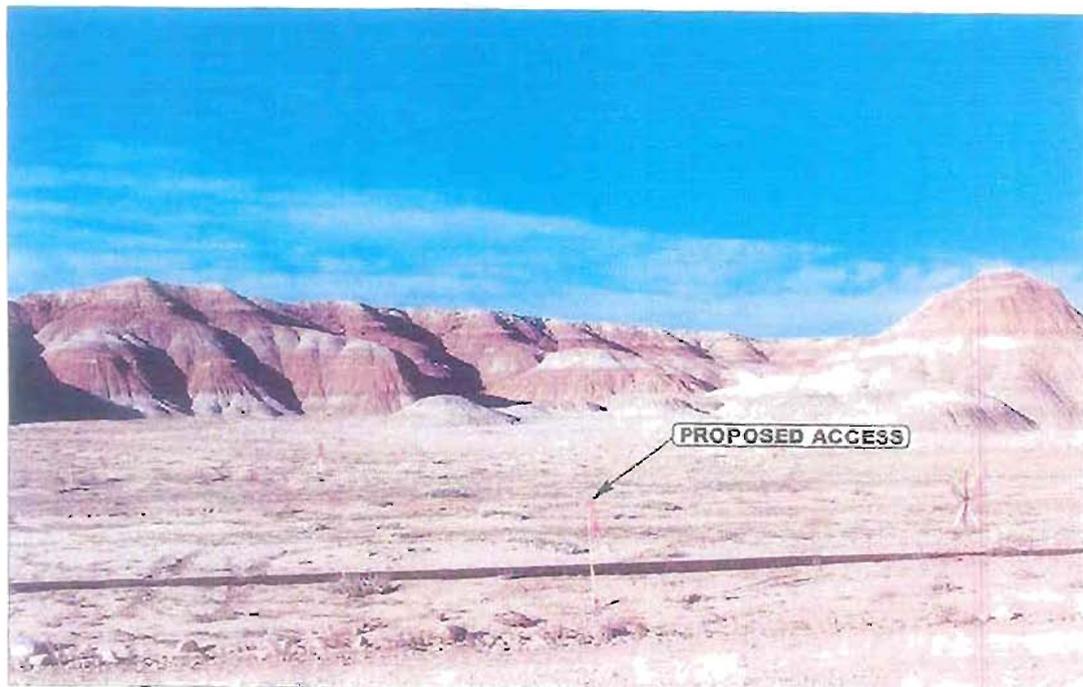


PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: NORTHERLY



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

|                        |                |                   |           |           |           |              |
|------------------------|----------------|-------------------|-----------|-----------|-----------|--------------|
| <b>LOCATION PHOTOS</b> |                |                   | <b>11</b> | <b>14</b> | <b>06</b> | <b>PHOTO</b> |
|                        |                |                   | MONTH     | DAY       | YEAR      |              |
| TAKEN BY: GS.          | DRAWN BY: L.K. | REVISED: 00-00-00 |           |           |           |              |

# **EOG RESOURCES, INC.**

**NORTH CHAPITA #344-23  
SECTION 23, T8S, R22E, S.L.B.&M.**

**PROCEED IN AN EASTERLY, THEN SOUTHEASTERLY DIRECTION FROM VERNAL, UTAH ALONG U.S. HIGHWAY 40 APPROXIMATELY 3.9 MILES TO THE JUNCTION OF STATE HIGHWAY 45; EXIT RIGHT AND PROCEED IN A SOUTHERLY, THEN SOUTHWESTERLY DIRECTION APPROXIMATELY 19.2 MILES ON STATE HIGHWAY 45 TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE WEST; TURN RIGHT AND PROCEED IN A WESTERLY, THEN SOUTHWESTERLY DIRECTION APPROXIMATELY 8.0 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTHWEST; TURN LEFT AND PROCEED IN A SOUTHWESTERLY DIRECTION APPROXIMATELY 1.4 MILES TO JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHEAST; TURN LEFT AND PROCEED IN A NORTHEASTERLY DIRECTION APPROXIMATELY 0.2 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE EAST; TURN RIGHT AND PROCEED IN AN EASTERLY DIRECTION APPROXIMATELY 0.2 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHEAST; TURN LEFT AND PROCEED IN A NORTHEASTERLY DIRECTION APPROXIMATELY 0.2 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE EAST; TURN RIGHT AND PROCEED IN AN EASTERLY DIRECTION APPROXIMATELY 0.1 MILES TO THE BEGINNING OF THE PROPOSED ACCESS TO THE NORTHWEST; FOLLOW ROAD FLAGS IN A NORTHWESTERLY, THEN NORTHEASTERLY DIRECTION APPROXIMATELY 0.3 MILES TO THE PROPOSED LOCATION.**

**TOTAL DISTANCE FROM VERNAL, UTAH TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 33.5 MILES.**

EOG RESOURCES, INC.

LOCATION LAYOUT FOR

NORTH CHAPITA #344-23

SECTION 23, T8S, R22E, S.L.B.&M.

2170' FNL 1970' FEL

C-1.5'  
El. 61.2'

Sta. 3+25



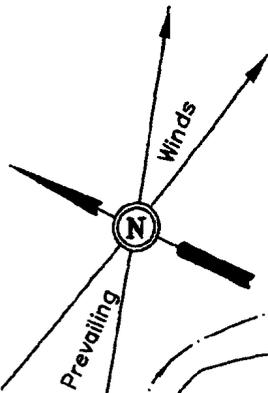
CONSTRUCT DIVERSION DITCH

Sta. 1+50

F-1.5'  
El. 58.2'

Sta. 0+00

F-4.6'  
El. 55.1'



CONSTRUCT DIVERSION DITCH

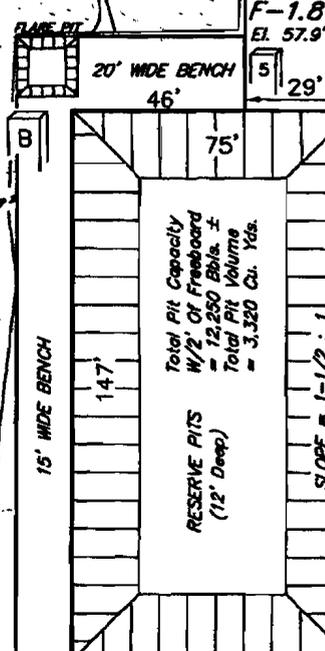
SCALE: 1" = 50'  
DATE: 11-14-06  
Drawn By: C.H.

NOTE:

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

Approx. Top of Cut Slope

Pit Topsoil



El. 58.4'  
C-10.7'  
(btm. pit)

Reserve Pit Backfill & Spoils Stockpile

F-1.8'  
El. 57.9'

C-4.3'  
El. 64.0'

C-0.9'  
El. 60.6'

Sta. 0+50

El. 58.5'  
C-10.8'  
(btm. pit)

C-1.8'  
El. 61.5'

F-3.3'  
El. 56.4'

Topsoil Stockpile

Install CMP as Needed

FIGURE #1

Elev. Ungraded Ground At Loc. Stake = 4864.0'  
FINISHED GRADE ELEV. AT LOC. STAKE = 4859.7'

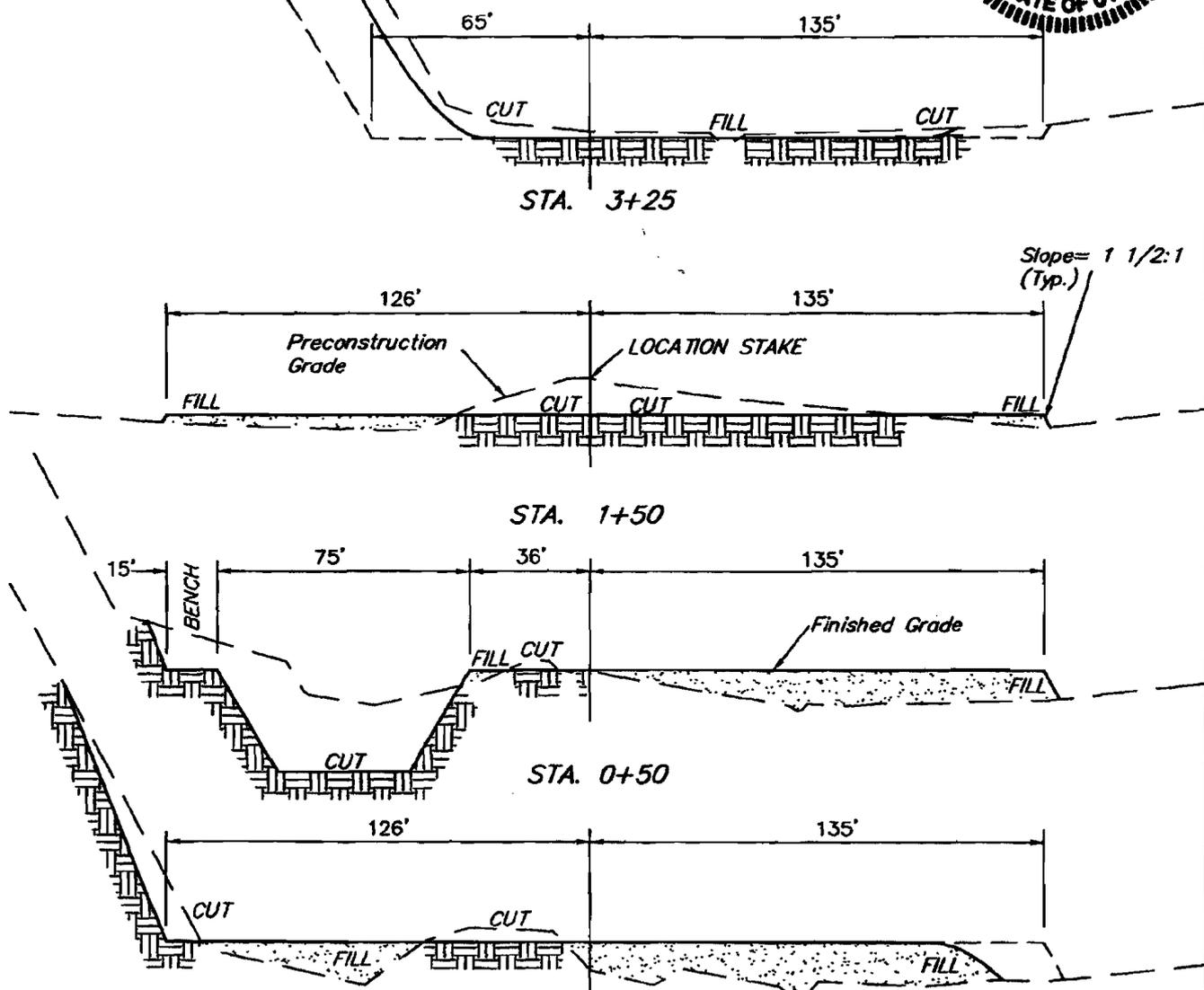
EOG RESOURCES, INC.

FIGURE #2

TYPICAL CROSS SECTIONS FOR  
 NORTH CHAPITA #344-23  
 SECTION 23, T8S, R22E, S.L.B.&M.  
 2170' FNL 1970' FEL

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

DATE: 11-14-06  
 Drawn By: C.H.



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

\* NOTE:  
 FILL QUANTITY INCLUDES  
 5% FOR COMPACTION

STA. 0+00

APPROXIMATE YARDAGES

|                        |                        |
|------------------------|------------------------|
| CUT                    |                        |
| (6") Topsoil Stripping | = 1,660 Cu. Yds.       |
| Remaining Location     | = 5,400 Cu. Yds.       |
| <b>TOTAL CUT</b>       | <b>= 7,060 CU.YDS.</b> |
| <b>FILL</b>            | <b>= 3,740 CU.YDS.</b> |

|  |                  |
|--|------------------|
| EXCESS MATERIAL                                    | = 3,320 Cu. Yds. |
| Topsoil & Pit Backfill<br>(1/2 Pit Vol.)           | = 3,320 Cu. Yds. |
| EXCESS UNBALANCE<br>(After Interim Rehabilitation) | = 0 Cu. Yds.     |

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

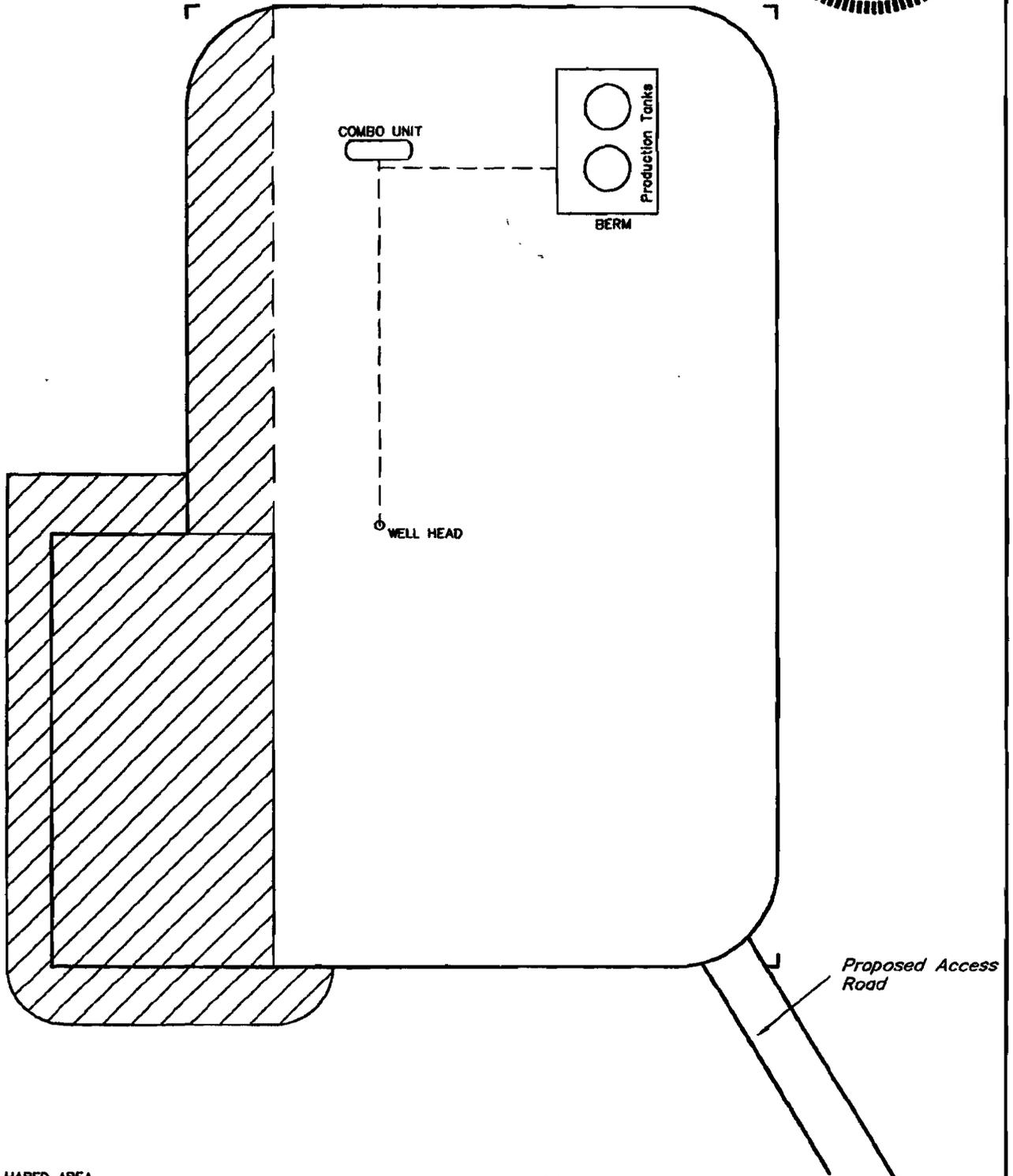
EOG RESOURCES, INC.

PRODUCTION FACILITY LAYOUT FOR

NORTH CHAPITA #344-23  
SECTION 23, T8S, R22E, S.L.B.&M.  
2170' FNL 1970' FEL

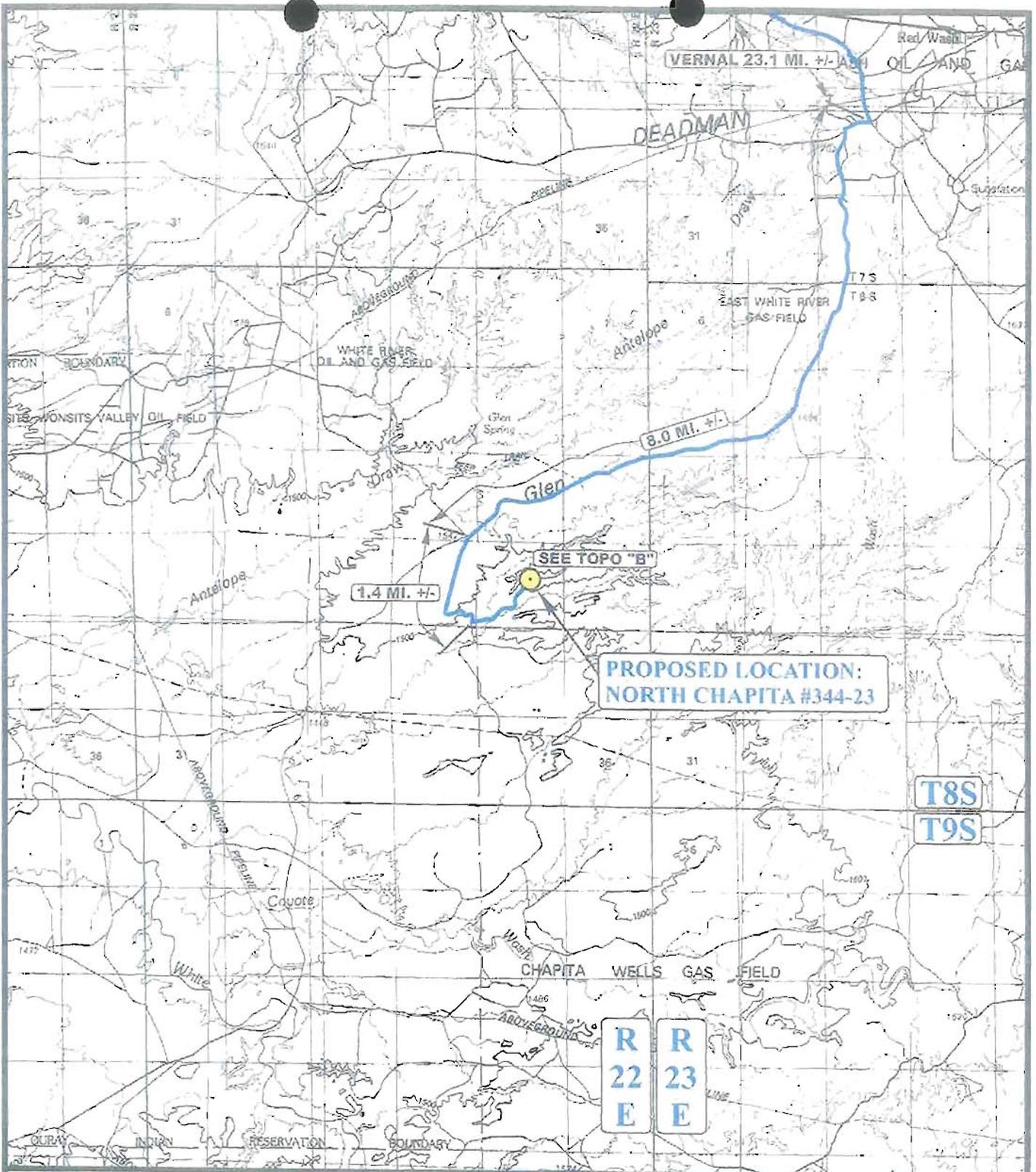


SCALE: 1" = 50'  
DATE: 11-14-06  
Drawn By: C.H.



 RE-HABED AREA

UINTAH ENGINEERING & LAND SURVEYING  
86 So. 200 East • Vernal, Utah 84078 • (435) 788-1017



**PROPOSED LOCATION:  
NORTH CHAPITA #344-23**

**T8S  
T9S**

**R  
22  
E**     **R  
23  
E**

**LEGEND:**

 **PROPOSED LOCATION**



**EOG RESOURCES, INC.**

**NORTH CHAPITA #344-23  
SECTION 23, T8S, R22E, S.L.B.&M.  
2170' ENL 1970' FEL**



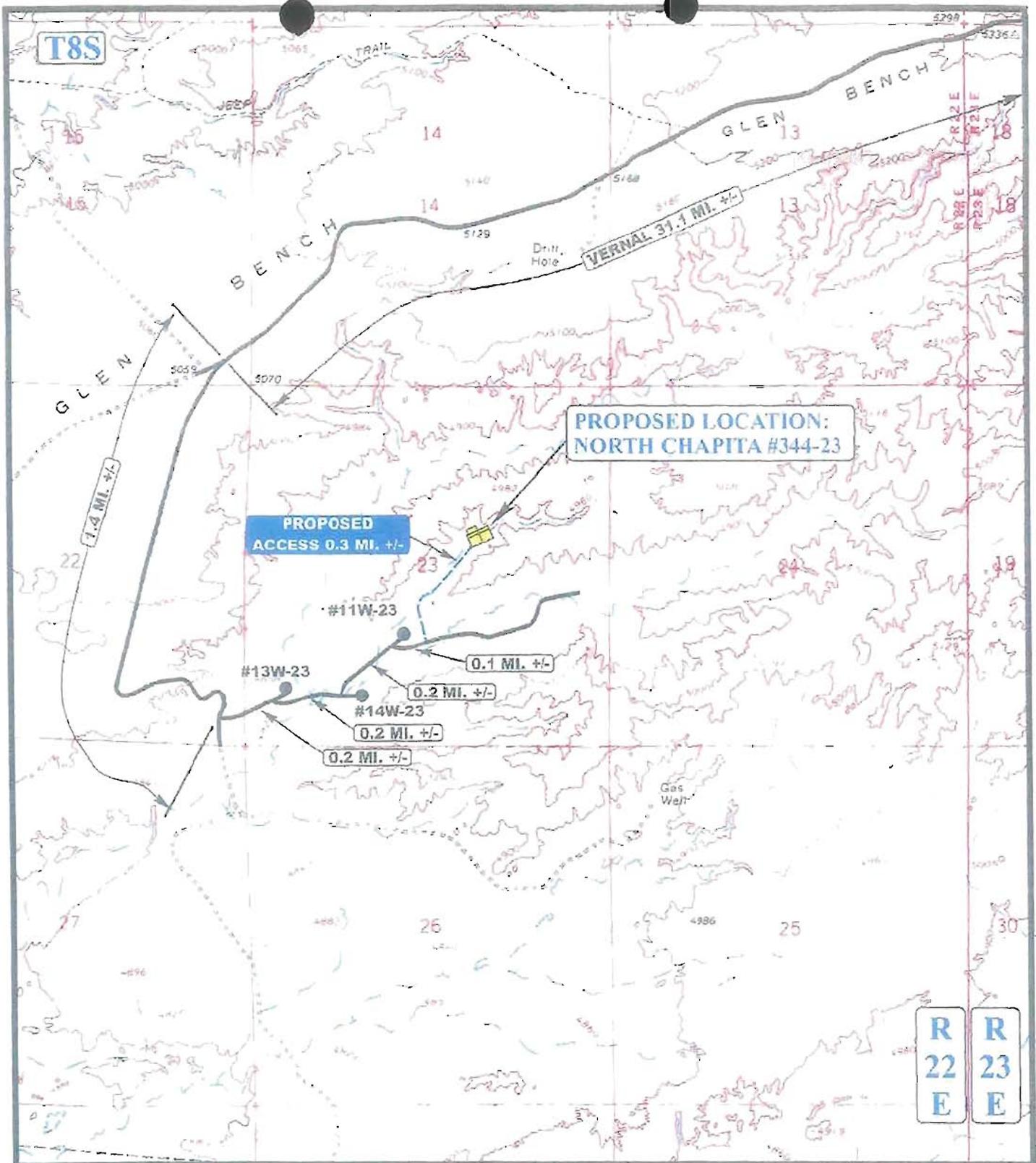
**Uintah Engineering & Land Surveying**  
85 South 200 East Vernal, Utah 84078  
(435) 789-1017 \* FAX (435) 789-1813

**TOPOGRAPHIC 11 14 06  
MAP**

MONTH DAY YEAR

SCALE: 1:100,000 DRAWN BY: L.K. REVISED: 00-00-00





**LEGEND:**

- EXISTING ROAD
- PROPOSED ACCESS ROAD



**EOG RESOURCES, INC.**

**NORTH CHAPITA #344-23**  
**SECTION 23, T8S, R22E, S.L.B.&M.**  
**2170' FNL 1970' FEL.**



**Uintah Engineering & Land Surveying**  
 85 South 200 East Vernal, Utah 84078  
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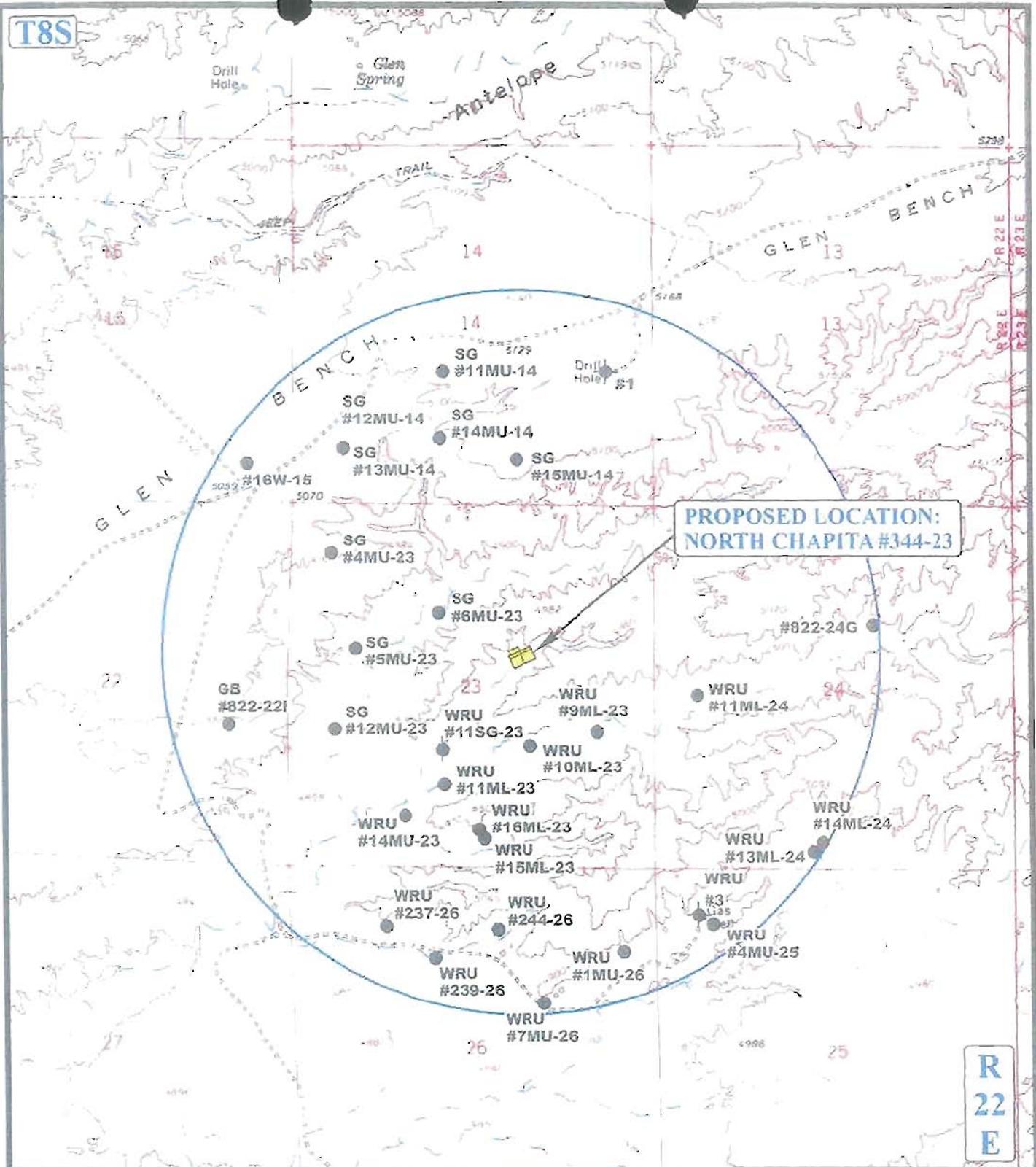
**TOPOGRAPHIC**  
**MAP**

**11 14 06**  
 MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: L.K. REVISED: 00-00-00



T8S



**PROPOSED LOCATION:  
NORTH CHAPITA #344-23**

R  
22  
E

**LEGEND:**

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



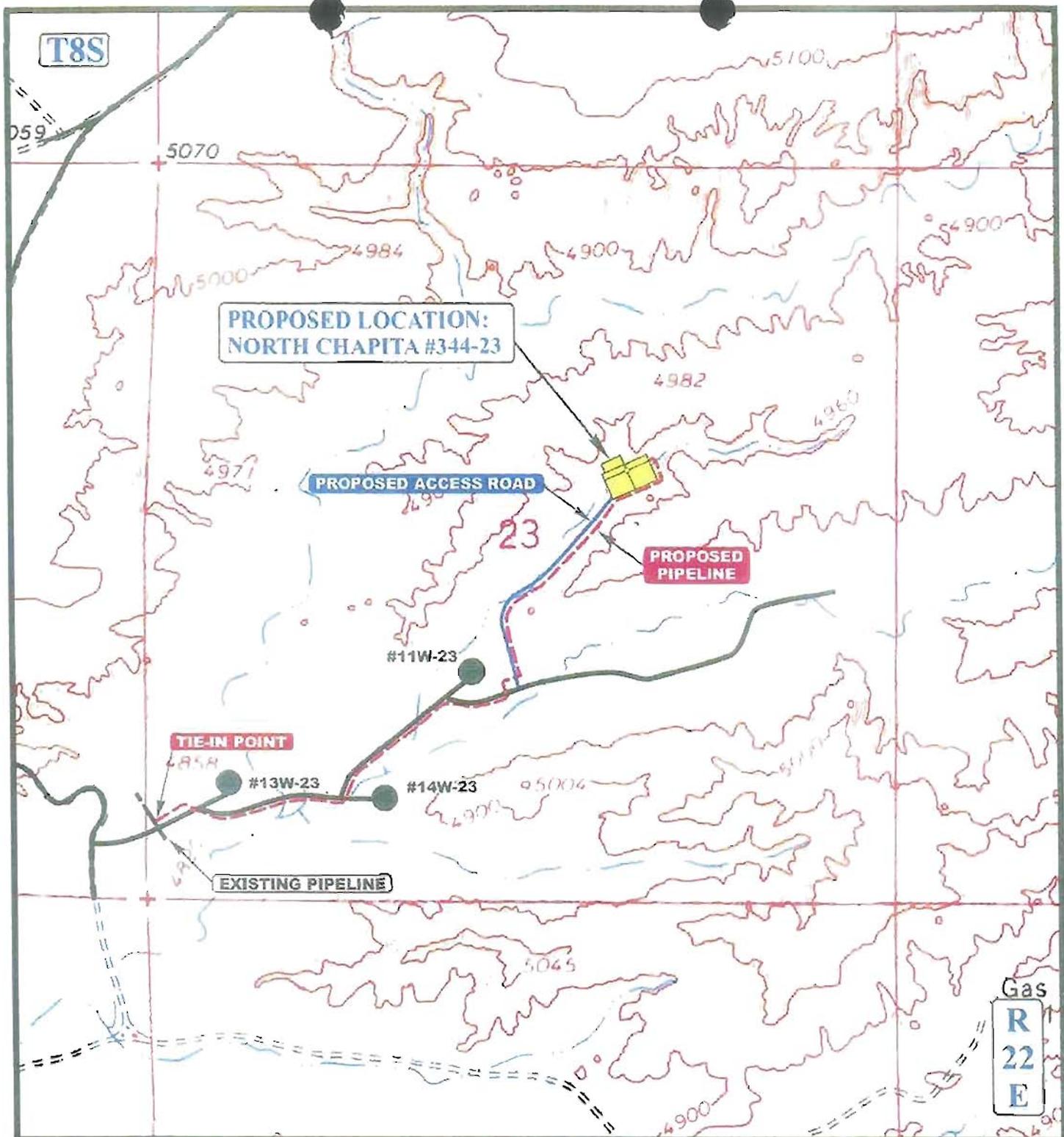
**EOG RESOURCES, INC.**

**NORTH CHAPITA #344-23**  
**SECTION 23, T8S, R22E, S.L.B.&M.**  
**2170' FNL 1970' FEL.**

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

**TOPOGRAPHIC MAP** 11 14 06  
 MONTH DAY YEAR  
 SCALE: 1" = 2000' DRAWN BY: L.K. REVISED: 00-00-00





APPROXIMATE TOTAL PIPELINE DISTANCE = 5,500' +/-

**LEGEND:**

- PROPOSED ACCESS ROAD
- EXISTING PIPELINE
- PROPOSED PIPELINE
- PROPOSED PIPELINE (SERVICING OTHER WELLS)



**EOG RESOURCES, INC.**

**NORTH CHAPITA #344-23**  
**SECTION 23, T8S, R22E, S.L.B.&M.**  
**2170' FNL 1970' FEL**

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

**TOPOGRAPHIC MAP** 11 14 06  
 MONTH DAY YEAR  
 SCALE: 1" = 1000' DRAWN BY: L.K. REVISED: 12-29-06

**D**  
**TOPO**

**WORKSHEET  
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 01/04/2007

API NO. ASSIGNED: 43-047-38956

WELL NAME: N CHAPITA 344-23  
 OPERATOR: EOG RESOURCES INC ( N9550 )  
 CONTACT: KAYLENE GARDNER

PHONE NUMBER: 435-781-9111

PROPOSED LOCATION:

SWNE 23 080S 220E  
 SURFACE: 2170 FNL 1970 FEL  
 BOTTOM: 2170 FNL 1970 FEL  
 COUNTY: UINTAH  
 LATITUDE: 40.10961 LONGITUDE: -109.4042  
 UTM SURF EASTINGS: 636008 NORTHINGS: 4440933  
 FIELD NAME: NATURAL BUTTES ( 630 )

| INSPECT LOCATN BY: / / |          |         |
|------------------------|----------|---------|
| Tech Review            | Initials | Date    |
| Engineering            | DKW      | 1/25/07 |
| Geology                |          |         |
| Surface                |          |         |

LEASE TYPE: 1 - Federal  
 LEASE NUMBER: U-81657  
 SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: MNCS  
 COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[1] Ind[] Sta[] Fee[]  
(No. NM 2308 )
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit  
(No. 49-1501 )
- RDCC Review (Y/N)  
(Date: \_\_\_\_\_ )
- Fee Surf Agreement (Y/N)
- Intent to Commingle (Y/N)  
*(Wasatch, Mesaverde)*

LOCATION AND SITING:

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

COMMENTS: \_\_\_\_\_

STIPULATIONS: \_\_\_\_\_

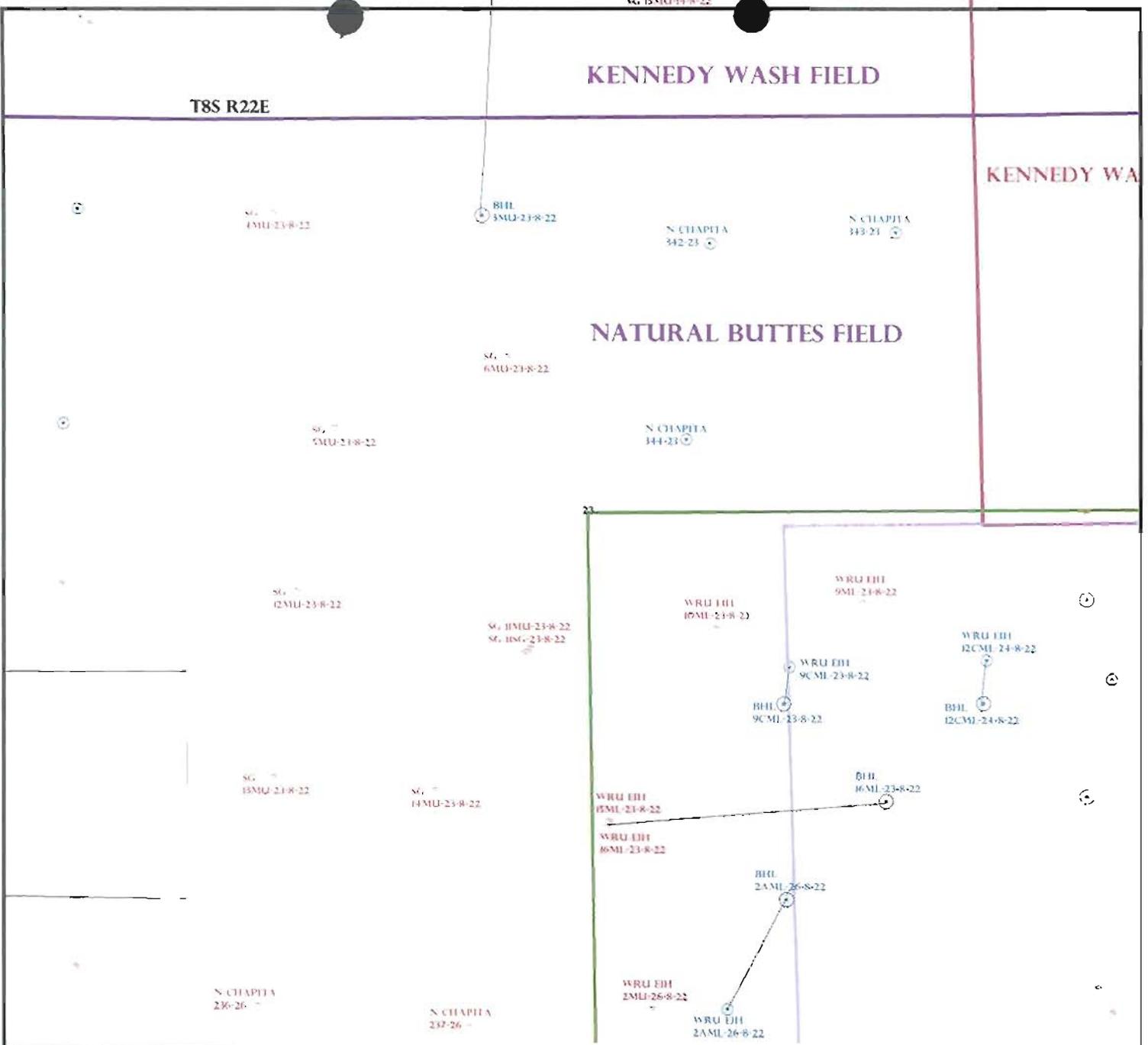
- 1- Permit Approval
- 2- Spacing Stip
- 3- Commingle

# KENNEDY WASH FIELD

T8S R22E

KENNEDY WA

# NATURAL BUTTES FIELD



OPERATOR: EOG RESOURCES INC (N9550)  
 SEC: 23 T.8S R. 22E  
 FIELD: NATURAL BUTTES (630)  
 COUNTY: Uintah  
 SPACING: R649-3-2 / GENERAL SITING

| Field Status | Unit Status  |
|--------------|--------------|
| ABANDONED    | EXPLORATORY  |
| ACTIVE       | GAS STORAGE  |
| COMBINED     | NF PP OIL    |
| INACTIVE     | NF SECONDARY |
| PROPOSED     | PENDING      |
| STORAGE      | PI OIL       |
| TERMINATED   | 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: 5-JANUARY-2007



## 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 25, 2007

EOG Resources, Inc.  
1060 East Highway 40  
Vernal, UT 84078

Re: North Chapita 344-23 Well, 2170' FNL, 1970' FEL, SW NE, Sec. 23,  
T. 8 South, R. 22 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.

Administrative approval for commingling the production from the Wasatch formation and the Mesaverde formation in this well is hereby granted. Appropriate information has been submitted to DOGM in accordance with R649-3-22. No written objections from owners were received by DOGM.

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 43-047-38956.

Sincerely,

Gil Hunt  
Associate Director

pab  
Enclosures

cc: Uintah County Assessor (via e-mail)  
Bureau of Land Management, Vernal District Office

**Operator:** EOG Resources, Inc.  
**Well Name & Number** North Chapita 344-23  
**API Number:** 43-047-38956  
**Lease:** U-81657

**Location:** SW NE                      **Sec.** 23                      **T.** 8 South                      **R.** 22 East

### **Conditions of Approval**

1. General

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

2. Notification Requirements

Notify the Division within 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dan Jarvis at (801) 538-5338

3. Reporting Requirements

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

4. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.

5. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.

RECEIVED

Form 3160-3  
(February 2005)

DEC 23 2006

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

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
VERNAL, UTAH

APPLICATION FOR PERMIT TO DRILL OR REENTER

|  |                                       |   |
|--|---------------------------------------|---|
| 1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER   |                                       | 5. Lease Serial No.<br>U-81657  |
| 1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone |                                       | 6. If Indian, Allottee or Tribe Name  |
| 2. Name of Operator<br>EOG RESOURCES, INC  |                                       | 7. If Unit or CA Agreement, Name and No.  |
| 3a. Address 1060 EAST HIGHWAY 40<br>VERNAL, UT 84078   |                                       | 8. Lease Name and Well No.<br>NORTH CHAPITA 344-23                              |
| 3b. Phone No. (include area code)<br>435-781-9111  |                                       | 9. API Well No.<br>43-047-38956   |
| 4. Location of Well (Report location clearly and in accordance with any State requirements.)<br>At surface 2170 FNL 1970 FEL SWNE 40.109544 LAT 109.404869 LON<br>At proposed prod. zone SAME                          |                                       | 10. Field and Pool, or Exploratory<br>NATURAL BUTTES/MESAVERD                   |
| 14. Distance in miles and direction from nearest town or post office*<br>33.5 MILES SOUTH OF VERNAL, UTAH  |                                       | 11. Sec., T. R. M. or Blk. and Survey or Area<br>SECTION 23, T8S, R22E S.L.B.&M |
| 15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 470 DRILLING LINE 470 LEASE LINE   | 16. No. of acres in lease<br>160      | 12. County or Parish<br>UINTAH  |
| 17. Spacing Unit dedicated to this well<br>40  | 13. State<br>UT                       |   |
| 18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 6700  | 19. Proposed Depth<br>11,300          | 20. BLM/BIA Bond No. on file<br>NM 2308   |
| 21. Elevations (Show whether DF, KDB, RT, GL, etc.)<br>4864 GL   | 22. Approximate date work will start* | 23. Estimated duration<br>45 DAYS   |

24. Attachments

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

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

|                                   |  |                    |
|-----------------------------------|--|--------------------|
| 25. Signature<br>                 | Name (Printed/Typed)<br>KAYLENE R. GARDNER | Date<br>12/28/2006 |
| Title<br>SR, REGULATORY ASSISTANT |  |                    |

|   |                                      |                    |
|---|--------------------------------------|--------------------|
| Approved by (Signature)<br>                                   | Name (Printed/Typed)<br>Tracy Kaweka | Date<br>10-16-2007 |
| Title<br>Assistant Field Manager<br>Lands & Mineral Resources | Office<br>VERNAL FIELD OFFICE        |                    |

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

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

\*(Instructions on page 2)

NOTICE OF APPROVAL

CONDITIONS OF APPROVAL ATTACHED

RECEIVED

OCT 23 2007

DIV. OF OIL, GAS & MINING

nos 11/28/06  
C7PP1017A



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

170 South 500 East VERNAL, UT 84078 (435) 781-4400



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

**Company:** EOG Resources      **Location:** SWNE, Sec. 23, T8S, R22E  
**Well No:** North Chapita 344-23      **Lease No:** UTU-81657  
**API No:** 43-047-38956      **Agreement:** N/A

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

Fax: 435-781-4410

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

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

**NOTIFICATION REQUIREMENTS**

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

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

**General Surface COAs**

- If there is an active Gilsonite mining operation within 2 miles of the well location, operator shall notify the Gilsonite operator at least 48 hours prior to any blasting during construction.
- If paleontological materials are uncovered during construction, the operator is to immediately stop work and contact the Authorized Officer (AO). A determination will be made by the AO as to what mitigation may be necessary for the discovered paleontologic material before construction can continue.

**Specific Surface COAs**

Conditions are in the APD

- The road and location will be graveled.
- Rip Rap material will be large angular rock unless determined by BLM that cobble rock could be used.
- Due to critical soils, BLM will be contacted prior to construction and drilling, if the weather conditions are wet, to determine if construction or drilling will proceed.
- After the pit has been closed, a two foot berm will be constructed on the west side of location (pit side).

## ***DOWNHOLE CONDITIONS OF APPROVAL***

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

- 2M BOPE shall be required before drilling out the 13 5/8 inch surface casing shoe.
- Electronic/mechanical mud monitoring equipment shall be required, from intermediate casing shoe to TD, which shall include as a minimum: pit volume totalizer (PVT); stroke counter; and flow sensor.
- A formation integrity test shall be performed after drilling twenty feet or less below the intermediate casing shoe.
- The surface and intermediate casing shall be cemented to surface.
- The top of the production casing cement shall extend a minimum of 200 feet above the intermediate casing shoe.

#### **Variance Granted:**

- 75 foot long blooie line approved.

#### **Commingling:**

- Downhole commingling for the Wasatch, Mesaverde, and Mancos formations is approved. This approval can be rescinded at any time the Authorized Officer determines the commingling to be detrimental to the interest of the United States.

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

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

- The spud date and time shall be reported orally to Vernal Field Office within 24 hours of spudding.
- Notify Vernal Field Office Supervisory Petroleum Engineering Technician at least 24 hours in advance of casing cementing operations and BOPE & casing pressure tests.
- Blowout prevention equipment (BOPE) shall remain in use until the well is completed or abandoned. Closing unit controls shall remain unobstructed and readily accessible at all times. Choke manifolds shall be located outside of the rig substructure.
- All BOPE components shall be inspected daily and those inspections shall be recorded in the daily drilling report. Components shall be operated and tested as required by Onshore Oil & Gas Order No. 2 to insure good mechanical working order. All BOPE pressure tests shall be performed by a test pump with a chart recorder and **NOT** by the rig pumps. Test shall be reported in the driller's log.

- BOP drills shall be initially conducted by each drilling crew within 24 hours of drilling out from under the surface casing and weekly thereafter as specified in Onshore Oil & Gas Order No. 2.
- Casing pressure tests are required before drilling out from under all casing strings set and cemented in place.
- No aggressive/fresh hard-banded drill pipe shall be used within casing.
- **Cement baskets shall not be run on surface casing.**
- The operator must report all shows of water or water-bearing sands to the BLM. If flowing water is encountered it must be sampled, analyzed, and a copy of the analyses submitted to the BLM Vernal Field Office.
- The operator must report encounters of all non oil & gas mineral resources (such as Gilsonite, tar sands, oil shale, trona, etc.) to the Vernal Field Office, in writing, within 5 working days of each encounter. Each report shall include the well name/number, well location, date and depth (from KB or GL) of encounter, vertical footage of the encounter and, the name of the person making the report (along with a telephone number) should the BLM need to obtain additional information.
- A complete set of angular deviation and directional surveys of a directional well will be submitted to the Vernal BLM office engineer within 30 days of the completion of the well.
- Chronologic drilling progress reports shall be filed directly with the BLM, Vernal Field Office on a weekly basis in sundry, letter format or e-mail to the Petroleum Engineers until the well is completed.
- A cement bond log (CBL) will be run from the production casing shoe to the top of cement and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.
- **Please submit an electronic copy of all other logs run on this well in LAS format to [UT\\_VN\\_Welllogs@BLM.gov](mailto:UT_VN_Welllogs@BLM.gov). This submission will supersede the requirement for submittal of paper logs to the BLM.**
- There shall be no deviation from the proposed drilling, completion, and/or workover program as approved. Safe drilling and operating practices must be observed. Any changes in operation must have prior approval from the BLM Vernal Field Office.

## **OPERATING REQUIREMENT REMINDERS:**

- All wells, whether drilling, producing, suspended, or abandoned, shall be identified in accordance with 43 CFR 3162.6. There shall be a sign or marker with the name of the operator, lease serial number, well number, and surveyed description of the well.
- In accordance with 43 CFR 3162.4-3, this well shall be reported on the "Monthly Report of Operations" (Oil and Gas Operations Report ((OGOR)) starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report shall be filed in duplicate, directly with the Minerals Management Service, P.O. Box 17110, Denver, Colorado 80217-0110, or call 1-800-525-7922 (303) 231-3650 for reporting information.
- Should the well be successfully completed for production, the BLM Vernal Field office must be notified when it is placed in a producing status. Such notification will be by written communication and must be received in this office by not later than the fifth business day following the date on which the well is placed on production. The notification shall provide, as a minimum, the following informational items:
  - Operator name, address, and telephone number.
  - Well name and number.
  - Well location (¼¼, Sec., Twn, Rng, and P.M.).
  - Date well was placed in a producing status (date of first production for which royalty will be paid).
  - The nature of the well's production, (i.e., crude oil, or crude oil and casing head gas, or natural gas and entrained liquid hydrocarbons).
  - The Federal or Indian lease prefix and number on which the well is located; otherwise the non-Federal or non-Indian land category, i.e., State or private.
  - Unit agreement and/or participating area name and number, if applicable.
  - Communitization agreement number, if applicable.
- Any venting or flaring of gas shall be done in accordance with Notice to Lessees (NTL) 4A and needs prior approval from the BLM Vernal Field Office.
- All undesirable events (fires, accidents, blowouts, spills, discharges) as specified in NTL 3A will be reported to the BLM, Vernal Field Office. Major events, as defined in NTL3A, shall be reported verbally within 24 hours, followed by a written report within 15 days. "Other than Major Events" will be reported in writing within 15 days. "Minor Events" will be reported on the Monthly Report of Operations and Production.
- Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (BLM Form 3160-4) shall be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3162.4-1. Two copies of all logs run, core descriptions, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, shall be filed on BLM Form 3160-4. Submit with the well completion report a geologic report

including, at a minimum, formation tops, and a summary and conclusions. Also include deviation surveys, sample descriptions, strip logs, core data, drill stem test data, and results of production tests if performed. Samples (cuttings, fluid, and/or gas) shall be submitted only when requested by the BLM, Vernal Field Office.

- All off-lease storage, off-lease measurement, or commingling on-lease or off-lease, shall have prior written approval from the BLM Vernal Field Office.
- Oil and gas meters shall be calibrated in place prior to any deliveries. The BLM Vernal Field Office Petroleum Engineers will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports shall be submitted to the BLM Vernal Field Office. All measurement facilities will conform to the API standards for liquid hydrocarbons and the AGA standards for natural gas measurement. All measurement points shall be identified as the point of sale or allocation for royalty purposes.
- A schematic facilities diagram as required by Onshore Oil & Gas Order No. 3 shall be submitted to the BLM Vernal Field Office within 30 days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with Onshore Oil & Gas Order No. 3.
- Any additional construction, reconstruction, or alterations of facilities, including roads, gathering lines, batteries, etc., which will result in the disturbance of new ground, shall require the filing of a suitable plan and need prior approval of the BLM Vernal Field Office. Emergency approval may be obtained orally, but such approval does not waive the written report requirement.
- No location shall be constructed or moved, no well shall be plugged, and no drilling or workover equipment shall be removed from a well to be placed in a suspended status without prior approval of the BLM Vernal Field Office. If operations are to be suspended for more than 30 days, prior approval of the BLM Vernal Field Office shall be obtained and notification given before resumption of operations.
- Pursuant to Onshore Oil & Gas Order No. 7, this is authorization for pit disposal of water produced from this well for a period of 90 days from the date of initial production. A permanent disposal method must be approved by this office and in operation prior to the end of this 90-day period. In order to meet this deadline, an application for the proposed permanent disposal method shall be submitted along with any necessary water analyses, as soon as possible, but no later than 45 days after the date of first production. Any method of disposal which has not been approved prior to the end of the authorized 90-day period will be considered as an Incident of Noncompliance and will be grounds for issuing a shut-in order until an acceptable manner for disposing of said water is provided and approved by this office.
- Unless the plugging is to take place immediately upon receipt of oral approval, the Field Office Petroleum Engineers must be notified at least 24 hours in advance of the plugging of the well, in order that a representative may witness plugging operations. If a well is suspended or abandoned, all pits must be fenced immediately until they are backfilled. The "Subsequent Report of Abandonment" (Form BLM 3160-5) must be submitted within 30 days after the actual plugging of the well bore, showing location of plugs, amount of cement in each, and amount of casing left in hole, and the current status of the surface restoration.

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB NO. 1004-0135  
Expires: July 31, 2010

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

5. Lease Serial No.  
UTU81657

6. If Indian, Allottee or Tribe Name

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

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

1. Type of Well  
 Oil Well  Gas Well  Other

8. Well Name and No.  
NORTH CHAPITA 344-23

2. Name of Operator  
EOG RESOURCES INC

Contact: MARY A MAESTAS  
E-Mail: mary\_maestas@eogresources.com

9. API Well No.  
43-047-38956

3a. Address  
600 17TH STREET SUITE 1000N  
DENVER, CO 80202

3b. Phone No. (include area code)  
Ph: 303-824-5526

10. Field and Pool, or Exploratory  
NATURAL BUTTES/WASATCH/MV

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
Sec 23 T8S R22E SWNE 2170FNL 1970FEL  
40.10954 N Lat, 109.40487 W Lon

11. County or Parish, and State  
UINTAH COUNTY, UT

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

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

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

EOG Resources, Inc. requests permission to change the drilling program for the referenced well. A revised drilling plan is attached.

Request for commingling for the referenced well was previously approved with the APD.

Accepted by the  
Utah Division of  
Oil, Gas and Mining

Federal Approval Of This  
Action Is Necessary

Date: 12/10/07  
By: *[Signature]*

14. I hereby certify that the foregoing is true and correct.  
**Electronic Submission #57414 verified by the BLM Well Information System  
For EOG RESOURCES INC, sent to the Vernal**

Name (Printed/Typed) MARY A MAESTAS Title REGULATORY ASSISTANT

Signature *Mary A Maestas* (Electronic Submission) Date 12/05/2007

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

Approved By \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

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

Office \_\_\_\_\_

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

**\*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED \*\***

COPY SENT TO OPERATOR  
Date: 12-10-2007  
Initials: KS

**RECEIVED**  
DEC 06 2007

DIV. OF OIL, GAS & MINING

**EIGHT POINT PLAN**

**NORTH CHAPITA 344-23**  
**SW/NE, SEC. 23, T8S, R22E, S.L.B.&M.**  
**UINTAH COUNTY, UTAH**

**1. & 2. ESTIMATED TOPS & ANTICIPATED OIL, GAS, & WATER ZONES:**

| <b>FORMATION</b>       | <b>TVD-RKB (ft)</b> | <b>Objective</b> | <b>Lithology</b> |     |
|------------------------|---------------------|------------------|------------------|-----|
| Green River            | 2,454               |                  | Shale            |     |
| Wasatch                | 5,479               | Primary          | Sandstone        | Gas |
| Chapita Wells          | 6,043               | Primary          | Sandstone        | Gas |
| Buck Canyon            | 6,710               | Primary          | Sandstone        | Gas |
| North Horn             | 7,344               | Primary          | Sandstone        | Gas |
| KMV Price River        | 8,072               | Primary          | Sandstone        | Gas |
| KMV Price River Middle | 8,953               | Primary          | Sandstone        | Gas |
| KMV Price River Lower  | 9,783               | Primary          | Sandstone        | Gas |
| Sego                   | 10,375              |                  | Sandstone        |     |
| KMV Castlegate         | 10,409              |                  | Sandstone        |     |
| KMV Black Hawk         | 10,997              | Primary          | Sandstone        | Gas |
| Mancos                 | 11,207              |                  | Shale            |     |
| <b>TD</b>              | <b>11,300</b>       |                  |                  |     |

**EST. TD: 11,300' or 200'± below TD**

**Anticipated BHP: 6,760 Psig**

1. Fresh Waters may exist in the upper, approximately 1,000 ft ± of the Green River Formation, with top at about 2,000 ft ±.
2. Cement isolation is installed to surface of the well isolating all zones by cement.

EOG Resources, Inc. requests authorization for commingling of production from the Wasatch and Mesaverde formations in the referenced wellbore. In the event allocation of production is necessary, the allocation will be based on proportionate net pay as calculated from cased-hole logs. Production from the Wasatch and Mesaverde formations will be commingled in the wellbore and produced through open-ended 2-3/8" tubing landed below all perforations in the 4-1/2" production casing.

Attached is a map showing the location of all wells on contiguous oil and gas leases or drilling units and an affidavit showing that this application has been provided to owners of all contiguous oil and gas leases or drilling units overlying the pool.

**3. PRESSURE CONTROL EQUIPMENT:**

Production Hole – 5000 Psig  
BOP schematic diagrams attached.

**3. CASING PROGRAM:**

**EIGHT POINT PLAN**

**NORTH CHAPITA 344-23**  
**SW/NE, SEC. 23, T8S, R22E, S.L.B.&M.**  
**UINTAH COUNTY, UTAH**

| <b>CASING</b> | <b>Hole Size</b> | <b>Length</b>           | <b>Size</b> | <b>WEIGHT</b> | <b>Grade</b> | <b>Thread</b> | <b>Rating Collapse</b> | <b>Factor Burst</b> | <b>Tensile</b> |
|---------------|------------------|-------------------------|-------------|---------------|--------------|---------------|------------------------|---------------------|----------------|
| Conductor     | 26"              | 0 – 45'                 | 20"         | 94.0#         | H-40         | STC           | 520 PSI                | 1530 PSI            | 581,000#       |
| Surface       | 17 1/2"          | Surface – 500'<br>KB±   | 13-3/8"     | 48.0#         | H-40         | STC           | 770 PSI                | 1730 Psi            | 322,000#       |
| Intermediate: | 12 1/4"          | Surface –<br>6,400' KB± | 9-5/8"      | 36.0#         | J-55         | STC           | 2020 PSI               | 3520 Psi            | 394,000#       |
| Production    | 7-7/8"           | Surface ± – TD          | 4-1/2"      | 11.6#         | P-110        | LTC           | 7560 PSI               | 10,690 Psi          | 279,000#       |
|               |                  |                         |             |               |              |               |                        |                     |                |

**Note:** 12-1/4" intermediate hole will be drilled to a total depth of 200'± below the base of the Wasatch lost circulation zone and cased w/9-5/8" as shown to that depth. Drilled depth may be shallower or deeper than the 6400' shown above depending on the actual depth of the loss zone. **All casing will be new or inspected.**

**5. Float Equipment:**

**Surface Hole Procedure (0' - 500'±)**

Guide Shoe

Insert Float Collar (PDC drillable)

Centralizers: 1-5' above shoe, top of jts. #2 and #3 then every 5<sup>th</sup> joint to surface. (15 total)

**Intermediate Hole Procedure (0' - 6400'±):**

Float shoe, 1 joint casing, float collar and balance of casing to surface. 9-5/8", 36#, J-55 or equivalent.. Centralizers to be placed 5' above shoe on joint #1, top of joint #2, and every 2nd joint to 400' above Wasatch Island top. (30± total). Thread lock float shoe, top and bottom of float collar, and top of 2<sup>nd</sup> joint.

**Production Hole Procedure (Surface - TD):**

Float shoe, 1 joint casing, float collar and balance of casing to surface. 4-1/2", 11.6#, P-110 or equivalent marker collars or short casing joints to be placed at top of Price River and 400' above top of Wasatch. Centralizers to be placed 5' above shoe on joint #1, top of joint #2, and every 2nd joint to 400' above Wasatch Island top. (30± total). Thread lock float shoe, top and bottom of float collar, and top of 2<sup>nd</sup> joint.

**6. MUD PROGRAM**

**EIGHT POINT PLAN**

**NORTH CHAPITA 344-23**  
**SW/NE, SEC. 23, T8S, R22E, S.L.B.&M.**  
**UINTAH COUNTY, UTAH**

**Surface Hole Procedure (Surface - 500'±):**

Air/air mist or aerated water.

**Intermediate Hole Procedure (Surface - 6400'±):**

Anticipated mud weight 8.5 – 9.5 ppg depending on actual wellbore conditions encountered while drilling

**Production Hole Procedure (6400'± - TD):**

Anticipated mud weight 10.5 – 11.5 ppg depending on actual wellbore conditions encountered while drilling.

**6400'± - TD** A closed mud system will be utilized. A bentonite gelled water mud system will be used to control viscosity w/PHPA polymer used for supplemental viscosity and clay encapsulation/inhibition. Water loss will be maintained at <15cc's using white starch or PAC. Bactericides will be used as needed. Anticipated pH will range from 9.0-10.0. Mud weight will be adjusted as necessary for well control. Deflocculants/thinners will be used as necessary to maintain mud quality. LCM sweeps will be utilized as necessary to control lost circulation and mud loss. CO2 contamination, if encountered, will be treated with lime and gypsum.

**7. VARIANCE REQUESTS:**

**Reference: Onshore Oil and Gas Order No. 2 – Item E: Special Drilling Operations**

EOG Resources, Inc. requests a variance to regulations requiring the blooie line to be 100' in length. Due to reduce location excavation, the blooie line will be approximately 75' in length

**8. EVALUATION PROGRAM:**

**Logs:** Mud log from base of surface casing to TD.  
**Open Hole Logs:** **Schlumberger Platform Express with Di-pole Sonic: TD – Surface**

**EIGHT POINT PLAN**

**NORTH CHAPITA 344-23**  
**SW/NE, SEC. 23, T8S, R22E, S.L.B.&M.**  
**UINTAH COUNTY, UTAH**

**Deviation Survey – DSI: Orientation, Expert Mode & Processing**

**8. CEMENT PROGRAM:**

**Surface Hole Procedure (Surface - 500'±):**

**Tail:** 315 sxs Class "G" cement with 2% CaCl<sub>2</sub>, ¼#/sk Flocele mixed at 15.8 ppg, 1.16 ft<sup>3</sup>/sk., 4.946 gps water.

**Note:** **Final Cement volumes will be calculated to bring lead cement to surface.**

**Intermediate Hole Procedure (Surface - 6400'±):**

**Lead:** 395 sxs Class "G" cement with 16% Gel, 10 #/sx Gilsonite, 3% Salt, 2% CaCl<sub>2</sub>, 3 lb/sx GR3 ¼ #/sx Flocele mixed at 11 ppg, 3.91 ft<sup>3</sup>/sk. yield, 25.247 gps water.

**Tail:** 405 sxs Class "G" cement with 2% CaCl<sub>2</sub>, ¼#/sk Flocele mixed at 14.10 ppg, 1.29 ft<sup>3</sup>/sk., 5.985 gps water.

**Top Out:** As necessary with Class "G" cement with 2% CaCl<sub>2</sub>, ¼#/sk Flocele mixed at 15.6 ppg, 1.18 ft<sup>3</sup>/sk., 5.2 gps water.

**Note:** Cement volumes will be calculated to bring lead cement to surface and tail cement to 100' above the casing shoe.

**Final Cement volumes will be based upon gauge-hole plus 45% excess.**

**Production Hole Procedure (Surface - TD)**

**Lead:** 220 sxs: 35:65 Poz "G" w/4% D20 (Bentonite), 2% D174 (Extender), 0.2% D65 (Dispersant), 0.2% D46 (Antifoam), 0.75% D112 (Fluid Loss Additive), 0.200% D13 (Retarder), 0.25 pps D29 (cello flakes) mixed at 13.0 ppg, 1.75 ft<sup>3</sup>/sk., 9.178 gps water.

**EIGHT POINT PLAN**

**NORTH CHAPITA 344-23**  
**SW/NE, SEC. 23, T8S, R22E, S.L.B.&M.**  
**UINTAH COUNTY, UTAH**

**Tail:** 685 sks: 50:50 Poz "G" w/ 2% D20 (Bentonite), 0.1% D46 (Antifoam), 0.075% D13 (Retarder), 0.2% D167 (Fluid Loss Additive), 0.2% D65 (Dispersant), mixed at 14.1 ppg, 1.29 ft<sup>3</sup>/sk., 5.974 gps water.

**Note:** The above number of sacks is based on gauge-hole calculation.  
Lead volume to be calculated to bring cement to 500'± above 9-5/8" casing shoe.  
Tail volume to be calculated to bring cement to 400'± above top of Price River.

**Final Cement volumes will be based upon gauge-hole plus 45% excess.**

**10. ABNORMAL CONDITIONS:**

**Intermediate Hole (Surface - 6400'±):**

Lost circulation

**Production Hole (6400'± - TD):**

Sloughing shales and key seat development are possible in the Wasatch Formation.

**11. STANDARD REQUIRED EQUIPMENT:**

- A. Choke Manifold
- B. Upper and Lower Kelly Cock
- C. Stabbing Valve
- D. Visual Mud Monitoring

**12. HAZARDOUS CHEMICALS:**

No chemicals subject to reporting under SARA title III in an amount equal to or greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling of this well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning

**EIGHT POINT PLAN**

**NORTH CHAPITA 344-23**  
**SW/NE, SEC. 23, T8S, R22E, S.L.B.&M.**  
**UINTAH COUNTY, UTAH**

quantities, will be used, produced, stored, transported, or disposed of in association with the drilling of this well.

(Attachment: BOP Schematic Diagram)

**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.

|   |  |  |  |
|---|--|--|--|
| <b>SUNDRY NOTICES AND REPORTS ON WELLS</b>  |  |  | 5. LEASE DESIGNATION AND SERIAL NUMBER:<br><b>UTU81657</b> |
|   |  |  | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME:                      |
| 1. TYPE OF WELL<br>OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____ |  |  | 7. UNIT or CA AGREEMENT NAME:                              |
| 2. NAME OF OPERATOR:<br><b>EOG Resources, Inc.</b>  |  |  | 8. WELL NAME and NUMBER:<br><b>North Chapita 344-23</b>    |
| 3. ADDRESS OF OPERATOR:<br><b>1060 East Highway 40</b> CITY <b>Vernal</b> STATE <b>UT</b> ZIP <b>84078</b>    |  | PHONE NUMBER:<br><b>(435) 781-9111</b> | 9. API NUMBER:<br><b>43-047-38956</b>                      |
| 4. LOCATION OF WELL<br>FOOTAGES AT SURFACE: <b>2170 FNL - 1970 FEL 40.709544 LAT 109.404869 LON</b>           |  |  | 10. FIELD AND POOL, OR WILDCAT:<br><b>Natural Buttes</b>   |
| QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <b>SWNE 23 8S 22E S</b>  |  |  | COUNTY: <b>Uintah</b><br>STATE: <b>UTAH</b>                |

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<br>(Submit in Duplicate)<br>Approximate date work will start:<br>_____<br><br><input type="checkbox"/> SUBSEQUENT REPORT<br>(Submit Original Form Only)<br>Date of work completion:<br>_____ | <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"/> 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 TUBING                  | <input type="checkbox"/> PLUG BACK                        | <input type="checkbox"/> WATER DISPOSAL                         |
|   | <input type="checkbox"/> CHANGE WELL NAME               | <input type="checkbox"/> PRODUCTION (START/RESUME)        | <input type="checkbox"/> WATER SHUT-OFF                         |
|   | <input type="checkbox"/> CHANGE WELL STATUS             | <input type="checkbox"/> RECLAMATION OF WELL SITE         | <input checked="" type="checkbox"/> OTHER: <u>APD Extension</u> |
|   | <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS | <input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION |   |
|   | <input type="checkbox"/> CONVERT WELL TYPE              |   |   |

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.  
EOG Resources, Inc. requests the APD for the referenced well be extended for one year.

Approved by the  
Utah Division of  
Oil, Gas and Mining

Date: 01-23-08  
By: [Signature]

**COPY SENT TO OPERATOR**  
Date: 1-24-2008  
Initials: KS

|   |  |
|---|--|
| NAME (PLEASE PRINT) <u>Kaylene R. Gardner</u> | TITLE <u>Lead Regulatory Assistant</u> |
| SIGNATURE <u>[Signature]</u>                  | DATE <u>1/15/2008</u>                  |

(This space for State use only)

**RECEIVED**  
**JAN 22 2008**  
DIV. OF OIL, GAS & MINING

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

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

**API:** 43-047-38956  
**Well Name:** North Chapita 344-23  
**Location:** 2170 FNL - 1970 FEL (SWNE), SECTION 23, T8S, R22E S.L.B.&M  
**Company Permit Issued to:** EOG RESOURCES, INC.  
**Date Original Permit Issued:** 1/25/2007

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

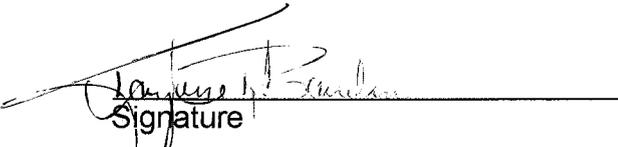
Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes  No

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

1/15/2008

Date

Title: Lead Regulatory Assistant

Representing: EOG Resources, Inc.

RECEIVED

JAN 22 2008

DIV. OF OIL, GAS & MINING

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB NO. 1004-0135  
Expires: July 31, 2010

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

5. Lease Serial No.  
UTU81657

6. If Indian, Allottee or Tribe Name

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

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

8. Well Name and No.  
NORTH CHAPITA 344-23

9. API Well No.  
43-047-38956

1. Type of Well  
 Oil Well  Gas Well  Other

2. Name of Operator  
EOG RESOURCES INC  
Contact: MARY A. MAESTAS  
E-Mail: mary\_maestas@eogresources.com

3a. Address  
600 17TH STREET SUITE 1000N  
DENVER, CO 80202

3b. Phone No. (include area code)  
Ph: 303-824-5526

10. Field and Pool, or Exploratory  
NATURAL BUTTES/WASATCH/MV

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
Sec 23 T8S R22E SWNE 2170FNL 1970FEL  
40.10954 N Lat, 109.40487 W Lon

11. County or Parish, and State  
UINTAH COUNTY, UT

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

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

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

EOG Resources, Inc. requests authorization to change the TD of the referenced well from  
11,300'  
to  
10,590'  
A revised drilling plan is attached.

**Accepted by the  
Utah Division of  
Oil, Gas and Mining  
FOR RECORD ONLY**

14. I hereby certify that the foregoing is true and correct.  
**Electronic Submission #60796 verified by the BLM Well Information System For EOG RESOURCES INC, sent to the Vernal**

Name (Printed/Typed) MARY A. MAESTAS Title REGULATORY ASSISTANT

Signature *Mary A. Maestas* (Electronic Submission) Date 06/10/2008

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

Approved By \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

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

Office \_\_\_\_\_

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

**RECEIVED**  
**JUN 11 2008**

**DRILLING PLAN**

**NORTH CHAPITA 344-23**  
**SW/NE, SEC. 23, T8S, R22E, S.L.B.&M..**  
**UINTAH COUNTY, UTAH**

**1. & 2. ESTIMATED TOPS & ANTICIPATED OIL, GAS, & WATER ZONES:**

| <b>FORMATION</b>       | <b>TVD-RKB (ft)</b> | <b>Objective</b> | <b>Lithology</b> |     |
|------------------------|---------------------|------------------|------------------|-----|
| Green River            | 2,546               |                  | Shale            |     |
| Mahogany Oil Shale Bed | 3,131               |                  | Shale            |     |
| Wasatch                | 5,475               | Primary          | Sandstone        | Gas |
| Chapita Wells          | 6,039               | Primary          | Sandstone        | Gas |
| Buck Canyon            | 6,706               | Primary          | Sandstone        | Gas |
| North Horn             | 7,340               | Primary          | Sandstone        | Gas |
| KMV Price River        | 8,067               | Primary          | Sandstone        | Gas |
| KMV Price River Middle | 8,949               | Primary          | Sandstone        | Gas |
| KMV Price River Lower  | 9,779               | Primary          | Sandstone        | Gas |
| Sego                   | 10,387              |                  | Sandstone        |     |
| <b>TD</b>              | <b>10,590</b>       |                  |                  |     |

**Estimated TD: 10,590' or 200'± below TD**

**Anticipated BHP: 5,782 Psig**

1. Fresh Waters may exist in the upper, approximately 1,000 ft ± of the Green River Formation, with top at about 2,000 ft ±.
2. Cement isolation is installed to surface of the well isolating all zones by cement.

**3. PRESSURE CONTROL EQUIPMENT:**

Production Hole – 5000 Psig  
 BOP schematic diagrams attached.

**4. CASING PROGRAM:**

| <b>CASING</b> | <b>Hole Size</b> | <b>Length</b>  | <b>Size</b> | <b>WEIGHT</b> | <b>Grade</b> | <b>Thread</b> | <b>Rating Collapse</b> | <b>Factor Burst</b> | <b>Tensile</b> |
|---------------|------------------|----------------|-------------|---------------|--------------|---------------|------------------------|---------------------|----------------|
| Conductor     | 17 ½"            | 0 – 60'        | 13 ⅜"       | 48.0#         | H-40         | STC           | 770 PSI                | 1730 PSI            | 322,000#       |
| Surface       | 12 ¼"            | 0 – 2,300' KB± | 9-⅝"        | 36.0#         | J-55         | STC           | 2020 PSI               | 3520 Psi            | 394,000#       |
| Production    | 7-7/8"           | Surface – TD   | 4-½"        | 11.6#         | P-110        | LTC           | 7560 PSI               | 10,690 Psi          | 279,000#       |
|               |                  |                |             |               |              |               |                        |                     |                |

**Note:** 12-¼" surface hole will be drilled to a total depth of 200'± below the base of the Green River lost circulation zone and cased w/9-⅝" as shown to that depth. Drilled depth may be shallower or deeper than the 2300' shown above depending on the actual depth of the loss zone.

**All casing will be new or inspected.**

## **DRILLING PLAN**

### **NORTH CHAPITA 344-23** **SW/NE, SEC. 23, T8S, R22E, S.L.B.&M..** **UINTAH COUNTY, UTAH**

#### **5. Float Equipment:**

##### **Surface Hole Procedure (0' - 2300'±)**

Guide Shoe

Insert Float Collar (PDC drillable)

Centralizers: 1-5' above shoe, top of jts. #2 and #3 then every 5<sup>th</sup> joint to surface. (15 total)

##### **Production Hole Procedure (2300'± - TD):**

Float shoe, 1 joint casing, float collar and balance of casing to surface. 4-½", 11.6#, N-80 or equivalent marker collars or short casing joints to be placed at top of Price River and 400' above top of Wasatch. Centralizers to be placed 5' above shoe on joint #1, top of joint #2, and every 2nd joint to 400' above Wasatch Island top. Thread lock float shoe, top and bottom of float collar, and top of 2<sup>nd</sup> joint.

#### **6. MUD PROGRAM**

##### **Surface Hole Procedure (Surface - 2300'±):**

Air/air mist or aerated water.

##### **Production Hole Procedure (2300'± - TD):**

Anticipated mud weight 9.5 – 10.5 ppg depending on actual wellbore conditions encountered while drilling.

**2300'± - TD** A closed mud system will be utilized. A bentonite gelled water mud system will be used to control viscosity w/PHPA polymer used for supplemental viscosity and clay encapsulation/inhibition. Water loss will be maintained at <15cc's using white starch or PAC. Bactericides will be used as needed. Anticipated pH will range from 9.0-10.0. Mud weight will be adjusted as necessary for well control. Deflocculants/thinners will be used as necessary to maintain mud quality. LCM sweeps will be utilized as necessary to control lost circulation and mud loss. CO2 contamination, if encountered, will be treated with lime and gypsum.

## DRILLING PLAN

### NORTH CHAPITA 344-23 SW/NE, SEC. 23, T8S, R22E, S.L.B.&M.. UINTAH COUNTY, UTAH

#### **7. VARIANCE REQUESTS:**

**Reference: Onshore Oil and Gas Order No. 1**  
**Onshore Oil and Gas Order No. 2 – Section E: Special Drilling Operations**

- EOG Resources, Inc. requests a variance to regulations requiring a straight run blooie line to be 100' in length. (Where possible, a straight run blooie line will be used).
- EOG Resources, Inc. requests a variance to regulations requiring the blooie line to be 100' in length. To reduce location excavation, the blooie line will be approximately 75' in length.
- EOG Resources, Inc. requests a variance to regulations, during air drilling operations only, requiring dedusting equipment. Dust during air drilling operations is controlled by water mist.
- EOG Resources, Inc. requests a variance to regulations, during air drilling operations only, requiring an automatic igniter or continuous pilot light on the blooie line. (Not required on aerated water system).
- EOG Resources, Inc. requests a variance that compressors are located in the opposite direction from the blooie line a minimum of 100 feet from the well bore. (Air Compressors are rig mounted).

#### **8. EVALUATION PROGRAM:**

**Logs:** Mud log from base of surface casing to TD.  
**Cased-hole Logs:** Cased-hole logs will be run in lieu of open-hole logs consisting of the following:  
**Cement Bond / Casing Collar Locator and Pulsed Neutron**

## DRILLING PLAN

### NORTH CHAPITA 344-23 SW/NE, SEC. 23, T8S, R22E, S.L.B.&M.. UINTAH COUNTY, UTAH

#### 9. CEMENT PROGRAM:

##### Surface Hole Procedure (Surface - 2300'±):

- Lead: 185 sks** Class "G" cement with 16% Gel, 10 #/sx Gilsonite, 3% Salt, 2% CaCl<sub>2</sub>, 3 lb/sx GR3 ¼ #/sx Flocele mixed at 11 ppg, 3.82 ft<sup>3</sup>/sk. yield, 23 gps water.
- Tail: 207 sks** Class "G" cement with 2% CaCl<sub>2</sub>, ¼#/sk Flocele mixed at 15.6 ppg, 1.18 ft<sup>3</sup>/sk., 5.2 gps water.
- Top Out:** As necessary with Class "G" cement with 2% CaCl<sub>2</sub>, ¼#/sk Flocele mixed at 15.6 ppg, 1.18 ft<sup>3</sup>/sk., 5.2 gps water.
- Note:** Cement volumes will be calculated to bring lead cement to surface and tail cement to 500' above the casing shoe.

##### Production Hole Procedure (2300'± - TD)

- Lead: 178 sks:** Hi-Lift "G" w/12% D20 (Bentonite), 1% D79 (Extender), 5% D44 (Salt), 0.2% D46 (Antifoam), 0.25% D112 (Fluid Loss Additive), 0.25 pps D29 (cello flakes) mixed at 11.0 ppg, 3.91 ft<sup>3</sup>/sk., 24.5 gps water.
- Tail: 990 sks:** 50:50 Poz "G" w/ 2% D20 (Bentonite), 0.1% D46 (Antifoam), 0.075% D13 (Retarder), 0.2% D167 (Fluid Loss Additive), 0.2% D65 (Dispersant), mixed at 14.1 ppg, 1.28 ft<sup>3</sup>/sk., 5.9gps water.
- Note:** The above number of sacks is based on gauge-hole calculation.  
Lead volume to be calculated to bring cement to 200'± above 9-5/8" casing shoe.  
Tail volume to be calculated to bring cement to 400'± above top of Wasatch.

**Final Cement volumes will be based upon gauge-hole plus 45% excess.**

## DRILLING PLAN

### NORTH CHAPITA 344-23 SW/NE, SEC. 23, T8S, R22E, S.L.B.&M.. UINTAH COUNTY, UTAH

#### 10. ABNORMAL CONDITIONS:

##### Surface Hole (Surface - 2300'±):

Lost circulation

##### Production Hole (2300'± - TD):

Sloughing shales, lost circulation and key seat development are possible in the Wasatch Formation.

#### 11. STANDARD REQUIRED EQUIPMENT:

- A. Choke Manifold
- B. Upper and Lower Kelly Cock
- C. Stabbing Valve
- D. Visual Mud Monitoring

#### 12. HAZARDOUS CHEMICALS:

No chemicals subject to reporting under SARA title III in an amount equal to or greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling of this well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produced, stored, transported, or disposed of in association with the drilling of this well.

#### 13. Air Drilling Operations:

1. Main Air Compressors are 1250 CFM 350 psi with 2000 psi Boosters and are rig mounted.
2. Secondary Air Compressors are 1170 CFM 350 psi with 2000 psi Boosters and are rig mounted.
3. Minimum setting depth of conductor casing will be 60' GL or 10'± into competent formation, whichever is deeper, as determined by the EOG person in charge. Exceptions must be approved by an EOG drilling superintendent or manager.
4. The diameter of the diverter flow line will be a minimum of 10" to help reduce back pressure on the well bore during uncontrolled flow.
5. Rat and Mouse hole drilling will occur only after surface casing has been set and cemented.
6. EOG Resources, Inc. will use a properly maintained and lubricated stripper head.

(Attachment: BOP Schematic Diagram)

# DIVISION OF OIL, GAS AND MINING

## **SPUDDING INFORMATION**

Name of Company: EOG RESOURCES INC

Well Name: N CHAPITA 344-23

Api No: 43-047-38956 Lease Type: FEDERAL

Section 23 Township 08S Range 22E County UINTAH

Drilling Contractor ROCKY MOUNTAIN DRLG RIG # RATHOLE

## **SPUDDED:**

Date 08/22/08

Time 8:00 AM

How DRY

**Drilling will Commence:** \_\_\_\_\_

Reported by JERRY BARNES

Telephone # (801) 828-1720

Date 08/25/08 Signed CHD

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB NO. 1004-0135  
Expires: July 31, 2010

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

5. Lease Serial No.  
UTU81657

6. If Indian, Allottee or Tribe Name

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

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

1. Type of Well  
 Oil Well  Gas Well  Other

2. Name of Operator  
EOG RESOURCES, INC.

Contact: MICKENZIE THACKER  
E-Mail: MICKENZIE\_THACKER@EOGRESOURCES.COM

8. Well Name and No.  
NORTH CHAPITA 344-23

3a. Address  
1060 E. HWY 40  
VERNAL, UT 84078

3b. Phone No. (include area code)  
Ph: 435-781-9145

9. API Well No.  
43-047-38956

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
Sec 23 T8S R22E SWNE 2170FNL 1970FEL  
40.10954 N Lat, 109.40487 W Lon

10. Field and Pool, or Exploratory  
NATURAL BUTTES

11. County or Parish, and State  
UINTAH COUNTY, UT

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

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

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

EOG Resources, Inc. respectfully requests authorization to change the conductor size,

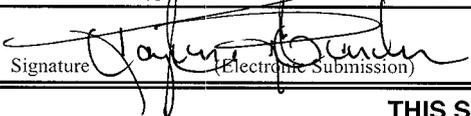
From: 17-1/2"  
To: 16"

**COPY SENT TO OPERATOR**

Date: 9.17.2008  
Initials: KS

14. I hereby certify that the foregoing is true and correct.  
**Electronic Submission #62409 verified by the BLM Well Information System For EOG RESOURCES, INC., sent to the Vernal**

Name (Printed/Typed) KAYLENE R GARDNER Title REGULATORY ADMINISTRATOR

Signature  (Electronic Submission) Date 08/19/2008

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

Approved By \_\_\_\_\_ Title \_\_\_\_\_ Federal Approval Of This Action Is Necessary \_\_\_\_\_ Date \_\_\_\_\_

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

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

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

**\*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED \*\***

Date: 9/17/08  
By: [Signature]

**RECEIVED**  
**AUG 25 2008**  
DIV. OF OIL, GAS & MINING

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB NO. 1004-0135  
Expires: July 31, 2010

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

5. Lease Serial No.  
UTU81657

6. If Indian, Allottee or Tribe Name

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

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

8. Well Name and No.  
NORTH CHAPITA 344-23

9. API Well No.  
43-047-38956

1. Type of Well  
 Oil Well  Gas Well  Other

2. Name of Operator  
EOG RESOURCES, INC. Contact: MARY A. MAESTAS  
E-Mail: mary\_maestas@eogresources.com

3a. Address  
600 17TH STREET SUITE 1000N  
DENVER, CO 80202

3b. Phone No. (include area code)  
Ph: 303-824-5526

10. Field and Pool, or Exploratory  
NATURAL BUTTES

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
Sec 23 T8S R22E SWNE 2170FNL 1970FEL  
40.10954 N Lat, 109.40487 W Lon

11. County or Parish, and State  
UINTAH COUNTY, UT

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

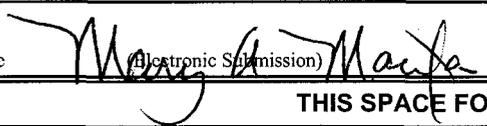
| TYPE OF SUBMISSION                                    | TYPE OF ACTION                                |   |  |   |
|---|---|---|--|---|
| <input type="checkbox"/> Notice of Intent             | <input type="checkbox"/> Acidize              | <input type="checkbox"/> Deepen           | <input type="checkbox"/>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

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

The referenced well spud on 8/22/2008.

14. I hereby certify that the foregoing is true and correct.

**Electronic Submission #62614 verified by the BLM Well Information System  
For EOG RESOURCES, INC., sent to the Vernal**

|   |                            |
|---|----------------------------|
| Name (Printed/Typed) MARY A. MAESTAS  | Title REGULATORY ASSISTANT |
| Signature  (Electronic Submission) | Date 08/28/2008            |

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

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

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

**\*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED**

**RECEIVED**

**SEP 02 2008**

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

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

FORM 6

ENTITY ACTION FORM

Operator: EOG Resources, Inc. Operator Account Number: N 9550  
Address: 600 17th St., Suite 1000N  
city Denver  
state CO zip 80202 Phone Number: (303) 824-5526

Well 1

| API Number                              | Well Name             |                   | QQ        | Sec | Twp                              | Rng | County |
|---|-----------------------|-------------------|-----------|-----|----------------------------------|-----|--------|
| 43-047-39432                            | East Chapita 53-23    |                   | SESW      | 23  | 9S                               | 23E | Uintah |
| Action Code                             | Current Entity Number | New Entity Number | Spud Date |     | Entity Assignment Effective Date |     |        |
| A                                       | 99999                 | 17050             | 8/20/2008 |     | 9/22/08                          |     |        |
| Comments: <u>Wasatch/Mesaverde well</u> |                       |                   |           |     |                                  |     |        |

Well 2

| API Number                      | Well Name                  |                   | QQ        | Sec | Twp                              | Rng | County |
|---------------------------------|----------------------------|-------------------|-----------|-----|----------------------------------|-----|--------|
| 43-047-40047                    | Chapita Wells Unit 1110-34 |                   | SENE      | 34  | 9S                               | 23E | Uintah |
| Action Code                     | Current Entity Number      | New Entity Number | Spud Date |     | Entity Assignment Effective Date |     |        |
| B                               | 99999                      | 13650             | 8/20/2008 |     | 9/22/08                          |     |        |
| Comments: <u>Mesaverde well</u> |                            |                   |           |     |                                  |     |        |

Well 3

| API Number   | Well Name             |                   | QQ        | Sec | Twp                              | Rng | County |
|--|-----------------------|-------------------|-----------|-----|----------------------------------|-----|--------|
| 43-047-38956   | North Chapita 344-23  |                   | SWNE      | 23  | 8S                               | 22E | Uintah |
| Action Code  | Current Entity Number | New Entity Number | Spud Date |     | Entity Assignment Effective Date |     |        |
| A  | 99999                 | 17051             | 8/22/2008 |     | 9/22/08                          |     |        |
| Comments: <u>Wasatch/Mesaverde well</u><br><u>MNC's proposed</u> |                       |                   |           |     |                                  |     |        |

ACTION CODES:

- A - Establish new entity for new well (single well only)
- B - Add new well to existing entity (group or unit well)
- C - Re-assign well from one existing entity to another existing entity
- D - Re-assign well from one existing entity to a new entity
- E - Other (Explain in 'comments' section)

Mary A. Maestas

Name (Please Print)

Signature

Regulatory Assistant

Title

8/28/2008

Date

(5/2000)

RECEIVED

SEP 09 2008

DIV. OF OIL, GAS & MINING

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

FORM 9

**SUNDRY NOTICES AND REPORTS ON WELLS**

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<br>OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____ |  | 5. LEASE DESIGNATION AND SERIAL NUMBER:<br>Multiple (See Attached) |
| 2. NAME OF OPERATOR:<br>EOG Resources, Inc.   |  | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME:                              |
| 3. ADDRESS OF OPERATOR:<br>1060 E. HWY 40 CITY Vernal STATE UT ZIP 84078                                      |  | 7. UNIT or CA AGREEMENT NAME:                                      |
| 4. LOCATION OF WELL<br>FOOTAGES AT SURFACE: Multiple (See Attached)   |  | 8. WELL NAME and NUMBER:<br>Multiple (See Attached)                |
| QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:<br>43 047 38956<br>NCW 344-23<br>8S 22E 23                       |  | 9. API NUMBER:<br>Multiple (See Attached)                          |
| PHONE NUMBER:<br>(435) 789-0790   |  | 10. FIELD AND POOL, OR WILDCAT:<br>Natural Buttes                  |
| COUNTY: Uintah, UT  |  | 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<br>(Submit in Duplicate)<br>Approximate date work will start: _____ | <input type="checkbox"/> ACIDIZE                        | <input type="checkbox"/> DEEPEN                           | <input type="checkbox"/> REPERFORATE CURRENT FORMATION                          |
| <input type="checkbox"/> SUBSEQUENT REPORT<br>(Submit Original Form Only)<br>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>Air Drilling Variance Request</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.  
EOG Resources, Inc. respectfully requests authorization for air drilling operations, see attached.

COPY SENT TO OPERATOR  
Date: 10.14.2008  
Initials: KS

NAME (PLEASE PRINT) Mickenzie Thacker TITLE Operations Clerk  
SIGNATURE Mickenzie Thacker DATE 9/17/2008

(This space for State use only)  
Accepted by the Utah Division of Oil, Gas and Mining  
Date: 10/7/08  
By: [Signature]  
Federal Approval Of This Action Is Necessary  
RECEIVED  
SEP 22 2008  
DIV. OF OIL, GAS & MINING  
(5/2000) (See Instructions on Reverse Side)

| API #        | Lease #   | Well Name  | Footages            | $\frac{1}{4}$ - $\frac{1}{4}$<br>Legal Description |
|--------------|-----------|------------|---------------------|--|
| 43-047-38951 | UTU-81657 | NCW 342-23 | 857' FNL 1790' FEL  | NWNE<br>Sec. 23 T8S R22E                           |
| 43-047-38957 | UTU-81657 | NCW 343-23 | 783' FNL 544' FEL   | NENE<br>Sec. 23 T8S R22E                           |
| 43-047-38956 | UTU-81657 | NCW 344-23 | 2170' FNL 1970' FEL | SWNE<br>Sec. 23 T8S R22E                           |

### **Air Drilling Operations:**

1. Main Air Compressors are 1250 CFM 350 psi with 2000 psi Boosters and are rig mounted.
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4. The diameter of the diverter flow line will be a minimum of 10" to help reduce back pressure on the well bore during uncontrolled flow.
5. Rat and Mouse hole drilling will occur only after surface casing has been set and cemented.
6. EOG Resources, Inc. will use a properly maintained and lubricated stripper head.

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1. EOG Resources, Inc. requests a variance to regulations requiring a straight run blooie line to be 100' in length. (Where possible, a straight run blooie line will be used).
2. EOG Resources, Inc. requests a variance to regulations requiring the blooie line to be 100' in length. To reduce location excavation, the blooie line will be approximately 75' in length.
3. EOG Resources, Inc. requests a variance to regulations, during air drilling operations only, requiring dedusting equipment. Dust during air drilling operations is controlled by water mist.
4. EOG Resources, Inc. requests a variance to regulations, during air drilling operations only, requiring an automatic igniter or continuous pilot light on the blooie line. (Not required on aerated water system).
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UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB NO. 1004-0135  
Expires: July 31, 2010

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6. If Indian, Allottee or Tribe Name

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

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

8. Well Name and No.  
NORTH CHAPITA 344-23

9. API Well No.  
43-047-38956

10. Field and Pool, or Exploratory  
NATURAL BUTTES

11. County or Parish, and State  
UINTAH COUNTY, UT

1. Type of Well  
 Oil Well  Gas Well  Other

2. Name of Operator  
EOG RESOURCES, INC. Contact: MICKENZIE THACKER  
E-Mail: MICKENZIE\_THACKER@EOGRESOURCES.COM

3a. Address  
1060 E. HWY 40  
VERNAL, UT 84078

3b. Phone No. (include area code)  
Ph: 435-781-9145

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
Sec 23 T8S R22E SWNE 2170FNL 1970FEL  
40.10954 N Lat, 109.40487 W Lon

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

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

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

EOG Resources, Inc. respectfully requests to sidetrack the referenced wellbore as per the attached procedure.

COPY SENT TO OPERATOR

Date: 11.6.2008

Initials: KS

14. I hereby certify that the foregoing is true and correct.  
**Electronic Submission #63314 verified by the BLM Well Information System For EOG RESOURCES, INC., sent to the Vernal**

Name (Printed/Typed) MICKENZIE THACKER Title OPERATIONS CLERK

Signature *Mickenzie Thacker* Date 09/24/2008

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

Approved By *D. St. Peter* Title *Pet. Eng.* Date *11/4/08*

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

Office *DOGm* Federal Approval Of This Action Is Necessary

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

**\*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED**

**RECEIVED**

**SEP 30 2008**

DIV. OF OIL, GAS & MINING

September 23, 2008

Matt Baker  
Sr. Petroleum Engineer  
Department of the Interior  
Bureau of Land Management  
170 South 500 East  
Vernal, UT 84078

RE: Well Sundry for NCW 344-23  
CC: D. Fischer, J. Tilley, K. Devenport, K. Gardner

Mr. Baker:

EOG Resources would like to amend the drilling program for the North Chapita 344-23 well to sidetrack the existing wellbore. The reasons for this are as follows:

- The initial wellbore was drilled to 9615'. 3,319' of pipe became stuck due to continuous hole instability and is unrecoverable.
- This will salvage the existing well.

I have attached a well schematic and procedure for your reference.

Please advise if this meets all requirements. Thank you.

Best regards,

Will Alexander  
Drilling Engineer  
EOG Resources  
[will\\_alexander@eogresources.com](mailto:will_alexander@eogresources.com)  
Vernal Office 435-789-0790  
Cell phone 970-744-9860

Attached: Well Schematic, Sidetrack Plan

**SIDETRACK DRILLING PLAN**

**NORTH CHAPITA 344-23**  
**SW/NE, SEC. 23, T8S, R22E, S.L.B.&M..**  
**UINTAH COUNTY, UTAH**

**1. ESTIMATED TOPS & ANTICIPATED OIL, GAS, & WATER ZONES:**

| <b>FORMATION</b>       | <b>TVD-RKB (ft)</b> | <b>Objective</b> | <b>Lithology</b> |     |
|------------------------|---------------------|------------------|------------------|-----|
| Green River            | 2,546               |                  | Shale            |     |
| Mahogany Oil Shale Bed | 3,131               |                  | Shale            |     |
| Wasatch                | 5,475               | Primary          | Sandstone        | Gas |
| Chapita Wells          | 6,039               | Primary          | Sandstone        | Gas |
| Buck Canyon            | 6,706               | Primary          | Sandstone        | Gas |
| North Horn             | 7,340               | Primary          | Sandstone        | Gas |
| KMV Price River        | 8,067               | Primary          | Sandstone        | Gas |
| KMV Price River Middle | 8,949               | Primary          | Sandstone        | Gas |
| KMV Price River Lower  | 9,779               | Primary          | Sandstone        | Gas |
| Sego                   | 10,387              |                  | Sandstone        |     |
| <b>TD</b>              | <b>10,590</b>       |                  |                  |     |

**Estimated TD: 10,590' or 200'± below TD**

**Anticipated BHP: 5,782 Psig**

1. Fresh Waters may exist in the upper, approximately 1,000 ft ± of the Green River Formation, with top at about 2,000 ft ±.
2. Cement isolation is installed to surface of the well isolating all zones by cement.

**2. PRESSURE CONTROL EQUIPMENT:**

Production Hole – 5000 Psig  
 BOP schematic diagrams attached.

**3. CASING PROGRAM:**

| <b><u>CASING</u></b> | <b><u>Hole Size</u></b> | <b><u>Length</u></b> | <b><u>Size</u></b> | <b><u>WEIGHT</u></b> | <b><u>Grade</u></b> | <b><u>Thread</u></b> | <b><u>Rating Collapse</u></b> | <b><u>Factor Burst</u></b> | <b><u>Tensile</u></b> |
|----------------------|-------------------------|----------------------|--------------------|----------------------|---------------------|----------------------|-------------------------------|----------------------------|-----------------------|
| Conductor            | 17 1/2"                 | 0 – 45'              | 13 3/8"            | 48.0#                | H-40                | STC                  | 770 PSI                       | 1730 PSI                   | 322,000#              |
| Surface              | 12 1/4"                 | 0 – 2,502' KB±       | 9-5/8"             | 36.0#                | J-55                | STC                  | 2020 PSI                      | 3520 Psi                   | 394,000#              |
| Intermediate         | 8 3/4"                  | 0 – 5,261'           | 7"                 | 23#                  | P-110               | ST-L FJ              | 4,404 PSI                     | 8,720 PSI                  | 426,000#              |
| Production           | 6-1/8"                  | Surface – TD         | 4-1/2"             | 11.6#                | P-110               | LTC                  | 7560 PSI                      | 10,690 Psi                 | 279,000#              |
|                      |                         |                      |                    |                      |                     |                      |                               |                            |                       |

**Note: All casing will be new or inspected.**

## **SIDETRACK DRILLING PLAN**

### **NORTH CHAPITA 344-23** **SW/NE, SEC. 23, T8S, R22E, S.L.B.&M..** **UINTAH COUNTY, UTAH**

#### **4. SIDETRACK PROCEDURE:**

**NOTE:** The initial wellbore was drilled to 9,615'. There is 3,319' of Drill Pipe, HWDP, Jars and BHA in the hole. The **TOP OF THE FISH is at 6,249'**. The **BOTTOM OF THE FISH is at 9,568'**. The hole has been cleaned out 5,538'.

- Pick up 1,500' of 2 7/8" tubing.
- Set cement a 17.5 ppg whipstock plug of neat cement from 5,538' back to 4,538'.
- Polish of cement with 8 3/4" BHA to hard cement.
- Run 7" flush joint casing.
- Pick up 6 1/8" Directional BHA and drill out.
- Kick off and build 2-3 deg./100'. Drop back to vertical with 50' of departure from the original well bore. Drill far enough ahead to ensure clearance from fish.
- Lay down directional BHA, pick up straight hole BHA and drill to TD.
- Run and cement 4 1/2" casing.

#### **5. Casing:**

##### **Intermediate (0' - 5200'±)**

Guide Shoe  
Insert Float Collar (PDC drillable)

##### **Production Hole Procedure (2300'± - TD):**

Float shoe, 1 joint casing, float collar and balance of casing to surface. 4-1/2", 11.6#, N-80 or equivalent marker collars or short casing joints to be placed at top of Price River and 400' above top of Wasatch. Centralizers to be placed 5' above shoe on joint #1, top of joint #2, and every 2nd joint to 400' above Wasatch Island top. Thread lock float shoe, top and bottom of float collar, and top of 2<sup>nd</sup> joint.

#### **6. MUD PROGRAM**

##### **Production Hole Procedure (2300'± - TD):**

Anticipated mud weight 9.5 – 10.5 ppg depending on actual wellbore conditions encountered while drilling.

**2300'± - TD** A WB mud system will be used with PHPA polymer for supplemental viscosity and clay encapsulation/inhibition. Water loss will be maintained at <15cc's using white starch or PAC. Anticipated pH will range from 9.0-10.0. Mud weight will be adjusted as necessary for well control. Deflocculants/thinners will be used as necessary to maintain

## SIDETRACK DRILLING PLAN

### NORTH CHAPITA 344-23 SW/NE, SEC. 23, T8S, R22E, S.L.B.&M.. UINTAH COUNTY, UTAH

mud quality. LCM sweeps will be utilized as necessary to control lost circulation and mud loss. CO2 contamination, if encountered, will be treated with lime and gypsum.

#### **7. VARIANCE REQUESTS:**

**Reference:** Onshore Oil and Gas Order No. 1  
Onshore Oil and Gas Order No. 2 – Section E: Special Drilling Operations

- EOG Resources, Inc. requests a variance to regulations requiring a straight run blooie line to be 100' in length. (Where possible, a straight run blooie line will be used).
- EOG Resources, Inc. requests a variance to regulations requiring the blooie line to be 100' in length. To reduce location excavation, the blooie line will be approximately 75' in length.
- EOG Resources, Inc. requests a variance to regulations, during air drilling operations only, requiring dedusting equipment. Dust during air drilling operations is controlled by water mist.
- EOG Resources, Inc. requests a variance to regulations, during air drilling operations only, requiring an automatic igniter or continuous pilot light on the blooie line. (Not required on aerated water system).
- EOG Resources, Inc. requests a variance that compressors are located in the opposite direction from the blooie line a minimum of 100 feet from the well bore. (Air Compressors are rig mounted).

#### **8. EVALUATION PROGRAM:**

**Logs:** Mud log from base of surface casing to TD.  
**Cased-hole Logs:** Cased-hole logs will be run in lieu of open-hole logs consisting of the following:  
**Cement Bond / Casing Collar Locator and Pulsed Neutron**

#### **9. CEMENT PROGRAM:**

##### **Intermediate Hole Procedure (Surface - 5200'±):**

|                 |                |  |
|-----------------|----------------|--|
| <b>Lead:</b>    | <b>250 sks</b> | Class "G" cement with 16% Gel, 10 #/sx Gilsonite, 3% Salt, 2% CaCl <sub>2</sub> , 3 lb/sx GR3 ¼ #/sx Flocele mixed at 11.0 ppg, 3.91 ft <sup>3</sup> /sk. yield, 24.9 gps water. |
| <b>Tail:</b>    | <b>205 sks</b> | Class "G" cement with 2% CaCl <sub>2</sub> , ¼#/sk Flocele mixed at 14.1 ppg, 1.29 ft <sup>3</sup> /sk., 5.7 gps water.  |
| <b>Top Out:</b> |                | As necessary with Class "G" cement with 2% CaCl <sub>2</sub> , ¼#/sk Flocele mixed at 15.6 ppg, 1.18 ft <sup>3</sup> /sk., 5.2 gps water.  |

## **SIDETRACK DRILLING PLAN**

### **NORTH CHAPITA 344-23** **SW/NE, SEC. 23, T8S, R22E, S.L.B.&M..** **UINTAH COUNTY, UTAH**

**Note:** Cement volumes will be calculated to bring lead cement 500' above the casing shoe.

#### **Production Hole Procedure (2300'± - TD)**

**Lead: 178 sks:** Hi-Lift "G" w/12% D20 (Bentonite), 1% D79 (Extender), 5% D44 (Salt), 0.2% D46 (Antifoam), 0.25% D112 (Fluid Loss Additive), 0.25 pps D29 (cello flakes) mixed at 11.0 ppg, 3.91 ft<sup>3</sup>/sk., 24.5 gps water.

**Tail: 990 sks:** 50:50 Poz "G" w/ 2% D20 (Bentonite), 0.1% D46 (Antifoam), 0.075% D13 (Retarder), 0.2% D167 (Fluid Loss Additive), 0.2% D65 (Dispersant), mixed at 14.1 ppg, 1.28 ft<sup>3</sup>/sk., 5.9gps water.

**Note:** The above number of sacks is based on gauge-hole calculation.  
Lead volume to be calculated to bring cement to 200'± above 9-5/8" casing shoe.  
Tail volume to be calculated to bring cement to 400'± above top of Wasatch.

**Final Cement volumes will be based upon gauge-hole plus 45% excess.**

#### **10. ABNORMAL CONDITIONS:**

##### **Production Hole (5300'± - TD):**

Sloughing shales, lost circulation and key seat development are possible in the Wasatch Formation.

#### **11. STANDARD REQUIRED EQUIPMENT:**

- A. Choke Manifold
- B. Upper and Lower Kelly Cock
- C. Stabbing Valve
- D. Visual Mud Monitoring

#### **12. HAZARDOUS CHEMICALS:**

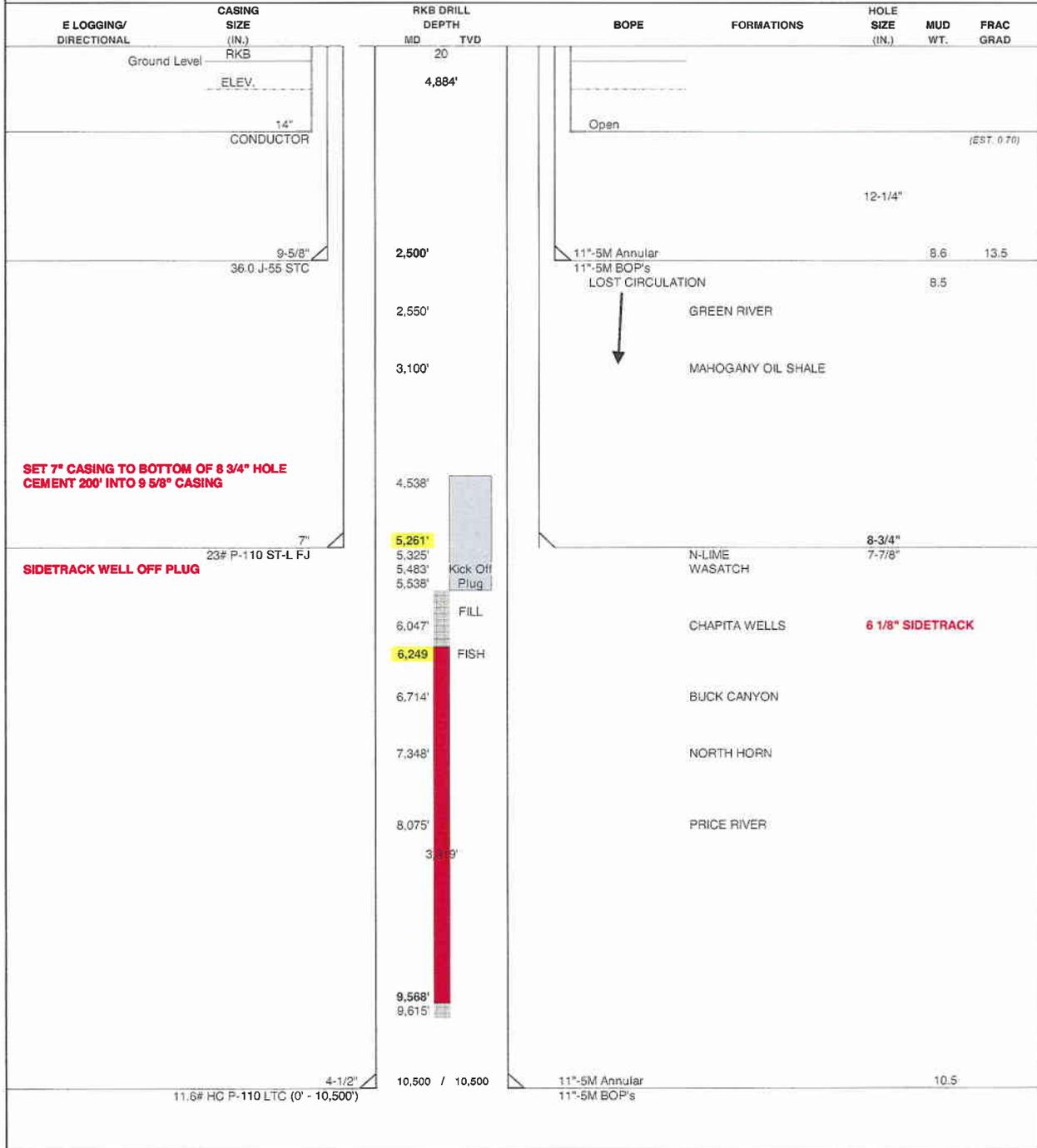
No chemicals subject to reporting under SARA title III in an amount equal to or greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling of this well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produced, stored, transported, or disposed of in association with the drilling of this well.



WELLBORE DATA SHEET

LEASE: NORTH CHAPITA WELLS  
 WELL: NCW 344-23  
 LOCATION: JINTAH COUNTY, UTAH, Sec 23 T8S R2  
 Lat 40 06' 34.49" / Long 109 24' 15.07" (NAD 27)  
 OBJECTIVE: SIDETRACK WELL

TOTAL DEPTH: 10,590' (TVD)  
 SURF. LOC'N: 2,170' FNL, 1,970' FEL / SW 1/4 NE 1/4  
 BTM. HOLE LOC'N:  
 SURFACE ELEV.: 4,864'



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB NO. 1004-0135  
Expires: July 31, 2010

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

5. Lease Serial No.  
UTU81657

6. If Indian, Allottee or Tribe Name

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

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

8. Well Name and No.  
NORTH CHAPITA 344-23

9. API Well No.  
43-047-38956

1. Type of Well  
 Oil Well  Gas Well  Other

2. Name of Operator  
EOG RESOURCES, INC. Contact: MARY A. MAESTAS  
E-Mail: mary\_maestas@eogresources.com

3a. Address  
600 17TH STREET SUITE 1000N  
DENVER, CO 80202

3b. Phone No. (include area code)  
Ph: 303-824-5526

10. Field and Pool, or Exploratory  
NATURAL BUTTES

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
Sec 23 T8S R22E SWNE 2170FNL 1970FEL  
40.10954 N Lat, 109.40487 W Lon

11. County or Parish, and State  
UINTAH COUNTY, UT

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

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

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

EOG Resources, Inc. requests authorization to change the drilling program for the referenced well as per the attached procedure.

COPY SENT TO OPERATOR

Date: 11/10/2008

Initials: KS

14. I hereby certify that the foregoing is true and correct.

**Electronic Submission #63454 verified by the BLM Well Information System  
For EOG RESOURCES, INC., sent to the Vernal**

|                                      |                            |
|--------------------------------------|----------------------------|
| Name (Printed/Typed) MARY A. MAESTAS | Title REGULATORY ASSISTANT |
| Signature <i>Mary A. Maestas</i>     | Date 09/29/2008            |

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

|   |                       |   |
|---|-----------------------|---|
| Approved By <i>D. Stull</i>   | Title <i>Pet-Eng.</i> | Date <i>11/4/08</i>                             |
| Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. | Office <i>DOG M</i>   | Federal Approval Of This<br>Action Is Necessary |

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

**\*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED \*\***

**RECEIVED**

**OCT 06 2008**

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

## CEMENTING 7" CASING PLAN

**NORTH CHAPITA 344-23**  
**SW/NE, SEC. 23, T8S, R22E, S.L.B.&M..**  
**UINTAH COUNTY, UTAH**

### 1. ESTIMATED TOPS & ANTICIPATED OIL, GAS, & WATER ZONES:

| FORMATION              | TVD-RKB (ft)  | Objective | Lithology |     |
|------------------------|---------------|-----------|-----------|-----|
| Green River            | 2,546         |           | Shale     |     |
| Mahogany Oil Shale Bed | 3,131         |           | Shale     |     |
| Wasatch                | 5,475         | Primary   | Sandstone | Gas |
| Chapita Wells          | 6,039         | Primary   | Sandstone | Gas |
| Buck Canyon            | 6,706         | Primary   | Sandstone | Gas |
| North Horn             | 7,340         | Primary   | Sandstone | Gas |
| KMV Price River        | 8,067         | Primary   | Sandstone | Gas |
| KMV Price River Middle | 8,949         | Primary   | Sandstone | Gas |
| KMV Price River Lower  | 9,779         | Primary   | Sandstone | Gas |
| Sego                   | 10,387        |           | Sandstone |     |
| <b>TD</b>              | <b>10,590</b> |           |           |     |

**Estimated TD: 10,590' or 200'± below TD**

**Anticipated BHP: 5,782 Psig**

1. Fresh Waters may exist in the upper, approximately 1,000 ft ± of the Green River Formation, with top at about 2,000 ft ±.
2. Cement isolation is installed to surface of the well isolating all zones by cement.

### 2. PRESSURE CONTROL EQUIPMENT:

Production Hole – 5000 Psig  
 BOP schematic diagrams attached.

### 3. CASING PROGRAM:

| CASING       | Hole Size | Length         | Size    | WEIGHT | Grade | Thread  | Rating Collapse | Factor Burst | Tensile  |
|--------------|-----------|----------------|---------|--------|-------|---------|-----------------|--------------|----------|
| Conductor    | 17 1/2"   | 0 – 45'        | 13 3/8" | 48.0#  | H-40  | STC     | 770 PSI         | 1730 PSI     | 322,000# |
| Surface      | 12 1/4"   | 0 – 2,502' KB± | 9-5/8"  | 36.0#  | J-55  | STC     | 2020 PSI        | 3520 Psi     | 394,000# |
| Intermediate | 8 3/4"    | 0 – 4,327'     | 7"      | 23#    | P-110 | ST-L FJ | 4,404 PSI       | 8,720 PSI    | 426,000# |
|              |           |                |         |        |       |         |                 |              |          |

**Note: All casing will be new or inspected.**

## CEMENTING 7" CASING PLAN

### NORTH CHAPITA 344-23 SW/NE, SEC. 23, T8S, R22E, S.L.B.&M.. UINTAH COUNTY, UTAH

#### 4. REMIDIAL CEMENTING PROCEDURE:

**NOTE:** The initial wellbore was drilled to 9,615'. There is 3,319' of Drill Pipe, HWDP, Jars and BHA in the hole. The **TOP OF THE FISH is at 6,249'**. The **BOTTOM OF THE FISH is at 9,568'**. 7" casing has been ran and cemented. The **top of the cement is at 2,750'**, 408' below the 9 5/8" casing shoe at 2,342'.

- Test to confirm the formation will accept fluid by pumping water into the casing valve with the BOPE closed. \*
- Rig up cement truck on casing valve.
- Pump a lead solution of Sodium Silicate and CaCl, (block the lost circulation).
- Pump 300 sacks of Class G cement to top out at wellhead.
- Well is prepared for sidetracking as per "Sidetrack Program".

\* *ALL FURTHER PLANS ASSUME THAT THE FORMATION ACCEPTS FLUID*

#### 5. Casing:

##### Intermediate (0' - 5200'±)

Guide Shoe  
Insert Float Collar (PDC drillable)

##### Production Hole Procedure (2300'± - TD):

Float shoe, 1 joint casing, float collar and balance of casing to surface. 4-1/2", 11.6#, N-80 or equivalent marker collars or short casing joints to be placed at top of Price River and 400' above top of Wasatch. Centralizers to be placed 5' above shoe on joint #1, top of joint #2, and every 2nd joint to 400' above Wasatch Island top. Thread lock float shoe, top and bottom of float collar, and top of 2<sup>nd</sup> joint.

#### 9. CEMENT PROGRAM:

##### Intermediate Hole, Remedial Procedure (Surface – 2,342'±):

**Lead:** 10 bbl water, 10 bbl CaCl – 77% solution, 10 bbl water, 10 bbl "Zonelock" Sodium Silicate.

**Tail:** 310 sks Class "G" cement with 10-2 RFC.

**Top Out:** Continue as necessary with Class "G" cement with 2% CaCl<sub>2</sub>, mixed at 15.6 ppg, 1.18 ft<sup>3</sup>/sk., 5.2 gps water.

## **CEMENTING 7" CASING PLAN**

**NORTH CHAPITA 344-23**  
**SW/NE, SEC. 23, T8S, R22E, S.L.B.&M..**  
**UINTAH COUNTY, UTAH**

**Note:** Cement volumes will be calculated to bring lead cement to surface.

### **10. ABNORMAL CONDITIONS:**

Lost Circulation

### **11. STANDARD REQUIRED EQUIPMENT:**

- A. Choke Manifold
- B. Upper and Lower Kelly Cock
- C. Stabbing Valve
- D. Visual Mud Monitoring

### **12. HAZARDOUS CHEMICALS:**

No chemicals subject to reporting under SARA title III in an amount equal to or greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling of this well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produced, stored, transported, or disposed of in association with the drilling of this well.

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB NO. 1004-0135  
Expires: July 31, 2010

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

5. Lease Serial No.  
UTU81657

6. If Indian, Allottee or Tribe Name

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

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

8. Well Name and No.  
NORTH CHAPITA 344-23

9. API Well No.  
43-047-38956

10. Field and Pool, or Exploratory  
NATURAL BUTTES

11. County or Parish, and State  
UINTAH COUNTY, UT

1. Type of Well  
 Oil Well  Gas Well  Other

2. Name of Operator  
EOG RESOURCES, INC. Contact: MARY A. MAESTAS  
E-Mail: mary\_maestas@eogresources.com

3a. Address  
600 17TH STREET SUITE 1000N  
DENVER, CO 80202

3b. Phone No. (include area code)  
Ph: 303-824-5526

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
Sec 23 T8S R22E SWNE 2170FNL 1970FEL  
40.10954 N Lat, 109.40487 W Lon

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

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

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

The referenced well was turned to sales on 11/21/2008. Please see the attached operations summary report for drilling and completion operations performed on the subject well.

14. I hereby certify that the foregoing is true and correct.  
**Electronic Submission #65139 verified by the BLM Well Information System For EOG RESOURCES, INC., sent to the Vernal**

Name (Printed/Typed) MARY A. MAESTAS Title REGULATORY ASSISTANT

Signature *Mary A. Maestas* Date 12/01/2008

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

Approved By \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

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

Office \_\_\_\_\_

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

**\*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED \*\***

**RECEIVED**  
**DEC 03 2008**  
DIV. OF OIL, GAS & MINING

## WELL CHRONOLOGY REPORT

Report Generated On: 12-01-2008

|                      |   |                  |                |                      |            |
|----------------------|---|------------------|----------------|----------------------|------------|
| <b>Well Name</b>     | NCW 344-23                                      | <b>Well Type</b> | DEVG           | <b>Division</b>      | DENVER     |
| <b>Field</b>         | CHAPITA DEEP                                    | <b>API #</b>     | 43-047-38956   | <b>Well Class</b>    | 1SA        |
| <b>County, State</b> | UINTAH, UT                                      | <b>Spud Date</b> | 09-08-2008     | <b>Class Date</b>    | 11-21-2008 |
| <b>Tax Credit</b>    | N   | <b>TVD / MD</b>  | 10,590/ 10,590 | <b>Property #</b>    | 060413     |
| <b>Water Depth</b>   | 0   | <b>Last CSG</b>  | 0.0            | <b>Shoe TVD / MD</b> | 0/ 0       |
| <b>KB / GL Elev</b>  | 4,873/ 4,860                                    |                  |                |                      |            |
| <b>Location</b>      | Section 23,T8S, R22E, SWNE, 2170 FNL & 1970 FEL |                  |                |                      |            |

|                 |                    |                    |                  |              |       |
|-----------------|--------------------|--------------------|------------------|--------------|-------|
| <b>Event No</b> | 1.0                | <b>Description</b> | DRILL & COMPLETE |              |       |
| <b>Operator</b> | EOG RESOURCES, INC | <b>WI %</b>        | 50.0             | <b>NRI %</b> | 42.25 |

|                              |                    |                   |               |                        |                      |                     |            |           |     |             |     |
|------------------------------|--------------------|-------------------|---------------|------------------------|----------------------|---------------------|------------|-----------|-----|-------------|-----|
| <b>AFE No</b>                | 304449             | <b>AFE Total</b>  | 2,482,000     | <b>DHC / CWC</b>       | 1,282,700/ 1,199,300 |                     |            |           |     |             |     |
| <b>Rig Contr</b>             | TRUE               | <b>Rig Name</b>   | TRUE #32      | <b>Start Date</b>      | 01-15-2007           | <b>Release Date</b> | 09-26-2008 |           |     |             |     |
| <b>Rig Contr</b>             | ELENBURG           | <b>Rig Name</b>   | ELENBURG #28  | <b>Start Date</b>      | 09-27-2008           | <b>Release Date</b> | 10-22-2008 |           |     |             |     |
| <b>01-15-2007</b>            | <b>Reported By</b> | SHARON CAUDILL    |               |                        |                      |                     |            |           |     |             |     |
| <b>Daily Costs: Drilling</b> | \$0                | <b>Completion</b> | \$0           | <b>Daily Total</b>     | \$0                  |                     |            |           |     |             |     |
| <b>Cum Costs: Drilling</b>   | \$0                | <b>Completion</b> | \$0           | <b>Well Total</b>      | \$0                  |                     |            |           |     |             |     |
| <b>MD</b>                    | 0                  | <b>TVD</b>        | 0             | <b>Progress</b>        | 0                    | <b>Days</b>         | 0          | <b>MW</b> | 0.0 | <b>Visc</b> | 0.0 |
| <b>Formation :</b>           | <b>PBTD : 0.0</b>  |                   | <b>Perf :</b> | <b>PKR Depth : 0.0</b> |                      |                     |            |           |     |             |     |

**Activity at Report Time: LOCATION DATA**

| Start | End   | Hrs  | Activity Description   |
|-------|-------|------|--|
| 06:00 | 06:00 | 24.0 | LOCATION DATA:<br>2170' FNL & 1970' FEL (SW/NE)<br>SECTION 23, T8S, R22E<br>UINTAH COUNTY, UTAH<br><br>LAT 40.109581, LONG 109.404186 (NAD 27)<br>LAT 40.109544, LONG 109.404859 (NAD 83)<br><br>ELENBURG RIG #28<br>OBJECTIVE: 10590' TD, MESAVERDE<br>DW/GAS<br>NORTH CHAPITA PROSPECT<br>DD&A FIELD: CHAPITA DEEP<br>NATURAL BUTTES FIELD<br><br>LEASE: U-81657<br>ELEVATION: 4864.0' NAT GL, 4859.7' PREP GL (DUE TO ROUNDING THE PREP GL WILL BE 4860'), 4873' KB (13')<br><br>EOG WI 50%, NRI 42.25% |



|  |            |                    |                             |                   |   |               |   |                        |     |             |     |
|--|------------|--------------------|-----------------------------|-------------------|---|---------------|---|------------------------|-----|-------------|-----|
| <b>08-14-2008</b>                              |            | <b>Reported By</b> |                             | TERRY CSERE       |   |               |   |                        |     |             |     |
| <b>DailyCosts: Drilling</b>                    |            | \$0                |                             | <b>Completion</b> |   | \$0           |   | <b>Daily Total</b>     |     | \$0         |     |
| <b>Cum Costs: Drilling</b>                     |            | \$38,000           |                             | <b>Completion</b> |   | \$0           |   | <b>Well Total</b>      |     | \$38,000    |     |
| <b>MD</b>                                      | 0          | <b>TVD</b>         | 0                           | <b>Progress</b>   | 0 | <b>Days</b>   | 0 | <b>MW</b>              | 0.0 | <b>Visc</b> | 0.0 |
| <b>Formation :</b>                             |            | <b>PBTD : 0.0</b>  |                             |                   |   | <b>Perf :</b> |   | <b>PKR Depth : 0.0</b> |     |             |     |
| <b>Activity at Report Time:</b> BUILD LOCATION |            |                    |                             |                   |   |               |   |                        |     |             |     |
| <b>Start</b>                                   | <b>End</b> | <b>Hrs</b>         | <b>Activity Description</b> |                   |   |               |   |                        |     |             |     |
| 06:00  | 06:00      | 24.0               | LOCATION 45% COMPLETE       |                   |   |               |   |                        |     |             |     |
| <b>08-15-2008</b>                              |            | <b>Reported By</b> |                             | TERRY CSERE       |   |               |   |                        |     |             |     |
| <b>DailyCosts: Drilling</b>                    |            | \$0                |                             | <b>Completion</b> |   | \$0           |   | <b>Daily Total</b>     |     | \$0         |     |
| <b>Cum Costs: Drilling</b>                     |            | \$38,000           |                             | <b>Completion</b> |   | \$0           |   | <b>Well Total</b>      |     | \$38,000    |     |
| <b>MD</b>                                      | 0          | <b>TVD</b>         | 0                           | <b>Progress</b>   | 0 | <b>Days</b>   | 0 | <b>MW</b>              | 0.0 | <b>Visc</b> | 0.0 |
| <b>Formation :</b>                             |            | <b>PBTD : 0.0</b>  |                             |                   |   | <b>Perf :</b> |   | <b>PKR Depth : 0.0</b> |     |             |     |
| <b>Activity at Report Time:</b> BUILD LOCATION |            |                    |                             |                   |   |               |   |                        |     |             |     |
| <b>Start</b>                                   | <b>End</b> | <b>Hrs</b>         | <b>Activity Description</b> |                   |   |               |   |                        |     |             |     |
| 06:00  | 06:00      | 24.0               | LOCATION 50% COMPLETE.      |                   |   |               |   |                        |     |             |     |
| <b>08-18-2008</b>                              |            | <b>Reported By</b> |                             | TERRY CSERE       |   |               |   |                        |     |             |     |
| <b>DailyCosts: Drilling</b>                    |            | \$0                |                             | <b>Completion</b> |   | \$0           |   | <b>Daily Total</b>     |     | \$0         |     |
| <b>Cum Costs: Drilling</b>                     |            | \$38,000           |                             | <b>Completion</b> |   | \$0           |   | <b>Well Total</b>      |     | \$38,000    |     |
| <b>MD</b>                                      | 0          | <b>TVD</b>         | 0                           | <b>Progress</b>   | 0 | <b>Days</b>   | 0 | <b>MW</b>              | 0.0 | <b>Visc</b> | 0.0 |
| <b>Formation :</b>                             |            | <b>PBTD : 0.0</b>  |                             |                   |   | <b>Perf :</b> |   | <b>PKR Depth : 0.0</b> |     |             |     |
| <b>Activity at Report Time:</b> BUILD LOCATION |            |                    |                             |                   |   |               |   |                        |     |             |     |
| <b>Start</b>                                   | <b>End</b> | <b>Hrs</b>         | <b>Activity Description</b> |                   |   |               |   |                        |     |             |     |
| 06:00  | 06:00      | 24.0               | PUSHING OUT PIT.            |                   |   |               |   |                        |     |             |     |
| <b>08-19-2008</b>                              |            | <b>Reported By</b> |                             | TERRY CSERE       |   |               |   |                        |     |             |     |
| <b>DailyCosts: Drilling</b>                    |            | \$0                |                             | <b>Completion</b> |   | \$0           |   | <b>Daily Total</b>     |     | \$0         |     |
| <b>Cum Costs: Drilling</b>                     |            | \$38,000           |                             | <b>Completion</b> |   | \$0           |   | <b>Well Total</b>      |     | \$38,000    |     |
| <b>MD</b>                                      | 0          | <b>TVD</b>         | 0                           | <b>Progress</b>   | 0 | <b>Days</b>   | 0 | <b>MW</b>              | 0.0 | <b>Visc</b> | 0.0 |
| <b>Formation :</b>                             |            | <b>PBTD : 0.0</b>  |                             |                   |   | <b>Perf :</b> |   | <b>PKR Depth : 0.0</b> |     |             |     |
| <b>Activity at Report Time:</b> BUILD LOCATION |            |                    |                             |                   |   |               |   |                        |     |             |     |
| <b>Start</b>                                   | <b>End</b> | <b>Hrs</b>         | <b>Activity Description</b> |                   |   |               |   |                        |     |             |     |
| 06:00  | 06:00      | 24.0               | PUSHING OUT PIT.            |                   |   |               |   |                        |     |             |     |
| <b>08-20-2008</b>                              |            | <b>Reported By</b> |                             | TERRY CSERE       |   |               |   |                        |     |             |     |
| <b>DailyCosts: Drilling</b>                    |            | \$0                |                             | <b>Completion</b> |   | \$0           |   | <b>Daily Total</b>     |     | \$0         |     |
| <b>Cum Costs: Drilling</b>                     |            | \$38,000           |                             | <b>Completion</b> |   | \$0           |   | <b>Well Total</b>      |     | \$38,000    |     |
| <b>MD</b>                                      | 0          | <b>TVD</b>         | 0                           | <b>Progress</b>   | 0 | <b>Days</b>   | 0 | <b>MW</b>              | 0.0 | <b>Visc</b> | 0.0 |
| <b>Formation :</b>                             |            | <b>PBTD : 0.0</b>  |                             |                   |   | <b>Perf :</b> |   | <b>PKR Depth : 0.0</b> |     |             |     |
| <b>Activity at Report Time:</b> BUILD LOCATION |            |                    |                             |                   |   |               |   |                        |     |             |     |
| <b>Start</b>                                   | <b>End</b> | <b>Hrs</b>         | <b>Activity Description</b> |                   |   |               |   |                        |     |             |     |

06:00 06:00 24.0 LINE PIT.

**08-21-2008** Reported By TERRY CSERE

DailyCosts: Drilling \$0 Completion \$0 Daily Total \$0  
 Cum Costs: Drilling \$38,000 Completion \$0 Well Total \$38,000

MD 0 TVD 0 Progress 0 Days 0 MW 0.0 Visc 0.0

Formation : PBTD : 0.0 Perf : PKR Depth : 0.0

Activity at Report Time: LOCATION COMPLETE- WO AIR RIG

| Start | End   | Hrs  | Activity Description          |
|-------|-------|------|-------------------------------|
| 06:00 | 06:00 | 24.0 | LOCATION COMPLETE. WO AIR RIG |

**08-22-2008** Reported By JERRY BARNES

DailyCosts: Drilling \$0 Completion \$0 Daily Total \$0  
 Cum Costs: Drilling \$38,000 Completion \$0 Well Total \$38,000

MD 60 TVD 60 Progress 0 Days 0 MW 0.0 Visc 0.0

Formation : PBTD : 0.0 Perf : PKR Depth : 0.0

Activity at Report Time: SPUD NOTIFICATION - WO AIR RIG

| Start | End   | Hrs  | Activity Description   |
|-------|-------|------|--|
| 06:00 | 06:00 | 24.0 | ROCKY MOUNTAIN DRILLING SPUD A 20" HOLE ON 08/22/08 @ 7:30 A.M. SET 60' OF 16" CONDUCTOR. CEMENT TO SURFACE WITH READY MIX. JERRY BARNES NOTIFIED CAROL DANIELS W/UDOGM AND MICHAEL LEE W/BLM OF THE SPUD 08/22/08 @ 7:00 A.M. |

**08-28-2008** Reported By KYLAN COOK

DailyCosts: Drilling \$47,369 Completion \$0 Daily Total \$47,369  
 Cum Costs: Drilling \$85,369 Completion \$0 Well Total \$85,369

MD 520 TVD 520 Progress 0 Days 0 MW 0.0 Visc 0.0

Formation : PBTD : 0.0 Perf : PKR Depth : 0.0

Activity at Report Time: WORT

| Start | End   | Hrs  | Activity Description   |
|-------|-------|------|--|
| 06:00 | 06:00 | 24.0 | MIRU CRAIGS AIR RIG # 3 ON 8/25/2008. DRILLED 12 1/4" HOLE TO 520'. ENCOUNTERED NO WATER. RDMO CRAIGS RIG. |

TRUE 32 WILL FINISH DRILLING 12 1/4" HOLE AND RUN CASING.

PREPARE LOCATION FOR ROTARY RIG. WORT. WILL DROP FROM REPORT UNTIL FURTHER ACTIVITY.

NO SURVEY AT THIS TIME.

**09-05-2008** Reported By BOB WILLIAMS

DailyCosts: Drilling \$25,410 Completion \$0 Daily Total \$25,410  
 Cum Costs: Drilling \$110,779 Completion \$0 Well Total \$110,779

MD 520 TVD 520 Progress 0 Days 0 MW 0.0 Visc 0.0

Formation : PBTD : 0.0 Perf : PKR Depth : 0.0

Activity at Report Time: MIRU RT

| Start | End   | Hrs  | Activity Description  |
|-------|-------|------|---|
| 06:00 | 18:00 | 12.0 | RIG DOWN BY HAND. DERRECK ON STAND @ 10:00. UN-STRING FOR SPLIT DERRECK MOVE. |

18:00 06:00 12.0 SHUT DOWN FOR NIGHT.

NO ACCIDENTS REPORTED, CREWS: 5/4/3.  
 SAFETY TOPIC: DISCONNECTING POWER CORDS & HYD. LINES.  
 CRANE ARRIVED @ 12:00, RIGGED UP & SHUT DOWN.  
 NO LOADS MOVED OFF OF CWU 1339-22.  
 RIG MOVE: 11.9 MILES.

MATERIAL TRANSFERED IN: 2 JTS. 9 5/8" 36#/FT. CSG + 1 CUT OFF.  
 7 JTS. 4 1/2" 11.6#/FT. HCP-110, CSG. + 1 MARKER JT.  
 RIG FUEL: 1600 GAL.

WATER HAULERS FILLING PIT WITH FLOW BACK WATER.  
 SET UP 2 - 400 BBL. UP RIGHTS FOR MUD STORAGE.

|                             |                   |                    |     |                    |                        |             |   |           |     |             |     |
|-----------------------------|-------------------|--------------------|-----|--------------------|------------------------|-------------|---|-----------|-----|-------------|-----|
| <b>09-06-2008</b>           |                   | <b>Reported By</b> |     | BOB WILLIAMS       |                        |             |   |           |     |             |     |
| <b>DailyCosts: Drilling</b> | \$28,095          | <b>Completion</b>  | \$0 | <b>Daily Total</b> | \$28,095               |             |   |           |     |             |     |
| <b>Cum Costs: Drilling</b>  | \$138,874         | <b>Completion</b>  | \$0 | <b>Well Total</b>  | \$138,874              |             |   |           |     |             |     |
| <b>MD</b>                   | 520               | <b>TVD</b>         | 520 | <b>Progress</b>    | 0                      | <b>Days</b> | 0 | <b>MW</b> | 0.0 | <b>Visc</b> | 0.0 |
| <b>Formation :</b>          | <b>PBTD : 0.0</b> |                    |     | <b>Perf :</b>      | <b>PKR Depth : 0.0</b> |             |   |           |     |             |     |

Activity at Report Time: RURT

| Start | End   | Hrs  | Activity Description  |
|-------|-------|------|---|
| 06:00 | 18:00 | 12.0 | MIRT/RURT ON 16" CONDUCTOR SET @ 45' G.L. (67' KB) 12 1/4" HOLE AIR DRILLED TO 520'.<br>WELL LOCATED 2170' FNL, 1970' FEL (SW/NE) SEC-23, T8S, R22E. ELEVATION-4860' KB-4881'.<br>API # 43-047-38956, AFE # 304449, LEASE # U-81657.<br>LAYED MATS BOARDS & BTM. SUBS. RIG MOVE 99%, RIG UP-15%.<br>CONTRACTOR FORKLIFT REPAIRED. |
| 18:00 | 06:00 | 12.0 | SHUT DOWN FOR NIGHT.<br>NO ACCIDENTS REPORTED, CREWS 5/5. SAFETY TOPIC- 100% TIE-OFF. OVER HEAD LOADS.<br>RESERVE PIT- 3/4 FULL.<br>CWU 1339-22-INSTALLED FMC "NIGHT CAP".<br>RENTAL'S RELEASED: BRANT-2 CATCH TANKS.<br>J.D FIELD SERVICES- FORKLIFT.<br>PROJECTED SPUD: AM-9/8/08.  |

|                             |                   |                    |     |                    |                        |             |   |           |     |             |     |
|-----------------------------|-------------------|--------------------|-----|--------------------|------------------------|-------------|---|-----------|-----|-------------|-----|
| <b>09-07-2008</b>           |                   | <b>Reported By</b> |     | BOB WILLIAMS       |                        |             |   |           |     |             |     |
| <b>DailyCosts: Drilling</b> | \$26,985          | <b>Completion</b>  | \$0 | <b>Daily Total</b> | \$26,985               |             |   |           |     |             |     |
| <b>Cum Costs: Drilling</b>  | \$165,859         | <b>Completion</b>  | \$0 | <b>Well Total</b>  | \$165,859              |             |   |           |     |             |     |
| <b>MD</b>                   | 520               | <b>TVD</b>         | 520 | <b>Progress</b>    | 0                      | <b>Days</b> | 0 | <b>MW</b> | 0.0 | <b>Visc</b> | 0.0 |
| <b>Formation :</b>          | <b>PBTD : 0.0</b> |                    |     | <b>Perf :</b>      | <b>PKR Depth : 0.0</b> |             |   |           |     |             |     |

Activity at Report Time: RIG UP ROTARY TOOLS.

| Start | End   | Hrs  | Activity Description   |
|-------|-------|------|--|
| 06:00 | 20:00 | 14.0 | RIG UP ROTARY TOOLS, DERRECK PINNED & ON STAND. STRING UP CREW STRUNG UP 19:00-21:30 HRS.<br>RIG UP 80%. TRUCK & CRANE WORK LEFT-5%. |
| 20:00 | 06:00 | 10.0 | SHUT DOWN FOR NIGHT.<br>NO ACCIDENTS OR INCIDENTS REPORTED. CREWS: 5/5.  |

SAFETY TOPIC-100% TIE-OFF, OVER HEAD LOADS.

|   |                    |                   |       |                    |                        |             |   |           |     |             |      |
|---|--------------------|-------------------|-------|--------------------|------------------------|-------------|---|-----------|-----|-------------|------|
| <b>09-08-2008</b>                                 | <b>Reported By</b> | BOB WILLIAMS      |       |                    |                        |             |   |           |     |             |      |
| <b>Daily Costs: Drilling</b>                      | \$58,758           | <b>Completion</b> | \$0   | <b>Daily Total</b> | \$58,758               |             |   |           |     |             |      |
| <b>Cum Costs: Drilling</b>                        | \$224,617          | <b>Completion</b> | \$0   | <b>Well Total</b>  | \$224,617              |             |   |           |     |             |      |
| <b>MD</b>   | 1,250              | <b>TVD</b>        | 1,250 | <b>Progress</b>    | 707                    | <b>Days</b> | 1 | <b>MW</b> | 8.4 | <b>Visc</b> | 27.0 |
| <b>Formation :</b>                                | <b>PBTD : 0.0</b>  |                   |       | <b>Perf :</b>      | <b>PKR Depth : 0.0</b> |             |   |           |     |             |      |
| <b>Activity at Report Time:</b> DRILLING @ 1,250' |                    |                   |       |                    |                        |             |   |           |     |             |      |

| Start | End   | Hrs | Activity Description  |
|-------|-------|-----|---|
| 06:00 | 14:00 | 8.0 | RIG UP, RIASE DERRECK, RIG UP GAS LINES, FLOOR, PIT PUMPS, SET RACKS.     |
| 14:00 | 20:30 | 6.5 | WELD ON CONDUCTOR & INSTALL ROTATING HEAD.                                |
| 20:30 | 21:00 | 0.5 | RIG INSPECTION.   |
| 21:00 | 00:00 | 3.0 | PICKUP BHA. RIG ON DAYRATE AT 21:00 HRS, 9/7/08.                          |
| 00:00 | 00:30 | 0.5 | TAG BTM @ 543'- FILL PIPE & HOLE., DRILL TO 549'.                         |
| 00:30 | 01:00 | 0.5 | WIRE LINE SURVEY  |
| 01:00 | 04:00 | 3.0 | DRLG. 549'—1,011'. WOB-8-10, MM-120, ROTARY-55, MW-8.4. 154'/HR. 750-GPM. |
| 04:00 | 04:30 | 0.5 | WIRE LINE SURVEY  |
| 04:30 | 06:00 | 1.5 | DRLG. 1,011'—1,250'. 159'/HR.   |

NO ACCIDENTS/INCIDENTS REPORTED, CREWS-5/5/5. SAFETY TOPIC- RIG INSPECTION.  
 START DAYWORK @ 21:00 HR. 9/7/08  
 SPUD 12 1/4" @ 00:30 HR. 9/8/08.  
 RIG MOVE: 11.9 MILES.  
 NOTIFIED BLM ( MATT BAKER ) WITH INTENT TO SPUD @ 08:00. 9/7/08.

06:00 SPUD 12 1/4" HOLE AT 01:00 HRS, 9/8/08.

|  |                    |                   |       |                    |                        |             |   |           |     |             |      |
|--|--------------------|-------------------|-------|--------------------|------------------------|-------------|---|-----------|-----|-------------|------|
| <b>09-09-2008</b>                                  | <b>Reported By</b> | BOB WILLIAMS      |       |                    |                        |             |   |           |     |             |      |
| <b>Daily Costs: Drilling</b>                       | \$155,278          | <b>Completion</b> | \$0   | <b>Daily Total</b> | \$155,278              |             |   |           |     |             |      |
| <b>Cum Costs: Drilling</b>                         | \$379,895          | <b>Completion</b> | \$0   | <b>Well Total</b>  | \$379,895              |             |   |           |     |             |      |
| <b>MD</b>  | 2,502              | <b>TVD</b>        | 2,502 | <b>Progress</b>    | 1,252                  | <b>Days</b> | 2 | <b>MW</b> | 8.6 | <b>Visc</b> | 27.0 |
| <b>Formation :</b>                                 | <b>PBTD : 0.0</b>  |                   |       | <b>Perf :</b>      | <b>PKR Depth : 0.0</b> |             |   |           |     |             |      |
| <b>Activity at Report Time:</b> RUNNING 9-5/8" CSG |                    |                   |       |                    |                        |             |   |           |     |             |      |

| Start | End   | Hrs | Activity Description  |
|-------|-------|-----|---|
| 06:00 | 14:00 | 8.0 | DRLG. 1,250'—2,011'. 95'/HR. WOB-12-15, GPM-750, MM-120, RT-55. |
| 14:00 | 17:00 | 3.0 | DRLG. 2,011'—2,263'. 84'/HR.                                    |
| 17:00 | 17:30 | 0.5 | RIG SERVICE.  |
| 17:30 | 20:00 | 2.5 | DRLG. 2,263'—2,502'. 95'/HR. WOB-25                             |
| 20:00 | 20:30 | 0.5 | CIRCULATE.  |
| 20:30 | 22:30 | 2.0 | WIPER TRIP TO 8" TOOLS. NORMAL DRAG.                            |
| 22:30 | 23:30 | 1.0 | CIRCULATE.  |
| 23:30 | 00:30 | 1.0 | DROP SURVEY, TRIP OUT.  |
| 00:30 | 02:00 | 1.5 | RIG UP & LAY DOWN 8" TOOLS.                                     |
| 02:00 | 03:30 | 1.5 | SAFETY MEETING, RIG UP TONGS.                                   |

03:30 06:00 2.5 RUN 9 5/8" 36#/FT. J-55, LTC, CSG. SETTING DEPTHS TO FOLLOW.  
 NO ACCIDENTS OR INCIDENTS REPORTED, CREWS: 5/5. SAFETY TOPIC PPE, THIRD PARTY.  
 NOTIFIED BLM ( JAMIE SPARGER) WITH CSG. & CMTING OPS.  
 UOGC- WITH SPUD. ( CAROL DANIELS )  
 FUEL: USED-1358, ON HAND-7626.  
 RECIEVED 62 JTS. 9 5/8" 36#/FT. J-55, LTC, CSG.

**09-10-2008**      **Reported By**                      BOB WILLIAMS

|                              |           |                   |     |                    |           |
|------------------------------|-----------|-------------------|-----|--------------------|-----------|
| <b>Daily Costs: Drilling</b> | \$185,412 | <b>Completion</b> | \$0 | <b>Daily Total</b> | \$185,412 |
| <b>Cum Costs: Drilling</b>   | \$565,307 | <b>Completion</b> | \$0 | <b>Well Total</b>  | \$565,307 |

**MD**      2,502    **TVD**      2,502    **Progress**      0    **Days**      3    **MW**      8.5    **Visc**      27.0

**Formation :**                      **PBTD : 0.0**                      **Perf :**                      **PKR Depth : 0.0**

**Activity at Report Time:** PICKUP BHA.

| Start | End   | Hrs | Activity Description  |
|-------|-------|-----|---|
| 06:00 | 08:00 | 2.0 | FINISH RUNNIG 62 JTS. 9 5/8" 36#/FT. J-55, LTC, CSG. WASHED DOWN LAST JT SHOE @ 2,495', FC @ 2,453'. WITH 6 BOW SPRING CENTRALIZERS.  |
| 08:00 | 08:30 | 0.5 | CIRCULATE ON CSG.   |
| 08:30 | 09:00 | 0.5 | SAFETY MEETING, RIG UP CMTERS.  |
| 09:00 | 14:00 | 5.0 | PUMP 20 BBL CHEM WASH, 20 BBL. SPACER, LEAD IN WITH 275 SKS (191 BBLS) CLASS "G" + ADS, MIXED @ 11.0 PPG-YIELD-3.91, TAILED IN WITH 235 SKS (48 BBLS) "G" + ADDS, MIXED @ 15.8 PPG-YIELD-1.16, DROP TOP PLUG & DISPLACE WITH 191 BBL. WATER @ 5 DOWN TO 2 BPM, HAD PARTICAL MUD RETURNS, NO CMT CIRCULATED OUT, LIFT PSI-1057#, BUMPED PLUG W/1420#. CHECKED FLOATS-OK, TEST CSG. TO 1500# F/30 MIN. RUN 100' OF 1", TOP OUT WITH 12 BBL. CMT, 2 BBL. TO PIT. RELEASE CMTERS. |
| 14:00 | 15:00 | 1.0 | NIPPLE DOWN ROTATING HEAD & CONDUCTOR.  |
| 15:00 | 17:30 | 2.5 | WELD ON FMC 11"-5M DTO HEAD, COOL & TEST WELD TO 1500#. TEST ADAPTOR TO 5000#.  |
| 17:30 | 22:00 | 4.5 | NIPPLE UP CONTRACTOR 11"-5M DOUBLE GATE, HYDRIL.  |
| 22:00 | 03:30 | 5.5 | SET PLUG & TEST B.O.P.& ALL RELATED EQUIP. TO 250#/5000#, HYDRIL TO 250/2500#.  |
| 03:30 | 04:00 | 0.5 | SET WEAR BUSHING.   |
| 04:00 | 06:00 | 2.0 | PICKUP BHA.   |

NO ACCIDENTS/INCIDENTS REPORTED, SAFETY TOPIC- CEMENTING & NIPPLE UP.  
 FUEL USED: 525, ON HAND-7101.  
 NOTIFIED BLM FOR BOP TEST.

**09-11-2008**      **Reported By**                      BOB WILLIAMS

|                              |           |                   |     |                    |           |
|------------------------------|-----------|-------------------|-----|--------------------|-----------|
| <b>Daily Costs: Drilling</b> | \$39,347  | <b>Completion</b> | \$0 | <b>Daily Total</b> | \$39,347  |
| <b>Cum Costs: Drilling</b>   | \$604,654 | <b>Completion</b> | \$0 | <b>Well Total</b>  | \$604,654 |

**MD**      3,540    **TVD**      3,540    **Progress**      1,038    **Days**      4    **MW**      8.5    **Visc**      27.0

**Formation :**                      **PBTD : 0.0**                      **Perf :**                      **PKR Depth : 0.0**

**Activity at Report Time:** SPOT LCM PILL

| Start | End   | Hrs | Activity Description  |
|-------|-------|-----|---|
| 06:00 | 08:00 | 2.0 | WAIT ON 9" WEAR BUSHING & INSTALL.                            |
| 08:00 | 08:30 | 0.5 | RIG SERVICE.  |
| 08:30 | 11:00 | 2.5 | TRIP IN.  |
| 11:00 | 12:00 | 1.0 | TAG CMT @ 2,445', DRLG. CMT & FLOAT EQUIP + 10' FM. TO 2512'. |

|       |       |  |
|-------|-------|--|
| 12:00 | 12:30 | 0.5 SPOT HI-VIS PILL, FIT TEST TO 10.4 PPG, LEAKED OFF TO 9.5 EMW.                                     |
| 12:30 | 16:00 | 3.5 DRLG. 2,512'—2,800'. 82'/HR. WOB-8-12, MM-80, GPM-520, PP-1500#, NO LOSS/GAIN.                     |
| 16:00 | 18:00 | 2.0 DRLG. 2,800'—2,950', LOST RETURNS, MIX & PUMP 30 BBL. 10% LCM, REGAINED PARTICAL RETURNS.          |
| 18:00 | 20:00 | 2.0 DRLG AHEAD WITH 20% RETURNS TO 3,140' & BUILD 50 BBL. 15% LCM & POLY SWELL PILL.                   |
| 20:00 | 22:30 | 2.5 SPOT PILL WITH BTM @ 2,700', PULL 3 STDS & WAIT.   |
| 22:30 | 02:00 | 3.5 GO BACK TO BTM & DRLG. 3,140'—3,440' WITH 50% RETURNS THEN FALLING OFF TO 10%.. GPM-400, WOB-8-12. |
| 02:00 | 03:30 | 1.5 SPOT 50 BBL. 20% LCM PILL, PULL 3 STDS.  |
| 03:30 | 04:30 | 1.0 DRLG. 3,440'—3,540' WITH 10% RETURNS. GPM-400.   |
| 04:30 | 06:00 | 1.5 SPOT 50 BBL. 20 % LCM & POLY SWELL PILL WITH BTM @ 2,700' PULL 3 STDS.                             |

NO ACCIDENTS/INCIDENTS REPORTED, CREWS: 5/5. SAFETY TOPIC- FORKLIFT.  
 FUEL USED: 1878, ON HAND-6223.  
 PASON DOWN FROM 20:00-02:00, CHANGED OUT DRILLER'S STATION.

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|                              |                    |                   |       |                    |                        |             |   |           |     |             |      |
|------------------------------|--------------------|-------------------|-------|--------------------|------------------------|-------------|---|-----------|-----|-------------|------|
| <b>09-12-2008</b>            | <b>Reported By</b> | BOB WILLIAMS      |       |                    |                        |             |   |           |     |             |      |
| <b>Daily Costs: Drilling</b> | \$36,363           | <b>Completion</b> | \$0   | <b>Daily Total</b> | \$36,363               |             |   |           |     |             |      |
| <b>Cum Costs: Drilling</b>   | \$641,018          | <b>Completion</b> | \$0   | <b>Well Total</b>  | \$641,018              |             |   |           |     |             |      |
| <b>MD</b>                    | 4,550              | <b>TVD</b>        | 4,550 | <b>Progress</b>    | 1,010                  | <b>Days</b> | 5 | <b>MW</b> | 8.7 | <b>Visc</b> | 27.0 |
| <b>Formation :</b>           | <b>PBTD : 0.0</b>  |                   |       | <b>Perf :</b>      | <b>PKR Depth : 0.0</b> |             |   |           |     |             |      |

Activity at Report Time: DRILLING @ 4550'

| Start | End   | Hrs  | Activity Description   |
|-------|-------|------|--|
| 06:00 | 07:00 | 1.0  | WAIT ON LCM PILL TO YIELD.   |
| 07:00 | 07:30 | 0.5  | TRIIP TO 2,850'.   |
| 07:30 | 09:30 | 2.0  | WAIT ON LCM PILL TO YILED, BUILD VOLUME IN PRE-MIX.  |
| 09:30 | 11:00 | 1.5  | MIX & PUMP 120 BBL. 20% LCM WITH POLY-SWELL.   |
| 11:00 | 11:30 | 0.5  | TRIP TO 2,500'.  |
| 11:30 | 16:00 | 4.5  | WAIT ON LCM PILL TO YIELD, FILL BACK SIDE WITH 175 BBL. WATER, THEN EVERY 1/2 HT., TAKING 25-30 BBL. EACH TIME.  |
| 16:00 | 16:30 | 0.5  | TRIP IN. NO BRIDGES SEEN.  |
| 16:30 | 17:00 | 0.5  | FILL PIPE.   |
| 17:00 | 06:00 | 13.0 | DRLG. 3,540'—4,550'.. WOB-18-20, PP-1200. GPM-350, MM-52. RETURNS ,3540'—70'. NO RETURNS TO 3,670', THEN SLOWLY INCREASING TO 4,350'. 4,350'-4,550'- NO RETURNS. |

NO ACCIDENTS/INCIDENTS REPORTED, CREWS 5/5. SAFETY TOPIC- PPE WHEN MIXING LCM.  
 FUEL USED- 1700, ON HAND-5523.

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|                              |                    |                   |       |                    |                        |             |   |           |     |             |      |
|------------------------------|--------------------|-------------------|-------|--------------------|------------------------|-------------|---|-----------|-----|-------------|------|
| <b>09-13-2008</b>            | <b>Reported By</b> | BOB WILLIAMS      |       |                    |                        |             |   |           |     |             |      |
| <b>Daily Costs: Drilling</b> | \$40,879           | <b>Completion</b> | \$0   | <b>Daily Total</b> | \$40,879               |             |   |           |     |             |      |
| <b>Cum Costs: Drilling</b>   | \$678,582          | <b>Completion</b> | \$0   | <b>Well Total</b>  | \$678,582              |             |   |           |     |             |      |
| <b>MD</b>                    | 5,100              | <b>TVD</b>        | 5,100 | <b>Progress</b>    | 550                    | <b>Days</b> | 6 | <b>MW</b> | 8.5 | <b>Visc</b> | 27.0 |
| <b>Formation :</b>           | <b>PBTD : 0.0</b>  |                   |       | <b>Perf :</b>      | <b>PKR Depth : 0.0</b> |             |   |           |     |             |      |

Activity at Report Time: DRILLING @ 5,100'

| Start | End   | Hrs  | Activity Description  |
|-------|-------|------|---|
| 06:00 | 16:00 | 10.0 | DRLG. 4,550'—4,902'. 35'/HR. WOB- 18-25, PP-1200, FLOW-350 GPM. MM-56-67.RETURNS- 50-80%. |
| 16:00 | 16:30 | 0.5  | RIG SERVICE.  |

16:30 23:00 6.5 DRLG. 4,902'—5,008'. 16'/HR. WOB-25, PP-1800, FLOW 35-450. GPM. RETURNS- 80-90%.  
 22:00 01:00 3.0 CHECK COM, DROP SURVY, TRIP FOR BIT/MOTOR.  
 01:00 02:00 1.0 X-O BIT & MOTOR.  
 02:00 04:00 2.0 TRIP IN, NO FILL.  
 04:00 06:00 2.0 DRLG. 5,008'—5,100'. 46'/HR. WOB-18, 450 GPM, ROTARY-55, PP-1900.

FULL MUD RETURNS.  
 NO ACCIDENTS/INCIDENTS REPORTED, CREWS: 5/5.  
 SAFETY TOPIC-FOOT PROTECTION & CHANGING TONG DIES.  
 FUEL USED-847, ON HAND-4672.

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|                             |                    |                   |       |                    |                        |             |   |           |     |             |      |
|-----------------------------|--------------------|-------------------|-------|--------------------|------------------------|-------------|---|-----------|-----|-------------|------|
| <b>09-14-2008</b>           | <b>Reported By</b> | BOB WILLIAMS      |       |                    |                        |             |   |           |     |             |      |
| <b>DailyCosts: Drilling</b> | \$55,318           | <b>Completion</b> | \$0   | <b>Daily Total</b> | \$55,318               |             |   |           |     |             |      |
| <b>Cum Costs: Drilling</b>  | \$733,900          | <b>Completion</b> | \$0   | <b>Well Total</b>  | \$733,900              |             |   |           |     |             |      |
| <b>MD</b>                   | 5,670              | <b>TVD</b>        | 5,670 | <b>Progress</b>    | 563                    | <b>Days</b> | 7 | <b>MW</b> | 9.0 | <b>Visc</b> | 30.0 |
| <b>Formation :</b>          | <b>PBTD : 0.0</b>  |                   |       | <b>Perf :</b>      | <b>PKR Depth : 0.0</b> |             |   |           |     |             |      |

Activity at Report Time: DRILLING @ 5,670'

| Start | End   | Hrs  | Activity Description  |
|-------|-------|------|---|
| 06:00 | 08:00 | 2.0  | DRLG. 5,100'—5,261'. WOB-14-16, PP-1500, GPM-450. RETURNS-95%.  |
| 08:00 | 10:00 | 2.0  | LOST RETURNS, BUILD VOLUME IN PITS.   |
| 10:00 | 12:30 | 2.5  | PLUG DRILL STRING, TRIP OUT.  |
| 12:30 | 14:30 | 2.0  | CLEAN OUT PLUGED BIT, 2- DC. UNABLE TO CLEAN OUT MOTOR. PLUGED W/LCM, NO POLY-SWELL.  |
| 14:30 | 16:00 | 1.5  | X_O BIT, MOTOR, LAY DOWN REAMERS. REDUCE HOLE SIZE TO 7 7/8".   |
| 16:00 | 17:00 | 1.0  | TRIP IN WITH BHA.   |
| 17:00 | 17:30 | 0.5  | FILL PIPE & CIRCULATE.  |
| 17:30 | 19:00 | 1.5  | TRIP IN.  |
| 19:00 | 19:30 | 0.5  | WASH/REAM 62' TO BTM.   |
| 19:30 | 06:00 | 10.5 | DRLG. 5,261'—5,670'. 39'/HR. WOB-6-12, GPM-460, RETURNS- 80%.<br>MIXED 450 SKS GEL. RUNNING 3-4" STREAM PIT WATER TO MAINTAIN VOL.<br>PUMPING 10 BBL. 25% LCM SWEEP EVERY CONNECTION.<br>NO ACCIDENTS.INCIDENTS REPORTED, CREWS-5/5.<br>SAFETY TOPIC-FIRST DAY BACK/ LAST DAY ON.<br>FUEL USED- 836, ON HAND-3836.<br>MUD: WEIGHT 8.4 PPG VIS. 30<br>TRIP GAS- 5262<br>CONN GAS-456, PEAK-5357<br>WASATCH TOP: 5490'. |

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|                             |                    |                   |       |                    |                        |             |   |           |     |             |      |
|-----------------------------|--------------------|-------------------|-------|--------------------|------------------------|-------------|---|-----------|-----|-------------|------|
| <b>09-15-2008</b>           | <b>Reported By</b> | BOB WILLIAMS      |       |                    |                        |             |   |           |     |             |      |
| <b>DailyCosts: Drilling</b> | \$40,218           | <b>Completion</b> | \$0   | <b>Daily Total</b> | \$40,218               |             |   |           |     |             |      |
| <b>Cum Costs: Drilling</b>  | \$774,119          | <b>Completion</b> | \$0   | <b>Well Total</b>  | \$774,119              |             |   |           |     |             |      |
| <b>MD</b>                   | 6,830              | <b>TVD</b>        | 6,830 | <b>Progress</b>    | 1,160                  | <b>Days</b> | 8 | <b>MW</b> | 8.7 | <b>Visc</b> | 31.0 |
| <b>Formation :</b>          | <b>PBTD : 0.0</b>  |                   |       | <b>Perf :</b>      | <b>PKR Depth : 0.0</b> |             |   |           |     |             |      |

Activity at Report Time: DRILLING @ 6,830'

| Start | End   | Hrs  | Activity Description  |
|-------|-------|------|---|
| 06:00 | 13:30 | 7.5  | DRLG. 5,670'—6,073'. 53'/HR. WOB-8-10, PP-1400, GPM-450, ROTARY-50, MM-67, RETURNS-85-90%.  |
| 13:30 | 14:00 | 0.5  | RIG SERVICE.  |
| 14:00 | 06:00 | 16.0 | DRLG. 6,073'—6,830'. 47'/HR.<br>MUD OUT 8.7-VIS-29. RUNNING 3" STREAM MAKE-UP WATER, SHAKERS BY-PASSED.<br>PUMPING 10 BBL/CONNECTION, LCM SWEEPS.<br>MIXING 20 SKS/HR. GEL.<br>HOLE TAKING 3-5 BBL/CONNECTION.<br><br>NO ACCIDENTS/INCIDENTS REPORTED, CREWS-5/5.<br>SAFETY TOPIC— HEARING PROTECTION.<br>FUEL USED- 1117, ON HAND-2719.<br>BGG-33-125 U.<br>CG- 331 U.<br>PEAK GAS- 331 U @ 5,763'.<br>TOPS- CHAPITA WELLS- 6749'.<br>LITHOLOGY- SS-30%, SH-70%. |

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|   |                    |                   |       |                    |                        |             |   |           |     |             |      |
|---|--------------------|-------------------|-------|--------------------|------------------------|-------------|---|-----------|-----|-------------|------|
| <b>09-16-2008</b>                                 | <b>Reported By</b> | BOB WILLIAMS      |       |                    |                        |             |   |           |     |             |      |
| <b>Daily Costs: Drilling</b>                      | \$85,167           | <b>Completion</b> | \$0   | <b>Daily Total</b> | \$85,167               |             |   |           |     |             |      |
| <b>Cum Costs: Drilling</b>                        | \$859,286          | <b>Completion</b> | \$0   | <b>Well Total</b>  | \$859,286              |             |   |           |     |             |      |
| <b>MD</b>   | 7,890              | <b>TVD</b>        | 7,890 | <b>Progress</b>    | 1,060                  | <b>Days</b> | 9 | <b>MW</b> | 8.7 | <b>Visc</b> | 30.0 |
| <b>Formation :</b>                                | <b>PBTD : 0.0</b>  |                   |       | <b>Perf :</b>      | <b>PKR Depth : 0.0</b> |             |   |           |     |             |      |
| <b>Activity at Report Time:</b> DRILLING @ 7,890' |                    |                   |       |                    |                        |             |   |           |     |             |      |

| Start | End   | Hrs  | Activity Description  |
|-------|-------|------|---|
| 06:00 | 07:30 | 1.5  | DRLG. 6,830'—6,919'. 59'/HR. WOB-10-12, PP-1450, GPM-450, ROTARY-50, MM-67, RETURNS- 85-90%.  |
| 07:30 | 08:00 | 0.5  | RIG SERVICE.  |
| 08:00 | 06:00 | 22.0 | DRLG. 6,919'—7,890'. 44'/HR. GPM- 350.-450.<br>CUTTING/DUMPING 10 SKS GEL & 1 BUCKET POLY-SELL OVER SUCTION EVERY KELLY.<br>FOLLOWED BY 10 BBL.S 15% LCM SWEEP.<br>MUD OUT: 35- VIS-8.7 WT. MAKE-UP WATER 2".<br>SHAKERS BY-PASSED, GETTING POLY-SWELL & 10% LCM BACK.<br>CIRCULATE AT SLOW RATE 10 MIN/KELLY TO LET GEL/POLYSWELL WORK.<br><br>NO ACCIDENTS/INCIDENTS REPORTED, CREWS: 5/5. SAFETY TOPIC- HOUSE KEEPING.<br>BGG-47U<br>CG-351U @ 7486'.<br>PEAK GAS- 355U @ 7137'.<br>LITHOLGY: SS-35%, SH-65%<br>CORROSION RING # 5637<br>264 HRS. WT LOSS: .65 #/FT2/YR. |

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|                              |                    |                       |     |                    |          |  |  |  |  |  |  |
|------------------------------|--------------------|-----------------------|-----|--------------------|----------|--|--|--|--|--|--|
| <b>09-17-2008</b>            | <b>Reported By</b> | B WILLIAMS, D WINKLER |     |                    |          |  |  |  |  |  |  |
| <b>Daily Costs: Drilling</b> | \$76,059           | <b>Completion</b>     | \$0 | <b>Daily Total</b> | \$76,059 |  |  |  |  |  |  |

**Cum Costs: Drilling** \$935,345      **Completion** \$0      **Well Total** \$935,345  
**MD** 8,910    **TVD** 8,910    **Progress** 1,020    **Days** 10    **MW** 8.7    **Visc** 35.0  
**Formation :**                      **PBTD : 0.0**                      **Perf :**                      **PKR Depth : 0.0**

**Activity at Report Time:** DRILLING @ 8910'

| Start | End   | Hrs  | Activity Description   |
|-------|-------|------|--|
| 06:00 | 15:00 | 9.0  | DRILLED 7890' TO 8276', (386'), ROP 42, MW 8.5, VIS 29, GPM 420, LOSING 25 BBLS HR FLUID, TREATING WITH LCM. |
| 15:00 | 15:30 | 0.5  | SERVICE RIG, BOP DRILL, CHECK CROWN-O-MATIC.   |
| 15:30 | 06:00 | 14.5 | DRILLED 8276' TO 8910', (634'), ROP 43, MW 8.5, VIS 29, GPM 420, LOSING 25 BBLS HR FLUID, TREATING WITH LCM. |

NO ACCIDENTS/INCIDENTS, NO RIG REPAIRS, SAFETY MEETING # 1 MIXING LCM, SAFETY MEETING # 2: PPE, FUEL ON HAND 5351 GLS, USED 872, MUD LOGGER ON LOCATION 10 DAYS.

**09-18-2008**      **Reported By**      DUANE C WINKLER

**Daily Costs: Drilling** \$60,381      **Completion** \$0      **Daily Total** \$60,381  
**Cum Costs: Drilling** \$996,092      **Completion** \$0      **Well Total** \$996,092  
**MD** 9,615    **TVD** 9,615    **Progress** 705    **Days** 11    **MW** 0.0    **Visc** 0.0  
**Formation :**                      **PBTD : 0.0**                      **Perf :**                      **PKR Depth : 0.0**

**Activity at Report Time:** DRILLING @ 9615'

| Start | End   | Hrs  | Activity Description   |
|-------|-------|------|--|
| 06:00 | 13:30 | 7.5  | DRILLED 8910' TO 9180', (270'), ROP 36, MW 8.8, VIS 31, GPM 420, LOSING 35 BBLS FLUID HR, TREATING WITH LCM. |
| 13:30 | 14:00 | 0.5  | SERVICE RIG, BOP DRILL, CHECK CROWN-O-MATIC.   |
| 14:00 | 06:00 | 16.0 | DRILLED 9180' TO 9615', (435'), ROP 27, MW 9.0, VIS 33, GPM 420, LOSING 65 BBLS FLUID HR, TREATING WITH LCM. |

NO ACCIDENTS/INCIDENTS, NO RIG REPAIRS, FULL CREWS, SAFETY MEETING # 1: LIFTING, SAFETY MEETING # 2: CHEMICALS, FUEL ON HAND 4165 GLS, USED 1186 GLS, MUD LOGGER ON LOCATION 11 DAYS.

**09-19-2008**      **Reported By**      D WINKLER, B BLACKWELL

**Daily Costs: Drilling** \$53,273      **Completion** \$8,295      **Daily Total** \$61,568  
**Cum Costs: Drilling** \$1,050,202      **Completion** \$8,295      **Well Total** \$1,058,497  
**MD** 9,615    **TVD** 9,615    **Progress** 0    **Days** 12    **MW** 8.8    **Visc** 29.0  
**Formation :**                      **PBTD : 0.0**                      **Perf :**                      **PKR Depth : 0.0**

**Activity at Report Time:** WORK STUCK PIPE

| Start | End   | Hrs  | Activity Description   |
|-------|-------|------|--|
| 06:00 | 19:00 | 13.0 | WORKING TIGHT DRILL PIPE   |
| 19:00 | 20:00 | 1.0  | RIG UP WIRELINE TRUCK, SAFETY MEETING  |
| 20:00 | 22:30 | 2.5  | RUN FREE POINT # 1, TOOL NOT WOKING, LCM IN DRILL PIPE EFFECTING TOOLS OPERATION.            |
| 22:30 | 23:00 | 0.5  | CHANGE OUT FREE POINT TOOLS.   |
| 23:00 | 23:30 | 0.5  | RUN FREE POINT # 2, TOOL FAILED, LCM INTERFERING WITH PADS ON TOOLS.                         |
| 23:30 | 02:00 | 2.5  | WORK TIGHT PIPE.   |
| 02:00 | 04:30 | 2.5  | RUN FREE POINT. Pipe Free @ 6330' & 90% Stuck @ 6360'  |
| 04:30 | 06:00 | 1.5  | WORKING STUCK PIPE UP HOLE, WHILE RIGGING UP WIRE LINE TOOLS TO PERFORATE CIRCULATING HOLES. |

NO ACCIDENTS/INCIDENTS,

NO RIG REPAIRS,

FULL CREWS,

SAFETY MEETING # 1: FREE POINT, SAFETY MEETING # 2: WITH THIRD PARTY CONTRACTORS, FUEL ON HAND NO AVAILABLE AT REPORT TIME,

MUD LOGGER ON LOCATION 12 DAYS.

|                              |                    |                        |         |                    |                        |             |    |           |     |             |      |
|------------------------------|--------------------|------------------------|---------|--------------------|------------------------|-------------|----|-----------|-----|-------------|------|
| <b>09-20-2008</b>            | <b>Reported By</b> | D WINKLER, B BLACKWELL |         |                    |                        |             |    |           |     |             |      |
| <b>Daily Costs: Drilling</b> | \$43,503           | <b>Completion</b>      | \$0     | <b>Daily Total</b> | \$43,503               |             |    |           |     |             |      |
| <b>Cum Costs: Drilling</b>   | \$1,093,706        | <b>Completion</b>      | \$8,295 | <b>Well Total</b>  | \$1,102,001            |             |    |           |     |             |      |
| <b>MD</b>                    | 9,615              | <b>TVD</b>             | 9,615   | <b>Progress</b>    | 0                      | <b>Days</b> | 13 | <b>MW</b> | 8.6 | <b>Visc</b> | 27.0 |
| <b>Formation :</b>           | <b>PBTD : 0.0</b>  |                        |         | <b>Perf :</b>      | <b>PKR Depth : 0.0</b> |             |    |           |     |             |      |

**Activity at Report Time:** WORKING STUCK PIPE

| Start | End   | Hrs | Activity Description  |
|-------|-------|-----|---|
| 06:00 | 10:00 | 4.0 | PERFORATE CIRCULATING HOLE IN DRILL PIPE AT 6420-6423, 5 PERFORATIONS.  |
| 10:00 | 12:00 | 2.0 | WORK STUCK PIPE, ATTEMPTED TO CIRCULATE, NO CIRCULATION, NO FREE MOVEMENT WITH DRILL PIPE.  |
| 12:00 | 13:30 | 1.5 | PERFORATE CIRCULATING HOLES IN DRILL PIPE AT 6384'-6387', 5 PERFORATIONS.   |
| 13:30 | 15:30 | 2.0 | WORK STUCK PIPE, ATTEMPTED TO CIRCULATE, NO CIRCULATION, NO FREE MOVEMENT WITH DRILL PIPE.  |
| 15:30 | 16:00 | 0.5 | SERVICE RIG, CHECK CROWN-O-MATIC.   |
| 16:00 | 16:30 | 0.5 | PERFORATE CIRCULATING HOLES IN DRILL PIPE AT 6322-6325', 5 PERFORATIONS.  |
| 16:30 | 18:00 | 1.5 | WORK PIPE UP HOLE TEN FEET, CIRCULATING HOLE WITH 20% RETURNS TO SURFACE, WORKING PIPE.   |
| 18:00 | 20:30 | 2.5 | BREAK KELLY, DROP 15 FRAC BALLS TO COVER TOP SET OF PERFS, BALLS HIT PERFS @ 720 STKS - PRESSURE INCREASED TO 2500 PSI THEN DROPPED TO 1600, FINALLY TO 750 PSI, WORK PIPE UP HOLE 3'.  |
| 20:30 | 00:30 | 4.0 | BREAK KELLY, DROPPED 30 FRACK BALLS TO COVER ADDITIONAL PERS CLEARED, BALLS HIT PERFS @ 785 STKS, PRESSURE INCREASED TO 2500 PSI @ 37 STRKS WORK PRESSURE AND STRKS TO FINAL PRESSURE OF 1300 PSI @ 109 STKS -WORKED PIPE UP HOLE 1'. |
| 00:30 | 03:00 | 2.5 | BROKE KELLY & DROPPED 30 FRAC BALLS TO COVER ADDITIONAL PERFS, BALLS HIT PERFS @ 800 STKS, PRSSURED UP TO 1100 PSI - BALLS FAILED TO COVER PERFS - WORK PIPE  |
| 03:00 | 06:00 | 3.0 | BREAK KELLY, DROP 25 FRAC BALLS TO COVER ADDITIONAL PERS, FRAC BALLS HIT @ 750 STKS - PRESSURE TO 2200 PSI THEN DROPPED TO 1600 PSI - CONT TO WORK PIPE.  |

NO ACCIDENTS, ONE INCIDENT, FULL CREWS,

FUEL ON HAND 2873 GLS, USED 798 GLS,

SAFETY MEETING #1: KICKS, SAFETY MEETING # 2: PPE,

MUD LOGGER ON LOCATION 13 DAYS.

|                              |                    |                        |         |                    |                        |             |    |           |     |             |      |
|------------------------------|--------------------|------------------------|---------|--------------------|------------------------|-------------|----|-----------|-----|-------------|------|
| <b>09-21-2008</b>            | <b>Reported By</b> | D WINKLER, B BLACKWELL |         |                    |                        |             |    |           |     |             |      |
| <b>Daily Costs: Drilling</b> | \$70,570           | <b>Completion</b>      | \$0     | <b>Daily Total</b> | \$70,570               |             |    |           |     |             |      |
| <b>Cum Costs: Drilling</b>   | \$1,164,353        | <b>Completion</b>      | \$8,295 | <b>Well Total</b>  | \$1,172,648            |             |    |           |     |             |      |
| <b>MD</b>                    | 9,615              | <b>TVD</b>             | 9,615   | <b>Progress</b>    | 0                      | <b>Days</b> | 14 | <b>MW</b> | 8.9 | <b>Visc</b> | 28.0 |
| <b>Formation :</b>           | <b>PBTD : 0.0</b>  |                        |         | <b>Perf :</b>      | <b>PKR Depth : 0.0</b> |             |    |           |     |             |      |

**Activity at Report Time:** WORKING STUCK PIPE

| Start | End   | Hrs | Activity Description              |
|-------|-------|-----|-----------------------------------|
| 06:00 | 06:30 | 0.5 | RIG UP BACK OFF TOOLS.            |
| 06:30 | 07:00 | 0.5 | SERVICE RIG, CHECK CROWN-O-MATIC. |

07:00 14:00 7.0 RUN IN HOLE WITH SINKER BAR, JAR, PULL OUT OF HOLE, RUN FREE POINT TOOL, FREE DRILL PIPE AT 8697'.  
 14:00 16:00 2.0 ATTEMPT TO BACK OFF DRILL PIPE @ 8638', BACK OFF FAILED, WORK PIPE, NO BACK OFF.  
 16:00 18:00 2.0 REDRESS TOOLS, RIH, SET OFF CHARGE - NO BACK OFF. WORKED PIPE UP AND STARTED MINIMAL MOVEMENT (1-2').  
 18:00 06:00 12.0 PICK UP KELLY & CIRC WHILE WORKING PIPE - L/D 1 JTS DRILL PIPE FROM STRING, P/U 8' PUP. WORKED PIPE UP AN ADDITIONAL 11', THEN MOVEMENT STOPPED COMPLETELY.

NO ACCIDENTS

|                             |                    |                        |               |                        |             |             |    |           |     |             |      |
|-----------------------------|--------------------|------------------------|---------------|------------------------|-------------|-------------|----|-----------|-----|-------------|------|
| <b>09-22-2008</b>           | <b>Reported By</b> | D WINKLER, B BLACKWELL |               |                        |             |             |    |           |     |             |      |
| <b>DailyCosts: Drilling</b> | \$33,154           | <b>Completion</b>      | \$0           | <b>Daily Total</b>     | \$33,154    |             |    |           |     |             |      |
| <b>Cum Costs: Drilling</b>  | \$1,197,507        | <b>Completion</b>      | \$8,295       | <b>Well Total</b>      | \$1,205,802 |             |    |           |     |             |      |
| <b>MD</b>                   | 9,615              | <b>TVD</b>             | 9,615         | <b>Progress</b>        | 0           | <b>Days</b> | 15 | <b>MW</b> | 8.6 | <b>Visc</b> | 27.0 |
| <b>Formation :</b>          | <b>PBTD : 0.0</b>  |                        | <b>Perf :</b> | <b>PKR Depth : 0.0</b> |             |             |    |           |     |             |      |

Activity at Report Time: PU CLEAN OUT BHA

| Start | End   | Hrs | Activity Description  |
|-------|-------|-----|---|
| 06:00 | 11:00 | 5.0 | RUN FREE POINT, @ 4980' 100 % FREE PIPE, ATTEMPT TO BACK OFF DRILL PIPE @ 4954', WORK STUCK PIPE.   |
| 11:00 | 13:00 | 2.0 | ATTEMPT TO CIRCULATE, LOSING FLUIDS, WORKING STUCK PIPE.  |
| 13:00 | 14:00 | 1.0 | ATTEMPT TO BACK OFF DRILL PIPE @ 4954'.   |
| 14:00 | 17:30 | 3.5 | ATTEMPT TO CIRCULATE, LOSING FLUIDS, WORKING STUCK PIPE.  |
| 17:30 | 19:30 | 2.0 | MAKE UP AND RIH W/ PERFERATING ASSY ON WIRELINE - PERERATE PIPE BETWEEN 6249' - 6256' W/ 15 SHOTS, POH & L/D PERF ASSY.   |
| 19:30 | 22:00 | 2.5 | MAKE UP PLASMA CUTTER ASSY AND RIH HOLE - TIGGERED PLASMA CUTTER @ 6249' WHILE HOLDING 220K ON WEIGHT INDICATOR, NO APARENT REACTION WHEN CUTTER WAS TRIGGERED - P/U TO 270K, STRING JUMPED AND WEIGHT FELL TO 230K, POH W/ CUTTER ASSY & L/D SAME. |
| 22:00 | 22:30 | 0.5 | POH 5 STDS. SOME TIGHT HOLE.  |
| 22:30 | 23:00 | 0.5 | CIRC, ATTEMPT TO FILL HOLE - NO FLOW, PUMP 35 BBLS 10.0 PPG (500').   |
| 23:00 | 03:30 | 4.5 | POH W/ CUT OFF STRING USING SPINNERS - SLM.   |
| 03:30 | 04:30 | 1.0 | INSPECT DERRICK AFTER RETRIEVAL OF CUT OFF STRING - L/D TUBULARS OUT OF V DOOR.   |
| 04:30 | 06:00 | 1.5 | P/U CLEAN OUT BHA,<br>BIT DEPTH 9568' - TOP OF FISH 6249' - RECOVERED 6249' OF DRILL PIPE   |

NO ACCIDENTS/INCIDENTS,  
 FULL CREWS, NO RIG REPAIRS,  
 SAFETY MEETING # 1: FREE POINT, SAFETY MEETING # 2 PPE,  
 FUEL ON HAND 9474 GLS, USED 487 GLS,  
 MUD LOGGER ON LOCATION 15 DAYS.

|                             |                    |                                     |               |                        |             |             |    |           |     |             |      |
|-----------------------------|--------------------|-------------------------------------|---------------|------------------------|-------------|-------------|----|-----------|-----|-------------|------|
| <b>09-23-2008</b>           | <b>Reported By</b> | WINKLER, BLACKWELL, RICHIE, GRINOLD |               |                        |             |             |    |           |     |             |      |
| <b>DailyCosts: Drilling</b> | \$116,738          | <b>Completion</b>                   | \$0           | <b>Daily Total</b>     | \$116,738   |             |    |           |     |             |      |
| <b>Cum Costs: Drilling</b>  | \$1,314,246        | <b>Completion</b>                   | \$8,295       | <b>Well Total</b>      | \$1,322,541 |             |    |           |     |             |      |
| <b>MD</b>                   | 9,615              | <b>TVD</b>                          | 9,615         | <b>Progress</b>        | 0           | <b>Days</b> | 16 | <b>MW</b> | 8.7 | <b>Visc</b> | 27.0 |
| <b>Formation :</b>          | <b>PBTD : 0.0</b>  |                                     | <b>Perf :</b> | <b>PKR Depth : 0.0</b> |             |             |    |           |     |             |      |

Activity at Report Time: TIH W/CEMENTING STRING

| Start | End | Hrs | Activity Description |
|-------|-----|-----|----------------------|
|-------|-----|-----|----------------------|

|       |       |  |
|-------|-------|--|
| 06:00 | 11:00 | 5.0 TRIPPING IN HOLE WITH BIT, TAG BRIDGE @ 5009', TAG FILL @ 5243'.   |
| 11:00 | 11:30 | 0.5 SERVICE RIG, CHECK CROWN-O-MATIC.  |
| 11:30 | 19:00 | 7.5 WASH / REAM 5009' TO 5538' (529'), MW 8.6, VIS 29, PUMPING HIGH VIS SWEEPS, RETURNS BLINDING SHAKER SCREENS WITH LARGE VOLUME OF SHALES, WELL BORE VERY UNSTABLE. HAVE TO WORK PIPE CONTINUOUS TO PREVENT STICKING DRILL PIPE, DUE THE UNSTABLE WELL BORE. COULD NOT CLEAN OUT TO TOP OF FISH @ 6249'. |
| 19:00 | 20:00 | 1.0 START TO PULL BIT OUT OF 7.875 WELL BORE, DRILL PIPE STUCK IMMEDIATELY , WORK DRILL PIPE LOOSE WITH PUMPING OUT OF HOLE TO 5200', DRILL PIPE AND BIT FREE.   |
| 20:00 | 20:30 | 0.5 SPOT 250 BBLs HIGH VIS PILL. @ 11.5 #. EMW 10.5 PPG.   |
| 20:30 | 21:30 | 1.0 TRIP OUT OF HOLE WITH 40 STAND OF DRILL PIPE.  |
| 21:30 | 23:00 | 1.5 RIG UP LAY DOWN EQUIPMENT, THIRD PARTY SAFETY MEETING.   |
| 23:00 | 03:00 | 4.0 LAY DOWN REST OF DRILL PIPE, BHA AND FISHING TOOLS.  |
| 03:00 | 04:30 | 1.5 RIG UP TUBING EQUIPMENT.   |
| 04:30 | 06:00 | 1.5 PICK UP 2-7/8" STINGER,  |

NO ACCIDENTS / INCIDENTS, FULL CREWS, NO RIG REPAIRS, SAFETY MEETING # 1: LD DRILL PIPE, SAFETY MEETING #2: THIRD PARTY CONTRACTORS, FUEL ON HAND 8813 GLS, USED 661 GLS, MUD LOGGER ON LOCATION 16 DAYS.

|                              |                    |                          |               |                        |             |             |    |           |     |             |      |
|------------------------------|--------------------|--------------------------|---------------|------------------------|-------------|-------------|----|-----------|-----|-------------|------|
| <b>09-24-2008</b>            | <b>Reported By</b> | WINKLER, RICHEY, GRINOLD |               |                        |             |             |    |           |     |             |      |
| <b>Daily Costs: Drilling</b> | \$114,076          | <b>Completion</b>        | \$0           | <b>Daily Total</b>     | \$114,076   |             |    |           |     |             |      |
| <b>Cum Costs: Drilling</b>   | \$1,428,322        | <b>Completion</b>        | \$8,295       | <b>Well Total</b>      | \$1,436,617 |             |    |           |     |             |      |
| <b>MD</b>                    | 9,615              | <b>TVD</b>               | 9,615         | <b>Progress</b>        | 0           | <b>Days</b> | 17 | <b>MW</b> | 8.7 | <b>Visc</b> | 27.0 |
| <b>Formation :</b>           | <b>PBTD : 0.0</b>  |                          | <b>Perf :</b> | <b>PKR Depth : 0.0</b> |             |             |    |           |     |             |      |

Activity at Report Time: TIH W/BIT TO DRESS CEMENT

| Start | End   | Hrs | Activity Description  |
|-------|-------|-----|---|
| 06:00 | 09:30 | 3.5 | TRIP IN HOLE WITH 1500' 2-7/8" TBG STINGER AND DRILL PIPE.  |
| 09:30 | 10:00 | 0.5 | LAY DOWN THREE BAD JOINT OF DRILL PIPE.   |
| 10:00 | 13:00 | 3.0 | WHILE TRIPPING CHECK ALL TOOL JOINT ON DRILL PIPE, INSTALL ROTATING HEAD.   |
| 13:00 | 14:00 | 1.0 | TIH TO 5240, WORK TIGHT PIPE, CIRC & COND. MUD.   |
| 14:00 | 14:30 | 0.5 | RIG UP CEMENTING EQUIPMENT.   |
| 14:30 | 15:00 | 0.5 | THIRD PARTY SAFETY MEETING.   |
| 15:00 | 16:00 | 1.0 | SPOT BALANCED CEMENT PLUG: 675 SXS CLASS G, CMT WITH D122A / 6237A, (114 BCM), YEILD .95, 17.5 PPG, 5241' TO 4240'. |
| 16:00 | 17:00 | 1.0 | TRIP OUT OF HOLE 25 STDS RACK IN DERRICK TO 3,000'  |
| 17:00 | 17:30 | 0.5 | CIRCULATE TO CLEAR CEMENT FROM DRILL PIPE AND 2 7/8" TBG.   |
| 17:30 | 18:00 | 0.5 | TRIP OUT OF HOLE TO TBG.  |
| 18:00 | 18:30 | 0.5 | RIG UP LAY DOWN MACHINE AND POWER TONGS.  |
| 18:30 | 19:00 | 0.5 | TRIP OUT OF HOLE L/D 2 JNTS DRILL PIPE AND X/O SUB.   |
| 19:00 | 22:00 | 3.0 | TRIP OUT OF HOLE L/D 2 7/8" TBG.  |
| 22:00 | 22:30 | 0.5 | RIG DOWN POWER TONGS & PULL WEAR BUSHING.   |
| 22:30 | 02:30 | 4.0 | STRAP BHA PICK UP BIT # 6 TRIP IN HOLE TO 948'.   |
| 02:30 | 03:30 | 1.0 | RIG DOWN LAY DOWN MACHINE.  |
| 03:30 | 05:00 | 1.5 | SLIP & CUT DRILL LINE   |
| 05:00 | 06:00 | 1.0 | TRIP IN THE HOLE W/ 8-3/4" BIT BHA.   |

NO ACCIDENTS / INCIDENTS, FULL CREWS, NO RIG REPAIRS, SAFETY MEETING # 1: DRILL PIPE FALLING FROM RIG FLOOR, SAFETY MEETING #2: P/U BHA, FUNCTION CROWN-O-MATIC, FUEL ON HAND 8305 GLS, USED 508 GLS, MUD LOGGER ON LOCATION 17 DAYS.

|                             |                   |                    |         |                        |                        |             |    |           |     |             |      |
|-----------------------------|-------------------|--------------------|---------|------------------------|------------------------|-------------|----|-----------|-----|-------------|------|
| <b>09-25-2008</b>           |                   | <b>Reported By</b> |         | WINKLER,RICHEY,GRINOLD |                        |             |    |           |     |             |      |
| <b>DailyCosts: Drilling</b> | \$549,144         | <b>Completion</b>  | \$0     | <b>Daily Total</b>     | \$549,144              |             |    |           |     |             |      |
| <b>Cum Costs: Drilling</b>  | \$1,977,467       | <b>Completion</b>  | \$8,295 | <b>Well Total</b>      | \$1,985,762            |             |    |           |     |             |      |
| <b>MD</b>                   | 4,327             | <b>TVD</b>         | 4,327   | <b>Progress</b>        | 0                      | <b>Days</b> | 18 | <b>MW</b> | 8.7 | <b>Visc</b> | 28.0 |
| <b>Formation :</b>          | <b>PBTD : 0.0</b> |                    |         | <b>Perf :</b>          | <b>PKR Depth : 0.0</b> |             |    |           |     |             |      |

Activity at Report Time: RUNNING 7" CASING

| Start | End   | Hrs | Activity Description  |
|-------|-------|-----|---|
| 06:00 | 07:00 | 1.0 | TRIPPING IN HOLE WITH BIT   |
| 07:00 | 13:30 | 6.5 | TRIP IN HOLE TAG TOP OF CEMENT @ 3926', DRILL SOFT CEMENT TO 4267', DRILL 60' HARD CEMENT TO 4327', (CEMENT PLUG FROM 4327' TO 5241'), 8.75" OPEN HOLE FROM 2500' TO 5262', 7.875" OPEN HOLE FROM 5262' TO 9622', TOP OF FISH @ 6249', ( TOP OF FISH IS 15' LONG 4.5 DRILL PIPE TUBE), BTM OF FISH @ 9568', LOST IN HOLE FISH CONSIST OF (2466' OF 4.5 X 16.60 # X G DRILL PIPE, 6 — 4.5 (185.77'), HWDP, 1- HYDRAULIC JAR(32.40'), 18 — 4.5 HWDP (554.10'), 6— 6.125 DRILL COLLARS, (184.13'), 1— MUD MOTOR (33.10'), 1— HUGHES 7.875 PDC BIT. |
| 13:30 | 15:00 | 1.5 | CIRCULATE WELL, SPOT HIGH VIS PILL, RIG UP LAY DOWN EQUIPMENT, THIRD PARTY SAFETY MEETING.  |
| 15:00 | 17:30 | 2.5 | LAY DOWN 4.5 DRILL PIPE   |
| 17:30 | 18:30 | 1.0 | WORK ON LAY DOWN MACHINE (CHANGE OUT CABLE) BREAK KELLY AND KELLY SUB.  |
| 18:30 | 19:00 | 0.5 | TRIP IN THE HOLE WITH 6 STDS FROM DERRICK.  |
| 19:00 | 19:30 | 0.5 | SERVICE RIG   |
| 19:30 | 21:30 | 2.0 | LAY DOWN 4.5" DRILL PIPE AND DRILLING BHA.  |
| 21:30 | 23:00 | 1.5 | RIG UP CALIBER CASING EQUIPMENT AND HELD PREJOB SAFETY MEETING WITH THIRD PART CONTRACTORS.   |

23:00 06:00 7.0 MAKE UP SHOE TRACK, CHECK FLOAT EQUIP, RUN A TOTAL OF 104 JT'S OF 7" 23 LB/FT J55 CASING. RUN 10 CENTRALIZER. CURRENT DEPTH OF CASING 4173' +-.

NO ACCIDENTS / INCIDENTS,  
 FULL CREWS, NO RIG REPAIRS,  
 SAFETY MEETING # 1: FRAYED CABLE, SAFETY MEETING #2: RUNNING CASING,  
 FUNCTION CROWN-O-MATIC,  
 FUEL ON HAND 7626 GLS, USED 679 GLS,  
 MUD LOGGER ON LOCATION 18 DAYS, RELEASED MUD LOGGER 9/24/2008.

|                             |                   |                    |         |                    |                        |             |    |           |     |             |     |
|-----------------------------|-------------------|--------------------|---------|--------------------|------------------------|-------------|----|-----------|-----|-------------|-----|
| <b>09-26-2008</b>           |                   | <b>Reported By</b> |         | WINKLER,RICHEY     |                        |             |    |           |     |             |     |
| <b>DailyCosts: Drilling</b> | \$482,240         | <b>Completion</b>  | \$0     | <b>Daily Total</b> | \$482,240              |             |    |           |     |             |     |
| <b>Cum Costs: Drilling</b>  | \$2,459,707       | <b>Completion</b>  | \$8,295 | <b>Well Total</b>  | \$2,468,002            |             |    |           |     |             |     |
| <b>MD</b>                   | 4,327             | <b>TVD</b>         | 4,327   | <b>Progress</b>    | 0                      | <b>Days</b> | 19 | <b>MW</b> | 0.0 | <b>Visc</b> | 0.0 |
| <b>Formation :</b>          | <b>PBTD : 0.0</b> |                    |         | <b>Perf :</b>      | <b>PKR Depth : 0.0</b> |             |    |           |     |             |     |

Activity at Report Time: CLEANING MUD PITS

| Start | End   | Hrs | Activity Description  |
|-------|-------|-----|---|
| 06:00 | 07:00 | 1.0 | RUN A TOTAL OF 104 JT'S 7.0" X 23 # J55, STL CASING, FLOAT SHOE @ 4327', FLOAT COLLAR @ 4325', A TOTAL OF 10 CENTRALIZERS. MIDDLE FIRST JOINT AND EVERY OTHER UNTIL FINISHED. |
| 07:00 | 09:30 | 2.5 | RIG DOWN CASING EQUIPMENT   |

09:30 10:00 0.5 SERVICE RIG.  
 10:00 10:30 0.5 RIG UP SCHLUMBERGER, SAFETY MEETING WITH THIRD PARTY CONTRACTORS.  
 10:30 14:00 3.5 RU SCHLUMBERGER. HOLD PRE-JOB SAFETY MTG. TEST LINES TO 3000 PSI. PUMP 20 BBLs CHEMICAL WASH AND 20 BBLs WATER SPACER. MIXED AND PUMPED 445 SKS 35:65 POZ G + ADDITIVES (YIELD 3.91) AT 11 PPG WITH 24.96 GPS H2O (309 BCM), MIXED AND PUMPED TAIL 205 SKS 50:50 POZ G + ADDITIVES (YIELD 1.29) AT 14.1 PPG WITH 5.98 GPS H2O (48 BCM), DISPLACED TO FLOAT COLLAR WITH 170 BBL H2O WITH 2 GAL/1000 LO64 FRESH WATER. AVG MIX AND DISPLACEMENT RATE RAMP DOWN 4 BPM TO 1/2 BPM, LOST RETURNS WITH 150 BBLs OF DISPLACEMENT PUMPED, FINAL PUMP PRESSURE 600 PSI AT .5 BPM. DID NOT BUMP PLUG BLEED OFF PRESSURE, FLOATS HELD. LEAVE CEMENT HEAD ON FOR 1 HR. RIG DOWN CEMENTERS.  
 14:00 18:00 4.0 LAND WELL HEAD AND TEST, LOAD OUT THIRD PARTY EQUIPMENT.  
 18:00 22:00 4.0 NIPPLE DOWN BOPE.  
 22:00 03:00 5.0 NOTIFIED VERNAL BLM (EMAIL) 9/25/2008 @ 10:00 HRS, RUN CASING, CEMENTING, NO ACCIDENTS / INCIDENTS, CLEAN PITS.  
 NO RIG REPAIRS, FULL CREWS, SAFETY MEETING WITH THIRD PARTY CONTRACTORS. TRANSFER FROM NCW 334-23 TO EOG WHITE RIVER YARD 41 JTS 7" 23# J55 STL CASING (1728.04' THREADS ON), TRANSFERRED FROM NCW 344-23 TO MUTUAL 7-17H 7626 GLS OF DIESEL. CASING POINT COST \$00000000  
 03:00 03:30 0.5 PULL DTO HEAD SEAL TO RUN TEMPERATURE SURVEY.  
 03:30 05:00 1.5 CLEAN PITS.  
 05:00 06:00 1.0 CONTINUE CLEANING PITS. WILL RELEASE RIG FROM DAYWORK THIS AM.

RIG UP WEATHERFORD, RUNNING TEMPERATURE SURVEY, NOTIFIED VERNAL BLM (EMAIL) 9/25/2008 @ 10:00 HRS, RUN CASING, CEMENTING, NO ACCIDENTS / INCIDENTS, NO RIG REPAIRS, FULL CREWS, SAFETY MEETING WITH THIRD PARTY CONTRACTORS. TRANSFER FROM NCW 334-23 TO EOG WHITE RIVER YARD 41 JTS 7" 23# J55 STL CASING (1728.04' THREADS ON). FUEL ON HAND 7277 GLS, USED 349 GLS.

|                              |                   |                    |         |                    |                        |             |    |           |     |             |     |
|------------------------------|-------------------|--------------------|---------|--------------------|------------------------|-------------|----|-----------|-----|-------------|-----|
| <b>09-27-2008</b>            |                   | <b>Reported By</b> | WINKLER |                    |                        |             |    |           |     |             |     |
| <b>Daily Costs: Drilling</b> | \$46,582          | <b>Completion</b>  | \$0     | <b>Daily Total</b> | \$46,582               |             |    |           |     |             |     |
| <b>Cum Costs: Drilling</b>   | \$2,506,289       | <b>Completion</b>  | \$8,295 | <b>Well Total</b>  | \$2,514,584            |             |    |           |     |             |     |
| <b>MD</b>                    | 4,327             | <b>TVD</b>         | 4,327   | <b>Progress</b>    | 0                      | <b>Days</b> | 20 | <b>MW</b> | 0.0 | <b>Visc</b> | 0.0 |
| <b>Formation :</b>           | <b>PBTD : 0.0</b> |                    |         | <b>Perf :</b>      | <b>PKR Depth : 0.0</b> |             |    |           |     |             |     |

**Activity at Report Time:** RDRT TRUE #32/PREP TO MI REPLACEMENT RIG (ELENBURG #28).

| Start | End   | Hrs  | Activity Description   |
|-------|-------|------|--|
| 06:00 | 09:00 | 3.0  | CLEANING MUD PITS AND START RIGGING DOWN EQPT. RAN TEMP SURVEY AND FOUND TOC @ 2750'.                                |
| 09:00 | 10:00 | 1.0  | LAND WELL HEAD.  |
| 10:00 | 06:00 | 20.0 | RIG DOWN ROTARY TOOLS, LOWER DERRICK, RIG DOWN ROTARY TOOLS WITH TRUCKS, HAULED FOUR LOADS TO MUTUAL 7-17H LOCATION. |

NO ACCIDENTS/INCIDENTS, FULL CREWS, SAFETY MEETING WITH THIRD PARTY CONTACTORS, TRANSFER 4418 GLS OF DIESEL TO MUTUAL 7-17H, RIG DOWN 20 % COMPLETED.

06:00 RELEASED TRUE #32 RIG AT 10:00 HRS, 9/26/08.  
 PREPARING TO MIRU ELENBURG #28 REPLACEMENT RIG  
 ADJUSTMENTS SUCH AS KB DEPTHS (ELENBURG #28 HAS 13' KB) WILL BE MADE TO PERC TO REFLECT THE RIG CHANGE

ELEVATION: 4864.0' NAT GL, 4859.7' PREP GL (DUE TO ROUNDING THE PREP GL WILL BE 4860'), 4873' KB (13')

**10-01-2008 Reported By**

|                              |             |                   |         |                        |             |
|------------------------------|-------------|-------------------|---------|------------------------|-------------|
| <b>Daily Costs: Drilling</b> | \$13,412    | <b>Completion</b> | \$0     | <b>Daily Total</b>     | \$13,412    |
| <b>Cum Costs: Drilling</b>   | \$2,519,701 | <b>Completion</b> | \$8,295 | <b>Well Total</b>      | \$2,527,996 |
| <b>MD</b>                    | 4,327       | <b>TVD</b>        | 4,327   | <b>Progress</b>        | 0           |
|                              |             | <b>Days</b>       | 21      | <b>MW</b>              | 0.0         |
| <b>Formation :</b>           |             | <b>PBTD : 0.0</b> |         | <b>Perf :</b>          |             |
|                              |             |                   |         | <b>PKR Depth : 0.0</b> |             |

**Activity at Report Time:** ANNULUS PRESSURE TEST

| Start | End   | Hrs | Activity Description  |
|-------|-------|-----|---|
| 08:00 | 12:00 | 4.0 | ATTEMPT TO ESTABLISH INJECTION ON THE ANNULUS BETWEEN 7" CASING AND 9.625 CASING.<br>HOLD PRE-JOB SAFETY MEETING WITH SCHLUMBERGER, TEST LINES TO 3000 PSI.<br>HOOK UP 2" LINE TO PUMP DOWN BACK SIDE OF 7" CASING.<br>PUMP 2.1 BBLs TO FILL 7" ANNULUS & PRESSURE TO 1600 PSI BLEED 0.6 BBLs BACK PRESSURE 0 PSI.<br>PRESSURE BACK UP 7" ANNULUS TO 1600 PSI, HOLD 5 MINUTES PRESSURE DROPPED 1515 PSI OPEN VALVE BLEED TO "0"<br>PRESSURE TO 2200 PSI LOST 120 PSI IN 3 MINUTES, OPEN VALVE AND BLEED BACK TO "0".<br>PRESSURE TO 2629 PSI PRESSURE HOLDING, OPEN VALVE BLEED BACK TO "0".<br>TEST COMPLETED. |

**10-03-2008 Reported By DAVID FOREMAN**

|                              |             |                   |         |                        |             |
|------------------------------|-------------|-------------------|---------|------------------------|-------------|
| <b>Daily Costs: Drilling</b> | \$95,698    | <b>Completion</b> | \$0     | <b>Daily Total</b>     | \$95,698    |
| <b>Cum Costs: Drilling</b>   | \$2,615,399 | <b>Completion</b> | \$8,295 | <b>Well Total</b>      | \$2,623,694 |
| <b>MD</b>                    | 4,327       | <b>TVD</b>        | 4,327   | <b>Progress</b>        | 0           |
|                              |             | <b>Days</b>       | 0       | <b>MW</b>              | 0.0         |
| <b>Formation :</b>           |             | <b>PBTD : 0.0</b> |         | <b>Perf :</b>          |             |
|                              |             |                   |         | <b>PKR Depth : 0.0</b> |             |

**Activity at Report Time:** TRIP IN W/BHA

| Start | End   | Hrs | Activity Description  |
|-------|-------|-----|---|
| 06:00 | 07:00 | 1.0 | RIG DOWN ELECTRIC LINES & SAFETY MEETING W/ HOWCROFT TRUCKING.  |
| 07:00 | 11:00 | 4.0 | RIG DOWN REMOVE BOP INSTALL NIGHT CAP W/ FMC.MOVE RIG TO LOCATION NCW 344-23. 8.6 MILES.  |
| 11:00 | 16:00 | 5.0 | RIG UP SPOT UNIT RAISE DERRICK, RIG UP GROUND SUPPORT, RIG UP ELECTRIC LINES, PITS,PUMPS,MUD LINES,AIR,WATER &TOP DRIVE LINES.  |
| 16:00 | 22:00 | 6.0 | NIPPLE UP BOP 7 1/16 5000 W/ B&C QUICK TEST NIPPLE UP CREW NIPPLE UP HYD. LINES FUNCTION TEST BOP NIPPLE UP FLOW LINE. RIG ON DAY WORK 10/02/08 @ 16:00 HR.   |
| 22:00 | 23:00 | 1.0 | CHG. OUT SUBS & RIG UP TOP DRIVE TO ACCOMMODATE 4" DRILL PIPE & DIRECTIONAL TOOLS.  |
| 23:00 | 04:00 | 5.0 | RIG UP B&C QUICK TEST,TEST BOP.PIPE RAMS,BLIND RAMS,ALL KILL LINE VALVES,CHOKE LINE & MANIFOLD,HCR,KELLY UPPER & LOWER KELLY VALVES,SAFETY VALVE,DART VALVE,ALL TO 250 PSI LOW & 5000 PSI HIGH, ANNULAR 250 PSI LOW 2500 HIGH, SURFACE CSG.1500 PSI GOOD TEST. WITNESS JOHN SIDWELL B&C QUICK TEST. |
| 04:00 | 05:00 | 1.0 | FINISH N/U FLOW LINE & FLARE LINES,LOAD RACKS W/ BHA SLM SAME.  |
| 05:00 | 06:00 | 1.0 | MAKE UP MOTOR,BIT,TEST MOTOR & TRIP IN BHA.   |
|       |       |     | ACCIDENTS NONE REPORTED.  |
|       |       |     | SET & FUNCTION TEST CROWN-O-MATIC.  |
|       |       |     | SAFETY MEETING: N/U BOP/ RIG MOVE.  |
|       |       |     | CREWS FULL.   |
|       |       |     | FUEL ON HAND: 6100 GALS. USED 236 GALS.   |

10-04-2008 Reported By DAVID FOREMAN

Daily Costs: Drilling \$60,958 Completion \$0 Daily Total \$60,958  
 Cum Costs: Drilling \$2,676,358 Completion \$8,295 Well Total \$2,684,653

MD 4,416 TVD 4,416 Progress 89 Days 1 MW 10.3 Visc 33.0

Formation : PBTD : 0.0 Perf : PKR Depth : 0.0

Activity at Report Time: TIH W/DIRECTIONAL TOOLS

| Start | End   | Hrs | Activity Description  |
|-------|-------|-----|---|
| 06:00 | 15:00 | 9.0 | P/U BHA & DRILL PIPE TAG AT 4285'.  |
| 15:00 | 17:00 | 2.0 | DRILL CEMENT/FLOAT EQUIP.FROM 4285' TO 4416'. ** SPUD S/T 10/03/08 @ 15:00.**<br>(GOOD HARD CEMENT.)  |
| 17:00 | 19:00 | 2.0 | CIRC. COND.MUD F/ TRIP.   |
| 19:00 | 01:00 | 6.0 | TRIP OUT F/ DIRECTION TOOLS.  |
| 01:00 | 02:00 | 1.0 | SERVICE RIG   |
| 02:00 | 03:30 | 1.5 | P/U M/U BIT & DIRECTIONAL TOOLS, ORIENT TOOL FACE.  |
| 03:30 | 06:00 | 2.5 | TRIP IN TEST MWD TOOL GOOD TEST CONT. TRIP IN HOLE F/ SIDE TRACK.<br>MUD LOSS LAST 24 HRS. 0 BBLs.<br>MUD WT.10.3 VIS.35.<br><br>ACCIDENTS NONE REPORTED.<br>FUNCTION TEST CROWN-O-MATIC.<br>SAFETY MEETING: PPE. DIRL. WORK<br>CREW FULL<br>FUEL ON HAND: 5748 GALS. USED 352 GALS.<br>LITHOLOGY, CEMENT<br>MUD LOGGER UNMANED ON LOCATION F/ 10/02/08. = 1 DAY. |

10-05-2008 Reported By DAVID FOREMAN

Daily Costs: Drilling \$37,287 Completion \$0 Daily Total \$37,287  
 Cum Costs: Drilling \$2,713,645 Completion \$8,295 Well Total \$2,721,940

MD 4,437 TVD 4,437 Progress 21 Days 0 MW 9.8 Visc 35.0

Formation : PBTD : 0.0 Perf : PKR Depth : 0.0

Activity at Report Time: TIME DRILL FOR SIDE TRACK

| Start | End   | Hrs  | Activity Description   |
|-------|-------|------|--|
| 06:00 | 09:00 | 3.0  | TRIP IN TO 4416 FOR SIDE TRACK.  |
| 09:00 | 06:00 | 21.0 | DRILL SLIDE TIME DRILLING F/ 4416' TO 4437' 21'.<br>TOOL FACE =340 DEG<br>MUD LOSS LAST 24 HRS. 0 BBLs.<br>MUD WT.9.8 VIS.37.<br><br>ACCIDENTS NONE REPORTED.<br>FUNCTION TEST CROWN-O-MATIC.<br>SAFETY MEETING: PPE.<br>CREW FULL.<br>FUEL ON HAND: 4942 GALS. USED 806 GALS.<br>FORMATION TOP: |

GAS BG.20 U, CONN. 0 U.  
 LITHOLOGY, CEMENT/ SHALE 95/5 %  
 MUD LOGGER UNMANED ON LOCATION F/ 10/02/08.= 2 DAY.

**10-06-2008**      **Reported By**      DAVID FOREMAN

|                              |             |                   |         |                    |             |
|------------------------------|-------------|-------------------|---------|--------------------|-------------|
| <b>Daily Costs: Drilling</b> | \$35,352    | <b>Completion</b> | \$0     | <b>Daily Total</b> | \$35,352    |
| <b>Cum Costs: Drilling</b>   | \$2,748,998 | <b>Completion</b> | \$8,295 | <b>Well Total</b>  | \$2,757,293 |

**MD**      4,948    **TVD**      4,948    **Progress**    511    **Days**      0    **MW**      9.9    **Visc**      41.0

**Formation :**                      **PBTD : 0.0**                      **Perf :**                      **PKR Depth : 0.0**

**Activity at Report Time:** DRILLING @ 4948'

| Start | End   | Hrs  | Activity Description   |
|-------|-------|------|--|
| 06:00 | 08:30 | 2.5  | DRILL SLIDE @ 1'PER HR. F/ 4437' TO 4440'= 3'  |
| 08:30 | 11:30 | 3.0  | DRILL SLIDE @ 2 & 3' 'PER HR.F/ 4440' TO 4446'= 6'<br>SAMPLE TAKEN @ 4440' 100 % FORMATION 80% SHALE,20% SAND. |
| 11:30 | 14:30 | 3.0  | DRILL ROTATE & SLIDE,10' F/ 4446' TO 4507'=61'   |
| 14:30 | 15:00 | 0.5  | SERVICE RIG  |
| 15:00 | 18:00 | 3.0  | DRILL SLIDE 10' & ROTATE F/ 4507' TO 4602'=95'   |
| 18:00 | 06:00 | 12.0 | DRILL ROTATE & SLIDE F/ 4602' TO 4948'=346'  |

MUD LOSS LAST 24 HRS. 0 BBLS.  
 MUD WT.10. VIS.38.  
 ACCIDENTS NONE REPORTED.  
 FUNCTION TEST CROWN-O-MATIC.  
 SAFETY MEETING: HAND RAIL / STAIR SAFETY.  
 BOP DRILL 1  
 CREW FULL.  
 FUEL ON HAND: 4004 GALS. USED 938 GALS.  
 FORMATION TOP:  
 GAS BG.20 U, CONN. 0 U.  
 LITHOLOGY, SAND/ SHALE %  
 MUD LOGGER UNMANED ON LOCATION F/ 10/02/08.= 3 DAY.

**10-07-2008**      **Reported By**      DAVID FOREMAN

|                              |             |                   |         |                    |             |
|------------------------------|-------------|-------------------|---------|--------------------|-------------|
| <b>Daily Costs: Drilling</b> | \$42,101    | <b>Completion</b> | \$0     | <b>Daily Total</b> | \$42,101    |
| <b>Cum Costs: Drilling</b>   | \$2,791,100 | <b>Completion</b> | \$8,295 | <b>Well Total</b>  | \$2,799,395 |

**MD**      5,390    **TVD**      5,390    **Progress**    442    **Days**      0    **MW**      10.0    **Visc**      38.0

**Formation :**                      **PBTD : 0.0**                      **Perf :**                      **PKR Depth : 0.0**

**Activity at Report Time:** DRILLING @ 5390

| Start | End   | Hrs  | Activity Description                         |
|-------|-------|------|--|
| 06:00 | 09:00 | 3.0  | DRILL SLIDE & ROTATE F/4948' TO 5011'=63'.   |
| 09:00 | 09:30 | 0.5  | SERVICE RIG                                  |
| 09:30 | 18:00 | 8.5  | DRILL ROTATE & SLIDE F/ 5011' TO 5190'=179'. |
| 18:00 | 06:00 | 12.0 | DRILL ROTATE & SLIDE F/ 5190' TO 5390'=200'. |

18' SLIDE TO TURN DOWN 30' SEPARATION.

MUD LOSS LAST 24 HRS. 0 BBLs.  
 MUD WT.10. VIS.40.  
 ACCIDENTS NONE REPORTED.  
 FUNCTION TEST CROWN-O-MATIC.  
 SAFETY MEETING: HAND RAIL / STAIR SAFETY.  
 BOP DRILL 2  
 CREW FULL.  
 FUEL ON HAND: 3090 GALS. USED 914 GALS.  
 FORMATION TOP:  
 GAS BG.20 U, CONN. 0 U.  
 LITHOLOGY, SAND/ SHALE %  
 MUD LOGGER UNMANED ON LOCATION F/ 10/02/08.= 4 DAY.

|                              |                    |                   |         |                    |                        |             |    |           |      |             |      |
|------------------------------|--------------------|-------------------|---------|--------------------|------------------------|-------------|----|-----------|------|-------------|------|
| <b>10-08-2008</b>            | <b>Reported By</b> | DAVID FOREMAN     |         |                    |                        |             |    |           |      |             |      |
| <b>Daily Costs: Drilling</b> | \$57,659           | <b>Completion</b> | \$0     | <b>Daily Total</b> | \$57,659               |             |    |           |      |             |      |
| <b>Cum Costs: Drilling</b>   | \$2,848,759        | <b>Completion</b> | \$8,295 | <b>Well Total</b>  | \$2,857,054            |             |    |           |      |             |      |
| <b>MD</b>                    | 5,560              | <b>TVD</b>        | 5,560   | <b>Progress</b>    | 170                    | <b>Days</b> | 26 | <b>MW</b> | 10.0 | <b>Visc</b> | 38.0 |
| <b>Formation :</b>           | <b>PBTD : 0.0</b>  |                   |         | <b>Perf :</b>      | <b>PKR Depth : 0.0</b> |             |    |           |      |             |      |

Activity at Report Time: DRILLING @ 5560'

| Start | End   | Hrs | Activity Description   |
|-------|-------|-----|--|
| 06:00 | 08:00 | 2.0 | DRILL SLIDE & ROTATE F/ 5390' TO 5453'= 63'                        |
| 08:00 | 08:30 | 0.5 | SERVICE RIG  |
| 08:30 | 13:30 | 5.0 | DRILL SLIDE & ROTATE F/ 5453' TO 5547'= 94'                        |
| 13:30 | 14:30 | 1.0 | CIRC. COND. F/ TRIP OUT.   |
| 14:30 | 20:30 | 6.0 | SLUG PIPE TRIP OUT FOR NEW BHA.                                    |
| 20:30 | 22:00 | 1.5 | LAY DOWN DIRECTIONAL TOOLS.  |
| 22:00 | 03:30 | 5.5 | P/U M/U BIT M/M TEST SAME, TRIP IN W/ NEW BHA TAG BRIDGE @ 5005'.  |
| 03:30 | 04:00 | 0.5 | WASH/REAM F/ 5005' TO 5066' SOFT REAMING.                          |
| 04:00 | 05:00 | 1.0 | FINISH TRIP IN TO 5437'  |
| 05:00 | 05:30 | 0.5 | WASH/REAM F/ 5437' TO 5547' BOTTOM.                                |
| 05:30 | 06:00 | 0.5 | DRLG. F/ 5547' TO 5560'=13' ROP 26' WOB 14 RPM 60/60 TQ 7565/9000. |

MUD LOSS LAST 24 HRS. 0 BBLs.  
 MUD WT.10. VIS.38.  
 ACCIDENTS NONE REPORTED.  
 FUNCTION TEST CROWN-O-MATIC.  
 SAFETY MEETING: BOOM SAFETY  
 CREW FULL.  
 FUEL ON HAND: 2463 GALS. USED 627 GALS.  
 FORMATION TOP:  
 GAS BG.55 U, CONN.585 U. TRIP GAS 1545 U,  
 LITHOLOGY, SAND/ SHALE %  
 MUD LOGGER UNMANED ON LOCATION F/ 10/02/08.= 5 DAY.

|                              |                    |                   |     |                    |          |  |  |  |
|------------------------------|--------------------|-------------------|-----|--------------------|----------|--|--|--|
| <b>10-09-2008</b>            | <b>Reported By</b> | DAVID FOREMAN     |     |                    |          |  |  |  |
| <b>Daily Costs: Drilling</b> | \$63,056           | <b>Completion</b> | \$0 | <b>Daily Total</b> | \$63,056 |  |  |  |

**Cum Costs: Drilling** \$2,911,816 **Completion** \$8,295 **Well Total** \$2,920,111  
**MD** 6,001 **TVD** 6,001 **Progress** 441 **Days** 27 **MW** 10.3 **Visc** 42.0  
**Formation :** **PBTD : 0.0** **Perf :** **PKR Depth : 0.0**

**Activity at Report Time: DRILLING @ 6001'**

| Start | End   | Hrs  | Activity Description  |
|-------|-------|------|---|
| 06:00 | 10:30 | 4.5  | DRILL ROTATE F/ 5560' TO 5655'=95 ROP 21 WOB 14/16 RPM 49/60 DIFF. 65/235   |
| 10:30 | 11:30 | 1.0  | SERVICE RIG   |
| 11:30 | 06:00 | 18.5 | DRILL ROTATE F/ 5655' TO 6001'=346 ROP 19 WOB 16/17 RPM 50/60 DIFF.-85/229<br>MUD LOSS LAST 24 HRS. 0 BBLS.<br>MUD WT.10.2 VIS.41.<br>ROT. 92 P/U 96 S/O 90 |

ACCIDENTS NONE REPORTED.  
 FUNCTION TEST CROWN-O-MATIC.  
 SAFETY MEETING: HOUSEKEEPING  
 CREW FULL.  
 FUEL ON HAND: 8283 GALS. USED 1180 GALS. REC. 7000 GALS.  
 FORMATION TOP:  
 GAS BG.33 U, CONN.104 U.  
 LITHOLOGY, SAND/ SHALE %  
 MUD LOGGER UNMANED ON LOCATION F/ 10/02/08.= 6 DAY.

**10-10-2008** **Reported By** DAVID FOREMAN

**Daily Costs: Drilling** \$81,466 **Completion** \$0 **Daily Total** \$81,466  
**Cum Costs: Drilling** \$2,993,283 **Completion** \$8,295 **Well Total** \$3,001,578

**MD** 6,159 **TVD** 6,159 **Progress** 117 **Days** 28 **MW** 10.2 **Visc** 42.0  
**Formation :** **PBTD : 0.0** **Perf :** **PKR Depth : 0.0**

**Activity at Report Time: DRILLING@ 6159'**

| Start | End   | Hrs | Activity Description  |
|-------|-------|-----|---|
| 06:00 | 07:30 | 1.5 | DRILL ROTATE F/ 6001 TO 6042=41 ROP 27' WOB 16/17 RPM 50/60 DIFF.110/210                  |
| 07:30 | 15:30 | 8.0 | PUMP SLUG, DROP SURVEY,TRIP OUT OF HOLE F/TFA CHANGE. RECOVER SURVEY MISS RUN NO PICTURE. |
| 15:30 | 16:30 | 1.0 | SERVICE RIG / LAY DOWN SWIVEL LOCK.   |
| 16:30 | 19:00 | 2.5 | CHG. OUT MUD MOTOR M/U BIT TRIP IN BHA.   |
| 19:00 | 20:00 | 1.0 | SLIP & CUT DRILL LINE 60 FT.  |
| 20:00 | 01:00 | 5.0 | TRIP IN FILLING PIPE TO 5939.'  |
| 01:00 | 01:30 | 0.5 | BREAK CIRC. @ 5939' PACKED OFF,LAY DOWN 2 JTS.  |
| 01:30 | 02:30 | 1.0 | CIRC.& WASH TO BOTTOM 166' F/ 5876' TO 6042'. HOLE UN LOADED LARGE AMOUNT OF SHALE.       |
| 02:30 | 06:00 | 3.5 | DRILL ROTATE F/ 6042' TO 6159'=117'ROP 33 WOB 16/17 ROT. 52/60 DIFF. 145/205.             |

FORMATION CHG @ 6070'  
 MUD LOSS LAST 24 HRS. 0 BBLS.  
 MUD WT.10.3 VIS.42.  
 ROT. 99 P/U 104 S/O 95  
 ACCIDENTS NONE REPORTED.  
 FUNCTION TEST CROWN-O-MATIC.

BOP TRIP DRILL 1  
 SAFETY MEETING: PPE & PINCH POINTS.  
 CREW FULL.  
 FUEL ON HAND: 7566 GALS. USED 717 GALS.  
 FORMATION TOP: CHAPITA WELLS  
 GAS BG.34 U, CONN.77 U. TRIP GAS 370 U.  
 LITHOLOGY, SAND/ SHALE %  
 MUD LOGGER UNMANED ON LOCATION F/ 10/02/08.= 7 DAY.

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|  |                    |                   |         |                    |                        |             |    |           |      |             |      |
|--|--------------------|-------------------|---------|--------------------|------------------------|-------------|----|-----------|------|-------------|------|
| <b>10-11-2008</b>                                | <b>Reported By</b> | DAVID FOREMAN     |         |                    |                        |             |    |           |      |             |      |
| <b>DailyCosts: Drilling</b>                      | \$31,947           | <b>Completion</b> | \$0     | <b>Daily Total</b> | \$31,947               |             |    |           |      |             |      |
| <b>Cum Costs: Drilling</b>                       | \$3,025,230        | <b>Completion</b> | \$8,295 | <b>Well Total</b>  | \$3,033,525            |             |    |           |      |             |      |
| <b>MD</b>  | 6,789              | <b>TVD</b>        | 6,789   | <b>Progress</b>    | 630                    | <b>Days</b> | 29 | <b>MW</b> | 10.5 | <b>Visc</b> | 42.0 |
| <b>Formation :</b>                               | <b>PBTD : 0.0</b>  |                   |         | <b>Perf :</b>      | <b>PKR Depth : 0.0</b> |             |    |           |      |             |      |
| <b>Activity at Report Time: DRILLING @ 6789'</b> |                    |                   |         |                    |                        |             |    |           |      |             |      |

| Start | End   | Hrs | Activity Description  |
|-------|-------|-----|---|
| 06:00 | 12:00 | 6.0 | DRILL ROTATE F/ 6159' TO 6474'=315'ROP 53' WOD 17/18 RPM 50/60 DIFF. 175/230. |
| 12:00 | 13:00 | 1.0 | LOST CIRC. WORK PIPE, SPOT LCM PILL @ 6379' LOSS @ 6474'.                     |
| 13:00 | 16:30 | 3.5 | WIPER TRIP TO SHOE TO CHECK FOR HEAVING SHALE & LET LCM SET.                  |
| 16:30 | 17:30 | 1.0 | CIRC. COND. MUD & SERVICE RIG.  |
| 17:30 | 20:30 | 3.0 | TRIP IN TO 6285'  |
| 20:30 | 21:00 | 0.5 | WASH TO BOTTOM F/ 6285' TO 6474' NO FILL CIRC. BOTTOMS UP F/ SURVEY.          |
| 21:00 | 21:30 | 0.5 | SURVEY@ 6635' MISS RUN NO PICTURE.  |
| 21:30 | 05:00 | 7.5 | DRILL ROTATE F/ 6474' TO 6757'  |
| 05:00 | 05:30 | 0.5 | SURVEY@ 6667' MISS RUN NO PICTURE.  |
| 05:30 | 06:00 | 0.5 | DRILL ROTATE 6757' TO 6789'   |

MUD LOSS LAST 24 HRS. 240 BBLS.  
 MUD WT.10.5 VIS.42.  
 ROT. 112 P/U 115 S/O 110  
 ACCIDENTS NONE REPORTED.  
 FUNCTION TEST CROWN-O-MATIC.  
 SAFETY MEETING:TRIP& PINCH POINTS.  
 CREW FULL.  
 FUEL ON HAND: 8782 GALS. USED 1285 GALS. REC.2500 600 GAL IN MUD  
 FORMATION TOP: CHAPITA WELLS  
 GAS BG.34 U, CONN.77 U. TRIP GAS 370 U.  
 LITHOLOGY, SAND/ SHALE %  
 MUD LOGGER UNMANNED ON LOCATION F/ 10/02/08.= 8 DAY.

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|  |                    |                   |         |                    |                        |             |    |           |      |             |      |
|--|--------------------|-------------------|---------|--------------------|------------------------|-------------|----|-----------|------|-------------|------|
| <b>10-12-2008</b>  | <b>Reported By</b> | DAVID FOREMAN     |         |                    |                        |             |    |           |      |             |      |
| <b>DailyCosts: Drilling</b>  | \$56,166           | <b>Completion</b> | \$0     | <b>Daily Total</b> | \$56,166               |             |    |           |      |             |      |
| <b>Cum Costs: Drilling</b>   | \$3,081,397        | <b>Completion</b> | \$8,295 | <b>Well Total</b>  | \$3,089,692            |             |    |           |      |             |      |
| <b>MD</b>  | 7,642              | <b>TVD</b>        | 7,642   | <b>Progress</b>    | 853                    | <b>Days</b> | 30 | <b>MW</b> | 10.5 | <b>Visc</b> | 42.0 |
| <b>Formation :</b>   | <b>PBTD : 0.0</b>  |                   |         | <b>Perf :</b>      | <b>PKR Depth : 0.0</b> |             |    |           |      |             |      |
| <b>Activity at Report Time: DRILLING @ 7642'/CHANGE OUT SWIVEL</b> |                    |                   |         |                    |                        |             |    |           |      |             |      |

| Start | End   | Hrs  | Activity Description  |
|-------|-------|------|---|
| 06:00 | 07:00 | 1.0  | SURVEY @ 6697'= 1 DEG.  |
| 07:00 | 04:30 | 21.5 | DRILL ROTATE F/ 6789' TO 7642'= 853 ROP 40 WOB 16/18 RPM 50/60 DIFF. 120/245. |
| 04:30 | 06:00 | 1.5  | TRIP OUT 4 JTS. CHG. OUT SWIVEL PACKING.                                      |

MUD LOSS LAST 24 HRS. 0 BBLS.  
MUD WT.10.5 VIS.40.  
ROT. 120 P/U 124 S/O 115  
ACCIDENTS NONE REPORTED.  
FUNCTION TEST CROWN-O-MATIC.  
SAFETY MEETING: FALL PROTECTION.  
CREW FULL.  
FUEL ON HAND: 7442 GALS. USED 1340 GALS. 200 GAL IN MUD  
FORMATION TOP: NORTH HORN.  
GAS BG.34 U, CONN.65 U.  
LITHOLOGY, SAND/ SHALE %  
MUD LOGGER UNMANED ON LOCATION F/ 10/02/08.= 9 DAY.

|   |                    |                              |         |                    |                        |             |    |           |      |             |      |
|---|--------------------|------------------------------|---------|--------------------|------------------------|-------------|----|-----------|------|-------------|------|
| <b>10-13-2008</b>                               | <b>Reported By</b> | DAVID FOREMAN/CARLOS ARRIETH |         |                    |                        |             |    |           |      |             |      |
| <b>DailyCosts: Drilling</b>                     | \$37,640           | <b>Completion</b>            | \$0     | <b>Daily Total</b> | \$37,640               |             |    |           |      |             |      |
| <b>Cum Costs: Drilling</b>                      | \$3,119,037        | <b>Completion</b>            | \$8,295 | <b>Well Total</b>  | \$3,127,332            |             |    |           |      |             |      |
| <b>MD</b>                                       | 8,060              | <b>TVD</b>                   | 8,060   | <b>Progress</b>    | 418                    | <b>Days</b> | 31 | <b>MW</b> | 10.4 | <b>Visc</b> | 38.0 |
| <b>Formation :</b>                              | <b>PBTD : 0.0</b>  |                              |         | <b>Perf :</b>      | <b>PKR Depth : 0.0</b> |             |    |           |      |             |      |
| <b>Activity at Report Time: DRILLING@ 8060'</b> |                    |                              |         |                    |                        |             |    |           |      |             |      |

| Start | End   | Hrs  | Activity Description  |
|-------|-------|------|---|
| 06:00 | 06:30 | 0.5  | WORK PIPE, FINISH CHG. SWIVEL PACKING CIRC. TEST PACKING & TRIP IN TO 7639' WASH TO 7642' BOTTOM. |
| 06:30 | 14:00 | 7.5  | DRILL ROTATE F/ 7642 TO 7796'=154 ROP 21 W OB 16/17 RPM 50/55 DIFF. 35/225                        |
| 14:00 | 14:30 | 0.5  | SERVICE RIG, CHG. OUT SAVER SUB.  |
| 14:30 | 06:00 | 15.5 | DRILL ROTATE F/ 7796' TO 8060'=264 ROP 17 WOB 16/18 RPM 51/60 DIFF.                               |

MUD LOSS LAST 24 HRS. 0 BBLS.  
MUD WT.10.4 VIS.39.  
ROT. 120 P/U 125 S/O 115  
ACCIDENTS NONE REPORTED.  
FUNCTION TEST CROWN-O-MATIC.  
SAFETY MEETING: ELECTRIC SHOCK, PPE.  
CREW FULL.  
FUEL ON HAND: 6405 GALS. USED 1037 GALS.  
FORMATION TOP: PRICE RIVER  
GAS BG.34 U, CONN.106 U.  
LITHOLOGY, SAND/ SHALE %  
MUD LOGGER UNMANED ON LOCATION F/ 10/02/08.= 10 DAY.

|                             |                    |                              |     |                    |          |  |  |
|-----------------------------|--------------------|------------------------------|-----|--------------------|----------|--|--|
| <b>10-14-2008</b>           | <b>Reported By</b> | DAVID FOREMAN/CARLOS ARRIETH |     |                    |          |  |  |
| <b>DailyCosts: Drilling</b> | \$52,326           | <b>Completion</b>            | \$0 | <b>Daily Total</b> | \$52,326 |  |  |

**Cum Costs: Drilling**      \$3,171,364                      **Completion**      \$8,295                      **Well Total**      \$3,179,659  
**MD**      8,331      **TVD**      8,331      **Progress**      271      **Days**      32      **MW**      10.5      **Visc**      40.0  
**Formation :**                      **PBTD : 0.0**                      **Perf :**                      **PKR Depth : 0.0**

**Activity at Report Time:** BIT TRIP @ 8331

| Start | End   | Hrs  | Activity Description  |
|-------|-------|------|---|
| 06:00 | 15:30 | 9.5  | DRILL ROTATE F/ 8060' TO 8331'=271'ROP 28.5 WOB 18/18 RPM 51/60 DIFF. 65/256. |
| 15:30 | 16:00 | 0.5  | PUMP SLUG,SURVEY.   |
| 16:00 | 02:30 | 10.5 | TRIP OUT F/ BIT. RECOVER SURVEY 2* @ 8300'.                                   |
| 02:30 | 03:30 | 1.0  | CHG. OUT MUD MOTOR M/U BIT TRIP IN 1 DC TEST MOTOR OK.                        |
| 03:30 | 06:00 | 2.5  | TRIP IN W/ BIT # 10 FILLING & BREAK CIRC. EVERY 2500'.                        |

MUD LOSS LAST 24 HRS. 0 BBLS.  
MUD WT.10.5 VIS.40.  
ROT. 126 P/U 141 S/O 115  
ACCIDENTS NONE REPORTED.  
FUNCTION TEST CROWN-O-MATIC.  
SAFETY MEETING: HYD. BOOM: PINCH POINTS  
CREW FULL.  
FUEL ON HAND: 5882 GALS. USED 523 GALS.  
FORMATION TOP: PRICE RIVER  
GAS BG.54 U, CONN.712 U.  
LITHOLOGY, SAND/ SHALE %  
MUD LOGGER UNMANED ON LOCATION F/ 10/02/08.= 11 DAY.

**10-15-2008**      **Reported By**      DAVID FOREMAN

**Daily Costs: Drilling**      \$38,858                      **Completion**      \$0                      **Daily Total**      \$38,858  
**Cum Costs: Drilling**      \$3,210,222                      **Completion**      \$8,295                      **Well Total**      \$3,218,517  
**MD**      8,531      **TVD**      8,531      **Progress**      200      **Days**      33      **MW**      10.6      **Visc**      39.0  
**Formation :**                      **PBTD : 0.0**                      **Perf :**                      **PKR Depth : 0.0**

**Activity at Report Time:** DRILLING @ 8531'

| Start | End   | Hrs  | Activity Description  |
|-------|-------|------|---|
| 06:00 | 12:00 | 6.0  | TRIP IN W/BIT #10 FILLING & BREAK CIRC EVERY 2500' TO 8079'.                    |
| 12:00 | 14:30 | 2.5  | WASH/REAM TO BOTTOM F/ 8048' TO 8331', 283' SHALE.                              |
| 14:30 | 06:00 | 15.5 | DRILL ROTATE 8331' TO 8531', 200' ROP, 12.9 WOB, 16/17 RPM, 51/55 DIFF. 95/179. |

MUD LOSS LAST 24 HRS. 145 BBLS AFTER TRIP.  
  
MUD WT.10.6 VIS.40.  
ROT. 128 P/U 130 S/O 124  
ACCIDENTS NONE REPORTED.  
FUNCTION TEST CROWN-O-MATIC.  
SAFETY MEETING: TEAMWORK : SAFE DRIVING.  
CREW FULL.  
FUEL ON HAND: 4672 GALS. USED 1210 GALS.  
  
FORMATION TOP: PRICE RIVER

GAS BG.54 U, CONN 712 U.  
LITHOLOGY, SAND/ SHALE %  
MUD LOGGER UNMANED ON LOCATION F/ 10/02/08.= 12 DAY.

|                              |                    |                   |         |                    |                        |             |    |           |      |             |      |
|------------------------------|--------------------|-------------------|---------|--------------------|------------------------|-------------|----|-----------|------|-------------|------|
| <b>10-16-2008</b>            | <b>Reported By</b> | MATT WILLIAMS     |         |                    |                        |             |    |           |      |             |      |
| <b>Daily Costs: Drilling</b> | \$37,239           | <b>Completion</b> | \$0     | <b>Daily Total</b> | \$37,239               |             |    |           |      |             |      |
| <b>Cum Costs: Drilling</b>   | \$3,247,461        | <b>Completion</b> | \$8,295 | <b>Well Total</b>  | \$3,255,756            |             |    |           |      |             |      |
| <b>MD</b>                    | 8,994              | <b>TVD</b>        | 8,994   | <b>Progress</b>    | 463                    | <b>Days</b> | 34 | <b>MW</b> | 10.6 | <b>Visc</b> | 38.0 |
| <b>Formation :</b>           | <b>PBTD : 0.0</b>  |                   |         | <b>Perf :</b>      | <b>PKR Depth : 0.0</b> |             |    |           |      |             |      |

**Activity at Report Time:** DRILLING @ 8994'.

| Start | End   | Hrs  | Activity Description  |
|-------|-------|------|---|
| 06:00 | 13:30 | 7.5  | DRLG F/ 8531' TO 8679', ROP 20, WOB 15/18, RPM 50/55, DIFF, 280/310.                  |
| 13:30 | 14:00 | 0.5  | SERVICE RIG   |
| 14:00 | 06:00 | 16.0 | DRLG F/ 8679' TO 8994', ROP 20, WOB 11/18, RPM 50/55, DIFF 275/310, MWT 10.6, VIS 38. |

MUD LOSS LAST 24 HRS. 40 BBLS.  
MUD WT.10.6 VIS.38.  
ROT. 135 P/U 138 S/O 127.  
ACCIDENTS NONE REPORTED.  
FUNCTION TEST CROWN-O-MATIC.  
SAFETY MEETING: MAKING CONN W/ 4" D.P..  
CREW FULL.  
FUEL ON HAND: 2836 GALS. USED 1836 GALS.  
FORMATION TOP: MIDDLE PRICE.  
GAS BG.30 U, CONN 75 U.  
LITHOLOGY, SAND/ SHALE %  
MUD LOGGER UNMANED ON LOCATION F/ 10/02/08.= 13 DAYS.

|                              |                    |                   |         |                    |                        |             |    |           |      |             |      |
|------------------------------|--------------------|-------------------|---------|--------------------|------------------------|-------------|----|-----------|------|-------------|------|
| <b>10-17-2008</b>            | <b>Reported By</b> | MATT WILLIAMS     |         |                    |                        |             |    |           |      |             |      |
| <b>Daily Costs: Drilling</b> | \$38,820           | <b>Completion</b> | \$0     | <b>Daily Total</b> | \$38,820               |             |    |           |      |             |      |
| <b>Cum Costs: Drilling</b>   | \$3,286,282        | <b>Completion</b> | \$8,295 | <b>Well Total</b>  | \$3,294,577            |             |    |           |      |             |      |
| <b>MD</b>                    | 9,561              | <b>TVD</b>        | 9,561   | <b>Progress</b>    | 567                    | <b>Days</b> | 35 | <b>MW</b> | 10.6 | <b>Visc</b> | 37.0 |
| <b>Formation :</b>           | <b>PBTD : 0.0</b>  |                   |         | <b>Perf :</b>      | <b>PKR Depth : 0.0</b> |             |    |           |      |             |      |

**Activity at Report Time:** DRILLING @ 9561'.

| Start | End   | Hrs  | Activity Description  |
|-------|-------|------|---|
| 06:00 | 10:30 | 4.5  | DRLG F/ 8994' TO 9120' ROP 28, WOB 15/18, RPM 40/50, DIFF 180/220.                    |
| 10:30 | 11:00 | 0.5  | SERVICE RIG   |
| 11:00 | 06:00 | 19.0 | DRLG F/ 9120' TO 9561', ROP 23, WOB 12/18, RPM 40/50, DIFF 180/250, MWT 10.6, VIS 38. |

MUD LOSS LAST 24 HRS. 0 BBLS.  
MUD WT.10.6 VIS.38.  
ROT. 143 P/U 157 S/O 142.  
  
ACCIDENTS NONE REPORTED.  
FUNCTION TEST CROWN-O-MATIC.  
SAFETY MEETING: MOVING PIPE.

CREW FULL.  
 FUEL ON HAND: 1643 GALS. USED 193 GALS.  
 FORMATION TOP: MIDDLE PRICE.  
 GAS BG.30 U, CONN 100 U.  
 LITHOLOGY, SAND/ SHALE %  
 MUD LOGGER UNMANED ON LOCATION F/ 10/02/08.= 14 DAYS.

**10-18-2008**      **Reported By**      MATT WILLIAMS

|                              |             |                   |         |                    |             |
|------------------------------|-------------|-------------------|---------|--------------------|-------------|
| <b>Daily Costs: Drilling</b> | \$58,674    | <b>Completion</b> | \$0     | <b>Daily Total</b> | \$58,674    |
| <b>Cum Costs: Drilling</b>   | \$3,344,957 | <b>Completion</b> | \$8,295 | <b>Well Total</b>  | \$3,353,252 |

**MD**      9,942    **TVD**      9,942    **Progress**      381    **Days**      36    **MW**      10.6    **Visc**      38.0

**Formation :**                      **PBTD : 0.0**                      **Perf :**                      **PKR Depth : 0.0**

**Activity at Report Time:** CIRC AND COND FOR BIT TRIP

| Start | End   | Hrs  | Activity Description  |
|-------|-------|------|---|
| 06:00 | 13:00 | 7.0  | DRLG F/ 9561' TO 9718', ROP 22, WOB 12/16, RPM 40/50, DIFF 80/320.  |
| 13:00 | 13:30 | 0.5  | SERVICE RIG   |
| 13:30 | 04:00 | 14.5 | DRLG F/ 9718' TO 9942', ROP 15, WOB 12/18, RPM 40/50, DIFF 75/300, MWT 10.6, VIS 37.                                |
| 04:00 | 06:00 | 2.0  | PUMP SWEEP, CIRC AND COND MUD.<br>MUD LOSS LAST 24 HRS. 0 BBLs.<br>MUD WT.10.6 VIS.37.<br>ROT. 154 P/U 162 S/O 141. |

ACCIDENTS NONE REPORTED.  
 FUNCTION TEST CROWN-O-MATIC.  
 SAFETY MEETING: INSPECTING DRAWWORKS.  
 CREW FULL.  
 FUEL ON HAND: 4807 GALS. USED 1336 GALS, RECIEVED 4500 GALS.  
 FORMATION TOP: LOWER PRICE.  
 GAS BG.150 U, CONN 325 U.  
 LITHOLOGY, SAND/ SHALE %  
 MUD LOGGER UNMANED ON LOCATION F/ 10/02/08.= 14 DAYS.

**10-19-2008**      **Reported By**      MATT WILLIAMS

|                              |             |                   |         |                    |             |
|------------------------------|-------------|-------------------|---------|--------------------|-------------|
| <b>Daily Costs: Drilling</b> | \$35,976    | <b>Completion</b> | \$0     | <b>Daily Total</b> | \$35,976    |
| <b>Cum Costs: Drilling</b>   | \$3,380,934 | <b>Completion</b> | \$8,295 | <b>Well Total</b>  | \$3,389,229 |

**MD**      9,942    **TVD**      9,942    **Progress**      0    **Days**      37    **MW**      10.6    **Visc**      38.0

**Formation :**                      **PBTD : 0.0**                      **Perf :**                      **PKR Depth : 0.0**

**Activity at Report Time:** TIH

| Start | End   | Hrs  | Activity Description                                     |
|-------|-------|------|--|
| 06:00 | 08:30 | 2.5  | CIRC & COND MUD, SPOT 200 BBL 11.4 PPG PILL, EMW = 10.9. |
| 08:30 | 11:00 | 2.5  | CIRC WHILE REPAIRING BOOM.                               |
| 11:00 | 13:00 | 2.0  | CIRC & BUILD AND SPOT 200 BBL 11.4 PPG PILL, EMW = 10.9. |
| 13:00 | 00:30 | 11.5 | TRIP OUT OF HOLE FOR BIT. L/D MUD MOTOR AND BIT.         |
| 00:30 | 05:00 | 4.5  | P/U BIT AND MUD MOTOR, TIH TO 4048'.                     |
| 05:00 | 06:00 | 1.0  | CUT AND SLIP 135' OF DRILL LINE.                         |

MUD LOSS LAST 24 HRS. 0 BBLS.  
 MUD WT.10.6 VIS.38.  
 ROT. 154 P/U 162 S/O 141.

ACCIDENTS NONE REPORTED.  
 FUNCTION TEST CROWN-O-MATIC.  
 SAFETY MEETING: TRIPPING PIPE, CUT AND SLIP DRILL LINE.  
 CREW FULL.  
 FUEL ON HAND: 4137 GALS. USED 670 GALS, RECIEVED 0 GALS.  
 FORMATION TOP: LOWER PRICE.  
 GAS BG.150 U, CONN 325 U.  
 LITHOLOGY, SAND/ SHALE %  
 MUD LOGGER UNMANED ON LOCATION F/ 10/02/08.= 16 DAYS.

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|   |                    |                   |         |                    |                        |             |    |           |      |             |      |
|---|--------------------|-------------------|---------|--------------------|------------------------|-------------|----|-----------|------|-------------|------|
| <b>10-20-2008</b>                                 | <b>Reported By</b> | MATT WILLIAMS     |         |                    |                        |             |    |           |      |             |      |
| <b>DailyCosts: Drilling</b>                       | \$35,762           | <b>Completion</b> | \$0     | <b>Daily Total</b> | \$35,762               |             |    |           |      |             |      |
| <b>Cum Costs: Drilling</b>                        | \$3,416,696        | <b>Completion</b> | \$8,295 | <b>Well Total</b>  | \$3,424,991            |             |    |           |      |             |      |
| <b>MD</b>   | 10,284             | <b>TVD</b>        | 10,284  | <b>Progress</b>    | 342                    | <b>Days</b> | 38 | <b>MW</b> | 10.7 | <b>Visc</b> | 38.0 |
| <b>Formation :</b>                                | <b>PBTD : 0.0</b>  |                   |         | <b>Perf :</b>      | <b>PKR Depth : 0.0</b> |             |    |           |      |             |      |
| <b>Activity at Report Time: DRILLING @ 10284'</b> |                    |                   |         |                    |                        |             |    |           |      |             |      |

| Start | End   | Hrs  | Activity Description   |
|-------|-------|------|--|
| 06:00 | 06:30 | 0.5  | CUT AND SLIP 135' OF DRILL LINE.   |
| 06:30 | 13:00 | 6.5  | TRIP IN HOLE, CIRCULATING EVERY 1000' FROM 6039' TO 9214'.   |
| 13:00 | 14:00 | 1.0  | WASH AND REAM FROM 9214' TO 9500'.   |
| 14:00 | 15:00 | 1.0  | CIRC OUT TRIP GAS, MWT IN 10.7 GAS CUT OUT 10.0+.  |
| 15:00 | 16:00 | 1.0  | WASH AND REAM FROM 9500' TO 9942'.   |
| 16:00 | 06:00 | 14.0 | DRLG F/ 9942' TO 10284', ROP 24, WOB 12/18, RPM 40/50, DIFF 80/250, MWT 10.7, VIS 38.<br>MUD LOSS LAST 24 HRS. 0 BBLS.<br>MUD WT.10.7 VIS.38.<br>ROT. 155 P/U 166 S/O 145. |

ACCIDENTS NONE REPORTED.  
 FUNCTION TEST CROWN-O-MATIC.  
 SAFETY MEETING: CUT AND SLIP DRILL LINE, C/O SEATS IN PUMPS.  
 CREWS FULL.  
 FUEL ON HAND: 3218 GALS. USED 919 GALS, RECIEVED 0 GALS.  
 FORMATION TOP: LOWER PRICE.  
 GAS BG.250 U, CONN 400 U.  
 LITHOLOGY, SAND/ SHALE %  
 MUD LOGGER UNMANED ON LOCATION F/ 10/02/08.= 17 DAYS.

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|                             |                    |                   |         |                    |                        |             |    |           |      |             |      |
|-----------------------------|--------------------|-------------------|---------|--------------------|------------------------|-------------|----|-----------|------|-------------|------|
| <b>10-21-2008</b>           | <b>Reported By</b> | MATT WILLIAMS     |         |                    |                        |             |    |           |      |             |      |
| <b>DailyCosts: Drilling</b> | \$38,747           | <b>Completion</b> | \$0     | <b>Daily Total</b> | \$38,747               |             |    |           |      |             |      |
| <b>Cum Costs: Drilling</b>  | \$3,455,444        | <b>Completion</b> | \$8,295 | <b>Well Total</b>  | \$3,463,739            |             |    |           |      |             |      |
| <b>MD</b>                   | 10,590             | <b>TVD</b>        | 10,590  | <b>Progress</b>    | 306                    | <b>Days</b> | 39 | <b>MW</b> | 10.7 | <b>Visc</b> | 37.0 |
| <b>Formation :</b>          | <b>PBTD : 0.0</b>  |                   |         | <b>Perf :</b>      | <b>PKR Depth : 0.0</b> |             |    |           |      |             |      |

**Activity at Report Time:** REACHED TD @ 10590' / LDDP TO RUN CASING

| Start | End   | Hrs  | Activity Description  |
|-------|-------|------|---|
| 06:00 | 06:30 | 0.5  | WORKING ON MUD PUMPS.   |
| 06:30 | 07:00 | 0.5  | SERVICE RIG.  |
| 07:00 | 22:00 | 15.0 | DRLG F/ 10284' TO 10590' TD, ROP 20, WOB 12/18, RPM 40/50, DIFF 100/350. REACHED TD @ 22:00 HRS, 10/20/08.  |
| 22:00 | 23:00 | 1.0  | PUMP SWEEP, CIRC AND COND MUD F/ SHORT TRIP.  |
| 23:00 | 01:00 | 2.0  | SHORT TRIP TO 10000'.   |
| 01:00 | 03:00 | 2.0  | CIRC AND COND MUD, SPOT 200 BBL, 13.3 PPG PILL, 11.7 EMW.   |
| 03:00 | 06:00 | 3.0  | TRIP OUT OF HOLE F/ 10590', LAYING DOWN DRILL PIPE.<br>MUD LOSS LAST 24 HRS. 0 BBLs.<br>MUD WT.10.7 VIS.37.<br>ROT. 155 P/U 166 S/O 145.<br>ACCIDENTS NONE REPORTED.<br>FUNCTION TEST CROWN-O-MATIC.<br>SAFETY MEETING:WORKING ON PUMPS, MIXING PILL .<br>CREWS FULL.<br>FUEL ON HAND: 1985 GALS. USED 1233 GALS, RECIEVED 0 GALS.<br>FORMATION TOP: LOWER PRICE.<br>GAS BG.250 U, CONN 400 U.<br>LITHOLOGY, SAND/ SHALE %<br>MUD LOGGER UNMANED ON LOCATION F/ 10/02/08.= 18 DAYS. |

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|                              |                    |                   |               |                    |                        |             |    |           |      |             |      |
|------------------------------|--------------------|-------------------|---------------|--------------------|------------------------|-------------|----|-----------|------|-------------|------|
| <b>10-22-2008</b>            | <b>Reported By</b> | MATT WILLIAMS     |               |                    |                        |             |    |           |      |             |      |
| <b>Daily Costs: Drilling</b> | \$37,387           | <b>Completion</b> | \$0           | <b>Daily Total</b> | \$37,387               |             |    |           |      |             |      |
| <b>Cum Costs: Drilling</b>   | \$3,492,831        | <b>Completion</b> | \$8,295       | <b>Well Total</b>  | \$3,501,126            |             |    |           |      |             |      |
| <b>MD</b>                    | 10,590             | <b>TVD</b>        | 10,590        | <b>Progress</b>    | 0                      | <b>Days</b> | 40 | <b>MW</b> | 10.8 | <b>Visc</b> | 38.0 |
| <b>Formation :</b>           | <b>PBTD : 0.0</b>  |                   | <b>Perf :</b> |                    | <b>PKR Depth : 0.0</b> |             |    |           |      |             |      |

**Activity at Report Time:** RUNNING 4 1/2 PROD CSG.

| Start | End   | Hrs  | Activity Description  |
|-------|-------|------|---|
| 06:00 | 14:00 | 8.0  | TOOH LAYING DOWN DRILL PIPE, AND BHA.   |
| 14:00 | 16:00 | 2.0  | PULL WEAR BUSHING. R/U TO RUN 4 1/2 PROD STRING.  |
| 16:00 | 06:00 | 14.0 | HOLD PJSM W/ CALIBER AND RIG CREW, START RUNNING 4 1/2 PROD STRING.<br><br>MUD LOSS LAST 24 HRS. 100 BBLs.<br>MUD WT.10.8 VIS.37<br>P/U 72 S/O 60.<br>ACCIDENTS NONE REPORTED.<br>FUNCTION TEST CROWN-O-MATIC.<br>SAFETY MEETING:RUNNING CASING .<br>CREWS FULL.<br>FUEL ON HAND: 1532 GALS. USED 453 GALS, RECIEVED 0 GALS.<br>FORMATION TOP: SEGO.<br>MUD LOGGER UNMANED ON LOCATION F/ 10/02/08.= 19 DAYS. |

10-23-2008 Reported By MATT WILLIAMS

DailyCosts: Drilling \$75,607 Completion \$217,673 Daily Total \$293,280  
 Cum Costs: Drilling \$3,568,439 Completion \$225,968 Well Total \$3,794,407

MD 10,590 TVD 10,590 Progress 0 Days 41 MW 0.0 Visc 0.0

Formation : PBTB : 0.0 Perf : PKR Depth : 0.0

Activity at Report Time: RDRT/WO COMPLETION

| Start | End   | Hrs  | Activity Description  |
|-------|-------|------|---|
| 06:00 | 06:30 | 0.5  | FINISH RUNNING 4.5 11.6# HC P-110 CASING 239 JTS. + 2 MARKER JTS. AS FOLLOWS FLOAT SHOE, 1 JT. CSG, FLOAT COLLAR, 65 JTS. CSG, 1 MARJER JT, 59 JTS. CSG, 1 MARKER JT & 115 JTS CSG. FLOAT SHOE @ 10586', FLOAT COLLAR @ 10544', MARKER JT @ 7667 & 5066', CENTRALIZERS 5 FT. ABOVE SHOE JT, TOP OF JT.#2 & EVERY 3 RD. JT. TOTAL 35. TAG @ 10590' CIRC.   |
| 06:30 | 08:00 | 1.5  | CIRC WHILE RIGGING DOWN CALIBER CSG CREW, AND R/U SCHLUMBERGER CMT EQUIP.   |
| 08:00 | 11:00 | 3.0  | RIG UP TEST LINES TO 5000 PSI. DROP BOTTOM PLUG PUMP 20 BBLS CHEM WASH & 20 BBLS WATER SPACER AHEAD OF LEAD AND CEMENT 10590' 4 1/2 P-110 11.6# CSG. LEAD 108 BBLS 205 SKS. G + ADDS. D020 10%EXTENDER D167 .2% FLUID LOSS D046.2% ANTIFOAM D013 .5% RATARDER D065 .5% DISPERSANT D130 .125LB/SK BLEND LOST CIRC. YIELD 2.98 FT3/SK H2O 18.2 GAL/SK@ 11.5.PPG TAIL. 172 BBLS 750 SKS 50/50 POZ G + ADDS. D020 2% EXTENDER D046 .1% ANTIFOAM D167 .2% FLUID LOSS D065 .2% DISPERSANT S001 1% ACCELERATOR. YIELD 1.29 FT3/SK H2O 5.94 GAL/SK @ 14.1 PPG. SHUTDOWN WASH OUT PUMPS & LINES DROP TOP PLUG & DISP. TO FLOAT COLLAR W/FRESH WATER.164 BBLS. AVG. DISP. RATE 8 BPM, FULL RETURNS THROUGH OUT JOB. DROP PLUG @ 09:30 BUMPED PLUG @ 10:06 TO 3319 PSI 1000 PSI OVER LIFT PSI HOLD PRESSURE FOR 1 MIN. 2. BBL. BACK, FLOAT NOT HOLDING, CHECK FLOAT W/ 3317 PSI, FLOAT NOT HOLDING, CHECK FLOAT W/ 3417 PSI, NOT HOLDING, CHECK FLOAT W/3520 PSI AND HOLD FOR 30 MIN, 2 BBLS BACK, FLOAT HELD @ 10:55 CEMENT IN PLACE. |
| 11:00 | 13:00 | 2.0  | NIPPLE DOWN BOP'S AND LIFT STACK.   |
| 13:00 | 14:30 | 1.5  | SET CASING IN SLIPS W/80000# AND CUT OFF.   |
| 14:30 | 20:00 | 5.5  | FINISH NIPPLE DOWN BOPE AND CLEAN MUD TANKS.  |
| 20:00 | 06:00 | 10.0 | RIG DOWN FOR RIG MOVE TO ECW 75-4 ON 10/23/08 @ 0700. RIG MOVE DISTANCE IS 8.9 MILES.   |

ACCIDENTS NONE REPORTED.  
 FUNCTION TEST CROWN-O-MATIC.  
 SAFETY MEETING:RUNNING CASING, CEMENTING, RIGGING DOWN .  
 CREWS FULL.  
 FUEL ON HAND: 1318 GALS. USED 214 GALS, RECIEVED 0 GALS.  
 MUD LOGGER UNMANED ON LOCATION F/ 10/02/08, OFF LOCATION 10/22/08.= 20 DAYS.

06:00 RELEASE RIG @ 20:00 HRS, 10/22/08.  
 CASING POINT COST \$3,525,277

10-26-2008 Reported By SEARLE

DailyCosts: Drilling \$0 Completion \$46,776 Daily Total \$46,776  
 Cum Costs: Drilling \$3,568,439 Completion \$272,744 Well Total \$3,841,183

MD 10,590 TVD 10,590 Progress 0 Days 42 MW 0.0 Visc 0.0

Formation : PBTB : 10544.0 Perf : PKR Depth : 0.0

Activity at Report Time: PREP FOR FRACS

| Start | End   | Hrs  | Activity Description   |
|-------|-------|------|--|
| 06:00 | 06:00 | 24.0 | MIRU SCHLUMBERGER. LOG WITH RST/CBL/CCL/VDL/GR FROM PBTB TO 80'. EST CEMENT TOP @ 280'. RD SCHLUMBERGER. |

11-02-2008 Reported By MCCURDY

DailyCosts: Drilling \$0 Completion \$8,743 Daily Total \$8,743  
 Cum Costs: Drilling \$3,568,439 Completion \$281,487 Well Total \$3,849,926

MD 10,590 TVD 10,590 Progress 0 Days 43 MW 0.0 Visc 0.0

Formation : PBTB : 10544.0 Perf : PKR Depth : 0.0

Activity at Report Time: WO COMPLETION

| Start | End   | Hrs  | Activity Description  |
|-------|-------|------|---|
| 06:00 | 06:00 | 24.0 | NU 10M FRAC TREE. PRESSURE TESTED FRAC TREE & CASING TO 8500 PSIG. WO COMPLETION. |

11-04-2008 Reported By MCCURDY

DailyCosts: Drilling \$0 Completion \$9,505 Daily Total \$9,505  
 Cum Costs: Drilling \$3,568,439 Completion \$290,992 Well Total \$3,859,431

MD 10,590 TVD 10,590 Progress 0 Days 44 MW 0.0 Visc 0.0

Formation : MESAVERDE PBTB : 10544.0 Perf : 10169'-10426' PKR Depth : 0.0

Activity at Report Time: FRAC

| Start | End   | Hrs  | Activity Description   |
|-------|-------|------|--|
| 06:00 | 06:00 | 24.0 | RU LONE WOLF WIRELINE & PERFORATE LPR/SEGO FROM 10169'-70', 10174'-75, 10220'-21', 10234'-35', 10239'-40', 10253'-54', 10292'-93', 10323'-24', 10329'-30', 10334'-35', 10354'-55', 10399'-400', 10411'-12', 10425'-26' @ 3 SPF @ 120° PHASING. RDWL. SDFN. |

11-05-2008 Reported By MCCURDY

DailyCosts: Drilling \$0 Completion \$12,993 Daily Total \$12,993  
 Cum Costs: Drilling \$3,568,439 Completion \$303,985 Well Total \$3,872,424

MD 10,590 TVD 10,590 Progress 0 Days 45 MW 0.0 Visc 0.0

Formation : MESAVERDE PBTB : 10544.0 Perf : 9091'-10426' PKR Depth : 0.0

Activity at Report Time: FRAC

| Start | End   | Hrs  | Activity Description  |
|-------|-------|------|---|
| 06:00 | 06:00 | 24.0 | SICP 2100 PSIG. RU SCHLUMBERGER, FRAC DOWN CASING WITH 165 GAL GYPTRON T-106, 4169 GAL WF120 LINEAR PAD, 6360 GAL WF120 LINEAR W/1# & 1.5# 20/40 SAND, 55764 GAL YF116ST+ WITH 199700# 20/40 SAND @ 1-5 PPG. MTP 6609 PSIG. MTR 50.2 BPM. ATP 5372 PSIG. ATR 48.6 BPM. ISIP 3200 PSIG. RD SCHLUMBERGER. |

RUWL. SET 10K CFP AT 10080'. PERFORATE LPR FROM 9856'-57', 9860'-61', 9881'-82', 9900'-01', 9946'-47', 9964'-65', 9980'-81', 10001'-02', 10007'-08', 10038'-39', 10047'-48', 10056'-57' @ 3 SPF @ 120° PHASING.

RDWL. RU SCHLUMBERGER, FRAC DOWN CASING WITH 165 GAL GYPTRON T-106, 3264 GAL WF120 LINEAR PAD, 3162 GAL WF120 LINEAR W/1.5# 20/40 SAND, 17438 GAL YF116ST+ WITH 57600# 20/40 SAND @ 1-4 PPG. MTP 8351 PSIG. MTR 50.2 BPM. ATP 7176 PSIG. ATR 44.5 BPM. ISIP 4600 PSIG. RD SCHLUMBERGER.

RUWL. SET 10K CFP AT 9800'. PERFORATE MPR FROM 9958'-60', 9602'-03', 9635'-36', 9640'-41', 9662'-63', 9667'-68', 9678'-79', 9694'-95', 9727'-28', 9758'-59', 9772'-73' @ 3 SPF @ 120° PHASING. RDWL. RU SCHLUMBERGER, FRAC DOWN CASING WITH 165 GAL GYPTRON T-106, 6311 GAL WF120 LINEAR W/1# & 1.5# 20/40 SAND, 18923 GAL YF116ST+ WITH 56900# 20/40 SAND @ 1-3 PPG. MTP 8328 PSIG. MTR 50.1 BPM. ATP 6550 PSIG. ATR 45.7 BPM. ISIP 4600 PSIG. RD SCHLUMBERGER.

RUWL. SET 10K CFP AT 9526'. PERFORATE MPR FROM 9309'-10', 9316'-17', 9332'-33', 9374'-75', 9393'-94', 9400'-01', 9435'-36', 9441'-42', 9459'-60', 9491'-92', 9502'-03', 9511'-12' @ 3 SPF @ 120° PHASING. RDWL. RU SCHLUMBERGER, FRAC DOWN CASING WITH 165 GAL GYPTRON T-106, 6336 GAL WF120 LINEAR W/1# & 1.5# 20/40 SAND, 59297 GAL YF116ST+ WITH 209800# 20/40 SAND @ 1-5 PPG. MTP 7060 PSIG. MTR 50.3 BPM. ATP 4751 PSIG. ATR 48.1 BPM. ISIP 2650 PSIG. RD SCHLUMBERGER.

RUWL. SET 10K CFP AT 9270'. PERFORATE MPR FROM 9091'-92', 9101'-02', 9112'-13', 9139'-40', 9147'-48', 9153'-54', 9172'-73', 9182'-83', 9210'-11', 9220'-21', 9240'-41', 9248'-49' @ 3 SPF @ 120° PHASING. RDWL. RU SCHLUMBERGER, FRAC DOWN CASING WITH 165 GAL GYPTRON T-106, 6318 GAL WF120 LINEAR W/1# & 1.5# 20/40 SAND, 58618 GAL YF116ST+ WITH 212000# 20/40 SAND @ 1-5 PPG. MTP 6701 PSIG. MTR 51.1 BPM. ATP 4449 PSIG. ATR 49.2 BPM. ISIP 2600 PSIG. RD SCHLUMBERGER. SDFN.

|                              |             |                    |                       |                   |           |                            |    |             |                        |             |     |
|------------------------------|-------------|--------------------|-----------------------|-------------------|-----------|----------------------------|----|-------------|------------------------|-------------|-----|
| <b>11-06-2008</b>            |             | <b>Reported By</b> |                       | MCCURDY           |           |                            |    |             |                        |             |     |
| <b>DailyCosts: Drilling</b>  | \$0         |                    |                       | <b>Completion</b> | \$22,605  | <b>Daily Total</b>         |    | \$22,605    |                        |             |     |
| <b>Cum Costs: Drilling</b>   | \$3,568,439 |                    |                       | <b>Completion</b> | \$326,591 | <b>Well Total</b>          |    | \$3,895,030 |                        |             |     |
| <b>MD</b>                    | 10,590      | <b>TVD</b>         | 10,590                | <b>Progress</b>   | 0         | <b>Days</b>                | 46 | <b>MW</b>   | 0.0                    | <b>Visc</b> | 0.0 |
| <b>Formation : MESAVERDE</b> |             |                    | <b>PBTD : 10544.0</b> |                   |           | <b>Perf : 7740'-10426'</b> |    |             | <b>PKR Depth : 0.0</b> |             |     |

**Activity at Report Time: FRAC**

| Start | End   | Hrs  | Activity Description  |
|-------|-------|------|---|
| 06:00 | 06:00 | 24.0 | SICP 1850 PSIG. RUWL. SET 10K CFP AT 9064'. PERFORATE UPR / MPR FROM 8841'-42', 8849'-50', 8860'-61', 8879'-80', 8887'-88', 8910'-11', 8951'-52', 8994'-95', 9000'-01', 9007'-08', 9045'-47' @ 3 SPF @ 120° PHASING. RDWL. RU SCHLUMBERGER, FRAC DOWN CASING WITH 165 GAL GYPTRON T-106, 6324 GAL WF120 LINEAR W/1# & 1.5# 20/40 SAND, 30888 GAL YF116ST+ WITH 112100# 20/40 SAND @ 1-5 PPG. MTP 7009 PSIG. MTR 50.3 BPM. ATP 5251 PSIG. ATR 47.9 BPM. ISIP 3240 PSIG. RD SCHLUMBERGER. |

RUWL. SET 10K CFP AT 8816'. PERFORATE UPR FROM 8567'-68', 8576'-77', 8584'-85', 8630'-31', 8643'-44', 8647'-48', 8736'-37', 8740'-41', 8773'-74', 8778'-79', 8791'-92', 8798'-99' @ 3 SPF @ 120° PHASING. RDWL. RU SCHLUMBERGER, FRAC DOWN CASING WITH 165 GAL GYPTRON T-106, 6334 GAL WF120 LINEAR W/1# & 1.5# 20/40 SAND, 50592 GAL YF116ST+ WITH 111600# 20/40 SAND @ 1-5 PPG. MTP 7915 PSIG. MTR 52.2 BPM. ATP 5056 PSIG. ATR 49.8 BPM. ISIP 2730 PSIG. RD SCHLUMBERGER.

RUWL. SET 10K CFP AT 8530'. PERFORATE UPR FROM 8292'-93', 8297'-98', 8314'-15', 8334'-35', 8348'-49', 8357'-58', 8411'-12', 8430'-31', 8436'-37', 8464'-65', 8496'-97', 8509'-10' @ 3 SPF @ 120° PHASING. RDWL. RU SCHLUMBERGER, FRAC DOWN CASING WITH 165 GAL GYPTRON T-106, 6324 GAL WF120 LINEAR W/1# & 1.5# 20/40 SAND, 38679 GAL YF116ST+ WITH 140300# 20/40 SAND @ 1-5 PPG. MTP 6600 PSIG. MTR 50.2 BPM. ATP 4296 PSIG. ATR 48 BPM. ISIP 1980 PSIG. RD SCHLUMBERGER.

RUWL. SET 10K CFP AT 8258'. PERFORATE UPR FROM 8054'-55', 8061'-62', 8065'-66', 8108'-09', 8116'-17', 8146'-47', 8160'-61', 8164'-65', 8176'-77', 8224'-25', 8231'-32', 8238'-39' @ 3 SPF @ 120° PHASING. RDWL. RU SCHLUMBERGER, FRAC DOWN CASING WITH 165 GAL GYPTRON T-106, 6325 GAL WF120 LINEAR W/1# & 1.5# 20/40 SAND, 39547 GAL YF116ST+ WITH 142300# 20/40 SAND @ 1-5 PPG. MTP 6226 PSIG. MTR 50.2 BPM. ATP 4267 PSIG. ATR 48.7 BPM. ISIP 2100 PSIG. RD SCHLUMBERGER.

RUWL. SET 10K CFP AT 8020'. PERFORATE NORTH HORN FROM 7740'-41', 7771'-72', 7805'-06', 7844'-45', 7867'-68', 7883'-84', 7924'-25', 7931'-32', 7937'-38', 7947'-48', 7973'-74', 7995'-96' @ 3 SPF @ 120° PHASING. RDWL. RU SCHLUMBERGER, FRAC DOWN CASING WITH 165 GAL GYPTRON T-106, 6337 GAL WF120 LINEAR W/1# & 1.5# 20/40 SAND, 34907 GAL YF116ST+ WITH 126600# 20/40 SAND @ 1-5 PPG. MTP 7843 PSIG. MTR 49.8 BPM. ATP 4706 PSIG. ATR 48.3 BPM. ISIP 2400 PSIG. RD SCHLUMBERGER. SWIFN.

|                              |             |                    |                       |                   |           |                            |    |             |                        |             |     |
|------------------------------|-------------|--------------------|-----------------------|-------------------|-----------|----------------------------|----|-------------|------------------------|-------------|-----|
| <b>11-07-2008</b>            |             | <b>Reported By</b> |                       | MCCURDY           |           |                            |    |             |                        |             |     |
| <b>DailyCosts: Drilling</b>  | \$0         |                    |                       | <b>Completion</b> | \$648,941 | <b>Daily Total</b>         |    | \$648,941   |                        |             |     |
| <b>Cum Costs: Drilling</b>   | \$3,568,439 |                    |                       | <b>Completion</b> | \$975,532 | <b>Well Total</b>          |    | \$4,543,971 |                        |             |     |
| <b>MD</b>                    | 10,590      | <b>TVD</b>         | 10,590                | <b>Progress</b>   | 0         | <b>Days</b>                | 47 | <b>MW</b>   | 0.0                    | <b>Visc</b> | 0.0 |
| <b>Formation : MESAVERDE</b> |             |                    | <b>PBTD : 10544.0</b> |                   |           | <b>Perf : 6154'-10426'</b> |    |             | <b>PKR Depth : 0.0</b> |             |     |

**Activity at Report Time: PREP TO MIRUSU**

| Start | End | Hrs | Activity Description |
|-------|-----|-----|----------------------|
|-------|-----|-----|----------------------|

06:00 06:00 24.0 SICP 1200 PSIG. RUWL. SET 10K CFP AT 7700'. PERFORATE Ba/NORTH HORN FROM 7331'-32', 7361'-62', 7396'-97', 7428'-29', 7439'-40', 7450'-51', 7513'-14', 7517'-18', 7564'-65', 7645'-46', 7674'-76' @ 3 SPF @ 120° PHASING. RDWL. RU SCHLUMBERGER, FRAC DOWN CASING WITH 2064 GAL YF120 ST+ PAD, 19079 GAL YF116ST+ WITH 39400# 20/40 SAND @ 1-3 PPG. MTP 6212 PSIG. MTR 51.7 BPM. ATP 4562 PSIG. ATR 49 BPM. ISIP 2400 PSIG. RD SCHLUMBERGER.

RUWL. SET 6K CFP AT 7304'. PERFORATE Ba FROM 6992'-93', 7008'-09', 7022'-23', 7034'-35', 7089'-90', 7115'-16', 7134'-35', 7146'-47', 7185'-86', 7191'-92', 7235'-36', 7286'-87' @ 3 SPF @ 120° PHASING. RDWL. RU SCHLUMBERGER, FRAC DOWN WITH 0 GAL WF120 LINEAR PAD, 6313 GAL WF120 LINEAR W/1# & 1.5# 20/40 SAND, 39114 GAL YF116ST+ WITH 141900# 20/40 SAND @ 1-5 PPG. MTP 7439 PSIG. MTR 52.2 BPM. ATP 4097 PSIG. ATR 50.2 BPM. ISIP 2050 PSIG. RD SCHLUMBERGER.

RUWL. SET 6K CFP AT 6730'. PERFORATE Ca FROM 6617'-20', 6668'-69', 6676'-82', 6688'-90' @ 3 SPF @ 120° PHASING. RDWL. RU SCHLUMBERGER, FRAC DOWN CASING WITH 4261 GAL WF120 LINEAR W/1# & 1.5# 20/40 SAND, 18436 GAL YF116ST+ WITH 63900# 20/40 SAND @ 1-4 PPG. MTP 5873 PSIG. MTR 50.4 BPM. ATP 3673 PSIG. ATR 46.9 BPM. ISIP 1650 PSIG. RD SCHLUMBERGER.

RUWL. SET 6K CFP AT 6526'. PERFORATE Ca FROM 6374'-77', 6414'-15', 6419'-20', 6426'-27', 6437'-38', 6443'-44', 6454'-55', 6488'-89', 6492'-93', 6496'-97' @ 3 SPF @ 120° PHASING. RDWL. RU SCHLUMBERGER, FRAC DOWN CASING WITH 4222 GAL WF120 LINEAR W/1# & 1.5# 20/40 SAND, 34926 GAL YF116ST+ WITH 122400# 20/40 SAND @ 1-4 PPG. MTP 5319 PSIG. MTR 51.9 BPM. ATP 3333 PSIG. ATR 47.8 BPM. ISIP 1800 PSIG. RD SCHLUMBERGER.

RUWL. SET 6K CFP AT 6260'. PERFORATE Ca FROM 6154'-55', 6160'-63', 6198'-99', 6202'-03', 6205'-06', 6209'-10', 6214'-15', 6219'-20', 6223'-24', 6229'-30' @ 3 SPF @ 120° PHASING. RDWL. RU SCHLUMBERGER, FRAC DOWN CASING WITH 4222 GAL WF120 LINEAR W/1# & 1.5# 20/40 SAND, 29823 GAL YF116ST+ WITH 72600# 20/40 SAND @ 1-4 PPG. MTP 3966 PSIG. MTR 45.8 BPM. ATP 3045 PSIG. ATR 39.2 BPM. ISIP 2000 PSIG. RD SCHLUMBERGER.

RUWL. SET 6K CBP AT 6070'. RDWL. SDFN.

| 11-08-2008                                  |             | Reported By           |  | HAL IVIE                   |             |                        |                    |             |     |             |     |
|---|-------------|-----------------------|--|----------------------------|-------------|------------------------|--------------------|-------------|-----|-------------|-----|
| <b>Daily Costs: Drilling</b>                | \$0         |                       |  | <b>Completion</b>          | \$42,419    |                        | <b>Daily Total</b> | \$42,419    |     |             |     |
| <b>Cum Costs: Drilling</b>                  | \$3,568,439 |                       |  | <b>Completion</b>          | \$1,017,951 |                        | <b>Well Total</b>  | \$4,586,390 |     |             |     |
| <b>MD</b>                                   | 10,590      | <b>TVD</b>            | 10,590   | <b>Progress</b>            | 0           | <b>Days</b>            | 48                 | <b>MW</b>   | 0.0 | <b>Visc</b> | 0.0 |
| <b>Formation : MESAVERDE</b>                |             | <b>PBTD : 10544.0</b> |  | <b>Perf : 6154'-10426'</b> |             | <b>PKR Depth : 0.0</b> |                    |             |     |             |     |
| <b>Activity at Report Time: DRILL PLUGS</b> |             |                       |  |                            |             |                        |                    |             |     |             |     |
| <b>Start</b>                                | <b>End</b>  | <b>Hrs</b>            | <b>Activity Description</b>  |                            |             |                        |                    |             |     |             |     |
| 06:00                                       | 06:00       | 24.0                  | MIRU ROYAL RIG # 1. ND FRAC TREE. NU BOP. RIH W/ BIT & PUMP OFF SUB TO 6070'. RU TO DRILL OUT PLUGS. SWI-SDFN. |                            |             |                        |                    |             |     |             |     |

| 11-11-2008                                |             | Reported By           |   | HAL IVIE                   |             |                        |                    |             |     |             |     |
|---|-------------|-----------------------|---|----------------------------|-------------|------------------------|--------------------|-------------|-----|-------------|-----|
| <b>Daily Costs: Drilling</b>              | \$0         |                       |   | <b>Completion</b>          | \$60,004    |                        | <b>Daily Total</b> | \$60,004    |     |             |     |
| <b>Cum Costs: Drilling</b>                | \$3,568,439 |                       |   | <b>Completion</b>          | \$1,077,955 |                        | <b>Well Total</b>  | \$4,646,394 |     |             |     |
| <b>MD</b>                                 | 10,590      | <b>TVD</b>            | 10,590  | <b>Progress</b>            | 0           | <b>Days</b>            | 50                 | <b>MW</b>   | 0.0 | <b>Visc</b> | 0.0 |
| <b>Formation : MESAVERDE</b>              |             | <b>PBTD : 10544.0</b> |   | <b>Perf : 6154'-10426'</b> |             | <b>PKR Depth : 0.0</b> |                    |             |     |             |     |
| <b>Activity at Report Time: FLOW TEST</b> |             |                       |   |                            |             |                        |                    |             |     |             |     |
| <b>Start</b>                              | <b>End</b>  | <b>Hrs</b>            | <b>Activity Description</b>   |                            |             |                        |                    |             |     |             |     |
| 06:00                                     | 06:00       | 24.0                  | SICP 0 PSIG. CLEANED OUT & DRILLED OUT PLUGS @ 6070', 6260', 6526', 6730', 7304', 7700', 8020', 8258', 8530', 8816', 9064', 9270', 9526', 9800', 10080'. RIH. CLEANED OUT TO PBTD @ 10544'. LANDED TBG AT 8785' KB. ND BOPE. NU TREE. PUMPED OFF BIT & SUB. RDMOSU. |                            |             |                        |                    |             |     |             |     |

FLOWED 13 HRS. 24/64" CHOKE. FTP 780 PSIG. CP 950 PSIG. 95 BFPH. RECOVERED 1230 BLW. 16699 BLWTR.

## TUBING DETAIL LENGTH

PUMP OFF SUB 1.00'  
 1 JT 2-3/8 4.7# N-80 TBG 31.40'  
 XN NIPPLE 1.10'  
 272 JTS 2-3/8 4.7# N-80 TBG 8738.83'  
 BELOW KB 13.00'  
 LANDED @ 8785.33' KB

|   |                    |                       |   |                            |   |                        |             |           |     |             |     |
|---|--------------------|-----------------------|---|----------------------------|---|------------------------|-------------|-----------|-----|-------------|-----|
| <b>11-12-2008</b>                         | <b>Reported By</b> | HAL IVIE              |   |                            |   |                        |             |           |     |             |     |
| <b>DailyCosts: Drilling</b>               | \$0                |                       | <b>Completion</b>   | \$2,565                    |   | <b>Daily Total</b>     | \$2,565     |           |     |             |     |
| <b>Cum Costs: Drilling</b>                | \$3,568,439        |                       | <b>Completion</b>   | \$1,080,520                |   | <b>Well Total</b>      | \$4,648,959 |           |     |             |     |
| <b>MD</b>                                 | 10,590             | <b>TVD</b>            | 10,590  | <b>Progress</b>            | 0 | <b>Days</b>            | 51          | <b>MW</b> | 0.0 | <b>Visc</b> | 0.0 |
| <b>Formation : MESAVERDE</b>              |                    | <b>PBTD : 10544.0</b> |   | <b>Perf : 6154'-10426'</b> |   | <b>PKR Depth : 0.0</b> |             |           |     |             |     |
| <b>Activity at Report Time: FLOW TEST</b> |                    |                       |   |                            |   |                        |             |           |     |             |     |
| <b>Start</b>                              | <b>End</b>         | <b>Hrs</b>            | <b>Activity Description</b>   |                            |   |                        |             |           |     |             |     |
| 06:00                                     | 06:00              | 24.0                  | FLOWED 24 HRS. 24/64" CHOKE. FTP 800 PSIG. CP 650 PSIG. 74 BFPH. RECOVERED 1770 BLW. 14899 BLWTR. |                            |   |                        |             |           |     |             |     |

|   |                    |                       |   |                            |   |                        |             |           |     |             |     |
|---|--------------------|-----------------------|---|----------------------------|---|------------------------|-------------|-----------|-----|-------------|-----|
| <b>11-13-2008</b>                         | <b>Reported By</b> | HAL IVIE              |   |                            |   |                        |             |           |     |             |     |
| <b>DailyCosts: Drilling</b>               | \$0                |                       | <b>Completion</b>   | \$2,565                    |   | <b>Daily Total</b>     | \$2,565     |           |     |             |     |
| <b>Cum Costs: Drilling</b>                | \$3,568,439        |                       | <b>Completion</b>   | \$1,083,085                |   | <b>Well Total</b>      | \$4,651,524 |           |     |             |     |
| <b>MD</b>                                 | 10,590             | <b>TVD</b>            | 10,590  | <b>Progress</b>            | 0 | <b>Days</b>            | 52          | <b>MW</b> | 0.0 | <b>Visc</b> | 0.0 |
| <b>Formation : MESAVERDE</b>              |                    | <b>PBTD : 10544.0</b> |   | <b>Perf : 6154'-10426'</b> |   | <b>PKR Depth : 0.0</b> |             |           |     |             |     |
| <b>Activity at Report Time: FLOW TEST</b> |                    |                       |   |                            |   |                        |             |           |     |             |     |
| <b>Start</b>                              | <b>End</b>         | <b>Hrs</b>            | <b>Activity Description</b>   |                            |   |                        |             |           |     |             |     |
| 06:00                                     | 06:00              | 24.0                  | FLOWED 18 HRS. 24/64" CHOKE. FTP 900 PSIG. CP 1150 PSIG. 62 BFPH. RECOVERED 1109 BBLS, 13790 BLWTR. SD FOR 6 HRS. WELDERS WORKING ON BATTERY. |                            |   |                        |             |           |     |             |     |

|   |                    |                       |   |                            |   |                        |             |           |     |             |     |
|---|--------------------|-----------------------|---|----------------------------|---|------------------------|-------------|-----------|-----|-------------|-----|
| <b>11-14-2008</b>                         | <b>Reported By</b> | HAL IVIE              |   |                            |   |                        |             |           |     |             |     |
| <b>DailyCosts: Drilling</b>               | \$0                |                       | <b>Completion</b>   | \$2,565                    |   | <b>Daily Total</b>     | \$2,565     |           |     |             |     |
| <b>Cum Costs: Drilling</b>                | \$3,568,439        |                       | <b>Completion</b>   | \$1,085,650                |   | <b>Well Total</b>      | \$4,654,089 |           |     |             |     |
| <b>MD</b>                                 | 10,590             | <b>TVD</b>            | 10,590  | <b>Progress</b>            | 0 | <b>Days</b>            | 53          | <b>MW</b> | 0.0 | <b>Visc</b> | 0.0 |
| <b>Formation : MESAVERDE</b>              |                    | <b>PBTD : 10544.0</b> |   | <b>Perf : 6154'-10426'</b> |   | <b>PKR Depth : 0.0</b> |             |           |     |             |     |
| <b>Activity at Report Time: FLOW TEST</b> |                    |                       |   |                            |   |                        |             |           |     |             |     |
| <b>Start</b>                              | <b>End</b>         | <b>Hrs</b>            | <b>Activity Description</b>   |                            |   |                        |             |           |     |             |     |
| 06:00                                     | 06:00              | 24.0                  | FLOWED 16 HRS. 24/64" CHOKE. FTP 970 PSIG. CP 1630 PSIG. 61 BFPH. RECOVERED 975 BLW. 12815 BLWTR. SI 8 HRS WHILE WELDERS WORKED ON BATTERY. |                            |   |                        |             |           |     |             |     |

|   |                    |                       |                   |                            |   |                        |             |           |     |             |     |
|---|--------------------|-----------------------|-------------------|----------------------------|---|------------------------|-------------|-----------|-----|-------------|-----|
| <b>11-15-2008</b>                         | <b>Reported By</b> | HAL IVIE              |                   |                            |   |                        |             |           |     |             |     |
| <b>DailyCosts: Drilling</b>               | \$0                |                       | <b>Completion</b> | \$2,565                    |   | <b>Daily Total</b>     | \$2,565     |           |     |             |     |
| <b>Cum Costs: Drilling</b>                | \$3,568,439        |                       | <b>Completion</b> | \$1,088,215                |   | <b>Well Total</b>      | \$4,656,654 |           |     |             |     |
| <b>MD</b>                                 | 10,590             | <b>TVD</b>            | 10,590            | <b>Progress</b>            | 0 | <b>Days</b>            | 54          | <b>MW</b> | 0.0 | <b>Visc</b> | 0.0 |
| <b>Formation : MESAVERDE</b>              |                    | <b>PBTD : 10544.0</b> |                   | <b>Perf : 6154'-10426'</b> |   | <b>PKR Depth : 0.0</b> |             |           |     |             |     |
| <b>Activity at Report Time: FLOW TEST</b> |                    |                       |                   |                            |   |                        |             |           |     |             |     |

| Start | End   | Hrs  | Activity Description   |
|-------|-------|------|--|
| 06:00 | 06:00 | 24.0 | FLOWED 17 HRS. 24/64" CHOKE. FTP 960 PSIG, CP 2100 PSIG. 52 BFPH. RECOVERED 880 BBLs, 11935 BLWTR. SD F/ 7 HR, WELDERS WORKING ON BATTERY. |

| 11-16-2008                                |             | Reported By           | HAL IVIE    |                            |             |                        |    |           |     |             |     |
|---|-------------|-----------------------|-------------|----------------------------|-------------|------------------------|----|-----------|-----|-------------|-----|
| <b>Daily Costs: Drilling</b>              | \$0         | <b>Completion</b>     | \$2,565     | <b>Daily Total</b>         | \$2,565     |                        |    |           |     |             |     |
| <b>Cum Costs: Drilling</b>                | \$3,568,439 | <b>Completion</b>     | \$1,090,780 | <b>Well Total</b>          | \$4,659,219 |                        |    |           |     |             |     |
| <b>MD</b>                                 | 10,590      | <b>TVD</b>            | 10,590      | <b>Progress</b>            | 0           | <b>Days</b>            | 55 | <b>MW</b> | 0.0 | <b>Visc</b> | 0.0 |
| <b>Formation : MESAVERDE</b>              |             | <b>PBTD : 10544.0</b> |             | <b>Perf : 6154'-10426'</b> |             | <b>PKR Depth : 0.0</b> |    |           |     |             |     |
| <b>Activity at Report Time: FLOW TEST</b> |             |                       |             |                            |             |                        |    |           |     |             |     |

| Start | End   | Hrs  | Activity Description   |
|-------|-------|------|--|
| 06:00 | 06:00 | 24.0 | FLOWED 24 HRS. 24/64" CHOKE. FTP-950 PSIG. CP 2090 PSIG. 46 BFPH. RECOVERED 1092 BLW. 10843 BLWTR. |

| 11-17-2008                                |             | Reported By           | HAL IVIE    |                            |             |                        |    |           |     |             |     |
|---|-------------|-----------------------|-------------|----------------------------|-------------|------------------------|----|-----------|-----|-------------|-----|
| <b>Daily Costs: Drilling</b>              | \$0         | <b>Completion</b>     | \$2,565     | <b>Daily Total</b>         | \$2,565     |                        |    |           |     |             |     |
| <b>Cum Costs: Drilling</b>                | \$3,568,439 | <b>Completion</b>     | \$1,093,345 | <b>Well Total</b>          | \$4,661,784 |                        |    |           |     |             |     |
| <b>MD</b>                                 | 10,590      | <b>TVD</b>            | 10,590      | <b>Progress</b>            | 0           | <b>Days</b>            | 56 | <b>MW</b> | 0.0 | <b>Visc</b> | 0.0 |
| <b>Formation : MESAVERDE</b>              |             | <b>PBTD : 10544.0</b> |             | <b>Perf : 6154'-10426'</b> |             | <b>PKR Depth : 0.0</b> |    |           |     |             |     |
| <b>Activity at Report Time: FLOW TEST</b> |             |                       |             |                            |             |                        |    |           |     |             |     |

| Start | End   | Hrs  | Activity Description  |
|-------|-------|------|---|
| 06:00 | 06:00 | 24.0 | FLOWED 24 HRS. 24/64" CHOKE. FTP 1000 PSIG. CP 2040 PSIG. 40 BFPH. RECOVERED 956 BLW. 9887 BLWTR. |

| 11-18-2008                                |             | Reported By           | HAL IVIE    |                            |             |                        |    |           |     |             |     |
|---|-------------|-----------------------|-------------|----------------------------|-------------|------------------------|----|-----------|-----|-------------|-----|
| <b>Daily Costs: Drilling</b>              | \$0         | <b>Completion</b>     | \$2,565     | <b>Daily Total</b>         | \$2,565     |                        |    |           |     |             |     |
| <b>Cum Costs: Drilling</b>                | \$3,568,439 | <b>Completion</b>     | \$1,095,910 | <b>Well Total</b>          | \$4,664,349 |                        |    |           |     |             |     |
| <b>MD</b>                                 | 10,590      | <b>TVD</b>            | 10,590      | <b>Progress</b>            | 0           | <b>Days</b>            | 57 | <b>MW</b> | 0.0 | <b>Visc</b> | 0.0 |
| <b>Formation : MESAVERDE</b>              |             | <b>PBTD : 10544.0</b> |             | <b>Perf : 6154'-10426'</b> |             | <b>PKR Depth : 0.0</b> |    |           |     |             |     |
| <b>Activity at Report Time: FLOW TEST</b> |             |                       |             |                            |             |                        |    |           |     |             |     |

| Start | End   | Hrs  | Activity Description  |
|-------|-------|------|---|
| 06:00 | 06:00 | 24.0 | FLOWED 24 HRS. 24/64" CHOKE. FTP 1050 PSIG. CP 1950 PSIG. 34 BFPH. RECOVERED 825 BLW. 9062 BLWTR. |

| 11-19-2008                                |             | Reported By           | HAL IVIE    |                            |             |                        |    |           |     |             |     |
|---|-------------|-----------------------|-------------|----------------------------|-------------|------------------------|----|-----------|-----|-------------|-----|
| <b>Daily Costs: Drilling</b>              | \$0         | <b>Completion</b>     | \$2,565     | <b>Daily Total</b>         | \$2,565     |                        |    |           |     |             |     |
| <b>Cum Costs: Drilling</b>                | \$3,568,439 | <b>Completion</b>     | \$1,098,475 | <b>Well Total</b>          | \$4,666,914 |                        |    |           |     |             |     |
| <b>MD</b>                                 | 10,590      | <b>TVD</b>            | 10,590      | <b>Progress</b>            | 0           | <b>Days</b>            | 58 | <b>MW</b> | 0.0 | <b>Visc</b> | 0.0 |
| <b>Formation : MESAVERDE</b>              |             | <b>PBTD : 10544.0</b> |             | <b>Perf : 6154'-10426'</b> |             | <b>PKR Depth : 0.0</b> |    |           |     |             |     |
| <b>Activity at Report Time: FLOW TEST</b> |             |                       |             |                            |             |                        |    |           |     |             |     |

| Start | End   | Hrs  | Activity Description  |
|-------|-------|------|---|
| 06:00 | 06:00 | 24.0 | FLOWED 24 HRS. 24/64" CHOKE. FTP 1000 PSIG. CP 1900 PSIG. 29 BFPH. RECOVERED 692 BLW. 8370 BLWTR. |

| 11-20-2008                                |             | Reported By           | HAL IVIE    |                            |             |                        |    |           |     |             |     |
|---|-------------|-----------------------|-------------|----------------------------|-------------|------------------------|----|-----------|-----|-------------|-----|
| <b>Daily Costs: Drilling</b>              | \$0         | <b>Completion</b>     | \$2,565     | <b>Daily Total</b>         | \$2,565     |                        |    |           |     |             |     |
| <b>Cum Costs: Drilling</b>                | \$3,568,439 | <b>Completion</b>     | \$1,101,040 | <b>Well Total</b>          | \$4,669,479 |                        |    |           |     |             |     |
| <b>MD</b>                                 | 10,590      | <b>TVD</b>            | 10,590      | <b>Progress</b>            | 0           | <b>Days</b>            | 59 | <b>MW</b> | 0.0 | <b>Visc</b> | 0.0 |
| <b>Formation : MESAVERDE</b>              |             | <b>PBTD : 10544.0</b> |             | <b>Perf : 6154'-10426'</b> |             | <b>PKR Depth : 0.0</b> |    |           |     |             |     |
| <b>Activity at Report Time: FLOW TEST</b> |             |                       |             |                            |             |                        |    |           |     |             |     |

| Start | End   | Hrs  | Activity Description  |
|-------|-------|------|---|
| 06:00 | 06:00 | 24.0 | FLOWED 24 HRS. 24/64" CHOKE. FTP 1000 PSIG. CP 1850 PSIG. 24 BFPH. RECOVERED 592 BLW. 7778 BLWTR. |

**11-21-2008**      **Reported By**      HAL IVIE

|                              |             |                   |             |                    |             |
|------------------------------|-------------|-------------------|-------------|--------------------|-------------|
| <b>Daily Costs: Drilling</b> | \$0         | <b>Completion</b> | \$2,565     | <b>Daily Total</b> | \$2,565     |
| <b>Cum Costs: Drilling</b>   | \$3,568,439 | <b>Completion</b> | \$1,103,605 | <b>Well Total</b>  | \$4,672,044 |

|           |        |            |        |                 |   |             |    |           |     |             |     |
|-----------|--------|------------|--------|-----------------|---|-------------|----|-----------|-----|-------------|-----|
| <b>MD</b> | 10,590 | <b>TVD</b> | 10,590 | <b>Progress</b> | 0 | <b>Days</b> | 60 | <b>MW</b> | 0.0 | <b>Visc</b> | 0.0 |
|-----------|--------|------------|--------|-----------------|---|-------------|----|-----------|-----|-------------|-----|

**Formation : MESAVERDE**      **PBTD : 10544.0**      **Perf : 6154'-10426'**      **PKR Depth : 0.0**

**Activity at Report Time:** FLOW TEST/TURNED TO SALES

| Start | End   | Hrs  | Activity Description  |
|-------|-------|------|---|
| 06:00 | 06:00 | 24.0 | FLOWED 24 HRS. 24/64" CHOKE. FTP 1000 PSIG, CP 1775 PSIG. 21 BFPH. RECOVERED 503 BBLS, 7275 BLWTR. TURNED TO SALES. |

FINAL COMPLETION DATE: 11/20/08

**11-24-2008**      **Reported By**      ROGER DART/DUANE COOK

|                              |             |                   |             |                    |             |
|------------------------------|-------------|-------------------|-------------|--------------------|-------------|
| <b>Daily Costs: Drilling</b> | \$0         | <b>Completion</b> | \$0         | <b>Daily Total</b> | \$0         |
| <b>Cum Costs: Drilling</b>   | \$3,568,439 | <b>Completion</b> | \$1,103,605 | <b>Well Total</b>  | \$4,672,044 |

|           |        |            |        |                 |   |             |    |           |     |             |     |
|-----------|--------|------------|--------|-----------------|---|-------------|----|-----------|-----|-------------|-----|
| <b>MD</b> | 10,590 | <b>TVD</b> | 10,590 | <b>Progress</b> | 0 | <b>Days</b> | 61 | <b>MW</b> | 0.0 | <b>Visc</b> | 0.0 |
|-----------|--------|------------|--------|-----------------|---|-------------|----|-----------|-----|-------------|-----|

**Formation : MESAVERDE**      **PBTD : 10544.0**      **Perf : 6154'-10426'**      **PKR Depth : 0.0**

**Activity at Report Time:** ON SALES-INITIAL PRODUCTION

| Start | End   | Hrs  | Activity Description  |
|-------|-------|------|---|
| 06:00 | 06:00 | 24.0 | INITIAL PRODUCTION. FIRST GAS SALES: OPENING PRESSURE: TP 1200 & CP 1900 PSI. TURNED WELL TO QUESTAR SALES AT 1:30 PM, 11/21/08. FLOWED 535 MCFD RATE ON 14/64" POS CHOKE. STATIC 145. QGM METER #7951. |

11/23/08 - FLOWED 330 MCF, 43 BC & 111 BW IN 17 HRS ON 14/64" CHOKE, TP 1100 PSIG, CP 2050 PSIG.

11/24/08 - FLOWED 561 MCF, 40 BC & 160 BW IN 24 HRS ON 14/64" CHOKE, TP 1100 PSIG, CP 1950 PSIG.

**11-25-2008**      **Reported By**      ROGER DART/DUANE COOK

|                              |             |                   |             |                    |             |
|------------------------------|-------------|-------------------|-------------|--------------------|-------------|
| <b>Daily Costs: Drilling</b> | \$0         | <b>Completion</b> | \$0         | <b>Daily Total</b> | \$0         |
| <b>Cum Costs: Drilling</b>   | \$3,568,439 | <b>Completion</b> | \$1,103,605 | <b>Well Total</b>  | \$4,672,044 |

|           |        |            |        |                 |   |             |    |           |     |             |     |
|-----------|--------|------------|--------|-----------------|---|-------------|----|-----------|-----|-------------|-----|
| <b>MD</b> | 10,590 | <b>TVD</b> | 10,590 | <b>Progress</b> | 0 | <b>Days</b> | 62 | <b>MW</b> | 0.0 | <b>Visc</b> | 0.0 |
|-----------|--------|------------|--------|-----------------|---|-------------|----|-----------|-----|-------------|-----|

**Formation : MESAVERDE**      **PBTD : 10544.0**      **Perf : 6154'-10426'**      **PKR Depth : 0.0**

**Activity at Report Time:** ON SALES

| Start | End   | Hrs  | Activity Description  |
|-------|-------|------|---|
| 06:00 | 06:00 | 24.0 | FLOWED 524 MCF, 50 BC & 200 BW IN 24 HRS ON 14/64" CHOKE, TP 1100 PSIG, CP 2000 PSIG. |

**11-26-2008**      **Reported By**      MIKE LABARON

|                              |             |                   |             |                    |             |
|------------------------------|-------------|-------------------|-------------|--------------------|-------------|
| <b>Daily Costs: Drilling</b> | \$0         | <b>Completion</b> | \$0         | <b>Daily Total</b> | \$0         |
| <b>Cum Costs: Drilling</b>   | \$3,568,439 | <b>Completion</b> | \$1,103,605 | <b>Well Total</b>  | \$4,672,044 |

|           |        |            |        |                 |   |             |    |           |     |             |     |
|-----------|--------|------------|--------|-----------------|---|-------------|----|-----------|-----|-------------|-----|
| <b>MD</b> | 10,590 | <b>TVD</b> | 10,590 | <b>Progress</b> | 0 | <b>Days</b> | 63 | <b>MW</b> | 0.0 | <b>Visc</b> | 0.0 |
|-----------|--------|------------|--------|-----------------|---|-------------|----|-----------|-----|-------------|-----|

**Formation : MESAVERDE**      **PBTD : 10544.0**      **Perf : 6154'-10426'**      **PKR Depth : 0.0**

**Activity at Report Time:** ON SALES

| Start | End | Hrs | Activity Description |
|-------|-----|-----|----------------------|
|-------|-----|-----|----------------------|

06:00 06:00 24.0 FLOWED 567 MCF, 36 BC & 230 BW IN 24 HRS ON 14/64" CHOKE, TP 1200 PSIG, CP 2000 PSIG.

**12-01-2008** Reported By MIKE LABARON

|                              |             |                   |             |                    |             |
|------------------------------|-------------|-------------------|-------------|--------------------|-------------|
| <b>Daily Costs: Drilling</b> | \$0         | <b>Completion</b> | \$0         | <b>Daily Total</b> | \$0         |
| <b>Cum Costs: Drilling</b>   | \$3,568,439 | <b>Completion</b> | \$1,103,605 | <b>Well Total</b>  | \$4,672,044 |

|           |        |            |        |                 |   |             |    |           |     |             |     |
|-----------|--------|------------|--------|-----------------|---|-------------|----|-----------|-----|-------------|-----|
| <b>MD</b> | 10,590 | <b>TVD</b> | 10,590 | <b>Progress</b> | 0 | <b>Days</b> | 64 | <b>MW</b> | 0.0 | <b>Visc</b> | 0.0 |
|-----------|--------|------------|--------|-----------------|---|-------------|----|-----------|-----|-------------|-----|

|                              |                       |                            |                        |
|------------------------------|-----------------------|----------------------------|------------------------|
| <b>Formation : MESAVERDE</b> | <b>PBTD : 10544.0</b> | <b>Perf : 6154'-10426'</b> | <b>PKR Depth : 0.0</b> |
|------------------------------|-----------------------|----------------------------|------------------------|

**Activity at Report Time:** ON SALES-FINAL REPORT

| <b>Start</b> | <b>End</b> | <b>Hrs</b> | <b>Activity Description</b> |
|--------------|------------|------------|-----------------------------|
|--------------|------------|------------|-----------------------------|

|       |       |      |  |
|-------|-------|------|--|
| 06:00 | 06:00 | 24.0 | 11/27/08 FLOWED 603 MCF, 20 BC & 240 BW IN 24 HRS ON 14/64" CHOKE, TP 1200 PSIG, CP 2100 PSIG. |
|-------|-------|------|--|

11/28/08 FLOWED 603 MCF, 20 BC & 280 BW IN 24 HRS ON 14/64" CHOKE, TP 1200 PSIG, CP 2000 PSIG.

11/29/08 FLOWED 603 MCF, 42 BC & 220 BW IN 24 HRS ON 14/64" CHOKE, TP 1200 PSIG, CP 1900 PSIG. FINAL REPORT.

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0137  
Expires: July 31, 2010

**WELL COMPLETION OR RECOMPLETION REPORT AND LOG**

5. Lease Serial No.  
UTU81657

1a. Type of Well  Oil Well  Gas Well  Dry  Other  
 b. Type of Completion  New Well  Work Over  Deepen  Plug Back  Diff. Resrv.:  
 Other \_\_\_\_\_

6. If Indian, Allottee or Tribe Name

7. Unit or CA Agreement Name and No.

2. Name of Operator **EOG RESOURCES, INC.** Contact: MICKENZIE THACKER  
 E-Mail: MICKENZIE\_THACKER@EOGRESOURCES.COM

8. Lease Name and Well No.  
NORTH CHAPITA 344-23

3. Address **1060 E. HWY 40  
VERNAL, UT 84078** 3a. Phone No. (include area code)  
Ph: 435-781-9145

9. API Well No.  
43-047-38956

4. Location of Well (Report location clearly and in accordance with Federal requirements)\*  
 At surface **SWNE 2170FNL 1970FEL 40.10954 N Lat, 109.40486 W Lon**  
 At top prod interval reported below **SWNE 2170FNL 1970FEL 40.10954 N Lat, 109.40486 W Lon**  
 At total depth **SWNE 2170FNL 1970FEL 40.10954 N Lat, 109.40486 W Lon**

10. Field and Pool, or Exploratory  
NATURAL BUTTES

11. Sec., T., R., M., or Block and Survey  
or Area **Sec 23 T8S R22E Mer SLB**

12. County or Parish  
UINTAH 13. State  
UT

14. Date Spudded **08/22/2008** 15. Date T.D. Reached **10/20/2008** 16. Date Completed  
 D & A  Ready to Prod.  
**11/21/2008**

17. Elevations (DF, KB, RT, GL)\*  
4864 GL

18. Total Depth: MD **10590** TVD **MD** 19. Plug Back T.D.: MD **10544** TVD **MD** 20. Depth Bridge Plug Set: MD **MD** TVD **TVD**

21. Type Electric & Other Mechanical Logs Run (Submit copy of each)  
**AST/CBL/CCL/VDL/GR, MUD LOG**

22. Was well cored?  No  Yes (Submit analysis)  
 Was DST run?  No  Yes (Submit analysis)  
 Directional Survey?  No  Yes (Submit analysis)

23. Casing and Liner Record (Report all strings set in well)

| Hole Size | Size/Grade    | Wt. (#/ft.) | Top (MD) | Bottom (MD) | Stage Cementer Depth | No. of Sk. & Type of Cement | Slurry Vol. (BBL) | Cement Top* | Amount Pulled |
|-----------|---------------|-------------|----------|-------------|----------------------|-----------------------------|-------------------|-------------|---------------|
| 12.250    | 9.625 J-55    | 36.0        |          | 2495        |                      | 510                         |                   | 0           |               |
| 7.875     | 4.500 HCP-110 | 11.6        |          | 10586       |                      | 955                         |                   | 280         |               |
|           |               |             |          |             |                      |                             |                   |             |               |
|           |               |             |          |             |                      |                             |                   |             |               |
|           |               |             |          |             |                      |                             |                   |             |               |

24. Tubing Record

| Size  | Depth Set (MD) | Packer Depth (MD) | Size | Depth Set (MD) | Packer Depth (MD) | Size | Depth Set (MD) | Packer Depth (MD) |
|-------|----------------|-------------------|------|----------------|-------------------|------|----------------|-------------------|
| 2.375 | 8785           |                   |      |                |                   |      |                |                   |

25. Producing Intervals 26. Perforation Record

| Formation             | Top  | Bottom | Perforated Interval | Size | No. Holes | Perf. Status |
|-----------------------|------|--------|---------------------|------|-----------|--------------|
| A) AWASATCH/MESAVERDE | 6154 | 10426  | 10169 TO 10426      |      | 3         |              |
| B)                    |      |        | 9856 TO 10057       |      | 3         |              |
| C)                    |      |        | 9958 TO 9773        |      | 3         |              |
| D)                    |      |        | 9309 TO 9512        |      | 3         |              |

27. Acid, Fracture, Treatment, Cement Squeeze, Etc.

| Depth Interval | Amount and Type of Material                    |
|----------------|--|
| 10169 TO 10426 | 66,458 GALS GELLED WATER & 199,700# 20/40 SAND |
| 9856 TO 10057  | 24,029 GALS GELLED WATER & 57,600# 20/40 SAND  |
| 9958 TO 9773   | 25,399 GALS GELLED WATER & 56,900# 20/40 SAND  |
| 9309 TO 9512   | 65,798 GALS GELLED WATER & 209,800# 20/40 SAND |

28. Production - Interval A

| Date First Produced | Test Date                 | Hours Tested       | Test Production | Oil BBL    | Gas MCF     | Water BBL     | Oil Gravity Corr. API | Gas Gravity     | Production Method |
|---------------------|---------------------------|--------------------|-----------------|------------|-------------|---------------|-----------------------|-----------------|-------------------|
| 11/21/2008          | 11/24/2008                | 24                 | →               | 40.0       | 561.0       | 160.0         |                       |                 | FLOWS FROM WELL   |
| Choke Size          | Tbg. Press. Flwg. 1100 SI | Csg. Press. 1950.0 | 24 Hr. Rate →   | Oil BBL 40 | Gas MCF 561 | Water BBL 160 | Gas:Oil Ratio         | Well Status PGW |                   |

28a. Production - Interval B

| Date First Produced | Test Date            | Hours Tested | Test Production | Oil BBL | Gas MCF | Water BBL | Oil Gravity Corr. API | Gas Gravity | Production Method |
|---------------------|----------------------|--------------|-----------------|---------|---------|-----------|-----------------------|-------------|-------------------|
|                     |                      |              | →               |         |         |           |                       |             |                   |
| Choke Size          | Tbg. Press. Flwg. SI | Csg. Press.  | 24 Hr. Rate →   | Oil BBL | Gas MCF | Water BBL | Gas:Oil Ratio         | Well Status |                   |

(See Instructions and spaces for additional data on reverse side)

ELECTRONIC SUBMISSION #65857 VERIFIED BY THE BLM WELL INFORMATION SYSTEM  
**\*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED**

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28b. Production - Interval C

|                     |                            |              |                      |         |         |           |                          |             |                   |
|---------------------|----------------------------|--------------|----------------------|---------|---------|-----------|--------------------------|-------------|-------------------|
| Date First Produced | Test Date                  | Hours Tested | Test Production<br>▶ | Oil BBL | Gas MCF | Water BBL | Oil Gravity<br>Corr. API | Gas Gravity | Production Method |
| Choke Size          | Tbg. Press.<br>Flwg.<br>SI | Csg. Press.  | 24 Hr. Rate<br>▶     | Oil BBL | Gas MCF | Water BBL | Gas:Oil Ratio            | Well Status |                   |

28c. Production - Interval D

|                     |                            |              |                      |         |         |           |                          |             |                   |
|---------------------|----------------------------|--------------|----------------------|---------|---------|-----------|--------------------------|-------------|-------------------|
| Date First Produced | Test Date                  | Hours Tested | Test Production<br>▶ | Oil BBL | Gas MCF | Water BBL | Oil Gravity<br>Corr. API | Gas Gravity | Production Method |
| Choke Size          | Tbg. Press.<br>Flwg.<br>SI | Csg. Press.  | 24 Hr. Rate<br>▶     | Oil BBL | Gas MCF | Water BBL | Gas:Oil Ratio            | Well Status |                   |

29. Disposition of Gas(Sold, used for fuel, vented, etc.)  
SOLD

30. Summary of Porous Zones (Include Aquifers):  
Show all important zones of porosity and contents thereof: Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

31. Formation (Log) Markers

| Formation         | Top  | Bottom | Descriptions, Contents, etc. | Name  | Top  |
|-------------------|------|--------|------------------------------|---|--|
|                   |      |        |                              |   | Meas. Depth  |
| WASATCH/MESAVERDE | 6154 | 10426  |                              | GREEN RIVER<br>BIRDS NEST ZONE<br>MAHOGANY<br>UTELAND BUTTE<br>WASATCH<br>CHAPITA WELLS<br>BUCK CANYON<br>PRICE RIVER | 2482<br>2600<br>3130<br>5371<br>5522<br>6129<br>6804<br>8076 |

32. Additional remarks (include plugging procedure):

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33. Circle enclosed attachments:
- |   |                    |               |                       |
|---|--------------------|---------------|-----------------------|
| 1. Electrical/Mechanical Logs (1 full set req'd.)     | 2. Geologic Report | 3. DST Report | 4. Directional Survey |
| 5. Sundry Notice for plugging and cement verification | 6. Core Analysis   | 7 Other:      |                       |

34. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records (see attached instructions):  
Electronic Submission #65857 Verified by the BLM Well Information System.  
For EOG RESOURCES, INC., sent to the Vernal

Name (please print) MICKENZIE THACKER Title OPERATIONS CLERK

Signature *Mickenzie Thacker* (Electronic Submission) Date 12/23/2008

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

**North Chapita 344-23 - ADDITIONAL REMARKS (CONTINUED):**

**26. PERFORATION RECORD**

|           |       |
|-----------|-------|
| 9091-9249 | 3/spf |
| 8841-9047 | 3/spf |
| 8567-8799 | 3/spf |
| 8292-8510 | 3/spf |
| 8054-8239 | 3/spf |
| 7740-7996 | 3/spf |
| 7331-7676 | 3/spf |
| 6992-7287 | 3/spf |
| 6617-6690 | 3/spf |
| 6374-6496 | 3/spf |
| 6154-6230 | 3/spf |

**27. ACID, FRACTURE TREATMENT, CEMENT SQUEEZE, ETC.**

|           |  |
|-----------|--|
| 9091-9249 | 65,101 GALS GELLED WATER & 212,000# 20/40 SAND |
| 8841-9047 | 37,377 GALS GELLED WATER & 112,100# 20/40 SAND |
| 8567-8799 | 57,091 GALS GELLED WATER & 111,600# 20/40 SAND |
| 8292-8510 | 45,168 GALS GELLED WATER & 140,300# 20/40 SAND |
| 8054-8239 | 46,037 GALS GELLED WATER & 142,300# 20/40 SAND |
| 7740-7996 | 41,409 GALS GELLED WATER & 126,600# 20/40 SAND |
| 7331-7676 | 21,143 GALS GELLED WATER & 39,400# 20/40 SAND  |
| 6992-7287 | 45,427 GALS GELLED WATER & 141,900# 20/40 SAND |
| 6617-6690 | 22,697 GALS GELLED WATER & 63,900# 20/40 SAND  |
| 6374-6497 | 39,148 GALS GELLED WATER & 122,400# 20/40 SAND |
| 6154-6230 | 34,045 GALS GELLED WATER & 72,600# 20/40 SAND  |

Perforated the Lower Price River/ Segro from 10,169'-70', 10,174'-75', 10,220'-21', 10,234'-35', 10,239'-40', 10,253'-54', 10,292'-93', 10,323'-24', 10,329'-30', 10,334'-35', 10,354'-55', 10,399'-400', 10,411'-12', 10,425'-26' w/ 3 spf.

Perforated the Lower Price River from 9865'-57', 9860'-61', 9881'-82', 9900'-01', 9946'-47', 9964'-65', 9980'-81', 10,001'-02', 10,007'-08', 10,038'-39', 10,047'-48', 10,056'-57' w/ 3 spf.

Perforated the Middle Price River from 9958'-60', 9602'-03', 9635'-36', 9640'-41', 9662'-63', 9667'-68', 9678'-79', 9694'-95', 9727'-28', 9758'-59', 9772'-73' w/ 3 spf.

Perforated the Middle Price River from 9309'-10', 9316'-17', 9332'-33', 9374'-75', 9393'-94', 9400'-01', 9435'-36', 9441'-42', 9459'-60', 9491'-92', 9502'-03', 9511'-12' w/ 3 spf.

Perforated the Middle Price River from 9091'-92', 9101'-02', 9112'-13', 9139'-40', 9147'-48', 9153'-54', 9172'-73', 9182'-83', 9210'-11', 9220'-21', 9240'-41', 9248'-49' w/ 3 spf.

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Perforated the Upper Price River/Middle Price River from 8841'-42', 8849'-50', 5560'-61', 8879'-80', 8887'-88', 8910'-11', 8951'-52', 8994'-95', 9000'-01', 9007'-08', 9045'-47' w/ 3 spf.

Perforated the Upper Price River from 8567'-68', 5876'-77', 8584'-85', 8630'-31', 8643'-44', 8647'-48', 8736'-37', 8740'-41', 8773'-74', 8778'-79', 8791'-92', 8798'-99' w/ 3 spf.

Perforated the Upper Price River from 8292'-93', 8297'-98', 8314'-15', 8334'-35', 8348'-49', 8357'-58', 8411'-12', 8430'-31', 8436'-37', 8464'-65', 8496'-97', 8509'-10' w/ 3 spf.

Perforated the Upper Price River from 8054'-55', 8061'-62', 8065'-66', 8108'-09', 8116'-17', 8146'-47', 8160'-61', 8164'-65', 8176'-77', 8224'-25', 8231'-32', 8238'-39' w/ 3 spf.

Perforated the North Horn from 7740'-41', 7771'-72', 7805'-06', 7844'-45', 7867'-68', 7883'-84', 7924'-25', 7931'-32', 7937'-38', 7947'-48', 7973'-74', 7995'-96' w/ 3 spf.

Perforated the Ba/North Horn from 7331'-32', 7361'-62', 7396'-97', 7428'-29', 7439'-40', 7450'-51', 7513'-14', 7517'-18', 7564'-65', 7645'-46', 7674'-76' w/ 3 spf.

Perforated the Ba from 6992'-93', 7008'-09', 7022'-23', 7034'-35', 7089'-90', 7115'-16', 7134'-35', 7146'-47', 7185'-86', 7191'-92', 7235'-36', 7286'-87' w/ 3 spf.

Perforated the Ca from 6617'-20', 6668'-69', 6676'-82', 6688'-90' w/ 3 spf.

Perforated the Ca from 6374'-77', 6414'-15', 6419'-20', 6426'-27', 6437'-38', 6443'-44', 6454'-55', 6488'-89', 6492'-93', 9496'-97' w/ 3 spf.

Perforated the Ca from 6154'-55', 6160'-63', 6198'-99', 6202'-03', 6205'-06', 6209'-10', 6214'-15', 6219'-20', 6223'-24', 6229'-30' w/ 3 spf.

### 32. FORMATION (LOG) MARKERS

|                    |       |
|--------------------|-------|
| Middle Price River | 8984  |
| Lower Price River  | 9865  |
| Sego               | 10391 |

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**REPORT OF WATER ENCOUNTERED DURING DRILLING**

Well name and number: NCW 344-23

API number: 4304738956

Well Location: QQ SWNE Section 23 Township 8S Range 22E County UINTAH

Well operator: EOG

Address: 1060 E HWY 40

city VERNAL state UT zip 84078

Phone: (435) 781-9111

Drilling contractor: CRAIGS ROUSTABOUT SERVICE

Address: PO BOX 41

city JENSEN state UT zip 84035

Phone: (435) 781-1366

Water encountered (attach additional pages as needed):

| DEPTH |    | VOLUME<br>(FLOW RATE OR HEAD) | QUALITY<br>(FRESH OR SALTY) |
|-------|----|-------------------------------|-----------------------------|
| FROM  | TO |                               |                             |
|       |    | NO WATER                      |                             |
|       |    |                               |                             |
|       |    |                               |                             |
|       |    |                               |                             |
|       |    |                               |                             |
|       |    |                               |                             |
|       |    |                               |                             |
|       |    |                               |                             |
|       |    |                               |                             |

Formation tops:            1 \_\_\_\_\_            2 \_\_\_\_\_            3 \_\_\_\_\_  
 (Top to Bottom)            4 \_\_\_\_\_            5 \_\_\_\_\_            6 \_\_\_\_\_  
                                      7 \_\_\_\_\_            8 \_\_\_\_\_            9 \_\_\_\_\_  
                                      10 \_\_\_\_\_            11 \_\_\_\_\_            12 \_\_\_\_\_

If an analysis has been made of the water encountered, please attach a copy of the report to this form.

I hereby certify that this report is true and complete to the best of my knowledge.

NAME (PLEASE PRINT) Mickenzie Thacker

TITLE Operations Clerk

SIGNATURE *Mickenzie Thacker*

DATE 12/23/2008

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|  |   |
|--|---|
| <b>STATE OF UTAH</b><br>DEPARTMENT OF NATURAL RESOURCES<br>DIVISION OF OIL, GAS, AND MINING  | <b>FORM 9</b><br><br><b>5. LEASE DESIGNATION AND SERIAL NUMBER:</b><br>U-81657                                      |
| <b>SUNDRY NOTICES AND REPORTS ON WELLS</b><br><br>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. | <b>6. IF INDIAN, ALLOTTEE OR TRIBE NAME:</b><br><br><b>7. UNIT or CA AGREEMENT NAME:</b>                            |
| <b>1. TYPE OF WELL</b><br>Gas Well   | <b>8. WELL NAME and NUMBER:</b><br>N CHAPITA 344-23   |
| <b>2. NAME OF OPERATOR:</b><br>EOG Resources, Inc.   | <b>9. API NUMBER:</b><br>43047389560000   |
| <b>3. ADDRESS OF OPERATOR:</b><br>600 17th Street, Suite 1000 N , Denver, CO, 80202  | <b>PHONE NUMBER:</b><br>435 781-9111 Ext  |
| <b>4. LOCATION OF WELL FOOTAGES AT SURFACE:</b><br>2170 FNL 1970 FEL<br><b>QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:</b><br>Qtr/Qtr: SWNE Section: 23 Township: 08.0S Range: 22.0E Meridian: S  | <b>9. FIELD and POOL or WILDCAT:</b><br>NATURAL BUTTES<br><br><b>COUNTY:</b><br>UINTAH<br><br><b>STATE:</b><br>UTAH |

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

| TYPE OF SUBMISSION   | TYPE OF ACTION  |  |  |
|--|---|--|--|
| <input type="checkbox"/> NOTICE OF INTENT<br>Approximate date work will start:                 | <input type="checkbox"/> ACIDIZE<br><input type="checkbox"/> CHANGE TO PREVIOUS PLANS<br><input type="checkbox"/> CHANGE WELL STATUS<br><input type="checkbox"/> DEEPEN<br><input type="checkbox"/> OPERATOR CHANGE<br><input type="checkbox"/> PRODUCTION START OR RESUME<br><input type="checkbox"/> REPERFORATE CURRENT FORMATION<br><input type="checkbox"/> TUBING REPAIR<br><input type="checkbox"/> WATER SHUTOFF<br><input type="checkbox"/> WILDCAT WELL DETERMINATION | <input type="checkbox"/> ALTER CASING<br><input type="checkbox"/> CHANGE TUBING<br><input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS<br><input type="checkbox"/> FRACTURE TREAT<br><input type="checkbox"/> PLUG AND ABANDON<br><input type="checkbox"/> RECLAMATION OF WELL SITE<br><input type="checkbox"/> SIDETRACK TO REPAIR WELL<br><input type="checkbox"/> VENT OR FLARE<br><input type="checkbox"/> SI TA STATUS EXTENSION<br><input checked="" type="checkbox"/> OTHER | <input type="checkbox"/> CASING REPAIR<br><input type="checkbox"/> CHANGE WELL NAME<br><input type="checkbox"/> CONVERT WELL TYPE<br><input type="checkbox"/> NEW CONSTRUCTION<br><input type="checkbox"/> PLUG BACK<br><input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION<br><input type="checkbox"/> TEMPORARY ABANDON<br><input type="checkbox"/> WATER DISPOSAL<br><input type="checkbox"/> APD EXTENSION<br>OTHER: Pit closure |
| <input checked="" type="checkbox"/> SUBSEQUENT REPORT<br>Date of Work Completion:<br>7/31/2009 |   |  |  |
| <input type="checkbox"/> SPUD REPORT<br>Date of Spud:  |   |  |  |
| <input type="checkbox"/> DRILLING REPORT<br>Report Date:                                       |   |  |  |

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

The reserve pit on the referenced location was closed on 7/31/2009 as per the APD procedure.

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

**FOR RECORD ONLY**  
August 06, 2009

|  |                                     |                                      |
|--|-------------------------------------|--------------------------------------|
| <b>NAME (PLEASE PRINT)</b><br>Mary Maestas | <b>PHONE NUMBER</b><br>303 824-5526 | <b>TITLE</b><br>Regulatory Assistant |
| <b>SIGNATURE</b><br>N/A                    | <b>DATE</b><br>8/6/2009             |                                      |