

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

FORM 3

AMENDED REPORT
 (highlight changes)

APPLICATION FOR PERMIT TO DRILL			5. MINERAL LEASE NO. ML-47393	6. SURFACE Utah SITLA
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>			7. IF INDIAN, ALLOTTEE OR TRIBE NAME	
8. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>			8. UNIT or CA AGREEMENT NAME	
2. NAME OF OPERATOR: Del-Rio Resources, Inc.			9. WELL NAME and NUMBER: State H4-36-13-22	
3. ADDRESS OF OPERATOR: P. O. Box 459, CITY Vernal, STATE UT ZIP 84078		PHONE NUMBER: 435-789-1703	10. FIELD AND POOL, OR WILDCAT Seep Ridge ⁶⁸⁰	
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 524' fml, 705' fwl AT PROPOSED PRODUCING ZONE: 1980 FNL 680 FEL SENE			11. CTNTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNW 36, T13S, R22E, SLM	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 66.5 mi. SSW Vernal, UT via US 40, UT 88, Uintah 2810 & 0.7 mi. NE on access road			12. COUNTY: Uintah	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET): 524' in vertical section & 680' in horizontal	16. NUMBER OF ACRES IN LEASE: 640.00 acres	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 320.00		
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET): 820' in horizontal section	19. PROPOSED DEPTH: 6,450' TVD & 9,900' TMD	20. BOND DESCRIPTION: DOGM Statewide WF8734397758		
21. ELEVATIONS (SHOW WHETHER DF, RT, OR, ETC.): 6,606.3' GR (graded)	22. APPROXIMATE DATE WORK WILL START: May 15, 2010	23. ESTIMATED DURATION: 21 days		

24. **PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
20"	14"	40'	Class A, 40 sx, 1.18 cuft/sk, 15.6 ppg circ to surface
12.25"	9.625" H-40, 36.00 ppf	1,800'	Class G, 542 sx, 1.56 cuft/sk, 14.6 ppg circ to surf & top out
7.875"	5.5" N-80, 17.00 ppf	9,900' TMD	Class H (50-50 Poz), 461 sx, 1.84 cuft/sk, 12.5 ppg to 5,450'

25. **ATTACHMENTS**

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

<input checked="" type="checkbox"/> WELL PLAN OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER (UE&LS Plat [Att 1], Diagram [Att 1A], Figures 1 & 2, Topo A) <input checked="" type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER (Water supplies listed in Drilling Plan. Att 2)	<input checked="" type="checkbox"/> COMPLETE DRILLING PLAN and notifications (Att 2, 2-A) <input checked="" type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER (Copy of earlier form executed for entire lease 12-26-06 [Att 3])
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NAME (PLEASE PRINT) David L. Allin (970) 254-3114 TITLE Vice President, Exploration Manager

SIGNATURE: *David L. Allin* DATE August 27, 2009

(This space for State use only)

API NUMBER ASSIGNED: 43-047-40606

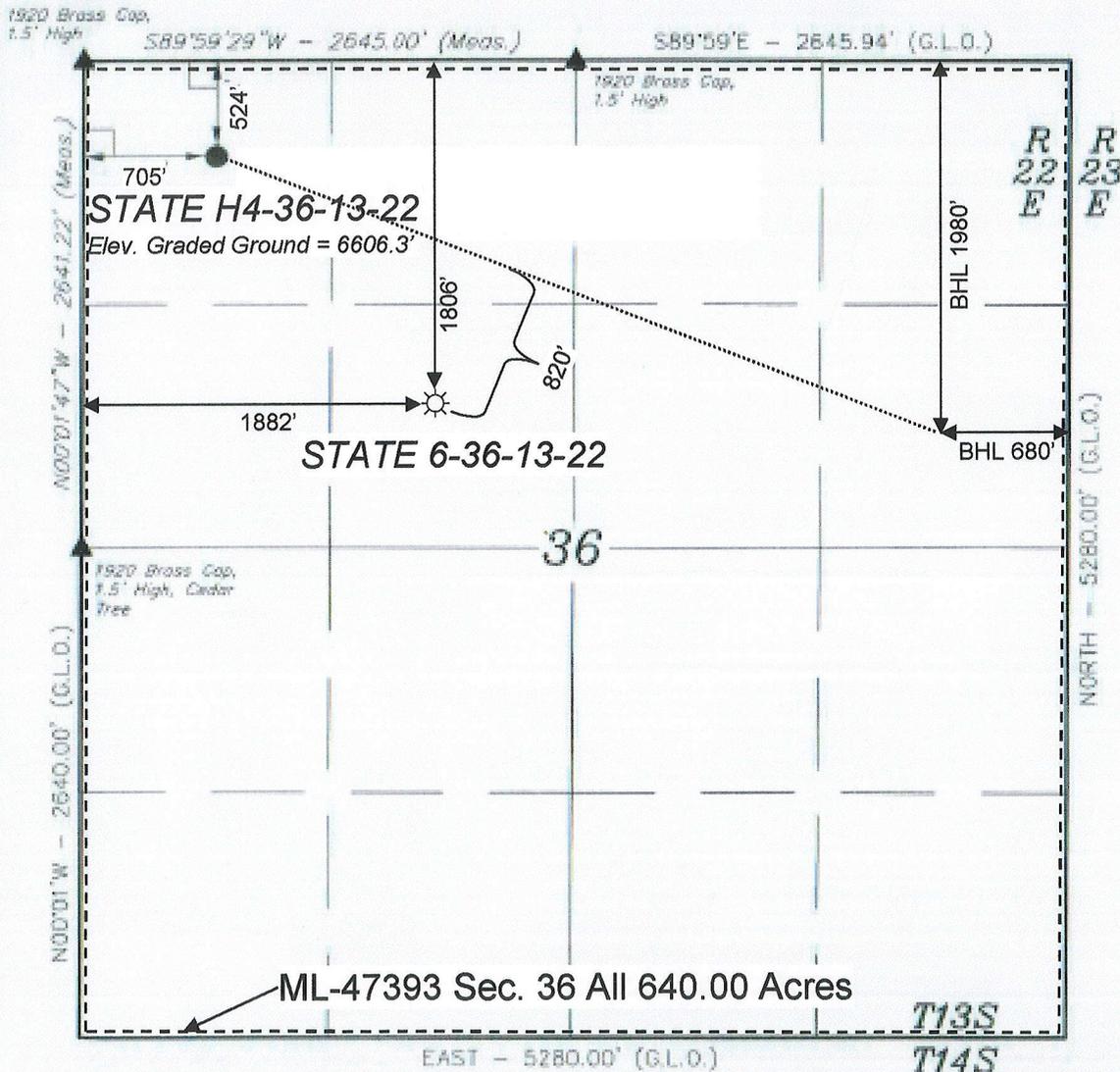
APPROVAL:

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ATTACHMENT 1 **T13S, R22E, S.L.B.&M.**

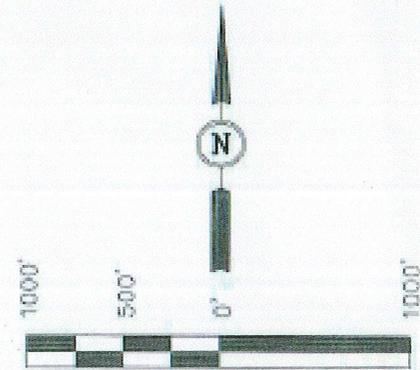
DEL-RIO RESOURCES INC.

Well location, STATE H4-36-13-22, located as shown in the NW 1/4 NW 1/4 of Section 36, T13S, R22E, S.L.B.&M., Uintah County, Utah.



BASIS OF ELEVATION

SPOT ELEVATION AT A ROAD INTERSECTION IN THE NW 1/4 NE 1/4 OF SECTION 26, T13S, R22E, S.L.B.&M. TAKEN FROM THE BATES KNOLLS 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 6590 FEET.



SCALE
CERTIFICATE

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

John H. [Signature]
REGISTERED LAND SURVEYOR
REGISTRATION NO. 161319
STATE OF UTAH

Revised by David L. Allin 7-30-09, Location As-Built 3-28-07 for State 4-36-13-22

BASIS OF BEARINGS

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

LEGEND: ATTACHMENT 1

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

(AUTONOMOUS NAD 83)
LATITUDE = 39°38'58.24" (39.648956)
LONGITUDE = 109°24'38.19" (109.410608)
(AUTONOMOUS NAD 27)
LATITUDE = 39°38'56.36" (39.648989)
LONGITUDE = 109°24'35.75" (109.409931)

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

SCALE 1" = 1000'	DATE SURVEYED: 12-27-06	DATE DRAWN: 12-29-06
PARTY J.W. B.D. K.G.	REFERENCES G.L.O. PLAT	
WEATHER COLD	FILE DEL-RIO RESOURCES INC.	

From: Jim Davis
To: Bonner, Ed; Mason, Diana
CC: Garrison, LaVonne; allinpro@bresnan.net
Date: 10/28/2010 11:50 AM
Subject: Well Approval Del-Rio State H4-36-13-22

The following well has been approved by SITLA.
State H4-36-13-22, API No. 4304740606

This is a new well proposed to go onto an existing well pad. As the location was build before paleo surveys were made a requirement there was no survey report filled with SITLA. Arch clearance was granted for the original APD'd well- the State 4-36-13-22 (4304737523) and covers this well also.

Thanks.

-Jim

Jim Davis
Utah Trust Lands Administration
jimdavis1@utah.gov
Phone: (801) 538-5156

11-9-09 REVISED Attachment 2: Drilling Program and Compliance Checklist Submittal for Del-Rio Resources Inc. Proposed State H4-36-13-22

New Horizontal Well on State of Utah Land Managed by SITLA under ML-47393
524' fnl and 705' fwl, NWNW Section 36, T13S, R22E, SLM, Uintah County, Utah

At top of Prairie Canyon Member Producing Zone 700' fnl and 1,250 fwl Section 36, T13S, R22E
At TD 10,340' in Prairie Cyn Member Mancos Shale 1,980' fnl and 680' fel Section 36, T13S, R22E

R649-3-4.1 & 2 See the Form 3 (**revised 11-9-09**), Application for Permit to Drill ("APD") submitted to the Utah Division of Oil, Gas and Mining ("Division") for approval herewith and submissions below itemized by subsections of the Utah Administrative Code.

R649-3-4.2.1 Please direct inquiries to David L. Allin, (970) 254-3114 or allinpro@bresnan.net.

R649-3-4.2.2 The State of Utah owns the surface and minerals under the location and remainder of the section which is managed by Utah SITLA. Del-Rio Resources, Inc. ("Applicant") is authorized to file this APD as the operator of ML-47393, the current Oil, Gas and Hydrocarbon lease, as designated by the lessee, Philco Exploration, LLC on December 26, 2006. A copy of that Designation of Operator form was previously submitted with the original APD (Att. 3).

R649-3-4.2.3 The State H4-36-13-22 is not located within a unit.

R649-3-4.2.4 The location of the proposed well as monumented in the field is depicted by the surveyor's plat. See Attachment 1 originally produced by Uintah Engineering & Land Surveying for the State 4-36-13-22 vertical well (API No. 43-047-37523) that was revised by David L. Allin to show the planned well path and bottomhole location for the State H4-36-13-22. Note that the dirt work for the location and access road was completed on March 28, 2007 as permitted for the State 4-36-13-22 well, but that permit has expired. This permit is intended to utilize the existing location and access road that was previously constructed and avoid any further surface disturbance in the area.

R649-3-4.2.5 The Applicant proposes to use water from a well (WIN 33632) at its DNL East Gusher Disposal, LLC produced water disposal facility drawing from Water Right 43-11514. Depending upon the applications for water at various points in the operation, the well water will be supplemented as needed by water trucked to the site from a municipal water source in Vernal, Utah or from Bitter Creek Permit No. T75377. Water from temporary sources will not be utilized.

R649-3-4.2.6 Elements of the proposed drilling program:

R649-3-4.2.6.1 The estimated tops of important geologic markers below GL:

Green River Formation	Surface
Wasatch Formation	1,876' TVD
Mesaverde Group	3,756' TVD
Castlegate Sandstone	5,490' TVD
Mancos Shale	5,854' TVD
Prairie Canyon Member Mancos Shale	6,410' TVD
TD	6,450' TVD and 10,340' TMD

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R649-3-4.2.6.2 Prediction and protection of water, oil, gas or other mineral-bearing formations: Surface casing will be set at 1,800' below GL near the base of the Green River Formation and cemented to the surface to protect all potential resources of fresh water during drilling and probable completion and production operations. Natural gas and brine water with shows of oil may be encountered in fluvial and deltaic sandstone layers 5' to 25' in thickness located between 2,800' and 3,700' in the Wasatch and North Horn formations. Brackish water with possible shows of natural gas is expected in fluvial sandstone layers 10' to 30' in thickness between 3,750' and 4,550' in the upper members of the Mesaverde Group (Tuscher and Farrer formations). Natural gas and brine water will be encountered in coal beds 2' to 6' in thickness between 4,800' and 5,000' in the Neslen Formation Member of Mesaverde Group. Natural gas and brine water with shows of oil will be encountered in laminated deltaic sandstone layers that are roughly 10' thick between 5,500' and 5,650' in the Castlegate Sandstone Member of Mesaverde Group. Previous experience drilling on the lease indicates that it is not probable that any of the zones cited above will prove to be commercially exploitable, but the well will be constructed to allow isolating any commercial zones later.

The long string hole will be drilled vertically to 5,840' and a round trip made with the bit to reconfigure the bottom-hole assembly to add directional drilling tools. Angle will be built to achieve 90° deviation from vertical through the next 600' TVD and 942' TMD to a heading of 111° or 21° south of east and in the pay zone target 30' below the top of the Prairie Canyon Member of Mancos Shale. At this point the well is planned to be at 6,440' TVD and 6,782' TMD and a point 700' fnl and 1,250' fwl Section 36, T13S, R22E. The well will be continued horizontally with adjustments as needed to hold the same heading and same elevation to TD at 6,450' TVD and 10,340' TMD and a point 1,980' fnl and 680' fel Section 36, T13S, R22E. Refer to Attachment 1 for a drawing of the well plan plotted on the surveyor's well plat and Attachment 1A (**revised 10-26-09**) for the well diagram in strike, cross section view.

The production (long) string casing is planned to be set to TMD near 10,340' in drilling mud and cemented back up to about 3,600' TVD/TMD in two stages to permanently isolate the entire horizontal portion of the well and part of the vertical portion to a point above the top of the Mesaverde Group. The drilling mud will be conditioned to at least 9.0 pounds per gallon prior to running the production casing and will occupy the annular space above the cement to eliminate migration of fluid from any zones above the Mesaverde Group. In combination with the surface casing, the production casing will be fully isolated from the contents of all formations below the surface until perforations are made.

R649-3-4.2.6.3 The minimum pressure control equipment will be composed of a blow-out preventer with both blind and pipe rams rated for 3,000 psi working pressure that can be operated from a remote control station at least 50' from the well plus a rotating head rated for 500 psi working pressure. If the drilling contractor's blow-out prevention equipment or rented equipment includes an annular blow-out preventer, it will be included in the stack, but is not a requirement for this operation. The drilling spool or the surface casing head below the blow-out preventer will be equipped with a kill line and check valve and a flow line with a gauge, valve and backup valve or adjustable choke all of minimum 2" diameter and rated for no less than 3,000 psi working pressure. See Attachment 2-A schematic diagram of the blow-out prevention equipment ("BOPE") (**previously submitted**). Upon installation on the surface casing, the double-ram preventer and surface casing

will be tested to 1,500 psi for ten minutes with no more than 5% pressure loss. The Division will be notified 24 hours in advance of all testing to be performed on the BOPE as required by R649-3-6.2.3. A record of the BOPE and casing tests will be maintained until the well is completed and that record will be submitted to the Division if required per R649-3-7.3.

Before drilling through the surface casing shoe, the bit will be checked to verify the presence of an operable float valve, the Kelly cock will be checked for operation and repaired if necessary. A stabbing valve suitable for use in the boxes of the drill pipe plus the Kelly cock wrench will be kept handy at the driller's station.

In accordance with R649-3-7.4 the double ram blow-out preventer will be checked for physical operation each trip and all BOPE components with the exception of an annular type blow-out preventer, if present, will be tested monthly to 500 psi for ten minutes with no more than 5% pressure loss. All tests of BOPE will be noted in the driller's log and that log will be available for examination by the Director or an authorized agent during routine inspections.

R649-3-4.2.6.4 The primary rotary rig included with the drilling equipment will be a double or possibly a triple that will fit on the existing location previously built for the State 4-36-13-22 APD. These rigs and auxiliary equipment and supplies are typically arranged on a rectangular pad that is slightly sloped from under the rig toward the reserve pit and toward the pad margins elsewhere to avoid water retention. See Figures 1 and 2 (**previously submitted**) depicting the drilling pad layout and profiles. Refer to Topo A (**previously submitted**) for a depiction of the topographic setting of the site and identity of all wells within a one-mile radius.

Three strings of casing are planned to be run to complete the construction of the well. Conductor pipe consisting of 40' of 14" pipe will be set in 20" diameter hole and cemented to the surface with 40 sacks Class A cement mixed to yield 1.18 cubic ft/sack with 15.6 lbs/gallon slurry weight and total of 8.4 bbls of slurry. Surface casing consisting of 1,800' of 9.625" 36.0 ppf, H-40 grade, 8 rd ST&C casing will be set in 12.25" diameter hole with a cement float shoe on bottom. The surface casing string will be cemented from the float shoe to the surface with 542 sacks (including 50% excess) premium cement containing 4% gel, 2.8 lbs/sack gilsonite and 0.25 lbs/sack cellophane flakes to yield 1.56 cubic ft/sack of Class G cement with 14.6 lbs/gallon slurry weight. The gross slurry volume available will be 150.6 barrels to allow topping off the annulus if the cement sinks. The production casing or long string will be composed of 5.5" 17.0 ppf, N-80 grade, 8 rd LT&C casing that will be set in 7.875" hole with a guide shoe on bottom near 10,340' TMD, a cement float collar one short joint up near 10,320' TMD and a cement stage tool near 5,600' TVD/TMD . The production casing will be cemented from the guide shoe to the cement stage tool with 491 sacks (with 10% excess) of Class H (50-50 Pozmix) cement containing 4.0 lbs/sack gel, 8.0 lbs/sack Silicalite, 4.0 lbs/sack Granulite, 0.5 lb/sack Halad-344, 0.5 lb/sack Versaset and 0.25 lb/sack Poly-E-Flake to yield 1.84 cubic ft/sack with 12.5 lbs/gallon slurry weight. The gross slurry volume available for the first cement stage will be 160.9 barrels. The production casing segment from the stage tool to near 3,600' will be cemented with 207 sacks (with 10% excess) of Class H (50-50 Pozmix) cement containing 4.0 lbs/sack gel, 8.0 lbs/sack Silicalite, 4.0 lbs/sack Granulite, 0.5 lb/sack Halad-344, 0.5 lb/sack Versaset and 0.25 lb/sack Poly-E-Flake to yield 1.84 cubic ft/sack with 12.5 lbs/gallon slurry weight. The gross slurry volume available for the second cement stage will be 67.9 barrels.

R649-3-4.2.6.5 The surface segment of the well will be drilled as far as possible circulating with air/mist/foam. Water production or caving problems in the well will determine if the well must be continued using gel/chem mud composed of bentonite, a polymer viscosity-builder and shale stabilizer and possibly a pH modifier. The long string segment of the well will be started through the surface casing shoe with water and mud of the same composition specified above will be mixed and circulated as the well is deepened. Weighting material in the form of powdered barite will be added to control gas kicks from fractures if encountered and stabilize the hole for logging and casing operations depending upon conditions at those points. Sufficient supplies of the ingredients to mix mud and circulate the well will be on site when the surface casing shoe is drilled. The mud system will be monitored by visually checking the steel mud pit level and an electronic mud gas analyzer.

R649-3-4.2.6.6 No testing or coring is planned. Upon reaching TD and achieving circulation with conditioned mud, the well will be logged with tools to record gamma ray, neutron-density, caliper, spontaneous potential and resistivity data. All logs will be recorded from the top of the pay zone (near base of angle-build section) to the surface casing shoe and the gamma ray log will be recorded to the surface for correlation purposes.

R649-3-4.2.6.7 The expected bottom-hole pressure will not exceed 2,700 psi. The Del-Rio Resources, Inc. State 6-36-13-22 (API No. 43-047-37522) at a distance of 820' to the south of the nearest point on the proposed path of the State H4-36-13-22 penetrated the same geologic section during 2007 without encountering abnormal pressures or temperatures or potential hazards, such as hydrogen sulfide. Similar manageable conditions are anticipated in the proposed well.

R649-3-4.2.6.8 If the proposed well is completed as a producer, the State 6-36-13-22 well in the SENW Section 36, T13S, R22E will be taken off the gas gathering system and used as a fuel gas source under a private sales contract for an injection well facility to be built in SWNE Section 35, T13S, R22E around the Seep Ridge WIW 1 (API No. 43-047-40317). For all intents and purposes the proposed well will replace the State 6-36-13-22 which discovered the gas resource in the Prairie Canyon Member Mancos Shale. 268 perforations at four shots per foot were made across from three intervals totaling 67' of turbidite sandstone in the State 6-36-13-22. These perforations were partially broken down with propellant (gas) stimulations but not hydraulically fracture stimulated. Due to the number of perforations involved and their configuration, it may not be advisable or economically viable to attempt to stimulate the intervals further, and the well will be sub-economic at the currently prevailing, lower natural gas prices.

R649-3-4.2.6.9 A horizontal well diagram is included as APD Attachment 1A (**revised**).

R649-3-4.2.7 The applicant, Del-Rio Resources, was designated the operator of the underlying lease, ML-47393, by its lessee, Philco Exploration, LLC on December 26, 2006. A copy of that document is appended to this APD as Attachment 3 (**previously submitted**).

R649-3-4.2.8 An Onsite Pre-drill Evaluation is required under this rule prior to approval of an APD because of State of Utah surface ownership. A pre-drill evaluation was previously performed on the site for the State 4-36-13-22, and an on-site meeting was held on September 29, 2009 related to the current submission.

R649-3-4.3

This APD used Form 3 provided by the Division.

R649-3-5

The well will be identified by a sign posted in a conspicuous place near the well. The sign will be of durable construction with lettering kept in legible condition large enough to be read under normal conditions at a distance of 25'. The well numbering system utilized on the property will be a non-repetitive, logical and distinctive sequence. The sign will show the name of the well, the operator, emergency contact number, lease name and location by quarter section, township and range.

R649-3-6.1

Drilling operations will be conducted according to the drilling program approved under this APD by the Division. Any changes except mitigation of emergency conditions will be submitted to the Division on Form 9, Sundry Notices and Reports on Wells, for approval, and Division approval will be obtained prior to implementation. The Division will be given verbal notice of emergency changes within 24 hours and the operator will file a written notice using Form 9 within five days.

R649-3-6.2

Reporting Requirements. Written notices and filing of forms with the Division will be directed to:

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

The telephone number of the Division receptionist during business hours and number to be used for leaving routine messages after business hours is:

Utah DOGM: (801) 538-5340.

MAJOR UNDERSIRABLE EVENTS must be reported by telephone immediately after calling for emergency services if needed. In the case of a major undesirable event ONLY, a notification to the Division can be made after business hours by calling (801) 243-9466.

Del-Rio Resources, Inc. as operator will comply with the following routine reporting requirements to the Division:

1. The spudding of this well will be reported within 24 hours. This report will include the well name, drilling contractor, rig number and type, spud date and time, the date that continuous drilling will commence, the name of the reporter and the reporter's contact number. The spud report can be directed to Oil and Gas Well Information Specialist, Carol Daniels, verbally by calling (801) 538-5284 or transmitting e-mail to Ms. Daniels at caroldaniels@utah.gov.
2. Within five working days of spudding the well, the operator will fill out and file Form 6, Entity Action Form, to receive the well's entity number for future operational reporting requirements.

3. 24 hours advance notice of testing blow-out preventer equipment.
4. A monthly status report on the well will be filed until such time as the well is completed and the well completion report is filed. The monthly reports will be filed on Form 9 and include the well depth and a description of the operations conducted on the well during the month. The reports are due no later than the fifth day of the following calendar month.
5. 24 hours advance notice of casing tests required prior to drilling through the casing shoe or continuing with completion operations.
6. Fresh water aquifer layers encountered during drilling will be reported on Form 7, Report of Water Encountered During Drilling. This report will be filed with Form 8, Well Completion or Recompletion Report and Log.

R649-3-14 *Fire Hazards on the Surface.* All rubbish or debris that might constitute a fire hazard shall be removed to a distance of at least 100' from the well location, tanks, separator, or any structure. All waste oil or gas shall be burned or disposed of in a manner to avert creation of a fire hazard.

Any gas other than poisonous gas escaping from the well during drilling operations will be conducted to the flare pit by the flow test line or gas buster line where a continuous igniter will insure that the gas is burned. The flare pit will be at least 100' from the well.

R649-3-15 *Pollution and Surface Damage Control.* Del-Rio Resources, Inc. will take all reasonable precautions to avoid polluting lands, streams, reservoirs, natural drainage ways, and underground water.

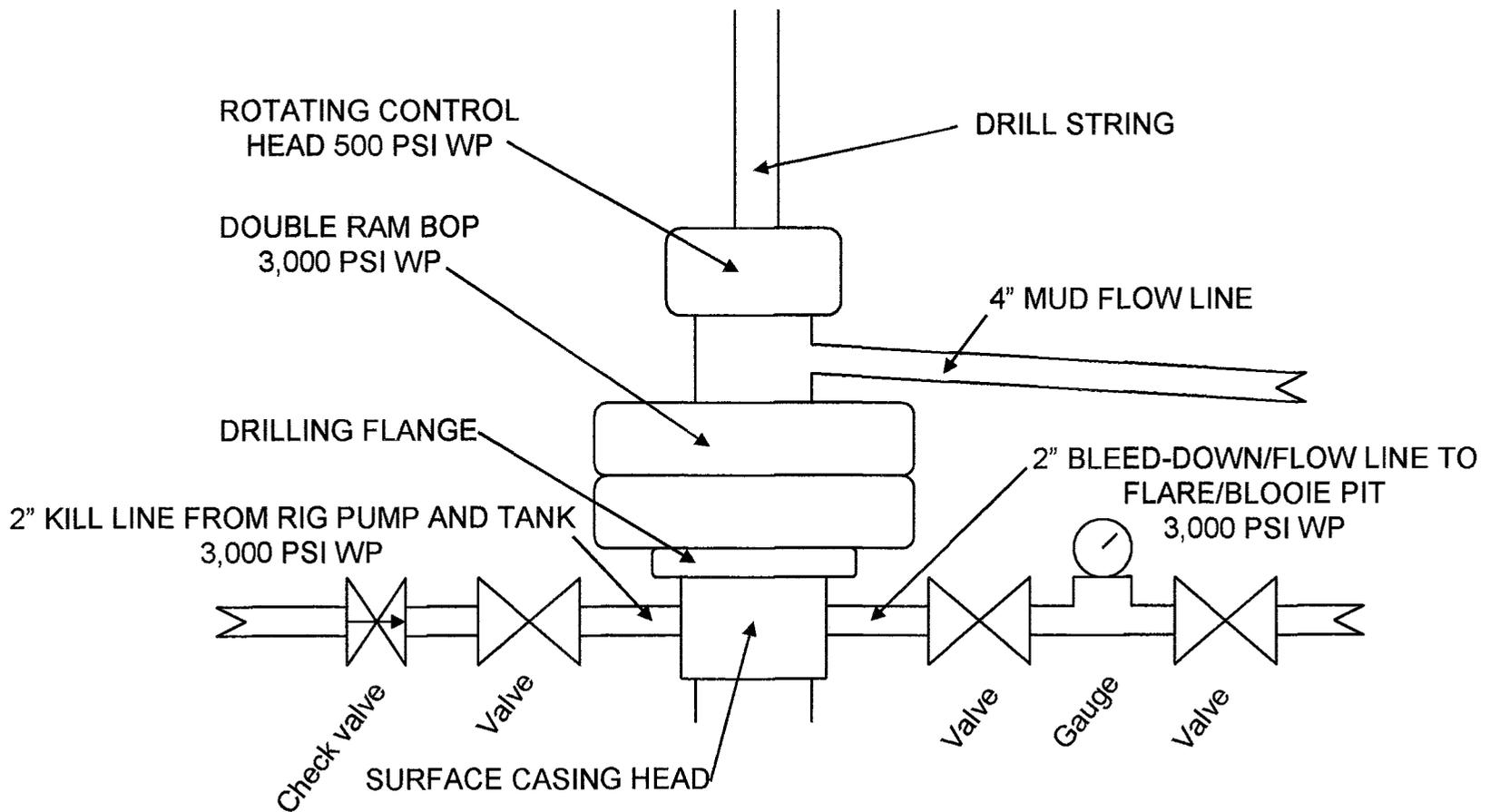
Del-Rio Resources, Inc. will carry on all operations and maintain the property at all times in a safe and workmanlike manner having due regard for the preservation and conservation of the property and for the health and safety of employees and people residing in close proximity to those operations.

At a minimum, Del-Rio Resources, Inc. will:

1. Take reasonable steps to prevent and will remove accumulations of oil or other materials deemed to be fire hazards from the vicinity of the well locations, lease tanks and pits;
2. Remove from the property or store in an orderly manner, all scrap or other materials not in use;
3. Provide secure workmanlike storage for chemical containers, barrels, solvents, hydraulic fluid and other non-exempt materials;
4. Maintain tanks in a workmanlike manner that will preclude leakage and provide for all applicable safety measures and construct berms of sufficient height and width to contain the quantity of the largest tank at the storage facility;

5. Insure that the use of storage tanks for crude oil or water without tops is limited to well testing operations;
6. Catch leaks and drips contain spills and cleanup promptly;
7. Practice waste reduction and recycling in order to help reduce disposal volumes;
8. Dispose of produced water, tank bottoms and other miscellaneous waste in a manner that is in compliance with Division's Rules and other Utah State, Federal and Grand County regulations or ordinances; and
9. Use good housekeeping practices in general.

Attachment 2-A: Del-Rio Resources, Inc.
Pressure Control System for State H4-36-13-22 Drilling Operations
Not drawn to scale



Attachment 2-A

Attachment 2-A

DESIGNATION OF OPERATOR

The undersigned is, on the records of the School and Institutional Trust Lands Administration, holder of lease, ML 47393

And hereby designates:

Del-Rio Resources, Inc.

ADDRESS:

539 W. 720 S., Suite 8
P.O. Box 459
Vernal, UT 84078

As his operator and local agent, with full authority to act in his behalf in complying with the terms of the lease and regulations applicable thereto and on whom the Director of the Administration or his representative may serve written or oral instructions in securing compliance with the Rules and Regulations Governing the Issuance of Mineral Leases with respect to (describe acreage to which this designation is applicable):

Section 36, All, T 13S, R 22E, SLM, Uintah County, Utah (640.00 acres m/l)

Operator agrees to comply with all lease provisions, statutes, rules, and regulations, whether federal, state, or local, in its operations on the subject lease.

It is understood that this designation of operator does not relieve the lessee of responsibility for compliance with the terms of the lease and the Rules and Regulations. It is also understood that this designation of operator does not constitute an assignment of any interest in the lease.

In case of default on the part of the designated operator, the lessee will make full and prompt compliance with all regulations, lease terms, or orders of the Director, Trust Lands Administration or his representative.

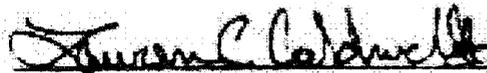
The lessee agrees promptly to notify the Trust Lands Administration of any change in the designation of operator.


Signature of Lessor-Philco Exploration, LLC
By its Manager, Troy Meier

c/o Del-Rio Resources, Inc.
P. O. Box 459, Vernal, UT 84078

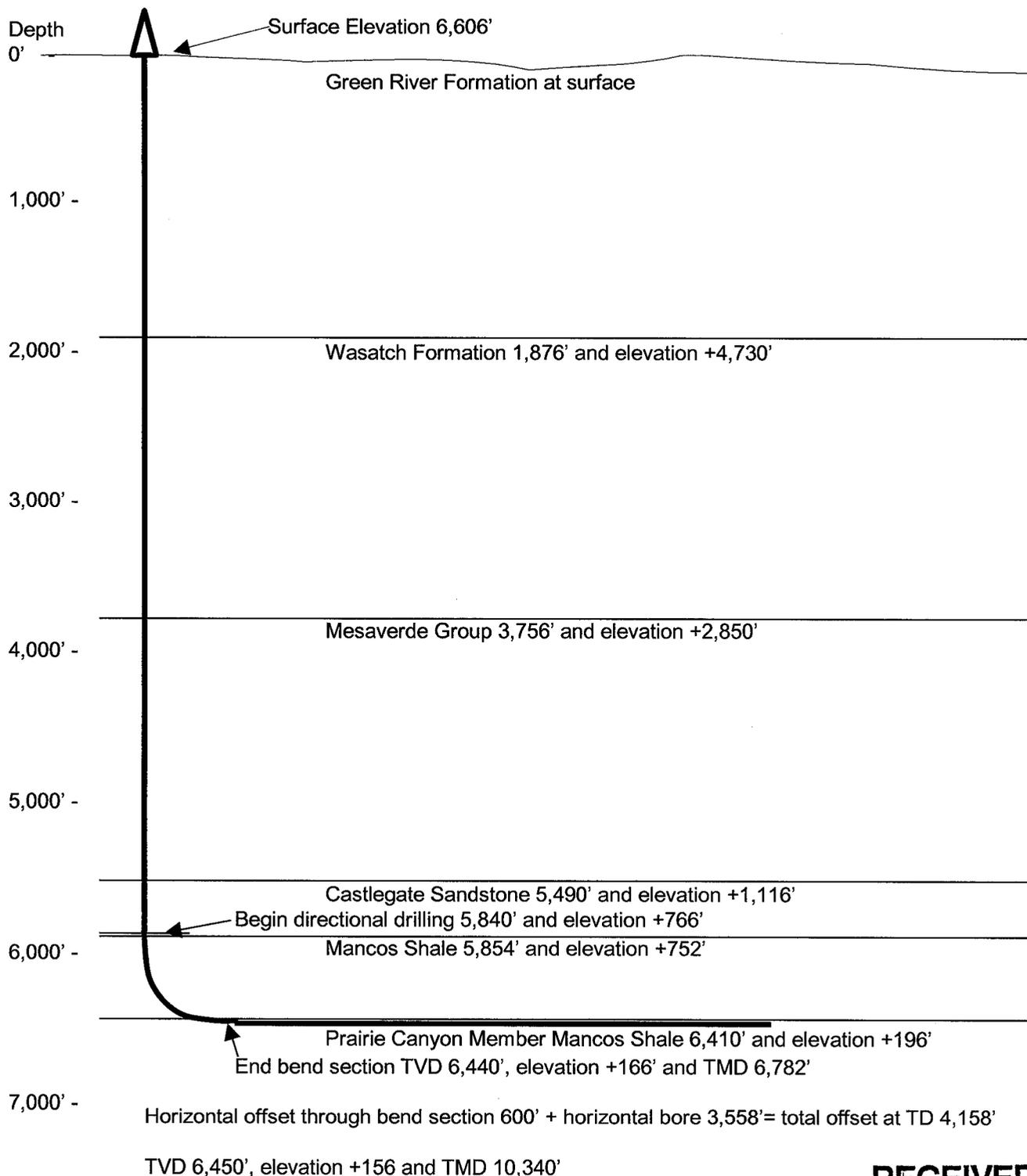
12-26-06
Date

12-26-06
Date


Signature of Operator-Del-Rio Resources, Inc.
Lawrence C. Caldwell, II, President

Del-Rio Resources, Inc. State H4-36-13-22
NWNW Section 36, T13S, R22E, SLM, Uintah County, Utah

Horizontal Well Diagram Scale: 1=1,000' vertical and horizontal
Line of section on heading 111° or East 21° South



David L. Allin Revised 10-26-09

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Directional Drilling Plan Reference Points

Company: Del-Rio Resources, Inc.
Field: Seep Ridge
Location: Section 36-13S-22E, SLM, Uintah County, Utah
Well: State H4-36-13-22

Measured Depth (Feet)	Inclination (Degrees)	Azimuth (Degrees)	Vertical Depth (Feet)	South of Location (Feet)	East of Location (Feet)	Build Rate (Degrees/ 100 feet)	Turn Rate (Degrees/ 100 feet)
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Kick-Off Point 5,840.00' TMD, 5,840.00' TVD and 111° Orientation

5840.00	0.00	111.00	5840.00	0.00	0.00	0.00	0.00
6075.62	22.50	111.00	5990.00	53.76	140.04	10.47	0.00
6311.24	45.00	111.00	6140.00	107.51	280.07	10.47	0.00
6546.86	67.50	111.00	6290.00	161.27	420.11	10.47	0.00
6782.48	90.00	111.00	6440.00	215.02	560.15	0.00	0.00

Hold Point 6,782.48' TMD, 6,440.00' TVD and 111° Orientation

TD

10340.00	90.00	111.50	6450.00	1456.00	3895.00	0.00	0.00
----------	-------	--------	---------	---------	---------	------	------

RECEIVED
OCT 26 2009
DIV. OF OIL, GAS & MINING

DEL-RIO RESOURCES INC.

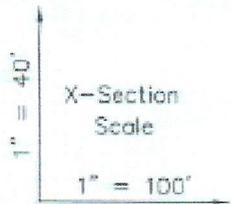
FIGURE #2

TYPICAL CROSS SECTIONS FOR

STATE H4-36-13-22

SECTION 36, T13S, R22E, S.L.B.&M.

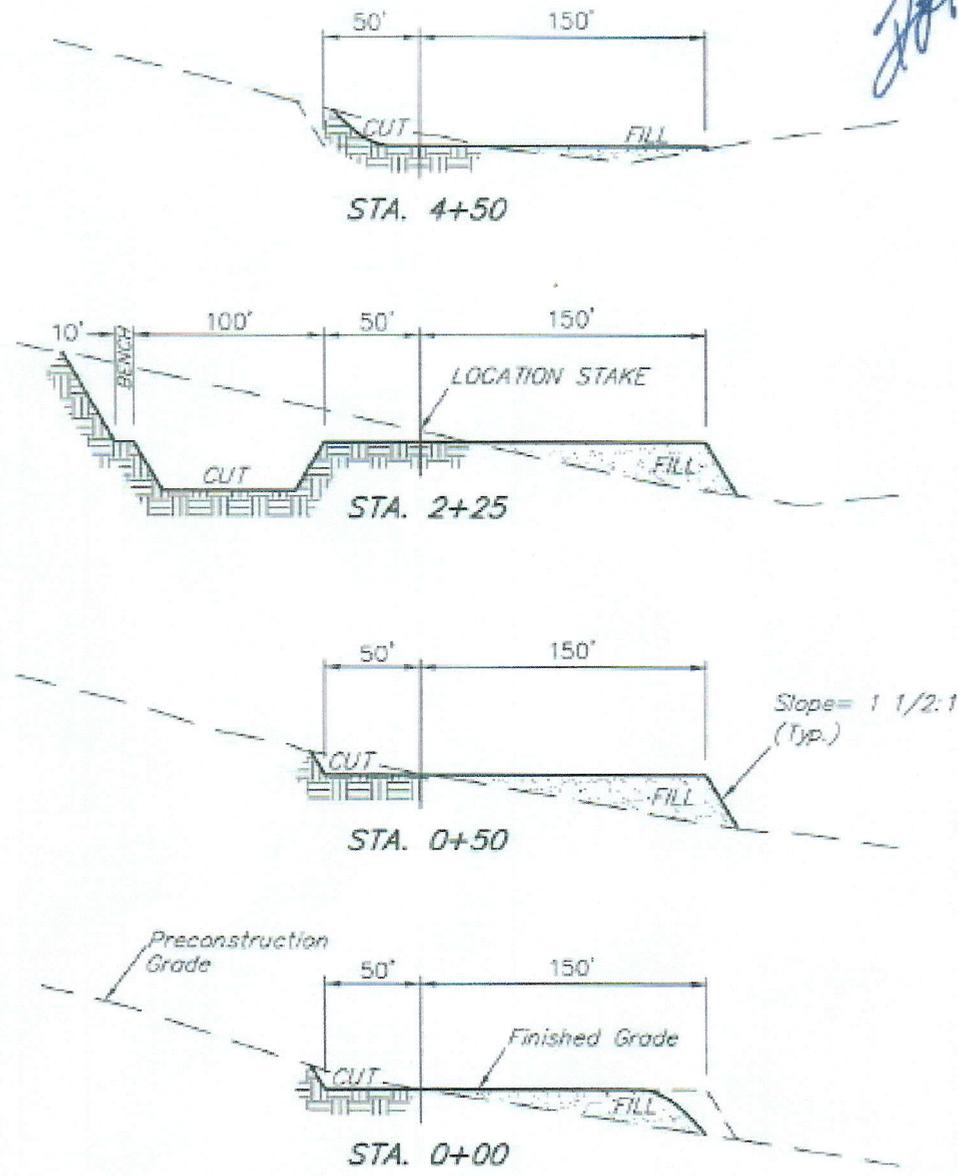
524' FNL 705' FWL



DATE: 12-29-06

Drawn By: K.G.

Revised by David L. Allin 7-30-09, Location As-Built 3-28-07 for State 4-36-13-22



NOTE:

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

*** NOTE:**

FILL QUANTITY INCLUDES 5% FOR COMPACTION

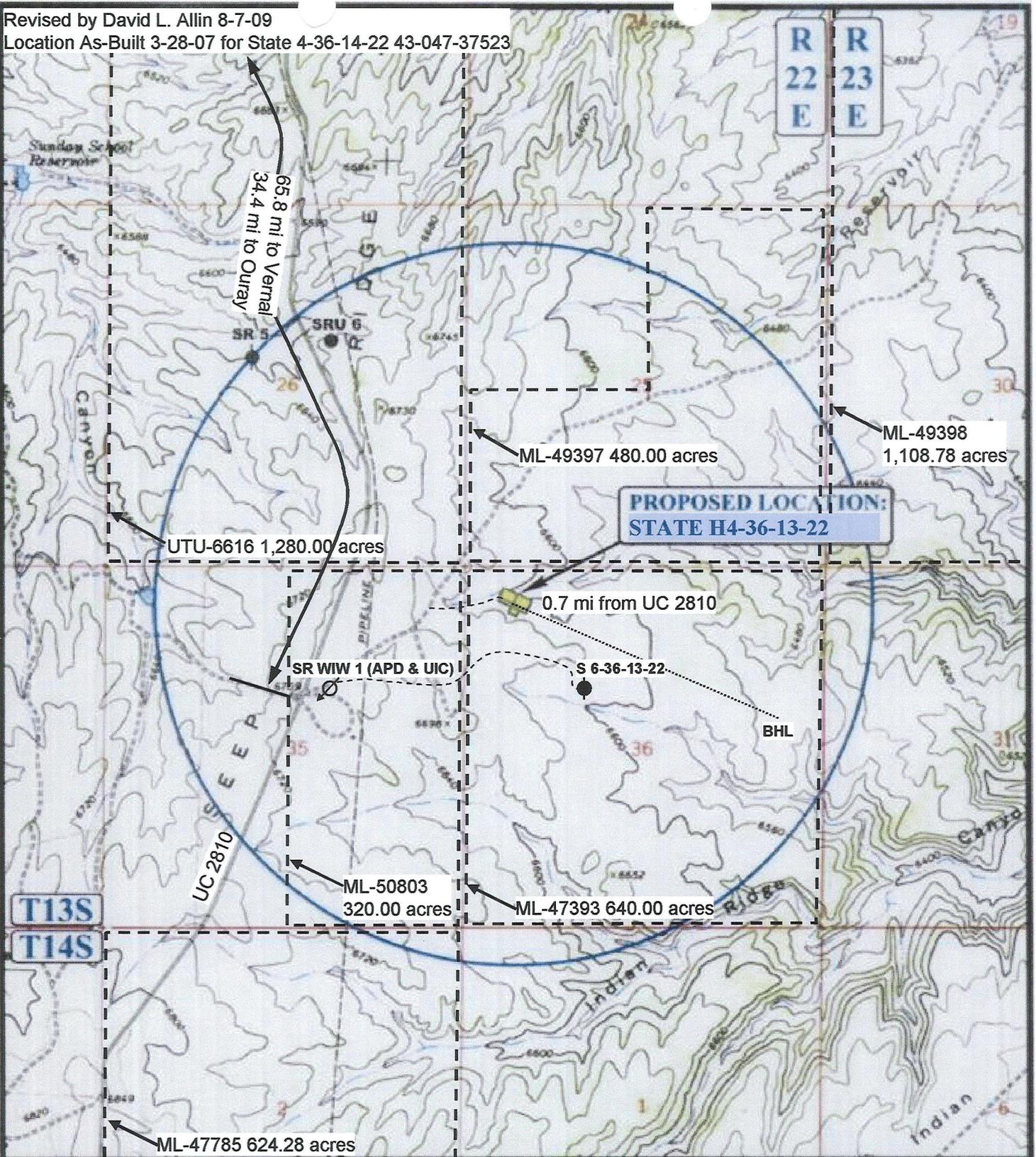
APPROXIMATE YARDAGES

(6") Topsoil Stripping	= 2,390 Cu. Yds.
Remaining Location	= 14,600 Cu. Yds.
TOTAL CUT	= 16,990 CU.YDS.
FILL	= 12,850 CU.YDS.

EXCESS MATERIAL	= 4,140 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 4,140 Cu. Yds.
EXCESS UNBALANCE (After Interim Rehabilitation)	= 0 Cu. Yds.

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East * Vernal, Utah 84078 * (435) 783-1077

Revised by David L. Allin 8-7-09
 Location As-Built 3-28-07 for State 4-36-14-22 43-047-37523



**PROPOSED LOCATION:
 STATE H4-36-13-22**

LEGEND:

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



DEL-RIO RESOURCES INC.

STATE H4-36-13-22
SECTION 36, T13S, R22E, S.L.B.&M.
524' FNL 705' FWL

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

TOPOGRAPHIC MAP
 12 28 06
 MONTH DAY YEAR
 SCALE: 1" = 2000' DRAWN BY: JLG REVISED: 00-00-00



**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 08/31/2009

API NO. ASSIGNED: 43-047-40606

WELL NAME: STATE H4-36-13-22
 OPERATOR: DEL-RIO RESOURCES INC (N0330)
 CONTACT: DAVID ALLIN

PHONE NUMBER: 435-789-1703

PROPOSED LOCATION:

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	DKD	11/16/09
Geology		
Surface		

SENE

NWNW 36 130S 220E
 SURFACE: 0524 FNL 0705 FWL
 BOTTOM: 1980 FNL 0680 FEL
 COUNTY: Uintah
 LATITUDE: 39.64896 LONGITUDE: -109.40987
 UTM SURF EASTINGS: 636433 NORTHINGS: 4389795
 FIELD NAME: SEEP RIDGE (680)

LEASE TYPE: 3 - State
 LEASE NUMBER: ML-47393
 SURFACE OWNER: 3 - State

PROPOSED FORMATION: MNCS
 COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

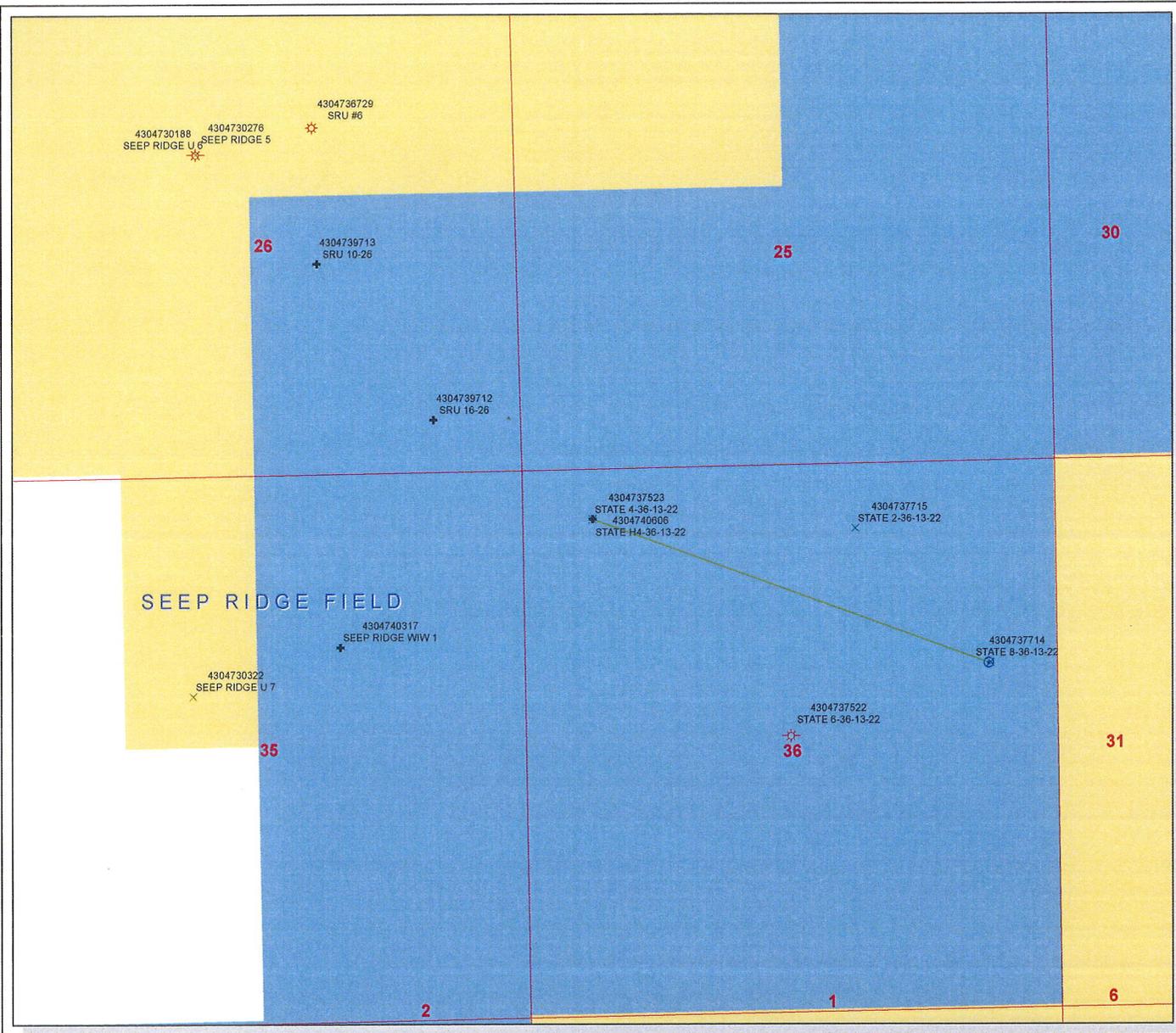
- Plat
- Bond: Fed[] Ind[] Sta[] Fee[]
(No. 8734397758)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. MUNICIPAL)
- RDCC Review (Y/N)
(Date:)
- Fee Surf Agreement (Y/N)
- Intent to Commingle (Y/N)

LOCATION AND SITING:

- R649-2-3. ~~Horizontal~~
- 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: Temp well spacing (09-29-09)
Needs Permit

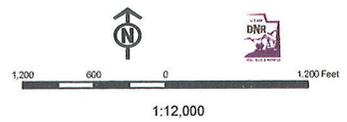
STIPULATIONS: 1- Spacing stip
2- STATEMENT OF BASIS
3- Surface Csg Cont stip



API Number: 4304740606
Well Name: STATE H4-36-13-22
Township 13.0 S Range 22.0 E Section 36
Meridian: SLBM
 Operator: DEL-RIO RESOURCES INC

Map Prepared:
 Map Produced by Diana Mason

Units	Wells Query Events
STATUS	✗ -all other values
ACTIVE	GIS_STAT_TYPE
EXPLORATORY	-1148-
GAS STORAGE	APD
1# PP OIL	DKL
1# SECONDARY	GI
PI OIL	GS
PP GAS	LA
PP GEOTHERM	NEW
PP OIL	OFS
SECONDARY	PA
TERMINATED	PCW
Fields	POW
STATUS	RET
ACTIVE	SGW
COMBINED	SOW
Sections	TA
	UW
	WD
	WI
	WS



Application for Permit to Drill

Statement of Basis

10/19/2009

Utah Division of Oil, Gas and Mining

Page 1

APD No	API WellNo	Status	Well Type	Surf Ownr	CBM
1980	43-047-40606-00-00		GW	S	No
Operator	DEL-RIO RESOURCES INC	Surface Owner-APD			
Well Name	STATE H4-36-13-22	Unit			
Field	SEEP RIDGE	Type of Work			
Location	NWNW 36 13S 22E S 524 FNL 705 FWL GPS Coord (UTM) 636433E 4389795N				

Geologic Statement of Basis

Del-Rio proposes to set 1,800 feet of surface casing cemented to the surface. The base of the moderately saline water is estimated at 4,000 feet. A search of Division of Water Rights records shows no water wells within a 10,000 foot radius of the proposed location. The surface formation at this location is the Green River Formation. The Green River Formation is made up of interbedded limestones, shales and sandstones. Fresh water aquifers can be found in the Green River Formation and should be protected. The cement for the production string should be brought up above the base of the moderately saline ground water in order to isolate it from fresher waters uphole.

Brad Hill
APD Evaluator

10/19/2009
Date / Time

Surface Statement of Basis

An on-site review was completed on September 29, 2009 to re-examine a location constructed by Summit Operating, LLC in 2006 for the State 4-36-13-22 proposed gas well. This location was completely constructed but the reserve pit was not lined. De-Rio has re-applied for a new permit to drill a directional well from this location.

The existing pad showed no stability concerns which should prohibit drilling and operating the well as planned. The interior of the reserve pit needs to be re-walked especially on the south and cleared of weeds before it is lined. A felt sub-liner and a minimum of a 12-mil liner is required. Diversion ditches should be constructed as needed along the slope to the south behind the reserve pit when the pit is closed to divert any overland flows from running across the location.

Both the surface and minerals are SITLA. SITLA representatives were invited to the pre-site visit but did not attend.

At the site visit, I expressed concern about the location of the existing low standard access road that runs easterly to the location following the bottom of a gentle sagebrush covered swale. As it is essentially in the bottom of the swale, rutting and associated erosion will occur when the surface is wet. It appears that a more suitable location would be to bring the road down the side slope of the gentle ridge to the north. Mr. Allin stated they wanted to use the existing route for drilling since it was already in-place and would consider rerouting it if a producing well was made. In the office following the pre-site it was determined from the permit to Summit that the road was to have been constructed along the ridge to the south of the location. As directed by SITLA following their contact with Mr. Allin they are agreeable to allowing the present road to be used but if a producing well is attained, DeRio may be required to relocate the road.

Ben Williams from the UDWR stated the location is in crucial mule deer winter range. He requested that additional construction on the pad, drilling the well and the use of work-over rigs not occur during the period extending from November 15th to April 1. Mr. Allin stated they probably would not drill the well until next spring and if so would be outside this period. No other wildlife is expected to be significantly affected.

Application for Permit to Drill
Statement of Basis
Utah Division of Oil, Gas and Mining

10/19/2009

Page 2

Floyd Bartlett
Onsite Evaluator

9/29/2009
Date / Time

Conditions of Approval / Application for Permit to Drill

Category	Condition
Pits	A synthetic liner with a minimum thickness of 12 mils with a felt subliner shall be properly installed and maintained in the reserve pit.
Surface	Drainages adjacent to the proposed pad shall be diverted around the location.
Surface	The reserve pit shall be fenced upon completion of drilling operations.

ON-SITE PREDRILL EVALUATION

Utah Division of Oil, Gas and Mining

Operator DEL-RIO RESOURCES INC
Well Name STATE H4-36-13-22
API Number 43-047-40606-0 **APD No** 1980 **Field/Unit** SEEP RIDGE
Location: 1/4,1/4 NWNW **Sec** 36 **Tw** 13S **Rng** 22E 524 FNL 705 FWL
GPS Coord (UTM) **Surface Owner**

Participants

Floyd Bartlett (DOGM), David Allin (Del-Rio Resources, Exploration Manager), Ben Williams and Alex Hansen (Utah Division of Wildlife Resources).

Regional/Local Setting & Topography

An on-site review was completed on September 29, 2009 to re-examine a location constructed by Summit Operating, LLC in 2006 for the State 4-36-13-22 proposed gas well. This location was completely constructed but the reserve pit was not lined. De-Rio has re-applied for a new permit to drill a directional well from this location.

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Surface Use Plan

Current Surface Use

Grazing
Recreational
Wildlfe Habitat
Existing Well Pad

New Road

Miles	Well Pad	Src Const Material	Surface Formation
0	Width 310 Length 450	Onsite	GRRV

Ancillary Facilities N

Waste Management Plan Adequate?

Environmental Parameters

Affected Floodplains and/or Wetland N

Flora / Fauna

A dense stand of weeds cover a large portion of the site and the reserve pit. Common plants are halogeton, Russian thistle, broom snakeweed and Kochia spp.. A few plants of 4-winged saltbrush are present.

Deer, elk, coyotes, rabbits and other small mammals and birds.

Soil Type and Characteristics

Shaley sandy loam

Erosion Issues N

Sedimentation Issues Y

Diversion ditches should be constructed as needed along the slope to the south behind the reserve pit when the pit is closed to divert any overland flows from running across the location.

Site Stability Issues N

Drainage Diverson Required N

Diversion ditches should be constructed as needed along the slope to the south behind the reserve pit when the pit is closed to divert any overland flows from running across the location.

Berm Required? N

Erosion Sedimentation Control Required? N

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

Reserve Pit

Site-Specific Factors		Site Ranking
Distance to Groundwater (feet)	100 to 200	5
Distance to Surface Water (feet)	>1000	0
Dist. Nearest Municipal Well (ft)	>5280	0
Distance to Other Wells (feet)	>1320	0
Native Soil Type	Mod permeability	10
Fluid Type	Fresh Water	5
Drill Cuttings	Normal Rock	0
Annual Precipitation (inches)	>20	10
Affected Populations	<10	0
Presence Nearby Utility Conduits	Not Present	0
Final Score		30
		1 Sensitivity Level

Characteristics / Requirements

The reserve pit has been dug but not lined. The surface is reasonably smooth consisting of small fractured shale. Re-walking at least portions of the pit should be completed, the weeds mashed down and the pit lined with a felt subliner and as a minimum a 12- mil liner.

No springs, seeps or open water exist in the immediate area.

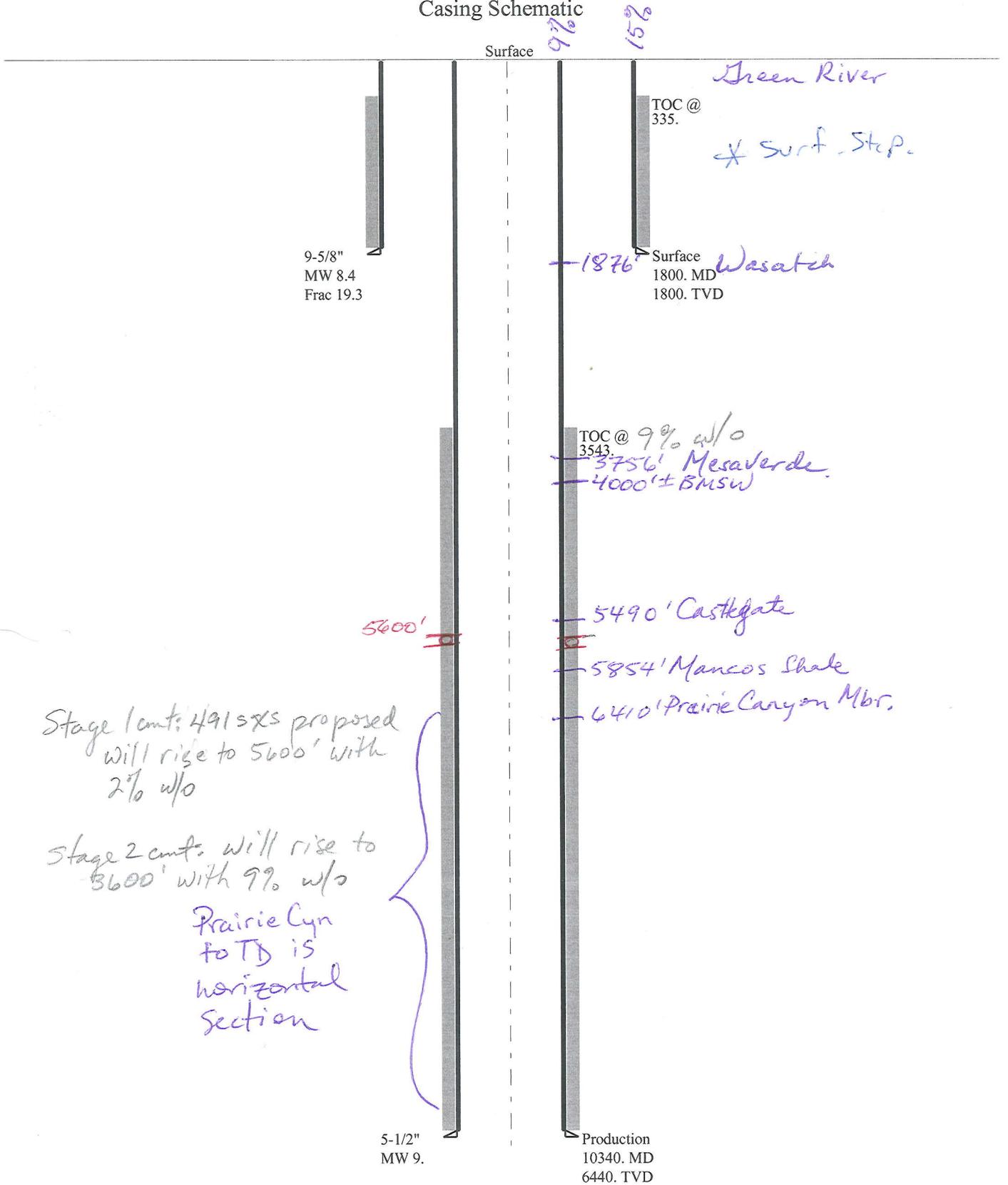
Closed Loop Mud Required? N **Liner Required?** Y **Liner Thickness** 12 **Pit Underlayment Required?** Y

Other Observations / Comments

Floyd Bartlett
Evaluator

9/29/2009
Date / Time

Casing Schematic



9-5/8"
MW 8.4
Frac 19.3

Surface

9 7/8
15 7/8

Green River

TOC @
335.

x surf. step.

1876'

Surface
1800. MD
1800. TVD

Wasatch

TOC @ 9% w/o
3543

3756' Mesaverde
4000' ± BMSW

5600'

5490' Castlegate

5854' Mancos Shale

6410' Prairie Canyon Mbr.

Stage 1 cont: 491 sxs proposed
will rise to 5600' with
2 7/8 w/o

Stage 2 cont: will rise to
3600' with 9% w/o

Prairie Cyn
to TD is
horizontal
section

5-1/2"
MW 9.

Production
10340. MD
6440. TVD

Well name:	43047406060000 State H4-36-13-22		
Operator:	Del-Rio Resources, Inc.		
String type:	Surface	Project ID:	43-047-40606-0000
Location:	Uintah County, Utah		

Design parameters:

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

Minimum design factors:

Collapse:
Design factor 1.125

Environment:

H2S considered? No
Surface temperature: 75 °F
Bottom hole temperature: 100 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 1,300 ft

Burst

Max anticipated surface pressure: 1,584 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 1,800 psi

Burst:

Design factor 1.00

Cement top: 335 ft

No backup mud specified.

Tension:

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

Non-directional string.

Re subsequent strings:

Next setting depth: 6,440 ft
Next mud weight: 9.000 ppg
Next setting BHP: 3,011 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 1,800 ft
Injection pressure: 1,800 psi

Tension is based on buoyed weight.
Neutral point: 1,576 ft

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft ³)
1	1800	9.625	36.00	H-40	ST&C	1800	1800	8.765	781.3

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	785	1720	2.190	1800	2560	1.42	57	294	5.18 J

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

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

Date: November 12, 2009
Salt Lake City, Utah

Remarks:
Collapse is based on a vertical depth of 1800 ft, a mud weight of 8.4 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Well name:	4304740606000 State H4-36-13-22	
Operator:	Del-Rio Resources, Inc.	Project ID:
String type:	Production	43-047-40606-0000
Location:	Uintah County, Utah	

Design parameters:

Collapse

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

Burst

Max anticipated surface pressure: 1,594 psi
 Internal gradient: 0.220 psi/ft
 Calculated BHP: 3,011 psi

 No backup mud specified.

Minimum design factors:

Collapse:

Design factor: 1.125

Burst:

Design factor: 1.00

Tension:

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

Tension is based on buoyed weight.
 Neutral point: 5,561 ft

Environment:

H2S considered? No
 Surface temperature: 75 °F
 Bottom hole temperature: 165 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 1,500 ft

 Cement top: 3,543 ft

Directional well information:

Kick-off point: 5840 ft
 Departure at shoe: 4158 ft
 Maximum dogleg: 9.55 °/100ft
 Inclination at shoe: 90 °

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	10340	5.5	17.00	N-80	LT&C	6440	10340	4.767	1349.6
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	3011	6290	2.089	3011	7740	2.57	95	348	3.68 J

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

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

Date: November 12, 2009
 Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 6440 ft, a mud weight of 9 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Collapse strength is (biaxially) derated for doglegs in directional wells by multiplying the tensile stress by the cross section area to calculate a

BOPE REVIEW

Del-Rio Resources State H4-36-13-22 43-047-40606-0000

INPUT

Well Name

Del-Rio Resources State H4-36-13-22		43-047-40606-0000	
String 1	String 2		
Casing Size (")	9 5/8	5 1/2	
Setting Depth (TVD)	1800	6445	
Previous Shoe Setting Depth (TVD)	40	1800	
Max Mud Weight (ppg)	8.4	9	✓
BOPE Proposed (psi)	0	3000	
Casing Internal Yield (psi)	2560	7740	
Operators Max Anticipated Pressure (psi)	2700	8.1 ppg	✓

Calculations	String 1	9 5/8 "	
Max BHP [psi]	.052*Setting Depth*MW =	786	
			BOPE Adequate For Drilling And Setting Casing at Depth?
MASP (Gas) [psi]	Max BHP-(0.12*Setting Depth) =	570	NO
MASP (Gas/Mud) [psi]	Max BHP-(0.22*Setting Depth) =	390	NO
			*Can Full Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth) =	399	NO <i>reasonable depth - no expected pressure</i>
Required Casing/BOPE Test Pressure		1792	psi
*Max Pressure Allowed @ Previous Casing Shoe =		40	psi *Assumes 1psi/ft frac gradient

Calculations	String 2	5 1/2 "	
Max BHP [psi]	.052*Setting Depth*MW =	3016	
			BOPE Adequate For Drilling And Setting Casing at Depth?
MASP (Gas) [psi]	Max BHP-(0.12*Setting Depth) =	2243	YES
MASP (Gas/Mud) [psi]	Max BHP-(0.22*Setting Depth) =	1598	YES <i>O.K.</i>
			*Can Full Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth) =	1994	NO <i>O.K.</i>
Required Casing/BOPE Test Pressure		3000	psi
*Max Pressure Allowed @ Previous Casing Shoe =		1800	psi *Assumes 1psi/ft frac gradient

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

FORM 3

AMENDED REPORT
(highlight changes)

REVISED	APPLICATION FOR PERMIT TO DRILL	REVISED	5. MINERAL LEASE NO.: ML-47393	6. SURFACE: Utah SITLA
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>			7. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>			8. UNIT or CA AGREEMENT NAME:	
2. NAME OF OPERATOR: Del-Rio Resources, Inc.			9. WELL NAME and NUMBER: State H4-36-13-22	
3. ADDRESS OF OPERATOR: P. O. Box 459, CITY Vernal, STATE UT ZIP 84078			10. FIELD AND POOL, OR WILDCAT: Seep Ridge	
4. LOCATION OF WELL (FOOTAGES): AT SURFACE: 524' fnl, 705' fwl AT PROPOSED PRODUCING ZONE: Top 700' fnl, 1,250' fwl and at TD 1,980' fnl, 680' fel			11. QUAD, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNW 36, T13S, R22E, SLM	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 66.5 mi. SSW Vernal, UT via US 40, UT 88, Uintah 2810 & 0.7 mi. NE on access road			12. COUNTY: Uintah	
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET): 524' in vertical section & 680' in horizontal			13. STATE: UTAH	
16. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET): 820' in horizontal section		17. NUMBER OF ACRES IN LEASE: 640.00 acres		18. NUMBER OF ACRES ASSIGNED TO THIS WELL: 320.00
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 6,606.3' GR (graded)		19. PROPOSED DEPTH: 6,450' TYD & 10,340' TMD		20. BOND DESCRIPTION: DOGM Statewide WF8734397758
		22. APPROXIMATE DATE WORK WILL START: May 15, 2010		23. ESTIMATED DURATION: 21 days

24. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
20"	14"	40'	Class A, 40 sx, 1.18 cuft/sk, 15.6 ppg circ to surface
12.25"	9.625" H-40, 36.00 ppf	1,800'	Class G, 542 sx, 1.56 cuft/sk, 14.6 ppg circ to surf & top out
7.875"	5.5" N-80, 17.00 ppf	10,340' TMD	Class H (50-50 Poz), 507 sx, 1.84 cuft/sk, 12.5 ppg to 5,450'

25. ATTACHMENTS

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

<input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER (UE&LS Plat [Att 1], Diagram [Att 1A], Figures 1 & 2, Topo A) <input checked="" type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER (Water supplies listed in Drilling Plan. Att 2)	<input checked="" type="checkbox"/> COMPLETE DRILLING PLAN and notifications (Att 2, 2-A) <input checked="" type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER (Copy of earlier form executed for entire lease 12-26-06 [Att 3])
--	--

NAME (PLEASE PRINT) David L. Allin (970) 254-3114 TITLE Vice President, Exploration Manager

SIGNATURE *David L. Allin* DATE October 26, 2009 (Revision of 8-27-09 filing)

(This space for State use only)

API NUMBER ASSIGNED: 43-047-40606

APPROVAL:

RECEIVED
OCT 26 2009
DIV. OF OIL, GAS & MINING



GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

October 28, 2010

Del-Rio Resources, Inc.
P.O. Box 459
Vernal, UT 84078

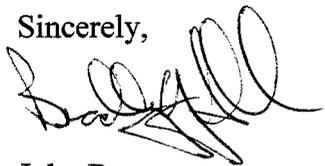
Subject: State H4-36-13-22 Well, Surface Location 524' FNL, 705' FWL, NW NW, Sec. 36,
T. 13 South, R. 22 East, Bottom Location 1980' FNL, 680' FEL, SE NE, Sec. 36,
T. 13 South, R. 22 East, Uintah County, Utah

Ladies and Gentlemen:

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

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-40606.

Sincerely,



for John Rogers
Associate Director

JR/js
Enclosures

cc: Uintah County Assessor
SITLA

3. **Reporting Requirements:**

All reports, forms and submittals as required by the Utah Oil and Gas Conservation General Rules will be promptly filed with Division of Oil, Gas and Mining, including but not limited to:

- Entity Action Form (Form 6) – due within 5 days of spudding the well
- Monthly Status Report (Form 9) – due by 5th day of the following calendar month
- Requests to Change Plans (Form 9) – due prior to implementation
- Written Notice of Emergency Changes (Form 9) – due within 5 days
- Notice of Operations Suspension or Resumption (Form 9) – due prior to implementation
- Report of Water Encountered (Form 7) - due within 30 days after completion
- Well Completion Report (Form 8) - due within 30 days after completion or plugging

4. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical or paleontological remains be encountered during your operations, you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.
5. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)
6. Surface casing shall be cemented to the surface.
7. A temporary 640 acre spacing unit is hereby established in Section 36, Township 13 South, Range 22 East for the drilling of this well (R649-3-2.6). No other horizontal wells may be drilled in this section unless approved by the Board of Oil, Gas and Mining.

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

FORM 3

AMENDED REPORT
 (highlight changes)

REVISED 11-9-09 APPLICATION FOR PERMIT TO DRILL REVISED 11-9-09		5. MINERAL LEASE NO: ML-47393	6. SURFACE: Utah SITLA
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>		7. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
8. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		8. UNIT or CA AGREEMENT NAME:	
2. NAME OF OPERATOR: Del-Rio Resources, Inc.		9. WELL NAME and NUMBER: State H4-36-13-22	
3. ADDRESS OF OPERATOR: P. O. Box 459, CITY Vernal, STATE UT ZIP 84078		PHONE NUMBER: 435-789-1703	10. FIELD AND POOL, OR WILDCAT: Seep Ridge 680
4. LOCATION OF WELL (FOOTAGES) 636433X 4389795Y 39,648959 -109.409866 AT SURFACE: 524' fnl, 705' fwl 637629X 4389374Y 39,644970 -109.396021 AT PROPOSED PRODUCING ZONE: Top 700' fnl, 1,250' fwl and at TD 1,980' fnl, 680' fel		11. QTR/CTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNW 36, T13S, R22E, SLM	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 66.5 mi. SSW Vernal, UT via US 40, UT 88, Uintah 2810 & 0.7 mi. NE on access road		12. COUNTY: Uintah	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 524' in vertical section & 680' in horizontal	16. NUMBER OF ACRES IN LEASE: 640.00 acres	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 320.00	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 820' in horizontal section	19. PROPOSED DEPTH: 6,450' TVD & 10,340' TMD	20. BOND DESCRIPTION: DOGM Statewide WF8734397758	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 6,606.3' GR (graded)	22. APPROXIMATE DATE WORK WILL START: May 15, 2010	23. ESTIMATED DURATION: 21 days	

24. **PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
20"	14"	40'	Class A, 40 sx, 1.18 cuft/sk, 15.6 ppg circ to surface
12.25"	9.625" H-40, 36.00 ppf	1,800'	Class G, 542 sx, 1.56 cuft/sk, 14.6 ppg circ to surf & top out
7.875"	5.5" N-80, 17.00 ppf	10,340' TMD	Two stages with cement stage tool run near 5,600': First stage Class H (50-50 Poz), 491 sx, 1.84 cuft/sk, 12.5 ppg to 5,600' & second stage Class H as above 207 sx 5,600' to 3,600'

25. **ATTACHMENTS**

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

<input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER (UE&LS Plat [Att 1], Diagram [Att 1A], Figures 1 & 2, Topo A)	<input checked="" type="checkbox"/> COMPLETE DRILLING PLAN and notifications (Att 2, 2-A)
<input checked="" type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER (Water supplies listed in Drilling Plan. Att 2)	<input checked="" type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER (Copy of earlier form executed for entire lease 12-26-06 [Att 3])

NAME (PLEASE PRINT) David L. Allin (970) 254-3114 TITLE Vice President, Exploration Manager

SIGNATURE *David L. Allin* DATE 11-9-09 (Revision of 10-26 & 8-27-09 filings)

(This space for State use only)

API NUMBER ASSIGNED: 43-047-40606

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

RECEIVED
 NOV 09 2009
 DIV. OF OIL, GAS & MINING

Date: 10-28-10
 By: *[Signature]*

(11/2001)

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		FORM 9
SUNDRY NOTICES AND REPORTS ON WELLS		5. LEASE DESIGNATION AND SERIAL NUMBER: ML-47393
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
		7. UNIT or CA AGREEMENT NAME:
1. TYPE OF WELL Gas Well	8. WELL NAME and NUMBER: STATE H4-36-13-22	
2. NAME OF OPERATOR: DEL-RIO RESOURCES INC	9. API NUMBER: 43047406060000	
3. ADDRESS OF OPERATOR: P.O. Box 459 , Vernal, UT, 84078	PHONE NUMBER: 970 254-3114 Ext	9. FIELD and POOL or WILDCAT: SEEP RIDGE
4. LOCATION OF WELL FOOTAGES AT SURFACE: 0524 FNL 0705 FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NWNW Section: 36 Township: 13.0S Range: 22.0E Meridian: S	COUNTY: UINTAH	
		STATE: UTAH

11.

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT Approximate date work will start: 6/15/2012	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> CASING REPAIR
<input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion:	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> CHANGE WELL NAME
<input type="checkbox"/> SPUD REPORT Date of Spud:	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> CONVERT WELL TYPE
<input type="checkbox"/> DRILLING REPORT Report Date:	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> NEW CONSTRUCTION
	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> PLUG BACK
	<input type="checkbox"/> PRODUCTION START OR RESUME	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION
	<input type="checkbox"/> REPERFORATE CURRENT FORMATION	<input type="checkbox"/> SIDETRACK TO REPAIR WELL	<input type="checkbox"/> TEMPORARY ABANDON
	<input type="checkbox"/> TUBING REPAIR	<input type="checkbox"/> VENT OR FLARE	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> WATER SHUTOFF	<input type="checkbox"/> SI TA STATUS EXTENSION	<input checked="" type="checkbox"/> APD EXTENSION
	<input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> OTHER	OTHER: <input type="text"/>

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

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

Date: 09/27/2011
By: 

NAME (PLEASE PRINT) David L. Allin	PHONE NUMBER 970 254-3114	TITLE Vice President/Exploration Mgr
SIGNATURE N/A	DATE 9/27/2011	



The Utah Division of Oil, Gas, and Mining

- State of Utah
- Department of Natural Resources

Electronic Permitting System - Sundry Notices

Request for Permit Extension Validation Well Number 43047406060000

API: 43047406060000

Well Name: STATE H4-36-13-22

Location: 0524 FNL 0705 FWL QTR NWNW SEC 36 TWNP 130S RNG 220E MER S

Company Permit Issued to: DEL-RIO RESOURCES INC

Date Original Permit Issued: 10/28/2010

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision. Following is a checklist of some items related to the application, which should be verified.

- If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes No

- Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes No

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

- Have there been any changes to the access route including ownership, or rightof- way, which could affect the proposed location? Yes No

- Has the approved source of water for drilling changed? Yes No

- Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes No

- Is bonding still in place, which covers this proposed well? Yes No

Signature: David L. Allin

Date: 9/27/2011

Title: Vice President/Exploration Mgr **Representing:** DEL-RIO RESOURCES INC

RESET

Application for Permit to Drill Request for Permit Extension Validation

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

API: 43-047-40606
Well Name:
Location:
Company Permit Issued to:
Date Original Permit Issued:

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Is bonding still in place, which covers this proposed well? Yes No

D. L. Allen
Signature

9/27/2011
Date

Title: Vice President-Exploration Manager

Representing: Del-Rio Resources, Inc.

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.	5. LEASE DESIGNATION AND SERIAL NUMBER: ML-47393
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2. NAME OF OPERATOR: DEL-RIO RESOURCES INC	7. UNIT or CA AGREEMENT NAME:
3. ADDRESS OF OPERATOR: P.O. Box 459, Vernal, UT, 84078	8. WELL NAME and NUMBER: STATE H4-36-13-22
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9. FIELD and POOL or WILDCAT: SEEP RIDGE	COUNTY: UINTAH
	STATE: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT Approximate date work will start: 6/15/2013	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> CASING REPAIR
<input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion:	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> CHANGE WELL NAME
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	<input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> OTHER	OTHER: <input style="width: 100px;" type="text"/>

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

Additional time is requested to line up partners to complete this development project.

Approved by the Utah Division of Oil, Gas and Mining

Date: October 01, 2012

By:

NAME (PLEASE PRINT) David L. Allin	PHONE NUMBER 970 254-3114	TITLE Vice President/Exploration Mgr
SIGNATURE N/A	DATE 9/28/2012	



The Utah Division of Oil, Gas, and Mining

- State of Utah
- Department of Natural Resources

Electronic Permitting System - Sundry Notices

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Well Name: STATE H4-36-13-22

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- Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes No
- Have there been any changes to the access route including ownership, or rightof- way, which could affect the proposed location? Yes No
- Has the approved source of water for drilling changed? Yes No
- Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes No
- Is bonding still in place, which covers this proposed well? Yes No

Signature: David L. Allin

Date: 9/28/2012

Title: Vice President/Exploration Mgr Representing: DEL-RIO RESOURCES INC



GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

November 29, 2013

Del-Rio Resources, Inc.
P.O. Box 459
Vernal, UT 84078

Re: APD Rescinded – State H4-36-13-22, Sec. 36 T.13S, R.22E,
Uintah County, Utah API No. 43-047-40606

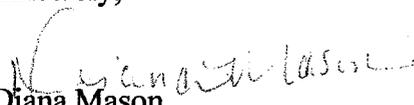
Ladies and Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on October 28, 2010. On September 27, 2011 and October 1, 2012, the Division granted a one-year APD extension. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective November 29, 2013.

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

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

Sincerely,


Diana Mason
Environmental Scientist

cc: Well File
SITLA, Ed Bonner

