

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

FORM 3

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL		1. WELL NAME and NUMBER Ginger #2
2. TYPE OF WORK DRILL NEW WELL <input checked="" type="checkbox"/> REENTER P&A WELL <input type="checkbox"/> DEEPEN WELL <input type="checkbox"/>		3. FIELD OR WILDCAT WILDCAT
4. TYPE OF WELL Oil Well Coalbed Methane Well: NO		5. UNIT or COMMUNITIZATION AGREEMENT NAME
6. NAME OF OPERATOR SUE-ANN OPERATING, LC		7. OPERATOR PHONE 361 576-6090
8. ADDRESS OF OPERATOR PO Box 3910, Victoria, TX, 77903		9. OPERATOR E-MAIL jrgayle@saolc.com
10. MINERAL LEASE NUMBER (FEDERAL, INDIAN, OR STATE) ML-49049	11. MINERAL OWNERSHIP FEDERAL <input type="checkbox"/> INDIAN <input type="checkbox"/> STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>	
12. SURFACE OWNERSHIP FEDERAL <input type="checkbox"/> INDIAN <input type="checkbox"/> STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>		13. NAME OF SURFACE OWNER (if box 12 = 'fee') Richard Roach
14. SURFACE OWNER PHONE (if box 12 = 'fee') 423-698-2416		15. ADDRESS OF SURFACE OWNER (if box 12 = 'fee') 1334 Stuart St, ,
16. SURFACE OWNER E-MAIL (if box 12 = 'fee')		17. INDIAN ALLOTTEE OR TRIBE NAME (if box 12 = 'INDIAN')
18. INTEND TO COMMINGLE PRODUCTION FROM MULTIPLE FORMATIONS YES <input type="checkbox"/> (Submit Commingling Application) NO <input checked="" type="checkbox"/>		19. SLANT VERTICAL <input checked="" type="checkbox"/> DIRECTIONAL <input type="checkbox"/> HORIZONTAL <input type="checkbox"/>

20. LOCATION OF WELL	FOOTAGES	QTR-QTR	SECTION	TOWNSHIP	RANGE	MERIDIAN
LOCATION AT SURFACE	545 FNL 604 FEL	SENE	2	6.0 S	25.0 E	S
Top of Uppermost Producing Zone	545 FNL 604 FEL	SENE	2	6.0 S	25.0 E	S
At Total Depth	545 FNL 604 FEL	SENE	2	6.0 S	25.0 E	S

21. COUNTY UINTAH	22. DISTANCE TO NEAREST LEASE LINE (Feet) 545	23. NUMBER OF ACRES IN DRILLING UNIT 512
	25. DISTANCE TO NEAREST WELL IN SAME POOL (Applied For Drilling or Completed) 600	26. PROPOSED DEPTH MD: 2000 TVD: 2000
27. ELEVATION - GROUND LEVEL 5834	28. BOND NUMBER	29. SOURCE OF DRILLING WATER / WATER RIGHTS APPROVAL NUMBER IF APPLICABLE Vernal Municipal / Dalbo

ATTACHMENTS

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

<input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER	<input checked="" type="checkbox"/> COMPLETE DRILLING PLAN
<input type="checkbox"/> AFFIDAVIT OF STATUS OF SURFACE OWNER AGREEMENT (IF FEE SURFACE)	<input type="checkbox"/> FORM 5. IF OPERATOR IS OTHER THAN THE LEASE OWNER
<input type="checkbox"/> DIRECTIONAL SURVEY PLAN (IF DIRECTIONALLY OR HORIZONTALLY DRILLED)	<input checked="" type="checkbox"/> TOPOGRAPHICAL MAP

NAME Ginger Bowden	TITLE Agent	PHONE 435 789-4162
SIGNATURE	DATE 01/20/2011	EMAIL gs_paradigm@yahoo.com
API NUMBER ASSIGNED 43047513250000	APPROVAL  Permit Manager	

Proposed Hole, Casing, and Cement

String	Hole Size	Casing Size	Top (MD)	Bottom (MD)		
Prod	7.875	5.5	0	2000		
Pipe	Grade	Length	Weight			
	Grade J-55 LT&C	2000	15.5			

CONFIDENTIAL

Proposed Hole, Casing, and Cement

String	Hole Size	Casing Size	Top (MD)	Bottom (MD)		
Surf	12.25	8.625	0	250		
Pipe	Grade	Length	Weight			
	Grade J-55 ST&C	250	24.0			

CONFIDENTIAL

PARADIGM CONSULTING, INC

PO BOX 790203 Vernal, UT 84079 o/435-789-4162 f/435-789-0255 gs_paradigm@yahoo.com

Dear Mr.Hill,

A surface agreement could not be met between the land owner Mr. Roach and Sue-Ann Operating, LC as previously with the Ginger #1. An affidavit and surface bond will be submitted to your office as soon as possible from Holms, Roberts and Owen Law Offices.

CONFIDENTIAL

PARADIGM CONSULTING, INC

PO BOX 790203 Vernal, UT 84079 o/435-789-4162 f/435-789-0255 gs_paradigm@yahoo.com

December 10, 2010

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

Dear Sir or Madam,

Sue-Ann Operating, LC respectfully requests a spacing exception due to anticipated geological structures. The well is located at 545' FNL & 604' FEL of Section 2, Township 6 South, Range 25 East which has moved from the proposed location was 660 FNL & 660 FEL.

Sue-Ann Operating, LC is the only lease holder within a 460 foot radius of the lease line. We request consent to drill the subject location as an exception to Utah Division of Oil, Gas and Mining Rule 649-3-3.

Please feel free to contact me with any questions you may have.

Best regards,

Ginger Bowden
Agent for Sue-Ann Operating, LC

**Sue-Ann Operating, L.C.
Ginger #2
Section 2, T6S, R25E
Uintah County, UT**

1. Surface Formation – Shinarump**2. Estimated Formation Tops and Datum:**

Formation	Depth	Datum
Navjo	Surface	+5834' G.R.
Chinle	632'	+5202'
Chinle Shale	711'	+5123'
Shinarump	820'	+5014'
Moenkopi	875'	+4959'
MNKP	970'	+4864'
Anhydrite	1128'	+4706'
Phosphoria	1440'	+4394'
Phosphoria 2	1512'	+4322'
Weber	1544'	+4290'
TD	2000'	

3. Producing Formation Depth:

Formation objective – Weber sand
Possible oil shows in Phosphoria and Weber.

4. Proposed Casing and Cement:Casing Program

<u>HOLE SIZE</u>	<u>CSG. SIZE</u>	<u>#/ Ft.</u>	<u>GRADE</u>	<u>CONNECTION.</u>	<u>DEPTH</u>	<u>CONDITION</u>
12 1/4"	8 5/8"	24	J-55	ST&C	250'	New
7 7/8"	5 1/2"	15.50	J-55	LT&C	T.D.	New

Cementing Program

<u>SECTION</u>	<u>INTERVAL</u>	<u>HOLE SIZE</u>	<u>CSG SIZE</u>	<u>SLURRY</u>
Surface	0 - 250'	12 1/4"	8 5/8"	Lead: 50 sx Light Premium Plus 'V' + 2 % CaCl ₂ + .125 pps Cello Flake <i>Wt: 12.8 ppg Yld: 1.79 ft³ / sx</i> Tail: 70 sx Premium Plus 'V' + 2 % CaCl ₂ + .125 pps Cello Flake <i>Wt: 15.6 ppg Yld: 1.20 ft³ / sx</i> Volume calculated on 100% excess
Production	0-TD	7 7/8"	5 1/2"	Lead: 300 sx Premium AG (or equivalent) + 10% Cal-Seal 60 (or equivalent) + 1% CaCl ₂ + .125 pps Cello Flake <i>Wt: 14.20 ppg Yld: 1.61 ft³ / sx</i> Volume calculated on 25% excess in open hole

5. BOP and Pressure Containment Data:

The anticipated bottom hole pressure will be 2000' X 9.3# mud X .052 =967.20 psi.

A 2000 psi WP BOP system as described in the BOP and Pressure Containment Data will be installed and maintained from the 8 5/8" surface casing. The BOP system including the casing will be tested to minimum standards set forth in "On Shore Order #2". The BOP will be mechanically checked daily during drilling operations.

Stack: 2M SAG

6. Mud Program:

<u>INTERVAL</u>	<u>MUD WEIGHT</u> <u>lbs./gal.</u>	<u>VISCOSITY</u> <u>Sec / Qt</u>	<u>FLUID LOSS</u> <u>ml / 30 mins.</u>	<u>MUD TYPE</u>
0-250	Air/Mist	No control	No control	
250-1400*	Air/ Mist	No control	No control	
1400-TD**	8.8-9.2	34	8-10	Water / Gel

*If Phosphoria or Weber produces oil, go to water based mud

**Mud-up at 1400' for logs

7. Auxiliary Equipment:

Upper Kelly cock, full opening stabbing valve, and choke manifold

8. Testing, Coring, Sampling and Logging:

- a) Test: Not Planned
- b) Mudlog: Onsite from 250' to TD.
- c) Coring: Not Planned
- d) Sampling: Every 10' from 250' to T.D.
- e) Logging:

Type	Interval
Triple Combo	every 10'
Dipmeter	T.D. to Surf. Csg

9. Abnormalities (including sour gas):

No H2S is anticipated.

10. Drilling Schedule:

The anticipated starting date is January 1, 2010. Duration of operations is expected to be 30 days.

1. Existing Roads:

From Jensen, UT, proceed in an easterly direction along US Highway 40 approximately 12.7 miles to the junction of this road and an existing road (Miner's Draw Road-County B Road 1630). Exit left. Proceed in a northeasterly direction approximately 4.0 miles to the junction of this road and an existing road to the east (Kay Ranch Road). Exit right and proceed in an easterly direction approximately 3.8 miles to the beginning of the proposed access road. Follow road flags in a northeasterly direction approximately 1,130 feet to the proposed well pad.

Total distance from Jensen, UT to the proposed well location is approximately 20.7 miles in a southeasterly direction.

All existing roads to the proposed location are State of Utah, BLM maintained or County Class B or D roads.

Please see the attached map for additional details.

2. Planned access road

The proposed access road will be approximately 1,100 feet. The road will be graded once per year minimum and maintained.

- A) Approximate length.....1,100 ft
- B) Right of Way width.....30 ft
- C) Running surface.....18 ft
- D) Surface material.....Native soil
- E) Maximum grade.....8%
- F) Fence crossing.....None
- G) Culvert.....One
- H) Turnouts.....None
- I) Major cuts and fills.....None
- J) Road Flagged.....Yes
- K) Access road surface ownership.....Fee
- L) All new construction on lease.....Yes
- M) Pipe line crossing.....No

Please see the attached location plat for additional details.

An off lease right-of-way will not be required.

All surface disturbances for the road and location will be within the lease boundary.

3. Location of existing wells

The following wells are located within a one-mile radius of the location site.

- A) Producing well: None**
- B) Water well: None**
- C) Abandoned well: Ginger #, State 1, State 1X**
- D) Temp. abandoned well: None**
- E) Disposal well: None**
- F) Drilling /Permitted well: None**
- G) Shut in well: None**
- H) Injection well: None**
- I) Monitoring or observation well: None**

Please see the attached map (Sheet 8 of 8) for additional details.

4. Location of tank batteries, production facilities and production gathering service lines.

All production facilities are to be contained within the proposed location site. Please see the attached plat plan for a typical gas well separator installation and well site piping.

All permanent (on site for more than six months or longer) structures constructed or installed will be painted a color determined by the AO. Facilities required to comply with O.S.H.A. (Occupational Safety and Health Act) will be excluded.

All tanks will be surrounded by a dike of sufficient capacity to contain the storage capacity of the largest tank in the battery. The integrity of the dike will be maintained.

All off lease storage, off lease measurement, commingling on lease or off lease, of production, will have prior written approval from the authorized officer.

A sundry notice will be filed in the event a pipeline is necessary.

5. Location and type of water supply

Water for drilling and cementing will come from a municipal source at Dalbo Trucking in Vernal, UT.

6. Source of construction materials

All construction material for this location site and access road shall be barrow material accumulated during construction of the location site and access road. Additional road gravel or pit lining material will be obtained from private resources.

7. Methods for handling waste disposal

A) Pit construction and liners:

A closed system will be used to drill the well. All fresh water for drilling will come from a frac tank placed on location and from the rig tank.

B) Produced fluids:

Produced water will be confined to a storage tank for a period not to exceed 90 days after initial production. During the 90-day period an application for approval for permanent disposal method and location will be submitted to the authorized officer. Onsite evaporation may be used instead of trucking to facilitate closing and reclamation of the reserve pit. A pumping system would be used for evaporation.

C) Garbage:

A trash cage fabricated from expanded metal will be used to hold trash on location and will be removed to an authorized landfill location.

D) Sewage:

A portable chemical toilet will be supplied for human waste.

E) Site clean-up:

After the rig is moved off the location the well site area will be cleaned and all refuse removed.

8. Ancillary facilities

There are no ancillary facilities planned at this time and none are foreseen for the future.

9. Well-site layout

Location dimensions are as follows:

- A) **Pad length: 220 ft.**
- B) **Pad width: 150 ft.**
- C) **Pit depth: 8 ft.**
- D) **Pit length: 85 ft.**
- E) **Pit width: 25 ft.**
- F) **Max cut: 4.2 ft.**
- G) **Max fill: 2.9 ft.**
- H) **Total cut yards: 2,170 c. ft.**
- I) **Pit location: NW end**
- J) **Top soil location: South end**
- K) **Access road location: East end**
- L) **Flare Pit: Corner C**

Please see the attached location diagram (sheet 3 of 8) for additional details.

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 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 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 to keep the fence tight at all times.
- D) Standard steel, wood or pipe posts shall be used between the corner braces. Maximum distance between any two posts shall be no greater than 16 ft.
- E) All wire shall be stretched by using a stretching device before it is attached to the corner posts.

10. Plans for restoration of the surface

Prior to construction of the location, the top 6 inches of soil material will be stripped off the location and the pit area. The topsoil removed and piled will amount to approximately **610** cubic yards of material.

Topsoil will be stockpiled in one distinct pile. Placement of the topsoil is noted on the attached location plat. The topsoil pile from the location will be seeded as soon as the soil

is stock piled with the seed mix listed. The unused portion of the location (the area outside the dead men) will be re-contoured.

The dirt contractor will be provided with an approved copy of the surface use plan prior to construction activities.

Changes to the drainage during the construction activities shall be restored to its original line of flow or as near as possible when the pit is back-filled.

All disturbed areas will be re-contoured to the approximate natural contours.

Diversion ditches and water bars will be used to divert the run off as needed.

When restoration activities have been completed, the location site and new access road cuts and shoulders shall be reseeded. Prior to reseeding, all disturbed areas will be scarified and left with a rough surface.

A) Seeding dates:

Seed will be spread when topsoil is stock piled and when reclamation work is performed.

The seed mix and quantity list will be used whether the seed is broadcast or drilled.

B) Interim Seed Mix

To be determined by the AO.

11. Surface ownership:

Access road: Fee/Federal

Location: Fee

Pipeline: None

12. Other information:

A) Vegetation

The vegetation coverage is consistent with that of a highland desert. The majority of the existing vegetation consists of sagebrush, and native grasses.

B) Dwellings:

There are **no** dwellings or other facilities within a one-mile radius of the location.

C) Archeology:

The location will not be surveyed.

If, during operations, any archaeological or historical sites, or any objects of antiquity (subject to the antiquities act of June 8, 1906) are discovered, all operations, which would affect such sites, will be suspended and the discovery reported promptly to the surface management agency.

D) Water:

The nearest water is the Green River located 20miles +/- to the west.

E) Chemicals:

No pesticides, herbicides or other possible hazardous chemicals will be used without prior approval.

F) Notification:

- a) Location Construction
At least forty eight (48) hours prior to construction of location and access roads.
- b) Location completion prior to moving on the drilling rig.
- c) Spud notice
At least twenty-four (24) hours prior to spudding the well.
- d) Casing string and cementing
At least twenty-four (24) hours prior to running casing and cementing all casing strings.
- e) BOP and related equipment tests
At least twenty-four (24) hours prior to initial pressure tests.
- f) First production notice
Within five (5) business days after the new well begins, or production resumes after well has been off production for more than 90 days.
- g) Local fire authorities will be notified.

13. Lessees or Operator's representative and certification:

A) Representative

Ginger Bowden
Paradigm Consulting
PO BOX 790203
Vernal, UT 84079

Office 435-789-4162
Cellular 435-790-4163

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, and any applicable notices to lessees. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance.

This drilling permit will be valid for a period of one year from the date of approval. After permit termination, a new application will be filed for approval for any future operations.

B) Operators Certification:

I hereby certify that I, or someone under my direct supervision, have inspected the proposed drill-site and access route proposed herein; that I am familiar with the conditions which currently exist, that I have full knowledge of state and federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for filing of a false statement.

Executed this 24th day of September, 2010.

Name: Ginger Bowden

Position Title: Agent

Address: PO BOX 790203 Vernal, UT 84079

Telephone: 435-789-4162

Onsite Dates: To be announced

Self Certification Statement

The following self-certification statement is provided per Federal requirements dated June 15, 1988.

Please be advised Sue-Ann Operating, L.C. is considered to be the operator of the following well:

**Ginger #2
Section 2, T. 6S, R. 25E
Lease: ML-49049
Uintah County, Utah**

Sue-Ann Operating, L.C. is responsible under the terms and conditions of the lease for the operations conducted upon the lease lands.

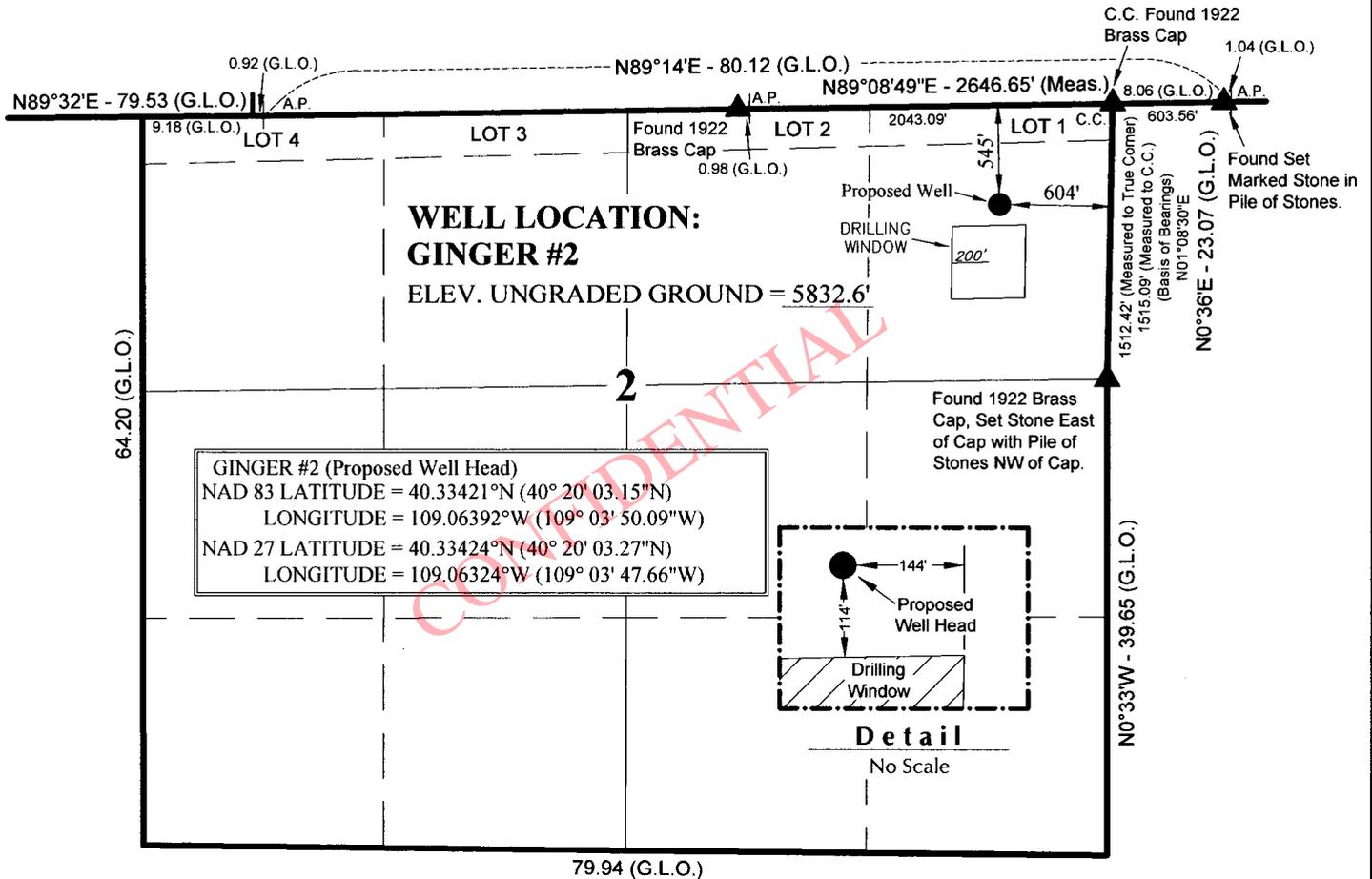
Bond RLB0013483 provides individual well bond coverage.

Date 9/24/2010

Name: Ginger Bowden

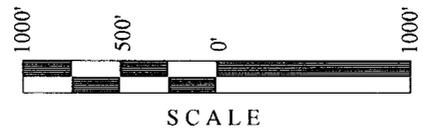
Title: Agent

T6S, R25E, S.L.B.&M.



NOTES:

- ▲ = Section Corners Located
- 1. Well footages are measured at right angles to the Section Lines.
- 2. G.L.O. distances are shown in feet or chains. 1 chain = 66 feet.
- 3. Bearings are based on Global Positioning Satellite observations.
- 4. BASIS OF ELEVATION IS A TRI STATION LOCATED AT THE SOUTHEAST CORNER OF SECTION 22, T6S, R25E, S.L.B.&M. THE ELEVATION OF THIS TRI STATION IS SHOWN ON THE SNAKE JOHN REEF 7.5 MIN. QUADRANGLE AS BEING 5486'.



SURVEYOR'S CERTIFICATE

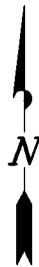
THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF A REAL SURVEY MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

No. 6028691
 JOHN R. LAUGH
 PROFESSIONAL LAND SURVEYOR
 REGISTRATION No. 6028691
 STATE OF UTAH

SUE-ANN OPERATING, L.C.

LEGAL PLAT

GINGER #2
545' FNL, 604' FEL
SE ¼ NE ¼ OF SECTION 2, T6S, R25E,
S.L.B.&M., UINTAH COUNTY, UTAH.

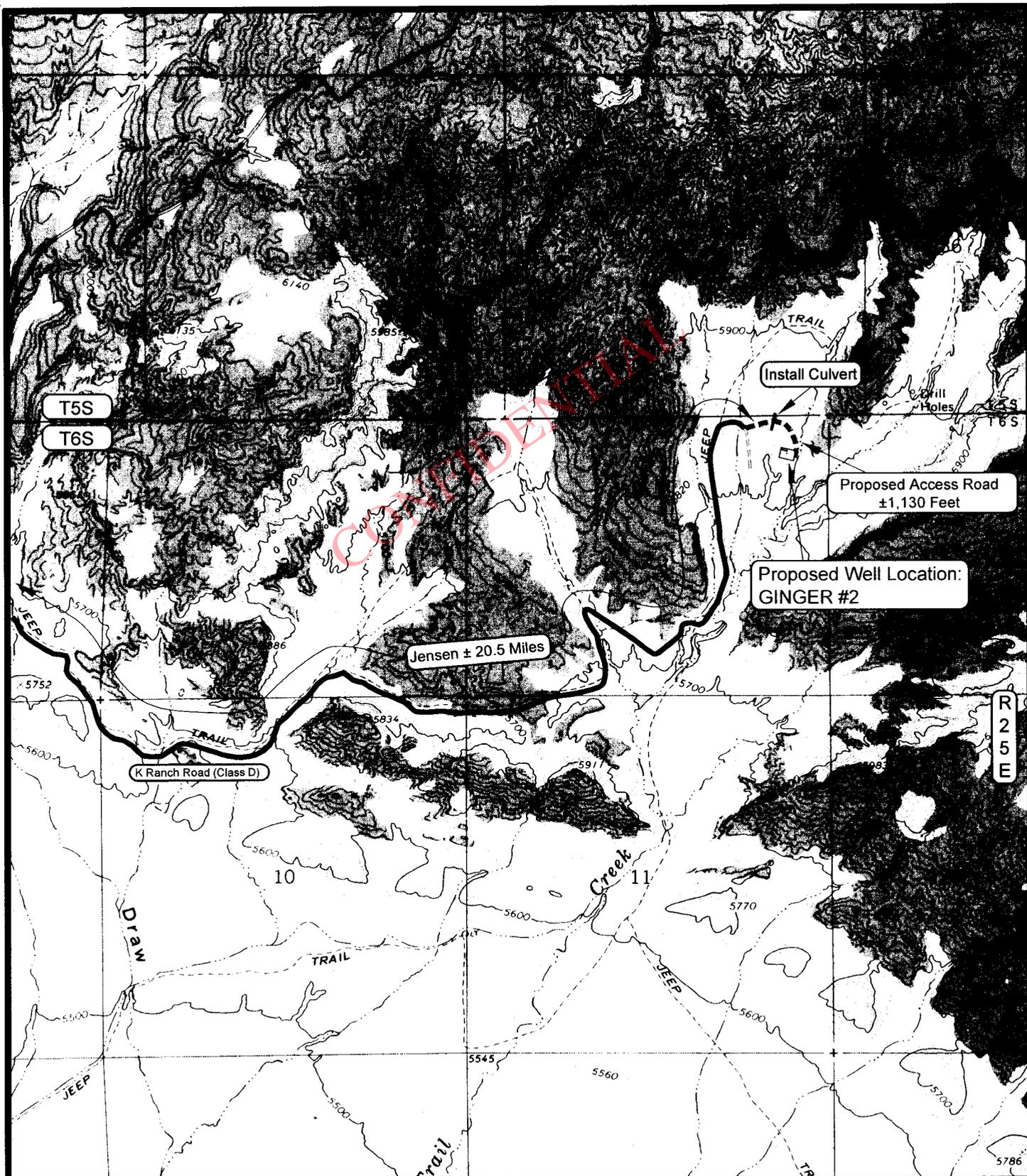


TIMBERLINE

(435) 789-1365

ENGINEERING & LAND SURVEYING, INC.
 209 NORTH 300 WEST - VERNAL, UTAH 84078

DATE SURVEYED: 08-04-10	SURVEYED BY: D.J.S.	SHEET 2 OF 8
DATE DRAWN: 08-05-10	DRAWN BY: M.W.W.	
SCALE: 1" = 1000'	Date Last Revised: 12-02-10 M.W.W.	



LEGEND

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

SUE-ANN OPERATING, L.C.

GINGER #2
SECTION 2, T6S, R25E, S.L.B.&M.
545' FNL & 604' FEL

TOPOGRAPHIC MAP "B"

DATE SURVEYED: 08-04-10

DATE DRAWN: 08-09-10

SCALE: 1" = 2000'

DRAWN BY: M.W.W.

REVISED: 12-03-10 M.W.W.

TIMBERLINE

(435) 789-1365

ENGINEERING & LAND SURVEYING, INC.

209 NORTH 300 WEST - VERNAL, UTAH 84078

SHEET

7

OF 8

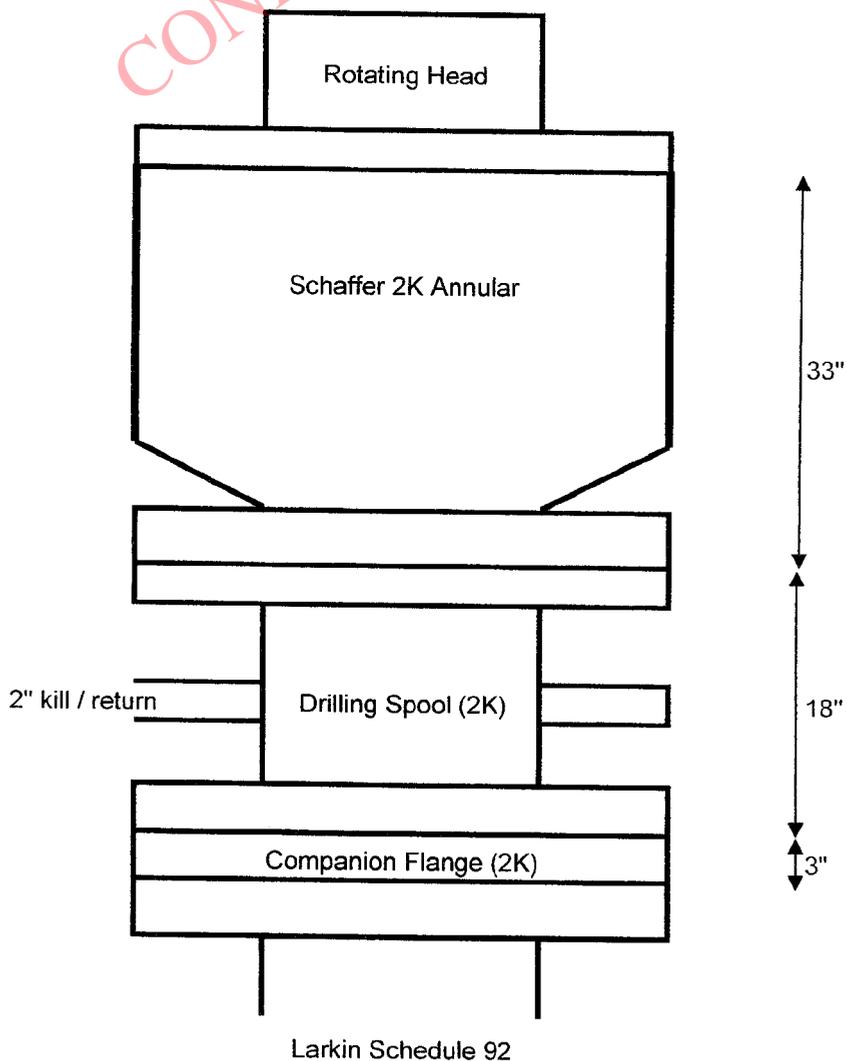


PERFORMANCE PROFESSIONALS™

2103 East Ladd Road
Washington, Oklahoma 73093
(O) 405-288-6021
(F) 405-288-6737

(2,000 psi)

BOP Configuration





Holme Roberts & Owen LLP
Attorneys at Law

SALT LAKE CITY

October 26, 2010

BOULDER

Mr. Brad Hill
Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84116

COLORADO SPRINGS

Re: Affidavit and Proof of Trust Lands Bond for the proposed Ginger #2 well, T6S, R25E, SLM

DENVER

Dear Mr. Hill:

Sue-Ann Operating has filed an application for permit to drill the Ginger #2 well in the NE $\frac{1}{4}$ of Section 2 in Township 6 South, Range 25 East, SLM. The oil, gas and hydrocarbons under these lands are owned by the Utah School and Institutional Trust Lands Administration ("Trust Lands") and are currently leased to Parallel Petroleum, LLC under Trust Lands Lease No. ML-49049. The surface is in fee ownership, owned by K Ranch, LLC.

DUBLIN

LONDON

Despite our continued efforts to obtain a surface use agreement for the Ginger #2 well, the surface owner, Mr. Richard Roach of has continued with his preference for using the Trust Land's bond on process for surface reclamation established under Utah Code Ann. § 53C-2-409(3)(c). Accordingly, we have requested that Trust Lands accept a bond, a copy of which is enclosed for your files, in the amount of \$8,800 in the name of Trust Lands for the use and benefit of K Ranch, LLC to secure the payment of any damages for the use of the surface related to the well.

LOS ANGELES

MUNICH

I have also enclosed a copy of the affidavit required for notice purposes which has also been sent to the surface owner, his attorney and to the Uintah County Recorder's office for recording. I also enclosed a copy of the surveys for the well pad and access road and directions to the proposed well site for your convenience. Please let me know if there is anything else that I can provide to help the process along.

PHOENIX

Sincerely,

SAN FRANCISCO

A handwritten signature in blue ink that reads "David B. Hubbell".

RECEIVED

OCT 26 2010

DIV. OF OIL, GAS & MINING

WHEN RECORDED, RETURN TO:

David B. Hubbell
299 South Main, Suite 1800
Salt Lake City, UT 84111

AFFIDAVIT

David B. Hubbell, being first duly sworn upon his oath, deposes and says:

1. I am over the age of 21 and make this Affidavit upon personal knowledge of the documents referenced herein as they appear in the Uintah County Recorder's Office.
2. I am an attorney having 2 years of experience working with lands in Uintah County, Utah, and documents recorded in the Uintah County Recorder's Office.
3. This Affidavit pertains to real property located in Uintah County, Utah, more particularly described as:

Township 6 South, Range 25 East, SLM
Section 2: Lot 1, Lot 2, NE¼

(hereinafter, the "Subject Lands")

4. The Utah School and Institutional Trust Lands Administration ("Trust Lands") is the owner of the mineral interests underlying the Subject Lands, including oil, gas, and hydrocarbons. Trust Lands obtained title to the mineral interests effective January 25, 1927, as confirmed by Patent No. 43-65-0173 dated April 27, 1965 and recorded in the Uintah County Records on June 28, 1965 in Book 124, Page 346.

5. Parallel Petroleum LLC (formerly Parallel Petroleum Corporation)(P.O. Box 790203, Vernal UT 84079) is the owner of that Oil, Gas & Hydrocarbon Lease ML-49049 ("Lease") issued by Trust Lands and conveying to it rights and interests in Trust Lands' oil, gas and hydrocarbons underlying the Subject Lands.

6. By State Patent No. 18931 dated October 30, 1999 and recorded in the Uintah County Records on November 8, 1999 in Book 494, Page 236, Trust Lands conveyed the surface of the Subject Lands into fee ownership. Upon information and belief, the surface of the Subject Lands is owned by K Ranch, LLC, 1334 Stuart Street, Chattanooga, TN 37406.

7. After diligent efforts, Parallel Petroleum LLC has been unable to secure an agreement with K Ranch, LLC for access and use of a right-of-way and location necessary for drilling, exploring and producing the minerals conveyed to it under the Lease. On October 5, 2010, K Ranch, LLC again confirmed their intent to have the lessee utilize the Trust Lands bonding process in lieu of a surface use agreement.

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

FORM 4A

Bond No. RLB0013483

SURETY BOND

KNOW ALL MEN BY THESE PRESENTS:

That we (operator name) Sue-Ann Operating, L.C. as Principal,
and

(surety name) RLI Insurance Company as Surety, duly authorized
and qualified to do business in the State of Utah, are held and firmly bound unto the State of Utah in the sum of:

Fifteen Thousand and No/100 ----- dollars (\$ 15,000.00 -----)
lawful money of the United States, payable to the Director of the Division of Oil, Gas and Mining, as agent of the State of Utah, for the use and
benefit of the State of Utah for the faithful payment of which we bind ourselves, our heirs, executors, administrators and successors, jointly and
severally by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH THAT, WHEREAS the Principal is or will be engaged in the drilling, redrilling, deepening,
repairing, operating, and plugging and abandonment of a well or wells and restoring the well site or sites in the State of Utah for the purposes of
oil or gas production and/or the injection and disposal of fluids in connection therewith for the following described land or well:

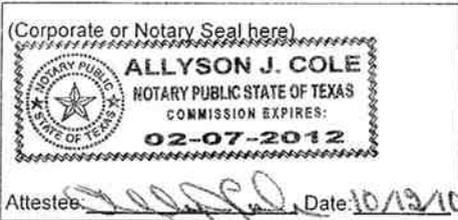
 Blanket Bond: To cover all wells drilled in the State of Utah

 X Individual Bond: Well No: Ginger #2
Section: 2 Township: 6S Range: 25E
County: Uintah County , Utah

NOW, THEREFORE, if the above bounden Principal shall comply with all the provisions of the laws of the State of Utah and the rules, orders and
requirements of the Board of Oil, Gas and Mining of the State of Utah, including, but not limited to the proper plugging and abandonment of wells
and well site restoration, then this obligation is void; otherwise, the same shall be and remain in full force and effect.

IN TESTIMONY WHEREOF, said Principal has hereunto subscribed its name and has caused this instrument to be signed by its duly authorized
officers and its corporate or notary seal to be affixed this

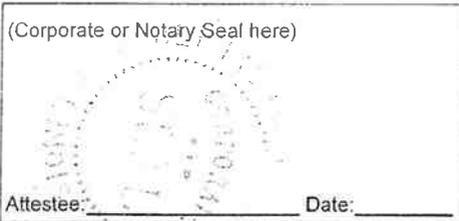
 12th day of October , 20 10 .



Sue-Ann Operating, L.C.
Principal (company name)
By John R. Grayles President
Name (print) Title
Paul Gage
Signature

IN TESTIMONY WHEREOF, said Surety has caused this instrument to be signed by its duly authorized officers and its corporate or notary seal
to be affixed this

 12th day of October , 20 10 .



RLI Insurance Company
Surety Company (Attach Power of Attorney)
By Greg E. Chilson, Attorney-in-Fact
Name (print) Title
Greg E Chilson
Signature
8 Greenway Plaza, Suite 400
Surety Mailing Address
Houston TX 77046
City State Zip



RLI Surety
A division of RLI Insurance Company

POWER OF ATTORNEY

RLI Insurance Company

Know All Men by These Presents:

That the RLI INSURANCE COMPANY, a corporation organized and existing under the laws of the State of Illinois, and authorized and licensed to do business in all states and the District of Columbia does hereby make, constitute and appoint: GREG E. CHILSON in the City of HOUSTON, State of TEXAS, as Attorney-in-Fact, with full power and authority hereby conferred upon him to sign, execute, acknowledge and deliver for and on its behalf as Surety and as its act and deed, all of the following classes of documents to-wit:

\$15,000.00

Indemnity, Surety and Undertakings that may be desired by contract, or may be given in any action or proceeding in any court of law or equity; policies indemnifying employers against loss or damage caused by the misconduct of their employees; official, bail and surety and fidelity bonds. Indemnity in all cases where indemnity may be lawfully given; and with full power and authority to execute consents and waivers to modify or change or extend any bond or document executed for this Company, and to compromise and settle any and all claims or demands made or existing against said Company.

The RLI INSURANCE COMPANY further certifies that the following is a true and exact copy of a Resolution adopted by the Board of Directors of RLI Insurance Company, and now in force to-wit:

"All bonds, policies, undertakings, Powers of Attorney, or other obligations of the corporation shall be executed in the corporate name of the Company by the President, Secretary, any Assistant Secretary, Treasurer, or any Vice President, or by such other officers as the Board of Directors may authorize. The President, any Vice President, Secretary, any Assistant Secretary, or the Treasurer may appoint Attorneys-in-Fact or Agents who shall have authority to issue bonds, policies, or undertakings in the name of the Company. The corporate seal is not necessary for the validity of any bonds, policies, undertakings, Powers-of-Attorney, or other obligations of the corporation. The signature of any such officer and the corporate seal may be printed by facsimile."

(Blue shaded areas above indicate authenticity)

IN WITNESS WHEREOF, the RLI Insurance Company has caused these presents to be executed by its PRESIDENT with its corporate seal affixed this

ATTEST:

Jean M. Stephenson
CORPORATE SECRETARY



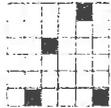
Michael J. Stone
PRESIDENT

State of Illinois)
) SS
County of Peoria)

On this 12 day of Oct. 2010 before me, a Notary Public, personally appeared Michael J. Stone and Jean M. Stephenson, who being by me duly sworn, acknowledged that they signed the above Power of Attorney as President and Corporate Secretary, respectively, of the said RLI INSURANCE COMPANY, and acknowledged said instrument to be the voluntary act and deed of said corporation.

Cherie L. Montgomery
Notary Public





State of Utah
School and Institutional
Trust Lands Administration

675 East 500 South #500
Salt Lake City, UT 84102-2818
Telephone No. (801)538-5100
Fax No. (801)355-0922
Web site: trustlands.utah.gov

BOND NUMBER: RLB0013485
Corporate Surety Bond
Date: October 12, 2010

BOND OF LESSEE

KNOW ALL MEN BY THESE PRESENTS, that we Sue-Ann Operating, L.C.
of P.O. Box 3910, Victoria, TX 77903 as principal and
RLI Insurance Company, as surety, are held and firmly bound unto
the State of Utah in the sum of Eight Thousand Eight Hundred and No/100 Dollars (\$8,800.00---) lawful money of the United
States to be paid to the School & Institutional Trust Lands Administration, as agent for the State of Utah, for the use and benefit of the
State of Utah, and of any patentee or purchaser of any portion of the land covered by the hereinafter described lease heretofore sold or
which may hereafter be sold with a reservation to the State of Utah, on the surface or of other mineral deposits of any portion of such
lands, for which payment, well and truly to be made, we bind ourselves, and each of us, and each of our heirs, executors,
administrators, successors, sublessees, and assignees, jointly and severally by these presents.

Signed with our hands and sealed this 12th day of October, 2010.

The condition of the foregoing obligation is such that,

WHEREAS, The State of Utah, as Lessor, issued a(n) Mineral lease, Lease Number
ML49049 and dated 3/1/03, to Parallel Petroleum, LLC as lessee
(and said lease has been duly assigned under date of 4/1/10
to Sue-Ann Operating, LC) to drill for, mine, extract, and remove all of the
Mineral deposits in and under the following described lands, to wit:

Bond to be held by State of Utah School and Institutional Trust Lands Administration for the benefit of surface owner,
Richard Roach, to cover potential surface loss or damage for well to be drilled in Section 2, Township 6S, Range 25E in
Uintah County, Utah, consisting of +-514.78 acres of land

NOW, THEREFORE, the principal and surety shall be obligated to pay all monies, rentals, royalties, costs of reclamation, damages
to the surface and improvements thereon and any other damages, costs, expenses, penalties, interest or liabilities which arise by
operation of or in connection with the above described lease(s) accruing to the Lessor and shall fully comply with all other terms and
conditions of said lease, the rules, regulations, and policies relating thereto of the School & Institutional Trust Lands Administration,
the Board of Oil, Gas and Mining, and the Division of Oil, Gas and Mining as they may now exist or may from time to time be
modified or amended. This obligation is in effect even if the principal has conveyed part of its interest to a successor in interest. If the
principal fully satisfies the above described obligations, then the surety's obligation to make payment to the State of Utah is void and
of no effect, otherwise, it shall remain in full force and-effect until released by the School & Institutional Trust Lands Administration.

Signed, sealed and delivered in the presence of ALLYSON J. COLE Sue-Ann Operating, L.C.

ALLYSON J. COLE Witness
JENNIFER GINN Witness



John Hayfe (SEAL) Principal
Greg E. Chilson Attorney-in-Fact
Attest: Robbie Duxbury

APPROVED AS TO FORM
MARK L. SHURTLEFF
Attorney General

Resident Agent: N/A
Bonding Co. Address: 8 Greenway Plaza, Suite 400
Houston, TX 77046

By [Signature]



RLB0013485

RLI Surety
A division of RLI Insurance Company

POWER OF ATTORNEY

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\$8,800.00

Indemnity, Surety and Undertakings that may be desired by contract, or may be given in any action or proceeding in any court of law or equity; policies indemnifying employers against loss or damage caused by the misconduct of their employees; official, bail and surety and fidelity bonds. Indemnity in all cases where indemnity may be lawfully given; and with full power and authority to execute consents and waivers to modify or change or extend any bond or document executed for this Company, and to compromise and settle any and all claims or demands made or existing against said Company.

The RLI INSURANCE COMPANY further certifies that the following is a true and exact copy of a Resolution adopted by the Board of Directors of RLI Insurance Company, and now in force to-wit:

"All bonds, policies, undertakings, Powers of Attorney, or other obligations of the corporation shall be executed in the corporate name of the Company by the President, Secretary, any Assistant Secretary, Treasurer, or any Vice President, or by such other officers as the Board of Directors may authorize. The President, any Vice President, Secretary, any Assistant Secretary, or the Treasurer may appoint Attorneys-in-Fact or Agents who shall have authority to issue bonds, policies, or undertakings in the name of the Company. The corporate seal is not necessary for the validity of any bonds, policies, undertakings, Powers-of-Attorney, or other obligations of the corporation. The signature of any such officer and the corporate seal may be printed by facsimile."

(Blue shaded areas above indicate authenticity)

IN WITNESS WHEREOF, the RLI Insurance Company has caused these presents to be executed by its PRESIDENT with its corporate seal affixed this

ATTEST:

Jean M. Stephenson
CORPORATE SECRETARY



Michael J. Stone
PRESIDENT

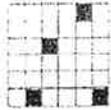


State of Illinois)
) SS
County of Peoria)

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Cherie L. Montgomery
Notary Public





State of Utah
School and Institutional
Trust Lands Administration

675 East 500 South #500
Salt Lake City, UT 84102-2818
Telephone No. (801)538-5100
Fax No. (801)355-0922
Web site: trustlands.utah.gov

BOND NUMBER: RLB0013484
Corporate Surety Bond
Date: October 12, 2010

BOND OF LESSEE

KNOW ALL MEN BY THESE PRESENTS, that we Sue-Ann Operating, L.C.
of P.O. Box 3910, Victoria, TX 77903 as principal and
RLI Insurance Company as surety, are held and firmly bound unto
the State of Utah in the sum of Five Thousand and No/100----- Dollars (\$5,000.00--) lawful money of the United
States to be paid to the School & Institutional Trust Lands Administration, as agent for the State of Utah, for the use and benefit of the
State of Utah, and of any patentee or purchaser of any portion of the land covered by the hereinafter described lease heretofore sold or
which may hereafter be sold with a reservation to the State of Utah, on the surface or of other mineral deposits of any portion of such
lands, for which payment, well and truly to be made, we bind ourselves, and each of us, and each of our heirs, executors,
administrators, successors, sublessees, and assignees, jointly and severally by these presents.

Signed with our hands and sealed this 12th day of October, 2010.

The condition of the foregoing obligation is such that,

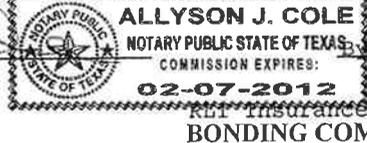
WHEREAS, The State of Utah, as Lessor, issued a(n) Mineral lease, Lease Number
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(and said lease has been duly assigned under date of 4/1/10
to Sue-Ann Operating, LC) to drill for, mine, extract, and remove all of the
Mineral deposits in and under the following described lands, to wit:

Section 2, Township 6S, Range 25E in Uintah County, Utah, consisting of
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modified or amended. This obligation is in effect even if the principal has conveyed part of its interest to a successor in interest. If the
principal fully satisfies the above described obligations, then the surety's obligation to make payment to the State of Utah is void and
of no effect, otherwise, it shall remain in full force and-effect until released by the School & Institutional Trust Lands Administration.

Signed, sealed and delivered in the presence of Sue-Ann Operating, L.C.

Allyson J. Cole Witness
Jennifer Ginn Witness



[Signature] (SEAL)
Principal
Greg E. Chilson
Greg E. Chilson, Attorney-in-Fact

Attest: Robbie Duxbury
Robbie Duxbury

APPROVED AS TO FORM
MARK L. SHURTLEFF
Attorney General

Resident Agent: N/A

Bonding Co. Address: 8 Greenway Plaza, Suite 400
Houston, TX 77046

By [Signature]



RLB0013484

RLI Surety
A division of RLI Insurance Company

POWER OF ATTORNEY

RLI Insurance Company

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\$5,000.00

Indemnity, Surety and Undertakings that may be desired by contract, or may be given in any action or proceeding in any court of law or equity; policies indemnifying employers against loss or damage caused by the misconduct of their employees; official, bail and surety and fidelity bonds. Indemnity in all cases where indemnity may be lawfully given; and with full power and authority to execute consents and waivers to modify or change or extend any bond or document executed for this Company, and to compromise and settle any and all claims or demands made or existing against said Company.

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(Blue shaded areas above indicate authenticity)

IN WITNESS WHEREOF, the RLI Insurance Company has caused these presents to be executed by its PRESIDENT with its corporate seal affixed this

ATTEST:

Jean M. Stephenson
CORPORATE SECRETARY



Michael J. Stone
PRESIDENT

State of Illinois)
) SS
County of Peoria)

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Cherie L. Montgomery
Notary Public





State of Utah

GARY R. HERBERT
Governor

GREG BELL
Lieutenant Governor

Office of the Governor
PUBLIC LANDS POLICY COORDINATION

JOHN HARJA
Director

November 8, 2010

Diana Mason
Petroleum Specialist
Department of Natural Resources, Division of Oil Gas and Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, UT 84114-5801

Subject: Application for Permit to Drill
RDCC Project No. 23540

Dear Ms. Mason:

The State of Utah, through the Public Lands Policy Coordination Office (PLPCO), has reviewed this project. Utah Code (Section 63J-4-601, *et. seq.*) designates PLPCO as the entity responsible to coordinate the review of technical and policy actions that may affect the physical resources of the state, and to facilitate the exchange of information on those actions among federal, state, and local government agencies. As part of this process, PLPCO makes use of the Resource Development Coordinating Committee (RDCC). The RDCC includes representatives from the state agencies that are generally involved or impacted by public lands management.

Division of Air Quality

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

The state encourages the use of Best Management Processes (BMP s) in protecting air quality in Utah. The state recommends the following BMP s as standard operating procedures:

- 1) Emission Standards for Stationary Internal Combustion Engines of 2 g/bhp-hr of NO_x for engines less than 300 HP (Tier 3) and 1 g/bhp-hr of NO_x for engines over 300 HP (Tier 3).

- 2) No or low bleed controllers for Pneumatic Pumps, Actuators and other Pneumatic devices.
- 3) Green completion or controlled VOC emissions methods with 90% efficiency for Oil or Gas Atmospheric Storage Tanks, VOC Venting controls or flaring, Glycol Dehydration and Amine Units Units, VOC Venting controls or flaring, Well Completion, Re-Completion, Venting, and Planned Blowdown Emissions.

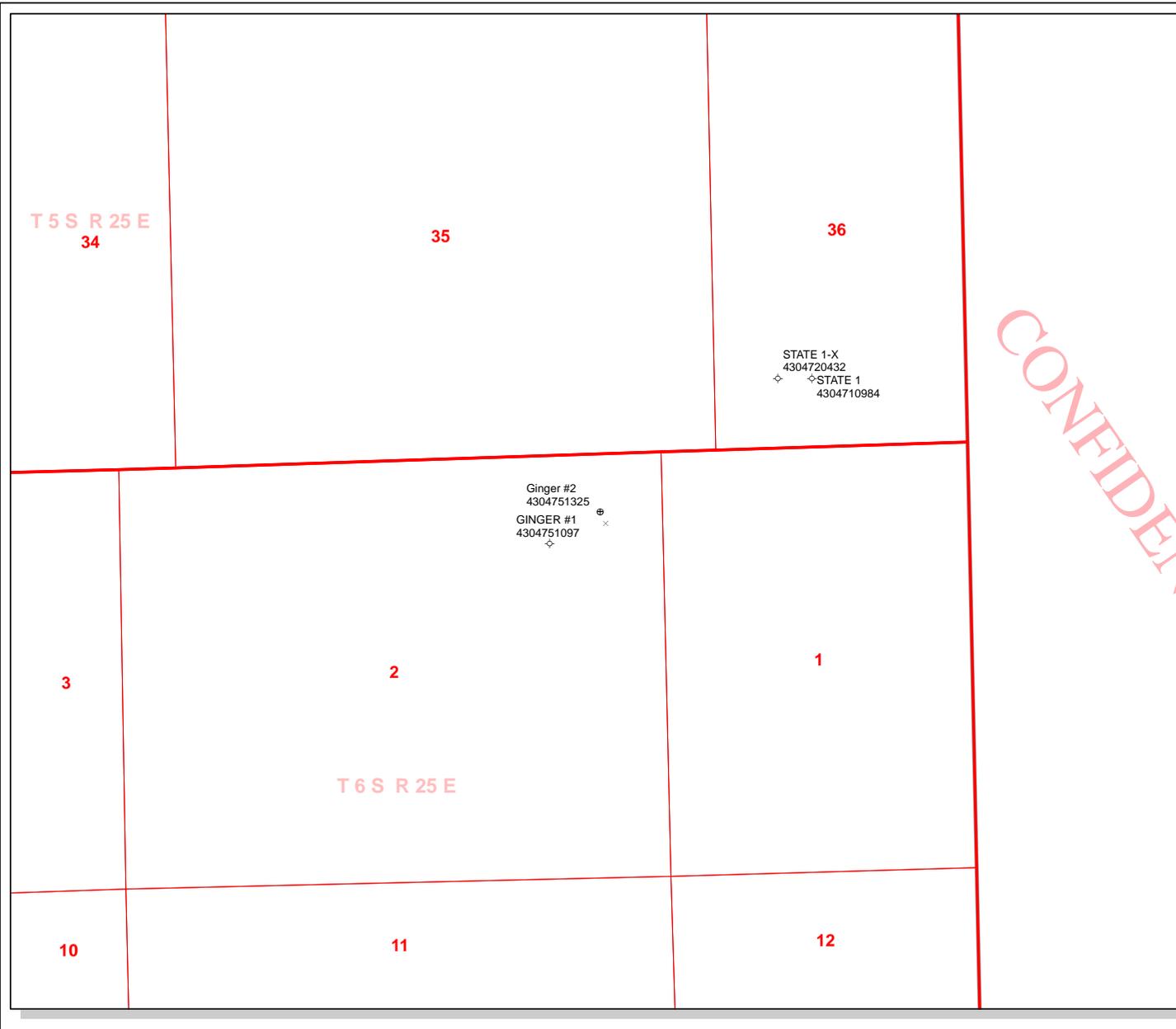
If compressors or pump stations are constructed at the site or if the proponent perceives full production a permit application, known as a Notice of Intent (NOI), should be submitted to the Executive Secretary at the Utah Division of Air Quality at 150 N. 1950 West, Salt Lake City, Utah, 84116 for review according to R307-401: Permit: Notice of Intent and Approval Order, of the Utah Air Quality Rules. A copy of the rules can be found at www.rules.utah.gov/publicat/code/r307/r307.htm.

The State of Utah appreciates the opportunity to review this proposal and we look forward to working with you on future projects. Please direct any other written questions regarding this correspondence to the Public Lands Policy Coordination Office at the address below, or call Judy Edwards at (801) 537-9023.

Sincerely,



John Harja
Director

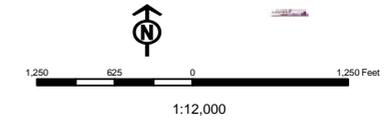


API Number: 4304751325
Well Name: Ginger #2
Township 06.0 S Range 25.0 E Section 02
Meridian: SLBM
 Operator: SUE-ANN OPERATING, LC

Map Prepared:
 Map Produced by Diana Mason

- | Units | Wells Query |
|---------------|------------------------------------|
| STATUS | Status |
| ACTIVE | APD - Approved Perms |
| EXPLORATORY | DRL - Spudded (Drilling Commenced) |
| GAS STORAGE | GIW - Gas Injection |
| NF PP OIL | GS - Gas Storage |
| NF SECONDARY | LA - Location Abandoned |
| PI OIL | LOC - New Location |
| PP GAS | OPS - Operation Suspended |
| PP GEOTHERMAL | PA - Plugged Abandoned |
| PP OIL | PGW - Producing Gas Well |
| SECONDARY | POW - Producing Oil Well |
| TERMINATED | RET - Returned APD |
| Fields | SGW - Shut-in Gas Well |
| STATUS | SOW - Shut-in Oil Well |
| Unknown | TA - Temp. Abandoned |
| ABANDONED | TW - Test Well |
| ACTIVE | WDW - Water Disposal |
| COMBINED | WW - Water Injection Well |
| INACTIVE | WSW - Water Supply Well |
| STORAGE | |
| TERMINATED | |
| Sections | |
| Township | |

CONFIDENTIAL



Well Name	SUE-ANN OPERATING, LC Ginger #2 43047513250000			
String	Surf	Prod		
Casing Size(")	8.625	5.500		
Setting Depth (TVD)	250	2000		
Previous Shoe Setting Depth (TVD)	0	250		
Max Mud Weight (ppg)	8.0	9.2		
BOPE Proposed (psi)	0	2000		
Casing Internal Yield (psi)	2950	4810		
Operators Max Anticipated Pressure (psi)	967	9.3		

Calculations	Surf String	8.625	"
Max BHP (psi)	.052*Setting Depth*MW=	104	
			BOPE Adequate For Drilling And Setting Casing at Depth?
MASP (Gas) (psi)	Max BHP-(0.12*Setting Depth)=	74	NO
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=	49	NO
			*Can Full Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=	49	NO OK
Required Casing/BOPE Test Pressure=		250	psi
*Max Pressure Allowed @ Previous Casing Shoe=		0	psi *Assumes 1psi/ft frac gradient

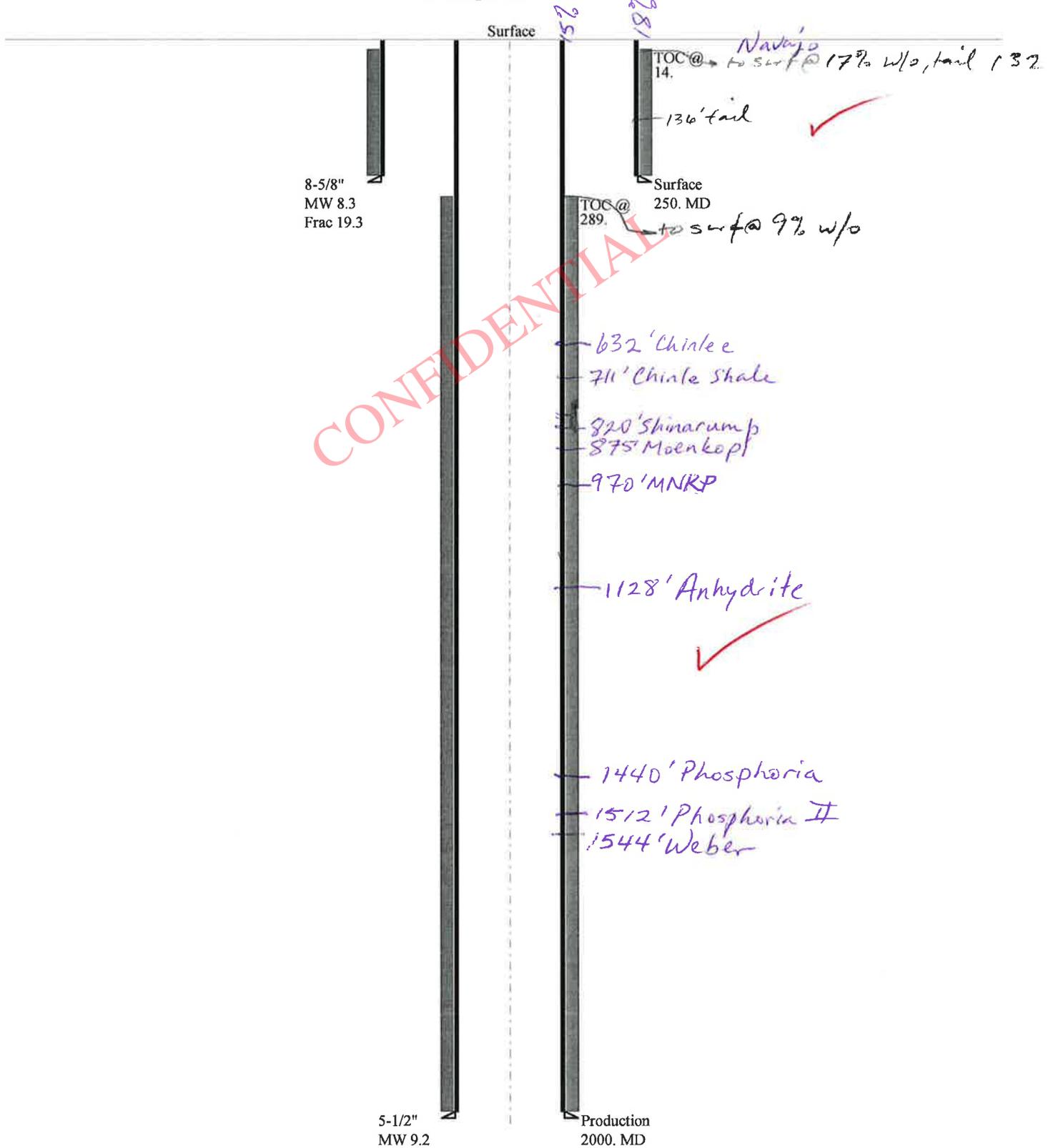
Calculations	Prod String	5.500	"
Max BHP (psi)	.052*Setting Depth*MW=	957	
			BOPE Adequate For Drilling And Setting Casing at Depth?
MASP (Gas) (psi)	Max BHP-(0.12*Setting Depth)=	717	YES
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=	517	YES OK
			*Can Full Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=	572	NO Reasonable
Required Casing/BOPE Test Pressure=		2000	psi
*Max Pressure Allowed @ Previous Casing Shoe=		250	psi *Assumes 1psi/ft frac gradient

Calculations	String		"
Max BHP (psi)	.052*Setting Depth*MW=		
			BOPE Adequate For Drilling And Setting Casing at Depth?
MASP (Gas) (psi)	Max BHP-(0.12*Setting Depth)=		NO
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=		NO
			*Can Full Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=		NO
Required Casing/BOPE Test Pressure=			psi
*Max Pressure Allowed @ Previous Casing Shoe=			psi *Assumes 1psi/ft frac gradient

Calculations	String		"
Max BHP (psi)	.052*Setting Depth*MW=		
			BOPE Adequate For Drilling And Setting Casing at Depth?
MASP (Gas) (psi)	Max BHP-(0.12*Setting Depth)=		NO
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=		NO
			*Can Full Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=		NO
Required Casing/BOPE Test Pressure=			psi
*Max Pressure Allowed @ Previous Casing Shoe=			psi *Assumes 1psi/ft frac gradient

43047513250000 Ginger #2

Casing Schematic



Well name:	43047513250000 Ginger #2		
Operator:	SUE-ANN OPERATING, LC		
String type:	Surface	Project ID:	43-047-51325
Location:	UINTAH	COUNTY	

Design parameters:

Collapse

Mud weight: 8.330 ppg
 Design is based on evacuated pipe.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
 Surface temperature: 74 °F
 Bottom hole temperature: 78 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 100 ft
 Cement top: 14 ft

Burst

Max anticipated surface pressure: 220 psi
 Internal gradient: 0.120 psi/ft
 Calculated BHP 250 psi

No backup mud specified.

Tension:

8 Round STC: 1.80 (J)
 8 Round LTC: 1.70 (J)
 Buttress: 1.60 (J)
 Premium: 1.50 (J)
 Body yield: 1.50 (B)

Tension is based on air weight.
 Neutral point: 219 ft

Non-directional string.

Re subsequent strings:

Next setting depth: 2,000 ft
 Next mud weight: 9.200 ppg
 Next setting BHP: 956 psi
 Fracture mud wt: 19.250 ppg
 Fracture depth: 250 ft
 Injection pressure: 250 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Est. Cost (\$)
1	250	8.625	24.00	J-55	ST&C	250	250	7.972	1287
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	108	1370	12.664	250	2950	11.80	6	244	40.67 J

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

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

Date: December 28, 2010
 Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 250 ft, a mud weight of 8.33 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:	43047513250000 Ginger #2		
Operator:	SUE-ANN OPERATING, LC		
String type:	Production	Project ID:	43-047-51325
Location:	UINTAH COUNTY		

Design parameters:

Collapse

Mud weight: 9.200 ppg
 Design is based on evacuated pipe.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
 Surface temperature: 74 °F
 Bottom hole temperature: 102 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 100 ft
 Cement top: 289 ft

Burst

Max anticipated surface pressure: 716 psi
 Internal gradient: 0.120 psi/ft
 Calculated BHP 956 psi

No backup mud specified.

Tension:

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

Non-directional string.

Tension is based on air weight.
 Neutral point: 1,722 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)	Est. Cost (\$)
1	2000	5.5	15.50	J-55	LT&C	2000	2000	4.825	7062
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	956	4040	4.227	956	4810	5.03	31	217	7.00 J

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

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

Date: December 28, 2010
 Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 2000 ft, a mud weight of 9.2 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.

ON-SITE PREDRILL EVALUATION

Utah Division of Oil, Gas and Mining

Operator	SUE-ANN OPERATING, LC				
Well Name	Ginger #2				
API Number	43047513250000	APD No	3078	Field/Unit	WILDCAT
Location: 1/4,1/4	SENE	Sec 2 Tw	6.0S	Rng	25.0E 545 FNL 604 FEL
GPS Coord (UTM)	664523 4466472	Surface Owner	Richard Roach		

Participants

Floyd Bartlett (DOGM), Ginger Stringham (Paradime Consulting), Corey Stubbs (Stubbs and Stubbs Construction)

Regional/Local Setting & Topography

The general area is in Trail Creek which is a small sub-drainage of Cliff Creek which drains westerly approximately 15 miles into the Green River about 1 mile north of Jensen, UT. The Colorado State line is approximately 3/4 miles to the east. Most drainages are ephemeral, however Trail Creek may have intermittent flows and Cliff Creek becomes perennial the last few miles. Seeps and springs exist in some drainages in the area but none were noted within at least 1/2 mile from the proposed location. Access from Jensen, Utah will be over State Highway 40, a Uintah County road and an existing oilfield development a distance of about 20.5 miles. Approximately 1,100feet of new road across private land will be constructed.

SUE-ANN OPERATING, LC, proposes the Ginger #2 shallow oil well. It will be drilled to a depth of 2000 feet using an air-drilling rig. The specific location is on a flat with a gentle slope to the south. The flat extends about 1/4 mile to the northeast where an abrupt change in topography occurs and becomes a steep rocky mountain which is the south end of Blue Mountain. Shallow washes border the site on the west and east. The access road enters the location on the east. A diversion ditch is shown to be constructed paralleling the road on the east. Corner 6 has been rounded so as minimize disturbance and leave room for the access road. Some minor gullies or overland flow may enter the location from the north. This will be interrupted by placement of excess fill along the north side. No significant stability problems are anticipated with the construction and operation of the location.

Mr. Richard Roach of Chattanooga, Tenn. (423-698-2416) owns the surface. A Surface Use Agreement has not been obtained.

Surface Use Plan

Current Surface Use

- Grazing
- Recreational
- Wildlfe Habitat

New Road Miles	Well Pad	Src Const Material	Surface Formation
0.2	Width 150 Length 220	Onsite	

Ancillary Facilities N

Waste Management Plan Adequate?

Environmental Parameters

Affected Floodplains and/or Wetlands N

Flora / Fauna

A moderately vegetated desert shrub type exists. Greasewood, big sage brush, broom snake weed, cheat grass, bud sage, poa sp. Western wheatgrass, sego lily, onions, Indian ricegrass, basin rye grass, four wing saltbrush and spring annuals are present.

Pronghorn, rodents, rabbits, songbirds, raptors, elk, deer, bobcat, coyote. Possible winter sheep grazing.

Soil Type and Characteristics

Very deep sandy loam surface.

Erosion Issues N

Some minor gullies or overland flow may enter the location from the north. This will be interrupted by placement of excess fill along the north side

Sedimentation Issues N

Site Stability Issues N

Drainage Diverson Required? Y

Some minor gullies or overland flow may enter the location from the north. This will be interrupted by placement of excess fill along the north side

Berm Required? N

Erosion Sedimentation Control Required? Y

Some minor gullies or overland flow may enter the location from the north. This will be interrupted by placement of excess fill along the north side

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

Reserve Pit

Site-Specific Factors		Site Ranking	
Distance to Groundwater (feet)	75 to 100	10	
Distance to Surface Water (feet)	>1000	0	
Dist. Nearest Municipal Well (ft)	>5280	0	
Distance to Other Wells (feet)	300 to 1320	10	
Native Soil Type	High permeability	20	
Fluid Type	Air/mist	0	
Drill Cuttings	Normal Rock	0	
Annual Precipitation (inches)		0	
Affected Populations			
Presence Nearby Utility Conduits	Not Present	0	
	Final Score	40	1 Sensitivity Level

Characteristics / Requirements

Although the well will be drilled using a rotary air drill, a small lined reserve pit is planned in the northwest corner of the location. Dimensions are 25' x 85' x 8' deep. It will be used for drilling lubricating fluids as needed or to catch any surface flows that may be encountered. A 16-mil liner will be installed. A felt sub-liner should not be needed

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

Other Observations / Comments

Floyd Bartlett
Evaluator

11/1/2010
Date / Time

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Application for Permit to Drill Statement of Basis

1/20/2011

Utah Division of Oil, Gas and Mining

Page 1

APD No	API WellNo	Status	Well Type	Surf Owner	CBM
3078	43047513250000	LOCKED	OW	P	No
Operator	SUE-ANN OPERATING, LC		Surface Owner-APD	Richard Roach	
Well Name	Ginger #2		Unit		
Field	WILDCAT		Type of Work	DRILL	
Location	SENE 2 6S 25E S 545 FNL 604 FEL GPS Coord (UTM) 664531E 4466434N				

Geologic Statement of Basis

This well will likely spud into Quaternary Alluvium covering middle Jurassic strata. No subsurface water rights are filed within a mile of the location. It is proposed to drill the well to TD with an air/mist/fresh water and gel drilling fluid system. The base of moderately saline ground water is likely to be around 3,000' to 3,500 feet ASL, which is below the proposed T.D. of the well (estimated to be about 2,000' BGS). The drilling of this well as proposed should present no ground water issues.

Chris Kierst
APD Evaluator

11/2/2010
Date / Time

Surface Statement of Basis

The general area is in Trail Creek which is a small sub-drainage of Cliff Creek which drains westerly approximately 15 miles into the Green River about 1 mile north of Jensen, UT. The Colorado State line is approximately $\frac{3}{4}$ miles to the east. Most drainages are ephemeral, however Trail Creek may have intermittent flows and Cliff Creek becomes perennial the last few miles. Seeps and springs exist in some drainages in the area but none were noted within at least 1/2 mile from the proposed location. Access from Jensen, Utah will be over State Highway 40, a Uintah County road and an existing oilfield development a distance of about 20.5 miles. Approximately 1,100 feet of new road across private land will be constructed.

SUE-ANN OPERATING, LC, proposes the Ginger #2 shallow oil well. It will be drilled to a depth of 2000 feet using an air-drilling rig. The specific location is on a flat with a gentle slope to the south. The flat extends about 1/4 mile to the northeast where an abrupt change in topography occurs and becomes a steep rocky mountain which is the south end of Blue Mountain. Shallow washes border the site on the west and east. The access road enters the location on the east. A diversion ditch is shown to be constructed paralleling the road on the east. Corner 6 has been rounded so as minimize disturbance and leave room for the access road. Some minor gullies or overland flow may enter the location from the north. This will be interrupted by placement of excess fill along the north side. No significant stability problems are anticipated with the construction and operation of the location.

Mr. Richard Roach of Chattanooga, Tenn. (423-698-2416) owns the surface. A Surface Use Agreement has not been obtained. I called him on October 25, 2010 to inform him of and invite him to a pre-site visit. He said he would not attend. Also that a Surface Use Agreement had not been signed by him and that he would not sign one. The minerals are SITLA. Mr. Jim Davis of SITLA was invited to the pre-site but said SITLA would not attend.

Although the well will be drilled using a rotary air drill, a small lined reserve pit is planned in the northwest corner of the location. Dimensions are 25' x 85' x 8' deep. It will be used for drilling lubricating fluids as needed or to catch any surface flows that may be encountered. A 16-mil liner will be installed. A felt sub-liner should not be needed.

Application for Permit to Drill Statement of Basis

1/20/2011

Utah Division of Oil, Gas and Mining

Page 2

Floyd Bartlett
Onsite Evaluator

11/1/2010
Date / Time

Conditions of Approval / Application for Permit to Drill

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

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**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 10/18/2010

API NO. ASSIGNED: 4304751325000

WELL NAME: Ginger #2

OPERATOR: SUE-ANN OPERATING, LC (N3675)

PHONE NUMBER: 435 789-4162

CONTACT: Ginger Bowden

PROPOSED LOCATION: SENE 02 060S 250E

Permit Tech Review:

SURFACE: 0545 FNL 0604 FEL

Engineering Review:

BOTTOM: 0545 FNL 0604 FEL

Geology Review:

COUNTY: Uintah

LATITUDE: 40.33414

LONGITUDE: -109.06314

UTM SURF EASTINGS: 664531.00

NORTHINGS: 4466434.00

FIELD NAME: WILDCAT

LEASE TYPE: 3 - State

LEASE NUMBER: ML-49049

PROPOSED PRODUCING FORMATION(S): WEBER

SURFACE OWNER: 4 - Fee

COALBED METHANE: NO

RECEIVED AND/OR REVIEWED:

- PLAT**
- Bond:** STATE/FEE - RLB0013483
- Potash**
- Oil Shale 190-5**
- Oil Shale 190-3**
- Oil Shale 190-13**
- Water Permit:** Vernal Municipal / Dalbo
- RDCC Review:** 2011-01-19 00:00:00.0
- Fee Surface Agreement**
- Intent to Commingle**

Commingling Approved

LOCATION AND SITING:

- R649-2-3.**
 - Unit:**
 - R649-3-2. General**
 - R649-3-3. Exception**
 - Drilling Unit**
 - Board Cause No:** R649-3-2
 - Effective Date:**
 - Siting:**
 - R649-3-11. Directional Drill**
-

Comments: Presite Completed
IRR SEC:

Stipulations:
1 - Exception Location - bhill
2 - Surface Agreement Exception - bhill
5 - Statement of Basis - bhill
21 - RDCC - bhill
23 - Spacing - dmason



State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

Permit To Drill

Well Name: Ginger #2
API Well Number: 43047513250000
Lease Number: ML-49049
Surface Owner: FEE (PRIVATE)
Approval Date: 1/20/2011

Issued to:

SUE-ANN OPERATING, LC, PO Box 3910, Victoria, TX 77903

Authority:

Pursuant to Utah Code Ann. §40-6-1 et seq., and Utah Administrative Code R649-3-1 et seq., the Utah Division of Oil, Gas and Mining issues conditions of approval, and permit to drill the listed well. This permit is issued in accordance with the requirements of R649-3-2. The expected producing formation or pool is the WEBER Formation(s), completion into any other zones will require filing a Sundry Notice (Form 9). Completion and commingling of more than one pool will require approval in accordance with R649-3-22.

Duration:

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

Exception Location:

In accordance with Rule R649-3-34(9), the Division of Oil, Gas and Mining shall establish minimum wellsite restoration requirements for this well. Prior to plugging and abandonment of this well, the operator shall notify the Division and allow the Division to establish such minimum wellsite restoration requirements in advance of the operator commencing plugging and abandonment operations.

Appropriate information has been submitted to DOGM and administrative approval of the requested exception location is hereby granted.

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.

Conditions of Approval:

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.

Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of

Basis (copy attached).

The Application for Permit to Drill has been forwarded to the Resource Development Coordinating Committee for review of this action. The operator will be required to comply with any applicable recommendations resulting from this review. (See attached)

Additional Approvals:

The operator is required to obtain approval from the Division of Oil, Gas and mining before performing any of the following actions during the drilling of this well:

- Any changes to the approved drilling plan – contact Dustin Doucet
- Significant plug back of the well – contact Dustin Doucet
- Plug and abandonment of the well – contact Dustin Doucet

Notification Requirements:

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

- Within 24 hours following the spudding of the well – contact Carol Daniels
OR
submit an electronic sundry notice (pre-registration required) via the Utah Oil & Gas website at <https://oilgas.ogm.utah.gov>
- 24 hours prior to testing blowout prevention equipment - contact Dan Jarvis
- 24 hours prior to cementing or testing casing – contact Dan Jarvis
- Within 24 hours of making any emergency changes to the approved drilling program – contact Dustin Doucet
- 24 hours prior to commencing operations to plug and abandon the well – contact Dan Jarvis

Contact Information:

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

- Carol Daniels 801-538-5284 - office
- Dustin Doucet 801-538-5281 - office
801-733-0983 - after office hours
- Dan Jarvis 801-538-5338 - office
801-942-0871 - after office hours

Reporting Requirements:

All reports, forms and submittals as required by the Utah Oil and Gas Conservation General Rules will be promptly filed with the 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

Approved By:

Approved by.

A handwritten signature in black ink, appearing to read "Brad Hill", written in a cursive style.

Brad Hill
For John Rogers
Associate Director, Oil & Gas

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DIVISION OF OIL, GAS AND MINING

SPUDDING INFORMATION

Name of Company: SUE-ANN OPERATING, LC

Well Name: GINGER #2

Api No: 43-047-51325 Lease Type STATE

Section 02 Township 06S Range 25E County UINTAH

Drilling Contractor _____ RIG # _____

SPUDDED:

Date 01/29/2011

Time 4:30 PM

How DRY

Drilling will Commence: _____

Reported by GINGER BAWDEN

Telephone # _____

Date 02/01/2011 Signed CHD

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

FORM 9

5. LEASE DESIGNATION AND SERIAL NUMBER:
ML-49049

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

1. TYPE OF WELL
Oil Well

8. WELL NAME and NUMBER:
GINGER #2

2. NAME OF OPERATOR:
SUE-ANN OPERATING, LC

9. API NUMBER:
43047513250000

3. ADDRESS OF OPERATOR:
PO Box 3910 , Victoria, TX, 77903

PHONE NUMBER:
361 576-6090 Ext

9. FIELD and POOL or WILDCAT:
WILDCAT

4. LOCATION OF WELL
FOOTAGES AT SURFACE:
0545 FNL 0604 FEL
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:
Qtr/Qtr: SENE Section: 02 Township: 06.0S Range: 25.0E 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 type="checkbox"/> NOTICE OF INTENT Approximate date work will start:	<input type="checkbox"/> ACIDIZE <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> DEEPEN <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> ALTER CASING <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> SI TA STATUS EXTENSION <input type="checkbox"/> OTHER	<input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> PLUG BACK <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> WATER DISPOSAL <input type="checkbox"/> APD EXTENSION OTHER: <input type="text"/>
<input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion:			
<input type="checkbox"/> SPUD REPORT Date of Spud:			
<input checked="" type="checkbox"/> DRILLING REPORT Report Date: 3/16/2011			

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

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

NAME (PLEASE PRINT) Ginger Bowden	PHONE NUMBER 435 789-4162	TITLE Agent
SIGNATURE N/A	DATE 3/16/2011	

1/29/2011-Spud Date

2/10/2011

6:00			Unthaw mud tanks, & replace mud valves W/welder, Ross drlg working on tanks @ no cost
			2 leaks in mud tanks, drain tanks each time & weld
	22:00	15	Unthaw pre mix tank, Pump frozen, & bad coupler, ZECO Hands working on tank @ no cost
22:00	4:00	6	Mx md in premix tk, 41 Vis, & Active system
4:00	5:00	1	Prime Ax pump
5:00	6:00	1	Tally BHA

2/11/2011

6:00			Unthaw mud tanks, & replace mud valves W/welder, Ross drlg working on tanks @ no cost
			2 leaks in mud tanks, drain tanks each time & weld
	22:00	15	Unthaw pre mix tank, Pump frozen, & bad coupler, ZECO Hands working on tank @ no cost
22:00	4:00	6	Mx md in premix tk, 41 Vis, & Active system
4:00	5:00	1	Prime Ax pump
5:00	6:00	1	Tally BHA

2/12/2011

6:00	8:00	2	PU BHA
8:00	5:00	21	Drlg F/45' to 299', 11.5ft/hr, more sand/over shaker, than drlging, run light on bit
5:00	6:00	1	C&C hole, pump sweep
			PS/60 psi 600, pump swep, psi drop to 400 psi W/60 stk after sweep

2/13/2011

Time		Hrs	Details
6:00	7:30	1 2/4	C & C mud
7:30	11:00	3 2/4	LDDC,
11:00	15:00	4	RU & Run shoe, 1 jt 39.92', float insert, 6 Jts 253.77, 8 5/8, 24#, J55, ST&C, total 294'
15:00	16:30	1 2/4	RU & CMT, 225 sks, 46 bbls, 2% calcls, 1/4 #/sk flocle, 15.8# 1.5 yield, 5 gal/sk, psi 150 land plug @530 psi plug held, cmt to surface, 7 bbls cmt to pit, displacment 16.1 bbls h20, cmt dropped 20'
16:30	17:30	1	Wait on cmt
17:30	17:45	1/4	50 sx, 10 bbls down back side, 2% calcls, 1/4# flocle, 15.8#, 1.5 yield, 5 gal/sx, fell 10'
17:45	19:45	2	Wait on cmt
19:45	20:00	1/4	50 sx, 10 bbls down back side, 2% calcls, 1/4# flocle, 15.8#, 1.5 yield, 5 gal/sx, cmt to top
20:00	22:00	2	Serv rig, winteriz #2 pump

22:00	0:00	2	RD
0:00	1:00	1	Cut off conductor & * 5/8" csg, GL
1:00	6:00	5	Move off hole to set cellar & sub
			Note: Safty meeting befor running csg & cmtng
			Note: 5Deg Below at night, daytime 20Deg
		24	Note: about 10:00 road thaws and road is slick.

2/14/2011

Time		Hrs	Details
6:00	7:00	1	Move off hole to dig cellar & set sub
7:00	10:00	3	Dig & Set 6' X 6' cellar ring
10:00	12:00	2	Set 2' sub
12:00	19:00	7	Dave Hackford W/Division of Oil & Gas, Refused annular B O P set up, Talked W/ Dustin Doucet
			801-538-5281 @ state office, Had to have Pipe, Blind & Annular beyond surface pipe.
			Make arrangement to modify rig to accept extra height, advised of BOP test 2-15-11
19:00	2:00	7	Unload 6' sub, spot over hole, spot 2' sub on top of 6' sub.
2:00	6:00	4	NU BOPs, Blind, pipe & annular, spot choke manifold

2/15/2011

Time		Hrs	Details
6:00	15:00	9	Wait on Ramp, Build choke lines while waiting
15:00	18:00	3	Spot ramp Pull rig on top of sub, RU new sub, modify rig to fit
18:00	1:00	7	Modify sub to fit BOPs, & NU
1:00	3:00	2	Test BOPs
			#1 Upper Kelly Valve 2000psi 10 min OK, #2 Safty Valve 2000 psi 10 min OK
			#3 Pipe Rams& insideValve 2000psi 10 min OK, #4 Pipe Rams & out side valve 2000 psi 10 min OK
			#5 Annular Prventer 1500 10 min OK, #6 Blind Ram & Kill Line Choke line & Manifold 2000 psi 10min OK
			#7 Surface csg 1500 psi 30 min OK, #8 Safty Valve #2 2000 10 min OK
3:00	6:00	3	Rig up safty rails around rig floor.

2/16/2011

Time		Hrs	Details
6:00	8:00	2	RU Pumps & Pit
8:00	10:00	2	LD 8" Collars off trailer & PU 6" Collars
10:00	13:00	3	Strap & PU 6" DC
13:00	15:30	2 1/2	Brk circ tg cmt @ 212'
15:30	19:00	2 1/2	Drlg cmt plg, & flt insert

19:00	22:30	3 1/2	Drlg cmt & shoe
22:30	23:00	1/2	Drlg 7 7/8 hole F/291' to 323' 64'/hr
23:00	3:30	5	TOOH, check DC survey would not go past 91', no visual reason survey would not go, ck spool on unit OK
3:00	4:00	1	TIH
4:00	6:00	2	Drlg 7 7/8 hole F 323' 387' 32'/hr

2/17/2011

Time		Hrs	Details
6:00	9:30	3 1/2	Drlg 7 7/8 hole F/387' to 427' 40'- @ 11.42 ft/hr
9:30	10:30	1	Ser Rig
10:30	12:00	1 1/2	Remove DC RB & Iinstall DP RB in diverter
12:00	19:00	7	Drlg 7 7/8 hole F/427' to 722' 295 ft @ 42.14 ft/ph Top of Chinle @ 665'
19:00	2:00	7	Ran survey @ 306' 1 1/2 deg, dried to run survey past dc 4 times w/different survey,would not go past DC
2:00	6:00	4	Drlg 7 7/8 hole F/722' to 778' 56' @ 14.00ft/hr Top Of Chinle shale @ 770'

2/18/2011

Time		Hrs	Details
6:00	12:00	6	Drlg 7 7/8 hole F/778' to 932' 154' @ 25.66 ft/hr (Change) Top Of Chinle shale @ 756', Shinarump @892'
12:00	13:30	1 1/2	LD
13:30	17:00	3 1/2	Change swivel pac, service rig
17:00	18:00	1	TIH
18:00	20:00	2	Drlg 7 7/8 hole F/1003' to 1064' 61' @ 30.5 ft/hr Moenkopi Formation @ 953'
20:00	21:00	1	Survey @ 610' 2 3/4 Deg
21:00	6:00	9	Drlg 7 7/8 hole F/1064' to 1184' 120' @ 13.3' ft/hr

2/19/2011

Time		Hrs	Details
6:00	7:30	1 1/2	Rig air froze, thaw out same
7:30	4:00	19 1/2	Drlg 7 7/8 hole F/1184 to 1484' 300' @ 15.38' ft/hr Top Anhydrite 1205'
4:00	4:45	1 3/4	Survey @ 1050' 3 1/4 Deg
4:45	6:00	1 1/4	Drlg 7 7/8 hole F/1484' to 1503' 19' @ 15.20 ft/hr

2/20/11

Time		Hrs	Details
6:00	7:15	1 1/4	Drlg 7 7/8 hole F/1484' to 1524' 40' @ 32 ft/hr
7:15	7:45	1/2	Circ hole for oil show @ 1524'
7:45	11:45	4	Drlg 7 7/8 hole F/1524' to 1560' 36' @ 9 ft/hr
11:45	12:15	1/2	Circ hole for oil show @1560'
12:15	15:30	3 1/4	Drlg 7 7/8 hole F/1560' to 1634' 74' @ 22.77 ft/hr
15:30	16:00	1/2	Circ hole for oil show@1634'
16:00	17:15	1 1/4	Drlg 7 7/8 hole F/1634' to 1664' 30' @ 24 ft/hr
17:15	17:45	1/2	Circ hole for oil show @1664'
17:45	19:30	1 3/4	Drlg 7 7/8 hole F/1664' to 1725' 61' @ 34.85 ft/hr
19:30	19:45	1/4	C & C hole f/st
19:45:00 AM	21:15	1 1/2	Short T in & out 15 jts 1275', lost 35 bbls
21:15	22:00	3/4	C & C hole
22:00	4:30	6 1/2	TOOH F/Logs
4:30	6:00	1 1/2	RU Logs & go in to 886' can not get past
		24	Note: set surface @ GL, Drlg Pro hole W 12 KB

2/21/2011

Time		Hrs	Details
6:00	10:00	4	TIH to C&C Hole F/logs
10:00	10:30	1/2	Get Pumps ready
10:30	11:00	1/2	W & R F/704' to 824'
11:00	12:30	1 1/2	Repair/Pumps, # 1 pump Down Clutch out, # 2 on hole
12:30	14:00	1 1/2	W & R F/824'to 1004', well start flow, Gained 175 bbls, (no communication between Derrick hand & driller)
14:00	17:00	3	SIW W/Annular While/C&C,(wt had droped to 8.7 returns), bring wt up to 9.5, vis38
17:00	19:30	2 1/2	Circ & kill water flow @ 1004'
19:30	22:30	3	TOOH, LD/DC, Prepare to plug well, Called Dan Jarvis WDOGGM, left message for plug instructions
22:30	0:00	1 1/2	C&C, bring wt up to 9.5, vis38
0:00	1:30	1 1/2	TIH W/DP OE to 700', bridge
1:30	2:00	1/2	W & R through bridge
2:00	2:30	1/2	TIH to 900' bridge
2:30	3:00	1/2	W & R through bridge
3:00	5:30	2 1/2	TIH to 1580" bridge
5:30	6:00	1/2	W & R through bridgeto1727', , Mud return 9.4wt B/U, water flow came in above the 825' Shinarump @ 300ppm
		24	Note: set surface @ GL, Drlg Pro hole W 12 KB

2/22/2011

Time		Hrs	Details
6:00	13:00	7	C & C Hole, Waite on Dan Jarvis W/DO&GM Plug procedures, returned call @ 11:00 AM
13:00	14:00	1	R U CMT, p cmt #1 plug @ 1725', 120 sx Class G cmt, 2% cacl, 15.8#, 1.15 Slurry, 5 gal/sx
14:00	15:30	1 1/2	TOOH to 1020',
15:30	16:30	1	Cir cmt out of pipe
16:30	17:45	3/4	TIH Tag cmt @ 1315', First plug Meets requirment for DOGM, 1600' to 1400'
17:45	18:30	3/4	TOOH to 1020',
18:30	19:00	1	R U CMT, p cmt #2 plug @ 1020", 154 sx Class G cmt, 2% cacl, 15.8#, 1.15 Slurry, 5 gal/sx
19:00	20:30	1 1/2	TOOH to 300'
20:30	21:30	1	Circ cmt out of pipe
21:30	22:30	1	TIH Tag cmt @ 540', sec plug meets DOGM requirments, 1000' to 700'
22:30	23:30	1	TOOH to 300'
23:30	0:00	1/2	CMT 300' to surf, Meets DOGM requirments 125sx Class G cmt, 2% cacl, 15.8#, 1.15 Slurry, 5 gal/sx
0:00	12:30	1/2	Flush 10 jts pipe on rack, & top off surface w/20 sx cmt
12:30	6:00	5 1/2	ND BOPs,

2/23/2011

Time		Hrs	Details
7:00	7:00	12	Clean Pit & RD
			Release Rig @ 12:00,2-23-11
			Call out D-8 Dozer to pull trucks, no traffic can get in & out on there own.
			Mud & Ruts to deep
			Release Rental Equipment, that is not needed
			Mt West trailer, potable water tank, sewer, All weatherford Equipment, BOPs, choke manifold Ect.

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

AMENDED REPORT FORM 8
(highlight changes)

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. TYPE OF WELL: OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> DRY <input type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: ML-49049
b. TYPE OF WORK: NEW WELL <input checked="" type="checkbox"/> HORIZ. LATS. <input type="checkbox"/> DEEP-EN <input type="checkbox"/> RE-ENTRY <input type="checkbox"/> DIFF. RESVR. <input type="checkbox"/> OTHER _____		6. IF INDIAN, ALLOTTEE OR TRIBE NAME NA
2. NAME OF OPERATOR: Sue-Ann Operating, LC		7. UNIT or CA AGREEMENT NAME NA
3. ADDRESS OF OPERATOR: PO BOX 3910 CITY Victoria STATE TX ZIP 77901		8. WELL NAME and NUMBER: Ginger #2
PHONE NUMBER: (361) 576-6090		9. API NUMBER: 4304751325
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 465' FNL & 609' FEL 05 45 FNL 06 04 FEL SENE		10. FIELD AND POOL, OR WILDCAT Wildcat
AT TOP PRODUCING INTERVAL REPORTED BELOW: Same as above		11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SENE 2 6S 25E
AT TOTAL DEPTH: Same as above		12. COUNTY Uintah
		13. STATE UTAH

14. DATE SPUDED: 1/29/2011	15. DATE T.D. REACHED: 2/23/2011	16. DATE COMPLETED: 2/23/2011	ABANDONED <input checked="" type="checkbox"/> READY TO PRODUCE <input type="checkbox"/>	17. ELEVATIONS (DF, RKB, RT, GL): 5834
18. TOTAL DEPTH: MD 1,771 TVD 1,771	19. PLUG BACK T.D.: MD 1,725 TVD 1,725	20. IF MULTIPLE COMPLETIONS, HOW MANY?*		21. DEPTH BRIDGE MD PLUG SET: TVD
22. TYPE ELECTRIC AND OTHER MECHANICAL LOGS RUN (Submit copy of each) None			23. WAS WELL CORED? NO <input checked="" type="checkbox"/> YES <input type="checkbox"/> (Submit analysis) WAS DST RUN? NO <input checked="" type="checkbox"/> YES <input type="checkbox"/> (Submit report) DIRECTIONAL SURVEY? NO <input checked="" type="checkbox"/> YES <input type="checkbox"/> (Submit copy)	

24. CASING AND LINER RECORD (Report all strings set in well)

HOLE SIZE	SIZE/GRADE	WEIGHT (#/ft.)	TOP (MD)	BOTTOM (MD)	STAGE CEMENTER DEPTH	CEMENT TYPE & NO. OF SACKS	SLURRY VOLUME (BBL)	CEMENT TOP **	AMOUNT PULLED
12 1/4	8 5/8 J-55	24#	0	299		"G" 419	1	0	

25. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)

26. PRODUCING INTERVALS					27. PERFORATION RECORD				
FORMATION NAME	TOP (MD)	BOTTOM (MD)	TOP (TVD)	BOTTOM (TVD)	INTERVAL (Top/Bot - MD)	SIZE	NO. HOLES	PERFORATION STATUS	
(A)								Open <input type="checkbox"/>	Squeezed <input type="checkbox"/>
(B)								Open <input type="checkbox"/>	Squeezed <input type="checkbox"/>
(C)								Open <input type="checkbox"/>	Squeezed <input type="checkbox"/>
(D)								Open <input type="checkbox"/>	Squeezed <input type="checkbox"/>

28. ACID, FRACTURE, TREATMENT, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL	AMOUNT AND TYPE OF MATERIAL

<p>29. ENCLOSED ATTACHMENTS:</p> <p><input type="checkbox"/> ELECTRICAL/MECHANICAL LOGS <input type="checkbox"/> GEOLOGIC REPORT <input type="checkbox"/> DST REPORT <input type="checkbox"/> DIRECTIONAL SURVEY</p> <p><input type="checkbox"/> SUNDRY NOTICE FOR PLUGGING AND CEMENT VERIFICATION <input type="checkbox"/> CORE ANALYSIS <input type="checkbox"/> OTHER: _____</p>	<p>30. WELL STATUS:</p> <p style="font-size: 2em;">P & A</p>
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31. INITIAL PRODUCTION
INTERVAL A (As shown in item #26)

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	INTERVAL STATUS:

INTERVAL B (As shown in item #26)

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	INTERVAL STATUS:

INTERVAL C (As shown in item #26)

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	INTERVAL STATUS:

INTERVAL D (As shown in item #26)

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	INTERVAL STATUS:

32. DISPOSITION OF GAS (Sold, Used for Fuel, Vented, Etc.)
33. 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.

34. FORMATION (Log) MARKERS:

Formation	Top (MD)	Bottom (MD)	Descriptions, Contents, etc.	Name	Top (Measured Depth)

35. ADDITIONAL REMARKS (include plugging procedure)

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records.

NAME (PLEASE PRINT) Ginger Bowden TITLE Agent
 SIGNATURE *Ginger Bowden* DATE 4/1/2011

This report must be submitted within 30 days of

- completing or plugging a new well
- reentering a previously plugged and abandoned well
- drilling horizontal laterals from an existing well bore
- significantly deepening an existing well bore below the previous bottom-hole depth
- recompleting to a different producing formation
- drilling hydrocarbon exploratory holes, such as core samples and stratigraphic tests

* ITEM 20: Show the number of completions if production is measured separately from two or more formations.

** ITEM 24: Cement Top – Show how reported top(s) of cement were determined (circulated (CIR), calculated (CAL), cement bond log (CBL), temperature survey (TS)).

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

Phone: 801-538-5340
 Fax: 801-359-3940

RECEIVED
APR 06 2011
 DIV. OF OIL, GAS & MINING

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		FORM 9
SUNDRY NOTICES AND REPORTS ON WELLS		5. LEASE DESIGNATION AND SERIAL NUMBER: ML-49049
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
		7. UNIT or CA AGREEMENT NAME:
1. TYPE OF WELL Oil Well	8. WELL NAME and NUMBER: GINGER #2	
2. NAME OF OPERATOR: SUE-ANN OPERATING, LC	9. API NUMBER: 43047513250000	
3. ADDRESS OF OPERATOR: PO Box 3910 , Victoria, TX, 77903	PHONE NUMBER: 361 576-6090 Ext	9. FIELD and POOL or WILDCAT: WILDCAT
4. LOCATION OF WELL FOOTAGES AT SURFACE: 0545 FNL 0604 FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: SENE Section: 02 Township: 06.0S Range: 25.0E 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 type="checkbox"/> NOTICE OF INTENT Approximate date work will start: <input checked="" type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: 3/30/2011 <input type="checkbox"/> SPUD REPORT Date of Spud: <input type="checkbox"/> DRILLING REPORT Report Date:	<input type="checkbox"/> ACIDIZE <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> DEEPEN <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> WILDCAT WELL DETERMINATION <input type="checkbox"/> ALTER CASING <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> SI TA STATUS EXTENSION <input checked="" type="checkbox"/> OTHER	
	<input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> PLUG BACK <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> WATER DISPOSAL <input type="checkbox"/> APD EXTENSION OTHER: <input style="width: 100px;" type="text"/>	
12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.		
The operator respectfully requests all bonds, associated with the subject location, be released because the well was plugged and abandon. A post drilling onsite was held 3/30/2011		
Accepted by the Utah Division of Oil, Gas and Mining FOR RECORD ONLY		
NAME (PLEASE PRINT) Ginger Bowden	PHONE NUMBER 435 789-4162	TITLE Agent
SIGNATURE N/A	DATE 4/11/2011	