

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS AND MINING						FORM 3 AMENDED REPORT <input type="checkbox"/>
APPLICATION FOR PERMIT TO DRILL				1. WELL NAME and NUMBER Coleman Tribal 16-18-4-2E		
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 UNDESIGNATED		
4. TYPE OF WELL Oil Well Coalbed Methane Well: NO				5. UNIT or COMMUNITIZATION AGREEMENT NAME		
6. NAME OF OPERATOR UTE ENERGY UPSTREAM HOLDINGS LLC				7. OPERATOR PHONE 720 420-3235		
8. ADDRESS OF OPERATOR 1875 Lawrence St Ste 200, Denver, CO, 80202				9. OPERATOR E-MAIL rgarrison@uteenergy.com		
10. MINERAL LEASE NUMBER (FEDERAL, INDIAN, OR STATE) EDA 14-20-H62-6288		11. MINERAL OWNERSHIP FEDERAL <input type="checkbox"/> INDIAN <input checked="" type="checkbox"/> STATE <input 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') Coleman Bros. LTD				14. SURFACE OWNER PHONE (if box 12 = 'fee') 435-654-1666		
15. ADDRESS OF SURFACE OWNER (if box 12 = 'fee') 393 E. Center Street, Heber City, UT 84032				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	859 FSL 462 FEL	SESE	18	4.0 S	2.0 E	U
Top of Uppermost Producing Zone	859 FSL 462 FEL	SESE	18	4.0 S	2.0 E	U
At Total Depth	859 FSL 462 FEL	SESE	18	4.0 S	2.0 E	U
21. COUNTY UINTAH		22. DISTANCE TO NEAREST LEASE LINE (Feet) 462		23. NUMBER OF ACRES IN DRILLING UNIT 40		
		25. DISTANCE TO NEAREST WELL IN SAME POOL (Applied For Drilling or Completed) 1320		26. PROPOSED DEPTH MD: 7271 TVD: 7271		
27. ELEVATION - GROUND LEVEL 5041		28. BOND NUMBER 687C300004-CD		29. SOURCE OF DRILLING WATER / WATER RIGHTS APPROVAL NUMBER IF APPLICABLE 438496		
ATTACHMENTS						
VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES						
<input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER			<input checked="" type="checkbox"/> COMPLETE DRILLING PLAN			
<input checked="" 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 Rachel Garrison		TITLE Regulatory Manager		PHONE 720 420-3235		
SIGNATURE		DATE 01/21/2011		EMAIL rgarrison@uteenergy.com		
API NUMBER ASSIGNED 4304751495000		APPROVAL  Permit Manager				

Proposed Hole, Casing, and Cement						
String	Hole Size	Casing Size	Top (MD)	Bottom (MD)		
Prod	7.875	5.5	0	7271		
Pipe	Grade	Length	Weight			
	Grade J-55 LT&C	7271	15.5			

Proposed Hole, Casing, and Cement						
String	Hole Size	Casing Size	Top (MD)	Bottom (MD)		
Surf	12.25	8.625	0	350		
Pipe	Grade	Length	Weight			
	Grade J-55 ST&C	350	24.0			

Ute Energy Upstream Holdings LLC

Coleman Tribal 16-18-4-2E

SE/SE Section 18, T4S, R2E

SHL and BHL: 859' FSL & 462' FEL

Uintah County, Utah

DRILLING PLAN

1-2. Geologic Surface Formation and Estimated Tops of Important Geologic Markers

Formation	Depth - MD
Uinta	Surface
Green River	3,610
Douglas Creek	5,778
Black Shale	6,315
Castle Peak	6,464
Wasatch	6,971
TD	7,271

3. Estimated Depths of Anticipated Water, Oil, Gas Or Minerals

Green River Formation (Oil) 3,610' – 6,971'

Fresh water may be encountered in the Uinta Formation, but would not be expected below about 350'. All usable (>10,000 PPM TDS) water and prospectively valuable minerals (as described by BLM at onsite) encountered during drilling will be recorded by depth and adequately protected.

All water shows and water bearing geologic units will be reported to the geologic and engineering staff of the BLM Vernal Field Office prior to running the next string of casing or before plugging orders are requested. Usage of the State of Utah from *Report of Water Encountered* is acceptable, but not required. All water shows must be reported within one (1) business day after being encountered. Detected water flows shall be sampled, analyzed, and reported to the geologic and engineering staff at the Vernal Field Office. The BLM may request additional water samples for further analysis.

The following information is requested for water shows and samples where applicable:

Location & Sample Interval	Date Sampled
Flow Rate	Temperature
Hardness	pH
Water Classification (State of Utah)	Dissolved Calcium (Ca) (mg/l)
Dissolved Iron (Fe) (ug/l)	Dissolved Sodium (Na) (mg/l)
Dissolved Magnesium (Mg) (mg/l)	Dissolved Carbonate (CO ₃) (mg/l)
Dissolved Bicarbonate (NaHCO ₃) (mg/l)	Dissolved Chloride (Cl) (mg/l)
Dissolved Sulfate (SO ₄) (mg/l)	Dissolved Total Solids (TDS) (mg/l)

4. Proposed Casing & Cementing Program

Casing Design:

Size	Interval		Weight	Grade	Coupling	Design Factors		
	Top	Bottom				Burst	Collapse	Tension
Surface casing 8-5/8" Hole Size 12-1/4"	0'	350'	24.0	J-55	STC	2,950	1,370	244,000
Prod casing 5-1/2" Hole Size 7-7/8"	0'	7,271'	15.5	J-55	LTC	4,810	4,040	217,000
						2.08	1.75	1.93

Assumptions:

1. Surface casing max anticipated surface pressure (MASP) = Frac gradient – gas gradient
2. Production casing MASP (production mode) = Pore pressure – gas gradient
3. All collapse calculations assume fully evacuated casing w/gas gradient
4. All tension calculations assume air weight

Frac gradient at surface casing shoe = 13.0 ppg
 Pore pressure at surface casing shoe = 8.33 ppg
 Pore pressure at prod casing shoe = 8.33 ppg
 Gas gradient = 0.115 psi/ft

Safety Factors:

Burst = 1.100
 Collapse = 1.125
 Tension = 1.800

All casing shall be new or, if used, inspected and tested. Used casing shall meet or exceed API standards for new casing.

All casing strings shall have a minimum of 1 (one) centralizer on each of the bottom three (3) joints.

Cementing Design:

Job	Fill	Description	Sacks	OH Excess*	Weight (ppg)	Yield (ft ³ /sk)
			ft ³			
Surface casing	350'	Class G w/ 2% CaCl	123 144	15%	15.8	1.17
Prod casing Lead	4,535'	Prem Lite II w/ 10% gel + 3% KCl	241 786	15%	11.0	3.26
Prod casing Tail	2,386'	50/50 Poz w/ 2% gel + 3% KCl	333 413	15%	14.3	1.24

*Actual volume pumped will be 15% over the caliper log
 - Compressive strength of tail cement: 500 psi @ 72 hours

Waiting On Cement: A minimum of four (4) hours shall elapse prior to attempting any pressure testing of the BOP equipment which would subject the surface casing cement to pressure, and a minimum of six (6) hours shall elapse before drilling out of the wiper plug, cement, or shoe is begun. WOC time shall be recorded in the Driller's Log. Compressive strength shall be a minimum of 500 psi prior to drilling out.

The Vernal BLM office shall be notified, with sufficient lead time, in order to have a BLM representative on location while running all casing strings and cementing.

The 8-5/8" surface casing shall in all cases be cemented back to surface. In the event that during the primary surface cementing operation the cement does not circulate to surface, or if the cement level should fall back more than 8 feet from surface, then a remedial surface cementing operation shall be performed to insure adequate isolation and stabilization of the surface casing.

The production casing cementing program shall be conducted as approved to protect and/or isolate all usable water zones, potentially productive zones, lost circulation zones, abnormally pressured zones, and any prospectively valuable deposits of minerals.

As a minimum, usable water zones shall be isolated and/or protected by having a cement top for the production casing at least 200 feet above the base of the usable water. If gilsonite is encountered while drilling, it shall be isolated and/or protected via the cementing program.

Top plugs shall be used to reduce contamination of cement by displacement fluid. A bottom plug or other acceptable technique, such as a suitable pre-flush fluid, inner string cement method, etc., shall be utilized to help isolate the cement from contamination by the mud being displaced ahead of the cement slurry.

All casing strings below the conductor shall be pressure tested to 0.22 psi per foot of casing string length or to 1500 psi, whichever is greater, but not to exceed 70% of the minimum internal yield. If pressure declines more than 10% in 30 minutes, corrective action shall be taken.

A Form 3160-5, "Sundry Notices and Reports on Wells" shall be filed with the Vernal Office Manager within 30 days after the work is completed. This report must include the following information:

Setting of each string of casing showing the size, grade, weight of casing set, depth, amounts and type of cement used, whether cement circulated to the top of the cement behind the casing, depth of the cementing tools used, casing method and results, and the date of the work done. Spud date will be shown on the first reports submitted.

5. Drilling Fluids Program

From surface to ±350 feet will be drilled with air/mist system. The air rig is equipped with a 6 ½" blooie line that is straight run and securely anchored. The blooie line is used with a discharge less than 100 ft from the wellbore in order to minimize the well pad size. The blooie line is not equipped with an automatic igniter or continuous pilot light and the compressor is located less than 100 ft from the wellbore due to the low possibility of combustion with the air dust mixture. The trailer mounted compressor (capacity of 2000 CFM) has a safety shut-off valve which is located 15 feet from the air rig. A truck with 70 bbls of water will be on stand-by to be used as kill fluid, if necessary.

From ±350 feet to TD, a fresh water system will be utilized. Clay inhibition and hole stability will be achieved with a KCl substitute additive; the reserve pit will be lined to address this additive. This fresh water system will typically contain Total Dissolved Solids (TDS) of less than 3000 PPM. Anticipated mud weight is 8.4 lbs/gal. If it is necessary to control formation fluids or pressure, the system will be weighted with the addition of bentonite gel, and if pressure conditions warrant, with barite.

No chromate additives will be used in the mud system on Federal and/or Indian lands without prior BLM approval to ensure adequate protection of fresh water aquifers.

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

Hazardous substances specifically listed by the EPA as a hazardous waste or demonstrating characteristics of a hazardous waste will not be used in drilling, testing, or completion operations.

Ute Energy will visually monitor pit levels and flow from the well during drilling operations.

6. Minimum Specifications for Pressure Control

The operator's minimum specifications for pressure control equipment are as follows:

A Schematic Diagram of 3,000 PSI BOP Stack is included with this drilling plan. A Double Ram Blow Out Preventer (BOP) with a hydraulic closing, plus either an Annular Bag type BOP or a Rotating BOP will be used on this well.

The BOP and related equipment shall meet the minimum requirements of Onshore Oil and Gas Order No. 2 for equipment and testing requirements, procedures, etc., for a 2M system, and individual components shall be operable as designated.

A Function Test of the BOP equipment shall be made daily. All required BOP tests and/or drills shall be recorded in the Driller's Report.

Chart recorders will be used for all pressure tests. Test charts, with individual test results identified, shall be maintained on location while drilling and shall be made available to BLM representatives upon request.

7. Auxiliary Safety Equipment

Auxiliary safety equipment will be a Kelly cock, bit float, and a TIW valve with drill pipe threads.

8. Testing, Logging and Coring Programs

The logging program will consist of a Dual Induction, Gamma Ray and Caliper log from TD to base of surface casing @ 300' +/-, and a Compensated Neutron-Formation Density Log from TD to 3500' +/- . A cement bond log will be run from PBTD to cement top. No drill stem testing or coring is planned for this well.

9. Anticipated Abnormal Pressures or Temperature

No abnormal temperatures or pressures are anticipated. No hydrogen sulfide has been encountered or is known to exist from previous wells drilled to similar depths in this area.

Maximum anticipated bottomhole pressure will be approximately equal to total depth in feet multiplied by a 0.433 psi/foot gradient, and a maximum anticipated surface pressure will be approximately equal to the bottomhole pressure calculated minus the pressure of a partially evacuated hole calculated at a 0.22 psi/foot gradient.

10. Location and Type of Water Supply

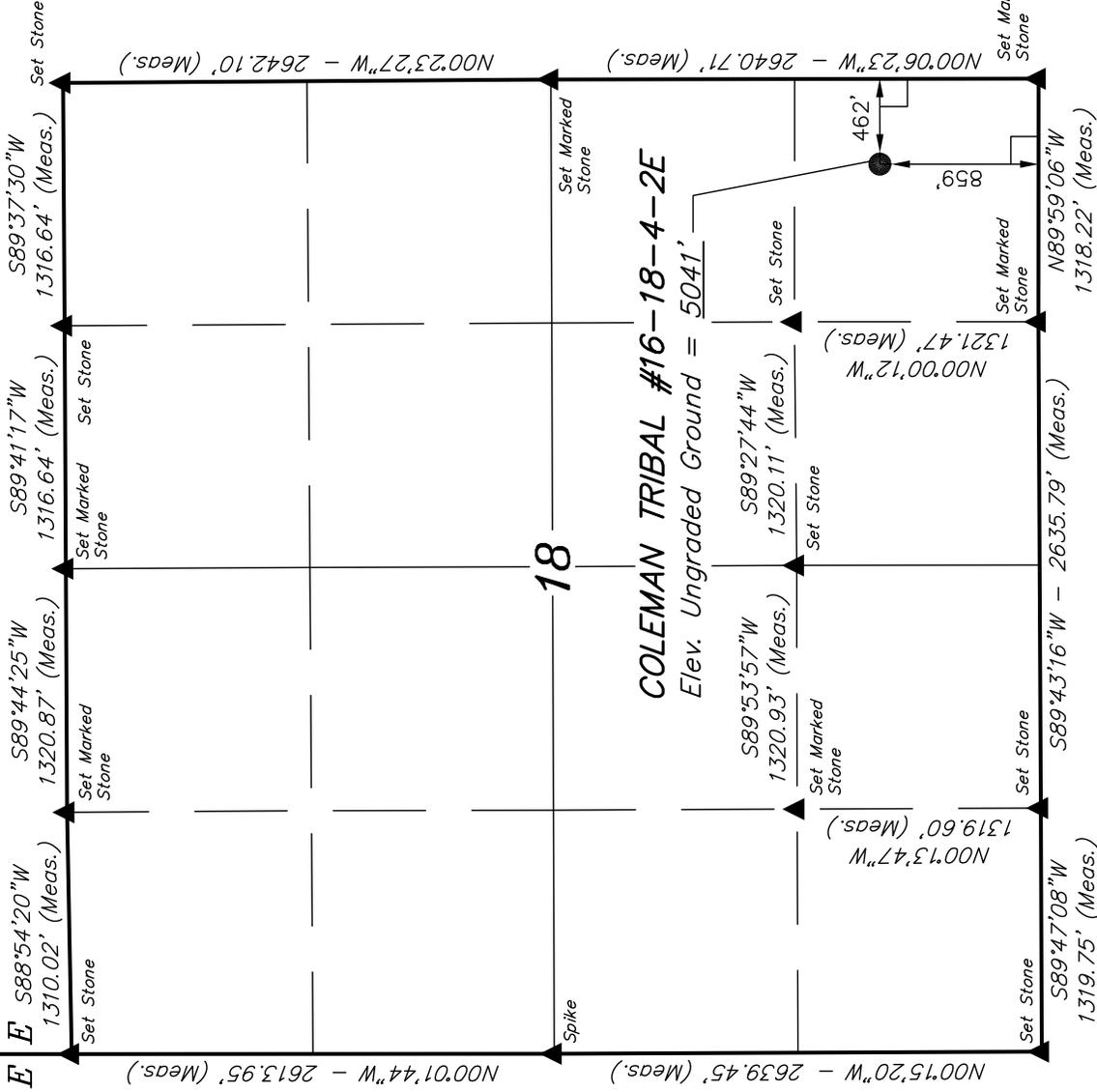
Water for the drilling and completion of this well (approximately one acre feet) will be trucked from the Ouray Blue Tanks Water Well in Section 32, T4S, R3E (Water Permit # 43-8496).

11. Anticipated Starting Date and Duration of Operations

It is anticipated that drilling operations will commence in June, 2011, and take approximately seven (7) days from spud to rig release and two weeks for completions.

T4S, R2E, U.S.B.&M.

R 1
R 2
E 1
E 2



UTE ENERGY

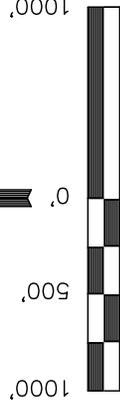
Well location, COLEMAN TRIBAL #16-18-4-2E, located as shown in the SE 1/4 SE 1/4 of Section 18, T4S, R2E, U.S.B.&M., Uintah County, Utah.

BASIS OF ELEVATION

SPOT ELEVATION LOCATED AT THE NORTHEAST CORNER OF SECTION 30, T3S, R2E, U.S.B.&M. TAKEN FROM THE RANDLETT 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 4939 FEET.

BASIS OF BEARINGS

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



S C A L E
C E R T I F I C A T E

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

ROBERTA KAY
REGISTERED LAND SURVEYOR
REGISTRATION NO. 161319
STATE OF UTAH

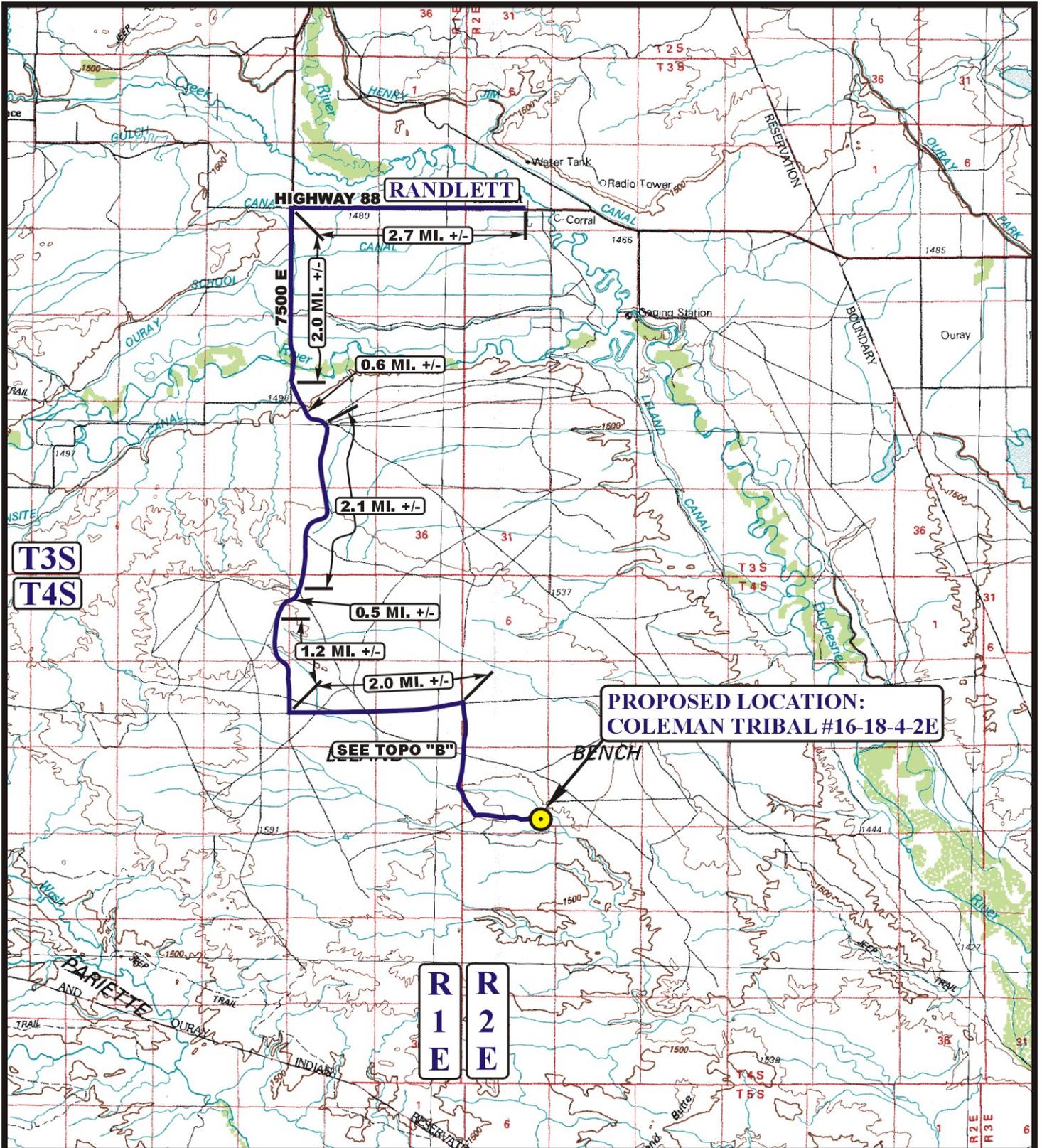
API Well Number: 43047514950000

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

SCALE 1" = 1000'	DATE SURVEYED: 10-25-10	DATE DRAWN: 11-03-10
PARTY A.F. J.C. C.H.	REFERENCES G.L.O. PLAT	
WEATHER COOL	FILE	UTE ENERGY

- LEGEND:**
- └─ = 90° SYMBOL
 - = PROPOSED WELL HEAD.
 - ▲ = SECTION CORNERS LOCATED.

(NAD 83)
 LATITUDE = 40°07'49.20" (40.130333)
 LONGITUDE = 109°48'15.21" (109.804225)
 (NAD 27)
 LATITUDE = 40°07'49.33" (40.130369)
 LONGITUDE = 109°48'12.69" (109.803525)



LEGEND:

PROPOSED LOCATION



UTE ENERGY

**COLEMAN TRIBAL #16-18-4-2E
SECTION 18, T4S, R2E, U.S.B.&M.
859' FSL 462' FEL**



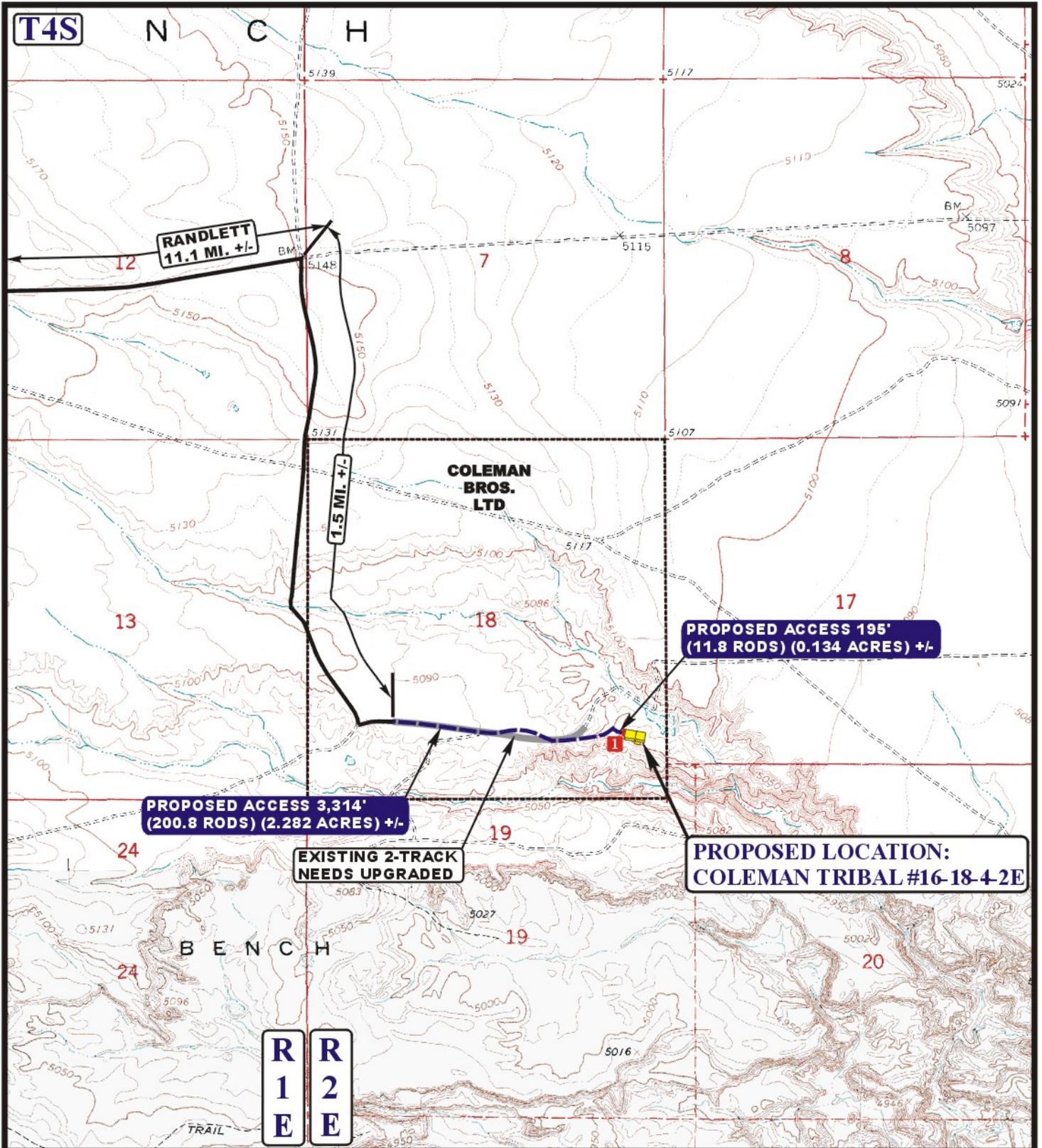
Ute Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

**TOPOGRAPHIC
MAP**

11 02 10
MONTH DAY YEAR

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





LEGEND:

-  EXISTING ROAD
-  PROPOSED ACCESS ROAD
-  18" CMP REQUIRED

UTE ENERGY

COLEMAN TRIBAL #16-18-4 2E
SECTION 18, T4S, R2E, U.S.B.&M.
859' FSL 462' FEL



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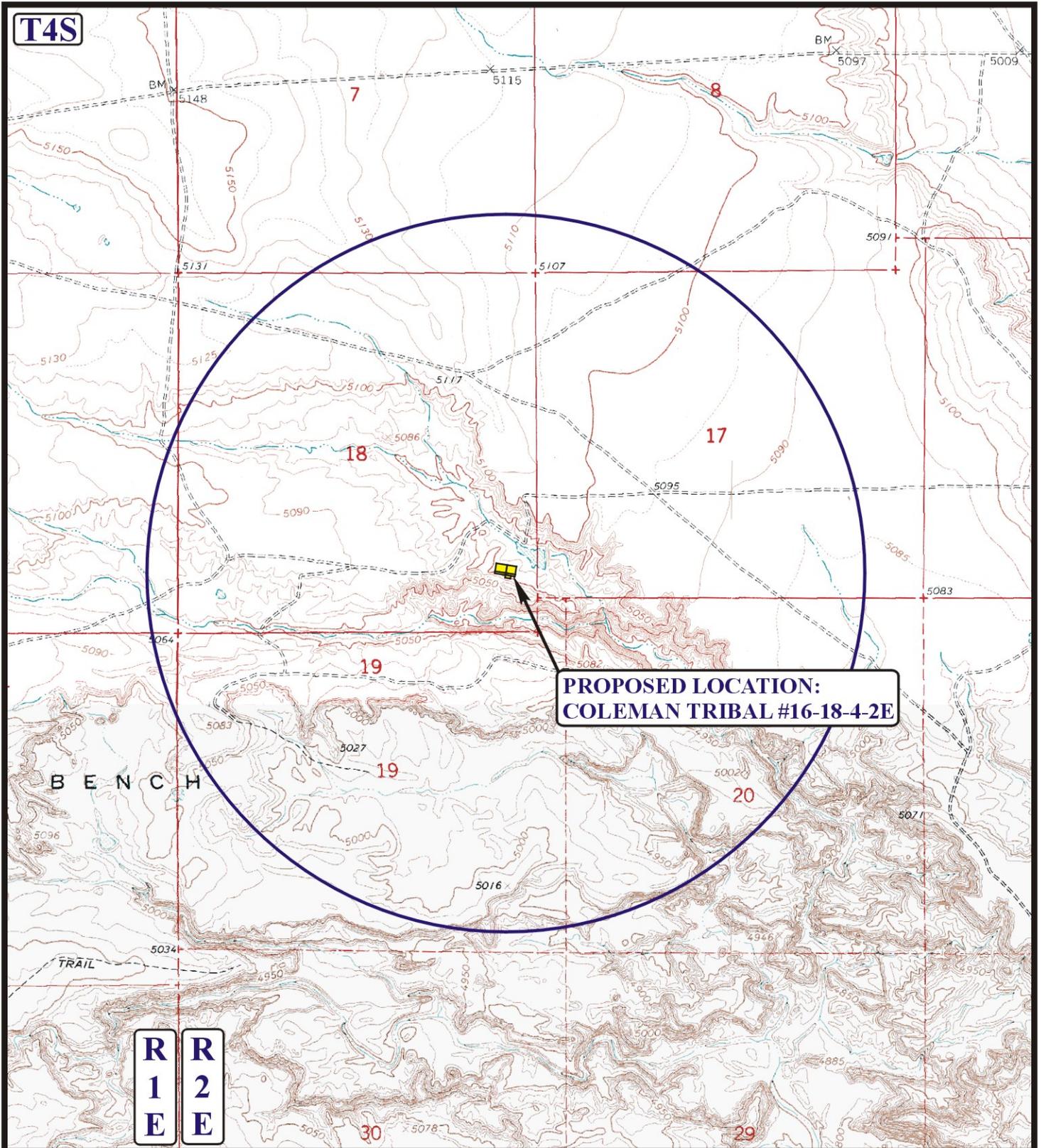


TOPOGRAPHIC
MAP

11 02 10
 MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: J.J. REVISED: 01-12-11

B
TOPO



LEGEND:

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

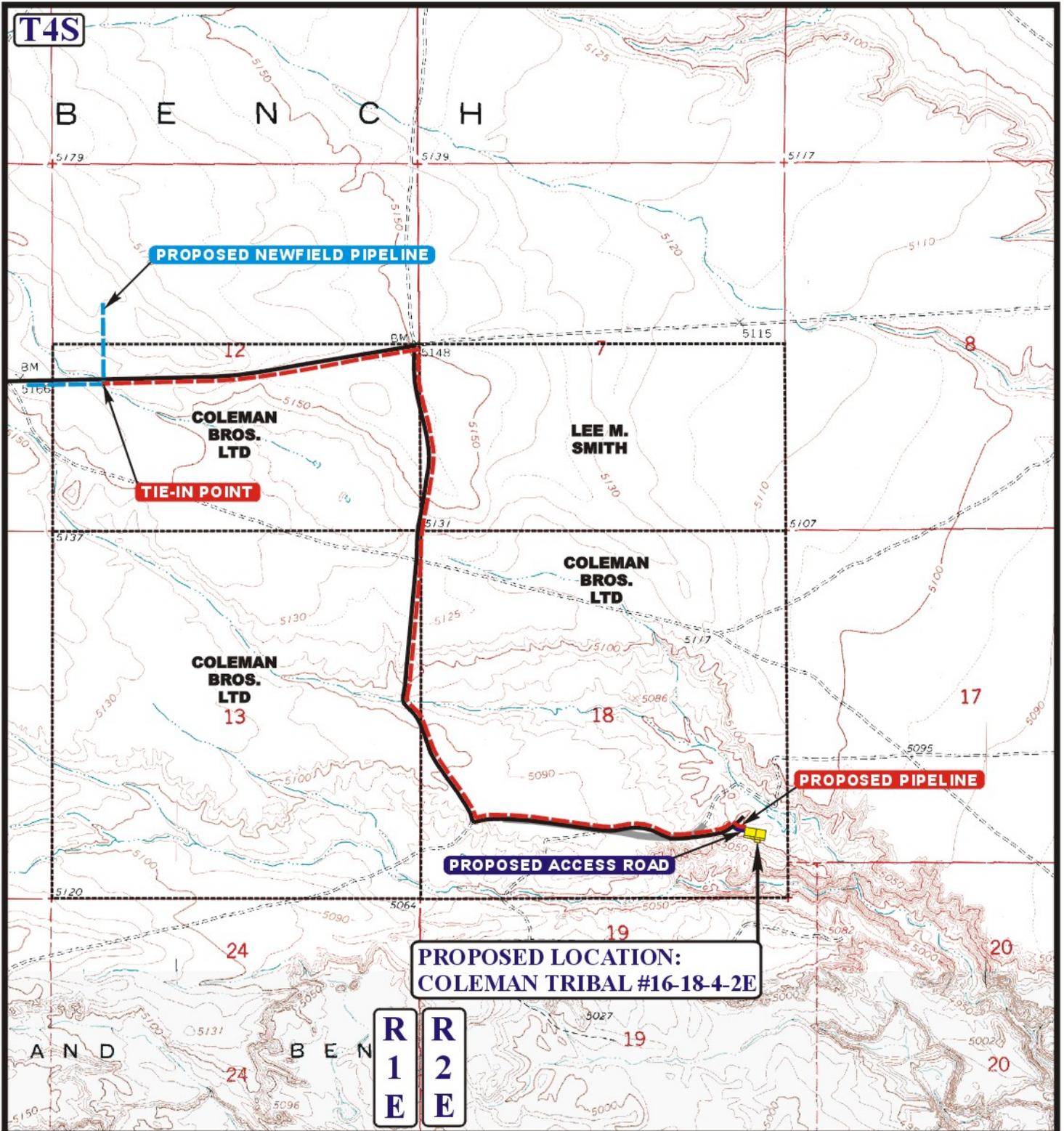
UTE ENERGY

COLEMAN TRIBAL #16-18-4-2E
SECTION 18, T4S, R2E, U.S.B.&M.
859' FSL 462' FEL

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



TOPOGRAPHIC MAP **11 02 10**
MONTH DAY YEAR
 SCALE: 1" = 2000' DRAWN BY: J.J. REVISED: 00-00-00 **TOPO**



APPROXIMATE TOTAL PIPELINE DISTANCE = 14,905' (903.3 RODS) +/-

LEGEND:

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

UTE ENERGY

COLEMAN TRIBAL #16-18-4-2E
SECTION 18, T4S, R2E, U.S.B.&M.
859' FSL 465' FEL



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



TOPOGRAPHIC
MAP

11 05 10
 MONTH DAY YEAR

SCALE: 1" = 2000'

DRAWN BY: J.J.

REVISED: 01-03-11

D
TOPO

Entry 2011000075
Book 1219 Page 263 \$10.00
04-JAN-11 10:44
RANDY SIMMONS
RECORDER, UINTAH COUNTY, UTAH
UTE ENERGY LLC ATTN FELICIA GATES-M
PO BOX 789 FT DUCHESNE, UT 84026
REC BY: HEATHER COON, DEPUTY

MEMORANDUM of SURFACE USE AGREEMENT

Todd Kalstrom is the Vice President of Land for Ute Energy LLC and Ute Energy Upstream Holdings LLC, authorized to do business in Utah (hereinafter referred to as "Ute Energy"). Ute Energy owns, operates and manages oil and gas interests In Uintah and Duchesne Counties, Utah.

Entry 2011000075
Book 1219 Page 263

WHEREAS, a Surface Use Agreement and Grant of Easements ("Agreement") has been entered into effective the 25th day of October, 2010, by and between Coleman Bros. LTD, whose address is c/o Joseph Coleman, 393 E. Center Street, Heber City, UT 84032 ("Owner") and Ute Energy, whose address is 1875 Lawrence Street, Suite 200, Denver, CO 80202.

WHEREAS, Owner owns the surface estate of the real property in Uintah County, Utah (the "Property"), legally described as:

Township 4 South, Range 2 East, USM
Section 18: All

WHEREAS, For an agreed upon monetary consideration, Ute Energy may construct the necessary well site pads for drilling, completion, re-completion, reworking, re-entry, production, maintenance and operation of wells ("Well Pads") on the Property consistent with this Agreement. Ute Energy, its agents, employees, assigns, contractors and subcontractors, may enter upon and use the Well Pads for the purposes of drilling, completing, producing, maintaining, and operating Wells to produce oil, gas and associated hydrocarbons produced from the Property, including the construction and use of frac pits, tank batteries, water disposal pits, production equipment, compressor sites and other facilities used to produce and market the oil, gas and associated hydrocarbons.

WHEREAS, Owner grants to Ute Energy an exclusive access easement ("Road Easement") on the Property for ingress and egress by Ute Energy and its employees, contractors, sub-contractors, agents, and business invitees as needed to conduct oil and gas operations as described in this Agreement.

WHEREAS, the Surface Use Agreement and Grant of Easements shall run with the land and be binding upon and inure to the benefit of the parties and their respective heirs, successors and assigns.

THEREFORE, Ute Energy is granted access to the surface estate and the Agreement constitutes a valid and binding surface use agreement as required under Utah Admin. Code Rule R649-3-34(7).

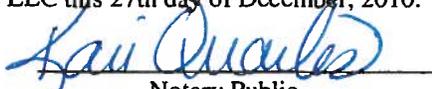
This Memorandum is executed this 27th day of December, 2010.



Todd Kalstrom
Vice President of Land

STATE OF COLORADO)) ss
COUNTY OF DENVER)

The foregoing instrument was acknowledged before me by Todd Kalstrom, Vice President of Land for Ute Energy LLC and Ute Energy Upstream Holdings LLC this 27th day of December, 2010.



Notary Public

Notary Seal:

My Commission expires:

September 15, 2014
Date

KARI QUARLES
NOTARY PUBLIC, STATE OF COLORADO

My Comm. Expires September 15, 2014

COPY

Ute Energy Upstream Holdings LLC

Coleman Tribal 16-18-4-2E

SE/SE Section 18, T4S, R2E

SHL and BHL: 859' FSL & 462' FEL

Uintah County, Utah

SURFACE USE PLAN

The well site, proposed access road and surface pipeline corridor will be located entirely on private surface (Coleman Bros. LTD) and Tribal minerals. An onsite was conducted on Tuesday, December 14, 2010. The following were in attendance: Chuck MacDonald and Aaron Roe (BLM Vernal Field Office), Floyd Bartlett (Utah DOGM), Cody Rich (Uintah Engineering & Land Surveying), Don Hamilton (Buys & Associates, Inc.), Allan Smith of Deep Creek Investments (on behalf of absent Coleman surface owner), Rachel Garrison, Mike Maser, and Cameron Cuch (Ute Energy), Bobby Chapoose (Bear Paw Construction), and Terry Hogan (LaRose Construction).

1. Existing Roads

The proposed well site is located approximately six miles south of Randlett, Utah. Maps and directions reflecting the route to the proposed well site is included (see Topographic maps A and B).

The dirt oil field service roads and other roads in the vicinity are constructed out of existing native materials that are prevalent to the existing area and range from clays to a sandy-clay shale material. The existing road in Section 18 that provides access to this well site was upgraded by Newfield Production Company in December, 2010 to an 18' road with 3-inch minus gravel and drainage ditches on both sides of the road. The road that continues east is an existing private two-track that will be upgraded to access the Coleman Tribal 16-18-4-2E.

The roads for access during the drilling, completion and production phase will be maintained at the standards required by the State of Utah, or other controlling agencies. This maintenance will consist of some minor grader work for smoothing road surfaces and for snow removal.

2. Planned Access Road

Approximately 3,314' of an existing two-track on private land will need to be upgraded to an 18' running surface with a 3-inch minus road base and bar ditches on either side. See attached Topographic map B.

Approximately 195' of new construction disturbance, with a ROW width of 30 feet, will be required for the construction of an access road to the Coleman Tribal 16-18-4-2E, all on private surface. The proposed access road will be crowned, ditched, and constructed with an 18' running surface (9' either side of the centerline). Surfacing material (3-inch minus) will be applied to the access road.

A CMP culvert will be installed where the access road enters the pad (see Figure #1). No turnouts, gates or cattle guards are anticipated in the construction of this road.

All construction material for this access road will be borrowed material accumulated during the construction of the access road.

Surface disturbance and vehicular travel will be limited to the approved location access road.

3. Location of Existing Wells

Refer to Topographic map C for the location and type of existing wells within a one-mile radius of the proposed well site.

4. Location of Existing and/or Proposed Facilities

There are no existing facilities that will be used by this well.

It is anticipated that this well will be a producing oil well with limited to no gas production.

Surface facilities will be located on a proposed 350' x 150' pad. Facilities will consist of a wellhead, separator, gas meter, (1) 400 gal methanol tank, (1) 400 glycol tank, (2) 400 bbl oil tanks, (1) 400 bbl water tank, (1) 400 bbl test tank, (1) 1000 gal propane tank (only if needed), a pumping unit with natural gas fired motor, solar panels, solar chemical and methanol pumps and one trace pump.

All wells will be fitted with a pump jack to assist with liquid production if liquid volumes and/or low formation pressures require it. Plunger lift systems do not require any outside source of energy. The prime mover for pump jacks would be a small (60 horsepower or less), natural gas-fired internal combustion engine.

The tank battery will be surrounded by a secondary containment berm of sufficient capacity to contain 1.5 times the entire capacity of the largest single tank and sufficient freeboard to contain precipitation. All loading lines and valves will be placed inside the berm surrounding the tank battery or will utilize catchment basins to contain spills. All liquid hydrocarbon production and measurement will conform to the provisions of 43 CFR 3162.7-2 and Onshore Oil and Gas Order No. 4 for the measurement of oil.

All permanent (on site for six (6) months or longer) above-ground structures, constructed or installed (including pumping units), will be painted a flat, non-reflective, earth tone color to match one of the standard environmental colors, as determined by the Rocky Mountain Five State Interagency Committee. All facilities will be painted within six months of installation.

If gas production is greater than amounts that can be utilized on location for heating of tanks or equipment operation, or flared under the provisions of Section III. Authorized Venting and Flaring of Gas (NTL-4A), Ute Energy proposes a polyethylene gas pipeline on the surface to transport gas to a connection with Newfield in Section 12 of T4S, R1E.

Approximately 14,905' (see Topographic map D) of pipeline corridor, containing up to an 8" diameter polyethylene gas pipeline, is proposed to tie the Coleman Tribal 16-18-4-2E into the Newfield gathering system. Multiple lines from well sites in Section 18 will directly or indirectly tie into this line. The new pipeline would be a surface laid line within a 30 foot wide pipeline corridor, adjacent to the proposed access road corridor.

5. Location and Type of Water Supply

No water supply pipelines will be laid for this well.

Water for the drilling and completion of this well will be transported by truck from the following water sources:

Primary source – Ouray Blue Tanks Water Well in Section 32, T4S, R3E
Water Right: 43-8496

S. Ouray Water Plant Water Well in Section 9 of T8S, R20E
Water Right: 49-1645

Ouray Frog Pond – Green River in Section 33 of T8S, R20E
Water Right: 49-2320

Ouray Silver Tanks – Green River in Section 33 of T8S, R20E
Water Right: 49-2320

Water use will vary in accordance with the formations to be drilled, but is expected to be approximately one acre foot for drilling and completions operations in the Green River Formation.

No water well is proposed for this location.

6. Source of Construction Materials

All construction materials for this location shall be borrowed material accumulated during construction of the location site and access road.

If any additional gravel is required, it will be obtained from a local supplier having a permitted source of materials within the general area.

7. Methods of Handling Waste Disposal

A small reserve pit (80' x 40' x 8' deep) will be constructed from native soil and clay materials to handle the drilling fluids. The reserve pit will receive the processed drill cuttings (wet sand, shale and rock) removed from the wellbore. Any drilling fluids, which do accumulate in the pit as a result of shale-shaker carryover, cleaning of the sand trap, etc., will be promptly reclaimed. All drilling fluids will be fresh water based, typically containing Total Dissolved Solids of less than 3000 PPM. No potassium chloride, chromates, trash, debris, nor any other substance deemed hazardous will be placed in the pit. The reserve pit will be lined with a 12 mil (minimum) thickness polyethylene reinforced liner. This liner will be underlain by a felt sub-liner if rock is encountered during excavation. A minimum of two feet of free board will be maintained between the maximum fluid level and the top of the reserve pit at all times.

Immediately upon first production, all produced water will be confined to a steel test tank on location. The produced water will then be transported by truck to a State of Utah approved disposal facility near Ute Energy's operations (ACE, Wonsit, Bluebell, Chapita, Glen Bench, or Seep Ridge).

Portable self-contained chemical toilets will be used for human waste disposal. As required, the toilet holdings will be pumped and the contents thereof disposed of in an approved sewage disposal facility.

Garbage and non-flammable solid waste materials will be contained in a portable trash cage. No trash will be placed in the reserve pit. As needed, the accumulated trash will be hauled off to an authorized disposal site. No potentially adverse materials or substances will be left on location.

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

8. Ancillary Facilities

There are no ancillary facilities planned for at the present time and none foreseen in the near future.

9. Well Site Layout

The well would be properly identified in accordance with 43 CFR 3162.6.

The pad layout, cross section diagrams and rig layout are included with this application (see Figures 1-3).

The pad has been staked at its maximum size of 300' x 150' with an outboard reserve pit of 80' x 40' x 8' deep, and a small outboard flare pit.

To meet fencing requirements for the reserve pit, Ute Energy proposes to install a feedlot (typically used for livestock) steel panel fencing system. The panels are 12' long x 4' high and employ 5" posts on 8' centers. The panels use a latching system to connect the joints together, including the corner posts. The corner posts will be installed in such a manner to keep the panel system tight at all times.

The reserve pit panel fencing system will be on three (3) sides during drilling operations and on the fourth side when the rig moves off location. The reserve pit panel fencing system will be maintained until reclamation of the reserve pit.

Fill from the pit excavation will be stockpiled along the edge of the reserve pit and the adjacent edge of the pad.

Use of erosion control measures, including proper grading to minimize slopes, diversion terraces and ditches, mulching, terracing, riprap, fiber matting, temporary sediment traps, and broad-based drainage dips or low water crossings will be employed by Ute Energy as necessary and appropriate to minimize erosion and surface run-off during well pad construction and operation. Cut and fill slopes will be constructed such that stability will be maintained for the life of the operation.

Diversion ditches will be constructed around the well site to prevent surface waters from entering the well site area (see Figure #1).

10. Plans for Restoration of the Surface

Site reclamation would be accomplished for portions of the well pad not required for the continued operation of the well on this pad within six months of completion, weather permitting.

The operator would control noxious weeds along access road use authorizations and well site by spraying or mechanical removal.

Rat and mouse holes would be filled and compacted from bottom to top immediately upon release of the drilling rig from location. Upon well completion, any hydrocarbons in the pit shall be removed in accordance with 43 CFR 3162.7-1. The reserve pit would be allowed to dry prior to the commencement of backfilling work. No attempts would be made to backfill the reserve pit until it is free of standing water. Once dry, the liner would be torn and perforated before backfilling.

The reserve pit, flare pit and that portion of the location not needed for production facilities/operations would be re-contoured to the approximate natural contours. Areas not used for production purposes would be backfilled and blended into the surrounding terrain, reseeded and erosion control measures installed. Mulching, erosion control measures and fertilization may be required to achieve acceptable stabilization. Back slopes and fore slopes would be reduced as practical and scarified with the contour.

The reserved topsoil would be evenly distributed over the slopes and scarified along the contour. Slopes would be seeded with the BLM specified seed mix and method. However, Ute Energy proposes the following seed mix for BLM consideration for Ute Energy operations within the Randlett EDA area:

The following seed mix is recommended for rangeland drill application for both interim and final reclamation based on soil characteristics, topographic features, and surrounding native vegetation composition. This seed mix will create a diverse vegetation cover while maximizing the benefits to both wildlife and domestic livestock, while ensuring compatibility with the surrounding landscape.

Recommended Seed Mix for the Randlett EDA Area

Common Name, Cultivar	Scientific Name	Application Rate (Pounds Per Live Seed/Acre)*
Crested Wheatgrass, Ephraim	<i>Agropyron cristatum</i> , var Ephraim	1
Needle-and-thread grass	<i>Stipa comata</i>	4
Indian ricegrass	<i>Oryzopsis hymenoides</i>	2
Bottlebrush squirrel	<i>Sitanion hystrix</i>	4
Shadscale	<i>Atriplex confertifolia</i>	2
Winterfat	<i>Eurotia lanata</i>	1
Globemallow	<i>Sphaeralcea coccinea</i>	1
Total		15

*Double this rate if broadcast seeding is planned; preferred method is drill seeding.

It must be noted that individual surface use agreements negotiated with private landowners may replace these seed mixes with crop seed, such as alfalfa, corn, wheat or sorghum.

Topsoil salvaged from the drill site and stored for more than one year would be placed at the location indicated on the well site layout drawing and graded to a depth optimum to maintain topsoil viability, seeded with the proposed seed mixture and covered with mulch for protection from wind and water erosion and to discourage the invasion of weeds.

11. Surface and Mineral Ownership

Surface: Coleman Bros. LTD
 Joseph Coleman
 393 E. Center Street
 Heber City, UT 84032
 See attached Memorandum of Surface Use Agreement

Minerals: Ute Tribe
 988 South 7500 East (Annex Building)
 Fort Duchesne, UT 84026
 435-725-4950

12. Additional Information

Western Archaeological Services conducted a Class III Cultural Resource Inventory of this well site and associated access road and pipeline corridor in November, 2010. A copy of the report, recommending clearance for the project, was submitted under separate cover to the appropriate agencies by Western as report 10-WAS-445, dated November 18, 2010.

Uinta Paleontological Associates, Inc. conducted a paleontological survey of this well site and associated access road and pipeline corridor in November, 2010. A copy of the report, recommending clearance for

the project, was submitted under separate cover to the appropriate agencies by Uinta on November 18, 2010.

Buys and Associates, Inc. did not conduct a threatened and endangered plant survey of this well site and associated access road and pipeline corridor given the location did not fall within the USFWS-defined habit for the Uinta Basin Hookless Cactus (*Sclerocactus wetlandicus*). However, Aaron Roe, botanist with the BLM Vernal FO, reviewed the location at the onsite and proposed this location might be suitable habitat and requested a survey be completed in April of 2011 prior to construction. Ute Energy has contracted with Buys to complete a habitat assessment and if needed, a survey in early April.

Ute Energy Upstream Holdings LLC is responsible for informing all persons in the area who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, Ute Energy is to immediately stop work that might further disturb such materials and contact the Authorized Officer.

All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws and regulations, Onshore Oil and Gas Orders, the approved plan of operations, and any applicable Notice to Lessees. A copy of these conditions will be furnished to the field representative to ensure compliance. A complete copy of the approved APD, if applicable, shall be on location during the construction of the location and drilling and completion activities.

13. Lessee's or Operator's Representative and Certification

Representative: Mike Maser, Area Superintendent
Ute Energy Upstream Holdings LLC
7074 East 900 South
Fort Duchesne, UT 84026
(435) 725-4835

Certification:

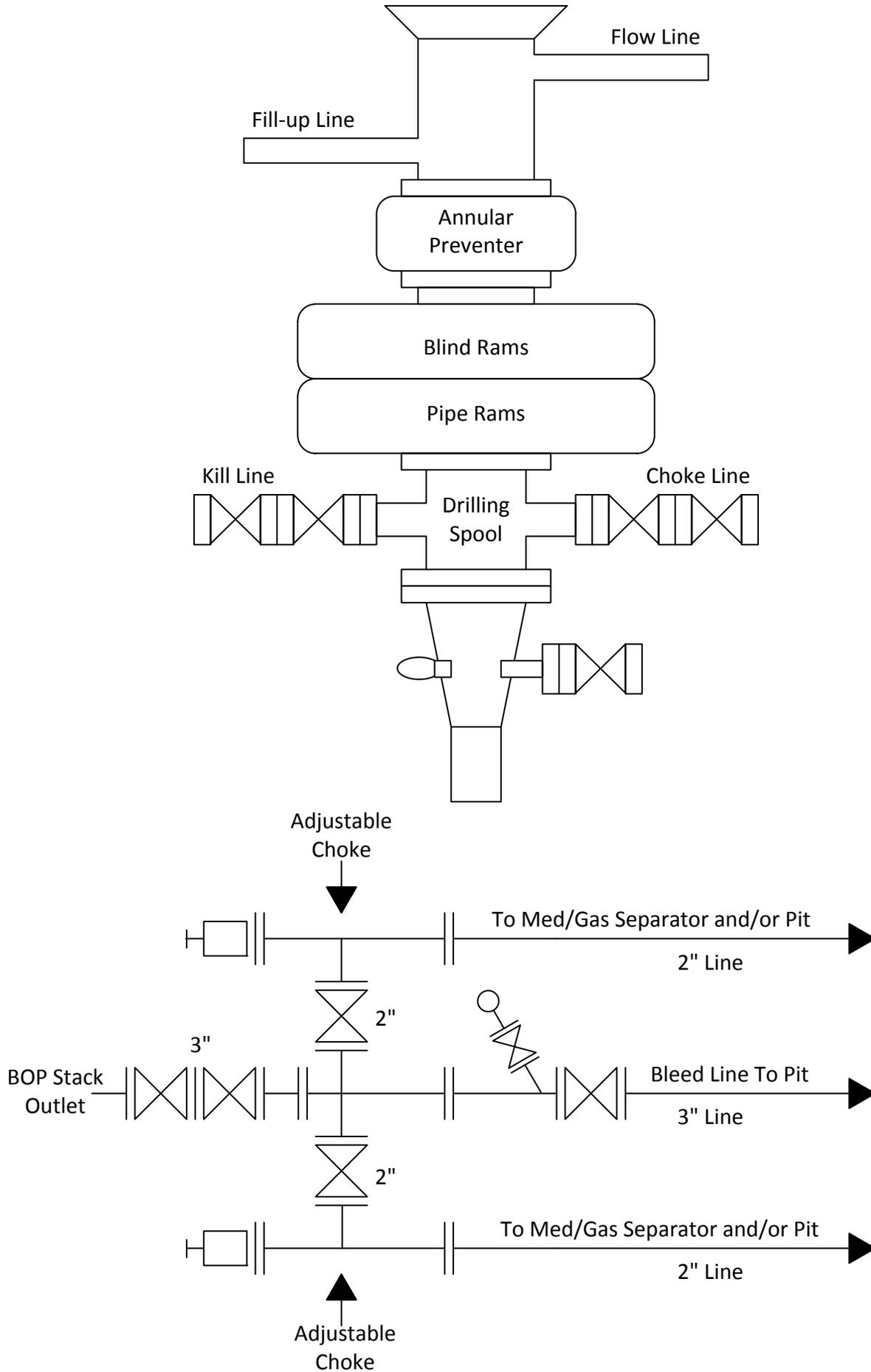
Please be advised that Ute Energy Upstream Holdings LLC is considered to the operator of the Coleman Tribal 16-18-4-2E in the SE/SE Section 18, T4S, R2E, Uintah County, Utah and is responsible under the terms and conditions of the Randlett Exploration and Development Agreement (EDA) No. 14-20-H62-6288 (approved by the BIA on December 27, 2010) for the operations conducted upon the leased lands. Bond coverage is provided by BIA Bond No. 687C300004-CD.

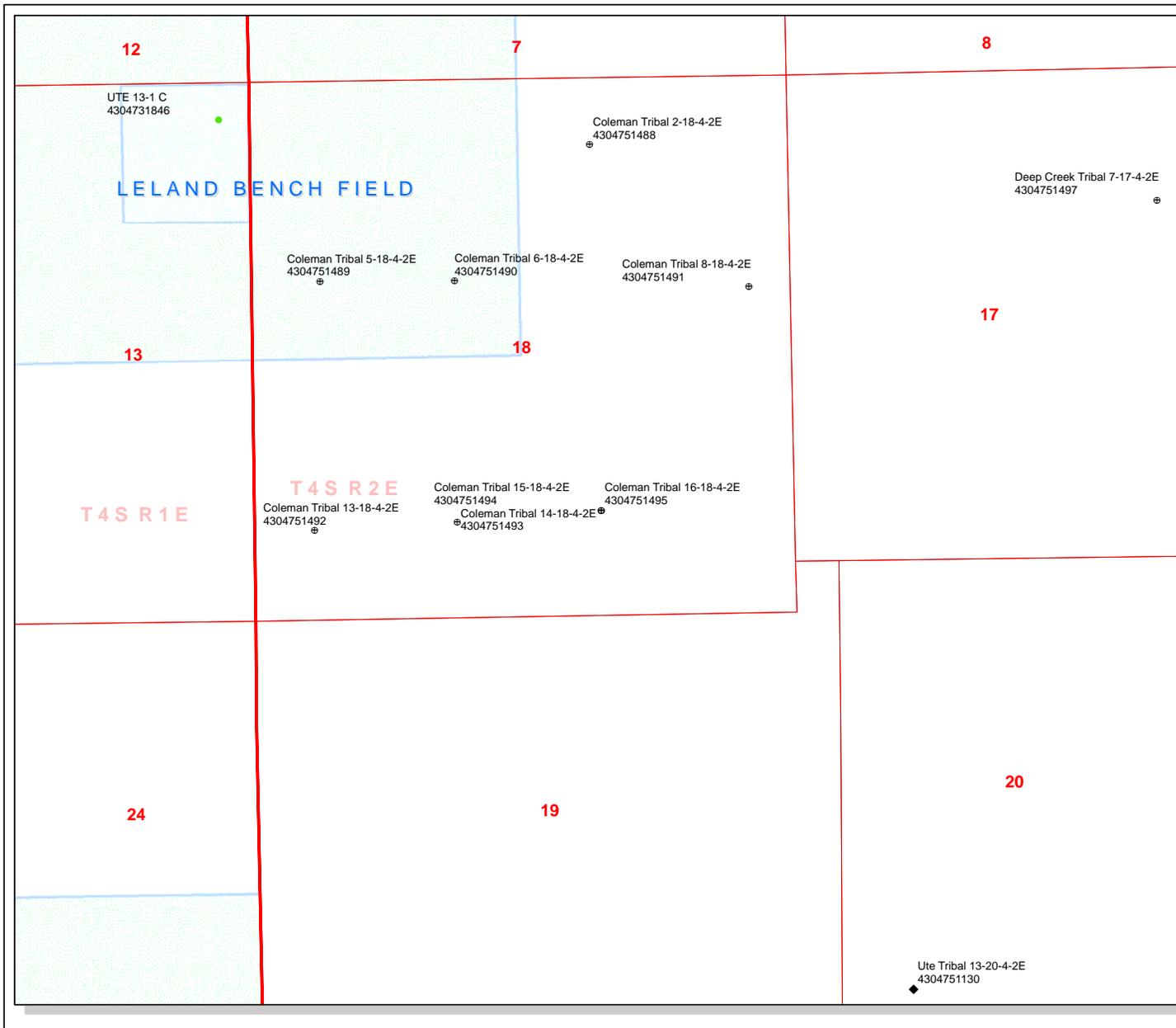
I hereby certify that the proposed drill site and access route have been inspected, and I am familiar with the conditions which currently exist; that the statements made in this plan are true and correct to the best of my knowledge; and that the work associated with the operations proposed here will be performed by Ute Energy Upstream Holdings LLC and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of the 18 U.S.C. 1001 for the filing of a false statement.

Date

Rachel Garrison
Regulatory Manager
Ute Energy Upstream Holdings LLC

Schematic Diagram of 3,000 PSI BOP Stack

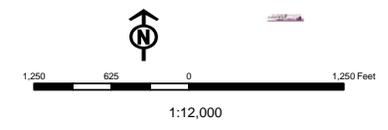




API Number: 4304751495
Well Name: Coleman Tribal 16-18-4-2E
Township 04.0 S Range 02.0 E Section 18
Meridian: UBM
Operator: UTE ENERGY UPSTREAM HOLDINGS LLC

Map Prepared:
 Map Produced by Diana Mason

- | Units STATUS | Wells Query Status |
|--------------|------------------------------------|
| ACTIVE | APD - Approved Permit |
| 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 | DPS - Operation Suspended |
| PP GEOTHERML | PA - Plugged Abandoned |
| PP OIL | PGW - Producing Gas Well |
| SECONDARY | POW - Producing Oil Well |
| TERMINATED | RET - Returned APD |
| Unknown | SGW - Shut-in Gas Well |
| ABANDONED | SOW - Shut-in Oil Well |
| ACTIVE | TA - Temp. Abandoned |
| COMBINED | TW - Test Well |
| INACTIVE | WDW - Water Disposal |
| STORAGE | WIW - Water Injection Well |
| TERMINATED | WSW - Water Supply Well |
| Sections | |
| Township | |



ON-SITE PREDRILL EVALUATION

Utah Division of Oil, Gas and Mining

Operator UTE ENERGY UPSTREAM HOLDINGS LLC
Well Name Coleman Tribal 16-18-4-2E
API Number 43047514950000 **APD No** 3440 **Field/Unit** UNDESIGNATED
Location: 1/4,1/4 SESE **Sec** 18 **Tw** 4.0S **Rng** 2.0E 859 FSL 462 FEL
GPS Coord (UTM) 601540 4442705 **Surface Owner** Coleman Bros. LTD

Participants

Floyd Bartlett (DOGM), Mike Maser, Rachel Garrison and Cameron Cuch (Ute Energy), Charles MacDonald and Aaron Roe (BLM), Don Hamilton (BUYS and Associates), Forest Bird, Terry Hogan, Bobby Chapose (Dirt Contractors) and Cody Rich (UELS).

Regional/Local Setting & Topography

The general area is on Leland Bench, which is located about 10 miles south of Fort Duchesne, Uintah County, Utah. Broad flats with low growing desert shrub type vegetation characterize the area. A few rolling hills and slopes leading to higher flats occur. The Uinta formation dominates the surface. Soils are dominated by deep sandy clay loams with erosion pavement common on slopes. No springs, seeps or flowing streams are known to occur in the area. The Duchesne River is approximately 5 miles to the east and is the nearest source of flowing water. All lands in the immediate area are privately owned. Solid blocks or scattered Ute Tribal lands surround the area.

Access to the proposed well site is by State of Utah or Uintah County roads and existing or proposed oilfield development roads. Distance from Randlett, Utah is approximately 13.6 miles. Approximately 195 feet of new road will be constructed to reach this location.

The proposed pad for the Coleman Tribal 16-18-4-2E oil well is laid out in a west to east direction across a side-slope which faces the east leaving a hill top to the west. To the east of the site is a drainage which contains a pond. Significant overland flow occurs from the pavement rock hillside in undefined channels. This flow is planned to be diverted to both the north and south and around the location. Maximum cut is 6.1 feet at Pit Corner C and maximum fill 2.4 feet at Corner 2. The location is to the northeast outside of the normal drilling window to avoid the hillside and drainage to the south. It appears to be a good site for constructing a pad, drilling and operating a well.

Coleman Brothers LLC. own the surface.
 The minerals are owned by the United States Government and held in trust for the Ute Indian Tribe.

Surface Use Plan

Current Surface Use
 Grazing
 Recreational
 Wildlife Habitat

New Road Miles	Well Pad	Src Const Material	Surface Formation
0.02	Width 230 Length 300	Onsite	UNTA

Ancillary Facilities N

Waste Management Plan Adequate?

Environmental Parameters

Flora / Fauna

Overall vegetation at this site is poor. Mat and Gardiner saltbrush are the principal species present. The vegetation on Leland Bench is a desert shrub/forb type. Similar species are common throughout the area. Principal species are shadscale, bud sage, winter fat, horsebrush, broom snakeweed, Indian ricegrass, needle and thread grass, curly mesquite grass, scarlet globe mallow, matt and Gardiner saltbrush, hordeum jabutum and annual mustards. A few occurrences of cheat grass, rabbit brush, buckwheat, Mormon tea and other species occur but are not common. Impacts from past and current grazing do not exist.

Because of the lack of water and cover the area is not rich in fauna. Species include antelope, coyotes and small mammals and rodents. Some shrub dependent birds may occur but were not observed. Historically, but not currently, sheep and wild horses grazed the area. Light winter cattle grazing currently exist.

Soil Type and Characteristics

Soils are a moderately deep sandy clay loam with one bedrock outcrop.

Erosion Issues N

Sedimentation Issues Y

Significant overland flow occurs from the pavement rock hillside in undefined channels. This flow is planned to be diverted to both the north and south and around the location.

Site Stability Issues N

Drainage Diverson Required? Y

Significant overland flow occurs from the pavement rock hillside in undefined channels. This flow is planned to be diverted to both the north and south and around the location.

Berm Required? N

Erosion Sedimentation Control Required? Y

Significant overland flow occurs from the pavement rock hillside in undefined channels. This flow is planned to be diverted to both the north and south and around the location.

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

Reserve Pit

Site-Specific Factors	Site Ranking	
Distance to Groundwater (feet)	100 to 200	5
Distance to Surface Water (feet)	300 to 1000	2
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)		0
Affected Populations		

Presence Nearby Utility Conduits

Not Present

0

Final Score

22

1 Sensitivity Level

Characteristics / Requirements

A 40' x 80' x 8' deep reserve pit is planned in a cut on the southeast corner of the location. A liner with a minimum thickness of 12-mils is required.

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

Other Observations / Comments

Floyd Bartlett
Evaluator

12/14/2010
Date / Time

Application for Permit to Drill**Statement of Basis**

2/3/2011

Utah Division of Oil, Gas and Mining

Page 1

APD No	API WellNo	Status	Well Type	Surf Owner	CBM
3440	43047514950000	LOCKED	OW	P	No
Operator	UTE ENERGY UPSTREAM HOLDINGS LLC		Surface Owner-APD	Coleman Bros. LTD	
Well Name	Coleman Tribal 16-18-4-2E		Unit		
Field	UNDESIGNATED		Type of Work	DRILL	
Location	SESE 18 4S 2E U 859 FSL 462 FEL		GPS Coord (UTM)	601503E	4442744N

Geologic Statement of Basis

The mineral rights for the proposed well are owned by the Ute Tribe. The BLM will be the agency responsible for evaluating and approving the drilling, casing and cement programs.

Brad Hill
APD Evaluator

1/27/2011
Date / Time

Surface Statement of Basis

The general area is on Leland Bench, which is located about 10 miles south of Fort Duchesne, Uintah County, Utah. Broad flats with low growing desert shrub type vegetation characterize the area. A few rolling hills and slopes leading to higher flats occur. The Uinta formation dominates the surface. Soils are dominated by deep sandy clay loams with erosion pavement common on slopes. No springs, seeps or flowing streams are known to occur in the area. The Duchesne River is approximately 5 miles to the east and is the nearest source of flowing water. All lands in the immediate area are privately owned. Solid blocks or scattered Ute Tribal lands surround the area.

Access to the proposed well site is by State of Utah or Uintah County roads and existing or proposed oilfield development roads. Distance from Randlett, Utah is approximately 13.6 miles. Approximately 195 feet of new road will be constructed to reach this location.

The proposed pad for the Coleman Tribal 16-18-4-2E oil well is laid out in a west to east direction across a side-slope which faces the east leaving a hill top to the west. To the east of the site is a drainage which contains a pond. Significant overland flow occurs from the pavement rock hillside in undefined channels. This flow is planned to be diverted to both the north and south and around the location. Maximum cut is 6.1 feet at Pit Corner C and maximum fill 2.4 feet at Corner 2. The location is to the northeast outside of the normal drilling window to avoid the hillside and drainage to the south. It appears to be a good site for constructing a pad, drilling and operating a well.

Coleman Brothers LLC. own the surface. Both Joe and Mary Joe Coleman were notified of and invited to attend the site visit by the BLM. Neither desired to attend. A signed surface use agreement has been completed.

The minerals are owned by the United States Government and held in trust for the Ute Indian Tribe. Mr. Charles MacDonald and Mr. Aaron Roe of the BLM, who acts for the Ute Indian Tribe, attended the pre-site evaluation. They had no concerns regarding the location as planned. .

Uintah County has recently passed a new ordinance to regulate extraction industries. This ordinance requires a conditional use permit for all oil or gas wells in areas not zoned as industrial. Ute Energy is required to obtain a permit for this and other wells on Leland Bench.

Floyd Bartlett
Onsite Evaluator

12/14/2010
Date / Time

Application for Permit to Drill Statement of Basis

2/3/2011

Utah Division of Oil, Gas and Mining

Page 2

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.
Surface	The well site shall be bermed to prevent fluids from leaving the pad.

WORKSHEET APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 1/21/2011

API NO. ASSIGNED: 43047514950000

WELL NAME: Coleman Tribal 16-18-4-2E

OPERATOR: UTE ENERGY UPSTREAM HOLDINGS LLC (N3730)

PHONE NUMBER: 720 420-3235

CONTACT: Rachel Garrison

PROPOSED LOCATION: SESE 18 040S 020E

Permit Tech Review:

SURFACE: 0859 FSL 0462 FEL

Engineering Review:

BOTTOM: 0859 FSL 0462 FEL

Geology Review:

COUNTY: UINTAH

LATITUDE: 40.13079

LONGITUDE: -109.80865

UTM SURF EASTINGS: 601503.00

NORTHINGS: 4442744.00

FIELD NAME: UNDESIGNATED

LEASE TYPE: 2 - Indian

LEASE NUMBER: EDA 14-20-H62-6288

PROPOSED PRODUCING FORMATION(S): GREEN RIVER

SURFACE OWNER: 4 - Fee

COALBED METHANE: NO

RECEIVED AND/OR REVIEWED:

- PLAT
- Bond: INDIAN - 687C300004-CD
- Potash
- Oil Shale 190-5
- Oil Shale 190-3
- Oil Shale 190-13
- Water Permit: 438496
- RDCC Review:
- 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

Stipulations: 4 - Federal Approval - dmason
5 - Statement of Basis - bhll
23 - Spacing - dmason



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

Permit To Drill

Well Name: Coleman Tribal 16-18-4-2E
API Well Number: 43047514950000
Lease Number: EDA 14-20-H62-6288
Surface Owner: FEE (PRIVATE)
Approval Date: 2/3/2011

Issued to:

UTE ENERGY UPSTREAM HOLDINGS LLC, 1875 Lawrence St Ste 200, Denver, CO 80202

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 GREEN RIVER 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

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:

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

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).

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 at 801-538-5284 (please leave a voicemail message if not available)

OR

submit an electronic sundry notice (pre-registration required) via the Utah Oil & Gas website at <https://oilgas.ogm.utah.gov>

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:



For John Rogers
Associate Director, Oil & Gas