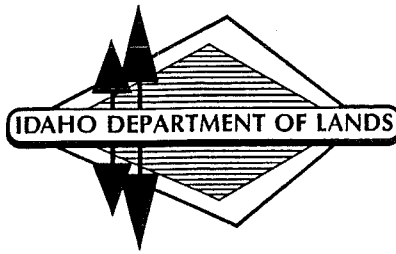


**BUREAU OF SURFACE &
MINERAL RESOURCES**

954 West Jefferson
Post Office Box 83720
Boise ID 83720-0050
Phone (208) 334-0200
Fax (208) 334-3698



GEORGE B. BACON, DIRECTOR
EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF LAND COMMISSIONERS

*C. L. "Butch" Otter, Governor
Ben Ysursa, Secretary of State
Lawrence G. Wasden, Attorney General
Donna M. Jones, State Controller
Tom Luna, Sup't of Public Instruction*

August 13, 2007

RECEIVED

AUG 16 2007

DEPARTMENT OF LANDS

SUBJECT: Permit to Drill 07-001

Enclosed you will find a copy of the subject permit to drill for your records. The permit was approved with the following stipulations:

1. The permittee shall be required to submit an affidavit covering the initial BOP pressure test after installation, signed by the operator or contractor attesting to the satisfactory pressure test.
2. The permittee shall ensure mud pits are adequately sized, designed and constructed for the reception and confinement of all mud and cuttings and to prevent contamination of streams and potable water.

This permit will be administered by the Eastern Idaho Area office of the Idaho Department of Lands, 3563 Ririe Highway, Idaho Falls, Idaho 83401, telephone (208) 525-7167. Please coordinate with the area office as needed.

I have enclosed the surety bond which I noticed is not drafted on the correct bond form. I have enclosed the correct bond form. Please have the bond re written and returned to my attention as soon as possible with signatures of both the principal and the surety. Please do not commence drilling until the bond has been returned.

Should you have any questions, you may contact me at the above address or telephone (208) 334-0231.

SHARON A. MURRAY
Minerals Program Manager

enclosures

CC: Eastern Idaho Area office.

COPY
RECEIVED

DEPARTMENT MEMORANDUM
August 8, 2007

AUG 16 2007

DEPARTMENT OF LAND

SUBJECT

Application No. 07-001 (API # 11-019-20-011) for permit to drill for oil and gas. CPC Minerals LLC, Meridian, Idaho.

AUTHORITY

Section 47-320, Chapter 8, Idaho Code, gives authority to the Idaho Oil and Gas Conservation Commission to grant permits to drill for oil and gas.

DISCUSSION

Applicant purposes to drill a well to a maximum depth of 11,000 feet. Location is 2264 ft. FSL, 785 ft. FWL, Section 17, Township 3 South, Range 43 East, B. M., Bonneville County, Idaho. The surface location complies with Rule 050 of the Rules Governing the Conservation of Crude Oil and Natural Gas in the State of Idaho, IDAPA 20.07.02. The well will be located approximately 2.1 miles northwest of Herman, Idaho.

An application fee of \$100.00 has been paid. A cash bond of \$10,000 is on file with the Commission. The Idaho Department of Water Resources has reviewed the application and is in accord with the proposal. The applicant proposes to set 9 5/8" J-55 conductor pipe at 2000 feet, a 7" N-80 & P-110 surface pipe to 5400 feet and a 4 1/2" production casing to total depth of 11,000 feet. All pipe strings will be cemented to the surface. The blowout prevention (BOP) system will be consistent with the American Petroleum Institute (API) RP-53 standards. An independent bonded tester will test BOP equipment. The casing program and BOP equipment are adequate to protect surface and groundwater and to control any abnormally high pressures.

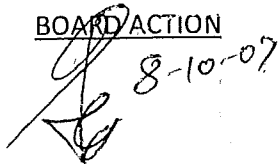
All the initial requirements of the Rules and Regulations Governing the Conservation of Crude Oil and Natural Gas in the State of Idaho have been complied with.

RECOMMENDATION

Approve the application to drill with the following stipulations and understanding that all operations will be conducted in accordance with the above cited statute and rules:

1. The permittee shall be required to submit an affidavit covering the initial BOP pressure test after installation signed by the operator or contractor attesting to the satisfactory pressure test.
2. The permittee shall ensure mud pits are adequately sized, designed and constructed for the reception and confinement of mud and cuttings and to prevent contamination of streams and potable water.

BOARD ACTION

 8-10-07

SAM
08/08/07

July 19, 2007

New Tech Engineering
600 17 th Street, Suite 2550 South
Denver, CO. 80202

Idaho Oil & Gas Conservation Commission
Idaho Dept. of Lands
954 West. Jefferson Street
Boise, Idaho 83720

Attn: Sharon A. Murray
Minerals

Ref: Application Filing to Drill a well
CPC Minerals LLC 17-1 well
NWSW 785' FWL & 2264' FSL
Bonneville County, Idaho

RECEIVED

JUL 23 2007

DEPARTMENT OF LANDS

Dear: Sharon A. Murray

Please find attached the follow forms for an Application Permit to Drill.

Form P-1

Exhibit 1 – Drilling Plan

Exhibit 2 – BOP configuration under the drilling rig

Exhibit 3 – Choke Manifold Configuration off the BOP.

Exhibit 4 – Estimated Geological Profile of formation to be drilled.

Exhibit 1 – Surveyors Plat of Drilling Location.

Exhibit 2 – Estimated Earthwork Plat across location.

Exhibit 2A – Cut and Fill Map across location.

Exhibit 3 – Profile view across location for cut and fill.

Exhibit 4 – Proposed Road for the reference well.

Exhibit 5 – Proposed access roads into the location.



IDAHO OIL AND GAS CONSERVATION COMMISSION
Idaho Department of Lands
954 W. Jefferson Street
Boise, Idaho 83720

APPLICATION TO: Drill [X] Deepen [] Plug Back [] Date: July 19, 2007

NAME OF COMPANY OR OPERATOR CPC Mineral LLC.

Address: 3422 Big Piney Drive

City: Eden State: Utah Zip Code: 84310 Telephone: (O) 801-745-9249 (FAX) 801-

745-9570 email: pclegg@ida.net

DESCRIPTION OF WELL AND LEASE

Name of Lease: CPC Minerals LLC. Well Number: 17-1 Elevation (ground) 6413.4'

Well Location: Section: 17 Township: 3 South Range: 43 East (or block and survey) (give footage from section lines): NWSW 785' FWL & 2264' FSL

Field and Reservoir (if wildcat, so state): Wildcat County: Bonneville

Nearest distance from proposed location to property or lease line: 785 feet

Distance from proposed location to nearest drilling, completed or applied for on the same lease NA

Proposed depth: 11,000' MD Rotary or cable tools: Rotary

Approx date work will start August 15 to Sept. 15 Number of acres in lease: 640 plus

Number of wells on lease, including this well, completed in or drilling to this reservoir: 1

If lease purchased with one or more wells drilled, complete the following information:

Purchased from (name):

Address for above:

Status of bond:

Remarks: (If this is an application to deepen or plug back, briefly describe work to be done, giving present production zone and expected new producing zone) See attached drilling program details in Exhibit 1

CERTIFICATE: I, the undersigned, state that I am the Chief Engineer of New Tech Engineering of Denver office (company) and that I am authorized by said company to make this application and that this application was prepared under my supervision and direction and that the facts stated herein are true, correct and complete to the best of my knowledge.

Date: July 19, 2007

Permit Number: 07-001 Approval Date: 8-10-07 Signature: [Signature] Approved by: [Signature]

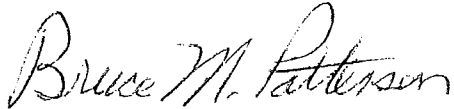
NOTICE: Before sending in this form, be sure that you have given all information requested. See instructions on back. FORM P-1

API # 11-019-20-011

CPC Minerals LLC, request that all information relative to the drilling and/or completion of the above referenced test well be held confidential for two to three years. All data sent in will be held in confidential status or tight hole information.

Please do not hesitate to contact this office should any additional information be needed to support the approval of our request.

Sincerely,

A handwritten signature in cursive script that reads "Bruce M. Patterson".

Bruce M Patterson
Chief Engineer
New Tech Engineering
Agent for CPC Minerals LLC.

EXHIBIT 1
DRILLING PLAN
 for
CPC Mineral LLC
 « CPC 17-1 »
Surf Loc: NWSW 785' FWL & 2264' FSL
« Section 17-T3S-R43E, East Bosie Meridian »
Boneville County, Idaho

1. **Geologic Information**

Geologic Surface Formation: Upper Cretaceous

Estimated Tops of Important Geologic Markers: (Measured Depth)

Ground Level	Surface	«ungraded 6413.4' »
Top of Twin Creek Limestone	8310 MD	Oil, Gas, Water(interval 8310-8640' MD)
Top of Nugget Sandstone	9120 MD	Oil, Gas, Water(interval 9120-9540' MD)
TD	«11,000MD»	

2. Area map showing all wells, coal mines and any producing, shut-in or dry holes in the are attached as Exhibit 4 (there are no wells around the area).

3. **The Type and Characteristics of the Proposed Circulating Muds:**

There will be sufficient mud materials on site to displace the hole at any time.

DEPTH	TYPE	WEIGHT Lbs./GAL	VISCOSITY SEC/QT	FLUID LOSS CC
0 - 2,000 ft	Water/Gel/Lime Mud	8.4 – 8.6	40 – 80	N/C
«2000–7,200 ft .	Water/Anionic Polymer	8.5 – 10.5	38 – 50	N/C
«8300»-11,000 ft	Water/Gel/PHPA	10.5 – 12	35 - 50	10 - 15

4. **The Operator's Minimum Specifications for Pressure Control:**

CPC Mineral LLC - Minimum specifications for pressure control equipment are as follows:

Ram Type: 11" Hydraulic double rams, 5000 psi. w.p. with an annular of 3000 psi w.p.

Ram type preventers and associated equipment shall be tested to approved stack working pressure if isolated by test plug or to 70 percent of internal yield pressure of casing. Pressure shall be maintained for at least 10 minutes or until requirements of test are met, whichever is longer. If a test plug is utilized no bleed-off pressure is acceptable. For a test not utilizing a test plug, if a decline in pressure of more than 10 percent in 30 minutes occurs, the test shall be considered to have failed. Valve on casing head below test plug shall be open during test of BOP stack.

As a minimum, the above test shall be performed:

- a. When initially installed;
- b. Whenever any seal subject to test pressure is broken.

- c. Following related repairs; and
- d. At 30-day intervals

Valves shall be tested from working pressure side during BOPE tests with all down stream valves open.

When testing the kill line valve(s) the check valve shall be held open or the ball removed.

Pipe and blind rams shall be activated each trip; however, this function need not be performed more than once a day.

A BOPE pit level drill shall be conducted weekly for each drilling crew.

The BOP and related equipment shall meet the minimum requirements of Idaho Oil and Gas Conservation Commission rules and regulations. Blowout preventers for equipment and testing requirements, procedures, etc., and individual components shall be operable as designed. Chart recorders shall be used for all pressure tests.

Pressure tests shall apply to all related well control equipment.

All of the above described tests and/or drills shall be recorded in the drilling log.

Test charts, with individual test results identified, shall be maintained on location while drilling and shall be made available to a State Field Inspector representative upon request.

BOP system shall be consistent with API RP53. Pressure tests will be conducted before drilling out from under casing strings which have been set and cemented in place. Blowout preventer controls will be installed prior to drilling the surface casing plug and will remain in use until the well is completed or abandoned. Preventers will be inspected and operated at least daily to ensure good mechanical working order, and this inspection will be recorded on the daily drilling report. Preventers will be pressure tested before drilling casing cement plugs.

The location of hydraulic controls will be at the accumulator and on the rig floor.

The Idaho Oil & Gas Conservation Commission office (208-334-0231) attention Sharon A. Murraray shall be notified, at least 24 hours prior to initiating the pressure test, in order to have a IOGCC representative on location during pressure testing.

- a. A choke line and a kill line are to be properly installed. The kill line is **not** to be used as a fill-up Line.
- b. The accumulator system shall have a pressure capacity to provide for repeated operation of hydraulic preventers.
- c. Drill string safety valve(s), to fit all tools in the drill string, are to be maintained on the rig floor while drilling operations are in progress.

5. **The Proposed Casing and Cementing Programs:**

HOLE SIZE	SETTING DEPTH (INTERVAL)	SECTION LENGTH	SIZE (O.D.)	WEIGHT, GRADE & JOINT	NEW/ USED
12-1/4" 8-3/4"	0 – «2000 depth» 1800 – 7200	«2000 ft.» 5400 ft	9-5/8 " 7"	36 or 40 #/ft, J-55, LT&C 23 #/ft, N-80 & P-110,LT&C contingency liner	New New
6-1/4"	«surf. to TD»	«11,000 MD ft»	4-1/2"	11.6 & 13.5 #/ft, N-80 & P-	New/Used

HOLE SIZE	SETTING DEPTH (INTERVAL)	SECTION LENGTH	SIZE (O.D.)	WEIGHT, GRADE & JOINT	NEW/USED
Casing Program:					
Surface Csg 12-1/4"	Surf.- 2000'	2000'	9-5/8"	36 & 40 #/ft, J-55, ST&C	New
Contingency Liner 8-3/4"	1800'to 7200' MD	5400 ft.	7"	23 #/ft, N80 & P110, LT&C	New/used
6-1/4"	TD to surface	11,000' MD	4-1/2"	11.6 & 13.5 #/ft, N80 & P110 LT&C	New/Used

Design Factors: Tension: 1.8
 Collapse: 1.125
 Burst: 1.25

Surface water will be protected by the initial surface casing (9-5/8 ") set at ± «2000 ft.». Initial surface casing will circulate cement back to surface to protect potentially fresh water zones, lost circulation zones, abnormal pressure zones, and prospectively valuable mineral deposits.

Cement Program:

Surface Casing: 9-5/8" casing will be set at 2000 feet and Cemented back to surface with a lead cement slurry of 438 sacks Premium Lite Cement+.5 lbs/sack Cello Flake+1 gals/100sack FP-6L+8%bwoc Bentonite+2%bwoc Calcium Chloride+3 lbs/sack Max Seal+122.3 % Fresh Water, then tail slurry 187 sacks Type III Cement+2%bwoc Calcium Chloride+ 1 gals/100 sack FP-6L+0.25 lbs/sack Cello Flake+ 3 lbs/sack Max Seal+ 58.3% Fresh Water. Cement Volumes where figured with 75 % excess cement volume for hole wash out areas.

Contingency Liner 7" casing – Drilling Liner from 1800 ft to 7200 ft. Cemented back to liner hanger with a lead cement slurry of 405 sacks Premium Lite Cement+.5 lbs/sack Cello Flake+1 gals/100sack FP-6L+8%bwoc Bentonite+2%bwoc Calcium Chloride+3 lbs/sack Max Seal+122.3 % Fresh Water, then tail slurry 173 sacks Type III Cement+2%bwoc Calcium Chloride+ 1 gals/100 sack FP-6L+0.25 lbs/sack Cello Flake+ 3 lbs/sack Max Seal+ 58.3% Fresh Water. Cement volumes where figured with 25 % excess cement volume for hole wash out areas.

Production Casing: 4-1/2" casing @ «11,000 ftMD»
 The cement lead slurry 154 sacks Premium Lite Cement+8%bwoc Bentonite+0.4% bwoc FL-25+0.5% bwoc Sodium Metasilicate+0.25 lbs/sack Cello Flake+0.4% bwoc R-3 + 123.4% Fresh water followed with a tail slurry of 175 sacks Class G Cement+0.05%bwoc R-3+0.8% bwoc FL-62+43.9 % fresh

water. Cement volumes were figured with 25 % excess cement volume for hole wash out areas.

The actual cement volumes and additives will be determined on the basis of logs and drilling hole conditions. All depths will be corrected to measured depth after well is drilled and logged.

The following shall be entered in the driller's log:

- (1) Casing run, including size, grade, weight, and depth set;
- (2) How the pipe was cemented, including amount of cement, type, whether cement circulated, location of the cement float equipment, etc.;
- (3) Minimum of 8 hrs or greater will be done waiting on cement time for the surface casing;
- (4) Surface Casing pressure tests will be completed before drilling out of surface casing shoe, including test pressures and results.

6. Evaluation Program

The anticipated type and amount of testing, logging and coring are as follows:

- a. Possible drill stem test is anticipated for the Lower Cretaceous at 6200 – 6500' MD range and second DST is possible for Lower Jurassic at 9100 – 9500' MD pending on hole condition of well bore. However, if a DST's are run, the following guidelines will be adhered to:

Initial opening of drill stem test tools shall be restricted to daylight hours unless specific approval to start during other hours is obtained from the authorized officer. However, DST's may be allowed to continue at night if the test was initiated during daylight hours and the rate of flow is stabilized and if adequate lighting is available(i.e. lighting which is adequate for visibility and vapor-proof for safe operations). Packers can be released, but tripping shall not begin before daylight, unless prior approval is obtained from the authorized officer. Closed chamber DST's may be accomplished day or night.

A DST that flows to the surface with evidence of hydrocarbons shall be either reversed out of the testing string under controlled surface conditions, or displaced into the formation prior to pulling the test tool. This would involve providing some means for reverse circulation.

Separation equipment required for the anticipated recovery shall be properly installed before a test starts.

All engines within 100 feet of the well bore that are required to "run" during the test shall have spark arresters or water cooled exhausts.

- b. Electric Logs/ Coring:

1. DIL/GR/ BHC-Sonic/ CNL/FDC will be run from T.D. to surface casing shoe. Logs will be run from TD to 2000 feet and GR/Caliber will be run from T.D. to base of surface casing for hole sizing for cement volumes to be used during primary cementing of the well.
2. No cores are anticipated.

7. Anticipated Pressure & H2S

- a. The surrounding wells in the region have a Bottom hole pressure of 3900 psi..

b. No hydrogen sulfide gas is anticipated, however if H₂S is encountered, the following items will be done.

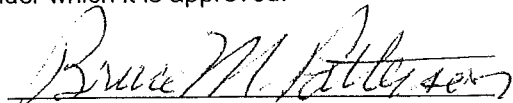
1. Gas detecting equipment shall be installed in the mud return system for exploratory wells or wells where abnormal pressure is anticipated, and hydrocarbon gas shall be monitored for pore pressure changes.
2. Any unconfined gas, which exceeds 20 ppm H₂S gas, produced during testing or swabbing must be separated and flared. There must be a pilot light on all sour gas flares to insure continuous ignition.
3. Warning signs must be placed at appropriate entrances onto drilling pad area or facilities for H₂S.
4. Proper breathing apparatus must be available and used when working in an H₂S environment exceeding 20 ppm.
5. A wind sock will be placed on the tank battery as to be visible from everywhere on the location.
6. All safety equipment will be installed and working prior to entering hydrogen sulfide zones.
7. All flare system shall be designed to gather and burn all gas. The flare line(s) discharge shall be located not less than 100 feet from the wellhead, having straight lines unless turns are targeted with running tees, and shall be positioned downwind of the prevailing wind direction and shall be anchored. The flare system shall have an effective method for ignition. Where noncombustible gas is likely or expected to be vented, the system shall be provided supplemental fuel for ignition and to maintain a continuous flare.

8. Certification

I hereby certify that I, or persons under my direct supervision have inspected the proposed drillsite and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct, and that the work associated with the operations proposed herein will be performed by CPC Minerals LLC and its subcontractors in conformity with this plan and the terms and conditions under which it is approved.

7/19/07

Date

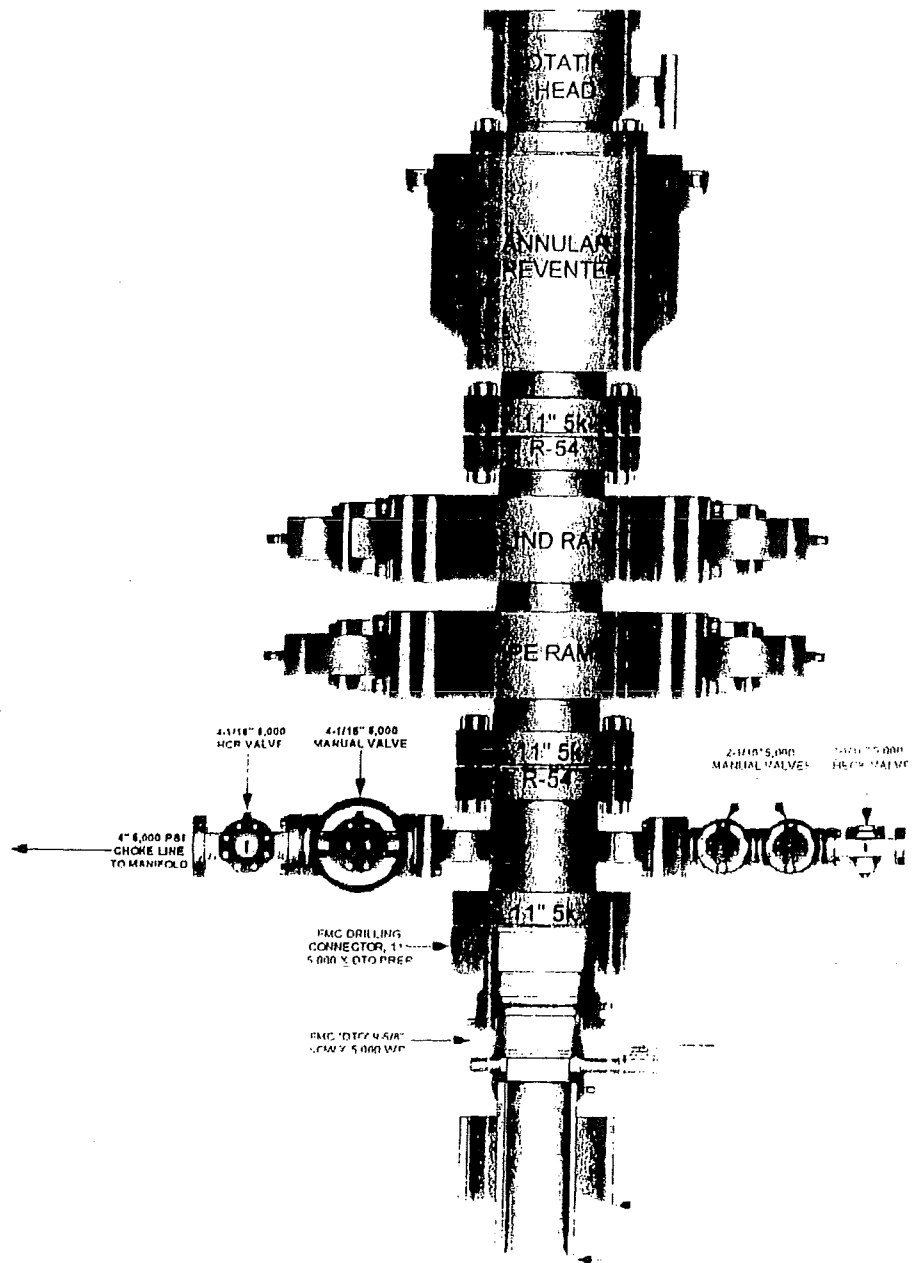


Bruce M Patterson
Chief Engineer
New Tech Engineering
Agent for CPC Minerals LLC.

Exhibit #2

15" 5,000 PSI W.P. HOOD
CONFIGURATION

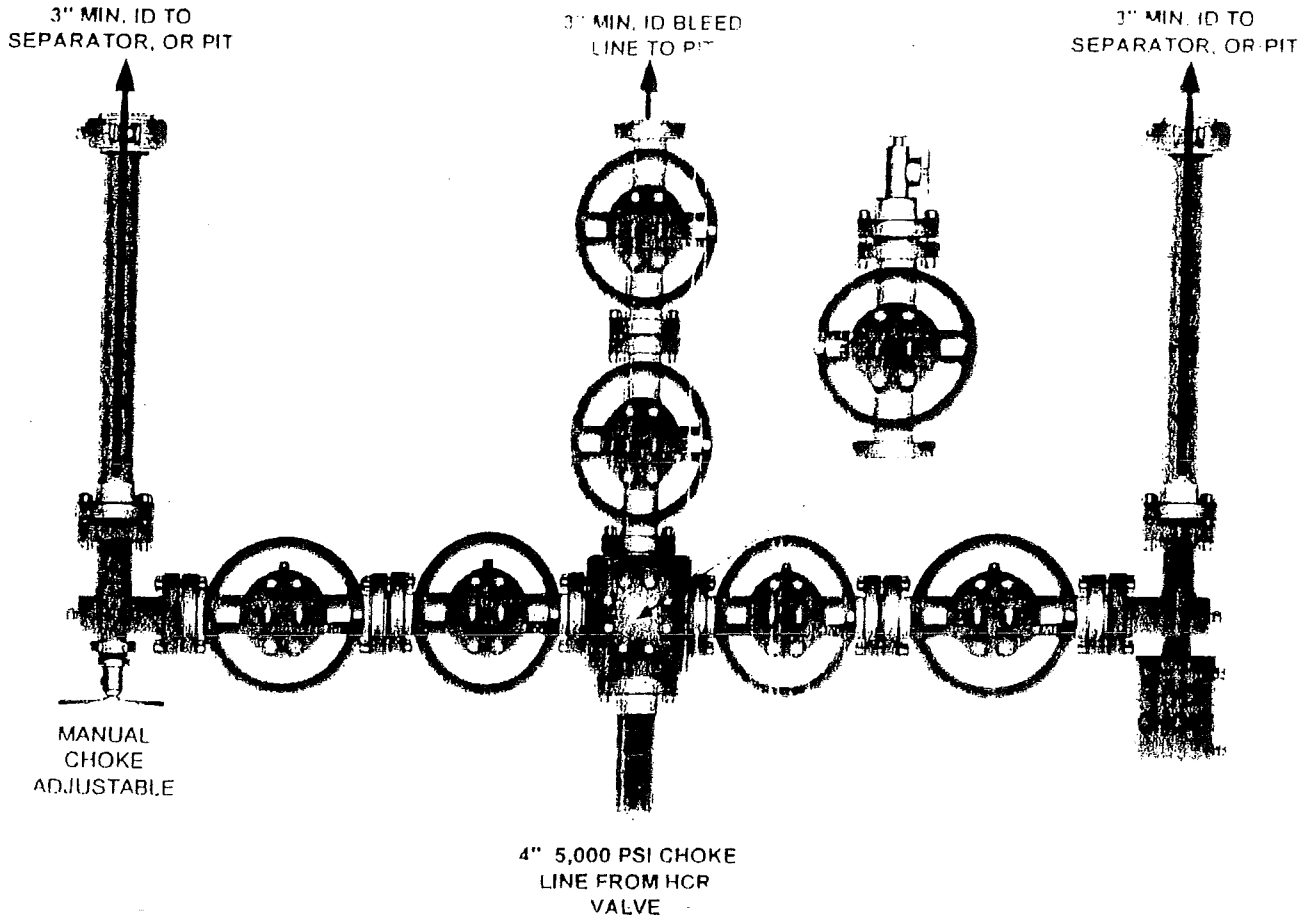
PAGE 1 OF 2



Exhib. # 3

CHOKES MANIFOLD ASSEMBLY
W/ 5,000 PSI AG VALVES

PAGE 2 OF 2

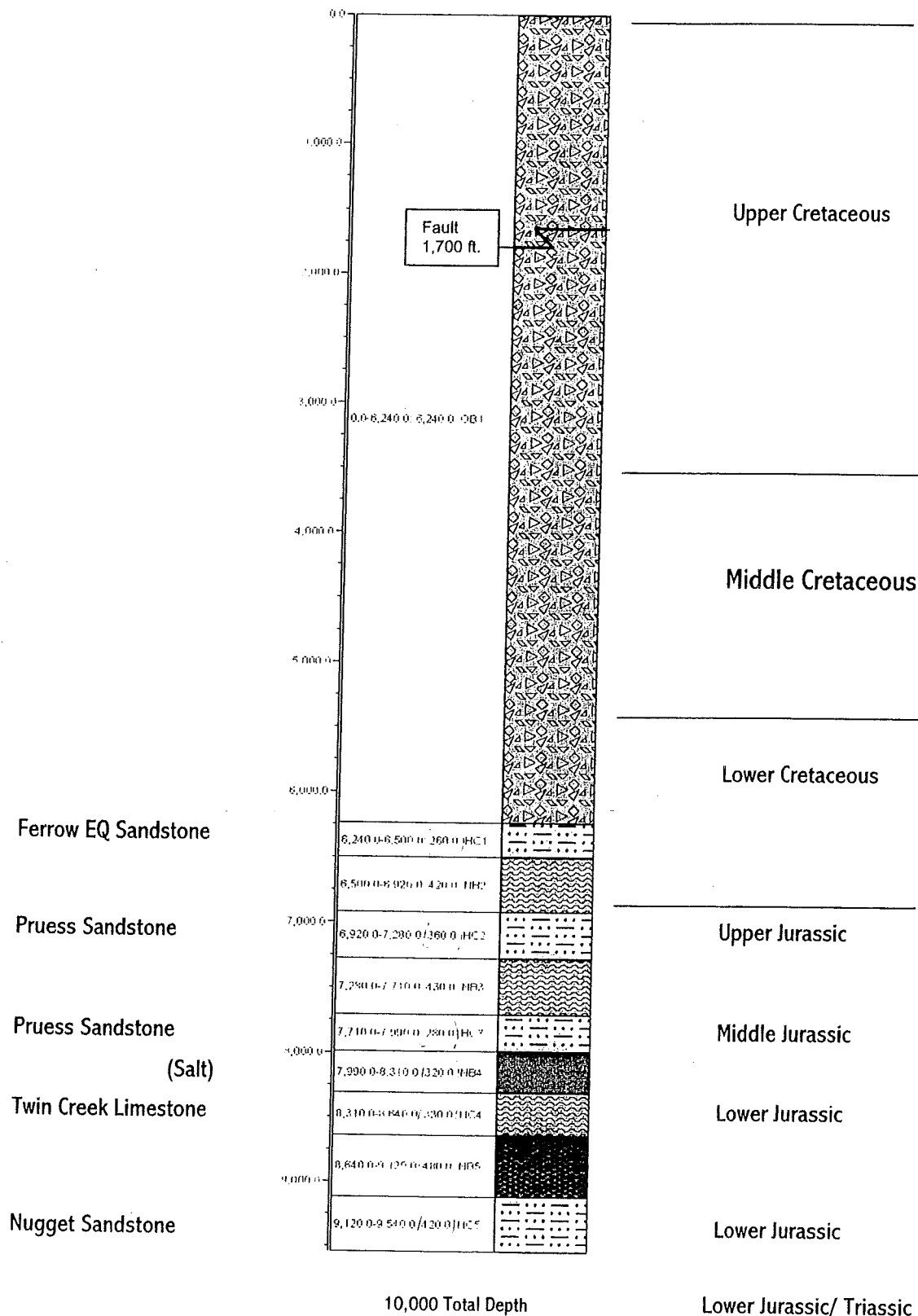


Testing Procedure:

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

CPC 17-1 Well
Projected Section

Exhibit 4

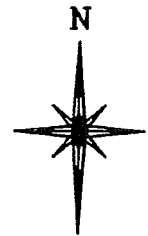


R. 43 E.

CPC
17-1

UNGRADED ELEVATION:
6413.4'

Basis of Elevation: USGS BM
elevation located in the SE quarter
Sec. 19, T3S, R43E
Elevation = 6391'



SCALE: 1"=1000'

T. 3 S.

LATITUDE (NAD 83)
NORTH 43.157623 DEG.
LONGITUDE (NAD 83)
WEST 111.448837 DEG.

LATITUDE (NAD 27)
NORTH 43.157705 DEG.
LONGITUDE (NAD 27)
WEST 111.448056 DEG.

NORTHING
544155.15
EASTING
847700.84

DATUM
SPCS ID EAST (NAD 83)

S 00°46'36" E 5446.92'

785'
(1361.73')

(1361.73')

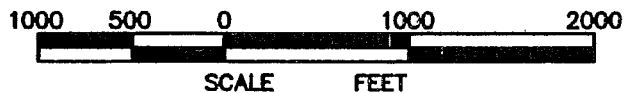
(1361.61')

2264'

(1361.61')

N 88°19'17" E 5446.44'

17



SURVEYOR'S STATEMENT

I, Kenneth M. Litus, of Idaho Falls, Idaho, hereby state: This map was made from notes taken during an actual survey under my direct supervision on June 28, 2007, and it correctly shows the location of CPC 17-1.

NOTES

- ◆ WELL LOCATION
- FOUND MONUMENT



Kenneth M. Litus
IDAHO PLS No. 7012

EXHIBIT 1

DG RIFFIN & ASSOCIATES, INC.

**PLAT OF DRILLING LOCATION
FOR
CPC MINERAL, LLC**

1414 ELK ST., SUITE 202
ROCK SPRINGS, WY 82901
(307) 362-5028

SCALE: 1" = 1000'

JOB No. 15697

DATE: 7/10/07

**2264' F/SL & 785' F/WL, NWSW SECTION 17,
T. 3 S., R. 43 E., EAST BOISE MERIDIAN
BONNEVILLE COUNTY, IDAHO**

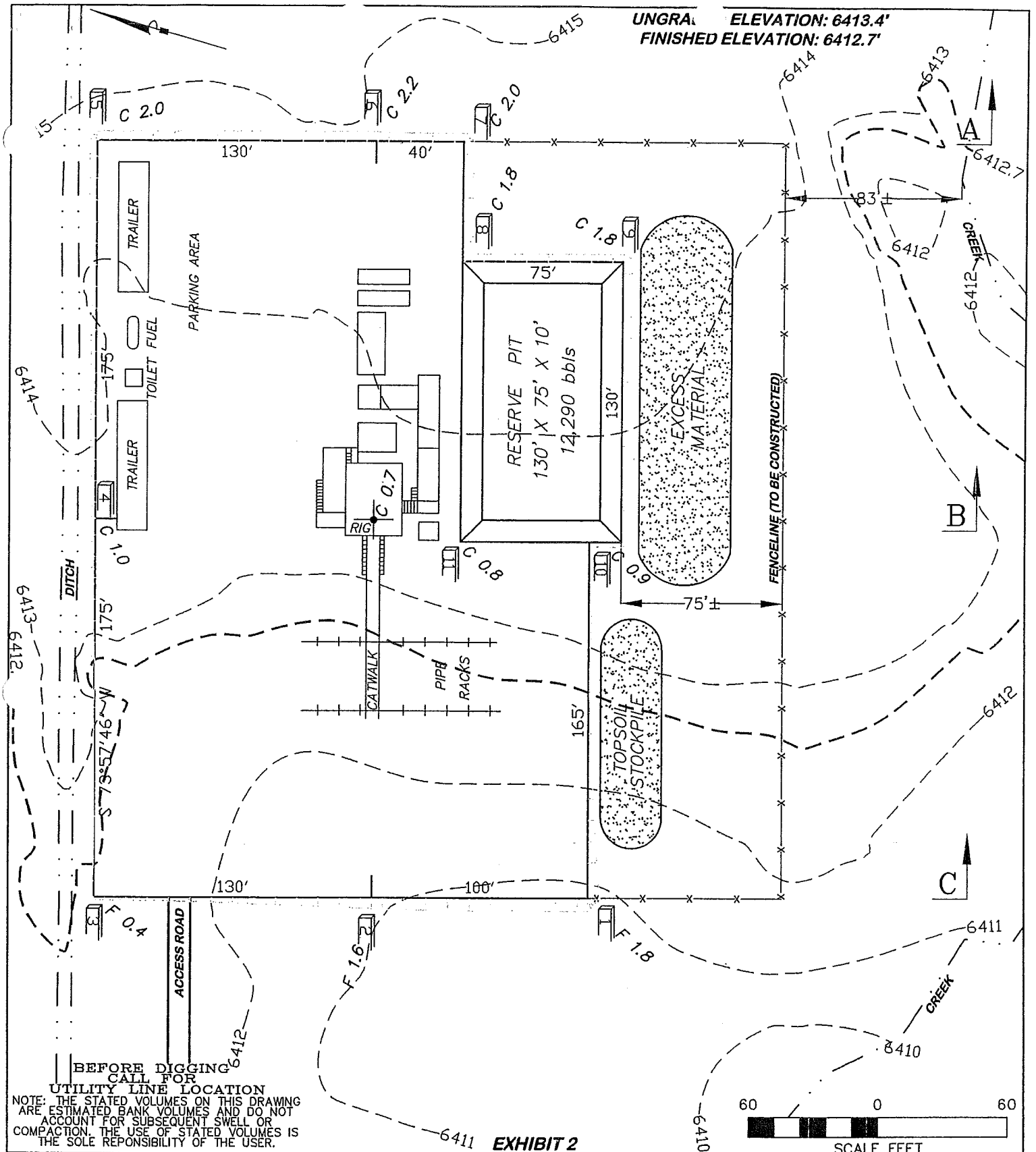
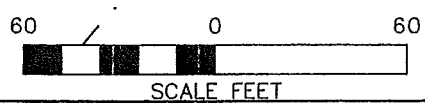


EXHIBIT 2



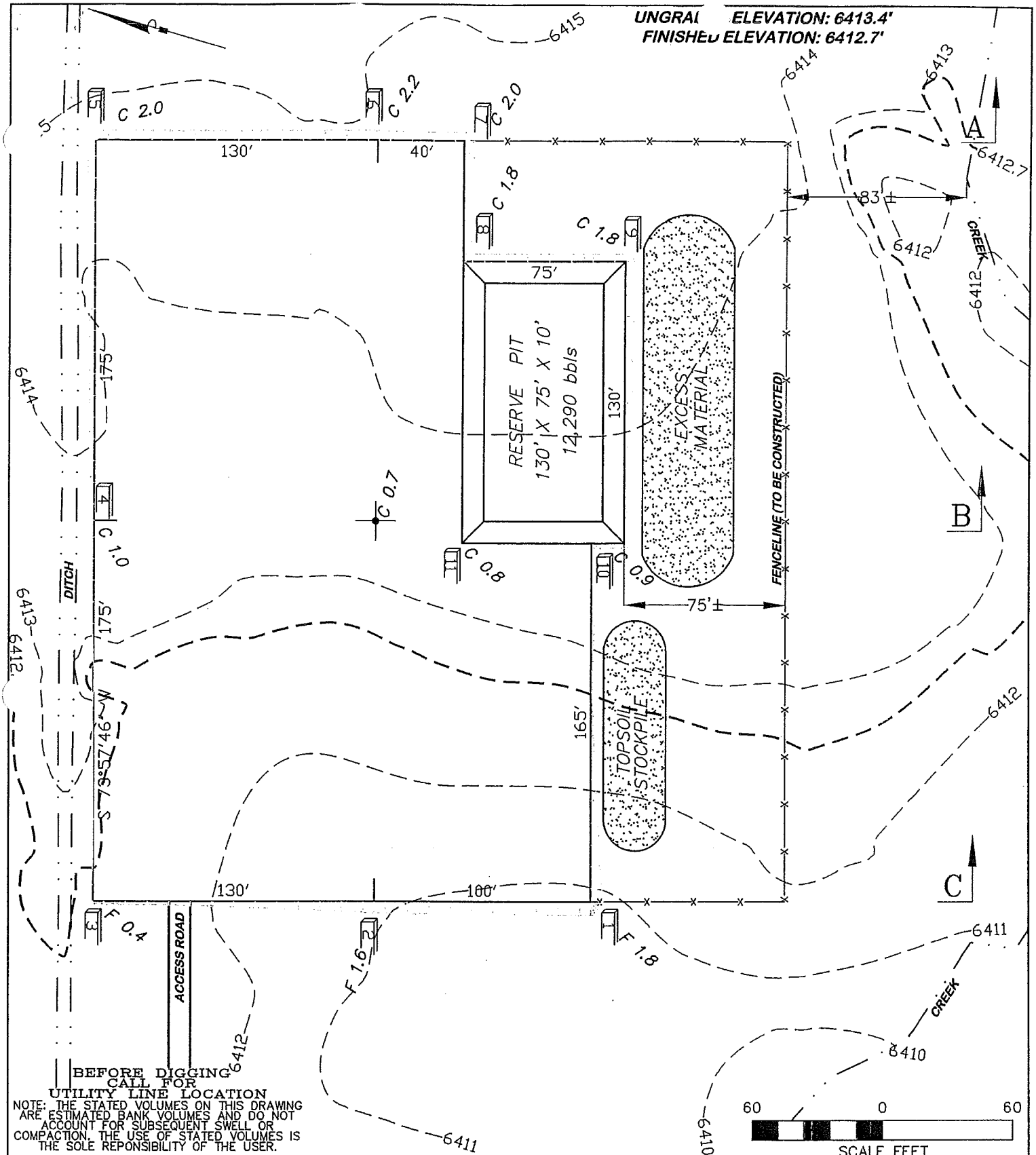
DRG RIFFIN & ASSOCIATES, INC.

1414 ELK ST., SUITE 202
ROCK SPRINGS, WY 82901
(307) 362-5028

SCALE: 1" = 60'
JOB No. 15697
DATE: 7/10/07

CPC MINERAL, LLC
CPC 17-1
ESTIMATED EARTHWORK

ITEM	CUT	FILL	TOPSOIL	EXCESS
PAD	2345 CY	609 CY	1466 CY	270 CY
PIT	2556 CY			2556 CY
TOTALS	4901 CY	609 CY	1466 CY	2826 CY



UNGRAV ELEVATION: 6413.4'
 FINISHED ELEVATION: 6412.7'

BEFORE DIGGING
 CALL FOR
 UTILITY LINE LOCATION
 NOTE: THE STATED VOLUMES ON THIS DRAWING
 ARE ESTIMATED BANK VOLUMES AND DO NOT
 ACCOUNT FOR SUBSEQUENT SWELL OR
 COMPACTION. THE USE OF STATED VOLUMES IS
 THE SOLE RESPONSIBILITY OF THE USER.

DRG RIFFIN & ASSOCIATES, INC.

**CPC MINERAL, LLC
 CPC 17-1**

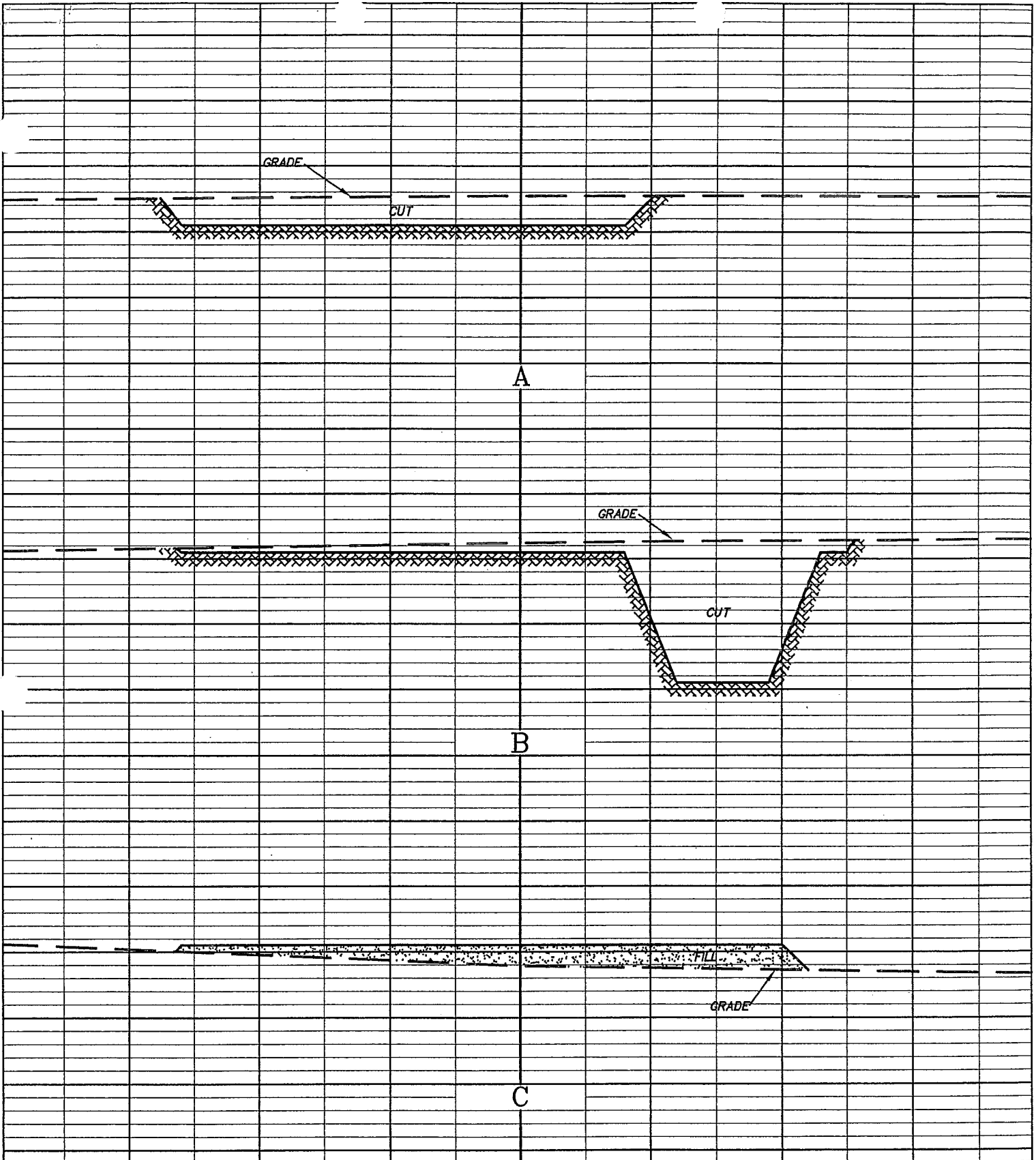
1414 ELK ST., SUITE 202
 ROCK SPRINGS, WY 82901
 (307) 362-5028

JOB No. 15697

SCALE: 1" = 60'

DATE: 7/10/07

EXHIBIT 2A



DRG RIFFIN & ASSOCIATES, INC.

CPC MINERAL, LLC
CPC 17-1

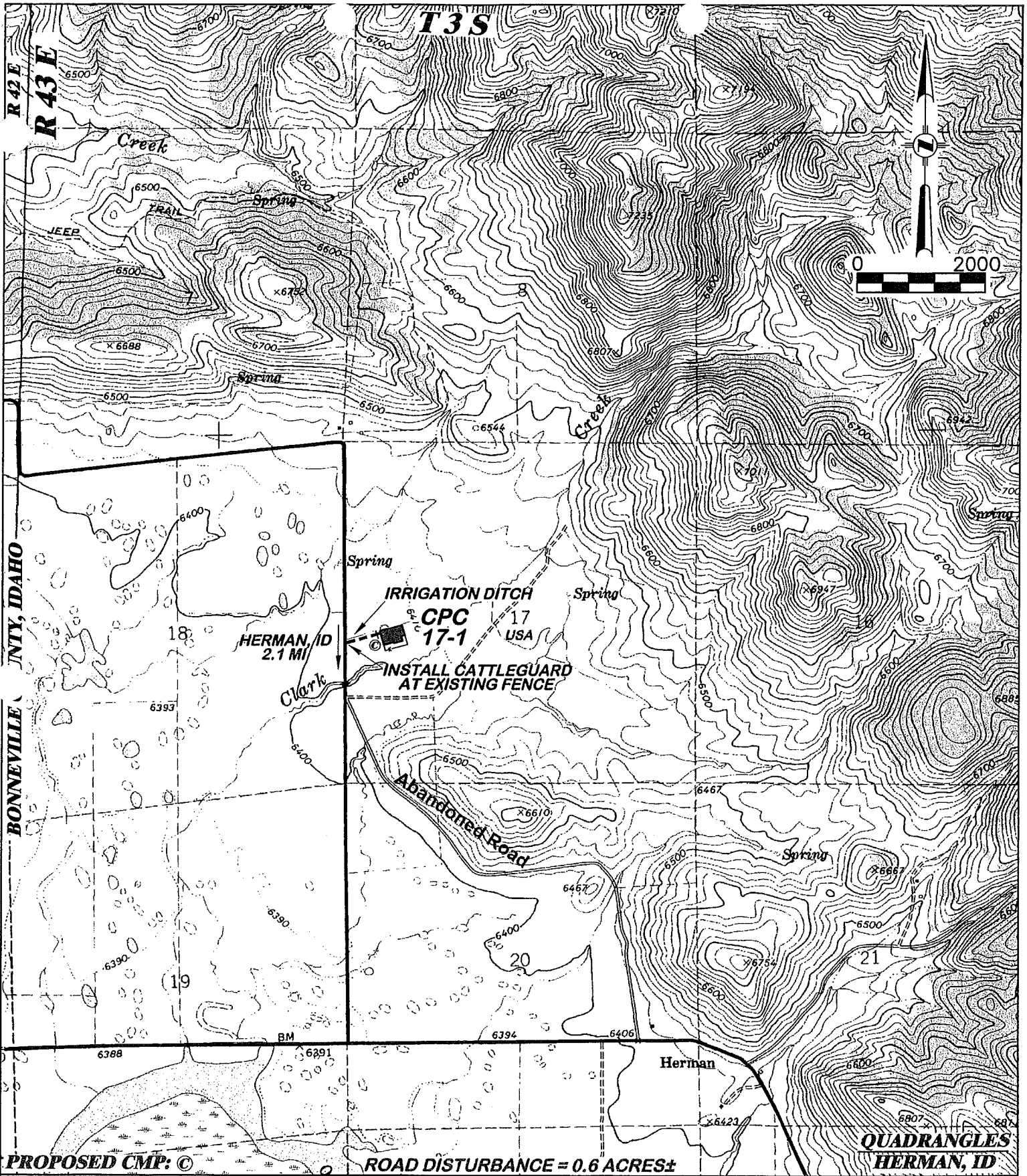
1414 ELK ST., SUITE 202
 ROCK SPRINGS, WY 82901
 (307) 362-5028

JOB No. 15697
 DATE: 7/10/07

HORZ. 1" = 50' VERT. 1" = 10'

UNGRADED ELEVATION: 6413.4'
 FINISHED ELEVATION: 6412.7'

EXHIBIT 3



DG RIFFIN & ASSOCIATES, INC.

**PROPOSED ROAD FOR
CPC MINERAL, LLC
CPC 17-1**

1414 ELK ST., SUITE 202
ROCK SPRINGS, WY 82901
(307) 362-5028

SCALE: 1" = 2000'
JOB No. 15697
DATE: 7/10/07

TOTAL PROPOSED LENGTH: 561±



EXISTING ROAD 
PROPOSED ROAD 

EXHIBIT 4



DRG RIFFIN & ASSOCIATES, INC.

1414 ELK ST., SUITE 202
 ROCK SPRINGS, WY 82901
 (307) 362-5028

SCALE: 1" = 1 MILE

JOB No. 15697

DATE: 7/10/07

**PROPOSED ACCESS FOR
 CPC MINERAL, LLC
 CPC 17-1**

EXISTING ROAD



PROPOSED ROAD



EXHIBIT 5

**Amendment to Drilling Permit 07-001
CPC Minerals No. 17-1**

October 23, 2007

Bruce Patterson, engineer for CPC Minerals, requested approval for an amendment to existing drilling permit. The amendment was approved October 23, 2007 and is described as follows:

- 1) Set a 500-foot silicon plug from 4,600 feet to 5,100 feet.
- 2) Drill off top of plug to sidetrack existing plugged hole.
- 3) Change out existing gyp-lime mud system for a lignosulfonate mud system.
- 4) Employ a "hybrid" down-hole mud motor that can withstand high temperatures.

Discussion: Operator was unable to keep well bore open below 5,900 feet. Therefore it was concluded to sidetrack existing well bore and drill a new hole.

A silicon plug was proposed as the point to cause deviation for the new well bore. The top of the plug would be set at 4,600 feet. A lignosulfonate mud system is effective for high temperatures (400° F). The temperature at 7,600 feet is 300° F. A high temperature hybrid mud motor can be oriented to start deviation in the desired direction for the new hole.

No water flows have been observed from 2,000 feet (surface casing depth to 7,664 feet TI).

