

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. IMDA 751-05-1025, Tract A
2. Name of Operator Elk San Juan, Inc.		6. If Indian, Allottee or Tribe Name Ute Mountain Ute
3a. Address 1401 17th. Street, Suite 700, Denver Colorado, 80202	3b. Phone No. (include area code) 303-296-4505	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) I: 1605' FSL, 945 FEL, CSE Section 35-T31N-R15W		8. Well Name and No. Ute Mountain Tribal 35-D
		9. API Well No. 3004533562
		10. Field and Pool, or Exploratory Area Basin Dakota
		11. County or Parish, State San Juan County, NM

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

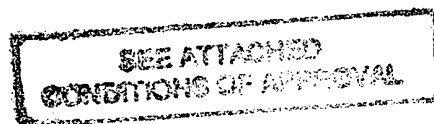
TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/>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

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

Attached are plats depicting Elk San Juan's proposed pipeline to our subject well. We plan to use 3 1/2" Fiberspar pipe with a 1000 psi WP. The pipe will be surface laid in a shallow furrow (less than 6" deep) and covered.

A pneumatic actuated ball valve will be installed at the production facilities at the well site. This valve is a fail-closed valve that will be actuated to close if the downstream (sales line) pressure drops to any pre-set pressure. The valve allows the pipeline to be shut in due to a line rupture and/or high/low pressures.

This installation is along access road right-of-ways and will result in no new surface disturbance.



cc: BIA

RECEIVED

MAY 15 2006

Bureau of Land Management
Durango, Colorado

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) Karin Kuhn		Title Engineering Technician
Signature <i>Karin Kuhn</i>		Date 05/12/2006
THIS SPACE FOR FEDERAL OR STATE OFFICE USE		
Approved by <i>[Signature]</i>		Title Amss
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.		Date 5/16/06
		Office Sjpu

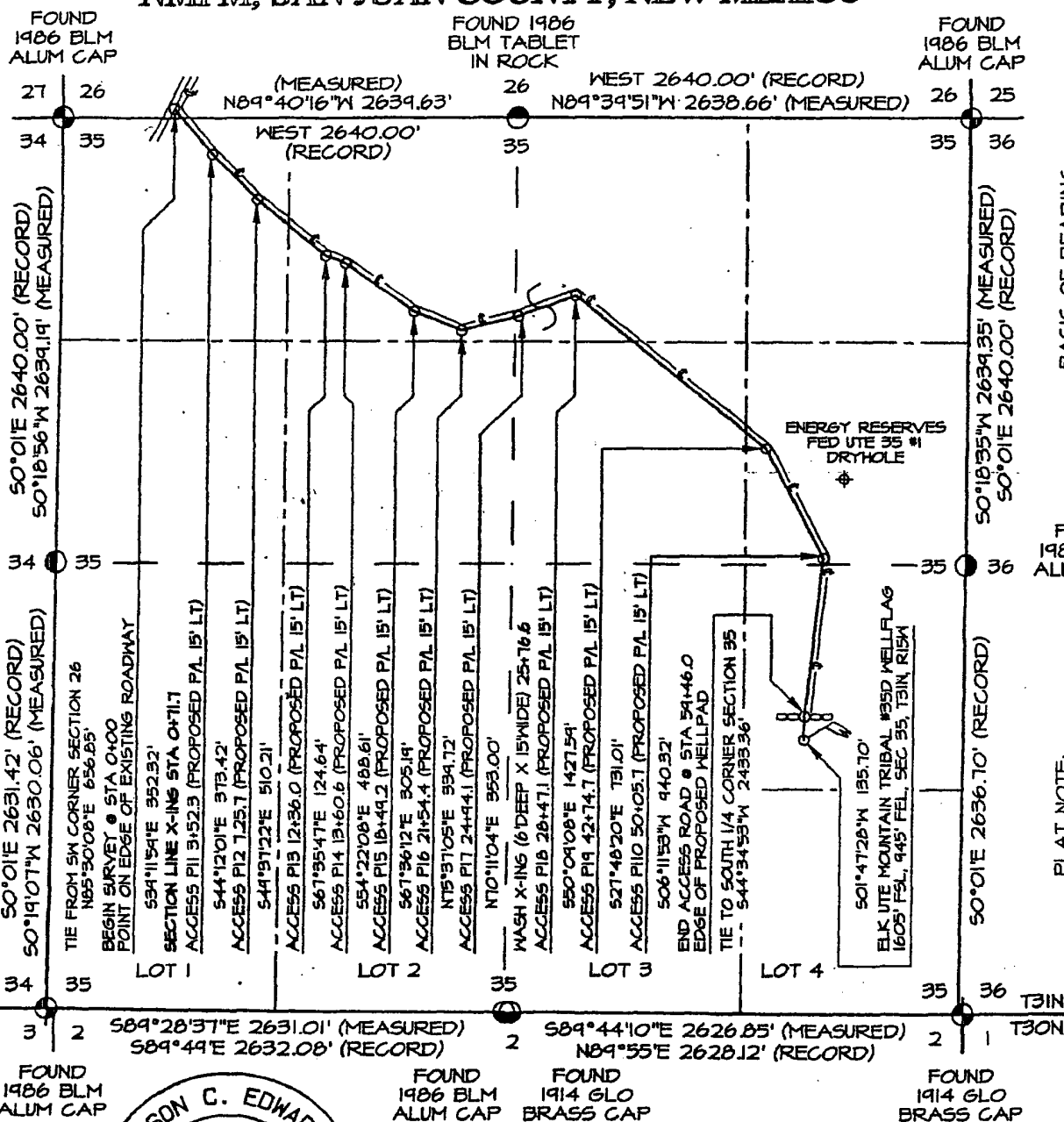
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

GRAPHIC SCALE 1"=1000'



FOUND
1986 BLM
ALUM CAP

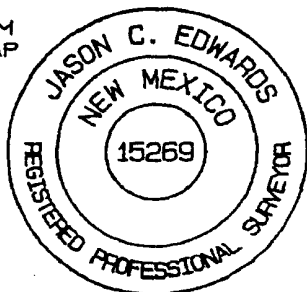


BASIS OF BEARING:

REAL-TIME KINEMATIC GPS SURVEY SOLUTION OBTAINED FROM SATELLITES TRACKED ON OCTOBER 31, 2005 FROM

PLAT NOTE:

BEFORE ANY CONSTRUCTION BEGINS, CONTRACTOR IS ADVISED TO CALL ONE-CALL FOR LOCATION OF ANY



JASON C. EDWARDS

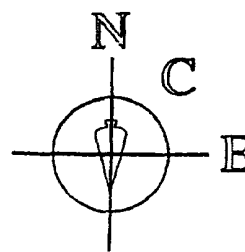
Jason C. Edwards, P.L.S.
New Mexico 1 S #15260

Date: December 5, 2005

~ SURFACE OWNERSHIP ~ Ute Mountain Ute Tribal Land	
0+00 TO 0+71.7	71.7 FT / 4.3 RODS
0+71.7 TO 54+46.0	5874.3 FT / 356.0 RODS

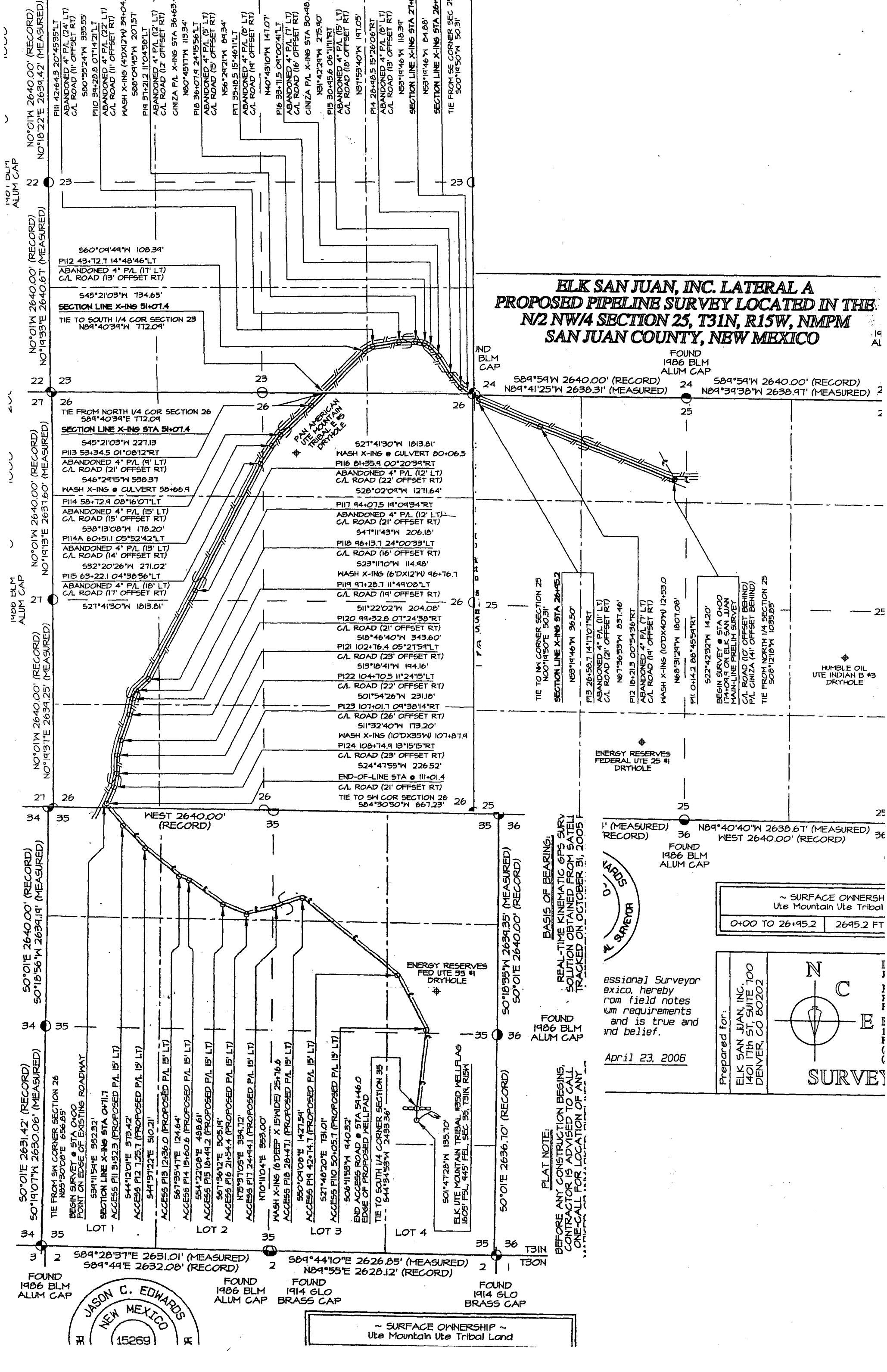
prepared for:

ELK SAN JUAN, INC.
401 17th ST, SUITE 700
DENVER, CO 80202



Business Address:
111 East Pinon Street
Farmington, NM 87402
(505) 325-2654 (Office)
(505) 326-5650 (Fax)

STIRVEYS INC



**ELK SAN JUAN, INC. LATERAL A
PROPOSED PIPELINE SURVEY LOCATED IN THE
N/2 NW/4 SECTION 25, T31N, R15W, NMPM
SAN JUAN COUNTY, NEW MEXICO**

PLAT NOTE:
BEFORE ANY CONSTRUCTION BEGINS,
CONTRACTOR IS ADVISED TO CALL
ONE-CALL FOR LOCATION OF ANY
UNDERGROUND UTILITIES.

BASIS OF BEARING:
REAL-TIME KINEMATIC GPS SURVEY
SOLUTION OBTAINED FROM SATELLITE
TRACKED ON OCTOBER 31, 2005

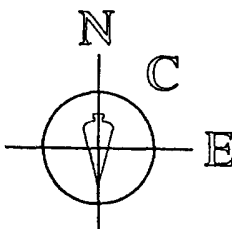
1" (MEASURED)
RECORD)

Professional Surveyor
exico, hereby
rom field notes
um requirements
and is true and
ind belief.

April 23, 2006

~ SURFACE OWNERSHIP ~
Ute Mountain Ute Tribal
0+00 TO 26+95.2 2695.2 FT

Prepared for:
ELK SAN JUAN, INC.
1401 17th ST, SUITE 100
DENVER, CO 80202



SURVEY



~ SURFACE OWNERSHIP ~
Ute Mountain Ute Tribal Land

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
LAND USE APPLICATION AND PERMIT
(Sec. 302(b) of P.L. 94 - 579, October 21, 1976, 43 U.S.C. 1732)

FORM APPROVED
OMB NO. 1004-0009
Expires: December 31, 2007

FOR BUREAU OF LAND MANAGEMENT (BLM) USE ONLY

Application Number

1. Name (first, middle initial, and last) Elk San Juan, Inc.	Address (include zip code) 1401 17th Street, Suite 700 Denver, CO 80202	Phone (include area code) 303-296-4505
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2. Attach map or sketch showing public lands for which you are applying

3. Proposed date(s) of use: from **04/01/2006** to **04/01/2010**

4. Give legal basis for holding interest in lands in the State of New Mexico
(Check appropriate box at right and explain.)
- | | |
|---|---|
| <input type="checkbox"/> Resident | <input type="checkbox"/> Partnership |
| <input checked="" type="checkbox"/> Corporation | <input type="checkbox"/> County |
| <input type="checkbox"/> Local Government | <input type="checkbox"/> State Government |
| <input type="checkbox"/> Other | |

5. Are the lands now improved, occupied or used? ☒ Yes ☐ No (If "yes," describe improvements and purposes, identify users and occupants.)

Current use is grazing and wildlife habitat with several existing road and utility corridors.

6. Do you need access to the land? ☐ Yes ☒ No (Describe needed or existing access)

County-road access and approved well-access roads presently exist on the proposed pipeline corridor.

7a. What do you propose to use the lands for?

Installation of a 3 1/2" surface pipeline until a permanent right-of-way is secured.

b. What improvements and/or land development do you propose? (To complete application processing, engineering and construction drawings may be required)

No improvements or land development are proposed, the pipeline will be surface laid in a shallow furrow (less than 6" deep) and covered.


c. What is the estimated capital cost?

\$ Over \$215,000

d. What is the source of water for the proposed use?

No water will be necessary to complete the project.

I CERTIFY That the information given by me in this application is true, complete, and correct to the best of my knowledge and belief and is given in good faith.


(Signature of Applicant)

05/12/2006

(Date)

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

(Continued on page 2)

PERMIT			
Permission is hereby granted to of to use the following described lands:			Permit Number
TOWNSHIP	RANGE	SECTION	SUBDIVISION

Meridian	State	County	Acres (number)
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for the purpose of

and subject to the following conditions:

- | | |
|---|---|
| <ol style="list-style-type: none"> 1. This permit is issued for the period specified below. It is revocable at the discretion of the BLM, at any time upon notice. This permit is subject to valid adverse claims heretofore or hereafter acquired. 2. This permit is subject to all applicable provisions of the regulations (43 CFR 2920) which are made a part hereof. 3. This permit may not be assigned without prior approval of the BLM. 4. Permittee must not enclose roads or trails commonly in public use. 5. Authorized representatives of the Department of the Interior, other Federal agencies, and State and local law officials will at all times have the right to enter the premises on official business. 6. Permittee must pay the United States for any damage to its property resulting from the use. 7. Permittee must notify the BLM of address change immediately. 8. Permittee must observe all Federal, State, and local laws and regulations applicable to the premises and to erection or maintenance of signs or advertising displays including the regulations for the protection of game birds and game animals, and must keep the premises in a neat, orderly, and sanitary condition. 9. Permittee must pay the BLM, in advance, the lump sum | <p style="text-align: right;">of \$ _____ for the period of use authorized by this permit or \$ _____, annually, as rental or such other sum as may be required if a rental adjustment is made.</p> <ol style="list-style-type: none"> 10. Use or occupancy of land under this permit will commence within _____ months from date hereof and must be exercised at least _____ days each year. 11. Permittee must take all reasonable precautions to prevent and suppress forest, brush, and grass fires and prevent pollution of waters on or in the vicinity of the lands. 12. Permittee must not cut any timber on the lands or remove other resources from the land without prior written permission from the BLM. Such permission may be conditioned by a requirement to pay fair market value for the timber or other resources. 13. Permittee agrees to have the serial number of this permit marked or painted on each advertising display or other facility erected or maintained under the authority of such permit. 14. This permit is subject to the provisions of Executive Order No. 11246 of September 24, 1965, as amended, which sets forth the Equal Opportunity clauses. A copy of this order may be obtained from the BLM. 15. Permittee acknowledges, by signing below, that he/she knows, understands and accepts the terms and conditions under which this permit is issued. 16. Special conditions (attach additional sheets, if necessary) |
|---|---|

Permit issued for period

From _____

To _____

(Permittee)

(BLM)

(Title)

(Date)

INSTRUCTIONS

- | | |
|---|---|
| <ol style="list-style-type: none"> 1. Submit, in duplicate, to any local office of the Bureau of Land Management having jurisdiction of the lands. 2. Applications for Land Use Permits will not be accepted unless a notification of the availability of the land for non-BLM use (<i>Notice of Realty Action</i>) has been published in the Federal Register and for 3 weeks thereafter in a newspaper of general circulation. This provision does not apply in those situations where the publication of | <p>a (<i>Notice of Realty Action</i>) has been waived by the BLM.</p> <ol style="list-style-type: none"> 3. If the annual rental exceeds \$250 dollars per year, costs of processing the application must be paid by the applicant in advance. 4. The BLM may require additional information to process an application. Processing will be deferred until the required information is furnished by the applicant. |
|---|---|

Elk San Juan
Tribal IMDA: 751-05-1025, Tract A
Well: Ute Mountain Tribal #35D
Location: 1605' FSL & 945' FEL
Sec. 35, T. 31 N., R. 15 W.
San Juan County, New Mexico

3160

Conditions of Approval:

- 1. The use of this Fiberspar pipeline is authorized for a period of one year from the date the pipeline becomes active. The one year authorization is based upon provisions 7 and 8 of Ute Mountain Ute Tribal Resolution No. 2006-33, Dated March 8, 2006 which was signed into effect by Manuel Heart, Ute Mountain Ute Tribal Chairman.**
- 2. If Elk San Juan desires to keep this pipeline in use after the one year of usage expires, an additional Tribal Resolution will be required. The BLM does not have the authority to grant an extension without Tribal approval.**