

**BUREAU OF SURFACE AND
MINERAL RESOURCES**
300 North 6th Street Suite 103
PO 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 Yursa, Secretary of State
Lawrence G. Wasden, Attorney General
Donna M. Jones, State Controller
Tom Luna, Sup't of Public Instruction

Hand Delivered
January 14, 2010

Dan Hall
Bridge Energy, LLC
1580 Lincoln Street, Suite 1110
Denver, Colorado 80203

SUBJECT: Permit to Drill LU600010 (API#11-075-20-009, Island Capitol #1-19)

The Idaho Department of Lands has completed our review of this permit to drill for oil and gas. Enclosed is a copy of the approved permit. This 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 mud and cuttings and to prevent contamination of streams and potable water.
3. Drilled holes cannot be used for any other purposes unless they are constructed according to the applicable well construction standards administered by the Idaho Department of Water Resources.
4. Multiple zone completion has not been requested, and must be applied for separately, as required by IDAPA 20.07.02.220.
5. If a full length annular seal will not be installed in the 5½ inch casing, then the following information, in addition to any that may be required by IDAPA 20.07.02.220, must be submitted to the Idaho Department of Lands prior to finishing the well:
 - a. Identification of which zones will be sealed off and which zones will remain open
 - b. Criteria used to determine which zones are sealed or left open
 - c. How the cementing plan will prevent commingling of aquifers that have different temperatures, pressures, and other qualities
6. No secondary recovery efforts have been applied for, and Class II injection wells for injecting brines and other fluids to aid oil and gas production may not be permitted.
7. Non-productive wells must be decommissioned prior to drilling the next hole.

8. Temperature readings must be periodically taken to insure that the correct cement is used. Temperature readings must be logged and submitted with other well information after hole completion.
9. Applicant will obtain necessary water rights from Idaho Department of Water Resources if nearby wells will be used to supply water for the drilling operations.

Please ensure that all operations are conducted in accordance with the requirements of IDAPA 20.07.02 (Rules Governing Conservation Of Crude Oil And Natural Gas In The State Of Idaho).

This permit will be administered by Nancy Welbaum in our Southwest Supervisory Area. She will be inspecting the drilling operation, and may be accompanied by our contractor assisting with inspections. Please contact her at 208-334-3488 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Eric Wilson', with a horizontal line above it.

Eric Wilson
Navigable Waters/Minerals Program Manager

cc: Nancy Welbaum
Brian Ragan, IDWR, PO Box 83720, Boise, Idaho 83720-0098



IDAHO OIL AND GAS CONSERVATION COMMISSION

Application For Permit to Drill, Deepen or Plug Back

APPLICATION TO: Drill [X] Deepen [] Plug Back []

NAME OF COMPANY OR OPERATOR: Bridge Energy, LLC. Date: 12/3/09

Address: 1580 Lincoln Street, Suite 1110

City: Denver State: CO Zip Code: 80203 Telephone: (303) 831-9022

Distance, in miles, and direction from nearest town or post office: Approximately 9-1/2 miles NE of Payette, Idaho

DESCRIPTION OF WELL AND LEASE

Name of Lease: Island Capitol Well Number: #1-19 Elevation (ground): 2,373.3 ft.

Well Location: Section: 19 Township: 9N Range: 3W (or block and survey) (give footage from section lines): 1,583.3' FSL and 543.5' FEL (NESE)

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

Nearest distance from proposed location to property or lease line: 263.3 ft. feet

Distance from proposed location to nearest drilling, completed or applied for on the same lease: n/a feet

Proposed depth: 5,000 ft. Rotary or cable tools: Rotary

Approx date work will start: January 15, 2010 Number of acres in lease: 1,740.43 acres

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 of above:

Status of bond:

Remarks: (If this is an application to deepen or plug back, briefly describe work to be done, giving present producing zone and expected new producing zone) Survey plats and drilling prognosis attached.

In order to optimize structural position and achieve a topographically acceptable location, an exception location is hereby requested. Please direct any inquiries regarding this permit to Dan Hall (Energy Operating Company, Inc.) @ 303-969-9610.

This well will replace the State #1-19, SESE, Section 19-T9N-R3W (APD pending).

CERTIFICATE: I, the undersigned, state that I am the Consultant of Bridge Energy, LLC. (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: 12/3/09 Signature: Dan Hall

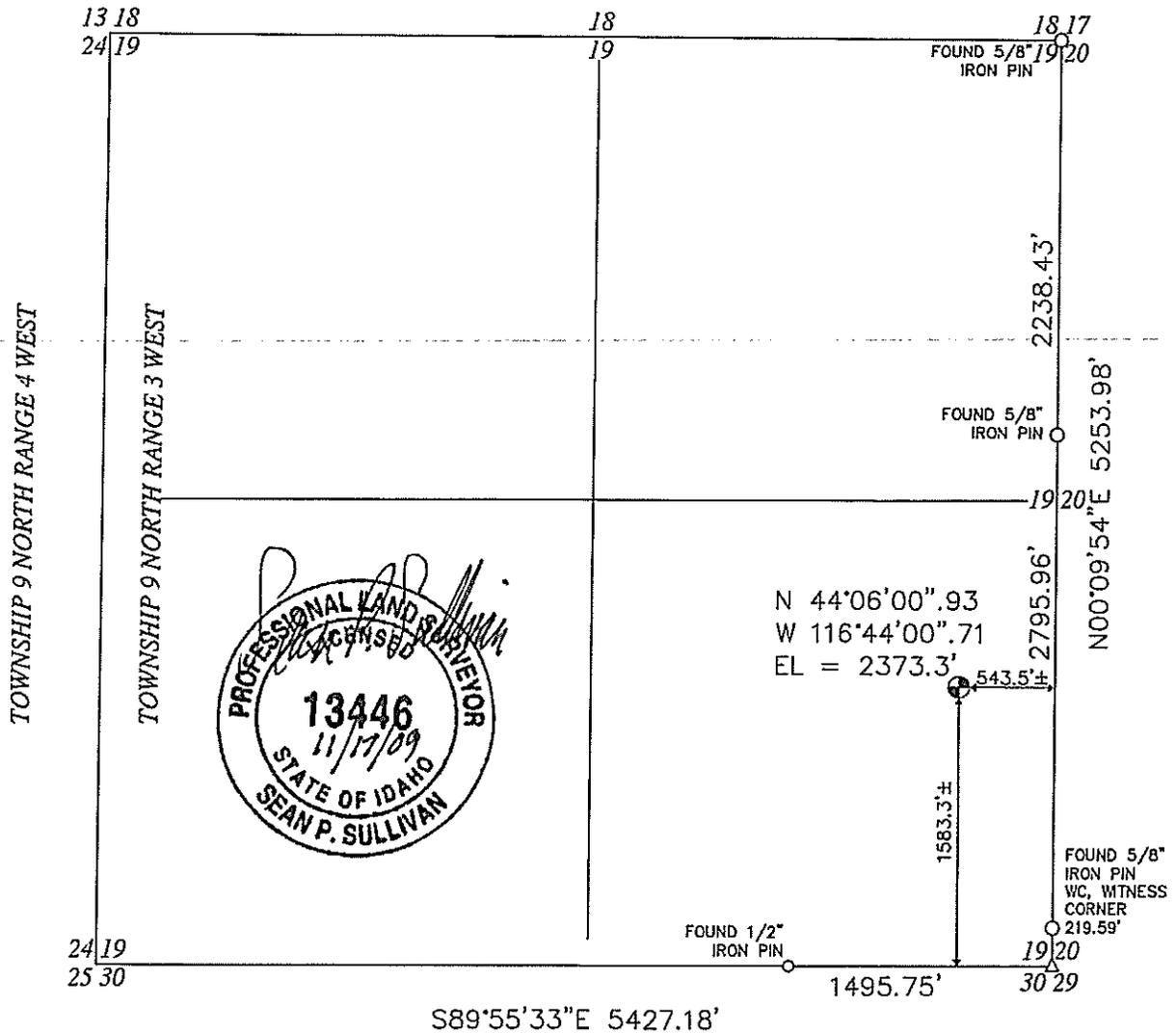
Permit Number: LU600010 Approval Date: 1-14-10 Approved by: [Signature]

API #11-075-20-009

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

EXHIBIT MAP OF BOLTON SITE

Lying in a Portion of the SE 1/4 of
Section 19, Township 9 North, Range 3 West of the
Boise Meridian, Payette County, Idaho
2009



SCALE: 1" = 1000'

DATE: November 17, 2009

FILE: 6397-01-02 BOLTON REVISE SECTION TIE.dwg



Surveyors • Planners

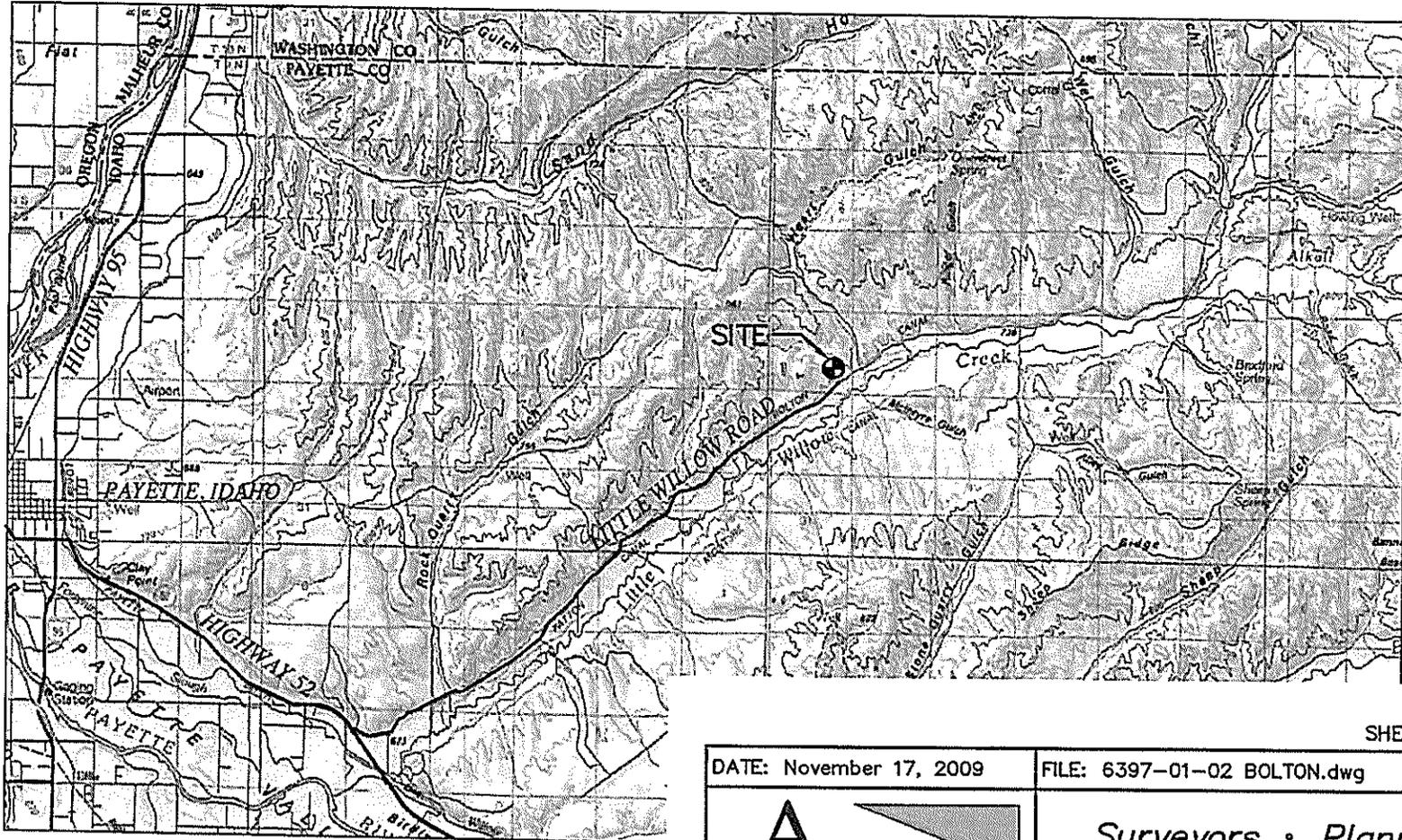
1103 West Main Street
 Middleton, Idaho
 208-585-5858

EXHIBIT MAP OF THE BOLTON SITE

Lying in a Portion of the SE1/4 of
Section 19, Township 9 North, Range 3 West of the
Boise Meridian, Payette County, Idaho



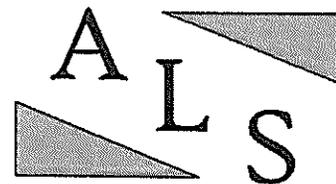
SCALE: 1" = 2 MILES



SHEET 1 OF 1

DATE: November 17, 2009

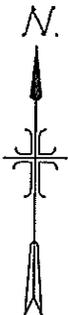
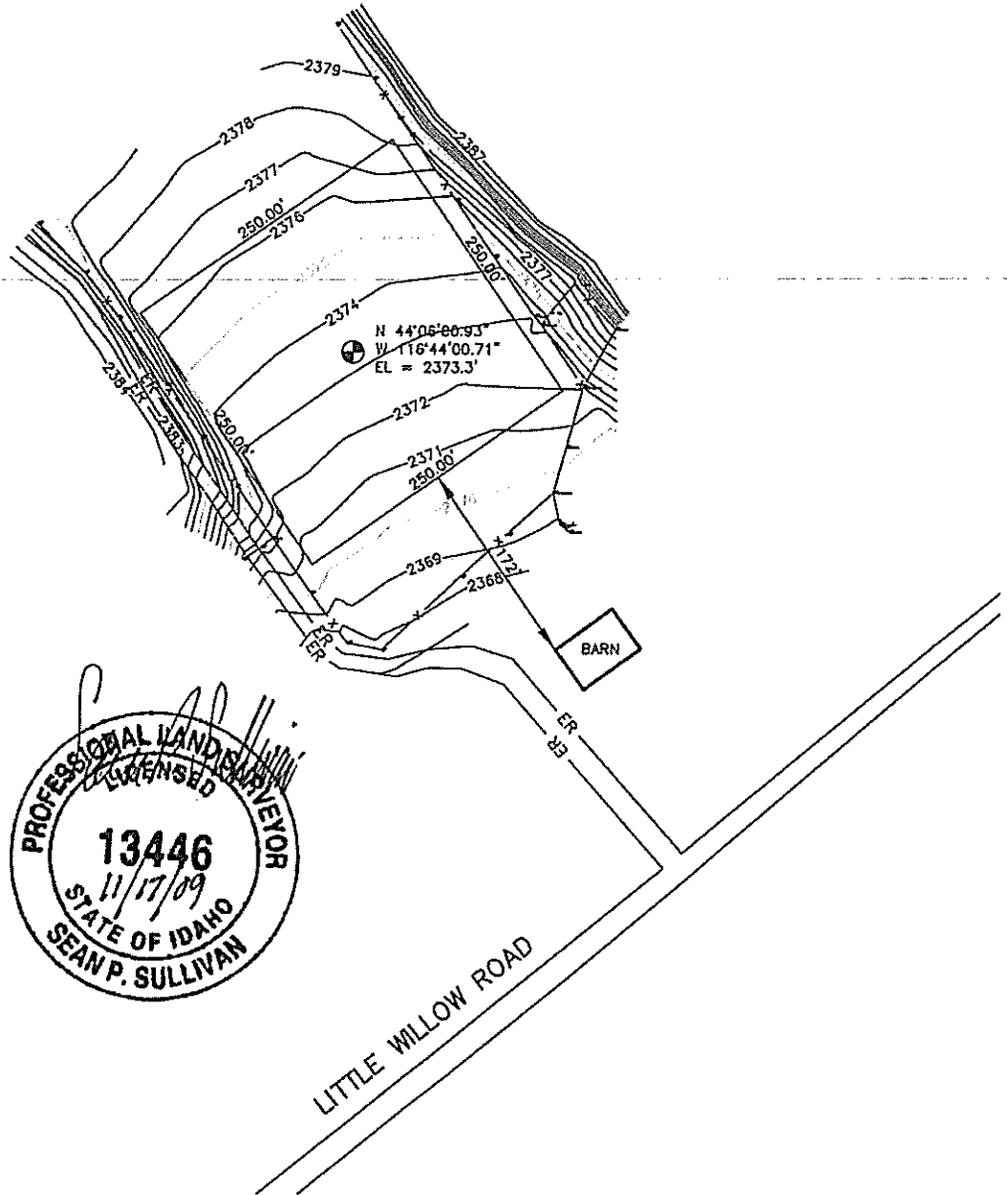
FILE: 6397-01-02 BOLTON.dwg



Surveyors • Planners
1103 West Main Street
Middleton, Idaho
208-585-5858

EXHIBIT MAP OF BOLTON SITE

Lying in a Portion of the SE 1/4 of
Section 19, Township 9 North, Range 3 West of the
Boise Meridian, Payette County, Idaho
2009



SCALE: 1" = 150'

DATE: November 17, 2009

FILE: 6397-01-02 BOLTON SITE PLAN.dwg



Surveyors • Planners

1103 West Main Street
Middleton, Idaho
208-585-5858

DRILLING PROGNOSIS
BRIDGE ENERGY, LLC
Island Cap #1-19 (Bolton Prospect)
NESE, Section 19-Township 9N-Range 3W
Payette County, Idaho

December 3, 2009

GENERAL

NOTE: This well is to be drilled as a tight hole. Unauthorized personnel are not to be allowed on the rig floor, and all information is to be kept confidential.

Surface Location: 1583.3' FSL and 543.5' FEL (NESE), Section 19-T9N-R3W

Bottomhole Location: Same

Proposed TD/Objective: XXXXXXXXXX

Elevation: 2,373.3' GL (ungraded); 2,386' KB (estimated).

Drilling Rig: To be determined.

MECHANICAL

Casing Design:

<u>SIZE</u>	<u>INTERVAL</u>	<u>LENGTH</u>	<u>DESCRIPTION</u>	<u>SFt</u>	<u>SFc</u>	<u>SFb</u>
16"	0' - 60'	60'	Conductor (0.219" WT)	--	--	--
9-5/8"	0' - 500'	500'	36#, J-55, STC	21.9	8.18	7.04
5-1/2"	0' - 5,000'	5,000'	15.5#, J-55, STC	2.61	1.56	1.85
2-7/8"	0' - 5,000'	5,000'	6.5#, J-55, EUE	3.07	2.95	1.45

NOTE: If mud weight exceeds 10.0 ppg at TD, casing design may be altered. Tack weld guide shoe to surface casing. Strap weld first casing joint and the bottom of the collar of the second joint. Clean and drift all strings of casing prior to running. Remove all thread sealant (Kindex) prior to running. Unload production casing and tubing strings with a forklift.

CEMENT

<u>CASING/HOLE SIZE</u>	<u>CEMENT SLURRY</u>	<u>SX</u>	<u>PPG</u>	<u>YIELD</u>
16" - 24"	Cement to surface with 4 yds Redi-mix.			
9-5/8" - 12-1/4"	Lead: Premium Light cement + 2% CaCl ₂ + 1/4 pps flocele	100	12.0	2.27
	Tail: Class G + 2% CaCl ₂ + 1/4 pps flocele	100	15.8	1.15

NOTE: Precede cement with 50 bbl fresh water. Have 100 sx neat cement and one-inch tubing on location for topping-off. Cement volume has been calculated assuming 100% excess.

<u>CASING/HOLE SIZE</u>	<u>CEMENT SLURRY</u>	<u>SX</u>	<u>PPG</u>	<u>YIELD</u>
5 1/2" – 8 3/4"	Class G cement containing fluid loss additive, bonding agent, and retarder as required.	300	15.8	1.15

NOTE: Prior to cementing, slowly lower mud viscosity to 35-sec funnel viscosity. Circulate hole for 1 hour at this viscosity prior to cementing. Precede cement with 1000 gal mud flush and 30 bbl fresh water spacer. Cement top contingent upon the presence of potentially productive intervals. Actual cement volume to be determined from caliper log. Run pilot tests on proposed cement with actual make-up water. Cement design may be altered depending on actual bottomhole temperatures and the presence of lost circulation. Do not move the casing (under any circumstances) while setting the casing slips.

CEMENTING ACCESSORIES

- Surface Casing:
- 1) Guide shoe with insert float located one joint above shoe.
 - 2) Top wiper plug (rubber).
 - 3) Centralizer with stop ring in middle of shoe joint.
 - 4) Centralizers over collars on first three connections, omitting float collar.
 - 5) Use a total of five centralizers.
- Production Casing:
- 1) Differential-fill float collar located one joint above differential-fill float shoe.
 - 2) Top and bottom wiper plug.
 - 3) Centralizer with stop-ring in the middle of shoe joint.
 - 4) Centralize through and 100' on either side of potentially productive intervals. Run at least 12 centralizers.
 - 5) Thread-lock all connections through float collar and use API casing dope on all remaining connections.
 - 6) Stage cementing tool may be run to ensure placement of cement across any productive intervals and fresh water sands.
 - 7) Centralize above and below stage cementing tool (if run).

WELLHEAD

- Casing Head: 9-5/8" x 11" x 3,000 psi WP flanged casing head with two-2" LP outlets. Outlets equipped with one-2" 3,000 psi WP ball valve, and one-2" x 3,000 psi WP bull plug on the outlets.
- Tubing Head: 11" x 7-1/16" x 3,000 psi WP tubing head with two-2" LP threaded outlets. Outlets to be equipped with 2" x 3,000 psi WP ball valves.
- Upper Half: To be determined.

MUD PROGRAM

<u>INTERVAL</u>	<u>WEIGHT (PPG)</u>	<u>VISCOSITY (SEC)</u>	<u>WL (CCS)</u>
0' - 500'	8.5 - 9.0 ppg	30 - 45 sec	NC

Spud well with fresh water. Circulate reserve pit to maintain clear water at the pump suction. Addition of lime and/or a selective flocculant may be made at the flowline to promote solids settling in the reserve pit. Keep hole full and drill pipe moving at all times. Sweep hole with gel/lime/polymer as necessary, and prior to running surface casing.

<u>INTERVAL</u>	<u>WEIGHT (PPG)</u>	<u>VISCOSITY (SEC)</u>	<u>WL (CCS)</u>
500' - 5,000'	8.5 - 9.0 ppg	28 - 34 sec	10 ccs or less

After drilling our surface casing shoe, treat out cement contamination and mud-up with low-solids, non-dispersed mud system utilizing gel, caustic soda, and PHPA polymer. Keep trip speeds down to reduce surge-swab pressure. Keep hole full at all times. Monitor pit volume constantly as lost circulation and water flows should be expected at all times. Sweep hole as dictated by hole conditions. Keep the drill pipe moving at all times. Monitor the system for the presence of bacteria and treat out accordingly. Fluid loss may be reduced with the addition of PAC material, if sloughing shales are encountered. Have 100-200 ppm nitrates in the system prior to drilling any potentially productive interval.

DEVIATION

Deviation tendencies in this area should not be severe; however, prudent drilling practices should be adhered to at all times. Surveys should be run at \pm 500 ft intervals, unless otherwise indicated.

WELL CONTROL EQUIPMENT

<u>INTERVAL</u>	<u>EQUIPMENT</u>
0' - 500'	None
500' - 5,000'	11" x 3,000 psi WP double-gate BOP with blind and 4-1/2" pipe rams. Rig should be equipped with upper and lower kelly cocks, as well as stabbing valve (have wrench available at all times). BOP equipment will be tested after nipple-up and every 30 days thereafter. (Notify Idaho State field representative prior to testing). Close pipe rams daily and blind rams on trips, recording results on tour sheets.

GEOLOGICAL

Geologist/Mud Logger: Geologist and mud logger with hotwire and chromatograph to be on location to from base of surface casing to TD. Notify prior to spud and after setting surface casing.

Electric Logging: DIL-SFL-SP and BHC Sonic-GR-CAL to be run in tandem from base of surface casing to TD. LDT-CNL-GR-CAL may be run at the geologist's discretion.

GEOLOGICAL (Continued)

Formation Tops: Assumes KB elevation of 2,386 ft.

<u>FORMATION</u>	<u>TOP</u>	<u>SUB SURFACE</u>
		

Drillstem Testing: Potential test of any significant show (possible test of significant shows). Unless otherwise indicated, recommended DST times will be as follows: IF (15 min.), ISI (60 min), FF (60-90 min, depending on blow at surface), and FSI (2 x FF). Keep length of anchor to a minimum while testing. Test string should include dual packers, top and bottom pressure recorders, jars, safety joint, sample chamber, and reverse circulating sub (pressure and bar-activated). Monitor fluid entry throughout test with echometer. Have Draeger tester on location to monitor H2S concentration of any produced fluids.

MISCELLANEOUS

1. Pump carbide lag prior to running surface casing and prior to drilling out shoe. Pump efficiencies will be calculated from this information. Run frequent carbide lags while drilling to determine degree of hole washout.
2. Monitor mud hydraulics closely. An in-gauge hole is extremely critical to achieve open-hole packer seats, interpretable logs, and a good cement bond.
3. Water will be hauled or pumped from nearby sources.
4. Reserve pit is to be lined with a 12-mil synthetic liner.
5. It is anticipated that a mud motor and PDC bit will be used from approximately 500' to TD.
6. In general, the above prognosis is presented as a guideline only; and is subject to change as dictated by hole conditions and geological interpretation.

PERSONNEL

Dan Hall, Consulting Engineer
Jeff Kirm, Manager of Operations
Ed Davies, President

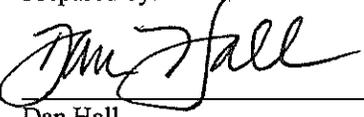
OFFICE NUMBER

303-969-9610
303-831-9022
303-831-9022

CELL NUMBER

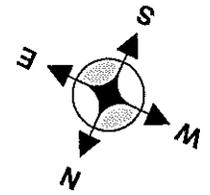
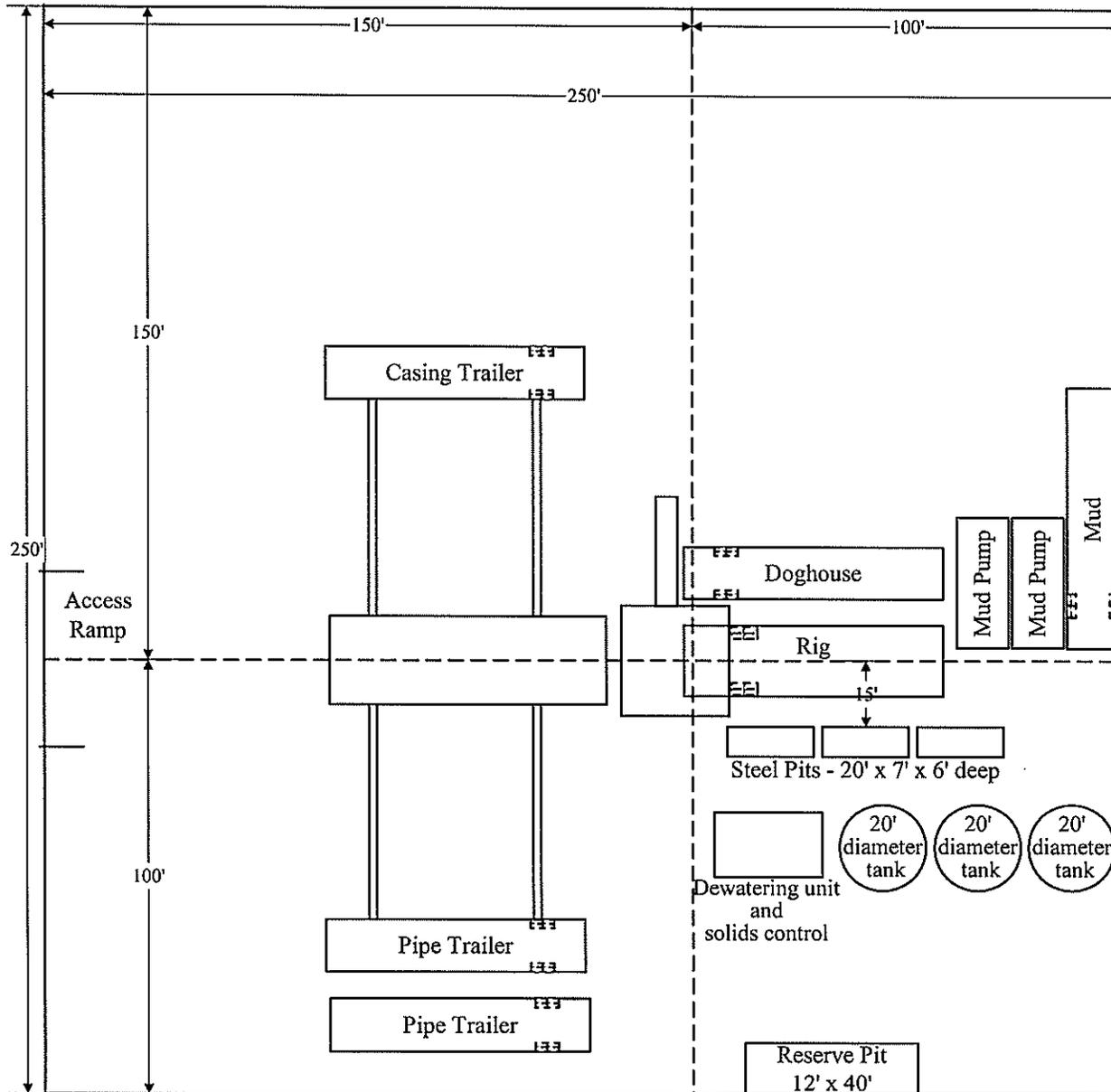
303-618-1877
303-981-7443
720-641-8737

Prepared by:



Dan Hall
Energy Operating Company, Inc.

**Bridge Energy LLC
Island Cap #1-19
Drilling Rig Layout
NESE, Section 19-T9N-R3W
Payette County, Idaho**



Bridge Energy LLC.
 Island Capitol #1-19
 Payette County, Idaho
 BOP and Choke Manifold Schematics

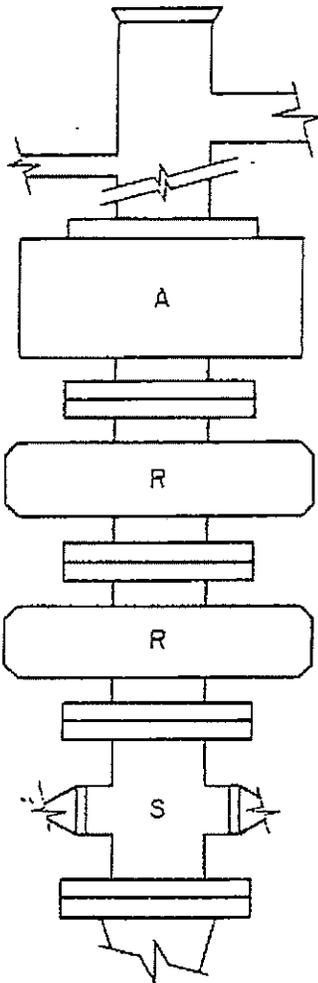


FIGURE 1
 BOP Schematic - 3000 psi Working Pressure
 Arrangement SRRA
 (Please note that a rotating head will be
 utilized when drilling from 5500' to TD)

FIGURE 2
 Choke Manifold Schematic
 3000 psi Working Pressure

