

ULTRA RESOURCES, INC.
DRILLING PROGRAM
OLIVE OYL STATE N-44-16 1V SIDE TRACK
TIGHT HOLE STATUS

Surface Location: 659' FSL, 658' FEL
NEW Bottomhole Location: 855' FSL, 739' FEL
Section 16-T15S-R64W
El Paso County, Colorado

AFE Number:	110225
API Number:	05-041-06065
Surface Latitude:	38.738983° N
Surface Longitude:	104.554241° W
Ground Level Elevation:	6005.0'
Patterson 189 Kelly Bushing Height:	18.0'
K.B. Elevation:	6023.0'
Target Formation:	Niobrara

Side Track Details (RKB):	Depths
<i>Previous Surface casing shoe</i>	503' MD
<i>Current TD</i>	5,610' MD
<i>Estimated top of stable hole</i>	4,153' MD
<i>Estimated KOP</i>	718' MD

Formation Tops (RKB):	TMD Depth
Sharon Springs SH	4,418'
Niobrara	4,811'
B Chalk	5,020'
C Chalk	5,215'
D Chalk	5,267'
Ft. Hays LS	5,313'
Codell SS	5,353'
Carlile SH	5,375'
Greenhorn LS	5,510'
Graneros SH	5,610'
Current TD	5,610'

Estimated Bottomhole Pressures:

Maximum pressure: 2612 psi 9.0 ppg EMW @ 5581' Gradient of 0.468 psi/ft

DRILLING PROCEDURE

ULTRA RESOURCES, INC. HAS NOTIFIED THE COLORADO OIL & GAS CONSERVATION COMMISSION BY PHONE & E-MAIL OF IMPENDING SIDE TRACK OF THE OLIVE OYL STATE N 44-16 1V.

GENERAL

The original Olive Oyl State N 44-16 1V well has been drilled to a total depth of 5,610' TMD and will be abandoned in the 7-7/8" hole section due to wellbore instability and severe lost circulation. Well indicates that we have a bridge below 4,153' TMD to total depth of the well at 5,610' TMD. The 8-5/8", 24#, K-55 STC surface casing shoe is at 503' TMD.

Original well bore will be abandoned below 4150' TMD. Abandonment plug will be placed via the balanced plug method from 4100' TMD to 3900' TMD. TOOH to approximately 1,550' TMD to balance a high viscosity gel plug for a false bottom to help support 750' KOP from 1200' to 50' inside of surface casing shoe.

The attached directional plan describes a directional profile starting just below surface casing beginning with the planned KOP at 718' TMD, building angle at 1.5° per 100' at an azimuth of 340° to a terminal angle of 5°, and then dropping the well bore back to vertical at a rate of 1.25° per 100' to approximately 3518' TMD. The following directional BHA will stay in the hole until the target total depth has been reached. Estimated departure is 240' from original wellbore at 3500' TMD.

This side track will be drilled with LSND/CLAYSEAL mud. Mud weights are expected to be no higher than 9.0 ppg. Close monitoring of background gas (BGG), connection gas (CG) trip gas (TG) and shale cutting size / density will be critical in the 7-7/8" section of hole.

DRILLING PROCEDURE

1. TIH to approximately 4,100' TMD and condition hole prior to pumping fluid caliper to estimate hole size.
2. RU GyroData and run Gyro survey via wireline through 4-1/2" drill pipe.
3. Circulate and condition hole while rigging up Halliburton. Balanced abandonment plug from 4,100' to 3,900'. TOOH to allow abandonment plug to set with an estimated time of 4 hrs. TIH to approximately 1,550' to place high viscosity gel plug to support KOP. TOOH to 1,200' and circulate bottoms up and condition hole for kick off cement plug. Balance kick off plug from approximately 1,200' to 50' just inside of surface casing shoe. Actual cement volumes may be adjusted based off of fluid caliper. Halliburton will bring cement retarder on the side. They may have to add to mix water pending lab test results.

Cement Abandonment Plug

Fluid 1: Rheologically Enhanced Spacer

TUNED SPACER III

59.8 lbm/bbl Barite (Heavy Weight Additive)

Fluid Density: 10 lbm/gal
Total Volume: 40 bbl
Volume Ahead: 31.49 bbl

Fluid 2: Plug Cement

Premium Cement

94 lbm/sk Premium Cement (Cement)

0.2 % Halad(R)-344 (Low Fluid Loss Control)

0.1 % CFR-3 (Dispersant)

Fluid Weight 15.80 lbm/gal
Slurry Yield: 1.15 ft³/sk
Total Mixing Fluid: 4.96 Gal/sk
Top of Fluid: 3900 ft
Calculated Fill: 200 ft
Volume: 14.46 bbl
Calculated Sacks: 71 sks
Proposed Sacks: 75 sks

Fluid 3: Rheologically Enhanced Spacer

TUNED SPACER III

59.8 lbm/bbl Barite (Heavy Weight Additive)

Fluid Density: 10 lbm/gal
Total Volume: 40 bbl
Volume Behind: 8.51 bbl

Fluid 4: Mud

Displacement Fluid

Fluid Density: 9 lbm/gal
Total Volume: 217.93 bbl
Fluid Volume 47.28 bbl

Cement Kick Off Plug

Fluid 1: Rheologically Enhanced Spacer

TUNED SPACER III

59.8 lbm/bbl Barite (Heavy Weight Additive)

Fluid Density: 10 lbm/gal
Total Volume: 25.00 bbl
Volume Ahead: 18.90 bbl

Fluid 2: Kickoff

Premium Cement

94 lbm/sk Premium Cement (Cement)

0.75 % CFR-3 (Dispersant)

Fluid Weight 17.50 lbm/gal
Slurry Yield: 0.94 ft³/sk
Total Mixing Fluid: 3.33 Gal/sk
Top of Fluid: 450 ft
Calculated Fill: 750 ft
Volume: 54 bbl
Calculated Sacks: 325 sks
Proposed Sacks: 325 sks

Fluid 3: Rheologically Enhanced Spacer

TUNED SPACER III

59.8 lbm/bbl Barite (Heavy Weight Additive)

Fluid Density: 10 lbm/gal
Total Volume: 25.00 bbl
Volume Behind: 6.10 bbl

Fluid 4: Mud

Displacement Fluid

Fluid Density: 9 lbm/gal
Total Volume: 0.03 bbl
Fluid Volume 0.0073 bbl

4. Slowly POOH minimizing cement plug disturbance and stand back drill pipe.

WOC a minimum of 24 hrs prior to sidetracking.

5. PU 7-7/8" Smith Mi513 PDC bit jetted with (TFA 0.552) 5 each 12's, and BHA consisting of: Hunting 6-1/2" adjustable mud motor with slick sleeve set with a 1.5° bend (6.7 stage, 7/8 lobe configuration @ 0.29 rev/gal), 1 each 7-1/2" stabilizer, 1 each float sub X-over (XH to FH), 1 each 6-3/4" FH HDS1 (mwd), 1 each X-over (FH to XH), 1 each 7-1/2" monel stabilizer, 1 each 6-3/4" monel, 1 each 7-1/2" monel stabilizer, 12 each 6-1/4" XH drill collars, 1 each Jars placed at 2 drill collars from the top, and 4-1/2" XH drill pipe to surface. TIH to estimated top of cement plug.
6. Orient and scribe BHA into hole at 340° azimuth to estimated top of cement and polish off cement plug to 10' out of surface casing shoe. Orientate the motor and begin time drilling off of cement plug. Build inclination at 1.5°/100' at 340° azimuth 10' out of shoe or approximately 700' MD. At approximately 3,184' MD start drop at 1.5°/100' to have well back to vertical by 3,518' MD to gain approximately 240' departure from original wellbore. Please review Ultra Directional Consultant polishing and side track drilling recommendations.

7-7/8" Production Hole from +/- 3,518' MD to 5,581' TVD / 5,599' MD

7. Drill ahead vertically to TD with flow rates between 450-480 gpm with Baroid LSND/CLAYSEAL per drilling fluid recommendation (e-mailed from DE). Weight up mud system as drilling conditions warrant. **Ensure solids control equipment is functioning to keep viscosity and YP within drilling fluid tolerance.** Enable audible alarms as necessary to monitor circulating system volumes for potential kicks as the well is drilled to TD. Just prior to the 7-7/8" hole reaching TD, confirm with onsite geologist formation depths to ensure that we will have at a **minimum of 150'** of rat-hole from the base of the Niobrara to TD. Once well reaches TD, CBU with required high viscosity sweeps for hole clean-up. No need for increase in MW for trip margin, final MW should be no higher than 9.0 ppg. Fill the trip tank with final MW, and pump dry job.
8. SLMOOH standing back drill pipe, no short trip is planned unless wellbore conditions justify. Monitor well for flow, if well is static continue POOH with drill pipe. Stand back BHA and lay down bit, Hunting mud motor, and stabilizers. Verify trip speeds with DE to ensure surge and swab pressures are within the horizontal stress of the Pierre and Sharon Springs.
9. RU Schlumberger and run OH logs, verify logging program with onsite geologist. The original plan is to **not** make a wiper trip between any logging runs. However, if wellbore conditions warrant a trip then discuss with Drilling Superintendent and Drilling Engineer.
10. After sidewall rotary cores are complete, TIH for wiper trip and CBU. Fill trip tank with final MW and pump dry job. TOOHL laying down drill pipe and BHA. Remove wear bushing.

Running Production Casing

11. Run 5 1/2", 17 ppf, P-110, LTC casing, install Bow Spring Centralizers as follows; One each on the first three joints of casing then one every third joint of casing to 2500'. Ensure that

shoe track consists of a float shoe, one full joint of casing, float collar and install 15.0' marker joints at 1,000' from TD & again at 2,000' from TD. Thread lock the float shoe, one full joint shoe track, float collar. Fill casing every 1,000'. Monitor WBM displacement using the trip tank and trip schedule.

It is of the utmost importance that the casing is in constant movement, other than making up connections, when running in hole.

12. Circulate a minimum of 2 bottoms up at an equivalent annular drilling velocity which is approximately 6 BPM. Reciprocate (45' strokes – coupling to coupling) casing to clean up hole and condition mud. Evaluate shakers, gas to surface to determine when the well is ready to cement. Ensure we have enough room in active system for partial hole displacement of WBM during cementing operations.
13. Rig up and pump cement per Cementing Company recommendation and Ultra procedures. Reciprocate casing (10'-15' strokes). Discuss final cement density and spacer weights with Denver engineering. Cement top will be approximately 2500' MD and should not be present at surface.
14. Monitor backside after pumping cement for any pressure build up. Flush stack and RD Cementing Company.
15. Inspect stack to ensure that no trash remains in stack that could fall down during the setting of the slips. Lift BOP stack and set 65k on slips and cut casing. MU 11" 5M X 7-1/16" 5M tubing head.
16. Secure well, clean mud tanks, drain all lines and secure drip caps. Release rig, RD and move rig to Brutus State 33-14 1V location