

CROW BUTTE RESOURCES, INC.

86 Crow Butte Road
P.O. Box 169
Crawford, Nebraska 69339-0169



(308) 665-2215
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April 16, 2009

Michael Linder, Director
Nebraska Department of
Environmental Quality
P. O. Box 98922
Lincoln, Nebraska 68509-8922

Dear Mr. Linder:

On May 10, 2010, during routine 5-year Mechanical Integrity Testing (MIT), well number P-4231 in Mine Unit 9, Wellhouse 45 failed the MIT criteria. Nebraska Dept. of Environmental Quality was notified of the failure by phone and a letter on May 10. Using isolation techniques, it was determined that the failure was the casing joint at the 240-foot level.

The failed joint is located near the bottom of the Brule Formation in a section that does not appear to have significant sandy zones. This places the failure approximately 90 feet above the static water level for the Chadron Formation. Following isolation of the problem, a sleeve or patch was set using a drilling rig to isolate the bad coupling. The top of the 10 foot long patch is located at the 235-foot level. The patch used two K-packer assemblies on the bottom and one K-packer on the top of the sleeve.

The well was then re-integrity tested on May 19, 2010 to check the entire well interval from 708' to surface. This test was successful. Attached is a copy of the successful test.

If you have any questions or concerns on this matter, please do not hesitate to call me.

Sincerely,

Wade Beins
Senior Geologist

Enc.

C: Mr. Dave Carlson – NDEQ
Mr. Ron Burrows
Mr. Joe Brister – Cheyenne File
CBO File



Nebraska Department
of Environmental Quality

Casing Integrity Test Report

Company: C.B.R. Permit No: NE0122611
 Project: CROW BUTTE Well No: 4231
 Casing Type: WHITE-CERTH-LOK Diameter: 4 1/2"
 Hole Depth: _____ Casing Depth: _____
 Screened Interval(s): _____
 Depth to K-Packer: 718' Depth to Test Packer(s): TOP OF ROUND LEVEL
Bottom - 708'
 Comments: _____

TIME	ELAPSED TIME (Min)	PRESSURE (PSIG)
10:00	0	125
10:05	5	123
10:10	10	122
10:15	15	121
10:20	20	120

Test Performed By: [Signature]
 Date: 5-19-10
 Calibration Performed By: [Signature]
 Date: 5-17-10

CERTIFICATION

I certify under penalty of law that I have personally examined and am familiar with the information submitted in this application and all attachments and that, based on inquiry of those individuals immediately responsible for obtaining information, I believe that the information is true, accurate, and complete. Further, I certify awareness that there are significant penalties for submitting false information, including the possibility of a fine and imprisonment.

By Wade Beins PRINTED NAME OF PERSON SIGNING Senior Geologist TITLE
 By [Signature] SIGNATURE 5-20-10 DATE