



Oil and Gas Division 970145

Lynn D. Helms - Director Bruce E. Hicks - Assistant Director

Department of Mineral Resources

Lynn D. Helms - Director

North Dakota Industrial Commission

www.dmr.nd.gov/oilgas

12/4/2008

BRIAN KOROL
TESLA EXPLORATION LTD USA
P.O. BOX 1610, #109 W. 2ND ST.
HAVRE, MT 59501

RE: See Attached List of Projects

Dear Brian:

According to our records, our office has not received a letter confirming that all surface owners have been given a written copy of NDCC Section 38-08.1-04.1 (Exploration Permit) and NDCC Chapter 38-11.1 (Oil and Gas Production Damage Compensation). Please submit the letter at your earliest convenience.

If you have any questions, feel free to contact our office.

Sincerely,

Richard A. Suggs
Engineering Technician

List of Projects Missing a Letter Confirming Surface Owners Notification for
TESLA EXPLORATION LTD USA

COLORADO CREEK 2-D
BURKE COUNTY

PERMIT NO. 970158 COMPLETION DATE: 8/7/2008

WALLY 2-DV
BOWMAN COUNTY
PERMIT NO. 970145

COMPLETION DATE: 9/1/2008

NEWPORTE 3-D
RENVILLE COUNTY
PERMIT NO. 970142

COMPLETION DATE: 12/8/2007

CROFF 3-D
MCKENZIE COUNTY
PERMIT NO. 970128

COMPLETION DATE: 8/29/2007

SIoux 2005 3-D
MCKENZIE COUNTY
PERMIT NO. 970110

COMPLETION DATE: 2/3/2006

SOUTH TOBACCO 3-D
MCKENZIE COUNTY
PERMIT NO. 970108

COMPLETION DATE: 11/30/2006



SEISMIC COMPLETION REPORT
 INDUSTRIAL COMMISSION OF NORTH DAKOTA
 OIL AND GAS DIVISION
 SFN 51456 (11-97)

600 E BOULEVARD AVE
 BISMARCK, ND 58505



PERMIT NO.: 970145

SHOT HOLE OPERATIONS: NO *NON-EXPLOSIVE OPERATIONS: Yes - Vibe

SECTION 1

GEOPHYSICAL CONTRACTOR: TESLA Exploration

PROJECT NAME AND NUMBER: Wally 2D U260ND COUNTY(S): BOWMAN

TOWNSHIP(S): _____ RANGE(S): 130 - 107

PERMITTED BY: Walt Marshall

DATE COMMENCED: 1-2-08 DATE COMPLETED: 1-8-08

SECTION 2

FIRST S.P. #: NO LAST S.P. #: NO

LOADED HOLES (UNDETONATED SHOT POINTS)

S.P. #'s:														
CHARGE SIZE::														
DEPTH:														

REASONS HOLES WERE NOT SHOT:

SECTION 3

FLOWING HOLES
 S.P.#'s

PROCEDURE FOR PLUGGING FLOWING HOLES:

Include a 7.5 minute USGS topographic quadrangle map or a computer generated post-plot facsimile of the approximate scale displaying each individual shot hole, SP #, line #, and legal location.

*Non-Explosive Operations - Complete Section 1 and Affidavit.

AFFIDAVIT OF COMPLETION (GEOPHYSICAL CONTRACTOR)

State of Nebraska)
)

COUNTY OF Keith)

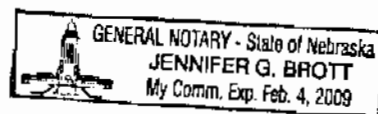
Before me, Jennifer G. Brott, a Notary Public in and for the said County and State, this day personally appeared Robert M. Matchett who being first duly sworn, deposes and says that (s)he is employed by Tesla Exploration, that (s)he has read North Dakota Century Code Section 38-08.1, that the foregoing seismic project has been completed in accordance with North Dakota Administrative Code Rule 43-02-12 and that the statements on the reverse side of this document are true.

Robert Matchett
Geophysical Contractor Representative

Subscribed in my presence and sworn before me this 25 day of January, 2008.

Notary Public Jennifer G. Brott

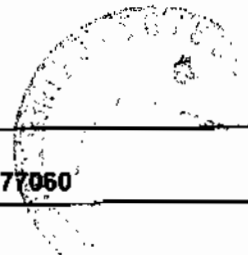
My Commission Expires 2-4-09





GEOPHYSICAL EXPLORATION PERMIT

INDUSTRIAL COMMISSION OF NORTH DAKOTA
 OIL AND GAS DIVISION
 600 EAST BOULEVARD DEPT 405
 BISMARCK, ND 58505-0840
 SFN 51459 (10-2007)



1) a. Company Tesla Exploration Ltd.		Address 340 N. Sam Houston PKWY, Suite 265, Houston, Texas 77060	
Contact Buzz Walradt		Telephone (281) 272-2480	Fax (281) 272-2481
Surety Company Liberty Mutal Insurance Company		Bond Amount \$50,000.00	Bond Number 965002143
2) a. Subcontractor(s) Pathfinder Navigation = Surveying		Address 15955W.HardyRd.Suite202,Houston,T:	
b. Subcontractor(s)		Telephone (281) 591-1950	
c. Subcontractor(s)		Telephone	
3) Party Manager Larry Smith		Address (local) Painted Horse Motel, Stanley	
Telephone (local) (403) 819-5729			
4) Project Name or Line Numbers Wally 2DV			
5) Exploration Method (Shot Hole, Non-Explosive, 2D, 3D, Other) Non-Explosive 2D - Vibroseis			
6) Approximate Start Date November 20, 2007		Approximate Completion Date January 1, 2008	

THE COMMISSION MUST BE NOTIFIED AT LEAST 24 HOURS IN ADVANCE OF COMMENCEMENT OF DRILL/PLUG OPERATIONS

7) Location of Proposed Project - County Bowman, County						
Section(s), Township(s) & Range(s)	Section	12,13,14,15,22	T.	130 N	R.	107 W
	Section		T.		R.	
	Section		T.		R.	
	Section		T.		R.	
8) Size of Hole 3-D	Amt of Charge	Depth	Shots per sq. mi.	No. of sq. mi.	9) Must supply latitude/longitudes of source and receiver points on an SD card.	
Size of Hole 2-D	Amt of Charge	Depth	Shots per ln. mi. 33	No. of ln. mi. 3 miles		
10) Anticipated special drilling and plugging procedures? None						
11) Enclose a pre-plot map with proposed location of seismic program lines and powder mag.						
Signed <i>[Signature]</i>		Title Tesla - Project Manager			Date November 7, 2007	
(This space for State office use)					Conditions of Approval if any *Permit covers ND only. - See Attached letter -	
Permit No. 970145		Approval Date 11/8/07				
Approved by <i>[Signature]</i>						
Title Mineral Resources Permit Manager						
County Approval Sent Bowman County						

ND WATER COMMISSION MAP

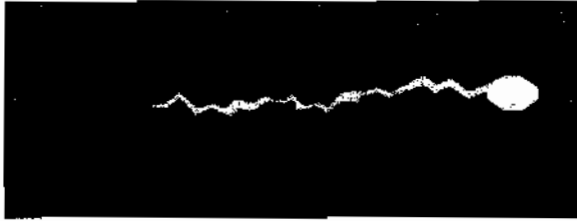


- 50-500 gpm Yield
- Over 500 gpm Yield
- Precipitation Observers
- Driller Logs
- Domestic Well
- Domestic Well - Plugged
- Industrial Well
- Industrial Well - Plugged
- Irrigation Well
- Irrigation Well - Plugged
- Multi-Well Sample
- Municipal Well
- Municipal Well - Plugged
- Observation Well
- Observation Well - Destroyed
- Observation Well - Plugged
- Observation Well - Recorder
- Production Well
- Production Well - Plugged
- Rural Water Well
- Stock Well
- Stock Well - Plugged
- Surface Water Monitoring Site
- Test Hole
- Test Well
- ? Unknown
- Dams
- Drains
- Dikes
- Diversion Structures
- Dugouts
- Dams

FALLON



Map created using the NDSWC's mapservice at <http://mapservice.swc.nd.gov>



Tesla Exploration Ltd. US
315 19th Street SE
Calgary, Alberta, T2E 6J7

Date: November 07, 2007

Project: Wally 2DV
Client: Encore Operating Montana

Todd L. Holweger
Mineral Resources Permit Manager
North Dakota Industrial Commission

Todd I have been asked by our Houston office to put in an application for a 2D program called Wally 2DV for Encore Operating Montana. This program falls about half in North Dakota and half in Montana.

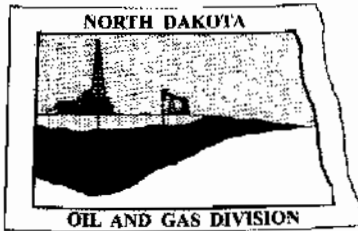
I have enclosed two signed copies of the Oil & Gas form, one copy of the program map and a check for the \$100.00 fee.

Please forward the signed permit to our Houston office which is on the permit paperwork.

If you have any questions you can reach me on my cell phone at any time.

Yours truly,

Larry Smith
Tesla Exploration Ltd.
Project Manager
Cell # (403) 818-5729



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November 8, 2007

Mr. Buzz Walradt
Tesla Exploration Ltd.
340 N. Sam Houston PKWY,
Suite 265
Houston, TX 77060

RE: Wally 2DV
Geophysical Exploration Permit #97-0145
Bowman County

Dear Mr. Walradt:

Please be advised that we are in receipt of your Geophysical Exploration permit and it is conditionally approved; effective for one year from November 8, 2007. Review the following conditions for your permit:

1. A pre-program meeting with state seismic inspector Tom Torstenson may be required. You must contact him at 701-290-1546 (cell) or 701-227-7436 at least 24 hours prior to any exploration operations.
2. All variances for distance restrictions are to be furnished, and a pre-plot map displaying any source points that do not comply with the distance restriction rule must be supplied to the inspector.
3. The following information must be submitted within 30 days of the completion of the project by the Geophysical Company:
 - a. Completion Report,
 - b. Completion Affidavit,
 - c. Post Plot Map. It must show all water wells, buildings, underground cisterns, pipelines, and flowing springs that fall within the program area and within one half mile of the perimeter of the program.
 - d. SD card with all source and receiver points,
 - e. Letter stating that the Geophysical Company has given all surface owner's a copy of the Section and Chapter of the NDCC as stated in paragraph 5.
4. The following information must be submitted within 30 days of the completion of the project by the SUBCONTRACTOR(s) (when applicable):
 - a. Plugging Report
 - b. Plugging Affidavit



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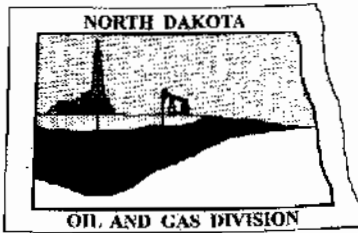
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5. It is required that within seven days of initial contact between the permitting agent and the operator of the land, the permitting agent shall provide the operator of the land and each landowner owning land within one-half mile of the land on which geophysical exploration activities are to be conducted a written copy of NDCC Section 38-08.1-04.1 (Exploration Permit) and NDCC Chapter 38-11.1 (Oil and Gas Production Damage Compensation). The permitting agent shall file an affidavit with this office confirming compliance with such notification. For your convenience, a copy of both Sections are enclosed.
6. The permit agent shall notify the operator of the land at least seven days before commencement of any geophysical exploration activity, unless waived by mutual agreement of both parties. The notice must include the approximate time schedule and the location of the planned activity.
7. Information regarding the location of water wells, springs, etc.; refer to the following ND State Water Commission Mapservice website, at: <http://inapservice.swc.state.nd.us/>
8. The entire permit can be viewed, as well as the status of various seismic projects in the state, at: <https://www.dmr.nd.gov/oilgas/seismic/seismicstats.asp>

Should you have any questions regarding this matter, feel free to contact me at 701-328-8020, or Tom Torstenson at the number listed in paragraph 1.

Sincerely,

Todd L. Holweger
Mineral Resources Permit Manager



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November 8, 2007

The Honorable Sandi Tivis
Bowman County Auditor
104 1st Street NW
Bowman, ND 58623

RE: Geophysical Exploration
 Permit #97-0145

Dear Ms. Tivis:

Pursuant to Section 38-08.1-04.2 of the North Dakota Century Code, please be advised that Tesla Exploration Ltd. USA was issued the above captioned permit on November 8, 2007 and will remain in effect for a period of one year. The entire permit can be viewed on our website at: <https://www.dmr.nd.gov/oilgas/seismic/seismicstats.asp>

Should you have any questions, please contact our office.

Sincerely,

Todd L. Holweger
DMR Permit manager