



14421 County Rd. 10 • Ft. Lupton, Colorado 80621 • (303) 857-9999 • FAX (303) 857-0577 • E-MAIL Permitco 1@aol.com

August 7, 2006

Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, UT 84114-5801

Attn: Diana Whitney

Re: Pioneer Natural Resources USA, Inc.
Castlegate Fed #22C-9-12-10
1960' FNL and 1980' FWL
SE NW Section 9, T12S - R10E
Carbon County, Utah
Lease No. UTU-65948

Dear Diana,

Enclosed please find one copy of the A.P.D. for the above mentioned well along with one copy of the Onshore Order No. 1 which has been filed with the BLM office in Moab, Utah.

If you should have any question regarding the enclosed material, please don't hesitate to contact me. Your early approval of this application would be greatly appreciated.

Sincerely,

PERMITCO INC.

Tabatha Parker
Consultant for:
Pioneer Natural Resources USA, Inc.

RECEIVED

AUG 09 2006

DIV. OF OIL, GAS & MINING

Enc.

cc: Pioneer Natural Resources USA, Inc. - Denver, CO

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT
(highlight changes)

APPLICATION FOR PERMIT TO DRILL		5. MINERAL LEASE NO.: UTU-65948	6. SURFACE: BLM
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>		7. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input type="checkbox"/> OTHER <u>CBM</u> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>		8. UNIT or CA AGREEMENT NAME: N/A	
2. NAME OF OPERATOR: Pioneer Natural Resources USA, Inc.		9. WELL NAME and NUMBER: Castlegate Federal #22C-9-12-10	
3. ADDRESS OF OPERATOR: 1401 17th Street, Suite 1200, Denver, CO 80202		PHONE NUMBER: 303/298-8100	10. FIELD AND POOL, OR WILDCAT: Castlegate Field 13
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 516341X 44054151 1960' FNL and 1980' FWL AT PROPOSED PRODUCING ZONE: SW NE 39.800430 - 110.809127 E W		11. QTR/QTR, SECTION, TOWNSHIP, RANGE MERIDIAN: Section 9, T12S - R10E	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: Approximately 12.8 miles Northeast of Helper, UT		12. COUNTY: Carbon	13. STATE: UT
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 589'	16. NUMBER OF ACRES IN LEASE: 2553.31	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40 Acres: SW NE	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET): Approx. 3500'	19. PROPOSED DEPTH: 5150'	20. BOND DESCRIPTION: Nationwide Bond No. MTB-000041	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 7315' GL	22. APPROXIMATE DATE WORK WILL START: ASAP	23. ESTIMATED DURATION: 5 Days	

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
11"	8-5/8", J-55, 24#	600'	450 sx Class G, 1.2ft/sk, 15.6 ppg
7-7/8"	5-1/2", J-55, 17#	5150'	250 sx Hifill, 3.86 ft/sk, 11 ppg + 300 sx 50/50 Poz AG, 2% bentonite, 1.19 ft/sk, 14.5 ppg
			CONFIDENTIAL-TIGHT HOLE

ATTACHMENTS

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:

- | | |
|--|--|
| <input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER | <input checked="" type="checkbox"/> COMPLETE DRILLING PLAN |
| <input checked="" type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER | <input type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER |

AGENT: **PermitCo Inc., 14421 County Road 10, Fort Lupton, CO 80621** AGENT'S PHONE NO.: **303/857-9999**
 NAME (PLEASE PRINT) **Tabatha Parker** TITLE **Agent for Pioneer Natural Resources USA, Inc.**
 SIGNATURE *Tabatha Parker* DATE **August 7, 2006**

(This space for State use only)

API NUMBER ASSIGNED: **43007-31225** APPROVAL:
Approved by the
Utah Division of
Oil, Gas and Mining
 (See instructions on Reverse Side)

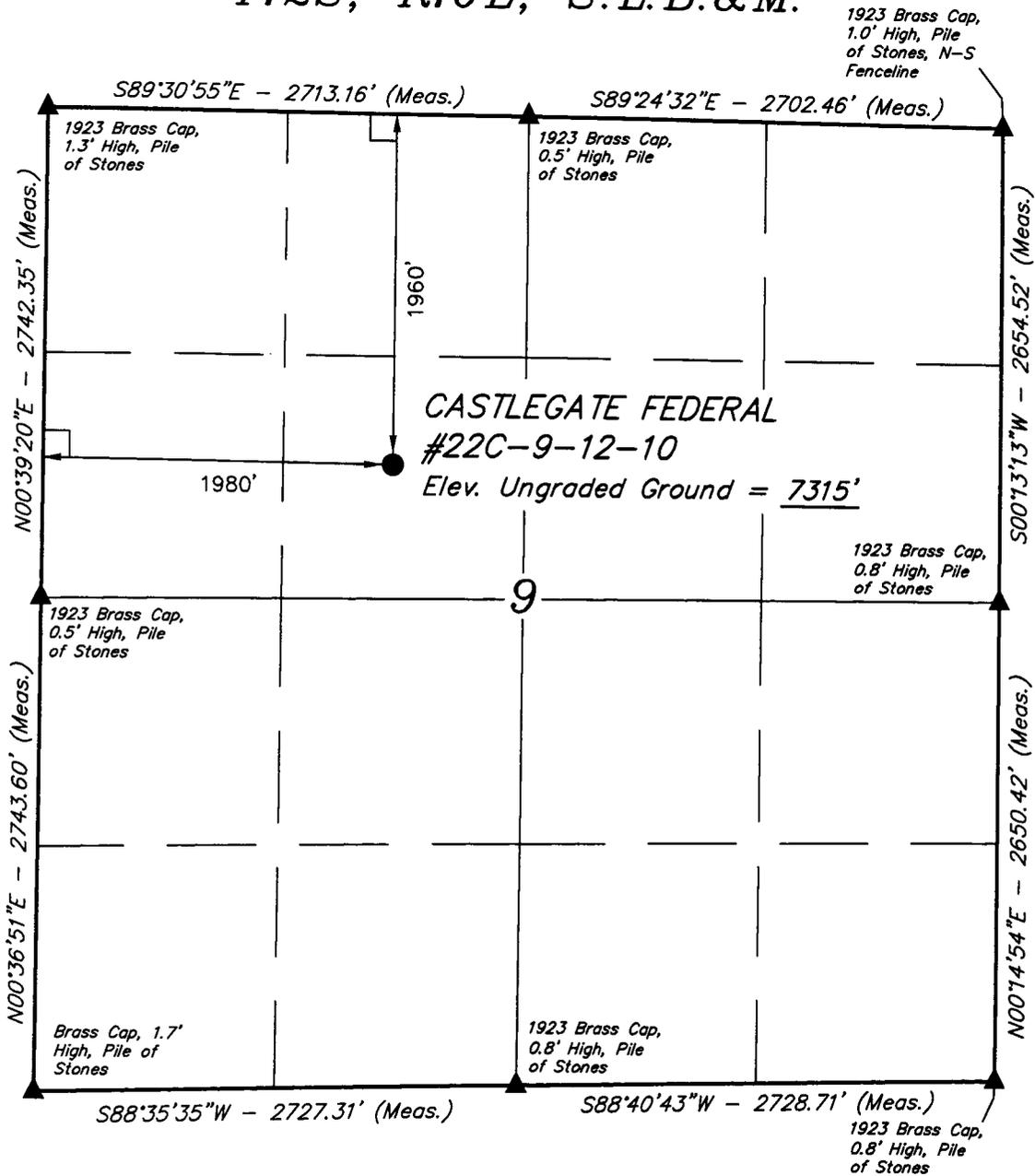
(11/2001)

**Federal Approval of this
Action is Necessary**

Date: *08-10-06*
 By: *[Signature]*

RECEIVED
AUG 09 2006
 DIV. OF OIL, GAS & MINING

T12S, R10E, S.L.B.&M.



1923 Brass Cap,
1.0' High, Pile
of Stones, N-S
Fenceline

N00°39'20"E - 2742.35' (Meas.)

N00°36'51"E - 2743.60' (Meas.)

S00°13'13"W - 2654.52' (Meas.)

N00°14'54"E - 2650.42' (Meas.)

S89°30'55"E - 2713.16' (Meas.)

S89°24'32"E - 2702.46' (Meas.)

1923 Brass Cap,
1.3' High, Pile
of Stones

1923 Brass Cap,
0.5' High, Pile
of Stones

1923 Brass Cap,
0.8' High, Pile
of Stones

1923 Brass Cap,
0.5' High, Pile
of Stones

Brass Cap, 1.7'
High, Pile of
Stones

1923 Brass Cap,
0.8' High, Pile
of Stones

1923 Brass Cap,
0.8' High, Pile
of Stones

S88°35'35"W - 2727.31' (Meas.)

S88°40'43"W - 2728.71' (Meas.)

CASTLEGATE FEDERAL
#22C-9-12-10
Elev. Ungraded Ground = 7315'

LEGEND:

- └─┘ = 90° SYMBOL
- = PROPOSED WELL HEAD.
- ▲ = SECTION CORNERS LOCATED.

(AUTONOMUS NAD 83)
LATITUDE = 39°48'01.45" (39.800403)
LONGITUDE = 110°48'35.37" (110.809825)
(AUTONOMUS NAD 27)
LATITUDE = 39°48'01.59" (39.800442)
LONGITUDE = 110°48'32.80" (110.809111)

PIONEER NATURAL RESOURCES USA, INC.

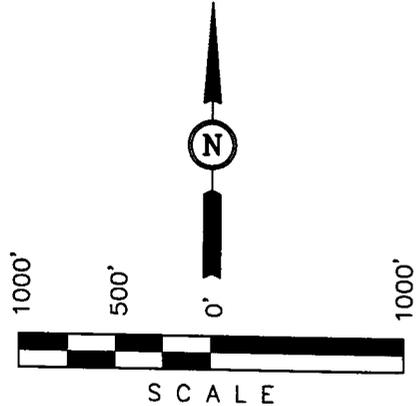
Well location, CASTLEGATE FEDERAL #22C-9-12-10, located as shown in the SE 1/4 NW 1/4 of Section 9, T12S, R10E, S.L.B.&M. Carbon County, Utah.

BASIS OF ELEVATION

BENCH MARK LOCATED IN THE SW 1/4 NE 1/4 OF SECTION 10, T12S, R10E, S.L.B.&M. TAKEN FROM THE MATTS SUMMIT, QUADRANGLE, UTAH, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 7131 FEET.

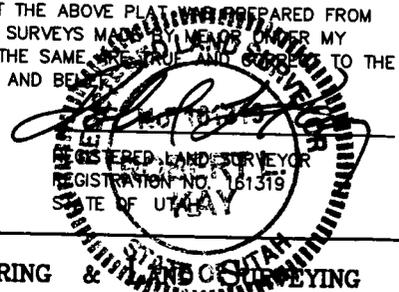
BASIS OF BEARINGS

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.



CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.



UINTAH ENGINEERING & SURVEYING 85 SOUTH 200 EAST - VERNAL, UTAH 84078 (435) 789-1017		
SCALE 1" = 1000'	DATE SURVEYED: 05-11-06	DATE DRAWN: 05-12-06
PARTY D.A. T.A. L.K.	REFERENCES G.L.O. PLAT	
WEATHER WARM	FILE PIONEER NATURAL RESOURCES USA, INC.	

CONFIDENTIAL - TIGHT HOLE

ONSHORE OIL & GAS ORDER NO. 1

Approval of Operations on Onshore
Federal and Indian Oil & Gas Leases

Castlegate Fed #22C-9-12-10

1960' FNL and 1980' FWL
SE NW Section 9, T12S - R10E
Carbon County, Utah

Prepared For:

Pioneer Natural Resources, Inc.

By:

PERMITCO INC.
14421 County Road 10
Ft. Lupton, Colorado 80621
303/857-9999

CONFIDENTIAL - TIGHT HOLE

Copies Sent To:

- 4 - BLM - Moab, UT
- 1 - BLM - Price, UT
- 1 - Utah Division of Oil, Gas & Mining - SLC, UT
- 2 - Pioneer Natural Resources USA, Inc. - Denver, CO
- 1 - Pioneer Natural Resources USA, Inc. - Rangely, CO



APPLICATION FOR PERMIT TO DRILL OR REENTER

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

1. Well plat certified by a registered surveyor.
Attached.
2. A Drilling Plan
Attached.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the Appropriate Forest Service Office.
See Surface Use Plan Attached.
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20).
Bond coverage for this well is provided by Pioneer Natural Resources USA, Inc. under their BLM Bond No. Nationwide Bond No. MTB-000041.
5. Operator certification.
Please be advised that Pioneer Natural Resources USA, Inc. is considered to be the operator of the above mentioned well. Pioneer Natural Resources USA, Inc. agrees to be responsible under the terms and conditions of the lease for the operations conducted upon the leased lands.
6. Such other site specific information and/or plans as may be required by the authorized officer.

**ONSHORE OIL & GAS ORDER NO. 1
Approval of Operations on Onshore
Federal and Indian Oil and Gas Leases**

All lease and/or unit operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (43 CFR 3100), Onshore Oil and Gas Order No. 1, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished the field representative to insure compliance.

1. **ESTIMATED TOPS/ GEOLOGIC MARKERS**

The estimated tops of important geologic markers are as follows:

Formation	Measured Depth	Subsea
Flagstaff/North Horn	Surface	+7,306'
Price River	2,594'	+4,725'
Castlegate	3,264'	+4,055'
Blackhawk	4,049'	+3,270'
First Coal	4,403'	+2,916'
K2 Coal	4,729'	+2,590'
Aberdeen SS	4,909'	+2,410'
Spring Canyon SS	5,074'	+2,245'
T.D.	5,150'	+2,169'



2. ESTIMATED DEPTH OF OIL, GAS WATER AND OTHER MINERAL BEARING ZONES

The estimated depths at which the top and bottom of the anticipated water, oil, gas or other mineral bearing formations are expected to be encountered are as follows:

<i>Substance</i>	<i>Formation</i>	<i>Depth</i>
Gas	First Coal	4,403'
Gas	K2 Coal	4,729'

All fresh water and prospectively valuable minerals encountered during drilling, will be recorded by depth and will be cased and cemented. When possible, water flow rates will be measured and samples will be taken and analyzed with the results being submitted to the BLM. All oil and gas shows will be tested to determine commercial potential.

3. BLOWOUT PREVENTER (BOP) EQUIPMENT

Pioneer Natural Resources USA, Inc.'s minimum specifications for pressure control equipment are as follows:

Ram Type: 3000 psi w.p.

BOP systems will be consistent with API RP 53 and Onshore Oil and Gas Order No. 2. Pressure tests of the surface casing and all BOP equipment potentially subject to pressure will be conducted before drilling the surface casing shoe. Blowout preventer controls will be installed prior to drilling the surface casing shoe and will remain in use until the well is completed or abandoned. Ram preventers will be inspected and operated each trip (no more than once a day is necessary), and annular preventers will be inspected and operated weekly to ensure good mechanical working order. These inspections shall be recorded in the drilling log and in the daily drilling report.

Ram type preventers and associated equipment shall be tested to approved stack working pressure if isolated by test plug or to 70 percent of internal yield pressure of casing. Pressure shall be maintained for at least 10 minutes or until requirements of test are met, whichever is longer. If a test plug is utilized, no bleed-off pressure is acceptable. For a test not utilizing a test plug, if a decline in pressure of more than 10 percent in 30 minutes occurs, the test shall be considered to have failed. Valve on casing head below test plug shall be open during test of BOP stack.



Annular type preventers (if used) shall be tested to 50 percent of rated working pressure. Pressure shall be maintained at least 10 minutes or until provisions of test are met, whichever is longer.

Valves shall be tested from working pressure side during BOPE tests with all down stream valves open.

When testing the kill line valve(s) the check valve shall be held open or the ball removed.

A BOPE pit level drill shall be conducted weekly for each drilling crew.

The BOP and related equipment shall meet the minimum requirements of Onshore Oil and Gas Order No. 2 for equipment and testing requirements, procedures, etc., and individual components shall be operable as designed. Chart recorders shall be used for all pressure tests.

Pressure tests shall apply to all related well control equipment.

All of the above described tests and/or drills shall be recorded in the drilling log. Test charts, with individual test results identified, shall be maintained on location while drilling and shall be made available to a BLM representative upon request.

Pressure tests shall apply to all related well control equipment.

- a. The size and rating of the BOP stack is shown on the attached diagram. Although a rig has not been chosen to drill this well, most of the equipment for this depth of hole in the area use a 11", 3,000 psi working pressure blowout preventor.
- b. A choke line and a kill line are to be properly installed. The kill line is not to be used as a fill-up line.
- c. The accumulator system shall have a pressure capacity to provide for repeated operation of hydraulic preventers.
- d. Drill string safety valve(s), to fit all tools in the drill string, are to be maintained on the rig floor while drilling operations are in progress.



4. CASING AND CEMENTING PROGRAM

- a. The proposed casing and cementing program shall be conducted as approved to protect and/or isolate all usable water zones, potentially productive zones, lost circulation zones, abnormally pressured zones, and any prospectively valuable deposits of minerals. Any isolating medium other than cement shall receive approval prior to use. The casing setting depth shall be calculated to position the casing seat opposite a competent formation which will contain the maximum pressure to which it will be exposed during normal drilling operations. Determination of casing setting depth shall be based on all relevant factors, including; presence/absence of hydrocarbons; fracture gradients; usable water zones; formation pressures; lost circulation zones; other minerals; or other unusual characteristics. All indications of usable water shall be reported.
- b. Casing design shall assume formation pressure gradients of 0.44 to 0.50 psi per foot for exploratory wells (lacking better data).
- c. Casing design shall assume fracture gradients from 0.70 to 1.00 psi per foot for exploratory wells (lacking better data)
- d. Casing collars shall have a minimum clearance of 0.422 inches of all sides in the hole/casing annulus, with recognition that variances can be granted for justified exceptions.
- e. All waiting on cement times shall be adequate to achieve a minimum of 500 psi compressive strength at the casing shoe prior to drilling out.
- f. All casing except the conductor casing, shall be new or reconditioned and tested used casing that meets or exceeds API standards for new casing.
- g. The surface casing shall be cemented back to surface either during the primary cement job or by remedial cementing.
- h. All indications of usable water shall be reported to the authorized officer prior to running the next string of casing or before plugging orders are requested, whichever occurs first.
- i. Three centralizers will be run on the bottom three joints of surface casing with a minimum of one centralizer per joint starting with the shoe joint.



- j. Top plugs shall be used to reduce contamination of cement by displacement fluid. A bottom plug or other acceptable technique, such as a suitable preflush fluid, inner string cement method, etc. shall be utilized to help isolate the cement from contamination by the mud fluid being displaced ahead of the cement slurry.
- k. All casing strings below the conductor shall be pressure tested to 0.22 psi per foot of casing string length or 1500 psi, whichever is greater, but not to exceed 70 percent of the minimum internal yield. If pressure declines more than 10 percent in 30 minutes, corrective action shall be taken.
- l. On all exploratory wells, and on that portion of any well approved for a 5M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. Formation at the shoe shall be tested to a minimum of the mud weight equivalent anticipated to control the formation pressure to the next casing depth or at total depth of the well. This test shall be performed before drilling more than 20 feet of new hole.
- m. The proposed casing program will be as follows:

<i>Purpose</i>	<i>Depth</i>	<i>Hole Size</i>	<i>O.D.</i>	<i>Weight</i>	<i>Grade</i>	<i>Type</i>	<i>New/Used</i>
Surface	0' - 600'	11"	8-5/8"	24#	J-55	ST&C	New
Production	0' - 5,150'	7-7/8"	5-1/2"	17#	J-55	LT&C	New

- n. Casing design subject to revision based on geologic conditions encountered.
- o. The cement program will be as follows:

<i>Surface</i>	<i>Type and Amount</i>
0 - 600'	450 sx Class G, 1.2 cu ft/sk, 15.6 ppg
<i>Production</i>	<i>Type and Amount</i>
600' - 5,150'	Lead: 250 sx Hifill, 3.86 cu ft/sk, 11 ppg Tail: 300 sx 50/50 Poz AG, 2% Bentonite, 1.19 cu ft/sk, 14.5 ppg

- p. After cementing but before commencing any test, the casing string shall stand cemented until the cement has reached a compressive strength of at least 500 psi at the shoe. WOC time shall be recorded in the driller's log.



- q. The following reports shall be filed with the District Manager within 30 days after the work is completed.
1. Progress reports, Form 3160-5 (formerly 9-331) "Sundry Notices and Reports on Wells", must include complete information concerning:
 - a. Setting of each string of casing, showing the size, grade, weight of casing set, hole size, setting depth, amounts and type of cement used, whether cement circulated or the top of the cement behind the casing, depth of cementing tools used, casing test method and results, and the date work was done. Show the spud date on the first reports submitted.
 - b. Temperature or bond logs must be submitted for each well where the casing cement was not circulated to the surface.
- r. Auxiliary equipment to be used is as follows:
1. Kelly cock
 2. No bit float is deemed necessary.
 3. A sub with a full opening valve.

5. MUD PROGRAM

- a. The proposed circulating mediums to be employed in drilling are as follows:

<i>Interval</i>	<i>Mud Type</i>	<i>Mud Wt.</i>	<i>Visc.</i>	<i>F/L</i>
0' - 600'	Spud Mud	8.4-9.5	28-40	N/A
600' - 5,150'	2% KCL/Polymer	8.8-9.5	40-45	10-14

Sufficient mud materials will be stored on location to maintain well control and combat lost circulation problems that might reasonably be expected.

- b. Due to potential for contamination of usable quality water aquifers, chromates are banned from Federal leases.



- c. Hazardous substances specifically listed by the EPA as a hazardous waste or demonstrating a characteristic of a hazardous waste will not be used in drilling, testing or completion operations.

6. TESTING, LOGGING AND CORING

The anticipated type and amount of testing, logging and coring are as follows:

- a. No drill stem tests are anticipated. However, if DST's are run, the following requirements will be adhered to:

Initial opening of drill stem test tools shall be restricted to daylight hours unless specific approval to start during other hours is obtained from the authorized officer. However, DST's may be allowed to continue at night if the test was initiated during daylight hours and the rate of flow is stabilized and if adequate lighting is available (i.e. lighting which is adequate for visibility and vapor-proof for safe operations). Packers can be released, but tripping shall not begin before daylight, unless prior approval is obtained from the authorized officer. Closed chamber DSTs may be accomplished day or night.

A DST that flows to the surface with evidence of hydrocarbons shall be either reversed out of the testing string under controlled surface conditions. This would involve provided some means for reverse circulation.

Separation equipment required for the anticipated recovery shall be properly installed before a test starts.

All engines within 100 feet of the wellbore that are required to "run" during the test shall have spark arresters or water cooled exhausts.

- b. The logging program will consist of a Triple Combo with High Res Density.
c. No cores are anticipated.



- d. Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3164. Two copies of all logs, core descriptions, core analyses, well-test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with form 3160-4. Samples (cuttings, fluids, and/or gases) will be submitted when requested by the authorized officer (AO).
- e. The anticipated completion program is as follows:

Perforate zones of interest and place on production.

7. ANTICIPATED PRESSURES AND H₂S

- a. The expected maximum bottom hole pressure is 1500 psi. No abnormal pressures are anticipated.
- b. No hydrogen sulfide gas is anticipated.
- c. As per Onshore Order No. 6, III,A,2.b., if hydrogen sulfide is present the "operator shall initially test the H₂S concentration of the gas stream for each well or production facility..." Submit the results of this test within 30 days of filing Form 3160-4, "Well Completion or Recompletion Report and Log".

8. OTHER INFORMATION AND NOTIFICATION REQUIREMENTS

- a. Should the well be successfully completed for production, the AO will be notified when the well is placed in a producing status. Such notification will be sent by telegram or other written communications, not later than 5 days following the date on which the well is placed on production.
- b. Production data shall be reported to the MMS pursuant to 30 CFR 216.5 using form MMS/3160.



- c. The date on which production is commenced or resumed will be construed for oil wells as the date on which liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which liquid hydrocarbons are first produced into a permanent storage facility, whichever first occurs; and, for gas wells as the date on which associated liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or the date on which gas is first measured through permanent metering facilities, whichever first occurs.
- d. Pursuant to NTL-4A, lessees or operators are authorized to vent/flare gas during initial well evaluation tests, not exceeding a period of 30 days or the production of 50 MMCF of gas, whichever occurs first. An application must be filed with the District Engineer and approval received, for any venting/flaring of gas beyond the initial 30 day or authorized test period.
- e. Gas produced from this well may not be vented or flared beyond an initial authorized test period of 30 days or 50 MMCF following its completion, whichever occurs first, without the prior written approval of the Authorized Officer. Should gas be vented or flared without approval beyond the authorized test period, the operator may be directed to shut-in the well until the gas can be captured or the operator shall be required to compensate the lessor for that portion of the gas vented or flared without approval which is determined to have been avoidably lost.
- f. A schematic facilities diagram as required by 43 CFR 3162.7-2, 3162.7-3 and 3162.7-4 shall be submitted to the appropriate District Office within 30 days of installation or first production, whichever occurs first. All site security regulations as specified in 43 CFR 3162.7 and Onshore Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with 43 CFR 3162.7-4.
- g. Section 102(b)(3) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3162.4-1(c), requires that "not later than the 5th business day after any well begins production on which royalty is due anywhere on a lease site or allocated to a lease site, or resumes production in the case of a well which has been off production for more than 90 days, the operator shall notify the authorized officer by letter or sundry notice, Form 3160-5, or orally to be followed by a letter or sundry notice, of the date on which such production has begun or resumed."

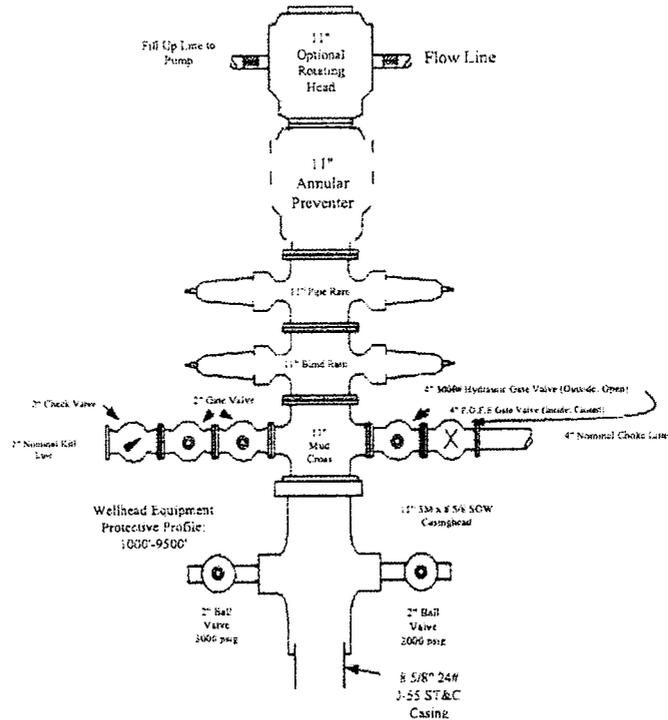


If you fail to comply with this requirement in the manner and time allowed, you shall be liable for a civil penalty of up to \$10,000 per violation for each day such violation continues, not to exceed a maximum of 20 days. See Section 109(c)(3) of the Federal Oil and Gas Royalty Management Act of 1982 and the implementing regulations at Title 43 CFR 3162.4-1(b)(5)(ii).

- h. Drilling operations are planned to commence upon approval of this application.
- i. It is anticipated that the drilling of this well will take approximately 5 days.
- j. No location will be constructed or moved, no well will be plugged, and no drilling or workover equipment will be removed from a well to be placed in a suspended status without prior approval of the AO. If operations are to be suspended, prior approval of the AO will be obtained and notification given before resumption of operations.
- k. Immediate Report: Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be promptly reported in accordance with the requirements of NTL-3A or its revision.
- l. If a replacement rig is contemplated for completion operations, a "Sundry Notice" Form 3160-5 to that effect will be filed, for prior approval of the AO, and all conditions of this approved plan are applicable during all operations conducted with the replacement rig.
- m. Pursuant to Onshore Order No. 7, with the approval of the District Engineer, produced water may be temporarily disposed of into unlined pits for a period of up to 90 days. During the period so authorized, an application for approval of the permanent disposal method, along with the required water analysis and other information, must be submitted to the District Engineer.
- n. No well abandonment operations will be commenced without the prior approval of the AO. In the case of newly drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the SO. A "Subsequent Report of Abandonment" Form 3160-5, will be filed with the AO within 30 days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the AO or his representative. or the appropriate Surface Managing Agency.



Pioneer Minimum Class 3 Annular
 Blow-Out Preventer Requirements
 All 3000 PSI WP Equipment
 (Except Casinghead & Spools as Noted
 Below



ONSHORE OIL & GAS ORDER NO. 1
Thirteen Point Surface Use Plan

An onsite inspection of the subject well was conducted on Tuesday, July 25, 2006 at approximately 9:00 a.m. Weather conditions were cloudy and warm. In attendance at the onsite inspection were the following individuals:

Don Stephens	NRS	Bureau of Land Management
David Waller	Wildlife Biologist	Bureau of Land Management
Kirsten Jenkins	Wildlife Biologist	Utah Division of Oil, Gas & Mining
Lisa Smith	President	Permitco Inc.
Dallas Christianson	Relief Lease Operator	Pioneer Natural Resources USA, Inc.
Bob Sencenbaugh	Operations Engineer	Pioneer Natural Resources USA, Inc.

1. EXISTING ROADS

a. The proposed well site is located approximately 12.8 miles northeast of Helper, Utah.

b. Directions to the location from Helper, Utah are as follows:

Proceed north on Highway 157 for 2.7 miles. Turn right onto Highway 33 (191) and proceed northeast 7.6 miles. Turn left at the Emma Park Cutoff and proceed west 1.3 miles. Turn left and proceed south 0.1 miles. Turn right onto the proposed access and proceed westerly 0.2 miles until reaching the proposed location.

c. For location of access roads within a 2-Mile radius, see Maps A & B.

d. Improvement to the existing access will not be necessary since all roads are maintained by the Grand County Road Department or Utah State Highway department.

e. All existing roads will be maintained and kept in good repair during all drilling and completion operations associated with this well.

f. Existing roads and newly constructed roads on surface under the jurisdiction of any Surface Managing Agency shall be maintained in accordance with the standards of the SMA.



2. PLANNED ACCESS ROADS

- a. The last 0.2 miles of access will be new construction. The road will be constructed in accordance with Gold Book standards.
- b. The road will be crowned and ditch with a running surface of 14 feet.
- c. The maximum grade of the new access will be approximately 8%.
- d. No turnouts will be necessary.
- e. One 24" culvert will be installed along the new access road.
- f. The proposed access road was centerline flagged at the time of staking.
- g. Surfacing of the pad and new access may be necessary, depending on the weather conditions at the time of drilling.
- h. No cattle guards will be necessary. There is one existing locked gate where the access leaves the county road.
- i. Surface disturbance and vehicular travel will be limited to the approved location and approved access route. Any additional area needed will be approved by the Field Manager in advance.
- j. If at any time the facilities located on public lands authorized by the terms of the lease are no longer included in the lease (due to a contraction in the unit or other lease or unit boundary change) the BLM will process a change in authorization to the appropriate statute. The authorization will be subject to appropriate rental, or other financial obligations determined by the authorized officer.
- k. No road right of way will be necessary.

3. LOCATION OF EXISTING WELLS WITHIN A 1-MILE RADIUS OF THE PROPOSED LOCATION.
SEE MAP "C"

- a. Water wells - none
- b. Injection wells - none
- c. Producing wells - nine



- d. Drilling wells - none
- e. Shut In wells - none
- f. Abandoned wells - one
- g. Dry Holes - none

4. PROPOSED PRODUCTION FACILITIES

- a. Production facilities will be located on the well pad. A Production Facilities Layout is attached. All areas not needed for production and work-over operations will be reclaimed.
- b. If a pumping unit is installed, it will be equipped with a noise reducing muffler (similar to a DP-60).
- c. All permanent structures (onsite for six months or longer) constructed or installed (including oil well pump jacks) will be painted a flat, nonreflective color to match the standard environmental colors, as determined by the Rocky Mountain Five-State Interagency Committee. All facilities will be painted within six months of installation. Facilities required to comply with the Occupational Safety and Health Act (OSHA) may be excluded. Colors will match the adjacent vegetation. The actual color will be specified by the Bureau of Land Management or the Utah Division of Oil, Gas and Mining.
- d. All site security guidelines identified in 43 CFR 3162.7-5 and Onshore Oil and Gas Order No. 3 shall be followed:
- e. If a gas meter run is constructed, it will be located within 500 feet of the wellhead. The gas flowline will be buried from the wellhead to the meter and will be buried downstream of the meter until it leaves the pad. Meter runs will be housed and/or fenced. The gas meter shall be calibrated prior to first sales and shall be calibrated quarterly thereafter. All gas production and measurement shall comply with the provision of 43 CFR 3162.7-3, Onshore Order No. 5 and American Gas Association (AGA) Report No. 3.
- f. The tank battery will be surrounded by a berm of sufficient capacity to contain 1-1/2 times the storage capacity of the largest tank. All loading lines and valves will be placed inside the berm surrounding the tank battery. All oil production and measurement shall conform to the provisions of 43 CFR 3162.7-3 and Onshore Oil and Gas Order No. 4.



- g. Production facilities on location may include a lined or unlined produced water pit as specified in Onshore Order No. 7. If water is produced from the well, an Onshore Order No. 7 application must be submitted.
- h. Any necessary pits will be properly fenced to prevent any wildlife entry.
- i. All off-lease storage, off-lease measurement, or commingling on-lease or off-lease will have prior written approval from the Authorized Officer.
- j. All access roads will be maintained as necessary to prevent erosion and accommodate year-round traffic.
- k. The road will be maintained in a safe useable condition.

5. LOCATION AND TYPE OF WATER SUPPLY

- a. All water needed for drilling purposes will be obtained from the municipal water supply in Price, Utah.
- b. Water will be hauled to location over the roads marked on Maps A and B.
- c. No water well is to be drilled on this lease.
- d. The water hauler will notify the appropriate authorities prior to utilizing the municipal water source.

6. CONSTRUCTION MATERIALS

- a. Pad construction material will be native (that found in the well pad).
- b. Native material found in the pad may also be used for road upgrading.
- c. The use of materials under BLM jurisdiction will conform with 43 CFR 3610.2-3.
- d. No construction materials will be removed from Federal land.



7. METHODS OF HANDLING WASTE DISPOSAL

- a. All fluids contained within the reserve pit will be allowed to evaporate and the pit will be backfilled. The reserve pit will be lined with a 12 mil liner as requested by the Utah Division of Oil, Gas and Mining.
- b. Burning will not be allowed. All trash will be contained in a trash cage and its contents removed at the end of drilling operations and hauled to an approved disposal sight. Trash will be hauled as necessary, but not later than at the completion of drilling operations.
- c. Any salts and/or chemicals which are an integral part of the drilling system will be disposed of in the same manner as the drilling fluid.
- d. Sewage will be placed in a portable chemical toilet or holding tank and disposed of in accordance with state and county regulations.
- e. The produced fluids (other than water) will be produced into a test tank until such time as construction of production facilities is completed. Any spills of oil, gas salt water or other produced fluids will be cleaned up and removed.

8. ANCILLARY FACILITIES

There are no airstrips, camps, or other facilities planned during the drilling of the proposed well.

9. WELLSITE LAYOUT

- a. See Location Layout and Typical Cross Sections for orientation of rig, cross section of drill pad and cuts and fills.
- b. Six inches of topsoil (or the maximum available) will be salvaged during construction and reserved for use in reclamation.
- c. Any sage brush will be stockpiled separately from the topsoil.
- d. The location of mud tanks; reserve pit, trash cage; pipe racks; living facilities and soil stockpiles is shown on the Typical Rig Layout.



- e. The flare pit will be located a minimum of 30 feet from the edge of the reserve pit and a minimum of 100 feet from the well head.
- f. The reserve pit will be fenced on three sides with 3 strands of barbed wire.
- f. Any pits containing fluid will be fenced to prevent wildlife entry.
- g. The proposed pipeline is shown on Map D. The tie-in point is located near the #7-9 in the NW NE Section 9, T12S-R10E.
- h. Any buried pipelines will be seeded with the same seed mixture to be specified by the BLM.
- i. All wells, whether drilling, producing, suspended, or abandoned, will be identified in accordance with 43 CFR 3162.6

10. PLANS FOR RESTORATION OF SURFACE

- a. Immediately upon completion of drilling, all equipment that is not necessary for production shall be removed.
- b. The reserve pit will be allowed to dry and will then be backfilled.
- c. Immediately upon well completion, the location and surrounding area will be cleared of all unused tubing, equipment, debris, materials, trash and junk not required for production.
- d. Seeding will be done in the fall as required by the BLM.
- e. The abandonment marker will be at least four feet above ground level and will be inscribed with the following: operator name, lease number, well name and surveyed description (township, range, section and either quarter-quarter or footages).
- f. At such time as the well is plugged and abandoned, the operator shall submit a subsequent report of abandonment.



11. **SURFACE/MINERAL OWNERSHIP**

Access Roads - All roads are maintained by the Carbon County Road Department or Utah State Highway Department or are located on BLM Lands within the lease boundary. Approximately 0.1 miles of existing access road in the W/2 NW NE is on private land owned by James Jensen, 2961 E. Caitland Ct., Salt Lake City, UT 84121. An agreement is already in place for use of the access road.

Well pad - The well pad is located on Bureau of Land Management.

12. **OTHER INFORMATION**

a. A Class III archeological has been conducted by Montgomery Archeological Consultants, Inc. No cultural resources were found. A copy of this report is attached.

b. The operator is responsible for informing all persons in the areas who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, the operator is to immediately stop work that might further disturb such materials, and contact the authorized officer (AO). Within five working days the AO will inform the operator as to:

-whether the materials appear eligible for the National Register of Historic Places;

-the mitigation measures the operator will likely have to undertake before the site can be used (assuming in situ preservation is not necessary); and

-a time frame for the AO to complete and expedited review under 36 CFR 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the AO are correct and that mitigation is appropriate.



If the operator wishes, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this process, the AO will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation costs. The AO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the AO that required mitigation has been completed, the operator will then be allowed to resume construction.

- c. All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil and Gas Orders, the approved plan of operations, and any applicable Notice to Lessees. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished the field representative to insure compliance.
- d. A complete copy of the approved APD shall be on location during construction of the location and drilling activities.
- e. There will be no deviation from the proposed drilling and/or work over program without prior approval from the AO. Safe drilling and operating practices must be observed. All wells, whether drilling, producing, suspended, or abandoned will be identified in accordance with 43 CFR 3162.h.
- f. "Sundry Notice and Report on Wells" (From 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3162.3-2.
- g. This permit will be valid for a period of one year from the date of approval. An extension period may be granted, if requested, prior to the expiration of the original approval period.
- h. The operator or his contractor shall contact the BLM Offices at 435/259-6111 48 hours prior to construction activities.



ONSHORE ORDER NO. 1
Pioneer Natural Resources USA, Inc.
Castlegate Fed #22C-9-12-10
1960' FNL and 1980' FWL
SE NW Section 9, T12S - R10E
Carbon County, Utah

CONFIDENTIAL - TIGHT HOLE

Lease No. UTU-65948

SURFACE USE PLAN

Page 9

13. **LESSEE'S OR OPERATOR'S REPRESENTATIVE AND CERTIFICATION**

Permit Matters

PERMITCO INC.

Lisa L. Smith
14421 County Road 10
Ft. Lupton, CO 80621
303/857-9999 (Office)
303/857-0577 (Fax)

Drilling & Completion Matters

Pioneer Natural Resources USA, Inc.

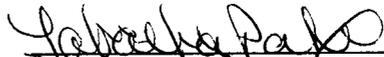
1401 - 17th Street, Suite 1200
Denver, CO 80202
Steve Schreck
303/675-2782 (Office)
303/294-1275 (Fax)

CERTIFICATION

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Pioneer Natural Resources USA, Inc. and their contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

August 7, 2006
Date:



Tabatha Parker - PERMITCO INC.
Authorized Agent for:
Pioneer Natural Resources USA, Inc.



PIPELINE INFORMATION
Castlegate Fed #22C-9-12-10

1. The type of pipeline is a gathering line.
2. The maximum outside diameters (O.D.) of all pipe size 6".
3. The anticipated production through the line is 150 MCF/day.
4. The anticipated maximum test pressure is 150 psi.
5. The anticipated operating pressure is 30-40 psi.
6. The type of pipe is SDR-11 (or 7) Poly.
7. The method of coupling is welded (fusion).
8. Water and gas lines will be located in the same trench.
9. A wireline will be installed in the trench for future line detection.
10. The total length of pipeline is approximately 1500 feet.
11. The pipeline will be buried to a minimum depth of 4 feet and a maximum depth of 6 feet.
12. The width of the trench will be 4-5 feet.
13. The method of entrenchment will be with a track hoe.
14. The construction width needed for total surface disturbing activities is 30 feet.
15. The estimate of total acreage involving all surface disturbing activities is 1.03 acres.
16. There will be shut in/isolation valves on each end of the line.
17. The pipeline will be reclaimed utilizing the reclamation procedures and seed mixture specified by the Bureau of Land Management.



PIONEER NATURAL RESOURCES USA, INC.
CASTLEGATE FEDERAL #22C-9-12-10
 LOCATED IN CARBON COUNTY, UTAH
 SECTION 9, T12S, R10E, S.L.B.&M.

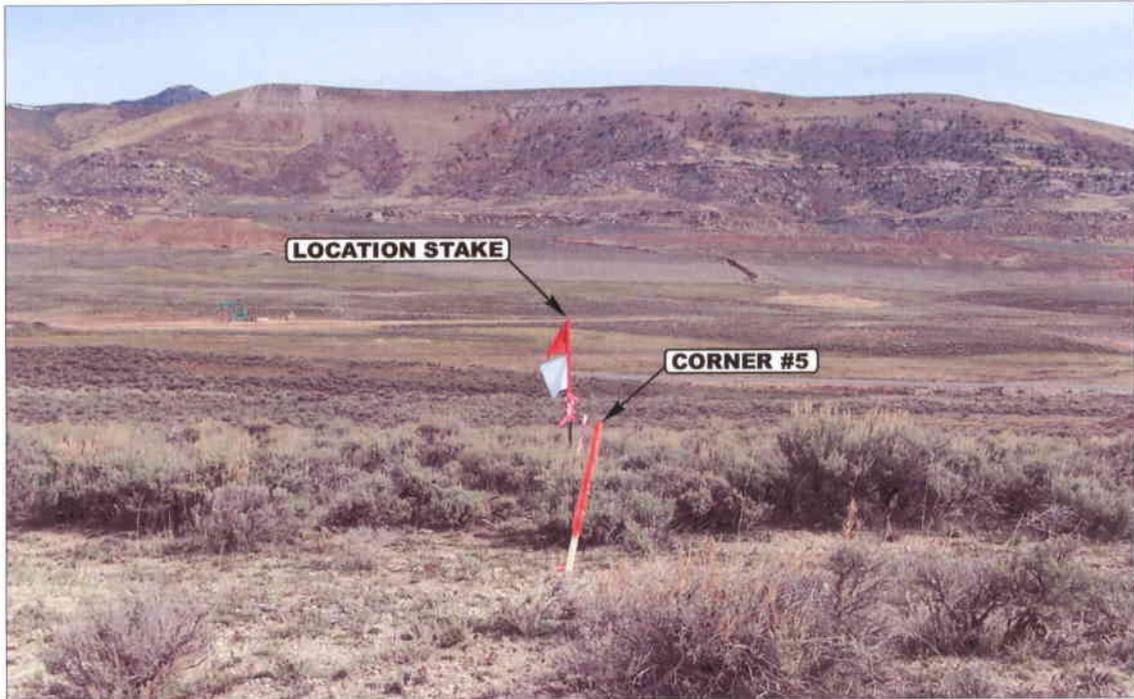


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: NORTHERLY



PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

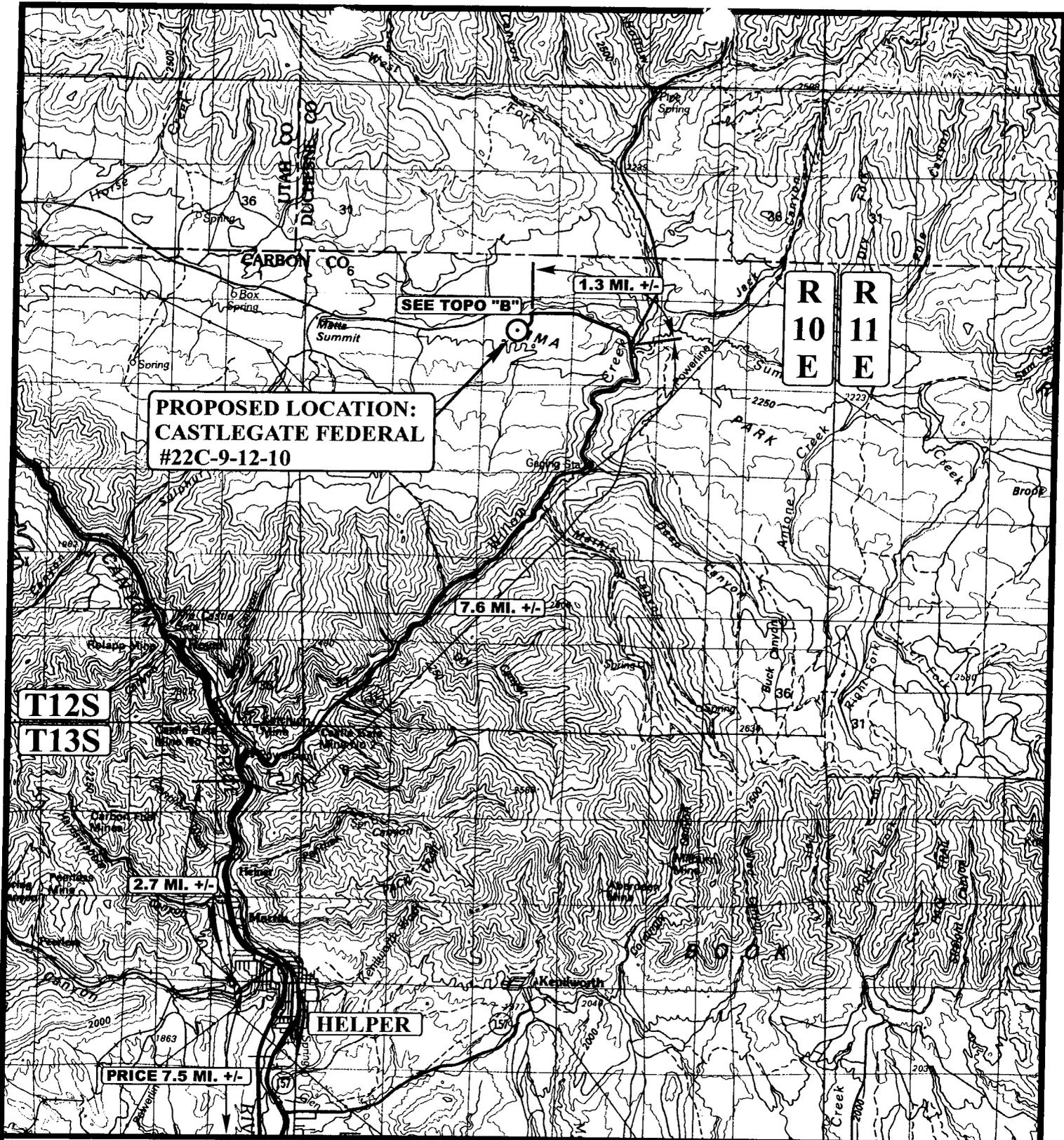
CAMERA ANGLE: WESTERLY



- Since 1964 -

UELS Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 435-789-1017 uels@uelsinc.com

LOCATION PHOTOS			05	15	06	PHOTO
			MONTH	DAY	YEAR	
TAKEN BY: D.A.	DRAWN BY: L.K.	REVISED: 00-00-00				



LEGEND:

○ PROPOSED LOCATION



PIONEER NATURAL RESOURCES USA, INC.

**CASTLEGATE FEDERAL #22C-9-12-10
SECTION 9, T12S, R10E, S.L.B.&M.
1960' FNL 1980' FWL**

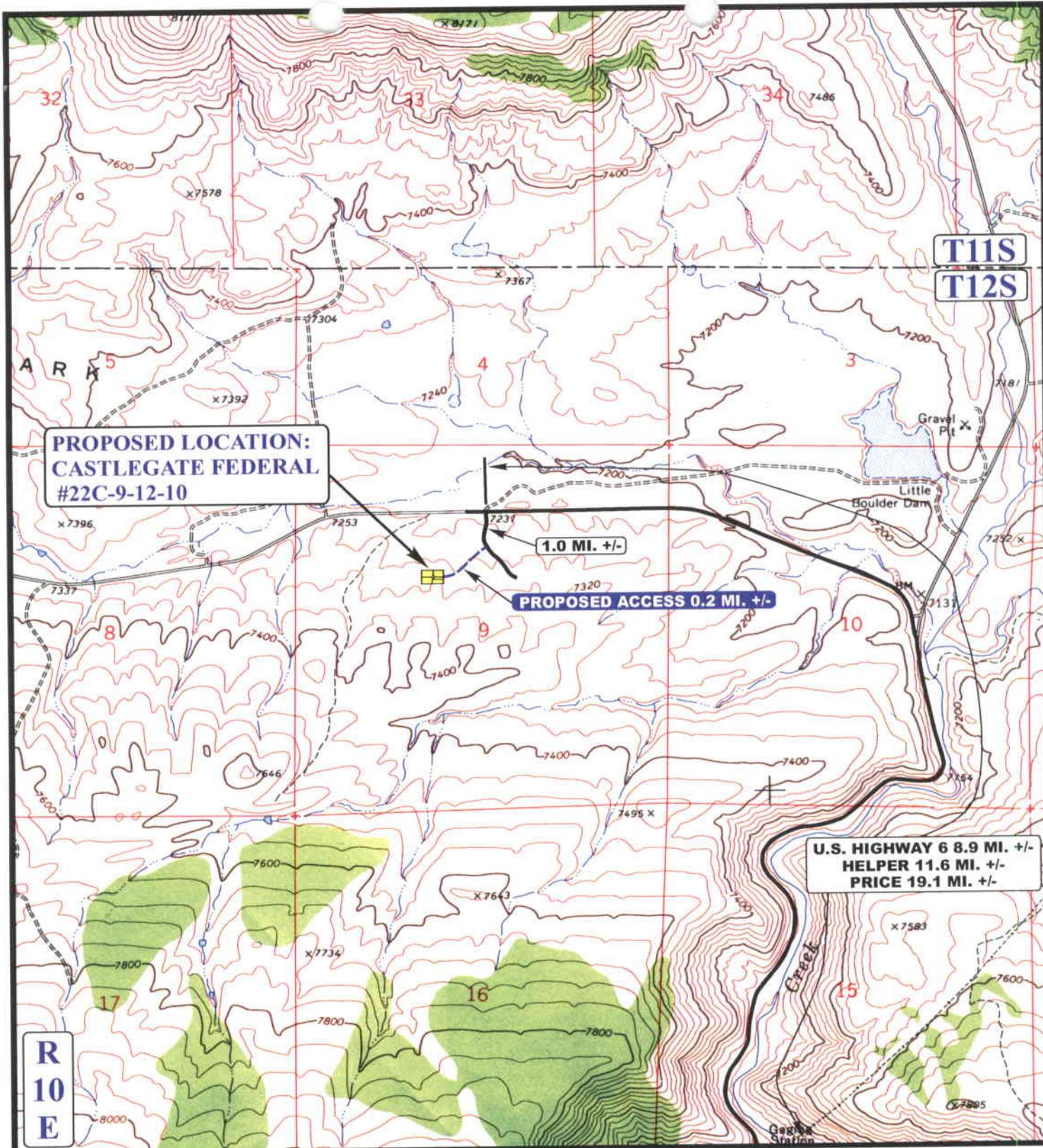


Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC 05 15 06
MAP MONTH DAY YEAR

SCALE: 1:100,000 | DRAWN BY: L.K. | REVISED: 00-00-00





T11S
T12S

**PROPOSED LOCATION:
CASTLEGATE FEDERAL
#22C-9-12-10**

1.0 MI. +/-
PROPOSED ACCESS 0.2 MI. +/-

**U.S. HIGHWAY 6 8.9 MI. +/-
HELPER 11.6 MI. +/-
PRICE 19.1 MI. +/-**

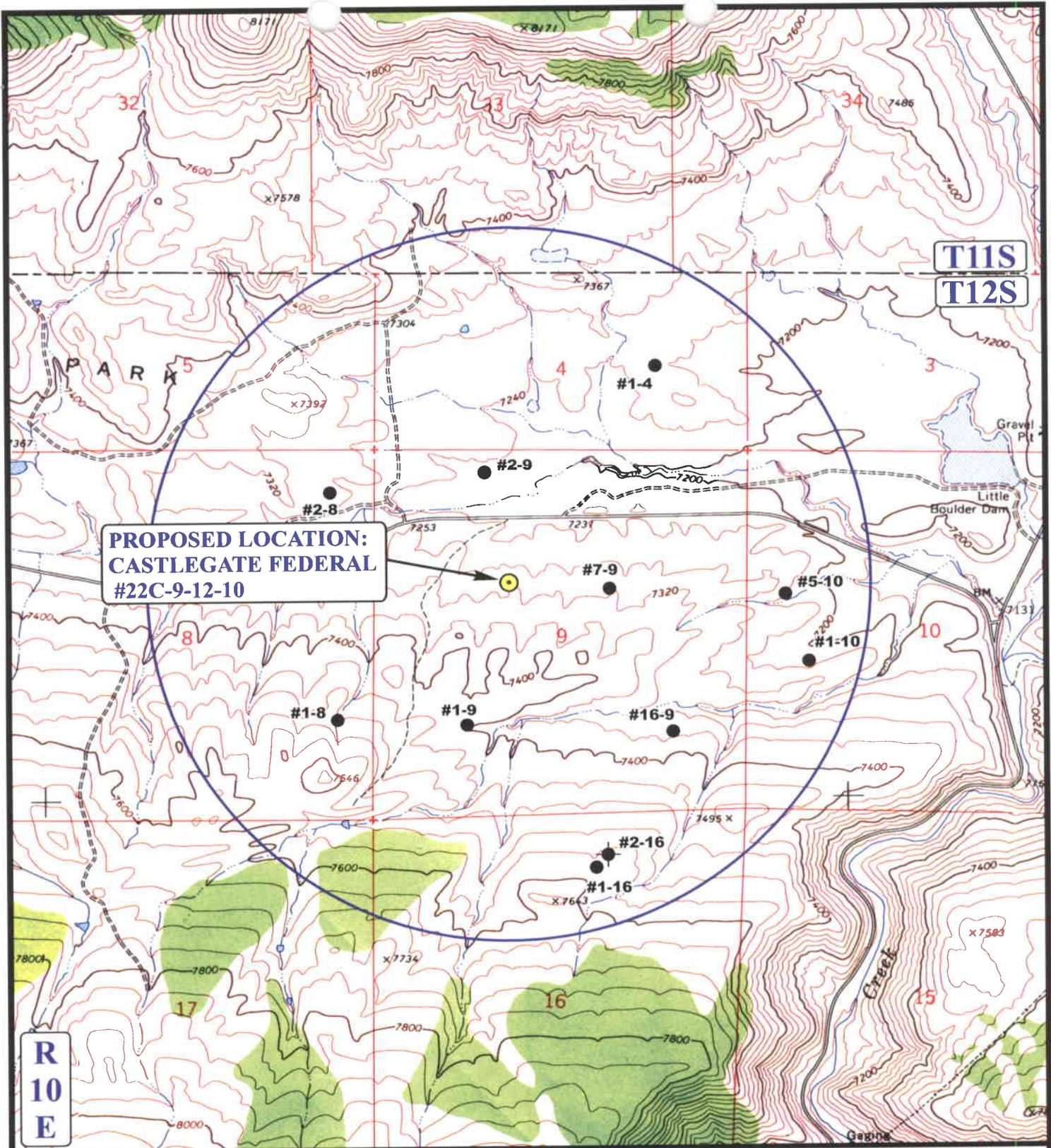
R
10
E

LEGEND:
 ————— EXISTING ROAD
 - - - - - PROPOSED ACCESS ROAD

PIONEER NATURAL RESOURCES USA, INC.
CASTLEGATE FEDERAL #22C-9-12-10
SECTION 9, T12S, R10E, S.L.B.&M.
1960' FNL 1980' FWL

UELS **Uintah Engineering & Land Surveying**
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC **05 15 06**
MAP MONTH DAY YEAR
 SCALE: 1" = 2000' DRAWN BY: L.K. REVISED: 00-00-00 **B**
TOPO



**PROPOSED LOCATION:
CASTLEGATE FEDERAL
#22C-9-12-10**

LEGEND:

- ⊗ DISPOSAL WELLS
- PRODUCING WELLS
- SHUT IN WELLS
- ⊗ WATER WELLS
- ABANDONED WELLS
- TEMPORARILY ABANDONED



PIONEER NATURAL RESOURCES USA, INC.

**CASTLEGATE FEDERAL #22C-9-12-10
SECTION 9, T12S, R10E, S.L.B.&M.
1960' FNL 1980' FWL**



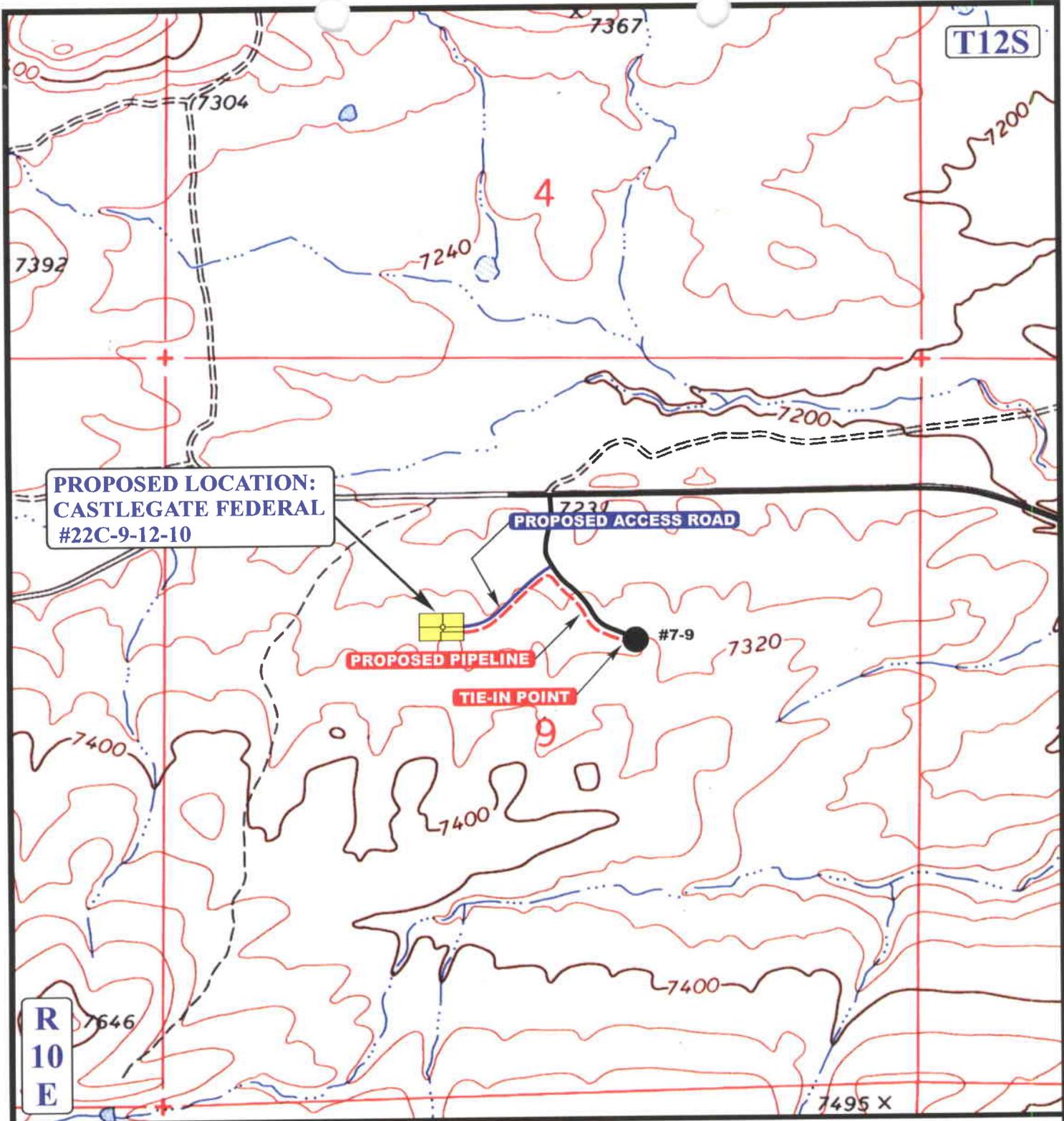
Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

**TOPOGRAPHIC
MAP**

05 15 06
MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: L.K. REVISED: 00-00-00





APPROXIMATE TOTAL PIPELINE DISTANCE = 1,500' +/-

LEGEND:

-  PROPOSED ACCESS ROAD
-  EXISTING PIPELINE
-  PROPOSED PIPELINE
-  PROPOSED PIPELINE (SERVICING OTHER WELLS)



PIONEER NATURAL RESOURCES USA, INC.

CASTLEGATE FEDERAL #22C-9-12-10
SECTION 9, T12S, R10E, S.L.B.&M.
 1960' FNL 1980' FWL



Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC
MAP

05	22	06
MONTH	DAY	YEAR

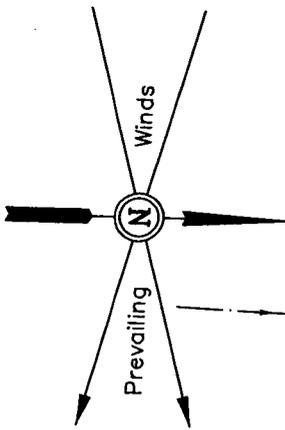
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PIONEER NATURAL RESOURCES USA, INC.

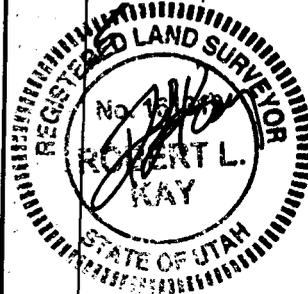
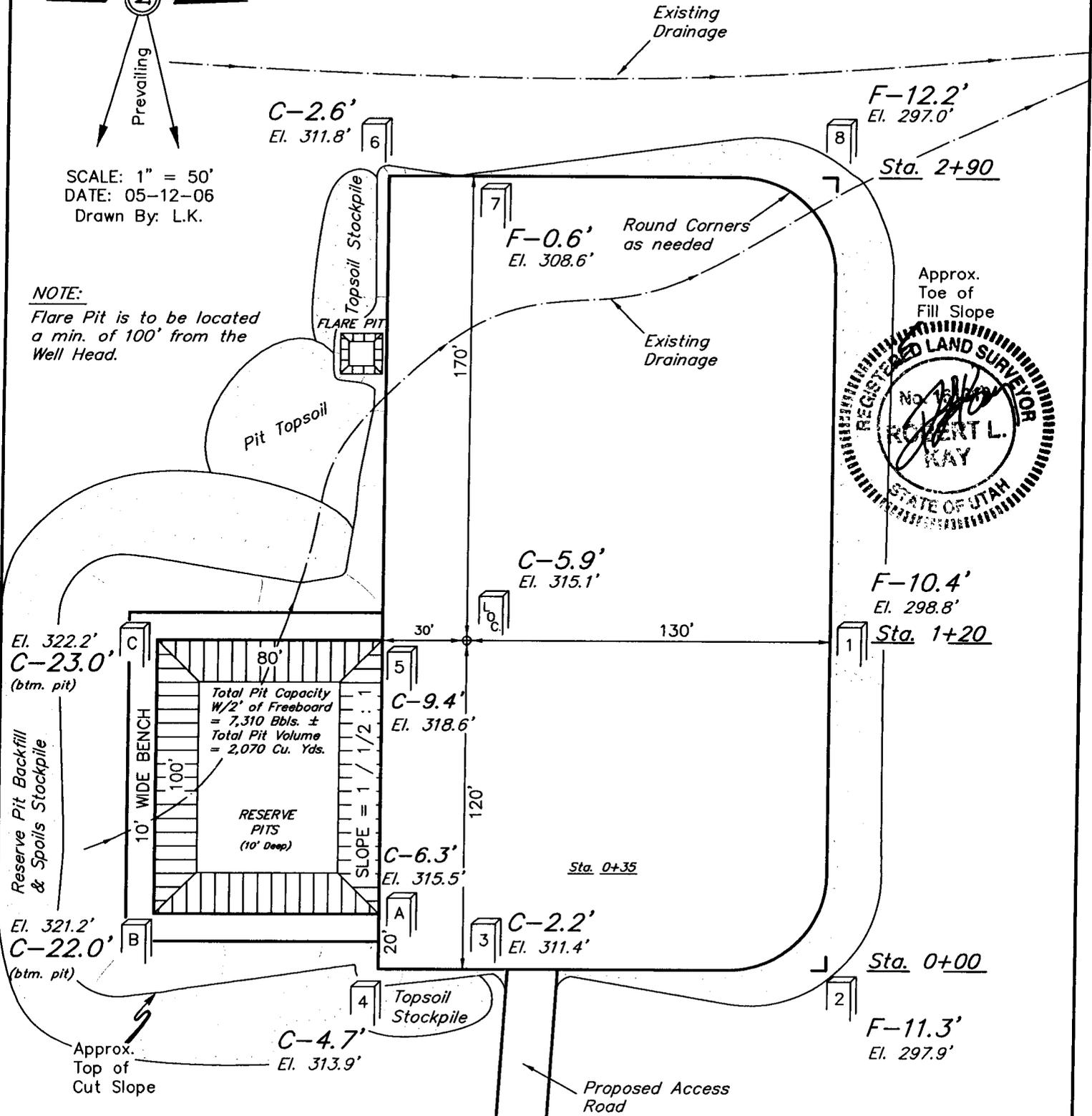
FIGURE #1

LOCATION LAYOUT FOR
 CASTLEGATE FEDERAL #22C-9-12-10
 SECTION 9, T12S, R10E, S.L.B.&M.
 1960' FNL 1980' FWL



SCALE: 1" = 50'
 DATE: 05-12-06
 Drawn By: L.K.

NOTE:
 Flare Pit is to be located
 a min. of 100' from the
 Well Head.



NOTES:

Elev. Ungraded Ground At Loc. Stake = 7315.1'
 FINISHED GRADE ELEV. AT LOC. STAKE = 7309.2'

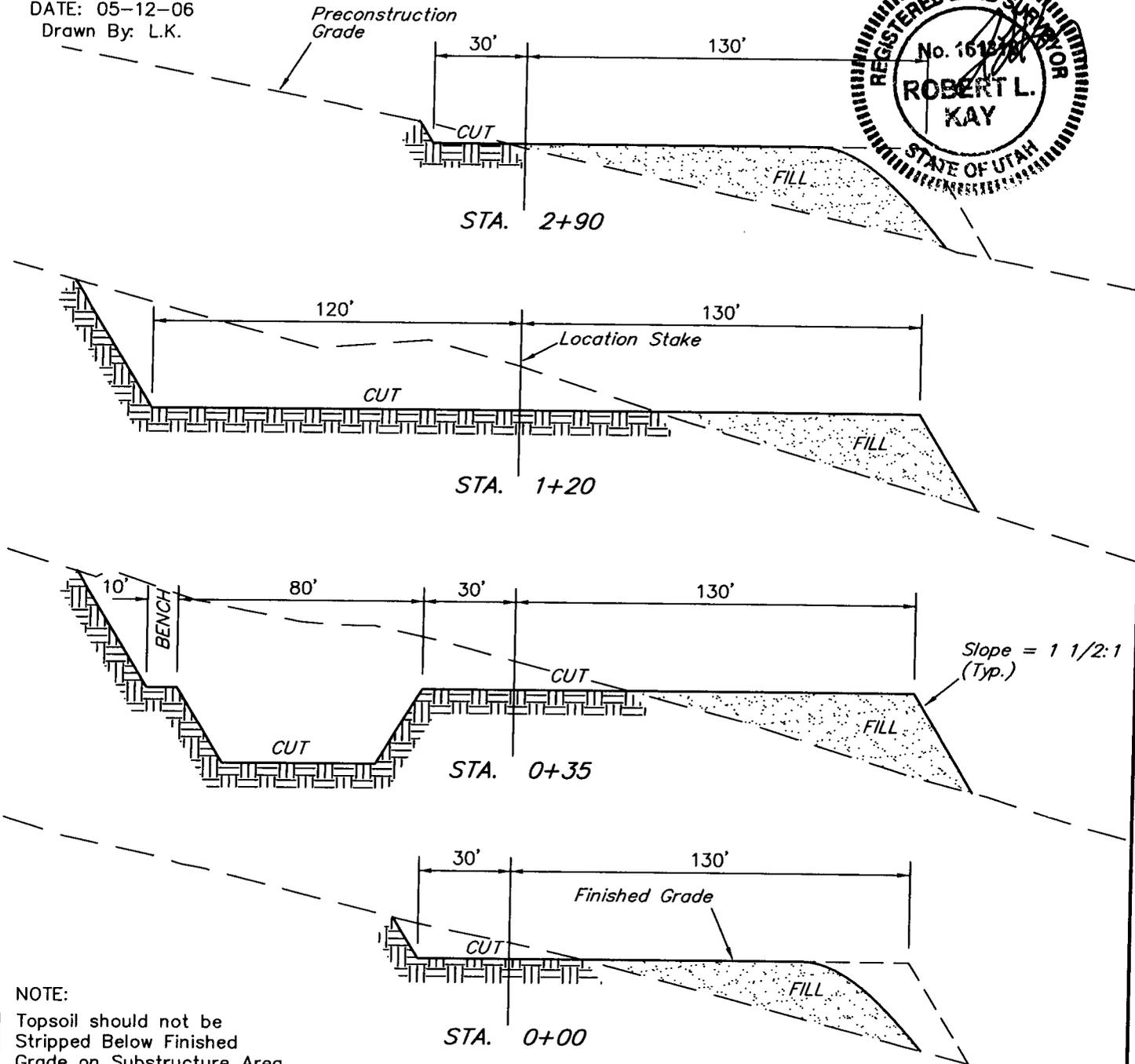
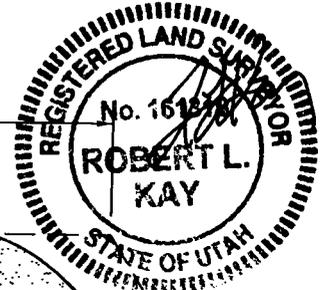
PIONEER NATURAL RESOURCES USA, INC.

FIGURE #2

TYPICAL CROSS SECTIONS FOR
 CASTLEGATE FEDERAL #22C-9-12-10
 SECTION 9, T12S, R10E, S.L.B.&M.
 1960' FNL 1980' FWL

1" = 20'
 X-Section Scale
 1" = 50'

DATE: 05-12-06
 Drawn By: L.K.



NOTE:
 Topsoil should not be Stripped Below Finished Grade on Substructure Area.

* NOTE:
 FILL QUANTITY INCLUDES 5% FOR COMPACTION

APPROXIMATE YARDAGES

CUT	
(6") Topsoil Stripping	= 1,410 Cu. Yds.
Remaining Location	= 9,350 Cu. Yds.
TOTAL CUT	= 10,760 CU.YDS.
FILL	= 8,310 CU.YDS.

EXCESS MATERIAL	= 2,450 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 2,450 Cu. Yds.
EXCESS UNBALANCE (After Interim Rehabilitation)	= 0 Cu. Yds.

UINTAH ENGINEERING & LAND SURVEYING
 85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017

FEDERAL STIPULATIONS

No drilling operations will be allowed between March 15th to July 31st for the protection of Sage Grouse.



CULTURAL RESOURCE INVENTORY OF
PIONEER NATURAL RESOURCES'
PROPOSED CASTLEGATE FEDERAL #22C-9-12-10
WELL LOCATION (T12S R10E SEC. 9)
CARBON COUNTY, UTAH

Kiera Simms

CULTURAL RESOURCE INVENTORY OF
PIONEER NATURAL RESOURCES'
PROPOSED CASTLEGATE FEDERAL #22C-9-12-10
WELL LOCATION (T12S R10E SEC. 9)
CARBON COUNTY, UTAH

By:

Kiera Simms

Prepared For:

Bureau of Land Management
Price Field Office

Prepared Under Contract With:

PermitCo, Inc.
14421 County Rd. 10
Fort Lupton, Colorado 80621

Prepared By:

Montgomery Archaeological Consultants, Inc.
P.O. Box 219
Moab, Utah 84532

MOAC Report No. 06-271

June 29, 2006

United States Department of Interior (FLPMA)
Permit No. 06-UT-60122

State of Utah Antiquities Project (Survey)
Permit No. U-06-MQ-0891b

INTRODUCTION

INTRODUCTION

A cultural resource inventory was conducted by Montgomery Archaeological Consultants (MOAC) in May, 2006 for Pioneer Natural Resources' proposed Castlegate Federal #22C-9-12-10 well location, and access/pipeline corridor. The project area occurs north of the town of Helper, in Emma Park, Carbon County, Utah. The work was implemented at the request of Ms. Lisa Smith, PermitCo. Inc., Fort Lupton, Colorado. A total of 16.4 acres was inventoried, all of which occur on lands administered by the Bureau of Land Management (BLM) Price Field Office.

The objective of the inventory was to locate, document, and evaluate any cultural resources within the project area in order to comply with Section 106 of 36 CFR 800, the National Historic Preservation Act of 1966 (as amended). Also, the inventory was implemented to attain compliance with a number of federal and state mandates, including the National Environmental Policy Act of 1969, the Archaeological and Historic Conservation Act of 1972, the Archaeological Resources Protection Act of 1979, the American Indian Religious Freedom Act of 1978, and Utah State Antiquities Act of 1973 (amended 1990).

The fieldwork was performed on May 29, 2006 by Mark Bond under the direction of Keith R. Montgomery (Principal Investigator) under the auspices of U.S.D.I. (FLPMA) Permit No. 06-UT-60122 and State of Utah Antiquities Permit (Survey) No. U-06-MQ-0891b issued to MOAC.

A file search was conducted by Keith R. Montgomery at the Price Field Office of the Bureau of Land Management on May 29, 2006. The result of the consultation indicated that several cultural inventories have been completed in the area.

Metcalf Archaeological Consultants conducted an inventory in 1990 for Cockrell Oil and Gas of several well locations and access routes (Metcalf and Scott 1990). One isolated find consisting of six lithic flakes was found during this inventory. In 1991, Metcalf Archaeological Consultants conducted an inventory of nine well locations and access routes for Cockrell Oil Corporation (Scott 1991). The result of the inventory was the documentation of two sites (42Cb763 and 42Cb764), and three isolated finds. Site 42Cb763 is an open lithic scatter consisting of four chipped stone tools and eight pieces of lithic debitage. Site 42Cb764 is a historic dugout habitation and associated trash scatter. Also associated with the dugout are two existing two track roads, one of which was evaluated as possibly being historic. The presence of a rock pile suggested an agricultural field associated with the site to the east. Neither site is situated in the current inventory area.

In 1992, Sagebrush Archaeological Consultants inventoried two well locations and access roads for P G & E Resources Company, resulting in the finding of one isolated find of historic metal objects (Polk 1992a). That same year, Sagebrush inventoried an additional two wells and access roads for P G & E Resources Company, resulting in a finding of no cultural resources (Polk 1992b). In 1993, Sagebrush conducted an inventory of a proposed pipeline for P G & E Resources Company, with a finding of no cultural resources (Polk and Weymouth 1993).

In 2001, MOAC conducted a cultural resource inventory for Permits West's two proposed Emma Park well locations with access and pipeline, with the documentation of no new cultural resources (Kinnear-Ferris 2001). In 2002, MOAC completed a cultural resource inventory for Permits West's proposed Huber well location with access and pipeline, which resulted in the documentation of 11 newly found archaeological sites (42Cb 1872 through 42Cb1878, 42Ut1392,

42Ut1393, 42Ut 1402, and 42Ut1403), five previously recorded sites (42Cb786, 42Ut1083, 42Ut1084/42Cb1898, 42Ut1085/42Cb1871, and 42Ut1086/42Cb1415), and ten isolated artifacts (IF-A through IF-J), all of which occur west of the current project area (Kinnear-Ferris and Montgomery 2002). In summary, although a number of historic and prehistoric archaeological sites have been documented in the surrounding area, none occur within the current project area.

DESCRIPTION OF PROJECT AREA

Pioneer Natural Resources' proposed Castlegate well location with access and pipeline routes is situated in the Emma Park area, west of Willow Creek, and north of the town of Helper, Carbon County, Utah. The legal description of the project area is Township 12 South, Range 10 East, Section 9 (Table 1, Figure 1).

Table 1. Pioneer Natural Resources' Proposed Well Location

Well Designation	Legal Location	Pipeline/Access	Cultural Resources
Castlegate Federal #22C-9-12-10	T12S R10E Sec.9 SE/NW	Pipeline: 783 ft Access/Pipeline: 882 ft	None

Environment

The study area lies within the Book Cliff-Roan Plateau physiographic subdivision of the Colorado Plateau (Stokes 1986). Cretaceous and Tertiary age formations rise gradually from the Uinta Basin southward to reach elevations between 8,000 and 10,000 feet. The strata are cut off in erosional cliffs and valleys descending to the Mancos Shale lowlands. The elevation of the study area averages 7,320 feet asl. Situated within the Upper Sonoran life zone, both a pinyon-juniper woodland and a sagebrush community is present. Plant species include juniper, sagebrush, rabbitbrush, yucca, and various grasses with willow observed along the creek. The nearest permanent water is Willow Creek. Intermittent drainages include Summit Creek and Jack Canyon. Modern impacts in the area consist of numerous roads and Highway 191, oil and gas field development, and grazing.

SURVEY METHODOLOGY

An intensive pedestrian survey was performed for this project which is considered 100% coverage. At the proposed well location, a ten acre area centered on the center stake of the well pad was surveyed by the archaeologist walking parallel transects spaced no more than 10 m (30 ft) apart. The pipeline and access corridors were surveyed to a width of 61 m (200 ft) by the archaeologist walking parallel transects along the staked centerline, spaced no more than 10 m (30 ft) apart. Ground visibility was considered to be good. A total of 16.4 acres was inventoried, all of which occur on lands administered by the Bureau of Land Management (BLM) Price Field Office.

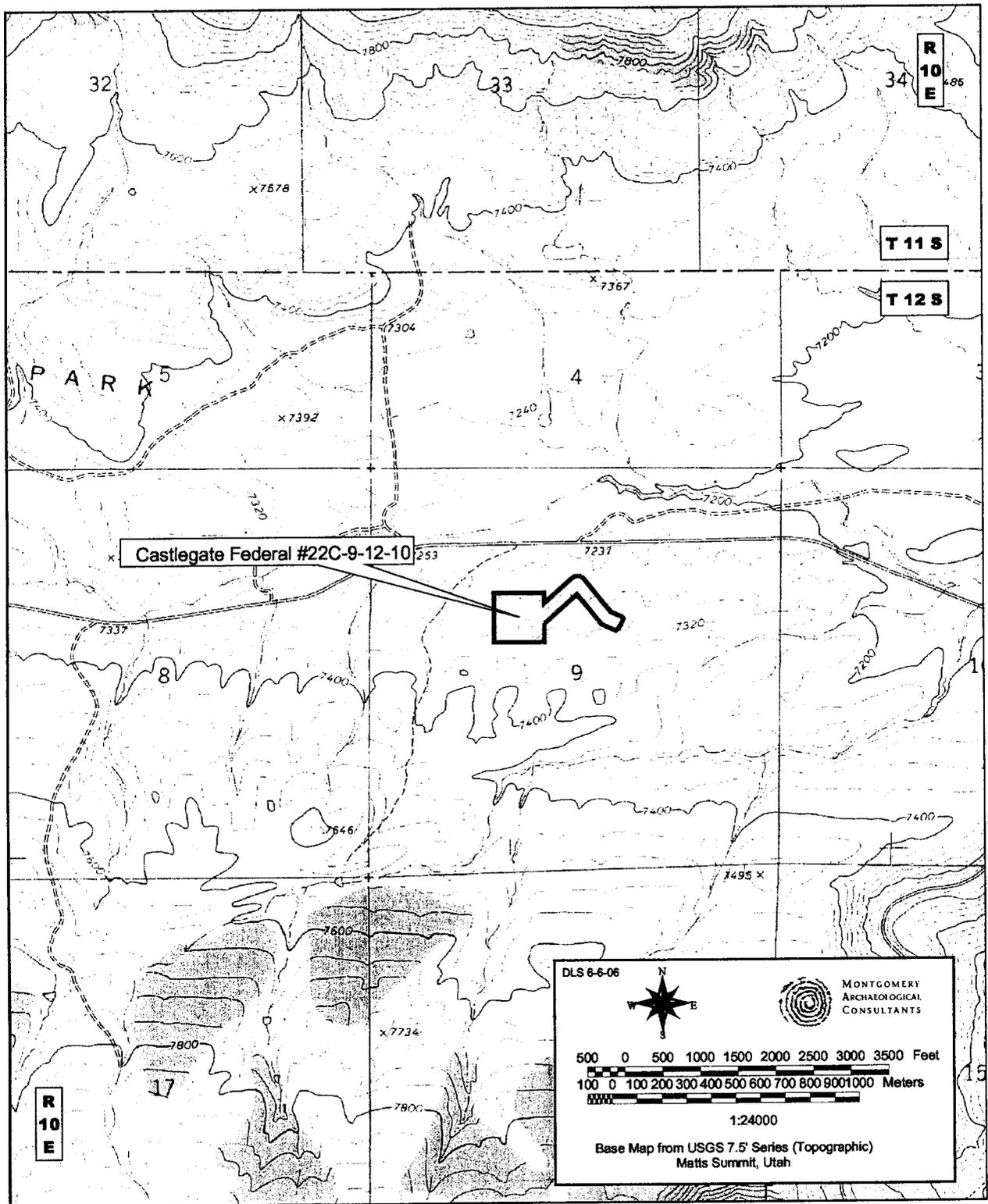


Figure 1. Inventory Area of Pioneer Natural Resources' Proposed Castlegate Federal Well Location with Access/Pipeline corridor in Carbon County, Utah.

RESULTS AND RECOMMENDATIONS

The inventory of Pioneer Natural Resources' proposed Castlegate Federal 22C-9-12-10 well location, with access/pipeline corridors resulted in a finding of no cultural resources. Based on the findings, a determination of "no historic properties affected" is recommended pursuant to Section 106, CFR 800 for this project.

REFERENCES CITED

- Kinnear-Ferris, S.
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- Polk, M.R.
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- Stokes, W. L.
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**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 08/09/2006

API NO. ASSIGNED: 43-007-31225

WELL NAME: CASTLEGATE FED 22C-9-12-10
 OPERATOR: PIONEER NATL RES USA (N5155)
 CONTACT: TABATHA PARKER

PHONE NUMBER: 303-857-9999

PROPOSED LOCATION:

SWNW 09 120S 100E
 SURFACE: 1960 FNL 1980 FWL
 BOTTOM: 1960 FNL 1980 FWL
 COUNTY: CARBON
 LATITUDE: 39.80043 LONGITUDE: -110.8091
 UTM SURF EASTINGS: 516341 NORTHINGS: 4405415
 FIELD NAME: CASTLEGATE (13)

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering		
Geology		
Surface		

LEASE TYPE: 1 - Federal
 LEASE NUMBER: UTU-65948
 SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: BLKHK
 COALBED METHANE WELL? YES

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[1] Ind[] Sta[] Fee[]
(No. MTB-000041)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. MUNICIPAL)
- RDCC Review (Y/N)
(Date: _____)
- Fee Surf Agreement (Y/N)
- Intent to Commingle (Y/N)

LOCATION AND SITING:

- ___ R649-2-3.
Unit: _____
- ___ R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells
- ___ R649-3-3. Exception
- Drilling Unit
Board Cause No: 220-05
Eff Date: 5-24-2004
Siting: 460' fr dkt u & 920' fr other wells.
- ___ R649-3-11. Directional Drill

COMMENTS: _____

STIPULATIONS: 1 - Federal Approval

T12S R10E

HUBER JENSEN
2-9-12-10 *

JENSEN 41-9

CASTLEGATE FIELD

CAUSE: 220-05 / 5-24-2004

CASTLEGATE
FED 22C-9-12-10

HUBER-FEDERAL
7-9-12-10 *

JENSEN FEE
42C-9-12-10

JENSEN 12-9

JENSEN FEE
23C-9-12-10

JENSEN FED
33C-9-12-10

JENSEN FEE
43P-9-12-10

HUBER JENSEN
1-9-12-10 *

JENSEN 14-9

HUBER JENSEN
16-9-12-10 *

STATE H-16H

ST 2-16

HUBER STATE 1-16-17-10

OPERATOR: PIONEER NAT RES (N5155)

SEC: 9 T.12S R.10E

FIELD: CASTLEGATE (13)

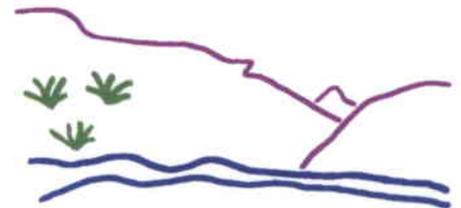
COUNTY: CARBON

CAUSE: 220-05 / 5-24-2004

- Field Status**
- ABANDONED
 - ACTIVE
 - COMBINED
 - INACTIVE
 - PROPOSED
 - STORAGE
 - TERMINATED

- Unit Status**
- EXPLORATORY
 - GAS STORAGE
 - NF PP OIL
 - NF SECONDARY
 - PENDING
 - PI OIL
 - PP GAS
 - PP GEOTHERML
 - PP OIL
 - SECONDARY
 - TERMINATED

- Wells Status**
- GAS INJECTION
 - GAS STORAGE
 - LOCATION ABANDONED
 - NEW LOCATION
 - PLUGGED & ABANDONED
 - PRODUCING GAS
 - PRODUCING OIL
 - SHUT-IN GAS
 - SHUT-IN OIL
 - TEMP. ABANDONED
 - TEST WELL
 - WATER INJECTION
 - WATER SUPPLY
 - WATER DISPOSAL
 - DRILLING



Utah Oil Gas and Mining



PREPARED BY: DIANA WHITNEY
DATE: 11-AUGUST-2006



State of Utah

**Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

August 14, 2006

Pioneer Natural Resources USA, Inc.
1401 17th St, Ste 1200
Denver, CO 80202

Re: Castlegate Federal 22C-9-12-10 Well, 1960' FNL, 1980' FWL, SE NW, Sec. 9,
T. 12 South, R. 10 East, Carbon County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-007-31225.

Sincerely,

A handwritten signature in black ink, appearing to read "Gil Hunt".

Gil Hunt
Associate Director

pab
Enclosures

cc: Carbon County Assessor
Bureau of Land Management, Moab District Office

Operator: Pioneer Natural Resources USA, Inc.

Well Name & Number Castlegate Federal 22C-9-12-10

API Number: 43-007-31225

Lease: UTU-65948

Location: SE NW **Sec.** 9 **T.** 12 South **R.** 10 East

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

Notify the Division within 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dan Jarvis at (801) 538-5338

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.

2006-217

2001)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0136
Expires January 31, 2004

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. UTU-65948
b. Type of Well: <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <input type="checkbox"/> CBM <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name N/A
2. Name of Operator 303/298-8100 1401 17th Street, Suite 1200 Pioneer Natural Resources USA, Inc. Denver, CO 80202		7. If Unit or CA Agreement, Name and No. N/A
3. Name of Agent 303/857-9999 14421 County Road 10 PermitCo Inc. - Agent Fort Lupton, CO 80621		8. Lease Name and Well No. Castlegate Federal #22C-9-12-10
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 1960' FNL and 1980' FWL At proposed prod. zone SWNE SENW		9. API Well No. 4300731225
14. Distance in miles and direction from nearest town or post office* Approximately 12.8 miles Northeast of Helper, UT		10. Field and Pool, or Exploratory Castlegate Field
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 589'	16. No. of Acres in lease 2553.31	11. Sec., T., R., M., or Blk, and Survey or Area Section 9, T12S - R10E
17. Spacing Unit dedicated to this well 40 Acres: SWNE SENW	12. County or Parish Carbon	13. State UT
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. Approx. 3500'	19. Proposed Depth 5150'	20. BLM/BIA Bond No. on file Nationwide Bond No. MTB-000041
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 7315' GL	22. Approximate date work will start* ASAP	23. Estimated duration 5 Days
24. Attachments CONFIDENTIAL-TIGHT HOLE		

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification. |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature <i>Tabatha Parker</i>	Name (Printed/Typed) Tabatha Parker	Date 8/7/2006
Title Authorized Agent for Pioneer Natural Resources USA, Inc.		
Approved by (Signature) <i>/s/ A. Lynn Jackson</i>	Name (Printed/Typed) /s/ A. Lynn Jackson	Date 10/2/06
Title Assistant Field Manager, Division of Resources	Office Division of Resources Moab Field Office	

Application approval 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.

Conditions of approval, if any, are attached.

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 reverse)

CONDITIONS OF APPROVAL ATTACHED

RECEIVED

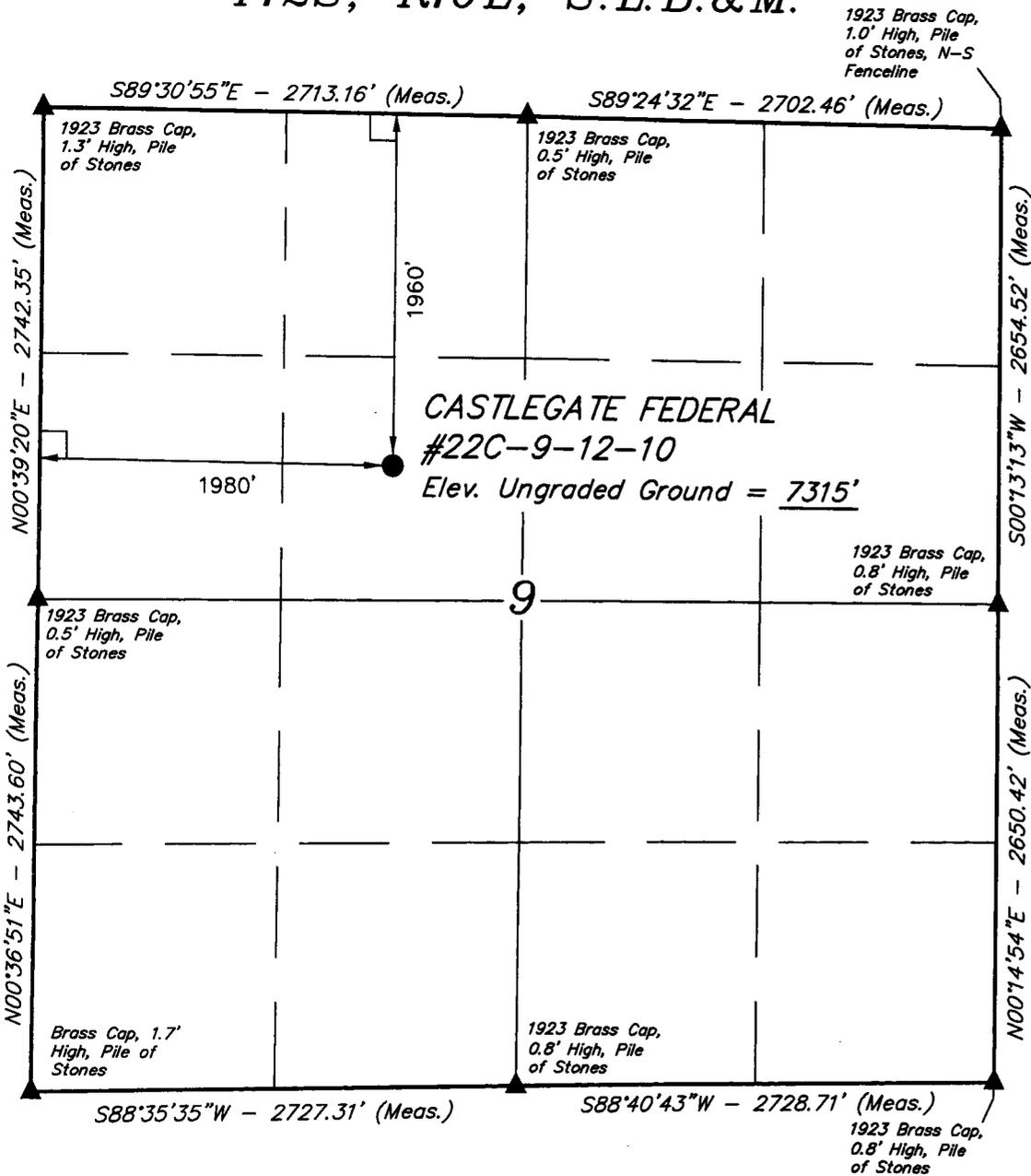
OCT 05 2006

DIV. OF OIL, GAS & MINING

T12S, R10E, S.L.B.&M.

PIONEER NATURAL RESOURCES

Well location, CASTLEGATE FEDERAL #22C-9-12-10, located as shown in the NW 1/4 of Section 9, T12S, R10E, S.L.B.&M. Carbon County, Utah.

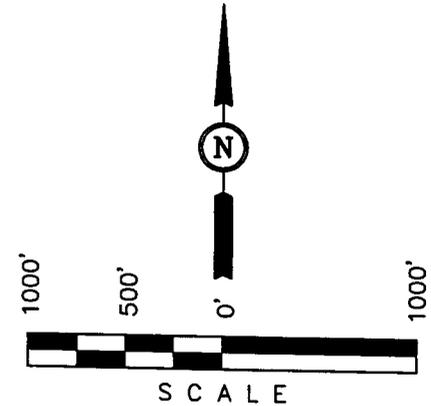


BASIS OF ELEVATION

BENCH MARK LOCATED IN THE SW 1/4 NE 1/4 OF SECTION 10, T12S, R10E, S.L.B.&M. TAKEN FROM THE MATTS SUMMIT, QUADRANGLE, UTAH, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 7131 FEET.

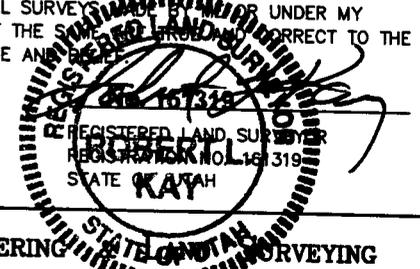
BASIS OF BEARINGS

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.



CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SURVEY IS CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.



UINTAH ENGINEERING AND SURVEYING
 85 SOUTH 200 EAST - VERNAL, UTAH 84078
 (435) 789-1017

LEGEND:

- └─┘ = 90° SYMBOL
- = PROPOSED WELL HEAD.
- ▲ = SECTION CORNERS LOCATED.

(AUTONOMUS NAD 83)
 LATITUDE = 39°48'01.45" (39.800403)
 LONGITUDE = 110°48'35.37" (110.809825)
 (AUTONOMUS NAD 27)
 LATITUDE = 39°48'01.59" (39.800442)
 LONGITUDE = 110°48'32.80" (110.809111)

SCALE 1" = 1000'	DATE SURVEYED: 05-11-06	DATE DRAWN: 05-12-06
PARTY D.A. T.A. L.K.	REFERENCES G.L.O. PLAT	
WEATHER WARM	FILE PIONEER NATURAL RESOURCES USA, INC.	

Pioneer Natural Resources USA, Inc.
Castlegate #22C-9-12-10
Lease UTU-65948
Communitization Agreement UTU-79758
SE/NW Section 9, T12S, R10E
Carbon County, Utah

A COMPLETE COPY OF THIS PERMIT SHALL BE KEPT ON LOCATION from the beginning of site construction through well completion, and shall be available to contractors to ensure compliance.

CONDITIONS OF APPROVAL

Approval of this application 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.

Be advised that Pioneer Natural Resources USA, Inc. is considered to be the operator of the above well and is responsible under the terms and conditions of the lease for the operations conducted on the leased lands.

Bond coverage for this well is provided by **MTB000041** (Principal – Pioneer Natural Resources USA, Inc.) via surety consent as provided for in 43 CFR 3104.2.

This office will hold the aforementioned operator and bond liable until the provisions of 43 CFR 3106.7-2 continuing responsibility are met.

This permit will be valid for a period of one year from the date of approval. After permit termination, a new application must be filed for approval.

All lease operations will be conducted in full compliance with applicable regulations (43 CFR 3100), Onshore Oil and Gas Orders, lease terms, notices to lessees, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors.

A. DRILLING PROGRAM

1. The proposed 3M BOPE is adequate for anticipated conditions. Installation, testing and operation of the system shall be in conformance with Onshore Oil and Gas Order No. 2. Testing the BOPE system to 2M standards is acceptable.
2. Concurrent approval from the State of Utah, Division of Oil, Gas & Mining (DOG M) is required before conducting any surface disturbing activities.

SURFACE USE

1. The following appendices are attached for your reference. They are to be followed as conditions of approval:

Table, Pioneer Seed Mix Well #: Castlegate Federal 22C-9-12-10
Record of Decision Castlegate Coalbed Methane Project Mitigation & Monitoring section.

2. Within six months of installation, surface structures shall be painted in the following flat, earth tone color: Olive Black (5W A 20-6). This Fuller O'Brien color is for reference only. Any brand of paint may be used provided the colors match. Any facilities that must be painted to comply with OSHA standards are exempt.
3. Dust shall be controlled during all phases of project implementation through the use of water or approved dust suppressants.
4. Control of non-native, invasive species (noxious weeds) will be in accordance with the Federal Noxious Weed Act, the Utah Noxious Weed Act (R68-9), and County Noxious Weed Control Plans. Control of non-native, invasive species will be completed on all disturbed sites associated with the development and final reclamation of well pads and pipelines. The use of herbicides will be approved through a pesticide use proposal (PUP) submitted to the BLM prior to herbicide application.
5. The Companies will provide georeferenced spatial data depicting as-built locations of all facilities, wells, roads, pipelines, power lines, and other related facilities to the BLM by November 1 of each year until completion of project construction activities has occurred.
6. Reserve pits will be adequately fenced during and after drilling operations until pit is reclaimed so as to effectively keep out wildlife and livestock. Adequate fencing, is defined as follows:
7. Construction materials will consist of steel or wood posts. Three or four strand wire (smooth or barbed) fence or hog panel (16-foot length by 50-inch height) or plastic snow fence must be used with connectors such as fence staples, quick-connect clips, hog rings, hose clamps, twisted wire, etc. Electric fences will not be allowed.
8. Construction standards: Posts shall be firmly set in ground. If wire is used, it must be taut and evenly spaced, from ground level to top wire, to effectively keep out animals. Hog panels must be tied securely into posts and one another using fence staples, clamps, etc. Plastic snow fencing must be taut and sturdy. Fence must be at least 2-feet from edge of pit. 3 sides fenced before beginning drilling, the fourth side fenced immediately upon completion of drilling and prior to rig release. Fence must be left up and maintained in

adequate condition until pit is closed.

9. The reserve pit will be oriented to prevent collection of surface runoff. After the drilling rig is removed, the operator may need to construct a trench on the uphill side of the reserve pit to divert surface drainage around it. If constructed, the trench will be left intact until the pit is closed.
10. The reserve pit will be lined with an impermeable liner if permeable subsurface material is encountered. An impermeable liner is any liner having a permeability less than 10^{-7} cm/sec. The liner will be installed so that it will not leak and will be chemically compatible with all substances that may be put in the pit. Liners made of any man-made synthetic material will be of sufficient strength and thickness to withstand normal installation and pit use. In gravelly or rocky soils, a suitable bedding material such as sand will be used prior to installing the liner.
11. The reserve pit will be constructed so that at least half of its total volume is in solid cut material (below natural ground level).
12. The reserve pit shall have 2 foot of freeboard maintained at all times to prevent overflow of fluids.
13. Pioneer Natural Resources, Inc. shall mitigate unavoidable impacts of maintenance and operation of existing wells and facilities and impacts of wildlife displacement resulting from human presence by participating in a Fish and Wildlife Habitat Enhancement Program. The company shall join into a Cooperative Agreement with BLM and UDWR outlining the specific enhancement parameters and projects to be utilized.
14. Construction activities shall be restricted within 2 miles of all known sage grouse leks between April 1 and June 15. No surface occupancy will be permitted on know leks.
15. Construction activities will be prohibited in critical elk winter range between December 1 and April 15, high-value mule deer winter range between December 1, and April 15, and any range identified as a mule deer fawning or elk calving area between May 15 and July 5. This does not include maintenance and operation of existing wells.

GENERAL CONSTRUCTION

1. Operator shall contact the Price BLM Office at least forty-eight hours prior to the anticipated start of construction and/or any surface disturbing activities. The BLM may require and schedule a preconstruction conference with the operator prior to the operator commencing construction and/or surface disturbing activities. The operator and the

operator's contractor, or agents involved with construction and/or any surface disturbing activities associated with the project, shall attend this conference to review the Conditions of Approval and plan of development. The operator's inspector will be designated at the pre-drill conference, and is to be given an approved copy of all maps, permits and conditions of approval before the start of construction. The BLM will also designate a representative for the project at the preconstruction conference.

2. The operator shall designate a representative(s) who shall have the authority to act upon and to implement instructions from the BLM. The operator's representative shall be available for communication with the BLM within a reasonable time when construction or other surface disturbing activities are underway.
3. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the operator, or any person working on his behalf, on public land is to be immediately reported to the Price BLM Office. The operator will suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Price BLM Office. An evaluation of the discovery will be made by the BLM to determine appropriate actions to prevent the loss of significant cultural or scientific values. The operator is responsible for the cost of evaluation of any site found during construction. The BLM will determine what mitigation is necessary.
4. During project construction, surface disturbance and vehicle travel shall be limited to the approved location and access routes. Any additional area needed must be approved by the Price BLM Office prior to use.
5. The operator must provide a trash cage for the collection and containment of all trash. The trash shall be disposed in an authorized landfill. The location and access roads shall be kept litter free.
6. Vegetation removal necessitated by construction shall be confined to the limits of actual construction. Removed vegetation will be stockpiled for use in reclamation or removed from the construction site at the direction of the BLM.
7. Prior to surface disturbance, topsoil is to be separately removed and segregated from other material. Topsoil depth will be decided onsite by BLM. If the topsoil is less than 6 inches, a 6-inch layer that includes the A horizon and the unconsolidated material immediately below the A horizon shall be removed and the mixture segregated and redistributed as the surface soil layer.

Generally topsoil shall be stored within the pad site or adjacent to access roads. The company in consultation with BLM shall determine stockpile locations and dimensions at the onsite. If the topsoil stockpiles will not be redistributed for a period in excess of one (1) year, the stockpiles are to be seeded (see attached).

ROAD and PIPELINE CONSTRUCTION

8. Operator shall provide an inspector under the direction of a registered professional engineer (PE) at all times during road construction.
9. Road construction or routine maintenance activities are to be performed during periods when the soil can adequately support construction equipment. If such equipment creates ruts more than 6 inches deep, the soil is deemed too wet to adequately support construction equipment.
10. The operator is responsible for maintenance of all roads authorized through the lease or a right-of-way. Construction and maintenance shall comply with Class II or III Road Standards as described in BLM Manual Section 9113 and the Moab District Road Standards, except as modified by BLM. Maintenance may include but is not limited to grading, applying gravel, snow removal, ditch cleaning, and headcut restoration/prevention.
11. Topsoil from access roads and pipelines are to be wind rowed along the uphill side of the road or stored in an approved manner. When the road and pipeline is rehabilitated, this soil will then be used as a top coating for the seed bed.
12. Erosion-control structures such as water bars, diversion channels, and terraces will be constructed to divert water and reduce soil erosion on the disturbed area. Road ditch turnouts shall be equipped with energy dissipators as needed to avoid erosion. Where roads interrupt overland sheet-flow and convert this runoff to channel flow, ditch turnouts shall be designed to reconvert channel flow to sheet flow. Rock energy dissipators and gravel dispersion fans may be used, or any other design which would accomplish the desired reversion of flow regime. As necessary cut banks, road drainages, and road crossings shall be armored or otherwise engineered to prevent headcutting.

PAD CONSTRUCTION

13. During the construction of the drill pad, suitable topsoil material is to be stripped and conserved in a stockpile on the pad. If stockpiles are to remain for more than a year, they shall be seeded with the seed mixture Pinyon-Juniper (see attached).
14. Generally, drill pads are to be designed to prevent overland flow of water from entering or leaving the site. The pad is to be sloped to drain spills and water into the reserve pit. The drill pad shall be designed to disperse diverted overland flow and to regulate flow velocity so as to prevent or minimize erosion. Well pad diversion outlets shall be equipped with rock energy brakes and gravel-bedded dispersion fans.

REHABILITATION PROCEDURES

Site Preparation

15. The entire roadbed should be obliterated and brought back to the approximate original contour. Drainage control is to be reestablished as necessary. All areas affected by road construction are to be recontoured to blend in with the existing topography. All berms are to be removed unless determined to be beneficial by BLM. In recontouring the disturbed areas, care should be taken to not disturb additional vegetation.

Seedbed Preparation

16. An adequate seedbed should be prepared for all sites to be seeded. Areas to be revegetated should be chiseled or disked to a depth of at least 12 inches unless restrained by bedrock.
17. Ripping of fill materials should be completed by a bulldozer equipped with single or a twin set of ripper shanks. Ripping should be done on 4-foot centers to a depth of 12 inches. The process should be repeated until the compacted area is loose and friable, then shall be followed by final grading. Seedbed preparation will be considered complete when the soil surface is completely roughened and the number of rocks (if present) on the site is sufficient to cause the site to match the surrounding terrain.
18. After final grading, the stockpiled topsoil shall be spread evenly across the disturbed area.

Fertilization

19. Commercial fertilizer with a formula of 16-16-8 is to be applied at a rate of 200 pounds per acre to the site. The rate may be adjusted depending on soil.
20. Fertilizer is to be applied not more than 48 hours before seeding, and shall be cultivated into the upper 3 inches of soil.
21. Fertilizer is to be broadcast over the soil using hand-operated "cyclone-type" seeders or rotary broadcast equipment attached to construction or revegetation machinery as appropriate to slope. All equipment should be equipped with a metering device. Fertilizer application is to take place before the final seeding preparation treatment. Fertilizer broadcasting operations should not be conducted when wind velocities would interfere with even distribution of the material.

Mulching

22. When it is time to reclaim this location, the Price BLM Office will determine whether it will be necessary to use mulch in the reclamation process. The type of mulch should meet the following requirements: Wood cellulose fiber shall be natural or cooked, shall disperse readily in water, and shall be nontoxic. Mulch shall be thermally produced and

air dried. The homogeneous slurry or mixture shall be capable of application with power spray equipment. A colored dye that is noninjurious to plant growth may be used when specified. Wood cellulose fiber is to be packaged in new, labeled containers. A minimum application of 1500 pounds per acre shall be applied. A suitable tackifier shall be applied with the mulch at a rate of 60 to 80 pounds per acre.

An alternative method of mulching on small sites would be the application of straw or hay mulch at a rate of 2000 pounds per acre. Hay or straw shall be certified weed free. Following the application of straw or hay, crimping shall occur to ensure retention.

Reseeding

23. All disturbed areas are to be seeded with the seed mixture required by the BLM. The seed mixture(s) shall be planted in the fall of the year (Sept-Nov), in the amounts specified in pounds of pure live seed (PLS)/acre. There shall be no noxious weed seed in the seed mixture. Seed will be tested and the viability testing of seed shall be done in accordance with State law(s) and within 12 months prior to planting. Commercial seed will be either certified or registered seed. The seed mixture container shall be tagged in accordance with State law(s) and available for inspection by the BLM. Seed is to be planted using a drill equipped with a depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture shall be evenly and uniformly planted over the disturbed area. (Smaller/heavier seeds tend to drop to the bottom of the drill and are planted first. Appropriate measures should be taken to ensure this does not occur.) Where drilling is not possible, seed is to be broadcast and the area raked or chained to cover the seed. Woody species with seeds that are too large for the drill will be broadcast. When broadcasting the seed, the pounds per acre noted below are to be increased by 50 percent. Reseeding may be required if a satisfactory stand is not established to the surface rights owner's specifications. Evaluation of the seeding's success will not be made before completion of the second growing season after the vegetation becomes established. The Price BLM Office is to be notified a minimum of seven days before seeding a project.
24. The disturbed areas for the road and pipeline must be seeded in the fall of the year, immediately after the topsoil is replaced. Use attached seed mixture.

General

25. Prior to the use of insecticides, herbicides, fungicides, rodenticides and other similar substances, the operator must obtain from BLM, approval of a written plan. The plan must describe the type and quantity of material to be used, the pest to be controlled, the method of application, the location for storage and disposal of containers, and other information that BLM may require. A pesticide may be used only in accordance with its registered uses and within other agency limitations. Pesticides must not be permanently stored on public lands.

Pioneer Seed Mix Well #: Castlegate Federal #22C-9-12-10		Lbs/acre
Mountain Brome	<i>Bromus marginatus</i>	2
Slender Wheatgrass	<i>Elymus trachycaulus</i>	2
Basin Wildrye	<i>Leymus cinereus</i>	2
Green Needlegrass	<i>Nassella viridula</i>	1 – 2
Thickspike Wheatgrass (also called Streambank Wheatgrass)	<i>Elymus lanceolatus</i>	1 – 2
Orchardgrass	<i>Dactylis glomerata</i>	2
Arrowleaf Balsamroot	<i>Balsamorhiza sagittata</i>	0.25
Lewis Flax	<i>Linum lewisii</i>	0.10
Rocky Mountain Beeplant	<i>Cleome serrulata</i>	1
Common Yarrow	<i>Achillea millefolium var alpicola</i>	0.10 – 0.25
Cicer Milkvetch	<i>Astragalus cicer</i>	2
Alfalfa	<i>Medicago sativa</i>	2
Mountain Big Sagebrush (vaseyana)	<i>Artemisia tridentata</i> ssp. <i>vaseyana</i>	1 – 2

**RECORD OF DECISION
CASTLEGATE COALBED METHANE PROJECT**

U.S. Department of the Interior
Bureau of Land Management
Moab District
Price River Resource Area

USDI FES No. 92-23

Decision

Cockrell Oil Corporation proposed to develop its Federal, State, and private leases in the Emma Park area of Carbon County, Utah, to produce coalbed methane gas. The project area is located on lands managed by the Bureau of Land Management (BLM), the State of Utah, and private landowners. The mineral estate is also mixed among these three entities. Cockrell has drilled six exploration wells (five on fee mineral estate and one on Federal mineral estate) and has Federal permits to drill 11 additional wells. These exploration activities resulted in the preparation of two environmental assessments by the BLM--one in 1990 for five wells on Federal mineral estate and one in 1991 for seven additional wells on Federal or Utah mineral estate. The BLM determined that any additional wells would constitute full field development and would require preparation of an environmental impact statement (EIS).

BLM prepared an EIS in consideration of the Proposed Action. The Draft EIS was issued in June 1992. Comments on the Draft EIS were solicited and received by BLM and integrated into a Final EIS that was issued in October 1992. Based on the Final EIS, I have determined that the implementation of the Proposed Action, as mitigated by the measures described below, will not cause unnecessary and undue degradation of public lands and is hereby approved. During the EIS process, PG&E Resources Company (PG&ER) replaced Cockrell Oil Corporation as operator of the Castlegate Coalbed Methane Project. PG&ER has held the majority equity interest in the project since its initiation in 1990. The intent of PG&ER is to downsize considerably the scope of the project by drilling and completing approximately 20 wells by the spring of 1993 and delaying other development until, at the earliest, 1994. Furthermore, unless circumstances develop which would enhance the economics of coalbed methane production at Castlegate, it is unlikely that the project's scope would exceed 25 producing wells. However, no additional NEPA documentation will be required up to the development of 124 wells.

**Alternatives, Including the Proposed Action
and BLM's Preferred Alternative**

The Castlegate Coalbed Methane Project involves a variety of elements. Up to 124 new wells would be drilled and access roads would be constructed to each well site. Along the access roads, pipeline corridors would be constructed to carry gas pipelines from the wells, produced water from the wells, electrical lines to the well sites, and high-pressure gas from the compressor facility to each well. The high pressure gas would be used in a gas-lift system to lift the produced water from the coal seams. Three central processing facilities would be constructed to provide both gas and water treatment capabilities. Gas would be treated to remove water and CO₂ and would be compressed for delivery into a gas sales pipeline 13.8 miles long which would connect with an existing interstate pipeline. The produced water would be treated to reduce dissolved solids content so it could be discharged to surface streams. Water treatment would consist of passing approximately 80 percent of the water through an electrodialysis or reverse osmosis process. The remaining 20 percent of the water would be discharged to an evaporation pond and then pumped to an underground injection well for disposal. Project facilities would have electrical power from a new substation adjacent to the Utah Power and Light transmission line that crosses the study area.

Two project alternatives were evaluated: Total Water Disposal by Injection Wells and the No Action Alternative. Under the water disposal alternative, PG&ER would develop four or more underground injection wells in strata located deeper than

the Blackhawk coal seams. Pumps would pump the produced water into the deep strata. Under this alternative, no produced water would be discharged to surface streams.

The No Action Alternative is identified as the environmentally preferred alternative. Under No Action, surface disturbing activities on public land would not occur. Development on State and private lands could continue. This alternative was not selected due to economic and legal ramifications.

In the Final EIS, the BLM identified the Agency Preferred Alternative as a phased Proposed Action, as mitigated. This alternative is the BLM's decision.

Management Considerations

Natural gas is an integral part of our nation's program to reduce dependence on foreign energy supplies due to its relative availability and the existing market infrastructure. The importance of domestic natural gas development was emphasized by the U.S. Congress when it recommended an extension of a tax incentive for the development of "nonconventional fuels" as part of the Revenue Reconciliation Act of 1990, which was signed into law by the President on November 6, 1990. As a result of this act, the tax credit for qualifying nonconventional fuels (including methane gas produced from coal seams) under Section 29 of the Internal Revenue Code was extended for an additional 2-year period commencing on January 1, 1991. The tax incentive is only applicable to production from new wells drilled on new properties (as defined in the Act) in calendar 1992.

In direct response to the passage of the Act, PG&ER has proposed to develop reserves of methane gas from coal seams underlying portions of Township 12 South, Ranges 10 and 11 East of Carbon County, Utah.

The BLM has responsibilities to prepare environmental documentation under the National Environmental Policy Act (NEPA) of 1969 and Council on Environmental Quality implementing regulations. PG&ER's proposed development plan is pursuant to the Mineral Leasing Act of 1920 and the Federal Land Policy and Management Act of 1976.

The Proposed Action, as mitigated, is adequate in BLM's view to minimize the adverse environmental impacts identified in the EIS and ensure that all practicable means to avoid or reduce environmental harm have been incorporated into the project. The monitoring requirements will assist PG&ER, BLM, and others in identifying and mitigating or avoiding any unforeseen environmental impacts that may occur.

Considering all pertinent factors, the selected Alternative provides for the phased development of a recoverable resource in the least environmentally impacting manner. Practicable means to avoid or minimize environmental harm from the alternative selected by BLM have been identified.

Mitigation and Monitoring

- Cattle guards will be routinely maintained for the full life of the project. In addition, where access is located on privately owned surface estate, a metal gate will be installed across the cattle guard as required by the affected surface owner(s) to restrict access to private lands during the life of the project.
- Access roads will be periodically bladed to smooth ruts and watered to reduce dust emissions. PG&ER will provide adequate turnouts to avoid traffic problems and to ensure roadway deterioration does not have offsite impacts resulting from erosion, sedimentation, and fugitive dust.

- **PG&ER will request the Department of Highway Safety to determine adequate signage identifying truck traffic on U.S. Highway 191, both north and south of the project area, and will ensure the installation of the determined signs.**
- **PG&ER will discuss emergency plans with county law enforcement, fire protection, and emergency care providers. Plans will then be made clear to all PG&ER employees and subcontractors. Such information dissemination will minimize confusion in the case of an emergency.**
- **Ground disturbance activities, cuts and fills, and removal of vegetation will be strictly confined to areas designated in the BLM-approved APDs. Minimizing disturbance will reduce contrasts between exposed soils and naturally vegetated areas.**
- **To the extent possible, all juniper trees will be left standing and protected from disturbance. The few trees in the area offer better screening than the sagebrush and will be protected.**
- **Reclamation plans approved by BLM; the Utah Division of Oil, Gas, and Mining; and private landowners will be precisely followed and monitored by BLM for at least two growing seasons.**
- **Lights used during nighttime drilling efforts will be shielded to reduce offsite illumination.**
- **All production structures and buildings, with the exception of those identified by Federal or State law, will be painted in nonglare, earth-tone colors.**
- **Landscaping of the Central Processing Facility (CPF) will be designed and developed with the objective of minimizing visual impact as perceived from U.S. Highway 191 and the Key Observation Point. Landscaping will primarily utilize native species of varying height classes and minimize the appearance of straight lines and sharp angles.**
- **If project traffic levels create dust problems during the dry months of the year, as determined by the Authorizing Officer, PG&ER will water roads and active working areas to reduce dust generation.**
- **Wells will be located a minimum of 660 feet from known springs and 330 feet of the centerline of perennial streams to ensure that drilling operations will not have any impact.**
- **To prevent the potential contamination of groundwater resources by seepage of produced water, reserve pits may be lined according to the procedures outlined in Chapter 2 of the EIS.**
- **Producing wells will be maintained in a condition of good mechanical integrity to prevent casing leaks and potential contamination of groundwater resources.**
- **PG&ER should also apply for an appropriation of the produced water if a beneficial use can be defined, in which case it may be feasible to use the treated water rather than discharge to surface drainages.**
- **The facilities for the West CPF will be relocated outside of soil map unit 108 (Silas loam).**
- **Monitoring of disturbed areas by the County Weed Control Officer for noxious weed infestations will be conducted.**

- The areas of interim reclamation will also be monitored for infestations of noxious weeds. If infestations of noxious weeds occur in these disturbed areas, eradication measures will be implemented to control populations of weedy species.
- Well locations will be relocated within the 160-acre spacing to avoid wetlands. Disturbance of wetlands by road crossings will be coordinated by Utah Division of Water Quality as they prepare the required Stream Crossing Permit.
- Raptor inventories will be conducted each year between May 15 and June 15 to determine the status of previously identified nests to locate any new nests in areas where surface-disturbing activities are planned. Such inventory work must be conducted by personnel qualified in raptor inventory techniques and coordinated with the Authorized Office and the Utah Division of Wildlife Resources (UDWR). Active raptor nests will be protected from disturbance by prohibiting any activity within 0.5 mile of the nest.
- Construction activities will be restricted within 2 miles of all known sage grouse leks between April 1 and June 15. No surface occupancy will be permitted on known leks.
- Construction activities will be prohibited in critical elk winter range between December 1 and April 15, high-value mule deer winter range between December 1 and April 15, and any range identified as a mule deer fawning or elk calving area between May 15 and July 5. This does not include maintenance and operation of existing wells.
- PG&ER will mitigate unavoidable impacts of maintenance and operation of existing wells and facilities and impacts of wildlife displacement resulting from human presence by participating in a Fish and Wildlife Habitat Enhancement Program. PG&ER will join into a Cooperative Agreement with BLM and UDWR outlining the specific enhancement parameters and projects to be utilized.
- All evaporation ponds at the CPFs will be netted and fenced with mesh wire fences of sufficient height (6 feet) to prevent contact by waterfowl, other wildlife, or livestock.
- Construction of new roads will be minimized wherever possible. New roads will be located away from ridgetops to maximize screening wherever possible, unless engineering limitations or landowner requirements prohibit a chosen location.
- Seed mixtures for reclamation will be those described on page 53 of the Final EIS.
- Travel on service roads in designated elk wintering and calving, deer fawning, and sage grouse strutting areas will be restricted around dawn and dusk, whenever practical, during the respective calving, fawning, and strutting seasons.
- PG&ER will work with the UDWR to develop a wildlife education program for employees to inform them of the potential impacts to wildlife from the project and of the mitigation measures which will be required.
- Best Management Practices will be utilized to control sediment runoff from construction areas.
- Riprap will be placed on stream banks at pipeline and road crossings to reduce erosion and sedimentation and to stabilize banks.

- Stream crossings will be constructed during periods of reduced flow. Construction will be undertaken in such a manner that flow will be maintained at all stream crossings, and streams capacities will not be altered as a result of pipeline and road construction.
- Removal of riparian vegetation will be avoided or riparian vegetation replaced.
- Water discharge from the CPFs will be in full compliance with the State of Utah, Department of Environmental Quality, Utah Pollutant Discharge Elimination System, as delegated by the Environmental Protection Agency under the authority of the Clean Water Act of 1972.

Public Involvement

During preparation of the EIS for the Castlegate Coalbed Methane Project, the BLM communicated with and received input from Federal, State, and local agencies; elected representatives; environmental and citizen's groups; industries; and individuals. Some of these people participated in the public scoping meetings held in Price, Utah. A scoping document was distributed to those attending the public scoping meeting. Subsequent to the meeting, two comment letters were submitted to the BLM—one from an attorney representing landowners in the project area and one from an agency. The BLM's mailing list, updated with the results from scoping, was used to distribute the draft and final EIS. The draft EIS was available to the public on June 19, 1992. A 60-day comment period followed during which eight letters of comment were received. On July 29, a public hearing was held in Price, Utah, at which five people spoke about the project. All comments and responses were presented in the final EIS. As part of the EIS process, the BLM developed a Public Participation Plan to describe the means of public contact, identify potential individuals and organizations from which to solicit comments, and outline timeframes for accomplishment in accordance with 43 CFR 1506.6.

Consistency

The development of Federal gas leases is an integral part of the BLM gas leasing program under authority of the Mineral Leasing Act of 1920, the Federal Land Policy and Management Act of 1976, the Federal Onshore Oil and Gas Royalty Management Act of 1982, and the Federal Onshore Oil and Gas Leasing Reform Act of 1987. The proposed action is consistent with BLM management decisions implemented in the *Price River Resource Area Management Framework Plan* (1983-1984), the *Price River Resource Area Management Framework Plan Supplement on the Designation of Hydrocarbon Lease Categories Outside Special Tar Sands Areas* (August 1984), the subsequent *Environmental Assessment Supplement on Cumulative Impacts on Oil and Gas Categories* (December 1988), the 1990 BLM environmental assessment on the five Federal wells and the *Cockrell Oil Corporation Coalbed Methane Project Area Seven Well Exploration Program Environmental Assessment* (August 1991). This EIS is tiered to those existing NEPA draft and final documents and plans which are referenced, as appropriate, throughout the DEIS and FEIS. The proposed action also is consistent with the State of Utah's policies pertaining to State trust lands and with Carbon County's land use plan and development code.

I have reviewed my responsibilities under these laws, regulations, policies, and land use decisions, and my decision is consistent with them.



 Utah State Director
 Bureau of Land Management

12/29/92

 Date

C. REQUIRED APPROVALS, REPORTS AND NOTIFICATIONS

Required verbal notifications are summarized in Table 1, attached.

Building Location- Notify the Price Field Office at least 48-hours prior to commencing construction of location.

Spud- Notify the Price Field Office 24-hours prior to spudding. Submit written notification of spud (Sundry Notice, Form 3160-5) to the Moab Field Office within 24-hours after spudding, regardless of whether spud was made with a dry hole digger or big rig.

Daily Drilling Reports- Daily drilling reports that describe the progress and status of the well shall be submitted to the Moab Field Office on a weekly basis. This report may be in any format customarily used by the operator.

Oil and Gas Operations Reports (OGORs)- Production from this well shall be reported to Minerals Management Service (MMS) on a monthly basis.

Sundry Notices- Any modification to the proposed drilling program shall be submitted to the Moab Field Office on a Sundry Notice (Form 3160-5). Regulations at 43 CFR 3162.3-2 describe which operations require prior approval, and which require notification.

Drilling Suspensions- Operations authorized by this permit shall not be suspended for more than 30 days without prior approval of the Moab Field Office. All conditions of this approval shall be applicable during any operations conducted with a replacement rig.

Undesirable Events- Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be immediately reported to the BLM in accordance with requirements of NTL-3A.

Cultural Resources- If cultural resources are discovered during construction, immediately notify the Price Field Office, and work that might disturb the cultural resources shall cease.

First Production- A first production conference will be scheduled as soon as the productivity of the well is apparent. This conference should be coordinated through the Price Field Office.

Notify the Moab Field Office when the well is placed into production. Initial notification may be verbal, but must be confirmed in writing within five business days. Please include the date production started, the producing formation and production volumes.

Well Completion Report- Whether the well is completed as a dry hole or as a producer, a *Well Completion or Recompletion Report and Log* (Form 3160-4) shall be submitted to the Moab Field Office within thirty-days after completion of the well. Two copies of all logs, core descriptions, core analyses, well test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. When requested, samples (cuttings and/or samples) will be submitted to the Moab Field Office.

Venting/Flaring of Gas- Gas produced from this well may not be vented/flared beyond an initial, authorized test period of 30 days or 50 MMcf, whichever first occurs, without the prior, written approval of the Moab Field Office. Should gas be vented or flared without approval beyond the authorized test period, the well may be ordered to be shut-in until the gas can be captured or until approval to continue the venting/flaring pursuant to NTL-4A is granted. Compensation shall be due for gas that is vented/flared without approval.

Produced Water- An application for approval of a permanent disposal method and location will be submitted to the Moab Field Office for approval pursuant to Onshore Oil and Gas Order No.7.

Off-Lease Measurement, Storage, Commingling- Prior approval must be obtained from the Moab Field Office for off-lease measurement, off-lease storage and/or commingling of production prior to the sales measurement point. The term "commingling" describes both the combining of production from different geologic zones and/or combining production from different leases or agreement areas.

Plugging and Abandonment- If the well is a dry hole, plugging instructions must be obtained from the Moab Field Office prior to initiating plugging operations.

A "Subsequent Report of Abandonment" (Sundry Notice, Form 3160-5) will be filed with the Moab Field Office within thirty-days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Upon completion of approved plugging, a regulation marker will be erected in accordance with 43 CFR 3162.6. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the Price Field Office or the appropriate surface managing agency.

TABLE 1

NOTIFICATIONS

Notify Don Stephens (435-636-3608) or Walton Willis (435-636-3662) of the BLM Price Field Office for the following:

2 days prior to constructing location (Stephens);

1 day prior to spudding (Willis);

50 feet prior to reaching the surface casing setting depth (Willis).

If the people at the above number cannot be reached, notify the BLM Moab Field Office at 435-259-2100.

Well abandonment operations require 24-hour advance notice and prior approval. In the case of newly drilled dry holes, verbal approval can be obtained from:

Eric Jones, Petroleum Engineer

Office: 435-259-2117

Home: 435-259-2214

CONFIDENTIAL

DIVISION OF OIL, GAS AND MINING

SPUDDING INFORMATION

Name of Company: PIONEER NATURAL RESOURCES USA INC

Well Name: CASTLEGATE FED 22C-9-12-10

Api No: 43-007-31225 Lease Type: FEDERAL

Section 09 Township 12S Range 10E County CARBON

Drilling Contractor PETE MARTIN'S RIG # RATHOLE

SPUDDED:

Date 11/01/06

Time _____

How DRY

Drilling will Commence: _____

Reported by TOMMY HARRINGTON

Telephone # (719) 859-6510

Date 11/01/06 Signed CHD

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 6

ENTITY ACTION FORM

Operator: Pioneer Natural Resources USA, Inc.
Address: 1401 17th Street, Suite 1200
city Denver
state CO zip 80202

Operator Account Number: N 5155Phone Number: (303) 675-2719

Well 1

API Number	Well Name	QQ	Sec	Twp	Rng	County
4300731213	Jensen Fee 42C-9-12-10	SENE	9	12S	10E	Carbon
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date	
<i>EA</i>	<i>99999</i>	<i>15766</i>	<i>11/1/2006</i>		<i>11/8/06</i>	
Comments: <i>MVRD</i>						CONFIDENTIAL

Well 2

API Number	Well Name	QQ	Sec	Twp	Rng	County
4300731225	Castlegate Federal 22C-9-12-10	SENW	9	12S	10E	Carbon
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date	
<i>EA</i>	<i>99999</i>	<i>15767</i>	<i>11/1/2006</i>		<i>11/8/06</i>	
Comments: <i>MVRD</i>						CONFIDENTIAL

Well 3

API Number	Well Name	QQ	Sec	Twp	Rng	County
4300731214	Jensen Fee 43P-9-12-10	NESE	9	12S	10E	Carbon
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date	
<i>EA</i>	<i>99999</i>	<i>15768</i>	<i>10/26/2006</i>		<i>11/8/06</i>	
Comments: <i>MVRD</i>						CONFIDENTIAL

RECEIVED

ACTION CODES:

- A - Establish new entity for new well (single well only)
- B - Add new well to existing entity (group or unit well)
- C - Re-assign well from one existing entity to another existing entity
- D - Re-assign well from one existing entity to a new entity
- E - Other (Explain in 'comments' section)

Kallasandra M. Moran

NOV 06 2006

Name (Please Print)

DIV. OF OIL, GAS & MINING

Signature

Engineering Analyst

11/6/2006

Title

Date

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

CONFIDENTIAL

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS		5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-65948
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		7. UNIT or CA AGREEMENT NAME:
2. NAME OF OPERATOR: Pioneer Natural Resources USA, Inc., Attn: Kally Moran		8. WELL NAME and NUMBER: Castlegate Federal 22C-9-12-10
3. ADDRESS OF OPERATOR: 1401 17th Street, # 1200 CITY Denver STATE CO ZIP 80202		9. API NUMBER: 4300731225
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1960 FNL 1980 FWL		10. FIELD AND POOL, OR WILDCAT: Castlegate
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 9 12S 10E		COUNTY: Carbon
		STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: 11/1/2006	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>Spud Date</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Please be advised that Pioneer Natural Resources has spud the Castlegate Federal 22C-9-12-10 well. Pioneer set 40' of 14" conductor casing on 11/1/2006. The well is waiting on drilling.

NAME (PLEASE PRINT) <u>Kallasandra M. Moran</u>	TITLE <u>Engineering Analyst</u>
SIGNATURE	DATE <u>11/6/2006</u>

NOTICE

Utah Oil and Gas Conservation General Rule R649-3-21 states that,

- A well is considered completed when the well has been adequately worked to be capable of producing oil or gas or when well testing as required by the division is concluded.
- Within 30 days after the completion or plugging of a well, the following shall be filed:
 - Form 8, Well Completion or Recompletion Report and Log
 - A copy of electric and radioactivity logs, if run
 - A copy of drillstem test reports,
 - A copy of formation water analyses, porosity, permeability or fluid saturation determinations
 - A copy of core analyses, and lithologic logs or sample descriptions if compiled
 - A copy of directional, deviation, and/or measurement-while-drilling survey for each horizontal well

Failure to submit reports in a timely manner will result in the issuance of a Notice of Violation by the Division of Oil, Gas and Mining, and may result in the Division pursuing enforcement action as outlined in Rule R649-10, Administrative Procedures, and Section 40-6-11 of the Utah Code.

As of the mailing of this notice, the division has not received the required reports for

Operator: Pioneer Natural Resources USA, INC Today's Date: 09/18/2007

Well:	API Number:	Drilling Commenced:
Fed Atchee Ridge 22-13-25 drlg/wcr	4304735678	10/04/2005
Jensen Fee 23C-9-12-10 drlg/wcr	4300731211	10/26/2006
Jensen Fee 43P-9-12-10 drlg/wcr	4300731214	10/26/2006
Jensen Fee 33C-9-12-10 drlg/wcr	4300731212	10/26/2006
Jensen Fee 42C-9-12-10 drlg/wcr	4300731213	10/31/2006
Castelgate Fed 22C-9-12-10 drlg/wcr	4300731225	10/31/2006
UTCO Fee 23C-15-12-25 drlg/wcr	4304738252	11/16/2006

To avoid compliance action, required reports should be mailed within 7 business days to:

Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

If you have questions or concerns regarding this matter, please call (801) 538-5284.

cc: Well File
Compliance File

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

CONFIDENTIAL FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS			5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-65948
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.			6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
			7. UNIT or CA AGREEMENT NAME:
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____			8. WELL NAME and NUMBER: Castlegate Federal 22C-9-12-10
2. NAME OF OPERATOR: Pioneer Natural Resources USA, Inc., Attn: Joy A. Ziegler			9. API NUMBER: 4300731225
3. ADDRESS OF OPERATOR: 1401 17th Street, # 1200 CITY Denver STATE CO ZIP 80202		PHONE NUMBER: (303) 675-2663	10. FIELD AND POOL, OR WILDCAT: Castlegate
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1960 FNL 1980 FWL			COUNTY: Carbon
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 9 12S 10E			STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>Well Status</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

The Castlegate Federal 22C-9-12-10 well was spudded on 11/6/2006 & drilled to a TD of 5131' - 5-1/2" csg set @ 5130' - (see attached State Wellbore Report). completion is planned to be started by year end 2007.

NAME (PLEASE PRINT) <u>Joy A. Ziegler</u>	TITLE <u>Senior Engineering Tech</u>
SIGNATURE	DATE <u>9/27/2007</u>

(This space for State use only)

RECEIVED
SEP 26 2007
DIV. OF OIL, GAS & MINING

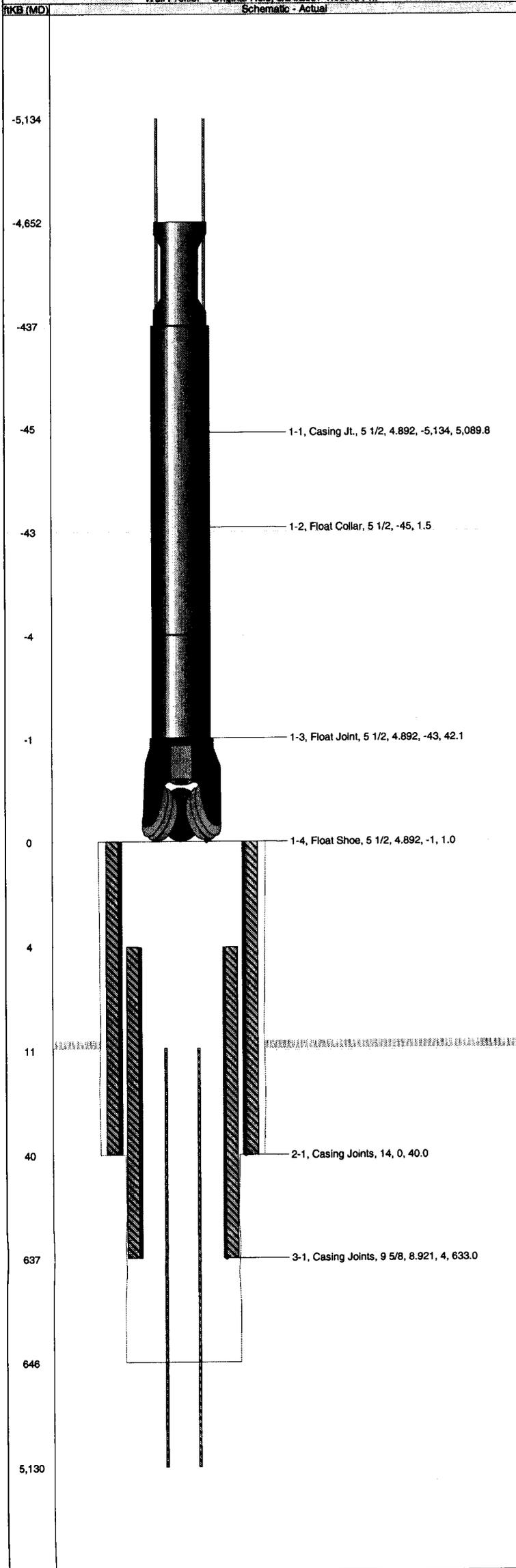


State Wellbore Rpt

Well Name: Castlegate Federal 22C-9-12-10

Western Division

Well Profile: - Original Hole, 9/24/2007 1:06:43 PM
Schematic - Actual



Area Block Number CASTLEGATE		County CARBON		State UTAH		
KB-Grd (ft) 11.00	Orig KB Elev (ft) 7,320.00	Gr Elev (ft) 7,309.00	Total Depth (ftKB) 646.0	Spud Date 11/1/2006		
QTR/QTR SENW		Section 9	Township 12S	Range 10E		
API/UWI 43-007-31225-0000		Operator PIONEER NATURAL RESRC USA, INC.				
Perforations						
Top (ftKB)		Btm (ftKB)		Zone		
Wellbores						
Wellbore Name Original Hole						
Size (in)		Act Top (ftKB)		Act Btm (ftKB)		
18		0.0		40.0		
12 1/4		40.0		646.0		
8 3/4		646.0				
PBTDS						
Date			Depth (ftKB)			
Tubing Strings						
Run Date	Set Depth (ftKB)	Pull Date	Cut Pull Date	Depth Cut Pull (ft...)		
Tubing Components						
Top (ftKB)	Btm (ftKB)	Grade	OD (in)	ID (in)	Wt (lbs/ft)	
Casing Strings						
Production, <Set Depth?>ftKB						
Run Date	Comment					
OD (in)	Item Description	Btm (ftKB)	Jts	ID (in)	Wt (kips)	Grade
5 1/2	Casing Jt.	-44.6	122	4.892	86.5	J-55
5 1/2	Float Collar	-43.1	1			
5 1/2	Float Joint	-1.0	1	4.892	0.7	J-55
5 1/2	Float Shoe	0.0	1	4.892		
Conductor, 40.0ftKB						
Run Date	Comment					
11/1/2006						
OD (in)	Item Description	Btm (ftKB)	Jts	ID (in)	Wt (kips)	Grade
14	Casing Joints	40.0	1		1.6	Sch 40
Surface, 637.0ftKB						
Run Date	Comment					
11/6/2006						
OD (in)	Item Description	Btm (ftKB)	Jts	ID (in)	Wt (kips)	Grade
9 5/8	Casing Joints	637.0	15	8.921	22.8	J-55
Cement						
Production Casing Cement, casing, 07:00						
Description	Start Date	End Date	String	Type		
Production Casing Cement	07:00	12/29/...	Production, <Set Depth?>ftKB	casing		
1, 11.0-5,130.0ftKB						
Stage Number	Top (ftKB)	Bottom (ftKB)	Full Return?			
1	11.0	5,130.0	No			
Class	Amount (sacks)	Density (lb/gal)	Yield (ft³/sack)			
Mix H2O Ratio (gal/sack)			Yield (ft³/sack)			
Add	Amount	Amt Units	Conc Units	Conc		
Class	Amount (sacks)	Density (lb/gal)	Yield (ft³/sack)			
Mix H2O Ratio (gal/sack)			Yield (ft³/sack)			
Add	Amount	Amt Units	Conc Units	Conc		
Conductor Cement, casing, 11/1/2006 11:30						
Description	Start Date	End Date	String	Type		
Conductor Cement	11/1/2...	11/1/2...	Conductor, 40.0ftKB	casing		
1, 0.0-40.0ftKB						
Stage Number	Top (ftKB)	Bottom (ftKB)	Full Return?			
1	0.0	40.0	Yes			
Class	Amount (sacks)	Density (lb/gal)	Yield (ft³/sack)			
Redi-mix	25					
Mix H2O Ratio (gal/sack)			Yield (ft³/sack)			
Add	Amount	Amt Units	Conc Units	Conc		
Surface Casing Cement, casing, 11/7/2006 07:00						
Description	Start Date	End Date	String	Type		
Surface Casing Cement	11/7/2...	11/7/2...	Surface, 637.0ftKB	casing		
1, 4.0-637.0ftKB						
Stage Number	Top (ftKB)	Bottom (ftKB)	Full Return?			
1	4.0	637.0	Yes			
Class	Amount (sacks)	Density (lb/gal)	Yield (ft³/sack)			
		8.33				
Mix H2O Ratio (gal/sack)			Yield (ft³/sack)			
Add	Amount	Amt Units	Conc Units	Conc		

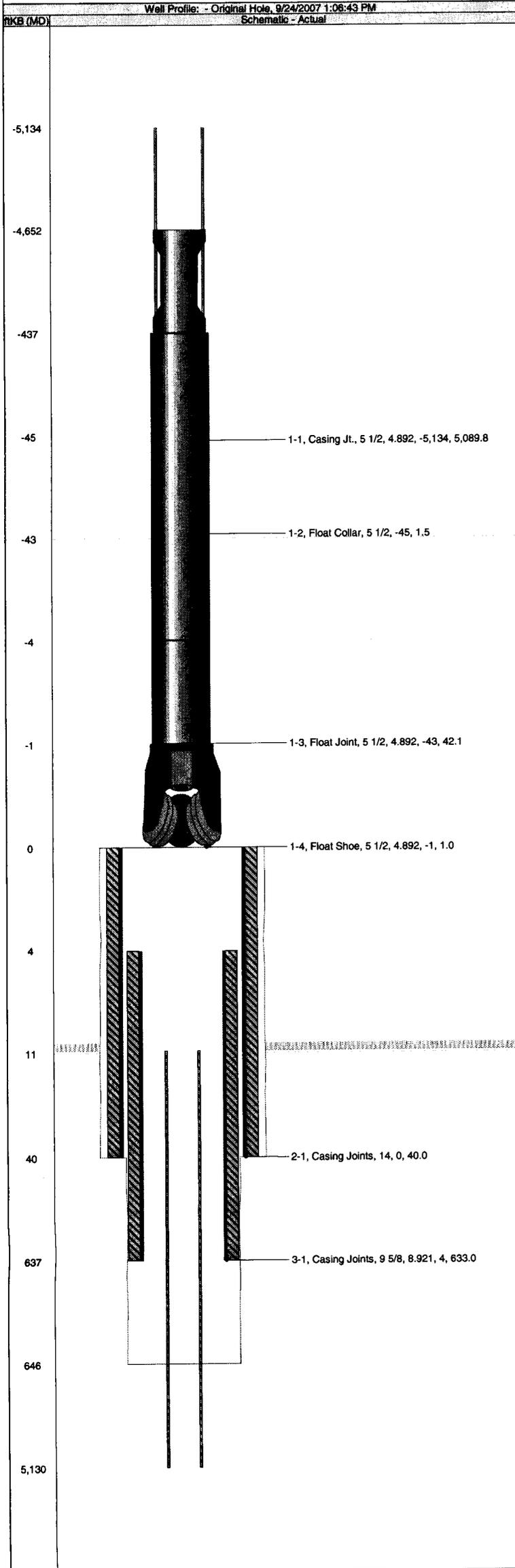


State Wellbore Rpt

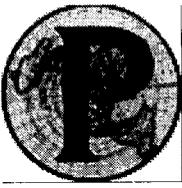
Well Name: **Castlegate Federal 22C-9-12-10**

Western Division

Well Profile: - Original Hole, 9/24/2007 1:06:43 PM
Schematic - Actual



Class	Amount (sacks)	Density (lb/gal)	Yield (ft ³ /sack)
Mix H2O Ratio (gal/sack)			Yield (ft ³ /sack)
Add	Amount	Amt Units	Conc Units
Class	Amount (sacks)	Density (lb/gal)	Yield (ft ³ /sack)
	310	15.80	1.18
Mix H2O Ratio (gal/sack)	5.20		1.18
Add	Amount	Amt Units	Conc Units
Class	Amount (sacks)	Density (lb/gal)	Yield (ft ³ /sack)
		8.33	
Mix H2O Ratio (gal/sack)			Yield (ft ³ /sack)
Add	Amount	Amt Units	Conc Units
Jobs			
Job Category	Primary Job Type	Start Date	End Date
DEVELOPMENT	ORIG DRILL & COMPLETE	11/1/2006	
Job Summary			
Drill & Complete development well.			
Daily Operations			
Start Date	Summary		
11/1/2006	MIRU Pete Martin Drilling. Spud and set 40' of 14" conductor. Cement w/2 yards redi-mix. END DAY.		
11/2/2006	W.O. Surface rig		
11/3/2006	W.O. Surface rig		
11/4/2006	W.O. Surface rig		
11/5/2006	W.O. Surface rig		
11/6/2006	W. O. Surface rig. MIRU Bill Martin Drilling. Drill 12 1/4" surface hole 40' - 646'. C&C hole. TOOH and LD BHA, bit. RU to run 9 5/8" casing. END DAY RUNNING CASING.		
11/7/2006	Finish running 9 5/8" casing. TP 633' set @ 637' K.B. RU Cementers and cement surface casing. Cement with 65 bbls cement and put 23 bbls good cmt to pit. END DAY W.O.C./ W.O. Elenburg #11.		
11/8/2006	W.O. Elenburg #11		
12/8/2006	RIG DOWN AND MOVE. SAFETY MEETING; HIGH VOLTAGE AND HIGH PRESSURE.		
12/9/2006	MOVE AND RIG UP. SAFETY MEETING; DRUGS AND ALCOHOL.		
12/10/2006	WAIT ON WELDER, REPAIR FLOW NIPPLE AND BIT BREAKER, RIG SERVICE, PICK UP VERTRACK ASSEMBLY, FUNCTION TEST VERTRACK, VIBRATING HOSE RUPTURED, WAIT ON VIBRATING HOSE. SAFETY MEETING; TRIPPING PIPE.		
12/11/2006	INSTALL VIBRATING HOSE, FUNCTION TEST TOOLS, TIH TAG CMT @ 562, DRLG CMT F/ 562' TO 611', REPAIR LEAK IN MUD LINE, DRLG CMT F/ 611' TO 633', DRLG F/ 633' TO 764', TRIP FOR ROTATING RUBBER, DRLG F/ 764' TO 798', TEST SURVEY SHOT, DRLG F/ 798' TO 860', SURVEY @ 860' 0.07 INCL., DRLG F/ 860' TO 891' END DAY. SAFETY MEETING; PINCH POINTS		
12/12/2006	DRLG F/ 891' TO 1016', PIONEER CONTRAND SEARCH, DRLG F/ 1016' TO 1618'. SAFETY MEETING; MUD AND CHEMICALS, MSDS AND PPE.		
12/13/2006	DRLG 8 3/4" HOLE F/ 1630' TO 1847', RIG SERVICE, DRLG 8 3/4" HOLE F/ 1847' TO 2315' SAFETY MEETING; BUFFER - FALL ZONES.		
12/14/2006	Cont drilling 8 3/4" HOLE F/ 2310' TO 2500', RIG SERVICE, DRLG F/ 2500' TO 2530', UN PLUG YELLOW DOG, DRLG F/ 2530' TO 2920' END DAY. BOP DRILLS ON BOTH TOURS, SAFETY MEETING/ BLOW OUT.		
12/15/2006	DRLG 8 3/4" HOLE F/ 2920' TO 3213', RIG SERVICE, DRLG 8 3/4" HOLE F/ 3213' TO 3355'. SAFETY MEETING; TRUCK AND FORK LIFT TRAFFIC ON LOCATION.		
12/16/2006	DRLG 8 3/4" HOLE F/ 3355' TO 3380', RIG SERVICE, DRLG 8 3/4" HOLE F/ 3380' TO 3421' TRIP FOR BIT #2, SAFETY MEETING; PINCH POINTS.		
12/17/2006	TRIP IN BIT #2, DRLG F/ 3420 TO 3480, RIG SERVICE, DRLG F/ 3480 TO 3600. SAFETY MEETING; FIRST AID		
12/18/2006	DRLG F/ 3600' TO 3711', RIG SERVICE, DRLG F/ 3711' TO 3741', RIG REPAIR, DRLG F/ 3741' TO 3868'. SAFETY MEETING; STEAM AND PRESSURE.		
12/19/2006	DRLG F/ 3868' TO 3928' RIG SERVICE, RIG REPAIR - REPLACE TRANSMISSION HOSE, DRLG F/ 3928' TO 3990', RIG REPAIR - WORK ON SWIVEL LOCK, TOH, WORK TIGHT HOLE AND MUD UP, TOH, CHANGE BITS, RIG REPAIR-SWIVEL		
12/20/2006	RIG REPAIR, TIH WASH AND REAM F/ 3390' - 3900', HOLE TIGHT, RIG REPAIR, WAIT ON SWIVEL CLUTCH		

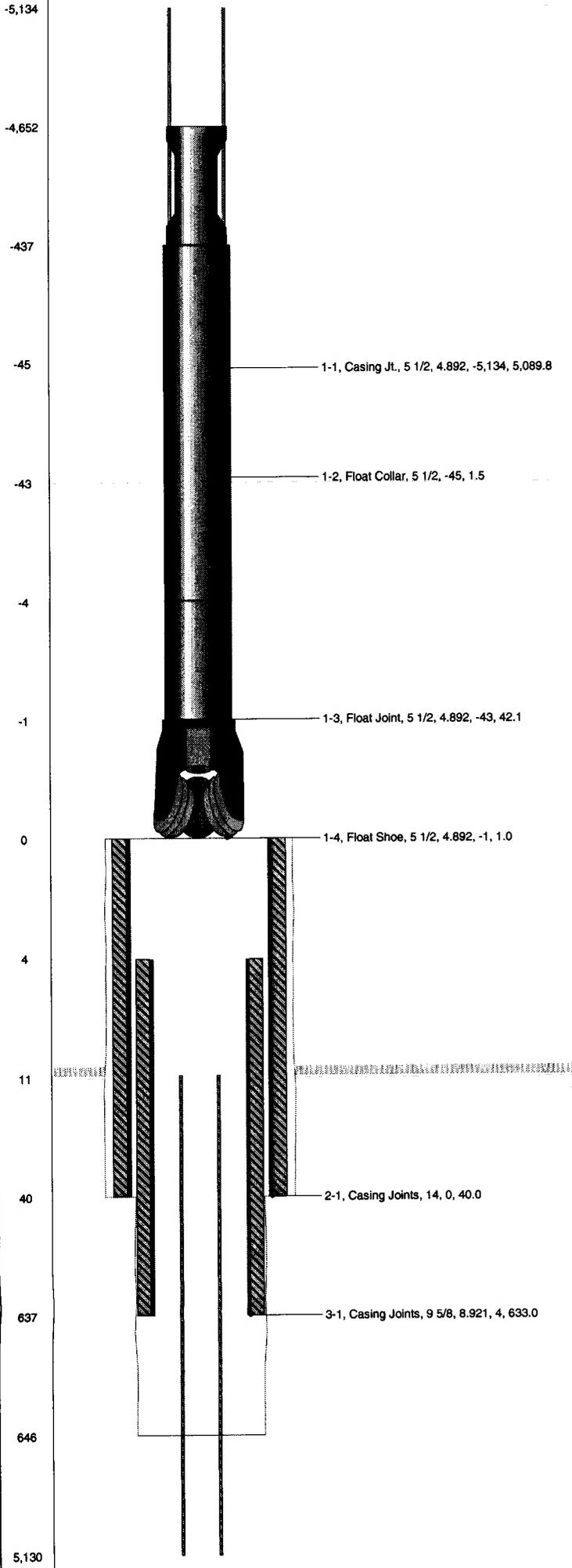


State Wellbore Rpt

Well Name: Castlegate Federal 22C-9-12-10

Western Division

Well Profile: - Original Hole, 9/24/2007 1:06:43 PM		Daily Operations	
TKB (MD)	Schematic - Actual	Start Date	Summary
		12/21/2006	RIG REPAIR, WASH AND REAM F/ 3900' - 3990'. DRLG 8 3/4", BIT # 3, F/ 3990' - 4028', TOH TO REPLACE VERTI-TRAC, C/O BHA, TIH, W/ BIT # 4, INSTALL SWIVEL LOCK, WORK ON SAME
		12/22/2006	WASH AND REAM TO BTM. DRLG. PUMP SWEEP, CIRC, TOH FOR BIT # 5
		12/23/2006	TOH F/ BIT # 5, 47 TYPE SEC. HOLE TIGHT UP TO 3200', RIG REPAIR, FINISH TOH, CHANGE OUT BIT, CHECK BHA, TIH, DRLG
		12/24/2006	DRLG 8 3/4" HOLE LOST CIRC. DRLG LOST CIRC, DRLG
		12/25/2006	DRLG 8 3/4" LOSE CIRC. ON CONN.
		12/26/2006	TD 8 3/4" @ 10:00@ 5131', PUMP SWEEP, CIRC, TOH, L/D, BAKER VERTI TRAC AND SWIVEL LOCK, STRAPE IN HOLE, RIG REPAIR, HYD. PUMP. WASH AND REAM 100' TO BTM. CIRC, TOH, L/D/ DRILL PIPE, TO LOG
		12/27/2006	FINISH TOH, LOG, LOGS WENT TO 4951', RUN CSG. WASHED 120', HOLE PACKED OFF STUCK, LOST APP 600 BBLs. FOUND FREE POINT, REGAINED CIRC. WASHED AN ADDITIONAL 40' TO BTM. CSG SET @ 5130'. CIRC, BRING MUD TO PROGNOSIS SPECS, RIG UP HALIBURTON
		12/28/2006	CEMENT, W/ HALLIBURTON, N/D, CUT OFF, RIG DOWN



SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

		5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-65948
		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
		7. UNIT or CA AGREEMENT NAME:
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		8. WELL NAME and NUMBER: Castlegate Federal 22C-9-12-10
2. NAME OF OPERATOR: Pioneer Natural Resources USA, Inc., Attn: Joy A. Ziegler		9. API NUMBER: 4300731225
3. ADDRESS OF OPERATOR: 1401 17th Street, # 1200 CITY Denver STATE CO ZIP 80202		10. FIELD AND POOL, OR WILDCAT: Castlegate
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1960 FNL 1980 FWL		COUNTY: Carbon
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 9 12S 10E		STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>Well Status</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

The Castlegate Federal 22C-9-12-10 well was spudded on 10/31/2006 & drilled to a TD of 5131' - 5-1/2" csg set @ 5130' - (see attached State Wellbore Report). Completion is planned to be started by year end 2007.

NAME (PLEASE PRINT) <u>Joy A. Ziegler</u>	TITLE <u>Senior Engineering Tech</u>
SIGNATURE	DATE <u>9/27/2007</u>

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

CONFIDENTIAL

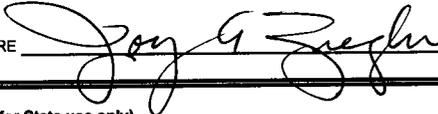
FORM 9

<p>SUNDRY NOTICES AND REPORTS ON WELLS</p> <p>Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.</p>		<p>5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-65948</p>
<p>1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____</p>		<p>6. IF INDIAN, ALLOTTEE OR TRIBE NAME:</p>
<p>2. NAME OF OPERATOR: Pioneer Natural Resources USA, Inc., Attn: Joy A. Ziegler</p>		<p>7. UNIT or CA AGREEMENT NAME:</p>
<p>3. ADDRESS OF OPERATOR: 1401 17th Street, # 1200 CITY Denver STATE CO ZIP 80202</p>		<p>8. WELL NAME and NUMBER: Castlegate Federal 22C-9-12-10</p>
<p>4. LOCATION OF WELL FOOTAGES AT SURFACE: 1960 FNL 1980 FWL</p>		<p>9. API NUMBER: 4300731225</p>
<p>QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 9 12S 10E</p>		<p>10. FIELD AND POOL, OR WILDCAT: Castlegate</p>
<p>COUNTY: Carbon</p>		<p>STATE: UTAH</p>

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE <input type="checkbox"/> ALTER CASING <input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> DEEPEN <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> PLUG BACK <input type="checkbox"/> PRODUCTION (START/RESUME) <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	<input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> WATER DISPOSAL <input type="checkbox"/> WATER SHUT-OFF <input checked="" type="checkbox"/> OTHER: <u>Well Status</u>
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____			

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.
The Castlegate Federal 22C-9-12-10 well remained SI during the month of October 2007 and continues to be SI.

NAME (PLEASE PRINT) <u>Joy A. Ziegler</u>	TITLE <u>Senior Engineering Tech</u>
SIGNATURE 	DATE <u>11/1/2007</u>

(This space for State use only)

RECEIVED
NOV 05 2007

NOTICE

Utah Oil and Gas Conservation General Rule R649-3-21 states that,

- A well is considered completed when the well has been adequately worked to be capable of producing oil or gas or when well testing as required by the division is concluded.
- Within 30 days after the completion or plugging of a well, the following shall be filed:
 - Form 8, Well Completion or Recompletion Report and Log
 - A copy of electric and radioactivity logs, if run
 - A copy of drillstem test reports,
 - A copy of formation water analyses, porosity, permeability or fluid saturation determinations
 - A copy of core analyses, and lithologic logs or sample descriptions if compiled
 - A copy of directional, deviation, and/or measurement-while-drilling survey for each horizontal well

Failure to submit reports in a timely manner will result in the issuance of a Notice of Violation by the Division of Oil, Gas and Mining, and may result in the Division pursuing enforcement action as outlined in Rule R649-10, Administrative Procedures, and Section 40-6-11 of the Utah Code.

As of the mailing of this notice, the division has not received the required reports for

Operator: Pioneer Natural Resources USA, Inc

Today's Date: 02/14/2008

Well:	API Number:	Drilling Commenced:
Fed Athcee Ridge 22-13-25	4304735678	10/04/2005
Jensen Fee 23C-9-12-10	4300731211	10/26/2006
Jensen Fee 43P-9-12-10	4300731214	10/26/2006
Jensen Fee 33C-9-12-10	4300731212	10/26/2006
Jensen Fed 42C-9-12-10	4300731213	10/31/2006
Castlegate Fed 22C-9-12-10	4300731225	10/31/2006
UTCO Fee 23C-25-12-25	4304738252	11/16/2006
Main Cyn Fed 12-8-15-23	4304739428	07/06/2007

12S 10E 9

To avoid compliance action, required reports should be mailed within 7 business days to:

Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

If you have questions or concerns regarding this matter, please call (801) 538-5284.

cc: Well File
Compliance File

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

AMENDED REPORT FORM 8
(highlight changes)

CONFIDENTIAL

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

5. LEASE DESIGNATION AND SERIAL NUMBER:
UTU 65948

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT or CA AGREEMENT NAME

8. WELL NAME and NUMBER:
Castlegate Federal 22C-9-12-10

9. API NUMBER:
43-007-31225

10. FIELD AND POOL, OR WILDCAT
Castlegate

11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:
SWNW 9 12S 10E

12. COUNTY
Carbon

13. STATE
UTAH

1a. TYPE OF WELL: OIL WELL GAS WELL DRY OTHER **CBM**

b. TYPE OF WORK: NEW WELL HORIZ. LATS. DEEP-EN RE-ENTRY DIFF. RESVR. OTHER

2. NAME OF OPERATOR:
Pioneer Natural Resources USA, Inc.

3. ADDRESS OF OPERATOR: **1401 17th Street - #1200 CITY Denver STATE CO ZIP 80202** PHONE NUMBER: **(303) 675-2663**

4. LOCATION OF WELL (FOOTAGES)
AT SURFACE: **1960' FNL & 1980' FWL**
AT TOP PRODUCING INTERVAL REPORTED BELOW: **Same**
AT TOTAL DEPTH: **Same**

14. DATE SPUDDED: **10/31/2006** 15. DATE T.D. REACHED: **10/25/2007** 16. DATE COMPLETED: **1/2/2008** ABANDONED READY TO PRODUCE 17. ELEVATIONS (DF, RKB, RT, GL): **KB 7320, GL 7309**

18. TOTAL DEPTH: MD **5,131** TVD **5,131** 19. PLUG BACK T.D.: MD **5,088** TVD **5,088** 20. IF MULTIPLE COMPLETIONS, HOW MANY? * 21. DEPTH BRIDGE MD PLUG SET: TVD

22. TYPE ELECTRIC AND OTHER MECHANICAL LOGS RUN (Submit copy of each)
HDIL, CND, CBL
Comp 2, CD, CN, GR, Caliper

23. WAS WELL CORED? NO YES (Submit analysis)
WAS DST RUN? NO YES (Submit report)
DIRECTIONAL SURVEY? NO YES (Submit copy)

24. CASING AND LINER RECORD (Report all strings set in well)

HOLE SIZE	SIZE/GRADE	WEIGHT (#/ft.)	TOP (MD)	BOTTOM (MD)	STAGE CEMENTER DEPTH	CEMENT TYPE & NO. OF SACKS	SLURRY VOLUME (BBL)	CEMENT TOP **	AMOUNT PULLED
18"	40 Sch 40	40	Surf	40		Redimix 25		Surf	
12-1/4"	9-5/8 J55	36	Surf	637		Cl G 310	65	Surf - CBL	
8-3/4"	5-1/2 J55	17	Surf	5,130		Hi fill 380	211	3010 - CBL	
						G 160			

25. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
2-7/8	4,841							

26. PRODUCING INTERVALS

FORMATION NAME	TOP (MD)	BOTTOM (MD)	TOP (TVD)	BOTTOM (TVD)	INTERVAL (Top/Bot - MD)	SIZE	NO. HOLES	PERFORATION STATUS	
(A) Blackhawk Coal	4,032	4,882			4,793 4,822	.25	57	Open <input checked="" type="checkbox"/>	Squeezed <input type="checkbox"/>
(B)					4,667 4,744	.25	60	Open <input checked="" type="checkbox"/>	Squeezed <input type="checkbox"/>
(C)					4,514 4,569	.25	60	Open <input checked="" type="checkbox"/>	Squeezed <input type="checkbox"/>
(D)								Open <input type="checkbox"/>	Squeezed <input type="checkbox"/>

28. ACID, FRACTURE, TREATMENT, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL	AMOUNT AND TYPE OF MATERIAL
4793-4822	33,640 20/40 sd, 180,000 N2 scf
4667-4744	96,100 20/40 sd, 393,000 N2 scf
4514-4569	62,500 20/40 sd, 28,000 N2 scf

29. ENCLOSED ATTACHMENTS:

ELECTRICAL/MECHANICAL LOGS GEOLOGIC REPORT DST REPORT DIRECTIONAL SURVEY
 SUNDRY NOTICE FOR PLUGGING AND CEMENT VERIFICATION CORE ANALYSIS OTHER: _____

30. WELL STATUS:
Pumping

RECEIVED
MAR 07 2008
DIV. OF OIL, GAS & MINING

31. INITIAL PRODUCTION

INTERVAL A (As shown in item #26)

DATE FIRST PRODUCED: 11/21/2007		TEST DATE: 1/20/2008		HOURS TESTED: 24		TEST PRODUCTION RATES: →	OIL - BBL: 0	GAS - MCF: 24	WATER - BBL: 125	PROD. METHOD: Pump
CHOKE SIZE:	TBG. PRESS. 45	CSG. PRESS. 30	API GRAVITY	BTU - GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL - BBL: 0	GAS - MCF: 24	WATER - BBL: 125	INTERVAL STATUS: Producing

INTERVAL B (As shown in item #26)

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →	OIL - BBL:	GAS - MCF:	WATER - BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU - GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL - BBL:	GAS - MCF:	WATER - BBL:	INTERVAL STATUS:

INTERVAL C (As shown in item #26)

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →	OIL - BBL:	GAS - MCF:	WATER - BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU - GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL - BBL:	GAS - MCF:	WATER - BBL:	INTERVAL STATUS:

INTERVAL D (As shown in item #26)

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →	OIL - BBL:	GAS - MCF:	WATER - BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU - GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL - BBL:	GAS - MCF:	WATER - BBL:	INTERVAL STATUS:

32. DISPOSITION OF GAS (Sold, Used for Fuel, Vented, Etc.)

Test: Gas Vented; Date 1st Produced: Sold

33. SUMMARY OF POROUS ZONES (Include Aquifers):

Show all important zones of porosity and contents thereof. Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

34. FORMATION (Log) MARKERS:

Formation	Top (MD)	Bottom (MD)	Descriptions, Contents, etc.	Name	Top (Measured Depth)
Price River	2,594	2,910	Sand Stone - No cores, not tested	Price River	2,594
Castlegate	3,258	3,436	Sand Stone w/chert - No cores, not tested	Castlegate	3,258
Aberdeen	4,882		Sand Stone w/Shale - No cores, not tested	Blackhawk K2 Coal Aberdeen	4,032 4,723 4,882

35. ADDITIONAL REMARKS (Include plugging procedure)

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records.

NAME (PLEASE PRINT) Joy A. Ziegler TITLE Senior Engineering Tech
 SIGNATURE *Joy A. Ziegler* DATE 3/3/2008

This report must be submitted within 30 days of

- completing or plugging a new well
- drilling horizontal laterals from an existing well bore
- recompleting to a different producing formation
- reentering a previously plugged and abandoned well
- significantly deepening an existing well bore below the previous bottom-hole depth
- drilling hydrocarbon exploratory holes, such as core samples and stratigraphic tests

* ITEM 20: Show the number of completions if production is measured separately from two or more formations.

** ITEM 24: Cement Top - Show how reported top(s) of cement were determined (circulated (CIR), calculated (CAL), cement bond log (CBL), temperature survey (TS)).

Send to: Utah Division of Oil, Gas and Mining
 1594 West North Temple, Suite 1210
 Box 145801
 Salt Lake City, Utah 84114-5801

Phone: 801-538-5340
 Fax: 801-359-3940

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER:
2. NAME OF OPERATOR: Blue Tip Castlegate, Inc. <i>N 3680</i>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 15810 Park Ten Place - Ste 160 CITY Houston STATE TX ZIP 77084		7. UNIT or CA AGREEMENT NAME:
PHONE NUMBER: (303) 979-6023		8. WELL NAME and NUMBER: See Attached List
4. LOCATION OF WELL FOOTAGES AT SURFACE: _____ COUNTY: Carbon		9. API NUMBER:
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: _____ STATE: UTAH		10. FIELD AND POOL, OR WILDCAT:

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: <u>4/1/2010</u>	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input checked="" type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Blue Tip Castlegate, Inc. has acquired all of Pioneer Natural Resources USA, Inc's interest in the Castlegate Field - see attached well list. The effective date of change of operator is April 1, 2010.

Betty Brown 5/13/10
Betty Brown Date
Attorney-In-Fact
Pioneer Natural Resources USA, Inc. *N 5155*
1401 17th Street - Suite 1200
Denver, CO 80202
Phone: 303-675-2610

Bruce L Taylor 5/13/10
Bruce L. Taylor Date
Manager Vice President *BT*
Blue Tip Castlegate, Inc.
15810 Park Ten Place - Suite 160
Houston, TX 77084
Telephone: 303-979-6023
State Bond No.: B005639
BLM Bond No.: B005638

NAME (PLEASE PRINT) <u>Bruce L. Taylor</u>	TITLE <u>Manager Vice President <i>BT</i></u>
SIGNATURE <i>Bruce L Taylor</i>	DATE <u>5/13/10</u>

(This space for State use only)

APPROVED 6/30/2010

Earlene Russell

(5/2000)

Division of Oil, Gas and Mining
Earlene Russell, Engineering Technician

(See Instructions on Reverse Side)

RECEIVED

JUN 03 2010

DIV. OF OIL, GAS & MINING

PIONEER NATURAL RESOURCES (N5155) to BLUE TIP CASTLEGATE (N3680)

well_name	sec	twp	rng	api	entity	lease	type	stat	C
SHIMMIN TRUST 5-14-12-10	14	120S	100E	4300730122	14175	Fee	GW	P	
CASTLEGATE FED 7-9-12-10	09	120S	100E	4300730137	12991	Federal	GW	P	
JENSEN 9-10-12-10	10	120S	100E	4300730159	12906	Fee	GW	P	
JENSEN 5-10-12-10	10	120S	100E	4300730162	12905	Fee	GW	S	
JENSEN 16-9-12-10	09	120S	100E	4300730163	12904	Fee	GW	P	
JENSEN 11-10-12-10	10	120S	100E	4300730164	11405	Fee	GW	P	
SHIMMIN TRUST 11-11-12-10	11	120S	100E	4300730166	11410	Fee	GW	P	
CASTLEGATE ST 1-16-12-10	16	120S	100E	4300730589	12610	State	GW	P	
JENSEN 1-10-12-10	10	120S	100E	4300730596	12611	Fee	GW	P	
SHIMMIN TRUST 2-11-12-10	11	120S	100E	4300730659	13070	Fee	GW	P	
SHIMMIN TRUST 4-14-12-10	14	120S	100E	4300730662	13071	Fee	GW	P	
SHIMMIN TRUST 1-11-12-10	11	120S	100E	4300730673	12901	Fee	GW	P	
JENSEN 2-10-12-10	10	120S	100E	4300730675	14225	Fee	GW	OPS	
JENSEN 1-9-12-10	09	120S	100E	4300730717	12903	Fee	GW	P	
JENSEN 1-18-12-10	18	120S	100E	4300730718	14226	Fee	GW	P	
JENSEN 1-4-12-10	04	120S	100E	4300730733	13068	Fee	GW	P	
JENSEN 2-8-12-10	08	120S	100E	4300730734	13275	Fee	GW	P	
JENSEN 2-9-12-10	09	120S	100E	4300730735	13317	Fee	GW	P	
JENSEN 1-15-12-10	15	120S	100E	4300730736	13072	Fee	GW	P	
JENSEN 1-8-12-10	08	120S	100E	4300730768	13359	Fee	GW	P	
CASTLEGATE ST 4-16-12-10	16	120S	100E	4300730785	13318	State	GW	P	
JENSEN DEEP 7-15-12-10	15	120S	100E	4300730786	13247	Fee	GW	S	
CASTLEGATE ST 11-16H-12-10	16	120S	100E	4300730961	14224	State	GW	S	
SHIMMIN 11-14-12-10	14	120S	100E	4300730962	14223	Fee	GW	OPS	
JENSEN 23C-9-12-10	09	120S	100E	4300731211	15770	Fee	GW	P	
JENSEN 33C-9-12-10	09	120S	100E	4300731212	15769	Fee	GW	P	
JENSEN 42C-9-12-10	09	120S	100E	4300731213	15766	Fee	GW	P	
JENSEN 43C-9-12-10	09	120S	100E	4300731214	15768	Fee	GW	P	C
CASTLEGATE FED 22C-9-12-10	09	120S	100E	4300731225	15767	Federal	GW	P	
JENSEN 41C-9-12-10	09	120S	100E	4300731452	17246	Fee	GW	OPS	C
JENSEN 14C-10-12-10	10	120S	100E	4300731453	17235	Fee	GW	P	
JENSEN FED 14C-3-12-10	03	120S	100E	4300731495		Federal	GW	APD	C
JENSEN FED 22C-10-12-10	10	120S	100E	4300731498		Federal	GW	APD	C
JENSEN FED 11C-10-12-10	10	120S	100E	4300731499		Federal	GW	APD	C
JENSEN 14C-4-12-10	04	120S	100E	4300731500		Fee	GW	APD	C
JENSEN 44C-4-12-10	04	120S	100E	4300731501		Fee	GW	APD	C
JENSEN 44C-5-12-10	05	120S	100E	4300731502		Fee	GW	APD	C
JENSEN 34C-9-12-10	09	120S	100E	4300731503		Fee	GW	APD	C
JENSEN 31C-9-12-10	09	120S	100E	4300731504		Fee	GW	APD	C
JENSEN 14C-9-12-10	09	120S	100E	4300731505		Fee	GW	APD	C
JENSEN 11C-9-12-10	09	120S	100E	4300731506		Fee	GW	APD	C
JENSEN 24C-9-12-10	09	120S	100E	4300731507		Fee	GW	APD	C
JENSEN ST 11C-34-11-9	34	110S	090E	4304930024	17071	State	GW	S	C

Division of Oil, Gas and Mining
 Operator Change/Name Change Worksheet-for State use only

Effective Date: 7/1/2016

FORMER OPERATOR:	NEW OPERATOR:
Blue Tip Castlegate, Inc. 15810 Park Ten Place, Suite 160 Houston TX 77084	Liberty Pioneer Energy Sources, Inc. 1411 East 840 North Orem UT 84097
CA Number(s):	Unit(s): N/A

WELL INFORMATION:

Well Name	Sec	TWN	RNG	API	Entity	Mineral	Surface	Type	Status
See Attached List									

OPERATOR CHANGES DOCUMENTATION:

1. Sundry or legal documentation was received from the **FORMER** operator on: 7/21/2016
2. Sundry or legal documentation was received from the **NEW** operator on: 7/21/2016
3. New operator Division of Corporations Business Number: 6353640-0143

REVIEW:

1. Surface Agreement Sundry from **NEW** operator on Fee Surface wells received on: N/A
2. Receipt of Acceptance of Drilling Procedures for APD on: N/A
3. Reports current for Production/Disposition & Sundries: 8/26/2016
4. OPS/SI/TA well(s) reviewed for full cost bonding: 8/26/2016
5. UIC5 on all disposal/injection/storage well(s) approved on: 8/26/2016
6. Surface Facility(s) included in operator change: N/A
7. Inspections of PA state/fee well sites complete on (only upon operators request): N/A

NEW OPERATOR BOND VERIFICATION:

1. Federal well(s) covered by Bond Number: ~~N/A~~ UTB000334
2. Indian well(s) covered by Bond Number: N/A
3. State/fee well(s) covered by Bond Number(s): RLB0012097

DATA ENTRY:

1. Well(s) update in the **OGIS** on: 8/26/2016
2. Entity Number(s) updated in **OGIS** on: 8/26/2016
3. Unit(s) operator number update in **OGIS** on: N/A
4. Surface Facilities update in **OGIS** on: N/A
5. State/Fee well(s) attached to bond(s) in **RBDMS** on: 8/26/2016
6. Surface Facilities update in **RBDMS** on: N/A

COMMENTS:

From: Blue Tip Castlegate, Inc.
 To: Liberty Pioneer Energy Source, Inc.
 Effective: 7/1/2016

Well Name	Sec	TWN	RNG	API Number	Entity	Mineral	Surface	Type	Status
CASTLEGATE ST 1-35-12-10 WD	35	110S	100E	4301332308	13472	State	State	WD	A
JENSEN 9-10-12-10	10	120S	100E	4300730159	12906	Fee	Fee	GW	P
JENSEN 5-10-12-10	10	120S	100E	4300730162	12905	Fee	Fee	GW	P
JENSEN 16-9-12-10	9	120S	100E	4300730163	12904	Fee	Fee	GW	P
JENSEN 11-10-12-10	10	120S	100E	4300730164	11405	Fee	Fee	GW	P
CASTLEGATE ST 1-16-12-10	16	120S	100E	4300730589	12610	State	State	GW	P
JENSEN 1-10-12-10	10	120S	100E	4300730596	12611	Fee	Fee	GW	P
JENSEN 1-9-12-10	9	120S	100E	4300730717	12903	Fee	Fee	GW	P
JENSEN 2-9-12-10	9	120S	100E	4300730735	13317	Fee	Fee	GW	P
JENSEN 1-15-12-10	15	120S	100E	4300730736	13072	Fee	Fee	GW	P
JENSEN 1-8-12-10	8	120S	100E	4300730768	13359	Fee	Fee	GW	P
JENSEN DEEP 7-15-12-10	15	120S	100E	4300730786	13247	Fee	Fee	GW	P
JENSEN 23C-9-12-10	9	120S	100E	4300731211	15770	Fee	Fee	GW	P
JENSEN 33C-9-12-10	9	120S	100E	4300731212	15769	Fee	Fee	GW	P
JENSEN 43C-9-12-10	9	120S	100E	4300731214	15768	Fee	Fee	GW	P
CASTLEGATE FED 22C-9-12-10	9	120S	100E	4300731225	15767	Federal	Federal	GW	P
JENSEN 41C-9-12-10	9	120S	100E	4300731452	17246	Fee	Fee	GW	P
JENSEN 14C-10-12-10	10	120S	100E	4300731453	17235	Fee	Fee	GW	P
JENSEN FED 6-10-12-10	10	120S	100E	4300750177	18209	Federal	Fee	GW	P
SHIMMIN TRUST 5-14-12-10	14	120S	100E	4300730122	14175	Fee	Fee	GW	S
CASTLEGATE FED 7-9-12-10	9	120S	100E	4300730137	12991	Federal	Federal	GW	S
SHIMMIN TRUST 11-11-12-10	11	120S	100E	4300730166	11410	Fee	Fee	GW	S
SHIMMIN TRUST 2-11-12-10	11	120S	100E	4300730659	13070	Fee	Fee	GW	S
SHIMMIN TRUST 4-14-12-10	14	120S	100E	4300730662	13071	Fee	Fee	GW	S
SHIMMIN TRUST 1-11-12-10	11	120S	100E	4300730673	12901	Fee	Fee	GW	S
JENSEN 1-18-12-10	18	120S	100E	4300730718	14226	Fee	Fee	GW	S
JENSEN 1-4-12-10	4	120S	100E	4300730733	13068	Fee	Fee	GW	S
JENSEN 2-8-12-10	8	120S	100E	4300730734	13275	Fee	Fee	GW	S
CASTLEGATE ST 4-16-12-10	16	120S	100E	4300730785	13318	State	State	GW	S
CASTLEGATE ST 11-16H-12-10	16	120S	100E	4300730961	14224	State	State	GW	S
JENSEN 42C-9-12-10	9	120S	100E	4300731213	15766	Fee	Fee	GW	S
JENSEN 2C-9	9	120S	100E	4300750179	18242	Fee	Fee	GW	S
JENSEN ST 11C-34-11-9	34	110S	090E	4304930024	17071	State	Fee	GW	S

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS		5. LEASE DESIGNATION AND SERIAL NUMBER: SEE ATTACHED LIST
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		7. UNIT or CA AGREEMENT NAME:
2. NAME OF OPERATOR: Liberty Pioneer Energy Source, Inc.		8. WELL NAME and NUMBER: SEE ATTACHED LIST
3. ADDRESS OF OPERATOR: 1411 E 840 N CITY Orem STATE UT ZIP 84097		9. API NUMBER: SEE ATTACHED LIST
PHONE NUMBER: (801)224-4771		10. FIELD AND POOL, OR WILDCAT:
4. LOCATION OF WELL FOOTAGES AT SURFACE: SEE ATTACHED LIST		COUNTY:
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:		STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

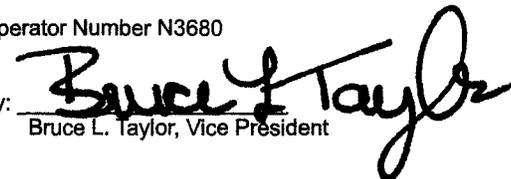
CHANGE OF OPERATOR

PREVIOUS OPERATOR:
Blue Tip Castlegate, Inc. **N3680**
15810 Park Ten Place - Suite 160
Houston, TX 77084
Phone (281) 994-3800

NEW OPERATOR:
Liberty Pioneer Energy Source, Inc. **N2855**
1411 East 840 North
Orem, UT 84097
Phone (801) 224-4771

Operator Number N3680

Operator Number N2855

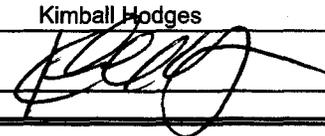
By: 
Bruce L. Taylor, Vice President

RECEIVED

JUL 21 2016

DIV. OF OIL, GAS & MINING

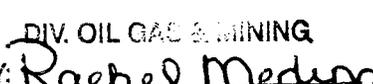
Be advised that Liberty Pioneer Energy Source, Inc. is responsible under the terms and conditions of the related leases for the operations conducted upon the leased lands. Bond coverage is covered by Bond No. RLB0012097.

NAME (PLEASE PRINT) <u>Kimball Hodges</u>	TITLE <u>Vice President of Liberty Pioneer Energy Source, Inc.</u>
SIGNATURE 	DATE <u>7/18/16</u>

(This space for State use only)

APPROVED

AUG 26 2016

DIV. OIL GAS & MINING
BY: 

ATTACHED LIST to Change of Operator Sundry Notice

BTC WELL NUMBER	WELL NAME AND NUMBER	LEGAL DESCRIPTION	OPERATOR	API	COUNTY	STATE
2080001	JENSEN 1-4-12-10	Salt Lake Meridian T12S R10E Sec 04: SWSE	BLUE TIP CASTLEGATE INC.	43-007-30733-0000	CARBON	UTAH
2080002	JENSEN 1-8-12-10	Salt Lake Meridian T12S R10E Sec 08: NESE	BLUE TIP CASTLEGATE INC.	43-007-30768-0000	CARBON	UTAH
2080003	JENSEN 2-8-12-10	Salt Lake Meridian T12S R10E Sec 08: NENE	BLUE TIP CASTLEGATE INC.	43-007-30734-0000	CARBON	UTAH
2080004	CASTLEGATE FED 22C-9-12-10	Salt Lake Meridian T12S R10E Sec 09: SENW	BLUE TIP CASTLEGATE INC.	43-007-31225-0000	CARBON	UTAH
2080005	CASTLEGATE FED 7-9-12-10	Salt Lake Meridian T12S R10E Sec 09: SWNE	BLUE TIP CASTLEGATE INC.	43-007-30137-0000	CARBON	UTAH
2080006	JENSEN 1-9-12-10	Salt Lake Meridian T12S R10E Sec 09: NWSW	BLUE TIP CASTLEGATE INC.	43-007-30717-0000	CARBON	UTAH
2080007	JENSEN 2-9-12-10	Salt Lake Meridian T12S R10E Sec 09: NENW	BLUE TIP CASTLEGATE INC.	43-007-30735-0000	CARBON	UTAH
2080008	JENSEN 16-9-12-10	Salt Lake Meridian T12S R10E Sec 09: SESE	BLUE TIP CASTLEGATE INC.	43-007-30163-0000	CARBON	UTAH
2080009	JENSEN 23C-9-12-10	Salt Lake Meridian T12S R10E Sec 09: NESW	BLUE TIP CASTLEGATE INC.	43-007-31211-0000	CARBON	UTAH
2080010	JENSEN 33C-9-12-10	Salt Lake Meridian T12S R10E Sec 09: NWSE	BLUE TIP CASTLEGATE INC.	43-007-31212-0000	CARBON	UTAH
2080011	JENSEN 42C-9-12-10	Salt Lake Meridian T12S R10E Sec 09: SENE	BLUE TIP CASTLEGATE INC.	43-007-31213-0000	CARBON	UTAH
2080012	JENSEN 43C-9-12-10	Salt Lake Meridian T12S R10E Sec 09: NESE	BLUE TIP CASTLEGATE INC.	43-007-31214-0000	CARBON	UTAH
2080013	JENSEN 1-10-12-10	Salt Lake Meridian T12S R10E Sec 10: NWSW	BLUE TIP CASTLEGATE INC.	43-007-30596-0000	CARBON	UTAH
2080014	JENSEN 5-10-12-10	Salt Lake Meridian T12S R10E Sec 10: SWNW	BLUE TIP CASTLEGATE INC.	43-007-30162-0000	CARBON	UTAH
2080015	JENSEN 11-10-12-10	Salt Lake Meridian T12S R10E Sec 10: NESW	BLUE TIP CASTLEGATE INC.	43-007-30164-0000	CARBON	UTAH

ATTACHED LIST to Change of Operator Sundry Notice

BTC WELL NUMBER	WELL NAME AND NUMBER	LEGAL DESCRIPTION	OPERATOR	API	COUNTY	STATE
2080016	JENSEN 14C-10-12-10	Salt Lake Meridian T12S R10E Sec 10: SWSW	BLUE TIP CASTLEGATE INC.	43-007-31453-0000	CARBON	UTAH
2080017	SHIMMIN TRUST 1-11-12-10	Salt Lake Meridian T12S R10E Sec 11: SWSW	BLUE TIP CASTLEGATE INC.	43-007-30673-0000	CARBON	UTAH
2080018	SHIMMIN TRUST 2-11-12-10	Salt Lake Meridian T12S R10E Sec 11: SFSW	BLUE TIP CASTLEGATE INC.	43-007-30659-0000	CARBON	UTAH
2080019	SHIMMIN TRUST 4-14-12-10	Salt Lake Meridian T12S R10E Sec 14: SENW	BLUE TIP CASTLEGATE INC.	43-007-30662-0000	CARBON	UTAH
2080020	SHIMMIN TRUST 5-14-12-10	Salt Lake Meridian T12S R10E Sec 14: NWNE	BLUE TIP CASTLEGATE INC.	43-007-30122-0000	CARBON	UTAH
2080021	JENSEN 1-15-12-10	Salt Lake Meridian T12S R10E Sec 15: SWNE	BLUE TIP CASTLEGATE INC.	43-007-30736-0000	CARBON	UTAH
2080022	JENSEN DEEP 7-15-12-10	Salt Lake Meridian T12S R10E Sec 15: SWNE	BLUE TIP CASTLEGATE INC.	43-007-30786-0000	CARBON	UTAH
2080023	CASTLEGATE ST 1-16-12-10	Salt Lake Meridian T12S R10E Sec 16: NWNE	BLUE TIP CASTLEGATE INC.	43-007-30589-0000	CARBON	UTAH
2080024	CASTLEGATE ST 4-16-12-10	Salt Lake Meridian T12S R10E Sec 16: SENW	BLUE TIP CASTLEGATE INC.	43-007-30785-0000	CARBON	UTAH
2080025	JENSEN 1-18-12-10	Salt Lake Meridian T12S R10E Sec 18: NESE	BLUE TIP CASTLEGATE INC.	43-007-30718-0000	CARBON	UTAH
2080026	CASTLEGATE ST 1-35-12-10 WD	Salt Lake Meridian T11S R10E Sec 35: SWSW	BLUE TIP CASTLEGATE INC.	43-013-32308-0000	DUCHESNE	UTAH
2080027	CASTLEGATE ST 11-16H-12-10	Salt Lake Meridian T12S R10E Sec 16: NWNW	BLUE TIP CASTLEGATE INC.	43-007-30961-0000	CARBON	UTAH
2080028	JENSEN STATE 11C-34-11-9	Salt Lake Meridian T11S R9E Sec 34: NWNW	BLUE TIP CASTLEGATE INC.	43-049-30024-0000	UTAH	UTAH
2080030	JENSEN 41C-9-12-10	Salt Lake Meridian T12S R10E Sec 09: NENE	BLUE TIP CASTLEGATE INC.	43-007-31452-0000	CARBON	UTAH

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ATTACHED LIST to Change of Operator Sundry Notice

BTC WELL NUMBER	WELL NAME AND NUMBER	LEGAL DESCRIPTION	OPERATOR	API	COUNTY	STATE
2080032	JENSEN 9-10-12-10	Salt Lake Meridian T12S R10E Sec 10: NESE	BLUE TIP CASTLEGATE INC.	43-007-30159-0000	CARBON	UTAH
2080033	SHIMMIN TRUST 11-11-12-10	Salt Lake Meridian T12S R10E Sec 11: NESW	BLUE TIP CASTLEGATE INC.	43-007-30166-0000	CARBON	UTAH
2080042	JENSEN 2C-9-12-10	Salt Lake Meridian T12S R10E Sec 9: NW4NE4	BLUE TIP CASTLEGATE INC.	43-007-01790-0000 50179	CARBON	UTAH
2080043	JENSEN FED 6-10-12-10	Salt Lake Meridian T12S R10E Sec 6: SE4NW4	BLUE TIP CASTLEGATE INC.	43-007-50177-0000	CARBON	UTAH

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STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

UIC FORM 5

TRANSFER OF AUTHORITY TO INJECT

Well Name and Number Castlegate St 1-35-12-10	API Number 4301332308
Location of Well Footage : 540' FSL, 1135' FWL County : Duchesne QQ, Section, Township, Range: SWSW 35 11S 10E State : UTAH	Field or Unit Name Castlegate Lease Designation and Number ML-48822

EFFECTIVE DATE OF TRANSFER: 7/1/2016

CURRENT OPERATOR

Company: <u>Blue Tip Castlegate, Inc.</u>	Name: <u>Bruce L. Taylor</u>
Address: <u>P. O. Box 842317</u>	Signature: <u><i>Bruce L. Taylor</i></u>
<u>city Houston state TX zip 77284</u>	Title: <u>Secretary</u>
Phone: <u>(281) 944-3800</u>	Date: <u>7/1/2016</u>
Comments:	

NEW OPERATOR

Company: <u>WEM Castlegate, LLC</u>	Name: <u>Cory Kusen</u>
Address: <u>1411 East 840 North</u>	Signature: <u><i>Cory Kusen</i></u>
<u>city Orem state UT zip 84097</u>	Title: <u>Manager</u>
Phone: _____	Date: <u>7/1/16</u>
Comments:	

(This space for State use only)

Transfer approved by: *Don Juan*
Title: UIC Geologist

Approval Date: 8/3/16

Comments:

RECEIVED
JUL 21 2016



Dustin K. Doucet
Petroleum Engineer
Division of Oil, Gas and Mining
1594 West North Temple, Ste 1210
Salt Lake City, Utah 84116

RE: Bonding for Castlegate Field Wells

August 15, 2016

Dustin:

Blue Tip Energy Management, LLC was the previous operator and bondholder of the Castle Gate Field and associated wells listed below. Liberty Pioneer Energy Source, Inc. ("LPES") has submitted the necessary paperwork to take over as the new operator of these wells. Per our recent communications we would like to make the following proposal pertaining to the bonding of the wells listed below so that all of the wells in the field will be covered by LPES blanket bond #RLB0012097.

1) LPES plans to P&A the following wells prior to November 1, 2016:

13318 CASTLEGATE ST 4-16-12-10
14224 CASTLEGATE ST 11-16H-12-10

2) LPES is currently getting pricing to build a pipeline to the following well which is believed to be capable of production. If pricing is reasonable, LPES will propose production testing and flaring. We will notify you of our decision to either run a pipeline or plug and abandon this well before the end of 2016. If the decision is to produce, LPES will commence the pipeline permitting process before the end of 2016:

17071 JENSEN STATE 11C-34-11-9

3) Wells that are currently producing or will be returned to producing status by October 1, 2016:

13070 SHIMMIN TRUST 2-11-12-10
13275 JENSEN 2-8-12-10
13071 SHIMMIN TRUST 4-14-12-10
13068 JENSEN 1-4-12-10
18242 JENSEN 2C-9-12-10
12991 CASTLEGATE FED 7-9-12-10
11405 JENSEN 11-10-12-10
12610 CASTLEGATE ST 1-16-12-10
12611 JENSEN 1-10-12-10
12903 JENSEN 1-9-12-10
12904 JENSEN 16-9-12-10
12905 JENSEN 5-10-12-10
12906 JENSEN 9-10-12-10
13072 JENSEN 1-15-12-10
13247 JENSEN DEEP 7-15-12-10
13317 JENSEN 2-9-12-10
13359 JENSEN 1-8-12-10
15766 JENSEN 42C-9-12-10
15767 CASTLEGATE FED 22C-9-12-10
15768 JENSEN 43C-9-12-10
15769 JENSEN 33C-9-12-10
15770 JENSEN 23C-9-12-10
17235 JENSEN 14C-10-12-10
17246 JENSEN 41C-9-12-10
14226 JENSEN 1-18-12-10
11410 SHIMMIN TRUST 11-11-12-10
12901 SHIMMIN TRUST 1-11-12-10
14175 SHIMMIN TRUST 5-14-12-10
18209 JENSEN 6-10-12-10

Thanks for your help. Please let us know if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Gunnell', written in a cursive style.

Daniel R. Gunnell
President
Liberty Pioneer Energy Source, Inc.
1411 East 840 North
Orem, UT 84097



Rachel Medina <rachelmedina@utah.gov>

Fwd: LPES plans for the Castlegate field wells/Bonding

2 messages

Dayne Doucet <daynedoucet@utah.gov>

Wed, Aug 17, 2016 at 11:46 AM

To: Rachel Medina <rachelmedina@utah.gov>, Randy Thackeray <randythackeray@utah.gov>

FYI

----- Forwarded message -----

From: **Daniel Gunnell** <dgunnell@rockiesstandard.com>

Date: Wed, Aug 17, 2016 at 9:40 AM

Subject: Re: LPES plans for the Castlegate field wells/Bonding

To: Dustin Doucet <dustindoucet@utah.gov>

Cc: Brad Gunnell <bgunnell@rockiesstandard.com>, Cory Jensen <cjensen@rockiesstandard.com>, Kimball Hodges <khodges@rockiesstandard.com>, Dayne Doucet <daynedoucet@utah.gov>, Joshua Payne <joshuapayne@utah.gov>

Dustin:

Thanks for your help with this! Please find Bond Proposal Letter attached.

If there is anything else you need please let me know. The Blue Tip guys are anxious to get their bond released.

Let me know if I need to send a hard copy of the letter.

Best,

Danny

On Mon, Aug 8, 2016 at 9:24 AM, Dustin Doucet <dustindoucet@utah.gov> wrote:

Danny,

Yes if you would just edit your previous plan and resubmit so there is no confusion. I think that would make it cleaner. If you decide to put a well online and have it online by the plugging deadline, then that should be fine.

Dustin

On Tue, Aug 2, 2016 at 4:31 PM, Daniel Gunnell <dgunnell@rockiesstandard.com> wrote:

Dustin:

Sorry for not getting back to you on this until now. There maybe a couple of wells that we may come back to you specifically on, but I think that we have now got a pretty good go forward plan that will meet and exceed your end of the year time frame for getting the wells in categories 2 and 3 in production.

There is one material change to my previous email that we want to make you aware of - instead of plugging the 11C-34 we are seriously considering running a pipeline to it and bringing online... not a final decision yet, but we are have got and are getting additional bids, and designing a test plan to better understand what production would look like.

Do I need to submit a formal letter with dates of Nov 1 for plugging and end of year to get wells on production under our existing bonds or are these emails sufficient?

Thanks for your help!

Best,

Danny

What time do you think you need? I would think by the end of the year max. If you can line out more justification, I'm open to listening to the reasoning.

Dustin

On Thu, Jun 30, 2016 at 12:21 PM, Daniel Gunnell <dgunnell@rockiesstandard.com> wrote:
Dustin:

Sounds good. Thanks for your help.

Can we push back just a little to get as much time as possible for shut in wells that we need to come up with a plan for or plug (#2 in my original email?) - how much beyond Oct 2016 could you give us? We are going to be really busy so as much extra time as you can give really helps... we are reclaiming those evaporation ponds immediately, taking over operations, retrofitting the plant, plugging the identified wells, and ramping up production by reworking multiple shut-in wells that are we have already reviewed.

Let me know and thanks again.

Best,

Danny

On Thu, Jun 30, 2016 at 10:30 AM, Dustin Doucet <dustindoucet@utah.gov> wrote:
Danny,

I would be o.k. with the timing and plan on part 1. The timing on part 2 does not work. Those have been SI/TA anywhere from 2.5 to 5 years. Did you mean October 2016? Our discussions were if you had a plan to produce or plug within a short period (meaning a few months), then we could forego increased bonding but increased bonding would be necessary if that wasn't accomplished. Part 3 would be similar to part 2 on the wells that have been SI/TA. The producing ones would probably be fine as you have 1 year allowed by rule (see below).

Production data through Jan 2016

13070	SHIMMIN TRUST 2-11-12-10 <u>SI since Sep 2014</u>
13275	JENSEN 2-8-12-10 <u>SI since Nov 2015</u>
13071	SHIMMIN TRUST 4-14-12-10 <u>SI since Dec 2015</u>
13068	JENSEN 1-4-12-10 <u>Produced 1 day in Jan 2016</u>
18242	JENSEN 2C-9-12-10 <u>Producing</u>
12991	CASTLEGATE FED 7-9-12-10 <u>Producing</u>
11405	JENSEN 11-10-12-10 <u>Producing</u>
12610	CASTLEGATE ST 1-16-12-10 <u>Producing</u>
12611	JENSEN 1-10-12-10 <u>Producing</u>
12903	JENSEN 1-9-12-10 <u>Producing</u>
12904	JENSEN 16-9-12-10 <u>Producing</u>
12905	JENSEN 5-10-12-10 <u>Producing</u>
12906	JENSEN 9-10-12-10 <u>Producing</u>
13072	JENSEN 1-15-12-10 <u>Produced 1 day in Jan 2016</u>
13247	JENSEN DEEP 7-15-12-10 <u>Produced 1 day in Jan 2016</u>

13359 JENSEN 1-8-12-10 Producing
15766 JENSEN 42C-9-12-10 Producing
15767 CASTLEGATE FED 22C-9-12-10 Producing
15768 JENSEN 43C-9-12-10 Producing
15769 JENSEN 33C-9-12-10 Producing
15770 JENSEN 23C-9-12-10 SI since Nov 2015
17235 JENSEN 14C-10-12-10 Producing
17246 JENSEN 41C-9-12-10 Producing
18209 JENSEN 6-10-12-10 Producing

On Fri, Jun 24, 2016 at 11:28 AM, Daniel Gunnell <dgunnell@rockiesstandard.com> wrote:

Dustin:

Per our recent conversation, I wanted to informally run our plans/bonding proposal for the Castle Gate Field by you for your comment prior to submitting a final proposal. Here is what we are considering:

Blue Tip Energy Management, LLC ("Blue Tip"), is the current operator and bondholder, of the Castle Gate Field and associated wells listed below ("Wells"). LPES should take over as the new operator effective July 1 2016. In anticipation of the transfer of operations and per our recent phone conversation we would like to make the following proposal pertaining to the LPES bonding of the wells listed below so that all of the wells in the field will be covered by LPES blanket bond #RLB0012097.

1) LPES will P&A the following wells prior to November 1, 2016:

17071 JENSEN STATE 11C-34-11-9
14224 CASTLEGATE ST 11-16H-12-10

2) LPES will evaluate and propose a go forward plan after evaluation on the following shut-in wells prior to October 1 2017:

13318 CASTLEGATE ST 4-16-12-10
14226 JENSEN 1-18-12-10
11410 SHIMMIN TRUST 11-11-12-10
12901 SHIMMIN TRUST 1-11-12-10
14175 SHIMMIN TRUST 5-14-12-10

13070 SHIMMIN TRUST 2-11-12-10

13275 JENSEN 2-8-12-10

13071 SHIMMIN TRUST 4-14-12-10

13068 JENSEN 1-4-12-10

18242 JENSEN 2C-9-12-10

12991 CASTLEGATE FED 7-9-12-10

11405 JENSEN 11-10-12-10

12610 CASTLEGATE ST 1-16-12-10

12611 JENSEN 1-10-12-10

12903 JENSEN 1-9-12-10

12904 JENSEN 16-9-12-10

12905 JENSEN 5-10-12-10

12906 JENSEN 9-10-12-10

13072 JENSEN 1-15-12-10

13247 JENSEN DEEP 7-15-12-10

13317 JENSEN 2-9-12-10

13359 JENSEN 1-8-12-10

15766 JENSEN 42C-9-12-10

15767 CASTLEGATE FED 22C-9-12-10

15768 JENSEN 43C-9-12-10

15769 JENSEN 33C-9-12-10

15770 JENSEN 23C-9-12-10

17235 JENSEN 14C-10-12-10

17246 JENSEN 41C-9-12-10

18209 JENSEN 6-10-12-10

If this proposal is acceptable please let me know and I will submit a formal letter for approval. Thanks for your help.

Best,

Danny

—

Daniel R. Gunnell
1411 East 840 North
Orem, UT 84097
(801) 224-4771

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—

Dustin K. Doucet
Petroleum Engineer
Division of Oil, Gas and Mining
1594 West North Temple, Ste 1210
Salt Lake City, Utah 84116
801.538.5281 (ofc)
801.359.3940 (fax)

web: www.ogm.utah.gov

—

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Orem, UT 84097
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--
Dayne Doucet
Petroleum Engineer
UDOGM
801-538-5303

 **Statewide Bond Proposal.pdf**
421K

Dustin Doucet <dustindoucet@utah.gov>

Wed, Aug 17, 2016 at 2:01 PM

To: Daniel Gunnell <dgunnell@rockiesstandard.com>, Rachel Medina <rachelmedina@utah.gov>

Cc: Brad Gunnell <bgunnell@rockiesstandard.com>, Cory Jensen <cjensen@rockiesstandard.com>, Kimball Hodges <khodges@rockiesstandard.com>, Dayne Doucet <daynedoucet@utah.gov>, Joshua Payne <joshuapayne@utah.gov>

Danny,

I think that looks fine. If the deadlines aren't met we will be looking for full cost bonding in addition to getting the wells back into compliance. I have copied Rachel Medina on this email so she can proceed with the operator change with this plan and conditions. thanks.