

November 7, 2006

Fluid Minerals Group  
Bureau of Land Management  
82 East Dogwood  
Moab, Utah 84532

RE: Application for Permit to Drill - Petro-Canada Resources (USA), Inc.  
**Cottonwood Fed 23-31** - 1,652' FSL & 2,444' FWL, NE/4 SW/4,  
Section 23, T13S, R15E, SLB&M, Carbon County, Utah

Dear Fluid Minerals Group:

On behalf of Petro-Canada Resources (USA), Inc. (Petro-Canada), Buys & Associates, Inc. respectfully submits the enclosed original and three copies of the Application for Permit to Drill (APD) for the above referenced federal surface and mineral vertical well. A request for exception to spacing (R649-3-2) is hereby requested based on topography since the well is located less than 460' of the drilling unit boundary. Petro-Canada is the only owner and operator within 460' of the proposed well. Included with the APD is the following supplemental information:

Exhibit "A" - Survey plats, layouts and photos of the proposed well site;

Exhibit "B" - Proposed location maps with access & pipeline corridor;

Exhibit "C" - Production Site Layout;

Exhibit "D" - Drilling Plan;

Exhibit "E" - Surface Use Plan;

Exhibit "F" - Typical BOP and Choke Manifold diagram.

Please accept this letter as Petro-Canada's, written request for confidential treatment of all information contained in and pertaining to this application.

Thank you very much for your timely consideration of this application. Please feel free to contact myself or Alan Vrooman of Petro-Canada at 303-350-1171 if you have any questions or need additional information.

Sincerely,

*Don Hamilton*

Don Hamilton  
Agent for Petro-Canada

cc: Alan Vrooman, Petro-Canada  
Carla Konopka, Petro-Canada  
Don Stephens, BLM - Price Field Office  
Diana Whiney, Division of Oil, Gas & Mining

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UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

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-077547
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name N/A
2. Name of Operator Petro-Canada Resources (USA), Inc.		7. If Unit or CA Agreement, Name and No. N/A
3a. Address 1099-18th Street, Suite 400 Denver, Colorado 80202	3b. Phone No. (include area code) 303-297-2100	8. Lease Name and Well No. Cottonwood Fed 23-31
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 508240' x 1,652' FSL & 2,444' FWL, NE/4 SW/4, 4392013Y 39.677107 At proposed prod. zone 1,652' FSL & 2,444' FWL, NE/4 SW/4, -110, 204321		9. API Well No. 43007-31248
14. Distance in miles and direction from nearest town or post office* 13.03 miles northeast of Sunnyside, Utah		10. Field and Pool, or Exploratory <del>undesignated</del> Widener
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1,652'	16. No. of acres in lease 1,440 acres	11. Sec., T. R. M. or Blk. and Survey or Area Section 23, T13S, R15E, SLB&M
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1,500'	19. Proposed Depth 11,500'	12. County or Parish Carbon
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 8,082' GR	22. Approximate date work will start* 05/01/2007	13. State UT
17. Spacing Unit dedicated to this well 40 acres		
20. BLM/BIA Bond No. on file UT 1215		
23. Estimated duration 35 days drilling 40 days completion		

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must 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 must be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the BLM.             |

25. Signature <i>Don Hamilton</i>	Name (Printed/Typed) Don Hamilton	Date 11/07/2006
Title Agent for Petro-Canada Resources (USA), Inc.		
Approved by (Signature) <i>Bradley G. Hill</i>	Name (Printed/Typed) BRADLEY G. HILL	Date 11-09-06
Title Office ENVIRONMENTAL MANAGER		

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 page 2)

Federal Approval of this  
Action is Necessary

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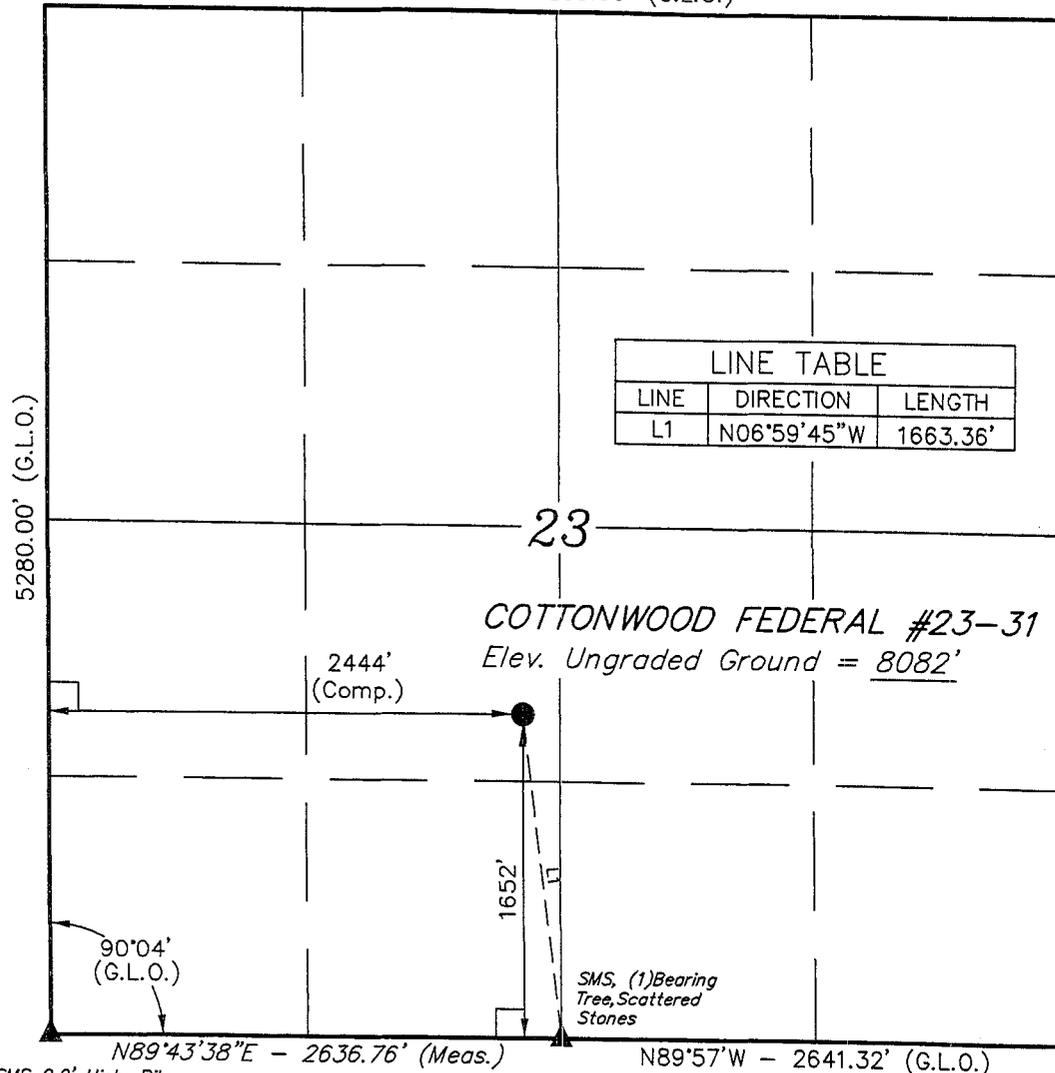
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T13S, R15E, S.L.B.&M.

N89°57'W - 5283.96' (G.L.O.)



LINE	DIRECTION	LENGTH
L1	N06°59'45\"W	1663.36'

23

COTTONWOOD FEDERAL #23-31  
Elev. Ungraded Ground = 8082'

2444'  
(Comp.)

1652'

90°04'  
(G.L.O.)

SMS, (1) Bearing  
Tree, Scattered  
Stones

N89°43'38\"E - 2636.76' (Meas.)

N89°57'W - 2641.32' (G.L.O.)

SMS 0.2' High, Pile  
Of Stones

N00°01'W - 5280.00' (G.L.O.)

LEGEND:

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

(AUTONOMOUS NAD 83)  
LATITUDE = 39°40'37.71" (39.677142)  
LONGITUDE = 110°12'18.46" (110.205128)  
(AUTONOMOUS NAD 27)  
LATITUDE = 39°40'37.83" (39.677175)  
LONGITUDE = 110°12'15.90" (110.204417)

PETRO-CANADA RESOURCES (USA), INC.

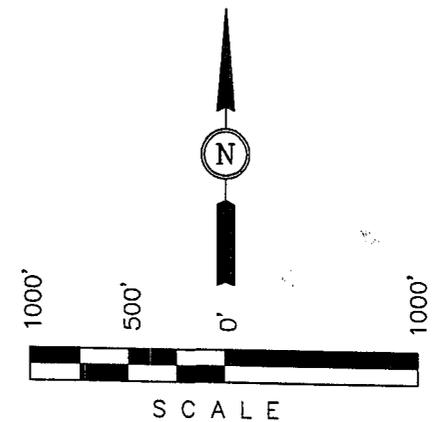
Well location, COTTONWOOD FEDERAL #23-31, located as shown in the NE 1/4 SW 1/4 of Section 23, T13S, R15E, S.L.B.&M., Carbon County, Utah.

BASIS OF ELEVATION

COTTON TRIANGULATION STATION, LOCATED IN THE NW 1/4 OF SECTION 31, T12S, R16E, S.L.B.&M. TAKEN FROM THE TWIN HOLLOW, CARBON COUNTY, QUADRANGLE, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 7386 FEET.

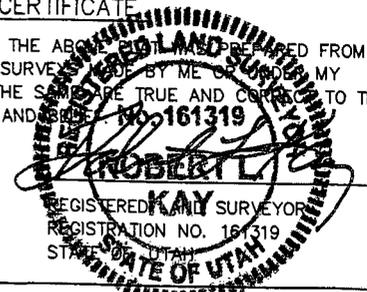
BASIS OF BEARINGS

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 SURVEY MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.



<b>UINTAH ENGINEERING &amp; LAND SURVEYING</b> 85 SOUTH 200 EAST - VERNAL, UTAH 84078 (435) 789-1017		
SCALE 1" = 1000'	DATE SURVEYED: 09-18-06	DATE DRAWN: 09-20-06
PARTY J.R. R.P. C.H.	REFERENCES G.L.O. PLAT	
WEATHER WARM	FILE PETRO-CANADA RESOURCES (USA), INC.	

# DRILLING PLAN

## Attachment for Permit to Drill

**Name of Operator:** Petro-Canada Resources (USA), Inc.  
**Address:** 1099 – 18<sup>th</sup> Street, Suite 400  
Denver, CO 80202  
**Well Location:** Cottonwood Fed 23-31  
1,652' FSL & 2,444' FWL, NE/4 SW/4  
Section 23, T13S, R15E  
Carbon County, UT

1. GEOLOGIC SURFACE FORMATION Green River

2 & 3. ESTIMATED DEPTHS OF IMPORTANT GEOLOGIC MARKERS AND FORMATIONS EXPECTED TO CONTAIN WATER, OIL AND GAS OR MINERALS

<u>Formation</u>	<u>Depth</u>
Green River	Surface
Wasatch	2,700'*
Price River	6,200' *
Castlegate	8,200' *
Blackhawk	8,500' *
Starpoint	8,800' *
Mancos	9,200' *
TD	11,500'

\* PROSPECTIVE PAY

4. PROPOSED CASING PROGRAM

All casing used to drill this well will be new casing.

<u>Type</u>	<u>Size</u>	<u>Weight</u>	<u>Grade</u>	<u>Conn.</u>	<u>Top</u>	<u>Bottom</u>	<u>Hole</u>
Surface	9.625"	43.5 ppf	L-80	STC	0'	1,200'	12-1/4"
Production	5.5"	20.0 ppf	P-110	LTC	0'	11,500'	7-7/8"

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DRILLING PLAN

5. OPERATOR'S MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL

Surface hole: No BOPE will be utilized.

Production hole: Prior to drilling out the surface casing shoe, 5,000 psi BOP equipment will be installed. The pipe rams will be operated at least once per day from surface casing depth to total depth. The blind rams will be tested once per day from surface casing depth to total depth if operations permit.

A diagram of the planned BOP equipment for normal drilling operations in this area is attached. As denoted there will be two valves and one check valve on the kill line, two valves on the choke line, and two adjustable chokes on the manifold system. The BOP "stack" will consist of two BOP rams (1 pipe, 1 blind) and one annular type preventer, all rated to a minimum of 5,000 psi working pressure.

The BOP equipment will be pressure tested prior to drilling below the surface casing shoe. All test pressures will be maintained for fifteen (15) minutes without any significant pressure decrease. Clear water will be circulated into the BOP stack and lines prior to pressure testing. The BLM and the state of Utah Division of Oil, Gas and Mining will be notified 24 hours in advance of all BOP pressure tests.

6. MUD SYSTEMS

Sufficient mud materials to maintain mud properties, control lost circulation and to contain "kick" will be available at the well site.

<u>Interval</u>	<u>Mud Weight (ppg)</u>	<u>Viscosity</u>	<u>Fluid Loss</u>	<u>Remarks</u>
0 - 40'	8.3 - 8.6	27-40	--	Native Spud Mud
40' - 1,200'	8.3 - 8.6	27-40	15 cc or less	Native/Gel/Lime
1,200' - TD	8.6 - 9.5	38-46	15 cc or less	Potassium Formate

7. BLOOIE LINE

- An automatic igniter will not be installed on blooie line. The blooie will have a constant ignition source.
- A "target tee" connection will be installed on blooie line for 90° change of directions for abrasion resistance.
- "Target tee" connections will be a minimum of 50' from wellhead.
- The blooie line discharge will be a minimum of 100' from the wellhead.

8. AUXILIARY EQUIPMENT TO BE USED

- Upper Kelly cock; lower Kelly cock will be installed while drilling
- Inside BOP or stab-in valve (available on the rig floor)
- Safety valve(s) and subs to fit all string connections in use
- Mud monitoring will be visually observed

9. TESTING, LOGGING, AND CORING PROGRAMS TO BE FOLLOWED

Cores       None anticipated.  
Testing     None anticipated.  
Sampling    30' samples; surface casing to TD  
              Preserve samples all show intervals  
Surveys     Run every 1,000' and on trips  
Logging     DIL-GR-SP, FDC-CNL-GR-Caliper-Pe-Microlog, Sonic-GR, all TD to base of surface casing, GR through surface casing.

10. ANTICIPATED ABNORMAL PRESSURES OR TEMPERATURES EXPECTED

- No abnormal temperature or pressures are anticipated.
- The formations to be penetrated do not contain known H<sub>2</sub>S gas.

DRILLING PLAN

11. WATER SUPPLY

- No water pipelines will be laid for this well.
- No water well will be drilled for this well.
- Drilling water for this well will be hauled on the road(s) shown in Exhibit B
- Water to be used for drilling will be obtained through a direct purchase from Bill Barrett Corporation (BBC) utilizing an existing water well located in Cottonwood Canyon on State Lands: Section 32-T12S-R16E; BBC has previously been granted authorization with SITLA Right of Entry #4534 and Water Right #90-1542.

12. CEMENT SYSTEMS

- Surface Casing: 145 sacks Premium Lite Plus with additives mixed;  
Weight: 11.5 ppg  
Yield: 2.84 cu.ft/sack  
218 sacks Type III Cement with additives mixed;  
Weight: 14.5 ppg  
Yield: 1.41 cu.ft/sack  
Cement will be circulated to surface with 100% excess
- Production Casing: 1134 sacks Premium Lite High Strength cement with additives mixed;  
Weight: 13.5 ppg  
Yield: 1.49 cu.ft/sack  
Cement will be placed in two stages through the use of a stage tool. Depth determined based on potential pay sections, estimated at 4000 ft.  
353 sacks Class G cement with additives mixed.  
Weight: 15.8 ppg  
Yield: 1.15 cu.ft/sack  
Top of cement to be determined by log and sample evaluation; estimated TOC 2,200'.  
Volume is log caliper +10%

13. ANTICIPATED STARTING DATE AND DURATION OF THE OPERATIONS

Starting Date: May 1, 2007  
Duration: 35 days, drilling and 40 days completion

## SURFACE USE PLAN

### *Attachment for Permit to Drill*

**Name of Operator:** Petro-Canada Resources (USA), Inc.  
**Address:** 1099 – 18<sup>th</sup> Street, Suite 400  
Denver, CO 80202  
**Well Location:** Cottonwood Fed 23-31  
1,652' FSL & 2,444' FWL, NE/4 SW/4  
Section 23, T13S, R15E  
Carbon County, UT

The dirt contractor will be provided with an approved copy of the surface use plan of operations before initiating construction.

An off-lease federal right-of-way is being requested with this application and is necessary for an access and pipeline corridor to the existing federal lease UTU-077547. No other surface use is necessary.

The BLM onsite inspection for the referenced well was conducted on Monday, September 25, 2006 at approximately 11:45 am. In attendance at the onsite inspections were the following individuals:

Don Stephens	Geologist	Bureau of Land Management–Price
Jeff Brower	Hydrologist	Bureau of Land Management–Price
David Waller	Wildlife Biologist	Bureau of Land Management–Price
Bill James	Habitat Manager	Division of Wildlife Resources
Nathan Sill	Habitat Biologist	Division of Wildlife Resources
Danny Rasmussen	Surveyor	Utah Engineering & Land Surveying
Ryan Robinson	Survey Hand	Utah Engineering & Land Surveying
Alan Vrooman	Regulatory Manager	Petro-Canada Resources (USA), Inc.
Don Hamilton	Agent	Buys & Associates, Inc.

1. Existing Roads:

- a. The proposed well site is located approximately 13.03 miles northeast of Sunnyside, Utah.
- b. The use of roads under State and County Road Department maintenance are necessary to access the Cottonwood Ridge area. However, an encroachment permit is not anticipated since no upgrades to the State or County Road system are proposed at this time.
- c. All existing roads will be maintained and kept in good repair during all phases of operation.
- e. Vehicle operators will obey posted speed restrictions and observe safe speeds commensurate with road and weather conditions.
- f. An off-lease federal right-of-way is necessary for the off-lease portions of the access road and pipeline corridor trending northeast from the north line of Section 23, T13S, R15E. An off-lease federal right-of-way grant is being requested with this application.

2. Planned Access Roads:

- a. From the existing Sagebrush Flat access road the existing native bladed-surface Cottonwood Ridge access road trending southwest will be upgraded for approximately 3.9 miles to the proposed well site spur road.
- b. From the existing Cottonwood Ridge access road an access is proposed trending west approximately 280' to the proposed well site. The access consists of entirely new disturbance and crosses no significant drainages.
- c. A road design plan is not anticipated at this time.
- d. The proposed access road will consist of a 22' travel surface within a 30' disturbed area across entirely BLM managed lands.
- e. BLM approval to upgrade the existing access corridor and construct the new access corridor is requested with this application.
- f. A maximum grade of 10% will be maintained throughout the project.
- g. No turnouts are proposed.
- h. No low water crossings and one 18' culvert at the spur road intersection with the Cottonwood Ridge road is anticipated. Additional culverts and adequate drainage structures will be incorporated into the remaining existing road.
- i. No surfacing material will come from federal or Indian lands.
- j. No gates or cattle guards are anticipated at this time.
- k. Surface disturbance and vehicular travel will be limited to the approved location access road.
- l. All access roads and surface disturbing activities will conform to the standards outlined in the Bureau of Land Management and Forest Service publication: Surface Operating Standards for Oil and Gas Exploration and Development, (1989).
- m. The operator will be responsible for all maintenance of the access road including drainage structures.

3. Location of Existing Wells:

- a. No existing wells are located within a one mile radius of the proposed well.

4. Location of Production Facilities:

- a. All permanent structures will be painted a flat, non-reflective Olive Black to match the standard environmental colors. 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.
- b. Site security guidelines identified in 43 CFR 3163.7-5 and Onshore Oil and Gas Order No. 3 will be adhered to.
- c. A gas meter run will be constructed and located on lease within 500 feet of the wellhead.

Meter runs will be housed and/or fenced. All gas production and measurement shall comply with the provisions of 43 CFR 3162. 7-3, Onshore Oil and Gas Order No. 5, and American Gas Association (AGA) Report No. 3.

- d. A two-tank battery will be constructed on this lease, it will be surrounded by a dike of sufficient capacity to contain the storage capacity of the largest tank. All loading lines and valves will be placed inside the berm surrounding the tank battery. All liquid hydrocarbons production and measurement shall conform to the provisions of 43 CFR 3162.7-3 and Onshore Oil and Gas Order No. 4 and Onshore Oil and Gas Order No. 5 for natural gas production and measurement.
- e. Any necessary pits will be properly fenced to prevent any wildlife and livestock entry.
- f. All access roads will be maintained as necessary to prevent erosion and accommodate year-round traffic. The road will be maintained in a safe useable condition.
- g. The site will require periodic maintenance to ensure that drainages are kept open and free of debris, ice, and snow, and that surfaces are properly treated to reduce erosion, fugitive dust, and impacts to adjacent areas.
- h. A gas pipeline is associated with this application and is being applied for at this time. The proposed gas pipeline corridor will leave the east side of the well site and traverse 225' east to the proposed Cottonwood Federal 27-14 pipeline corridor.
- i. The new gas pipeline will be a 10" or less steel buried / surface pipeline within a 30' wide utility corridor. The use of the proposed well sites and existing access roads will facilitate the staging of the pipeline construction. A new pipeline length of approximately 225' is associated with this well.
- j. Petro-Canada intends on installing the pipeline on the surface by welding many joints into long lengths, dragging the long lengths into position and then completing a final welding pass to join the long lengths together. Petro-Canada intends on connecting the pipeline together utilizing conventional welding technology.
- k. The pipeline will be buried unless surface rock exists or conditions encountered during construction prohibit the burial of the pipeline.

5. Location and Type of Water Supply:

- a. The location and type of water supply has been addressed as number 11 within the previous drilling plan information.

6. Source of Construction Material:

- a. The use of materials will conform to 43 CFR 3610.2-3.
- b. No construction materials will be removed from BLM lands.
- c. If any gravel is used, it will be obtained from a state approved gravel pit.

7. Methods of Handling Waste Disposal:

- a. All wastes associated with this application will be contained and disposed of utilizing approved facilities.
- b. Drill cuttings will be contained and buried on site.
- c. The reserve pit will be located outboard of the location and along the southeast side of the pad.
- d. The reserve pit will be constructed so as not to leak, break, or allow any discharge.
- e. The reserve pit will be lined with 12 mil minimum thickness plastic nylon reinforced liner material. The liner will overlay a felt liner pad only if rock is encountered during excavation. The pit liner will overlap the pit walls and be covered with dirt and/or rocks to hold it in place. No trash, scrap pipe, etc., that could puncture the liner will be disposed of in the pit. Pit walls will be sloped no greater than 2:1. A minimum 2-foot freeboard will be maintained in the pit at all times during the drilling and completion operation.
- f. The reserve pit has been located in cut material. Three sides of the reserve pit will be fenced before drilling starts. The fourth side will be fenced as soon as drilling is completed, and shall remain until the pit is dry. After the reserve pit has dried, all areas not needed for production will be rehabilitated.
- g. No chemicals subject to reporting under SARA Title III (hazardous materials) in an amount greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling, testing, or completion of the well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produced, stored, transported, or disposed of in association with the drilling, testing, or completion of the well.
- h. Trash will be contained in a trash cage and hauled away to an approved disposal site as necessary but no later than at the completion of drilling operations. The contents of the trash container will be hauled off periodically to the approved Uintah County Landfill near Vernal, Utah.
- i. Produced fluids from the well 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.
- j. After initial clean-up, a 400 bbl tank will be installed to contain produced waste water. This water will be transported from the tank to an approved disposal well for disposal near Roosevelt, Utah.
- k. 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.
- l. Sanitary facilities will be on site at all times during operations. Sewage will be placed in a portable chemical toilet and the toilet replaced periodically utilizing a licensed contractor to transport by truck the portable chemical toilet so that its contents can be delivered to the Vernal Wastewater Treatment Facility in accordance with state and county regulations.

8. Ancillary Facilities:

- a. A complete drilling crew camp is being proposed with this application and will be located central to the project area. A central crew camp will be analyzed in detail within the associates Environmental Assessment.

9. Well Site Layout: (See Exhibit B)

- a. The well will be properly identified in accordance with 43 CFR 3162.6.
- b. Access to the well pad will be from the east.
- c. The pad and road designs are consistent with BLM specification
- d. A pre-construction meeting with responsible company representative, contractors and the BLM will be conducted at the project site prior to commencement of surface-disturbing activities. The pad and road will be construction-staked prior to this meeting.
- e. The pad has been staked at its maximum size of 245' X 290'; however it will be constructed smaller if possible, depending upon rig availability. Should the layout change, this application will be amended and approved utilizing a sundry notice.
- f. All surface disturbing activities, will be supervised by a qualified, responsible company representative who is aware of the terms and conditions of the APD and specifications in the approved plans.
- g. All cut and fill slopes will be such that stability can be maintained for the life of the activity.
- h. Diversion ditches will be constructed as shown around the well site to prevent surface waters from entering the well site area.
- i. The site surface will be graded to drain away from the pit to avoid pit spillage during large storm events.
- j. The stockpiled topsoil (first 6 inches or maximum available) will be stored in a windrow on the uphill side of the location to prevent any possible contamination. All topsoil will be stockpiled for reclamation in such a way as to prevent soil loss and contamination.
- k. Pits will remain fenced until site cleanup.
- l. The blooie line will be located at least 100 feet from the well head.
- m. Water injection may be implemented if necessary to minimize the amount of fugitive dust.

10. Plans for Restoration of the Surface (Interim Reclamation and Final Reclamation):

- a. Site reclamation for a producing well will be accomplished for portions of the site not required for the continued operation of the well.
- b. Upon well completion, any hydrocarbons in the pit shall be removed in accordance with 43 CFR 3162.7-1. Once the reserve pit is dry, the plastic nylon reinforced liner shall be torn and perforated before backfilling of the reserve pit. The reserve pit and that portion of the location not needed for production facilities/operations will be re-contoured to the approximate natural contours.

- c. Following BLM published Best Management Practices the interim reclamation will be completed within 90 days of completion of the well to reestablish vegetation, reduce dust and erosion and compliment the visual resources of the area.
  - a. All equipment and debris will be removed from the area proposed for interim reclamation and the pit area will be backfilled and re-contoured.
  - b. The area outside of the rig anchors and other disturbed areas not needed for the operation of the well will be re-contoured to blend with the surrounding area and reseeded at 12 lbs /acre with the following native grass seeds:
    - 1. Crested Wheat Grass (4 lbs / acre)
    - 2. Needle and Thread Grass (4 lbs / acre)
    - 3. Rice Grass (4 lbs / acre)
  - c. Reclaimed areas receiving incidental disturbance during the life of the producing well will be re-contoured and reseeded as soon as practical.
- d. The Operator will control noxious weeds along access road use authorizations, pipeline route authorizations, well sites, or other applicable facilities by spraying or mechanical removal. A list of noxious weeds may be obtained from the BLM or the appropriate County Extension Office. On BLM administered land, it is required that a Pesticide Use Proposal be submitted and approved prior to the application of herbicides, pesticides or possibly hazardous chemicals.
- e. Prior to final abandonment of the site, all disturbed areas, including the access road, will be scarified and left with a rough surface. The site will then be seeded and/or planted as prescribed by the BLM. The BLM recommended seed mix will be detailed within their approval documents.

11. Surface and Mineral Ownership:

- a. Surface Ownership – Federal under the management of the Bureau of Land Management - Price Field Office, 125 South 600 West, Price, Utah 84501; 435-636-3608.
- b. Mineral Ownership – Federal under the management of the Bureau of Land Management - Price Field Office, 125 South 600 West, Price, Utah 84501; 435-636-3608.

12. Other Information:

- a. Montgomery Archaeological Consultants has conducted a Class III archeological survey. A copy of the pending report will be submitted under separate cover to the appropriate agencies by Montgomery Archaeological Consultants.
- b. A paleontological survey has not been required but a BLM approved paleontologist will be present and monitor construction activities during the excavation of bedrock.
- c. Our understanding of the results of the onsite inspection are:
  - a. No Threatened and Endangered flora and fauna species were found during the onsite inspection.
  - b. No drainage crossings that require additional State or Federal approval are being crossed.

13. Operator's Representative and Certification

<u>Title</u>	<u>Name</u>	<u>Office Phone</u>
Company Representative (Denver)	Alan Vrooman	1-303-350-1171
Agent	Don Hamilton	1-435-719-2018

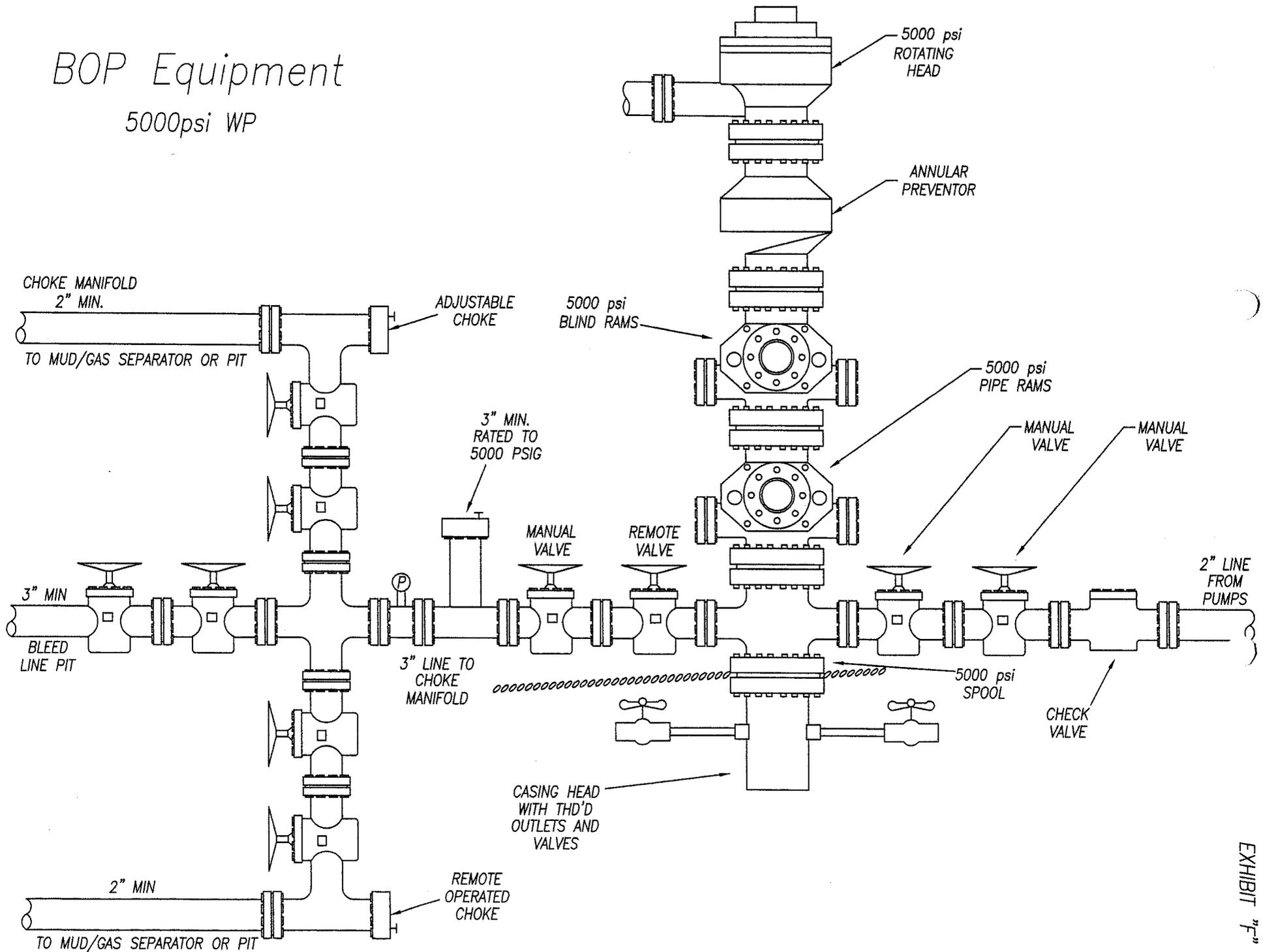
Certification:

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 exists; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Petro-Canada Resources (USA), Inc. and its contractors and subcontractors in conformity with this APD package and the terms and conditions under which it is approved. I also certify responsibility for the operations conducted on that portion of the leased lands associated with this application, with bond coverage being provided under Petro-Canada's BLM bond. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

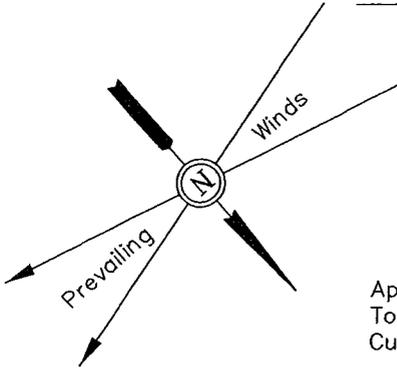
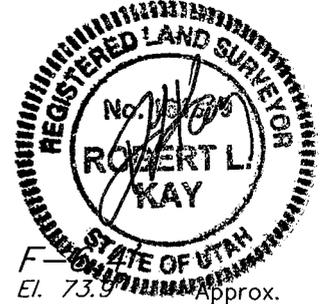
Signature: Don Hamilton Date: 11-7-06

# BOP Equipment

5000psi WP



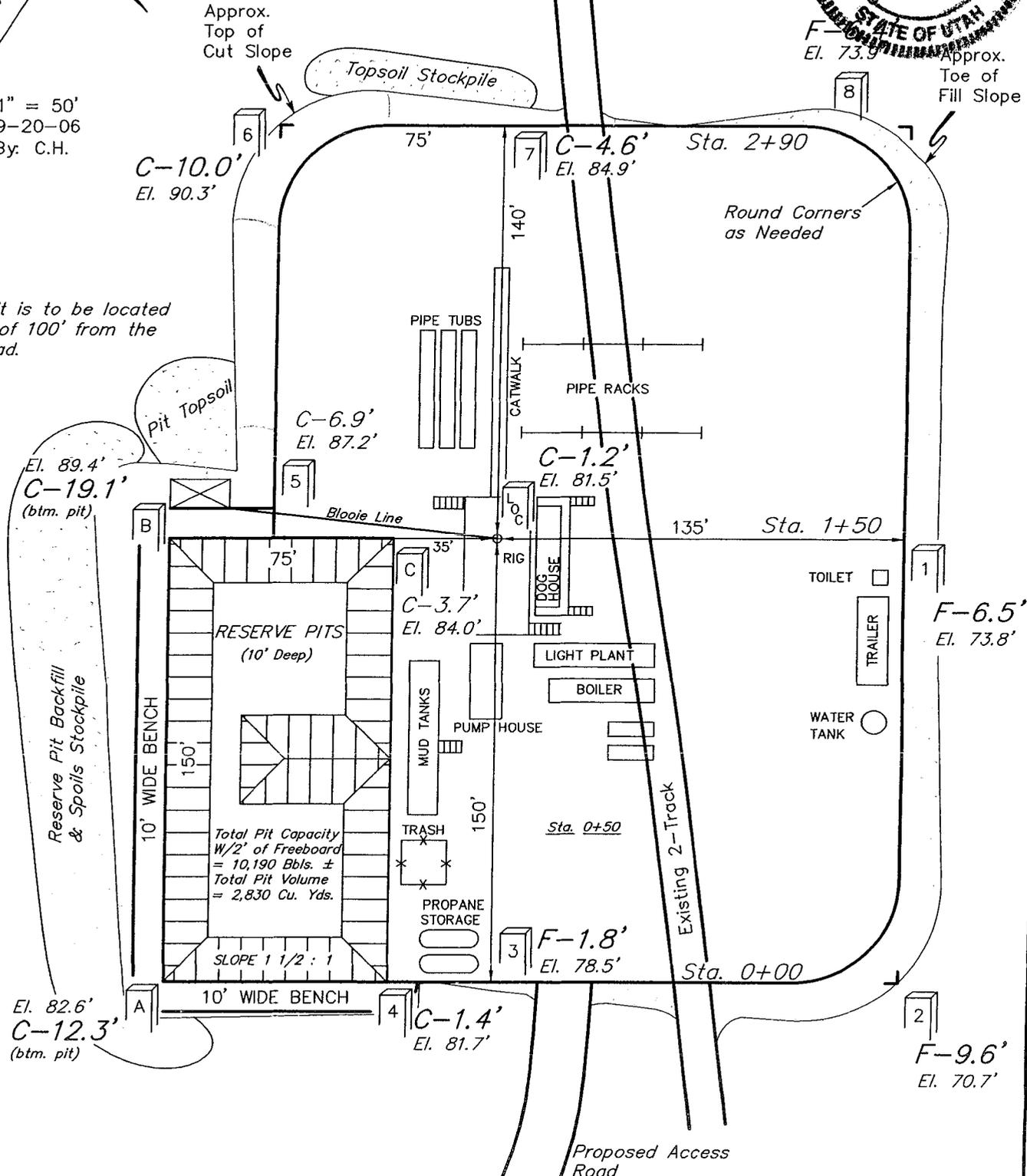
LOCATION LAYOUT FOR  
 COTTONWOOD FEDERAL #23-31  
 SECTION 23, T13S, R15E, S.L.B.&M.  
 1652' FSL 2444' FWL



SCALE: 1" = 50'  
 DATE: 09-20-06  
 Drawn By: C.H.

**NOTE:**

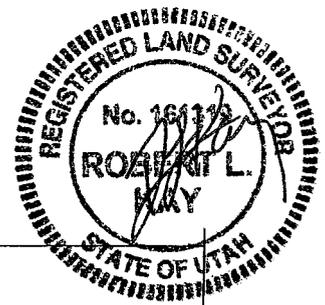
Flare Pit is to be located a min. of 100' from the Well Head.



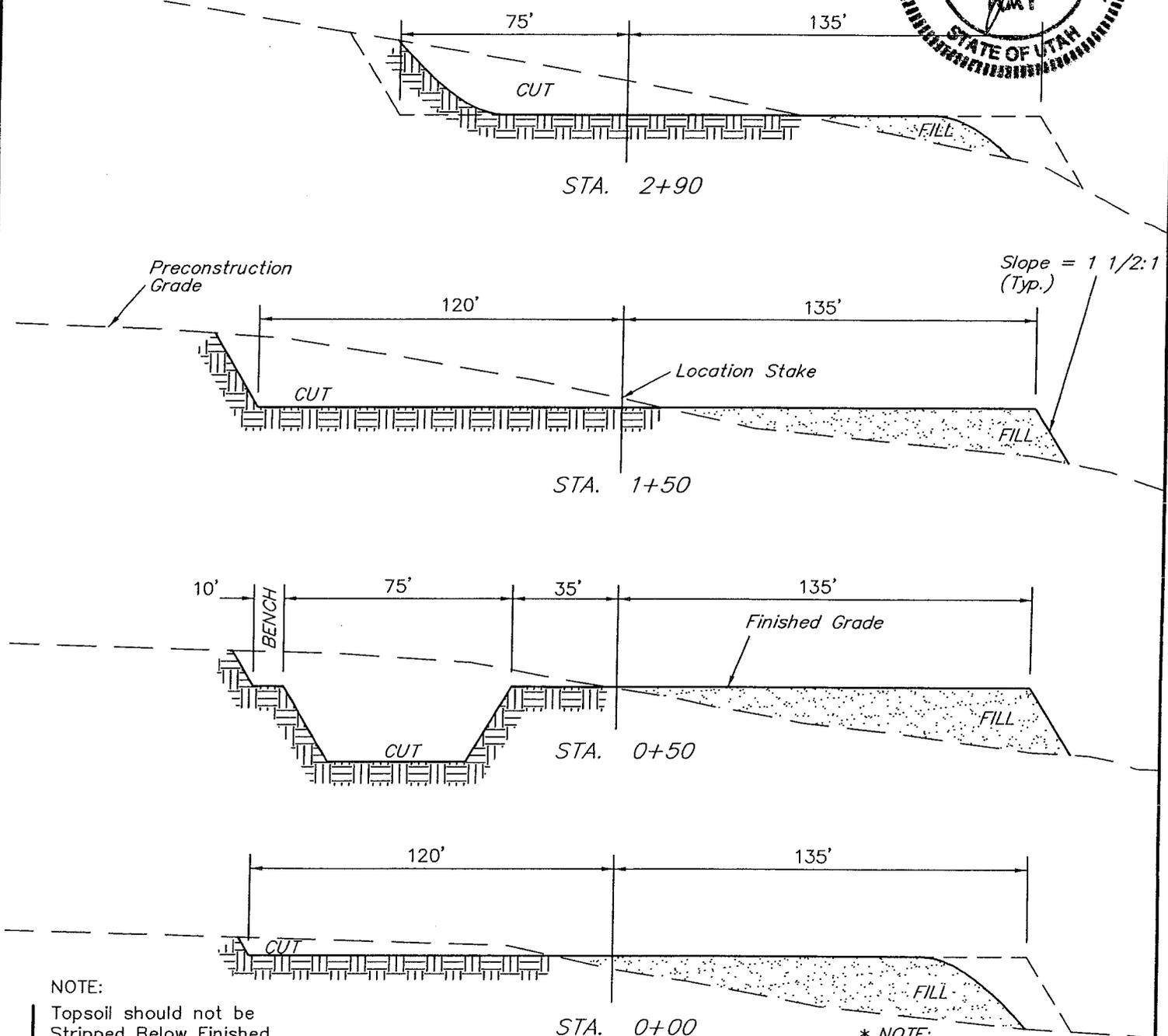
**NOTES:**

Elev. Ungraded Ground At Loc. Stake = 8081.5'  
 FINISHED GRADE ELEV. AT LOC. STAKE = 8080.3'

TYPICAL CROSS SECTIONS FOR  
 COTTONWOOD FEDERAL #23-31  
 SECTION 23, T13S, R15E, S.L.B.&M.  
 1652' FSL 2444' FWL



1" = 20'  
 X-Section Scale  
 1" = 50'  
 DATE: 09-20-06  
 Drawn By: C.H.



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	= 1,520 Cu. Yds.
Remaining Location	= 7,920 Cu. Yds.
<b>TOTAL CUT</b>	<b>= 9,440 CU.YDS.</b>
<b>FILL</b>	<b>= 6,500 CU.YDS.</b>

EXCESS MATERIAL	= 2,940 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 2,940 Cu. Yds.
EXCESS UNBALANCE (After Interim Rehabilitation)	= 0 Cu. Yds.

**PETRO-CANADA RESOURCES (USA), INC.**  
**COTTONWOOD FEDERAL #23-31**  
 LOCATED IN CARBON COUNTY, UTAH  
 SECTION 23, T13S, R15E, S.L.B.&M.



PHOTO: VIEW FROM CORNER #1 TO LOCATION STAKE

CAMERA ANGLE: SOUTHEASTERLY



PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

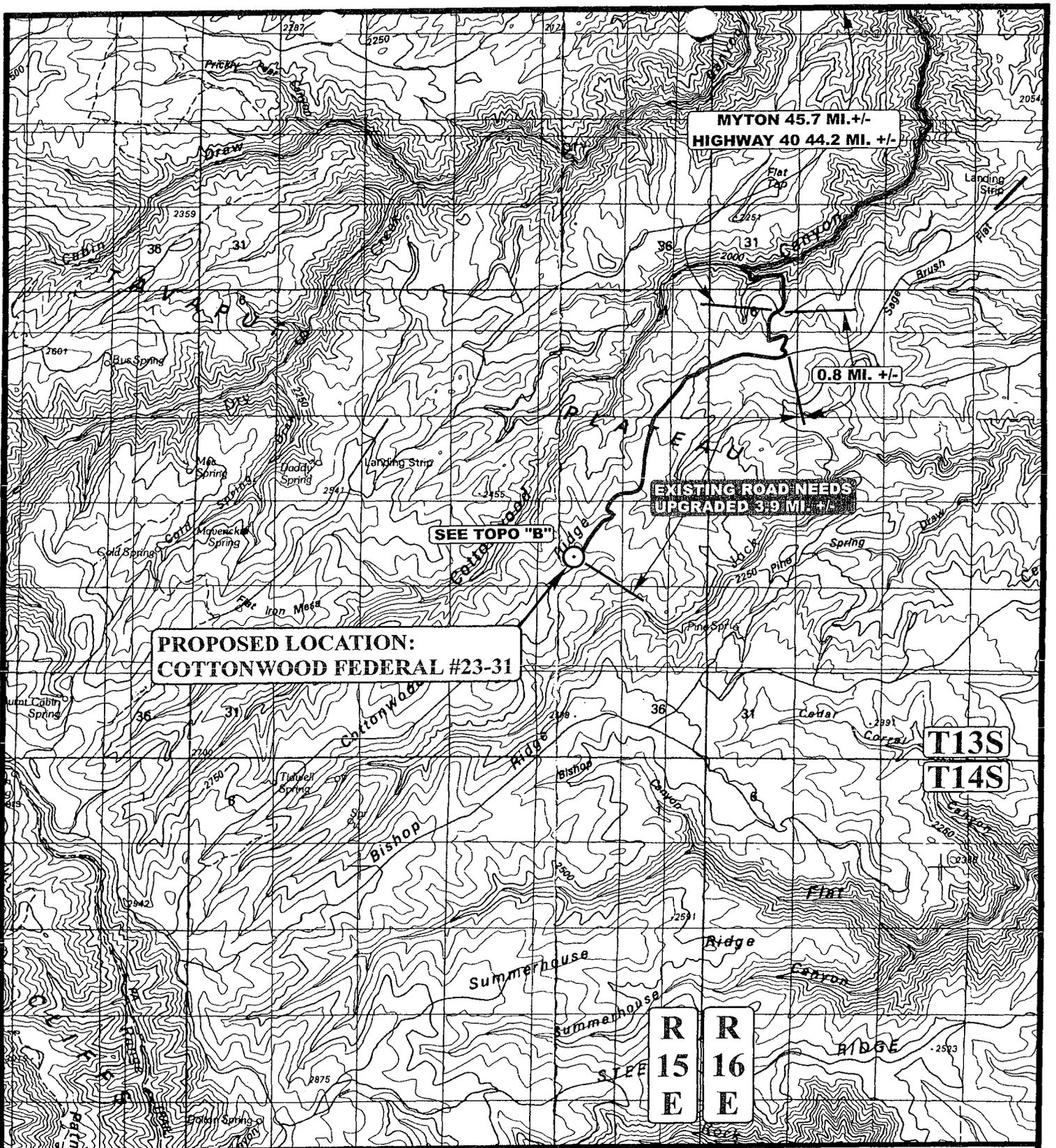
CAMERA ANGLE: NORTHWESTERLY



- Since 1964 -

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

LOCATION PHOTOS	09	22	06	PHOTO
	MONTH	DAY	YEAR	
TAKEN BY: J.R.	DRAWN BY: C.P.	REVISED: 00-00-00		



**PROPOSED LOCATION:  
COTTONWOOD FEDERAL #23-31**

**SEE TOPO "B"**

**MYTON 45.7 MI. +/-  
HIGHWAY 40 44.2 MI. +/-**

**0.8 MI. +/-**

**EXISTING ROAD NEEDS  
UPGRADED 3.9 MI. +/-**

**T13S  
T14S**

**R  
15  
E**

**R  
16  
E**

**LEGEND:**

○ PROPOSED LOCATION



**PETRO-CANADA RESOURCES (USA), INC.**

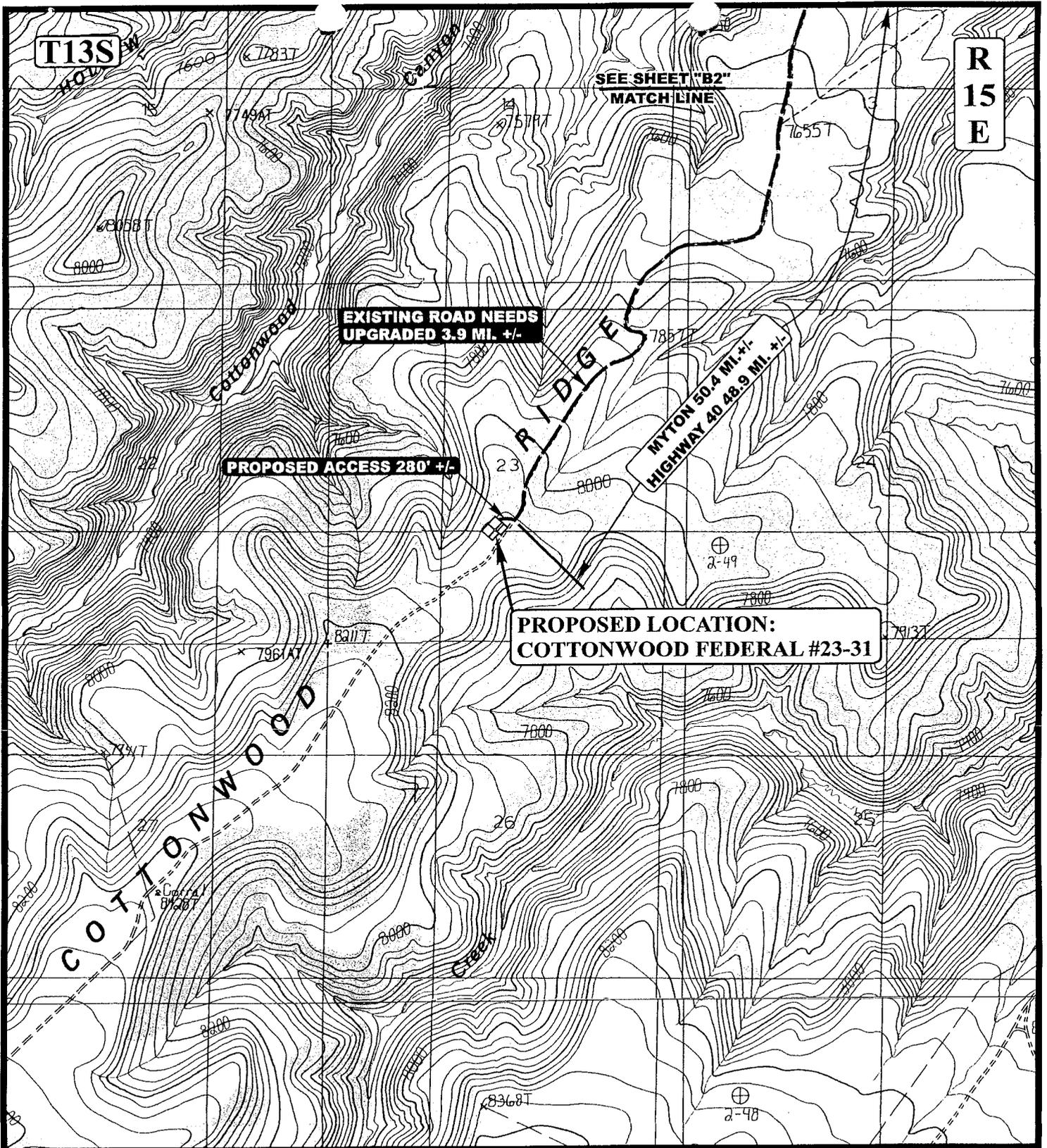
**COTTONWOOD FEDERAL #23-31  
SECTION 23, T13S, R15E, S.L.B.&M.  
1652' FSL 2444' FWL**

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

**TOPOGRAPHIC** 09 22 06  
**MAP** MONTH DAY YEAR

SCALE: 1:100,000 DRAWN BY: C.P. REVISED: 00-00-00

**TOPO**



**LEGEND:**

- EXISTING ROAD
- - - - - PROPOSED ACCESS ROAD
- - - - - EXISTING ROAD NEEDS UPGRADED

**PETRO-CANADA RESOURCES (USA), INC.**

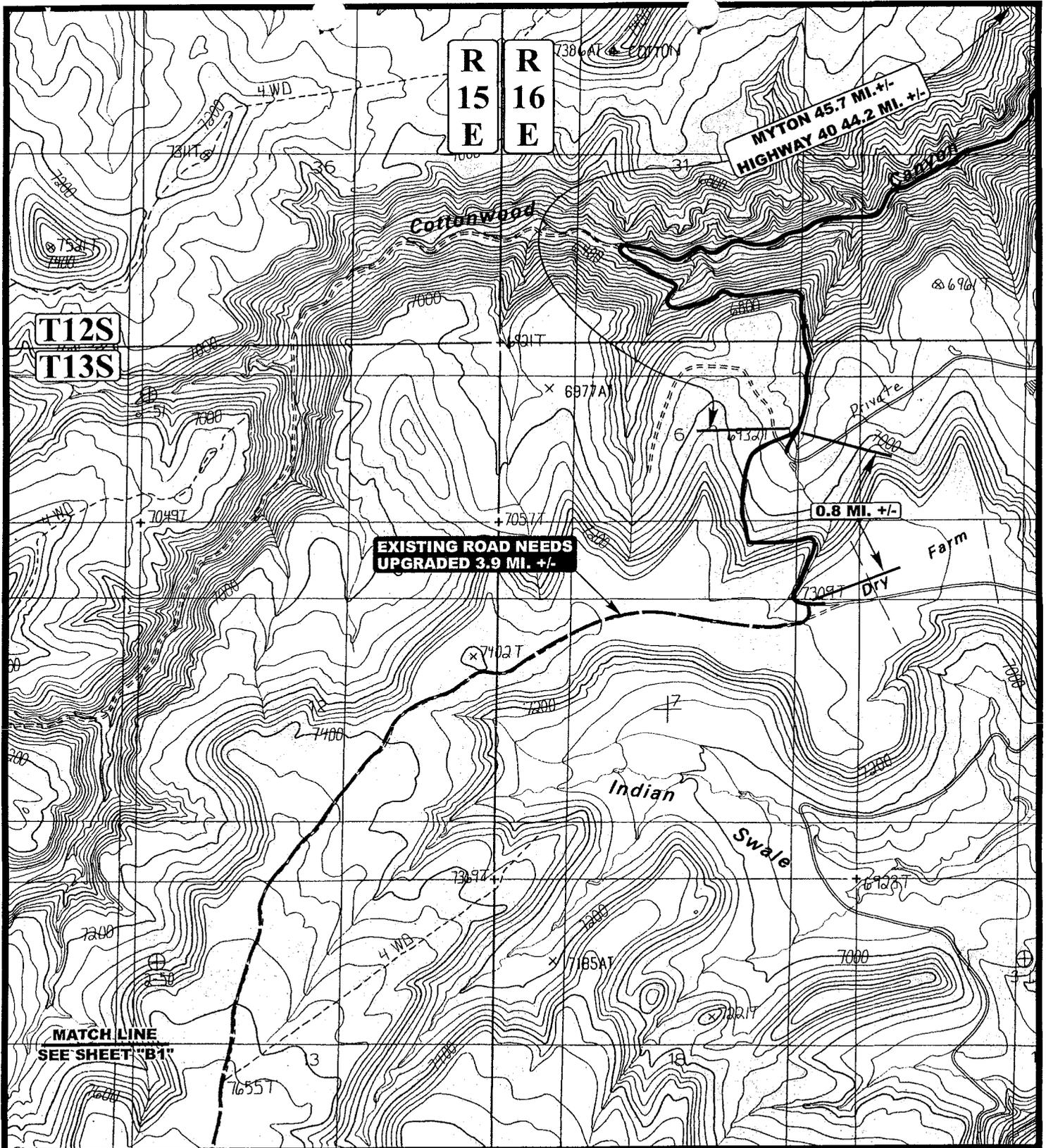
**COTTONWOOD FEDERAL #23-31  
SECTION 23, T13S, R15E, S.L.B.&M.  
1652' FSL 2444' FWL**

**U E L S**  
**Utah Engineering & Land Surveying**  
 85 South 200 East Vernal, Utah 84078  
 (435) 789-1017 \* FAX (435) 789-1813



**T O P O G R A P H I C** 09 22 06  
**M A P** MONTH DAY YEAR  
 SCALE: 1" = 2000' DRAWN BY: C.P. REVISED: 00-00-00

**B1**  
**TOPO**



**LEGEND:**

-  EXISTING ROAD
-  EXISTING ROAD NEEDS UPGRADED



**PETRO-CANADA RESOURCES (USA), INC.**

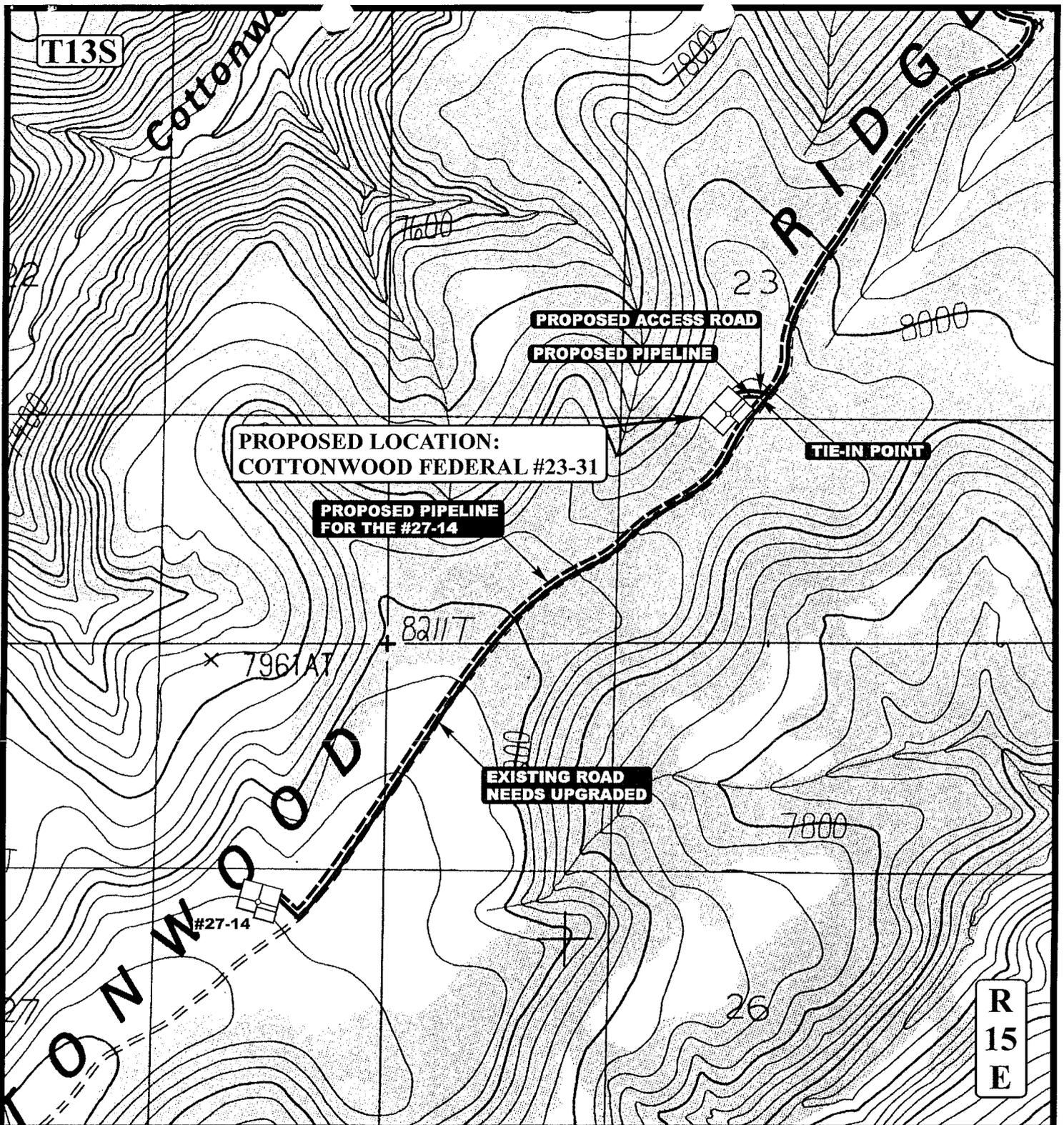
**COTTONWOOD FEDERAL #23-31  
SECTION 23, T13S, R15E, S.L.B.&M.  
1652' FSL 2444' FWL**



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

<b>TOPOGRAPHIC</b>	<b>09</b>	<b>22</b>	<b>06</b>
<b>MAP</b>	MONTH	DAY	YEAR
SCALE: 1" = 2000'	DRAWN BY: C.P.		REVISED: 00-00-00

**B2**  
**TOPO**



**PROPOSED LOCATION:  
COTTONWOOD FEDERAL #23-31**

**PROPOSED PIPELINE  
FOR THE #27-14**

**EXISTING ROAD  
NEEDS UPGRADED**

**TIE-IN POINT**

**APPROXIMATE TOTAL PIPELINE DISTANCE = 225' +/-**

**LEGEND:**

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

**PETRO-CANADA RESOURCES (USA), INC.**

**COTTONWOOD FEDERAL #23-31  
SECTION 23, T13S, R15E, S.L.B.&M.  
1652' FSL 2444' FWL**



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

**TOPOGRAPHIC** 09 22 06  
**MAP** MONTH DAY YEAR  
SCALE: 1" = 1000' DRAWN BY: C.P. REVISED: 00-00-00



WORKSHEET

APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 11/09/2006

API NO. ASSIGNED: 43-007-31248

WELL NAME: COTTONWOOD FED 23-31

OPERATOR: PETRO-CANADA RESOURCES ( N2705 )

CONTACT: DON HAMILTON

PHONE NUMBER: 303-297-2100

PROPOSED LOCATION:

NESW 23 130S 150E

SURFACE: 1652 FSL 2444 FWL

BOTTOM: 1652 FSL 2444 FWL

COUNTY: CARBON

LATITUDE: 39.67711 LONGITUDE: -110.2043

UTM SURF EASTINGS: 568240 NORTHINGS: 4392013

FIELD NAME: WILDCAT ( 1 )

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

LEASE TYPE: 1 - Federal

LEASE NUMBER: UTU-077547

SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: MNCS

COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[1] Ind[] Sta[] Fee[]  
(No. UT 1215 )
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit  
(No. 90-1542 )
- RDCC Review (Y/N)  
(Date: )
- Fee Surf Agreement (Y/N)
- Intent to Commingle (Y/N)

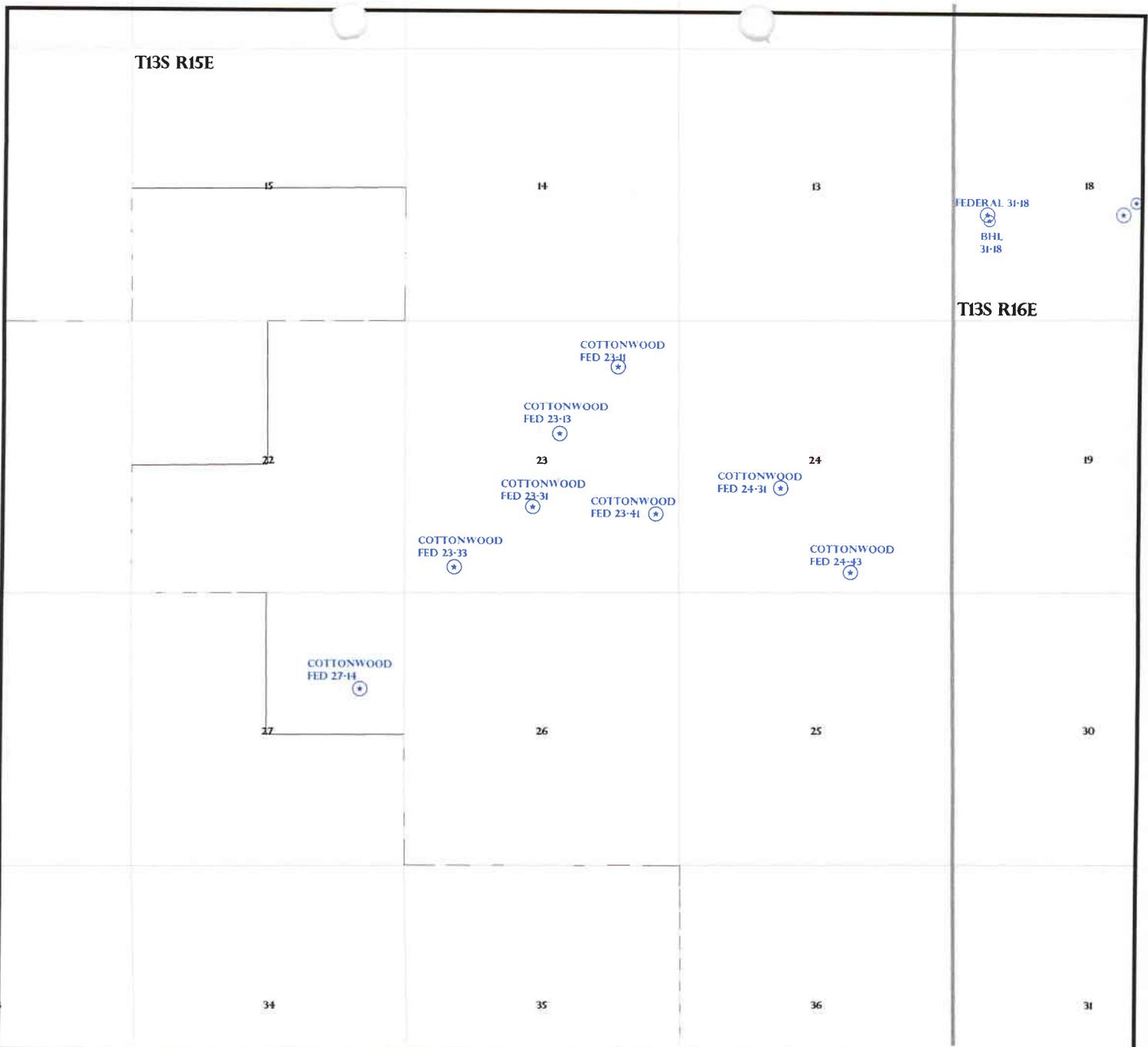
LOCATION AND SITING:

- \_\_\_ 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: \_\_\_\_\_  
Eff Date: \_\_\_\_\_  
Siting: \_\_\_\_\_
- \_\_\_ R649-3-11. Directional Drill

COMMENTS: \_\_\_\_\_

STIPULATIONS: \_\_\_\_\_

1. Federal Approval  
2. Spacing Strip



OPERATOR: PETRO-CANADA RES (N2705)

SEC: 23,24,27 T.13S R. 15E

FIELD: WILDCAT (001)

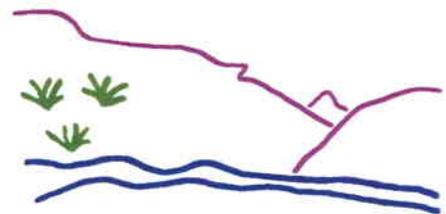
COUNTY: CARBON

SPACING: R649-3-2 / GENERAL SITING

- 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 MASON  
DATE: 9-NOVEMBER-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*

November 9, 2006

Petro-Canada Resources (USA), Inc.  
1099-18th St., Ste. 400  
Denver, CO 80202

Re: Cottonwood Federal 23-31 Well, 1652' FSL, 2444' FWL, NE SW, Sec. 23,  
T. 13 South, R. 15 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.

Appropriate information has been submitted to DOGM and administrative approval of the requested exception location is hereby 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 43-007-31248.

Sincerely,

Gil Hunt  
Associate Director

pab  
Enclosures

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

**Operator:** Petro-Canada Resources (USA), Inc.

**Well Name & Number** Cottonwood Federal 23-31

**API Number:** 43-007-31248

**Lease:** UTU-077547

**Location:** NE SW                      **Sec.** 23                      **T.** 13 South                      **R.** 15 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.

5. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.

CONFIDENTIAL

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

**SUNDRY NOTICES AND REPORTS ON WELLS**

Do not use this form for proposals to drill new wells, stop or curtail existing wells, or to lower current bottom hole depth, re-enter closed wells, or to alter flow control devices. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL: OIL WELL  GAS WELL  OTHER \_\_\_\_\_

2. NAME OF OPERATOR: Petro-Canada Resources (USA) Inc.

3. ADDRESS OF OPERATOR: 999 18th St, Suite 600 CITY: Denver STATE: CO ZIP: 80202-2499 PHONE NUMBER: (303) 297-2100

4. LOCATION OF WELL:  
ELEVATION AT SURFACE: 1,652' FSL & 2,444' FWL NE/4 SW/4 COUNTY: Carbon  
QTR QTR SECTION TOWNSHIP RANGE MERIDIAN: NESW 23 13S 15E S STATE: UTAH

5. LEASE DESIGNATION AND SERIAL NUMBER: UTU- 077547

6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A

7. UNIT OR CA AREA OR FIELD NAME: undesignated

8. WELL NAME AND NUMBER: COTTONWOOD FED 23-31

9. API NUMBER: 4300731248

10. FIELD AND POOL OR SUBPOOL: undesignated

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 Original Form Only) Application for data well report	<input type="checkbox"/> ABANDON	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion:	<input type="checkbox"/> WELL REASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SHUT IN BACK 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 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"/> DISCONTINUE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER <u>Permit Extension</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPUTE DIFFERENT INFORMATION	

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

Petro-Canada Resources (USA), Inc. hereby requests a one year extension of the state permit for the referenced well.

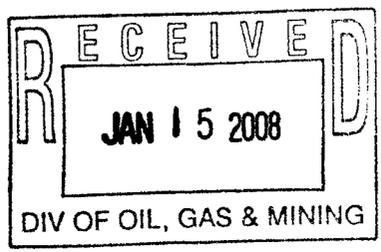
This is the first extension that has been requested.

**Approved by the  
Utah Division of  
Oil, Gas and Mining**

Date: 01-16-08

By: [Signature]

COPY SENT TO OPERATOR  
Date: 1-17-2008  
Initials: YS



NAME (PLEASE PRINT): Marnie Griffin TITLE: Agent for Petro-Canada Resources (USA), Inc.

SIGNATURE: [Signature] DATE: 1/14/2008

(This space for State use only)



**Application for Permit to Drill  
Request for Permit Extension  
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

**API:** 4300731248  
**Well Name:** COTTONWOOD FED 23-31 UTU-077547  
**Location:** Sec 23 13S-15E NESW 1,652' FSL & 2,444' FWL NE/  
**Company Permit Issued to:** Petro-Canada Resources (USA) Inc.  
**Date Original Permit Issued:** 11/9/2006

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes  No

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes  No

Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes  No

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes  No

Has the approved source of water for drilling changed? Yes  No

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes  No

Is bonding still in place, which covers this proposed well? Yes  No

M/  
 \_\_\_\_\_  
 Signature

1/14/2008  
 \_\_\_\_\_  
 Date

Title: Agent  
 \_\_\_\_\_

Representing: Petro-Canada Resources (USA) Inc.  
 \_\_\_\_\_

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

FORM 9

**CONFIDENTIAL**

5. LEASE DESIGNATION AND SERIAL NUMBER:  
UTU-077547

**SUNDRY NOTICES AND REPORTS ON WELLS**

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:  
N/A

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.

7. UNIT or CA AGREEMENT NAME:  
undesignated

1. TYPE OF WELL  
OIL WELL  GAS WELL  OTHER \_\_\_\_\_

8. WELL NAME and NUMBER:  
COTTONWOOD FED 23-31

2. NAME OF OPERATOR:  
Petro-Canada Resources (USA) Inc.

9. API NUMBER:  
4300731248

3. ADDRESS OF OPERATOR:  
999 18th St, Suite 600 CITY Denver STATE CO ZIP 80202-2499

PHONE NUMBER:  
(303) 297-2100

10. FIELD AND POOL, OR WILDCAT:  
Undesignated Wildcat

4. LOCATION OF WELL  
FOOTAGES AT SURFACE: 1,652' FSL & 2,444' FWL, COUNTY: Carbon  
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NESW 23 13S 15E S STATE: UTAH

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: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<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 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>Permit Extension</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.

Petro-Canada Resources (USA), Inc. hereby requests a one year extension of the state permit for the referenced well.

This is the second extension that has been requested

Approved by the  
Utah Division of  
Oil, Gas and Mining

Date: 12-22-08

By: [Signature]

NAME (PLEASE PRINT) Don Hamilton

TITLE Agent for Petro-Canada Resources (USA), Inc.

SIGNATURE Don Hamilton

DATE 12/17/2008

(This space for State use only)

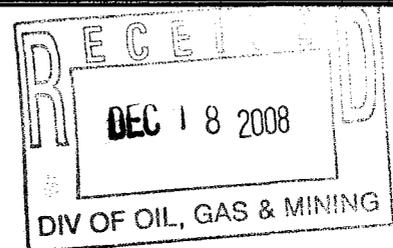
COPY SENT TO OPERATOR

Date: 12-30-2008

Initials: KS

(5/2000)

(See Instructions on Reverse Side)





**Application for Permit to Drill  
Request for Permit Extension  
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

**API:** 4300731248  
**Well Name:** COTTONWOOD FED 23-31  
**Location:** 1,652' FSL & 2,444' FWL, NE/4 SW/4, 23, 13S-15E  
**Company Permit Issued to:** Petro-Canada Resources (USA) Inc.  
**Date Original Permit Issued:** 11/9/2006

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

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Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes  No

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes  No

Has the approved source of water for drilling changed? Yes  No

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes  No

Is bonding still in place, which covers this proposed well? Yes  No

Don Hamilton  
Signature

12/17/2008  
Date

Title: Agent

Representing: Petro-Canada Resources (USA) Inc.

<p><b>STATE OF UTAH</b> DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING</p>	<p><b>FORM 9</b></p>
<p><b>SUNDRY NOTICES AND REPORTS ON WELLS</b></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><b>5. LEASE DESIGNATION AND SERIAL NUMBER:</b> UTU-077547</p>
<p><b>1. TYPE OF WELL</b> Gas Well</p>	<p><b>6. IF INDIAN, ALLOTTEE OR TRIBE NAME:</b></p>
<p><b>2. NAME OF OPERATOR:</b> PETRO-CANADA RESOURCES (USA), INC</p>	<p><b>7. UNIT or CA AGREEMENT NAME:</b></p>
<p><b>3. ADDRESS OF OPERATOR:</b> 999 18th Street, Sutie 600 , Denver, CO, 80202</p>	<p><b>8. WELL NAME and NUMBER:</b> COTTONWOOD FED 23-31</p>
<p><b>4. LOCATION OF WELL</b> <b>FOOTAGES AT SURFACE:</b> 1652 FSL 2444 FWL <b>QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:</b> Qtr/Qtr: NESW Section: 23 Township: 13.0S Range: 15.0E Meridian: S</p>	<p><b>9. API NUMBER:</b> 43007312480000</p>
	<p><b>9. FIELD and POOL or WILDCAT:</b> WILDCAT</p>
	<p><b>COUNTY:</b> CARBON</p>
	<p><b>STATE:</b> UTAH</p>

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> <b>NOTICE OF INTENT</b> Approximate date work will start: 9/1/2009	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> CASING REPAIR
<input type="checkbox"/> <b>SUBSEQUENT REPORT</b> Date of Work Completion:	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> CHANGE WELL NAME
<input type="checkbox"/> <b>SPUD REPORT</b> Date of Spud:	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> CONVERT WELL TYPE
<input type="checkbox"/> <b>DRILLING REPORT</b> Report Date:	<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 OR 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"/> TEMPORARY ABANDON
	<input type="checkbox"/> TUBING REPAIR	<input type="checkbox"/> VENT OR FLARE	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> WATER SHUTOFF	<input type="checkbox"/> SI TA STATUS EXTENSION	<input checked="" type="checkbox"/> APD EXTENSION
	<input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> OTHER	OTHER:

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

Petro-Canada Resources (USA), Inc. hereby requests a one year extension of the state permit for the referenced well. This is the third extension that has been requested.

**Approved by the  
Utah Division of  
Oil, Gas and Mining**

**Date:** December 14, 2009

**By:** 

<b>NAME (PLEASE PRINT)</b> Don Hamilton	<b>PHONE NUMBER</b> 435 719-2018	<b>TITLE</b> Permitting Agent (Buys & Associates, Inc)
<b>SIGNATURE</b> N/A	<b>DATE</b> 12/4/2009	



**The Utah Division of Oil, Gas, and Mining**

- State of Utah
- Department of Natural Resources

**Electronic Permitting System - Sundry Notices**

**Request for Permit Extension Validation Well Number 43007312480000**

**API:** 43007312480000

**Well Name:** COTTONWOOD FED 23-31

**Location:** 1652 FSL 2444 FWL QTR NESW SEC 23 TWNP 130S RNG 150E MER S

**Company Permit Issued to:** PETRO-CANADA RESOURCES (USA), INC

**Date Original Permit Issued:** 11/9/2006

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision. Following is a checklist of some items related to the application, which should be verified.

- If located on private land, has the ownership changed, if so, has the surface agreement been updated?  Yes  No
- Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location?  Yes  No
- Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well?  Yes  No
- Have there been any changes to the access route including ownership, or rightof- way, which could affect the proposed location?  Yes  No
- Has the approved source of water for drilling changed?  Yes  No
- Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation?  Yes  No
- Is bonding still in place, which covers this proposed well?  Yes  No

**Approved by the  
Utah Division of  
Oil, Gas and Mining**

**Signature:** Don Hamilton

**Date:** 12/4/2009

**Title:** Permitting Agent (Buys & Associates, Inc) **Representing:** PETRO-CANADA RESOURCES (USA), INC **Date:** December 14, 2009

**By:** 



GARY R. HERBERT  
Governor

GREGORY S. BELL  
Lieutenant Governor

# State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

January 19, 2011

Petro-Canada Resources (USA) Inc.  
999 18<sup>TH</sup> St, Suite 600  
Denver, CO 80202

Re: APD Rescinded – Cottonwood Fed 23-31, Sec. 23, T. 13S, R. 15E  
Carbon County, Utah API No. 43-007-31248

Ladies and Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on November 9, 2006. On January 16, 2008, December 22, 2008 and December 14, 2009 the Division granted a one-year APD extension. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective January 19, 2011.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,

  
Diana Mason  
Environmental Scientist

cc: Well File  
Bureau of Land Management, Price

