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AUG 04 2006

DIV. OF OIL, GAS & MINING

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

August 2, 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.  
Horse Point State #24-3-16-23  
1098' FSL and 2243' FWL  
SE SW, Section 3, T16S - R23E  
Grand County, Utah  
Lease No. ML-46112

Dear Diana,

Enclosed please find two copies of the Application for Permit to Drill, along with the required drilling program, BOP diagram, wellsite maps and diagrams.

This location has been staked at non-standard spacing. See exception location letter signed by National Fuel, Attached.

Please note the archeological and paleo reports will be sent in separately.

If you should need additional information, please don't hesitate to contact me. Approved copies of the A.P.D. should be sent to PermitCo Inc. at the address shown above.

Sincerely,

PERMITCO INC.

A handwritten signature in black ink that reads "Tabatha Parker". The signature is written in a cursive style.

Tabatha Parker  
Consultant for  
Pioneer Natural Resources USA, Inc.

Enc.

cc: Utah Division of Oil, Gas & Mining - Roosevelt, UT  
Pioneer Natural Resources USA, Inc. - Denver, CO  
Pioneer Natural Resources USA, Inc. - Rangely, 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**

1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>		5. MINERAL LEASE NO.: <b>ML-46112</b>	6. SURFACE: <b>State</b>
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		7. IF INDIAN, ALLOTTEE OR TRIBE NAME: <b>N/A</b>	
2. NAME OF OPERATOR: <b>Pioneer Natural Resources USA, Inc.</b>		8. UNIT or CA AGREEMENT NAME: <b>N/A</b>	
3. ADDRESS OF OPERATOR: <b>1401 17th Street, Suite 1200, Denver, CO 80202</b>		9. WELL NAME and NUMBER: <b>UTCO Fee #32C-25B-12-25</b>	
PHONE NUMBER: <b>303/298-8100</b>		10. FIELD AND POOL, OR WILDCAT: <b>Undesignated</b>	
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: <b>1098' FSL and 2243' FWL</b> AT PROPOSED PRODUCING ZONE: <b>SE SW</b>		11. QTR/QTR, SECTION, TOWNSHIP, RANGE MERIDIAN: <b>Section 3, T16S - R23E</b>	
64506X 39.440613 4366737Y 7109.367288			
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: <b>Approximately 63 miles south of Ouray, UT</b>		12. COUNTY: <b>Grand</b>	13. STATE: <b>UT</b>
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) <b>1538'</b>	16. NUMBER OF ACRES IN LEASE: <b>2079.02</b>	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: <b>40 Acres</b>	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET): <b>None</b>	19. PROPOSED DEPTH: <b>8200'</b>	20. BOND DESCRIPTION: <b>Utah Bond No. 104319463</b>	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): <b>7922' GL</b>	22. APPROXIMATE DATE WORK WILL START: <b>12/1/2006</b>	23. ESTIMATED DURATION: <b>15 Days</b>	

**PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
12-1/4"	8-5/8", J-55, 24#	1500'	260 sx Hi-Fill, 11 ppg and 225 sx Class "G", 15.6 ppg
7-7/8"	4-1/2", N-80, 11.6#	8200'	620 sx 50:50 Poz, 9 ppg and 380 sx 50:50 Poz, 14.3 ppg

**CONFIDENTIAL-TIGHT HOLE**

**25. 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 2, 2006**

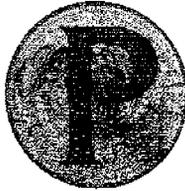
(This space for State use only)

API NUMBER ASSIGNED: **43-019-31493**

APPROVAL:

**RECEIVED**

**AUG 04 2006**



July 24, 2006

Ms. Diane Thompson  
National Fuel Corporation  
7979 E. Tufts Parkway, Suite 815  
Denver, Colorado 80237

**PIONEER**  
NATURAL RESOURCES USA, INC.

RECEIVED  
AUG 04 2006  
DIV. OF OIL, GAS & MINING

RE: Exception to Location – Horse Point State 24-3-16-23  
Township 16 South, Range 23 East  
Section 3: SE/4SW/4  
Grand County, Utah

Ladies and Gentlemen:

Pioneer Natural Resources USA, Inc. is proposing to drill a well in the SE/4SW/4 of Section 3, T16S, R23E, Grand County Utah. You are a joint working interest owner with Pioneer Natural Resources USA, Inc. in State Lease ML-46112 covering the following lands:

Township 16 South, Range 23 East  
Section 3: Lots 1, 2, S/2NE/4, S/2  
Section 4: S/2  
Section 9: All  
Section 10: All  
Grand County, Utah

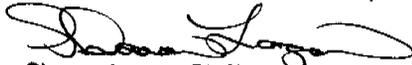
Sections 3 and 10 are subject to Cause Order No. 149-23 which established drilling units for the production of gas from the Dakota Formation and the Cedar Mountain Formation which includes the Buckhorn Sands. Under said order, one well may be drilled and completed for production on each drilling unit. The permitted well shall be located no closer than 1000' from the drilling unit boundary, with a 500' tolerance, and no closer than 2500' from a producing well in the adjacent area, with a 500' tolerance. In this case the well site does not meet the off-set requirements to the well in the adjacent area.

In accordance with R649-3-3, in order that Pioneer may continue its drilling program in the area, please acknowledge your consent to the exception location by signing, dating and returning two copies of this Exception to Location letter to Pioneer's office in the enclosed envelope at your earliest convenience.

Thank you for your consideration in this regard. If you have any questions please feel free to contact the undersigned at 303-675-2691.

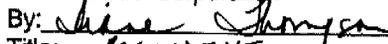
Sincerely,

Pioneer Natural Resources USA, Inc.

  
Sharon Logan, Staff Landman

EXCEPTION TO THE LOCATION FOR THE HORSE POINT STATE 24-3-16-23 IS GRANTED AND APPROVED THIS 24th DAY OF July, 2006.

National Fuel Corporation

By:   
Title: RESIDENT

RECEIVED

AUG 04 2006

DIV. OF OIL, GAS & MINING

CONFIDENTIAL - TIGHT HOLE

Horse Point State #24-3-16-23  
1098' FSL and 2243' FWL  
SE SW Section 3, T16S - R23E  
Grand County, Utah

Prepared For:

Pioneer Natural Resources USA, Inc.

By:

PERMITCO INC.  
14421 County Road 10  
Fort Lupton, CO 80621  
303/857-9999

Copies Sent To:

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

CONFIDENTIAL-TIGHT HOLE



1. **Estimated Tops/Geologic Markers**

The estimated tops of important geologic markers are as follows:

<i>Formation</i>	<i>Depth</i>	<i>Subsea</i>
Mesa Verde	1,622'	6,300'
Castlegate	4,929'	3,630'
Mancos B	4,947'	2,915'
Dakota/ Cedar Mountain	7,924'	-12'
Morrison	8,172'	-250'
TD	8,180'	-258'

2. **Estimated Depths and Names of Anticipated Water, Oil, Gas or Other Minerals Bearing Formations.**

<i>Substance</i>	<i>Formation</i>	<i>Depth</i>
Gas	Dakota/ Cedar Mountain	7,924'

3. **Well Control Equipment & Testing Procedures**

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

Ram Type: 11" Hydraulic double, 5000 psi w.p.

Pioneer Natural Resources USA, Inc. will comply will all requirements pertaining to well control as listed in the Rule R649-3-7 of the Utah Division of Oil, Gas & Mining.

The size and rating of the BOP stack is shown on the attached diagram.



**4. Casing Program**

The proposed casing program will be as follows:

Purpose	Depth	Hole Size	O.D.	Weight	Grade	Type	New/Used
Surface	0'-1,500'	12-1/4"	8-5/8"	24#	J-55	ST&C	New
Production	0'-8,200'	7-7/8"	4-1/2"	11.6#	N-80	LT&C	New

Casing design subject to revision based on geologic conditions encountered.

**5. Cement Program**

Surface	Type and Amount
TOC @ Surface	Lead: 260 sx Hi-Fill, 11 ppg, 3.84 yield. Tail: 225 sx Class "G" + 2% CACI2 + Flocele, 15.6 ppg, 1.20 yield.
Production	Type and Amount
TOC @ 1300'	Lead: 620 sx 50:50 Poz + 0.2% Halad + 5#/sx Silicalite + 20% SSA-1 + 0.1 % Verasat + 1.5% Zone Sealant 2000, 9 ppg. 2.15 yield Tail: 380 sx same as above with foamed nitrogen, 14.3 ppg, 1.47 yield.

70 Steve Schreck  
9/29/06  
303/675 2782

**6. Drilling Fluids**

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

Interval	Mud Type	Mud Wt.	Visc.	F/L	pH
0'-1,500'	Air/ Airmist to Aerated Water	---	---	---	---
1,500'-8,200'	KCL Polymer	8.6 - 9.0	36 - 48	NC to >10	9 - 10



**7. Testing, Logging and Coring**

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

- a. No drill stem tests are anticipated.
- b. The logging program will consist of a Triple Combo, Dipole Sonic log to be run from TD to surface casing.
- c. No cores are anticipated.

**8. Anticipated Pressures and H<sub>2</sub>S**

- a. Normal pressures and temperatures are expected in the objective formation. A maximum bottom hole pressure of 3624 psi is expected. A maximum bottom hole temperature of 158 degrees Fahrenheit is anticipated. Sour gas (H<sub>2</sub>S) is not anticipated.

**9. Water Source**

- a. Water will be trucked from a water well located in the SW SE Section 32, T4S - R3E. Ouray, UT Permit No. 43-8496

**10. Other Information**

- a. Drilling is planned to commence on December 1, 2006.
- b. It is anticipated that the drilling of this well will take approximately 15 days.
- c. Lining of the reserve pit will be done if deemed necessary by the Utah Division of Oil, Gas and Minerals.
- d. At the end of drilling operations the location will be reclaimed and re-seeded as requested by the surface owner.

Surface Owner  
State of Utah





# PIONEER NATURAL RESOURCES USA, INC.

## HORSE POINT STATE #24-3-16-23

LOCATED IN GRAND COUNTY, UTAH

SECTION 3, T16S, R23E, S.L.B.&M.



PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: EASTERLY



PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: EASTERLY



- Since 1964 -

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

**LOCATION PHOTOS**

**07** **20** **06**  
MONTH DAY YEAR

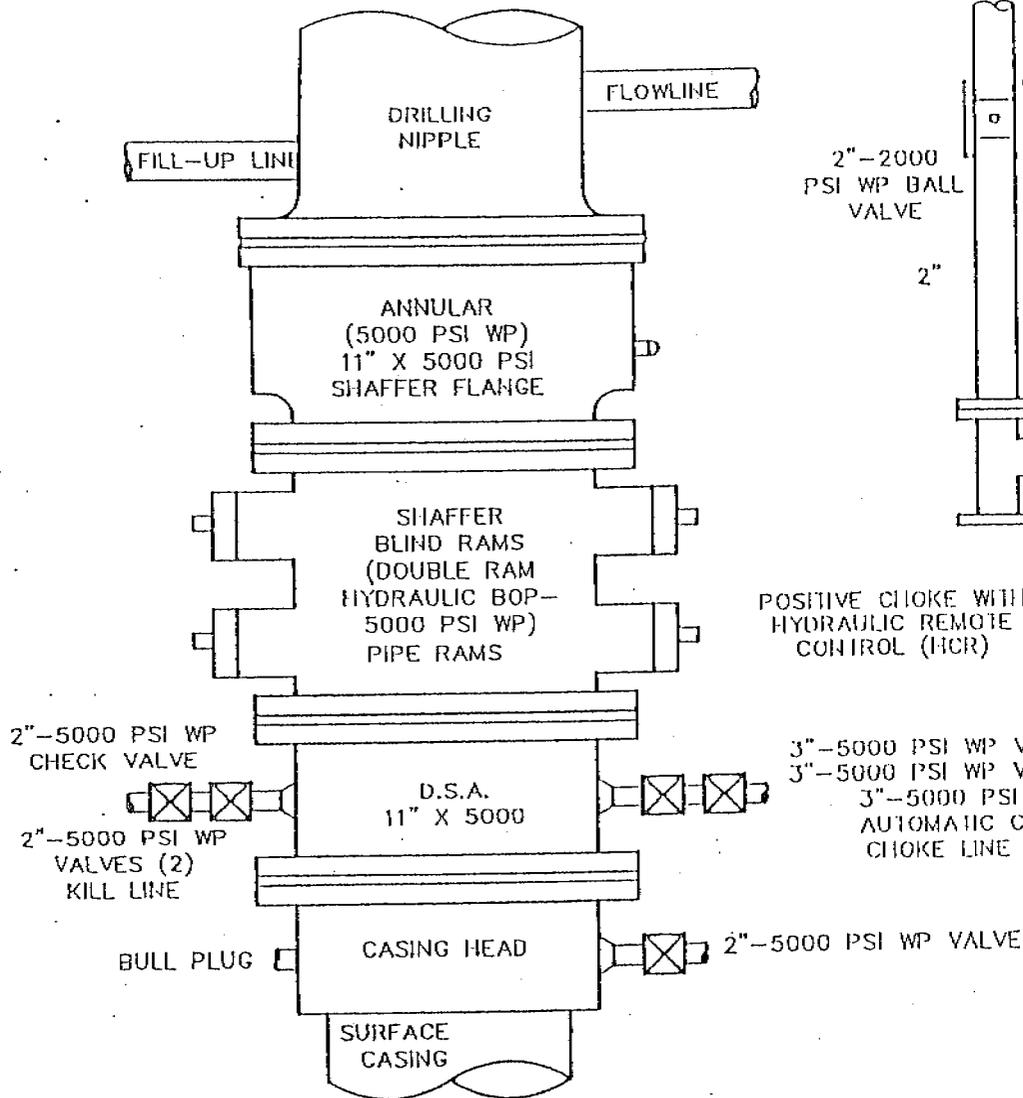
**PHOTO**

TAKEN BY: J.F.

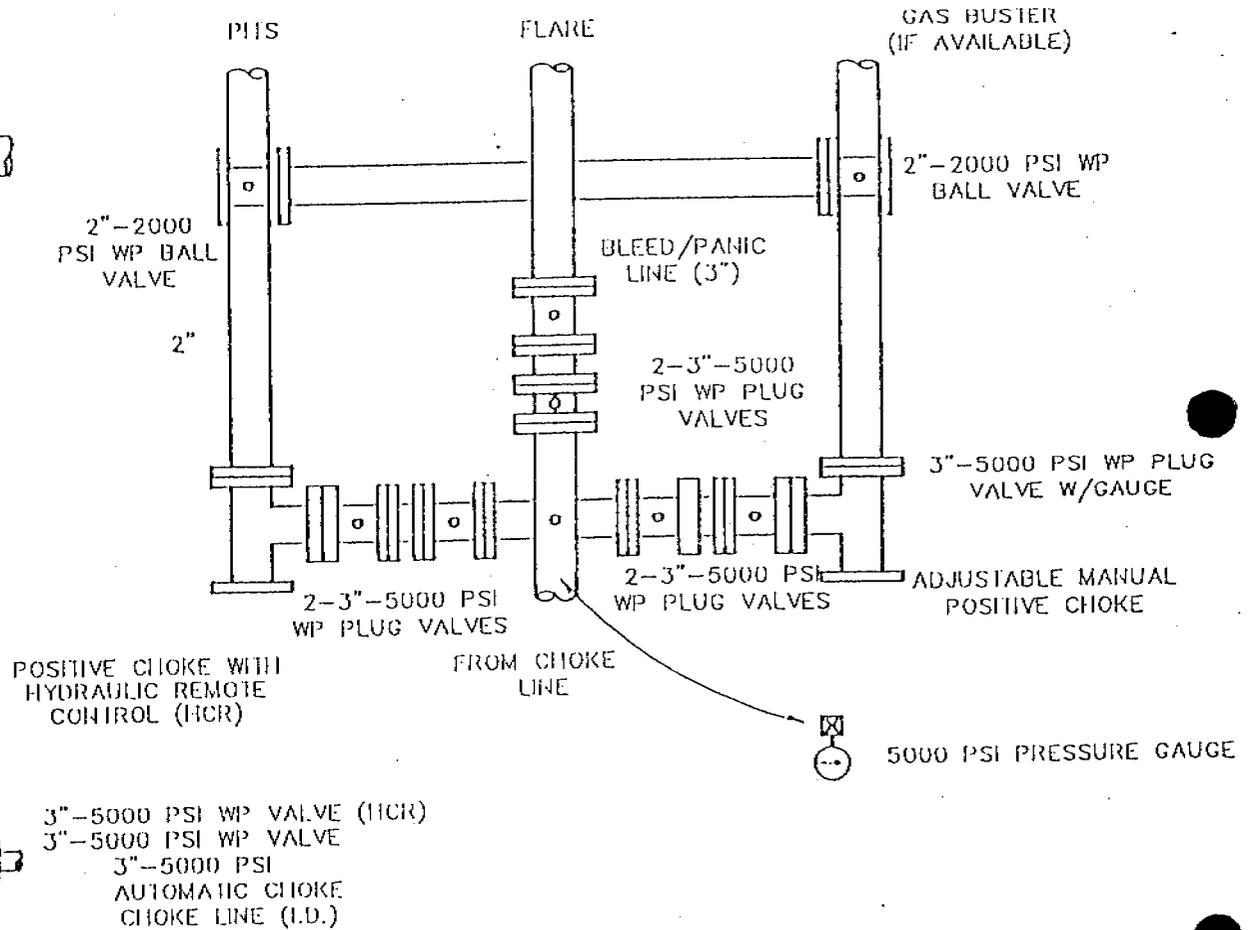
DRAWN BY: C.P.

REVISED: 00-00-00

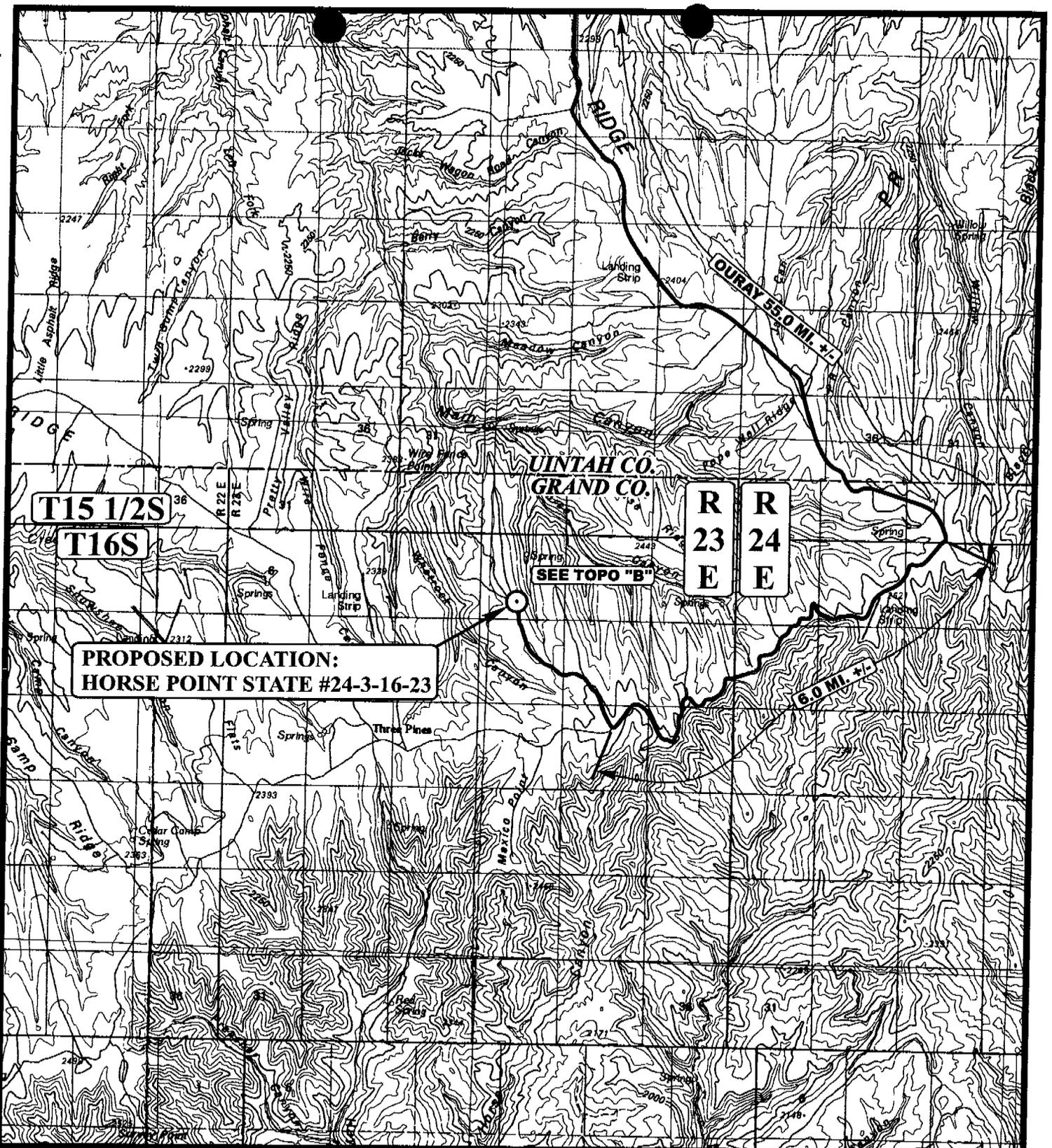
**BOP SCHEMATIC  
5000 PSI WORKING PRESSURE**



**PLAN VIEW CHOKE MANIFOLD**



THE HYDRAULIC CLOSING UNIT WILL BE LOCATED MORE THAN 30' FROM THE WELLHEAD. CHOKE AND BLEED/PANIC LINES WILL GO TO THE PIT AND FLARE. ALL CONNECTIONS IN CHOKE LINES AND MANIFOLD WILL BE FLANGED OR WELDED. ALL FLANGES SHOULD BE RING JOINT GASKET TYPE. ALL TURNS IN LINES SHALL BE CONSTRUCTED USING TARGETING 90° TEES OR ELLS. ALL LINES SHALL BE ANCHORED.



**LEGEND:**

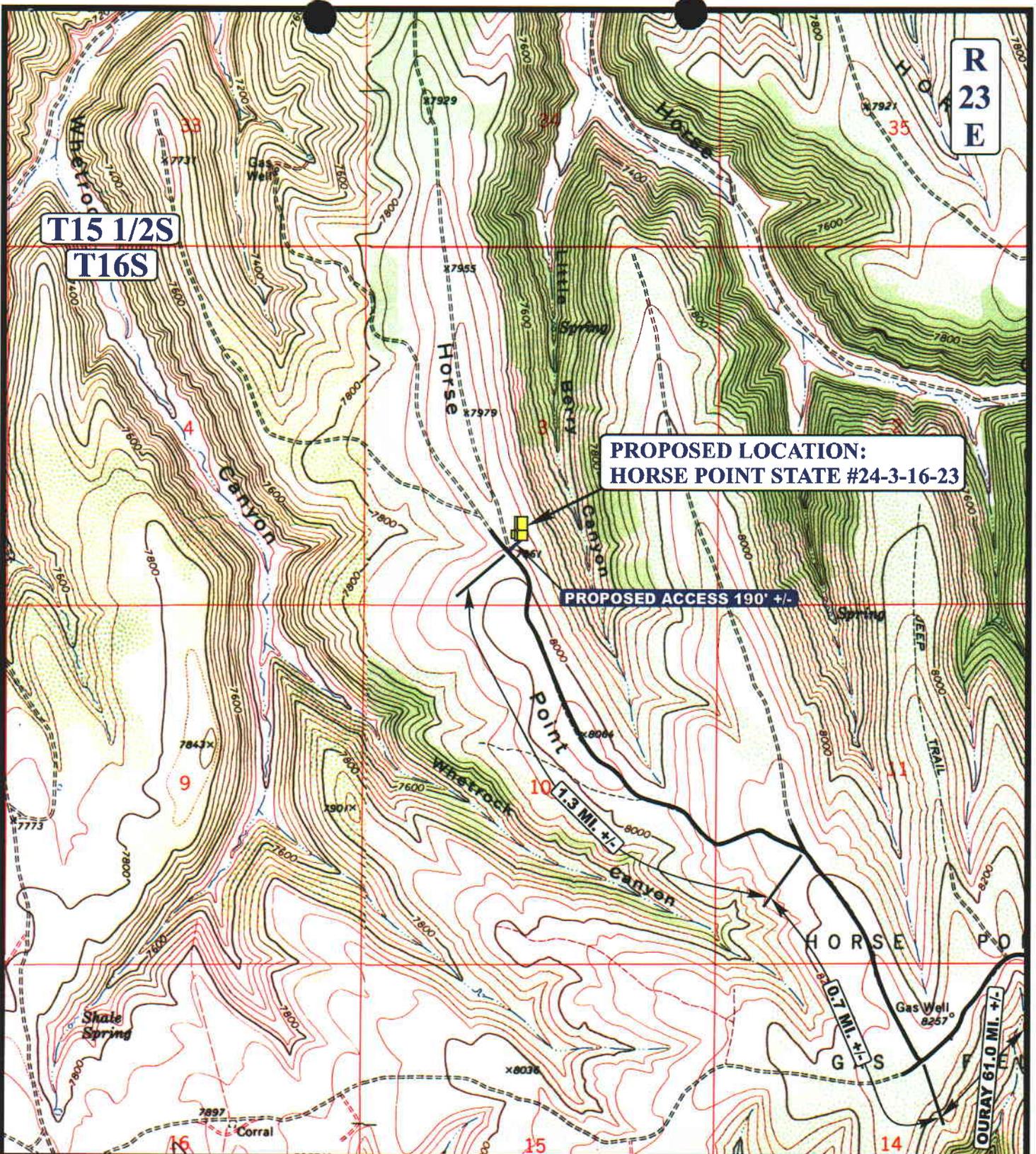
○ PROPOSED LOCATION

**PIONEER NATURAL RESOURCES USA, INC.**

**HORSE POINT STATE #24-3-16-23  
SECTION 3, T16S, R23E, S.L.B.&M.  
1098' FSL 2243' FWL**

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

**TOPOGRAPHIC** 07 20 06  
**MAP** MONTH DAY YEAR  
 SCALE: 1:100,000 DRAWN BY: C.P. REVISED: 00-00-00 **A TOPO**



**LEGEND:**

-  EXISTING ROAD
-  PROPOSED ACCESS ROAD

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



**PIONEER NATURAL RESOURCES USA, INC.**

**HORSE POINT STATE #24-3-16-23**  
 SECTION 3, T16S, R23E, S.L.B.&M.  
 1098' FSL 2243' FWL

<b>TOPOGRAPHIC</b>	<b>07</b>	<b>20</b>	<b>06</b>
<b>MAP</b>	MONTH	DAY	YEAR
SCALE: 1" = 2000'	DRAWN BY: C.P.		REVISED: 00-00-00







PIONEER NATURAL RESOURCES USA, INC.

FIGURE #1

LOCATION LAYOUT FOR

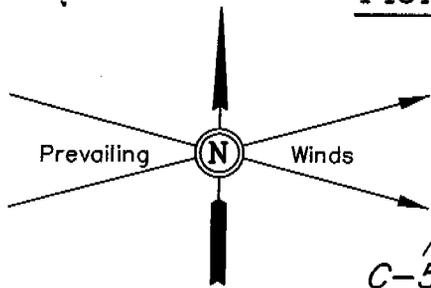
HORSE POINT STATE #24-3-16-23

SECTION 3, T16S, R23E, S.L.B.&M.

1098' FSL 2243' FWL

Pipeline Re-Route

F-16.3' El. 900.5'



SCALE: 1" = 50'  
DATE: 07-19-06  
Drawn By: L.K.

Approx. Top of Cut Slope

NOTE:

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

Total Pit Capacity W/2' of Freeboard = 4,720 Bbls. ±  
Total Pit Volume = 1,390 Cu. Yds.



Reserve Pit Backfill & Spoils Stockpile

El. 923.9'  
C-17.1' (btm. pit)

Pit Topsoil

10' WIDE BENCH

RESERVE PITS 10' Deep

SLOPE = 1-1/2 : 1

El. 926.3'  
C-19.5' (btm. pit)

C-11.4' El. 928.2'

C-6.4' El. 923.2'

C-9.4' El. 926.2'

C-10.3' El. 927.1'

C-1.5' El. 918.3'

C-5.3' El. 922.1'

Sta. 3+75

Round Corners as needed

Existing Pipeline

200'

PIPE RACKS

CATWALK

DOG HOUSE

RIG

WATER

PUMP

MUD SHED

HOPPER

POWER

TOOLS

FUEL

Sta. 0+75

TRASH

STORAGE TANK

Sta. 1+75

F-8.6' El. 908.2'

FUEL

TRAILER

TOILET

Approx. Toe of Fill Slope

Proposed Access Road

F-1.8' El. 915.0'

NOTES:

Elev. Ungraded Ground At Loc. Stake = 7922.1'

FINISHED GRADE ELEV. AT LOC. STAKE = 7916.8'

UINTAH ENGINEERING & LAND SURVEYING

85 So. 200 East \* Vernal, Utah 84078 \* (435) 789-1017

TYPICAL CROSS SECTIONS FOR

HORSE POINT STATE #24-3-16-23

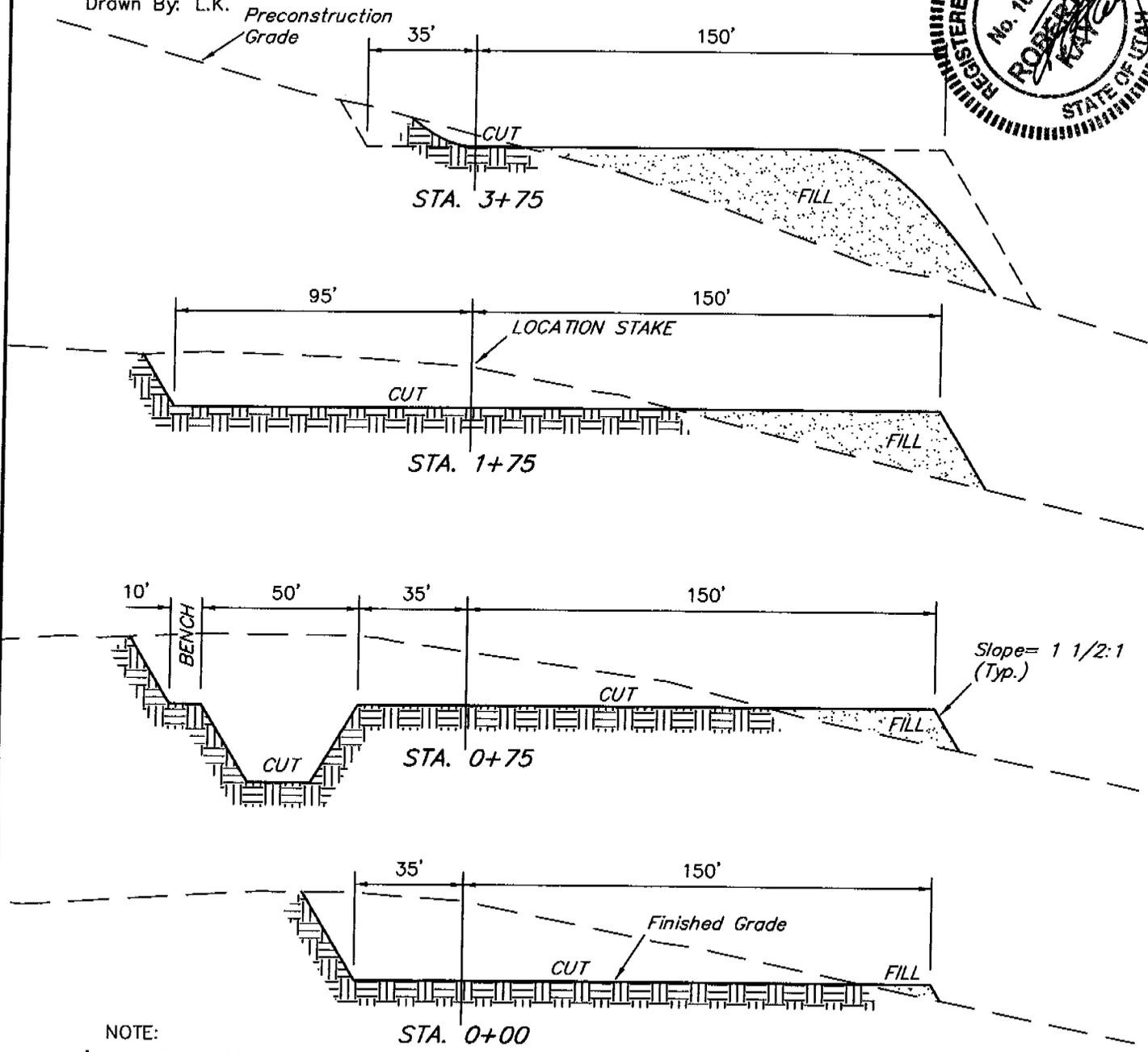
SECTION 3, T16S, R23E, S.L.B.&M.

1098' FSL 2243' FWL

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

DATE: 07-19-06

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	= 1,790 Cu. Yds.
Remaining Location	= 9,880 Cu. Yds.
<b>TOTAL CUT</b>	<b>= 11,670 CU.YDS.</b>
<b>FILL</b>	<b>= 9,180 CU.YDS.</b>

EXCESS MATERIAL	= 2,490 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 2,490 Cu. Yds.
EXCESS UNBALANCE (After Interim Rehabilitation)	= 0 Cu. Yds.

**WORKSHEET  
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 08/04/2006

API NO. ASSIGNED: 43-019-31493
--------------------------------

WELL NAME: Horse Point St. 24-316-23  
 OPERATOR: PIONEER NATL RES USA ( N5155 )  
 CONTACT: TABATHA PARKER

PHONE NUMBER: 303-857-9999

PROPOSED LOCATION:

SESW 03 160S 230E  
 SURFACE: 1098 FSL 2243 FWL  
 BOTTOM: 1098 FSL 2243 FWL  
 COUNTY: GRAND  
 LATITUDE: 39.44061 LONGITUDE: -109.3673  
 UTM SURF EASTINGS: 640506 NORTHINGS: 4366737  
 FIELD NAME: UNDESIGNATED ( 2 )

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	DKD	10/6/06
Geology		
Surface		

LEASE TYPE: 3 - State  
 LEASE NUMBER: ML-46112  
 SURFACE OWNER: 3 - State

PROPOSED FORMATION: MRSN  
 COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[] Ind[] Sta[] Fee[]  
(No. 104319462 )
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit  
(No. 43-8496 )
- 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: 119-23  
Eff Date: 12-15-1983  
Siting: 1,000' from well & 2500' from other wells
- R649-3-11. Directional Drill

COMMENTS:

Needs Perm to (08-31-06)

STIPULATIONS:

1 - STATEMENT OF BASIS

# FENCE CANYON FIELD

T15.5S R23E

T16S R23E

FENCE CANYON UNIT

CAUSE: 149-23 / 12-15-1983

LITTLE <-  
BERRY ST BI

UTCO FEE  
32C-25B-12-25

HORSE POINT FIELD

OPERATOR: PIONEER NAT RES (N5155)

SEC: 3 T.16S R. 23E

FIELD: UNDESIGNATED (002)

COUNTY: GRAND

CAUSE: 149-23 / 12-15-1983

### Wells Status

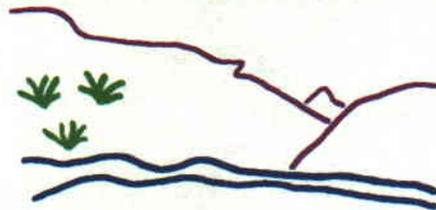
- ⊗ GAS INJECTION
- ⊗ GAS STORAGE
- ⊗ LOCATION ABANDONED
- ⊗ NEW LOCATION
- ⊗ PLUGGED & ABANDONED
- ⊗ PRODUCING GAS
- ⊗ PRODUCING OIL
- ⊗ SHUT-IN GAS
- ⊗ SHUT-IN OIL
- ⊗ TEMP. ABANDONED
- ⊗ TEST WELL
- ⊗ WATER INJECTION
- ⊗ WATER SUPPLY
- ⊗ WATER DISPOSAL
- ⊗ DRILLING

### 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



Utah Oil Gas and Mining



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

# Application for Permit to Drill

## Statement of Basis

9/25/2006

Utah Division of Oil, Gas and Mining

Page 1

<b>APD No</b>	<b>API WellNo</b>	<b>Status</b>	<b>Well Type</b>	<b>Surf Ownr</b>	<b>CBM</b>
82	43-019-31493-00-00		GW	S	No
<b>Operator</b>	PIONEER NATL RES USA INC		<b>Surface Owner-APD</b>		
<b>Well Name</b>	HORSE POINT ST 24-3-16-23		<b>Unit</b>		
<b>Field</b>	UNDESIGNATED		<b>Type of Work</b>		
<b>Location</b>	SESW 3 16S 23E S 0 FL 0 FL GPS Coord (UTM) 640506E 4366737N				

### Geologic Statement of Basis

Several springs are observed to occur at the base of Tongue A of the Douglas Creek Member of the Green River Formation in the area around Horse Ridge. Within a mile, water rights have been filed on 2 of these springs. A few small streams flow in nearby canyons and draws. Records of water encountered during the drilling of nearby wells indicates that whatever shallow flows existed were controlled with air/mist drilling significantly into the underlying Tertiary Wasatch Formation. One well drilled nearby and at nearly the same elevation didn't mud up until ~1,200' TD. The sparse, high quality ground water is an important resource for local ranching and wildlife in this elevated and incised terrain. Lost circulation may be encountered in the Mesa Verde Group in this area so the operator will likely prefer to drill with as light a mud system as possible. The Operator proposes to use air or air/mist to drill the surface hole. In this area, the base of moderately saline ground water is mapped to occur at ~4,600' above sea level and should therefore be encountered at ~3,300' TD in the well. The proposed casing and cementing program will not serve to protect the ground water resources if the Division desires to limit the influx of dissolved solids into the Colorado River drainage. The Operator uses a benign drilling fluid system to surface casing depth (1,500'TD) but desires to use a KCL/Polymer mud system below 1,500'TD. There are likely to be some aquifers fresher than moderately saline ground water above 3,300'TD. The Operator should bring the cement for the production casing up above the Base of Moderately Saline Groundwater in order to isolate it from fresher waters up hole.

Chris Kierst  
APD Evaluator

9/21/2006  
Date / Time

### Surface Statement of Basis

Participants: Bart Kettle (DOGM), Jim Davis (SITLA), Ben Williams (DWR) and Jack Rich (Pioneer).

School and Institutional Trust Lands Administration (SITLA) recommends no changes to well pad or access road. Pipeline route will require permitting with SITLA, which is a separate process from Division of Oil, Gas and Mining (DOGM) approval on Permit to Drill. DOGM recommends that drainage coming from road be diverted away from well pad. Division of Wildlife Resources (DWR) recommends no drilling or construction activities occur during the dates of May 15 to July 15 to protect critical deer and elk summer range. Rerouting of pipeline on northeastern corner of location should be coordinated with pipeline owner. No formal winter restrictions are in place for project area, however it is recommended that drilling activities not be conducted during spring thaw if possible.

Bart Kettle  
Onsite Evaluator

8/31/2006  
Date / Time

### Conditions of Approval / Application for Permit to Drill

<b>Category</b>	<b>Condition</b>
Pits	A synthetic liner with a minimum thickness of 12 mils shall be properly installed and maintained in the reserve pit.
Pits	Fence reserve pit upon completion of drilling.
Surface	Drainages adjacent to the proposed pad shall be diverted around the location.

# ON-SITE PREDRILL EVALUATION

## Utah Division of Oil, Gas and Mining

**Operator** PIONEER NATL RES USA INC  
**Well Name** HORSE POINT ST 24-3-16-23  
**API Number** 43-019-31493-0      **APD No** 82      **Field/Unit** UNDESIGNATED  
**Location:** 1/4,1/4 SESW      **Sec** 3      **Tw** 16S      **Rng** 23E      0 FL 0 FL  
**GPS Coord (UTM)** 640506      4366741      **Surface Owner**

### Participants

Bart Kettle (DOGM), Jim Davis (SITLA), Ben Williams (DWR) and Jack Rich (Pioneer).

### Regional/Local Setting & Topography

Project site is ~63 miles from the town of Ouray, Utah located in Grand County. The project area is located near the Bookcliffs divide in a small east facing saddle on Horse Point. Project area is considered Mountain Browse rangelands located in a 16-18"

### Surface Use Plan

#### **Current Surface Use**

Recreational  
Grazing  
Wildlife Habitat

#### **New Road**

Miles	Well Pad	Length	Src Const Material	Surface Formation
	Width 245	350	Onsite	GRRV

**Ancillary Facilities** N

### Waste Management Plan Adequate?

### Environmental Parameters

**Affected Floodplains and/or Wetland** N

#### **Flora / Fauna**

Shrubs: Apple brush, birch leaf mountain mahogany, Wyoming sage, Douglas rabbit brush, antelope bitterbrush, common snowberry, buckwheat spp, Gamble oak and Utah serviceberry.

#### **Soil Type and Characteristics**

Dark brown clay loam

#### **Erosion Issues** Y

Some accelerated erosion should be expected for several years following well pad construction.

**Sedimentation Issues** N

**Site Stability Issues** N

#### **Drainage Diversion Required** Y

Divert drainage collected on road away from well pad.

Berm Required? N

Erosion Sedimentation Control Required? N

Paleo Survey Run? Y    Paleo Potential Observed? N    Cultural Survey Run?    Cultural Resources?

**Reserve Pit**

**Site-Specific Factors**

**Site Ranking**

<b>Distance to Groundwater (feet)</b>	75 to 100	10
<b>Distance to Surface Water (feet)</b>	>1000	0
<b>Dist. Nearest Municipal Well (ft)</b>	>5280	0
<b>Distance to Other Wells (feet)</b>	>1320	0
<b>Native Soil Type</b>	Mod permeability	10
<b>Fluid Type</b>	Fresh Water	5
<b>Drill Cuttings</b>	Normal Rock	0
<b>Annual Precipitation (inches)</b>	10 to 20	5
<b>Affected Populations</b>	<10	0
<b>Presence Nearby Utility Conduits</b>	Not Present	0

**Final Score**    30    1    **Sensitivity Level**

**Characteristics / Requirements**

Reserve pit is 120'x50'x10'. Liner will be required to protect potential high quality ground water.

**Closed Loop Mud Required? N    Liner Required? Y    Liner Thickness 12    Pit Underlayment Required? N**

**Other Observations / Comments**

Drainage from road should be diverted away from well pad. Pipeline on the northeastern corner of the location will be re-routed around the corner of the location. Unsure if pipeline belongs to Canyon gas or Beartooth gas. Tentative plan is for Pioneer to install pipeline that will follow access road back to the Divide road and collect to an existing pipeline of Pioneer at that point for transport of gas to Questar line located to the north.

Bart Kettle  
Evaluator

8/31/2006  
Date / Time

Casing Schematic

Surface

127' / 187'

TOC @ 0. / TOC @ 0.

BHP  
 $(0.052)(8200)(9) = 3838 \text{ psi}$

Gas  
 $(.12)(8200) = 984$

3838  
 - 984

2854 psi MASP

BOPE - 5M ✓

Burst - 2950  
 70% - 2065

Max press. @ surf. csg. shoe

8200  
 - 1500  
 5700 (.22) = 1254

3838  
 - 1254

2584 psi

Test to 2065 ✓  
 (± 1400 psi surf press.)

✓ Adequate OED 10/6/06

8-5/8" MW 8.4 Frac 19.3

4-1/2" MW 9.

1622' Surface 1500. MD Mesaverde

3300' - BMSW

4929 Castlegate  
4947 Mancos

7924' Dakota/Cedar Mtn.

8172' Morrison

Production 8200. MD



Well name:

2006-09 Pioneer Horse Pt St 24-3-16-23

Operator: Pioneer Natural Resources USA

String type: Surface

Project ID:

43-007-31493

Location: Grand County

**Design parameters:****Collapse**Mud weight: 8.400 ppg  
Design is based on evacuated pipe.**Minimum design factors:****Collapse:**

Design factor 1.125

**Burst:**

Design factor 1.00

**Environment:**H2S considered? No  
Surface temperature: 75 °F  
Bottom hole temperature: 96 °F  
Temperature gradient: 1.40 °F/100ft  
Minimum section length: 290 ft

Cement top: Surface

**Burst**Max anticipated surface  
pressure: 1,320 psi  
Internal gradient: 0.120 psi/ft  
Calculated BHP 1,500 psi

No backup mud specified.

**Tension:**8 Round STC: 1.80 (J)  
8 Round LTC: 1.80 (J)  
Buttress: 1.60 (J)  
Premium: 1.50 (J)  
Body yield: 1.50 (B)Tension is based on buoyed weight.  
Neutral point: 1,311 ft**Non-directional string.****Re subsequent strings:**Next setting depth: 8,200 ft  
Next mud weight: 9.000 ppg  
Next setting BHP: 3,834 psi  
Fracture mud wt: 19.250 ppg  
Fracture depth: 1,500 ft  
Injection pressure: 1,500 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft <sup>3</sup> )
1	1500	8.625	24.00	J-55	ST&C	1500	1500	7.972	536.3
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	655	1370	2.093	1500	2950	1.97	31	244	7.76 J

Prepared by: Helen Sadik-Macdonald  
Div of Oil, Gas & MineralsPhone: 801-538-5357  
FAX: 801-359-3940Date: September 29, 2006  
Salt Lake City, Utah**Remarks:**

Collapse is based on a vertical depth of 1500 ft, a mud weight of 8.4 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop &amp; Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

*Engineering responsibility for use of this design will be that of the purchaser.*

Well name:

2006-09 Pioneer Horse Pt St 24-3-16-23

Operator: Pioneer Natural Resources USA

String type: Production

Project ID:

43-007-31493

Location: Grand County

**Design parameters:****Collapse**Mud weight: 9.000 ppg  
Design is based on evacuated pipe.**Minimum design factors:****Collapse:**

Design factor 1.125

**Burst:**

Design factor 1.00

**Environment:**H2S considered? No  
Surface temperature: 75 °F  
Bottom hole temperature: 190 °F  
Temperature gradient: 1.40 °F/100ft  
Minimum section length: 1,500 ft

Cement top: Surface

**Burst**Max anticipated surface  
pressure: 2,030 psi  
Internal gradient: 0.220 psi/ft  
Calculated BHP 3,834 psi

No backup mud specified.

**Tension:**8 Round STC: 1.80 (J)  
8 Round LTC: 1.80 (J)  
Buttress: 1.60 (J)  
Premium: 1.50 (J)  
Body yield: 1.50 (B)**Non-directional string.**

Tension is based on buoyed weight.

Neutral point: 7,097 ft

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft <sup>3</sup> )
1	8200	4.5	11.60	N-80	LT&C	8200	8200	3.875	715.6
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	3834	6350	1.656 ✓	3834	7780	2.03 ✓	82	223	2.71 J ✓

Prepared Helen Sadik-Macdonald  
by: Div of Oil, Gas & MineralsPhone: 801-538-5357  
FAX: 801-359-3940Date: September 29, 2006  
Salt Lake City, Utah**Remarks:**

Collapse is based on a vertical depth of 8200 ft, a mud weight of 9 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop &amp; Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

*Engineering responsibility for use of this design will be that of the purchaser.*

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

FORM 3

AMENDED REPORT   
(highlight changes)

<b>APPLICATION FOR PERMIT TO DRILL</b>		5. MINERAL LEASE NO.: <b>ML-46112</b>	6. SURFACE: <b>State</b>
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>		7. IF INDIAN, ALLOTTEE OR TRIBE NAME: <b>N/A</b>	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		8. UNIT or CA AGREEMENT NAME: <b>N/A</b>	
2. NAME OF OPERATOR: <b>Pioneer Natural Resources USA, Inc.</b>		9. WELL NAME and NUMBER: <b>Horse Point State #24-3-16-23</b>	
3. ADDRESS OF OPERATOR: <b>1401 17th Street, Suite 1200, Denver, CO 80202</b>		10. FIELD AND POOL, OR WILDCAT: <b>Horse Point</b>	
PHONE NUMBER: <b>303/298-8100</b>		11. QTR/QTR, SECTION, TOWNSHIP, RANGE MERIDIAN: <b>Section 3, T16S - R23E</b>	
4. LOCATION OF WELL (FOOTAGES)  AT SURFACE: <b>1098' FSL and 2243' FWL</b> AT PROPOSED PRODUCING ZONE: <b>SE SW</b>			
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: <b>Approximately 63 miles south of Ouray, UT</b>		12. COUNTY: <b>Grand</b>	13. STATE: <b>UT</b>
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) <b>1538'</b>	16. NUMBER OF ACRES IN LEASE: <b>2079.02</b>	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: <b>40 Acres</b>	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET): <b>None</b>	19. PROPOSED DEPTH: <b>8200'</b>	20. BOND DESCRIPTION: <b>Utah Bond No. 104319463</b>	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): <b>7922' GL</b>	22. APPROXIMATE DATE WORK WILL START: <b>12/1/2006</b>	23. ESTIMATED DURATION: <b>15 Days</b>	

24. **PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
<b>12-1/4"</b>	<b>8-5/8", J-55, 24#</b>	<b>1500'</b>	<b>260 sx Hi-Fill, 11 ppg and 225 sx Class "G", 15.6 ppg</b>
<b>7-7/8"</b>	<b>4-1/2", N-80, 11.6#</b>	<b>8200'</b>	<b>620 sx 50:50 Poz, 9 ppg and 380 sx 50:50 Poz, 14.3 ppg</b>

25. **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 2, 2006**

(This space for State use only)

API NUMBER ASSIGNED: **43-019-36493**

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

Date: *10/16/06*  
By: *[Signature]*

RECEIVED  
AUG 28 2006  
DIV. OF OIL, GAS & MINING

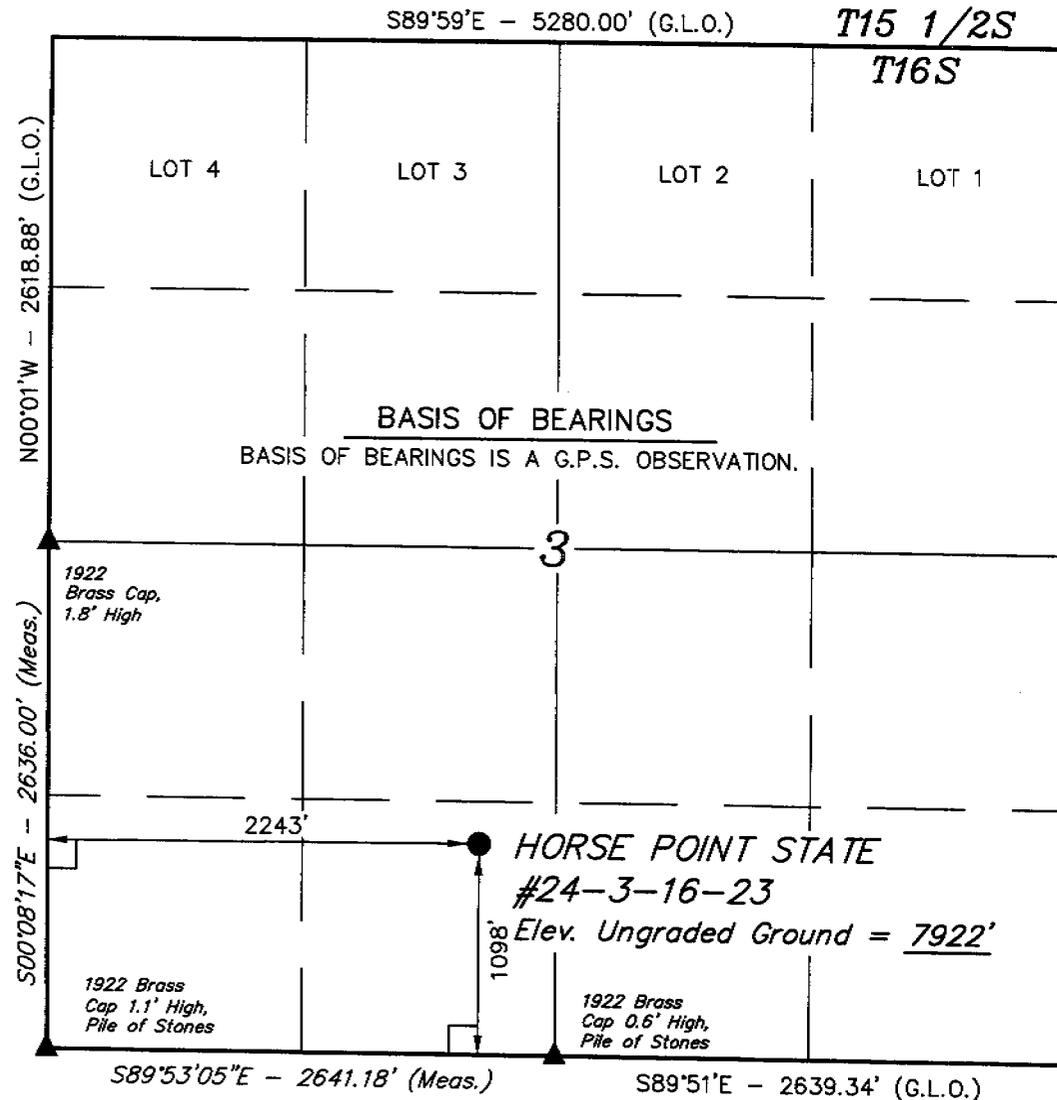
# T16S, R23E, S.L.B.&M.

PIONEER NATURAL RESOURCES USA, INC.

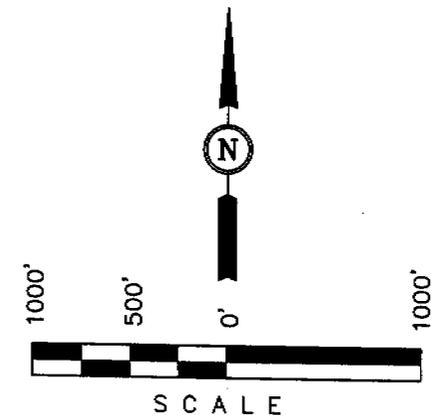
Well location, HORSE POINT STATE  
 #24-3-16-23, located as shown in the SE  
 1/4 SW 1/4 of Section 3, T16S, R23E,  
 S.L.B.&M., Grand County, Utah.

## BASIS OF ELEVATION

SPOT ELEVATION ON A HILL TOP IN THE NW 1/4 OF SECTION 32, T15S, R23E, S.L.B.&M. TAKEN FROM THE PR SPRING 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 7777 FEET.



S00°08'E - 5265.48' (G.L.O.)



CERTIFIED TRUE AND CORRECT  
 REGISTERED LAND SURVEYOR  
 No. 181549  
 ROBERT L. [Signature]  
 REGISTERED LAND SURVEYOR  
 REGISTERED TO PRACTICE IN THE  
 STATE OF UTAH

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

<b>UNTAH ENGINEERING &amp; LAND SURVEYING</b> 85 SOUTH 200 EAST - VERNAL, UTAH 84078 (435) 789-1017		
SCALE 1" = 1000'	DATE SURVEYED: 07-13-06	DATE DRAWN: 07-19-06
PARTY J.F. J.K. L.K.	REFERENCES G.L.O. PLAT	
WEATHER HOT	FILE PIONEER NATURAL RESOURCES USA, INC.	

### LEGEND:

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

(NAD 83)  
 LATITUDE = 39°26'26.21" (39.440614)  
 LONGITUDE = 109°22'04.70" (109.367972)  
 (NAD 27)  
 LATITUDE = 39°26'26.32" (39.440644)  
 LONGITUDE = 109°22'02.26" (109.367294)

**From:** Jim Davis  
**To:** Mason, Diana; Schreck, Stephen  
**Date:** 10/13/2006 10:04:06 AM  
**Subject:** RE: HORSE POINT ST 24-3-16-23

Steve, Diana,

You are correct, Steve. The name change has caused a lot of problems but SITLA granted arch clearance for this well on 9/26/06 and the presite was attended by SITLA on 8/31/06.

Diana- sorry you were not given notice of SITLA's approval. SITLA's official approval date in our database is 9/26/06. If you need further documentation see the attached email below. Sorry for the confusion. Thanks all.

-Jim Davis

Jim Davis  
Utah Trust Lands Administration  
jimdavis1@utah.gov  
Phone: (801) 538-5156

>>> "Schreck, Stephen" <Stephen.Schreck@pxd.com> 10/13/2006 9:49 AM >>>  
Diana - I received an e-mail from Jim Davis on 9/26/06 that SITLA had granted approval for this well (see attached). Perhaps it might have gotten mixed up because we had that name change problem earlier.

Jim - Is this correct?

Steve Schreck @ pxd

-----Original Message-----

**From:** Diana Mason [mailto:dianawhitney@utah.gov]  
**Sent:** Friday, October 13, 2006 9:43 AM  
**To:** Schreck, Stephen  
**Subject:** Re: HORSE POINT ST 24-3-16-23

It needs SITLAS approval and then it's ready to go.

>>> "Schreck, Stephen" <Stephen.Schreck@pxd.com> 10/13/2006 9:36 AM

>>>

Diana,

Can you provide me with a status update for the HORSE POINT ST  
24-3-16-23 (43-019-31493-00-00  
<[http://utstnrogmsgl3.state.ut.us/UtahRBDMSWeb/prod\\_grid.cfm?wellno=4301](http://utstnrogmsgl3.state.ut.us/UtahRBDMSWeb/prod_grid.cfm?wellno=4301)

9314930000> )? I am hoping you can make my Friday. Happy Weekend.

Steve Schreck



**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*

October 16, 2006

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

Re: Horse Point State 24-3-16-23 Well, 1098' FSL, 2243' FWL, SE SW, Sec. 3,  
T. 16 South, R. 23 East, Grand 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 43-019-31493.

Sincerely,

Gil Hunt  
Associate Director

pab  
Enclosures

cc: Grand County Assessor  
SITLA

Operator: Pioneer Natural Resource USA, Inc.

Well Name & Number Horse Point State 24-3-16-23

API Number: 43-019-31493

Lease: ML-46112

Location: SE SW                      Sec. 3                      T. 16 South                      R. 23 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**

The operator is required to notify the Division of Oil, Gas and Mining of the following actions during drilling of this well:

- 24 hours prior to cementing or testing casing
- 24 hours prior to testing blowout prevention equipment
- 24 hours prior to spudding the well
- within 24 hours of any emergency changes made to the approved drilling program
- prior to commencing operations to plug and abandon the well

The following are Division of Oil, Gas and Mining contacts and their work telephone numbers (please leave a voice mail message if the person is not available to take the call):

- Dan Jarvis at (801) 538-5338
- Carol Daniels at (801) 538-5284 (spud)

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. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical or paleontological remains be encountered during your operations, you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.

5. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)

CONFIDENTIAL

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

FORM 9

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>		5. LEASE DESIGNATION AND SERIAL NUMBER: <b>ML-46112</b>
		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
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:
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____	8. WELL NAME and NUMBER: <b>Horse Point State 24-3-16-23</b>	
2. NAME OF OPERATOR: <b>Pioneer Natural Resources USA, Inc., Attn: Steve Schreck</b>		9. API NUMBER: <b>019-31493</b>
3. ADDRESS OF OPERATOR: 1401 17th Street, # 1200 CITY <b>Denver</b> STATE <b>CO</b> ZIP <b>80202</b>	PHONE NUMBER: <b>(303) 675-2782</b>	10. FIELD AND POOL, OR WILDCAT: <b>Horse Point</b>
4. LOCATION OF WELL FOOTAGES AT SURFACE: <b>New 2177 FWL, 1062 FSL</b> <i>640486x 39.440515</i> <i>4366726y -109.367580</i>		COUNTY: <b>Uintah</b>
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <b>SESW 3 16S 23E</b>		STATE: <b>UTAH</b>

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>12/1/2006</u>	<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>Move well</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.

Due to the presence of a third party pipeline that would be impacted by the construction on this well pad we have moved the well to avoid the pipeline. The well was moved 66' to the west and 36' to the south. Attached is the updated plat and a copy of the exception agreement from National Fuels.

Approved by the  
Utah Division of  
Oil, Gas and Mining

Date: 11-29-06  
By: *[Signature]*

COPY SENT TO OPERATOR  
Date: 11-30-06  
Initials: SM

NAME (PLEASE PRINT) <u>Steve Schreck</u>	TITLE <u>Environmental Regulatory Supervisor</u>
SIGNATURE <i>[Signature]</i>	DATE <u>11/28/2006</u>

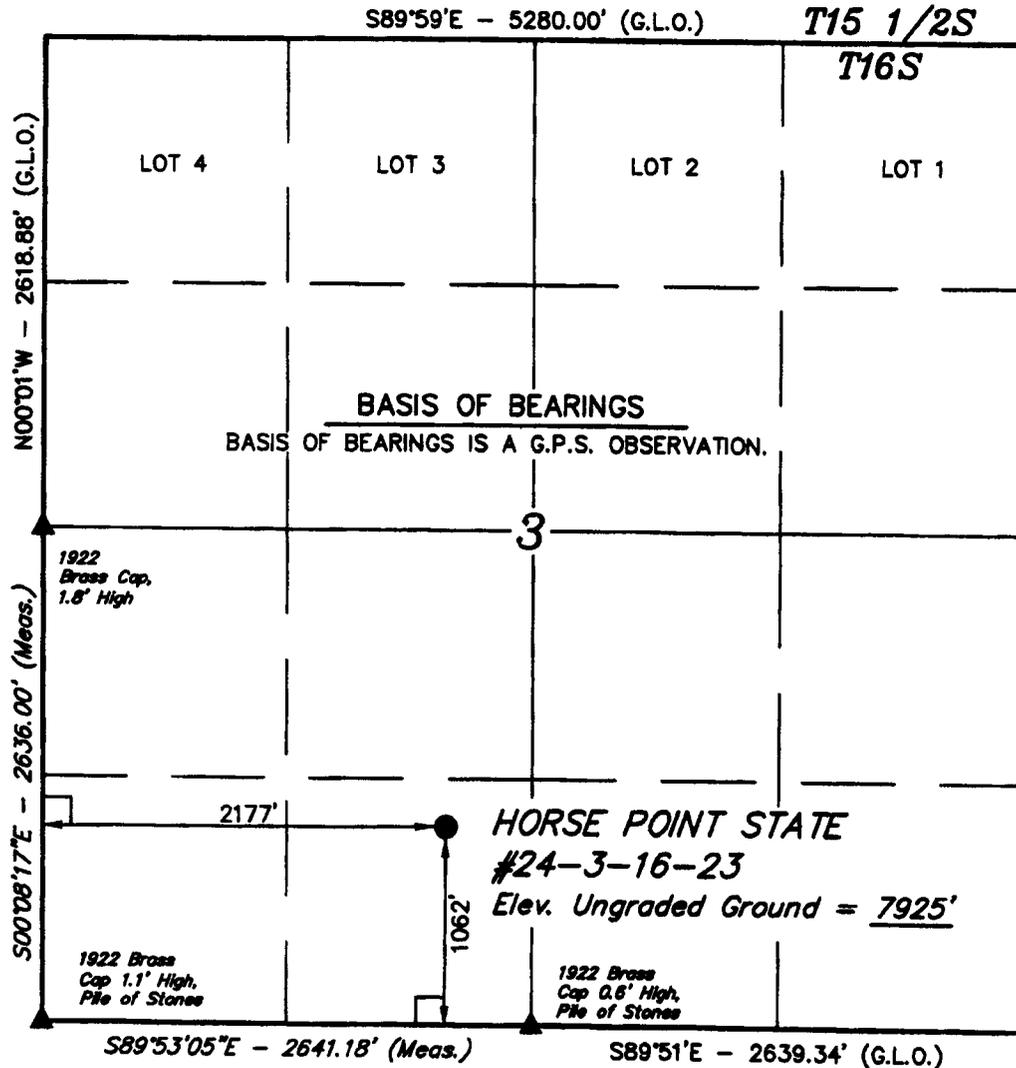
(This space for State use only)

RECEIVED  
NOV 29 2006

T16S, R23E, S.L.B.&M.

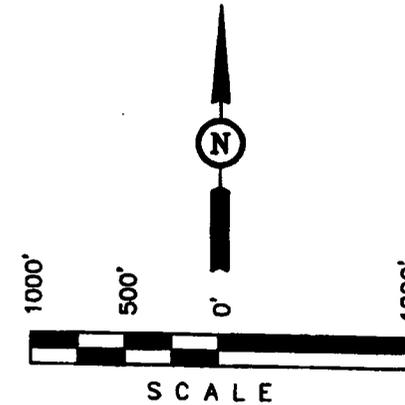
PIONEER NATURAL RESOURCES USA, INC.

Well location, HORSE POINT STATE  
#24-3-16-23, located as shown in the SE  
1/4 SW 1/4 of Section 3, T16S, R23E,  
S.L.B.&M., Grand County, Utah.



BASIS OF ELEVATION

SPOT ELEVATION ON A HILL TOP IN THE NW 1/4 OF SECTION 32, T15S, R23E, S.L.B.&M. TAKEN FROM THE PR SPRING 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 7777 FEET.



CERTIFICATION

THIS IS TO CERTIFY THAT THE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEY UNDER MY SUPERVISION AND THAT THE DATA ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.



REV: 11-21-06 C.H.

LEGEND:

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

(NAD 83)  
LATITUDE = 39°28'25.86" (39.440517)  
LONGITUDE = 109°22'05.53" (109.368203)  
(NAD 27)  
LATITUDE = 39°28'25.97" (39.440547)  
LONGITUDE = 109°22'03.09" (109.367525)

UNTAH ENGINEERING & LAND SURVEYING  
85 SOUTH 200 EAST - VERNAL, UTAH 84078  
(435) 789-1017

SCALE 1" = 1000'	DATE SURVEYED: 07-13-06	DATE DRAWN: 07-19-06
PARTY J.F. J.K. L.K.	REFERENCES G.L.O. PLAT	
WEATHER HOT	FILE PIONEER NATURAL RESOURCES USA, INC.	



July 24, 2006

Ms. Diane Thompson  
National Fuel Corporation  
7979 E. Tufts Parkway, Suite 815  
Denver, Colorado 80237

**PIONEER**  
NATURAL RESOURCES USA, INC.

RE: Exception to Location – Horse Point State 24-3-16-23  
Township 16 South, Range 23 East  
Section 3: SE/4SW/4  
Grand County, Utah

Ladies and Gentlemen:

Pioneer Natural Resources USA, Inc. is proposing to drill a well in the SE/4SW/4 of Section 3, T16S, R23E, Grand County Utah. You are a joint working interest owner with Pioneer Natural Resources USA, Inc. in State Lease ML-46112 covering the following lands:

Township 16 South, Range 23 East  
Section 3: Lots 1, 2, S/2NE/4, S/2  
Section 4: S/2  
Section 9: All  
Section 10: All  
Grand County, Utah

Sections 3 and 10 are subject to Cause Order No. 149-23 which established drilling units for the production of gas from the Dakota Formation and the Cedar Mountain Formation which includes the Buckhorn Sands. Under said order, one well may be drilled and completed for production on each drilling unit. The permitted well shall be located no closer than 1000' from the drilling unit boundary, with a 500' tolerance, and no closer than 2500' from a producing well in the adjacent area, with a 500' tolerance. In this case the well site does not meet the off-set requirements to the well in the adjacent area.

In accordance with R649-3-3, in order that Pioneer may continue its drilling program in the area, please acknowledge your consent to the exception location by signing, dating and returning two copies of this Exception to Location letter to Pioneer's office in the enclosed envelope at your earliest convenience.

Thank you for your consideration in this regard. If you have any questions please feel free to contact the undersigned at 303-675-2691.

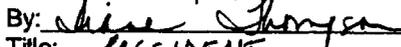
Sincerely,

Pioneer Natural Resources USA, Inc.

  
Sharon Logan, Staff Landman

EXCEPTION TO THE LOCATION FOR THE HORSE POINT STATE 24-3-16-23 IS GRANTED AND APPROVED THIS 24<sup>th</sup> DAY OF July, 2006.

National Fuel Corporation

By:   
Title: PRESIDENT

CONFIDENTIAL

**DIVISION OF OIL, GAS AND MINING**

**SPUDDING INFORMATION**

Name of Company: PIONEER NATURAL RESOURCES USA INC

Well Name: HORSE POINT ST 24-3-16-23

Api No: 43-019-31493 Lease Type: STATE

Section 03 Township 16S Range 23E County GRAND

Drilling Contractor PETE MARTIN DRLG RIG # RATHOLE

**SPUDDED:**

Date 12/09/06

Time \_\_\_\_\_

How DRY

**Drilling will Commence:** 12/20/06

Reported by LESS FUGLEVAND, CONSULTANT

Telephone # (281) 833-2300

Date 12/20/2006 Signed CHD

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

CONFIDENTIAL

FORM 9

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>		5. LEASE DESIGNATION AND SERIAL NUMBER: <b>ML-46112</b>
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: <b>Horse Point State 24-3-16-23</b>	
2. NAME OF OPERATOR: <b>Pioneer Natural Resources USA, Inc., Attn: Steve Schreck</b>		9. API NUMBER: <b>43-019-31493</b>
3. ADDRESS OF OPERATOR: <b>1401 17th Street, # 1200</b> CITY <b>Denver</b> STATE <b>CO</b> ZIP <b>80202</b>	PHONE NUMBER: <b>(303) 675-2782</b>	10. FIELD AND POOL, OR WILDCAT: <b>Horse Point</b>
4. LOCATION OF WELL FOOTAGES AT SURFACE: <b>2177 FWL, 1062 FSL</b>		COUNTY: <b>Uintah</b>
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <b>SESW 3 16S 23E</b>		STATE: <b>UTAH</b>

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 checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<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 type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input checked="" 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.

Conductor hole was spud on 12/9/2006 and surface hole was spud on 12/23/2006. Verbal notification given to Carol Daniels on 12/19/2006.

NAME (PLEASE PRINT) Stephen Schreck TITLE Environmental Regulatory Super.  
SIGNATURE [Signature] DATE 12/28/2006

(This space for State use only)

**RECEIVED**  
**JAN 02 2007**

DIV. OF OIL, GAS & MINING

**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 5155  
 Phone Number: (303) 675-2782

**Well 1**

API Number	Well Name	QQ	Sec	Twp	Rng	County
019-31493	Horse Point State 24-3-16-23	SESW	3	16S	23E	Uintah
Action Code	Current Entity Number	New Entity Number		Spud Date		Entity Assignment Effective Date
A	99999	15878		12/9/2006		1/11/07
Comments: <i>MRSN</i>						CONFIDENTIAL

**Well 2**

API Number	Well Name	QQ	Sec	Twp	Rng	County
Action Code	Current Entity Number	New Entity Number		Spud Date		Entity Assignment Effective Date
Comments:						

**Well 3**

API Number	Well Name	QQ	Sec	Twp	Rng	County
Action Code	Current Entity Number	New Entity Number		Spud Date		Entity Assignment Effective Date
Comments:						RECEIVED JAN 02 2007

**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)

DIV. OF OIL, GAS & MINING

Steve Schreck

Name (Please Print)

*[Signature]*

Signature

Environmental Regulatory Supervisor

Title

12/28/06  
Date

**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		5. LEASE DESIGNATION AND SERIAL NUMBER: <b>ML-46112</b>	
OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
2. NAME OF OPERATOR: <b>Pioneer Natural Resources USA, Inc., Attn: Steve Schreck</b>		7. UNIT or CA AGREEMENT NAME:	
3. ADDRESS OF OPERATOR: <b>1401 17th Street, # 1200</b> CITY <b>Denver</b> STATE <b>CO</b> ZIP <b>80202</b>		8. WELL NAME and NUMBER: <b>Horse Point State 24-3-16-23</b>	
4. LOCATION OF WELL		9. API NUMBER: <b>019-31493</b>	
FOOTAGES AT SURFACE: <b>New 2177 FWL, 1062 FSL</b>		10. FIELD AND POOL, OR WILDCAT: <b>Horse Point</b>	
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <b>SESW 3 16S 23E</b>		COUNTY: <b>Uintah</b>	
		STATE: <b>UTAH</b>	

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 checked="" 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: <b>1/14/2007</b>	<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.

Due to the failure to reach the desired geologic marker, Pioneer Natural Resources exceeded the permitted total depth of 8200'. The new Total depth is 8395' and this was reached on 1/14/2007. A message was left for Dan Jarvis at the UDOGM at 7:38 PM on Friday January 13, 2007.

NAME (PLEASE PRINT) <u>Steve Schreck</u>	TITLE <u>Environmental Regulatory Manager</u>
SIGNATURE	DATE <u>1/15/2007</u>

(This space for State use only)

APPROVED BY THE STATE  
OF UTAH DIVISION OF  
OIL, GAS, AND MINING  
DATE: 1/19/07  
BY: [Signature]

**RECEIVED**  
**JAN 18 2007**  
DIV. OF OIL, GAS & MINING

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, 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 [ ] GAS WELL [X] OTHER
2. NAME OF OPERATOR: Pioneer Natural Resources USA, Inc.
3. ADDRESS OF OPERATOR: 1401 17th Street - Ste 1200 CITY Denver STATE CO ZIP 80202 PHONE NUMBER: (303) 675-2663
4. LOCATION OF WELL FOOTAGES AT SURFACE: 2177' FWL & 1062' FSL COUNTY: Grand QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESW 3 16S 23E STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA
TYPE OF SUBMISSION TYPE OF ACTION
[ ] NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start:
[X] SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: 6/1/2007
[ ] ACIDIZE [ ] DEEPEN [ ] REPERFORATE CURRENT FORMATION
[ ] ALTER CASING [ ] FRACTURE TREAT [ ] SIDETRACK TO REPAIR WELL
[ ] CASING REPAIR [ ] NEW CONSTRUCTION [ ] TEMPORARILY ABANDON
[ ] CHANGE TO PREVIOUS PLANS [ ] OPERATOR CHANGE [ ] TUBING REPAIR
[ ] CHANGE TUBING [ ] PLUG AND ABANDON [ ] VENT OR FLARE
[ ] CHANGE WELL NAME [ ] PLUG BACK [ ] WATER DISPOSAL
[ ] CHANGE WELL STATUS [ ] PRODUCTION (START/RESUME) [ ] WATER SHUT-OFF
[ ] COMMINGLE PRODUCING FORMATIONS [ ] RECLAMATION OF WELL SITE [X] OTHER: Completion Summary
[ ] CONVERT WELL TYPE [ ] RECOMPLETE - DIFFERENT FORMATION

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.
4/3/07 - 5/18/07
Set CIBP @ 8340'. Perforate Cedar Mountain 8238 - 8246' with 4 SPF. No pressure increase when shots fired. Swab well and recovered 95 bbls of water with no gas or oil. Overnight SICP - 20 psi with fluid level at 7400'.
Acidize Cedar Mountain with 250 gals of 15% HCl. Final rate was 2.0 BPM at 2000 psi. Overdisplaced with 2 bbls of water. ISIP - 950 psi, 0 psi in 3 minutes. Swab total of 45 bbls of water with no gas. Swab fluid level down to 7700'.
Set CIBP at 8232.
Perforate Dakota with tubing conveyed perforating guns from 8204 - 8218, 8159 - 8187, and 8128 - 8138' with 4 spf. Fluid level was 7100' when perforated. No gas flow prior to stimulation.
Stimulate Dakota with down casing with 500 gals 15% HCl, 70% Nitrogen foam, 353 bbls of fluid and 87,200 # sand. Average treating pressure was 4732 psi at 33 bpm.
6/1/07 - Flow test the Dakota w/530 MCFD @ 130 psi - vented - SI until date of 1st production 7/12/07

NAME (PLEASE PRINT) Joy A. Ziegler TITLE Senior Engineering Tech
SIGNATURE [Signature] DATE 9/4/2007

**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.

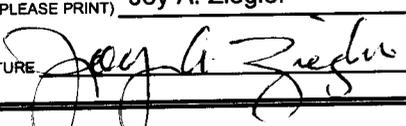
1. TYPE OF WELL		5. LEASE DESIGNATION AND SERIAL NUMBER: ML-46112	
OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
2. NAME OF OPERATOR: Pioneer Natural Resources USA, Inc.		7. UNIT or CA AGREEMENT NAME:	
3. ADDRESS OF OPERATOR: 1401 17th Street - Ste 1200 CITY Denver STATE CO ZIP 80202		8. WELL NAME and NUMBER: Horse Point State 24-3-16-23	
4. LOCATION OF WELL		9. API NUMBER: 43-019-31493	
FOOTAGES AT SURFACE: 2177' FWL & 1062' FSL		10. FIELD AND POOL, OR WILDCAT: Horse Point	
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESW 3 16S 23E		COUNTY: Grand	
		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 checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: 1/22/2007	<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>Drilling Summary</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.

See attached State Wellbore Report - reporting daily drilling progress

NAME (PLEASE PRINT) <u>Joy A. Ziegler</u>	TITLE <u>Senior Engineering Tech</u>
SIGNATURE 	DATE <u>9/5/2007</u>

(This space for State use only)

RECEIVED  
SEP 07 2007

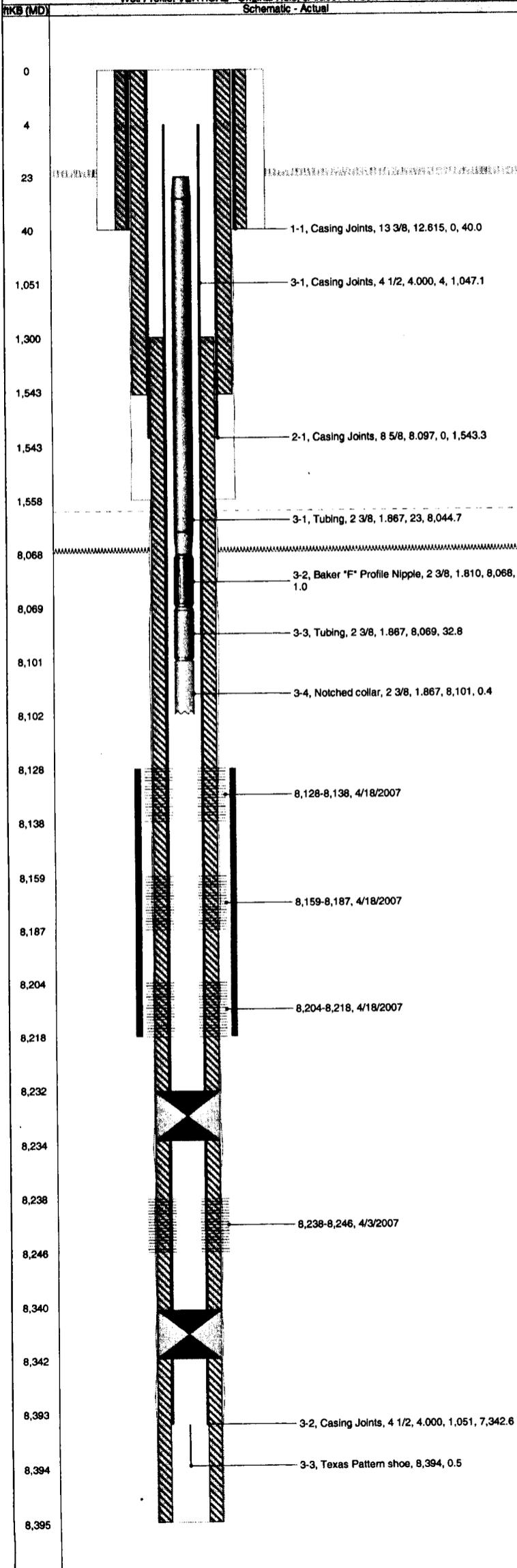


Western Division

# State Wellbore Rpt

Well Name: Horse Point State 24-3-16-23

Well Profile: VERTICAL - Original Hole, 9/4/2007 11:38:51 AM  
Schematic - Actual



Area Block Number <b>MAIN CANYON</b>		County <b>GRAND</b>		State <b>UTAH</b>	
KB-Grd (ft) 23.00	Orig KB Elev (ft) 7,945.00	Gr Elev (ft) 7,922.00	Total Depth (ftKB) 8,395.0	Spud Date 12/23/2006	
QTR/QTR SESW		Section 3	Township 16S	Range 23E	
API/UWI 43-019-31493-0000		Operator PIONEER NATURAL RESRC USA, INC.			
<b>Perforations</b>					
Top (ftKB)		Btm (ftKB)		Zone	
8,128.0		8,138.0			
8,159.0		8,187.0			
8,204.0		8,218.0			
8,238.0		8,246.0			
<b>Wellbores</b>					
Wellbore Name					
Original Hole					
Size (in)		Act Top (ftKB)		Act Btm (ftKB)	
20		0.0		40.0	
12 1/4		40.0		1,558.3	
7 7/8		1,558.3		8,395.0	
<b>PBTDs</b>					
Date		Depth (ftKB)			
3/16/2007		8,340.0			
Wellbore Name					
Original Hole					
Size (in)		Act Top (ftKB)		Act Btm (ftKB)	
<b>PBTDs</b>					
Date		Depth (ftKB)			
4/13/2007		8,232.0			
<b>Tubing Strings</b>					
Run Date	Set Depth (ftKB)	Pull Date	Cut Pull Date	Depth Cut Pull (ft...)	
4/2/2007	8,201.5	4/13/2007			
<b>Tubing Components</b>					
Top (ftKB)	Btm (ftKB)	Grade	OD (in)	ID (in)	Wt (lbs/ft)
23.0	23.9		2 3/8		
23.9	8,167.4	N-80	2 3/8	1.995	4.60
8,167.4	8,168.3		2 3/8	1.810	
8,168.3	8,201.1	N-80	2 3/8	1.995	4.60
8,201.1	8,201.5	N-80	2 3/8	1.995	4.60
Run Date		Set Depth (ftKB)	Pull Date	Cut Pull Date	Depth Cut Pull (ft...)
4/18/2007		8,219.0	4/20/2007		
<b>Tubing Components</b>					
Top (ftKB)	Btm (ftKB)	Grade	OD (in)	ID (in)	Wt (lbs/ft)
23.0	8,035.2	N-80	2 3/8	1.995	4.60
8,035.2	8,041.3	N-80	2 3/8	1.995	4.60
8,041.3	8,073.9	N-80	2 3/8	1.995	4.60
8,073.9	8,074.9		2 3/8	1.180	
8,074.9	8,084.9	N-80	2 3/8	1.995	4.60
8,084.9	8,085.5		2 3/8	1.995	
8,085.5	8,118.7	N-80	2 3/8	1.995	4.60
8,118.7	8,122.8	N-80	2 3/8	1.995	4.60
8,122.8	8,128.0		3 1/8	1.560	
8,128.0	8,138.0		3 1/8		
8,138.0	8,159.0		3 1/8		
8,159.0	8,187.0		3 1/8		
8,187.0	8,204.0		3 1/8		
8,204.0	8,218.0		3 1/8		
8,218.0	8,219.0		3 1/8		
Run Date		Set Depth (ftKB)	Pull Date	Cut Pull Date	Depth Cut Pull (ft...)
5/18/2007		8,101.8			
<b>Tubing Components</b>					
Top (ftKB)	Btm (ftKB)	Grade	OD (in)	ID (in)	Wt (lbs/ft)
22.9	8,067.6	N-80	2 3/8	1.867	4.70
8,067.6	8,068.6		2 3/8	1.810	
8,068.6	8,101.4	N-80	2 3/8	1.867	4.70
8,101.4	8,101.8	N-80	2 3/8	1.867	4.70
<b>Casing Strings</b>					
<b>Conductor, 40.0ftKB</b>					
Run Date	Comment				
12/25/2006					
OD (in)	Item Description	Btm (ftKB)	Jts	ID (in)	Wt (kips)
13 3/8	Casing Joints	40.0		12.615	2.2
<b>Surface, 1,543.3ftKB</b>					
Run Date	Comment				
12/31/2006					
OD (in)	Item Description	Btm (ftKB)	Jts	ID (in)	Wt (kips)
8 5/8	Casing Joints	1,543.3	36	8.097	37.0
<b>Production, 8,394.0ftKB</b>					
Run Date	Comment				
1/21/2007					
OD (in)	Item Description	Btm (ftKB)	Jts	ID (in)	Wt (kips)
4 1/2	Casing Joints	1,050.9	25	4.000	12.1
4 1/2	Casing Joints	8,393.5	187	4.000	85.2
	Texas Pattern shoe	8,394.0	1		

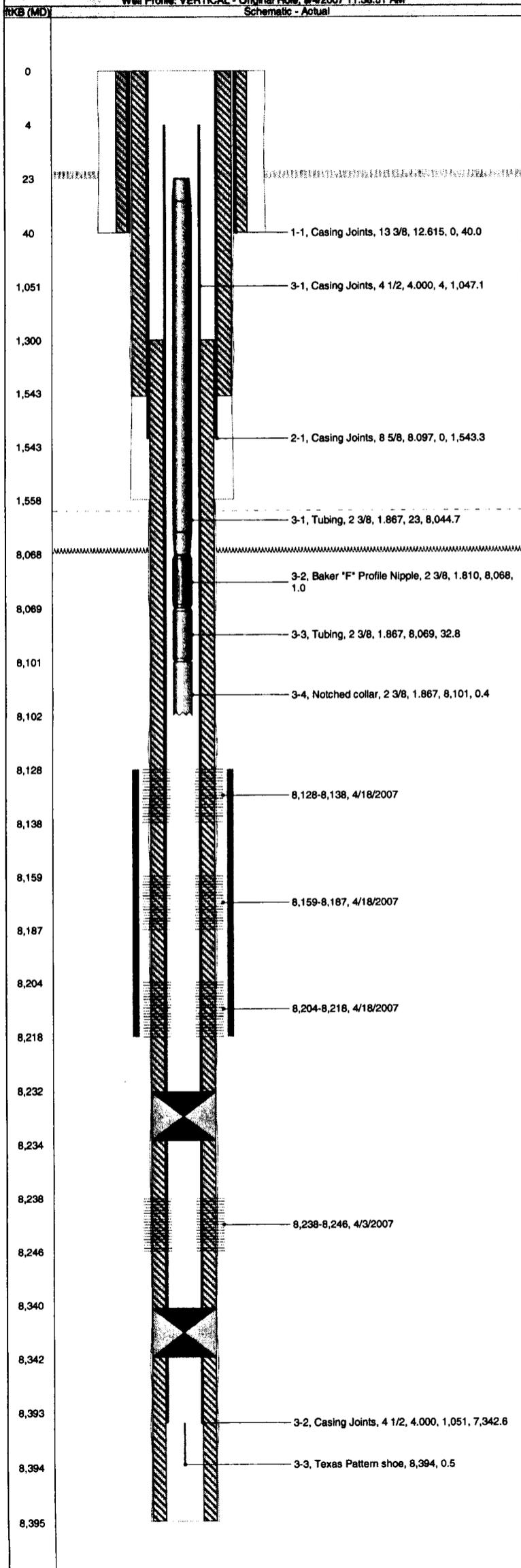


# State Wellbore Rpt

Well Name: Horse Point State 24-3-16-23

Western Division

Well Profile: VERTICAL - Original Hole, 9/4/2007 11:38:51 AM  
Schematic - Actual



Cement				
<b>Conductor Cement, casing, 12/25/2006 00:00</b>				
Description	Start Date	End Date	String	Type
Conductor Cement	12/25/...	12/25/...	Conductor, 40.0ftKB	casing
<b>1, 0.0-40.0ftKB</b>				
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	10			
Mix H2O Ratio (gal/sack)		Yield (ft³/sack)		
Add	Amount	Amt Units	Conc Units	Conc
<b>Surface Casing Cement, casing, 12/31/2006 12:00</b>				
Description	Start Date	End Date	String	Type
Surface Casing Cement	12/31/...	12/31/...	Surface, 1,543.3ftKB	casing
<b>1, 0.0-1,543.0ftKB</b>				
Stage Number	Top (ftKB)	Bottom (ftKB)	Full Return?	
1	0.0	1,543.0	Yes	
Class	Amount (sacks)	Density (lb/gal)	Yield (ft³/sack)	
Type "V"	220	11.00	3.86	
Mix H2O Ratio (gal/sack)		Yield (ft³/sack)		
23.40		3.86		
Add	Amount	Amt Units	Conc Units	Conc
EX-1			%wt of cmt	1.0
HR-7			%wt of cmt	0.2
Salt			%wt of cmt	3.0
MI Gel			%wt of cmt	16.0
Gilsonite			#/bbl	10.0
Polyflake			./#/bbl	0.125
<b>2, &lt;Top?&gt;-&lt;Btm?&gt;ftKB</b>				
Stage Number	Top (ftKB)	Bottom (ftKB)	Full Return?	
2			Yes	
Class	Amount (sacks)	Density (lb/gal)	Yield (ft³/sack)	
		15.60	1.20	
Mix H2O Ratio (gal/sack)		Yield (ft³/sack)		
5.25		1.20		
Add	Amount	Amt Units	Conc Units	Conc
Calcium Chloride			%wt of cmt	2.0
Polyflake			#/bbl	0.125
<b>Production Casing Cement, casing, 1/21/2007 20:00</b>				
Description	Start Date	End Date	String	Type
Production Casing Cement	1/21/2...	1/21/2...	Production, 8,394.0ftKB	casing
<b>1, 1,300.0-8,395.0ftKB</b>				
Stage Number	Top (ftKB)	Bottom (ftKB)	Full Return?	
1	1,300.0	8,395.0	No	
Class	Amount (sacks)	Density (lb/gal)	Yield (ft³/sack)	
Water	0	8.33		
Mix H2O Ratio (gal/sack)		Yield (ft³/sack)		
Add	Amount	Amt Units	Conc Units	Conc
Class	Amount (sacks)	Density (lb/gal)	Yield (ft³/sack)	
Preflush	0	9.20		
Mix H2O Ratio (gal/sack)		Yield (ft³/sack)		
Add	Amount	Amt Units	Conc Units	Conc
Class	Amount (sacks)	Density (lb/gal)	Yield (ft³/sack)	
Water	0	8.33		
Mix H2O Ratio (gal/sack)		Yield (ft³/sack)		
Add	Amount	Amt Units	Conc Units	Conc
Class	Amount (sacks)	Density (lb/gal)	Yield (ft³/sack)	
Class G	390	9.00	1.47	
Mix H2O Ratio (gal/sack)		Yield (ft³/sack)		
6.41		1.47		
Add	Amount	Amt Units	Conc Units	Conc
Class	Amount (sacks)	Density (lb/gal)	Yield (ft³/sack)	
Class G	516	11.00	1.47	
Mix H2O Ratio (gal/sack)		Yield (ft³/sack)		
6.41		1.47		
Add	Amount	Amt Units	Conc Units	Conc
Class	Amount (sacks)	Density (lb/gal)	Yield (ft³/sack)	
Class G	99	14.30	1.47	
Mix H2O Ratio (gal/sack)		Yield (ft³/sack)		
6.41		1.47		
Add	Amount	Amt Units	Conc Units	Conc





# State Wellbore Rpt

## Well Name: Horse Point State 24-3-16-23

Western Division

Well Profile: VERTICAL - Original Hole, 9/4/2007 11:38:51 AM  
Schematic - Actual

### Daily Operations

TKS (MD)	Well Profile: VERTICAL - Original Hole, 9/4/2007 11:38:51 AM Schematic - Actual	Daily Operations	
		Start Date	Summary
0	<p>1-1, Casing Joints, 13 3/8, 12,615, 0, 40.0</p> <p>3-1, Casing Joints, 4 1/2, 4,000, 4, 1,047.1</p> <p>2-1, Casing Joints, 8 5/8, 8,097, 0, 1,543.3</p> <p>3-1, Tubing, 2 3/8, 1,867, 23, 8,044.7</p> <p>3-2, Baker 'F' Profile Nipple, 2 3/8, 1,810, 8,068, 1.0</p> <p>3-3, Tubing, 2 3/8, 1,867, 8,069, 32.8</p> <p>3-4, Notched collar, 2 3/8, 1,867, 8,101, 0.4</p> <p>8,128-8,138, 4/18/2007</p> <p>8,159-8,187, 4/18/2007</p> <p>8,204-8,218, 4/18/2007</p> <p>8,238-8,246, 4/3/2007</p> <p>3-2, Casing Joints, 4 1/2, 4,000, 1,051, 7,342.8</p> <p>3-3, Texas Pattern shoe, 8,394, 0.5</p>	12/29/2006	Drig fm 1235' - 1273', running 40 - 45K BW & 45 - 5- RPM rotary w / pump rate @ 405 GPM. ROP 8' - 15' FPH. Start air on hole @300 scfm - 640 PSI. Saw initial increase in ROP fm 14 fph to 18 - 20 fph. Increase air rate to 400 scfm, 540 PSI. ROP decreased gradually to 7 - 10 fph, while varying bit weight and rotary RPM parameters to achieve max. ROP's. Increase air to 500 scfm @ 520 PSI, continuing to drill w / air on hole from 1273' - 1305'. Increase air to 700 scfm @ 460 PSI w / 40K BW, 45 RPM rotary, & 330 GPM pump W / increase ROP 8 - 18 fph & continue drilling w/variable parameters from 1305' - 1336'. (100 RPM on rotary / 40K BW / 110 SPM = 385 GPM on pump.) Bouncing and jarring on drill string was impossible to control. For best results settled on parameters of 60 - 70 RPM on rotary, 20-25 K BW, 90 SPM =315 GPM on pump. Drill from 1336' - 1530' @ 11 - 18 fph ROP W / 700 scfm @ 460 PSI. Appear to be drilling in lenses of hard rock with intermittent layers of soft depositional shales & clay.
4		12/30/2006	Finish drlg fm 1530' - 1558'. Circ hole clean w / hi-vis sweep. Open to flowline & drain mud/gas separator. TOOH. Pull very tight. Pump 2nd sweep of nut plug & soap w / 700 scfm air. Continue TOOH, pull tight all the way. Appeared to be mud ball & rocks. Bit ok. TIH for wiper trip. Tag obstruction @ 1431. Wash last 4 joints to btm. Pump 50 bbl hi vis sweep, circ. & clean hole. TOOH, LD 8" dc. RU to run 8 5/8" csg.
23		12/31/2006	Run 1543' - 8 5/8" X 24# - J-55 - STC casing. Float shoe @ 1543' - Float Collar @ 1501'. RD casing crew & LD Machine. RU Halliburton Cementors. Cement casing. Good returns on cmt. RD cementors. WOC. Cut off & LD 14' riser. Dress & weld 11" X 5M X 8 5/8" well head.
40		1/1/2007	Waiting 2 hrs on wellhead to cool . Test weld. Test failed. Re-welded well head, Let cool and re-tested. Test Pass. Nipple up stack, replaced manual valves on stack. Testing stack @ report time.
1,051		1/2/2007	Finish testing BOP stack. Start to PU BHA, bit would not pass thru wellhead. PU BOP stack & found excessive welding slag & bad welding job @ casing head by Westroc welder. Attempt to clean inside wellhead, re-weld & test, but welder & Cameron tester determined it was damaged beyond repair. Order out new wellhead & lockdown flange. Start taking off old wellhead.
1,300		1/3/2007	Weld on replacement wellhead / cool & tests OK on wellhead & stack. Set wear bushing / center stack. TIH w / BHA #2, tag up / drill float equip / Circ. & clean hole / work on pason. Drilling ahead from 1558' - 2031' w / 12 - 15K wt on bit, 50 - 55 rotary, 375 - 390 GPM on pump, 350 - 400 scfm air. Dievation survey @ 1999' - 1.0 Deg.
1,543		1/4/2007	Drig from 2031' to 3400'. 12 - 15K wt on bit, 110 RPM on rotary, 385 GPM pump, 480 scfm air.ROP 70 - 120 FPH. Had 1.5 incl. @ 2506', Had 1.0 deg. incl @ 2981'. Mud Logger Lithology: 50% SS, 45% SLTST, 5% SHALE.
1,558		1/5/2007	Drig fm 3400' - 3551'. 12 - 15K wt on bit, 55 surface rpm, 62 rpm @ bit, 385 gpm on pump w / 500 scfm air. Survey @ 3510' - 3 degrees. Back off to 8 - 10K wt on bit & increase rotary to 70 rpm. Conversion to KCL system caused excessive foaming & loss of mud over shaker. Dropped air to 400 scfm & circ system until stablized. Drlg fm 3551' to 4026' Avg rop 30 fph. LITHOLOGY; 56% SS, 38% SLTST, 3 % SHALE, 3% COAL. Incl survey @ 3994' - Misfire. Try next joint. Real sticky.
8,068		1/6/2007	Temporarily stuck after attempted survey run @ 4026'. Worked loose, drill 1 joint & condition hole to 4058'. Run survey @ 4026' - 3 deg. Drill to 4311' w / 11 - 13K wt on bit/65 rpm rot.,385 gpm pump, 400 scfm air. avg 30' fph rop. Change out bad rotating rubber. Drill to 4400' - 4525', lost approx 120 bbl mud, slowed pump rate from 110 spm to 90 spm, increase air to 500 scfm. adding LCM, Stablized loss. Drill to 4564'. Ran incl. survey. Misrun. Survey tool continues to give erratic readings. Try to get new one. Drill fm 4564' - 4628'.
8,069		1/7/2007	Drig fm 4628' - 4912'. Lost circ (75 bbl ). Pump LCM sweep. continue drlg to 5039'. Ran incl. svy. 5 Deg. @ 5006'. Drlg fm 5039' - 5387'. 11-13K wt on bit, 70 rpm rot., 50 rpm on motor, 85 spm on pump (300 gpm), 700 scfm air. 30-40 ROP. LITHOLOGY; 53% SLTST, 37%SS, 7% MDST, 4% COAL.
8,101			
8,102			
8,128			
8,138			
8,159			
8,187			
8,204			
8,218			
8,232			
8,234			
8,238			
8,246			
8,340			
8,342			
8,393			
8,394			
8,395			



# State Wellbore Rpt

Well Name: Horse Point State 24-3-16-23

Western Division

Well Profile: VERTICAL - Original Hole, 9/4/2007 11:38:51 AM		Daily Operations	
TKB (MD)	Schematic - Actual	Start Date	Summary
0		1/8/2007	Drig fm 5387' - 5544'. run incl. survey @ 5513' - 4.5 Deg. Thaw out & clean all mud & solids equipment on pits. Purged LCM from system. Thaw out reserve pit around the pump suctions & circ pit w / both yellowdog pumps. Drig fm 5544' to 5765'. 12-14K wt on bit, 70 rpm surface rot, 50 rpm on motor. 700 scfm air.ECD-7.4#. 8-25 fph rop. All solid equip working. No gains or losses on mud. LITHOLOGY; 49% SLTST / 47% SS / 4% COAL.
4		1/9/2007	Drig fm 5765' - 5797'. Lost circ. Build mud from reserve pit. When slowed pump rate & air failed, pumped 60 BBL LCM pill, regaining returns after 3 hrs losing approx. 270 BBLs mud. Continued drig from 5797' - 6050'. Ran incl. survey w / 4.0 deg. @ 6018'. Resumed drig to 6069', lost returns, losing 125 BBLs mud w / slow pump & increased air. Pump 50 BBL L CM pill, circ 1 1/2 hr w / no returns. Pump 2nd 50 BBL pill, circ 1 1/2 hr getting returns after losing total of approx 750 BBLs mud. Drig parameters: 12-14K wt on bit, 70 rpm surface rot, 40 rpm motor, 245 - 275 gpm pump. 800-900 scfm air. For lost circ: 150 - 210 gpm pump w / 800 - 1450 scfm air. Drill ahead from 6069' to 6207'. Had flare ignition at approx. 6195' ( 04:00 hrs). with 30' to 50' flare. Presently circulating on hole and preparing 20 - 40#/bbl LCM pill. Lithology: 40% shale / 60% siltstone. Gas units 109 max / flare.
23		1/10/2007	Circulate with 25-30 foot flare. Removed air injection on hole. Flare died. Mud volume remained stable. Continued drilling from 6207' to 6329'. without air on hole. Started losing mud. Pump LCM pill. and brought air back on hole. Lost 600+ total bbls. Continue circulating and re-building volume. Flare line ignited again with 6' intermittant flare. Flame drawn into vent line burning up electric lines to igniter. Rig up propane torch. Lost circulation again losing an additional 300 bbls fluid. Pump additional LCM pill. Re-establish circulation. Repair igniter.
40	1-1, Casing Joints, 13 3/8, 12.615, 0, 40.0	1/11/2007	Drilled from 6,327' to 6,416'. Lost circulation at 6,416, reduced pump strokes, increased aire to 1300 cfm and regained returns. Drilled from 6,416' to 6,489'. Deviation survey at 6,489' was 4.75 degrees. Drilled from 6,489' to 6,510'. Lost complete returns. Reduced pump output and increased air to 1300 cfm and regained circulation. Drilled from 6,510' to 6,955'.
1,051	3-1, Casing Joints, 4 1/2, 4.000, 4, 1,047.1	1/12/2007	Drill 7.875" hole with mud motor from 6,955' to 6,998'. Survey at 6,998' was 6 degrees. Drilled from 6,998' to 7,505'. Survey at 7,505' was 5.5 degrees. Lost circulation total 450 bbls. Drilled from 7,505' to 7,946'. Weatherford Air system froze up, unthaw same.
1,300		1/13/2007	Unthaw Weatherford equipment. Lost circulation. Regain returns. Drill 7.875" hole from 7,946' to 8,289'. Lost Circulation.
1,543	2-1, Casing Joints, 8 5/8, 8.097, 0, 1,543.3	1/14/2007	Regained lost circulation. Drilled from 8,289' to 8,395'. Pump sweep, circulate and condition, pump LCM sweep. Lost complete mud returns. Lost 960 bbls mud. Circulate and condition hole, had flare 5 to 20' during night. Had mud pump problems, back online at 4:30. Circulate and condition hole.
1,543		1/15/2007	Lost Circulation and circulate out gas. Trip up 5 stands to 7,930'. Gained 4 bbls during 5 stand trip, well began to flow air. Kellyed up and lost circulation. Pumped 3 LCM sweeps. Would regain circulation breifly, then lose again.
1,558	3-1, Tubing, 2 3/8, 1.867, 23, 8,044.7	1/16/2007	Lost circulation, repair mud hopper, pump LCM sweeps and attempt to regain circulation. Began tripping out of hole laying down. Layed down 75 joints drill pipe.
8,068	3-2, Baker "F" Profile Nipple, 2 3/8, 1.810, 8,068, 1.0	1/17/2007	Trip out of hole laying down drill pipe and pumping LCM pills. Rig up casing crew and un 4.5" production casing
8,069	3-3, Tubing, 2 3/8, 1.867, 8,069, 32.8	1/18/2007	Ran 4.5" production casing to 8,087. Began circulating joint down to 8,097. Pressured up inside pump. Could not pump. Rigged up Halliburton and tried to pump free. Unsucessfull attempt. Rigged down Halliburton. Tripped out of hole with 4.5" casing. Found last 3 joints had LCM in them and found defective or broken float shoe. Held safety meeting and began running 4.5" production casing back in hole.
8,101	3-4, Notched collar, 2 3/8, 1.867, 8,101, 0.4	1/19/2007	Run casing to 7,600'. Begin washing last 20 jts. to bottom. Pressured up inside casing. Attempt to free obstruction. Trip out of hole with 4.5" casing.
8,102			
8,128	8,128-8,138, 4/18/2007		
8,138			
8,159	8,159-8,187, 4/18/2007		
8,187			
8,204	8,204-8,218, 4/18/2007		
8,218			
8,232			
8,234			
8,238	8,238-8,246, 4/3/2007		
8,246			
8,340			
8,342			
8,393	3-2, Casing Joints, 4 1/2, 4.000, 1,051, 7,342.6		
8,394	3-3, Texas Pattern shoe, 8,394, 0.5		
8,395			



# State Wellbore Rpt

Well Name: Horse Point State 24-3-16-23

Western Division

Well Profile: VERTICAL - Original Hole, 9/4/2007 11:38:51 AM		Daily Operations	
ftKB (MD)	Schematic - Actual	Start Date	Summary
0	<p>1-1, Casing Joints, 13 3/8, 12.615, 0, 40.0</p> <p>3-1, Casing Joints, 4 1/2, 4.000, 4, 1,047.1</p> <p>2-1, Casing Joints, 8 5/8, 8.097, 0, 1,543.3</p> <p>3-1, Tubing, 2 3/8, 1.867, 23, 8,044.7</p> <p>3-2, Baker "F" Profile Nipple, 2 3/8, 1.810, 8,068, 1.0</p> <p>3-3, Tubing, 2 3/8, 1.867, 8,069, 32.8</p> <p>3-4, Notched collar, 2 3/8, 1.867, 8,101, 0.4</p> <p>8,128-8,138, 4/18/2007</p> <p>8,159-8,187, 4/18/2007</p> <p>8,204-8,218, 4/18/2007</p> <p>8,238-8,246, 4/3/2007</p> <p>3-2, Casing Joints, 4 1/2, 4.000, 1,051, 7,342.6</p> <p>3-3, Texas Pattern shoe, 8,394, 0.5</p>	1/20/2007	Lay down casing. Found joint above float collar was plugged with LCM. Float collar was functioning properly. Inspect 4.5" production casing. Cut and slip drilling line. Rig up to run casing. Run casing to with Texas shoe and no float collar to 7,513'. Washed each joint from 7,513' to 7,850. Hole packed off, layed down two joints. Washed back to 8,020' at report time.
4		1/21/2007	Washed casing from 8,020' to 8,105'. Reamed bridge with Texas shoe from 8,105' to 8,112'. Washed last 7 joints to bottom. Total String length 8,390.24 landed at 8,395'. Rig up Halliburton. Wait on Halliburton to unthaw and repair equipment. Set Cameron slips at 80,000#. Held Safety Meeting with Cementers. Pumped cement as per cementing program with no problems. Stopped displacing at 22:40. Rig down cementers. Dumped and clean mud tanks. Begin to rig down. Release rig at 06:00 on Jan 22, 2007.
23		1/22/2007	Rig down and prepare to move
40		1/23/2007	Rig down and prepare to move
1,051		1/24/2007	Rig down and prepare to lower derrick
1,300		1/25/2007	Wait on daylight. Perpare to lower derrick. Derrick in cradle at 12:30. Rig released at 12:30
1,543		1/26/2007	Rig on Standby on Location
1,543		1/27/2007	Rig on Standby on location
1,558		1/28/2007	Rig on standby, on location
8,068		1/29/2007	Rig is on location, rigged down, and on standby
8,069		1/30/2007	Rig is on location, rigged down, and on standby
8,069		1/31/2007	Rig is on location, rigged down
8,101		2/1/2007	Rig is on location, rigged down
8,101		2/2/2007	Rig is on location, rigged down
8,102		2/3/2007	Rig is on location, rigged down
8,128		2/4/2007	Rig is on location, rigged down
8,136		2/5/2007	Rig is on location, rigged down
8,159		2/6/2007	Rig is on location, rigged down
8,187		3/12/2007	Road completion rig and equip from Rangely yard to location
8,204		3/13/2007	RIH with bit. Tag TOC @ 8006
8,218	3/14/2007	Clean out cmt 8006 to 8350.	
8,232	3/15/2007	RIH with bit and scraper. Circ hole clean with frash 3% KCL water	
8,238	3/16/2007	Set CIBP @ 8340 with 2 sks cmt. Log well. Test csg and frac tree.	
8,246	3/17/2007	Could not finish logs. Schlumberger broke down	
8,340	3/19/2007	Run Schlumberger Dipole Sonic/CNL/GR logs. RDMO	
8,342	3/20/2007	Standby-Muddy road and location	
8,393	3/21/2007	Too muddy to move	
8,394	3/22/2007	Standby. Wait for location and roads to dry	
8,395	3/23/2007	Standby. Wait for location and roads to dry	
	4/2/2007	MIRU	
	4/3/2007	Perforate 8238-8246. PU and RIH with 2 3/8 tbg. RU and swab well	
	4/4/2007	Swab well	
	4/5/2007	Swab well. POOH with tbg	
	4/6/2007	Finish POOH with tbg	
	4/9/2007	RIH with pkr and 2 3/8 tbg. Prep for acid job	
	4/10/2007	Standby - 8 hrs	
	4/11/2007	Acidize Cedar Mountain Formation. Swab well	
	4/12/2007	Swab well	
	4/13/2007	Release and POOH with tbg and pkr. Run Gyro. Set CIBP @ 8232	
	4/16/2007	Test csg and CIBP. RIH with tbg. Swab well	
	4/17/2007	Swab well. POOH with tbg	
	4/18/2007	Perforate Dakota. Flow well	
	4/19/2007	Swab well. POOH laying down TCP guns. RIH with tbg	
	4/20/2007	Swab well. POOH laying down tbg. NU Frac Tree. RD rig and equip	
	4/23/2007	3 days standby including travel to and from location trying to move equip. Location and roads too muddy to move rig and equip	
	5/9/2007	Frac and flow back well	
	5/10/2007	Flow well	
	5/11/2007	Flow well and Shut in	
	5/16/2007	MIRU. PU and RIH with tbg	
	5/17/2007	RIH, Tag @ 7978. Prep to C/O with N2	
	5/18/2007	C/O with N2. Flow well	

CONFIDENTIAL

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

AMENDED REPORT [ ] FORM 8
(highlight changes)

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. TYPE OF WELL: OIL WELL [ ] GAS WELL [x] DRY [ ] OTHER [ ]
b. TYPE OF WORK: NEW WELL [x] 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: 2177' FWL, 1062' FSL AT TOP PRODUCING INTERVAL REPORTED BELOW: Same AT TOTAL DEPTH: Same

5. LEASE DESIGNATION AND SERIAL NUMBER: ML-46112

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT or CA AGREEMENT NAME

8. WELL NAME and NUMBER: Horse Point State 24-3-16-23

9. API NUMBER: 43-019-31493

10. FIELD AND POOL, OR WILDCAT: Horse Point

11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESW 3 16S 23E

12. COUNTY: Grand 13. STATE: UTAH

14. DATE SPUDDED: 12/23/2006 15. DATE T.D. REACHED: 1/14/2007 16. DATE COMPLETED: 5/18/2007 ABANDONED [ ] READY TO PRODUCE [x]

17. ELEVATIONS (DF, RKB, RT, GL): 7945' KB, 7922' GR

18. TOTAL DEPTH: MD 8,395 TVD 8,395

19. PLUG BACK T.D.: MD 8,232 TVD 8,232

20. IF MULTIPLE COMPLETIONS, HOW MANY? \*

21. DEPTH BRIDGE MD PLUG SET: TVD 8,232

22. TYPE ELECTRIC AND OTHER MECHANICAL LOGS RUN (Submit copy of each) Dipole sonic Imager GR-collar Log

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

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

Table with 10 columns: 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. Rows include 12-1/4 and 7-7/8 hole sizes.

25. TUBING RECORD

Table with 9 columns: SIZE, DEPTH SET (MD), PACKER SET (MD), SIZE, DEPTH SET (MD), PACKER SET (MD), SIZE, DEPTH SET (MD), PACKER SET (MD). Row includes 2-3/8 size and 8.102 depth.

26. PRODUCING INTERVALS

Table with 5 columns: FORMATION NAME, TOP (MD), BOTTOM (MD), TOP (TVD), BOTTOM (TVD). Row (A) includes Dakota formation with 8,128 to 8,218 MD and 8,128 to 8,218 TVD.

27. PERFORATION RECORD

Table with 10 columns: INTERVAL (Top/Bot - MD), SIZE, NO. HOLES, PERFORATION STATUS. Rows include intervals 8,204-8,128 and 8,238-8,246 MD.

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

Table with 2 columns: DEPTH INTERVAL, AMOUNT AND TYPE OF MATERIAL. Rows include 8238-8246 and 8204-8128 depth intervals.

29. ENCLOSED ATTACHMENTS:

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

30. WELL STATUS: Producing

RECEIVED
SEP 07 2007

31. INITIAL PRODUCTION

INTERVAL A (As shown in Item #26)

DATE FIRST PRODUCED: <b>7/12/2007</b>		TEST DATE: <b>6/1/2007</b>		HOURS TESTED: <b>126</b>		TEST PRODUCTION RATES: →	OIL - BBL: <b>0</b>	GAS - MCF: <b>530</b>	WATER - BBL: <b>47</b>	PROD. METHOD: <b>Flwg</b>
CHOKE SIZE: <b>24</b>	TBG. PRESS. <b>135</b>	CSG. PRESS. <b>280</b>	API GRAVITY	BTU - GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL - BBL: <b>0</b>	GAS - MCF: <b>530</b>	WATER - BBL: <b>47</b>	INTERVAL STATUS:

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)
				Dakota	8.128

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 9/5/2007

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 Phone: 801-538-5340  
 1594 West North Temple, Suite 1210  
 Box 145801 Fax: 801-359-3940  
 Salt Lake City, Utah 84114-5801

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

FORM 9

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>		5. LEASE DESIGNATION AND SERIAL NUMBER: <b>ML-46112</b>
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: <b>Horse Point State 24-3-16-23</b>	
2. NAME OF OPERATOR: <b>Pioneer Natural Resources USA, Inc.</b>		9. API NUMBER: <b>43-019-31493</b>
3. ADDRESS OF OPERATOR: <b>1401 17th Street - Ste 1200</b> CITY <b>Denver</b> STATE <b>CO</b> ZIP <b>80202</b>	PHONE NUMBER: <b>(303) 675-2663</b>	10. FIELD AND POOL, OR WILDCAT: <b>Horse Point</b>
4. LOCATION OF WELL FOOTAGES AT SURFACE: <b>2177' FWL &amp; 1062' FSL</b>		COUNTY: <b>Grand</b>
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <b>SESW 3 16S 23E</b>		STATE: <b>UTAH</b>

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 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.  
 Effective July 1, 2007 - National Fuel Corporation assumed Operatorship pursuant to the JOA on the Horse Point State 24-3-16-23 well.

Betty Brownson  
 Betty Brownson  
 Attorney-In-Fact  
 Pioneer Natural Resources USA, Inc.  
 N 5155  
 1401 17th Street - Suite 1200  
 Denver, CO 80202  
 Telephone: 303-675-2610  
 Fax: 303-294-1255

Diane Thompson  
 Diane Thompson  
 President  
 National Fuel Corporation  
 N 8060  
 8400 E. Prentice Avenue - Suite 1100  
 Greenwood Village, CO 80111-2926  
 State Bond No. 04127314  
 Telephone: 303-220-7772  
 Fax: 303-220-7773

NAME (PLEASE PRINT) <u>Joy A. Ziegler</u>	TITLE <u>Senior Engineering Tech</u>
SIGNATURE <u>Joy A. Ziegler</u>	DATE <u>9/5/2007</u>

(This space for State use only)  
**APPROVED** 9/12/07  
Earlene Russell  
 Division of Oil, Gas and Mining  
 Earlene Russell, Engineering Technician

**RECEIVED**  
 SEP 13 2007  
 DIV. OF OIL, GAS & MINING

**Division of Oil, Gas and Mining**  
**OPERATOR CHANGE WORKSHEET**

**ROUTING**

- |        |
|--------|
| 1. DJJ |
| 2. CDW |

**X - Change of Operator (Well Sold)**

Operator Name Change/Merger

The operator of the well(s) listed below has changed, effective:

7/1/2007

<b>FROM: (Old Operator):</b> N5155-Pioneer Natural Resources USA Inc 1401 17th St, Suite 1200 Denver, CO 80202 Phone: 1 (303) 675-2663	<b>TO: ( New Operator):</b> N8060-National Fuel Corp 8400 E Prentice Ave, Suite 1100 Greenwood Village CO 80111-2926 Phone: 1 (303) 220-7772
--	--

**CA No.**

**Unit:**

WELL NAME	SEC	TWN	RNG	API NO	ENTITY NO	LEASE TYPE	WELL TYPE	WELL STATUS
HORSE POINT ST 24-3-16-23	3	160S	230E	4301931493	15878	State	GW	P

**OPERATOR CHANGES DOCUMENTATION**

Enter date after each listed item is completed

- (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 9/13/2007
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 9/13/2007
- The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 9/27/2007
- a. Is the new operator registered in the State of Utah: \_\_\_\_\_ Business Number: 1260477-0143
- b. If **NO**, the operator was contacted on: \_\_\_\_\_
- a. (R649-9-2)Waste Management Plan has been received on: IN PLACE
- b. Inspections of LA PA state/fee well sites complete on: n/a
- c. Reports current for Production/Disposition & Sundries on: ok
- Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: BLM BIA
- Federal and Indian Units:**  
The BLM or BIA has approved the successor of unit operator for wells listed on: \_\_\_\_\_
- Federal and Indian Communization Agreements ("CA"):**  
The BLM or BIA has approved the operator for all wells listed within a CA on: \_\_\_\_\_
- Underground Injection Control ("UIC")** The Division has approved UIC Form 5, **Transfer of Authority to Inject**, for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: \_\_\_\_\_

**DATA ENTRY:**

- Changes entered in the **Oil and Gas Database** on: 9/27/2007
- Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 9/27/2007
- Bond information entered in RBDMS on: 9/27/2007
- Fee/State wells attached to bond in RBDMS on: 9/27/2007
- Injection Projects to new operator in RBDMS on: \_\_\_\_\_
- Receipt of Acceptance of Drilling Procedures for APD/New on: \_\_\_\_\_

**BOND VERIFICATION:**

- Federal well(s) covered by Bond Number: \_\_\_\_\_
  - Indian well(s) covered by Bond Number: \_\_\_\_\_
  - a. (R649-3-1) The **NEW** operator of any fee well(s) listed covered by Bond Number LPM8756586
  - b. The **FORMER** operator has requested a release of liability from their bond on: n/a
- The Division sent response by letter on: \_\_\_\_\_

**LEASE INTEREST OWNER NOTIFICATION:**

- (R649-2-10) The **NEW** operator of the fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: \_\_\_\_\_

**COMMENTS:**