

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

FORM 3

AMENDED REPORT

<b>APPLICATION FOR PERMIT TO DRILL</b>						<b>1. WELL NAME and NUMBER</b> Gunnison Valley Federal 22-3		
<b>2. TYPE OF WORK</b> DRILL NEW WELL <input checked="" type="checkbox"/> REENTER P&A WELL <input type="checkbox"/> DEEPEN WELL <input type="checkbox"/>						<b>3. FIELD OR WILDCAT</b> WILDCAT		
<b>4. TYPE OF WELL</b> Gas Well      Coalbed Methane Well: NO						<b>5. UNIT or COMMUNITIZATION AGREEMENT NAME</b>		
<b>6. NAME OF OPERATOR</b> FIDELITY E&P COMPANY						<b>7. OPERATOR PHONE</b> 303 893-3133		
<b>8. ADDRESS OF OPERATOR</b> 2585 Heartland Drive, Sheridan, WY, 82801						<b>9. OPERATOR E-MAIL</b> marv.rygh@fidelityepco.com		
<b>10. MINERAL LEASE NUMBER (FEDERAL, INDIAN, OR STATE)</b> UTU-79808			<b>11. MINERAL OWNERSHIP</b> FEDERAL <input checked="" type="checkbox"/> INDIAN <input type="checkbox"/> STATE <input type="checkbox"/> FEE <input type="checkbox"/>			<b>12. SURFACE OWNERSHIP</b> FEDERAL <input checked="" type="checkbox"/> INDIAN <input type="checkbox"/> STATE <input type="checkbox"/> FEE <input type="checkbox"/>		
<b>13. NAME OF SURFACE OWNER (if box 12 = 'fee')</b>						<b>14. SURFACE OWNER PHONE (if box 12 = 'fee')</b>		
<b>15. ADDRESS OF SURFACE OWNER (if box 12 = 'fee')</b>						<b>16. SURFACE OWNER E-MAIL (if box 12 = 'fee')</b>		
<b>17. INDIAN ALLOTTEE OR TRIBE NAME (if box 12 = 'INDIAN')</b>			<b>18. INTEND TO COMMINGLE PRODUCTION FROM MULTIPLE FORMATIONS</b> YES <input type="checkbox"/> (Submit Commingling Application) NO <input checked="" type="checkbox"/>			<b>19. SLANT</b> VERTICAL <input checked="" type="checkbox"/> DIRECTIONAL <input type="checkbox"/> HORIZONTAL <input type="checkbox"/>		
<b>20. LOCATION OF WELL</b>		<b>FOOTAGES</b>		<b>QTR-QTR</b>	<b>SECTION</b>	<b>TOWNSHIP</b>	<b>RANGE</b>	<b>MERIDIAN</b>
<b>LOCATION AT SURFACE</b>		4627 FSL 1981 FWL		NENW	3	21.0 S	17.0 E	S
<b>Top of Uppermost Producing Zone</b>		4627 FSL 1981 FWL		NENW	3	21.0 S	17.0 E	S
<b>At Total Depth</b>		4627 FSL 1981 FWL		NENW	3	21.0 S	17.0 E	S
<b>21. COUNTY</b> GRAND			<b>22. DISTANCE TO NEAREST LEASE LINE (Feet)</b> 1981			<b>23. NUMBER OF ACRES IN DRILLING UNIT</b> 40		
			<b>25. DISTANCE TO NEAREST WELL IN SAME POOL (Applied For Drilling or Completed)</b> 0			<b>26. PROPOSED DEPTH</b> MD: 12000 TVD: 12000		
<b>27. ELEVATION - GROUND LEVEL</b> 4455			<b>28. BOND NUMBER</b> CO1395			<b>29. SOURCE OF DRILLING WATER / WATER RIGHTS APPROVAL NUMBER IF APPLICABLE</b> Municipal		
<b>ATTACHMENTS</b>								
<b>VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES</b>								
<input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER				<input checked="" type="checkbox"/> COMPLETE DRILLING PLAN				
<input type="checkbox"/> AFFIDAVIT OF STATUS OF SURFACE OWNER AGREEMENT (IF FEE SURFACE)				<input type="checkbox"/> FORM 5. IF OPERATOR IS OTHER THAN THE LEASE OWNER				
<input type="checkbox"/> DIRECTIONAL SURVEY PLAN (IF DIRECTIONALLY OR HORIZONTALLY DRILLED)				<input checked="" type="checkbox"/> TOPOGRAPHICAL MAP				
<b>NAME</b> Stephanie Masters			<b>TITLE</b> Operations Tech			<b>PHONE</b> 307 675-4924		
<b>SIGNATURE</b>			<b>DATE</b> 10/20/2009			<b>EMAIL</b> Stephanie.Masters@fidelityepco.com		
<b>API NUMBER ASSIGNED</b> 43019500070000			<b>APPROVAL</b>  Permit Manager					

<b>Proposed Hole, Casing, and Cement</b>					
<b>String</b>	<b>Hole Size</b>	<b>Casing Size</b>	<b>Top (MD)</b>	<b>Bottom (MD)</b>	
Cond	24	20	0	80	
<b>Pipe</b>	<b>Grade</b>	<b>Length</b>	<b>Weight</b>		
	Unknown	80	52.78		

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**Proposed Hole, Casing, and Cement**

<b>String</b>	<b>Hole Size</b>	<b>Casing Size</b>	<b>Top (MD)</b>	<b>Bottom (MD)</b>		
I1	12.25	9.625	0	9007		
<b>Pipe</b>	<b>Grade</b>	<b>Length</b>	<b>Weight</b>			
	Grade P-110 LT&C	7507	53.5			

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**Proposed Hole, Casing, and Cement**

<b>String</b>	<b>Hole Size</b>	<b>Casing Size</b>	<b>Top (MD)</b>	<b>Bottom (MD)</b>		
Prod	9.5	7	0	12200		
<b>Pipe</b>	<b>Grade</b>	<b>Length</b>	<b>Weight</b>			
	Grade P-110 LT&C	3193	35.0			

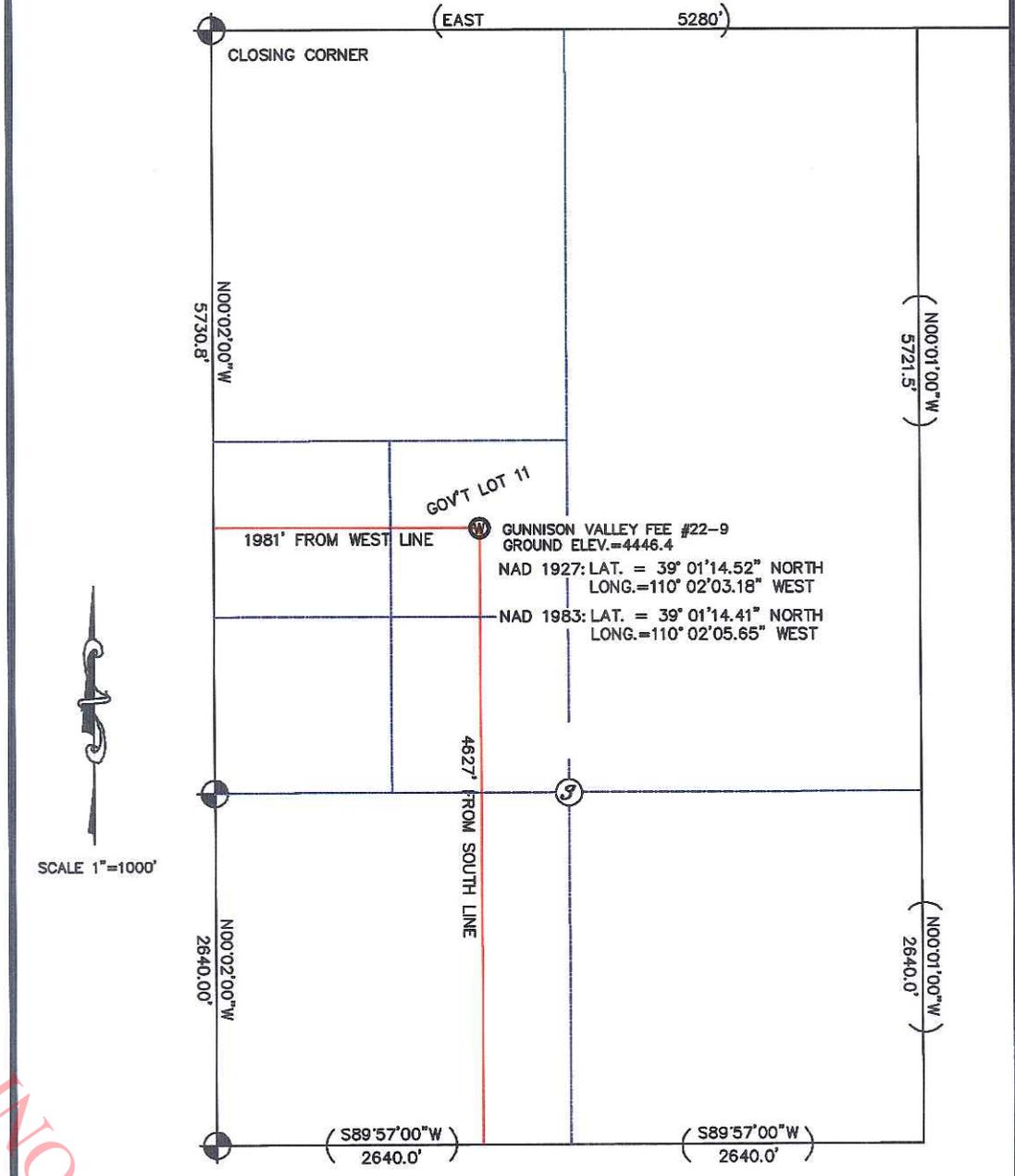
**CONFIDENTIAL**

**Proposed Hole, Casing, and Cement**

<b>String</b>	<b>Hole Size</b>	<b>Casing Size</b>	<b>Top (MD)</b>	<b>Bottom (MD)</b>		
Surf	17.5	13.875	0	1500		
<b>Pipe</b>	<b>Grade</b>	<b>Length</b>	<b>Weight</b>			
	Grade J-55 ST&C	1500	54.5			

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SECTION 3, T 21 S, R 17 E, SLM



SCALE 1"=1000'

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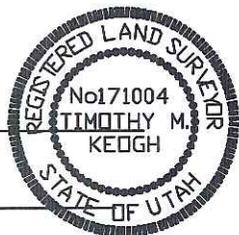
NOTES: DATA IN PARENTHESIS IS OF RECORD. ALL OTHER DATA IS SURVEYED DATA.

ELEVATIONS ARE BASED ON U.S.G.S. TOPO QUAD "TUSHER CANYON". ELEV. AT SW SEC. 3 = "4373".

**LEGEND**

- FOUND GOVERNMENT AND/OR PRIVATE RECTANGULAR SURVEY CORNER
- SET SPIKE WITH METAL POST AT PROPOSED WELL LOCATION

TIMOTHY M. KEOGH



DATE

**KEOGH LAND SURVEYING**  
45 EAST CENTER STREET MOAB, UTAH, 84532

A SURVEY OF  
**GUNNISON VALLEY  
FEDERAL 22-3**

WITHIN SECTION 3, T 21 S, R 17 E, SLM,  
GRAND COUNTY, UTAH

PREPARED FOR  
**FIDELITY EXPLORATION & PRODUCTION CO.**

DATE: 7-27-09	DRAWN BY: TMK	CHECKED BY: TMK
SCALE: 1"=1000'	F.B.# TDC1	FIDELITY.DWG

APIWellNo:43019500070000'

**FIDELITY EXPLORATION & PRODUCTION CO.**

**DRILLING PLAN  
For APD**

**Well Name: Gunnison Valley Fed #22-3**

**Surf Loc: NENW, 1981' FWL & 4627' FSL Section 3, T21S, R17E**

**Btm.Hole Loc: Vertical well, natural drift of area**

**(NAD27) Latitude 39.0224197 & Longitude: -110.0380021**

**Grand County, Utah**

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1. **Geologic Information**

Geologic Surface Formation: Mancos shale  
 Ground Level 4,455' est.  
 TD 12,000' MD  
 Permitted Depth : 12,200' MD

The expected bottom pressure is 9,050 psi based on a 14.5 ppg equivalent pore pressure gradient at 12,000' TVD.

Normal pressures and temperatures consistent with offset wells are anticipated.

Geological Tops listed below:

**ESTIMATED  
TOPS:**

KB (est) 4455

<u>Horizon</u>	<u>Lithology</u>	<u>Estimated Depth Measure d</u>	<u>Subse a</u>	<u>Anticipated Net Pay Thickness</u>	<u>Remarks</u>
Mancos Shale	sh/silt	Surface			
Dakota	ss	2257	2198		
Morrison	ss/sh	2401	2054		
Entrada	ss/sh	3315	1140		
Chinle	ss/sh	3950	505		
Moenkopi	ss/sh	5035	-580		
Cutler	ss/sh	5699	-1244		
Honaker Trail	ss/sh	7135	-2680		
Paradox Formation	Salt/silt/sh	8644	-4189		
Salt 1A	Salt/sh	<b>8657</b>	-4202		
Ismay	Sh/silt/lime	8806	-4351		
Salt 1	Salt/sh	8868	-4413		
Shale 1	sh/silt	8967	-4512		Secondary Oil/Gas Objective
<b>Intermediate Casing Pt.</b>		<b>9007</b>			40' into Shale 1
Shale 2	sh/silt	9177	-4722		Secondary Oil/Gas Objective
Shale 4	sh/silt	9603	-5148		Secondary Oil/Gas Objective
Shale 10	sh/silt	10396	-5941		Secondary Oil/Gas Objective
Salt 12	Salt/sh	10597	-6142		Thinning in P. Fm. Shale 10 to CC
Shale 12	sh/silt	10737	-6282		Secondary Oil/Gas Objective

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Salt 13	Salt/sh	10757	-6302	
Shale 14	sh/silt	10815	-6360	Secondary Oil/Gas Objective
Salt 15	Salt/sh	10840	-6385	
Shale 18	sh/silt	11283	-6828	Secondary Oil/Gas Objective
Salt 20	Salt/sh	11342	-6887	
Shale 20	sh/silt	11493	-7038	Secondary Oil/Gas Objective
Salt 21	Anhy/Sh	11527	-7072	
<b>Top Cane Creek Shale</b>	sh/silt	<b>11566</b>	-7111	Primary Oil/Gas Objective
<b>Cane Creek Shale B</b>	sh/silt	11596	-7141	
<b>Base Cane Creek Sh.</b>	Salt/Anhy.	11678	-7223	
Salt 23	Salt/Anhy.	11679	-7224	
Shale 25	sh/silt	11800	-7345	Secondary Oil/Gas Objective
Shale 26	sh/silt	11951	-7496	Secondary Oil/Gas Objective
TD		<b>12000</b>	-7545	

2. (A) Fresh Water zones may exist in the upper Mancos Shale.

(B) Surface casing is anticipated to be set at 1,500 ft. Cement isolation is planned over the entire surface casing, from shoe to surface, isolating all fresh water zones by cement.

3. **The Type and Characteristics of the Proposed Circulating Muds:**

There will be sufficient mud materials on site to displace the hole at any time.

DEPTH	TYPE	WEIGHT Lbs./GAL	VISCOSITY SEC/QT	FLUID LOSS CC
0 – 1,500 ft	Air/Mist	NA		NC
1,500 – 9,007 ft	Water/Polymer/Air	8.3 – 10.5	45	<15
9,007 – TD	Oil Base Mud System	13.0 - 14.5	50	6-8

Surface interval anticipated to be drilled with air/mist.

Intermediate interval anticipated to be drilled with a water based mud system supplemented with air if lost circulation is encountered. Air will be injected into drill pipe between 3000 to 4000 SCFM in the surface interval, and as necessary in the intermediate interval.

4. **The Operator's Minimum Specifications for Pressure Control:**

Fidelity Exploration & Production Co. Minimum specifications for pressure control equipment are as follows:

Please see the two (2) Blowout Prevention Equipment Diagrams to be used within this program for this well plan.

First diagram, labeled "Typical Mud/Air Drilling BOPE system" from Surface to Intermediate casing point at 8,245' depth will use 3000# W.P. Annular and 5000# W.P. Double Ram type preventer as a minimum.

The BOP stack will be converted to 5000# W.P. Annular & 10,000# W.P. triple ram type preventer as shown in attached diagram from intermediate casing point to total depth.

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

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

As a minimum, the above test shall be performed:

- a. When initially installed;
- b. Whenever any seal subject to test pressure is broken;
- c. Following related repairs; and
- d. At 30-day intervals

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

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

Pipe and blind rams shall be activated each trip; however, this function need not be performed more than once a day.

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

The BOP and related equipment shall meet the minimum Requirements State of Utah, Division of Oil, Gas, and Mining rules and regulations for Blowout preventers for equipment and testing requirements, procedures, etc., and individual components shall be operable as designed. Chart recorders shall be used for all pressure tests.

Pressure tests shall apply to all related well control equipment.

All of the above described tests and/or drills shall be recorded in the drilling log.

Test charts, with individual test results identified, shall be maintained on location while drilling and shall be made available to a State Field Inspector representative upon request.

BOP system shall be consistent with API RP53. Pressure tests will be conducted before drilling out from under casing strings which have been set and cemented in place. Blowout preventer controls will be installed prior to drilling the surface casing plug and will remain in use until the well is completed or abandoned. Preventers will be inspected and operated at least daily to ensure good mechanical working order, and this inspection will be recorded on the daily drilling report. Preventers will be pressure tested before drilling casing cement plugs.

The location of hydraulic controls will be at the accumulator and on the rig floor.

**The Utah Division of Oil, Gas and Mining office (801-538-5340) shall be notified, at least 24 hours prior to initiating the pressure test, in order to have a Utah Division of Oil, Gas, and Mining representative on location during pressure testing.**

- a. A choke line and a kill line are to be properly installed. The kill line is **not** to be used as a fill-up Line.
- b. The accumulator system shall have a pressure capacity to provide for repeated operation of hydraulic preventers.
- c. Drill string safety valve(s), to fit all tools in the drill string, are to be maintained on the rig floor while drilling operations are in progress.

5. **The Proposed Casing and Cementing Programs:**

HOLE SIZE	SETTING DEPTH (INTERVAL)	SECTION LENGTH	SIZE (O.D.)	WEIGHT, GRADE & JOINT	NEW/USED
17-1/2"	0 – 1,500'	1,500'	13-3/8 "	54.5 #/ft, J-55, ST&C	New
12-1/4"	0 - 9,007'	7,507'	9-5/8"	53.5 #/ft, P-110, LT&C	New
9-1/2"	0 – 12,200'	3,193'	7"	35# P-110 LTC	New

Surface water will be protected by the initial surface casing (13-3/8") set at ± «1,500 ft.». Surface casing will circulate cement back to surface to protect potentially fresh water zones, lost circulation zones, abnormal pressure zones, and prospectively valuable mineral deposits.

**Cement Program:**

**Surface Casing:** 13-3/8" casing will be set at 1,500 feet and cemented back to surface with a 2 stage cement job with DV tool at 750' (volumes are minimum to be pumped).

**First Stage** Lead cement: 50 sacks "Premium Lite", or equivalent, cement with additives (Yield 3.46 cf/sack, wt 11.5 #/gal),

Tail slurry: 195 sacks "Premium Lite", or equivalent, cement with additives (Yield 1.8 cf/sack, wt. 13.5 #/gal).

**Second Stage** Lead cement: 140 sacks "Premium Lite", or equivalent, with additives (Yield 3.46 cf/sack, wt. 11 #/gal),

Tail slurry: 50 sacks "Premium Lite", or equivalent, with additives (Yield 1.8 cf/sack, wt 13.5 #/gal),

If necessary, a top out slurry of Class G cement + 2 % bwoc Calcium Chloride + 44.4 % Fresh Water (Yield 1.17 cf/sack, wt. 15.4 #/gal) will be used if cement fallback occurs.

**Intermediate Casing:** 9-5/8" casing will be set at 9,007 feet and cemented with a 2 stage cement job with DV tool placed at 7,100' (volumes are minimum to be pumped).

**First Stage** (1,000' of fillup) Lead cement: 95 sacks "Premium Lite", or equivalent, cement with additives (Yield 2.28 cf/sack, wt. 12.0 #/gal),

Tail slurry: 65 sacks "Premium Lite", or equivalent, with additives (Yield 1.15 cf/sack, wt. 15.8 #/gal).

**Second Stage** (2,600' of fillup) Lead cement: 290 sacks "Premium Lite", or equivalent, with additives (Yield 2.28 cf/sack, wt. 12.0 #/gal)

Tail slurry: 80 sacks "Premium Lite", or equivalent, with additives (Yield 1.15 cf/sack, wt. 15.8 #/gal.)

**Production Casing:** 7" casing @ 12,200' MD Cemented back to 8,800' with a single stage cement job with the following slurry (volume is minimum to be pumped, and calculated with TD of 12,200').

650 sacks "Class G" cement, or equivalent, with additives (Yield 1.2 cf/sack, wt. 15.6 #/gal).

The actual cement volumes and additives will be determined on the basis of open hole logs, (caliper log), drilling hole conditions, and field blend testing to confirm thickening, pumping time.

The following shall be entered in the driller's log:

- (1) Casing run, including size, grade, weight, and depth set;
- (2) How the pipe was cemented, including amount of cement, type, whether cement circulated, location of the cement float equipment, etc.;
- (3) Minimum of 8 hrs or greater will be done waiting on cement time for the surface casing;
- (4) Surface Casing pressure tests will be completed before drilling out of surface casing shoe, including test pressures and results.

**6. Evaluation Program**

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

A.. No drill stem test is anticipated in this well bore. However, if a DST's are run, the following guidelines will be adhered to:

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

A DST that flows to the surface with evidence of hydrocarbons shall be either reversed out of the testing string under controlled surface conditions, or displaced into the formation prior to pulling the test tool. This would involve providing some means for reverse circulation.

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

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

B. Electric Logs / Coring Program:

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

- a. The first logging program will consist of a GR-SP-DIL-SFL-ML and a GR/Caliper/CNL/FDC and GR/BHC-Sonic from Intermediate casing point to the surface casing shoe.
- b. The second logging program will consist of a GR/SP/DIL/SFL/ML, GR/Cali/FDC/CNL, Dipole Sonic, Hex. Dip from TD to the intermediate casing shoe.
- c. No coring is anticipated.
- d. Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" will be submitted not later than 30 days after completion of the well or after completion of operations being performed. Two copies of all logs, core descriptions, core analysis, well-test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed. Samples (cuttings, fluids, and/or gases) will be submitted when requested by the authorized officer (AO).
- e. The mud loggers will be on the well at from surface casing point to TD.

#### 7. Anticipated Pressure & H2S

- a. Estimated bottom hole pressure to be 9,050 psig.
- b. No hydrogen sulfide gas is anticipated, however if H2S is encountered, the following items will be done.
  1. Gas detecting equipment shall be installed in the mud return system for exploratory wells or wells where abnormal pressure is anticipated, and hydrocarbon gas shall be monitored for pore pressure changes.
  2. Any unconfined gas, which exceeds 20 ppm H2S gas, produced during testing or swabbing must be separated and flared. There must be a pilot light on all sour gas flares to insure continuous ignition.
  3. Warning signs must be placed at appropriate entrances onto drilling pad area or facilities for H2S.
  4. Proper breathing apparatus must be available and used when working in an H2S environment exceeding 20 ppm.
  5. A wind sock will be placed on the tank battery as to be visible from everywhere on the location.
  6. All safety equipment will be installed and working prior to entering hydrogen sulfide zones.
  7. All flare system shall be designed to gather and burn all gas. The flare line(s) discharge shall be located not less than 100 feet from the wellhead, having straight lines unless turns are targeted with running tees, and shall be positioned downwind of the prevailing wind direction and shall be anchored. The flare system shall have an effective method for ignition. Where noncombustible gas is likely or expected to be vented, the system shall be provided supplemental fuel for ignition and to maintain a continuous flare.

Certification:

I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions which currently exists; that I have full knowledge of state and Federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application and that bond coverage is provided under Fidelity Exploration & Production Company's BLM bond (CO1345). These statements are subject to the provisions of 18 U.S.C. 1001 for the fling of false statements.

Executed this 5<sup>th</sup> day of October, 2009.

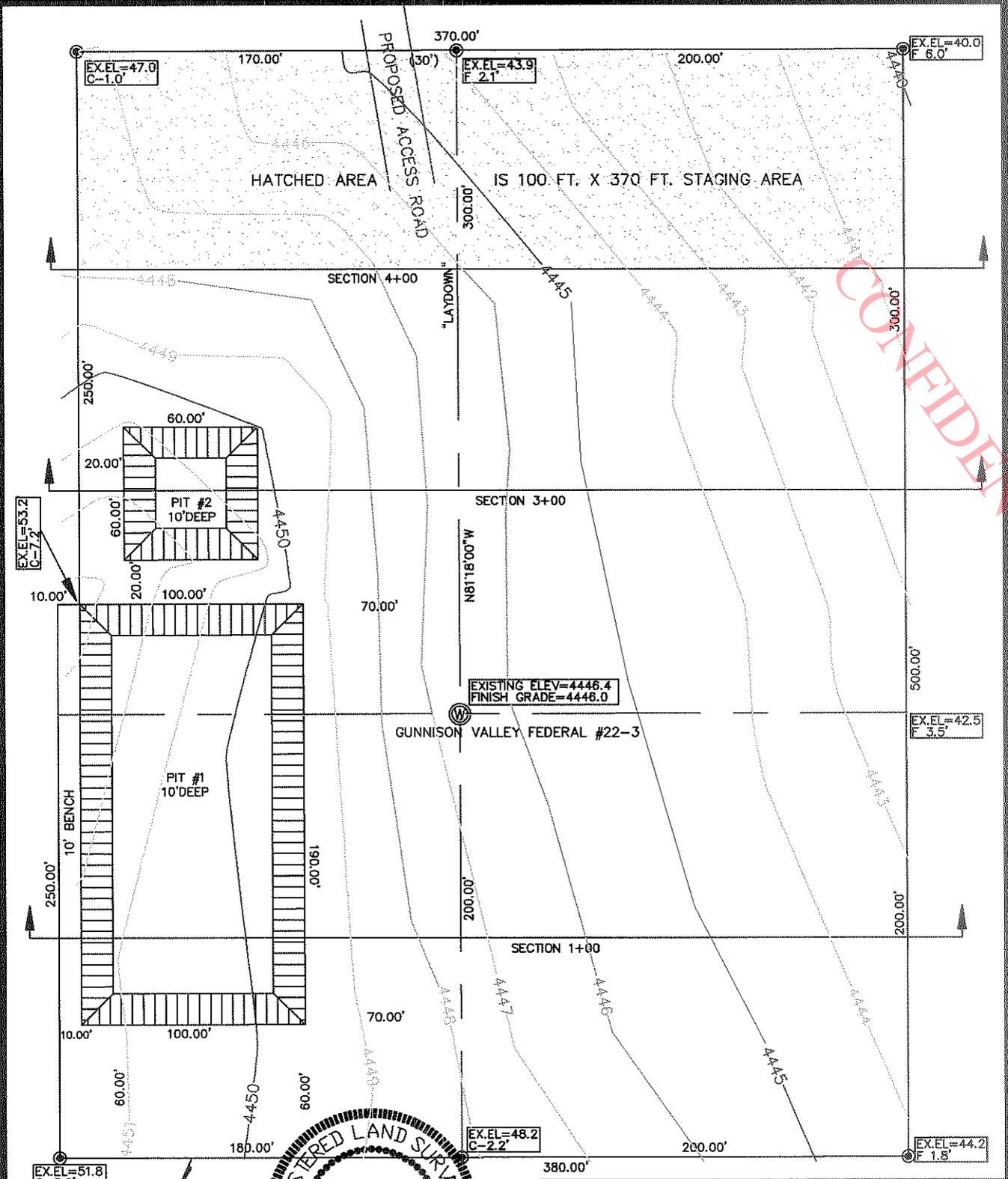
Harvey Dunham 10/6/09

Harvey Dunham –Asset Team Manager Southern Rockies

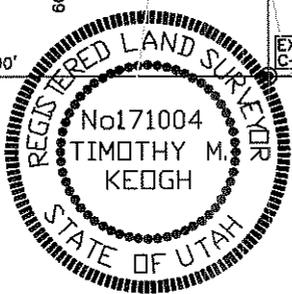
Fidelity Exploration & Production Company  
1700 Lincoln, suite 2800  
Denver, Colorado 80202  
720-956-5769 (direct line)  
[harvey.dunham@fidelityepco.com](mailto:harvey.dunham@fidelityepco.com)

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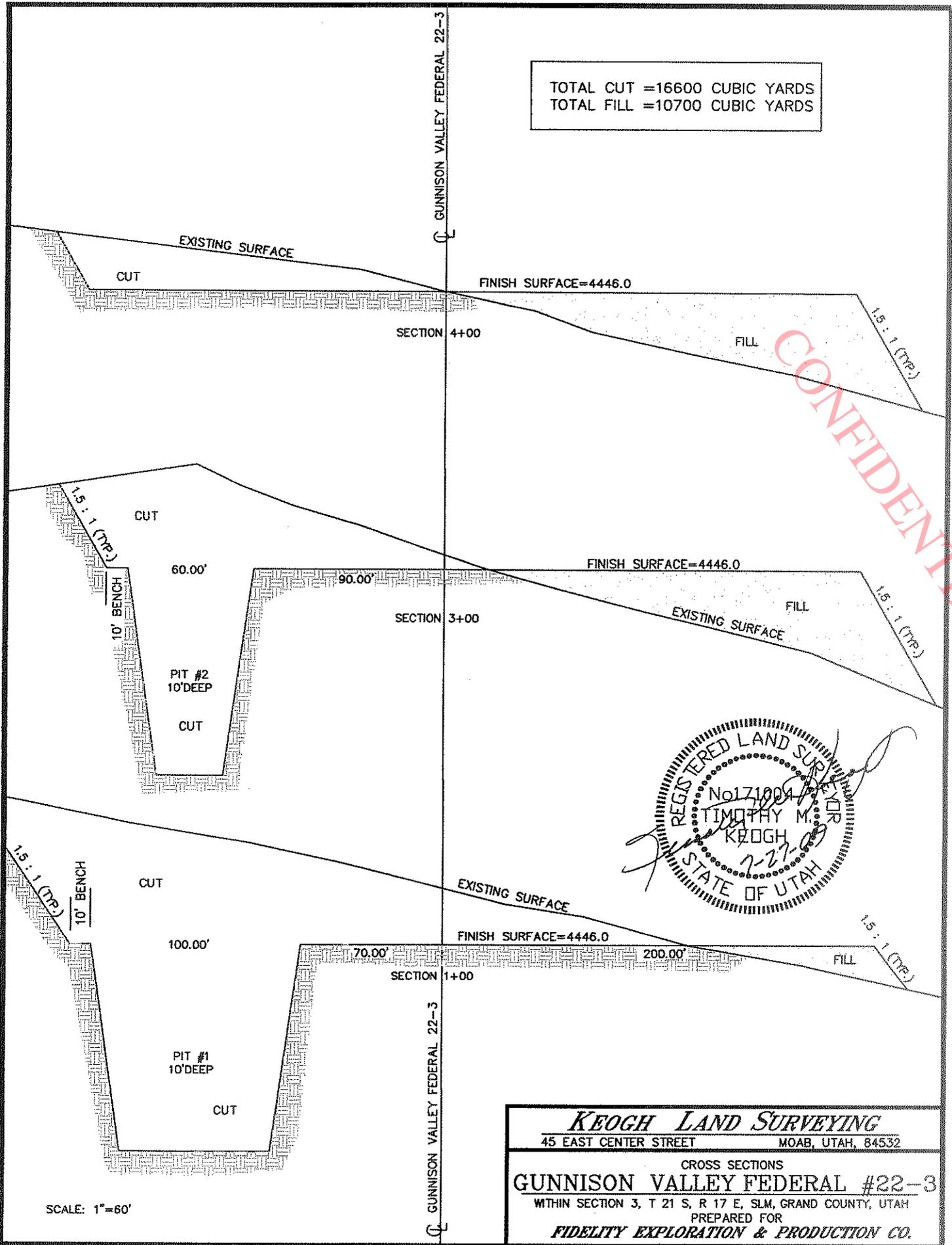
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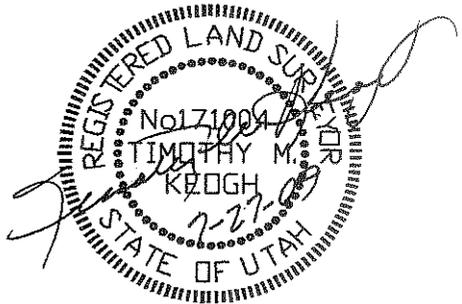
**KEOGH LAND SURVEYING**  
45 EAST CENTER STREET MOAB, UTAH, 84532

LOCATION PLAN VIEW  
**GUNNISON VALLEY FEDERAL #22-3**  
WITHIN SECTION 3, T 21 S, R 17 E, SLM, GRAND COUNTY, UTAH  
PREPARED FOR  
**FIDELITY EXPLORATION & PRODUCTION CO.**

TOTAL CUT =16600 CUBIC YARDS  
TOTAL FILL =10700 CUBIC YARDS



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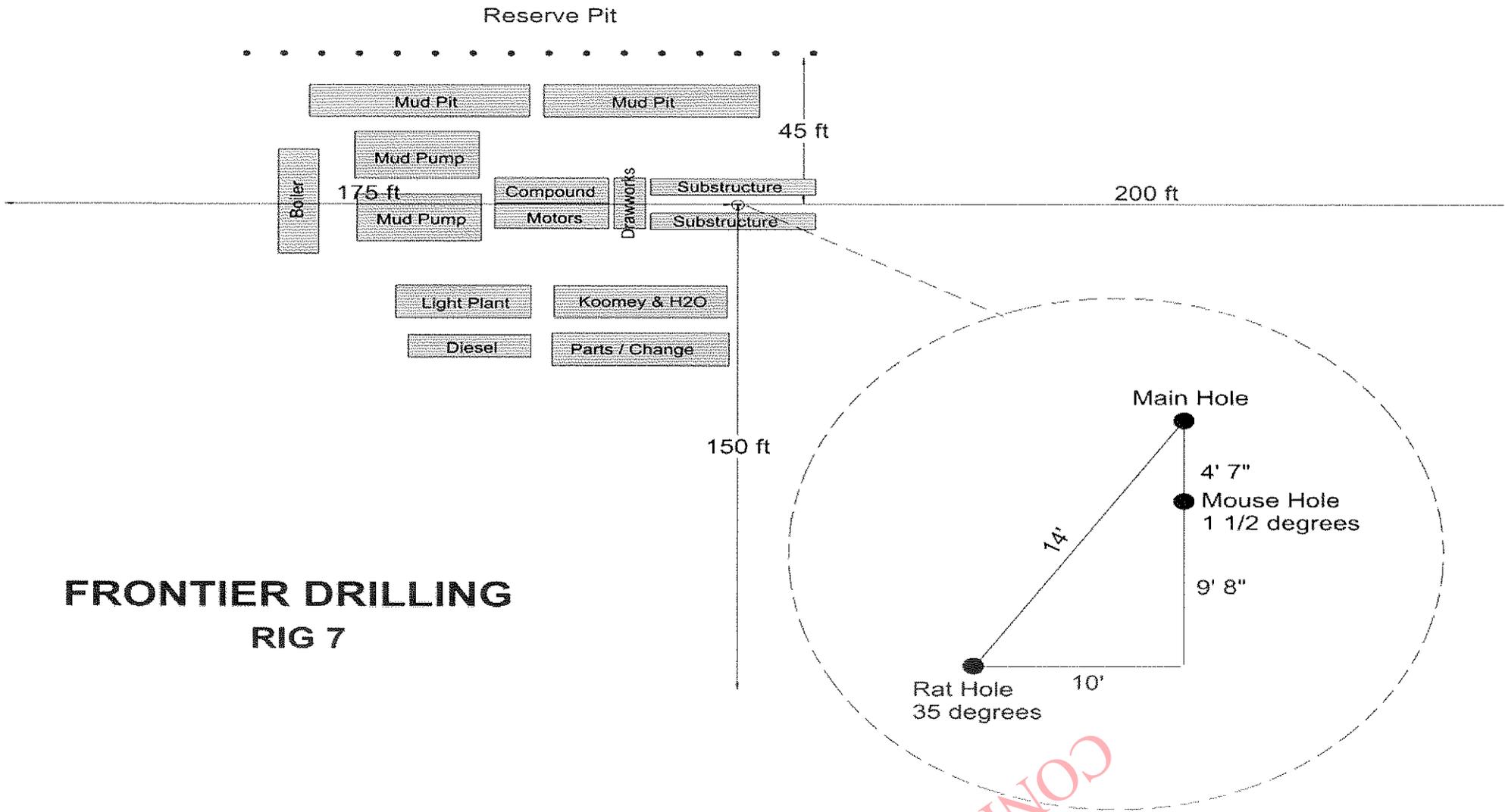


**KEOGH LAND SURVEYING**  
45 EAST CENTER STREET MOAB, UTAH, 84532

CROSS SECTIONS  
**GUNNISON VALLEY FEDERAL #22-3**  
WITHIN SECTION 3, T 21 S, R 17 E, SLM, GRAND COUNTY, UTAH  
PREPARED FOR  
**FIDELITY EXPLORATION & PRODUCTION CO.**

SCALE: 1"=60'

GUNNISON VALLEY FEDERAL 22-3



**FRONTIER DRILLING  
RIG 7**

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# 3000 psi System

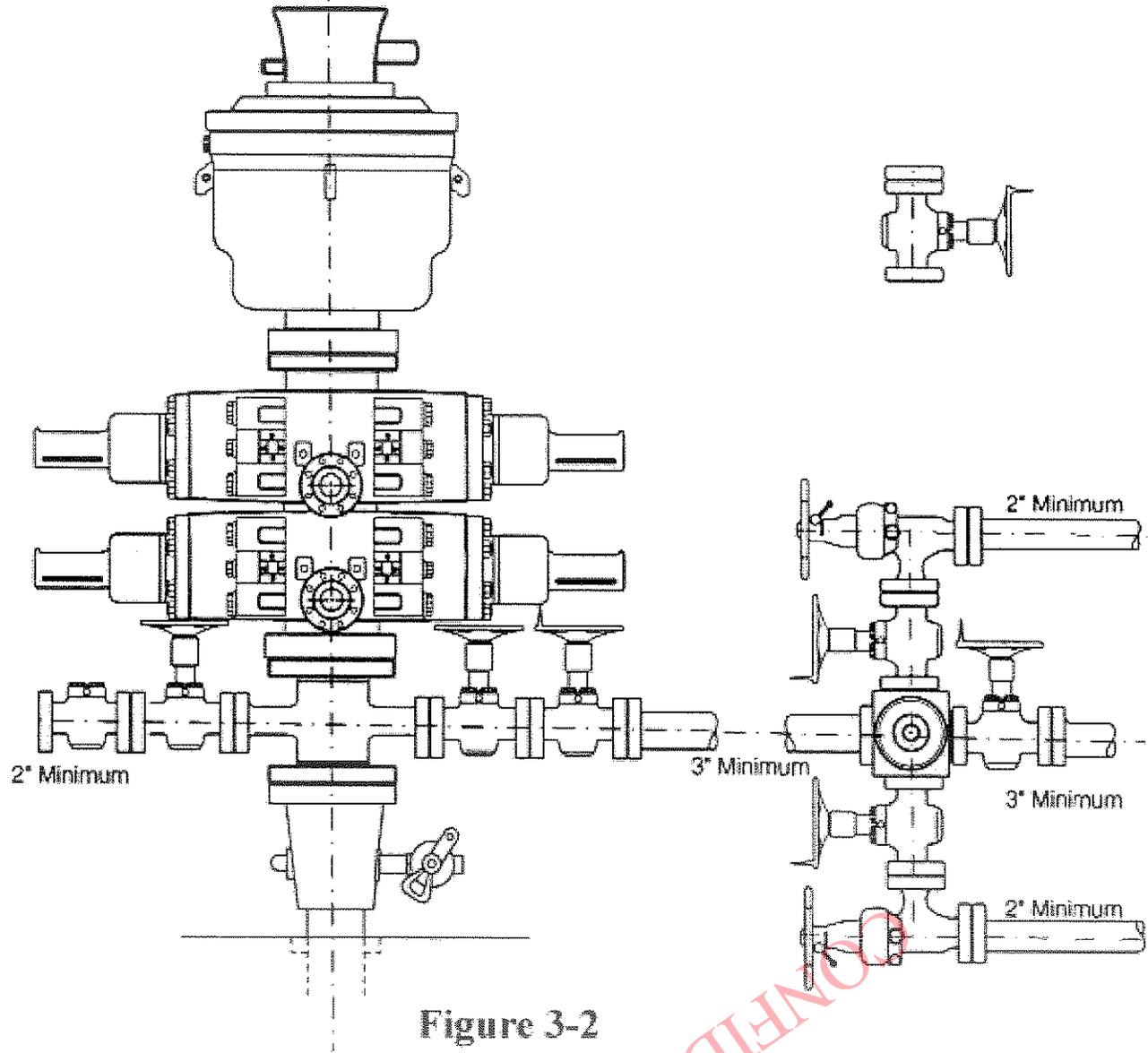


Figure 3-2

# 10000-15000-20000 psi System

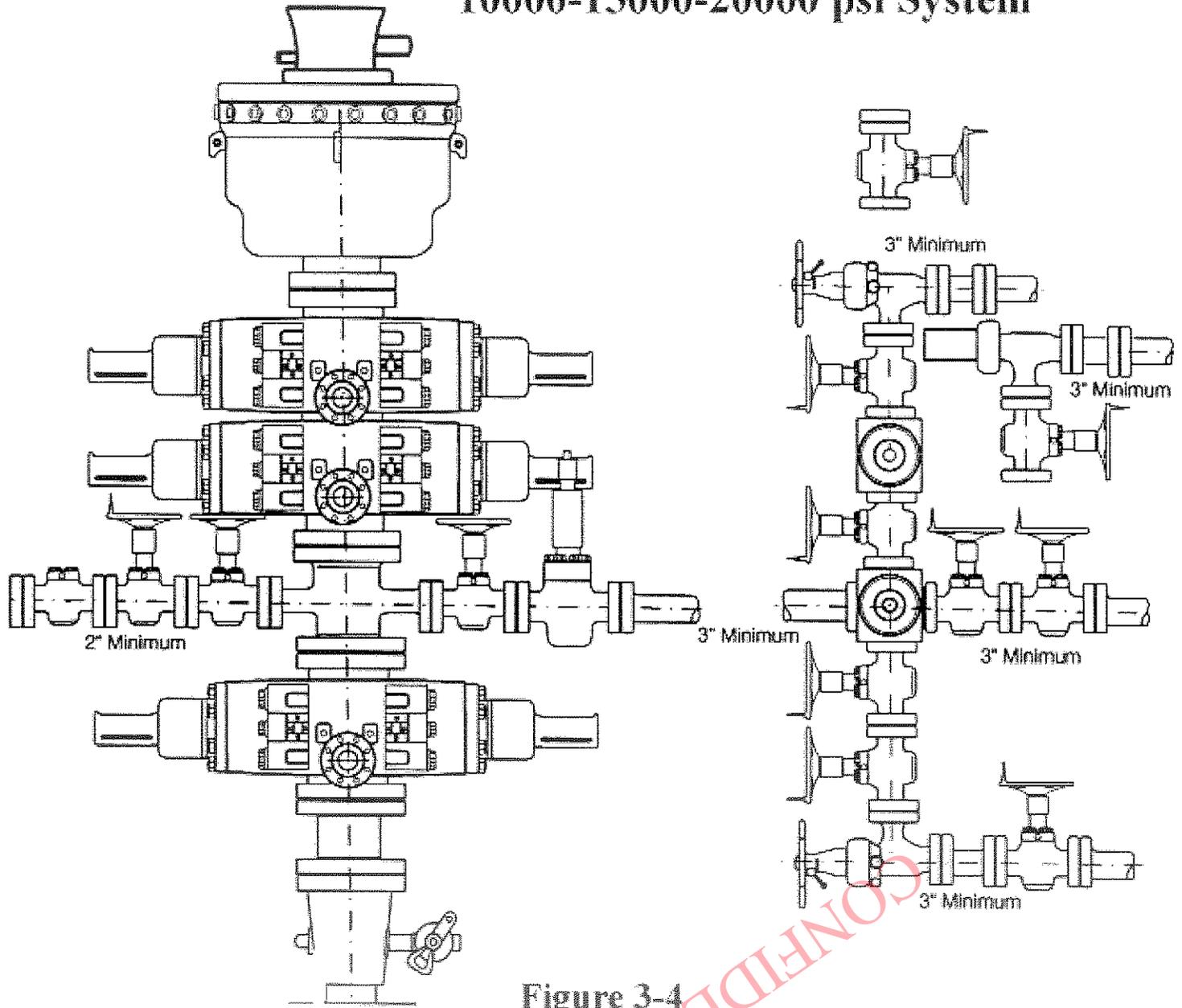
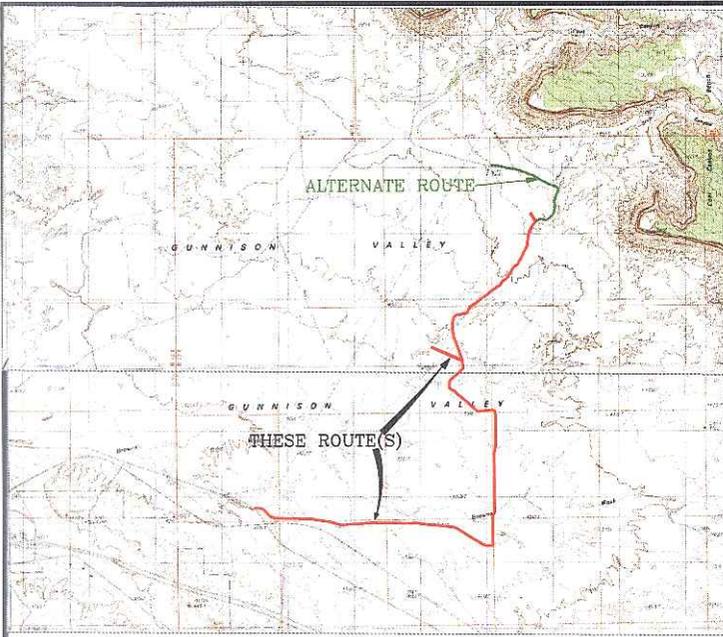


Figure 3-4

Appendix G

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**PIPELINE & ACCESS RIGHT-OF-WAY DESCRIPTION  
ACROSS U.S.A. LANDS**

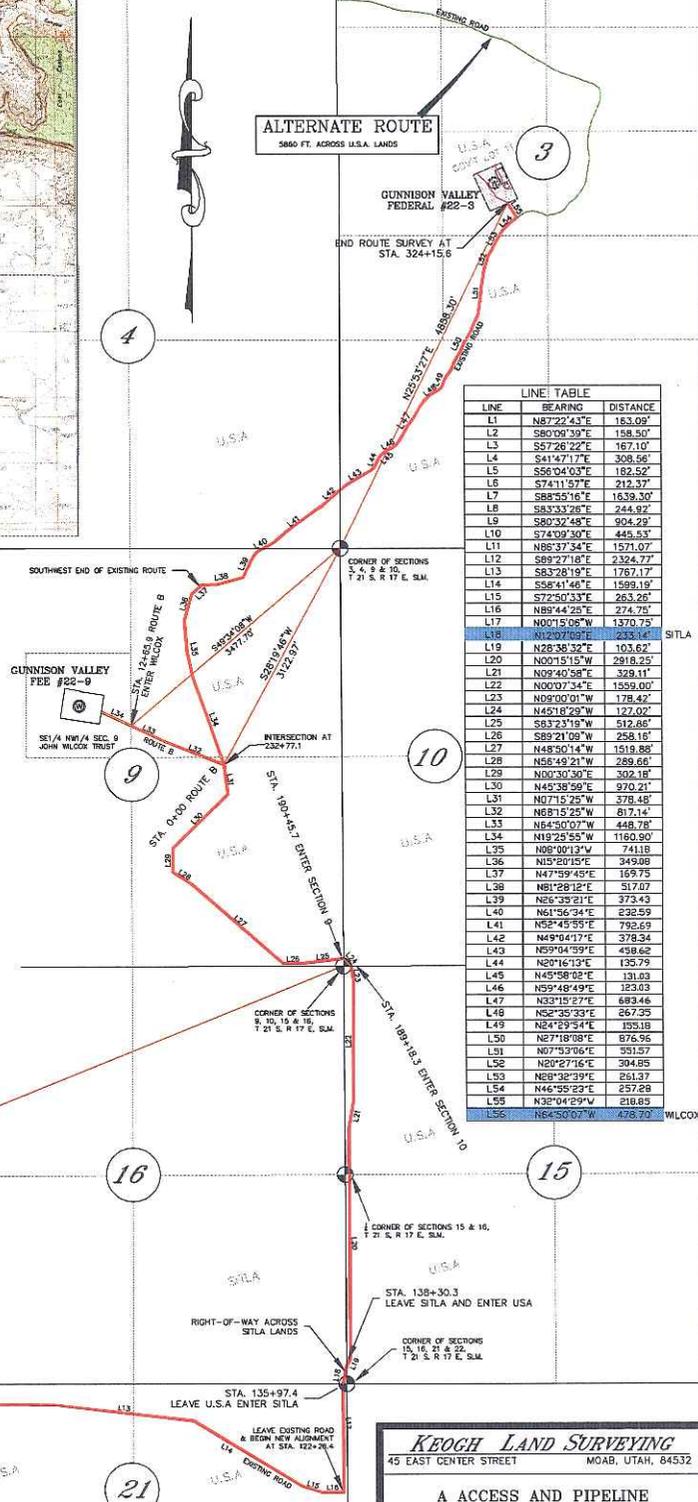
A 30.0 FT. WIDE ACCESS AND PIPELINE RIGHT-OF-WAY, 15.0 FT. EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE(S) IN SECTIONS 14, 17, 20, 21, 15, 10 AND 9 OF T 21 S, R 17 E, SLM, EMERY AND GRAND COUNTIES, UTAH:  
 BEGINNING AT A POINT AT THE CENTERLINE OF OLD HIGHWAY 6 & SO, SAID POINT BEARS S 87°50'11"W 12726.65 FT. FROM THE NE CORNER OF SECTION 14, T 21 S, R 17 E, SLM, AND PROCEEDING THENCE WITH SAID CENTERLINE OF RIGHT-OF-WAY N 87°24'37" 163.09 FT., THENCE S 80°09'39"E 156.50 FT., THENCE S 87°28'22"E 167.10 FT., THENCE S 41°47'17"E 308.56 FT., THENCE S 50°04'02"E 182.52 FT., THENCE S 74°11'57"E 212.37 FT., THENCE S 88°58'18"E 1636.30 FT., THENCE S 83°33'26"E 244.92 FT., THENCE S 80°32'48"E 904.29 FT., THENCE S 74°50'33"E 445.53 FT., THENCE N 86°37'54"E 1571.07 FT., THENCE S 89°27'18"E 2324.77 FT., THENCE S 83°28'19"E 1767.17 FT., THENCE S 58°41'48"E 1599.19 FT., THENCE S 72°50'33"E 263.28 FT., THENCE N 89°44'25"E 274.75 FT., THENCE N 00°15'10"W 1370.75 FT. TO A POINT ON THE NORTH LINE OF SECTION 21, SAID POINT BEARS S 88°50'46.95 FT. FROM THE NE CORNER OF SECTION 21, T 21 S, R 17 E, SLM.  
 ALSO, BEGINNING AT A POINT ON THE WEST LINE OF SECTION 15, SAID POINT BEARS N 00°15'10"W 227.74 FT. FROM THE SOUTHWEST CORNER OF SECTION 15, T 21 S, R 17 E, SLM, AND PROCEEDING THENCE WITH SAID CENTERLINE OF EASEMENT N 28°30'32"E 103.62 FT., THENCE N 00°15'10"W 238.25 FT., THENCE N 08°40'58"E 328.11 FT., THENCE N 00°07'54"E 1558.00 FT., THENCE N 02°00'07"W 178.42 FT., THENCE N 45°18'29"W 127.02 FT. TO A POINT ON THE EAST LINE OF SECTION 9 (SAID POINT BEARS N 00°15'10"W 88.94 FT. FROM THE SE CORNER OF SECTION 9, T 21 S, R 17 E, SLM), THENCE S 62°21'18"W 512.86 FT., THENCE S 81°10'07"W 288.18 FT., THENCE N 48°07'14"W 189.88 FT., THENCE N 56°40'07"W 288.66 FT., THENCE N 02°00'07"E 302.18 FT., THENCE N 45°38'59"E 970.21 FT., THENCE N 07°18'25"W 378.48 FT., THENCE N 19°25'55"W 1180.90 FT., THENCE N 06°00'11"W 741.18 FT., THENCE N 15°20'15"E 349.80 FT., THENCE N 47°58'48"E 169.75 FT., THENCE N 81°28'12"E 517.07 FT., THENCE N 28°39'17"E 373.43 FT., THENCE N 61°36'54"E 232.59 FT., THENCE N 52°45'55"E 792.69 FT., THENCE N 40°04'17"E 378.34 FT., THENCE N 59°04'59"E 458.82 FT., THENCE N 20°16'17"E 135.79 FT., THENCE N 45°58'02"E 131.03 FT., THENCE N 59°48'59"E 123.03 FT., THENCE N 33°15'07"E 683.48 FT., THENCE N 50°38'33"E 291.35 FT., THENCE N 24°29'54"E 165.18 FT., THENCE N 27°18'03"E 876.95 FT., THENCE N 07°53'08"E 551.57 FT., THENCE N 20°27'18"E 304.80 FT., THENCE N 28°32'39"E 261.37 FT., THENCE N 46°52'23"E 257.28 FT., THENCE N 52°48'29"W 216.95 FT. TO THE FIDELITY 22-3 WELL SITE AT A POINT WHICH BEARS N 28°33'27"E 4686.30 FT. FROM THE SW CORNER OF SECTION 3, T 21 S, R 17 E, SLM.  
 ALSO, BEGINNING AT A POINT WHICH BEARS S 26°19'44"W 3122.97 FT. FROM THE NORTHEAST CORNER OF SECTION 9, T 21 S, R 17 E, SLM, AND PROCEEDING THENCE WITH SAID CENTERLINE OF EASEMENT N 88°19'28"W 817.14 FT., THENCE N 64°50'07"E 446.78 FT. TO A POINT ON THE EAST LINE OF THE SE 1/4 OF THE NW 1/4 OF SECTION 15, AT A POINT WHICH BEARS S 49°34'08"W 3477.70 FT. FROM THE NORTHEAST CORNER OF SECTION 3, T 21 S, R 17 E, SLM.

**PIPELINE & ACCESS RIGHT-OF-WAY DESCRIPTION  
ACROSS SITLA LANDS**

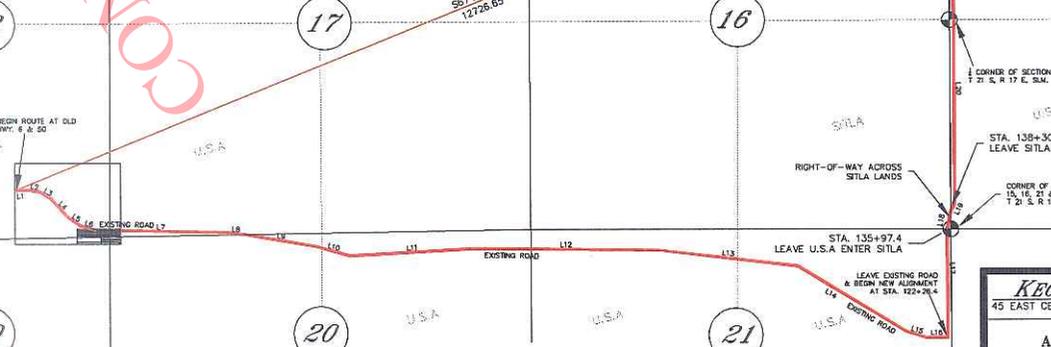
A 30.0 FT. WIDE ACCESS AND PIPELINE RIGHT-OF-WAY, 15.0 FT. EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE IN SECTION 16 OF T 21 S, R 17 E, SLM, EMERY COUNTY, UTAH:  
 BEGINNING AT A POINT ON THE SOUTH LINE OF SECTION 16, SAID POINT BEARS S 89°56'W 49.95 FT. FROM THE SE CORNER OF SECTION 16, T 21 S, R 17 E, SLM, AND PROCEEDING THENCE WITH SAID CENTERLINE OF RIGHT-OF-WAY N 02°07'09"E 233.14 FT. TO THE EAST LINE OF SAID SECTION 16, THE TERMINUS OF THIS CENTERLINE DESCRIPTION.

**PIPELINE & ACCESS RIGHT-OF-WAY DESCRIPTION  
ACROSS JOHN WILCOX TRUST LANDS**

A 30.0 FT. WIDE ACCESS AND PIPELINE RIGHT-OF-WAY, 15.0 FT. EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE IN SECTION 9 OF T 21 S, R 17 E, SLM, EMERY COUNTY, UTAH:  
 BEGINNING AT A POINT WHICH BEARS S 49°34'08"W 3477.70 FT. FROM THE NE CORNER OF SECTION 9, T 21 S, R 17 E, SLM, AND PROCEEDING THENCE WITH SAID CENTERLINE OF RIGHT-OF-WAY, N 64°50'07"W 412.70 FT. TO THE TERMINUS OF THIS CENTERLINE DESCRIPTION.



LINE	BEARING	DISTANCE
L1	N87°22'43"E	163.09
L2	S80°09'39"E	156.50
L3	S87°28'22"E	167.10
L4	S41°47'17"E	308.56
L5	S56°04'03"E	182.52
L6	S74°11'57"E	212.37
L7	S88°58'18"E	1636.30
L8	S83°33'26"E	244.92
L9	S80°32'48"E	904.29
L10	S74°50'33"E	445.53
L11	N86°37'54"E	1571.07
L12	S89°27'18"E	2324.77
L13	S83°28'19"E	1767.17
L14	S58°41'48"E	1599.19
L15	S72°50'33"E	263.28
L16	N89°44'25"E	274.75
L17	N00°15'10"W	1370.75
L18	N1207°00"E	233.14
L19	N28°36'32"E	103.62
L20	N00°15'10"W	288.25
L21	N09°40'58"E	328.11
L22	N00°07'54"E	1558.00
L23	N02°00'07"W	178.42
L24	N45°18'29"W	127.02
L25	S83°21'18"W	512.86
L26	S81°10'07"W	288.18
L27	N48°07'14"W	189.88
L28	N56°40'07"W	288.66
L29	N02°00'07"E	302.18
L30	N45°38'59"E	970.21
L31	N07°18'25"W	378.48
L32	N6°00'11"W	741.18
L33	N15°20'15"E	349.80
L34	N47°58'48"E	169.75
L35	N28°39'17"E	373.43
L36	N61°36'54"E	232.59
L37	N52°45'55"E	792.69
L38	N40°04'17"E	378.34
L39	N59°04'59"E	458.82
L40	N20°16'17"E	135.79
L41	N45°58'02"E	131.03
L42	N33°15'07"E	683.48
L43	N07°53'08"E	551.57
L44	N20°27'18"E	304.80
L45	N28°32'39"E	261.37
L46	N46°52'23"E	257.28
L47	N52°48'29"W	216.95
L48	N28°33'27"E	4686.30



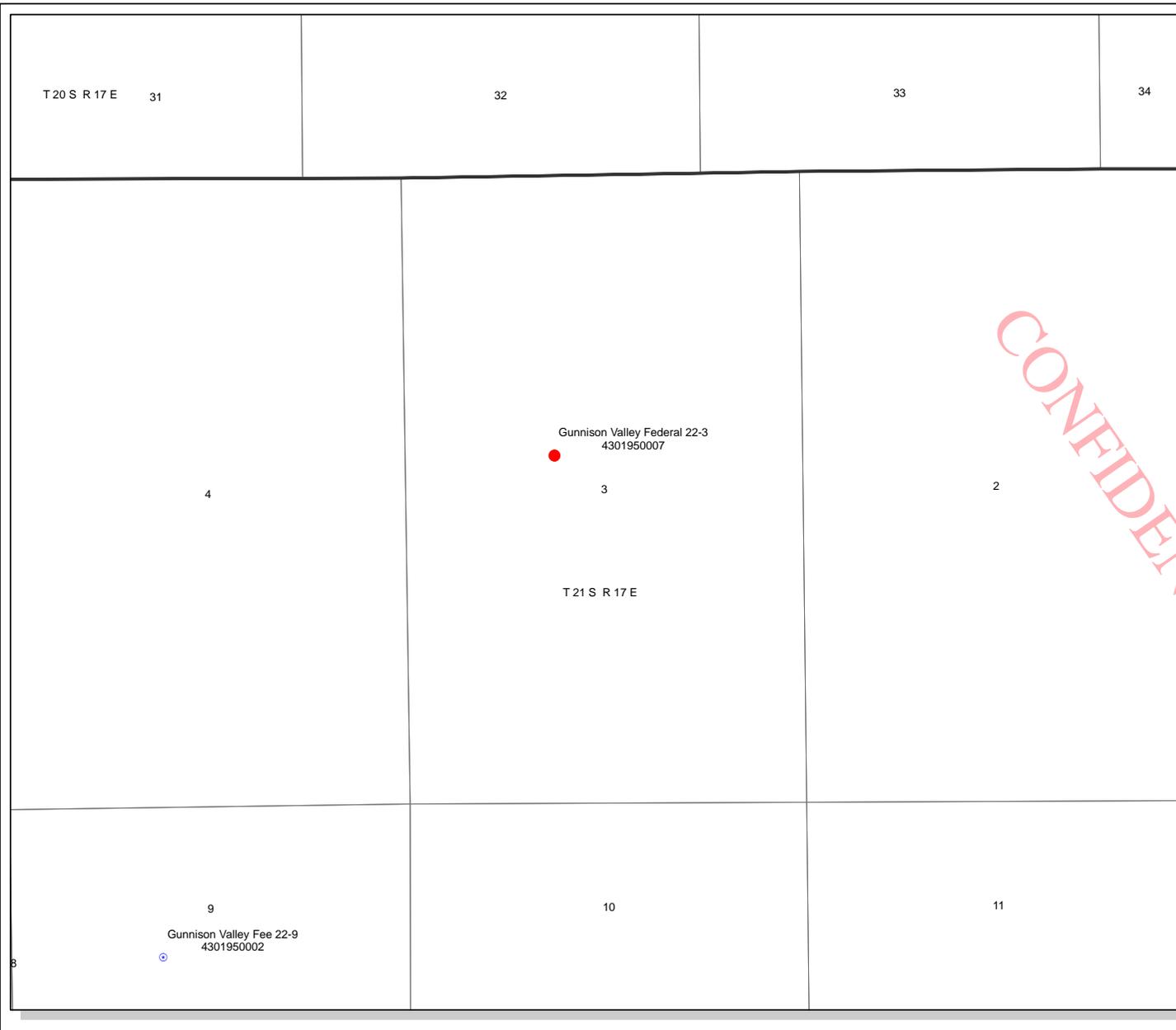
**KEOGH LAND SURVEYING**  
 45 EAST CENTER STREET MOAB, UTAH, 84532

**A ACCESS AND PIPELINE  
 ROUTE SURVEY TO FIDELITY  
 LOCATION GUNNISON VALLEY  
 FEE 22-9 & FEDERAL 22-3**

PREPARED FOR  
**FIDELITY EXPLORATION & PROD. CO.**

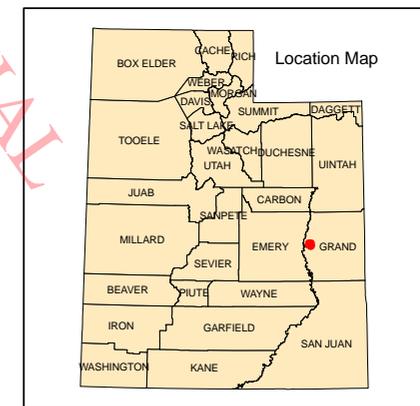
DATE: 7-28-09 DRAWN BY: TMK CHECKED BY: TMK  
 SCALE: 1"=1000' F.B.# TDC1 FIDELITY01L.DWG

APIWellNo:43019500070000



**API Number: 4301950007**  
**Well Name: Gunnison Valley Federal 22-3**  
**Township 21.0 S Range 17.0 E Section 3**  
**Meridian: SLBM**  
 Operator: FIDELITY E&P COMPANY  
 Map Prepared:  
 Map Produced by Diana Mason

- ⚡ GAS INJECTION ▨ Units
- ⦿ GAS STORAGE □ Spacing Index
- ✕ LOCATION ABANDONED ▨ ACTIVE FIELD
- ⊕ NEW LOCATION ▨ COMBINED FIELD
- ⋄ PLUGGED & ABANDONED
- ⋆ PRODUCING GAS
- PRODUCING OIL
- ⋄ SHUT-IN GAS
- ⋆ SHUT-IN OIL
- ✕ TEMP. ABANDONED
- ⦿ TEST WELL
- ▲ WATER INJECTION
- ⚡ WATER SUPPLY
- ⚡ WATER DISPOSAL



**WORKSHEET  
APPLICATION FOR PERMIT TO DRILL**

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**APD RECEIVED:** 10/20/2009

**API NO. ASSIGNED:** 43019500070000

**WELL NAME:** Gunnison Valley Federal 22-3

**OPERATOR:** FIDELITY E&P COMPANY (N3155)

**PHONE NUMBER:** 307 675-4924

**CONTACT:** Stephanie Masters

**PROPOSED LOCATION:** NENW 3 210S 170E

**Permit Tech Review:**

**SURFACE:** 4627 FSL 1981 FWL

**Engineering Review:**

**BOTTOM:** 4627 FSL 1981 FWL

**Geology Review:**

**COUNTY:** GRAND

**LATITUDE:** 39.02071

**LONGITUDE:** -110.03351

**UTM SURF EASTINGS:** 583669.00

**NORTHINGS:** 4319311.00

**FIELD NAME:** WILDCAT

**LEASE TYPE:** 1 - Federal

**LEASE NUMBER:** UTU-79808

**PROPOSED PRODUCING FORMATION(S):** CANE CREEK

**SURFACE OWNER:** 1 - Federal

**COALBED METHANE:** NO

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**RECEIVED AND/OR REVIEWED:**

- PLAT**
- Bond:** FEDERAL - CO1395
- Potash**
- Oil Shale 190-5**
- Oil Shale 190-3**
- Oil Shale 190-13**
- Water Permit:** Municipal
- RDCC Review:**
- Fee Surface Agreement**
- Intent to Commingle**

**Commingling Approved**

**LOCATION AND SITING:**

- R649-2-3.**
  - Unit:**
  - R649-3-2. General**
  - R649-3-3. Exception**
  - Drilling Unit**
  - Board Cause No:** R649-3-2
  - Effective Date:**
  - Siting:**
  - R649-3-11. Directional Drill**
- 

**Comments:** Presite Completed

**Stipulations:** 4 - Federal Approval - dmason  
23 - Spacing - dmason



# State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
*Executive Director*

Division of Oil, Gas and Mining

JOHN R. BAZA  
*Division Director*

## Permit To Drill

\*\*\*\*\*

**Well Name:** Gunnison Valley Federal 22-3  
**API Well Number:** 43019500070000  
**Lease Number:** UTU-79808  
**Surface Owner:** FEDERAL  
**Approval Date:** 10/27/2009

### Issued to:

FIDELITY E&P COMPANY, 2585 Heartland Drive, Sheridan, WY 82801

### Authority:

Pursuant to Utah Code Ann. §40-6-1 et seq., and Utah Administrative Code R649-3-1 et seq., the Utah Division of Oil, Gas and Mining issues conditions of approval, and permit to drill the listed well. This permit is issued in accordance with the requirements of R649-3-2. The expected producing formation or pool is the CANE CREEK Formation(s), completion into any other zones will require filing a Sundry Notice (Form 9). Completion and commingling of more than one pool will require approval in accordance with R649-3-22.

### Duration:

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

### 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.

### Conditions of Approval:

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

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

### Notification Requirements:

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

- Within 24 hours following the spudding of the well – contact Carol Daniels at 801-538-5284 (please leave a voicemail message if not available)

OR

submit an electronic sundry notice (pre-registration required) via the Utah Oil & Gas website at <https://oilgas.ogm.utah.gov>

**Reporting Requirements:**

All reports, forms and submittals as required by the Utah Oil and Gas Conservation General Rules will be promptly filed with the Division of Oil, Gas and Mining, including but not limited to:

- Entity Action Form (Form 6) – due within 5 days of spudding the well
- Monthly Status Report (Form 9) – due by 5th day of the following calendar month
- Requests to Change Plans (Form 9) – due prior to implementation
- Written Notice of Emergency Changes (Form 9) – due within 5 days
- Notice of Operations Suspension or Resumption (Form 9) – due prior to implementation
- Report of Water Encountered (Form 7) – due within 30 days after completion
- Well Completion Report (Form 8) – due within 30 days after completion or plugging

**Approved By:**

A handwritten signature in black ink, appearing to read "Gil Hunt", written over a faint rectangular stamp area.

For Gil Hunt  
Associate Director, Oil & Gas

Division of Oil, Gas and Mining  
**OPERATOR CHANGE WORKSHEET (for state use only)**

**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:

**4/22/2010**

<b>FROM: (Old Operator):</b> N3155-Fidelity Exploration & Production 2585 Heartland Drive Sheridan, WY 82801  Phone: 1 (307) 675-4924	<b>TO: ( New Operator):</b> N2855-Liberty Pioneer Energy Source 1411 East 840 North Orem, UT 84097  Phone: 1 (801) 224-4771
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**CA No.**

**Unit:**

WELL NAME	SEC	TWN	RNG	API NO	ENTITY NO	LEASE TYPE	WELL TYPE	WELL STATUS	
GUNNISON VLY FED 44-9	9	210S	170E	4301950004		Federal	GW	APD	C
GUNNISON VLY FED 44-5	5	210S	170E	4301950005		Federal	GW	APD	C
GUNNISON VLY FED 44-15	15	210S	170E	4301950006		Federal	GW	APD	C
GUNNISON VLY FED 22-3	3	210S	170E	4301950007		Federal	GW	APD	C

**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: 6/15/2010
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 6/15/2010
- The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 6/30/2010
- 4a. Is the new operator registered in the State of Utah:          Business Number: 6353640-0143
- 5a. (R649-9-2) Waste Management Plan has been received on:          IN PLACE
- 5b. Inspections of LA PA state/fee well sites complete on:          n/a
- 5c. 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 not yet          BIA
- Federal and Indian Units:**  
The BLM or BIA has approved the successor of unit operator for wells listed on:          n/a
- Federal and Indian Communization Agreements ("CA"):**  
The BLM or BIA has approved the operator for all wells listed within a CA on:          n/a
- Underground Injection Control ("UIC")** 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:          n/a

**DATA ENTRY:**

- Changes entered in the **Oil and Gas Database** on:          6/30/2010
- Changes have been entered on the **Monthly Operator Change Spread Sheet** on:          6/30/2010
- Bond information entered in RBDMS on:          n/a
- Fee/State wells attached to bond in RBDMS on:          n/a
- Injection Projects to new operator in RBDMS on:          n/a
- Receipt of Acceptance of Drilling Procedures for APD/New on:          6/30/2010

**BOND VERIFICATION:**

- Federal well(s) covered by Bond Number:          UTB000334
- Indian well(s) covered by Bond Number:          n/a
- 3a. (R649-3-1) The **NEW** operator of any state/fee well(s) listed covered by Bond Number          n/a
- 3b. The **FORMER** operator has requested a release of liability from their bond on:          n/a

**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:          n/a

**COMMENTS:**

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

5. LEASE DESIGNATION AND SERIAL NUMBER:  
UTU79808

SUNDRY NOTICES AND REPORTS ON WELLS

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  GAS WELL  OTHER \_\_\_\_\_

8. WELL NAME and NUMBER:  
Gunnison Valley Federal 22-3

2. NAME OF OPERATOR:  
Fidelity Exploration and Production *N3155*

9. API NUMBER:  
4301950007

3. ADDRESS OF OPERATOR:  
2585 Heartland Drive CITY Sheridan STATE WY ZIP 82801

PHONE NUMBER:  
(307) 675-4924

10. FIELD AND POOL, OR WILDCAT:  
Wildcat

4. LOCATION OF WELL  
FOOTAGES AT SURFACE: Lot 11 4627 FSL 1981FWL 39.02067 N Lat, 110.03490 W Lon

COUNTY: Grand

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 3 21S 17E S

STATE: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: <u>4/22/2010</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 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 April 22 2010 Fidelity Exploration and Production Company resigned as Operator of the referenced well and request that the operator be designated and the referenced approved APD transferred from Fidelity Exploration and Production Company to successor operator Liberty Pioneer Energy Source, Inc.

Liberty Pioneer Energy Source, Inc will operate the well under the approved conditions and submitted APD utilizing State of Utah blanket bond: RLB0012097 and BLM Blanket Bond: UTB000334.

*[Signature]*  
Daniel R. Gunnell-President

*[Signature]*  
Marv Rygh -VP Southern Rockies

Liberty Pioneer Energy Source *N2855*  
1411 East 840 North  
Orem, Utah 84097  
801-224-4771

Fidelity Exploration and Production Company  
1700 Lincoln Ave. Suite 2800  
Denver, Co 80202  
720-931-9628

NAME (PLEASE PRINT) Stephanie Masters TITLE Operations Technician III  
SIGNATURE *[Signature]* DATE 5/5/2010

(This space for State use only)  
APPROVED 6/30/2010  
*[Signature]*  
Earlene Russell  
Division of Oil, Gas and Mining  
Earlene Russell, Engineering Technician (See Instructions on Reverse Side)

RECEIVED  
JUN 15 2010  
DIV. OF OIL, GAS & MINING

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

**Request to Transfer Application or Permit to Drill**

(This form should accompany a Sundry Notice, Form 9, requesting APD transfer)

Well name:	Gunnison Valley Federal 22-3
API number:	43301950007
Location:	Q1 Q1 swnw Section 3 Township 21s Range 17e
Company that filed original application:	Fidelity Exploration and Production
Date original permit was issued:	10/27/2009
Company that permit was issued to:	Fidelity Exploration and Production

Check one	Desired Action:
<input type="checkbox"/>	<b>Transfer pending (unapproved) Application for Permit to Drill to new operator</b>
	The undersigned as owner with legal rights to drill on the property, hereby verifies that the information as submitted in the pending Application for Permit to Drill, remains valid and does not require revision. The new owner of the application accepts and agrees to the information and procedures as stated in the application.
<input checked="" type="checkbox"/>	<b>Transfer approved Application for Permit to Drill to new operator</b>
	The undersigned as owner with legal rights to drill on the property as permitted, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.	Yes	No
If located on private land, has the ownership changed?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<input type="checkbox"/> If so, has the surface agreement been updated?	<input type="checkbox"/>	<input type="checkbox"/>
Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Have there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Have there been any changes to the access route including ownership or right-of-way, which could affect the proposed location?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Has the approved source of water for drilling changed?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Is bonding still in place, which covers this proposed well? Bond No. <u>RLB0012097 &amp; UTB000334</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Any desired or necessary changes to either a pending or approved Application for Permit to Drill that is being transferred, should be filed on a Sundry Notice, Form 9, or amended Application for Permit to Drill, Form 3, as appropriate, with necessary supporting information as required.

Name (please print) Daniel Gunnell Title President  
 Signature  Date 06/30/2010  
 Representing (company name) Liberty Pioneer Energy Source Inc.

The person signing this form must have legal authority to represent the company or individual(s) to be listed as the new operator on the Application for Permit to Drill.

**RECEIVED**

**JUN 30 2010**

<b>STATE OF UTAH</b> DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING	<b>FORM 9</b>  <b>5. LEASE DESIGNATION AND SERIAL NUMBER:</b> UTU-79808
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<b>SUNDRY NOTICES AND REPORTS ON WELLS</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.	<b>6. IF INDIAN, ALLOTTEE OR TRIBE NAME:</b>  <b>7. UNIT or CA AGREEMENT NAME:</b>
--	--

<b>1. TYPE OF WELL</b> Gas Well	<b>8. WELL NAME and NUMBER:</b> GUNNISON VLY FED 22-3
------------------------------------	--

<b>2. NAME OF OPERATOR:</b> LIBERTY PIONEER ENERGY SOURCE, INC	<b>9. API NUMBER:</b> 43019500070000
---	---

<b>3. ADDRESS OF OPERATOR:</b> 1411 East 840 North , Orem, UT, 84097	<b>PHONE NUMBER:</b> 801 224-4771 Ext	<b>9. FIELD and POOL or WILDCAT:</b> WILDCAT
---	--	---

<b>4. LOCATION OF WELL</b> <b>FOOTAGES AT SURFACE:</b> 4627 FSL 1981 FWL <b>QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:</b> Qtr/Qtr: NENW Section: 03 Township: 21.0S Range: 17.0E Meridian: S	<b>COUNTY:</b> GRAND  <b>STATE:</b> UTAH
---	--

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> <b>NOTICE OF INTENT</b> Approximate date work will start: 8/15/2011  <input type="checkbox"/> <b>SUBSEQUENT REPORT</b> Date of Work Completion:  <input type="checkbox"/> <b>SPUD REPORT</b> Date of Spud:  <input type="checkbox"/> <b>DRILLING REPORT</b> Report Date:	<input type="checkbox"/> ACIDIZE <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> DEEPEN <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> ALTER CASING <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> SI TA STATUS EXTENSION <input type="checkbox"/> OTHER	<input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> PLUG BACK <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> WATER DISPOSAL <input checked="" type="checkbox"/> APD EXTENSION OTHER: <input style="width: 100px;" type="text"/>

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

Liberty Pioneer Energy Source, Inc. hereby requests a one year extension of the state permit for the referenced well This is the first extension that has been requested.

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

**Date:** August 31, 2010

**By:**

<b>NAME (PLEASE PRINT)</b> Don Hamilton	<b>PHONE NUMBER</b> 435 719-2018	<b>TITLE</b> Permitting Agent (Buys & Associates, Inc)
<b>SIGNATURE</b> N/A		<b>DATE</b> 8/30/2010



The Utah Division of Oil, Gas, and Mining

- State of Utah
- Department of Natural Resources

Electronic Permitting System - Sundry Notices

Request for Permit Extension Validation Well Number 43019500070000

API: 43019500070000

Well Name: GUNNISON VLY FED 22-3

Location: 4627 FSL 1981 FWL QTR NENW SEC 03 TWP 210S RNG 170E MER S

Company Permit Issued to: LIBERTY PIONEER ENERGY SOURCE, INC

Date Original Permit Issued: 10/27/2009

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

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

Approved by the Utah Division of Oil, Gas and Mining

Signature: Don Hamilton

Date: 8/30/2010

Title: Permitting Agent (Buys & Associates, Inc) Representing: LIBERTY PIONEER ENERGY SOURCE, INC

Date: August 31, 2010 By: [Signature]



# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
*Executive Director*

### Division of Oil, Gas and Mining

JOHN R. BAZA  
*Division Director*

December 29, 2011

Liberty Pioneer Energy Source, Inc.  
1411 East 840 North  
Orem, UT 84097

Re: APD Rescinded – Gunnison Valley Fed 22-3, Sec. 3, T. 21S, R. 17E  
Grand County, Utah API No. 43-019-50007

Ladies and Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on October 27, 2009. On August 31, 2010, the Division granted a one-year APD extension. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective December 29, 2011.

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

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

Sincerely,

Diana Mason  
Environmental Scientist

cc: Well File  
Bureau of Land Management, Moab





GARY R. HERBERT  
Governor

GREG BELL  
Lieutenant Governor

# State of Utah

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Diana Mason  
Environmental Scientist

cc: Well File  
Bureau of Land Management, Moab



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0136  
Expires July 31, 2010

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		<b>CONFIDENTIAL</b>	5. Lease Serial No. UTU79808
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone			6. If Indian, Allottee or Tribe Name
2. Name of Operator FIDELITY E & P		Contact: STEPHANIE MASTERS E-Mail: stephanie.masters@fidelityepco.com	7. If Unit or CA Agreement, Name and No.
3a. Address 2585 HEARTLAND DRIVE SHERIDAN, WY 82801	3b. Phone No. (include area code) Ph: 307-675-4924 Fx: 307-673-6850	8. Lease Name and Well No. GUNNISON VALLEY FEDERAL 22-3	
4. Location of Well (Report location clearly and in accordance with any State requirements.*) At surface SWNW Lot 11 4627FSL 1981FWL 39.02067 N Lat, 110.03490 W Lon At proposed prod. zone SWNW Lot 11 4627FSL 1981FWL 39.02067 N Lat, 110.03490 W Lon		9. API Well No. 43 019 50007	
14. Distance in miles and direction from nearest town or post office* 7 MILES NORTHEAST OF GREEN RIVER, UT		10. Field and Pool, br Exploratory WILDCAT	11. Sec., T., R., M., or Blk. and Survey or Area Sec 3 T21S R17E Mer SLB
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1981'	16. No. of Acres in Lease 1453.70	12. County or Parish GRAND	13. State UT
18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft. NONE	19. Proposed Depth 12200 MD 12200 TVD	17. Spacing Unit dedicated to this well 40.00	
21. Elevations (Show whether DF, KB, RT, GL, etc.) 4446 GL	22. Approximate date work will start	20. BLM/BIA Bond No. on file CO1395	
		23. Estimated duration 45	

24. Attachments

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

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

25. Signature (Electronic Submission)	Name (Printed/Typed) STEPHANIE MASTERS Ph: 307-675-4924	Date 10/15/2009
Title OPERATIONS TECHNICIAN III		
Approved by (Signature) /s/ A. Lynn Jackson	Name (Printed/Typed) /s/ A. Lynn Jackson	Date 2/22/10
Title Assistant Field Manager, Division of Resources	Office Division of Resources Moab Field Office	

Application approved for operations only if the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.  
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Electronic Submission #75742 verified by the BLM Well Information System  
For FIDELITY E & P, sent to the Moab  
Committed to AFMSS for processing by MARIE MCGANN on 10/20/2009 ()

CONDITIONS OF APPROVAL ATTACHED

RECEIVED

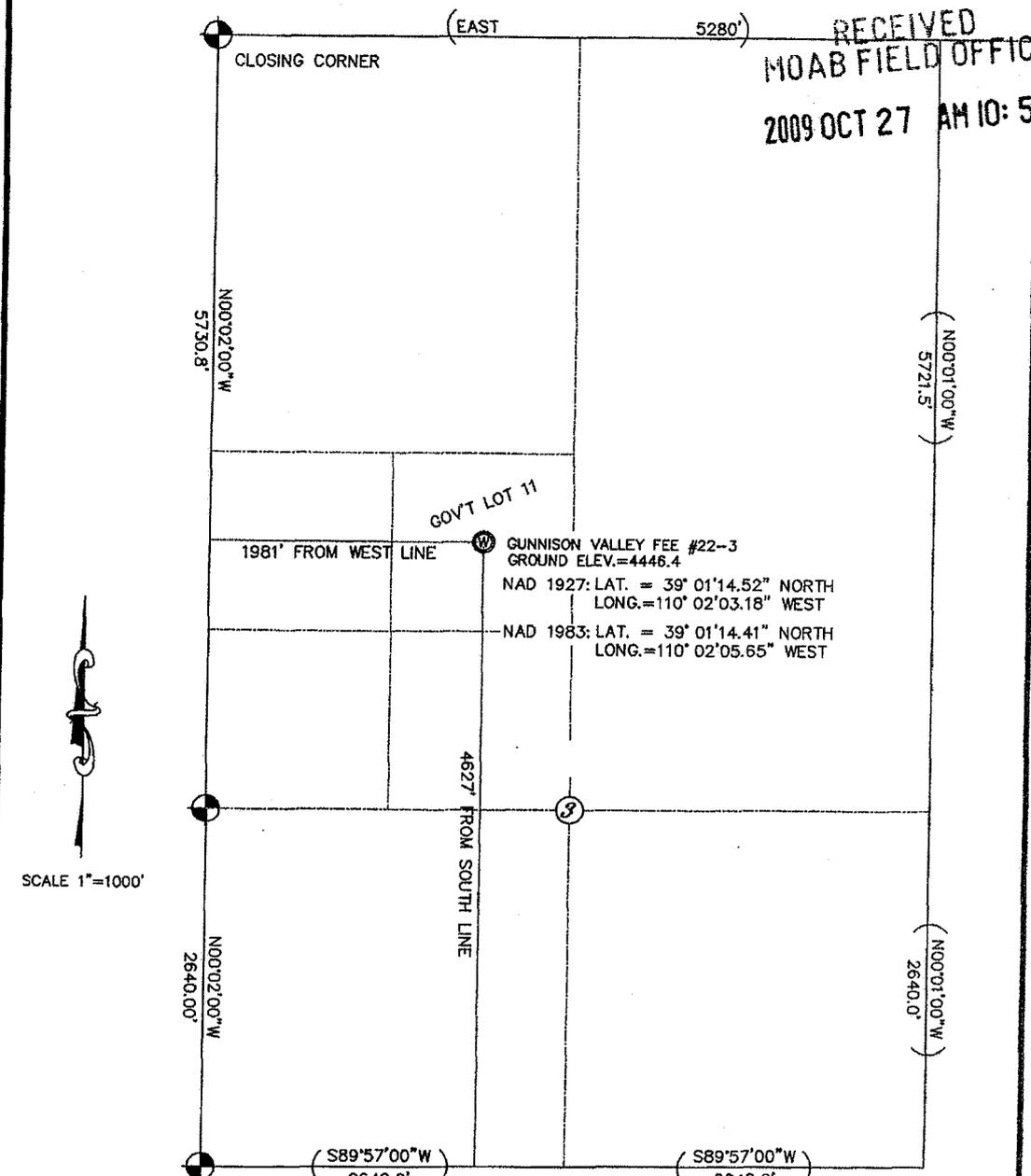
FEB 25 2010

DIV. OF OIL, GAS & MINING

\*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED \*\*

SECTION 3, T 21 S, R 17 E, SLM

RECEIVED  
MOAB FIELD OFFICE  
2009 OCT 27 AM 10:58



SCALE 1"=1000'

NOTES: DATA IN PARENTHESIS IS OF RECORD. ALL OTHER DATA IS SURVEYED DATA.

ELEVATIONS ARE BASED ON U.S.G.S. TOPO QUAD "TUSHER CANYON". ELEV. AT SW SEC. 3 = "4373".

**LEGEND**

- FOUND GOVERNMENT AND/OR PRIVATE RECTANGULAR SURVEY CORNER
- ⊙ SET SPIKE WITH METAL POST AT PROPOSED WELL LOCATION

**KEOGH LAND SURVEYING**  
45 EAST CENTER STREET MOAB, UTAH, 84532

A SURVEY OF  
**GUNNISON VALLEY  
FEDERAL 22-3**

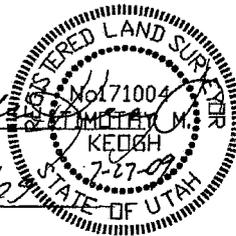
WITHIN SECTION 3, T 21 S, R 17 E, SLM,  
GRAND COUNTY, UTAH

PREPARED FOR  
**FIDELITY EXPLORATION & PRODUCTION CO.**

DATE: 7-27-09	DRAWN BY: TMK	CHECKED BY: TMK
SCALE: 1"=1000'	F.B.# TDC1	FIDELITY.DWG

*Timothy M. Keogh*  
TIMOTHY M. KEOGH

DATE *July 27/09*



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DIV. OF OIL, GAS & MINING

Fidelity Exploration & Production Company  
**Gunnison Valley Federal 22-3**  
Lease UTU79808  
Lot 11 Sec. 3, T21S, R17E  
Grand County, Utah

**A COMPLETE COPY OF THIS APPROVED PERMIT and Conditions of Approval shall be maintained on location during all construction and drilling operations, and shall be available to contractors to ensure compliance.**

CONDITIONS OF APPROVAL

Approval of this application does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Be advised that Fidelity Exploration & Production Company is considered to be the operator of the above well and is responsible under the terms and conditions of the lease for the operations conducted on the leased lands.

Bond coverage for this well is provided by **CO1395** (Principal – Fidelity Exploration & Production Company) via surety consent as provided for in 43 CFR 3104.2.

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

This permit will be valid for a period of two years from the date of approval. An extension of this permit will be considered only if a written request is received prior to APD expiration. After permit termination, a new application must be filed for approval.

All lease operations will be conducted in full compliance with applicable regulations (43 CFR 3100), Onshore Oil and Gas Orders, lease terms, notices to lessees, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. Failure to comply with the provisions of this permit, including applicable regulations, stipulations, and/or approval conditions, will be considered a violation subject to the enforcement provisions of 43 CFR Subpart 3163.

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**FEB 25 2009**

**DIV. OF OIL, GAS & MINING**

## A. DRILLING PROGRAM

1. From the surface casing point to the intermediate casing point, a 5M pressure control system is adequate. Prior to drilling out the intermediate casing shoe a 10M pressure control system is necessary. All components of the system, including the annular preventer, shall be rated to a working pressure of 10M. Installation, testing and operation of the BOP system shall be in conformance with Onshore Oil and Gas Order No. 2. Additional requirements of 10M BOPE systems, that were not addressed in the application, include, but are not limited to (please refer to Onshore Oil & Gas Order No. 2 for further detail):
  - mud/gas separator,
  - remote kill line running unobstructed to the edge of the substructure
2. During air drilling, the requirements of Onshore Oil and Gas Order No. 2, Section III.E. *Special Drilling Operations* must be followed.
3. Drilling reports, which describe the activities of each day, shall be submitted to the BLM Moab Field Office on a weekly, or more frequent, basis. In addition to a daily summary of activities, drilling reports shall include the drilling fluid weight, details of casing and cement, water flows, lost circulation zones and any other information that would contribute to the understanding of drilling conditions. This requirement can be satisfied by including BLM Petroleum Engineer Eric Jones ([ejones@blm.gov](mailto:ejones@blm.gov)) on the morning report email distribution.
4. If returns are lost while cementing the surface casing and cement does not circulate to surface, contact BLM Petroleum Engineer, Eric Jones at 435-259-2117 office, 435-259-2214 home or 435-260-8686 cell. Do not initiate a top-job without BLM concurrence.
5. The intermediate casing must be cemented to at least 200 feet above the top of the Entrada Sandstone, to isolate possible usable quality water zones in the Entrada, Navajo, Kayenta and Wingate Sandstone formations. This will require increasing the volume of cement designed for the second stage. The top-of-cement must be verified with a cement bond log or other appropriate tool.
6. A pressure integrity test of the intermediate casing shoe/formation shall be conducted prior to drilling more than 20 feet below the shoe. This is to test the casing shoe to the equivalent mud weight that it is expected to be exposed to. This is not intended to be a leak-off test.

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## **B. Surface**

### **Site Specific COAs**

#### **Gunnison Valley Federal 44-5**

1. The operator shall maintain a 30 foot undisturbed vegetated buffer between the pad and the large dry wash adjacent to the pad.

#### **Gunnison Valley Federal 44-15**

1. The operator shall maintain a 30 foot undisturbed vegetated buffer between the pad and the large dry wash adjacent to the pad.

### **General COAs**

#### **Other required approvals**

1. This approval does not authorize non-federal actions. State and county permits may be required prior to any construction activity.

#### **Cultural**

2. Should any cultural resources be unearthed, surface-disturbing activities would be re-routed to avoid or halted until the cultural sites/artifacts can be evaluated for significance, and a mitigation/salvage plan be formulated. These actions would successfully mitigate possible impacts to cultural resources such that detailed analysis is not required.

#### **Paleontological Resources**

1. Paleontological resources could be discovered during construction. Because of this the operator shall; (1) with contractors, go over procedures for stopping work and notifying BLM if paleontological resources were found while working on the project, (2) notify the contractor of his responsibilities for informing employees/sub-contractors of the potential for prosecution if paleontological resources were disturbed.

#### **Wildlife**

1. In order to protect nesting raptors and kit fox, no road or well pad construction, drilling or well completion operations, or construction of production facilities would be authorized between March 1 and August 31. No permanent facilities or construction activities would be allowed that could cause permanent abandonment of established nest sites or kit fox natal den if facility or construction removed a nest or den or permanently interfered with nesting activity. Most raptors typically require a ½ mile buffer except burrowing owls which require a ¼ mile buffer to protect nest site and nest activity. Raptor surveys and kit fox den surveys would be required during breeding and nesting season by a qualified biologist prior to initial construction. Prior to surface disturbing activities each year after, breeding season surveys must be updated or redone. The limitation does not apply to maintenance and operation of producing wells. Exceptions would be granted to this limitation if updated surveys show no activity. This exception would be specified in writing by the Moab Field Office.

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2. In order to protect pronghorn antelope during the fawning period, no road/well pad construction would be authorized between May 1 and June 15. The limitation does not apply to maintenance and operation of producing wells. Exceptions to this limitation may be applied for and would be specified in writing by the Moab Field Office.

#### **Well Pad/Road Construction/Maintenance**

1. All soil and gravel brought in from off site for road or pad construction need to come from a pit free of invasive, non-native plant species.
2. Impacts from new well pad and road construction would be minimized by appropriate drainage control (i.e. water bars, low water crossings in ephemeral drainages, etc). If the wells go into production, mitigation of impacts to soils would include 1) upgrading roads to BLM Gold Book standards and 2) reclamation of any unused areas (i.e. wellpads, unneeded road access). If the wells are not produced, then reclamation would mitigate and reduce impacts to soils.
3. Facilities (tanks, separators, dehydration, pumps, etc.) shall be applied for and approved via Sundry Notice prior to installation at the well site.
4. The operator shall maintain the existing roads in a safe, usable condition, as directed by the Moab Field Office. The maintenance program shall include, but is not limited to, blading, ditching, installing culverts, and if needed, surfacing the road with rock materials. The operator shall conduct all activities associated with the Grand County roads within the existing surface disturbances of the maintained roads. The operator shall repair all damages to the county roads resulting from traffic associated with constructing, drilling, and producing the well.
5. The operator shall not block access to roads that intersect with the main roads being used to drill this well. If blading the road for maintenance, the operator must make sure to remove any windrow that crosses another road.
6. The operator shall salvage the topsoil from entire disturbed area of the location prior to construction of the pad.
7. Gates and cattle guards shall be maintained to at least existing condition or better.
8. New roads constructed shall be signed "Administrative Use Only."

#### **Wastes**

1. All Federal and State laws would be followed regarding use, storage and disposal of hazardous materials and solid wastes.
2. No produced water or other fluids would be disposed on the well pad or roads.

#### **Soils/Dust**

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**FEB 25 2010**

**DIV. OF OIL, GAS & MINING**

1. Dust control would be provided during construction and drilling operations by spraying fresh water on new road construction, roads being maintained or utilized, and the well pad as needed.
2. To minimize watershed damage on saline soils in the Mancos Shale, no surface-disturbing activities would be allowed from December 1 to May 31. This restriction includes road construction and traffic on existing roads associated with drilling operations.

**Reclamation**

1. Drill pad and new road to a non-producing well would be reclaimed. Reclamation shall include removal of new road and the incorporation of a seed mix that would provide a vegetation structure as close to the existing plant community as possible.
2. At the end of drilling operations and prior to reclamation of the reserve pit, the top of the pit would be covered with netting of one inch or less to prevent access by birds while the pit is drying. The pit is required to be fenced while it is netted.
3. The pit would not be left open for more than 6 months from the completion of drilling activities. If necessary the pit fluids would be drained, disposed of appropriately, and then closed prior to the 6 month deadline. If completion of drilling activities occurs late in the year, then an exception to this requirement can be requested to facilitate adequate drying.
4. Interim reclamation shall be commenced within 6 months of completion of the well. Interim reclamation is the reclamation of all the portions of the pad not required for everyday production. If completion of drilling activities occurs late in the year, then an exception to this requirement can be requested to facilitate adequate reclamation.
5. For Interim and Final Reclamation the operator would drill seed on the contour to a depth of 0.5 inch, followed by cultipaction to compact the seedbed, preventing soil and seed losses. To maintain quality and purity, the current years tested, certified seed with a minimum germination rate of 80% and a minimum purity of 90% would be used. Use the following seed mix:

Species – Cultivar	% in Mix	Lbs PLS*
Indian Ricegrass	30	4
Sand dropseed	20	3
Needleandthread grass	30	4
Four-wing saltbush	20	3
Totals	100%	14.00 lbs/acre

\*PLS = pure live seed

\*Double this rate if broadcast seeding

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6. Slopes too steep for machinery may be hand broadcast and raked with twice the specified amount of seed.

#### **Noxious/Invasive Weeds**

1. To reduce the opportunity to transport invasive and/or noxious weeds, the operator would be required to wash all vehicles and equipment before mobilizing into the project area to begin any dirt work or drilling activities.
2. The operator would be responsible for weed control on the disturbed areas within the limits of the well pad and road construction. The operator would be responsible for consultation with the authorized officer and/or local authorities for acceptable weed control methods.
3. The operator would monitor for noxious weeds throughout the growing season that might move onto the location. If any are discovered an Integrated Pest Management Plan would be created and need BLM approval prior to beginning any treatment program.

#### **Air Quality**

1. All new and replacement internal combustion oil and gas field engines of less than or equal to 300 design-rated horsepower must not emit more than 2.0 grams of NOx per horsepower-hour. This requirement does not apply to oil and gas field engines of less than or equal to 40 design-rated horsepower;
2. All new and replacement internal combustion oil and gas field engines of greater than 300 design rated horsepower must not emit more than 1.0 gram of NOx per horsepower-hour.

#### **Other**

1. If there are any questions concerning these surface use COAs, please contact:  
Ben Kniola  
Natural Resource Specialist  
Phone: (435)259-2127

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**FEB 25 2010**

**DIV. OF OIL, GAS & MINING**

### C. REQUIRED APPROVALS, REPORTS AND NOTIFICATIONS

Required verbal notifications are summarized in Table 1, attached.

Building Location- Contact the Moab Field Office, Natural Resource Protection Specialist at least 48-hours prior to commencing construction of location.

Spud- The spud date will be reported to BLM 24-hours prior to spud. Written notification in the form of a Sundry Notice (Form 3160-5) will be submitted to the Moab Field Office within 24-hours after spud, regardless of whether spud was made with a dry hole digger or big rig.

Water Zones- Water zones that are encountered while drilling are to be reported to the BLM. They shall be reported by depth and shall include as much information as is available, such as flow rate and water quality. Water zones may be reported in the daily drilling reports.

Daily Drilling Reports- Daily drilling reports shall detail the progress and status of the well and shall be submitted to the Moab Field Office on a weekly basis.

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

Sundry Notices- There will be no deviation from the proposed drilling and/or workover program without prior approval. "Sundry Notices and Reports on Wells" (Form 3160-5) will be filed with the Moab Field Office for approval of all changes of plans and subsequent operations in accordance with 43 CFR 3162.3-2. Safe drilling and operating practices must be observed.

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

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

Cultural Resources- If cultural resources are discovered during construction, work that might disturb the resources is to stop, and the Moab Field Office is to be notified.

First Production- Should the well be successfully completed for production, the Moab Field Office will be notified when the well is placed in producing status. Such notification may be made by phone, but must be followed by a sundry notice or letter not later than five business days following the date on which the well is placed into production.

A first production conference will be scheduled as soon as the productivity of the well is apparent. This conference should be coordinated through the Moab Field Office. The Moab Field Office shall be notified prior to the first sale.

Well Completion Report- Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted to the Moab Field Office not later than thirty-days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3162.4-1. Two copies of all logs, core descriptions, core analyses, well test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. When requested, samples (cuttings and/or samples) will be submitted to the Moab Field Office.

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Venting/Flaring of Gas- Gas produced from this well may not be vented/flared beyond an initial, authorized test period of 30 days or 50 MMcf, whichever first occurs, without the prior, written approval of the Moab Field Office. Should gas be vented or flared without approval beyond the authorized test period, the well may be ordered shut-in until the gas can be captured or approval to continue the venting/flaring as uneconomic is granted. In such case, compensation to the lessor (BLM) shall be required for that portion of the gas that is vented/flared without approval and which is determined to have been avoidably lost.

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

Off-Lease Measurement, Storage, Commingling- Prior approval must be obtained from the Moab Field Office for off-lease measurement, off-lease storage and/or commingling (either down-hole or at the surface).

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

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

#### TABLE 1

#### NOTIFICATIONS

Contact Jeff Brown (435-587-1525) of the BLM Monticello Field Office, and Ben Kniola (435-259-2127) or Dave Skinner (435-259-2145) of the BLM Moab Field Office for the following:

- 2 days prior to beginning location and access construction (Kniola/Skinner);
- 1 day prior to spud (Brown);
- 50 feet prior to reaching the **surface** and **intermediate** casing setting depths (Brown);
- 3 hours prior to testing BOPE (Brown).

If the above cannot be reached, please notify the Moab Field Office at 435-259-2100. If unsuccessful, contact the person listed below.

Well abandonment operations require 24 hour advance notice and prior approval. In the case of newly drilled dry holes, verbal approval can be obtained by calling the Moab Field Office at 435-259-2100. If approval is needed after work hours, you may contact the following:

Eric Jones, Petroleum Engineer      Office: 435-259-2117  
Home: 435-259-2214

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