

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

FORM 3

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL						1. WELL NAME and NUMBER Cane Creek Unit 20-1				
2. TYPE OF WORK DRILL NEW WELL <input checked="" type="checkbox"/> REENTER P&A WELL <input type="checkbox"/> DEEPEN WELL <input type="checkbox"/>						3. FIELD OR WILDCAT PARK ROAD				
4. TYPE OF WELL Oil Well Coalbed Methane Well: NO						5. UNIT or COMMUNITIZATION AGREEMENT NAME CANE CREEK				
6. NAME OF OPERATOR FIDELITY E&P COMPANY						7. OPERATOR PHONE 303 893-3133				
8. ADDRESS OF OPERATOR 2585 Heartland Drive, Sheridan, WY, 82801						9. OPERATOR E-MAIL marv.rygh@fidelityepco.com				
10. MINERAL LEASE NUMBER (FEDERAL, INDIAN, OR STATE) UTU50393			11. MINERAL OWNERSHIP FEDERAL <input checked="" type="checkbox"/> INDIAN <input type="checkbox"/> STATE <input type="checkbox"/> FEE <input type="checkbox"/>			12. SURFACE OWNERSHIP FEDERAL <input checked="" type="checkbox"/> INDIAN <input type="checkbox"/> STATE <input type="checkbox"/> FEE <input type="checkbox"/>				
13. NAME OF SURFACE OWNER (if box 12 = 'fee')						14. SURFACE OWNER PHONE (if box 12 = 'fee')				
15. ADDRESS OF SURFACE OWNER (if box 12 = 'fee')						16. SURFACE OWNER E-MAIL (if box 12 = 'fee')				
17. INDIAN ALLOTTEE OR TRIBE NAME (if box 12 = 'INDIAN')			18. INTEND TO COMMINGLE PRODUCTION FROM MULTIPLE FORMATIONS YES <input type="checkbox"/> (Submit Commingling Application) NO <input checked="" type="checkbox"/>			19. SLANT VERTICAL <input checked="" type="checkbox"/> DIRECTIONAL <input type="checkbox"/> HORIZONTAL <input type="checkbox"/>				
20. LOCATION OF WELL		FOOTAGES		QTR-QTR	SECTION	TOWNSHIP	RANGE	MERIDIAN		
LOCATION AT SURFACE		831 FNL 177 FWL		NWNW	20	26.0 S	20.0 E	S		
Top of Uppermost Producing Zone		831 FNL 177 FWL		NWNW	20	26.0 S	20.0 E	S		
At Total Depth		831 FNL 177 FWL		NWNW	20	26.0 S	20.0 E	S		
21. COUNTY GRAND			22. DISTANCE TO NEAREST LEASE LINE (Feet) 177			23. NUMBER OF ACRES IN DRILLING UNIT 1835				
27. ELEVATION - GROUND LEVEL 6047			25. DISTANCE TO NEAREST WELL IN SAME POOL (Applied For Drilling or Completed) 0			26. PROPOSED DEPTH MD: 7800 TVD: 7800				
			28. BOND NUMBER CO-1395			29. SOURCE OF DRILLING WATER / WATER RIGHTS APPROVAL NUMBER IF APPLICABLE Municipal				
Hole, Casing, and Cement Information										
String	Hole Size	Casing Size	Length	Weight	Grade & Thread	Max Mud Wt.	Cement	Sacks	Yield	Weight
COND	26	20	0 - 60	94.0	J-55 ST&C	15.0	Class G	81	1.17	15.0
SURF	17.5	13.375	0 - 1500	54.5	J-55 ST&C	13.5	Type II	200	3.48	11.0
							Type II	193	1.8	13.5
I1	12.25	9.625	0 - 4604	40.0	HCN-80 LT&C	15.8	Halliburton Premium , Type Unknown	334	2.16	12.5
							Halliburton Premium , Type Unknown	255	1.23	15.8
PROD	8.75	7	0 - 4657	29.0	N-80 LT&C	16.5	Halliburton Premium , Type Unknown	352	1.3	16.5
			4657 - 7800	35.0	P-110 LT&C	16.5	None			
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 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					
NAME Stephanie Masters			TITLE Operations Tech			PHONE 307 675-4924				
SIGNATURE			DATE 09/08/2011			EMAIL Stephanie.Masters@fidelityepco.com				
API NUMBER ASSIGNED 43019500170000			APPROVAL			 Permit Manager				

ONSHORE ORDER NO. 1
 Fidelity Exploration & Production Company
 Cane Creek Unit #20-1

CONFIDENTIAL - TIGHT HOLE

Lease No. UTU-50393

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 Grand County, Utah

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

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

1. ESTIMATED TOPS OF ALL GEOLOGIC GROUPS, FORMATIONS, MEMBERS, OR ZONES

The estimated tops of important geologic markers are as follows:

<i>Formation</i>	<i>Measured Depth</i>	<i>Subsea</i>
Navajo Sand	Surface	---
Wingate Sand	380'	+5,664'
Chinle	737'	+5,307'
Moenkopi	1,086'	+4,958'
Cutler	1,552'	+4,492'
Honaker Trail	2,959'	+3,085'
Paradox	4,288'	+1,756'
Cane Creek Shale	7,644'	-1,600'
T.D.	7,800'	-1,756'

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

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

<i>Substance</i>	<i>Formation</i>	<i>Depth</i>	<i>Thickness</i>
Brine	1 st Salt	4,484'	60'
Oil	Cane Creek	7,644'	60'



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

Pressure tests shall apply to all related well control equipment.

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

Pressure tests shall apply to all related well control equipment.

- a. The size and rating of the BOP stack is shown on the attached diagram. Although a rig has not been chosen to drill this well, most of the equipment for this depth of hole in the area use a 11", 10,000 psi working pressure blowout preventor.
- b. A choke line and a kill line are to be properly installed. The kill line is not to be used as a fill-up line.
- c. The accumulator system shall have a pressure capacity to provide for repeated operation of hydraulic preventers.
- d. Drill string safety valve(s), to fit all tools in the drill string, are to be maintained on the rig floor while drilling operations are in progress.

4. PROPOSED CASING PROGRAM

- a. The proposed casing and cementing program shall be conducted as approved to protect and/or isolate all usable water zones, potentially productive zones, lost circulation zones, abnormally pressured zones, and any prospectively valuable deposits of minerals. Any isolating medium other than cement shall receive approval prior to use. The casing setting depth shall be calculated to position the casing seat opposite a competent formation which will contain the maximum pressure to which it will be exposed during normal drilling operations. Determination of casing setting depth shall be based on all relevant factors, including; presence/absence of hydrocarbons; fracture gradients; usable water zones; formation pressures; lost circulation zones; other minerals; or other unusual characteristics. All indications of usable water shall be reported.



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- b. Casing collars shall have a minimum clearance of 0.422 inches of all sides in the hole/casing annulus, with recognition that variances can be granted for justified exceptions.
- c. All waiting on cement times shall be adequate to achieve a minimum of 500 psi compressive strength at the casing shoe prior to drilling out.
- d. All casing except the conductor casing, shall be new or reconditioned and tested used casing that meets or exceeds API standards for new casing.
- e. The surface casing shall be cemented back to surface either during the primary cement job or by remedial cementing.
- f. All indications of usable water shall be reported to the authorized officer prior to running the next string of casing or before plugging orders are requested, whichever occurs first.
- g. Three centralizers will be run on the bottom three joints of surface casing with a minimum of one centralizer per joint starting with the shoe joint.
- h. Top plugs shall be used to reduce contamination of cement by displacement fluid. A bottom plug or other acceptable technique, such as a suitable preflush fluid, inner string cement method, etc. shall be utilized to help isolate the cement from contamination by the mud fluid being displaced ahead of the cement slurry.
- i. All casing strings below the conductor shall be pressure tested to 0.22 psi per foot of casing string length or 1500 psi, whichever is greater, but not to exceed 70 percent of the minimum internal yield. If pressure declines more than 10 percent in 30 minutes, corrective action shall be taken.
- j. On all exploratory wells, and on that portion of any well approved for a 5M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. Formation at the shoe shall be tested to a minimum of the mud weight equivalent anticipated to control the formation pressure to the next casing depth or at total depth of the well. This test shall be performed before drilling more than 20 feet of new hole.



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5. PROPOSED CEMENTING PROGRAM

a. The cement program will be as follows:

<i>Surface</i>	<i>Type and Amount</i>
TOC @ Surface	Lead: 200 sx San Juan PRB II, 3.48 ft3/sk, 11 ppg. Tail: 193 sx San Juan PRB II, 1.80 ft3/sk, 13.5 ppg.
<i>Intermediate</i>	<i>Type and Amount</i>
TOC @ Surface	Lead: 342 sx Halliburton Light Premium, 0.8% HaladR-322 (Low Fluid Loss Control), 0.2% WG-17 (Additive Material), 0.125 lbm/sk Poly-E-Flake (Lost Circulation Additive), 0.2% HR-5 (Retarder), 15% Salt, 2.16 ft3/sk, 12.5 ppg. Tail: 255 sx Premium Cement, 94 lbm/sk Premium Cement, 0.6% HaladR-413 (Low Fluid Loss Control), 0.3% Super CBL (Gas Migration Control), 0.45% HR-5 (Retarder), 418% Salt, 0.3% D-AIR 3000 (Defoamer), 0.3% Versaset (Thixotropic Additive), 1.23 ft3/sk, 15.8lbm/gal.
<i>Production</i>	<i>Type and Amount</i>
TOC @ 4,457'	387 sx Premium Cement, 94 lbm/sk Premium Cement, 15% Salt, 0.6% HaladR-413 (Low Fluid Loss Control), 0.2% HaladR-344 (Low Fluid Loss Control), 0.2% Super CBL (Expander), 0.4% D-AIR 3000 (Defoamer), 6% WellLife 665 (Additive Material), 0.4% HR-5 (Retarder), 0.3% CFR-3 (Dispersant), 15%HI-Dense #4 (Heavy Weight Additive), 1.30 ft3/sk, 16.5 ppg.

* Surface cement calculated with 100% excess.
 Intermediate cement calculated with 25% excess.
 Production cement calculated with 25% excess.

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

c. The following reports shall be filed with the District Manager within 30 days after the work is completed.

1. Progress reports, Form 3160-5 (formerly 9-331) "Sundry Notices and Reports on Wells", must include complete information concerning:



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- a. Setting of each string of casing, showing the size, grade, weight of casing set, hole size, setting depth, amounts and type of cement used, whether cement circulated or the top of the cement behind the casing, depth of cementing tools used, casing test method and results, and the date work was done. Show the spud date on the first reports submitted.
- b. Temperature or bond logs must be submitted for each well where the casing cement was not circulated to the surface.
- d. Auxiliary equipment to be used is as follows:
 - 1. Kelly cock
 - 2. No bit float is deemed necessary.
 - 3. A sub with a full opening valve.

6. PROPOSED CIRCULATING MEDIUM OR MEDIUMS

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

<i>Interval</i>	<i>Mud Type</i>	<i>Mud Wt.</i>	<i>Visc.</i>	<i>F/L</i>
0' - 1,500'	Air Mist	---	---	---
1,500' - 4,657'	Air Mist/Aerated Water	---	---	---
4,657' - 7,800'	Oil Based Mud	15.5-16.5 ppg	50-55	5.0

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

- b. Due to potential for contamination of usable quality water aquifers, chromates are banned from Federal leases.
- c. Hazardous substances specifically listed by the EPA as a hazardous waste or demonstrating a characteristic of a hazardous waste will not be used in drilling, testing or completion operations.



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7. PROPOSED TESTING, LOGGING, AND CORING

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

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

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

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

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

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

- b. The logging program will consist of the following: A GR-SP-DIL-SFL-ML, GR-CALI-FDC/CNL, Sonic (BHC) and Mud Log to be run from Surface Casing to 4,657' and a GR-SP-DIL-SFL-ML, GR-CALI-FDC/CNL, Sonic (Dipole), Borehole Imager (CBIL), and Mud Log to be run from 4,657' to TD.
- c. No cores are anticipated.
- d. Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3164. Two copies of all logs, core descriptions, core analyses, well-test data, geologic summaries, sample description, and all other surveys or data obtained and compiled



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during the drilling, workover, and/or completion operations, will be filed with form 3160-4. Samples (cuttings, fluids, and/or gases) will be submitted when requested by the authorized officer (AO).

- e. The anticipated completion program is as follows:

Perforate zones of interest and place on production.

8. EXPECTED BOTTOM HOLE PRESSURE

- a. The expected maximum bottom hole pressure is +/- 7000 psi.
- b. No hydrogen sulfide gas is anticipated.
- c. As per Onshore Order No. 6, III,A,2.b., if hydrogen sulfide is present the "operator shall initially test the H₂S concentration of the gas stream for each well or production facility..." Submit the results of this test within 30 days of filing Form 3160-4, "Well Completion or Recompletion Report and Log".

9. OTHER INFORMATION AND NOTIFICATION REQUIREMENTS

- a. Should the well be successfully completed for production, the AO will be notified when the well is placed in a producing status. Such notification will be sent by telegram or other written communications, not later than 5 days following the date on which the well is placed on production.
- b. Production data shall be reported to the MMS pursuant to 30 CFR 216.5 using form MMS/3160.
- c. The date on which production is commenced or resumed will be construed for oil wells as the date on which liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which liquid hydrocarbons are first produced into a permanent storage facility, whichever first occurs; and, for gas wells as the date on which associated liquid hydrocarbons are first sold



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or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or the date on which gas is first measured through permanent metering facilities, whichever first occurs.

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

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



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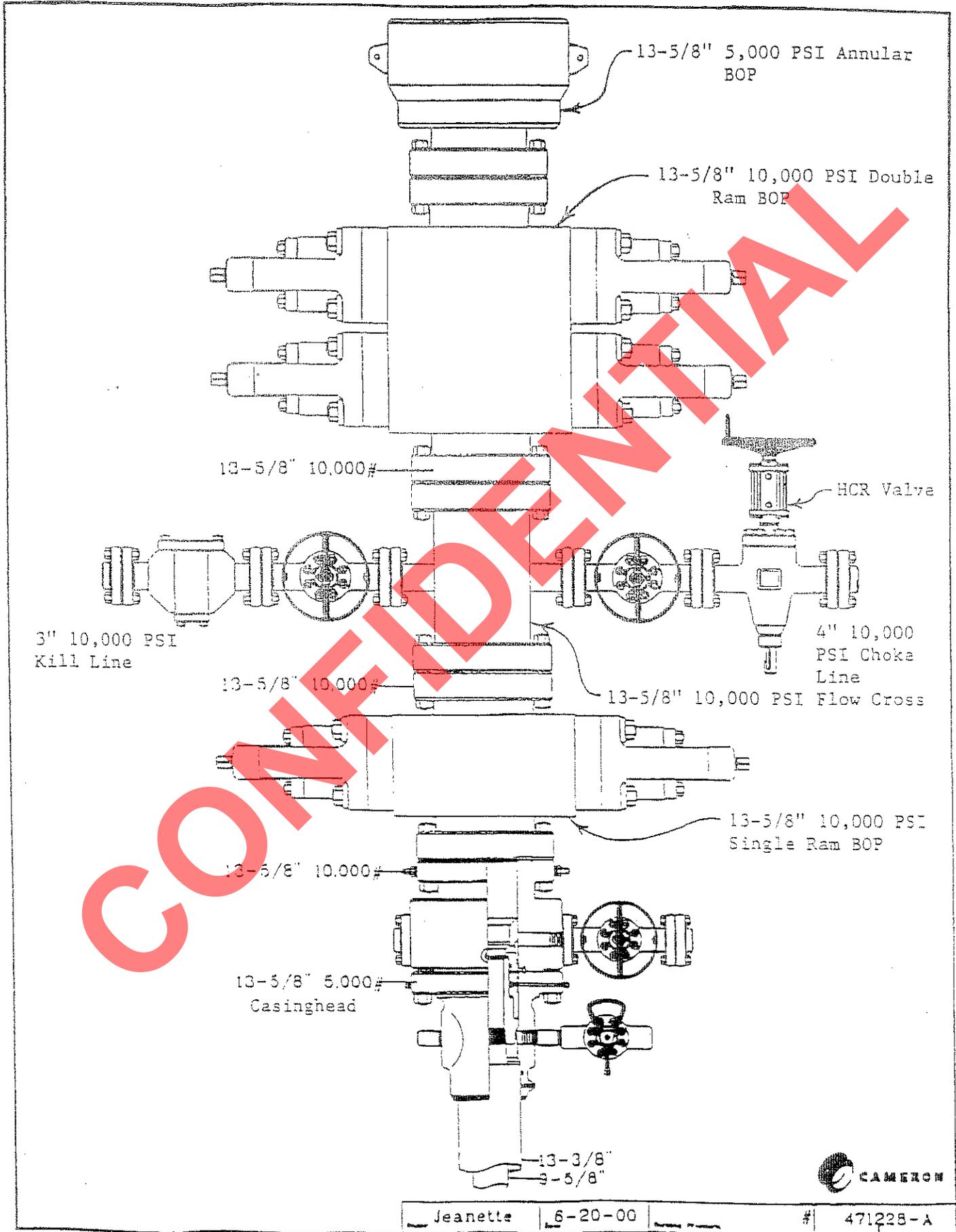
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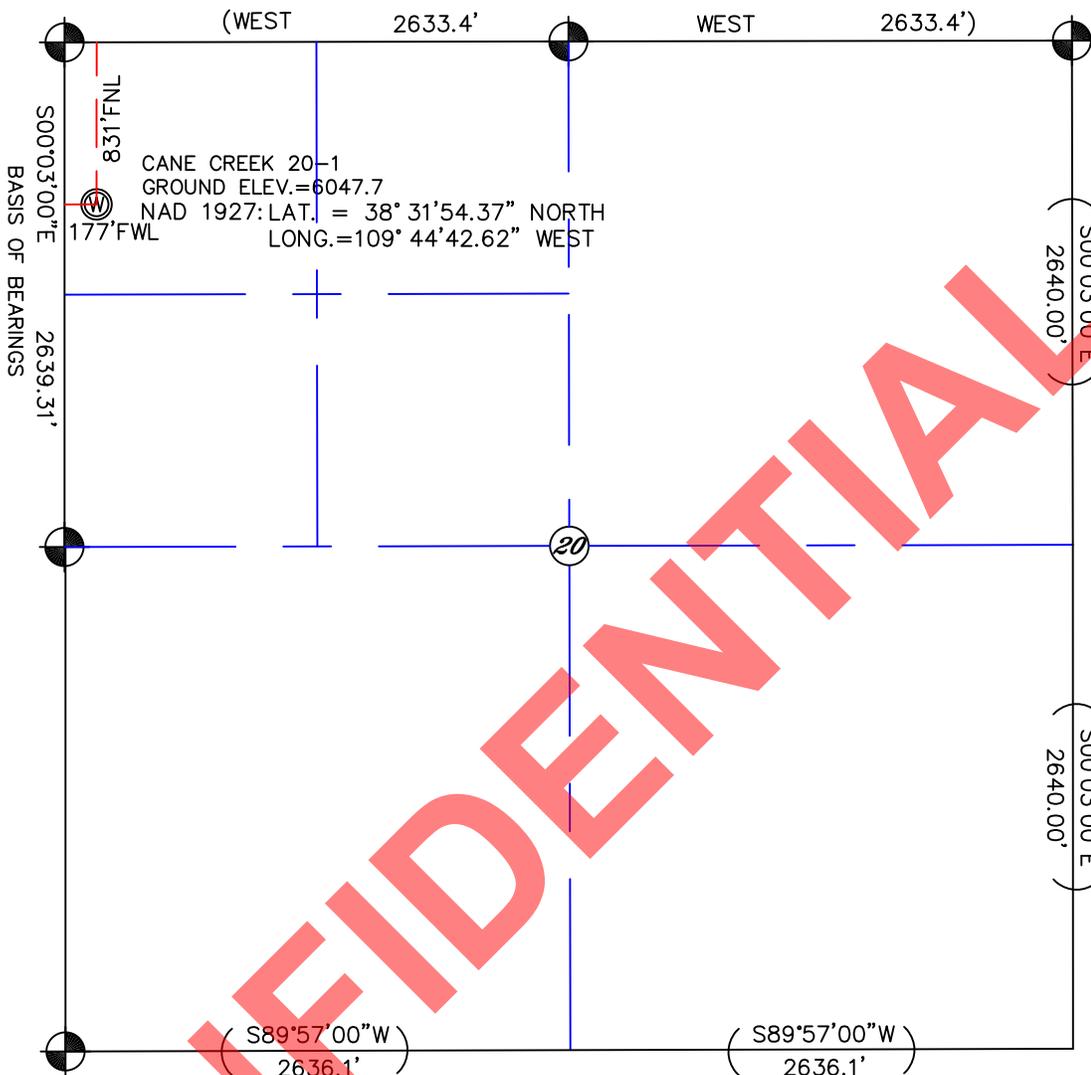
- h. Drilling operations are planned to commence upon approval of this application.
- i. It is anticipated that the drilling of this well will take approximately 25 days.
- j. No location will be constructed or moved, no well will be plugged, and no drilling or workover equipment will be removed from a well to be placed in a suspended status without prior approval of the AO. If operations are to be suspended, prior approval of the AO will be obtained and notification given before resumption of operations.
- k. Immediate Report: Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be promptly reported in accordance with the requirements of NTL-3A or its revision.
- l. If a replacement rig is contemplated for completion operations, a "Sundry Notice" Form 3160-5 to that effect will be filed, for prior approval of the AO, and all conditions of this approved plan are applicable during all operations conducted with the replacement rig.
- m. Pursuant to Onshore Order No. 7, with the approval of the District Engineer, produced water may be temporarily disposed of into unlined pits for a period of up to 90 days. During the period so authorized, an application for approval of the permanent disposal method, along with the required water analysis and other information, must be submitted to the District Engineer.
- n. No well abandonment operations will be commenced without the prior approval of the AO. In the case of newly drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the SO. A "Subsequent Report of Abandonment" Form 3160-5, will be filed with the AO within 30 days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the AO or his representative, or the appropriate Surface Managing Agency.



PROPOSED BOP DIAGRAM



SECTION 20, T 26 S, R 20 E, SLM



CANE CREEK 20-1
 GROUND ELEV.=6047.7
 NAD 1927: LAT. = 38° 31'54.37" NORTH
 LONG.=109° 44'42.62" WEST



SCALE 1"=1000'

QUAD ELEVATION = "6002"

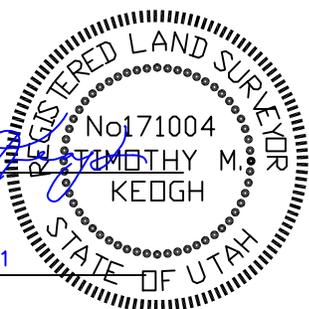
NOTES: DATA IN PARENTHESIS IS OF RECORD. ALL OTHER DATA IS SURVEYED DATA.

ELEVATIONS ARE BASED ON U.S.G.S. TOPO QUAD "GOLD BAR CANYON, UTAH". ELEV. AT SW SEC. 20 = "6002".

LEGEND

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

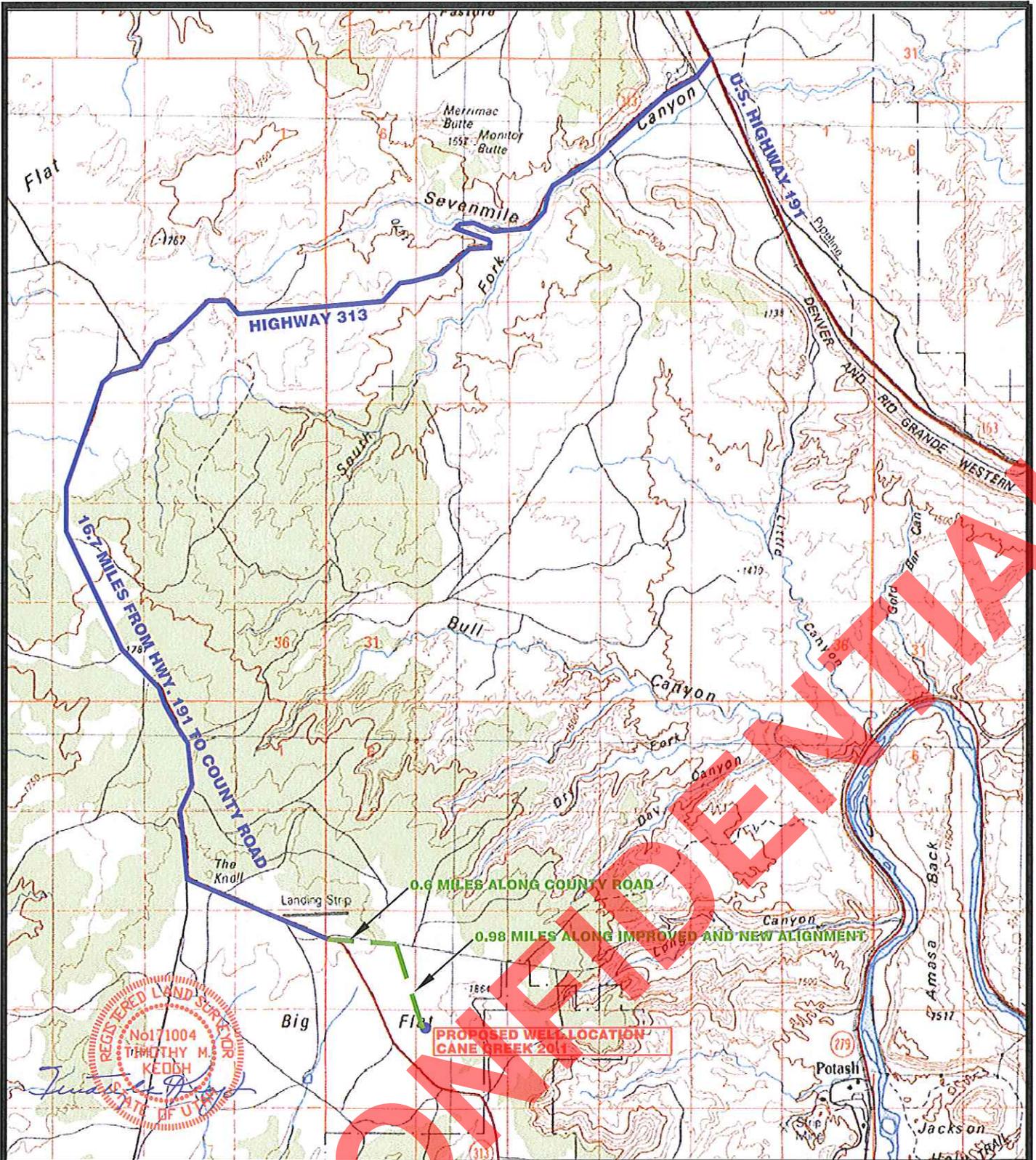
KEOGH LAND SURVEYING		
45 EAST CENTER STREET		MOAB, UTAH, 84532
A SURVEY OF		
CANE CREEK UNIT 20-1		
WITHIN SECTION 20, T 26 S, R 20 E, SLM, GRAND COUNTY, UTAH		
PREPARED FOR		
FIDELITY EXPLORATION & PRODUCTION CO.		
DATE: 5-28-11	DRAWN BY: TMK	CHECKED BY: TMK
SCALE: 1"=1000'	F.B.# TDC1	FIDELITY.DWG



Timothy M. Keogh
 TIMOTHY M. KEOGH

MARCH 28, 2011

DATE



REGISTERED LAND SURVEYOR
 No. 171004
 TIMOTHY M. KEOGH
 STATE OF UTAH

LEGEND

- PROPOSED WELL
- — — — — PROPOSED ACCESS TO SUBJECT WELL
- — — — — ROAD TO OTHER WELLS
- — — — — EXISTING ROAD TO BE IMPROVED
- EXISTING ROAD

TOPOGRAPHIC MAP "A"

DATE: 3-28-11
 SCALE: 1:100000
 SURVEYED 3-07-11

DRAWN BY: TMK

REVISED:

FIDELITY EXPLORATION & PRODUCTION CO.

PROPOSED ACCESS TO

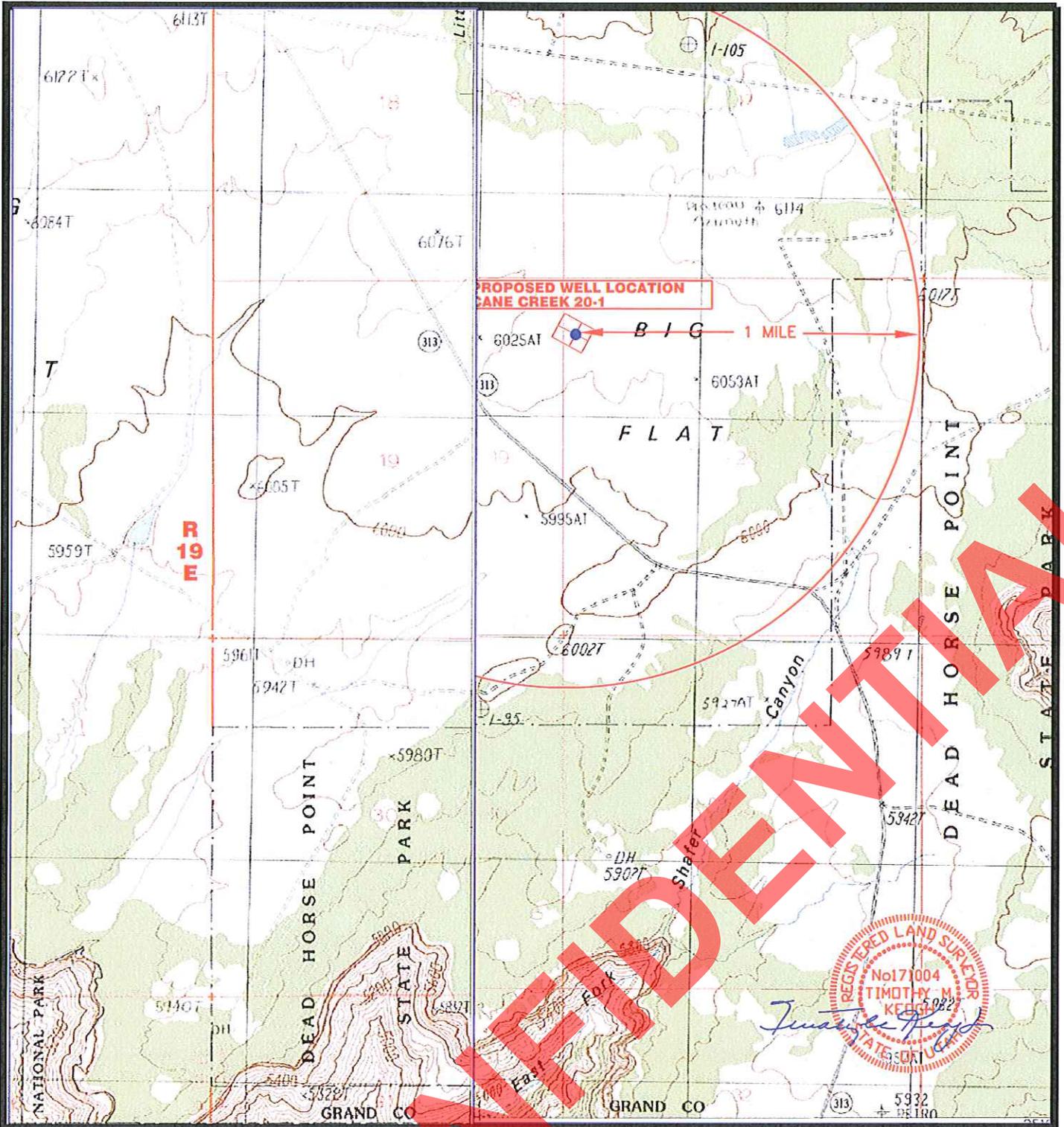
CANE CREEK UNIT 20-1

WITHIN SECTION 20, T 26 S, R 20 E, SLM, GRAND COUNTY, UTAH
 831 FT. FNL & 177 FT. FWL.

KEOGH LAND SURVEYING

45 EAST CENTER STREET

MOAB, UTAH, 84532



LEGEND

- PROPOSED WELL
- PROPOSED ACCESS TO SUBJECT WELL
- ROAD TO OTHER WELLS
- EXISTING ROAD TO BE IMPROVED

TOPOGRAPHIC MAP "C"

DATE: 3-28-11

SCALE: 1"=2000'

SURVEYED 3-07-11

DRAWN BY: TMK

REVISED:

FIDELITY EXPLORATION & PRODUCTION CO.

PROPOSED ACCESS TO

CANE CREEK UNIT 20-1

WITHIN SECTION 20, T 26 S, R 20 E, SLM, GRAND COUNTY, UTAH

831 FT. FNL & 177 FT. FWL.

KEOGH LAND SURVEYING

45 EAST CENTER STREET

MOAB, UTAH, 84532

United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, Utah 84145-0155

IN REPLY REFER TO:
3160
(UT-922)

September 16, 2011

Memorandum

To: Assistant Field Office Manager Resources, Moab District
From: Michael Coulthard, Petroleum Engineer
Subject: 2011 Plan of Development Cane Creek Unit,
Grand and San Juan Counties, Utah.

Pursuant to email between Diana Whitney, Division of Oil, Gas and Mining, and Mickey Coulthard, Utah State Office, Bureau of Land Management, the following well is planned for calendar year 2011 within the Cane Creek Unit, Grand and San Juan Counties, Utah.

API#	WELL NAME	LOCATION
	(Proposed PZ Cane Creek Shale)	
43-019-50017	Cane Creek Unit 20-1	Sec 20 T26S R20E 0831 FNL 0177 FWL

This office has no objection to permitting the well at this time.

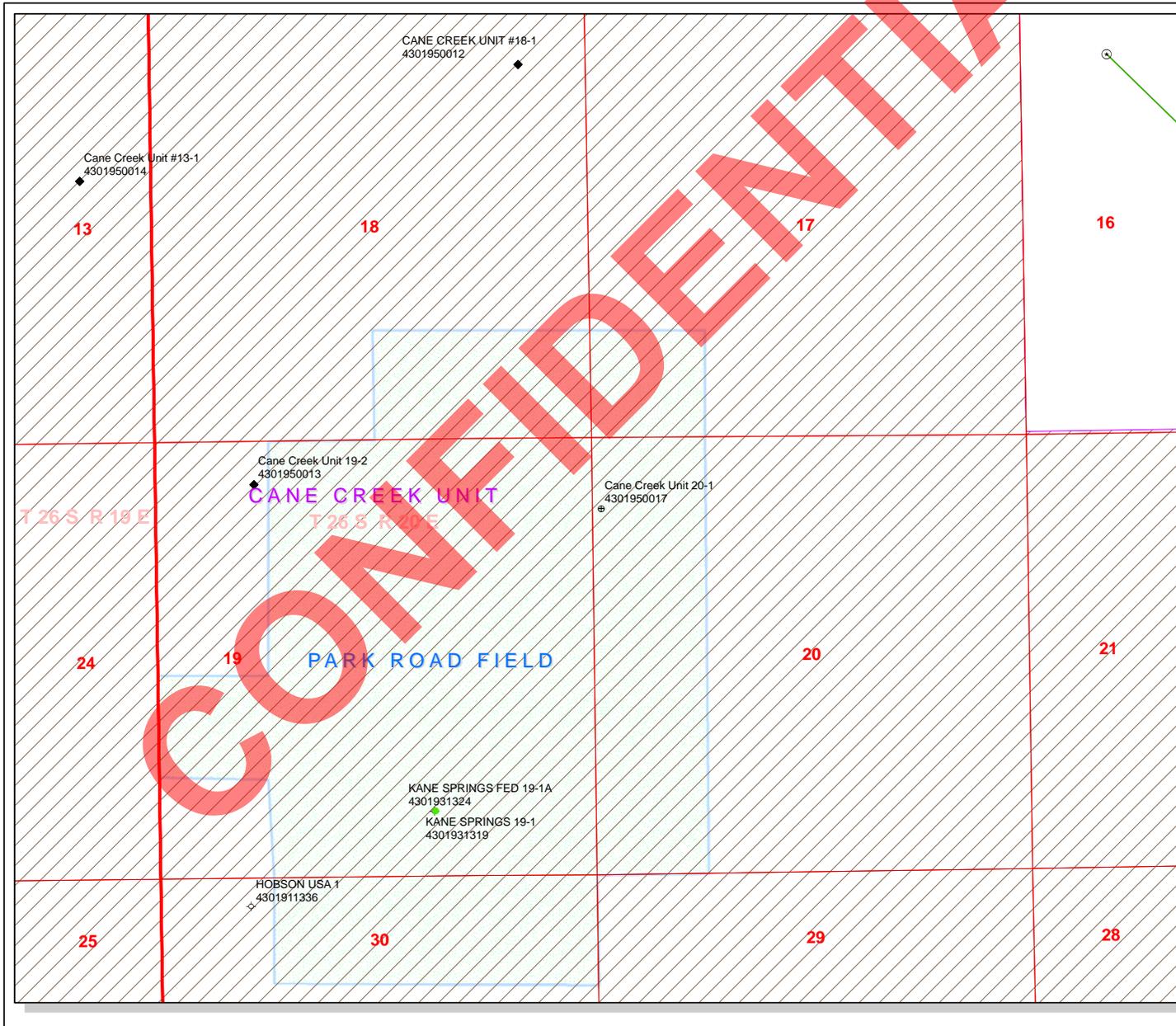
Michael L. Coulthard

Digitally signed by Michael L. Coulthard
DN: cn=Michael L. Coulthard, o=Bureau of Land Management,
ou=Branch of Minerals, email=Michael_Coulthard@blm.gov, c=US
Date: 2011.09.16 11:48:54 -0600

bcc: File - Cane Creek Unit
Division of Oil Gas and Mining
Central Files
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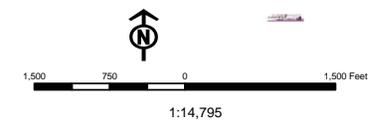
RECEIVED: September 16, 2011



API Number: 4301950017
Well Name: Cane Creek Unit 20-1
Township T2.6 . Range R2.0 . Section 20
Meridian: SLBM
Operator: FIDELITY E&P COMPANY

Map Prepared:
 Map Produced by Diana Mason

- | | |
|---------------|------------------------------------|
| Units | Wells Query |
| STATUS | Status |
| ACTIVE | APD - Approved Permit |
| EXPLORATORY | DRL - Spudded (Drilling Commenced) |
| GAS STORAGE | GW - Gas Injection |
| NF PP OIL | GS - Gas Storage |
| NF SECONDARY | LA - Location Abandoned |
| PI OIL | LOC - New Location |
| PP GAS | DPS - Operation Suspended |
| PP GEOTHERML | PA - Plugged Abandoned |
| PP OIL | PGW - Producing Gas Well |
| SECONDARY | POW - Producing Oil Well |
| TERMINATED | RET - Returned APD |
| Fields | SGW - Shut-in Gas Well |
| STATUS | SOW - Shut-in Oil Well |
| Unknown | TA - Temp. Abandoned |
| ABANDONED | TW - Test Well |
| ACTIVE | WDW - Water Disposal |
| COMBINED | WIW - Water Injection Well |
| INACTIVE | WSW - Water Supply Well |
| STORAGE | |
| TERMINATED | |
| Sections | |
| Township | |





SURFACE USE PLAN

Name of Operator: Fidelity Exploration & Production Company
Address: 2585 Heartland Drive
 Sheridan, Wyoming 82801

Well Location: Cane Creek Unit 20-1
 831' FNL & 177' FWL,
 NW/4 NW/4, Section 20, T26S, R20E, SLB&M
 Grand County, UT

The surface owner or surface owner representative and dirt contractor will be provided with an approved copy of the surface use plan of operations and approved conditions of approval before initiating construction. The BLM Authorized Officer will be notified at least 48 Hours prior to beginning drilling and facilities construction for scheduling of a preconstruction meeting.

The well site is located on BLM surface and mineral. All construction work will be accomplished in coordination with the surface owner and BLM and a Sundry Notice (Form 3160-5) will be submitted to BLM prior to construction of any new surface disturbance activity on federal surface not specified in this document.

The dirt contractor will be provided with an approved copy of this document prior to initiating construction.

A Federal permit, a DOGM permit and a Grand County Road encroachment must be in place prior to initiating any construction activities.

The BLM onsite inspection for the referenced well was conducted on February 1, 2011. The following were present for the onsite inspection:

Rock Smith	Field Office Manager	BLM- Moab
Dave Skinner	NRS- lead	BLM- Moab
Eric Jones	NRS- Petroleum Eng.	BLM-Moab
Pam Riddle	NRS- Wildlife	BLM-Moab
Katie Stevens	NRS- Rec/Visuals	BLM-Moab
Don Montoya	NRS-Cultural	BLM-Moab
Megan Blackwelder	Park Manager	DHPSP
Bonnie Carson	NEPA Specialist	Smiling Lake Consulting
Joe Icenogle	Director of Env. Affairs	Fidelity
Harvey Dunham	SRAT Asset Team Lead	Fidelity
Kevin Jensen	Petroleum Engineer	Fidelity
Mike Keller	Environmental Eng.	Fidelity
Charlie Harrison	Contractor	Harrison Oilfield Services

1. Location of Existing Roads:

- a. The proposed well site is located approximately 29 miles west of Moab, Utah.
- b. Proceed northwest on Hwy 191 for 11.2 miles. Turn left onto Highway 313 and proceed southwest 16.7 miles. Turn left and proceed .6 miles along county road. Turn right and proceed south east .98 miles along improved and new alignment.
- c. For location of access roads, see Map A & B
- d. The use of roads under State, Grand County Road Department maintenance is necessary to access the wellsite.
- e. All existing roads will be maintained and kept in good repair during all phases of operation.
- f. Vehicle operators will obey posted speed restrictions and observe safe speeds commensurate with road and weather conditions.

2. Planned Access Roads:

- a. A road design plan is not anticipated at this time.
- b. The proposed access road will consist of a 14' travel surface within a 30' disturbed area across BLM surface.
- c. A maximum grade of 10% will be maintained throughout the project.
- d. No low-water crossings and no culverts are anticipated. Adequate drainage structures will be incorporated into the road.
- e. No surfacing material will come from federal lands.
- f. No gates or cattle guards are anticipated at this time.
- g. Surface disturbance and vehicular travel will be limited to the approved location access road.
- h. All access roads and surface disturbing activities will conform to the standards outlined in the Bureau of Land Management and Forest Service publication: Surface Operating Standards and Guidelines for Oil and Gas Exploration and Development (Gold Book –Fourth Edition - Revised 2007).

- i. The operator will be responsible for all maintenance of the access road including drainage structures.

3. Location of Existing Wells:

- a. There is one well proposed within a one mile radius of this location. It will be the Cane Creek Unit 19-2.

4. Location of Existing and/or Proposed Production Facilities:

- a. All permanent structures will be painted a flat, non-reflective Juniper Green or Beetle Green to match the standard environmental colors. All facilities will be painted within six months of installation. Facilities required to comply with the Occupational Safety and Health Act (OSHA) may be excluded.
- b. Site security guidelines identified in 43 CFR 3163.7-5 and Onshore Oil and Gas Order No. 3 will be adhered to.
- c. A gas meter run will be constructed and located on lease within 500 feet of the wellhead. Meter runs will be housed and/or fenced. All gas production and measurement shall comply with the provisions of 43 CFR 3162.7-3, Onshore Oil and Gas Order No. 5, and American Gas Association (AGA) Report No. 3.
- d. A tank battery will be constructed on this lease; it will be surrounded by a dike of sufficient capacity to contain the storage capacity of the largest tank. All loading lines and valves will be placed inside the berm surrounding the tank battery. All liquid hydrocarbons production and measurement shall conform to the provisions of 43 CFR 3162.7-3 and Onshore Oil and Gas Order No. 4 and Onshore Oil and Gas Order No. 5 for natural gas production and measurement.
- e. Any necessary pits will be properly fenced to prevent any wildlife and livestock entry.
- f. All access roads will be maintained as necessary to prevent erosion and accommodate year-round traffic. The road will be maintained in a safe useable condition.
- g. The site will require periodic maintenance to ensure that drainages are kept open and free of debris, ice, and snow, and that surfaces are properly treated to reduce erosion, fugitive dust, and impacts to adjacent areas.
- h. A pipeline corridor has been considered for this well but will be applied for once production is achieved.

5. Location and Type of Water Supply:

- a. The water supply for construction, drilling and operations will be provided under a direct purchase agreement with Moab City a local source of municipal water through a direct water purchase.
- b. No water pipelines will be laid for this well.
- c. No water well will be drilled for this well.
- d. Drilling water for this will be hauled on the road(s) shown in Exhibit B.
- e. Should additional water sources be pursued they will be properly permitted through the State of Utah – Division of Water Rights.

6. Source of Construction Material:

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

7. Methods of Handling Waste:

- a. All wastes associated with this application will be contained and disposed of utilizing approved facilities.
- b. Drill cuttings will be contained and buried on site.
- c. The reserve pit will be located outboard of the location and along the northeast side of the pad.
- d. The reserve pit will be constructed so as not to leak, break, or allow any discharge.
- e. The reserve pit will be lined with 24 mil minimum thickness plastic nylon reinforced liner material. The liner will overlay a felt liner pad only if rock is encountered during excavation. The pit liner will overlap the pit walls and be covered with dirt and/or rocks to hold it in place. No trash, scrap pipe, etc., that could puncture the liner will be disposed of in the pit. Pit walls will be sloped no greater than 2:1. A minimum 2-foot freeboard will be maintained in the pit at all times during the drilling and completion operation.
- f. The reserve pit has been located in cut material. Three sides of the reserve pit will be fenced before drilling starts. The fourth side will be fenced as soon as drilling is completed, and shall remain until the pit is dry. After the reserve pit has dried, all areas not needed for production will be rehabilitated.

- g. No chemicals subject to reporting under SARA Title III (hazardous materials) in an amount greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling, testing, or completion of the well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produced, stored, transported, or disposed of in association with the drilling, testing, or completion of the well.
- h. Trash will be contained in a trash cage and hauled away to an approved disposal site as necessary but no later than at the completion of drilling operations. The contents of the trash container will be hauled off periodically to the approved Grand County facility, Bob's Sanitation near Moab, Utah.
- i. Produced fluids from the well other than water will be produced into a test tank until such time as construction of production facilities is completed. Any spills of oil, gas, salt water or other produced fluids will be cleaned up and removed.
- j. After initial clean-up, a 400 bbl tank will be installed to contain produced waste water. This water will be transported from the tank to an approved disposal facility.
- k. Produced water from the production well will be disposed in accordance with Onshore Order #7.
- l. Any salts and/or chemicals, which are an integral part of the drilling system, will be disposed of in the same manner as the drilling fluid.
- m. Sanitary facilities will be on site at all times during operations. Sewage will be placed in a portable chemical toilet and the toilet replaced periodically utilizing a licensed contractor to transport by truck the portable chemical toilet so that its contents can be delivered to the Grand County Wastewater Treatment Facility in accordance with state and county regulations.

8. Ancillary Facilities:

- a. Garbage Containers and Portable Toilets are the only ancillary facilities proposed in this application.
- b. No camps or airstrips are proposed with this application.

9. Well Site Layout: (See Exhibit B)

- a. The well will be properly identified in accordance with 43 CFR 3162.6.
- b. Access to the well pad will be from the south.

- c. The pad and road designs are consistent with BLM specifications.
- d. A pre-construction meeting with responsible company representative, contractors and the BLM will be conducted at the project site prior to commencement of surface-disturbing activities. The pad and road will be construction-staked prior to this meeting.
- e. The pad has been staked at its maximum size; however it will be constructed smaller if possible, depending upon rig availability. Should the layout change, this application will be amended and approved utilizing a sundry notice.
- f. All surface disturbing activities, will be supervised by a qualified, responsible company representative who is aware of the terms and conditions of the APD and specifications in the approved plans.
- g. All cut and fill slopes will be such that stability can be maintained for the life of the activity.
- h. The stockpiled topsoil (first 6 inches or maximum available) will be stored in a discontinuous windrow on the side of the location to prevent any possible contamination. All topsoil will be stockpiled for reclamation in such a way as to prevent soil loss, sterilization and contamination.
- i. Pits will remain fenced until site cleanup.
- j. The blooie line will be located at least 100 feet from the well head.
- k. Water injection may be implemented if necessary to minimize the amount of fugitive dust.

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

- a. Site reclamation for a producing well will be accomplished for portions of the site not required for the continued operation of the well.
- b. Upon well completion, any hydrocarbons in the pit shall be removed in accordance with 43 CFR 3162.7-1. Once the reserve pit is dry, the plastic nylon reinforced liner shall be torn and perforated before backfilling of the reserve pit. The reserve pit and that portion of the location not needed for production facilities/operations will be re-contoured to the approximate natural contours.
- c. Following BLM published Best Management Practices the interim reclamation will be completed within 180 days of completion of the well to reestablish vegetation, reduce dust and erosion and compliment the visual resources of the area.

- a. All equipment and debris will be removed from the area proposed for interim reclamation and the pit area will be backfilled and re-contoured.
- b. The area outside of the rig anchors and other disturbed areas not needed for the operation of the well will be re-contoured to blend with the surrounding area and reseeded with the following native grass seeds:

<i>Species of Seed</i>	<i>Broadcast Application Rate (lbs/ac)</i>	<i>App. Rate PLS (lbs/ac)</i>
Blue Gramma	5	3
Galleta	2	2
Indian Ricegrass	3	2
Bottlebrush Squirreltail	1	1
Total: 11		Total: 8

- c. Reclaimed areas receiving incidental disturbance during the life of the producing well will be re-contoured and reseeded as soon as practical.
- d. The Operator will control noxious weeds along access road use authorizations, pipeline route authorizations, well sites, or other applicable facilities by spraying or mechanical removal. A list of noxious weeds may be obtained from the BLM or the appropriate County Extension Office. On BLM administered land, it is required that a Pesticide Use Proposal be submitted and approved prior to the application of herbicides, pesticides or possibly hazardous chemicals.
- e. Prior to final abandonment of the site, all disturbed areas, including the access road, will be scarified and left with a rough surface. The site will then be seeded and/or planted as prescribed by the BLM. The BLM recommended seed mix will be detailed within their approval documents.
- f. A final abandonment notice will be submitted to BLM when the reclamation activities (as presented in this document) are complete and new vegetation is established. Should there be any deviation from these planned reclamation activities, the surface owner will be notified and a Sundry Notice will be submitted to BLM for approval of the new closure and reclamation activities.

11.

Surface and Mineral Ownership:

- a. Surface Ownership – Federal under the management of the Bureau of Land Management - Moab Field Office, 82 East Dogwood, Moab, Utah 84532; 435-259-2135.
- b. Mineral Ownership – Federal under the management of the Bureau of

Land Management - Moab Field Office, 82 East Dogwood, Moab, Utah
84532; 435-259-2135.

12. Other Information:

a. Company Representatives:

Harvey Dunham - Asset Team Manager Southern Rockies
Fidelity Exploration & Production Company
1700 Lincoln, Suite 2800
Denver, Colorado 80202
720-956-5769 (office)
harvey.dunham@fidelityepco.com

Stephanie Masters - Operations Technician III
Fidelity Exploration & Production Company
2585 Heartland Drive
Sheridan, Wyoming 82836
307-675-4924 (office)
Stephanie.masters@fidelityepco.com

CONFIDENTIAL

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 filing of false statements.

Executed this 31st day of August, 2011.



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

CONFIDENTIAL

10000-15000-20000 psi System

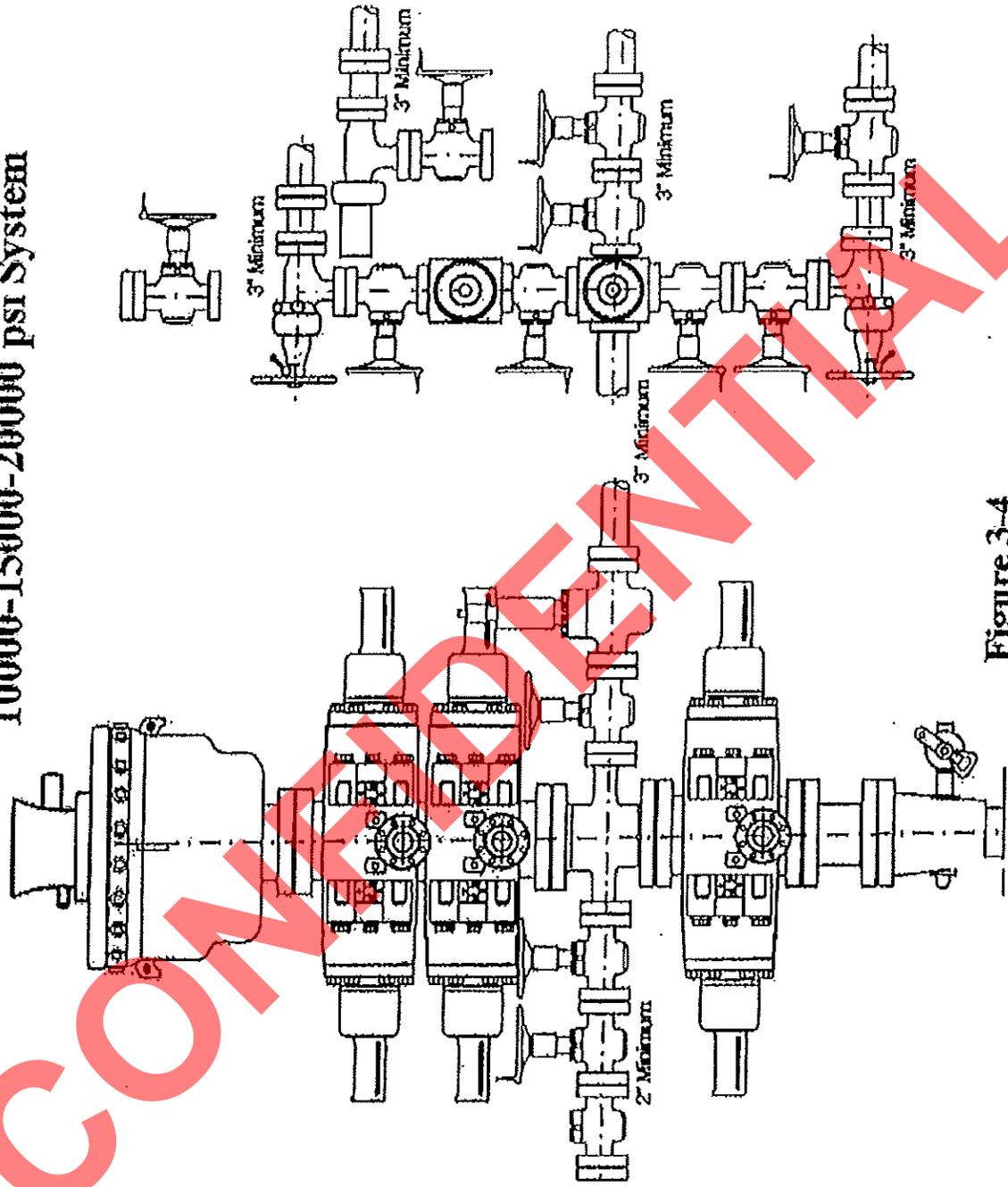


Figure 3-4


FIDELITY
Exploration & Production Company

9/7/2011

Division of Oil, Gas & Mining
1594 W. N. Temple STE 1210
Salt Lake City, UT 84114-5801

RE: Cane Creek Unit # 20-1
Lease UTU-50393
831' FNL 177' FWL
NWNW Sec 20, T26S, R20E
Grand County, Utah

Dear Diana:

Please note that this location was staked at a non-standard spacing in accordance with the rules and regulations of the Utah Division of Oil Gas and Mining. This was done for geological considerations. Please also note that Fidelity Exploration and Production Company is the only working interest owner within a 460 foot radius. Therefore, request your administrative approval of this exception to spacing.

If you have any questions please contact Stephanie Masters 307-675-4924.

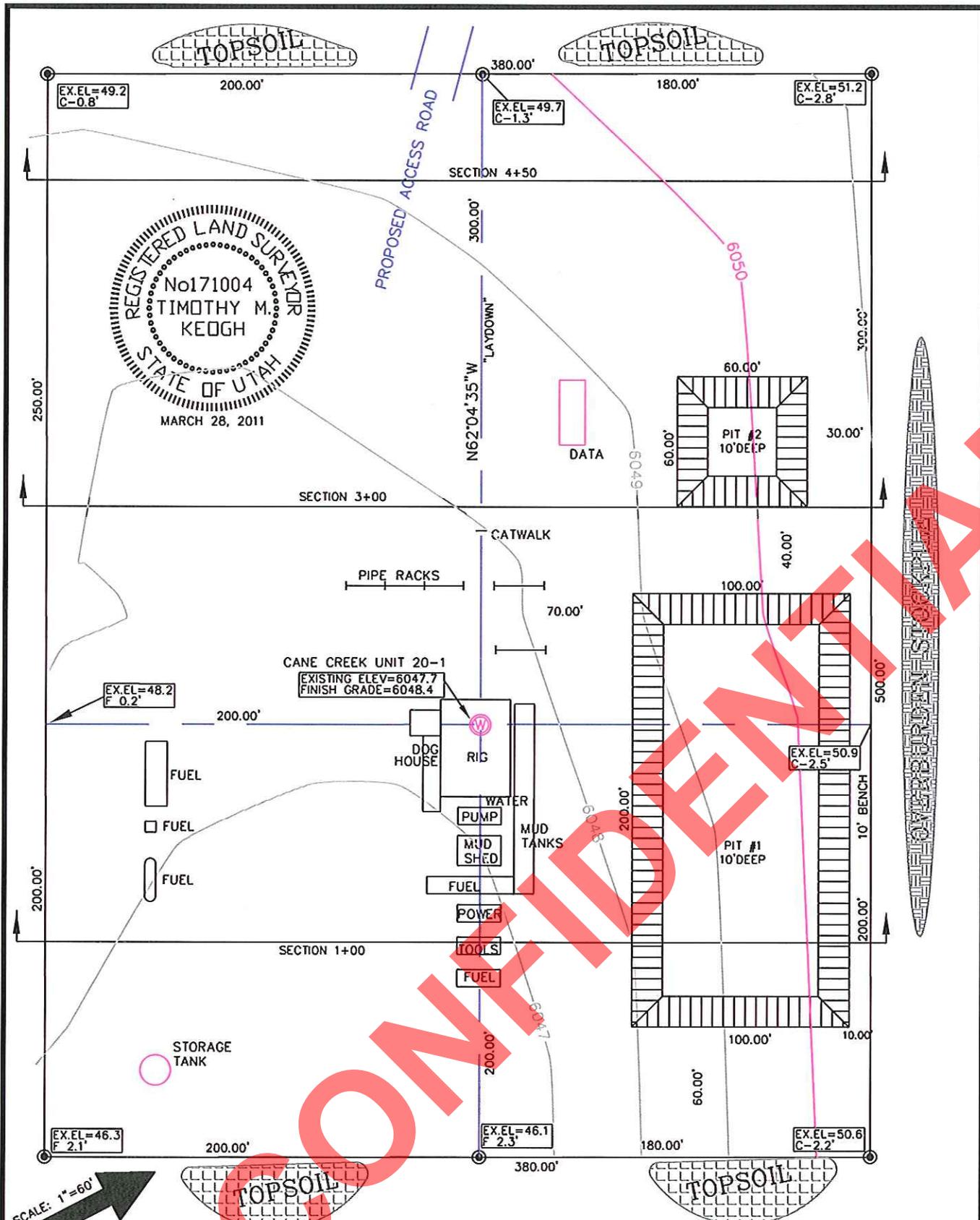
Thank you,



Stephanie Masters
Operations Technician III
Fidelity Exploration and Production Company
Sheridan, Wyoming 82801
307-675-4924

2585 Heartland Drive
Sheridan, WY 82801

Phone: 307.672.7111
Fax: 307.673.6850

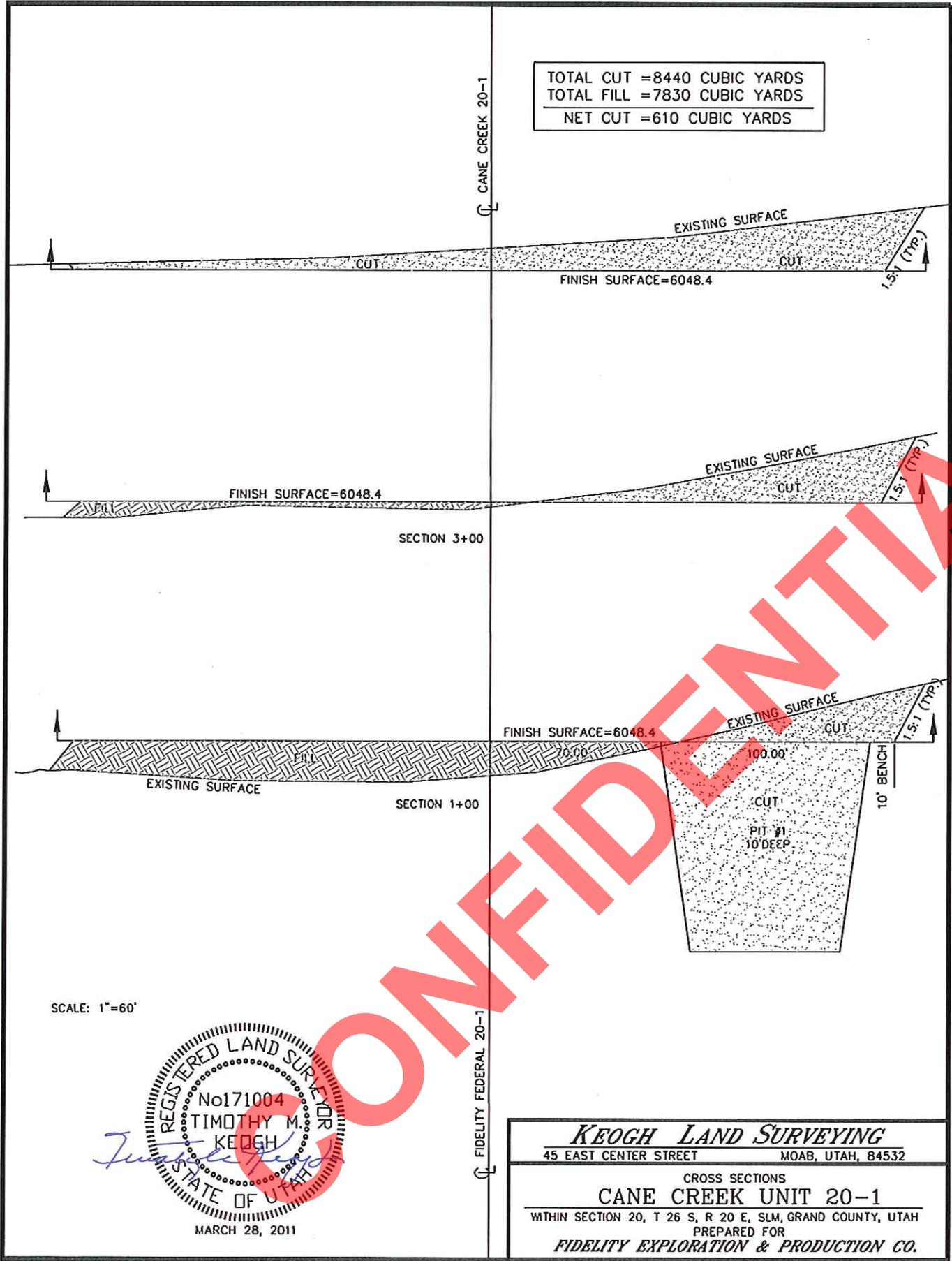


REGISTERED LAND SURVEYOR
 No171004
 TIMOTHY M. KEOGH
 STATE OF UTAH
 MARCH 28, 2011

SCALE: 1"=60'

KEOGH LAND SURVEYING
 45 EAST CENTER STREET MOAB, UT, 84532

LOCATION PLAN VIEW
CANE CREEK UNIT 20-1
 WITHIN SECTION 20, T 26 S, R 20 E, SLM, GRAND COUNTY, UTAH
 PREPARED FOR
FIDELITY EXPLORATION & PRODUCTION CO.



REGISTERED LAND SURVEYOR
No171004
TIMOTHY M. KEOGH
STATE OF UTAH
MARCH 28, 2011

WORKSHEET APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 9/8/2011

API NO. ASSIGNED: 43019500170000

WELL NAME: Cane Creek Unit 20-1

OPERATOR: FIDELITY E&P COMPANY (N3155)

PHONE NUMBER: 307 675-4924

CONTACT: Stephanie Masters

PROPOSED LOCATION: NWNW 20 260S 200E

Permit Tech Review:

SURFACE: 0831 FNL 0177 FWL

Engineering Review:

BOTTOM: 0831 FNL 0177 FWL

Geology Review:

COUNTY: GRAND

LATITUDE: 38.53180

LONGITUDE: -109.74466

UTM SURF EASTINGS: 609420.00

NORTHINGS: 4265362.00

FIELD NAME: PARK ROAD

LEASE TYPE: 1 - Federal

LEASE NUMBER: UTU50393

PROPOSED PRODUCING FORMATION(S): CANE CREEK

SURFACE OWNER: 1 - Federal

COALBED METHANE: NO

RECEIVED AND/OR REVIEWED:

- PLAT
- Bond: FEDERAL - CO-1395
- 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: CANE CREEK
- R649-3-2. General
- R649-3-3. Exception
- Drilling Unit
- Board Cause No: R649-3-3
- Effective Date:
- Siting:
- R649-3-11. Directional Drill

Comments: Presite Completed

Stipulations:
 1 - Exception Location - dmason
 4 - Federal Approval - dmason
 23 - Spacing - dmason



GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

Permit To Drill

Well Name: Cane Creek Unit 20-1
API Well Number: 43019500170000
Lease Number: UTU50393
Surface Owner: FEDERAL
Approval Date: 9/20/2011

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 R649-3-3. 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

Exception Location:

Appropriate information has been submitted to DOGM and administrative approval of the requested exception location is hereby granted.

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 <http://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:



For John Rogers
Associate Director, Oil & Gas



GARY R. HERBERT
Governor

GREG BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

November 26, 2012

Fidelity E&P Company
2585 Heartland Drive
Sheridan, WY 82801

Re: APD Rescinded – Cane Creek U 20-1, Sec. 20, T.26S, R.20E
Grand County, Utah API No. 43-019-50017

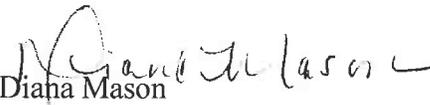
Ladies and Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on September 20, 2011. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective November 26, 2012.

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, Vernal

