

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

FORM 3

AMENDED REPORT
(highlight changes)

APPLICATION FOR PERMIT TO DRILL		5. MINERAL LEASE NO: ST-UT-37067	6. SURFACE: State
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>		7. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>		8. UNIT or CA AGREEMENT NAME: Middle Mesa Unit	
2. NAME OF OPERATOR: EnCana Oil & Gas (USA) Inc.		9. WELL NAME and NUMBER: Middle Mesa State 36-24-29-24	
3. ADDRESS OF OPERATOR: 370 17th Street CITY Denver STATE CO ZIP 80202		PHONE NUMBER: (720) 876-5339	10. FIELD AND POOL, OR W/LDCAT: WILDCAT <i>Undersimmed</i>
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 2568' FNL & 1186' FEL AT PROPOSED PRODUCING ZONE: 2568' FNL & 1186' FEL		11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SENE 36 29S 24E S	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: Approximately 7.5 miles southeast of La Sal, UT		12. COUNTY: San Juan	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 1186'	16. NUMBER OF ACRES IN LEASE: 640	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 1979'	19. PROPOSED DEPTH: 5,741	20. BOND DESCRIPTION: RLB0001191	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 6847.3'	22. APPROXIMATE DATE WORK WILL START: 3/15/2007	23. ESTIMATED DURATION: 15 Days	

24. **PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT			SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT			
12 1/4	9 5/8	J-55	36#	600	Class G + 2% gel	200sx	2.09 cuft/sx	12.5#
8 3/4	5 1/2	J-55	15.5#	5,741	50/50 poz: Class G	600sx	1.43 cuft/sx	13#

25. **ATTACHMENTS**

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

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

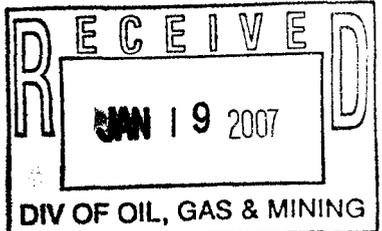
NAME (PLEASE PRINT) Jevin Croteau TITLE Regulatory Analyst

SIGNATURE *Jevin Croteau* DATE 1/18/2007

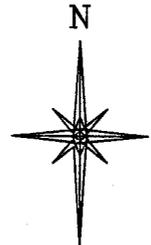
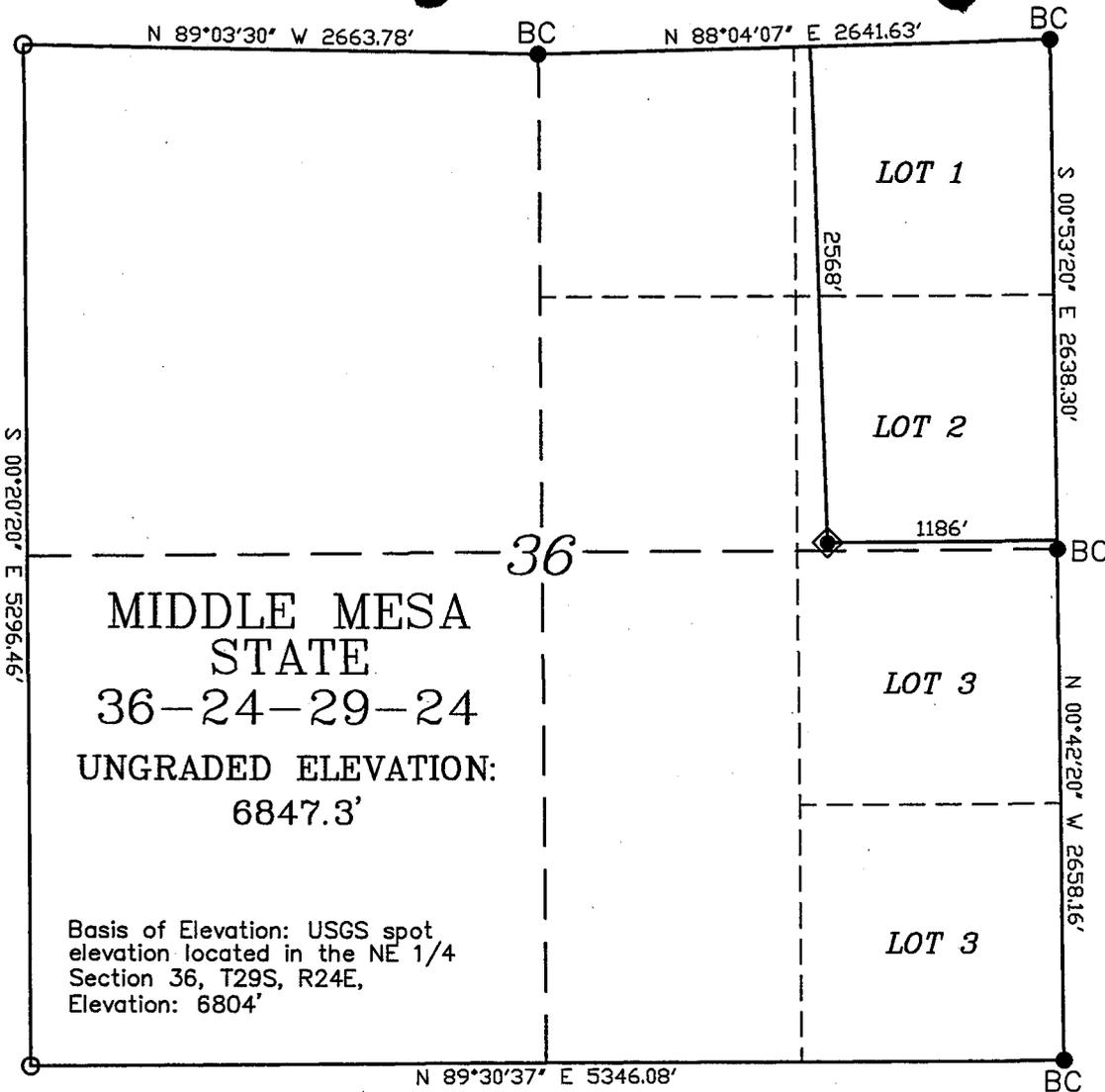
(This space for State use only)

API NUMBER ASSIGNED: 43037-31856

APPROVAL:



R. 24 E.



SCALE: 1" = 1000'

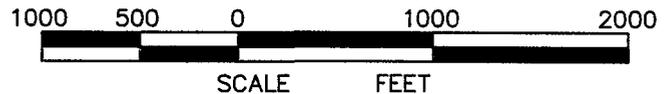
T. 29 S.

LATITUDE NORTH 38.237770 DEG.

LONGITUDE WEST 109.221567 DEG.

NORTHING 580039.84
EASTING 2654376.52

DATUM SPCS UT SOUTH (NAD 27)



SURVEYOR'S STATEMENT

I, Brian L. Forbes, of Rock Springs, Wyoming, hereby state: This map was made from notes taken during an actual survey under my direct supervision on DECEMBER 16, 2006, and it correctly shows the location of MIDDLE MESA STATE 36-24-29-24.

NOTES

- ◆ WELL LOCATION
- FOUND MONUMENT
- CALCULATED CORNER

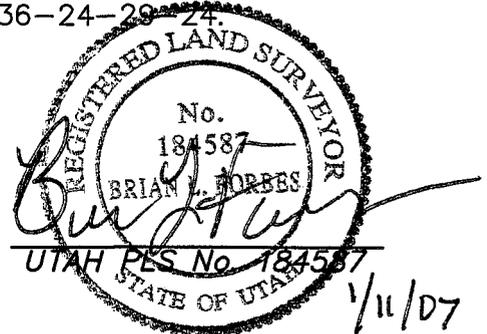


EXHIBIT 1

DRG RIFFIN & ASSOCIATES, INC.

PLAT OF DRILLING LOCATION FOR ENCANA OIL & GAS (USA) INC.

1414 ELK ST., SUITE 202
ROCK SPRINGS, WY 82901
(307) 362-5028

SCALE: 1" = 1000'
JOB No. 15014
REVISED: 1/10/07

**2568' F/NL & 1186' F/WL, SECTION 36,
T. 29 S., R. 24 E., SALT LAKE P.M.
SAN JUAN COUNTY, UTAH**



EnCana Oil & Gas (USA) Inc.

EnCana Oil & Gas (USA) Inc.
370 – 17th Street
Suite 1700
Denver, CO 80202

tel: 720-876-5339

fax: 720-876-6339

www.encana.com

January 18, 2007

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

RE: Middle Mesa State 36-24-29-24
SENE, (Lot 2), Section 36, T29S R24E
San Juan County, UT

To Whom It May Concern:

Enclosed please find two copies of the following forms for our subject well:

Complete signed Form 3
Location plat, Vicinity map, Topo map, Well pad and profile diagram
Copy of Water Right Number 05-6 approval
Request for Exception Location
Surface Use Plan of Operations
Complete drilling plan containing:

Estimated geologic markers
Estimated top & bottom of water, oil & gas
BOP program and schematic
Casing & cementing program
Mud program
Evaluation program
Anticipated BH pressure & hazards
Deviated drilling plan

The surface and mineral owner for the proposed well site is:

State of Utah, School & Institutional Trust Lands Administration
Lease No. ST-UT-37067

If you have any questions or need additional information, I can be reached at (720) 876-5339.

Sincerely,

A handwritten signature in black ink, appearing to read "Jevin Croteau".

Jevin Croteau
Regulatory Analyst

Enclosure

ENCANA OIL & GAS (USA) INC.
Surface Use & Plan of Operations

1. EXISTING ROADS

- a. The proposed well site is located approximately 7.5 miles Southeast of La Sal, Utah.
- b. Directions from La Sal, Utah are as follows:

From La Sal Junction, US Highway 191 and State Highway 46, travel East on State Highway 46 for approximately 8.5 miles. Turn right on Coppermill Road travel South for approximately 4.3 miles. Turn left travel easterly approximately 2 miles. Turn left on an existing road and travel northeasterly for approximately 0.6 miles to the proposed road and travel easterly for 830 feet to the location.
- c. EnCana will obtain any permits needed from the San Juan County Road Department before any construction activities begin.
- d. Existing roads will be maintained and kept in good repair during all drilling and completion operations associated with this well as per the road use agreement.
- e. Dust control measures will be implemented during dry weather when necessary. These may include mag chloride or other palliative.

2. PLANNED ACCESS ROADS

- a. For access roads, see Topo Map and Vicinity Map.
- b. Some Improvement to existing roads may be necessary.
- c. No turnouts will be necessary.
- d. All surface materials needed for construction will be procured from a commercial source, except those materials that will be generated during the construction of this well (excess fill, etc.).
- e. No fence cuts or cattle guards will be necessary.
- f. Surface disturbance and vehicle travel will be limited to the approved location and approved pipeline/access road route.
- g. If the well is productive, the access road will be rehabilitated or brought to Resource (Class III) Road Standards within 60 days of dismantling the rig. If upgraded, the access road must be maintained at these standards until the well is properly abandoned.
- h. All brush, limbs, and other woody material will be stockpiled separately from the topsoil along the roadway, or near the well pad. The upper six inches of topsoil will be stockpiled near the well pad for future reclamation. If the soil stockpile is not used within six months it will be seeded to ensure topsoil integrity and prevent erosion.
- i. No pullouts or off-road parking will be allowed unless specifically authorized. "Keep vehicles on road surface" signs will be installed to assist with compliance. Shortcutting by vehicles operated by EnCana or its contractors, on roads not identified as access

routes in the APD, will not be allowed.

3. **LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS OF THE PROPOSED LOCATION. SEE GATHERING PIPELINE TOPO.**
 - a. Water Wells - 0
 - b. Injection or Disposal Wells - 0
 - c. Producing Wells - 4
 - d. Drilling Wells - 0
 - e. Shut In Wells - 0
 - f. Plugged and Abandoned Wells - 2
4. **LOCATION OF PRODUCTION FACILITIES**
 - a. If the well is productive all production facilities will be located on the well pad. The proposed facilities to be located on the well pad will be a typical tank battery.
 - b. The proposed gas gathering line will be buried from the well head to the battery site then to the tie-in point in the SWNE of Section 36, T29S R24E. The total length of the pipeline is approximately 886'.
 - c. All permanent structures (onsite for six months or longer) constructed or installed will be painted a flat, non-reflective earth tone color which will match the adjacent vegetation. 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. The actual color will be specified by the Bureau of Land Management in the approved permit to drill.
 - d. All site security guidelines identified in 43 CFR 3162.7-5 and specified in Onshore Order No. 3 shall be adhered to.
 - e. The oil and gas measurement facilities will be installed on the well location. The gas flowline will be buried from the wellhead to the meter and downstream until it leaves the pad. Meter runs will be housed. Oil and gas meters will be calibrated prior to first sales and quarterly thereafter.
 - f. If a tank battery is constructed on this lease, it will be surrounded by a berm of sufficient capacity to contain 1 ½ times the storage capacity of the largest tank. All loading lines and valves will be placed inside the berm surrounding the tank battery.
 - g. Production facilities on location may include a lined or unlined produced water pit as specified in Onshore Oil and Gas Order No. 7.
5. **LOCATION AND TYPE OF WATER SUPPLY**
 - a. The source of water for drilling and completion purposes will be obtained from the La Sal Creek located in the SE/4 of Section 7, T28S R25E, San Juan County, Utah.
 - b. This water source is permitted under the State of Utah, Department of Natural Resources, Division of Water Rights. Water Right Number 05-6.
 - c. Water will be hauled to the location over the proposed access roads outlined in the

SUP.

6. CONSTRUCTION MATERIALS

- a. All materials needed for construction will be procured from a commercial source, except those materials that will be generated during the construction of this well (excess fill, etc.).
- b. The use of materials under BLM jurisdiction will conform to 43 CFR 3610.2-3.

7. METHODS FOR HANDLING WASTE DISPOSAL

- a. Drill cuttings are to be contained and buried in the reserve pit.
- b. The reserve pit will be sealed in such a manner as to prevent leakage of the fluids. Methods available to insure containment of drilling fluids in the reserve pit include lining the inside of the pit with at least a 12 mil plastic liner. If a plastic liner is used, the bottom of the pit shall be smooth and free of any sharp rocks. If the pit has a rocky bottom, it shall be bedded with a material such as soil, sand, straw or hay to avoid the possibility of puncturing the liner. A minimum of not less than a 2 foot freeboard will be maintained in the pit at all times. All oil or floating debris will be removed from the pit immediately after the drilling and after the stimulation phase of the well.
- c. The reserve pit will be located on the SW corner of the disturbed pad, and the pit walls will be sloped at no greater than 1 1/2 to 1.
- d. The reserve pit shall be located in cut material, with at least 50% of the pit volume being below original ground level. 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. As soon as the reserve pit has dried, all areas not needed for production will be rehabilitated.
- e. Garbage is to be contained in the trash cage. The trash cage will be totally enclosed with small mesh wire to prevent wind scattering and wildlife entry. All garbage will be hauled to an approved disposal site at the end of drilling/completion operations.
- f. Sewage will be disposed of in accordance with State and County regulations. No sewage boreholes will be allowed. Chemical porta-toilets will be furnished and their contents hauled to an approved disposal site.
- g. The produced fluids (produced water, frac fluid and possibly condensate), while testing the well will be flowed back to a 400 Bbl. test tank. Any condensate will be skimmed and transferred to production tanks. Sand and produced fluids other than condensate will be transferred to the reserve pit until such time as the well is cleaned up sufficiently to produce pipeline quality gas. Any spills of oil, gas, salt water or other produced fluids will be cleaned up and removed.

8. ANCILLARY FACILITIES

No camps, airstrips or other facilities will be necessary.

9. WELLSITE LAYOUT

- a. The survey plats are attached.

- b. The well pad plan is attached with the location of the reserve pit and access road onto the well pad.
- c. A cross section of the well pad with the cut and fill diagram is attached.
- d. The reserve pit will be designed to prevent the collection of surface runoff.
- e. The reserve pit liner shall remain intact until the reserve pit is reclaimed. Flare pits must be located a sufficient distance from the reserve pit to prevent the liner from being damaged during flaring operations.
- f. Prior to rigging up, a one-foot high berm will be constructed around the perimeter of the well pad to contain all storm events/spills from going downstream of the well pad. A lined sump pit may be utilized to contain the fluids. The need for the berm will be reassessed upon completion of the well and after production is established.
- g. Compaction and construction of the berms surrounding the tank or tank batteries will be designed to prevent lateral movement of fluids through the berm, prior to any storage of fluids. All load lines and valves shall be placed inside the bermed areas.
- h. There shall be a sign or marker on location with the name of the operator, lease serial number, well number, and legal location of the well.

10. PLANS FOR RECLAMATION OF THE SURFACE

The following surface reclamation will be done upon completion of the drilling operations.

- a. The top six inches of topsoil material will be removed from the location, saved and stockpiled separately on the edge of the pad to be used for reclamation purposes.
- b. Topsoil along the access road will be reserved in place adjacent to the road.
- c. Immediately upon completion of drilling, all equipment that is not necessary for production shall be removed.
- d. When the reserve pit has completely dried the reserve pit and that portion of the location not needed for production will be reclaimed.
- e. All road surfacing will be removed prior to the rehabilitation of roads.
- f. Reclaimed roads will have the berms and cuts reduced and will be closed to vehicle use.
- g. All disturbed areas will be recontoured to replicate the natural slope.
- h. The stockpiled topsoil will be evenly distributed over the disturbed area.
- i. Prior to reseeding, all disturbed areas, including the access roads will be scarified and left with a rough surface.
- j. Seed will be broadcast or drilled between September and October. If broadcast, a harrow or some other implement will be dragged over the seeded area to assure seed coverage.
- k. The following seed mixture or one approved by UDOGM, SITLA or San Juan County will be used. Seed labels from each bag shall be available for inspection while seeding is

being accomplished. In the event grasses and native vegetation is not established after the first seeding application, subsequent applications will be performed until grasses and/or native vegetation is established.

<u>Common Name</u>	<u>Pure Live Seed (PLS) lbs /acre</u>
Indian ricegrass	4.0
Crested wheatgrass	4.0
Four-wing saltbush	4.0
Alfalfa	0.5
	12.5 lbs/acre

- l. The abandonment marker will be one of the following, as specified by the UDOGM:
- 1) at least four feet above ground level,
 - 2) at restored ground level, or
 - 3) below ground level.

In any case the marker shall be inscribed with the following: operator name, lease number, well name and surveyed description (township, range, section and either quarter-quarter or footages).

- m. Vegetation or soil disturbance by the operator will be held to the minimum consistent with practical construction operations and the operator will smooth all disturbed areas to conform as nearly as practical to the adjacent terrain.
- n. To the degree it is feasible, natural drainage will not be altered.
- o. Reclamation will be considered successful when the desired vegetative species are established, erosion is controlled, weeds are considered a minimal threat, and it is likely that ground cover will return to a desirable condition. EnCana will continue revegetation efforts until this standard is met.
- p. A fence shall be installed around the perimeter of the area undergoing reclamation. The fence shall be maintained in a manner to prevent cattle from entering the area, and shall be constructed as follows: Posts to be no more than 16' apart; fence wire: four wires of at least 12.5 gauge, double strand twisted; two stays between posts; wire stretched taut between brace panels, wire spacing from the ground up: 14", 22", 30", 42".

11. SURFACE OWNERSHIP

Well site - State of Utah School & Institutional Trust Lands Administration

Roads - All access roads are located or maintained by the State and County Road Departments or are on lands owned by the State of Utah.

12. OTHER INFORMATION

- a. A Class III archeological survey will be conducted by 4 Corners Archaeological Services for the surface location, access road and pipeline right-of-way and will be sent under separate cover.

EnCana Oil & Gas (USA) Inc.
Middle Mesa State 36-24-29-24
SENE, Section 36, T29S-R24E
2568' FNL & 1186' FEL
San Juan County, Utah

Lease No. STUT37067

The operator is responsible for informing all persons in the area who are associated with this project that they will be subjected to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, the operator is to immediately stop work that might further disturb such materials, and contact the State of Utah Trust Lands Administration.

13. **LESSEE'S OR OPERATOR'S REPRESENTATIVES**

Permit Matters

EnCana Oil & Gas (USA) INC.
370 17TH Street, Suite 1700
Denver, CO 80202
Jevin Croteau
Office: (720) 876-5339
Cell: (720) 273-6427

Drilling & Completion Matters

EnCana Oil & Gas (USA) INC.
370 17^h Street, Suite 1700
Denver, CO 80202
Kevin Brakovec – Drilling Engineer
Office: (720) 876-3668
Cell: (303) 710-0983



ION M. HUNTSMAN, JR.
Governor
GARY R. HERBERT
Lieutenant Governor

State of Utah
DEPARTMENT OF NATURAL RESOURCES
Division of Water Rights

MICHAEL S. STYLER
Executive Director
JERRY D. OLDS
State Engineer/Division Director

ORDER OF THE STATE ENGINEER

For Temporary Change Application Number 05-6 (t31522)

Temporary Change Application Number 05-6 (t31522) in the name of Charles Hardison Redd was filed on May 1, 2006, to change the point of diversion, place of use, and nature of use of 20.00 acre-feet of water as evidenced by Water Right Number 05-6. Heretofore, the water has been diverted from a surface source located North 3420 feet and West 2851 feet from the SE Corner of Section 7, T28S, R25E, SLB&M. The water has been used for the irrigation of 5.00 acres from April 1 to October 31. The water was used in all or portion(s) of Section 35, T28S, R25E, SLB&M; Section 2, T29S, R24E, SLB&M; and Section 11, T29S, R24E, SLB&M.

Hereafter, it is proposed to divert 20.00 acre-feet of water from a surface source located North 712 feet and East 627 feet from the SW Corner of Section 8, T28S, R25E, SLB&M. The nature of use of the water is being changed. The water will now be used for drilling work for oil and gas wells, road construction, and maintenance. The place of use of the water is being changed to all or parts of Section 02, 08, 11, 14, 27, T29S, R24E, SLB&M; Section 08, T29S, R26E, SLB&M; Section 04, 09, 10, 14, 15, T30S, 25E, SLB&M.

Notice of this temporary change application was not published in a newspaper. It is the opinion of the State Engineer that it meets the criteria of Section 73-3-3 of the Utah Code for the approval of temporary change applications.

It is the opinion of the State Engineer that this change application can be approved without adversely affecting existing rights. The applicant is put on notice that diligence must be shown in pursuing the development of this application which can be demonstrated by the completion of the project as proposed in the change application.

It is, therefore, **ORDERED** and Temporary Change Application Number 05-6 (t31522) is hereby **APPROVED** subject to prior rights.

This temporary change application shall expire one year from the date hereof.

It is the applicant's responsibility to maintain a current address with this office and to update ownership of their water right. Please notify this office immediately of any change of address or for assistance in updating ownership.

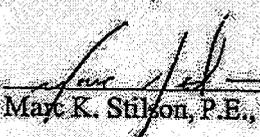
The applicant is advised to contact the Stream Alteration Section of the Division of Water Rights to ascertain if a Stream Alteration permit is required for this Temporary Change Application.

Your contact with this office, should you need it, is with the Southeastern Regional Office. The telephone number is 435-637-1303.

ORDER OF THE STATE ENGINEER
Temporary Change Application Number
05-6 (131522)
Page 2

This Order is subject to the provisions of Administrative Rule R655-6-17 of the Division of Water Rights and to Sections 63-46b-13 and 73-3-14 of the Utah Code which provide for filing either a Request for Reconsideration with the State Engineer or an appeal with the appropriate District Court. A Request for Reconsideration must be filed with the State Engineer within 20 days of the date of this Order. However, a Request for Reconsideration is not a prerequisite to filing a court appeal. A court appeal must be filed within 30 days after the date of this Order, or if a Request for Reconsideration has been filed, within 30 days after the date the Request for Reconsideration is denied. A Request for Reconsideration is considered denied when no action is taken 20 days after the Request is filed.

Dated this 31 day of May, 2006.



Marc K. Stilson, P.E., Regional Engineer

Mailed a copy of the foregoing Order this 31 day of May, 2006 to:

Charles Hardison Redd
P.O.Box 247
La Sal UT 84530

Stream Alteration Section
Division of Water Rights



EnCana Oil & Gas (USA) Inc.

EnCana Oil & Gas (USA) Inc. tel: 720-876-5339
370 – 17th Street
Suite 1700 fax: 720-876-6339
Denver, CO 80202

www.encana.com

January 17, 2007

Mr. John Baza
Utah Division of Oil, Gas & Mining
1594 North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, UT 84114-5801

Re: Exception Location
Middle Mesa State 36-24-29-24 Well
2568' FNL and 1186' FEL
SENE Sec 36, T29S, R24E
San Juan County, Utah

Dear Mr. Baza;

Pursuant to Rule R649-3-3 of the Oil & Gas Rules and Regulations of the State of Utah, EnCana Oil & Gas (USA) Inc. hereby requests an exception location for the drilling of the captioned well. Rule R649-3-2 requires a well to be located in the center of a forty (40) acre quarter-quarter section, or a substantially equivalent lot or tract, with a tolerance of two hundred (200) feet in any direction from the center.

The above referenced bottom hole location is an exception location under Rule R649-3-2, being Seven Hundred Ninety feet (790') southwest from the center of the SENE of Section 36, T29S, R24E. The attached plat depicts the location for which EnCana wishes permission to drill as well as the deviation from the location which would be in accordance with Rule R649-3-2.

The requested location has been chosen for geologic reasons. It is on State Lease UT-37067 and is within the established Middle Mesa Unit Area, #UTU82680X. The drillsite lease and all surrounding acreage within a Four Hundred Sixty foot (460') radius of the proposed location is owned One Hundred percent (100%) by EnCana Oil & Gas (USA) Inc. at 370 17th Street, Suite 1700, Denver, CO 80202. The map indicates EnCana's ownership.

If you have any questions or need additional information, please contact me at (720) 876-5339.

Sincerely,

Jevin Croteau
Regulatory Analyst

Attachment

ENCANA OIL & GAS (USA) INC.
Surface Use & Plan of Operations

1. EXISTING ROADS

- a. The proposed well site is located approximately 7.5 miles Southeast of La Sal, Utah.
- b. Directions from La Sal, Utah are as follows:

From La Sal Junction, US Highway 191 and State Highway 46, travel East on State Highway 46 for approximately 8.5 miles. Turn right on Coppermill Road travel South for approximately 4.3 miles. Turn left travel easterly approximately 2 miles. Turn left on an existing road and travel northeasterly for approximately 0.6 miles to the proposed road and travel easterly for 830 feet to the location.
- c. EnCana will obtain any permits needed from the San Juan County Road Department before any construction activities begin.
- d. Existing roads will be maintained and kept in good repair during all drilling and completion operations associated with this well as per the road use agreement.
- e. Dust control measures will be implemented during dry weather when necessary. These may include mag chloride or other palliative.

2. PLANNED ACCESS ROADS

- a. For access roads, see Topo Map and Vicinity Map.
- b. Some Improvement to existing roads may be necessary.
- c. No turnouts will be necessary.
- d. All surface materials needed for construction will be procured from a commercial source, except those materials that will be generated during the construction of this well (excess fill, etc.).
- e. No fence cuts or cattle guards will be necessary.
- f. Surface disturbance and vehicle travel will be limited to the approved location and approved pipeline/access road route.
- g. If the well is productive, the access road will be rehabilitated or brought to Resource (Class III) Road Standards within 60 days of dismantling the rig. If upgraded, the access road must be maintained at these standards until the well is properly abandoned.
- h. All brush, limbs, and other woody material will be stockpiled separately from the topsoil along the roadway, or near the well pad. The upper six inches of topsoil will be stockpiled near the well pad for future reclamation. If the soil stockpile is not used within six months it will be seeded to ensure topsoil integrity and prevent erosion.
- i. No pullouts or off-road parking will be allowed unless specifically authorized. "Keep vehicles on road surface" signs will be installed to assist with compliance. Shortcutting by vehicles operated by EnCana or its contractors, on roads not identified as access

routes in the APD, will not be allowed.

3. **LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS OF THE PROPOSED LOCATION. SEE GATHERING PIPELINE TOPO.**

- a. Water Wells - 0
- b. Injection or Disposal Wells - 0
- c. Producing Wells – 4
- d. Drilling Wells – 0
- e. Shut In Wells - 0
- f. Plugged and Abandoned Wells - 2

4. **LOCATION OF PRODUCTION FACILITIES**

- a. If the well is productive all production facilities will be located on the well pad. The proposed facilities to be located on the well pad will be a typical tank battery.
- b. The proposed gas gathering line will be buried from the well head to the battery site then to the tie-in point in the SWNE of Section 36, T29S R24E. The total length of the pipeline is approximately 886'.
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- e. The oil and gas measurement facilities will be installed on the well location. The gas flowline will be buried from the wellhead to the meter and downstream until it leaves the pad. Meter runs will be housed. Oil and gas meters will be calibrated prior to first sales and quarterly thereafter.
- f. If a tank battery is constructed on this lease, it will be surrounded by a berm of sufficient capacity to contain 1 ½ times the storage capacity of the largest tank. All loading lines and valves will be placed inside the berm surrounding the tank battery.
- g. Production facilities on location may include a lined or unlined produced water pit as specified in Onshore Oil and Gas Order No. 7.

5. **LOCATION AND TYPE OF WATER SUPPLY**

- a. The source of water for drilling and completion purposes will be obtained from the La Sal Creek located in the SE/4 of Section 7, T28S R25E, San Juan County, Utah.
- b. This water source is permitted under the State of Utah, Department of Natural Resources, Division of Water Rights. Water Right Number 05-6.
- c. Water will be hauled to the location over the proposed access roads outlined in the

SUP.

6. CONSTRUCTION MATERIALS

- a. All materials needed for construction will be procured from a commercial source, except those materials that will be generated during the construction of this well (excess fill, etc.).
- b. The use of materials under BLM jurisdiction will conform to 43 CFR 3610.2-3.

7. METHODS FOR HANDLING WASTE DISPOSAL

- a. Drill cuttings are to be contained and buried in the reserve pit.
- b. The reserve pit will be sealed in such a manner as to prevent leakage of the fluids. Methods available to insure containment of drilling fluids in the reserve pit include lining the inside of the pit with at least a 12 mil plastic liner. If a plastic liner is used, the bottom of the pit shall be smooth and free of any sharp rocks. If the pit has a rocky bottom, it shall be bedded with a material such as soil, sand, straw or hay to avoid the possibility of puncturing the liner. A minimum of not less than a 2 foot freeboard will be maintained in the pit at all times. All oil or floating debris will be removed from the pit immediately after the drilling and after the stimulation phase of the well.
- c. The reserve pit will be located on the SW corner of the disturbed pad, and the pit walls will be sloped at no greater than 1 1/2 to 1.
- d. The reserve pit shall be located in cut material, with at least 50% of the pit volume being below original ground level. 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. As soon as the reserve pit has dried, all areas not needed for production will be rehabilitated.
- e. Garbage is to be contained in the trash cage. The trash cage will be totally enclosed with small mesh wire to prevent wind scattering and wildlife entry. All garbage will be hauled to an approved disposal site at the end of drilling/completion operations.
- f. Sewage will be disposed of in accordance with State and County regulations. No sewage boreholes will be allowed. Chemical porta-toilets will be furnished and their contents hauled to an approved disposal site.
- g. The produced fluids (produced water, frac fluid and possibly condensate), while testing the well will be flowed back to a 400 Bbl. test tank. Any condensate will be skimmed and transferred to production tanks. Sand and produced fluids other than condensate will be transferred to the reserve pit until such time as the well is cleaned up sufficiently to produce pipeline quality gas. Any spills of oil, gas, salt water or other produced fluids will be cleaned up and removed.

8. ANCILLARY FACILITIES

No camps, airstrips or other facilities will be necessary.

9. WELLSITE LAYOUT

- a. The survey plats are attached.

- b. The well pad plan is attached with the location of the reserve pit and access road onto the well pad.
- c. A cross section of the well pad with the cut and fill diagram is attached.
- d. The reserve pit will be designed to prevent the collection of surface runoff.
- e. The reserve pit liner shall remain intact until the reserve pit is reclaimed. Flare pits must be located a sufficient distance from the reserve pit to prevent the liner from being damaged during flaring operations.
- f. Prior to rigging up, a one-foot high berm will be constructed around the perimeter of the well pad to contain all storm events/spills from going downstream of the well pad. A lined sump pit may be utilized to contain the fluids. The need for the berm will be reassessed upon completion of the well and after production is established.
- g. Compaction and construction of the berms surrounding the tank or tank batteries will be designed to prevent lateral movement of fluids through the berm, prior to any storage of fluids. All load lines and valves shall be placed inside the bermed areas.
- h. There shall be a sign or marker on location with the name of the operator, lease serial number, well number, and legal location of the well.

10. PLANS FOR RECLAMATION OF THE SURFACE

The following surface reclamation will be done upon completion of the drilling operations.

- a. The top six inches of topsoil material will be removed from the location, saved and stockpiled separately on the edge of the pad to be used for reclamation purposes.
- b. Topsoil along the access road will be reserved in place adjacent to the road.
- c. Immediately upon completion of drilling, all equipment that is not necessary for production shall be removed.
- d. When the reserve pit has completely dried the reserve pit and that portion of the location not needed for production will be reclaimed.
- e. All road surfacing will be removed prior to the rehabilitation of roads.
- f. Reclaimed roads will have the berms and cuts reduced and will be closed to vehicle use.
- g. All disturbed areas will be recontoured to replicate the natural slope.
- h. The stockpiled topsoil will be evenly distributed over the disturbed area.
- i. Prior to reseeding, all disturbed areas, including the access roads will be scarified and left with a rough surface.
- j. Seed will be broadcast or drilled between September and October. If broadcast, a harrow or some other implement will be dragged over the seeded area to assure seed coverage.
- k. The following seed mixture or one approved by UDOGM, SITLA or San Juan County will be used. Seed labels from each bag shall be available for inspection while seeding is

being accomplished. In the event grasses and native vegetation is not established after the first seeding application, subsequent applications will be performed until grasses and/or native vegetation is established.

<u>Common Name</u>	<u>Pure Live Seed (PLS) lbs /acre</u>
Indian ricegrass	4.0
Crested wheatgrass	4.0
Four-wing saltbush	4.0
Alfalfa	0.5
	12.5 lbs/acre

- i. The abandonment marker will be one of the following, as specified by the UDOGM:
- 1) at least four feet above ground level,
 - 2) at restored ground level, or
 - 3) below ground level.

In any case the marker shall be inscribed with the following: operator name, lease number, well name and surveyed description (township, range, section and either quarter-quarter or footages).

- m. Vegetation or soil disturbance by the operator will be held to the minimum consistent with practical construction operations and the operator will smooth all disturbed areas to conform as nearly as practical to the adjacent terrain.
- n. To the degree it is feasible, natural drainage will not be altered.
- o. Reclamation will be considered successful when the desired vegetative species are established, erosion is controlled, weeds are considered a minimal threat, and it is likely that ground cover will return to a desirable condition. EnCana will continue revegetation efforts until this standard is met.
- p. A fence shall be installed around the perimeter of the area undergoing reclamation. The fence shall be maintained in a manner to prevent cattle from entering the area, and shall be constructed as follows: Posts to be no more than 16' apart; fence wire: four wires of at least 12.5 gauge, double strand twisted; two stays between posts; wire stretched taut between brace panels, wire spacing from the ground up: 14", 22", 30", 42".

11. SURFACE OWNERSHIP

Well site - State of Utah School & Institutional Trust Lands Administration

Roads - All access roads are located or maintained by the State and County Road Departments or are on lands owned by the State of Utah.

12. OTHER INFORMATION

- a. A Class III archeological survey will be conducted by 4 Corners Archaeological Services for the surface location, access road and pipeline right-of-way and will be sent under separate cover.

EnCana Oil & Gas (USA) Inc.
Middle Mesa State 36-24-29-24
SENE, Section 36, T29S-R24E
1097' FNL & 2216' FWL
San Juan County, Utah

Lease No. STUT37067

The operator is responsible for informing all persons in the area who are associated with this project that they will be subjected to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, the operator is to immediately stop work that might further disturb such materials, and contact the State of Utah Trust Lands Administration.

13. **LESSEE'S OR OPERATOR'S REPRESENTATIVES**

Permit Matters

EnCana Oil & Gas (USA) INC.
370 17TH Street, Suite 1700
Denver, CO 80202
Jevin Croteau
Office: (720) 876-5339
Cell: (720) 273-6427

Drilling & Completion Matters

EnCana Oil & Gas (USA) INC.
370 17TH Street, Suite 1700
Denver, CO 80202
Kevin Brakovec – Drilling Engineer
Office: (720) 876-3668
Cell: (303) 710-0983

Drilling Program

The proposed wellsite is located on State Surface/State Minerals

1. FORMATION TOPS/GEOLOGIC MARKERS

The estimated tops of important geologic markers are as follows:

Formation	Depth	Subsea
Dakota/Burro Canyon	Surface	+6867'
Navajo	1182'	+5685'
Wingate	1935'	+4932'
Chinle	2242'	+4625'
Cutler	2242'	+4625'
Honaker Trail	4017'	+2850'
La Sal	5267'	+1600'
La Sal Shale	5607'	+1260'
Hatch	5691'	+1176'
TD	5741'	+1126'

2. ANTICIPATED DEPTH OF WATER, OIL & GAS

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

Substance	Formation	Depth
Gas	Honaker Trail	4017'
Gas	La Sal	5267'
Gas	La Sal Shale	5607'
Gas	Hatch	5691'

3. BOP EQUIPMENT/REQUIREMENTS

EnCana Oil & Gas (USA), Inc.'s minimum specification for pressure control equipment are as follows:

Ram Type: 11" Hydraulic double ram with annular, 3000 psi w.p.

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

Ram type preventers and associated equipment shall be tested to approved stack working pressure if isolated by test plug or to 70% 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% in 30 minutes occurs, the test shall be considered to have failed. Valve on casing head below test plug shall be open during test of BOP stack.

Annular type preventers (if used) shall be tested to 50% 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) shall be held open or the ball removed.

Annular preventers (if used) shall be functionally operated at least weekly.

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 of Federal 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.

BOP systems 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.

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

4. CASING AND CEMENTING PROGRAMS

The proposed casing program will be as follows:

Purpose	Depth	Hole Size	O.D.	Weight	Grade	Type	New/Used
Surface	0-600'	12-1/4"	9-5/8"	36#	J-55	ST&C	New
Production	0-5741'	8-3/4"	5-1/2"	15.5#	J-55	LT&C	New

Casing design subject to revision based on geologic conditions encountered.

The cement program will be as follows:

Conductor	Type and Amount
Surface	Type and Amount
0-600'	200 sx Class 'G' 50/50 Poz + 2% gel, 2.09 cuft/sx yield, 12.5 ppg
Production	Type and Amount
600'-5741' MD	1375 sx Class 'G' 50/50 Poz 1.43 cuft/sx yield, 13 ppg

5. MUD PROGRAM

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

Interval	Mud Type	Mud Wt.	Visc.	F/L
0-600'	Water	+/- 8.5	+/- 28	N.C.
600'-2200'	Water	+/- 8.5	+/- 28	N.C.
2200'-TD	LSND	+/- 8.8-9.1	+/- 40-50	+/- 8-10

Mud monitoring equipment to be used is as follows: Periodic checks of the mud system will be made each hour. The mud level will be checked visually.

1. There will be sufficient mud on location to ensure well control.
2. A mud test shall be performed every 24 hours after mudding up to determine, as applicable: density, viscosity, gel strength, static filtration loss and Ph.

6. EVALUATION PROGRAM – TESTING, LOGGING AND CORING

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

- a. No drill stem tests are anticipated.
- b. The logging program will consist of a Platform Express: Neutron Density, Laterolog, Gamma

Application for Permit to Drill
EnCana Oil & Gas (USA), Inc.
Middle Mesa State 36-24-29-24
2568' FNL & 1186' FWL (surface/bottomhole)
SE NE Section 36-T29S-R24E
San Juan County, Utah

Lease No. UT37067

Drilling Program

Page 4

Ray and Caliper from TD to base of the surface casing.

- c. No whole cores are anticipated. Depending upon evaluation of the open hole logs, several sidewall cores may be obtained in formations of interest.

7. ABNORMAL PRESSURES AND H2S GAS

- a. The maximum anticipated bottom hole pressure is 2400 psi (pressure gradient of 0.396 psi/ft). Source of pressure estimate was from data obtained for the La Sal geologic formation in the Middle Mesa State 36-14-29-24 (well is located within 1 mile of the proposed location).
- b. No hydrogen sulfide gas is anticipated, no abnormal pressures or temperatures are anticipated.

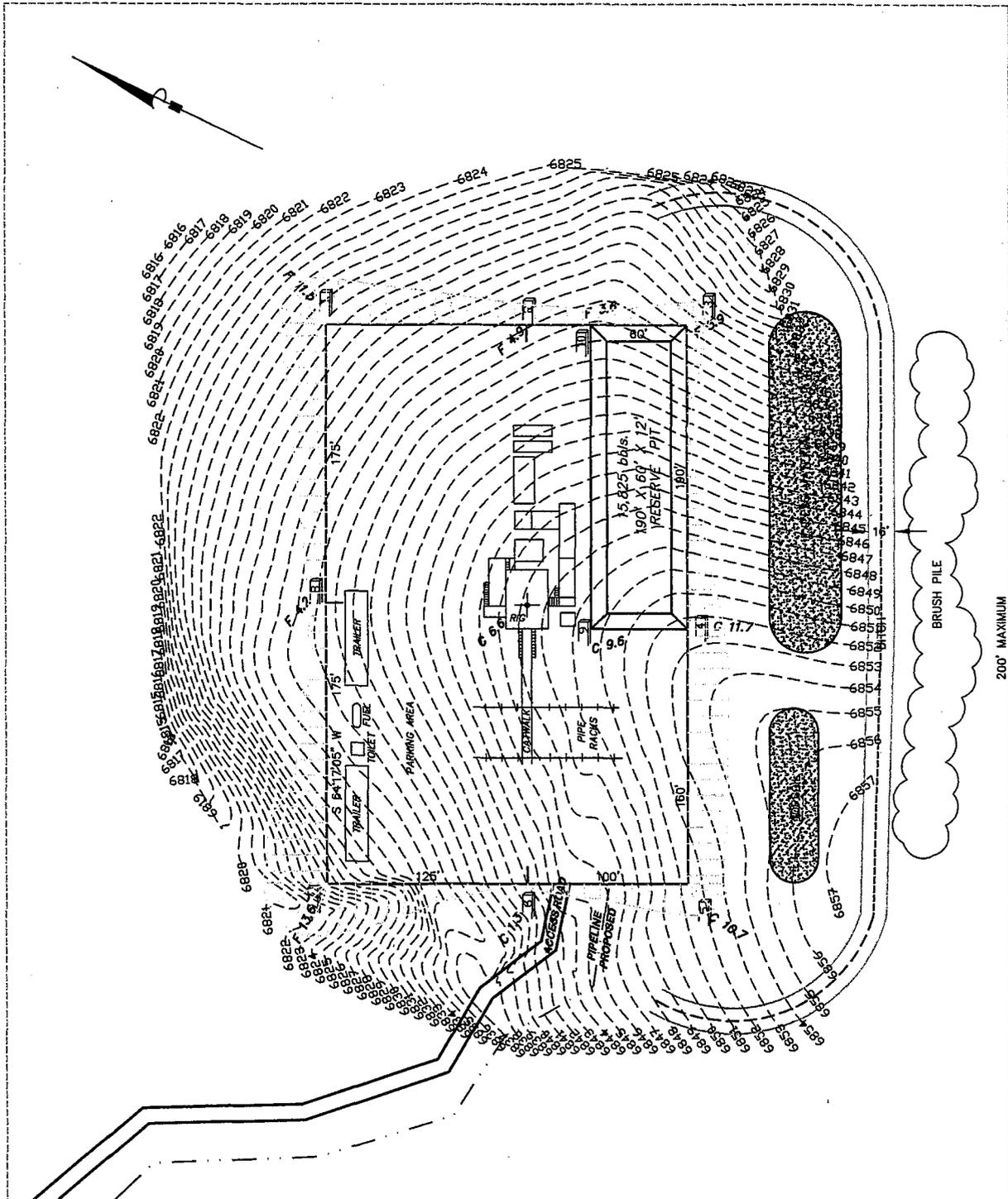
8. OTHER INFORMATION AND NOTIFICATION REQUIREMENTS

Drilling is planned to commence upon approval. Completion will begin approximately 30 days after drilling is completed.

It is anticipated that the drilling of this well will take approximately 15 days.

Following drilling and completion, portions of the pad not needed for production facilities will be reclaimed. If the well is plugged and abandoned, the entire wellsite will be reclaimed.

UNGRADED ELEVATION: 6847.3'
 FINISHED ELEVATION: 6840.7'
 APPROX. PAD DISTURBANCE: 5.6± ACRES
 DRAINS TO HAMILTON CREEK



BEFORE DIGGING
 CALL FOR
 UTILITY LINE LOCATION
 NOTE: THE EARTH QUANTITIES ON
 THIS DRAWING ARE ESTIMATED
 AND THE USE OF IS AT THE
 RESPONSIBILITY OF THE USER.

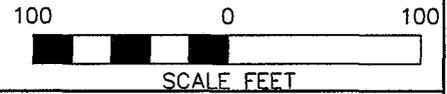


EXHIBIT 2

ENCANA OIL & GAS (USA) INC.
MIDDLE MESA STATE 36-24-29-24

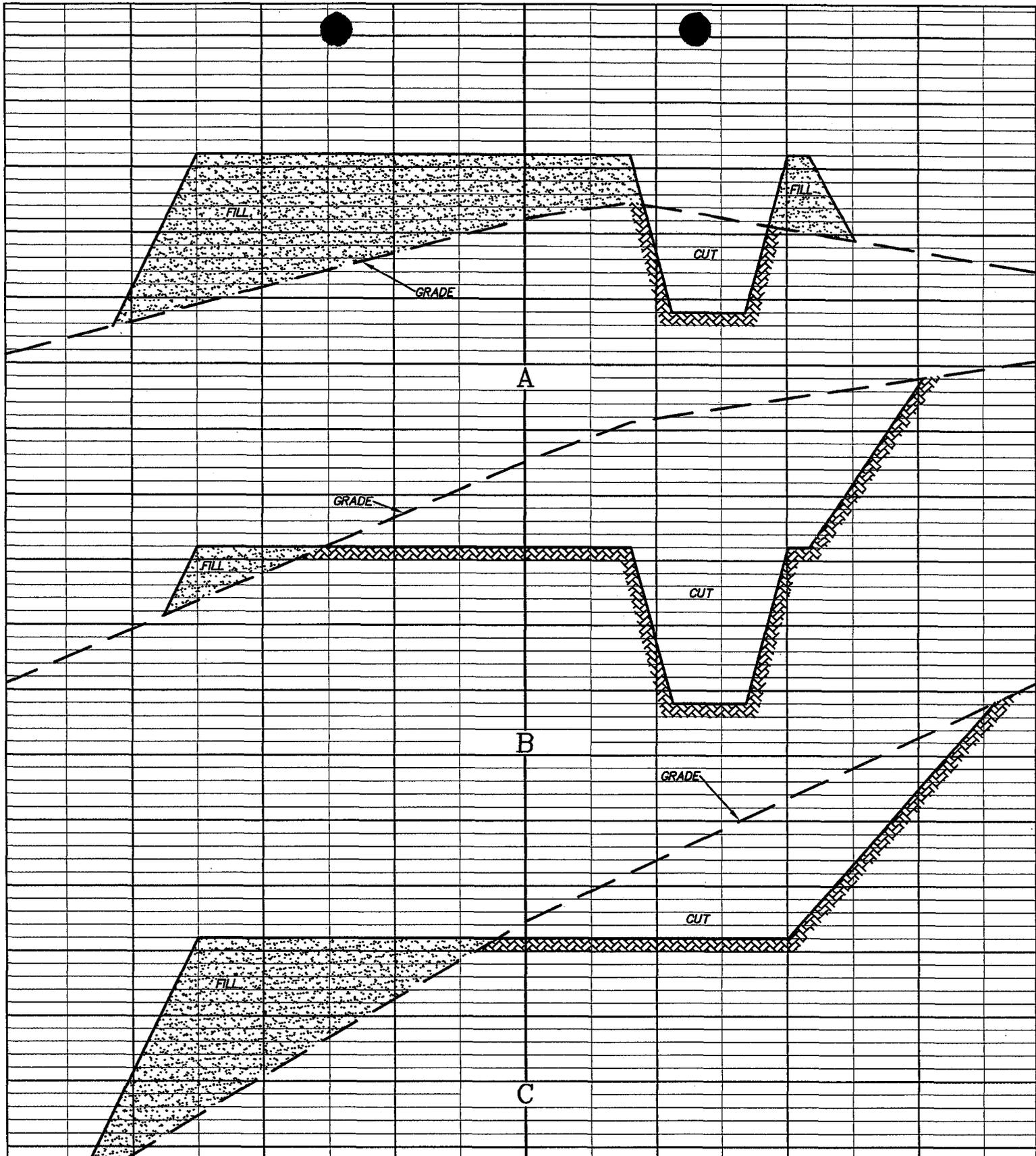
ESTIMATED EARTHWORK

ITEM	CUT	FILL	TOPSOIL	EXCESS
PAD	7732 CY	5905 CY	1458 CY	369 CY
PIT	3291 CY			3291 CY
TOTALS	11023 CY	5905 CY	1458 CY	3660 CY

DRG RIFFIN & ASSOCIATES, INC.

1414 ELK ST., SUITE 202
 ROCK SPRINGS, WY 82901
 (307) 362-5028

SCALE: 1" = 100'
 JOB No. 15014
 REVISED: 1/10/07



DRG RIFFIN & ASSOCIATES, INC.

**ENCANA OIL & GAS (USA) INC.
MIDDLE MESA STATE 36-24-29-24**

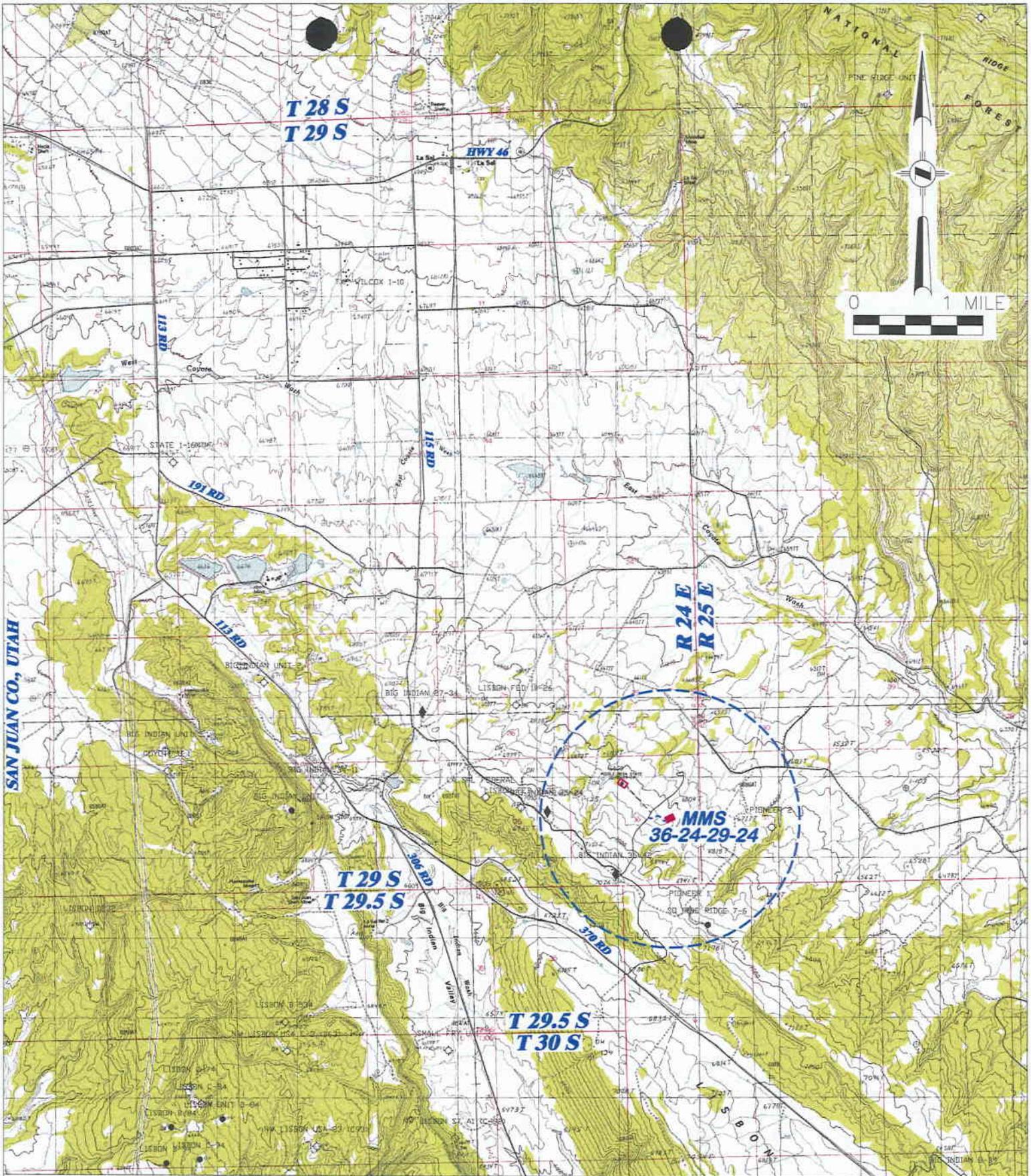
1414 ELK ST., SUITE 202
ROCK SPRINGS, WY 82901
(307) 362-5028

JOB No. 15014
REVISED: 1/10/07

HORZ. 1" = 50' VERT. 1" = 10'

UNGRADED ELEVATION: 6847.3'
FINISHED ELEVATION: 6840.7'

EXHIBIT 3



DRG RIFFIN & ASSOCIATES, INC.

1414 ELK ST., SUITE 202
 ROCK SPRINGS, WY 82901
 (307) 362-5028

SCALE: 1" = 1 MILE

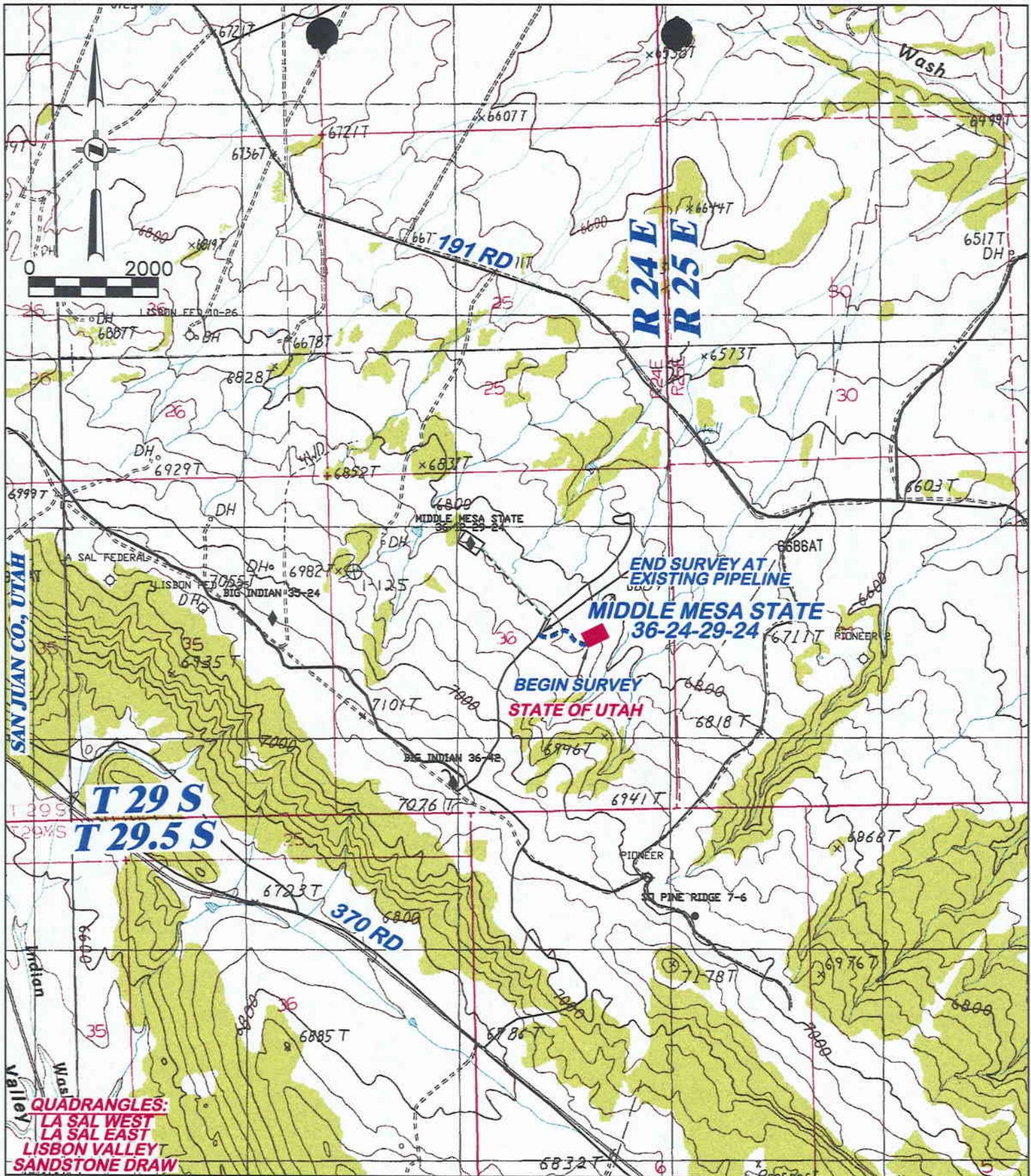
JOB No. 15014

REVISED: 1/10/07

**PROPOSED ACCESS FOR
 ENCANA OIL & GAS (USA) INC.
 MIDDLE MESA STATE 36-24-29-24**

EXISTING ROAD 
 PROPOSED ACCESS 

**TOPO
 A**



QUADRANGLES:
 LA SAL WEST
 LA SAL EAST
 LISBON VALLEY
 SANDSTONE DRAW



DRG RIFFIN & ASSOCIATES, INC.

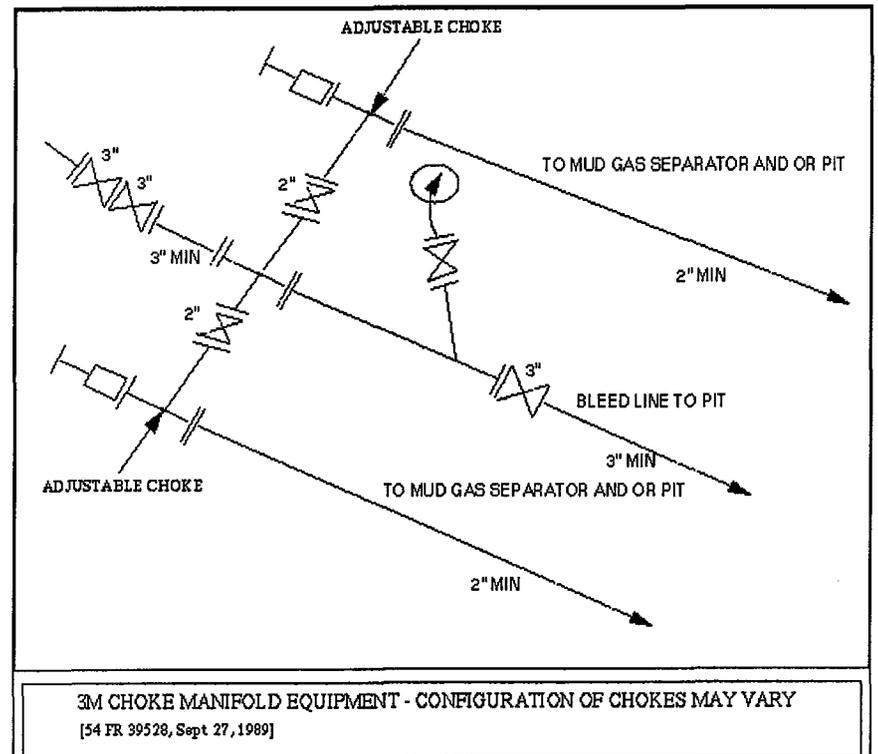
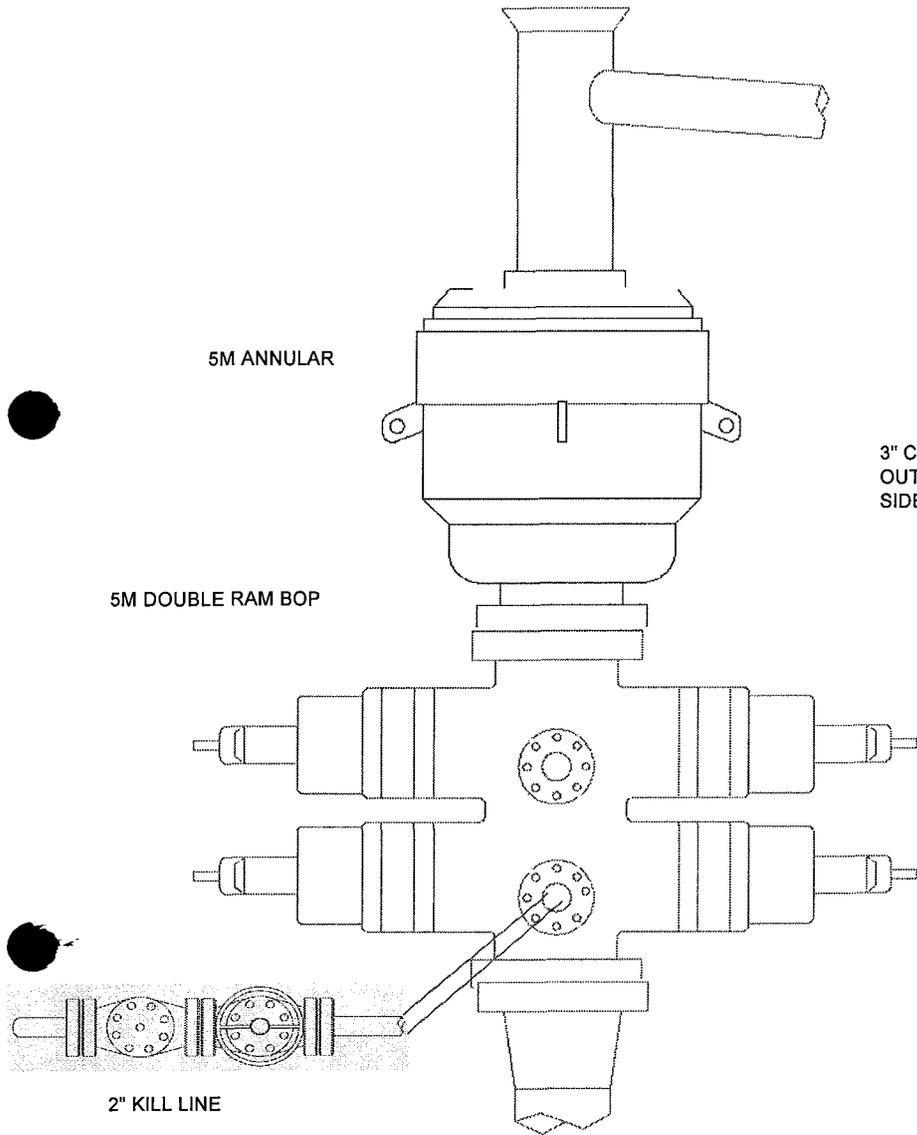
**PROPOSED PIPELINE FOR
 ENCANNA OIL & GAS (USA) INC.
 MIDDLE MESA STATE 36-24-29-24**

1414 ELK ST., SUITE 202
 ROCK SPRINGS, WY 82901
 (307) 362-5028

SCALE: 1" = 2000'
 JOB No. 15014
 REVISED: 1/10/07

TOTAL PROPOSED LENGTH: 886.3'
 EXISTING ROAD —————
 PROPOSED PIPELINE - - - - -

**TOPO MAP
 C**



**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 01/19/2007

API NO. ASSIGNED: 43-037-31856

WELL NAME: MIDDLE MESA ST 36-24-29-24
 OPERATOR: ENCANA OIL & GAS (USA) (N2175)
 CONTACT: JEVIN CROTEAU

PHONE NUMBER: 720-876-5339

PROPOSED LOCATION:

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	DUD	3/26/07
Geology		
Surface		

SENE 36 290S 240E
 SURFACE: 2568 FNL 1186 FEL
 BOTTOM: 2568 FNL 1186 FEL
 COUNTY: SAN JUAN
 LATITUDE: 38.23783 LONGITUDE: -109.2215
 UTM SURF EASTINGS: 655652 NORTHINGS: 4233492
 FIELD NAME: UNDESIGNATED (2)

LEASE TYPE: 3 - State
 LEASE NUMBER: ST-UT-37067
 SURFACE OWNER: 3 - State

PROPOSED FORMATION: HNKRT
 COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

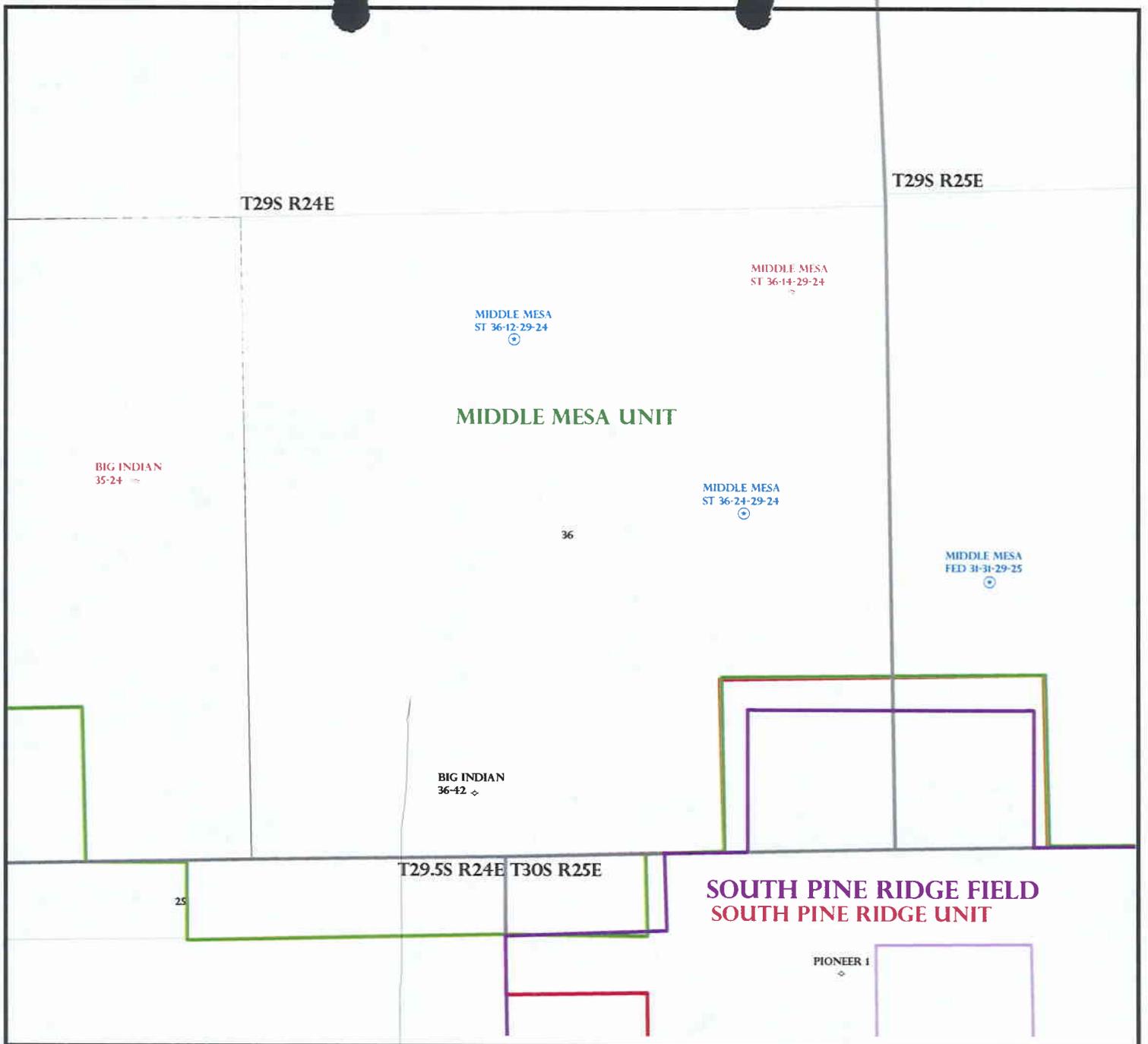
- Plat
- Bond: Fed[] Ind[] Sta[] Fee[]
(No. RLB0007875)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. 05-6)
- RDCC Review (Y/N)
(Date: _____)
- Fee Surf Agreement (Y/N)
- Intent to Commingle (Y/N)

LOCATION AND SITING:

- R649-2-3.
- Unit: MIDDLE MESA
- R649-3-2. General
- Siting: 460 From Qtr/Qtr & 920' Between Wells
- R649-3-3. Exception
- Drilling Unit
- Board Cause No: _____
- Eff Date: _____
- Siting: _____
- R649-3-11. Directional Drill

COMMENTS: Needs Permit (02-08-07)

STIPULATIONS: 1- Spacing Strip
2- STATEMENT OF BASIS



OPERATOR: ENCANA O&G INC (N2175)
 SEC: 36 T.29S R. 24E
 FIELD: UNDESIGNATED (002)
 COUNTY: SAN JUAN
 SPACING: R649-3-3 / EXCEPTION LOCATION

- | | |
|---------------------|--------------------|
| Field Status | Unit Status |
| ABANDONED | EXPLORATORY |
| ACTIVE | GAS STORAGE |
| COMBINED | NF PP OIL |
| INACTIVE | NF SECONDARY |
| PROPOSED | PENDING |
| STORAGE | PI OIL |
| TERMINATED | PP GAS |
| | PP GEOTHERML |
| | PP OIL |
| | SECONDARY |
| | TERMINATED |

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



PREPARED BY: DIANA MASON
 DATE: 22-JANUARY-2007

Application for Permit to Drill

Statement of Basis

2/14/2007

Utah Division of Oil, Gas and Mining

Page 1

APD No	API WellNo	Status	Well Type	Surf Ownr	CBM
209	43-037-31856-00-00		GW	S	No
Operator	ENCANA OIL & GAS (USA) INC		Surface Owner-APD		
Well Name	MIDDLE MESA ST 36-24-29-24	Unit			
Field	UNDESIGNATED	Type of Work			
Location	SENE 36 29S 24E S 0 F L 0 F L GPS Coord (UTM) 655652E 4233492N				

Geologic Statement of Basis

This location is situated on moderately permeable soil formed on the Cretaceous age Burro Canyon Formation. Two underground water rights have been filed covering 2 water wells (260' and 405' deep) within a mile of this location. The Moab District BLM operates these wells for stock watering. The subject well will use a benign water based mud system to 2,200' (Top of Triassic – age Chinle Formation) and subsequently convert to a low solids non-dispersed mud system below that depth. Surface pipe will likely be set into the Morrison Formation. The subject location is near the Lisbon Valley fault system so the area may present fracture permeability, lost circulation and a significant quantity of high quality groundwater may be encountered. The proposed surface casing and cementing program should adequately isolate any zones of fresh water that may be penetrated.

Chris Kierst
APD Evaluator

2/14/2007
Date / Time

Surface Statement of Basis

On-site conducted February 8, 2007. In attendance: Bart Kettle-Division of Oil Gas and Mining (DOGGM), Ed Bonner-School and Institutional Trust Lands Administration (SITLA), Ron Krist EnCana Oil & Gas (USA) Inc., bidding dirt contractors, DRGriffin & Associates, Inc. Invited and choosing not to attend Leroy Mead-Division of Wildlife Resources (DWR), Bruce Adams San Juan County.

DOGGM recommends drainage be diverted around well pad. Reserve pit shall be lined and kept in proper functioning condition. DOGM requires that all activities associated with constructing, drilling, completion and production of well be restricted to permitted access route and well pad.

Bart Kettle
Onsite Evaluator

2/8/2007
Date / Time

Conditions of Approval / Application for Permit to Drill

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

ON-SITE PREDRILL EVALUATION

Utah Division of Oil, Gas and Mining

Operator ENCANA OIL & GAS (USA) INC
Well Name MIDDLE MESA ST 36-24-29-24
API Number 43-037-31856-0 **APD No** 209 **Field/Unit** UNDESIGNATED
Location: 1/4,1/4 SENE **Sec** 36 **Tw** 29S **Rng** 24E 0 FL 0 FL
GPS Coord (UTM) 655646 4233488 **Surface Owner**

Participants

Bart Kettle (DOGM), Ed Bonner (SITLA), Ron Krist (EnCana)

Regional/Local Setting & Topography

Project site is located ~7 miles southeast of LaSal, in San Juan County Utah. On a regional setting the project site is located in what is generally referred to as the Canyonlands Region of the Colorado Plateau. Topography is a series of alternating ledgy outcrops and huge valleys along fault lines created during the formation of the LaSal Mountains to the north. The climate within this region is arid, and vegetation is often sparse at lower elevations. Annual precipitation at the project site is a 14-16" zone, and vegetation would be described as Pinion/Juniper woodlands and Wyoming sage grassland. Water drainages is to the southeast entering the Dolores River ~20 miles. No perennial surface water was observed in close proximity to the project area.

Surface Use Plan

Current Surface Use

Grazing
Wildlife Habitat
Deer Winter Range

New Road

Miles	Well Pad	Length	Src Const Material	Surface Formation
0.1	Width 225	350	Onsite	DKTA

Ancillary Facilities N

Waste Management Plan Adequate? Y

Environmental Parameters

Affected Floodplains and/or Wetland N

Flora / Fauna

Grass: Crested wheatgrass
Forbs: None noted
Shrubs: Wyoming sage, gamble oak, Utah service berry, birch leaf mountain mahogany, Basin big sage, Mormon tea, gray horse brush, broom snakeweed.
Other: Harrison yucca

Soil Type and Characteristics

Orange silty/clay/loam tan sandstone outcrops.

Erosion Issues Y

Highly erosive soils when disturbed

Sedimentation Issues N

Site Stability Issues N

Drainage Diversion Required Y

Divert several small drainages with material from reserve pit.

Berm Required? N

Erosion Sedimentation Control Required? Y

Prompt reclamation following drilling

Paleo Survey Run? N

Paleo Potential Observed? Y

Cultural Survey Run? N

Cultural Resources?

Reserve Pit

Site-Specific Factors

Site Ranking

Distance to Groundwater (feet)	100 to 200	5
Distance to Surface Water (feet)	>1000	0
Dist. Nearest Municipal Well (ft)	>5280	0
Distance to Other Wells (feet)	>1320	0
Native Soil Type	Mod permeability	10
Fluid Type	Fresh Water	5
Drill Cuttings	Normal Rock	0
Annual Precipitation (inches)	10 to 20	5
Affected Populations	<10	0
Presence Nearby Utility Conduits	Not Present	0

Final Score 25 1 **Sensitivity Level**

Characteristics / Requirements

Liner recommended for reserve pit.

Closed Loop Mud Required? N

Liner Required? Y

Liner Thickness 12

Pit Underlayment Required? N

Other Observations / Comments

Per comments received from DWR prior to on-site evaluation project area is considered to be crucial mule deer winter range. SITLA provided no comments. DOGM recommended that EnCana use material excavated to build reserve pit to route drainage located on the southwest side of location until reserve pit is backfilled. At time of on-site evaluation Cultural Resource inventories had not been completed due to snow cover.

Bart Kettle

2/8/2007

Evaluator

Date / Time



Search Utah.gov **GO**

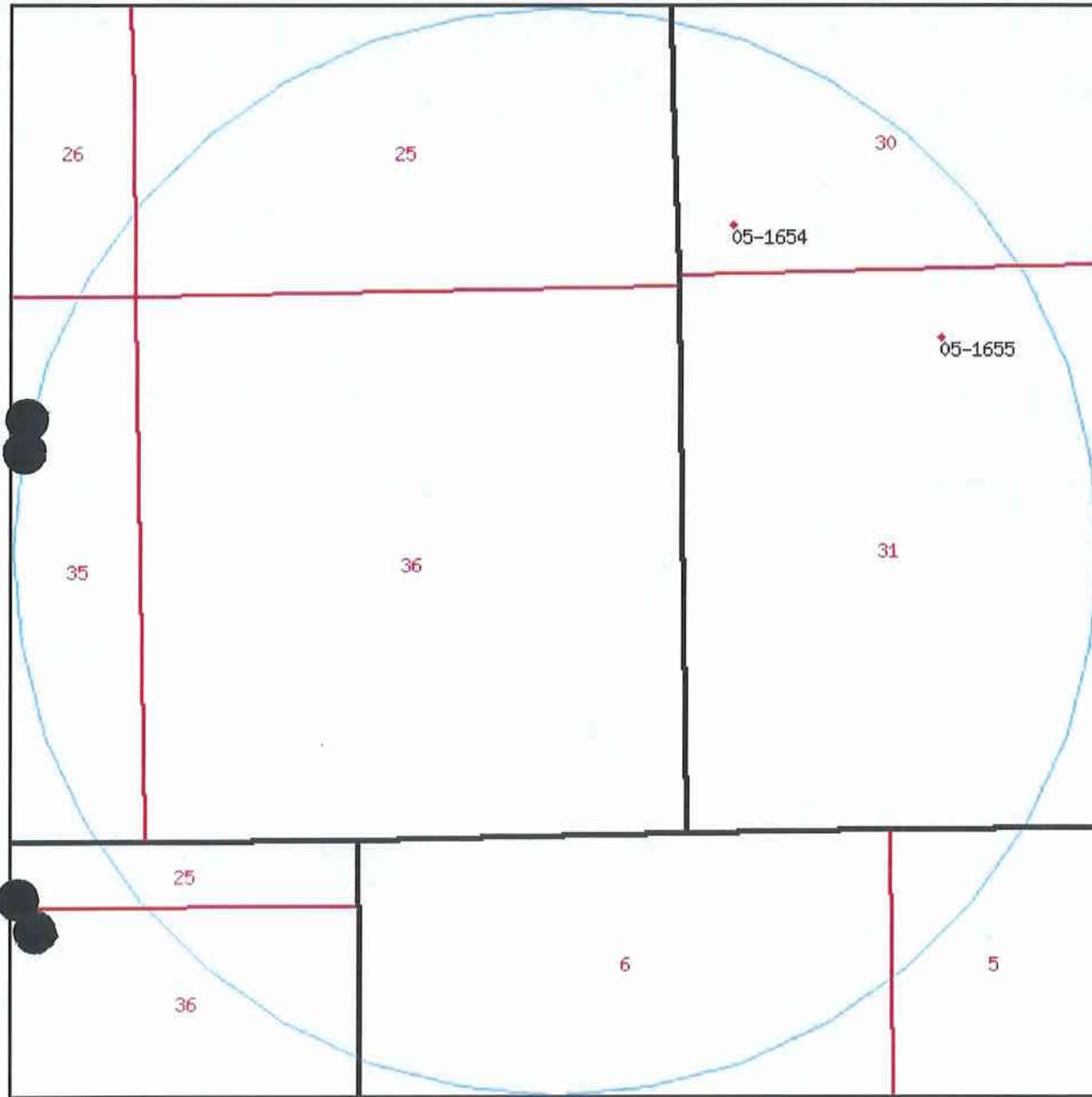


Utah Division of Water Rights

WRPLAT Program Output Listing

Version: 2006.11.17.00 Rundate: 02/14/2007 02:33 PM

Radius search of 5280 feet from a point S2568 W1186 from the NE corner, section 36, Township 29S, Range 24E, SL b&m Criteria:wrtypes=W,C,E nodtypes=S,U,D,Sp,P status=U,A,P usetypes=all



0 700 1400 2100 2800 ft

Water Rights

WR Number	Diversion Type/Location	Well Log	Status	Priority	Uses	CFS	ACFT	Owner Name
<u>05-1654</u>	Underground S2150 E580 W4 30 29S 25E SL		P	19790607	S	0.012	0.000	MOAB DISTRICT USA BUREAU OF LAND MANAGEMENT P.O. BOX 970
<u>05-1655</u>	Underground S594 E2557 NW 31 29S 25E SL		A	19860826	S	0.012	0.000	MOAB DISTRICT USA BUREAU OF LAND MANAGEMENT P.O. BOX 970

[Natural Resources](#) | [Contact](#) | [Disclaimer](#) | [Privacy Policy](#) | [Accessibility Policy](#)

Casing Schematic

Surface

127'

187'

BAP $0.052(5741)9.1 = 2717 \text{ psi}$
anticipate 2400 psi

Gas $.12(5741) = 689$
 $2717 - 689 = 2028 \text{ psi, MASP}$

9-5/8"
MW 8.5
Frac 19.3

BOPE SM ✓

Burst 3520
70% 2464 psi

Max P@ Surf. shoe
 $.22(5141) = 1131$
 $2717 - 1131 = 1586 \text{ psi}$

test to 1561 psi ✓

Adequate ✓
3/26/07

5-1/2"
MW 9.1

TOC @ Dakota

TOC @ 261.

Surface 600. MD

1182' Navajo

1935' Wingate

2242 Chinle/Cutler

4017' Honaker Trail

5267' La Sal

5607' La Sal Shale
5691' Hatch

Production 5741. MD

Well name:	2007-02 EnCana Middle Mesa ST 36-24-29-24	
Operator:	EnCana Oil & Gas (USA) Inc.	
String type:	Surface	Project ID: 43-037-31856
Location:	San Juan County	

Design parameters:

Collapse
Mud weight: 8.500 ppg
Design is based on evacuated pipe.

Minimum design factors:

Collapse:
Design factor 1.125

Environment:

H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 73 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 250 ft

Burst

Max anticipated surface pressure: 528 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 600 psi

Burst:

Design factor 1.00

Cement top: Surface

No backup mud specified.

Tension:

8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Non-directional string.

Tension is based on buoyed weight.
Neutral point: 524 ft

Re subsequent strings:

Next setting depth: 5,741 ft
Next mud weight: 9.100 ppg
Next setting BHP: 2,714 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 600 ft
Injection pressure: 600 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	600	9.625	36.00	J-55	ST&C	600	600	8.796	260.4
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	265	2020	7.626	600	3520	5.87	19	394	20.87 J

Prepared by: Helen Sadik-Macdonald
Div of Oil, Gas & Minerals

Phone: 801-538-5357
FAX: 810-359-3940

Date: February 20, 2007
Salt Lake City, Utah

Remarks:
Collapse is based on a vertical depth of 600 ft, a mud weight of 8.5 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Well name:	2007-02 EnCana Middle Mesa ST 36-24-29-24		
Operator:	EnCana Oil & Gas (USA) Inc.		
String type:	Production	Project ID:	43-037-31856
Location:	San Juan County		

Design parameters:

Collapse

Mud weight: 9.100 ppg
 Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 1,451 psi
 Internal gradient: 0.220 psi/ft
 Calculated BHP: 2,714 psi

 No backup mud specified.

Minimum design factors:

Collapse:

Design factor: 1.125

Burst:

Design factor: 1.00

Tension:

8 Round STC: 1.80 (J)
 8 Round LTC: 1.80 (J)
 Buttress: 1.60 (J)
 Premium: 1.50 (J)
 Body yield: 1.50 (B)

Tension is based on buoyed weight.
 Neutral point: 4,951 ft

Environment:

H2S considered? No
 Surface temperature: 65 °F
 Bottom hole temperature: 145 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 1,500 ft

 Cement top: 261 ft

Non-directional string.

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	5741	5.5	15.50	J-55	LT&C	5741	5741	4.825	767.2
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	2714	4040	1.489	2714	4810	1.77	77	217	2.83 J

Prepared by: Helen Sadik-Macdonald
 Div of Oil, Gas & Minerals

Phone: 801-538-5357
 FAX: 810-359-3940

Date: March 23, 2007
 Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 5741 ft, a mud weight of 9.1 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

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)

January 29, 2007

Memorandum

To: Assistant Field Office Manager Resources,
Moab Field Office

From: Michael Coulthard, Petroleum Engineer

Subject: 2007 Plan of Development Middle Mesa Unit,
San Juan County, 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 wells are planned for calendar year 2007 within the Middle Mesa Unit, San Juan County, Utah.

API#	WELL NAME	LOCATION
------	-----------	----------

(Proposed PZ Honaker Trail)

43-037-31855	Middle Mesa St	36-12-29-24 Sec 36 T29S R24E 1097 FNL 2216 FWL
43-037-31856	Middle Mesa St	36-24-29-24 Sec 36 T29S R24E 2568 FNL 1186 FEL

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

/s/ Michael L. Coulthard

bcc: File - Middle Mesa Unit
Division of Oil Gas and Mining
Central Files
Agr. Sec. Chron
Fluid Chron

MCoulthard:mc:1-29-07

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

FORM 3

AMENDED REPORT
(highlight changes)

APPLICATION FOR PERMIT TO DRILL				5. MINERAL LEASE NO: ST-UT-37067	6. SURFACE: State
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>				7. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>				8. UNIT or CA AGREEMENT NAME: Middle Mesa Unit	
2. NAME OF OPERATOR: EnCana Oil & Gas (USA) Inc.				9. WELL NAME and NUMBER: Middle Mesa State 36-24-29-24	
3. ADDRESS OF OPERATOR: 370 17th Street #1700 CITY Denver STATE CO ZIP 80202			PHONE NUMBER: (720) 876-5339	10. FIELD AND POOL, OR WILDCAT: Wildcat	
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 2568' FNL & 1186' FEL AT PROPOSED PRODUCING ZONE: 2568' FNL & 1186' FEL				11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SENE 36 29S 24E S	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: Approximately 7.5 miles southeast of La Sal, UT				12. COUNTY: San Juan	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 1186'		16. NUMBER OF ACRES IN LEASE: 640		17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 1979'		19. PROPOSED DEPTH: 5,741		20. BOND DESCRIPTION: RLB0001191	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 6847.3		22. APPROXIMATE DATE WORK WILL START: 3/23/2007		23. ESTIMATED DURATION: 15 Days	

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT			SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT			
12 1/4	9 5/8	J-55	36#	600	Class G + 2% gel	200sx	2.09 cuft/sx	12.5#
8 3/4	5 1/2	J-55	15.5#	5,741	50/50 poz: Class G	1375sx	1.43 cuft/sx	13#

ATTACHMENTS

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

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

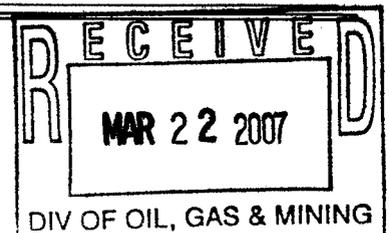
NAME (PLEASE PRINT) Jevin Croteau TITLE Regulatory Analyst
SIGNATURE [Signature] DATE 3/22/2007

(This space for State use only)

API NUMBER ASSIGNED: 43-037-31856

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

APPROVAL:
Date: 05-14-07
By: [Signature]



From: Ed Bonner
To: Mason, Diana
Date: 5/11/2007 4:36 PM
Subject: Well Clearance

CC: Davis, Jim; Garrison, LaVonne; Hill, Brad; Hunt, Gil

The following wells have been given cultural resources clearance by the Trust Lands Cultural Resources Group:

EnCana Oil & Gas (USA) Inc
Middle Mesa State 36-24-29-24 (API 43 037 31856)

Enduring Resources, LLC
Archy Bench 10-22-34-36 (API 43 047 38605)
Asphalt Wash 11-24-41-16 (API 43 047 38768)

EOG Resources, Inc
East Chapita 56-16 (API 43 047 39203)

Kerr McGee Oil & Gas Onshore LP
NBU 1022-24I (API 43 047 39031)

Tidewater Oil & Gas Company, LLC
Cactus Rose 36-43-2217 (API 43 019 31535)

If you have any questions regarding this matter please give me a call.



State of Utah

**Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

May 14, 2007

EnCana Oil & Gas (USA) Inc.
370 17th St, #1700
Denver, CO 80202

Re: Middle Mesa State 36-24-29-24 Well, 2568' FNL, 1186' FEL, SE NE, Sec. 36,
T. 29 South, R. 24 East, San Juan County, Utah

Gentlemen:

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

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

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-037-31856.

Sincerely,

Gil Hunt
Associate Director

pad
Enclosures

cc: San Juan County Assessor
Bureau of Land Management, Moab Office
SITLA

4. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical or paleontological remains be encountered during your operations, you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.
5. 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.
6. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)

DIVISION OF OIL, GAS AND MINING

SPUDDING INFORMATION

Name of Company: Encana Oil & Gas (USA), Inc

Well Name: Middle Mesa St 36-24-29-24

API No: 43-037-31856 Lease Type: State

Section 36 Township 29S Range 24E County San Juan

Drilling Contractor Pete Martin Rig # Bucket

SPUDDED:

Date 5-31-07

Time 2:30 PM

How Dry

Drilling will Commence: _____

Reported by Ron Krist

Telephone # 435-260-1893

Date 6-01-07 Signed RM

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

JUN 20 2007

DIV. OF OIL, GAS & MINING

ENTITY ACTION FORM

Operator: EnCana Oil & Gas (USA) Inc.
Address: 370 17th Street Suite 1700
city Denver
state CO zip 80202

Operator Account Number: N 2175

Phone Number: (720) 876-3219

Well 1

API Number	Well Name		QQ	Sec	Twp	Rng	County
4303731856	Middle Mesa State 36-24-29-24		NENW	36	29S	24E	San Juan
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
A	99999	16186	5/30/2007		6/21/07		
Comments: HNKRT = HRMS							

Well 2

API Number	Well Name		QQ	Sec	Twp	Rng	County
4303731855	Middle Mesa State 36-12-29-24		NENW	36	29S	24E	San Juan
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
A	99999	16187	6/13/2007		6/21/07		
Comments: HNKRT = HRMS							

Well 3

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

ACTION CODES:

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

Susan Guidry

Name (Please Print)

Susan Guidry

Signature

Operation Tech

6/18/2007

Title

Date

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

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

5. LEASE DESIGNATION AND SERIAL NUMBER:
ST-UT-37067

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:
Middle Mesa Unit

8. WELL NAME and NUMBER:
Middle Mesa State 36-24-29-24

9. API NUMBER:
4303731856

10. FIELD AND POOL, OR WILDCAT:
Undesignated

1. TYPE OF WELL OIL WELL GAS WELL OTHER _____

2. NAME OF OPERATOR:
EnCana Oil & Gas (USA) Inc.

3. ADDRESS OF OPERATOR:
370 - 17th Street, Suit 1700 CITY **Denver** STATE **CO** ZIP **80202**

PHONE NUMBER:
(720) 876-5339

4. LOCATION OF WELL
FOOTAGES AT SURFACE: **2568' FNL & 1186' FEL**

COUNTY: **San Juan**

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: **SENE 36 29S 24E 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>7/2/2007</u>	<input type="checkbox"/> ACIDIZE	<input checked="" type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input 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.

EnCana Oil & Gas (USA) Inc. is currently drilling the subject well and plans to drill an additional 209' beyond the permitted depth of 5,741'. EnCana plans to TD the well at 5,950' in the Hatch formation. EnCana is still targeting the Honaker Trail sands and La Sal shale.

7-25-07
RM

NAME (PLEASE PRINT) Jevin Croteau

TITLE Regulatory Analyst

SIGNATURE _____

DATE 7/9/07

(This space for State use only)

APPROVED BY THE STATE
OF UTAH DIVISION OF
OIL, GAS, AND MINING
DATE: 7/23/07
BY: [Signature]

(See Instructions on Reverse Side)

RECEIVED
JUL 10 2007

(5/2000)

DIV. OF OIL, GAS & MINING

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

CONFIDENTIAL

FORM APPROVED
OMB NO. 1004-0137
Expires: March 31, 2007

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. Type of Well Oil Well Gas Well Dry Other
 b. Type of Completion: New Well Work Over Deepen Plug Back Diff. Resvr.,
 Other: _____

5. Lease Serial No.
ST-UT-37067

6. If Indian, Allottee or Tribe Name

7. Unit or CA Agreement Name and No.

2. Name of Operator
EnCana Oil & Gas (USA) Inc.

8. Lease Name and Well No.
Middle Mesa State 36-24-29-24

3. Address 370 17th Street #1700 Denver, CO 80202

3a. Phone No. (include area code)
720-876-3219

9. AFI Well No.
43-037-31856

4. Location of Well (Report location clearly and in accordance with Federal requirements)*

2568' FNL & 1186' FEL
At surface

10. Field and Pool or Exploratory
Wildcat

11. Sec., T., R., M., on Block and
Survey or Area SENE Sec 36 T29S R24E

At top prod. interval reported below

12. County or Parish
San Juan

13. State
Ut

At total depth

8-2-07

14. Date Spudded
07/03/2007

15. Date T.D. Reached
07/13/2007

16. Date Completed
 D & A Ready to Prod.

17. Elevations (DF, RKB, RT, GL)*
GL 6847

18. Total Depth: MD 5835'
TVD 5835'

19. Plug Back T.D.: MD
TVD

20. Depth Bridge Plug Set: MD
TVD

21. Type Electric & Other Mechanical Logs Run (Submit copy of each)

CBL, GE, mud

22. Was well cored? No Yes (Submit analysis)
 Was DST run? No Yes (Submit report)
 Directional Survey? No Yes (Submit copy)

23. Casing and Liner Record (Report all strings set in well)

Hole Size	Size/Grade	Wt. (#/ft.)	Top (MD)	Bottom (MD)	Stage Cementer Depth	No. of Sks. & Type of Cement	Slurry Vol. (BBL)	Cement Top*	Amount Pulled
12.25	9.625"	36#	Surface	650		255 Class G		Surface	
8.75	5.5"	15.50#	Surface	5826'		1070 Class G		500	

24. Tubing Record

Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)
2 3/8"	5055'							

25. Producing Intervals

Formation	Top	Bottom	Perforated Interval	Size	No. Holes	Perf. Status
A) HNKRT			4678-4884	.39	256	
B)			5020-5129	.39	196	
C)			5667-5681	.39	56	
D)						

27. Acid, Fracture, Treatment, Cement Squeeze, etc.

Depth Interval	Amount and Type of Material
	See Wellbore Diagram

28. Production - Interval A

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
08/02/07	08/02/07	24	→	0	673	0			
Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas/Oil Ratio	Well Status	
24/64	SI		→	0	673	0		Producing	

28a. Production - Interval B

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
			→						
Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas/Oil Ratio	Well Status	
	SI		→						

*(See instructions and spaces for additional data on page 2)

RECEIVED
AUG 16 2007

28b. Production - Interval C									
Date First Produced	Test Date	Hours Tested	Test Production →	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate →	Oil BBL	Gas MCF	Water BBL	Gas/Oil Ratio	Well Status	

28c. Production - Interval D									
Date First Produced	Test Date	Hours Tested	Test Production →	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate →	Oil BBL	Gas MCF	Water BBL	Gas/Oil Ratio	Well Status	

29. Disposition of Gas (Solid, used for fuel, vented, etc.)

30. Summary of Porous Zones (Include Aquifers):
 Show all important zones of porosity and contents thereof: Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

31. Formation (Log) Markers

Formation	Top	Bottom	Descriptions, Contents, etc.	Name	Top
					Meas. Depth
				Honaker Trail	4220'
				LaSal LaSal Shale	5387' 5637'
				Hatch	5709'

32. Additional remarks (include plugging procedure):

33. Indicate which items have been attached by placing a check in the appropriate boxes:

- Electrical/Mechanical Logs (1 full set req'd.)
 Geologic Report
 DST Report
 Directional Survey
 Sundry Notice for plugging and cement verification
 Core Analysis
 Other:

34. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records (see attached instructions)*

Name (please print) Susan Guidry Title Operations Tech
 Signature [Handwritten Signature] Date 13 Aug 2007

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.

WELLBORE DIAGRAM

Operator: EnCana Oil & Gas (USA) Inc.
 Well Name: Middle Mesa State 36-24-29-24
 Lease Number: _____
 Location: SENE Sec 36 T29S R24E
 Field: Wildcat
 County: San Juan
 API Number: 43-037-31856
 Diagram Date: 08/09/2007

Surface Loc:

FORMATIONS

Chinle 2242'
 Honaker Trail 4017'
 LaSal 5267'
 LaSal Shale 5607'
 Hatch 5691'

KB 6859

GL 6847

Well History

Spud Date 07/03/2007
 TD Reached 07/13/2007
 Rig Released 07/14/2007
 Completion Date 08/02/2007
 First Sales: 08/02/2007

17 jts 9.625" 36# J-55 ST&C
 csg @ 650'; cmt w/ 140 sx
 Type III lead; 115 sx Type III tail

Tubing Detail:

KB
 159 jts 2-3/8" # J-55 EUE
 1.87 F/N
 1 jt 2-3/8" tbg
 1.81 F/N
 6' pup jt.
 2 3/8 notched collar
 EOT

Depth:

12.00
 5002.85
 1.00
 31.50
 1.00
 6.00
 0.65
5055'

EOT @ 5055'

CBP @ 5250'

4678'-4690' Honaker Trail Perfs shot 8/02/07 256 holes
 4801'-4815' 3-3/8", 4 SPF, 90° phasing
 4823'-4845'
 4868'-4884'

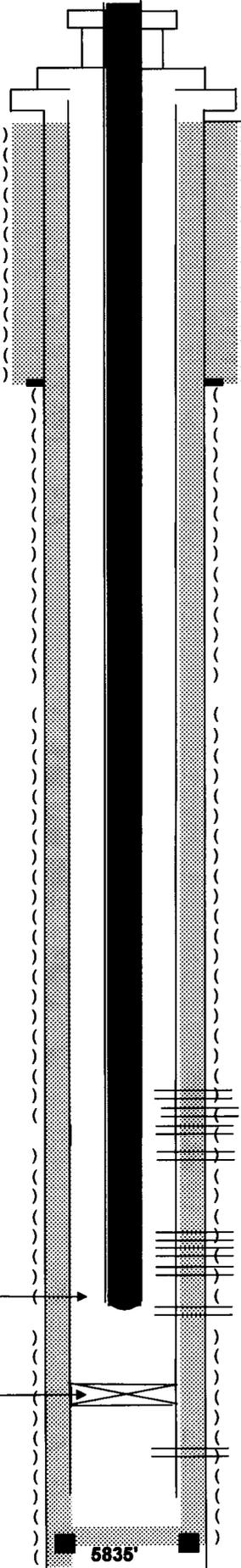
5020'-5028' Honaker Trail Perfs shot 7/25/07 196 holes
 5032'-5052' 3-3/8", 4 SPF, 90° phasing
 5057'-5059'

5119'-5129'

5667'-5681' LaSal Perfs shot 7/24/07 56 holes
 3-3/8", 4 SPF, 90° phasing

138 jts 5.5" 15.50# J-55 LT&C csg @ 5826'
 Cmt w/ 1070 sx G 44#sx Bentonite 33# sx

5835'





pason systems usa corp.

16100 Table Mountain Parkway • Ste. 100 • Golden • CO • 80403
Telephone (720) 880-2000 • Fax (720) 880-0016
www.pason.com

43-037-31856

July 18, 2007

Utah Division of Oil, Gas & Mining
P.O. Box 145801
Salt Lake City, UT 84114-5801

**RE: ENCANA OIL & GAS (USA), INC.
MIDDLE MESA 36-24-29-24
SEC. 36, T29S, R24E
SAN JUAN COUNTY, UT**

To Whom It May Concern:

Enclosed is the final computer colored log for the above referenced well.

We appreciate the opportunity to be of service to you and look forward to working with you in the near future.

If you have any questions regarding the enclosed data, please contact us.

Sincerely,

Bill Nagel
Geology Manager
Pason Systems USA
BN/alb

Encl: 1 Computer Colored Log.

Cc: Stephen Schurger, EnCana Oil & Gas (USA), Inc., Denver, CO.

RECEIVED

JUL 25 2007

DIV. OF OIL, GAS & MINING



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155
<http://www.blm.gov>



IN REPLY REFER TO:
3160
(U-922)

April 10, 2008

EnCana Oil & Gas (USA) Inc.
370 17th Street, Suite 1700
Denver, CO 80202
Attn: Ms. Emily Conrad

Re: Non-Paying Well Determination
Middle Mesa 36-24-29-24 Well
Middle Mesa Unit, San Juan County, Utah

Gentlemen:

Pursuant to your request of April 3, 2008, it has been determined by this office that under existing conditions the following well is not capable of producing unitized substances in paying quantities as defined in Section 9 of the unit agreement.

API Number	Well Name	Location	Comp. Date	Lease
4303731856	36-24-29-24	SENE 36 29.0 S 24.0 E SLB&M	08/02/2007	STATE

All past and future production from this well shall be handled and reported on a lease basis.

Sincerely,

/s/ Becky J. Hammond

Becky J. Hammond
Chief, Branch of Fluid Minerals

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APR 14 2008

DIV. OF OIL, GAS & MINING

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

ROUTING

CDW

X - Change of Operator (Well Sold)

Operator Name Change/Merger

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

5/14/2010

FROM: (Old Operator): N2175-EnCana Oil & Gas (USA) Inc. 370 17th Street, Suite 1700 Denver, CO 80202 Phone: 1 (303) 623-2300	TO: (New Operator): N3670-Patara Oil & Gas, LLC 333 Clay Street, Suite 3960 Houston, TX 77002 Phone: 1 (713) 357-7171
---	--

CA No. Unit: MIDDLE MESA

WELL NAME	SEC	TWN	RNG	API NO	ENTITY NO	LEASE TYPE	WELL TYPE	WELL STATUS
SEE ATTACHED								

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: 5/11/2010
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 5/11/2010
- The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 5/11/2010
- Is the new operator registered in the State of Utah: Business Number: 7655540-0161
- (R649-9-2) Waste Management Plan has been received on: * * requested 9/27/10
- Inspections of LA PA state/fee well sites complete on: * * requested 9/27/10
- 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: 6/28/2010 & 9/2/2010
- 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: 6/29/2010
Lisbon B-816 only

DATA ENTRY:

- Changes entered in the **Oil and Gas Database** on: 9/14/2010
- Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 9/14/2010
- Bond information entered in RBDMS on: 9/14/2010
- Fee/State wells attached to bond in RBDMS on: 9/14/2010
- Injection Projects to new operator in RBDMS on: 9/14/2010
- Receipt of Acceptance of Drilling Procedures for APD/New on: 5/11/2010

BOND VERIFICATION:

- Federal well(s) covered by Bond Number: UTB000428
- Indian well(s) covered by Bond Number: n/a
- (R649-3-1) The **NEW** operator of any state/fee well(s) listed covered by Bond Number RLB0013207 & B006008
- The **FORMER** operator has requested a release of liability from their bond on: not yet

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

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

		5. LEASE DESIGNATION AND SERIAL NUMBER:
		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
		7. UNIT or CA AGREEMENT NAME:
1. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		8. WELL NAME and NUMBER:
2. NAME OF OPERATOR: ENCANA OIL & GAS (USA) INC. <i>N2175</i>		9. API NUMBER:
3. ADDRESS OF OPERATOR: 370 17th Street, Suite 1700 <small>CITY</small> Denver <small>STATE</small> CO <small>ZIP</small> 80202		10. FIELD AND POOL, OR WILDCAT:
4. LOCATION OF WELL FOOTAGES AT SURFACE: See Attached List		COUNTY:
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:		STATE: UTAH

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

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

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

Effective May 4, 2010 Patara Oil & Gas LLC, 333 Clay Street, Suite 3960, Houston, TX 77002, will take over completions and operations and is designated as agent operator for the subject wells on the attached list.

Bond coverage for all activities will be covered by Patara's BLM Statewide Oil & Gas Bond No. UTB000428 and UDOGM Bond No. Pending. *RLB0013207 + B006008*

Patara Oil & Gas LLC, Lane M. Kincannon, Vice-President, Land & Business Development *N3670*

Signature *[Signature]* Date 5/4/2010

NAME (PLEASE PRINT) <u>Ricardo D. Gallegos</u>	TITLE <u>Attorney-in-Fact</u>
SIGNATURE <i>[Signature]</i>	DATE <u>5/4/2010</u>

(This space for State use only)

APPROVED 9/14/2010
Earlene Russell
Division of Oil, Gas and Mining
Earlene Russell, Engineering Technician

(See Instructions on Reverse Side)

RECEIVED
May 11 2010 ER
DIV. OF OIL, GAS & MINING

ENCANA O-G (N2175) to PATARA O-G (N3670)
effective May 4, 2010
MIDDLE MESA

well_name	sec	twp	rng	api	entity	lease	well	stat	C
BIG INDIAN 35-24	35	290S	240E	4303731829	14409	Federal	GW	S	
MIDDLE MESA ST 36-14-29-24	36	290S	240E	4303731838	15076	State	GW	P	
MIDDLE MESA FED 5-6-30-25	05	300S	250E	4303731853	16375	Federal	GW	P	
MIDDLE MESA FED 31-31-29-25	31	290S	250E	4303731854	15721	Federal	GW	P	
MIDDLE MESA ST 36-12-29-24	36	290S	240E	4303731855	16187	State	GW	P	
MIDDLE MESA ST 36-24-29-24	36	290S	240E	4303731856	16186	State	GW	S	
MIDDLE MESA ST 36-12B-29-24	36	290S	240E	4303731877	15076	State	GW	P	
MIDDLE MESA ST 36-24B-29-24	36	290S	240E	4303731878	16834	State	GW	P	
MIDDLE MESA FED 30-41-29-25	30	290S	250E	4303731893		Federal	GW	APD	C
MIDDLE MESA FED 31-42-29-25	31	290S	250E	4303731895		Federal	GW	APD	C
MIDDLE MESA FED 5-10-30-25	05	300S	250E	4303731897		Federal	GW	APD	
MIDDLE MESA FED 4-20-30-25	04	300S	250E	4303731898		Federal	GW	APD	C
MIDDLE MESA FED 25-43-29-24	25	290S	240E	4303731901		Federal	GW	APD	C
MIDDLE MESA FED 25-31-29-24	25	290S	240E	4303731903		Federal	GW	APD	C
MIDDLE MESA FED 26-34-29-24	26	290S	240E	4303731904		Federal	GW	APD	C
MIDDLE MESA FED 26-23-29-24	26	290S	240E	4303731905		Federal	GW	APD	C
MIDDLE MESA FED 31-44-29-25	31	290S	250E	4303731906		Federal	GW	APD	C
MIDDLE MESA FED 31-33-29-25	31	290S	250E	4303731907		Federal	GW	APD	C
MIDDLE MESA FED 5-8-30-25	05	300S	250E	4303731908		Federal	GW	APD	C
MIDDLE MESA FED 31-22-29-25	31	290S	250E	4303731909		Federal	GW	APD	
MIDDLE MESA FED 31-11-29-25	31	290S	250E	4303731910		Federal	GW	APD	
**Moved 7/14/2010									
MIDDLE MESA FED 25-41-29-24	25	290S	240E	4303731902		Federal	GW	APD	C



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155
<http://www.blm.gov/ut/st/en.html>



IN REPLY REFER TO
3180
UT-922

June 28, 2010

David M. Laramie
Patara Oil & Gas, LLC
621 17th Street, Suite 1345
Denver, CO 80293

Re: Successor Operator
Middle Mesa Unit
UTU82680X
San Juan County, Utah

Dear Mr. Laramie:

On June 25, 2010, we received an indenture dated May 4, 2010, whereby EnCana Oil & Gas (USA), Inc. resigned as Unit Operator and Patara Oil & Gas, LLC was designated as Successor Unit Operator for the Middle Mesa Unit, San Juan County, Utah. The indenture was executed by both parties and the signatory parties (working interest owners) have complied with Sections 5 and 6 of the unit agreement.

The instrument is hereby approved effective June 28, 2010. In approving this designation, the Authorized Officer neither warrants nor certifies that the designated party has obtained all required approval that would entitle it to conduct operations under the Middle Mesa Unit Agreement.

Your statewide oil and gas BLM Bond No. UTB000428 will be used to cover unit operations.

It is requested that you notify all interested parties of the change in unit operator. Copies of the approved instruments are being distributed to the appropriate Federal offices, with one copy returned herewith.

If you have any questions, contact Leslie Wilcken of this office at (801) 539-4112.

Sincerely,

/s/ Roger L. Bankert

Roger L. Bankert
Chief, Branch of Minerals

Enclosure

RECEIVED

JUL 06 2010

DIV. OF OIL, GAS & MINING

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

FORM 9

5. LEASE DESIGNATION AND SERIAL NUMBER:
ST-UT-37067

SUNDRY NOTICES AND REPORTS ON WELLS

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT 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.

1. TYPE OF WELL
OIL WELL GAS WELL OTHER _____

8. WELL NAME and NUMBER:
Middle Mesa State 36-24-29-24

2. NAME OF OPERATOR:
Patara Oil & Gas LLC

9. API NUMBER:
4303731856

3. ADDRESS OF OPERATOR:
600 17th Street Suite 1900S CITY **Denver** STATE **CO** ZIP **80202**

PHONE NUMBER:
(303) 563-5369

10. FIELD AND POOL, OR WILDCAT:
Middle Mesa

4. LOCATION OF WELL
FOOTAGES AT SURFACE: **2568' FNL & 1186' FEL**

COUNTY: **San Juan**

QTR/QTR. SECTION, TOWNSHIP, RANGE, MERIDIAN: **SENE 36 29S 24E**

STATE: **UTAH**

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input checked="" type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: 8/26/2010	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>Mechanical Integrity Test</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

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

Attached is the pressure chart dated August 26, 2010 for a mechanical integrity test performed on the Middle Mesa State 36-24-29-24 well by Patara Oil and Gas LLC, as witnessed by Bart Kettle, Utah State Field Inspector. The perforations were isolated with a retrievable bridge plug and the casing was pressure tested at 1000 psi, held for a duration period requested by Mr. Kettle and deemed a successful mechanical integrity test. The RBP was then removed and the tubing re-installed in the well. A wellbore diagram is attached for reference. At the current time, the tubing and casing are shut in and the well is secure.

The Middle Mesa State 36-24-29-24 well was shut in by the previous operator, EnCana Oil & Gas. Patara Oil and Gas LLC recently acquired the well and hereby requests that the State of Utah grant an extended shut in under rule R649-3-36 for a period of one year on this well to allow the company to analyze the productive capabilities and / or future use of the wellbore.

COPY SENT TO OPERATOR

Date: 9.29.2010

Initials: KS

RECEIVED

SEP 14 2010

DIV. OF OIL, GAS & MINING

NAME (PLEASE PRINT) John B. Warren

TITLE Production Manager

SIGNATURE [Signature]

DATE 9/14/2010

(This space for State use only)

**APPROVED BY THE STATE
OF UTAH DIVISION OF
OIL, GAS, AND MINING**

DATE: 9/23/2010
BY: [Signature]

(See Instructions on Reverse Side)

*Extension Valid thru 9/1/2011

WELLDROP DIAGRAM

Operator: EnCana Oil & Gas (USA) Inc.
 Well Name: Middle Mesa State 36-24-29-24
 Lease Number:
 Location: SENE Sec 36 T29S R24E
 Field: Wildcat
 County: San Juan
 API Number: 43-037-31856
 Diagram Date: 8/9/2007
 Rev 6/19/08

Surface Loc:

FORMATIONS

Chinle 2242'
 Honaker Trail 4017'
 LaSal 5267'
 LaSal Shale 5607'
 Hatch 5691'

KB 6859

GL 6847

Well History

Spud Date 7/3/2007
 TD Reached 7/13/2007
 Rig Released 7/14/2007
 Completion Date 8/2/2007
 First Sales: 8/2/2007

17 jts 9.625" 36# J-55 ST&C
 csg @ 650'; cmt w/ 140 sx
 Type III lead; 115 sx Type III tail

Tubing Detail (as of 6/20/08):

	Depth:
KB	12.00
159 jts 2-3/8" # J-55 EUE	4961.91
1.87 F/N	1.00
1 jt 2-3/8" tbg	31.44
1.81 F/N	1.00
6' pup jt.	4.00
2 3/8 notched collar	0.65
EOT	5012.00

05/08:

4678'-4690' Honaker Trail Perfs shot 8/02/07 256 holes
 4801'-4815' 3-3/8", 4 SPF, 90° phasing Too much water, pack off
 4823'-4845'
 4868'-4884'

Was plugged, now testing

5020'-5028' Honaker Trail Perfs shot 7/25/07 196 holes
 5032'-5052' 3-3/8", 4 SPF, 90° phasing
 5057'-5059'

5119'-5129'

5667'-5681' LaSal Perfs shot 7/24/07 56 holes
 3-3/8", 4 SPF, 90° phasing No gas, too thin

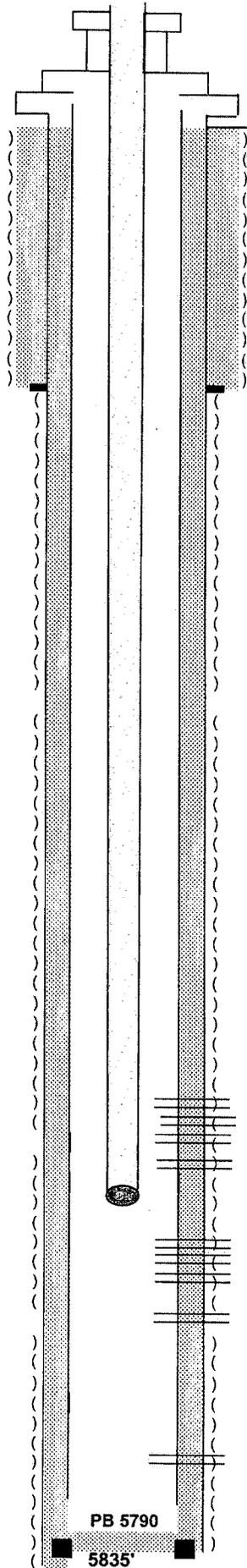
06/08: Set EOT @ 5012'

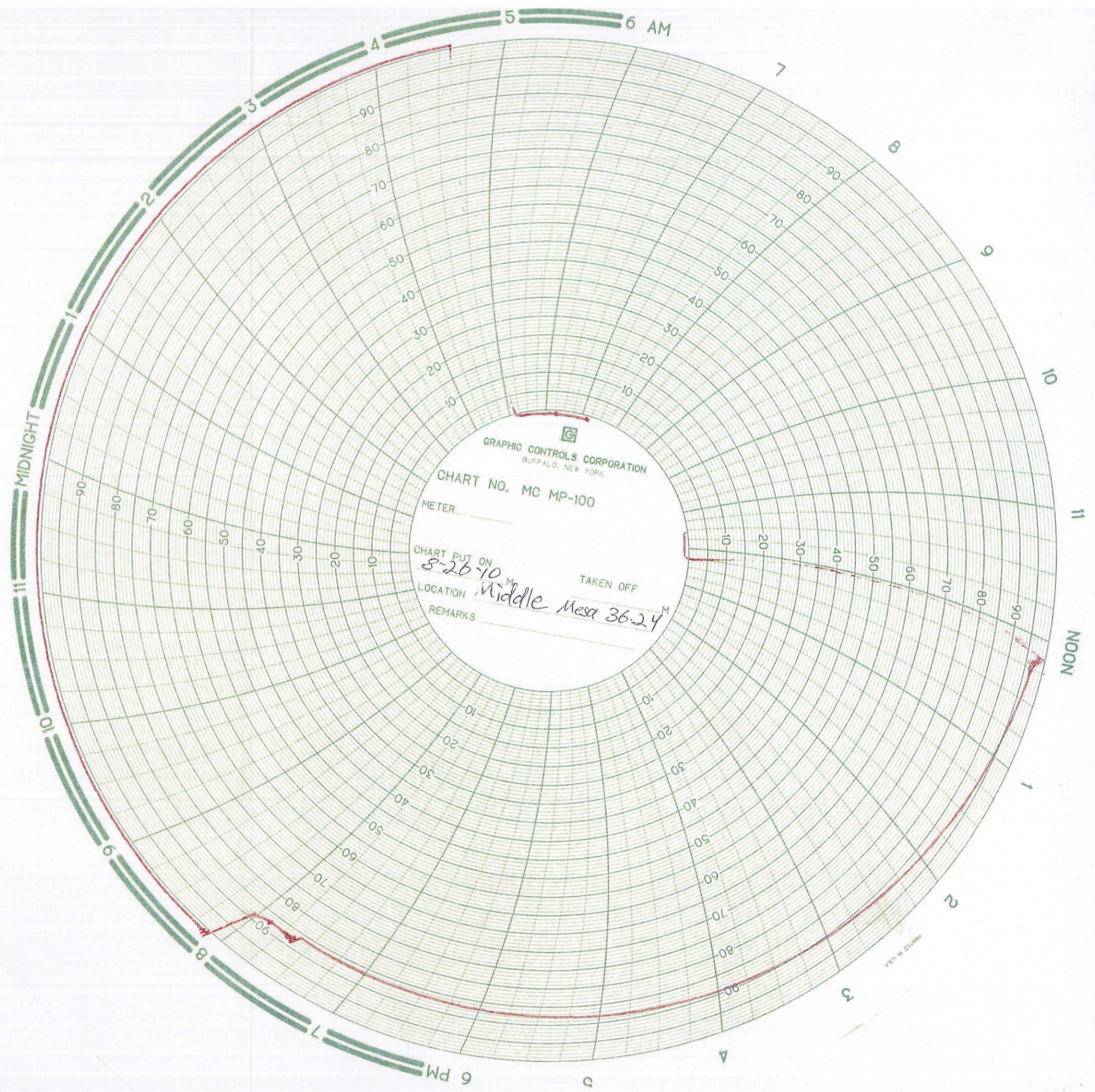
Packer removed during T&A
 (06/08), then plug and CIBP
 removed when putting back
 to production

PB 5790

5835'

138 jts 5.5" 15.50# J-55 LT&C csg @ 5826'
 Cmt w/ 1070 sx G 44#sx Bentonite 33# sx







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

March 16, 2011

CERTIFIED MAIL NO.: 7005 1820 0001 5562 7876

Mr. John Warren
Patara Oil & Gas
600 17th Street Suite 1900S
Denver, CO 80202

43 037 31856
Middle Mesa St. 36-2A-29-24
29S 24E 36

Subject: Extended Shut-in and Temporary Abandoned Well Requirements for Fee or State Leases

Dear Mr. Warren:

As of January 2011, Patara Oil & Gas (Patara) has one (1) State Lease Well (see Attachment A) that is currently in non-compliance with the requirements for extended shut-in or temporarily abandoned (SI/TA) status. Patara also has three (3) State Lease Wells (Attachment A) that are currently under extension status valid through August and September 2011.

Wells SI/TA beyond twelve (12) consecutive months requires filing a Sundry Notice (R649-3-36-1). Wells with five (5) years non-activity or non-productivity shall be plugged, unless the Division grants approval for extended shut-in time upon a showing of good cause by the operator (649-3-36-1.3.3). For extended SI/TA consideration the operator shall provide the Utah Division of Oil, Gas & Mining with the following:

1. Reasons for SI/TA of the well (R649-3-36-1.1).
2. The length of time the well is expected to be SI/TA (R649-3-36-1.2), and
3. An explanation and supporting data if necessary, for showing the well has integrity, meaning that the casing, cement, equipment condition, static fluid level, pressure, existence or absence of Underground Sources of Drinking Water and other factors do not make the well a risk to public health and safety or the environment (R649-3-36-1.3).

Please note that the Divisions preferred method for showing well integrity is by MIT

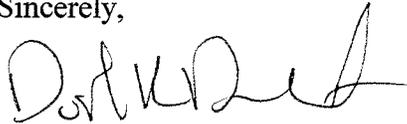
Page 2
Patara Oil & Gas
March 16, 2011

Submitting the information suggested below may help show well integrity and may help qualify your well for extended SI/TA. **Note: As of July 1, 2003, wells in violation of the SI/TA rule R649-3-36 may be subject to full cost bonding (R649-3-1-4.2, 4.3).**

1. Wellbore diagram, and
2. Copy of recent casing pressure test, and
3. Current pressures on the wellbore (tubing pressure, casing pressure, and casing/casing annuli pressure) showing wellbore has integrity, and
4. Fluid level in the wellbore, and
5. An explanation of how the submitted information proves integrity.

If the required information is not received within 30 days of the date of this notice, further actions may be initiated. If you have any questions concerning this matter, please contact me at (801) 538-5281.

Sincerely,



Dustin K. Doucet
Petroleum Engineer

DKD/JP/js
Enclosure
cc: Compliance File
Well File
LaVonne Garrison, SITLA

N:\O&G Reviewed Docs\ChronFile\PetroleumEngineer\SITA

ATTACHMENT A

	Well Name	API	LEASE	Years Inactive
1ST NOTICE				
1	LISBON UNIT D-716	43-037-31034	ML-13692	1 Year 1 Month
SI/TA EXTENSION VALID TO 8/1/2011				
2	LISBON D-616	43-037-15049	ML-13692	1 Year 7 Months
SI/TA EXTENSION VALID TO 9/1/2011				
3	LISBON B-616	43-037-16242	STATE	15 Years
→ 4	MIDDLE MESA ST 36-24-29-24	43-037-31856	ST-UT-37067	1 Year 1 Month

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		FORM 9
SUNDRY NOTICES AND REPORTS ON WELLS		5. LEASE DESIGNATION AND SERIAL NUMBER: ST-UT-37067
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
1. TYPE OF WELL Gas Well		7. UNIT or CA AGREEMENT NAME: MIDDLE MESA
2. NAME OF OPERATOR: PATARA OIL & GAS, LLC		8. WELL NAME and NUMBER: MIDDLE MESA ST 36-24-29-24
3. ADDRESS OF OPERATOR: 600 17th Street Ste 1900S , Denver, CO, 80202		9. API NUMBER: 43037318560000
4. LOCATION OF WELL FOOTAGES AT SURFACE: 2568 FNL 1186 FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: SENE Section: 36 Township: 29.0S Range: 24.0E Meridian: S		9. FIELD and POOL or WILDCAT: SOUTH PINE RIDGE
		COUNTY: SAN JUAN
		STATE: UTAH
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA		
TYPE OF SUBMISSION	TYPE OF ACTION	
<input type="checkbox"/> NOTICE OF INTENT Approximate date work will start:	<input type="checkbox"/> ACIDIZE <input type="checkbox"/> ALTER CASING <input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> DEEPEN <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> PLUG BACK <input checked="" type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> WATER DISPOSAL <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> SI TA STATUS EXTENSION <input type="checkbox"/> WILDCAT WELL DETERMINATION <input type="checkbox"/> OTHER	
<input checked="" type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: 9/28/2011		
<input type="checkbox"/> SPUD REPORT Date of Spud:		
<input type="checkbox"/> DRILLING REPORT Report Date:		
12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.		
The subject well resumed production on September 28, 2011 at 305 MCF gas, 0 bbls oil, 0 bbls water. Please contact Christopher Noonan with Patara Oil & Gas with any questions. Thank you.		
Accepted by the Utah Division of Oil, Gas and Mining FOR RECORD ONLY		
NAME (PLEASE PRINT) Christopher Noonan	PHONE NUMBER 303 563-5377	TITLE Production Technician
SIGNATURE N/A	DATE 10/3/2011	

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

FORM 6

ENTITY ACTION FORM

Operator: Patara Oil & Gas LLC Operator Account Number: N 3670
 Address: 600 17th Street, Suite 1900S
city Denver
state CO zip 80202 Phone Number: (303) 825-0685

Well 1

API Number	Well Name		QQ	Sec	Twp	Rng	County
4303731856	Middle Mesa State 36-24-29-24		SENE	36	29S	24E	San Juan
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
B	161906	15076	5/30/2007		10/1/2006		
Comments: Per request of Rachel Medina 5/8/2012. HNKrt							5/21/2012

Well 2

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

Well 3

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

ACTION CODES:

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

Christopher A. Noonan

Name (Please Print)


Signature

Supervisor: Regulations

5/14/2012

Date

RECEIVED
MAY 17 2012



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155
<http://www.blm.gov/ut/st/en.html>



APR 10 2012

IN REPLY REFER TO:
3180 (UTU82680A)
UT-922100

Patara Oil & Gas, LLC
Attn: Cassandra Squyres
600 17th Street, Suite 1900S
Denver, CO 80202

Re: First Revision of the Honaker Trail PA
Middle Mesa Unit, San Juan County, Utah

Dear Ms. Squyres:

The 1st Revision of the Honaker Trail Participating Area (PA), Middle Mesa Unit, CRS No. UTU82680A, San Juan County, Utah, is hereby approved effective as of October 1, 2006, pursuant to Section 11 of the Middle Mesa Unit Agreement.

This revision results in the addition of 199.81 acres to the Initial Honaker Trail PA for a total of 239.76 acres and is based upon the completion of Well No. 31-31-29-25, API No. 43-037-31854, located in Lot 3 (NW $\frac{1}{4}$ SW $\frac{1}{4}$) of Section 31, Township 29 South, Range 25 East, Federal Unit Tract No. 3, Lease No. UTU84217, as a well capable of producing unitized substances in paying quantities.

For production and accounting reporting purposes, all submissions pertaining to the Honaker Trail PA shall refer to UTU82680A.

Please disregard our non-paying well determination dated April 10, 2008, with respect to Well No. 36-24-29-24, API No. 43-037-31856, located in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 36, Township 29 South, Range 24 East. As this well was drilled and completed in this participating area revision after the revision was effective, all production from the well should be reported to the Honaker Trail PA UTU82680A.

RECEIVED

APR 12 2012

DIV. OF OIL, GAS & MINING

Copies of the approved request are being distributed to the appropriate agencies and one copy is returned herewith. Please advise all interested parties of the approval of the 1st Revision of the Honaker Trail PA, Middle Mesa Unit, and its effective date.

Please direct any questions concerning this approval to Judy Nordstrom of this office at (801) 539-4108.

Sincerely,



Roger L. Bankert
Chief, Branch of Minerals

Enclosure

cc: UDOGM
SITLA
ONRR w/Exhibit B (Attn: Leona Reilly)
BLM FOM - Moab w/enclosure

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 MIDDLE MESA ST 36-24-29-24					
2. TYPE OF WORK DRILL NEW WELL <input type="radio"/> REENTER P&A WELL <input type="radio"/> DEEPEN WELL <input checked="" type="radio"/>						3. FIELD OR WILDCAT SOUTH PINE RIDGE					
4. TYPE OF WELL Gas Well <input type="radio"/> Coalbed Methane Well: NO <input type="radio"/>						5. UNIT or COMMUNITIZATION AGREEMENT NAME MIDDLE MESA					
6. NAME OF OPERATOR PATARA OIL & GAS, LLC						7. OPERATOR PHONE 303 563-5364					
8. ADDRESS OF OPERATOR 600 17th Street Ste 1900S, Denver, CO, 80202						9. OPERATOR E-MAIL eeseeman@pataraog.com					
10. MINERAL LEASE NUMBER (FEDERAL, INDIAN, OR STATE) ML37067			11. MINERAL OWNERSHIP FEDERAL <input type="radio"/> INDIAN <input type="radio"/> STATE <input checked="" type="radio"/> FEE <input type="radio"/>			12. SURFACE OWNERSHIP FEDERAL <input type="radio"/> INDIAN <input type="radio"/> STATE <input checked="" type="radio"/> FEE <input type="radio"/>					
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="radio"/> (Submit Commingling Application) NO <input checked="" type="radio"/>			19. SLANT VERTICAL <input checked="" type="radio"/> DIRECTIONAL <input type="radio"/> HORIZONTAL <input type="radio"/>					
20. LOCATION OF WELL		FOOTAGES		QTR-QTR	SECTION	TOWNSHIP	RANGE	MERIDIAN			
LOCATION AT SURFACE		2569 FNL 1183 FEL		SENE	36	29.0 S	24.0 E	S			
Top of Uppermost Producing Zone		2569 FNL 1183 FEL		SENE	36	29.0 S	24.0 E	S			
At Total Depth		2569 FNL 1183 FEL		SENE	36	29.0 S	24.0 E	S			
21. COUNTY SAN JUAN			22. DISTANCE TO NEAREST LEASE LINE (Feet) 1183			23. NUMBER OF ACRES IN DRILLING UNIT 640					
			25. DISTANCE TO NEAREST WELL IN SAME POOL (Applied For Drilling or Completed) 1979			26. PROPOSED DEPTH MD: 6580 TVD: 6580					
27. ELEVATION - GROUND LEVEL 6847			28. BOND NUMBER B006008			29. SOURCE OF DRILLING WATER / WATER RIGHTS APPROVAL NUMBER IF APPLICABLE COMMERCIAL					
Hole, Casing, and Cement Information											
String	Hole Size	Casing Size	Length	Weight	Grade & Thread	Max Mud Wt.	Cement	Sacks	Yield	Weight	
L1	4.75	2.875	5730 - 6580	6.5	N-80 LT&C	9.1	35/65 Poz	50	2.16	12.5	
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 checked="" 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 Danielle Gavito				TITLE Regulatory Technician				PHONE 303 563-5378			
SIGNATURE				DATE 03/01/2012				EMAIL dgavito@pataraog.com			
API NUMBER ASSIGNED 43037318560000				APPROVAL  Permit Manager							

Patara Oil & Gas LLC
MIDDLE MESA STATE 36-24-29-24
 SHL: 2569' FNL 1183' FEL
 SE/4 NE/4 SEC 36 TWN 29S RNG 24E
 San Juan County, UT
 State Lease #: ML37067
 Federal Unit #: UTU82680X

CONFIDENTIAL

Onshore Oil & Gas Order No. 1 & No. 2
Drilling Program

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 the subcontractors. A copy of these conditions will be furnished with the field representative to ensure compliance.
 Company Contact: Mr. Ryan Calhoun, Patara Oil & Gas LLC 303-563-5373.

ESTIMATED FORMATION TOPS

Estimated tops of important geologic markers are as follows:

Formation	Depth (TVD)	Depth (MD)	Subsea
Dakota/Burro Canyon	Surface	Surface	6900
Morrison	225'	225'	6642'
Entrada	919'	919'	5948'
Navajo	1182'	1182'	5685'
Kayenta	1719'	1719'	5148'
Wingate	1935'	1935'	4932'
Chinle/Cutler	2242'	2242'	4625'
Honaker Trail	4017'	4017'	2850'
La Sal	5267'	5267'	1600'
La Sal Shale	5607'	5607'	1260'
Hatch	5691'	5691'	1176'
Ismay	6228'	6228'	631'
Gothic	6491'	6491'	368'
Desert Creek	6592'	6592'	267'
TOTAL DEPTH	6,580' TVD	(6580' MD)	252'

ANTICIPATED DEPTH OF WATER, OIL, GAS OR MINERAL BEARING FORMATIONS

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

Formation	Depth (TVD)	Depth (MD)	Oil, Gas, Water
Dakota/Burro Canyon	Surface	Surface	Possible water bearing
Honaker Trail	4017'	4017'	Possible gas bearing
La Sal	5267'	5267'	Possible gas bearing
La Sal Shale	5607'	5607'	Possible gas bearing
Ismay	6228'	6228'	Possible oil & gas bearing

All fresh water and prospectively valuable minerals encountered during drilling will be recorded by depth and adequately protected. All indications of usable water (10,000 ppm or less TDS) shall be reported to the Moab Field Office prior to running the next string of casing or before plugging orders are requested, whichever occurs first. If noticeable water flows are detected, samples will be submitted to the BLM along with any water analyses conducted.

CASING PROGRAM

The proposed casing program is as follows:

Zone Area	Depth (MD)	Hole Size	Outer Diameter	Weight	Grade	Type
Production Liner	5726' – 6,580'	4-3/4"	2-7/8"	6.5#	N-80	EUE T&C

Note: Existing surface casing is 9-5/8", 36#/Ft, J-55, STC set at 650' and cemented to surface. Pay sections will be cased off with 2-7/8" tubing. Top of cement will be circulated 300 feet above the existing 5.5" casing shoe set at 5826'. A corrosion/bactericide inhibitor will be placed in the mud system above the cement top to surface.

- a. The BLM in Moab, Utah shall be notified at least 24 hours prior to the running and cementing of all casing strings, in order to have a BLM representative on location while running and cementing all casing strings.
- b. The proposed casing and cementing program shall be conducted as approved to protect and/or isolate all unusable water zones, potentially productive zones, lost circulation zones, abnormally pressured zones, and any prospectively valuable deposits of minerals. 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.
- c. Casing design shall assume a formation pressure gradient of 0.44 psi per foot.

- d. Casing design shall assume fracture gradients from 0.85 to 0.95 psi per foot.
- e. All waiting on cement times shall be adequate to achieve a minimum of 500-psi compressive strength at the casing shoe prior to drilling out.
- f. All casing except the conductor casing shall be new or reconditioned and tested used casing that meets or exceeds API standards for new casing.
- g. The surface casing shall be cemented back to surface either during the primary cement job or by remedial cementing.
- h. All indication of usable water shall be reported to the authorized office prior to running the next string of casing or before plugging orders are requested, whichever occurs first.
- i. Surface casing shall have centralizers on the bottom 3 joints of casing (a minimum of one centralizer per joint starting with the shoe joint).
- j. Top plugs shall be used to reduce contamination of cement by displacement fluid. A bottom plug or other acceptable technique, such as a suitable preflush fluid, inner string cement method, etc., shall be utilized to help isolate the cement from contamination by the mud fluid being displaced ahead of the cement slurry.
- k. All casing strings below the conductor shall be pressure tested to 0.22 psi per foot of casing string length or 1,500 psi, whichever is greater, but not to exceed 70% of the minimum internal yield. If pressure declines more than 10% in 30 minutes, corrective actions shall be taken.
- l. On existing wells such as this, and on well approved for a 3M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. Formation at the shoe shall be tested to minimum of the mud weight equivalent anticipated to control the formation pressure to the next casing depth of at total depth of the well. This test shall be performed before drilling more than 20 feet of new hole.
- m. The proposed casing integrity design parameters are as follows:

Grade	Weight	Burst (psi)	Burst Safety Factor	Collapse (psi)	Collapse Safety Factor	Body Yield	Joint Strength	Tension Safety Factor
N-80	6.5#	10,570	1.1	11,170	1.125	145,000	145,000	1.8

- n. Casing design subject to revision based on geologic conditions encountered.

CEMENTING PROGRAM

The cement program will be as follows:

Production	Type and Amount**
5,726' – 6,580' TVD	Lead: ±50 sxs* Type III 35/65 POZ

* Cement volume calculated with 15% excess

Production:		Type II 35/65 POZ =	2.16 ft ³ /sx (12.5 ppg)
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Cement Additives

Production:		Type III 35/65 POZ =	94 lb/sx Cement 0.04 lbs/sx Static Free 0.25 lbs/sx Cello Flake 0.3% bwoc R-3 3.0 lbs/sx Kol Seal 0.3% bwoc BA-59 0.5 gal/100 sxs FP-13L 10 lb/sx CSE-2 6.0% bwoc Bentonite II 0.5% bwoc Sodium Metasilicate 0.3% bwoc FL-63 109.24% Fresh Water
-------------	--	-------------------------	---

- a. The BLM in Moab, Utah will be notified, with sufficient lead time, in order to have a BLM representative on location while running all casing strings and cementing.
- 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 times shall be recorded in the driller's log.

BOP REQUIREMENTS

Bureau of Land Management's minimum specification for pressure control equipment are as follows:

- a. Ram Type 11" Hydraulic double ram with 3,000 psi annular, 3,000 psi wp.
- b. Ram type preventers and associated equipment shall be tested to approved stack working pressure if isolated by test plug or to 70% of internal yield pressure of casing. Pressure shall be maintained for at least 10 minutes of 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% 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.
- c. Annular type preventers (if used) shall be tested to 70% of rated working pressure. Pressure shall be maintained for at least 10 minutes or until provisions of test are met, whichever is longer.
- d. As a minimum, the above test shall be performed:
 - i. when initially installed
 - ii. whenever any seal subject to test pressure is broken
 - iii. following related repairs
 - iv. at 30 day intervals
- e. Valves shall be tested from working pressure side during BOPE tests with all down stream valves open.
- f. When testing the kill line valve(s) shall be held open or the ball removed.
- g. Annular preventers (if used) shall be functionally operated at least weekly.

- h. Pipe and blind rams shall be activated each trip, however, this function need not be performed more than once a day.
- i. A BOPE pit level drill shall be conducted weekly for each drilling crew.

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

BOP systems 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 BLM in Moab, Utah shall be notified, at least 24 hours prior to initiating the pressure test, in order to have a BLM representative on location during pressure testing.

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

MUD PROGRAM

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

Interval (MD)	Mud Type	Mud Weight	Viscosity	Fluid Loss
5,826' – 6,580'	LSND	8.6 – 9.1	35-45	<10cc/30 min

- a. Anticipated mud weights are based on actual offset well bottom-hole pressure data. Higher mud weights may need to be utilized for trip margin and to add hole stability where hole sloughing may occur.
- b. Mud monitoring equipment to be used is as follows:
 - Periodic checks of the mud systems will be made each tour. The mud level will be checked visually.
 - i. There will be sufficient mud on location to ensure well control. The mud system will be a closed loop system.
 - ii. A mud test shall be performed every 24 hours after mudding to determine, as applicable, density, viscosity, gel strength, static filtration loss and Ph.

- iii. Hazardous substances specifically listed by the EPA as hazardous waste or demonstrating a characteristic of a hazardous waste will not be used in drilling, testing or completion operations.
- iv. Approximately 450 bbls of mud will be held in reserve.

AUXILLARY EQUPTMENT

Auxiliary equipment to be used is as follows:

- i. Mud logger with gas monitor – BSC to TD.
- ii. Choke manifold with remote control choke.
- iii. Full opening floor valve with drill pipe thread.
- iv. Upper and lower kelly cock
- v. PVT monitor on pit level, audio and visual below surface casing.
Gas Buster, centrifuge and closed loop mud system

EVALUATION PROGRAM

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

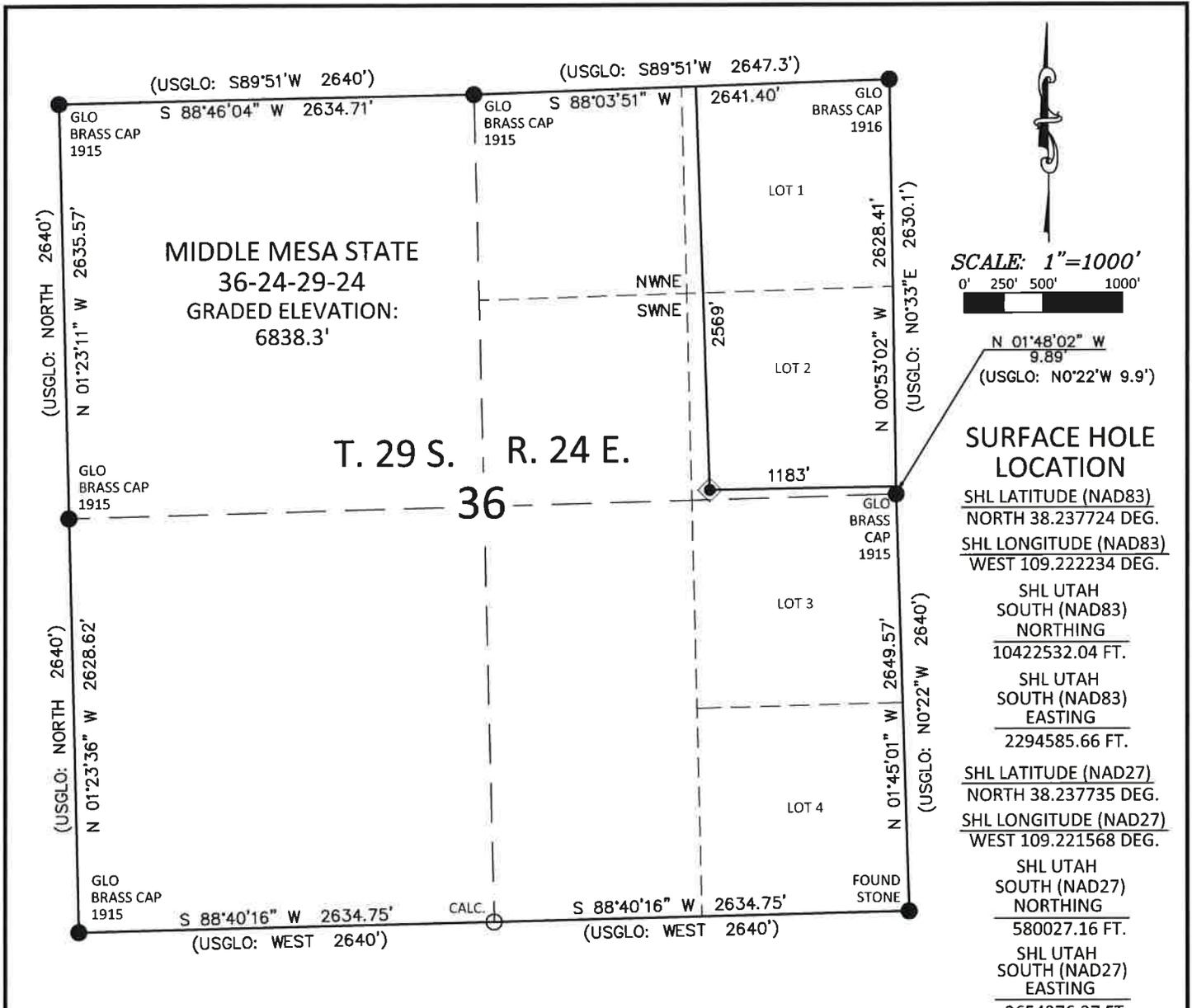
Production Hole Logging (Vert):	Platform Express (GR/AIT/NEUT-DEN w/PE) Run from TD to 5-1/2" casing shoe
Coring:	None planned
Testing:	None planned – Drill Stem tests may be run on shows of interest
Stimulation Program:	Plan to fracture stimulate down the 2-7/8" N-80 tbg

DOWNHOLE CONDITIONS

Pressures:	No abnormal conditions are anticipated Anticipated BHP gradient: 0.44 psi/ft
Temperatures:	No abnormal conditions are anticipated, anticipated temperature 140° F
H ₂ S:	None anticipated
Estimated BHP:	±2895 psi

COMPLETION

The operation is expected to commence soon after a permit is issued, subject to rig availability. Drilling operations will last about 5 days. If data indicate that this is a commercial well, then production casing will be run. Approval for further action will be requested via Sundry Notice.



SURVEYOR'S STATEMENT

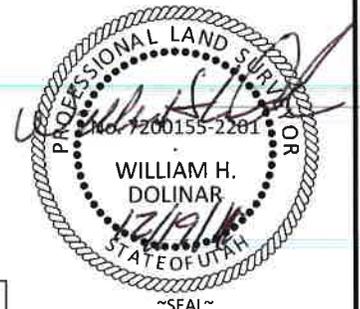
I, William H. Dolinar, Professional Land Surveyor, UT RLS #7200155-2201 hereby certify that (in accordance with a request from Danielle Gavuto with Patara Oil & Gas, LLC) I and or personnel under my direction made a survey on the 12th day of November 2011, for the Surface Hole Location and Elevation of platted well, being located within Lot 2 of SECTION 36, T29S, R24E of the Salt Lake Meridian, San Juan County, Utah, of the as drilled Middle MESA STATE 36-24-29-24 well as shown hereon.

NOTES

- (1.) Basis of Datum is the Utah State Plane Coordinate System, South Zone, NAD83 from GPS observations derived from OPUS observations
- (2.) Vertical Datum used is of NAVD 88.
- (3.) The Basis of Bearings for this survey is NAD83 grid, referenced to the east line of the shown SE4 of SECTION 36 monumented as shown and bearing N 01° 45' 01" W .

LEGEND

- ◆ SURFACE
- CALCULATED CORNER LOCATION
- FOUND CORNER MONUMENT



CONFIDENTIALITY NOTES:

The information contained in this plat is legally privileged and confidential information intended only for the use of the recipients. If you are not the intended recipients, you are hereby notified that any use, dissemination, distribution or copying of this information is strictly prohibited.

MMS 36-24-29-24 PAD



WILLIAM H. SMITH & ASSOCIATES P.C.
SURVEYING CONSULTANTS
550 EAST SECOND NORTH PHONE: 307-875-3638
GREEN RIVER, WY 307-875-3639
www.whsmithpc.com

**PLAT OF AS DRILLED WELL LOCATION
FOR
PATARA OIL & GAS, LLC
2569' F/NL & 1183' F/EL, SECTION 36
T. 29 S., R. 24 E., SALT LAKE P.M.
SAN JUAN COUNTY, UTAH**

JOB NO: 2011900.001

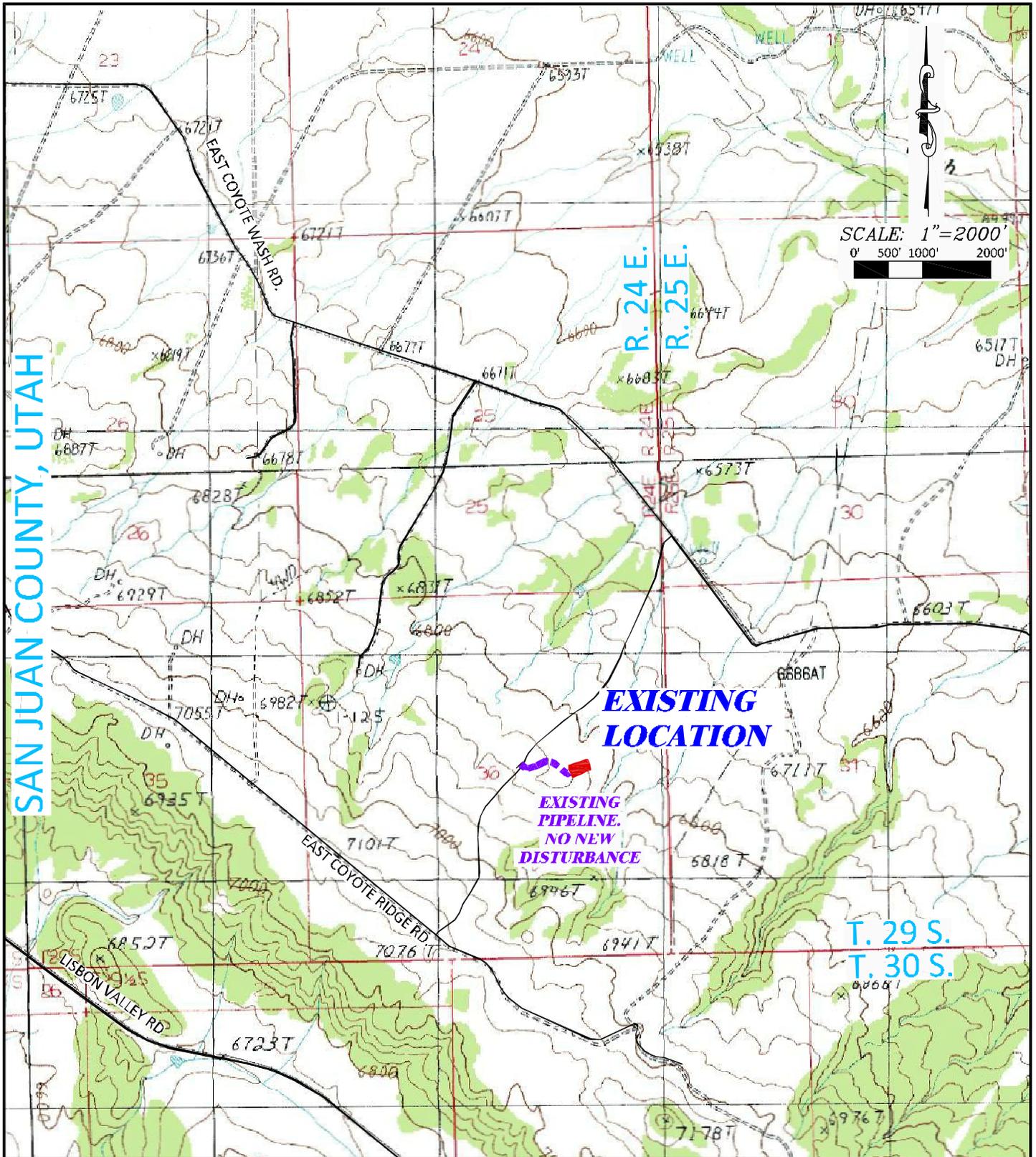
DATE DRAWN - BY: 11/30/11 - RCR

REVISIONS:

SCALE: 1" = 1000'

EXHIBIT 1

PAGE 1 OF 1



EXISTING LOCATION

EXISTING PIPELINE. NO NEW DISTURBANCE

MMS 36-24-29-24 PAD

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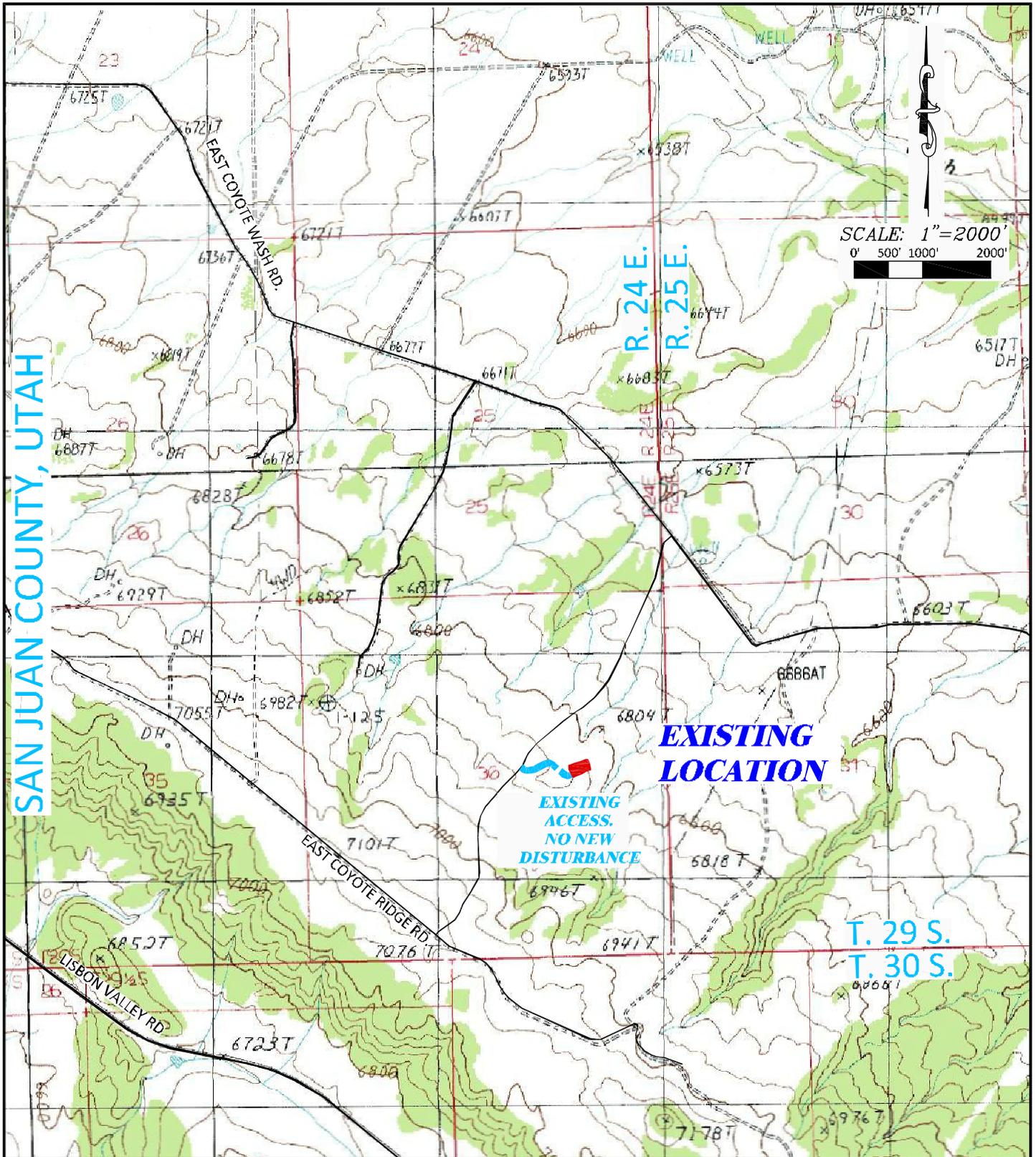
WILLIAM H. SMITH & ASSOCIATES P.C.
 SURVEYING CONSULTANTS
 550 EAST SECOND NORTH PHONE: 307-875-3638
 GREEN RIVER, WY 307-875-3639
 www.whsmithpc.com

EXISTING PIPELINE
PATARA OIL & GAS, LLC
MIDDLE MESA STATE 36-24-29-24
EXISTING PIPELINE

JOB NO: 2011900.003
 REVISIONS:

DATE DRAWN - BY: 11/30/11 - rcr
 SCALE: 1" = 2000'
 EXHIBIT 5

LEGEND
 EXISTING ROAD _____
 EXISTING PIPELINE - - - - -



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MMS 36-24-29-24 PAD



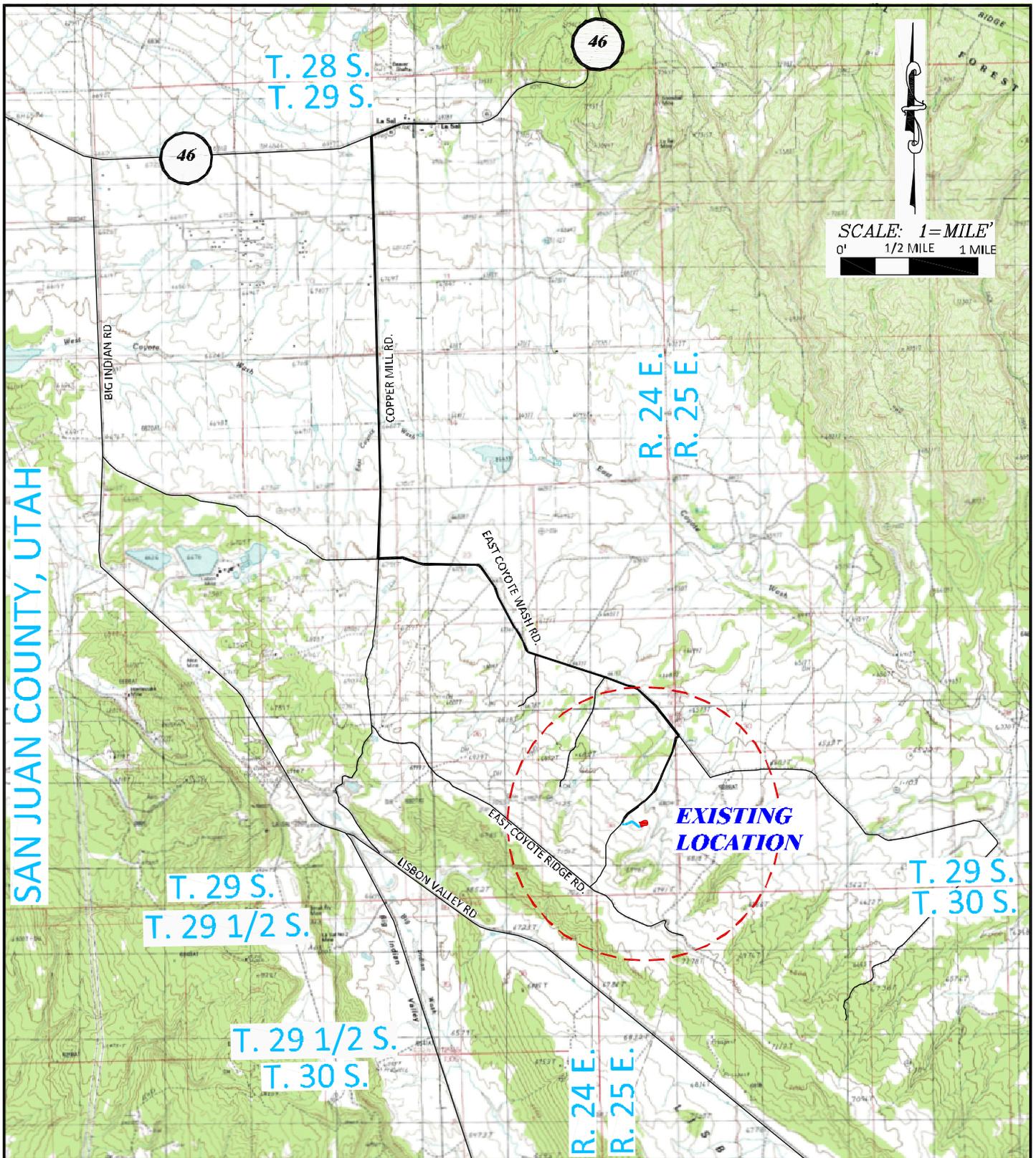
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 SURVEYING CONSULTANTS
 550 EAST SECOND NORTH PHONE: 307-875-3638
 GREEN RIVER, WY 307-875-3639
 www.whsmithpc.com

EXISTING ACCESS
PATARA OIL & GAS, LLC
MIDDLE MESA STATE 36-24-29-24
EXISTING ACCESS

JOB NO: 2011900.003
 REVISIONS:

DATE DRAWN - BY: 11/30/11 - rcr
 SCALE: 1" = 2000'
 EXHIBIT 6

LEGEND
 EXISTING ROAD _____
 EXISTING ACCESS - - - - -



CONFIDENTIALITY NOTES:
 The information contained in this plat is legally privileged and confidential information intended only for the use of the recipients. If you are not the intended recipients, you are hereby notified that any use, dissemination, distribution or copying of this information is strictly prohibited.

MMS 36-24-29-24 PAD

	<p>WILLIAM H. SMITH & ASSOCIATES P.C. SURVEYING CONSULTANTS 550 EAST SECOND NORTH PHONE: 307-875-3638 GREEN RIVER, WY 307-875-3639 www.whsmithpc.com</p>	<p>PROPOSED ACCESS PATARA OIL & GAS, LLC MIDDLE MESA STATE 36-24-29-24</p>
	<p>JOB NO: 2011900.003 REVISIONS:</p>	<p>DATE DRAWN - BY: 11/30/11 - rcr SCALE: 1" = 1 MILE EXHIBIT 7</p>

Patara Oil & Gas LLC
MIDDLE MESA STATE 36-24-29-24
SHL: 2569' FNL 1183' FEL
SE/4 NE/4 SEC 36 TWN 29S RNG 24E
San Juan County, UT
State Lease #: ST-UT-37067
Federal Unit #: UTU82680X

CONFIDENTIAL

Operator Certification

I hereby certify that Patara Oil & Gas LLC and its contractors and sub-contractors are responsible for the operations conducted under this application subject to the terms and conditions of the mineral lease. Bond coverage pursuant to 43 CFR 3104 for lease activities is being provided by Patara Oil & Gas LLC under their statewide bond, BLM Bond No. UTB000428.

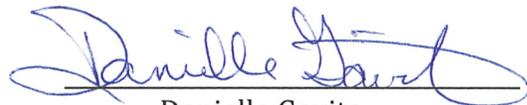
I hereby certify that I or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions which currently exist; that I have full knowledge of State and Federal laws applicable to this operation; that the statements made in 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. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.

OPERATORS REPRESENTATIVES

Patara Oil & Gas LLC
600 17th Street, Suite 1900S
Denver, CO 80202
Phone: 303-825-0685
Fax: 720-235-4560
Danielle Gavito - 303-563-5378
Ryan Calhoun - 303-563-5373

EMPLOYEE AGENT

Danielle Gavito - 303-563-5378


Danielle Gavito

Executed this the 24th day of February, 2012

Patara Oil & Gas LLC
MIDDLE MESA STATE 36-24-29-24
SHL: 2569' FNL 1183' FEL
SE/4 NE/4 SEC 36 TWN 29S RNG 24E
San Juan County, UT
State Lease #: ML37067

CONFIDENTIAL

Onshore Oil & Gas Order No. 1
Twelve Point Surface Use Plan of Operations

The proposed action is a deepening of an already drilled and producing well. The well will be drilled from an already existing location, located in the SE/4 NE/4 of SEC 36 TWN 29S RNG 24E of San Juan County, Utah. The wellsite for the Middle Mesa State was previously staked and drilled at 2569' FNL 1183' FEL, SE/4 NE/4 of SEC 36 TWN 29S RNG 24E. The wellsite will have no new surface disturbance.

A. EXISTING ROADWAYS

The proposed wellsite is located approximately 7.5 miles southeast of La Sal, Utah. The location can be reached by following the directions below.

1. From the town of La Sal, Utah, travel westerly on State Highway 46 for 8.5 miles to its intersection with Cooper Mill Road. Turn left and travel south on Copper Mill Road for 3.1 miles to its intersection with East Coyote Wash Road. Turn left and travel east, then southeast on East Coyote Wash Road for 2.8 miles to an intersection with a well service road. Turn right and travel southwest for 0.8 miles to the intersection with the access road for the Middle Mesa State 36-24-29-24. Turn left and travel east on the access road for 0.15 mile to the location.
2. For access roads, please refer to Exhibit 6.
3. Existing roads within a 1-mile radius are shown on Exhibit 7.
4. Existing roads will be maintained and kept in good repair during all drilling and completion operations and maintained to a resource road standard.

B. NEW AND RECONSTRUCTED ACCESS ROADS

There is no new construction or surface disturbance associated with this proposed deepening of the existing and producing well.

C. LOCATION OF EXISTING WELLS WITHIN A TWO-MILE RADIUS

Proposed	0 See Table 1
Drilling	0 See Table 1
Abandoned	2 See Table 1
Disposal/injection	0 See Table 1
Shut-In	0 See Table 1
Producing	4 See Table 1

The nearby well data has been taken from the UDOGM website on February 22, 2012.

D. LOCATION OF EXISTING AND/OR PROPOSED PRODUCTION FACILITIES

1. Existing specifications are as follows:
 - i. Dimensions of the existing pad are 165' x 298' = 49,170 ft² for drilling operations. Total existing disturbance is approximately ±3.3 acres. Total existing disturbance reclaimed is ±1.8 acres. Rig layout is confined to non-reclaimed area.
 - ii. No new construction materials are required.
 - iii. Protective measures and devices will be utilized to protect livestock and wildlife.
 - iv. The area used to contain the production facilities will be cleared of the existing facilities during drilling operations. Upon completion of the deepening of the well, the production facilities will be re-installed in their previous location, per Exhibits 1 and 2.
 - v. Secondary containment is constructed completely around production facilities which contain fluids (i.e. production tanks, produced water tanks, etc.) These dikes are constructed of compacted subsoil, are impervious, hold 150% of the capacity of the largest tank, and are independent of the back cut slope.
 - vi. All above ground permanent structures will be temporarily removed during the drilling phase of the deepening.
 - vii. All above ground permanent structures will be painted to blend with the surrounding landscape. Facilities required to comply with Occupational Health and Safety Act Rules and Regulations will be excluded from this painting requirement.
 - viii. Open stacks/vents shall be appropriately screened to prevent entry by birds.
2. The rig layout, and pad layout plats for the site are illustrated on Exhibit 2.
3. The well from this pad is an existing flowing gas well. The well pad lies on State surface.
4. Patara shall protect all survey monuments, witness corners, reference monuments and bearing trees in the affected areas against disturbance during construction, operations, maintenance and termination of the facilities authorized herein.

Patara shall immediately notify the authorized officer in the event that any corners, monuments or markers are disturbed or are anticipated to be disturbed. If any monuments, corner or accessories are destroyed, obliterated or damaged during construction, operation or maintenance, Patara shall secure the services of the Registered Land Surveyor to restore the disturbed monuments, corner or accessories, at the same location, using surveying procedures found in the Manual of Surveying Instructions for the Survey of Public Lands of the United States, latest edition.

5. During drilling and subsequent operations, all equipment and vehicles will be confined to the access road right-of-way and any additional areas as specified in the approved Application for Permit to Drill.

Patara will be responsible for road maintenance from the beginning to completion of operations.

E. LOCATION AND TYPES OF WATER SUPPLY

1. Water that will be used for drilling will be transported by truck from either Redd-Agra or the Lisbon Gas Plant under existing permits. If a closer water source is identified and deemed usable, Patara will notify the Authorized Officer (AO) with the necessary information.
2. Anticipated water use is as follows:
Drilling water requirements are anticipated to be approximately 1,000bbbls. Road watering will be done only if conditions dictate to control fugitive dust emissions.

F. SOURCE OF CONSTRUCTION MATERIALS

1. No new construction materials will be required. The location is sufficient and safe in its current condition to safely conduct the proposed operation.

G. METHODS FOR HANDLING WASTE MATERIALS

1. A closed loop drilling system will be used, no reserve pit required.
2. Drilling cuttings will be placed into the shale bin next to the mud tanks. Cuttings will be properly disposed of
3. Emergency flare stack will be located minimum 100' from wellbore.
4. Produced fluids – fluid produced during drilling and testing operations will be placed in test tanks on the location. Disposal of the produced fluids will be done in accordance with the guidelines contained in the Gold Book, 4th Edition and Onshore Oil and Gas Order No. 7 and other Federal and State regulations.
5. Sewage –sewage disposal facilities will be in accordance with State and Local Regulations. Sewage may not be buried on location or put in a borehole. Utah Department of Health (UDH) Regulations prevent this unless a UDH Permit is obtained.
6. Garbage, trash and other waste materials will be collected in a portable, self-contained and fully-enclosed trash cage during drilling and completion operations. Upon completion of operations (or as needed) the accumulated trash will be disposed of at an authorized sanitary landfill. No trash will be burned on location or placed in pits or bore holes.
7. Immediately after removal of the drilling rig, all debris and other waste materials not contained in the trash cage will be cleaned up and removed from the well location. No adverse materials will be left on the location. Any open pits will be fenced to preclude entry by livestock and maintained until such time as the pits are backfilled.

H. ANCILLARY FACILITIES

1. No ancillary facilities are anticipated.

I. WELLSITE LAYOUT

1. The attached Exhibits 1 and 2 specify the drill site layout as proposed. Cross sections have been drafted to visualize the existing cuts and fills across the location. There will be no new surface disturbance. This is an already built location.
2. The well will be drilled from an already built and in good usable condition pad.
3. No permanent living facilities are planned (refer to the rig location layout plat). One to three (1 -3) trailers may be required on location during drilling operations, for use by the rig crew. These trailers will be placed adjacent to the drilling rig, and a safe minimum distance from all operational equipment.
4. Erosion control measures will be applied pursuant to Patara's Central Permit to Discharge Stormwater under the Utah Pollutant Discharge Elimination System and Stormwater Pollution Prevention Plan for the Middle Mesa State.

J. PLANS FOR SURFACE RECLAMATION

There will be no new surface disturbance. The existing interim reclaimed area will not be disturbed.

Final Reclamation

Final reclamation will:

- Conform to the guidelines contained in the Gold Book, 4th Edition, Chapter 6.
- Will be accomplished on the access roads and areas of the well pad where interim reclamation does not meet the standards for final reclamation.

The sequence for final reclamation of the well pad is:

1. In accordance with Onshore Oil and Gas Order No. 1, earthwork for interim and/or final reclamation, including pit closure, shall be completed within six months or well completion or abandonment.
2. All weather surfacing material on the well pad will be removed from the location.
3. As appropriate, top soil will be salvaged and reserved for final reclamation.
4. Re-contouring, spreading of salvaged top soil, seed bed preparation, seeding, and scattering trees (woody debris) will be conducted as described in the preceding interim reclamation section.
5. If necessary or as directed by the authorized officer, reclaimed areas will be protected from livestock grazing by fencing for two years or until vegetation becomes firmly established. Fencing will meet the standards specified in the Gold Book, 4th Edition (pg. 18).

The sequence for final reclamation for new access roads will include:

1. All weather surfacing material will be removed for the driving surface of the access road.
2. All top soil that was spread and re-vegetated during interim reclamation will be salvaged and reserved for final reclamation.
3. The access road will be re-contoured using excess cut and fill material to achieve the original contour and grade, or a contour that blends with the surrounding topography
4. Ripping of the rough grade, spreading of salvaged top soil, seed bed preparation, seeding, erosion control, and scattering trees (woody debris) will be conducted as described in the preceding interim reclamation section.

K. OWNERSHIP

1. Mineral Lessor
State of Utah School & Institutional Trust Lands Administration
675 East 500 South
Suite 500
Salt Lake City, UT 84102 Phone: 801-538-5100
2. Surface Owner
State of Utah School & Institutional Trust Lands Administration
675 East 500 South
Suite 500
Salt Lake City, UT 84102 Phone: 801-538-5100

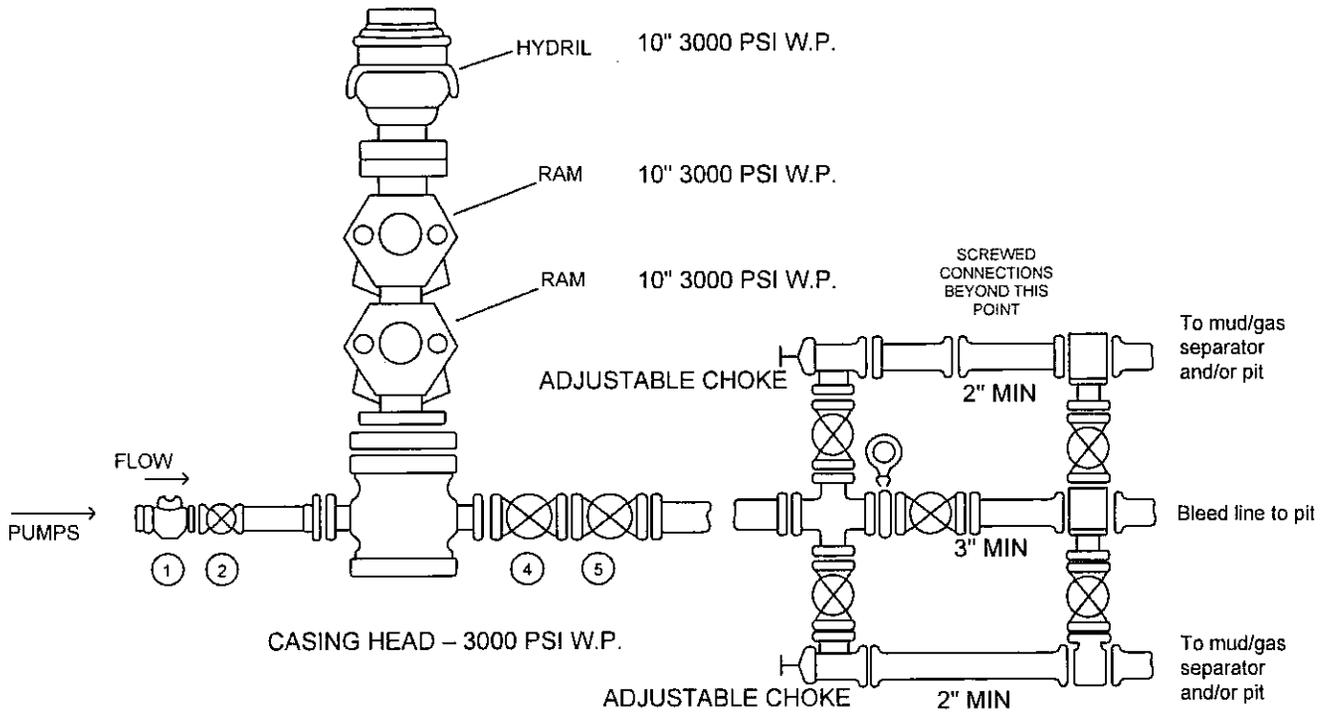
L. ADDITIONAL INFORMATION

1. Patara will be fully responsible for the actions of their subcontractors. A copy of the approved APD and Conditions of Approval will be on location during drilling and completion operations.
2. Any construction activity in the areas shall be done with awareness that many natural gas pipelines are buried. Some locations are apparent; some have grown over with weeds and brush. It is recommended that before digging, contractors should contact the operators in the area to locate all lines.

MINIMUM BOP Requirements

3000 PSI W.P.

FILL LINE ABOVE THE UPPERMOST PREVENTER



KILL LINE

- Valve #1 – Flanged check valve
Full working pressure of BOP
- Valve #2 – Flanged, minimum 2" bore
Full working pressure of BOP

CHOKE LINE

- Valves #4 & 5 – Flanged minimum 3" bore
Full working pressure of BOP
- (Note: An HCR can be used instead of Valve # 5)

GENERAL RULES AND RECOMMENDATIONS

All lines to manifold are to be at right angles (90 deg.). No 45 deg. angles are to be used.
Blind flanges are to be used for blanking.
All studs and nuts are to be installed on all flanges.



Patara Oil & Gas LLC

Dominion Towers • 600 17th Street, Suite 1900S • Denver, CO 80202

Phone (303) 825-0685 • Fax: (720) 235-4560

February 27, 2012

Ms. Diana Mason
Utah Department of Natural Resources
Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210
Salt Lake City, UT 84116

RE: Rule R649-3-2. Location and Siting
Middle Mesa State 36-24-29-24
Middle Mesa Unit
San Juan County, Utah

Dear Ms. Mason:

Reference is made to that certain application for permit to deepen (APD) covering the captioned well, which well is presently located 2569' FNL and 1183' FEL of Section 36, T29S, R24E, S.L.M., San Juan County, Utah (surveyor plat enclosed). The location of this step out well targeting the Hermosa Group formations is located outside the 400 feet square "window" provided for under state rule R649-3-2. In accordance with state rule R649-3-3, Patara hereby respectfully requests an exception to said Location and Siting Wells rule and provides the following information in support thereof:

- 1.) Patara holds 100% of the oil and gas leasehold interest within a 460' radius of the proposed bottomhole location. Said leasehold is covered under Utah State Lands Trust Oil and Gas Lease bearing the serial number State ML 37067, which covers all of Section 36, of said township; and
- 2.) Said leasehold is committed to the Middle Mesa Federal Unit, case number UTU-82680X. The Unit Agreement serves to unitize all substances under the separate unit tracts forming one unit area to effectively and efficiently develop the unitized substances.

In consideration of the foregoing, we therefore respectfully request an exception to rule R649-3-2 for purposes of drilling the captioned well with a bottomhole at the location set forth in the revised APD. Should you have any questions, regarding this matter, please do not hesitate to give me a call at 303-563-5375.

Sincerely,

A handwritten signature in blue ink, appearing to read "Cassandra Squyres", with a long, sweeping flourish extending to the right.

Patara Oil & Gas LLC
Cassandra Squyres
Land Consultant

Patara Oil & Gas LLC
MIDDLE MESA STATE 36-24-29-24
SHL: 2569' FNL 1183' FEL
SE/4 NE/4 SEC 36 TWN 29S RNG 24E
San Juan County, UT
State Lease #: ST-UT-37067
Federal Unit #: UTU82680X

CONFIDENTIAL

Operator Certification

I hereby certify that Patara Oil & Gas LLC and its contractors and sub-contractors are responsible for the operations conducted under this application subject to the terms and conditions of the mineral lease. Bond coverage pursuant to 43 CFR 3104 for lease activities is being provided by Patara Oil & Gas LLC under their statewide bond, BLM Bond No. UTB000428.

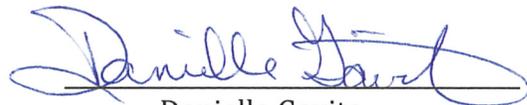
I hereby certify that I or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions which currently exist; that I have full knowledge of State and Federal laws applicable to this operation; that the statements made in 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. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.

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Patara Oil & Gas LLC
600 17th Street, Suite 1900S
Denver, CO 80202
Phone: 303-825-0685
Fax: 720-235-4560
Danielle Gavito - 303-563-5378
Ryan Calhoun - 303-563-5373

EMPLOYEE AGENT

Danielle Gavito - 303-563-5378

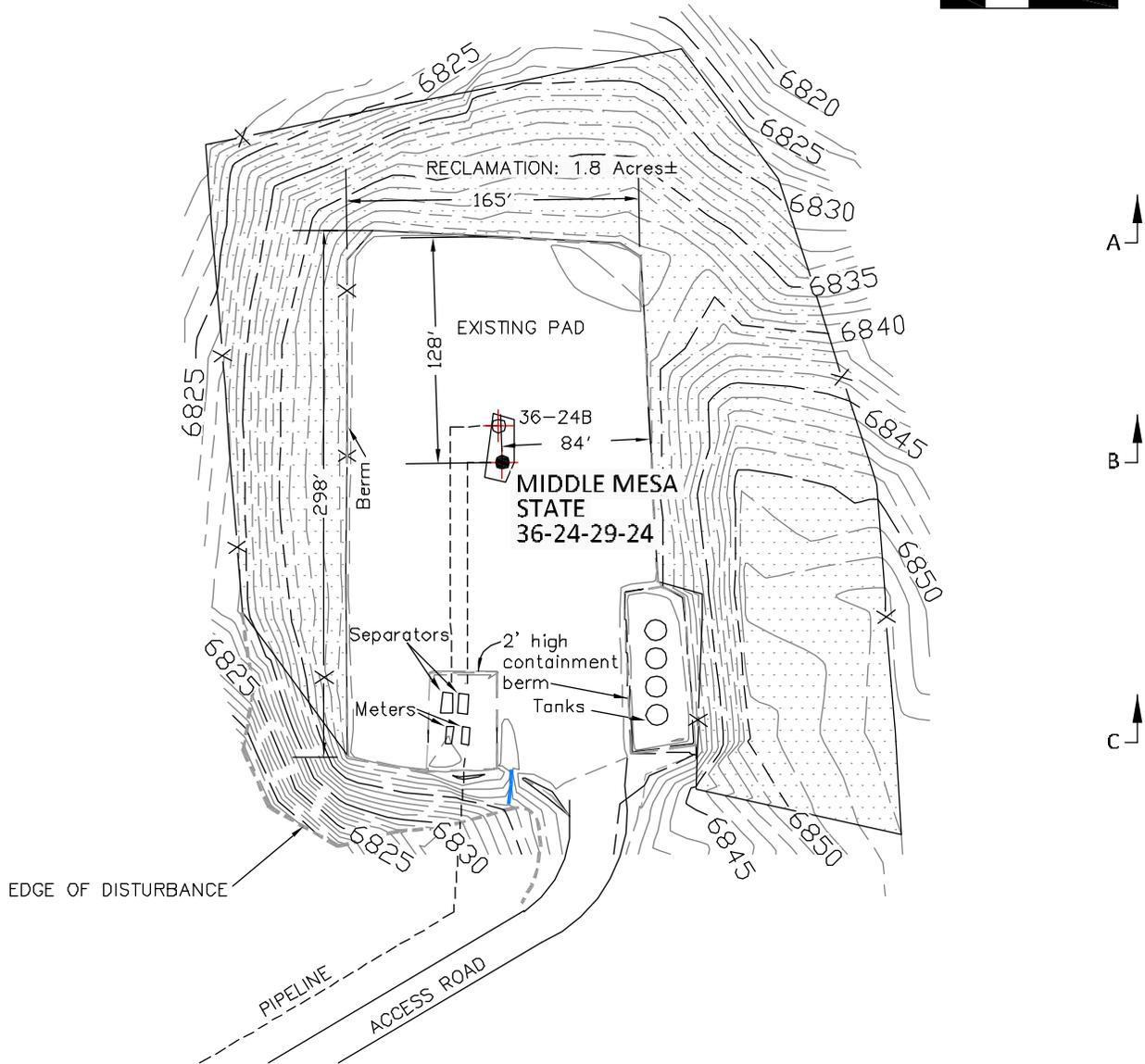

Danielle Gavito

Executed this the 24th day of February, 2012

GRADED ELEVATION: 6838.3'
 EXISTING AREA OF DISTURBANCE: 3.3± ACRES
 EXISTING DISTURBANCE RECLAIMED : 1.8± ACRES
 DRAINS TOWARDS COYOTE WASH



SCALE: 1"=100'
 0' 25' 50' 100'



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MMS 36-24-29-24 PAD



WILLIAM H. SMITH & ASSOCIATES P.C.
 SURVEYING CONSULTANTS

550 EAST SECOND NORTH PHONE: 307-875-3638
 GREEN RIVER, WY 307-875-3639
 www.whsmithpc.com

MIDDLE MESA STATE 36-24-29-24
 LOT 2 OF SECTION 36, T. 29 S, R. 24 E, SLM. SAN JUAN COUNTY, UTAH
 ESTIMATED EARTHWORK VOLUMES IN CUBIC YARDS

ITEM	CUT	FILL	TOPSOIL	EXCESS
PAD	NONE	NONE	NONE	1,046
PIT	NONE			
TOTAL	NONE	NONE	NONE	1,046

JOB NO: 2011900.003

DATE DRAWN - BY: 11/30/11 - RCR

REVISIONS:

SCALE: 1" = 100'

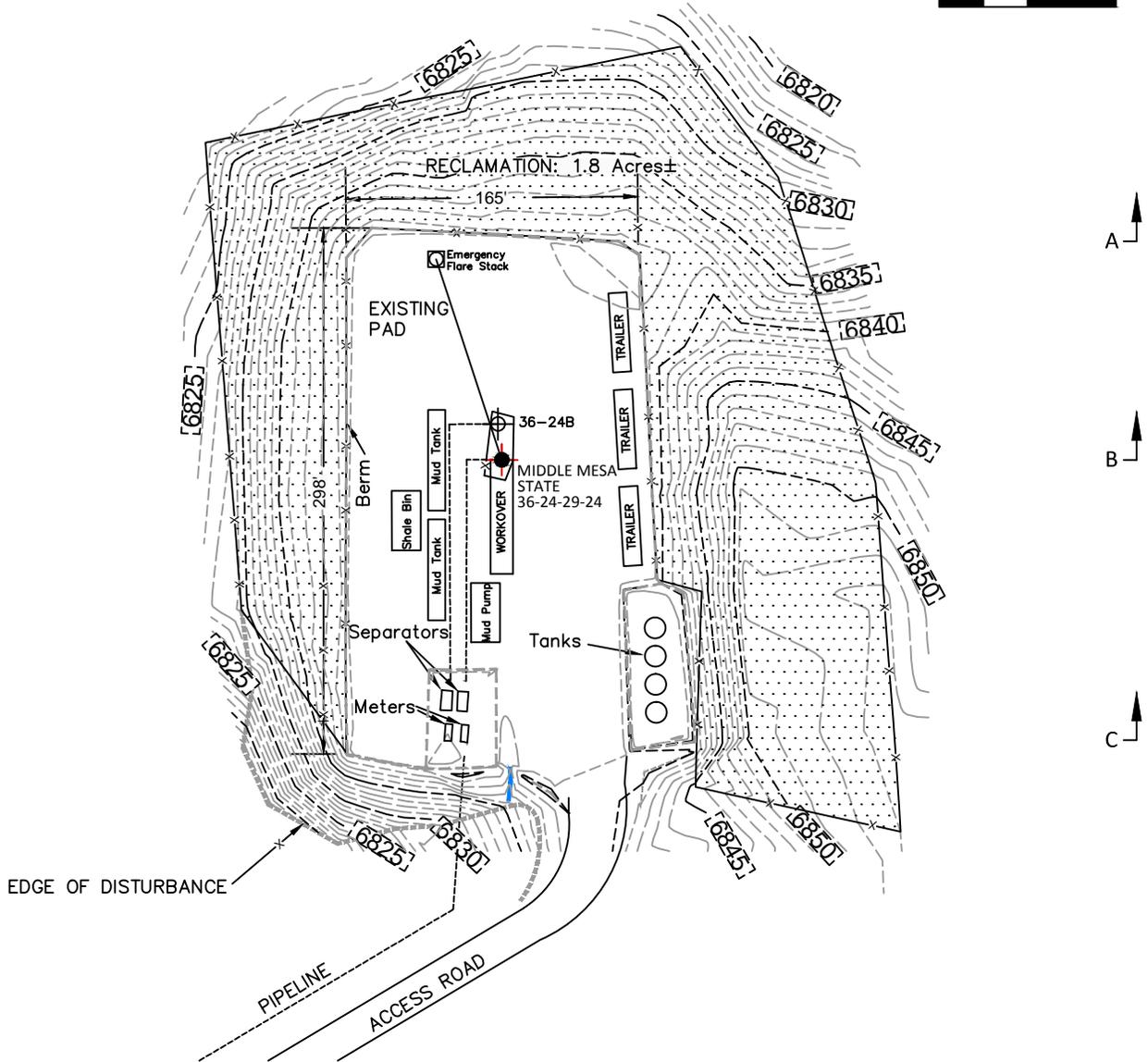
EXHIBIT 1

PAGE 1 OF 2

GRADED ELEVATION: 6838.3'
 EXISTING AREA OF DISTURBANCE: 3.3± ACRES
 EXISTING DISTURBANCE RECLAIMED : 1.8± ACRES
 DRAINS TOWARDS COYOTE WASH



SCALE: 1"=100'
 0' 25' 50' 100'



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MMS 36-24-29-24 PAD



WILLIAM H. SMITH & ASSOCIATES P.C.
 SURVEYING CONSULTANTS
 550 EAST SECOND NORTH PHONE: 307-875-3638
 GREEN RIVER, WY 307-875-3639
 www.whsmithpc.com

RIG LAYOUT
 PATARA OIL & GAS, LLC
 MIDDLE MESA STATE 36-24-29-24
 LOT 2 OF SECTION 36
 T. 29 S., R. 24 E., SALT LAKE P.M.
 SAN JUAN COUNTY, UTAH

JOB NO: 2011900.003

DATE DRAWN - BY: 12/13/11 - geb

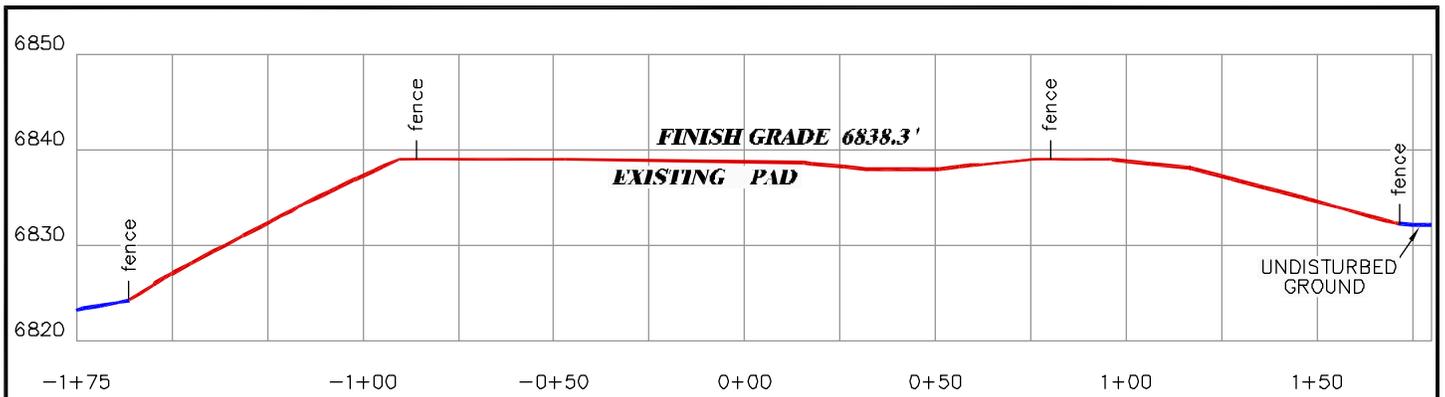
REVISIONS:

SCALE: 1" = 100'

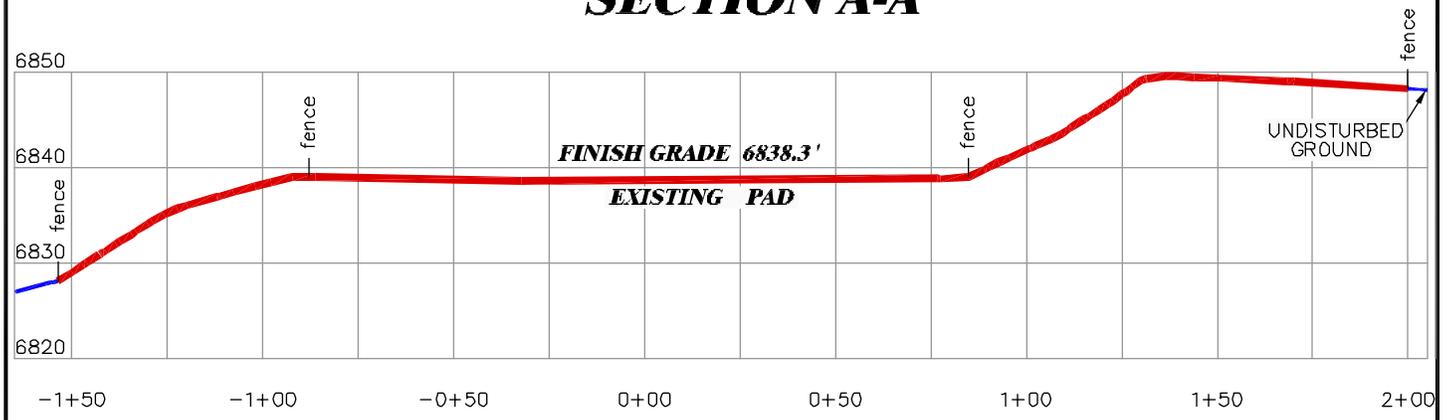
Add Workover Rig., Feb. 27, 2012

EXHIBIT 2

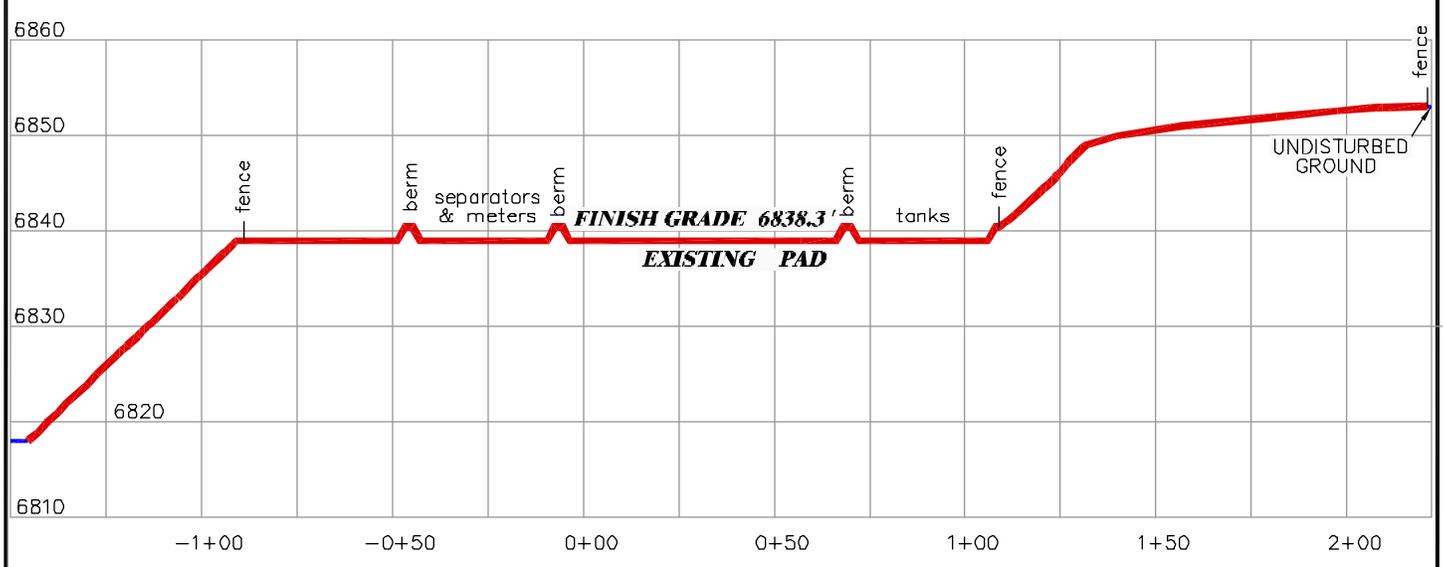
PAGE 2 OF 2



SECTION A-A



SECTION B-B



SECTION C-C

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MMS 36-24-29-24 PAD



WILLIAM H. SMITH & ASSOCIATES P.C.
 SURVEYING CONSULTANTS
 550 EAST SECOND NORTH PHONE: 307-875-3638
 GREEN RIVER, WY 307-875-3639
 www.whsmithpc.com

PAD CROSS SECTIONS
PATARA OIL & GAS, LLC
MIDDLE MESA STATE 36-24-29-24
LOT 2 OF SECTION 36
T. 29 S., R. 24 E., SALT LAKE P.M.
SAN JUAN COUNTY, UTAH

JOB NO: 2011900.003	DATE DRAWN - BY: 11/30/11 - rcr
REVISIONS:	SCALE: 1" = 50' HORIZONTAL, 1" = 20' VERTICAL
	EXHIBIT 3 PAGE 1 OF 1

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)

March 2, 2012

Memorandum

To: Assistant Field Office Manager Resources,
Moab Field Office

From: Michael Coulthard, Petroleum Engineer

Subject: 2012 Plan of Development Middle Mesa Unit,
San Juan County, 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 re-entry and deepening in calendar year 2012 within the Middle Mesa Unit, San Juan County, Utah.

API#	WELL NAME	LOCATION
------	-----------	----------

(Proposed PZ Hermosa Group)

43-037-31856 MIDDLE MESA ST 36-24-29-24 Sec 36 T29S R24E 2569 FNL 1183 FEL

This office recommends not approving downhole commingling between the Ismay/Deseret Creek and the Honaker Trail until outstanding participating areas have been established.

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: 2012.03.02 10:38:50 -0700

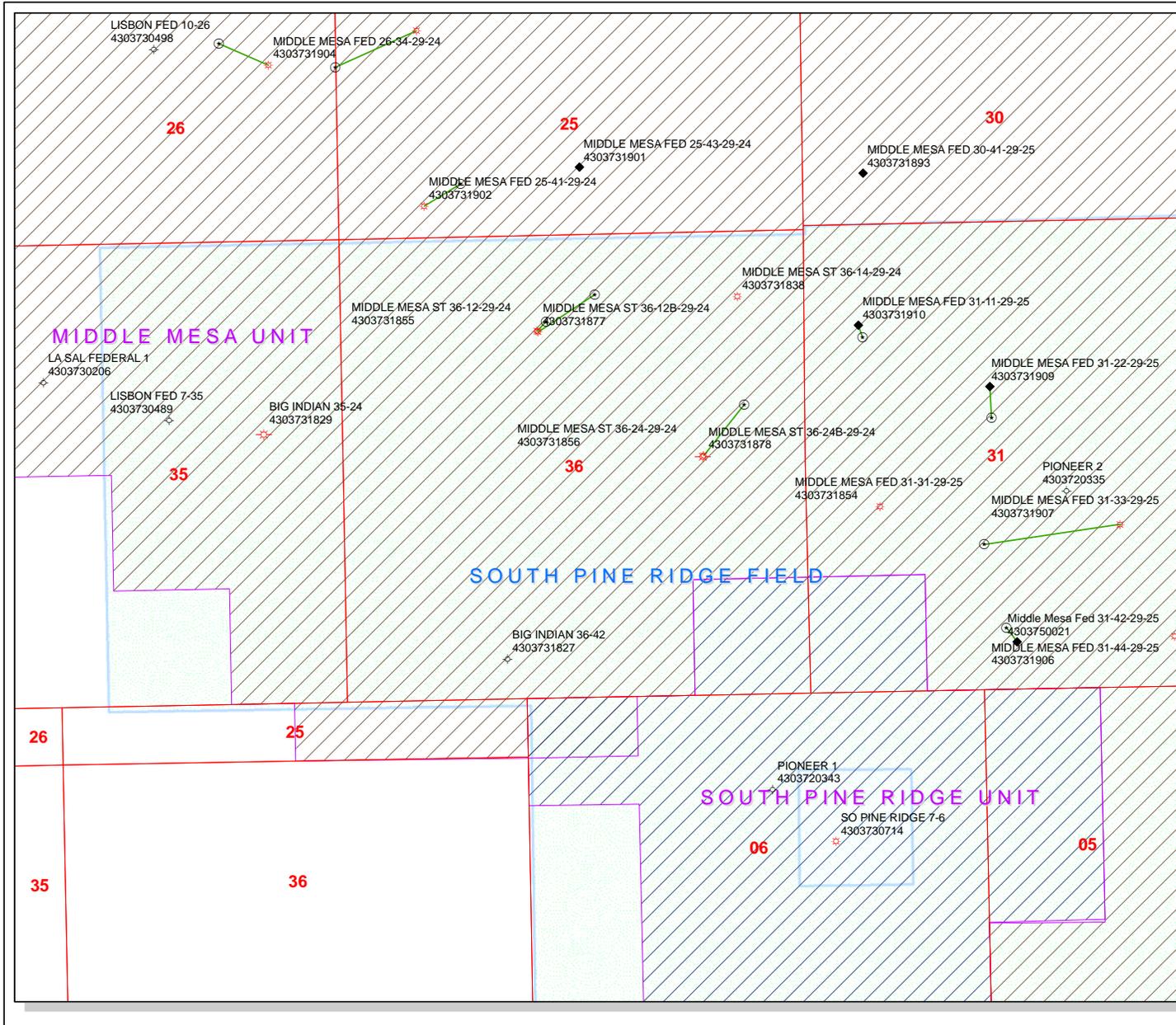
bcc: File - Middle Mesa Unit
Division of Oil Gas and Mining
Central Files
Agr. Sec. Chron
Fluid Chron

MCoulthard:mc:3-2-12

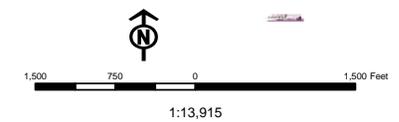
RECEIVED: March 02, 2012

API Number: 4303731856
Well Name: MIDDLE MESA ST 36-24-29-24
 Township T2.9 . Range R2.4 . Section 36
Meridian: SLBM
 Operator: PATARA OIL & GAS, LLC

Map Prepared:
 Map Produced by Diana Mason



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



Well Name	PATARA OIL & GAS, LLC MIDDLE MESA ST 36-24-29-24 43037			
String	Surf	Prod	L1	
Casing Size(")	9.875	5.500	2.875	
Setting Depth (TVD)	650	5835	6580	
Previous Shoe Setting Depth (TVD)	0	650	5826	
Max Mud Weight (ppg)	8.4	9.1	9.1	
BOPE Proposed (psi)	0	3000	3000	
Casing Internal Yield (psi)	3520	4810	10570	
Operators Max Anticipated Pressure (psi)	2895		8.5	

Calculations	Surf String	9.875	"
Max BHP (psi)	.052*Setting Depth*MW=	284	
			BOPE Adequate For Drilling And Setting Casing at Depth?
MASP (Gas) (psi)	Max BHP-(0.12*Setting Depth)=	206	NO
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=	141	NO
			*Can Full Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=	141	NO
Required Casing/BOPE Test Pressure=		650	psi
*Max Pressure Allowed @ Previous Casing Shoe=		0	psi *Assumes 1psi/ft frac gradient

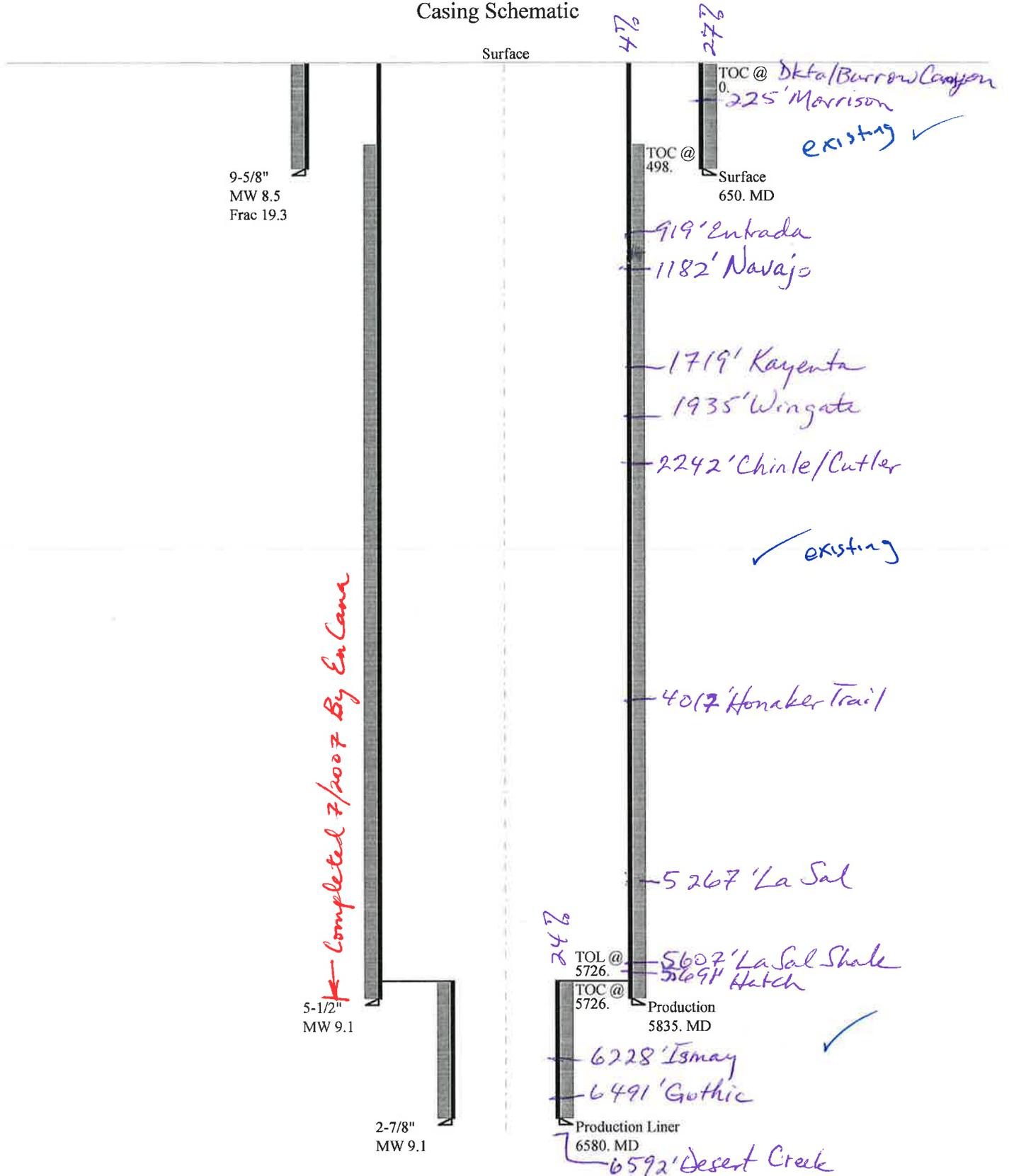
Calculations	Prod String	5.500	"
Max BHP (psi)	.052*Setting Depth*MW=	2757	
			BOPE Adequate For Drilling And Setting Casing at Depth?
MASP (Gas) (psi)	Max BHP-(0.12*Setting Depth)=	2058	YES
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=	1475	YES
			*Can Full Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=	1618	NO
Required Casing/BOPE Test Pressure=		3000	psi
*Max Pressure Allowed @ Previous Casing Shoe=		650	psi *Assumes 1psi/ft frac gradient

Calculations	L1 String	2.875	"
Max BHP (psi)	.052*Setting Depth*MW=	3114	
			BOPE Adequate For Drilling And Setting Casing at Depth?
MASP (Gas) (psi)	Max BHP-(0.12*Setting Depth)=	2324	YES
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=	1666	YES OK
			*Can Full Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=	2948	YES OK
Required Casing/BOPE Test Pressure=		3000	psi
*Max Pressure Allowed @ Previous Casing Shoe=		4810	psi *Assumes 1psi/ft frac gradient

Calculations	String		"
Max BHP (psi)	.052*Setting Depth*MW=		
			BOPE Adequate For Drilling And Setting Casing at Depth?
MASP (Gas) (psi)	Max BHP-(0.12*Setting Depth)=		NO
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=		NO
			*Can Full Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=		NO
Required Casing/BOPE Test Pressure=			psi
*Max Pressure Allowed @ Previous Casing Shoe=			psi *Assumes 1psi/ft frac gradient

43037318560000 Mid Mesa St36-12-29-24r2 (2007-02)

Casing Schematic



Well name:	43037318560000 Mid Mesa St36-12-29-24r2 (2007-02)	
Operator:	Patara Oil & Gas, LLC (formerly EnCana)	
String type:	Production Liner	Project ID: 43-037-31856
Location:	San Juan County	

Design parameters:

Collapse

Mud weight: 9.100 ppg
Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 1,663 psi
Internal gradient: 0.220 psi/ft
Calculated BHP: 3,111 psi

No backup mud specified.

Minimum design factors:

Collapse:

Design factor: 1.125

Burst:

Design factor: 1.00

Tension:

API - tubing: 1.60 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Tension is based on buoyed weight.
Neutral point: 6,464 ft

Environment:

H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 157 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 1,500 ft

Cement top: 5,726 ft

Liner top: 5,726 ft

Non-directional string.

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	880	2.875	6.50	N-80	EUE 8rd	6580	6580	2.347	28.6
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	3111	11160	3.588	3111	10570	3.40	5	145	29.19 B

Prepared by: Helen Sadik-Macdonald
Div of Oil, Gas & Mining

Phone: 801-538-5357
FAX: 810-359-3940

Date: May 3, 2012
Salt Lake City, Utah

Remarks:

For this liner string, the top is rounded to the nearest 100 ft. Collapse is based on a vertical depth of 6580 ft, a mud weight of 9.1 ppg. The Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

From: Diana Mason
To: Jim Davis
Subject: Middle Mesa St 36-24-29-24 approval

The Middle Mesa St 36-24-29-24 (4303731856) APD has been approved by SITLA. This well is planned on an existing pad that will require no new surface disturbance. Thanks.
-Jim

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

ON-SITE PREDRILL EVALUATION

Utah Division of Oil, Gas and Mining

Operator PATARA OIL & GAS, LLC
Well Name MIDDLE MESA ST 36-24-29-24
API Number 43037318560000 **APD No** 5378 **Field/Unit** SOUTH PINE RIDGE
Location: 1/4,1/4 SENE **Sec** 36 **Tw** 29.0S **Rng** 24.0E 2569 FNL 1183 FEL
GPS Coord (UTM) **Surface Owner**

Participants

None-review of APD revealed no new surface disturbance eliminating the need for a on-site surface evaluation.

Regional/Local Setting & Topography

Project site is located ~7 miles southeast of LaSal, in San Juan County Utah. On a regional setting the project site is located in what is generally referred to as the Canyonlands Region of the Colorado Plateau. Topography is a series of alternating ledgey out crops and huge valleys along fault lines created during the formation of the LaSal Mountains to the north. The climate within this region is arid, and vegetation is often sparse at lower elevations. Annual precipitation at the project site is a 14-16" zone, and vegetation would be described as Pinion/Juniper woodlands and Wyoming sage grassland. Water drainages is to the southeast entering the Dolores River ~20 miles. No perennial surface water was observed in close proximity to the project area.

Surface Use Plan

Current Surface Use
Existing Well Pad

New Road Miles	Well Pad Width Length	Src Const Material	Surface Formation
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Ancillary Facilities

Waste Management Plan Adequate?

Environmental Parameters

Affected Floodplains and/or Wetlands N

Flora / Fauna

Existing well pad, limited flora and fauna potential.

Soil Type and Characteristics

Orange silty/clay/loam tan sandstone outcrops.

Erosion Issues Y

Highly erosive soils when disturbed

Sedimentation Issues

Site Stability Issues N

Drainage Diversion Required? N**Berm Required? N****Erosion Sedimentation Control Required? N**

Interim reclamation will not be disturbed, remaining well pad is required for production related activities.

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

Reserve Pit**Site-Specific Factors****Site Ranking**

Distance to Groundwater (feet)	>200	0
Distance to Surface Water (feet)	>1000	0
Dist. Nearest Municipal Well (ft)	>5280	0
Distance to Other Wells (feet)		20
Native Soil Type	High permeability	20
Fluid Type	TDS>5000 and	10
Drill Cuttings	Salt or Detrimental	10
Annual Precipitation (inches)	10 to 20	5

Affected Populations

Presence Nearby Utility Conduits Not Present 0

Final Score 65 1 Sensitivity Level

Characteristics / Requirements

No pit is being approved. Proposed drilling program is a closed loop system using steel mud tanks provided by drilling contractors.

All E&P materials, including drill cuttings, shall be contained in steel tanks until it can be demonstrated such materials meet DOGM stands for abandonment. E&P materials, such as drilling cuttings, shall conform to the following DOGM standards prior to abandonment:
Electrical Conductivity

Closed Loop Mud Required? Y Liner Required? Liner Thickness Pit Underlayment Required?

Other Observations / Comments

Bart Kettle
Evaluator

4/9/2012
Date / Time

**Application for Permit to Drill
Statement of Basis
Utah Division of Oil, Gas and Mining**

APD No	API WellNo	Status	Well Type	Surf Owner	CBM
5378	43037318560000	SITLA	GW	S	No
Operator	PATARA OIL & GAS, LLC		Surface Owner-APD		
Well Name	MIDDLE MESA ST 36-24-29-24		Unit	MIDDLE MESA	
Field	SOUTH PINE RIDGE		Type of Work	DEEPEN	
Location	SENE 36 29S 24E S 2569 FNL (UTM) 655591E 4233696N		1183 FEL GPS Coord		

Geologic Statement of Basis

This location is situated on moderately permeable soil formed on the Cretaceous age Burro Canyon Formation. Two underground water rights have been filed covering 2 water wells (260' and 405' deep) within a mile of this location. The Moab District BLM operates these wells for stock watering. The subject well will use a benign water based mud system to 2,200' (Top of Triassic – age Chinle Formation) and subsequently convert to a low solids non-dispersed mud system below that depth. Surface pipe will likely be set into the Morrison Formation. The subject location is near the Lisbon Valley fault system so the area may present fracture permeability, lost circulation and a significant quantity of high quality groundwater may be encountered. The proposed surface casing and cementing program should adequately isolate any zones of fresh water that may be penetrated.

Chris Kierst
APD Evaluator

2/14/2007
Date / Time

Surface Statement of Basis

On-site surface evaluation not conducted for APD. Review of submitted plans indicate no new surface disturbance, or disturbance of interim reclamation will be required for proposed actions. Surface owner has remained constant as Trustlands Administration (SITLA). As such, previous surface evaluation from 2007 is deemed adequate.

A closed loop drilling system is being proposed. Within 60 days following completion of drilling a Plan of Action shall be submitted to the Division detailing proposed management of drill cuttings. Plan of Action should include the following: Analytical results form a representative sample, description principals proposed to manage materials, if off site disposal is proposed a copy of authorization for proposed facility shall be submitted. Drilling medium will be contained in steel mud tanks, drill cuttings will be separated from drilling medium and captured in a steel trough or tank. All E&P materials, including drill cuttings, shall be contained in steel tanks until Plan of Action is approved. Materials proposed for surface abandonment are required to meet DOGM stands for abandonment: Electrical Conductivity

Bart Kettle
Onsite Evaluator

4/9/2012
Date / Time

Conditions of Approval / Application for Permit to Drill

Category	Condition
Pits	A closed loop mud circulation system is required for this location.

API Well Number: 43037318560000

Pits Within 60 days a Plan of Action shall be submitted for review, that overviews proposed management of drilling medium and drill cuttings.

RECEIVED: July 10, 2012

WORKSHEET APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 3/1/2012

API NO. ASSIGNED: 43037318560000

WELL NAME: MIDDLE MESA ST 36-24-29-24

OPERATOR: PATARA OIL & GAS, LLC (N3670)

PHONE NUMBER: 303 563-5378

CONTACT: Danielle Gavito

PROPOSED LOCATION: SENE 36 290S 240E

Permit Tech Review:

SURFACE: 2569 FNL 1183 FEL

Engineering Review:

BOTTOM: 2569 FNL 1183 FEL

Geology Review:

COUNTY: SAN JUAN

LATITUDE: 38.23781

LONGITUDE: -109.22215

UTM SURF EASTINGS: 655591.00

NORTHINGS: 4233696.00

FIELD NAME: SOUTH PINE RIDGE

LEASE TYPE: 3 - State

LEASE NUMBER: ML37067

PROPOSED PRODUCING FORMATION(S): DESERT CREEK

SURFACE OWNER: 3 - State

COALBED METHANE: NO

RECEIVED AND/OR REVIEWED:

- PLAT
- Bond: STATE/FEE - B006008
- Potash
- Oil Shale 190-5
- Oil Shale 190-3
- Oil Shale 190-13
- Water Permit: COMMERCIAL
- RDCC Review:
- Fee Surface Agreement
- Intent to Commingle

Commingling Approved

LOCATION AND SITING:

- R649-2-3.
- Unit: MIDDLE MESA
- 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
070723 PROP TD CHG FR 5741:OP FR N2175:

Stipulations: 1 - Exception Location - dmason
5 - Statement of Basis - bhll
14 - Commingling Temporary Denial - ddoucet
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: MIDDLE MESA ST 36-24-29-24

API Well Number: 43037318560000

Lease Number: ML37067

Surface Owner: STATE

Approval Date: 7/10/2012

Issued to:

PATARA OIL & GAS, LLC, 600 17th Street Ste 1900S, Denver, CO 80202

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 DESERT 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:

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.

Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis (copy attached).

Downhole commingling between formations cannot occur until the provisions of Rule R649-3-22, Completion Into Two or More Pools, have been met.

Additional Approvals:

The operator is required to obtain approval from the Division of Oil, Gas and mining before performing any of the following actions during the drilling of this well:

- Any changes to the approved drilling plan - contact Dustin Doucet
- Significant plug back of the well - contact Dustin Doucet
- Plug and abandonment of the well - contact Dustin Doucet

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
OR
submit an electronic sundry notice (pre-registration required) via the Utah Oil & Gas website
at <http://oilgas.ogm.utah.gov>
- 24 hours prior to testing blowout prevention equipment - contact Dan Jarvis
- 24 hours prior to cementing or testing casing - contact Dan Jarvis
- Within 24 hours of making any emergency changes to the approved drilling program
- contact Dustin Doucet
- 24 hours prior to commencing operations to plug and abandon the well - contact Dan Jarvis

Contact Information:

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

- Carol Daniels 801-538-5284 - office
- Dustin Doucet 801-538-5281 - office
801-733-0983 - after office hours
- Dan Jarvis 801-538-5338 - office
801-231-8956 - after office hours

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 "John Rogers", written in a cursive style.

For John Rogers
Associate Director, Oil & Gas

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

ROUTING
 CDW

X - Change of Operator (Well Sold)

Operator Name Change/Merger

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

11/1/2012

FROM: (Old Operator): N3670- Patara Oil & Gas, LLC 600 17th Street, Suite 1900S Denver, CO 80202 Phone: 1 (303) 825-0685	TO: (New Operator): N3645- CCI Paradox Upstream, LLC 600 17th Street, Suite 1900S Denver, CO 80202 Phone: 1 (303) 825-0685
---	--

WELL NAME	CA No.	SEC	TWN	RNG	Unit:	API NO	ENTITY NO	Middle Mesa	LEASE TYPE	WELL TYPE	WELL STATUS
See Attached List											

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: 1/23/2013
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 2/7/2013
- The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 2/12/2013
- Is the new operator registered in the State of Utah: Business Number: 8523441-0161
- (R649-9-2) Waste Management Plan has been received on: Not Yet
- Inspections of LA PA state/fee well sites complete on: N/A
- Reports current for Production/Disposition & Sundries on: 2/12/2013
- 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 N/A
- Federal and Indian Units:**
The BLM or BIA has approved the successor of unit operator for wells listed on: Not Yet
- 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: 2/12/2013
- Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 2/12/2013
- Bond information entered in RBDMS on: 2/7/2013
- Fee/State wells attached to bond in RBDMS on: 2/12/2013
- Injection Projects to new operator in RBDMS on: N/A
- Receipt of Acceptance of Drilling Procedures for APD/New on: 2/4/2013

BOND VERIFICATION:

- Federal well(s) covered by Bond Number: 105865919
- Indian well(s) covered by Bond Number: N/A
- (R649-3-1) The **NEW** operator of any state/fee well(s) listed covered by Bond Number 105865922
- 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:

Patara Oil Gas, LLC (N3670) to CCI Paradox Upstream, LLC (N3945)

Effective 11/1/2012

Middle Mesa Unit

Well Name	Section	TWN	RNG	API Number	Entity	Lease Type	Well Type	Well Status
MIDDLE MESA FED 30-41-29-25	30	290S	250E	4303731893		Federal	GW	APD
MIDDLE MESA FED 25-43-29-24	25	290S	240E	4303731901		Federal	GW	APD
MIDDLE MESA FED 26-23-29-24	26	290S	240E	4303731905		Federal	GW	APD
MIDDLE MESA FED 31-22-29-25	31	290S	250E	4303731909		Federal	GW	APD
MIDDLE MESA FED 31-11-29-25	31	290S	250E	4303731910		Federal	GW	APD
Middle Mesa Fed 31-42-29-25	31	290S	250E	4303750021		Federal	GW	APD
Middle Mesa Federal 5-8-30-25	05	300S	250E	4303750026		Federal	GW	APD
BIG INDIAN 35-24	35	290S	240E	4303731829	14409	Federal	GW	P
MIDDLE MESA ST 36-14-29-24	36	290S	240E	4303731838	15076	State	GW	P
MIDDLE MESA FED 5-6-30-25	05	300S	250E	4303731853	16375	Federal	GW	P
MIDDLE MESA FED 31-31-29-25	31	290S	250E	4303731854	15076	Federal	GW	P
MIDDLE MESA ST 36-12-29-24	36	290S	240E	4303731855	15076	State	GW	P
MIDDLE MESA ST 36-24-29-24	36	290S	240E	4303731856	15076	State	GW	P
MIDDLE MESA ST 36-12B-29-24	36	290S	240E	4303731877	15076	State	GW	P
MIDDLE MESA ST 36-24B-29-24	36	290S	240E	4303731878	15076	State	GW	P
MIDDLE MESA FED 5-10-30-25	05	300S	250E	4303731897	18802	Federal	GW	P
MIDDLE MESA FED 25-41-29-24	25	290S	240E	4303731902	17717	Federal	GW	P
MIDDLE MESA FED 25-31-29-24	25	290S	240E	4303731903	18159	Federal	GW	P
MIDDLE MESA FED 26-34-29-24	26	290S	240E	4303731904	18118	Federal	GW	P
MIDDLE MESA FED 31-44-29-25	31	290S	250E	4303731906	18213	Federal	GW	P
MIDDLE MESA FED 31-33-29-25	31	290S	250E	4303731907	18170	Federal	GW	P
MIDDLE MESA FED 4-20-30-25	04	300S	250E	4303750010	18193	Federal	GW	P

RECEIVED

JAN 23 2013

FORM 9

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

SUNDRY NOTICES AND REPORTS ON WELLS

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

1. TYPE OF WELL: OIL WELL, GAS WELL, OTHER Multiple Well Transfer
2. NAME OF OPERATOR: Patara Oil & Gas LLC
3. ADDRESS OF OPERATOR: 600 17th St. Ste. 1900S Denver CO 80202
4. LOCATION OF WELL: FOOTAGES AT SURFACE: n/a, COUNTY: San Juan, UT, STATE: UTAH

5. LEASE DESIGNATION AND SERIAL NUMBER: n/a
6. IF INDIAN, ALLOTTEE OR TRIBE NAME: n/a
7. UNIT or CA AGREEMENT NAME: n/a
8. WELL NAME and NUMBER: Multiple
9. API NUMBER: n/a
10. FIELD AND POOL, OR WILDCAT: n/a

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

Table with columns: TYPE OF SUBMISSION, TYPE OF ACTION. Includes checkboxes for NOTICE OF INTENT, SUBSEQUENT REPORT, and various actions like ACIDIZE, ALTER CASING, OPERATOR CHANGE, etc.

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

Patara Oil & Gas LLC (Patara) hereby requests the transfer of operating rights and responsibilities for the subject wells, listed herein, to the new owner/operator of the assets, being effective November 1, 2012; CCI Paradox Upstream LLC (CCI).

Please see Exhibit I for a detailed list of upstream assets considered for transfer. Patara midstream assets will be transferred via a separate letter, enclosed.

NAME (PLEASE PRINT) Christopher A. Noonan
TITLE Regulations & Production Reporting Supervisor
SIGNATURE [Signature]
DATE 1/18/13

(This space for State use only)

APPROVED

FEB 12 2013

DIV. OF OIL, GAS & MINING

(See Instructions on Reverse Side)

BY: Rachel Medina

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

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

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <u>Multiple Well Transfer</u>		5. LEASE DESIGNATION AND SERIAL NUMBER: n/a
2. NAME OF OPERATOR: CCI Paradox Upstream LLC <u>N3945</u>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: n/a
3. ADDRESS OF OPERATOR: 600 17th St. Ste. 1900S CITY <u>Denver</u> STATE <u>CO</u> ZIP <u>80202</u>		7. UNIT or CA AGREEMENT NAME: n/a
4. LOCATION OF WELL FOOTAGES AT SURFACE: <u>n/a</u>		8. WELL NAME and NUMBER: <u>Multiple</u>
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:		9. API NUMBER: n/a
		10. FIELD AND POOL, OR WILDCAT: n/a
		COUNTY: <u>San Juan, UT</u>
		STATE: <u>UTAH</u>

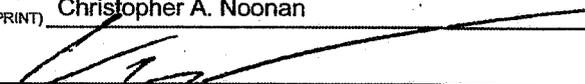
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input 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 checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: <u>11/1/2012</u>	<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.

CCI Paradox Upstream LLC (CCI), hereby requests the transfer of operating rights and responsibilities for the subject wells, listed herein, to the new owner/operator of the assets, CCI, being effective November 1, 2012. The assets were previously operated by Patara Oil & Gas LLC (Patara) prior to sale.

Please see Exhibit I for a detailed list of upstream assets considered for transfer. Patara midstream assets will be transferred via a separate letter, enclosed.

Bond Number:
BLM: 105865919
State: 105865922

NAME (PLEASE PRINT) <u>Christopher A. Noonan</u>	TITLE <u>Regulations & Production Reporting Supervisor</u>
SIGNATURE 	DATE <u>2/6/2012</u>

(This space for State use only)

APPROVED

FEB 12 2013

DIV. OIL GAS & MINING

BY: Rachel Medina

RECEIVED

FEB 07 2013

Div. of Oil, Gas & Mining

Exhibit I

BLM Form 3160-5 Transfer of Operator

Utah Form 9 Transfer of Operator

State of Utah Upstream Assets

01/09/2013

API Well Number	Operator	Well Name	Well Status	Well Type	Field Name	County	Qtr/Qtr	Section	Township-Range)
✓ 43-037-15049-00-00	PATARA OIL & GAS LLC	LISBON D-616	Shut-In	Oil Well	LISBON	SAN JUAN	NENE	16	30S-24E 1
✓ 43-037-15123-00-00	PATARA OIL & GAS LLC	LISBON B-615	Producing	Oil Well	LISBON	SAN JUAN	NENW	15	30S-24E 2
✓ 43-037-15769-00-00	PATARA OIL & GAS LLC	LISBON B912	Shut-In	Oil Well	LISBON	SAN JUAN	SESW	12	30S-24E 3
✓ 43-037-16219-00-00	PATARA OIL & GAS LLC	BIG INDIAN UNIT 1	Shut-In	Oil Well	BIG INDIAN (MADISON)	SAN JUAN	SENE	33	29S-24E 4
✓ 43-037-16221-00-00	PATARA OIL & GAS LLC	BIG INDIAN 4	Shut-In	Gas Well	BIG INDIAN (HERMOSA)	SAN JUAN	SWSW	14	30S-25E 5
✓ 43-037-16237-00-00	PATARA OIL & GAS LLC	LISBON A-715	Inactive	Water Disposal Well	LISBON	SAN JUAN	SWNW	15	30S-24E 6
✓ 43-037-16240-00-00	PATARA OIL & GAS LLC	LISBON B-613	Shut-In	Oil Well	LISBON	SAN JUAN	NENW	13	30S-24E 7
✓ 43-037-16242-00-00	PATARA OIL & GAS LLC	LISBON B-616	Shut-In	Oil Well	LISBON	SAN JUAN	NESW	16	30S-24E 8
✓ 43-037-16244-00-00	PATARA OIL & GAS LLC	BELCO ST 4 (LISBON B-816)	Active	Water Disposal Well	LISBON	SAN JUAN	NESW	16	30S-24E 9
✓ 43-037-16245-00-00	PATARA OIL & GAS LLC	LISBON C-69	Shut-In	Oil Well	LISBON	SAN JUAN	NWNE	9	30S-24E 10

✓ 43-037-16247-00-00	PATARA OIL & GAS LLC	LISBON C-94	Shut-In	Oil Well	LISBON	SAN JUAN	SWSE	4	30S-24E 11
✓ 43-037-16250-00-00	PATARA OIL & GAS LLC	LISBON UNIT D-84	Shut-In	Oil Well	LISBON	SAN JUAN	NESE	4	30S-24E 12
✓ 43-037-16251-00-00	PATARA OIL & GAS LLC	LISBON D-89	Shut-In	Oil Well	LISBON	SAN JUAN	NESE	9	30S-24E 13
43-037-16469-00-00	PATARA OIL & GAS LLC	LISBON U B-610	Producing	Oil Well	LISBON	SAN JUAN	NENW	10	30S-24E 14
43-037-16471-00-00	PATARA OIL & GAS LLC	NW LISBON USA A-2 (D-810)	Producing	Gas Well	LISBON	SAN JUAN	NESE	10	30S-24E 15
43-037-30054-00-00	PATARA OIL & GAS LLC	LISBON B-84	Shut-In	Oil Well	LISBON	SAN JUAN	NESW	4	30S-24E 16
43-037-30082-00-00	PATARA OIL & GAS LLC	LISBON B-814	Active	Water Disposal Well	LISBON	SAN JUAN	NESW	14	30S-24E 17
43-037-30317-00-00	PATARA OIL & GAS LLC	FEDERAL 15-25	Shut-In	Gas Well	WILSON CANYON	SAN JUAN	SWSE	25	29S-23E 18
43-037-30693-00-00	PATARA OIL & GAS LLC	LISBON C-99	Shut-In	Oil Well	LISBON	SAN JUAN	SWSE	9	30S-24E 19
43-037-30694-00-00	PATARA OIL & GAS LLC	LISBON U D-610	Shut-In	Gas Well	LISBON	SAN JUAN	NENE	10	30S-24E 20
43-037-30695-00-00	PATARA OIL & GAS LLC	LISBON B-94	Shut-In	Oil Well	LISBON	SAN JUAN	SESW	4	30S-24E 21
43-037-31014-00-00	PATARA OIL & GAS LLC	LISBON UNIT A-911	Producing	Gas Well	LISBON	SAN JUAN	SWSW	11	30S-24E 22
43-037-31034-00-00	PATARA OIL & GAS LLC	LISBON UNIT D-716	Shut-In	Oil Well	LISBON	SAN JUAN	SENE	16	30S-24E 23
43-037-31323-00-00	PATARA OIL & GAS LLC	LISBON C-910	Shut-In	Oil Well	LISBON	SAN JUAN	SWSE	10	30S-24E 24
43-037-31351-00-00	PATARA OIL & GAS LLC	LISBON B-614A	Shut-In	Oil Well	LISBON	SAN JUAN	NENW	14	30S-24E 25
43-037-31433-00-00	PATARA OIL & GAS LLC	LISBON B-810	Producing	Oil Well	LISBON	SAN JUAN	NESW	10	30S-24E 26

43-037-31829-00-00	PATARA OIL & GAS LLC	BIG INDIAN 35-24	Shut-In	Gas Well	SOUTH PINE RIDGE	SAN JUAN	SENE	35	29S-24E 7
43-037-31831-00-00	PATARA OIL & GAS LLC	BULL HORN U 10-43	Producing	Gas Well	BIG INDIAN (HERMOSA)	SAN JUAN	SWSE	10	30S-25E 8
43-037-31838-00-00	PATARA OIL & GAS LLC	MIDDLE MESA ST 36-14-29-24	Producing	Gas Well	SOUTH PINE RIDGE	SAN JUAN	NENE	36	29S-24E 9
43-037-31843-00-00	PATARA OIL & GAS LLC	BULL HORN FED 9-14-30-25	Producing	Gas Well	BIG INDIAN (HERMOSA)	SAN JUAN	NENE	9	30S-25E 30
43-037-31848-00-00	PATARA OIL & GAS LLC	BULL HORN FED 15-14-30-25	Producing	Gas Well	BIG INDIAN (HERMOSA)	SAN JUAN	NENE	15	30S-25E 1
43-037-31849-00-00	PATARA OIL & GAS LLC	BULL HORN FED 10-21-30-25	Producing	Gas Well	BIG INDIAN (HERMOSA)	SAN JUAN	NWSW	10	30S-25E 2
43-037-31850-00-00	PATARA OIL & GAS LLC	BIG INDIAN FED 14-21-30-25	Producing	Gas Well	BIG INDIAN (HERMOSA)	SAN JUAN	SWNW	14	30S-25E 3
43-037-31853-00-00	PATARA OIL & GAS LLC	MIDDLE MESA FED 5-6-30-25	Producing	Gas Well	SOUTH PINE RIDGE	SAN JUAN	LOT6	5	30S-25E 4
43-037-31854-00-00	PATARA OIL & GAS LLC	MIDDLE MESA FED 31-31-29-25	Producing	Gas Well	SOUTH PINE RIDGE	SAN JUAN	NWSW	31	29S-25E 5
43-037-31855-00-00	PATARA OIL & GAS LLC	MIDDLE MESA ST 36-12-29-24	Shut-In	Gas Well	SOUTH PINE RIDGE	SAN JUAN	NENW	36	29S-24E 6
43-037-31856-00-00	PATARA OIL & GAS LLC	MIDDLE MESA ST 36-24-29-24	Producing	Gas Well	SOUTH PINE RIDGE	SAN JUAN	SENE	36	29S-24E 7
43-037-31859-00-00	PATARA OIL & GAS LLC	BIG INDIAN FED 15-24-30-25	Shut-In	Gas Well	BIG INDIAN (HERMOSA)	SAN JUAN	SWNW	14	30S-25E 8
43-037-31860-00-00	PATARA OIL & GAS LLC	BIG INDIAN FED 14-42-30-25	Producing	Gas Well	BIG INDIAN (HERMOSA)	SAN JUAN	SESW	14	30S-25E 9
43-037-31861-00-00	PATARA OIL & GAS LLC	BULL HORN FED 10-42-30-25	Shut-In	Gas Well	BIG INDIAN (HERMOSA)	SAN JUAN	SESW	10	30S-25E 40
43-037-31864-00-00	PATARA OIL & GAS LLC	BULL HORN FED 10-31-30-25	Producing	Gas Well	BIG INDIAN (HERMOSA)	SAN JUAN	NWSW	10	30S-25E 1
43-037-31877-00-00	PATARA OIL & GAS LLC	MIDDLE MESA ST 36-12B-29-24	Producing	Gas Well	SOUTH PINE RIDGE	SAN JUAN	NENW	36	29S-24E 2

43-037-31878-00-00	PATARA OIL & GAS LLC	MIDDLE MESA ST 36-24B-29-24	Producing	Gas Well	SOUTH PINE RIDGE	SAN JUAN	SENE	36	29S-24E 3
43-037-31883-00-00	PATARA OIL & GAS LLC	BIG INDIAN FED 15-24B-30-25	Shut-In	Gas Well	BIG INDIAN (HERMOSA)	SAN JUAN	SWNW	14	30S-25E 4
43-037-31884-00-00	PATARA OIL & GAS LLC	BIG INDIAN FED 23-13B-30-25	Approved permit (APD); not yet spudded	Gas Well	BIG INDIAN (HERMOSA)	SAN JUAN	NWNE	23	30S-25E 5
43-037-31885-00-00	PATARA OIL & GAS LLC	BIG INDIAN FED 23-13-30-25	Approved permit (APD); not yet spudded	Gas Well	BIG INDIAN (HERMOSA)	SAN JUAN	NWNE	23	30S-25E 6
43-037-31891-00-00	PATARA OIL & GAS LLC	BULL HORN FED 15-13-30-25	Producing	Gas Well	BIG INDIAN (HERMOSA)	SAN JUAN	NENE	15	30S-25E 7
43-037-31893-00-00	PATARA OIL & GAS LLC	MIDDLE MESA FED 30-41-29-25	Approved permit (APD); not yet spudded	Gas Well	UNDESIGNATED	SAN JUAN	SWSW	30	29S-25E 8
43-037-31897-00-00	PATARA OIL & GAS LLC	MIDDLE MESA FED 5-10-30-25	Spudded (Drilling commenced: Not yet completed)	Gas Well	SOUTH PINE RIDGE	SAN JUAN	LT10	5	30S-25E 9
43-037-31901-00-00	PATARA OIL & GAS LLC	MIDDLE MESA FED 25-43-29-24	Approved permit (APD); not yet spudded	Gas Well	UNDESIGNATED	SAN JUAN	SWSE	25	29S-24E 10
43-037-31902-00-00	PATARA OIL & GAS LLC	MIDDLE MESA FED 25-41-29-24	Producing	Gas Well	SOUTH PINE RIDGE	SAN JUAN	SWSW	25	29S-24E 1
43-037-31903-00-00	PATARA OIL & GAS LLC	MIDDLE MESA FED 25-31-29-24	Producing	Gas Well	SOUTH PINE RIDGE	SAN JUAN	NWSW	25	29S-24E 2
43-037-31904-00-00	PATARA OIL & GAS LLC	MIDDLE MESA FED 26-34-29-24	Producing	Gas Well	SOUTH PINE RIDGE	SAN JUAN	NESW	26	29S-24E 3

43-037-31905-00-00	PATARA OIL & GAS LLC	MIDDLE MESA FED 26-23-29-24	Approved permit (APD); not yet spudded	Gas Well	UNDESIGNATED	SAN JUAN	SWNE	26	29S-24E 4
43-037-31906-00-00	PATARA OIL & GAS LLC	MIDDLE MESA FED 31-44-29-25	Producing	Gas Well	SOUTH PINE RIDGE	SAN JUAN	SESE	31	29S-25E 5
43-037-31907-00-00	PATARA OIL & GAS LLC	MIDDLE MESA FED 31-33-29-25	Producing	Gas Well	SOUTH PINE RIDGE	SAN JUAN	NWSE	31	29S-25E 4
43-037-31909-00-00	PATARA OIL & GAS LLC	MIDDLE MESA FED 31-22-29-25	Approved permit (APD); not yet spudded	Gas Well	SOUTH PINE RIDGE	SAN JUAN	SENW	31	29S-25E 7
43-037-31910-00-00	PATARA OIL & GAS LLC	MIDDLE MESA FED 31-11-29-25	Approved permit (APD); not yet spudded	Gas Well	SOUTH PINE RIDGE	SAN JUAN	NWNW	31	29S-25E 8
43-037-50008-00-00	PATARA OIL & GAS LLC	CISCO STATE 36-13	Temporarily-Abandoned	Gas Well	WILDCAT	SAN JUAN	NWNE	36	31S-24E 9
43-037-50010-00-00	PATARA OIL & GAS LLC	MIDDLE MESA FED 4-20-30-25	Producing	Gas Well	SOUTH PINE RIDGE	SAN JUAN	SWNW	4	30S-25E 60
43-037-50012-00-00	PATARA OIL & GAS LLC	Lisbon 11-32MC	Returned APD (Unapproved)	Oil Well	UNDESIGNATED	SAN JUAN	SWNE	11	30S-24E 1
43-037-50013-00-00	PATARA OIL & GAS LLC	Lisbon 14-11MC	Approved permit (APD); not yet spudded	Oil Well	LISBON	SAN JUAN	NWNW	14	30S-24E 2
43-037-50014-00-00	PATARA OIL & GAS LLC	Lisbon 10-44MC	Approved permit (APD); not yet spudded	Oil Well	LISBON	SAN JUAN	NWNW	14	30S-24E 3

43-037-50015-00-00	PATARA OIL & GAS LLC	Lisbon 3-32MC	Approved permit (APD); not yet spudded	Oil Well	LISBON	SAN JUAN	NESE	4	30S-24E	4
43-037-50016-00-00	PATARA OIL & GAS LLC	Lisbon 11-33MC	Approved permit (APD); not yet spudded	Oil Well	LISBON	SAN JUAN	NENW	14	30S-24E	5
43-037-50017-00-00	PATARA OIL & GAS LLC	Lisbon 11-21MC	Approved permit (APD); not yet spudded	Gas Well	LISBON	SAN JUAN	NWSE	10	30S-24E	6
43-037-50018-00-00	PATARA OIL & GAS LLC	Lisbon 3-43MC	Approved permit (APD); not yet spudded	Oil Well	LISBON	SAN JUAN	SESE	3	30S-24E	7
43-037-50019-00-00	PATARA OIL & GAS LLC	Lisbon 10-33MC	Spudded (Drilling commenced: Not yet completed)	Oil Well	LISBON	SAN JUAN	NWSE	10	30S-24E	8
43-037-50021-00-00	PATARA OIL & GAS LLC	Middle Mesa Fed 31-42-29-25	Approved permit (APD); not yet spudded	Gas Well	SOUTH PINE RIDGE	SAN JUAN	SESW	31	29S-25E	9
43-037-50026-00-00	PATARA OIL & GAS LLC	Middle Mesa Federal 5-8-30-25	Approved permit (APD); not yet spudded	Gas Well	SOUTH PINE RIDGE	SAN JUAN	NENE	5	30S-25E	10

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING	FORM 9
5. LEASE DESIGNATION AND SERIAL NUMBER: ML37067	
SUNDRY NOTICES AND REPORTS ON WELLS	
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.	
6. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
7. UNIT or CA AGREEMENT NAME: MIDDLE MESA	
8. WELL NAME and NUMBER: MIDDLE MESA ST 36-24-29-24	
9. API NUMBER: 43037318560000	
9. FIELD and POOL or WILDCAT: SOUTH PINE RIDGE	
9. COUNTY: SAN JUAN	
STATE: UTAH	
1. TYPE OF WELL Gas Well	
2. NAME OF OPERATOR: CCI PARADOX UPSTREAM, LLC	
3. ADDRESS OF OPERATOR: 600 17th Street, Suite 1900S , Denver, CO, 80202	
PHONE NUMBER: 303 563-5364 Ext	
4. LOCATION OF WELL FOOTAGES AT SURFACE: 2569 FNL 1183 FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: SENE Section: 36 Township: 29.0S Range: 24.0E Meridian: S	

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 Approximate date work will start: 4/15/2014	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> CASING REPAIR
<input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion:	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> CHANGE WELL NAME
<input type="checkbox"/> SPUD REPORT Date of Spud:	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> CONVERT WELL TYPE
<input type="checkbox"/> DRILLING REPORT Report Date:	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> NEW CONSTRUCTION
	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> PLUG BACK
	<input type="checkbox"/> PRODUCTION START OR RESUME	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION
	<input type="checkbox"/> REPERFORATE CURRENT FORMATION	<input type="checkbox"/> SIDETRACK TO REPAIR WELL	<input type="checkbox"/> TEMPORARY ABANDON
	<input type="checkbox"/> TUBING REPAIR	<input type="checkbox"/> VENT OR FLARE	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> WATER SHUTOFF	<input type="checkbox"/> SI TA STATUS EXTENSION	<input checked="" type="checkbox"/> APD EXTENSION
	<input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> OTHER	OTHER: <input style="width: 100px;" type="text"/>

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

CCI Paradox Upstream LLC (CCI) wishes to request an extension to the already approved State APD to deepen the existing and producing Middle Mesa State 36-24-29-24. CCI wishes to request an extension for the maximum allowable time (i.e., 7/10/2014). Please contact Chrissy Lawson, Regulatory Specialist, at 303-563-5378 or at chrissy.lawson@cci.com if you have any questions or concerns. Thank you.

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

Date: July 17, 2013

By:

NAME (PLEASE PRINT) Chrissy Lawson	PHONE NUMBER 303 563-5378	TITLE Regulatory Specialist
SIGNATURE N/A	DATE 7/17/2013	



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 43037318560000

API: 43037318560000

Well Name: MIDDLE MESA ST 36-24-29-24

Location: 2569 FNL 1183 FEL QTR SENE SEC 36 TWP 290S RNG 240E MER S

Company Permit Issued to: CCI PARADOX UPSTREAM, LLC

Date Original Permit Issued: 7/10/2012

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

Signature: Chrissy Lawson

Date: 7/17/2013

Title: Regulatory Specialist Representing: CCI PARADOX UPSTREAM, LLC



GARY R. HERBERT
Governor

SPENCER J. COX
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

September 12, 2014

CCI Paradox Upstream, LLC
600 17th Street, Suite 1900S
Denver, CO 80202

Re: APD Rescinded – Middle Mesa St. 36-24-29-24 (DEEPENING),
Sec.36, T. 29S, R. 24E, San Juan County, Utah API No. 43-037-31856

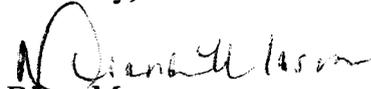
Ladies and Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on July 10, 2012. On July 17, 2013 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 September 12, 2014.

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, Monticello

