

**UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
APPLICATION FOR PERMIT TO DRILL OR REENTER**

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**Certification:** I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill-site and access route; that I am familiar with the conditions which recently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the proposed operations herein will be performed by Pendragon Energy Partners, Inc., its contractors and subcontractors, Pendragon Energy Partners, Inc. will operate the lease under Flood & Peterson Federal Bond #RL B0001759. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

**DIVISION OF  
OIL, GAS AND MINING**  
FORM APPROVED  
OMB No. 1004-0136  
Expires November 30, 2000

5. Lease Serial No.  
**UTU 74836**

6. If Indian, Allottee or Tribe Name

1a. Type of Work:  DRILL  REENTER

1b. Type of Well:  Oil Well  Gas Well  Other  Single Zone  Multiple Zone

7. If Unit or CA Agreement, Name and No.

8. Lease Name and Well No.  
**Desert Spring Federal**

2. Name Of Operator  
**Pendragon Energy Partners, Inc.**

9. API Well No.  
**10-20-10-18 43-047-33625**

3a. Address  
**621 17th Street, Suite 750, Denver CO, 80293**

3 b. Phone No. (include area code)  
**303 296 9402**

10. Field and Pool, or Exploratory

4. Location of Well (Report location clearly & in accordance w/State requirements\*)  
At Surface, **1,840' FEL-1,598' FSL Sec 20 T10S-R18W S.L.B. & M., Uintah County, Utah**  
At proposed prod zone **Same**  
**4419965 N  
592799 E**

11. Sec., T., R., M. or Blk. and Survey or Area  
**NW-SE Sec 20 T10S-R18E  
S.L.B. & M.**

14. Distance in miles and direction from nearest town or post office \*  
**27.3 from Myton, Utah**

12. County or Parish  
**Uintah**

13. State  
**Utah**

15. Distance from proposed\* location to nearest property or lease line, ft. (Also to nearest drlg. unit line, if any)

16. No. of Acres in lease  
**40 acres**

17. Spacing Unit dedicated to this well  
**40 acres**

18. Distance from proposed location to nearest well drilling, completed, applied for in this lease, ft.  
**1,599' FSL**

19. Proposed Depth  
**5,000 feet**

20. BLM/BIA Bond No. on file  
**RLB0001759**

21. Elevations ( Show whether D, KDB, RT, GL etc.)  
**5,394.1 GL**

22. Approximate date work will start\*  
**August 15, 2000**

23. Estimated Duration  
**30 days(drill & complete)**

**24. Attachments**

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

- 1. Well plat certified by a registered surveyor. **Exhibit "A"**
- 2. A Drilling Plan **Exhibit "B"**
- 3. A Surface Use Plan (if the location is on National forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). **Exhibit "D"**

- 4. Bond to cover the operations unless covered by an existing bond on file (see item 20 above). **RLB0001759**
- 5. Operator certification. **Exhibit "D" and as above**
- 6. Such other site specific information and/or plans as may be required by the authorized officer. **Exhibits "C"/"E"/"F"/"G"/and "H"**

25. Signature Name (Printed /Typed) **John Luchetta** Date **June 25, 2000**

Title **Agent**

Approved by (Signature) Name (Printed/Typed) Date

Title Office

Application approval does not warrant or certify the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached

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

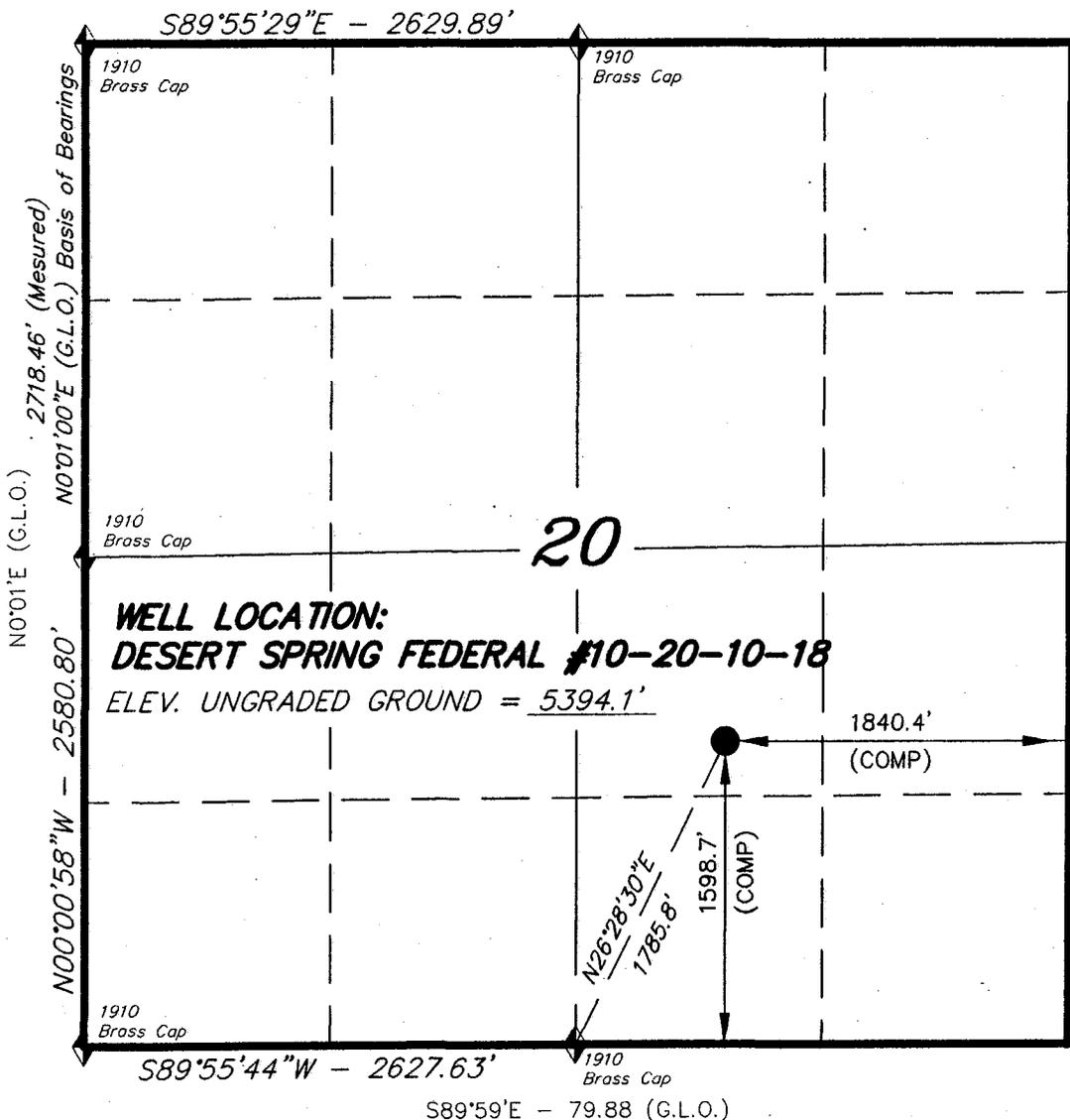
* Instructions on reverse side		<b>Exhibits:</b>	<b>C</b> BOP Diagram	<b>F</b> Location Layout
<b>A</b>	Survey Plat	<b>D</b>	13 Point Surface Use Plan	<b>G</b> Rig Layout / Cut & Fill
<b>B</b>	10-Point Plan	<b>E</b>	Access Road Maps A&B	<b>H</b> Existing Wells Map

# T10S, R18E, S.L.B.&M.

S89°58'E - 79.90 (G.L.O.)

**PENDRAGON ENERGY PARTNERS, INC.**

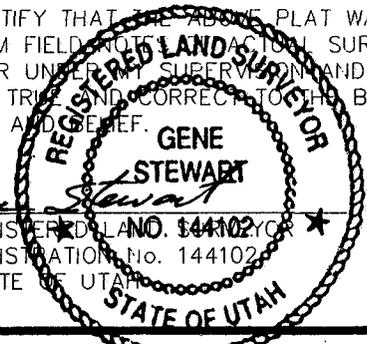
WELL LOCATION, DESERT SPRING  
FEDERAL #10-20-10-18, LOCATED AS  
SHOWN IN THE NW 1/4 SE 1/4 OF  
SECTION 20, T10S, R18E, S.L.B.&M.  
UINTAH COUNTY, UTAH.



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



**TRI STATE LAND SURVEYING & CONSULTING**  
 38 WEST 100 NORTH - VERNAL, UTAH 84078  
 (435) 781-2501

◆ = SECTION CORNERS LOCATED  
 BASIS OF ELEV; U.S.G.S. 7-1/2 min QUAD (CROW KNOLL)

SCALE: 1" = 1000'	SURVEYED BY: G.S.
DATE: 4/25/00	WEATHER: FAIR
NOTES:	FILE #

SURVEY PLAT  
 EXHIBIT "A"

**EXHIBIT "B"**  
**PROPOSED DRILLING PROGRAM**

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**ONSHORE ORDER NO.1**  
**Pendragon Energy Partners, Inc.**  
**Desert Spring Federal #10-20-10-18**  
**NW SE-Sec 20 -T10S - R18E**  
**Uintah County, Utah**

**OIL & GAS ORDER NO.1 (APPROVAL OF OPERATIONS ON  
ONSHORE, FEDERAL AND INDIAN OIL AND GAS LEASES).**

All lease and/or unit operations will be conducted in a manner so that full compliance is made with the applicable laws, regulations (CFR 43, Part 3160) and the approved Application for Permit to Drill. The operator assumes full responsibility for the actions of its contractors and subcontractors. A copy of the approved APD will be on location during construction, drilling and completion operations.

The applicant does not warrant or certify that it holds legal or equitable title to those rights in the subject lease which would entitle operations thereon to proceed.

<b>1. ESTIMATED FORMATION TOPS : (Elevation - 5394')</b>			
<b>FORMATION</b>	<b>DRILLED (ft) SUBSEA</b>		<b>PORE PRESSURE (psi/ft)</b>
<b>Green River</b>	<b>700</b>	<b>+4,694</b>	<b>Normal</b>
<b>Wasatch Tongue of Green River</b>	<b>4,800</b>		<b>Normal</b>
<b>Total Depth</b>	<b>5,000</b>	<b>+ 394</b>	<b>Normal</b>

\* Offset pressure data supports pore pressure gradient @ 0.42 psi/ft in the Muddy.

2. ESTIMATED DEPTH OF OIL, GAS, WATER OR OTHER MINERALS:		
SUBSTANCE	FORMATION	DEPTH (ft)
Water	None anticipated	
Gas	None	
Oil	Green River	4,000 – 5,000

### 3. PRESSURE CONTROL EQUIPMENT & SPECIFICATIONS :

- Anticipated maximum surface shut-in pressure gradient:
  - .  $P_s = BHP - (0.22 * 5,000) = (0.42 * 5,000) - (0.22 * 5,000) = 1,000$  psi.
  - . If a pressure anomaly occurs, API pressure control methods will be immediately imposed.
  - . Drilling fluid density materials will be available on location.
  - . Poison gas is not known to exist in the area.
- BOP EQUIPMENT: (See Exhibit "C")
  - . Type: Nominal 10" hydraulic double ram, 2,000 psi working pressure.
  - . Ram type preventers shall be installed after the prescribed WOC time has expired. The casing will be cut off and a weld-on companion flange fastened.
  - . Pipe & blank rams will be used.
  - . The BOP will be inspected, operated daily and on trips with the drill string. All tests will be recorded on the daily drilling log.
- CHOKE MANIFOLD EQUIPMENT: ( See Exhibit "C")
  - . The hydraulic closing unit will be located @ least 100' upwind from the BOP stack.
  - . A remote BOP closing unit will be positioned near the driller's operating station.

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- . Burst pressure rating – 2,000 psi.
- . The choke manifold, BOP extension rods and handwheels will be located outside the substructure.
- . The kill line will be 2" nominal rated @ 2,000 psi.
- **BOP TESTING:**
  - . Upon installation.
  - . If any seal subject to pressure is broken.
  - . Every 30 days if drilling operations continue beyond anticipated 10 days.
  - . A test plug will not be used since testing can be accomplished w/o exposing surface casing to excess pressures (70% of internal yield).

**4. TEST PRESSURES AND OTHER SPECIFICATIONS ANTICIPATED:**

UNIT	PROPOSED TEST PRESSURE (psi)
Pipe rams	2,000
Blind rams	2,000
Manifold	2,000
Surface casing	1,500 (or .70 x rated burst)
Floor valve	2,000
Annular	2,000

- . Upper & lower kelly cock will be maintained in the drill string.
- . Drill string float will not be used.
- . The floor valve will be available in the open position @ all times and will be operated daily.
- . BLM agent will be notified at least 24 hours before all BOP tests.
- . BOP & pressure control drills will be conducted.

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5. PROPOSED CASING & CEMENTING PROGRAM:								
PROPOSED CASING	HOLE SIZE	CASING SIZE	TOP OF SECTION (ft)	SECTION LENGTH (ft)	PHYSICAL DATA	Pressure Rating (psi)		Cement Top
						Burst	Collapse	
Conductor	17 1/2"	16"	0	60	Steel			Surface.
Surface	12 1/4"	8 5/8"	0	250	24# J55 STC	2,950	2,210	Surface
Production	7 7/8"	5 1/2"	0	5,000'	15.5# J55 STC	4,800	4,040	NA

- CASING SPECIFICATIONS AND CONDITIONS:

- . Stage cementing is not anticipated.
- . The production casing will be tested @ 2,000 psi or 70% of minimum yield for a period of 30 minutes with not more than 10% drop.
- . Formation Pore Pressure (from offset pressure data) -- 0.420 psi/ft.
- . Formation Fracturing Gradient ----- 0.700 psi/ft.
- . Mud Density (Max lbs/gal) ----- 9 ppg @ 5,000'.
- . Collapse ----- 1.120.
- . Burst ----- 1.000.
- . Tension ----- 1.800.
- . Casing joints will be torqued according to API standards.
- . Three centralizers will be placed on collars of the bottom 3 joints (Surface and Intermediate casing).
- . A centralizer will be placed on each collar through production zones and every joint 300' above and below production zones (Production casing).

- CEMENTING PROGRAM:

- . CONDUCTOR CASING: Cement to surface w/ ready mix.

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. SURFACE CASING: Cement to surface w/150 cuft "Lite" tailed w/100 cuft premium.

. PRODUCTION CASING: Will be cemented from TD to 600' above top pay zone. Volume of cement will be determined from caliper log.

6. PROPOSED DRILLING FLUID SPECIFICATIONS:					
DEPTH INTERVAL	TYPE	DENSITY Lbs/gal	VISCOSITY	FLUID LOSS	MAKE UP WATER
0 - 250'	Gel	8.7 - 9.0	26-40	NC	Fresh
250' - TD	Gel	8.4 - 9.0	26-50	NC	Fresh

• OTHER DRILLING FLUID SPECIFICATIONS AND CONDITIONS:

- . LCM will be present on location @ all times during drilling.
- . Fluids parameters to be measured daily - density, viscosity, fluid loss, pH, solids, chlorides, bicarbonate and carbonates.
- . Concentration of hazardous substances in the reserve pit will not exceed standards set forth in the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA).
- . Oil & gas related CERCLA hazardous waste substances will be removed from location and will be disposed of according to EPA approved methods.

**7. EVALUATION OF OPERATIONS WHILE DRILLING:**

• MUD MONITORING SYSTEMS (Swaco):

- . Pit level indicator, flow sensor w/alarms, PVT and stroke counter will not be used.
- . A trip tank will not be used.
- . Gas detection equipment (mud logger) will not be used.
- . A mud-gas separator will not be used.

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- **DRILL STEM TESTS:** None anticipated.

- . If it becomes necessary to conduct a drill stem test, initial opening of the test will be restricted to daylight hours.
- . If a test is initiated during daylight hours, it will be allowed to continue assuming OSHA considerations are strictly met.
- . The DST string will not be pulled out of the hole after dark unless recovered fluids have first been reverse circulated to a suitable closed steel tank placed at least 100' down wind from the wellhead.
- . Smoking will not be allowed on the rig floor or within 100' upwind from the rig floor during test operations.
- . Only rig engines will be allowed to run during testing. All others will be moved at least 100' upwind from the rig floor.

- **LOGGING PROGRAM:**

- . The following open hole logs are anticipated:

**Run #1 @ TD**

- (1) GR - DLL ----- TD to base of Surface casing.
- (2) CNL - Density - Caliper --- TD to base of surface casing.

- . The following cased hole logs are anticipated:

- (1) GR-CCL ----- PBTD to 500' above the pay zone.
- (2) CBL (Cement Bond Log) ----- PBTD to cement top.

- **SAMPLING PROGRAM:**

- . 250 to +/- 4,000' ----- 30' samples will be collected.
- . 4,000' to TD ----- 10' samples may be collected as necessary.

**CORING:** Not anticipated.

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**8. ANTICIPATED PORE PRESSURES & HAZARDOUS MATERIALS:**

- **PORE PRESSURE:**
  - In the surface hole – normal to subnormal pressures are anticipated.
  - In the Green River – normal to subnormal pore pressures are anticipated (0.420 psi per ft.).
- **HAZARDOUS MATERIALS:** None anticipated.

**9. OTHER INFORMATION, NOTIFICATION & REPORTING:**

OPERATION	DATE OR ANTICIPATED TIME
Proposed start time	August 15, 2000
Drill pad & road construction time	2 - 4 days
Drilling operations & formation evaluation	8 - 10 days
Completion & testing time	5 - 10 days
Facilities installation	5 - 10 days
Initial restoration start time	180 days or as weather permits
Final restoration time	5 - 10 days

- **INFORMATION & REPORTING PLAN:**
  - **DRILLERS LOG:**
    - BOP, manifold, casing pressure tests - as done.
    - BOP mechanical test – as done.
    - Blowout prevention drills – as done.
    - Casing installation & cementing – as done.
    - WOC time – as done.
    - Incidents of lost circulation or pressure anomalies – as occurs.
  - **REGULATORY REPORTING :**
    - Notification of location construction - 24 hours prior to start up.
    - Notification of spud – prior to spud and/or within 48 hours after.

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- . Notification of BOP test – at least 24 hours prior to testing.
- . P&A - the Vernal Resource Office will be contacted prior to plugging .
- . Form 3160-4 - monthly.
- . Form 3160-5 - within 30 days after P&A or completion of the well.
- . Facilities diagram – as required by CFR 43 Part 3162.7-2 and 3162.7-4.
- . Undesirable events will be reported as specified in NTL-3A.  
Major events will be reported verbally within 24 hours. Minor events will be reported within 15 days. Other events will be reported in the monthly report of operations.

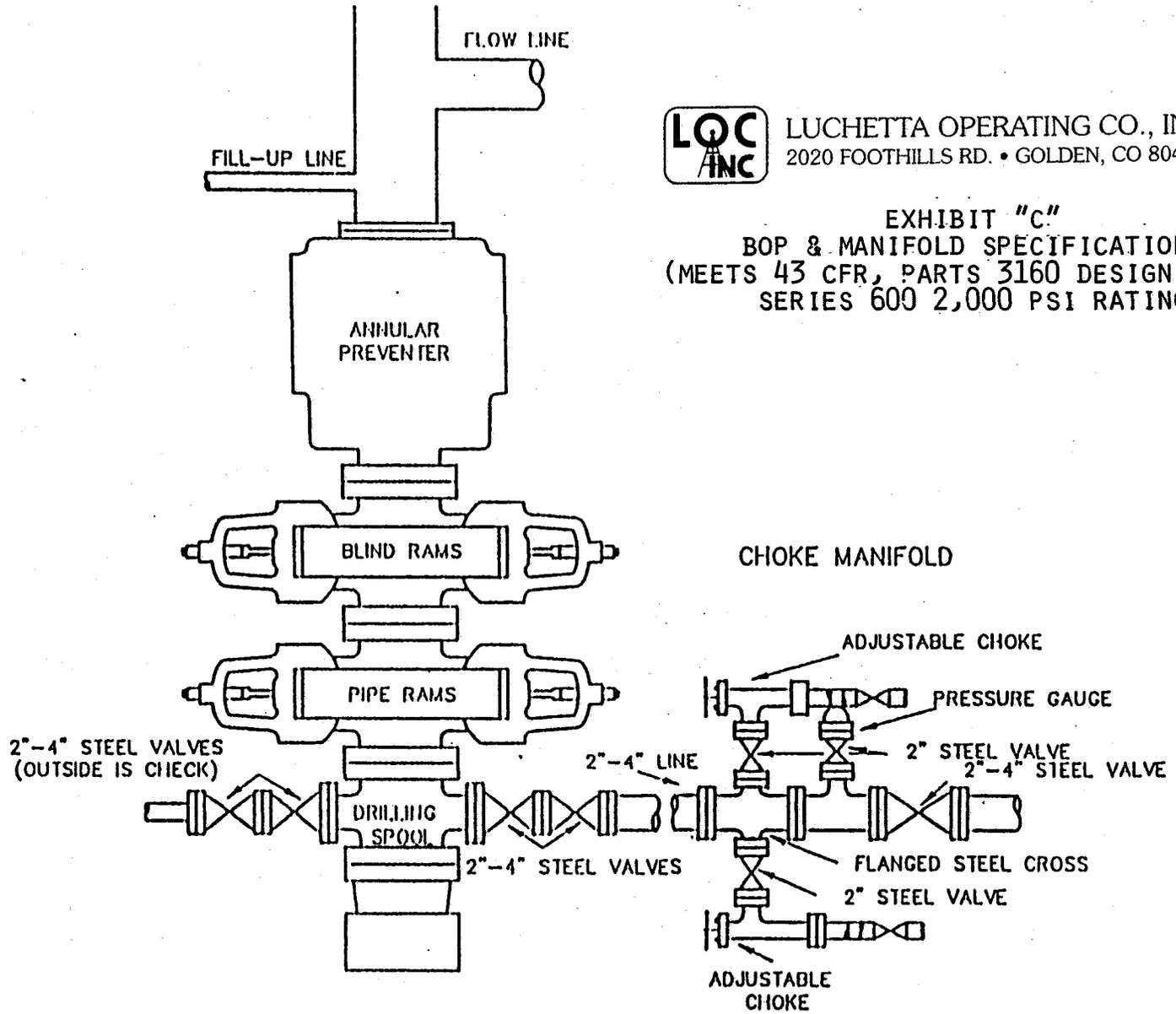
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**EXHIBIT "D"**  
**PROPOSED SURFACE USE PROGRAM**

**ONSHORE ORDER NO. 1**  
**PENDRAGON ENERGY PARTNERS, INC.**  
**DESERT SPRING FEDERAL #10-20-10-18, NW SE Sec 20-T10S-R18W**  
**Uintah County, Utah**

- **SURFACE OWNER (BLM)**
- **SURFACE LOCATION: (See Exhibit "A"). NW SE Sec 20-T10S-R18W.**
- **Distance from : 27.3 miles from Myton, Utah (See Exhibits "E").**
- **Directions to location: South from Myton then 12.5 miles to Castle Peak Mine then left for 14.8 miles to lease road, then right on lease road at the cattle guard for 375'.**

**1. EXISTING ACCESS ROADS: (See maps "A" & "B")**

- **All existing access roads will be maintained as is with repairs or maintenance as needed.**
- **No improvements or changes to existing roads are anticipated.**
- **Map "A" is the vicinity map showing access routes from Red wash, Utah.**
- **Topo Map "B" shows the proposed access road to the pad.**
- **Occasional maintenance blading and storm repairs will keep roads in good condition.**
- **There shall be no mud blading on the access road. Vehicles may be towed through the mud provided they stay on the roadway.**
- **All road construction and maintenance will conform to standards identified in "Surface Operating Standards for Oil and Gas Exploration and Development" (Gold Book) U.S. Department of the Interior-BLM and U.S. Department of Agriculture-Forest Service; January 1989.**

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**2. ACCESS ROADS TO BE CONSTRUCTED:****• Road Specifications For Drilling Operations:**

- **Approximately 1100-feet of new road construction will be required. For approximately 800 feet in the South ½ of Sec. 20 the proposed access road will parallel to an existing Questar pipeline. Along this section of the road, edge of any disturbance will be kept a minimum of 15 feet from the pipeline. Prior to construction Questar's Dale Snow will be notified (435-781-4055).**
- **Width – maximum 30-feet overall right-of-way with an 18-foot running crown & ditched and/or sloped and dipped.**
- **Construction standard – the access road will be constructed to standards normal to the area with anticipated traffic flow and weather requirements considered. Ditching, crowning, capping, sloping, and dipping will be done to provide a safe roadway.**
- **Off-road travel of the 30 foot right-of-way will not be allowed.**
- **Road drainage crossings – will be designed so they will not cause siltation or the accumulation of debris. Erosion will be prevented by properly designed cutouts.**
- **Upgrading – will not be allowed during muddy conditions. Mud holes will be repaired as they occur.**
- **Maximum grade – will be less than 8%.**
- **Drainage design – as stated above.**
- **Turnouts – none anticipated.**
- **Culverts – none anticipated.**
- **Surface materials – any materials if required will be purchased from a local supplier having a permitted source.**
- **Gates, catlequards of fence cuts – none required.**
- **The proposed access road has been centerline flagged.**

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- Dust will be controlled on the roads and location by periodic watering.
- A road design plan will be submitted upon completion for production.

**3. EXISTING WELLS WITHIN 1 MILE:**

- Locations ----- One.  
#1 NW ¼ SE ¼ NW ¼ Sec 20 T10S-R18E S.L.B. (Pendragon).
- Water wells ----- None.
- Disposal wells ----- None.
- Drilling ----- None.
- Producing wells (3):  
#1. NE ¼ SW ¼ Sec 20 operated by Chandler & Associates.  
#2 NE ¼ NW ¼ Sec 19 operated by Chandler & Associates.  
# 3 NW ¼ NW ¼ Sec 29 operated by Chandler & Associates.
- Injection ----- None.
- Dry holes ----- None.

**4. LOCATION OF EXISTING PRODUCTION FACILITIES.**

- Existing Facilities:
  - Tank batteries ----- None.
  - Production facilities ----- None.
  - Gathering lines ----- None.
  - Injection or disposal lines ----- None.

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- **Proposed new facilities to be installed:**
  - **A facilities diagram will be provided in the event oil production is established and will outline the following:**
    - a. **Proposed location and attendant lines – will be flagged if off the well pad.**
    - b. **Dimensions of the layout.**
    - c. **Construction methods and materials.**
    - d. **Protective measures and devices to protect livestock and wildlife.**
    - e. **Pipelines – will be buried a minimum of 3-feet except at road crossings which will be buried 4-feet.**
    - f. **Road and pipeline will be restricted to 50-feet of disturbance. Vehicular travel will be restricted to that necessary to service drips and the need to use valves.**
    - g. **Only native materials will be used. If necessary appropriate materials will be purchased from private or commercial sources.**
    - h. **A dike to contain the volume of the largest tank + 10% will be constructed around the facility.**
    - i. **All above ground facilities will be painted a flat non-reflective, earthtone color (Carlsbad Canyon – 2.5Y 6/2) as determine by the Five State Rocky Mountain Interagency Committee within six months of installation except where OSHA regulations require safety approved colors.**

**5. LOCATION OF WATER SUPPLY TYPE & OWNERSHIP:**

**Owner:** Water well operated by Nebeker Trucking. Permit #43-1721.

**Location:** Sec 34 T3S-R2W, USM.

**Method of transportation:** Trucking.

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**6. SOURCE OF CONSTRUCTION MATERIALS:**

- No construction materials are anticipated for drilling operations.
- If commercial production is indicated small amounts of gravel materials will be trucked from local gravel pits over existing roads.
- No materials from Indian or federal lands will be disturbed.

**7. METHODS FOR HANDLING WASTE DISPOSAL:**

- Drilling fluids – including salts and chemicals will be contained in the reserve pit. Upon termination of drilling and completion operations, liquid contents of the reserve pit will be removed and disposed of in an approved disposal facility within 90 days. In the event adverse weather conditions prevent removal of the fluids from the reserve pit within this time period, an extension may be granted by the Authorized Officer upon receipt of a written request.
- The reserve pit will be constructed to prevent any discharge to the surroundings or underlying formations. If necessary the pit will be lined with a 12 mil plastic liner.
- Produced fluids:
  - Liquid hydrocarbon produced during completion operations will be placed in test tanks on location and transferred to the production facility when it is ready for use. After completion and testing operations are complete production will be routed through buried pipelines to be processed in the newly constructed facility.
  - Waste water produced into a test tank or the reserve pit during completion and testing operations will be removed to an approved disposal facility within 90 days. In accordance with Onshore Order #7 an application for a permanent disposal method and site will be submitted for the Authorized Officer's approval.
  - Spills of oil, gas, salt water or other noxious fluids will be immediately removed to an approved disposal site.

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- . Used motor oil will be stored in closed containers and disposed of at an authorized disposal site.
- . Trash pit will be constructed and totally enclosed with fine mesh wire to prevent scatter. No trash will be directed to the reserve pit. The contents of the pit will be disposed of in a WDEQ approved sanitary landfill.
- . Test tanks will be moved in if such becomes necessary for an impending drill stem test or during completion testing.
- . Steel drilling fluids tanks will be part of rotary drilling equipment (approximately 1,000 bbl capacity).
- . Flare pit will be located a minimum of 120' down wind from the well bore if needed.
- . Human wastes will be contained in portable chemical toilets. Upon completion of operations, the holding tanks will be removed by the sanitation contractor. Disposal will be in conformance with Utah Department of Environmental Quality (UDEQ).
- . Drill cuttings will be transferred over shale shaker equipment to the reserve pit. After drilling and completion operations are completed, excess liquids will be removed to disposal and drill cuttings will be buried in the reserve pit per approved pit restoration procedures.
- . Garbage and trash collected in the trash pit during restoration proceedings will be removed to an approved disposal facility.
- . Sewage collection units installed prior to drilling start up will be serviced daily.
- . Hazardous materials the operator will comply with all applicable federal laws and regulations existing or hereafter enacted. EPA's consolidated list of chemicals is subject to reporting under Title III of the Superfund amendments and Re-authorization Act (SARA) of 1986, as identified (EPA's list of extremely hazardous substances as defined in 40 CFR 355, as amended). Substances that may be used in the project are as follows:

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USE	CHEMICAL	CAT (2)	EHC (3)
Stimulation	Acid	None	None
Mud	AlSi	None	None
Mud	BaSo4	None	None
Mud	CaOH	None	None
Increase vis	HMW add	None	None
Cement	Insol Ca Salt	None	None
Mud	Caustic	None	None
Mud/Cement	None	None	None
Mud/Cement	None	None	None
Mud/Cement	None	None	None
Set casing	Lime	None	None
Thinner	None	None	None
Mud	None	None	None
Fuel	Benzene	RCRA	None
Mud	None	None	None
None	None	None	None
Mud/Cement	None	None	None
Mud	None	None	None
Mud	None	Fiber	None
Mud	Ca	None	None
Mud (LCM)	Fiber	None	None
Lubricant	Zinc	None	None
Fuel	None	None	None
None	None	None	None
Maintenance	Lead	Fine Min	None
Mud	None	None	None
Mud (LCM)	Fiber	None	None

#### 8. ANCILLARY FACILITIES:

- Airstrips: None
- Camp: Two portable units will be on location:
  1. Toolpusher's living quarters.
  2. Company supervisor's living quarters.

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**9. WELL SITE LAYOUT: (See Exhibit "G")**

- **Location orientation:**
  - **Top soil:** Approximately 6 inches will be stripped from the surface including areas of cut and fill. Topsoil and subsoil will be stockpiled for future reclamation requirements. The stockpiles will be seeded as required by the BLM.
  - **Location Size:** 170' x 290'.
  - **Reserve pit size:** 110' x 50' x 8'.
  - **Pit liner –** 12 mm plastic if needed.
  - **Pit fencing:** Three sides will be fenced prior to drilling . The fourth side will be fenced after drilling equipment is removed from the well site. Fencing materials will consist of 39-inch wire with at least one strand of barbed wire on top of the net wire placed no more than 3-inches above the net wire. The net wire will be no more than 3-inches above the ground. Corner posts will be cemented and braced to impose a tight fence. Standard steel, wood or pipe posts will be placed on 16' centers. All wire will be stretched with a stretching devise.
- **Rig layout: (See Exhibit "G").**
  - There may be two temporary living quarters on location during drilling operations. These will be occupied by the rig superintendent and company representatives.
- **Production facilities:**
  - A diagram showing proposed production facilities will be submitted to the Authorized Officer via Sundry Notice (Form 3160-5) after completion and testing is finished.

**10. PLANS FOR RECLAMATION OF THE SURFACE:**

- **Due to drilling and completion:**
  - The rat hole, and mouse hole will be filled and compacted from bottom to top immediately upon release of the drilling rig.

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- . Floating hydrocarbons etc will be removed as soon as possible after drilling operations are complete in accordance with 43 CFR 3162.7-1.
- . Drill cuttings and mud will remain in the reserve pit until dry. The reserve pit will not be "squeezed", "crowded" or "cut". When the reserve pit is reclaimed, at least three feet of earth will be placed on top of the drilling fluids and cuttings.
- . If the reserve pit does not dry within the prescribed time, alternate methods will be investigated.
- Dry hole (Commercial production not established):
  - . A Notice of Intent to Abandon will be filed . Final recommendations for surface reclamation will be specified by the BLM.
  - . The drill site will be restored to its original condition.
  - . The wellbore will be P&A'd according to the approved program.
  - . An approved marker will be positioned as directed.
  - . Spoil will be replaced to original conditions.
  - . Top soil will be replaced and smoothed.
  - . If necessary, water bars will be constructed according to BLM Conditions of Approval.
  - . All disturbed surface under the jurisdiction of the BLM will be seeded using the following mixtures:

SPECIES OF SEED	VARIETY	LBS/ACRE PLS
Western wheat grass		4
Green needle grass		4
Stream ban wheat grass		3
Blue bunch wheat grass		3
Oats		1
PLS formula	% germination * % purity	100%

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- **Seeding Procedure:**

- . The BLM designated Authorizing Officer will be notified prior to seeding operations.
- . The seed will be applied with a regulator equipped drill.
- . Planting depth shall not exceed ½ ”.
- . If possible, seeding will be done in the months of September or October, providing all preliminary work is done by that time.
- . Where drilling is not possible, the seed will be broadcast and the area raked or chained to cover the seed.
- . Seeding will be repeated until a satisfactory stand, as determined by the BLM Authorized Officer, is established.
- . Where seed is broadcast, the mixture will be doubled.
- . There will be no primary or secondary noxious weeds in the mix.
- . Seed will be tested for purity and germination. Viability testing of seed will be done in accordance to state law 9 months prior to purchase or sooner.
- . Commercial seed will be certified.
- . The seed mixture container will be tagged in accordance with Utah state law. Copies of seed test results and certification will be forwarded to the BLM.
- . Weeds will be controlled on disturbed areas within the exterior limits of the permit.
- **In the event production is established:**
  - . Those areas not required for production will be re-contoured and the cut and fill slopes will be reduced to 4:1, if applicable.
  - . Topsoil will be distributed evenly and seeded as above.
  - . All topsoil stockpiles will be seeded with annual ryegrass.

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- . If a plastic or nylon reinforced pit liner is used, it will be torn and perforated before backfilling of the reserve pit.
- . Prior to restoration of the reserve pit, it will be completely dry and all cans, barrels, pipe etc. will be removed. Other waste materials will be disposed of immediately upon completion of drilling and completion activities.
- . The flare pit and that portion of the access road not needed for production facilities or operations will be reclaimed within ninety days from the date of completion.
- . The access road will be upgraded and maintained as needed for production operations.
- Pesticide use:
  - . The use of pesticides will comply with federal and state laws governing its proper use, storage, and disposal.
  - . The use of pesticides will occur within limitations imposed by the Secretary of the Interior.
- All procedures listed above for a dry hole will also be applied to a well completed for production as follows:
  - . A facilities diagram and plan will be submitted for approval.
  - . Flowline route will be outlined on a suitable map of the area.
  - . Produced water will be temporarily disposed of in the reserve pit according to Onshore Order No 7 (90 day limit).
  - . If more time is needed, an extension will be requested.
  - . Sundry notice form 3160-5 (Application for permanent disposal) will be filed if necessary.

**11. SURFACE OWNERSHIP:**

- . Name: BLM
- . Address: Vernal, Utah

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**12. OTHER INFORMATION:**

**A. General description: Utah grazing and ranch land.**

**B. Surface use activities: Cattle grazing and other typical ranch activity.**

**C. Proximity of water, occupied dwelling, archaeological or paleontological sites:**

- 1. The majority of the numerous washes and draws in the area are of a non-perennial nature, flowing during the early spring run-off and heavy rain storms.**
- 2. The flora of the area includes pinion and juniper trees, sagebrush, greasewood, four-wing saltbush, cheatgrass, gambel scrub oak, willow, tamarack, shadscale, indian ricegrass, wheatgrass, curly grass, crested wheatgrass, foxtail, russian thistle, kochia, and cacti.**
- 3. Fauna includes cattle, horses, elk, deer, coyotes, rabbits, rodents, lizards, bull snakes, rattle snakes, water snakes and horned toads. Birds include ground sparrows, bluejays, bluebirds, magpies, ravens, raptors, morning doves, swallows, nighthawks, hummingbirds and chukar.**
- 4. The nearest live water is the Green River.**
- 5. There are no dwellings in the area.**
- 6. An archaeological survey has been completed and mailed to the BLM under separate cover. No significant archaeological or historical cultural sites were found.**
- 7. There are no reported restrictions or reservations note on the oil and gas lease.**

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**13. OPERATOR'S REPRESENTATIVES AND CERTIFICATION:**

	<b>ADDRESS</b>	<b>PHONE #</b>	<b>FAX #</b>	<b>HOME #</b>
Al Nicol	621 17 <sup>th</sup> Street, Suite 750 Denver, CO 80293	303 296 9402	303 296 9410	303 425 4115
John Luchetta	2020 Foothills Rd. Golden, CO 80401	303 278 3347	303 278 9506	303 278 3347

**14. GOVERNMENT CONTACTS:**

	<b>ADDRESS</b>	<b>PHONE #</b>		
Stanely R. Olmstead	170 South 500 East Vernal, Utah	435 781 4400		435 781 4410

- **Certification:**

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill-site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the proposed operations herein will be performed by Pendragon Energy Partners, Inc. , its contractors and subcontractors. Pendragon Energy Partners, Inc. will operate the lease under Flood & Peterson Federal Bond #RLB0001759. This statement is subject to the provisions of 18 U. S. C. 1001 for the filing of a false statement.

A complete copy of the approved Application for Permit to Drill will be furnished to the operator's field representative to ensure compliance and will be on location during all construction, drilling and completion operations.

June 25, 2000

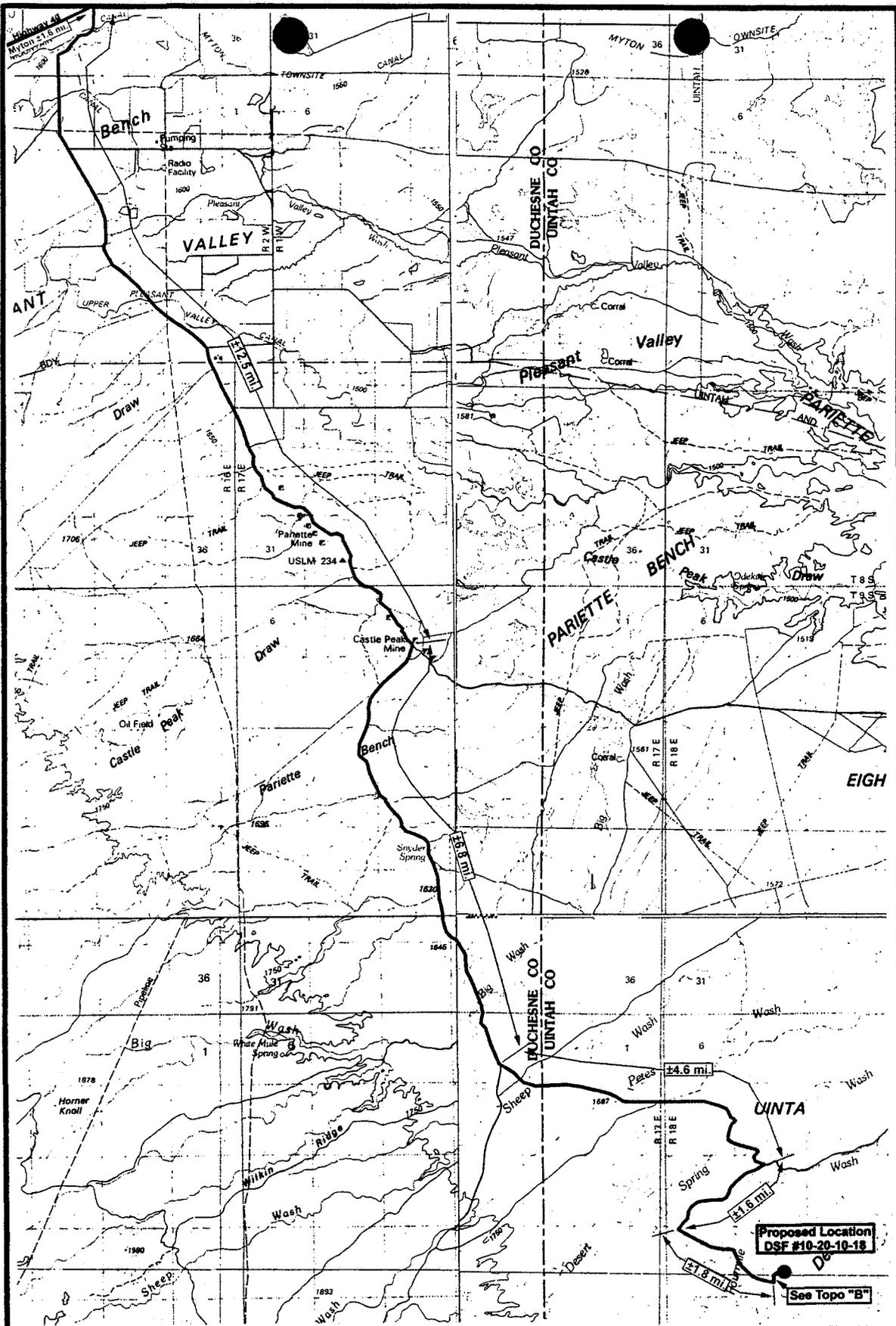
Date

Pendragon Energy Partners, Inc.  
John Luchetta, Agent

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OIL, GAS AND MINING



**PENDRAGON ENERGY PARTNERS, INC.**

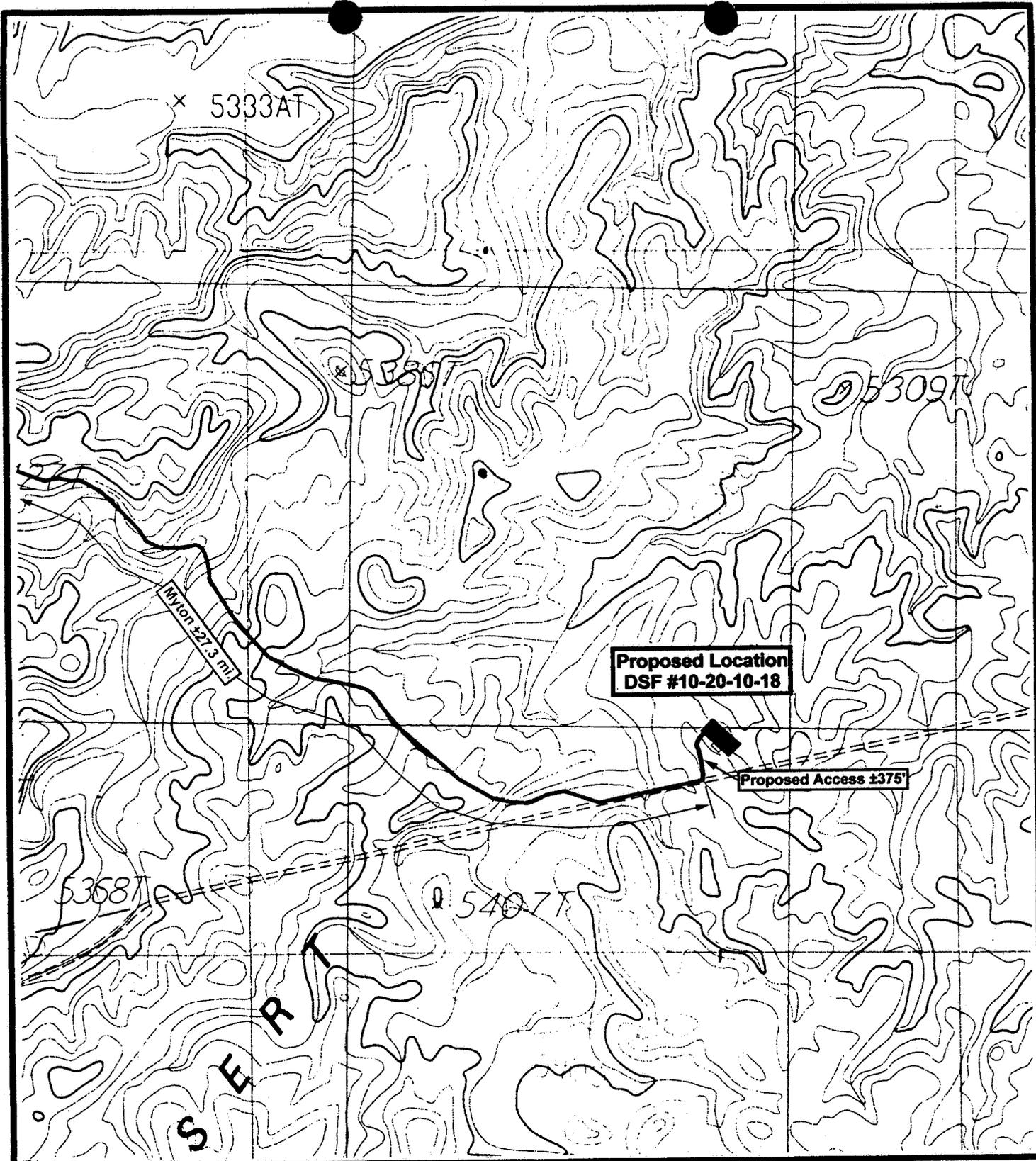
**DESERT SPRING FEDERAL #10-20-10-18**

**SEC. 20, T10S, R18E, S.L.B.&M.**

**TOPOGRAPHIC MAP "A"**



Drawn By: SS	Revision:
Scale: 1 : 100,000	File:
Date: 5-2-00	
Tri-State Land Surveying Inc. P.O. Box 533, Vernal, UT 84078 435-781-2501 Fax 435-781-2518	



**PENDRAGON ENERGY PARTNERS, INC.**  
**DESERT SPRING FEDERAL #10-20-10-18**  
**SEC. 20, T10S, R18E, S.L.B.&M.**  
**TOPOGRAPHIC MAP "B"**

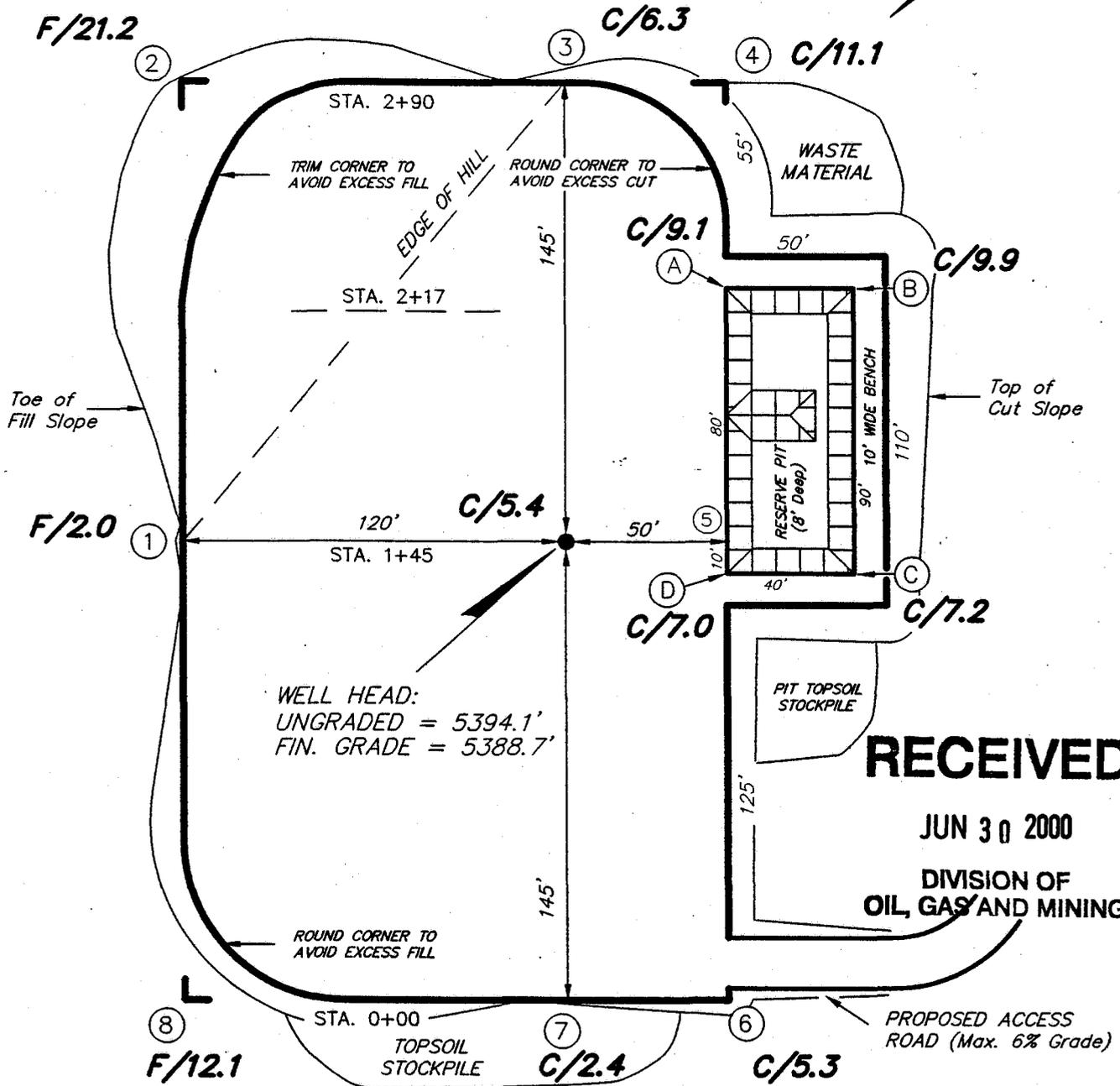
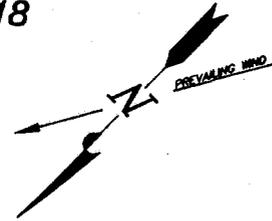


Drawn By: SS	Revision:
Scale: 1" = 1000'	File:
Date: 5-2-00	
Tri-State Land Surveying Inc. P.O. Box 533, Vernal, UT 84078 435-781-2501 Fax 435-781-2518	

EXHIBIT "E"  
PAGE 2

**PENDRAGON ENERGY PARTNERS, INC.**

**DESERT SPRING FEDERAL #10-20-10-18**  
**SEC. 20, T10S, R18E, S.L.B.&M.**



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**REFERENCE POINTS**

- 204' NORTHWEST = 5389.8'
- 258' NORTHWEST = 5389.2'
- 200' SOUTHEAST = 5396.3'
- 250' SOUTHEAST = 5397.7'

SURVEYED BY: G.S.

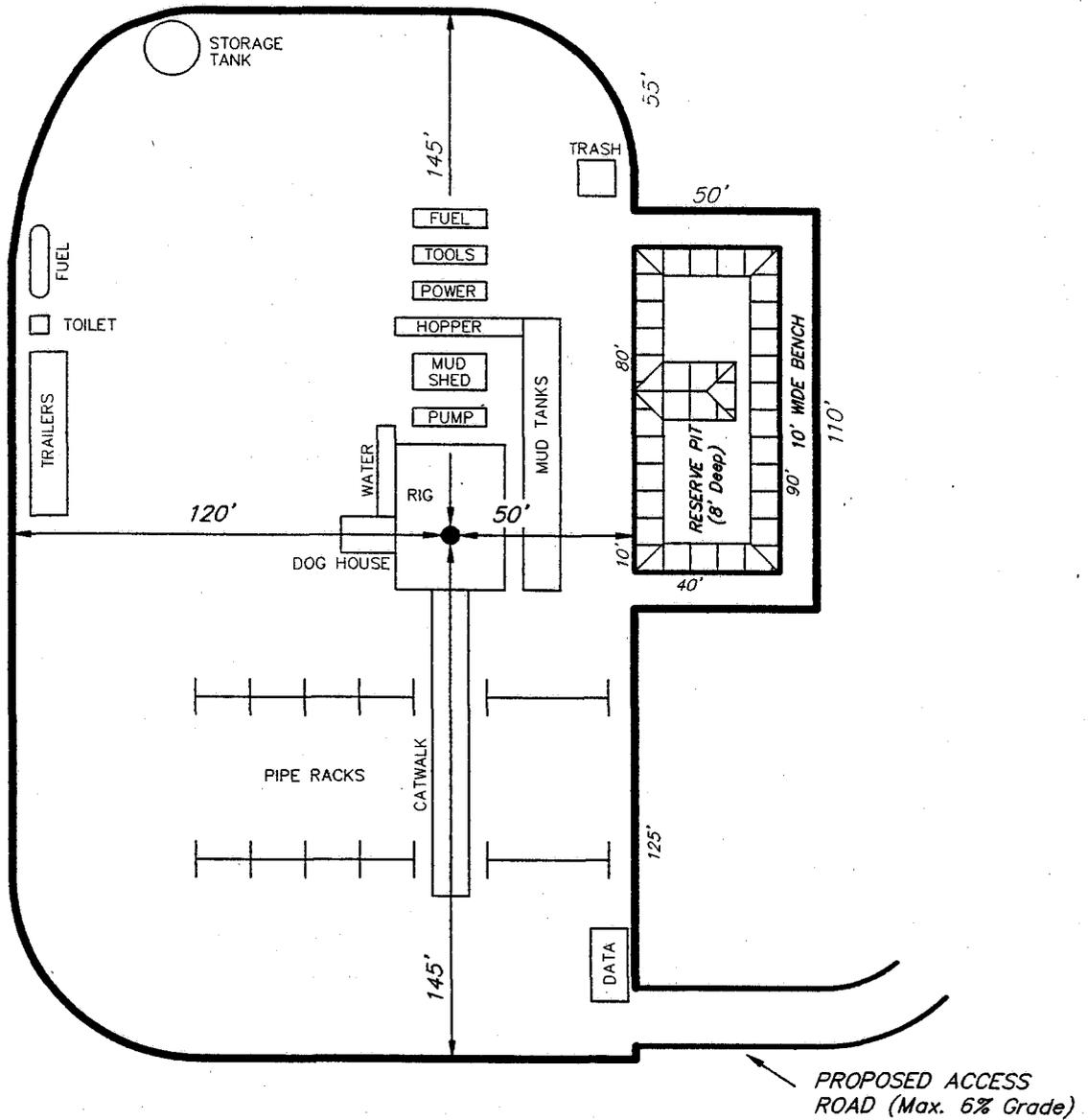
SCALE: 1" = 50'

DRAWN BY: B.J.S.

DATE: 4/25/00

**Tri State**  
**Land Surveying, Inc.**  
 38 WEST 100 NORTH VERNAL, UTAH 84078  
 (435) 781-2501

**PENDRAGON ENERGY PARTNERS, INC.**  
**TYPICAL RIG LAYOUT**  
**DESERT SPRING FEDERAL #10-20-10-18**



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JUN 30 2000

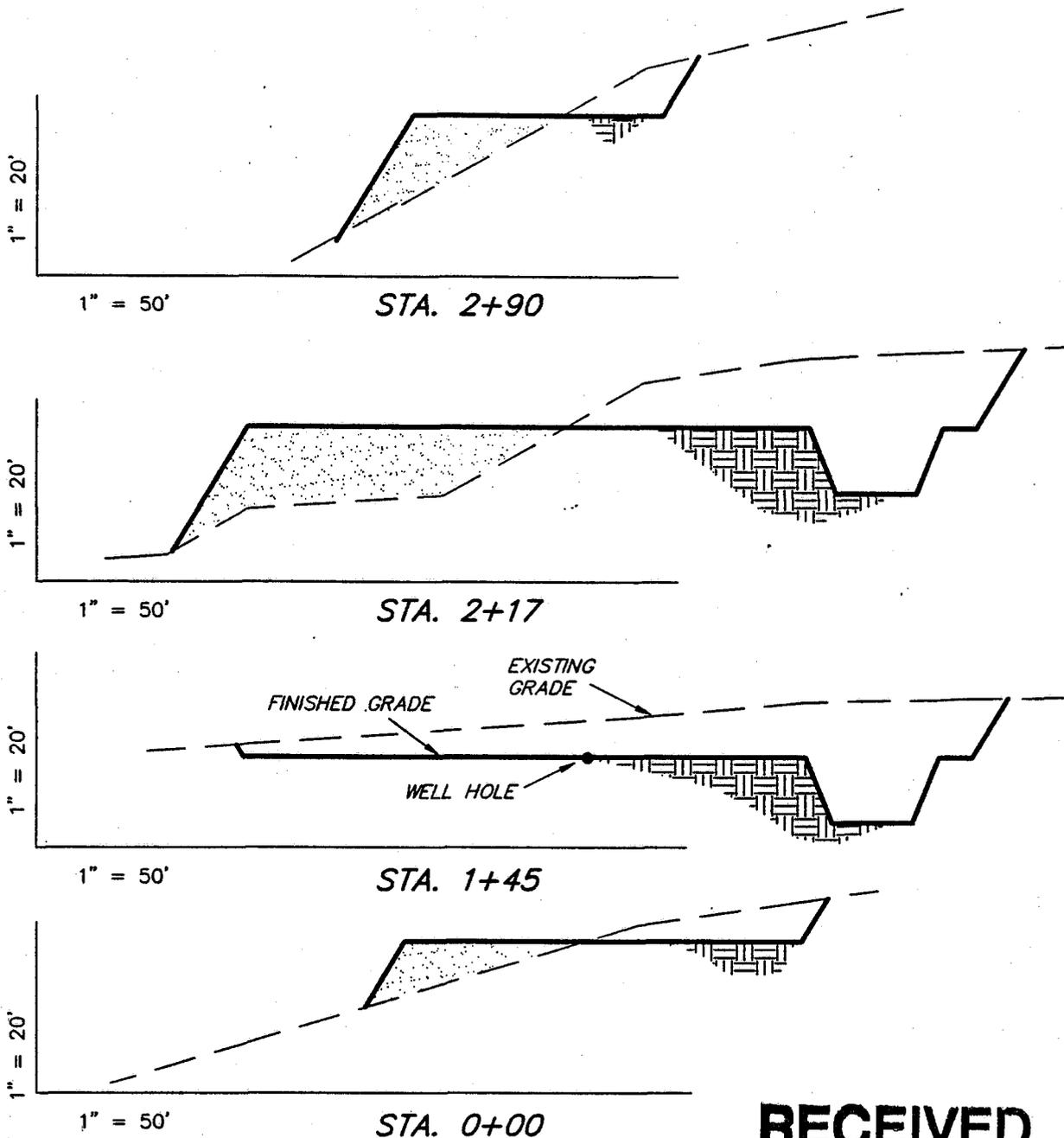
DIVISION OF  
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**Tri State**  
Land Surveying, Inc.  
(435) 781-2501  
38 WEST 100 NORTH, VERNAL, UTAH 84078

**PENDRAGON ENERGY PARTNERS, INC.**

**CROSS SECTIONS**

**DESERT SPRING FEDERAL #10-20-10-18**



**APPROXIMATE YARDAGES**

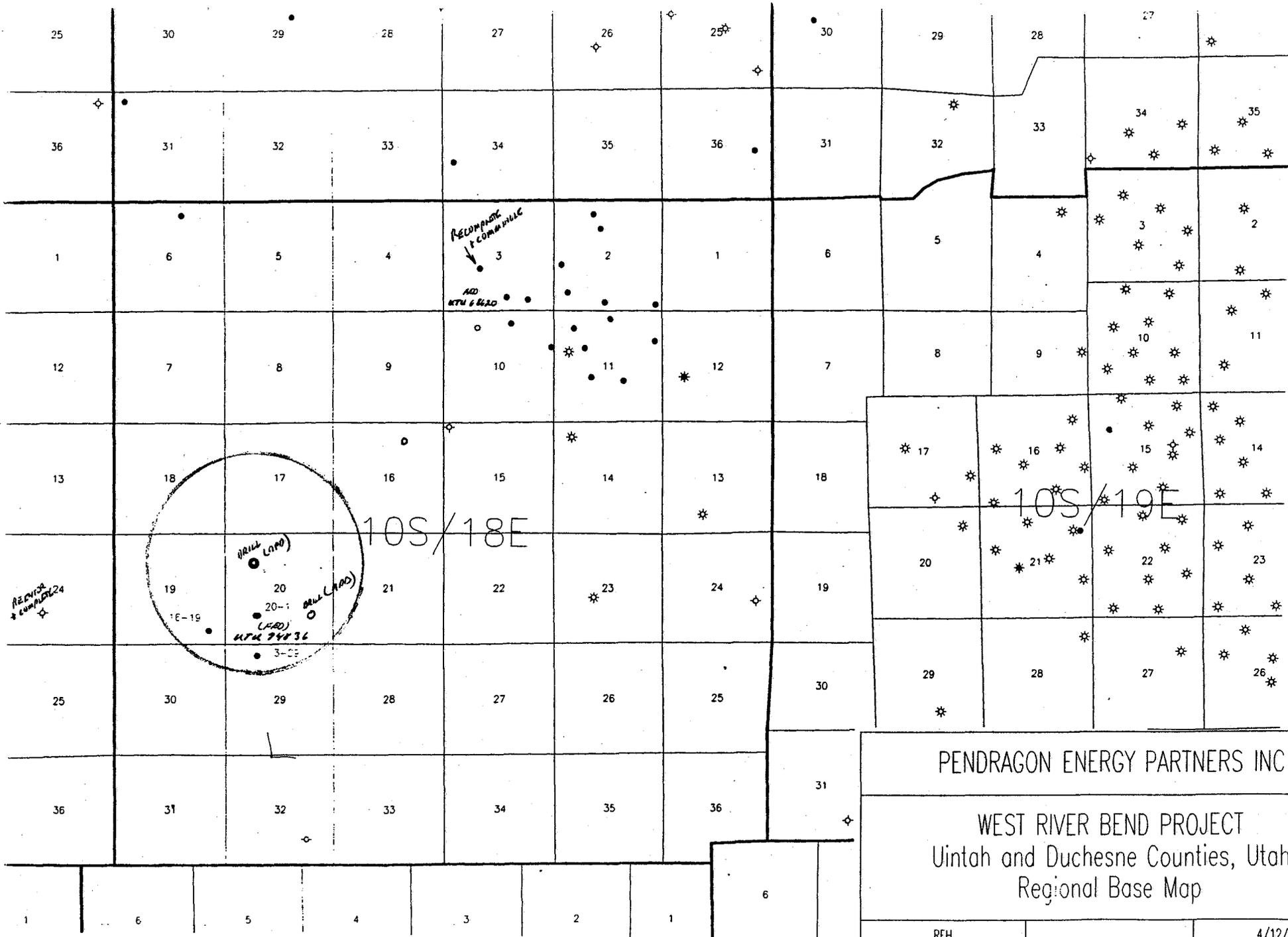
- CUT = 6,080 Cu. Yds.
- FILL = 6,080 Cu. Yds.
- PIT = 920 Cu. Yds.
- 6" TOPSOIL = 1,010 Cu. Yds.

**RECEIVED**

JUN 30 2000

DIVISION OF  
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SURVEYED BY: G.S.	SCALE: 1" = 50'	<p><b>Tri State</b> (435) 781-2501 Land Surveying, Inc. 38 WEST 100 NORTH VERNAL, UTAH 84078</p>
DRAWN BY: B.J.S.	DATE: 4/25/00	



PENDRAGON ENERGY PARTNERS INC

WEST RIVER BEND PROJECT  
 Uintah and Duchesne Counties, Utah  
 Regional Base Map

REH

4/12/1

Scale 1:48000.

EXHIBIT "H" EXISTING WELLS MAP

**WORKSHEET  
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 06/30/2000

API NO. ASSIGNED: 43-047-33625
--------------------------------

WELL NAME: DESERT SPRING 10-20-10-18  
 OPERATOR: PENDRAGON ENERGY PTNRS ( N2965 )  
 CONTACT: JOHN LUCHETTA

PHONE NUMBER: 303-296-9402

PROPOSED LOCATION:  
 NWSE 20 100S 180E  
 SURFACE: 1599 FSL 1840 FEL  
 BOTTOM: 1599 FSL 1840 FEL  
 UINTAH  
 UNDESIGNATED ( 2 )

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

LEASE TYPE: 1-Federal  
 LEASE NUMBER: UTU-74836  
 SURFACE OWNER: 1-Federal

PROPOSED FORMATION: GRRV

RECEIVED AND/OR REVIEWED:

Plat  
 Bond: Fed[1] Ind[] Sta[] Fee[]  
 (No. RLB0001759 )

Potash (Y/N)  
 Oil Shale (Y/N) \*190 - 5 (B)  
 Water Permit  
 (No. 43-1721 )

RDCC Review (Y/N)  
 (Date: \_\_\_\_\_ )

Fee Surf Agreement (Y/N)

LOCATION AND SITING:

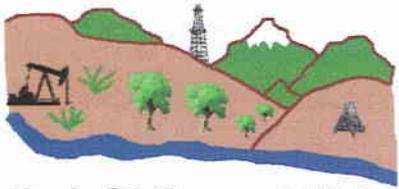
\_\_\_\_ R649-2-3. Unit \_\_\_\_\_  
 \_\_\_\_ R649-3-2. General  
 Siting: \_\_\_\_\_  
 R649-3-3. Exception

\_\_\_\_ Drilling Unit  
 Board Cause No: \_\_\_\_\_  
 Eff Date: \_\_\_\_\_  
 Siting: \_\_\_\_\_

\_\_\_\_ R649-3-11. Directional Drill

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

STIPULATIONS: ① FEDERAL APPROVAL  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_



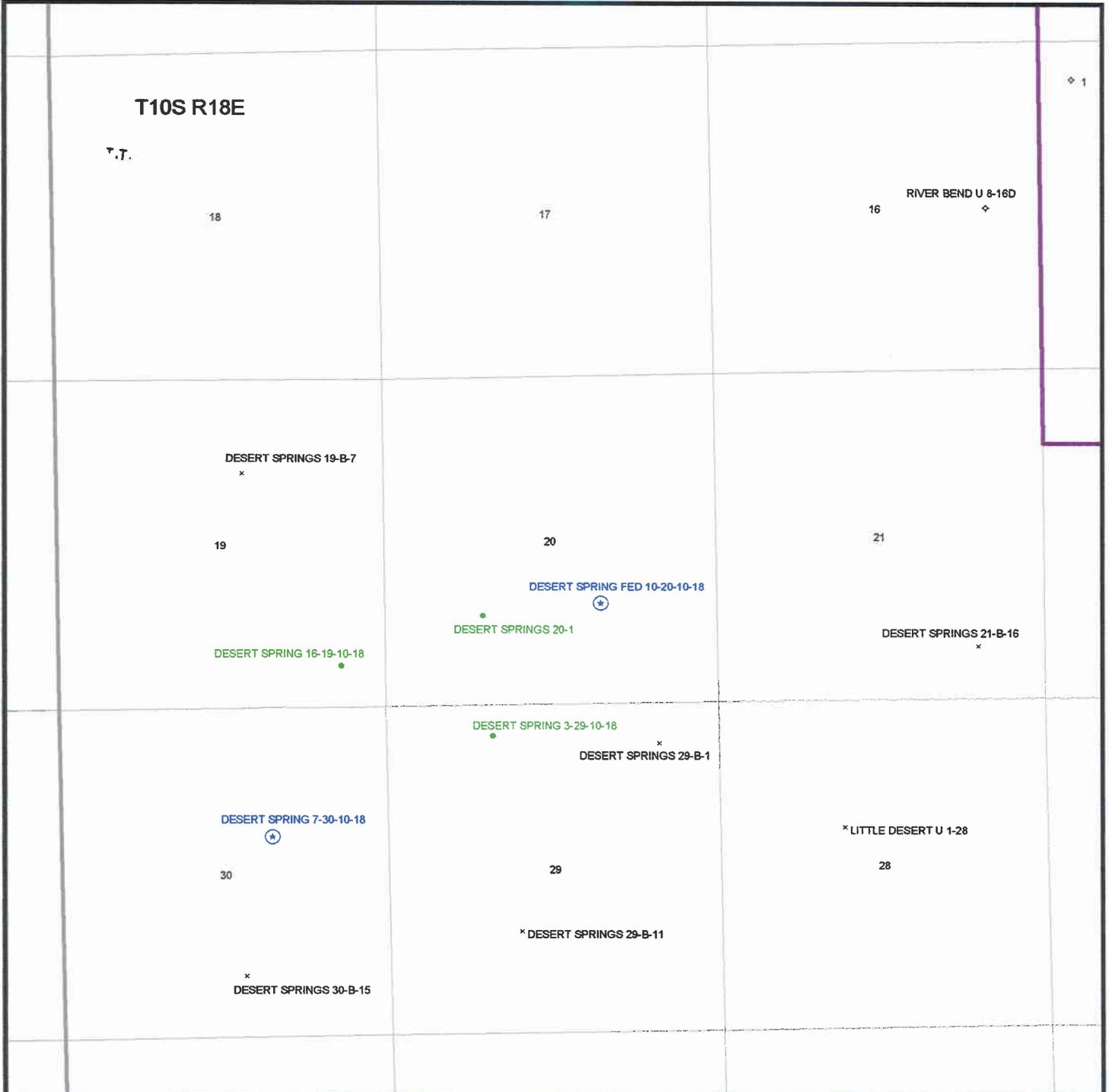
Utah Oil Gas and Mining

OPERATOR: PENDRAGON ENERGY (N2965)

FIELD: UNDESIGNATED (002)

SEC. 20, T10S, R18E,

COUNTY: UINTAH SPACING: R649-3-3 / EX LOC



Form 3160-3  
(August 1999)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
APPLICATION FOR PERMIT TO DRILL OR REENTER

Certification: I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill-site and access route; that I am familiar with the conditions which recently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the proposed operations herein will be performed by Pendragon Energy Partners, Inc., its contractors and subcontractors, Pendragon Energy Partners, Inc. will operate the lease under Flood & Peterson Federal Bond #RLB0001759. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

FORM APPROVED  
OMB No. 1004-0136  
Expires November 30, 2000

5. Lease Serial No.  
UTU 74836

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.

8. Lease Name and Well No.  
Desert Spring Federal

9. API Well No.  
10-20-10-18

10. Field and Pool, or Exploratory

11. Sec., T., R., M. or Blk. and Survey or Area  
NW-SE Sec 20 T10S-R18E  
S.L.B. &M.

12. County or Parish  
Utah

13. State  
Utah

1a. Type of Work:  DRILL  REENTER

1b. Type of Well:  Oil Well  Gas Well  Other  Single Zone  Multiple Zone

2. Name Of Operator  
Pendragon Energy Partners, Inc.

3a. Address  
621 17th Street, Suite 750, Denver CO, 80293

3b. Phone No. (include area code)  
303 296 9402

4. Location of Well (Report location clearly & in accordance w/State requirements\*)  
At Surface, 1,840' FEL-1,598' FSL Sec 20 T10S-R18W S.L.B. & M., Uintah County, Utah  
At proposed prod zone Same

14. Distance in miles and direction from nearest town or post office\*  
27.3 from Myton, Utah

15. Distance from proposed\* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)

16. No. of Acres in lease  
40 acres

17. Spacing Unit dedicated to this well  
40 acres

18. Distance from proposed location to nearest well drilling, completed, 1,599' FSL applied for in this lease, ft.

19. Proposed Depth  
5,000 feet

20. BLM/BIA Bond No. on file  
RLB0001759

21. Elevations (Show whether D, KDB, RT, GL etc.)  
5,394.1 GL

22. Approximate date work will start\*  
August 15, 2000

23. Estimated Duration  
30 days(drill & complete)

24. Attachments

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

- 1. Well plat certified by a registered surveyor. Exhibit "A"
- 2. A Drilling Plan Exhibit "B"
- 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). Exhibit "D"

- 4. Bond to cover the operations unless covered by an existing bond on file (see item 20 above). RLB0001759
- 5. Operator certification. Exhibit "D" and as above
- 6. Such other site specific information and/or plans as may be required by the authorized officer. Exhibits "C"/"E"/"F"/"G"/and "H"

25. Signature

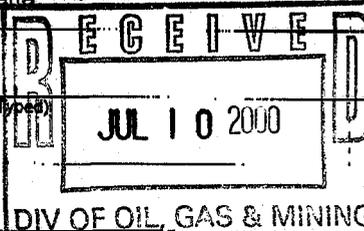
Federal Approval of this Action is Necessary

Name (Printed/typed) John Luchetta Date June 25, 2000

Title Agent  
Approved by (Signature) [Signature]  
Title

Name (Printed/typed) [Signature] Date

Office



Application approval does not warrant or certify the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached

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

\* Instructions on reverse side

Exhibits:

A	Survey Plat	C	BOP Diagram	F	Location Layout
B	10-Point Plan	D	13 Point Surface Use Plan	G	Rig Layout / Cut & Fill
		E	Access Road Maps A&B	H	Existing Wells Map



PENDRAGON ENERGY PARTNERS, INC.

621 17th Street, Suite 750 • Denver, CO 80293 • (303) 296-9402 Fax (303) 296-9410

---

July 20, 2000

**RECEIVED**

JUL 25 2000

**DIVISION OF  
OIL, GAS AND MINING**

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

Re: Request for Approval of Exception Location  
Desert Spring Federal #10-20-10-18  
Section 20, T10S-R18E, Uintah County, UT  
Desert Springs Unit #24-C-11  
Section 24, T10S-R17E, Uintah County, UT

Ladies & Gentlemen:

Pendragon Energy Partners, Inc. and Shenandoah Energy Inc. request approval of exception locations for the subject wells. Pendragon and Shenandoah jointly own or control 100% of the Working Interests in the drillsite leases and of the offsetting tracts toward which these locations are moved. There are no other owners within 460' of these proposed locations. Copies of our Federal APDs have been previously supplied under separate cover.

The location for the Desert Spring Federal #10-20-10-18 is 1599' FSL and 1840' FEL Section 20, T10S – R18E (181' south of the normal window for the NW/SE). It is determined by several factors, the foremost of which is where the BLM will allow us to drill after adjustments for drainage and access consideration and the existence in the area of an active raptor nest.

It is our belief that the primary objective for this well, a Lower Green River ostracod grainstone with high porosity and permeability, but which is less than five feet in net pay thickness, will be properly and economically developed on a 160-acre pattern. Within the constraints and adjustments imposed upon us by the BLM, we are attempting to maintain that general pattern so that we can obtain sufficient reservoir and pressure information to (hopefully) confirm that view.



The Desert Springs #24-C-11 was originally drilled by ANR Production Co. in 1992 and abandoned as a dry hole. We plan to reenter that well for the same objective, the thin ostracod grainstone, and find that the well was located 1528' FSL and 1943' FWL Section 24, T10S – R17E, which is a non-standard location (252' south of the normal window for the NE/SW). It does, however, fit reasonably well with our desire to test the feasibility of developing this zone on 160s.

Your approval of these locations, as provided for under Rule R649-3-3, is respectfully requested.

Sincerely,

Alan B. Nicol  
President  
Pendragon Energy Partners, Inc.

Eric McGlone  
Vice President, Land  
Shenandoah Energy Inc.

ABN/jf



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt  
Governor

Kathleen Clarke  
Executive Director

Lowell P. Braxton  
Division Director

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

July 31, 2000

Pendragon Energy Partners, Inc.  
621 Seventeenth St, Suite 1750  
Denver, CO 80293

Re: Desert Spring 10-20-10-18 Well, 1599' FSL, 1840' FEL, NW SE, Sec. 20, T. 10 South,  
R. 18 East, Uintah 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 43-047-33625.

Sincerely,

A handwritten signature in cursive script that reads "John R. Baza".

John R. Baza  
Associate Director

er

Enclosures

cc: Uintah County Assessor  
Bureau of Land Management, Vernal District Office

**Operator:** Pendragon Energy Partners, Inc.  
**Well Name & Number** Desert Spring 10-20-10-18  
**API Number:** 43-047-33625  
**Lease:** UTU 74836

**Location:** NW SE      **Sec.** 20      **T.** 10 South      **R.** 18 East

### Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

Notify the Division within 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dan Jarvis at (801) 538-5338
- Contact Robert Krueger at (801) 538-5274.

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

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

**UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
APPLICATION FOR PERMIT TO DRILL OR REENTER**

00LC2585A

**Certification:** I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill-site and access route; that I am familiar with the conditions which recently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the proposed operations herein will be performed by Pendragon Energy Partners, Inc., its contractors and subcontractors, Pendragon Energy Partners, Inc. will operate the lease under Flood & Peterson Federal Bond #RL B0001759. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

FORM APPROVED  
OMB No. 1004-0136  
Expires November 30, 2000

5. Lease Serial No.  
**UTU 74836**

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.

**RECEIVED  
JUL 10 2000**

1a. Type of Work:  DRILL  REENTER

1b. Type of Well:  Oil Well  Gas Well  Other  Single Zone  Multiple Zone

8. Lease Name and Well No.  
**Desert Spring Federal**

9. API Well No.  
**10-20-10-18**

2. Name Of Operator  
**Pendragon Energy Partners, Inc.**

3a. Address  
**621 17th Street, Suite 750, Denver CO, 80293**

3 b. Phone No. (include area code)  
**303 296 9402**

10. Field and Pool, or Exploratory

4. Location of Well (Report location clearly & in accordance w/State requirements\*)

At Surface **1,840' FEL-1,598' FSL Sec 20 T10S-R18W S.L.B. & M., Uintah County, Utah**

At proposed prod zone **Same**

**RECEIVED  
AUG 22 2000**

11. Sec., T., R., M. or Blk. and Survey or Area  
**NW-SE Sec 20 T10S-R18E  
S.L.B. & M.**

14. Distance in miles and direction from nearest town or post office \*  
**27.3 from Myton, Utah**

**DIVISION OF  
OIL, GAS AND MINING**

12. County or Parish  
**Uintah**

13. State  
**Utah**

15. Distance from proposed\* location to nearest property or lease line, ft. (Also to nearest drlg. unit line, if any)

16. No. of Acres in lease  
**40 acres**

17. Spacing Unit dedicated to this well  
**40 acres**

18. Distance from proposed location to nearest well drilling, completed, ft.  
**1,599' FSL applied for in this lease, ft.**

19. Proposed Depth  
**5,000 feet**

20. BLM/BIA Bond No. on file  
**RLB0001759**

21. Elevations ( Show whether D, KDB, RT, GL etc.)  
**5,394.1 GL**

22. Approximate date work will start\*  
**August 15, 2000**

23. Estimated Duration  
**30 days(drill & complete)**

**24. Attachments**

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

- 1. Well plat certified by a registered surveyor. **Exhibit "A"**
- 2. A Drilling Plan **Exhibit "B"**
- 3. A Surface Use Plan (if the location is on National forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). **Exhibit "D"**
- 4. Bond to cover the operations unless covered by an existing bond on file (see item 20 above). **RLB0001759**
- 5. Operator certification. **Exhibit "D" and as above**
- 6. Such other site specific information and/or plans as may be required by the authorized officer. **Exhibits "C"/"E"/"F"/"G"/and "H"**

25. Signature *J. Luchetta* Name (Printed /Typed) **John Luchetta** Date **June 25, 2000**

Title  
**Agent**

Approved by (Signature) *Jerry Fenigson* Name (Printed /Typed) **Acting Assistant Field Manager Mineral Resources** Date **Aug 16 2000**

Title **NOTICE OF APPROVAL** Office **CONDITIONS OF APPROVAL ATTACHED**

Application approval does not warrant or certify the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached

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

* Instructions on reverse side	<b>Exhibits:</b>	<b>C</b> BOP Diagram	<b>F</b> Location Layout
<b>A</b>	Survey Plat	<b>D</b> 13 Point Surface Use Plan	<b>G</b> Rig Layout / Cut & Fill
<b>B</b>	10-Point Plan	<b>E</b> Access Road Maps A&B	<b>H</b> Existing Wells Map

*DOC-11*

CONDITIONS OF APPROVAL  
APPLICATION FOR PERMIT TO DRILL

Company/Operator: Pendragon Energy Partners, Inc.

Well Name & Number: Desert Spring Federal 10-20-10-18

API Number: 43-047-33625

Lease Number: U - 74836

Location: NWSE Sec. 20 T. 10S R. 18E

**NOTIFICATION REQUIREMENTS**

- Location Construction - at least forty-eight (48) hours prior to construction of location and access roads.
- Location Completion - prior to moving on the drilling rig.
- Spud Notice - at least twenty-four (24) hours prior to spudding the well.
- Casing String and Cementing - at least twenty-four (24) hours prior to running casing and cementing all casing strings.
- BOP and Related Equipment Tests - at least twenty-four (24) hours prior to initiating pressure tests.
- First Production - within five (5) business days after new well begins, or Notice production resumes after well has been off production for more than ninety (90) days.

For more specific details on notification requirements, please check the Conditions of Approval for Notice to Drill and Surface Use Program.

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DIVISION OF  
OIL, GAS AND MINING

### CONDITIONS OF APPROVAL FOR NOTICE TO DRILL

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

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 Orders, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished the field representative to insure compliance.

Be aware fire restrictions may be in effect when location is being constructed and/or when well is being drilled. Contact the appropriate Surface Management Agency for information.

#### A. DRILLING PROGRAM

##### 1. Estimated Depth at Which Oil, Gas, Water, or Other Mineral Bearing Zones are Expected to be Encountered

Report ALL water shows and water-bearing sands to Tim Ingwell of this office **prior to setting the next casing string or requesting plugging orders**. Faxed copies of State of Utah form OGC-8-X are acceptable. If noticeable water flows are detected, submit samples to this office along with any water analyses conducted.

All usable water and prospectively valuable minerals (as described by BLM at onsite) encountered during drilling, will be recorded by depth and adequately protected. All oil and gas shows will be tested to determine commercial potential.

##### 2. Pressure Control Equipment

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., for a **2M** system and individual components shall be operable as designed. Chart recorders shall be used for all pressure tests.

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

##### 3. Casing Program and Auxiliary Equipment

**Surface casing shall have centralizers on the bottom three joints, with a minimum of one centralizer per joint and shall be cemented to surface with premium (neat) cement.**

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OIL, GAS AND MINING

As a minimum, the usable water and oil shale resources shall be isolated and/or protected by having a cement top for the production casing at least 200 ft. above the base of the usable water zone, identified at 959 ft. If gilsonite is encountered while drilling, it shall be isolated and/or protected via the cementing program.

4. Mud Program and Circulating Medium

Hazardous substances specifically listed by the EPA as a hazardous waste or demonstrating a characteristic of a hazardous waste will not be used in drilling, testing, or completion operations.

No chromate additives will be used in the mud system on Federal and Indian lands without prior BLM approval to ensure adequate protection of fresh water aquifers.

5. Coring, Logging and Testing Program

Daily drilling and completion progress reports shall be submitted to this office on a weekly basis.

All Drill Stem tests (DST) shall be accomplished during daylight hours, unless specific approval to start during other hours is obtained from the AO. However, DSTs may be allowed to continue at night if the test was initiated during daylight hours and the rate of flow is stabilized and if adequate lighting is available (i.e., lighting which is adequate for visibility and vaporproof for safe operations). Packers can be released, but tripping should not begin before daylight unless prior approval is obtained from the AO.

A cement bond log (CBL) will be run from the production casing shoe to top of the cement and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.

Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3164. Two copies of all logs, core descriptions, core analyses, well-test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. Samples (cuttings, fluids, and/or gases) will be submitted when requested by the AO.

6. Notifications of Operations

No location will be constructed or moved, no well will be plugged, and no drilling or workover equipment will be removed from a well to be placed in a suspended status without prior approval of the AO. If operations are to be suspended, prior approval of the AO will be obtained and notification given before resumption of operations.

Operator shall report production data to MMS pursuant to 30 CFR 216.5 using form MMS/3160.

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DIVISION OF  
OIL, GAS AND MINING

Well No.: DESERT SPRING FEDERAL 10-20-10-18

Immediate Report: Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be promptly reported in accordance with the requirements of NTL-3A or its revision.

If a replacement rig is contemplated for completion operations, a "Sundry Notice" (Form 3160-5) to that effect will be filed, for prior approval of the AO, and all conditions of this approved plan are applicable during all operations conducted with the replacement rig.

The date on which production is commenced or resumed will be construed for oil wells as the date on which liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which liquid hydrocarbons are first produced into a permanent storage facility, whichever first occurs; and, for gas wells as the date on which associated liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which gas is first measured through permanent metering facilities, whichever first occurs.

Should the well be successfully completed for production, the AO will be notified when the well is placed in a producing status. Such notification will be sent by telegram or other written communication, not later than five (5) days following the date on which the well is placed on production.

Gas produced from this well may not be vented or flared beyond an initial authorized test period of 30 days or 50 MMCF following its completion, whichever occurs first, without the prior written approval of the Authorized Officer. Should gas be vented or flared without approval beyond the authorized test period, the operator may be directed to shut-in the well until the gas can be captured or approval to continue venting or flaring as uneconomic is granted and the operator shall be required to compensate the lessor for that portion of the gas vented or flared without approval which is determined to have been avoidably lost.

A schematic facilities diagram as required by 43 CFR 3162.7-5(d) shall be submitted to the appropriate Field Office within 60 days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with 43 CFR 3162.7-5 (1).

No well abandonment operations will be commenced without the prior approval of the AO. In the case of newly drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the AO. A "Subsequent Report of Abandonment" Form 3160-5, will be filed with the AO within thirty (30) days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the AO or his representative, or the appropriate Surface Managing Agency.

7. Other Information

All loading lines will be placed inside the berm surrounding the tank battery.

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DIVISION OF  
OIL, GAS AND MINING

Well No.: DESERT SPRING FEDERAL 10-20-10-18

All off-lease storage, off-lease measurement, or commingling on-lease or off-lease will have prior written approval from the AO.

The oil and gas measurement facilities will be installed on the well location. The oil and gas meters will be calibrated in place prior to any deliveries. Tests for meter accuracy will be conducted on initial meter installations and at least quarterly thereafter. The AO will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports will be submitted to the Vernal Field Office. All meter measurement facilities will conform with Onshore Oil & Gas Order No. 4 for liquid hydrocarbons and Onshore Oil & Gas Order No. 5 for natural gas measurement.

The use of materials under BLM jurisdiction will conform to 43 CFR 3610.2-3.

There will be no deviation from the proposed drilling and/or workover program without prior approval from the AO. Safe drilling and operating practices must be observed. All wells, whether drilling, producing, suspended, or abandoned will be identified in accordance with 43 CFR 3162.

"Sundry Notice and Report on Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3162.3-2. Section 102(b)(3) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3162.4-1(c), requires that "not later than the 5th business day after any well begins production on which royalty is due anywhere on a lease site or allocated to a lease site, or resumes production in the case of a well which has been off production for more than 90 days, the operator shall notify the authorized officer by letter or sundry notice, Form 3160-5, or orally to be followed by a letter or sundry notice, of the date on which such production has begun or resumed."

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

APD approval is valid for a period of one (1) year from the signature date. An extension period may be granted, if requested, prior to the expiration of the original approval period.

In the event after-hours approvals are necessary, please contact one of the following individuals:

Ed Forsman (435) 789-7077  
Petroleum Engineer

Jerry Kenczka (435) 789-1190  
Petroleum Engineer

BLM FAX Machine (435) 781-4410

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DIVISION OF  
OIL, GAS AND MINING

**EPA'S LIST OF NONEXEMPT EXPLORATION AND PRODUCTION WASTES**

While the following wastes are nonexempt, they are not necessarily hazardous.

Unused fracturing fluids or acids

Gas plant cooling tower cleaning wastes

Painting wastes

Oil and gas service company wastes, such as empty drums, drum rinsate, vacuum truck rinsate, sandblast media, painting wastes, spend solvents, spilled chemicals, and waste acids

Vacuum truck and drum rinsate from trucks and drums, transporting or containing nonexempt waste

Refinery wastes

Liquid and solid wastes generated by crude oil and tank bottom reclaimers

Used equipment lubrication oils

Waste compressor oil, filters, and blowdown

Used hydraulic fluids

Waste solvents

Waste in transportation pipeline-related pits

Caustic or acid cleaners

Boiler cleaning wastes

Boiler refractory bricks

Incinerator ash

Laboratory wastes

Sanitary wastes

Pesticide wastes

Radioactive tracer wastes

Drums, insulation and miscellaneous solids.

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**DIVISION OF  
OIL, GAS AND MINING**

**SURFACE USE PROGRAM  
CONDITIONS OF APPROVAL (COAs)**

Existing and/or Proposed Facilities

If a pipeline is requested for this location additional authorization will be necessary.

If an emergency pit is necessary it will have additional authorization and fencing of the pit will meet Vernal Field Office standards for pit fencing.

If out side construction material is needed for containment dikes or road development the operator will obtain prior approval from the authorized officer.

Plans For Reclamation Of Location

All seeding for reclamation operations at this location shall use the following seed mixture:

galleta grass	Hilaria jamessi	3 lbs/acre
Indian rice grass	Oryzopsis hymenoides	2 lbs/acre
gardners saltbush	Atriplex gardneri	3 lbs/acre
shadscale	Atriplex confertifolia	4 lbs/acre

The seed mixture shall be drilled but if the seed mixture is to be aerially broadcasted, the pounds per acre shall be doubled. All seed poundages are in Pure Live Seed.

Immediately after construction the stockpiled top soil will be seeded and the seed worked into the soil by "walking" the pile with caterpillar tracks.

Other Information:

If the well is a producing well the pump unit motor will be equipped with a multicylinder engine or a "hospital type" muffler to reduce noise to nesting raptors in the area.

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DIVISION OF  
OIL, GAS AND MINING

STATE OF UTAH  
DIVISION OF OIL, GAS AND MINING

3. Lease Designation and Serial Number:

UTU - 74836

8. If Indian, Allocated or Tribe Name:

7. Unit Agreement Name

**SUNDRY NOTICES AND REPORTS ON WELLS**

Do not use this form for proposals to drill new wells, deepen existing wells, or to reenter plugged and abandoned wells.  
Use APPLICATION FOR PERMIT TO DRILL OR DEEPEN form for such proposals.

1. Type of Well: OIL  GAS  OTHER:

6. Well Name and Number:

DESERT SPRINGS #10-20-10-18

2. Name of Operator:  
PENDRAGON ENERGY PARTNERS, INC.

9. API Well Number:

43-047-33625

3. Address and Telephone Number:  
621 17TH STREET, STE. #750  
DENVER, COLORADO 80293 (303) 296-9402

10. Field and Pool, or Wildcat:

DESERT SPRINGS

4. Location of Well

Footages: 1599' FSL, 1840' FEL, NW SE

County: UINTAH

CG Sec., T., R., M.: SECTION 20, T10S - R18E

State: UTAH

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

**NOTICE OF INTENT**  
(Submit in Duplicate)

- Abandon
- Repair Casing
- Change of Plans
- Convert to Injection
- Fracture Treat or Acidize
- Multiple Completion
- Other REQUEST ONE YEAR EXTENSION
- New Construction
- Pull or Alter Casing
- Recomplete
- Reperforate
- Vent or Flare
- Water Shut-Off

Approximate date work will start \_\_\_\_\_

**SUBSEQUENT REPORT**  
(Submit Original Form Only)

- Abandon
- Repair Casing
- Change of Plans
- Convert to Injection
- Fracture Treat or Acidize
- Other \_\_\_\_\_
- New Construction
- Pull or Alter Casing
- Reperforate
- Vent or Flare
- Water Shut-Off

Date of work completion \_\_\_\_\_

Report results of Multiple Completions and Recompletions to different reservoirs on WELL COMPLETION OR RECOMPLETION REPORT AND LOG form.

\* Must be accompanied by a cement verification report.

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

PENDRAGON ENERGY PARTNERS, INC. HEREBY REQUESTS ONE YEAR EXTENSION TO DRILL THIS WELL.

Approved by the  
Utah Division of  
Oil, Gas and Mining

Date: 08-23-01  
By: [Signature]

COPY SENT TO OPERATOR  
Date: 08/23/01  
Initials: CFH

13.

Name & Signature: [Signature] ALAN B. NICOL Title: PRESIDENT Date: 8/17/01

(This space for State use only)

**RECEIVED**

AUG 20 2001

DIVISION OF  
OIL, GAS AND MINING

(See instructions on Reverse Side)

STATE OF UTAH  
DIVISION OF OIL, GAS AND MINING

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, deepen existing wells, or to reenter plugged and abandoned wells.  
Use APPLICATION FOR PERMIT TO DRILL OR DEEPEN form for such proposals.

1. Type of Well: OIL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> OTHER:	5. Lease Designation and Serial Number: UTU - 74836
2. Name of Operator: PENDRAGON ENERGY PARTNERS, INC.	6. If Indian, Allocated or Tribe Name:
3. Address and Telephone Number: 621 17TH STREET, STE. #750 DENVER, COLORADO 80293 (303) 296-9402	7. Unit Agreement Name
4. Location of Well Footage: 1599' FSL, 1840' FEL, NW SE Co., Sec., T., R., M.: SECTION 20, T10S - R18E	8. Well Name and Number: DESERT SPRINGS #10-20-10-18 9. API Well Number: 43-047-33625 10. Field and Pool, or Wildcat: DESERT SPRINGS
	County: UINTAH State: UTAH

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

NOTICE OF INTENT (Submit in Duplicate)	SUBSEQUENT REPORT (Submit Original Form Only)
<input type="checkbox"/> Abandon <input type="checkbox"/> Repair Casing <input type="checkbox"/> Change of Plans <input type="checkbox"/> Convert to Injection <input type="checkbox"/> Fracture Treat or Acidize <input type="checkbox"/> Multiple Completion <input checked="" type="checkbox"/> Other <u>REQUEST ONE YEAR EXTENSION</u>	<input type="checkbox"/> Abandon <input type="checkbox"/> Repair Casing <input type="checkbox"/> Change of Plans <input type="checkbox"/> Convert to Injection <input type="checkbox"/> Fracture Treat or Acidize <input type="checkbox"/> Other _____
<input type="checkbox"/> New Construction <input type="checkbox"/> Pull or Alter Casing <input type="checkbox"/> Recomplete <input type="checkbox"/> Reperforate <input type="checkbox"/> Vent or Flare <input type="checkbox"/> Water Shut-Off	<input type="checkbox"/> New Construction <input type="checkbox"/> Pull or Alter Casing <input type="checkbox"/> Reperforate <input type="checkbox"/> Vent or Flare <input type="checkbox"/> Water Shut-Off
Approximate date work will start _____	Date of work completion _____

Report results of Multiple Completions and Recompletions to different reservoirs on WELL COMPLETION OR RECOMPLETION REPORT AND LOG form.  
\* Must be accompanied by a cement verification report.

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

PENDRAGON ENERGY PARTNERS, INC. HEREBY REQUESTS ONE YEAR EXTENSION TO DRILL THIS WELL.

RECEIVED  
SEP 16 2002  
DIVISION OF  
OIL, GAS AND MINING

13. Name & Signature: ALAN B. NICOL Title: PRESIDENT Date: 9/12/02

(This space for State use only)

Approved by the  
Utah Division of  
Oil, Gas and Mining

Date: 09-23-02  
By: [Signature]

(See Instructions on Reverse Side)

COPY SENT TO OPERATOR  
Date: 9-23-02  
Initials: CHD

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0135  
Expires November 30, 2000

**SUNDRY NOTICES AND REPORTS ON WELLS**  
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.*

5. Lease Serial No.  
UTU - 74836

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.  
DESERT SPRINGS #10-20-10-18

9. API Well No.  
43-047-33625

10. Field and Pool, or Exploratory Area  
DESERT SPRINGS

11. County or Parish, State  
UINTAH, UT

**SUBMIT IN TRIPLICATE - Other instructions on reverse side**

1. Type of Well  
 Oil Well  Gas Well  Other

2. Name of Operator  
PENDRAGON ENERGY PARTNERS, INC.

3a. Address 621 17th STREET, #750  
DENVER, CO 80293

3b. Phone No. (include area code)  
(303) 296-9402

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
1599' FSL, 1840' FEL NW SE  
SECTION 20, T10S - R18E

**12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>REQUEST</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<u>ONE YEAR</u>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	<u>EXTENSION</u>

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

PENDRAGON ENERGY PARTNERS, INC. HEREBY REQUESTS ONE YEAR EXTENSION TO DRILL THIS WELL.

**RECEIVED**

SEP 24 2001

RECEIVED

AUG 20 2001

DIVISION OF  
OIL GAS AND MINING  
**CONDITIONS OF APPROVAL ATTACHED**

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed) ALAN B. NICOL Title PRESIDENT

Signature *[Signature]* Date 8/17/01

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by *[Signature]* Petroleum Engineer Date 9/13/01

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

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.

Pendragon Energy Partners  
APD Extension

Well: Desert Springs 10-20-10-18

Location: NWSE Sec. 20, T10S, R18E

Lease: UTU 74836

**CONDITIONS OF APPROVAL**

An extension for the referenced APD is granted with the following conditions:

1. The extension will expire August 16, 2002
2. No other extensions beyond that time frame will be granted or allowed.

If you have any other questions concerning this matter, please contact Kirk Fleetwood or Ed Forsman of this office at (435) 781-4400.



# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

Vernal Field Office

170 South 500 East

Vernal, Utah 84078-2799

<http://www.blm.gov/utah/vernal>

Phone: (435) 781-4400

Fax: (435) 781-4410

IN REPLY REFER TO:

3160

UT08300

October 4, 2002

Pendragon Energy Partners, Inc.  
621 17<sup>th</sup> Street, Suite 750  
Denver, Colorado 80293

Re: Notification of Expiration  
Desert Spring 10-20-10-18  
NWSE, Sec. 20, T10S, R18E  
Uintah County, Utah  
Lease No. U-74836

Gentlemen:

The Application for Permit to Drill the above-referenced well was approved on August 16, 2000. Pendragon Energy Partners, Inc. requested an extension of the original APD approval for an additional year. The request was reviewed and the extension approved until August 16, 2002. Since that date, no known activity has transpired at the approved location. In view of the foregoing, this office is notifying you the approval of the referenced application has expired. If you intend to drill at this location at a future date, a new Application for Permit to Drill must be submitted.

This office requires a letter confirming that no surface disturbance has been made for this drill site. Any surface disturbance associated with the approved location of this well is to be rehabilitated. A schedule for this rehabilitation must be submitted to this office. Your cooperation in this matter is appreciated.

Sincerely,

Leslie Walker  
Legal Instruments Examiner

cc: UDOGM

**RECEIVED**

OCT 09 2002

DIVISION OF  
OIL GAS AND MINING

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0135  
Expires November 30, 2000

**SUNDRY NOTICES AND REPORTS ON WELLS**  
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.*

**SUBMIT IN TRIPLICATE - Other instructions on reverse side**

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		<b>RECEIVED</b>	
2. Name of Operator PENDRAGON ENERGY PARTNERS, INC.		SEP 16 2002	
3a. Address 621 17th STREET, #750 DENVER, CO 80293	3b. Phone No. (include area code) (303) 296-9402		
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1599' FSL, 1840' FEL NW SE SECTION 20, T10S - R18E		5. Lease Serial No. UTU - 74836	
		6. If Indian, Allottee or Tribe Name	
		7. If Unit or CA/Agreement, Name and/or No.	
		8. Well Name and No. DESERT SPRINGS #10-20-10-18	
		9. API Well No. 43-047-33625	
		10. Field and Pool, or Exploratory Area DESERT SPRINGS	
		11. County or Parish, State UINTAH, UT	

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input checked="" type="checkbox"/> Other <u>REQUEST</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<u>ONE YEAR</u>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<u>EXTENSION</u>
		<input type="checkbox"/> Water Shut-Off	
		<input type="checkbox"/> Well Integrity	
		<input type="checkbox"/> Temporarily Abandon	
		<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

PENDRAGON ENERGY PARTNERS, INC. HEREBY REQUESTS ONE YEAR EXTENSION TO DRILL THIS WELL.

**RECEIVED**

OCT 09 2002

DIVISION OF  
OIL, GAS AND MINING

SEE  
ATTACHMENT

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed) ALAN B. NICOL	Title PRESIDENT
Signature 	Date 9/12/02

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by <b>DENIED</b>	Title	Date SEP 18 2002
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.	Office	

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.

u.DOGM

Pendragon Energy Partners  
APD Extension

Well: Desert Springs 10-20-10-18

Location: NWSE Sec. 20, T10S, R18E

Lease: UTU 74836

**REASON FOR DENIAL**

An extension for the referenced APD is denied for the following reason:

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1. In the conditions of approval for a Sundry Notice received by this office on August 20, 2001 and approved September 13, 2001 you were informed that the APD for the above referenced well would be extended until August 16, 2002, one year from the original approval date. You were also informed at that time that no additional extension would be granted.

If you have any other questions concerning this matter, please contact Kirk Fleetwood or Ed Forsman of this office at (435) 781-4400.



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

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Michael O. Leavitt  
Governor  
Robert L. Morgan  
Executive Director  
Lowell P. Braxton  
Division Director

November 4, 2003

John Luchetta  
Pendragon Energy Partners, Inc.  
621 17<sup>th</sup> Street #750  
Denver, CO 80293

Re: APD Rescinded – Desert Springs Federal 10-20-10-18 Sec. 20, T.10S, R. 18E  
Uintah County, Utah API No. 43-047-33625

Dear Mr. Luchetta:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on July 31, 2000. On August 23, 2001 and on September 23, 2002 the Division granted a one-year APD extension. On November 3, 2003, you requested that the division rescind the approved APD. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective November 3, 2003.

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 Whitney  
Engineering Technician

cc: Well File  
Gil Hunt, Technical Services Manager