

001

RECEIVED

Form 3160-3
(July 1992)

SUBMIT IN TRIPLICATE*
(Other instructions on
reverse side)

FORM APPROVED
OMB NO. 1004-0136
Expires February 28, 1995

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

DIVISION OF
APPLICATION FOR PERMIT TO DRILL OR DEEPEN

5. LEASE DESIGNATION AND SERIAL NO.
UTU-76042

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
N/A

7. UNIT AGREEMENT NAME
N/A

8. FARM OR LEASE NAME, WELL NO.
Federal

9. API WELL NO.
#22-26

10. FIELD AND POOL, OR WILDCAT
North Chapita Wells

11. SEC. T., R., M. OR BLM
AND SURVEY OR AREA
Sec. 26, T8S, R23E, SLB&M

12. COUNTY OR PARISH
Uintah

13. STATE
Utah

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
11 miles South of Redwash Utah

15. DISTANCE FROM PROPOSED*
LOCATION TO NEAREST
PROPERTY OR LEASE LINK, FT.
(Also to nearest city, unit line if any)
2045'

16. NO. OF ACRES IN LEASE
640

17. NO. OF ACRES ASSIGNED
TO THIS WELL
40

18. DISTANCE FROM PROPOSED LOCATION*
TO NEAREST WELL, DRILLING COMPLETED,
OR APPLIED FOR ON THIS LEASE, FT.
±7500'

19. PROPOSED DEPTH
7400'

20. ROTARY OR CABLE TOOLS
Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
5103.8'

22. APPROX. DATE WORK WILL START*
November 5, 2001

1a. TYPE OF WORK
DRILL DEEPEN

1b. TYPE OF WELL
OIL WELL GAS WELL OTHER

2. NAME OF OPERATOR
Ballard Petroleum LLC
Phone: 303-623-2300 370 17th Street, Suite 3050
Denver, CO 80202

3. ADDRESS AND TELEPHONE NO.
Phone: 435-781-2501 P.O. Box 533
Tri-State Land Surveying Inc. Fax: 435-781-2518 Vernal, UT 84078

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
At surface
2045' FNL 2070' FWL
At proposed prod. zone
Same

15. DISTANCE FROM PROPOSED*
LOCATION TO NEAREST
PROPERTY OR LEASE LINK, FT.
(Also to nearest city, unit line if any)
2045'

16. NO. OF ACRES IN LEASE
640

17. NO. OF ACRES ASSIGNED
TO THIS WELL
40

18. DISTANCE FROM PROPOSED LOCATION*
TO NEAREST WELL, DRILLING COMPLETED,
OR APPLIED FOR ON THIS LEASE, FT.
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21. ELEVATIONS (Show whether DF, RT, GR, etc.)
5103.8'

22. APPROX. DATE WORK WILL START*
November 5, 2001

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	K55 8 5/8"	24#	500'	360 ex
7 7/8"	N80 4 1/2"	11.6#	7400'	Top of cement @ 200' inside surface casing

Ballard Petroleum LLC proposes to drill a well to 7400' to test the Mesaverde Formation. If productive, casing will be run and the well completed. If dry, the well will be plugged and abandoned as per BLM and State of Utah requirements.

See Onshore Order No. 1 attached.

Please be advised that Ballard Petroleum LLC is considered to be the operator of the above mentioned well. Ballard Petroleum LLC agrees to be responsible under the terms and conditions of the lease for the operations conducted upon the lease lands.

Bond coverage for this well is provided by Bond No. 1005. The principal is Ballard Petroleum LLC via surety as consent as provided for in 43 CFR 3104.2.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program if any.

24. SIGNED Stacy Stewart TITLE Consultant for: Ballard Petroleum LLC DATE 6-29-01

(This space for Federal or State office use)

PERMIT NO. 43-047-34178 FEDERAL DATE

Application approval does not warrant or certify that the applicant holds legal title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY Bradley G. Hill TITLE RECLAMATION SPECIALIST III DATE 07-09-01

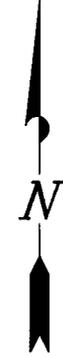
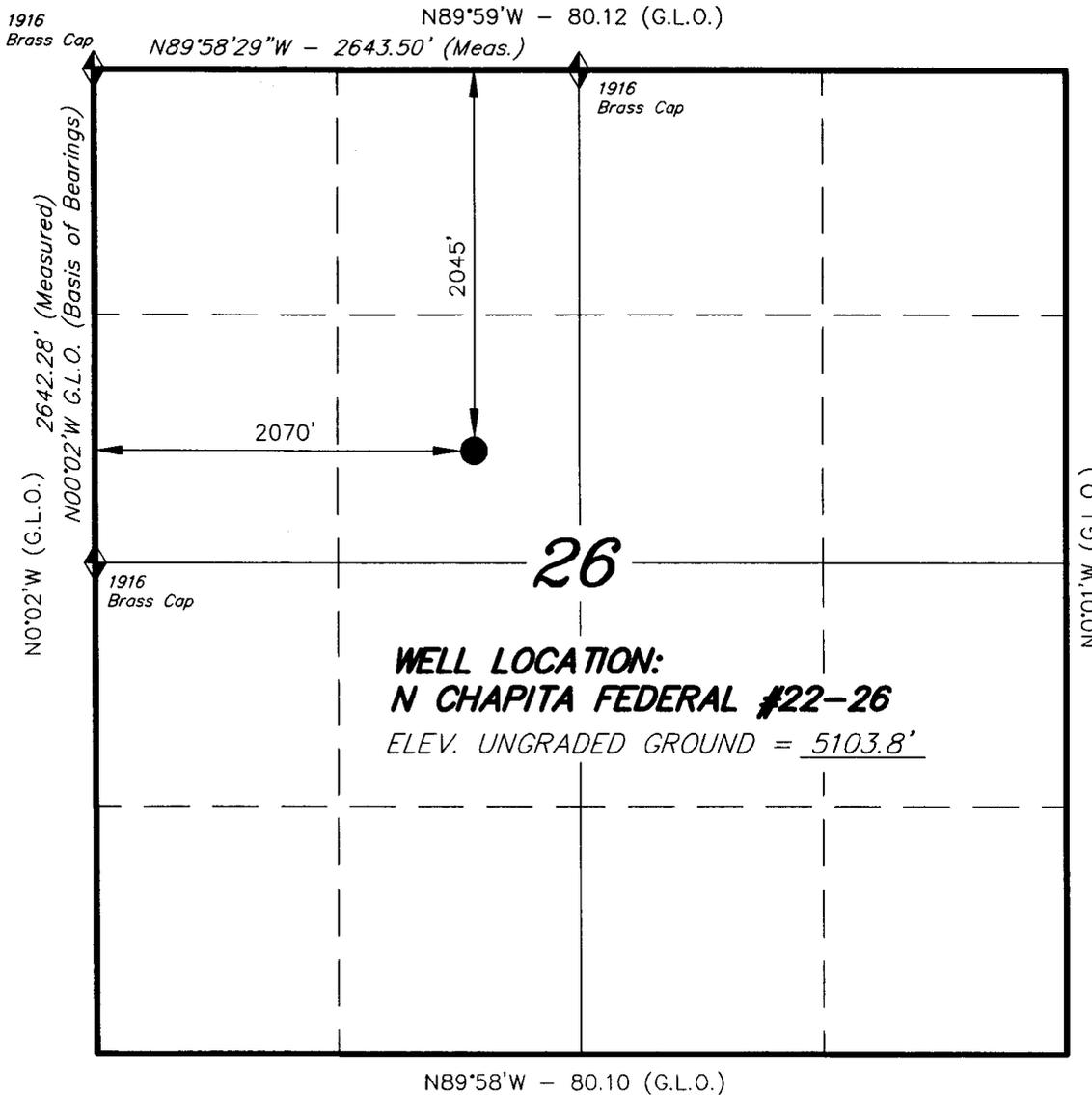
*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes 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.

T8S, R23E, S.L.B.&M.

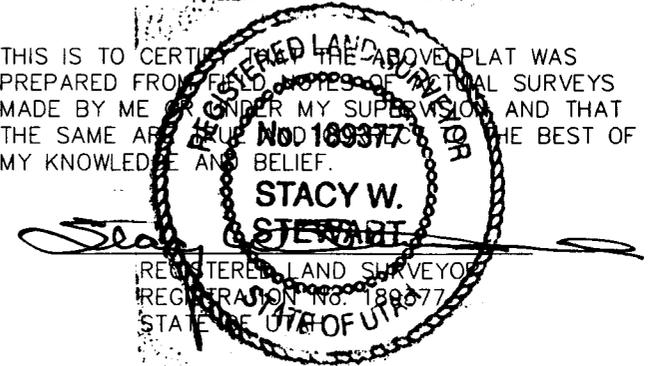
BALLARD PETROLEUM LLC

WELL LOCATION, N CHAPITA FEDERAL #22-26, LOCATED AS SHOWN IN THE SE 1/4 NW 1/4 OF SECTION 26, T8S, R23E, S.L.B.&M. UINTAH COUNTY, UTAH.



WELL LOCATION:
N CHAPITA FEDERAL #22-26
 ELEV. UNGRADED GROUND = 5103.8'

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



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

SCALE: 1" = 1000'	SURVEYED BY: C.D.S.
DATE: 6-12-01	WEATHER: WARM
NOTES:	FILE #

◆ = SECTION CORNERS LOCATED

BASIS OF ELEV; U.S.G.S. 7-1/2 min QUAD (RED WASH SE)

ONSHORE OIL & GAS ORDER NO. 1
 Ballard Petroleum LLC Drilling Program

N Chapita Fed. #22-26

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

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

1. Formation Tops

The estimated tops of important geologic markers are as follows:

<u>Formation</u>	<u>Depth</u>	<u>Subsea</u>
Uinta	Surface	
Green River	1500	3600
Douglas Creek	4000	1100
Carbonate Marker		
Wasatch	5122	-22
Mesa Verde	6900	-1800
TD	7400	

2. Anticipated Depths of Oil Gas Water and Other Mineral Bearing Zones

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

<u>Substance</u>	<u>Formation</u>	<u>Depth</u>
Oil/Gas	Wasatch	5122'
Oil/Gas	Mesa Verde	7400'

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All water shows and water-bearing sands will be reported to the BLM in Vernal, Utah. Copies of State of Utah form OGC-8-X are acceptable. If no flows are detected, samples will be submitted to the BLM along with any water analyses conducted.

3. BOP Equipment/Requirements

Ballard Petroleum LLC's minimum specifications for pressure control equipment are as follows:

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

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

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

As a minimum, the above test shall be performed:

- A. When initially installed
- B. Whenever any seal subject to test pressure is broken
- C. Following related repairs; and
- D. At 30 day intervals

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

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

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.

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

Pressure tests shall apply to all related well control equipment.

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

BOP systems shall be consistent with API RP53. Pressure tests will be conducted before drilling out from under casing under 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 Vernal field office 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. Although a rig has not been chosen to drill this well, most of the equipment for this depth of hole in the area use a 11", 3000 psi working pressure blowout preventer.
- B. A 2" choke line and a kill line are to be properly installed. The kill line is not to be used as a fill-up line. A 3" blooie line will also be installed
- 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 Program

- A. The Vernal field office 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.

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- B. The proposed casing and cementing program shall be conducted as approved to protect and/or isolate all unsafe water zones, potentially productive zones, lost circulation zones, abnormally pressured zones, and any prospectively valuable deposits of minerals. Any isolating medium other than cement shall receive approval prior to use. The casing setting depth shall be calculated to position the casing seat opposite a competent formation which will contain the maximum pressure to which it will be exposed during normal drilling operations. Determination of casing setting depth shall be based on all relevant factors, including; presence/absence of hydrocarbons; fracture gradients; usable water zones; formation pressures; lost circulation zones; other minerals; or other unusual characteristics. All indications of usable water shall be reported.
- C. Production casing design shall assume formation pressure gradients of 0.44 to 0.50 psi per foot for exploratory wells (lacking better data).
- D. Production casing design shall assume fracture gradients from 0.70 to 1.00 psi per foot for exploratory wells (lacking better data).
- E. Casing collars shall have a minimum clearance of 0.422 inches of all sides in the hole/casing annulus, with recognition that variances can be granted for justified exceptions.
- F. 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.
- G. All casing except the conductor casing, shall be new or reconditioned and tested used casing that meets or exceeds API standards for new casing.
- H. The surface casing shall be cemented back to surface either during the primary cement job or by remedial cementing.
- I. All indications of usable water shall be reported to the authorized officer prior to running the next string of casing or before plugging order are requested, whichever occurs first.
- J. Three centralizers will be run on the bottom three joints of surface casing (minimum of one centralizer per joint starting with the shoe joint).
- K. 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.

ONSHORE OIL & GAS ORDER NO. 1

Ballard Petroleum LLC

Drilling Program

N Chapita Fed. #22-26

- L. All casing strings below the conductor shall be pressure tested to 0.22 psi per foot of casing string length or 1500 psi, whichever is greater, but not to exceed 70 percent of the minimum internal yield. If pressure declines more than 10 percent in 30 minutes, corrective action shall be taken.
- M. On all exploratory wells, a pressure integrity test of each casing shoe shall be performed. Formation at the shoe shall be tested to a minimum of the mud weight equivalent anticipated to control the formation pressure to the next casing depth or at total depth of the well. This test shall be performed before drilling more than 20 feet of new hole.
- N. The proposed casing program will be as follows:

<u>Purpose</u>	<u>Depth</u>	<u>Hole Size</u>	<u>O.D.</u>	<u>Weight</u>	<u>Grade</u>	<u>Type</u>	<u>New orUsed</u>
Conductor	0-40'	24"	N.A.	N.A.	N.A.	N.A.	N.A.
Surface	0-500'	12-1/4"	8-5/8"	24	K-55	ST&C	New
Production	0-7400'	7-7/8"	4-1/2"	11.6	N-80	LT&C	New

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

- P. The cement program will be as follows:

Surface Type and Amount

Conductor Ready mix cement – cemented to surface

0-500 360 sx Class “G” with 2% CaCL², 0.25#/sx Cello flakes. Yield = 1.15 cft/sk @15.8 ppg. Volume equals 100% excess.

Production Type and Amount

(Top of cement to 200' inside surface casing) Cement to be calculated off of open hole logs and 10% excess. Lead cement of Premium Lite cement with fluid loss additives and gas check material to approximately 4000' followed by 50/50 Poz “G” cement with additives. Yields = 2.5 cft/sk @12 ppg and 1.15 cft/sk @ 15.8 ppg.

- Q. The Vernal Field Office should be notified, with sufficient lead time, in order to have a BLM representative on location while running all casing strings and cementing.

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Ballard Petroleum LLC

Drilling Program

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

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

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

A. Setting of each string of casing, showing the size, grade, weight of casing set, hole size, setting depth, amounts and type of cement used, whether cement circulated or the top of the cement behind the casing, depth of cementing tools used, casing test method and results, and the date work was done. Show the spud date on the first reports submitted.

B. Temperature or bond logs must be submitted for each well where the casing cement was not circulated to the surface.

T. Auxiliary equipment to be used is as follows:

- 1. Kelly cock
- 2. No bit float is deemed necessary
- 3. A sub with a full opening valve

5. Drilling Fluid Program

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

<u>Interval</u>	<u>Mud Type</u>	<u>Mud Wt.</u>	<u>Visc.</u>	<u>F/L</u>
40’-500’	Fresh Water Mud w/ Gel	8.4-9.0	N/A	N/A
500’-6,500’	Fresh Water & Light Mud	8.6-8.8	26-28	N/A
6,500’-7,400’	LSND w/ LCM	8.6-9.0	42-46	8-11

There will be sufficient mud on location to control a blowout should one occur.

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. Aerated water will be introduced via air injection where lost circulation requires

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B. Mud monitoring equipment to be used is as follows:

1. Periodic checks will be made each tour of the mud system. The mud level will be checked visually.

C. Hazardous substance 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.

6. Evaluation Program - Testing, Logging and Coring

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

A. No drill stem test will be ran on this well.

B. The logging program will consist of a DIL-TD to surface, LDT/CNL TD to 2,500.

C. No cores are anticipated on this well.

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

E. The anticipated completion program is as follows:

Perforate the Wasatch and Mesa Verde Formations through 4-1/2" cemented casing. Hydraulically fracture each interval and run 2 3/8 " tubing.

7. Anticipated Pressure and H.S

A. Abnormal pressures are not anticipated
Anticipated bottom hole pressure is 3600 psi.

B. No hydrogen sulfide gas is anticipated.

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8. Other Information and Notification Requirements

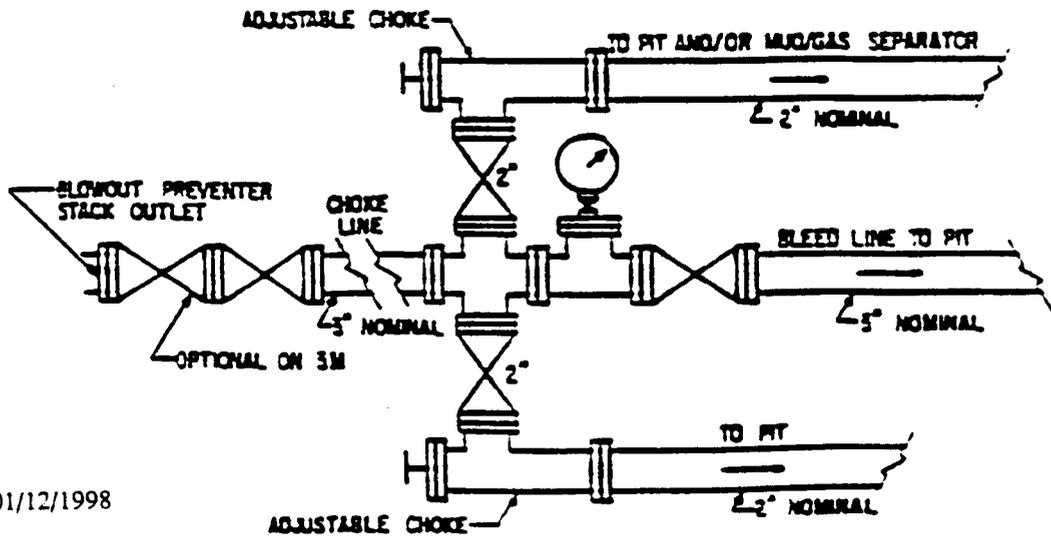
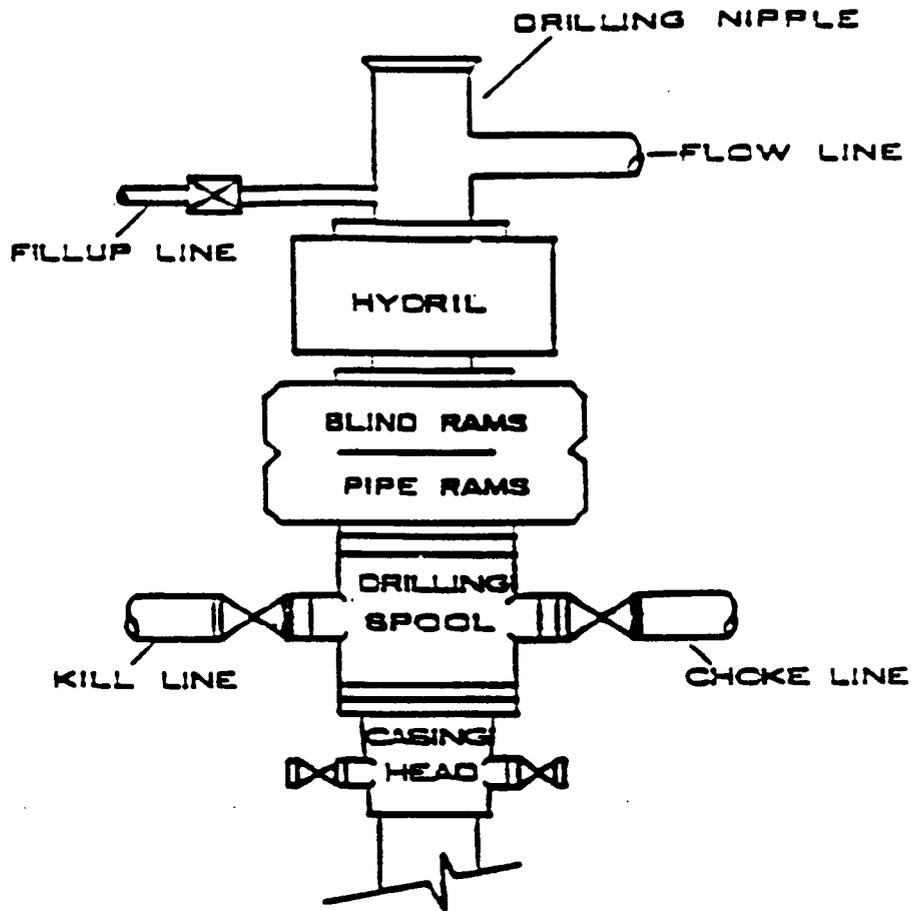
- A. Should the well be successfully completed for production, the AO will be notified when the well is placed in a producing status. Such notification will be sent by telegram or other written communications, not later than 5 days following the date that the well is placed on production.
- B. Production data shall be reported to the MMS pursuant to 30 CFR 216.5 using form MMS/3160.
- C. The date on which production is commenced or resumed will be construed for oil wells as the date on which liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which the 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.
- D. Pursuant to NTL-4A, lessees or operators are authorized to vent/flare gas during initial well evaluation tests, not exceeding a period of 30 days or the production of 50 MMCF of gas, whichever occurs first. An application must be filed with the District Engineer and approval received, for any venting/flare of gas beyond the initial 30 day or authorized test period.
- E. Gas produced from this well may not be vented or flared beyond an initial authorized test period of 30 days or 50 MMCF following its completion, whichever occurs first, without the prior written approval of the Authorized Officer. Should gas be vented or flared without approval beyond the gas can be captured or the operator shall be required to compensate the lessor for that portion of the gas vented or flared without approval which is determined to have been avoidably lost.
- F. A schematic facilities diagram as required by 43 CFR 3162.7-2, 3162.7-3 and 3162.7-4 shall be submitted to the appropriate District Office within 30 days of installation or first production, whichever occurs first. All site security regulations as specified in 43 CFR 3162.7 and Onshore Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with 43 CFR 3162.7-4
- G. Section 102(b)(3) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3162.4-1(c), requires that "not later than the 5th business day after any well begins production on which royalty is due anywhere on a lease site or

N Chapita Fed. #22-26

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 316.2.4-1(b)(5)(ii).

- H. Drilling is planned to commence on November 5, 2001.
- I. It is anticipated that the drilling of this well will take approximately 14 days.
- J. No location will be constructed or moved, no well will be plugged, and no drilling or workover equipment will be removed from a well to be placed on a suspended status without prior approval of the AO. If operations are to be suspended, prior approval will be obtained and notification given before resumption of operations.
- K. Immediate Report: Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be promptly reported in accordance with the requirements of NTL-3A or its revision.
- L. If a replacement rig is contemplated for completion operations, a “Sundry Notice” Form 3160-5 to that effect will be filed, for prior approval of the AO, and all conditions of the approved plan are applicable during all operations conducted with the replacement rig.
- M. Pursuant to Onshore Order No. 7, with the approval of the District Engineer, produced water may be temporarily disposed of into unlined pits for a period of up to 90 days. During the period so authorized, an application for approval of the permanent disposal method, along with the required water analysis and other information, must be submitted to the District Engineer.
- N. No well abandonment operations will be commenced without the prior approval of the AO. In the case of newly drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the AO. A “Subsequent Report of Abandonment” form 3160-5, will be filed with the AO within 30 days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the AO or his representative, or the appropriate Surface Managing Agency.

SCHEMATIC DIAGRAM OF 3,000 PSI BOP STACK



Revised 01/12/1998

Multi-Point Surface Use and Operations Plan

BALLARD PETROLEUM LLC
FEDERAL #22-26
SE NW SEC. 26, T8S, R23E
UINTAH COUNTY, UTAH

1. EXISTING ROADS: Refer to maps "A" & "B"

- A. Map "A" is the vicinity map showing the Access routes from Red Wash, Utah
- B. Topo Map "B" shows the proposed access road to the pad as well as the existing roads in the immediate area
- C. Occasional maintenance blading and storm repairs will keep roads in good condition.
- D. There shall be no mud blading on the access road. Vehicles may be towed through the mud provided they stay on the roadway.
- E. 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.

2. PLANNED ACCESS ROADS: Refer to Map "B"

Approximately 1256' of new road construction will be required for access to this proposed location.

- A. Width - maximum 30-foot overall right-of-way with an 18-foot road running surface, crowned & ditched and/or sloped and dipped.
- B. Construction standard - the access road will be constructed to same standards as previously accepted in this area.

The road will be constructed to meet the standards of the anticipated traffic flow and all weather requirements. Construction will include ditching, draining, crowning and capping or sloping and dipping the roadbed as necessary to provide a well constructed and safe road.

Traveling off of the thirty (30) foot right-of-way will not be allowed.

Road drainage crossings shall be of the typical dry creek drainage crossing type. Crossings shall be designed so they will not cause siltation or the accumulation of debris in the drainage crossing nor shall the drainages be blocked by the roadbed. Erosion of the drainage ditches by runoff water shall be prevented by diverting water off at frequent intervals by means of cutouts.

Upgrading shall not be allowed during muddy conditions.

Should mud holes develop, they will be filled in and detours around them avoided.

- C. Maximum grade - grade will be less than 8%.
- D. Drainage design - the access road will be crowned and ditched or sloped and dipped, and water turnouts installed as necessary to provide proper drainage along the access road route.
- E. Turnouts - none.
- F. Culverts - one 24" cnp will be placed as shown on Map "B". If it is determined to be feasible at the onsite, a low water crossing may be substituted.
- G. Surface materials – any surfacing materials required will be purchased from a local contractor having a permitted source of materials in the area. None are anticipated at this time.
- H. Gates, cattleguards or fence cuts - none required
- I. The proposed access road has been centerline flagged.
- J. Dust will be controlled on the roads and locations during construction and drilling by periodic watering of the roads and locations.

3. LOCATION OF EXISTING WELLS WITHIN A ONE MILE RADIUS

Please refer to map "C".

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES OWNED BY BALLARD PETROLEUM LLC WITHIN A ONE MILE RADIUS:

A. Existing

- 1. Tank batteries - see Map "C"
- 2. Production facilities - see Map "C"

3. Oil gathering lines – see Map “C”
4. Gas gathering lines - see Map “C”
5. Injection lines – see Map “C”
6. Disposal lines – see Map “C”

B. New Facilities Contemplated: in the event of production the following will be shown.

1. Proposed location and attendant lines, by flagging, if off well pad.
2. Dimensions of facilities.
3. Construction methods and materials.
4. Protective measures and devices to protect livestock and wildlife.
5. All pipelines will be buried to depth of 3 feet at road crossings.
6. Construction width of the right-of-way/pipeline route shall be restricted to 50 feet of disturbance.
7. Ballard Petroleum LLC shall condition pipeline right-of-ways in a manner to preclude vehicular travel upon said rights-of-way, except for access to pipeline drips and valves.
10. The area used to contain the proposed production facilities will be built using native materials. If these materials are not acceptable arrangements will be made to acquire appropriate materials from private sources .
11. A dike will be constructed completely around any of those production facilities which contain fluids (i.e. production tanks, produced water tanks etc.). These dikes will be constructed of compacted subsoil, be impervious, hold 110% of the capacity of the largest tank and be independent of the back cut.
12. All permanent (onsite for six months or longer) above-the-ground constructed or installed, including pumping units, will be painted a flat non-reflective, earthtone color to match one of the standard environmental colors, as determined by the Five State Rocky Mountain Interagency Committee. All production facilities will be painted within six months of installation. Facilities required to comply with Occupational Health and Safety Act Rules and Regulations will be excluded from this painting requirement.

The required paint color is Carlsbad Canyon (2.5Y 6/2).

- C. The production (emergency) pit will be fenced.
- D. 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.
- E. Reclamation of disturbed areas no longer needed for operation will be accomplished by grading, leveling and seeding as recommended by the Bureau of Land Management.
- F. Ballard Petroleum LLC will be responsible for road maintenance from the beginning to completion of operations.

5. Location and Type of Water Supply

Shenandoah water storage facility in SE NE Sec 13, T7S, R23E, SLB&M. This facility is supplied water from the Green River under State of Utah authority #49-2153.

6. Source of Construction Materials

- A. No construction materials are needed for drilling operations. In the event of production, the small amount of gravel needed for facilities will be hauled in by truck from a local gravel pit over existing access roads to the area. No special access other than for drilling operations and pipeline construction is needed.

7. Methods of Handling Waste Materials:

- A. Cuttings - the cuttings will be deposited in the reserve/blooiie pit.
- B. Drilling fluids - including salts and chemicals will be contained in the reserve/blooiie pit. Upon termination of drilling and completion operations, the liquid contents of the reserve pit will be removed and disposed of at an approved waste disposal facility within ninety (90) days after termination of drilling and completion activities.

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 from Ballard Petroleum LLC

The reserve pit will be constructed so as not or allow discharge and will be lined

with a 12 mil plastic liner.

- C. Produced fluids - liquid hydrocarbons produced during completion operations will be placed in test tanks on the location. Produced waste water will be confined to a lined pit (reserve pit) or storage tank for a period not to exceed ninety (90) days after initial production. During the ninety (90) day period, in accordance with Onshore Order 7, an application for approval of a permanent disposal method and location, along with the required water analysis, shall be submitted for the Authorized Officer's approval. Failure to file an application within the time frame allowed will be considered an incidence of noncompliance.

Any spills of oil, gas, salt water or other noxious fluids will be immediately cleaned up and removed to an approved disposal site.

- D. Sewage - self-contained, chemical toilets will be provided for human waste disposal. Upon completion of operations, or as needed, the toilet holding tanks will be pumped and the contents thereof disposed of in the nearest, approved, sewage disposal facility.
- E. Garbage and other waste material - 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 the reserve pit.
- F. 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 during the drilling operation and the fencing will be maintained until such time as the pits are backfilled.
- G. The reserve and/or production pit will be constructed on the existing location and will not be located in natural drainages where a flood hazard exists or surface runoff will destroy or damage the pit walls. All pits will be constructed so as not to leak, break, or allow the discharge of liquids therefrom.
- H. Hazardous materials: No chemicals subject to reporting under SARA Title III (hazardous materials) in an amount greater than 10,000# will be used, produced, stored, transported or disposed of annually in association with the drilling, testing or completing of wells within the Red Wash area. Furthermore, extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will not be used, produced, stored transported or disposed of in association with the drilling, testing or completing of wells within this area.

8. Ancillary Facilities: None anticipated

9. Wellsite Layout:

- A. Plat #1 shows the drill site layout as staked. Cross sections have been drafted to visualize the planned cuts and fills across the location. An average minimum of six (6) inches of topsoil will be stripped from the location (including areas of cut, fill, and/or subsoil storage) and stockpiled for future reclamation of the well site. Topsoil stockpile will be seeded with a seed mixture to be recommended by the B.L.M. Refer to Figure #1 for the location of the topsoil and subsoil stockpiles.
- B. Plat #2 is a diagram showing the rig layout. No permanent living facilities are planned. There will be one (1) trailer on location during drilling operation for the toolpusher.
- C. A separator/dehydrator and two 300 bbl tanks (1 water, 1 condensate) will be placed on location. A diagram showing the proposed production facility layout will be submitted to the Authorized Officer via Sundry Notice (Form 3160-5) for approval of subsequent operations.
- D. Prior to the commencement of drilling operations, the reserve pit will be fenced on three (3) sides using 39 inch net wire with at least one strand of barbed wire on top of the net wire.
 - 1. The net wire shall be no more than 2-inches above the ground. The barbed wire shall be 3-inches above the net wire. Total height of fence shall be at least 42-inches.
 - 2. Corner posts shall be braced in such a manner to keep the fence tight at all times
 - 3. Standard steel, posts shall be used between the corner braces. The maximum distance between any two (2) posts shall be no greater than sixteen (16) feet.
 - 4. All wire shall be stretched, by using a stretching device, before it is attached to the corner posts.

The fourth side of the reserve pit will be fenced immediately upon removal of the drilling rig and the fencing will be maintained until the pit is backfilled.

- F. Any hydrocarbons on the pit will be removed from the pit as soon as possible after drilling operations are completed.

10. Plans for Reclamation of the Surface:

The B.L.M. will be contacted prior to commencement of any reclamation operations.

A. Production

1. Immediately upon well completion, the well location and surrounding area(s) will be cleared of all debris, materials, trash and junk not required for production.
2. Immediately upon well completion, any hydrocarbons in the pit shall be removed in accordance with 43 CFR 3162.7-1.
3. If a plastic or nylon reinforced pit liner is used, it shall be torn and perforated before backfilling of the reserve pit.
4. Before any dirt work to restore the location takes place, the reserve pit will be completely dry and all cans, barrels, pipe, etc. will be removed.

Other waste and spoil materials will be disposed of immediately upon completion of drilling and workover activities.

5. The flare pit and that portion of the location and access road not needed for production facilities/operations will be reclaimed within ninety (90) days from the date of well completion, weather permitting.
6. If the well is a producer, Ballard will: Upgrade and maintain access roads as necessary prevent soil erosion, and accommodate year traffic. Reshape areas unnecessary to operations. distribute topsoil, disk and seed all disturbed area outside the work area according to the BLM recommended seed mixture.

If the well is abandoned/dry hole, Ballard will: Restore the access road and location to approximately the original contours. During reclamation of the site, push the fill material into cuts and up over the backslope. Leave no depressions that will trap water or form ponds. Distribute topsoil evenly over the location, and seed according to the above seed mixture. The access road and location shall be ripped or disked prior to seeding. Perennial vegetation must be established. Additional work shall be required in case of seeding failures, etc.

Seedbed will be prepared by disking. Seed will be drilled on contours at a

depth no greater than one-half inch (1/2"). In areas that cannot be drilled, seed will be broadcast at double the seeding rate and harrowed into soil. Certified seed will be used whenever available.

Fall seeding will be completed after September 1 and prior to prolonged ground frost.

7. Upon completion of backfilling, leveling and recontouring, the stockpiled topsoil will be evenly spread over the reclaimed area(s). Prior to reseeding, all disturbed surfaces will be scarified and left with a rough surface. No depressions will be left that would trap water and form ponds. All disturbed surfaces will be reseeded with a seed mixture to be recommended by the Bureau of Land Management.

Seed will be drilled on the contour to a approximate depth of one-half (1/2) inch. All seeding will be conducted after September 1 and prior to ground frost. Spring seeding will be done after the frost leaves the ground and no later than May 15. If the seeding is unsuccessful, Ballard Petroleum LLC may be required to make subsequent seedings.

B. Dry Hole/Abandoned Location

1. On lands administered by the Bureau of Land Management, abandoned well sites, roads, or other disturbed areas will be restored to near their original condition. This procedure will include:
ensuring revegetation of the disturbed areas to the specifications of the Bureau of Land Management at the time of abandonment.
2. All disturbed surfaces will be recontoured to the approximate natural contours and reseeded according to BLM specifications. Reclamation of the well pad and access road will be performed as soon as practical after final abandonment and reseeding operations will be performed in the fall following completion of reclamation operations.

11. Surface Ownership:

The well site and proposed access road are situated on surface lands administered by:

Bureau of Land Management
Vernal, Utah

12. Other Information:

A. Topographic features of the area (reference Topographic Map #A)

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 of long duration which are rare as the normal annual rainfall in the area is only 8".

The flora of the area includes pinon and juniper trees, sagebrush, greasewood, four-wing saltbush, Gambel scrub oak, willow, tamarack, shadscale, indian rice grass, cheatgrass, wheatgrass, curly grass, crested wheatgrass, foxtail, Russian thistle, Kochia, and cacti.

The fauna of the area includes cattle, horses, elk, deer, coyotes, rabbits, rodents, lizards, bull snakes, rattle snakes, water snakes and horned toads. Birds of the area are ground sparrows, bluejays, bluebirds, magpies, ravens, raptors, morning doves, swallows, nighthawks, hummingbirds, and chukar.

B. The surface ownership is federal. The surface use is grazing and petroleum production.

C. 1. The nearest live water is the White River.

2. There are no dwellings in the area. No significant archaeological, historical or cultural sites are known to be present.

3. An archaeological report will be forwarded upon completion.

4. There are no reported restrictions or reservations noted on the oil and gas lease.

**13. Lessee's or Operator's Representative:
Drilling & Completion**

Permit

Eric Marsh
Vice President
Ballard Petroleum LLC
370 17th Street Suite 3050
Denver, CO 80202
303-623-2300

Stacy Stewart
Tri-State Land Surveying Inc.
P.O. Box 533
Vernal, Utah 84078
435-781-2501

Certification:

All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil & Gas Orders, the approved plan of operations, and any applicable Notice to Lessees.

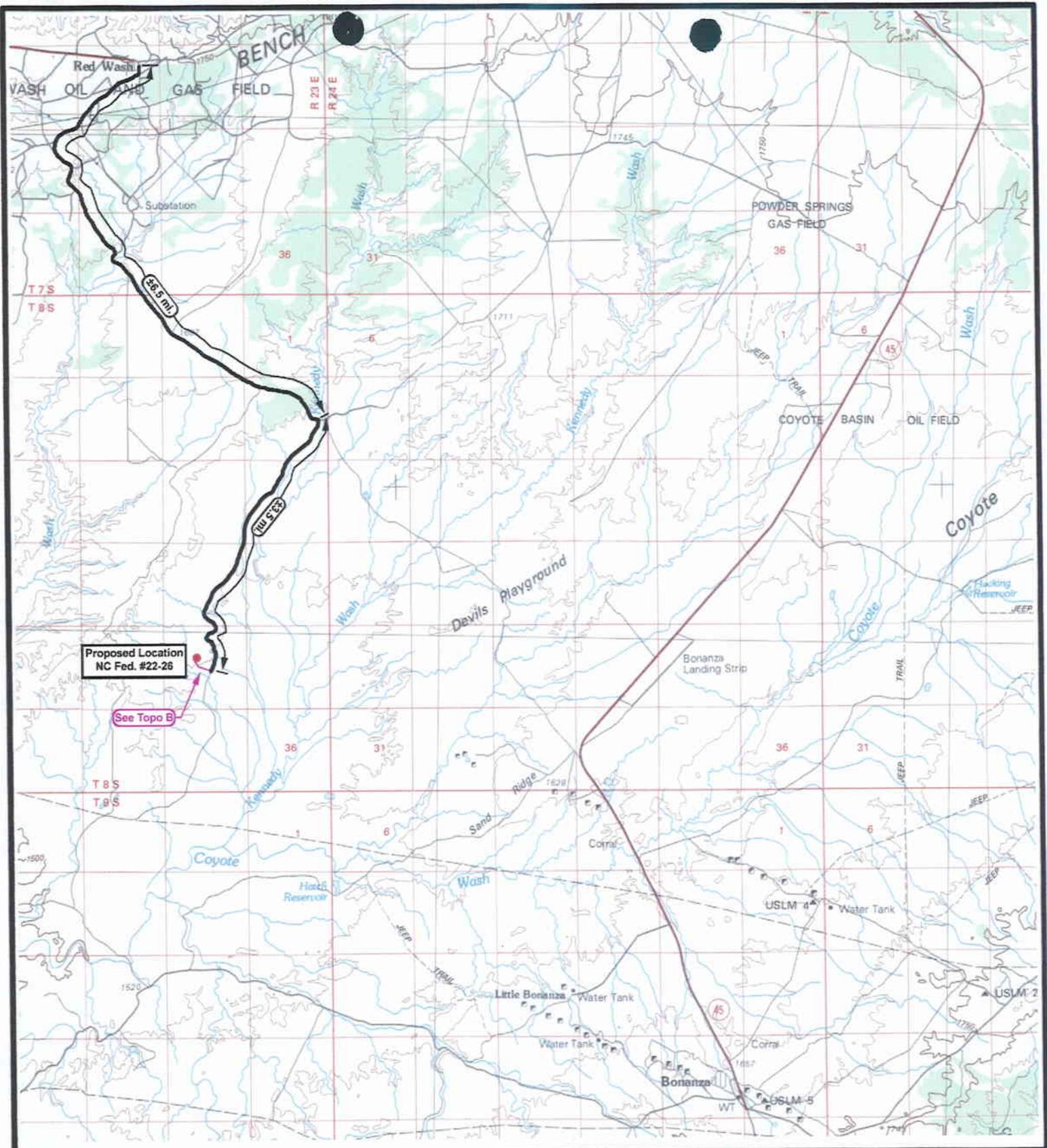
Ballard Petroleum LLC will be fully responsible for the actions of their subcontractors.

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

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 currently 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 operations proposed herein will be performed by Ballard Petroleum LLC its' contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.


Stacy Stewart
Authorized Agent for:
Ballard Petroleum LLC

6-29-01
Date



BALLARD
PETROLEUM LLC

**N. Chapita Federal #22-26
SEC. 26, T8S, R23E, S.L.B.&M**



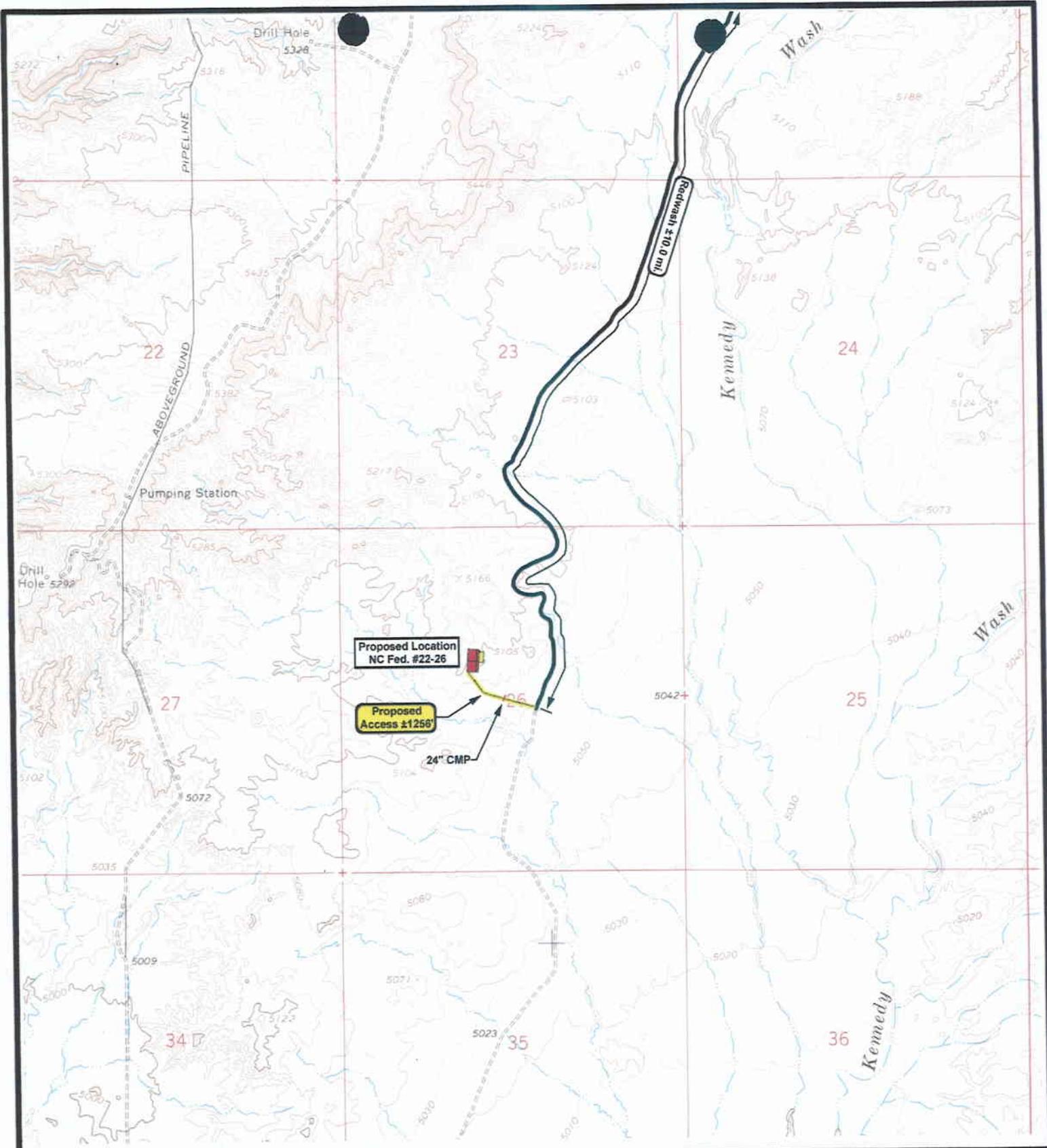
Tri-State
Land Surveying Inc.
(435) 781-2501
38 West 100 North Vernal, Utah 84078

SCALE: 1" = 100,000'
DRAWN BY: D.R.J.
DATE: 06-29-2001

Legend

- Existing Road
- Proposed Access

TOPOGRAPHIC MAP
"A"



BALLARD
PETROLEUM LLC

**N Chapita Federal #22-26
SEC. 26, T8S, R23E, S.L.B.&M.**

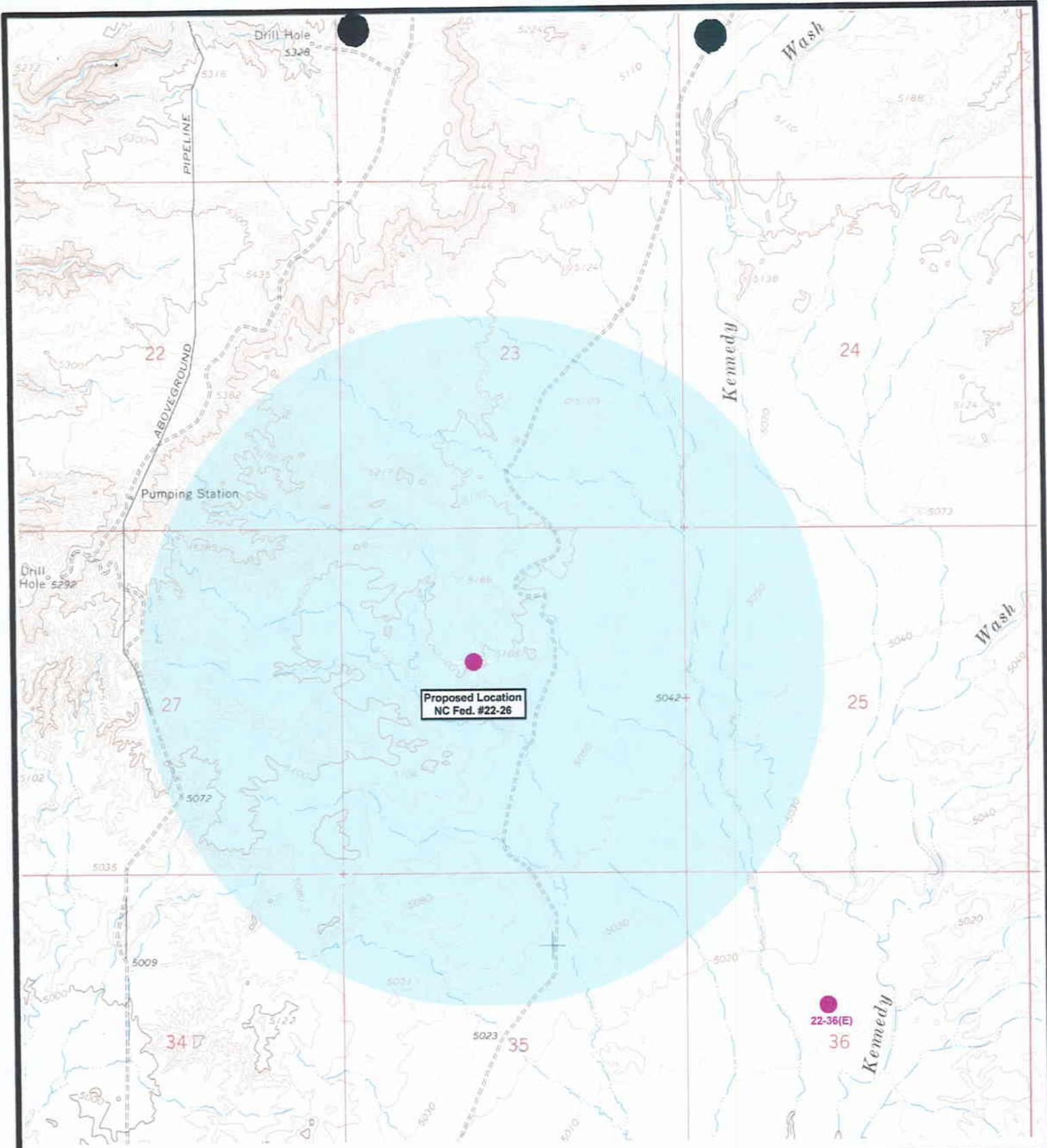


Tri-State
Land Surveying Inc.
(435) 781-2501
38 West 100 North Vernal, Utah 84078

SCALE: 1" = 2000"
DRAWN BY: D.R.J.
DATE: 06-29-2001

Legend	
	Existing Road
	Proposed Access

TOPOGRAPHIC MAP
"B"



Proposed Location
NC Fed. #22-26

22-36(E)

BALLARD
PETROLEUM LLC

**N Chapita Federal #22-26
SEC. 26, T8S, R23E, S.L.B.&M.**



*Tri-State
Land Surveying Inc.*
(435) 781-2501
38 West 100 North Vernal, Utah 84078

SCALE: 1" = 2000"
DRAWN BY: D.R.J.
DATE: 08-29-2001

Legend

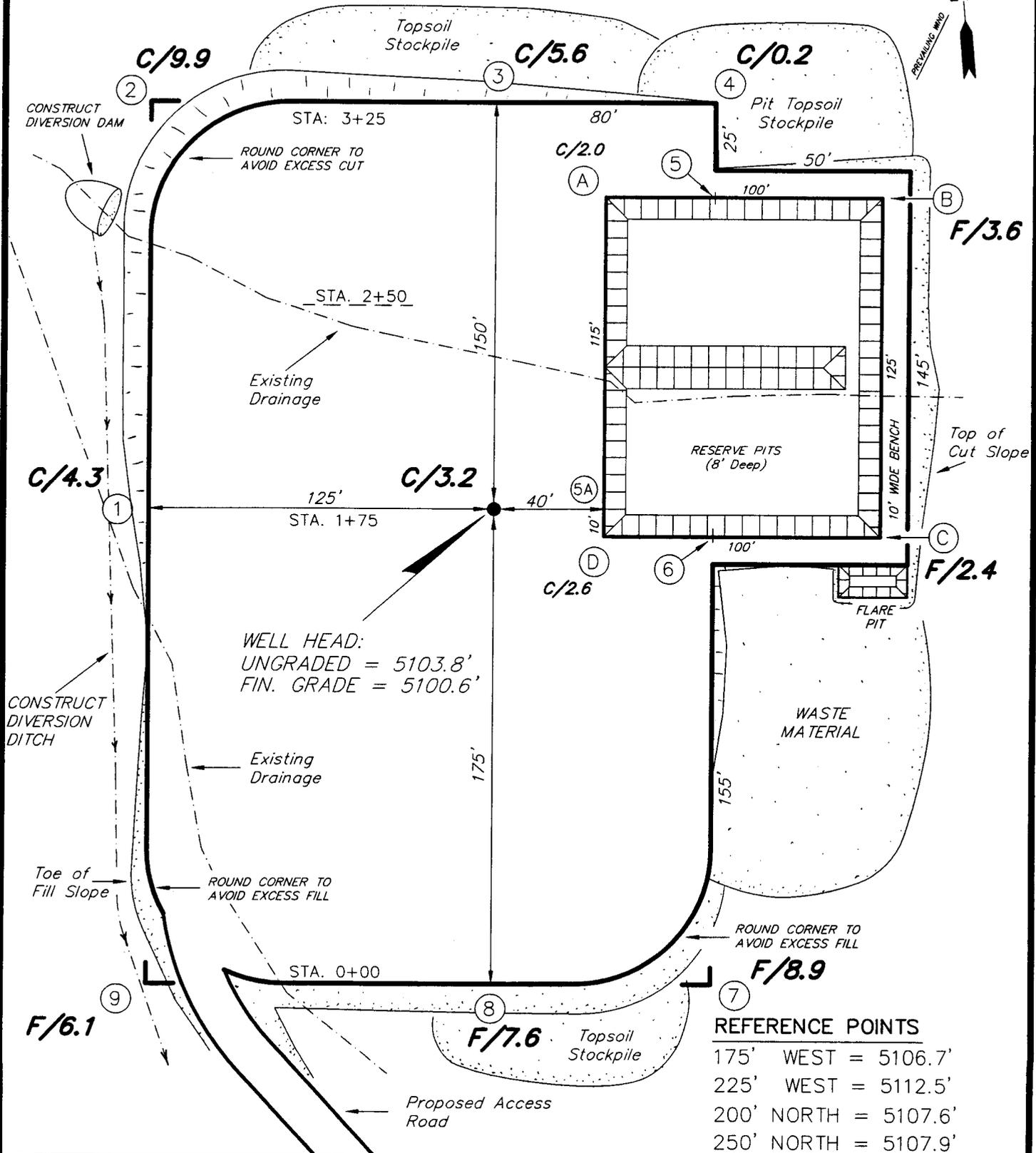
- 2001 Wells
- One Mile Radius

TOPOGRAPHIC MAP

"C"

BALLARD PETROLEUM LLC

N CHAPITA FEDERAL #22-26
SEC. 26, T8S, R23E, S.L.B.&M.



REFERENCE POINTS

175'	WEST = 5106.7'
225'	WEST = 5112.5'
200'	NORTH = 5107.6'
250'	NORTH = 5107.9'

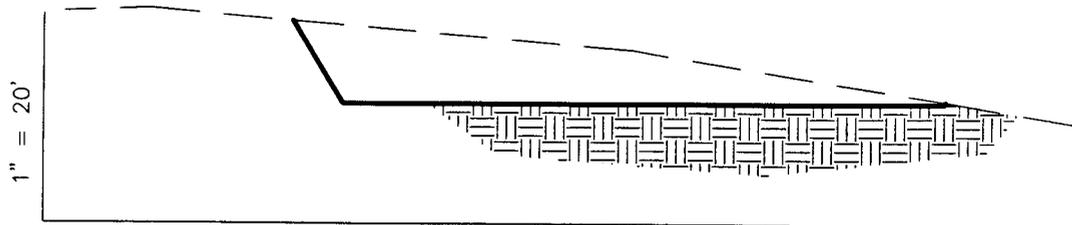
SURVEYED BY: C.D.S.	SCALE: 1" = 50'
DRAWN BY: J.R.S.	DATE: 6-12-01

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

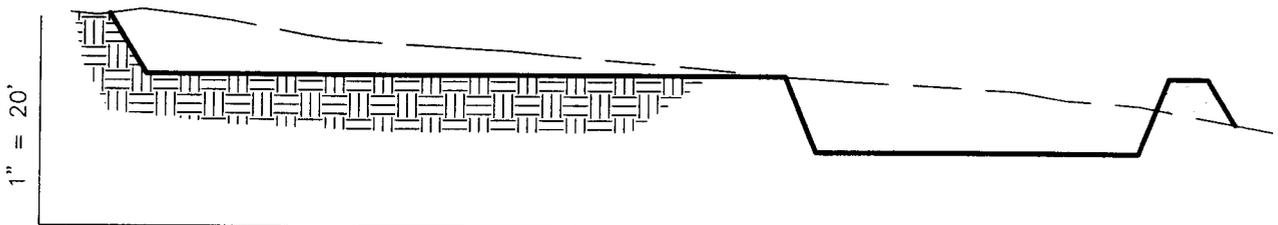
BALLARD PETROLEUM LLC

CROSS SECTIONS

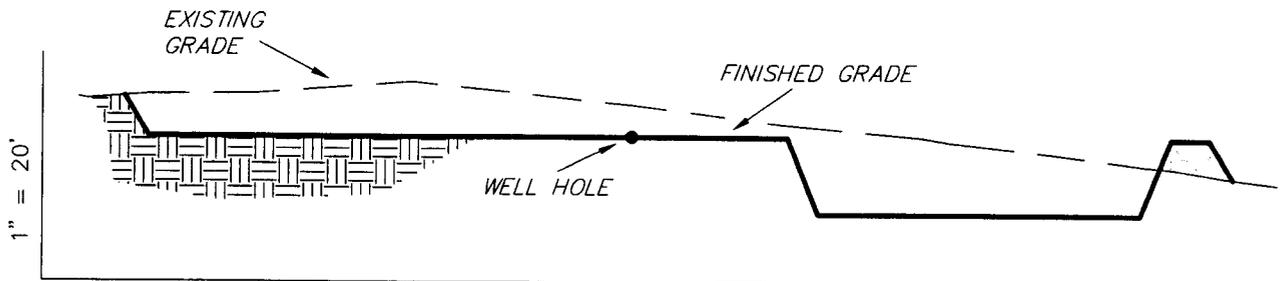
N CHAPITA FEDERAL #22-26



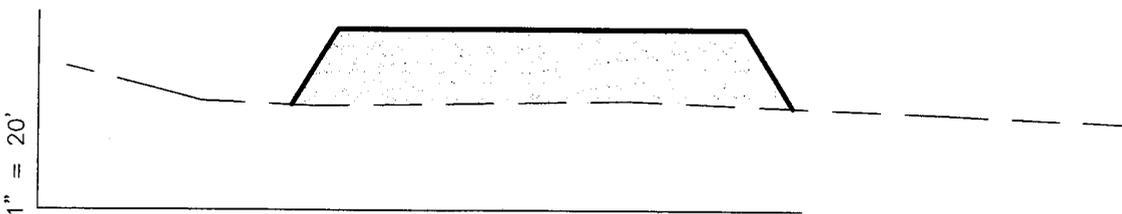
STA. 3+25



STA. 2+50



STA. 1+75



STA. 0+00

APPROXIMATE YARDAGES

CUT = 4,130 Cu. Yds.

FILL = 4,130 Cu. Yds.

PIT = 3,000 Cu. Yds.

6" TOPSOIL = 1,420 Cu. Yds.

SURVEYED BY: C.D.S.

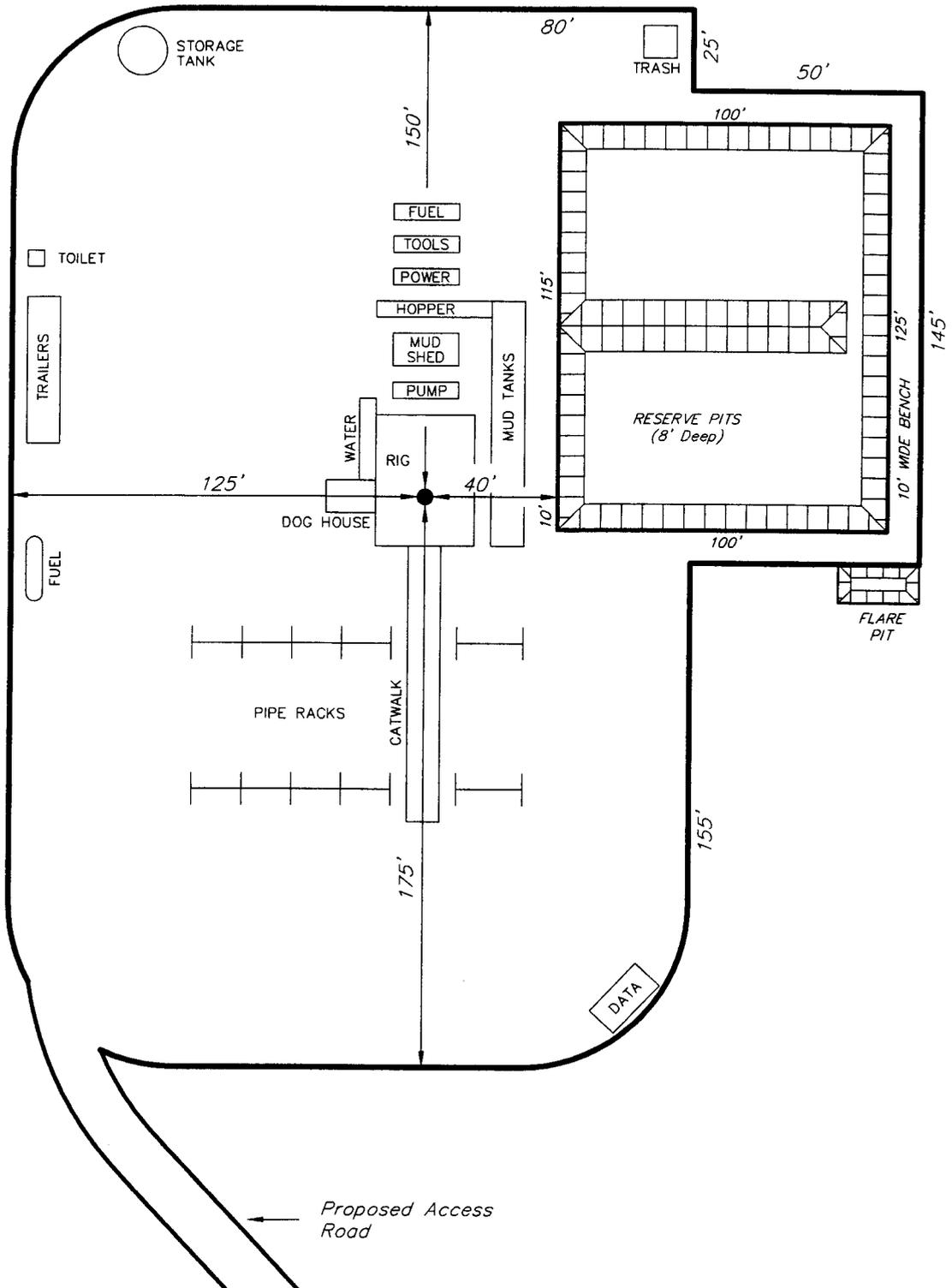
SCALE: 1" = 50'

DRAWN BY: J.R.S.

DATE: 6-12-01

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

BALLARD PETROLEUM LLC
TYPICAL RIG LAYOUT
N CHAPITA FEDERAL #22-26



SURVEYED BY: C.D.S.

SCALE: 1" = 50'

DRAWN BY: J.R.S.

DATE: 6-12-01

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

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 07/05/2001

API NO. ASSIGNED: 43-047-34178

WELL NAME: FEDERAL 22-26
OPERATOR: BALLARD PETROLEUM LLC (N2310)
CONTACT: STACY STEWART

PHONE NUMBER: 435-781-2501

PROPOSED LOCATION:

SENW 26 080S 230E
SURFACE: 2045 FNL 2070 FWL
BOTTOM: 2045 FNL 2070 FWL
UINTAH
WILDCAT (1)

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

LEASE TYPE: 1 - Federal
LEASE NUMBER: UTU-76042
SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: MVRD

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[1] Ind[] Sta[] Fee[]
(No. 1005)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. 49-2153)
- RDCC Review (Y/N)
(Date:)
- Fee Surf Agreement (Y/N)

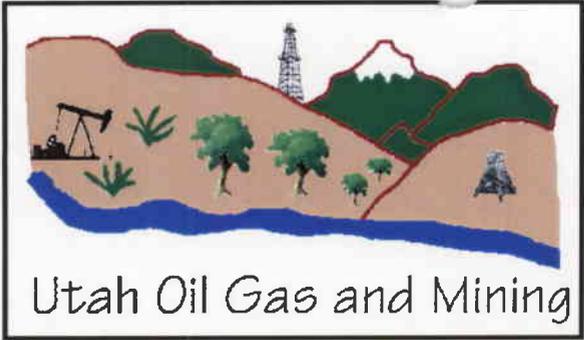
LOCATION AND SITING:

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

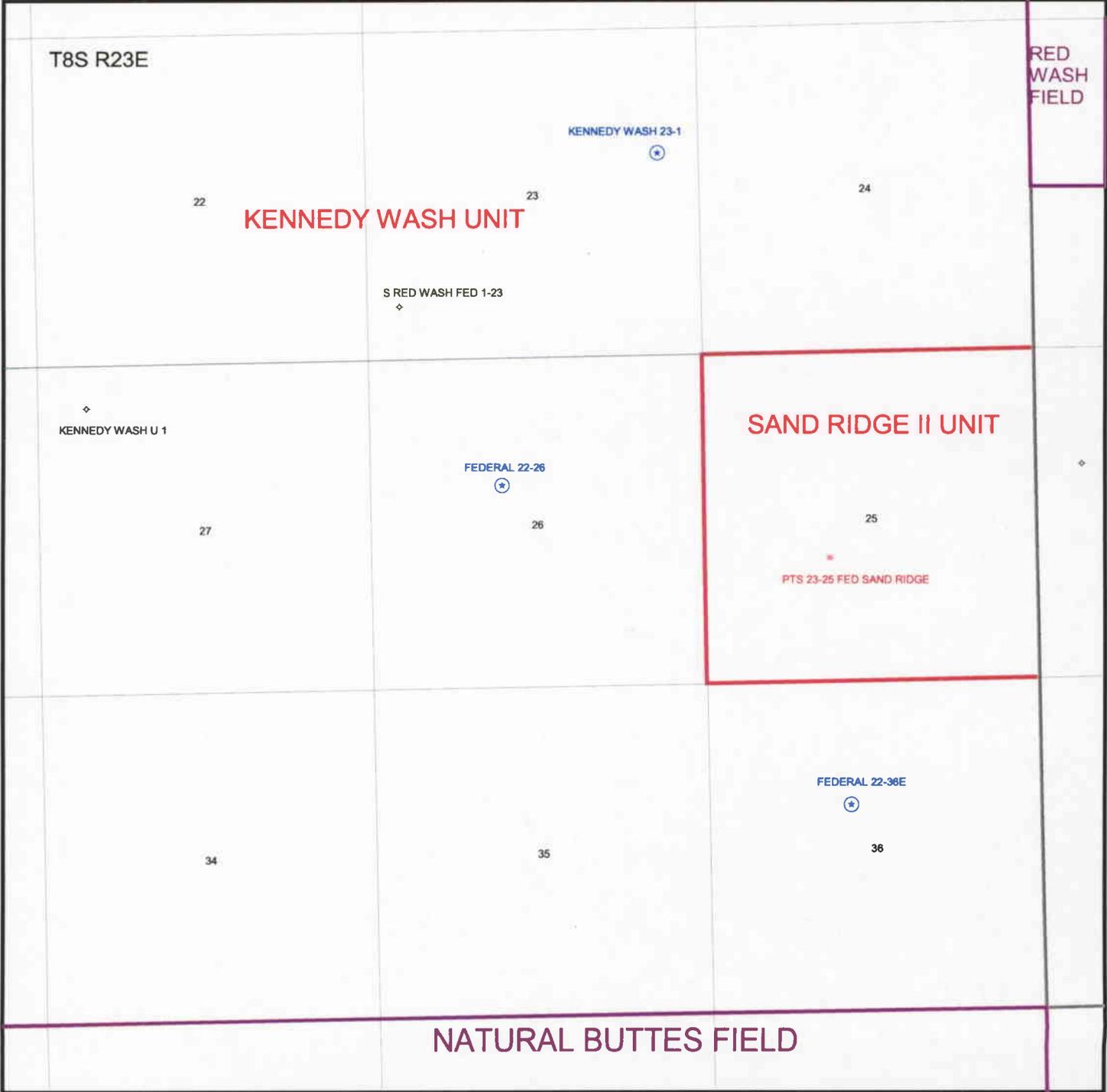
COMMENTS:

STIPULATIONS:

① FEDERAL APPROVAL



OPERATOR: BALLARD PETRO LLC (N2310)
SEC. 26, T8S, R23E
FIELD: WILDCAT (001)
COUNTY: UINTAH SPACING: R649-3-2/GEN ST





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 9, 2001

Ballard Petroleum, LLC
370 - 17th St, Suite 3050
Denver, CO 80202

Re: Federal 22-26 Well, 2045' FNL, 2070' FWL, SE NW, Sec. 26, T. 8 South, R. 23 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.

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 43-047-34178.

Sincerely,

A handwritten signature in black ink that reads "John R. Baza".

John R. Baza
Associate Director

er

Enclosures

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

Operator: Ballard Petroleum, LLC
Well Name & Number Federal 22-26
API Number: 43-047-34178
Lease: UTU 76042

Location: SE NW **Sec.** 26 **T.** 8 South **R.** 23 East

Conditions of Approval

1. General

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

2. Notification Requirements

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

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**

SUBMIT IN TRIPLICATE*
(Other instructions on
reverse side)

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

005

5. LEASE DESIGNATION AND SERIAL NO. UTU-76042		
6. IF INDIAN, ALLOTTEE OR TRIBE NAME N/A		
7. UNIT AGREEMENT NAME N/A		
8. FARM OR LEASE NAME, WELL NO. Federal		
9. API WELL NO. #22-26		
10. FIELD AND POOL, OR WILDCAT North Chapita Wells		
11. SEC., T., R., M., OR BLM AND SURVEY OR AREA Sec. 26, T8S, R23E, SLB&M		
12. COUNTY OR PARISH Uintah	13. STATE Utah	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drg, unit line if any) 2045'	16. NO. OF ACRES IN LEASE 640	17. NO. OF ACRES ASSIGNED TO THIS WELL 40
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR ON THIS LEASE, FT. ±7500'	19. PROPOSED DEPTH 7400'	20. ROTARY OR CABLE TOOLS Rotary
21. ELEVATIONS (Show whether DP, RT, GR, etc.) 5103.8'		22. APPROX. DATE WORK WILL START* November 5, 2001

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK
DRILL DEEPEN

b. TYPE OF WELL
OIL WELL GAS WELL OTHER SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR **Ballard Petroleum LLC** Phone: 303-623-2300 370 17th Street, Suite 3050 Denver, CO 80202

3. ADDRESS AND TELEPHONE NO. **Tri-State Land Surveying Inc.** Phone: 435-781-2501 P.O. Box 533 Vernal, UT 84078 Fax: 435-781-2518

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
At surface **2045' FNL 2070' FWL**
At proposed prod. zone **Same**

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
11 miles South of Redwash Utah

RECEIVED
JUL - 6 2001

23. **PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	K55 8 5/8"	24#	500'	360 SK
7 7/8"	N80 4 1/2"	11.6#	7400'	Top of cement @ 200' inside surface casing

Ballard Petroleum LLC proposes to drill a well to 7400' to test the Mesaverde Formation. If productive, casing will be run and the well completed. If dry, the well will be plugged and abandoned as per BLM and State of Utah requirements.

See Onshore Order No. 1 attached.

Please be advised that Ballard Petroleum LLC is considered to be the operator of the above mentioned well. Ballard Petroleum LLC agrees to be responsible under the terms and conditions of the lease for the operations conducted upon the lease lands.

Bond coverage for this well is provided by Bond No. 1005. The principal is Ballard Petroleum LLC via surety as consent as provided for in 43 CFR 3104.2.

RECEIVED
OCT 19 2001
DIVISION OF OIL, GAS AND MINING

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program if any.

24. **Consultant for:**
SIGNED: Stacy Stewart TITLE: Ballard Petroleum LLC DATE: 6-29-01

NOTICE OF APPROVAL

PERMIT NO. _____ APPROVAL DATE _____

Application approval 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.
CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY: [Signature] TITLE: Assistant Field Manager Mineral Resources DATE: 10/15/2001

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes 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.

CONDITIONS OF APPROVAL ATTACHED

CONDITIONS OF APPROVAL
APPLICATION FOR PERMIT TO DRILL

Company/Operator: BALLARD PETROLEUM LLC

Well Name & Number: N. CHAPITA FEDERAL 22-26

API Number: 43-047-34178

Lease Number: U - 76042

Location: SENW Sec. 26 T.08S R. 23E

Agreement: N/A

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.

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.

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

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 **3M** 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.

If an air compressor is on location and is being utilized to provide air for the drilling medium while drilling, the special drilling requirements in Onshore Oil and Gas Order No. 2, regarding air or gas drilling shall be adhered to. If a mist system is being utilized then the requirement for a deduster shall be waived.

3. Casing Program and Auxiliary Equipment

As a minimum, the usable water resources shall be isolated and/or protected by having a cement top for the production casing at least 200 ft. above the top of the Green River Formation, identified at $\pm 2,114$ ft. If gilsonite is encountered while drilling, it shall be isolated and/or protected via the cementing program.

4. Mud Program and Circulating Medium

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.

A cement bond log (CBL) will be run from the production casing shoe to the 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.

6. Notifications of Operations

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.

7. Other Information

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

All off-lease storage, off-lease measurement, or commingling onlease 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 District 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.

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) 828-7874
Petroleum Engineer

Kirk Fleetwood (435) 828-7875
Petroleum Engineer

BLM FAX Machine (435) 781-4410

SURFACE USE PROGRAM
Conditions of Approval (COA)

Plans For Reclamation Of Location

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

shadscale	Atriplex confertifolia	3 lbs/acre
needle & thread	Stipa comata	3 lbs/acre
Indian rice grass	Oryzopsis hymenoides	3 lbs/acre
winter fat	Krasscheninnikovia lanata	3 lbs/acre
2. If the seed mixture is to be aurally broadcasted, the pounds per acre shall be doubled. All seed poundages are in Pure Live Seed.
3. Immediately after construction the stockpiled top soil will be seeded and the seed worked into the soil by "walking" the pile with caterpillar tracks.
4. For final abandonment all topsoil shall be spread over the recontoured surface and the soils seeded.
5. Seeding for all reclamation work will be performed immediately after the spreading of the topsoil (within 7 days).
6. If fill material is used on the location and access road to prevent water saturated soils, those materials may be required to be removed if it is determined by the authorized officer.

Other Information

1. If invasive weeds developed on areas of development the operator will be required to take action to eradicate the invasive weeds to the satisfaction of the authorized officer.

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.

		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 type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <u>CHANGE OF OPERATOR</u>		8. WELL NAME and NUMBER:
2. NAME OF OPERATOR: BALLARD PETROLEUM LLC		9. API NUMBER:
3. ADDRESS OF OPERATOR: 950 17TH ST,#2600 CITY DENVER STATE CO ZIP 80202		10. FIELD AND POOL, OR WILDCAT:
4. LOCATION OF WELL FOOTAGES AT SURFACE: QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:		COUNTY: 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"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input checked="" type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.
 A MERGER BETWEEN BALLARD PETROLEUM LLC AND AEC OIL & GAS (USA) INC. BECAME EFFECTIVE ON 12-31-01. A COPY OF THE CERTIFICATE OF MERGER IS ATTACHED. THE NAME OF THE SURVIVING CORPORATION IS AEC OIL & GAS (USA) INC., A DELAWARE CORPORATION, WHICH WILL CONTINUE TO OPERATE UNDER BOND RLB0002902 (UT-1005).

 ATTACHED IS A LIST OF THE UTAH WELLS AFFECTED BY THIS MERGER. IT IS REQUESTED THE OPERATOR NAME BE CHANGED TO AEC OIL & GAS (USA) INC.

NAME ERIC MARSH TITLE: VICE PRESIDENT, BALLARD PETROLEUM LLC
 SIGNATURE  DATE: 1/29/02

NAME (PLEASE PRINT) ERIC MARSH TITLE TEAM LEADER, AEC OIL & GAS (USA) INC.
 SIGNATURE  DATE 1/29/02

(This space for State use only)

RECEIVED

FEB 04 2002

DIVISION OF
OIL, GAS AND MINING

API	WELL NAME	LEASE	QUARTER/ QUARTER	SEC- TOWNSHIP- RANGE	COUNTY	WELL STATUS
43-037-30909	HORSEHEAD POINT 18-44	UTU40754	SESE	18-36S-25E	SAN JUAN	SI
43-037-31293	DEADMAN CANYON 1-20	UTU57469	NWSE	20-37S-24E	SAN JUAN	INJ
43-037-31303	DEADMAN CANYON 2-20	UTU57469	SESE	20-37S-24E	SAN JUAN	PROD
43-037-31304	DEADMAN CANYON 3-20	UTU57469	SESE	20-37S-24E	SAN JUAN	P&A
43-037-31306	DEADMAN CANYON 1-28	UTU49678	SESE	28-37S-24E	SAN JUAN	SI
43-037-31403	1-15 CABALLO UNIT	UTU62953	NWNW	15-36S-23E	SAN JUAN	PROD
43-047-31795	NORTH CHAPITA 1-36	UTU56590	SWSW	36-8S-22E	UINTAH	PROD
43-037-31857	BADLANDS 1-31	UTU61401	SESE	31-8S-23E	UINTAH	P&A
43-047-31869	BADLANDS 1-32	UTU56965	SESE	32-8S-23E	UINTAH	PROD
43-047-33451	NORTH CHAPITA 24-31	UTU61401	SESE	31-8S-23E	UINTAH	PROD
43-047-33452	NORTH CHAPITA 44-30	UTU61400	SESE	30-8S-23E	UINTAH	PROD
43-047-33454	NORTH CHAPITA 44-36	UTU56960	SESE	35-8S-22E	UINTAH	PROD
43-049-30018	OIL HOLLOW 5-1	UTU77275	NWSW	5-11S-5E	UTAH	P&A
43-047-34084	FEDERAL 22-36	UTU56960	SESE	36-8S-22E	UINTAH	PROD
43-047-34085	FEDERAL 32-30	UTU61400	SESE	30-8S-23E	UINTAH	PROD
43-047-33453	FEDERAL 44-31	UTU61401	SESE	31-8S-23E	UINTAH	PROD
43-047-34128	FEDERAL 24-36	UTU56960	SESE	36-8S-22E	UINTAH	APD
43-047-34180	FEDERAL 33-20	UTU77300	NWSE	20-8S-24E	UINTAH	APD
43-047-34182	FEDERAL 42-25	UTU65471	SESE	25-8S-22E	UINTAH	APD
43-047-34130	FEDERAL 41-36	UTU56960	SESE	36-8S-22E	UINTAH	APD
43-047-34016	FEDERAL 22-32	UTU56965	SESE	32-8S-23E	UINTAH	APD
43-047-34132	FEDERAL 43-36	UTU56960	SESE	36-8S-22E	UINTAH	APD
43-047-34181	FEDERAL 33-25	UTU65472	NWSE	25-8S-22E	UINTAH	APD
43-047-34179	FEDERAL 24-30	UTU61400	SESE	30-8S-23E	UINTAH	APD
43-047-34131	FEDERAL 43-31	UTU61401	SESE	31-8S-23E	UINTAH	APD
43-047-34127	FEDERAL 23-36	UTU56960	SESE	36-8S-22E	UINTAH	APD
43-047-34125	FEDERAL 22-36E	UTU78025	SESE	36-8S-23E	UINTAH	APD
43-047-34126	FEDERAL 23-31	UTU61401	SESE	31-8S-23E	UINTAH	APD
43-047-34178	FEDERAL 22-26	UTU76042	SESE	26-8S-23E	UINTAH	APD
43-047-34129	FEDERAL 41-31	UTU61401	SESE	31-8S-23E	UINTAH	APD



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

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

In Reply Refer To:
3106
UTU-20544 et al
(UT-924)

FEB 01 2002

NOTICE

AEC Oil & Gas (USA) Inc. : Oil and Gas
950 17th Street :
Suite 2600 :
Denver, Colorado 80202 :

Merger Recognized

Acceptable evidence has been received in this office concerning the Merger of Ballard Petroleum LLC into AEC Oil & Gas (USA) Inc. with AEC Oil & Gas (USA) Inc. being the surviving entity.

For our purposes, the name change is recognized effective December 28, 2001.

The oil and gas lease files identified on the enclosed exhibit have been noted as to the merger. The exhibit was compiled from a list of leases obtained from our computer program. We have not abstracted the lease files to determine if the entities affected by this name change hold an interest in the leases identified nor have we attempted to identify leases where the entities are the operator on the ground maintaining no vested recorded title or operating rights interests. We will be notifying the Minerals Management Service and all applicable Bureau of Land Management offices of the change by a copy of this notice. If additional documentation for changes of operator are required by our Field Offices, you will be contacted by them.

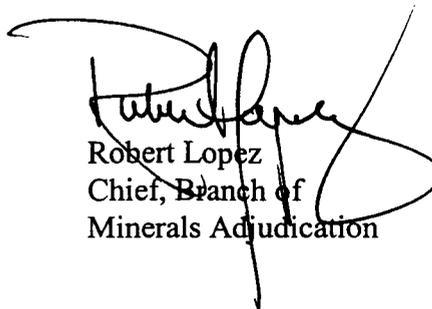
A cross reference was accomplished with our records and found that the lease UTU-58726 was not identified on your listing. We will appropriately document those files with a copy of this Notice.

RECEIVED

FEB 04 2002

DIVISION OF
OIL, GAS AND MINING

Due to the name change, the name of the principal/obligor on the bond is required to be changed from Ballard Petroleum LLC to AEC Oil & Gas (USA) Inc.. You may accomplish this either by consent of surety rider on the original bond or by submitting a bond under the new name. The statewide bond is held in Utah.



Robert Lopez
Chief, Branch of
Minerals Adjudication

Enclosure

1. Exhibit of Leases (1 pp)

cc: Moab Field Office
Vernal Field Office
MMS, Reference Data Branch, MS3130, PO Box 5860, Denver CO 80217
State of Utah, DOGM, Attn: Jim Thompson (Ste. 1210), Box 145801, SLC UT 84114
Teresa Thompson (UT-922)
Joe Incardine (UT-921)

Exhibit of Leases

UTU-20544	UTU-73495
UTU-40754	UTU-73498
UTU-49678	UTU-73717
UTU-54017	UTU-73942
UTU-56960	UTU-74437
UTU-56965	UTU-74439
UTU-57469	UTU-74988
UTU-58726	UTU-76042
UTU-61400	UTU-76043
UTU-61401	UTU-76475
UTU-62252	UTU-76584
UTU-62953	UTU-76705
UTU-63182	UTU-76730
UTU-64422	UTU-76816
UTU-65471	UTU-76817
UTU-65472	UTU-76850
UTU-72045	UTU-77075
UTU-72047	UTU-77267
UTU-72644	UTU-77268
UTU-72645	UTU-77269
UTU-73038	UTU-77270
UTU-73193	UTU-77271
UTU-73417	UTU-77272
UTU-73418	UTU-77273
UTU-73419	UTU-77274
UTU-73426	UTU-77275
UTU-73426	UTU-77276
UTU-73427	UTU-77277
UTU-73428	UTU-77278
UTU-73429	UTU-77300
UTU-73430	UTU-77335
UTU-73431	UTU-77540
UTU-73432	UTU-77862
UTU-73484	UTU-78025
UTU-73446	UTU-78176
UTU-73447	UTU-78223
UTU-73448	UTU-78736
UTU-73454	UTU-78987
UTU-73485	UTU-78988
UTU-73486	UTU-79020
UTU-73487	UTU-79186
UTU-73489	
UTU-73490	

**CERTIFICATE OF MERGER OF
MAPLELEAF TRANSACTIONS, INC. AND BALLARD PETROLEUM LLC
INTO AEC OIL & GAS (USA) INC.**

The undersigned corporation, formed and existing under and by virtue of the Delaware General Corporation Law, does hereby certify:

FIRST: The name and jurisdiction of incorporation of each of the entities which is to merge are as follows:

<u>Name</u>	<u>Jurisdiction of Incorporation</u>
AEC Oil & Gas (USA) Inc.	Delaware
Mapleleaf Transactions, Inc.	Delaware
Ballard Petroleum LLC	Delaware

SECOND: An Agreement and Plan of Merger has been approved, adopted, certified, executed and acknowledged by AEC Oil & Gas (USA) Inc. and Mapleleaf Transactions, Inc. in accordance with Section 264 of the Delaware General Corporation Law and by Ballard Petroleum LLC in accordance with Section 209 of the Delaware Limited Liability Company Act

THIRD: The name of the surviving corporation is AEC Oil & Gas (USA) Inc., a Delaware corporation.

FOURTH: The Certificate of Incorporation of the surviving corporation shall be the Certificate of Incorporation of AEC Oil & Gas (USA) Inc. as in effect immediately preceding the merger.

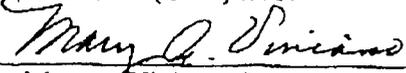
FIFTH: The merger of Mapleleaf Transactions, Inc. and Ballard Petroleum LLC into AEC Oil & Gas (USA) Inc. shall be effective on (i) 11:59 pm EST, December 31, 2001; and (ii) the day and hour of the filing of this Certificate of Merger in the office of the Secretary of State of Delaware.

SIXTH: The executed Agreement and Plan of Merger is on file at the principal place of business of the surviving corporation, which is AEC Oil & Gas (USA) Inc., 950 17th Street, Suite 2600, Denver, Colorado 80202.

SEVENTH: A copy of the Agreement and Plan of Merger will be furnished by the surviving corporation, on request and without cost, to any stockholder of Mapleleaf Transactions, Inc. and AEC Oil & Gas (USA) Inc. and to any member of Ballard Petroleum LLC.

AEC OIL & GAS (USA) INC.

By:


Mary A. Viviano, Secretary



State of Delaware

010674344

SECRETARY OF STATE
 DIVISION OF CORPORATIONS
 P.O. BOX 898
 DOVER, DELAWARE 19903

9343315
 WELBORN SULLIVAN MECK & TOOLE, P.C.
 821 17TH STREET
 STE 500
 DENVER CO 80202
 ATTN: AMY MANG X#

12-28-2001

DESCRIPTION	AMOUNT
BALLARD PETROLEUM LLC	
3056340 0250N Merger; Non-Survivor	
Merger	50.00
Franchise Tax Balance	100.00
FILING TOTAL	150.00
MAPLELEAF TRANSACTIONS, INC.	
3340722 0250N Merger; Non-Survivor	
Franchise Tax Balance	30.00
FILING TOTAL	30.00
AEC OIL & GAS (USA) INC.	
2137895 0250S Merger; Survivor	
Merger	75.00
Receiving/Indexing	50.00
Data Entry Fee	20.00
Surcharge Assessment-New Castle	6.00
Page Assessment-New Castle Count	18.00
Expedite Fee, Same Day	200.00
FILING TOTAL	369.00
TOTAL CHARGES	549.00
TOTAL PAYMENTS	549.00
SERVICE REQUEST BALANCE	.00

BOND RIDER NO. 2

Attaching to and forming part of Oil and Gas or Geothermal Lease Bond, Bond No. RLB0002902, effective February 20, 2001, on behalf of Ballard Petroleum, LLC as Principal, in favor of the United States of America as Obligee, in the amount of Fifty Thousand and No/100 Dollars (\$50,000.00).

It is understood and agreed that effective January 15, 2002, the name of the Principal has been changed under this bond to read:

AEC Oil & Gas (USA) Inc.

All other conditions and terms to remain as originally written.

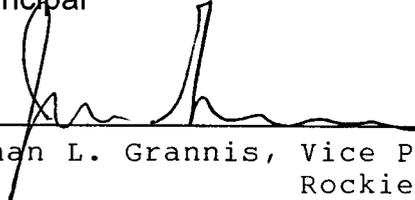
Signed, Sealed and dated this 15th day of January, 2002

AEC Oil & Gas (USA) Inc.

Principal

Mac

By


Jonathan L. Grannis, Vice President,
Rockies Exploration

RLI Insurance Company

Surety

By


Greg E. Chilson, Attorney-in-Fact
8 Greenway Plaza, Suite 400
Houston, Texas 77046


Mary A. Viviano, Secretary



9025 North Lindbergh Dr. • Peoria, IL 61615
(309) 692-1000 or (800) 645-2402

RLB0002902

POWER OF ATTORNEY

RLI Insurance Company

Know All Men by These Presents:

That the RLI INSURANCE COMPANY, a corporation organized and existing under the laws of the State of Illinois, and authorized and licensed to do business in all states and the District of Columbia does hereby make, constitute and appoint: GREG E. CHILSON

in the City of HOUSTON, State of TEXAS, as Attorney-in-Fact, with full power and authority hereby conferred upon him to sign, execute, acknowledge and deliver for and on its behalf as Surety and as its act and deed, all of the following classes of documents to-wit:

\$50,000.00

Indemnity, Surety and Undertakings that may be desired by contract, or may be given in any action or proceeding in any court of law or equity; policies indemnifying employers against loss or damage caused by the misconduct of their employees; official, bail and surety and fidelity bonds. Indemnity in all cases where indemnity may be lawfully given; and with full power and authority to execute consents and waivers to modify or change or extend any bond or document executed for this Company, and to compromise and settle any and all claims or demands made or existing against said Company.

The RLI INSURANCE COMPANY further certifies that the following is a true and exact copy of a Resolution adopted by the Board of Directors of RLI Insurance Company, and now in force to-wit:

“All bonds, policies, undertakings, Powers of Attorney, or other obligations of the corporation shall be executed in the corporate name of the Company by the President, Secretary, any Assistant Secretary, Treasurer, or any Vice President, or by such other officers as the Board of Directors may authorize. The President, any Vice President, Secretary, any Assistant Secretary, or the Treasurer may appoint Attorneys-in-Fact or Agents who shall have authority to issue bonds, policies, or undertakings in the name of the Company. The corporate seal is not necessary for the validity of any bonds, policies, undertakings, Powers of Attorney, or other obligations of the corporation. The signature of any such officer and the corporate seal may be printed by facsimile.”

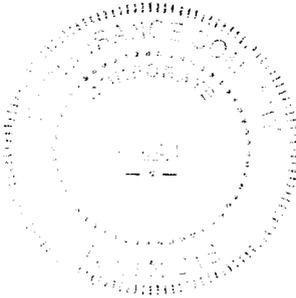
(Blue shaded areas above indicate authenticity)

IN WITNESS WHEREOF, the RLI Insurance Company has caused these presents to be executed by its PRESIDENT with its corporate seal affixed this

ATTEST:

Camille J. Hensey
Corporate Secretary

State of Illinois)
) SS
County of Peoria)



By: Jonathan E. Michael
President

On this 15 day of Jan., 2002 before me, a Notary Public, personally appeared Jonathan E. Michael and Camille J. Hensey, who being by me duly sworn, acknowledged that they signed the above Power of Attorney as President and Corporate Secretary, respectively, of the said RLI INSURANCE COMPANY, and acknowledged said instrument to be the voluntary act and deed of said corporation.

Cherie L. Montgomery
Notary Public



OPERATOR CHANGE WORKSHEET

1. GLH
2. CDW <input checked="" type="checkbox"/>
3. FILE

006

Change of Operator (Well Sold)

Designation of Agent

Operator Name Change

X Merger

The operator of the well(s) listed below has changed, effective: 12-31-2001	
FROM: (Old Operator):	TO: (New Operator):
BALLARD PETROLEUM LLC	AEC OIL & GAS (USA) INC
Address: 950 17TH STREET STE 2600	Address: 950 17TH STREET STE 2600
DENVER, CO 80202	DENVER, CO 80202
Phone: 1-(303)-389-5015	Phone: 1-(303)-389-5015
Account No. N2310	Account No. N2085

CA No. Unit:

WELL(S)	SEC TWN	API NO	ENTITY	LEASE	WELL	WELL
NAME	RNG		NO	TYPE	TYPE	STATUS
HORSEHEAD POINT 18-44	18-36S-25E	43-037-30909	6031	FEDERAL	GW	S
FEDERAL 42-25	25-08S-22E	43-047-34182	99999	FEDERAL	GW	APD
FEDERAL 33-25	25-08S-22E	43-047-34181	99999	FEDERAL	GW	APD
FEDERAL 22-36	36-08S-22E	43-047-34084	13173	FEDERAL	GW	P
FEDERAL 23-36	36-08S-22E	43-047-34127	99999	FEDERAL	GW	APD
FEDERAL 24-36	36-08S-22E	43-047-34128	99999	FEDERAL	GW	APD
FEDERAL 41-36	36-08S-22E	43-047-34130	99999	FEDERAL	GW	APD
FEDERAL 43-36	36-08S-22E	43-047-34132	99999	FEDERAL	GW	APD
FEDERAL 44-36	36-08S-22E	43-047-33454	13075	FEDERAL	GW	P
FEDERAL 22-26	26-08S-23E	43-047-34178	99999	FEDERAL	GW	APD
FEDERAL 32-30	30-08S-23E	43-047-34085	13172	FEDERAL	GW	P
FEDERAL 24-30	30-08S-23E	43-047-34179	99999	FEDERAL	GW	APD
FEDERAL 44-30	30-08S-23E	43-047-33452	13137	FEDERAL	GW	P
FEDERAL 23-31	31-08S-23E	43-047-34126	99999	FEDERAL	GW	APD
FEDERAL 24-31	31-08S-23E	43-047-33451	13138	FEDERAL	GW	P
FEDERAL 41-31	31-08S-23E	43-047-34129	99999	FEDERAL	GW	APD
FEDERAL 43-31	31-08S-23E	43-047-34131	99999	FEDERAL	GW	APD
FEDERAL 44-31	31-08S-23E	43-047-33453	13091	FEDERAL	GW	P
FEDERAL 22-32	32-08S-23E	43-047-34016	99999	FEDERAL	GW	APD
FEDERAL 22-36E	36-08S-23E	43-047-34125	99999	FEDERAL	GW	APD
FEDERAL 33-20	20-08S-24E	43-047-34180	99999	FEDERAL	GW	APD

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: 02/04/2002
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 02/04/2002
- The new company has been checked through the **Department of Commerce, Division of Corporations Database** on: 02/04/2002
- Is the new operator registered in the State of Utah: YES Business Number: 764413-0143
- If **NO**, the operator was contacted on: N/A

6. **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: 12/28/2001

7. **Federal and Indian Units:**

The BLM or BIA has approved the successor of unit operator for wells listed on: 12/28/2001

8. **Federal and Indian Communization Agreements ("CA"):**

The BLM or BIA has approved the operator for all wells listed within a CA on: N/A

9. **Underground Injection Control ("UIC")** The Division has approved UIC Form 5, **Transfer of Authority to Inject**, for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: N/A

DATA ENTRY:

1. Changes entered in the **Oil and Gas Database** on: 02/04/2002
2. Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 02/04/2002
3. Bond information entered in RBDMS on: N/A
4. Fee wells attached to bond in RBDMS on: N/A

STATE WELL(S) BOND VERIFICATION:

1. State well(s) covered by Bond Number: N/A

FEDERAL WELL(S) BOND VERIFICATION:

1. Federal well(s) covered by Bond Number: RLB0002902

INDIAN WELL(S) BOND VERIFICATION:

1. Indian well(s) covered by Bond Number: N/A

FEE WELL(S) BOND VERIFICATION:

1. (R649-3-1) The **NEW** operator of any fee well(s) listed covered by Bond Number N/A
2. The **FORMER** operator has requested a release of liability from their bond on: N/A
The Division sent response by letter on: N/A

LEASE INTEREST OWNER NOTIFICATION:

3. (R649-2-10) The **FORMER** 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:



United States Department of the Interior



BUREAU OF LAND MANAGEMENT
Montana State Office
5001 Southgate Drive, P.O. Box 36800
Billings, Montana 59107-6800
<http://www.mt.blm.gov/>

In Reply To:

MTBIL 027549 et al
BLM Bond Nos. MT1009
WY1380
UT1005
CO1384

(922.EK)

May 10, 2002

NOTICE

EnCana Energy Resources Inc.
EnCana Oil & Gas (USA) Inc.
600 South Excelsior
Butte, Montana 59701

CORPORATE MERGERS AND NAME CHANGES RECOGNIZED

You have filed acceptable evidence confirming the following corporate merger and resulting name changes.

Merger:

PanCanadian Energy Corporation and Alberta Energy Company Ltd. with a name change to EnCana Corporation - April 8, 2002

Name Changes:

PanCanadian Resources to EnCana Resources - April 9, 2002
PanCanadian Heritage Lands to EnCana Heritage Lands - April 9, 2002
PanCanadian Energy Services Inc. to EnCana Energy Services Inc. -
April 8, 2002
PanCanadian Energy Resources Inc. to EnCana Energy Resources Inc. -
April 3, 2002
PanCanadian Gulf of Mexico Inc. to EnCana GOM Inc. - April 8, 2002
PanCanadian Midstream Inc. to EnCana Midstream Inc. - April 8, 2002
PanCanadian Midstream Limited to EnCana Midstream Limited -
April 8, 2002
PanCanadian Energy Holdings Inc. to EnCana Energy Holdings Inc. -
April 8, 2002

AEC Gathering Services (USA) Inc. to EnCana Gathering Services (USA)
Inc. - April 5, 2002
AEC Gulf of Mexico Inc. to EnCana Gulf of Mexico Inc. - April 8, 2002
AEC International (USA) Inc. to EnCana International (USA) Inc. -
April 8, 2002
AEC Marketing (USA) Inc. to EnCana Marketing (USA) Inc. - April 8, 2002
AEC Oil & Gas (USA) Inc. to EnCana Oil & Gas (USA) Inc. - April 5, 2002
AEC Oil & Gas Co. Ltd. to EnCana Oil & Gas Co. Ltd. - April 5, 2002
AEC Oil & Gas Partnership to EnCana Oil & Gas Partnership -
April 8, 2002
AEC Pipelines (USA) Inc. to EnCana Pipelines (USA) Inc. - April 8, 2002

AEC Storage and Hub Services Inc. to EnCana Gas Storage Inc. -

April 8, 2002
AEC West Ltd. to EnCana West Ltd. - April 5, 2002
AEC Pipelines Ltd. to EnCana Pipelines Ltd. - April 8, 2002

For our purpose we are recognizing the merger and name changes effective as shown above, as certified by the various Secretary of the States or the Canadian Office of Register. The principal automatically changes by operation of law from PanCanadian Energy Resources Inc. to EnCana Energy Resources Inc. on bond no. 055 S103356131BCM (BLM Bond No. MT1009) with Travelers Casualty & Surety Company of America as surety. The principal automatically changes by operation of law from AEC Oil & Gas (USA) Inc. to EnCana Oil & Gas (USA) Inc. on the following bonds:

Bond No. SLRC6413968 (BLM Bond No. WY1380) - The American Insurance Company as surety.
Bond No. RLB0002901 (BLM Bond No. CO1384) - RLI Insurance Company as surety.
BLM Bond No. UT1005 backed by a Letter of Credit.

We updated the oil and gas lease files identified on the enclosed exhibits A, B and C to reflect the new names. We compiled the exhibit from leases shown on our automated records system and the list you submitted. We are notifying the Minerals Management Service and applicable Bureau of Land Management offices of the change so they can update their records. If our field offices require additional documentation for changes of operator, they will contact you.

If you identify additional leases affected by the name change, please contact this office and we will document the files under our jurisdiction with a copy of this notice. If the leases are under the jurisdiction of another State Office, we will notify them.

If you have any questions, please contact Elaine at (406) 896-5108, or FAX (406) 896-5292.

/s/ Karen L. Johnson

Karen L. Johnson, Chief
Fluids Adjudication Section

3 Enclosures

- 1-Exhibit A - BLM automated records report
- 2-Exhibit B - List of leases submitted by PanCanadian Energy Res.
- 3-Exhibit C - BLM automated records report for AEC OG (USA), AEC O&G (USA) INC, AEC OIL & GAS (USA) INC, AEC OIL & GAS USA INC,

cc: (w/encl)

Travelers Casualty & Surety Company of America, One Tower Square, Hartford, CT 06183-6014

RLI Insurance Company, 9025 N. Lindbergh Drive, Peoria, IL 61615

The American Insurance Company, 777 San Marin Drive, Novato, CA 94998

MMS, MRM, Attn: Gail Ryer, P.O. Box 5760, MS357B1, Denver, CO 80217

FM, North Dakota

FM, Miles City

Great Falls Oil & Gas Field Station

MT-922 (RM&O Section)

MT-930 (Cashier)

SMA

Merger/Name Change File

cc: (without enclosure)

All State Offices (electronic)

MT-921

MT-924

Bureau of Indian Affairs, Regional Director Rocky Mountain Region, Real
Estate Services, 316 North 26th Street, Billings, MT 59101

Bureau of Indian Affairs, Regional Director Great Plains Regional Office, 115
4th Ave. S.E. Aberdeen SD 57401

922.Ekaufman:cs:5/10/02:X5108:pancanadian.elk.doc



MAY 17 2002

DIVISION OF
OIL, GAS AND MINING

EnCana Oil & Gas (USA) Inc.

950 17th Street

Suite 2600

Denver CO USA 80202

tel: (303) 623-2300

fax: (303) 623-2400

www.encana.com

To Whom It May Concern:

⇒US E&P Notice

On April 5, 2002 the Canadian merger transaction between PanCanadian Energy Corporation (PanCanadian) and Alberta Energy Company Ltd. (AEC) took effect and we began operating as **EnCana Corporation** on April 8, 2002.

As a result of the merger, several former PanCanadian affiliates have changed their names:

- PanCanadian Energy Corporation has become **EnCana Corporation**
- PanCanadian Resources has become **EnCana Resources**
- PanCanadian Heritage Lands has become **EnCana Heritage Lands**
- PanCanadian Energy Services Inc. has become **EnCana Energy Services Inc.**
- PanCanadian Energy Resources Inc. has become **EnCana Energy Resources Inc.**
- PanCanadian Gulf of Mexico Inc. has become **EnCana GOM Inc.**
- PanCanadian Midstream Inc. has become **EnCana Midstream Inc.**
- PanCanadian Midstream Limited has become **EnCana Midstream Limited**
- PanCanadian Energy Holdings Inc. has become **EnCana Energy Holdings Inc.**

Also, as a result of the merger AEC became an indirect subsidiary of EnCana Corporation. *AEC's name has not changed and if you dealt with AEC in the past you should continue to deal with AEC in the normal fashion.* The following AEC affiliates have, however, changed their names:

- ⇒ **AEC Gathering Services (USA) Inc. has become EnCana Gathering Services (USA) Inc.**
 - AEC Gulf of Mexico Inc. has become **EnCana Gulf of Mexico Inc.**
 - AEC International (USA) Inc. has become **EnCana International (USA) Inc.**
 - AEC Marketing (USA) Inc. has become **EnCana Marketing (USA) Inc.**
- ⇒ **AEC Oil & Gas (USA) Inc. has become EnCana Oil & Gas (USA) Inc.**
 - AEC Oil & Gas Co. Ltd. has become **EnCana Oil & Gas Co. Ltd.**
 - AEC Oil & Gas Partnership has become **EnCana Oil & Gas Partnership**
 - AEC Pipelines (USA) Inc. has become **EnCana Pipelines (USA) Inc.**
 - AEC Storage and Hub Services Inc. has become **EnCana Gas Storage Inc.**
 - AEC West Ltd. has become **EnCana West Ltd.**
 - AEC Pipelines Ltd. has become **EnCana Pipelines Ltd.**

Please address all future notices, invoices, payments, correspondence and other communications to the appropriate EnCana entity. The mailing address for the entity you have been dealing with will remain the same until you are notified otherwise.

If you have outstanding contract(s) with any of the above-noted entities, no changes or amendments are required at this time.

⇒If you are dealing with any other former PanCanadian or AEC affiliates which are not listed above, **such as McMurry Oil Company and Fort Collins Consolidated Royalties, Inc.**, you may assume that such affiliate's name has not changed and you should continue to do business with that affiliate in the normal fashion until further notice.

If you require the *Proof of Filing* or the effective date of the respective name changes, you can download them from our web site at www.encana.com/Doing business with us.

EnCana Corporation and its affiliates look forward to a continued business relationship with you.

008

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 checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-76042
2. NAME OF OPERATOR: AEC OIL & GAS (USA) INC.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: NA
3. ADDRESS OF OPERATOR: 950 17 ST, #2600 CITY DENVER STATE CO ZIP 80202		7. UNIT or CA AGREEMENT NAME: NA
4. LOCATION OF WELL FOOTAGES AT SURFACE: 2045' FNL 2070' FWL		8. WELL NAME and NUMBER: FEDERAL 22-26
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SENW 26 8S 23E		9. API NUMBER: 4304734178
COUNTY: UINTAH		10. FIELD AND POOL, OR WILDCAT: NORTH CHAPITA
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: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>APD EXTENSION</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.
AEC OIL & GAS (USA) INC REQUESTS THE APD FOR THE WELL REFERENCED ABOVE BE EXTENDED FOR ONE YEAR.

Approved by the
Utah Division of
Oil, Gas and Mining
Date: 06-16-02
By: [Signature]

COPY SENT TO OPERATOR
Date: 6-13-02
Initials: CHD

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MAY 30 2002
DIVISION OF
OIL, GAS AND MINING

NAME (PLEASE PRINT) <u>RUTHANN MORSS</u>	TITLE <u>PERMITTING AGENT</u>
SIGNATURE <u>[Signature]</u>	DATE <u>5/24/2002</u>

(This space for State use only)

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 type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <u>NAME CHANGE</u>		8. WELL NAME and NUMBER:
2. NAME OF OPERATOR: EnCana Oil & Gas (USA) Inc.		9. API NUMBER:
3. ADDRESS OF OPERATOR: 950 17th Street, #2600 CITY Denver STATE CO ZIP 80202		10. FIELD AND POOL, OR WILDCAT:
4. LOCATION OF WELL FOOTAGES AT SURFACE:		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"/> 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 checked="" type="checkbox"/> OTHER: <u>Name Change</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.

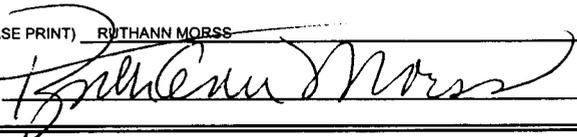
Effective 4-8-02 the name of AEC Oil & Gas (USA) Inc. was changed to EnCana Oil & Gas (USA) Inc. A copy of the Bond No. RLB0002902 is enclosed. The name of the Principal has been changed under this bond to read EnCana Oil & Gas (USA) Inc.

Attached is a list of Utah wells affected by this name change. It is requested the Operator Name be changed from AEC Oil & Gas (USA) Inc. to EnCana Oil & Gas (USA) Inc.

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DIVISION OF
OIL, GAS AND MINING

NAME (PLEASE PRINT) <u>RUTHANN MORSS</u>	TITLE <u>PERMITTING AGENT</u>
SIGNATURE 	DATE _____

(This space for State use only)

APR-05-2002 FRI 02:09 PM WSM&T

FAX NO. 3038322366
STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 04:12 PM 04/05/2002
020221516 - 2137895

**CERTIFICATE OF AMENDMENT
OF CERTIFICATE OF INCORPORATION
OF AEC OIL & GAS (USA) INC.**

AEC Oil & Gas (USA) Inc., a Delaware corporation (the "Corporation") hereby certifies as follows:

1. The Board of Directors and Sole Stockholder of the Corporation have adopted the following resolution in accordance with Section 242 of the General Corporation Law of the State of Delaware, as amended:

RESOLVED, that the Corporation's Certificate of Incorporation is hereby amended by deleting the FIRST paragraph of said certificate in its entirety and by substituting the following therefor:

"FIRST. The name of the Corporation is EnCana Oil & Gas (USA) Inc."

2. The capital of the Corporation shall not be reduced under or by reason of said amendment.

AEC OIL & GAS (USA) INC.

By: Mary A. Viviano
Mary A. Viviano, Secretary

Date: 4-5-02

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DIVISION OF
OIL, GAS AND MINING

BOND RIDER NO. 3

Attaching to and forming part of Oil and Gas or Geothermal Lease Bond, Bond No. RLB0002902, effective February 20, 2001, on behalf of AEC Oil & Gas (USA) Inc. as Principal, in favor of the United States of America as Obligee, in the amount of Fifty Thousand and No/100 Dollars (\$50,000.00).

It is understood and agreed that effective June 1, 2002, the name of the Principal has been changed under this bond to read:

EnCana Oil & Gas (USA) Inc.

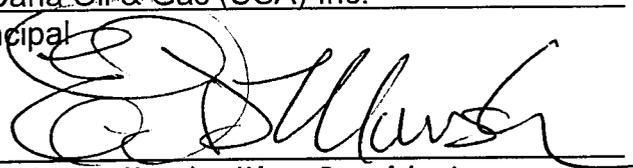
All other conditions and terms to remain as originally written.

Signed, Sealed and dated this 31st day of May, 2002.

EnCana Oil & Gas (USA) Inc.

Principal

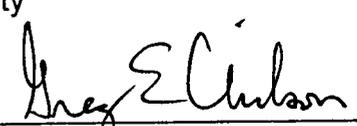
By


Eric D. Marsh, Vice President

RLI Insurance Company

Surety

By


Greg E. Chilson, Attorney-in-Fact
8 Greenway Plaza, Suite 400
Houston, Texas 77046

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JUN 19 2002

DIVISION OF
OIL, GAS AND MINING



9025 North Lindbergh Dr. • Peoria, IL 61615
(309) 692-1000 or (800) 645-2402

RLB0002902

POWER OF ATTORNEY

RLI Insurance Company

Know All Men by These Presents:

That the RLI INSURANCE COMPANY, a corporation organized and existing under the laws of the State of Illinois, and authorized and licensed to do business in all states and the District of Columbia does hereby make, constitute and appoint: GREG E. CHILSON

in the City of HOUSTON, State of TEXAS, as Attorney-in-Fact, with full power and authority hereby conferred upon him to sign, execute, acknowledge and deliver for and on its behalf as Surety and as its act and deed, all of the following classes of documents to-wit:

\$50,000.00

Indemnity, Surety and Undertakings that may be desired by contract, or may be given in any action or proceeding in any court of law or equity; policies indemnifying employers against loss or damage caused by the misconduct of their employees; official, bail and surety and fidelity bonds. Indemnity in all cases where indemnity may be lawfully given; and with full power and authority to execute consents and waivers to modify or change or extend any bond or document executed for this Company, and to compromise and settle any and all claims or demands made or existing against said Company.

The RLI INSURANCE COMPANY further certifies that the following is a true and exact copy of a Resolution adopted by the Board of Directors of RLI Insurance Company, and now in force to-wit:

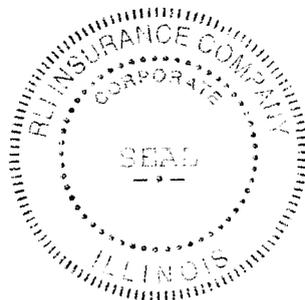
"All bonds, policies, undertakings, Powers of Attorney, or other obligations of the corporation shall be executed in the corporate name of the Company by the President, Secretary, any Assistant Secretary, Treasurer, or any Vice President, or by such other officers as the Board of Directors may authorize. The President, any Vice President, Secretary, any Assistant Secretary, or the Treasurer may appoint Attorneys-in-Fact or Agents who shall have authority to issue bonds, policies, or undertakings in the name of the Company. The corporate seal is not necessary for the validity of any bonds, policies, undertakings, Powers of Attorney, or other obligations of the corporation. The signature of any such officer and the corporate seal may be printed by facsimile."

(Blue shaded areas above indicate authenticity)

IN WITNESS WHEREOF, the RLI Insurance Company has caused these presents to be executed by its PRESIDENT with its corporate seal affixed this

ATTEST:

Camille J. Hensey
Corporate Secretary



By: Jonathan E. Michael
President

State of Illinois)
) SS
County of Peoria)

On this 31 day of May 2002 before me, a Notary Public, personally appeared Jonathan E. Michael and Camille J. Hensey, who being by me duly sworn, acknowledged that they signed the above Power of Attorney as President and Corporate Secretary, respectively, of the said RLI INSURANCE COMPANY, and acknowledged said instrument to be the voluntary act and deed of said corporation.

Cherie L. Montgomery
Notary Public



RECEIVED

JUN 19 2002

DIVISION OF
OIL, GAS AND MINING

SPA026 (10/01)

API	WELL NAME	LEASE	QUARTER QUARTER	SEC- TOWNSHIP- RANGE	COUNTY	WELL STATUS
43-037-30909	HORSEHEAD POINT 16-44	UTU40754	SESE	18-36S-25E	SAN JUAN	SI
43-037-31293	DEADMAN CANYON 1-20	UTU57469	NWSE	20-37S-24E	SAN JUAN	INJ
43-037-31303	DEADMAN CANYON 2-20	UTU57469	SESE	20-37S-24E	SAN JUAN	PROD
43-037-31304	DEADMAN CANYON 3-20	UTU57469	SESE	20-37S-24E	SAN JUAN	P&A
43-037-31306	DEADMAN CANYON 1-28	UTU49678	SESE	28-37S-24E	SAN JUAN	SI
43-037-31403	1-15 CABALLO UNIT	UTU62953	NWNW	15-36S-23E	SAN JUAN	PROD
43-047-31795	NORTH CHAPITA 1-36	UTU56590	NWNW	36-8S-22E	UINTAH	PROD
43-037-31857	BADLANDS 1-31	UTU61401	SWSW	31-8S-23E	UINTAH	P&A
43-047-31869	BADLANDS 1-32	UTU56965	SESE	32-8S-23E	UINTAH	PROD
43-047-33451	NORTH CHAPITA 24-31	UTU61401	SESW	31-8S-23E	UINTAH	PROD
43-047-33452	NORTH CHAPITA 44-30	UTU61400	SESE	30-8S-23E	UINTAH	PROD
43-047-33454	NORTH CHAPITA 44-36	UTU56960	SESE	35-8S-22E	UINTAH	PROD
43-049-30018	OIL HOLLOW 5-1	UTU77275	NWSW	5-11S-5E	UTAH	P&A
43-047-34084	FEDERAL 22-36	UTU56960	SESE	36-8S-22E	UINTAH	PROD
43-047-34085	FEDERAL 32-30	UTU61400	SESE	30-8S-23E	UINTAH	PROD
43-047-33453	FEDERAL 44-31	UTU61401	SESE	31-8S-23E	UINTAH	PROD
43-047-34128	FEDERAL 24-36	UTU56960	SESE	36-8S-22E	UINTAH	APD
43-047-34180	FEDERAL 33-20	UTU77300	SESW	20-8S-24E	UINTAH	APD
43-047-34182	FEDERAL 42-25	UTU65471	NWSE	25-8S-22E	UINTAH	APD
43-047-34130	FEDERAL 41-36	UTU56960	SENE	36-8S-22E	UINTAH	APD
43-047-34016	FEDERAL 22-32	UTU56965	NENE	32-8S-23E	UINTAH	APD
43-047-34132	FEDERAL 43-36	UTU56960	SENE	36-8S-22E	UINTAH	APD
43-047-34181	FEDERAL 33-25	UTU65472	SENE	25-8S-22E	UINTAH	APD
43-047-34179	FEDERAL 24-30	UTU61400	SESW	30-8S-23E	UINTAH	APD
43-047-34131	FEDERAL 43-31	UTU61401	NESE	31-8S-23E	UINTAH	APD
43-047-34127	FEDERAL 23-36	UTU56960	NESE	36-8S-22E	UINTAH	APD
43-047-34125	FEDERAL 22-36E	UTU78025	NESW	36-8S-23E	UINTAH	APD
43-047-34126	FEDERAL 23-31	UTU61401	SESW	31-8S-23E	UINTAH	APD
43-047-34178	FEDERAL 22-26	UTU76042	SESW	26-8S-23E	UINTAH	APD
43-047-34129	FEDERAL 41-31	UTU61401	NENE	31-8S-23E	UINTAH	APD

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JUN 19 2002

**DIVISION OF
OIL, GAS AND MINING**

API	WELL NAME	LEASE	QUARTER/ QUARTER	SEC- TOWNSHIP- RANGE	COUNTY	WELL STATUS
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43-047-31869	BADLANDS 1-32	UTU56965	SESE	32-8S-23E	UINTAH	PROD
43-047-33451	NORTH CHAPITA 24-31	UTU61401	SESW	31-8S-23E	UINTAH	PROD
43-047-33452	NORTH CHAPITA 44-30	UTU61400	SESE	30-8S-23E	UINTAH	PROD
43-047-33454	NORTH CHAPITA 44-36	UTU56960	SESE	35-8S-22E	UINTAH	PROD
43-049-30018	OIL HOLLOW 5-1	UTU77275	NWSW	5-11S-5E	UTAH	P&A
43-047-34084	FEDERAL 22-36	UTU56960	SENE	36-8S-22E	UINTAH	PROD
43-047-34085	FEDERAL 32-30	UTU61400	SWNE	30-8S-23E	UINTAH	PROD
43-047-33453	FEDERAL 44-31	UTU61401	SESE	31-8S-23E	UINTAH	PROD
43-047-34128	FEDERAL 24-36	UTU56960	SESW	36-8S-22E	UINTAH	APD
43-047-34180	FEDERAL 33-20	UTU77300	NWSE	20-8S-24E	UINTAH	APD
43-047-34182	FEDERAL 42-25	UTU65471	SENE	25-8S-22E	UINTAH	APD
43-047-34130	FEDERAL 41-36	UTU56960	NENE	36-8S-22E	UINTAH	APD
43-047-34016	FEDERAL 22-32	UTU56965	SENE	32-8S-23E	UINTAH	APD
43-047-34132	FEDERAL 43-36	UTU56960	NESE	36-8S-22E	UINTAH	APD
43-047-34181	FEDERAL 33-25	UTU65472	NWSE	25-8S-22E	UINTAH	APD
43-047-34179	FEDERAL 24-30	UTU61400	SESW	30-8S-23E	UINTAH	APD
43-047-34131	FEDERAL 43-31	UTU61401	NESE	31-8S-23E	UINTAH	APD
43-047-34127	FEDERAL 23-36	UTU56960	NESW	36-8S-22E	UINTAH	APD
43-047-34125	FEDERAL 22-36E	UTU78025	SENE	36-8S-23E	UINTAH	APD
43-047-34126	FEDERAL 23-31	UTU61401	NESW	31-8S-23E	UINTAH	APD
43-047-34178	FEDERAL 22-26	UTU76042	SENE	26-8S-23E	UINTAH	APD
43-047-34129	FEDERAL 41-31	UTU61401	NENE	31-8S-23E	UINTAH	APD

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JUN 19 2002

**DIVISION OF
OIL, GAS AND MINING**

OPERATOR CHANGE WORKSHEET

1. GLH
2. CDW <input checked="" type="checkbox"/>
3. FILE

007

Change of Operator (Well Sold)

Designation of Agent

Operator Name Change

X Merger

The operator of the well(s) listed below has changed, effective: 04-08-2002	
FROM: (Old Operator):	TO: (New Operator):
AEC OIL & GAS USA INC	ENCANA OIL & GAS INC
Address: 950 17TH STREET, STE 2600	Address: 950 17TH STREET, STE 2600
DENVER, CO 80202	DENVER, CO 80202
Phone: 1-(406)-628-4164	Phone: 1-(303)-623-2300
Account No. N2085	Account No. N2175

CA No. Unit:

WELL(S)	SEC TWN	API NO	ENTITY	LEASE	WELL	WELL
NAME	RNG		NO	TYPE	TYPE	STATUS
HORSEHEAD POINT 18-44	18-36S-25E	43-037-30909	6031	FEDERAL	GW	S
FEDERAL 42-25	25-08S-22E	43-047-34182	99999	FEDERAL	GW	APD
FEDERAL 33-25	25-08S-22E	43-047-34181	99999	FEDERAL	GW	APD
FEDERAL 44-36	35-08S-22E	43-047-33454	13075	FEDERAL	GW	P
FEDERAL 22-36	36-08S-22E	43-047-34084	13173	FEDERAL	GW	P
FEDERAL 41-36	36-08S-22E	43-047-34130	99999	FEDERAL	GW	APD
FEDERAL 23-36	36-08S-22E	43-047-34127	99999	FEDERAL	GW	APD
FEDERAL 22-26	26-08S-23E	43-047-34178	99999	FEDERAL	GW	APD
FEDERAL 44-30	30-08S-23E	43-047-33452	13137	FEDERAL	GW	P
FEDERAL 32-30	30-08S-23E	43-047-34085	13172	FEDERAL	GW	P
FEDERAL 44-31	31-08S-23E	43-047-33453	13091	FEDERAL	GW	P
FEDERAL 41-31	31-08S-23E	43-047-34129	99999	FEDERAL	GW	APD
FEDERAL 22-32	32-08S-23E	43-047-34016	99999	FEDERAL	GW	APD
FEDERAL 22-36E	36-08S-23E	43-047-34125	99999	FEDERAL	GW	APD
FEDERAL 33-20	20-08S-24E	43-047-34180	99999	FEDERAL	GW	APD

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: 06/19/2002
 - (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 05/17/2002
 - The new company has been checked through the **Department of Commerce, Division of Corporations Database** on: 06/20/2002
 - Is the new operator registered in the State of Utah: YES Business Number: 5053175-0143
 - If **NO**, the operator was contacted on: N/A
 - (R649-9-2) Waste Management Plan received on: IN PLACE
6. **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: 05/10/2002

7. Federal and Indian Units:

The BLM or BIA has approved the successor of unit operator for wells listed on: 05/10/2002

8. Federal and Indian Communization Agreements ("CA"):

The BLM or BIA has approved the operator for all wells listed within a CA on: N/A

9. Underground Injection Control ("UIC")

The Division has approved UIC Form 5, **Transfer of Authority to Inject,**

for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: N/A

DATA ENTRY:

1. Changes entered in the Oil and Gas Database on: 06/20/2002

2. Changes have been entered on the Monthly Operator Change Spread Sheet on: 06/20/2002

3. Bond information entered in RBDMS on: N/A

4. Fee wells attached to bond in RBDMS on: N/A

STATE WELL(S) BOND VERIFICATION:

1. State well(s) covered by Bond Number: N/A

FEDERAL WELL(S) BOND VERIFICATION:

1. Federal well(s) covered by Bond Number: UT1005

INDIAN WELL(S) BOND VERIFICATION:

1. Indian well(s) covered by Bond Number: N/A

FEE WELL(S) BOND VERIFICATION:

1. (R649-3-1) The **NEW** operator of any fee well(s) listed covered by Bond Number N/A

2. The **FORMER** operator has requested a release of liability from their bond on: N/A

The Division sent response by letter on: N/A

LEASE INTEREST OWNER NOTIFICATION:

3. (R649-2-10) The **FORMER** 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:

WELBORN SULLIVAN MECK & TOOLEY, P.C.
ATTORNEYS AT LAW

821 17th Street, Suite 500
Denver, Colorado 80202
Telephone: 303-830-2500
Facsimile: 303-832-2366
E-mail: wsmt@wsmtlaw.com

July 2, 2002

Mr. Jim Thompson
State of Utah
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Post Office Box 145801
Salt Lake City, UT 84114-5801

Stephen J. Sullivan
John F. Meck
Keith D. Tooley
Kendor P. Jones
Brian S. Tooley
Thomas C. McKee
Stephen A. Bain
Molly Sommerville
William R. Rapson
Kathryn Haight
Kristen L. Mix
Amy E. Seneshen
Danielle V. Wiletsky
Rebecca N. Welborn

Special Counsel
John F. Welborn
Norman S. Early, Jr.

Re: AEC Oil & Gas (USA) Inc. name change to EnCana Oil & Gas (USA) Inc. Of Counsel
Robert F. Welborn

Dear Mr. Thompson:

Enclosed for filing with the Utah Division of Oil, Gas and Mining is a Certificate of Name Change from the Secretary of State of the State of Delaware certifying that AEC Oil & Gas (USA) Inc. changed its name to EnCana Oil & Gas (USA) Inc. on April 5, 2002, along with a list of the affected leases. Also enclosed is an additional copy of same which I would appreciate you stamping "filed" and returning to me in the enclosed self-addressed, stamped envelope provided for your convenience.

Thank you for your assistance in this matter. Should you have any questions concerning this letter or the enclosed, please do not hesitate to contact me at 303-376-4468.

Very truly yours,



Jerry G. McPeake
Paralegal

/jm
Enclosures

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JUL 05 2002

**DIVISION OF
OIL, GAS AND MINING**

Delaware

PAGE 1

The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "AEC OIL & GAS (USA) INC.", CHANGING ITS NAME FROM "AEC OIL & GAS (USA) INC." TO "ENCANA OIL & GAS (USA) INC.", FILED IN THIS OFFICE ON THE FIFTH DAY OF APRIL, A.D. 2002, AT 4:12 O'CLOCK P.M.



2137895 8100

020418994

Harriet Smith Windsor

Harriet Smith Windsor, Secretary of State

AUTHENTICATION: 1858569

DATE: 06-27-02

**CERTIFICATE OF AMENDMENT
OF CERTIFICATE OF INCORPORATION
OF AEC OIL & GAS (USA) INC.**

AEC Oil & Gas (USA) Inc., a Delaware corporation (the "Corporation") hereby certifies as follows:

1. The Board of Directors and Sole Stockholder of the Corporation have adopted the following resolution in accordance with Section 242 of the General Corporation Law of the State of Delaware, as amended:

RESOLVED, that the Corporation's Certificate of Incorporation is hereby amended by deleting the FIRST paragraph of said certificate in its entirety and by substituting the following therefor:

"FIRST. The name of the Corporation is EnCana Oil & Gas (USA) Inc."

2. The capital of the Corporation shall not be reduced under or by reason of said amendment.

AEC OIL & GAS (USA) INC.

By: Mary R. Viviano
Mary R. Viviano, Secretary

Date: 4-5-02

Affected Leases (state)

AEC Oil & Gas (USA) Inc. changed its name to EnCana Oil & Gas (USA) Inc. effective, April 5, 2002. This name change affects all state land leases held in Utah by AEC Oil & Gas (USA) Inc. including the following:

GRAND COUNTY:

<u>AEC Lease No.</u>	<u>Lessor</u>	<u>Lessee</u>	<u>Description</u>
10601.000	ST UT ML 46758	Sonja V McCormick	Township 21 South, Range 18 East, SLM Section 32: All
10616.000	ST UT ML 46662	Sonja V McCormick	Township 21 South, Range 17 East, SLM Section 2: Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, S/2N/2, S/2 (All) Section 16: All Section 17: S/2SE/4 Section 36: All
10617.000	ST UT ML 46663	Sonja V McCormick	Township 21 South, Range 17 East, SLM Section 4: SE/4SW/4 Section 5: SW/4, W/2SE/4 Section 6: Lots 8, 9, 15, 16, SE/4 Section 7: Lots 1, 2, 3, E/NW/4, NE/4, NE/ Section 8: NW/4, NE/4SW/4
10622.000	ST UT ML 46664	Sonja V McCormick	Township 22 South, Range 18 East, SLM Section 9: Lot 1 Section 16: All
10853.000	ST UT ML 47575	Ballard Petroleum LLC	Township 21 South, Range 18 East, SLB&M Section 16: All
11768.000	ST UT 48143	Vern Jones	Township 22 South, Range 17 East, SLB&M Section 2: Lots 1, 2, 3, 4, S/2N/2, S/2
11769.000	ST UT 48144	Vern Jones	Township 22 South, Range 17 East, SLB&M Section 16: All
10686.000	ST UT ML 45868	Sonja V. McCormick	Township 23 South, Range 16 East, SLM Section 3: All - Bed of Green River Section 11: All - Bed of Green River Section 12: All - Bed of Green River

SAN JUAN COUNTY:

<u>AEC Lease No.</u>	<u>Lessor</u>	<u>Lessee</u>	<u>Description</u>
11318.000	ST UT ML 47813	Ballard Petroleum LLC	Township 36 South, Range 25 East, SLB&M Section 16: All
11319.000	ST UT ML 47815	Ballard Petroleum LLC	Township 37 South, Range 25 East, SLB&M Section 16: All
11320.000	ST UT ML 47805	Ballard Petroleum LLC	Township 22 South, Range 17 East, SLB&M Section 36: All

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135 Expires:
March 31, 1993

010

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT ---" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well

Oil Well Gas Well Other

2. Name of Operator

ENCANA OIL & GAS (USA) INC.

3. Address and Telephone No.

950 17th Street, Suite 2600 Denver, CO 80202 303-389-5060

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

SENW SEC. 26 T8S-R23E
2045' FNL 2070' FWL

5. Lease Designation and Serial No.
utu-76042

6. If Indian, Allottee or Tribe Name
NA

7. If Unit or CA, Agreement Designation

8. Well Name and No.
FEDERAL 22-26

9. API Well No.
43-047-34178

10. Field and Pool, or Exploratory Area
NORTH CHAPITA

11. County or Parish, State
UINTAH

12. CHECK APPROPRIATE BOX(s) 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"/> Abandonment
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other <u>APD EXTENSION</u>
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

ENCANA OIL & GAS (USA) INC. REQUESTS THE APD FOR THE WELL REFERENCED ABOVE BE EXTENDED FOR ONE YEAR.

RECEIVED
OCT 23 2002
DIVISION OF
OIL, GAS AND MINING

~~CONDITIONS OF APPROVAL ATTACHED~~

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

Signed [Signature] Title PERMITTING AGENT Date 9/23/02

(This space for Federal or State office use)

Approved by [Signature] Title Petroleum Engineer Date 10/16/02
Conditions of approval, if any:

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

* See Instructions on Reverse Side

U D O G M

Encana Oil and Gas (USA) Inc.
APD Extension

Well: Federal 22-26

Location: SENW Sec. 26, T8S, R23E

Lease: UTU 76042

CONDITIONS OF APPROVAL

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

1. The extension will expire October 15, 2003
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.



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

1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5340 telephone
(801) 359-3940 fax
(801) 538-7223 TTY
www.nr.utah.gov

Michael O. Leavitt
Governor

Robert L. Morgan
Executive Director

Lowell P. Braxton
Division Director

August 15, 2003

Judith Walter
Encana Oil & Gas Inc.
950 17TH Street
Suite 2600
Denver CO 80202

Re: APD Rescinded – Federal 22-26, Sec. 26, T. 8S, R. 23E – Uintah County, Utah
API No. 43-047-34178

Dear Ms. Walter:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on July 9, 2001. On June 11, 2002 the Division granted a one-year APD extension. On August 12, 2003 I received an e-mail from you requesting 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 August 12, 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 Mason
Engineering Technician

cc: Well File
Bureau of Land Management, Vernal



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

December 12, 2003

Judith Walter
Encana Oil & Gas (USA) Inc.
950 17th Street, Suite 2600
Denver, CO 80202

Re: Notification of Expiration
Well No. Federal 22-26
SENW, Sec. 26, T8S, R23E
Uintah County, Utah
Lease No. UTU-76042

Dear Ms. Walter:

The Application for Permit to Drill the above-referenced well was approved on October 15, 2001. A one (1) year extension of the original APD was requested. The request was reviewed and the extension approved until October 15, 2003. According to our records, no known activity has transpired at the approved location. In view of the foregoing, this office is notifying you that 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

DEC 22 2003

DIV. OF OIL, GAS & MINING