

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

ML 45175

002

5. Lease Designation and Serial No.

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

6. If Indian, Allottee or Tribe Name

1a. Type of Work

DRILL [X] DEEPEN [ ] PLUG BACK [ ]

7. Unit Agreement Name

N/a

b. Type of Well

Oil Well [X] Gas Well [ ] Other [ ] Single Zone [X] Multiple Zone [ ]

8. Farm or Lease Name

State

2. Name of Operator

Pendragon Energy Partners, Inc

9. Well No.

3-16-10-18

3. Address of Operator

621 17th Street, Suite 750, Denver CO 80293 Phone 303 926 9402

10. Field and Pool, or Wildcat

Uteland Butte

4. Location of Well (Report location clearly and in accordance with any State Requirement.)

At surface 474' FNL, 1,999' FWL Sec 16, T10S, R18E
At proposed prod. zone Same (NE NW Sec 16) 4422560Y 39.94985 593928X - 109.90047

11. Sec., T., R., M., or Blk

S16, T10S, R18E, S.L.B. & M.

14. Distance in miles and direction from nearest town or post office\*

12. County or Parrish Uintah 13. State Utah

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

474' FNL Sec 16

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.

None

19. Proposed depth 5,000

20. Rotary or cable tools

Rotary

21. Elevations (Show whether DF, RT, GR, etc.)

5,102.6' GR

22. Approx. date work will start\*

Dec 1, 2002

23. PROPOSED CASING AND CEMENTING PROGRAM

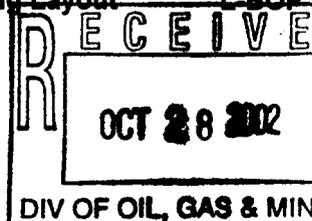
Table with 5 columns: Size of Hole, Size of Casing, Weight per Foot, Setting Depth, Quantity of Cement. Includes rows for 12 1/4" and 7 7/8" casing sizes.

Proposed Procedure:

- 1. Level location and construct reserve pit.
2. Drill conductor hole, set conductor casing @ +/- 60' and cement to surface.
3. Move in and rig up rotary drilling equipment, tanks and associated equipment.
4. Drill surface hole to +/- 250', run 8 5/8" casing and cement to surface.
5. Nipple up BOP, pressure test BOP, manifold and floor valve etc.
6. Drill 7 7/8" hole to +/- 5,000', log and or drill stem test if necessary.
7. If commercial oil production is indicated, run and cement 5 1/2" casing.
8. Move off rotary drilling equipment.
9. Move in completion rig, test zones of interest & prepare production facilities.

Exhibits:

- A-Survey Plat F-Cross Section
B-Vicinity Map A G-Surface Use Plan
C-Vicinity Map B H-Drilling Plan
D-Location Layout J-Existing Wells Map
E-Rig Layout L-BOP Diagram



IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, 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. John Luchetta

Agent

Oct 21, 2002

Signed [Signature] Title Date

(This space for Federal or State office use)

Permit No. 43-047-34746 Approval Date

Approved by Title Date

Pendragon Energy Partners Inc.  
STATE #3-16-10-18

**Multi-Point Surface Use and Operations Plan**

PENDRAGON ENERGY PARTNERS INC.  
STATE #3-16-10-18  
NE NW SEC. 16, T10S, R18E  
UINTAH COUNTY, UTAH

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

- A. Map "A" is the vicinity map showing the Access routes from Myton, 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 235 feet of new road construction will be required for access to the 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.

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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 – none
- 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**

None Known (ONE WELL - #1-16 NE NE SEC 16 )

### **4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES OWNED BY PENDRAGON ENERGY PARTNERS INC. WITHIN A ONE MILE RADIUS:**

- A. Existing
  - 1. Tank batteries - none
  - 2. Production facilities - none

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3. Oil gathering lines – none
4. Gas gathering lines - none
5. Injection lines – none
6. Disposal lines – none

**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 buried pipelines will be buried to depth of 3 feet except at road crossings where they will be buried to a depth of 4 feet.
6. Construction width of the right-of-way/pipeline route shall be restricted to 50 feet of disturbance.
7. Pendragon Energy Partners Inc. 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.
8. 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.
9. A dike will be constructed completely around any 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.
10. 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.

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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. Pendragon Energy Partners Inc. will be responsible for road maintenance from the beginning to completion of operations.

#### **5. Location and Type of Water Supply**

- A. Water well in Sec. 34, T3S, R2W, USM operated by Nebeker Trucking, Permit #43-1721

#### **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 Pendragon Energy Partners Inc.

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The reserve pit will be constructed so as not to allow discharge and if required 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 Desert Spring area. Furthermore, extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will not be used, produced, stored transported or**

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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 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 cemented and/or braced in such a manner to keep the fence tight at all times
  3. Standard steel, wood, or pipe 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

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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, Pendragon 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, Pendragon 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.**

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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, Pendragon Energy Partners Inc. 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 State of Utah.

#### **12. Other Information:**

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**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 Green 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.**

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**13. Lessee's or Operator's Representative:**

John Luchetta  
Agent for  
Pendragon Energy Partners Inc.  
2020 Foothills Road  
Golden, CO 80401  
(303) 278-3347

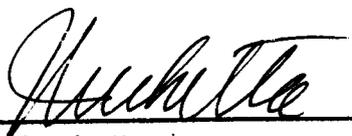
**Certification:**

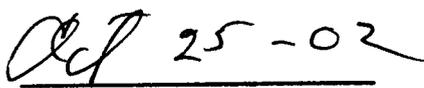
All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil & Gas Orders, the approved plan of operations, and any applicable Notice to Lessees.

Pendragon Energy Partners Inc. 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 Pendragon Energy Partners Inc. 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.

  
\_\_\_\_\_  
John Luchetta  
Agent

  
\_\_\_\_\_  
Date

**EXHIBIT "H"**  
**PROPOSED DRILLING PROGRAM**

**ONSHORE ORDER NO.1**  
**Pendragon Energy Partners, Inc.**  
**Desert Spring State No. 3-16-10-18**  
**NE NW-Sec 16 –T10S – R18E**  
**Uintah County, Utah**

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

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

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

<b>1. ESTIMATED FORMATION TOPS : (Elevation – 5,102')</b>			
<b>FORMATION</b>	<b>DRILLED (ft) SUBSEA</b>		<b>PORE PRESSURE (psi/ft)</b>
<b>Green River</b>	<b>570</b>	<b>+ 4,532</b>	<b>Normal</b>
<b>Wasatch /Green River</b>	<b>4,690</b>	<b>+ 412</b>	<b>Normal</b>
<b>Total Depth</b>	<b>5,000</b>	<b>+ 102</b>	<b>Normal</b>

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

**2. ESTIMATED DEPTH OF OIL, GAS, WATER OR OTHER MINERALS:**

SUBSTANCE	FORMATION	DEPTH (ft)
Water	None anticipated	
Gas	None	
Oil	Green River	4,700 – 5,000

**3. PRESSURE CONTROL EQUIPMENT & SPECIFICATIONS :**

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

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

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

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

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

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

• **CASING SPECIFICATIONS AND CONDITIONS:**

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

• **CEMENTING PROGRAM:**

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

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

1.8 cuft

1.8 cuft

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

± 500 cuft (385 cuft) 1.3 cuft

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

• OTHER DRILLING FLUID SPECIFICATIONS AND CONDITIONS:

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

7. EVALUATION OF OPERATIONS WHILE DRILLING:

• MUD MONITORING SYSTEMS (Swaco):

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

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

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

- **LOGGING PROGRAM:**

- . The following open hole logs are anticipated:

**Run #1 @ TD**

- (1) GR - DLL ----- TD to base of Surface casing.
- (2) CNL - Density - Caliper --- TD to +/-3,500'.

- . The following cased hole logs are anticipated:

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

- **SAMPLING PROGRAM:**

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

**CORING:** Not anticipated.

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

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

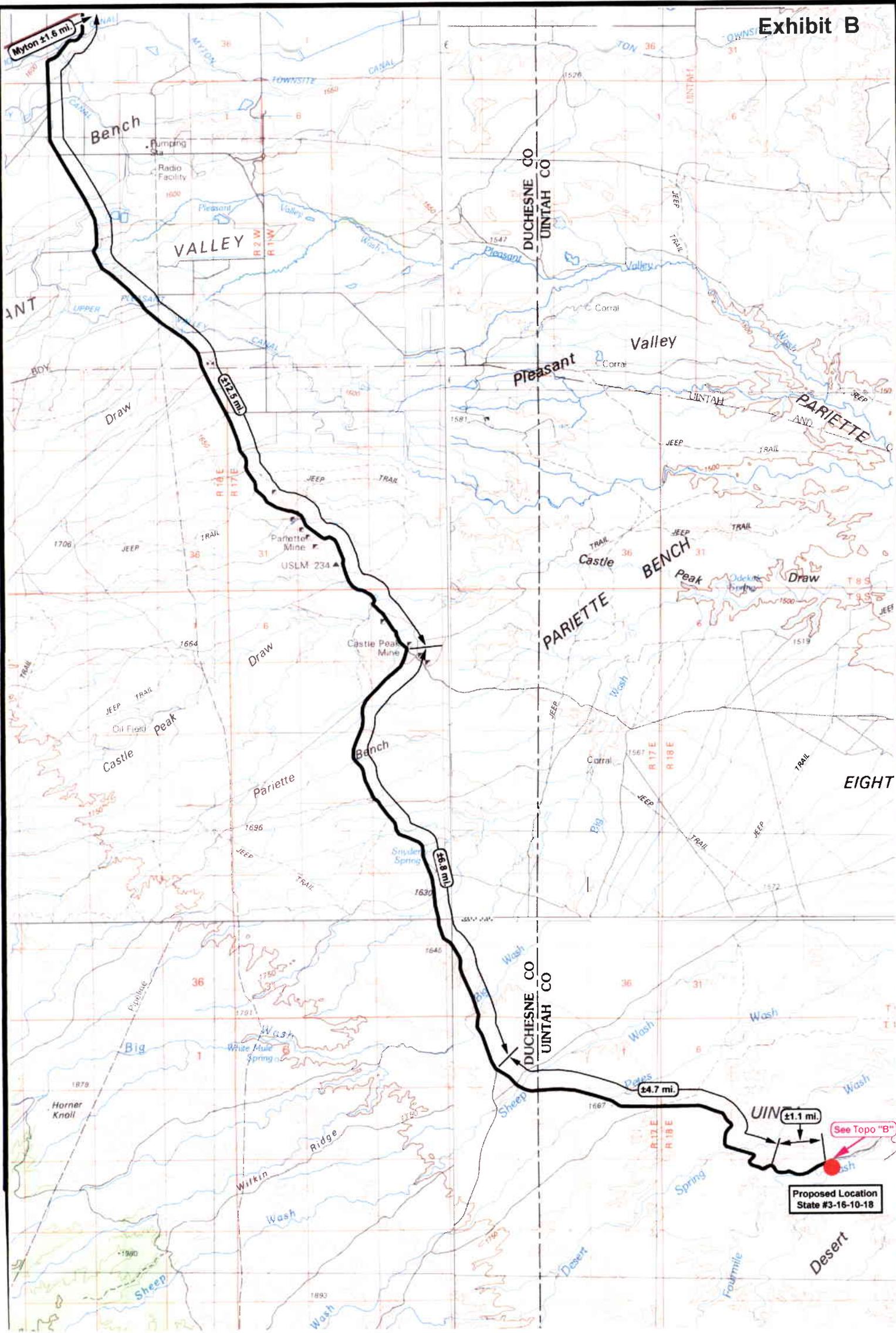
**9. OTHER INFORMATION, NOTIFICATION & REPORTING:**

OPERATION	DATE OR ANTICIPATED TIME
Proposed start time	Dec 10, 2002
Drill pad & road construction time	2 - 4 days
Drilling operations & formation evaluation	8 - 10 days
Completion & testing time	5 - 10 days
Facilities installation	5 - 10 days
Initial restoration start time	180 days or as weather permits
Final restoration time	5 - 10 days

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

- . Notification of BOP test – at least 24 hours prior to testing.
- . P&A – Utah State OGMC will be contacted prior to plugging .
- . Form OGCC-1b Sundry - monthly.
- . Form OGCC-3 - within 30 days after P&A or completion of the well.
- . Facilities diagram – per CFR 43 Part 3162.7-2 and 3162.7-4.
- . Undesirable events will be reported immediately. All other significant events will be reported within 15 days.

<b>10. OPERATOR'S REPRESENTATIVES AND CERTIFICATION:</b>				
	<b>ADDRESS</b>	<b>PHONE #</b>	<b>FAX #</b>	<b>HOME #</b>
Al Nicol	621 17 <sup>th</sup> Street, Suite 750 Denver, CO 80293	303 296 9402	303 296 9410	303 425 4115
John Luchetta	2020 Foothills Rd. Golden, CO 80401	303 278 3347	303 278 9506	303 278 3347



**PENDRAGON**  
**ENERGY PARTNERS INC.**

**State #3-16-10-18**  
**SEC. 16, T10S, R18E, S.L.B.&M.**



**Tri-State**  
*Land Surveying Inc.*  
 (435) 781-2501  
 180 North Vernal Ave. Vernal, Utah 84078

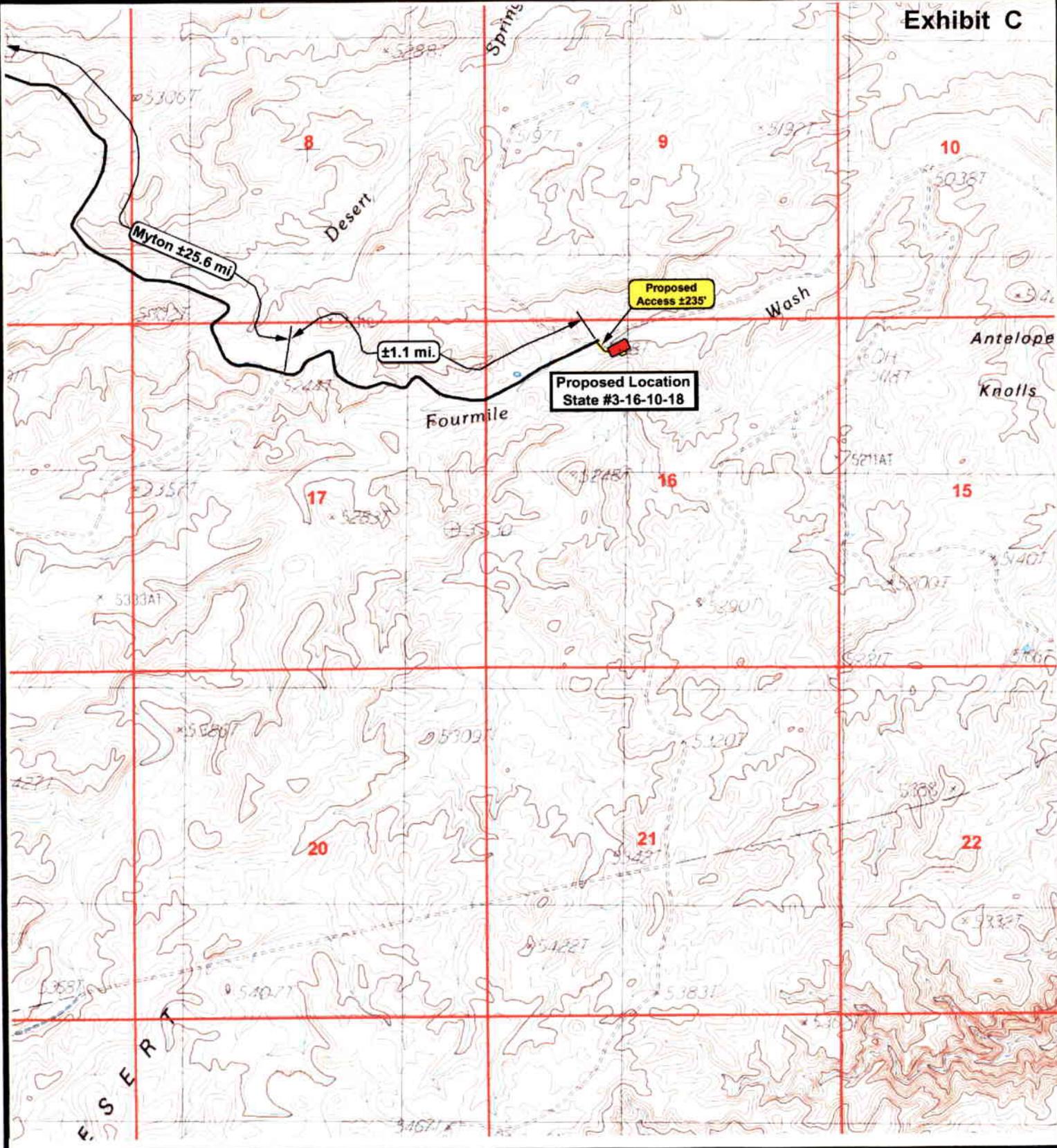
SCALE: 1 = 100,000  
 DRAWN BY: R.A.B.  
 DATE: 10-09-2002

**Legend**

- Existing Road
- Proposed Access

**TOPOGRAPHIC MAP**

**"A"**



**PENDRAGON**  
**ENERGY PARTNERS INC.**

**State #3-16-10-18**  
**SEC. 16, T10S, R18E, S.L.B.&M.**



**Tri-State**  
*Land Surveying Inc.*  
 (435) 781-2501  
 180 North Vernal Ave. Vernal, Utah 84078

**SCALE: 1" = 2,000'**  
**DRAWN BY: R.A.B.**  
**DATE: 10-08-2002**

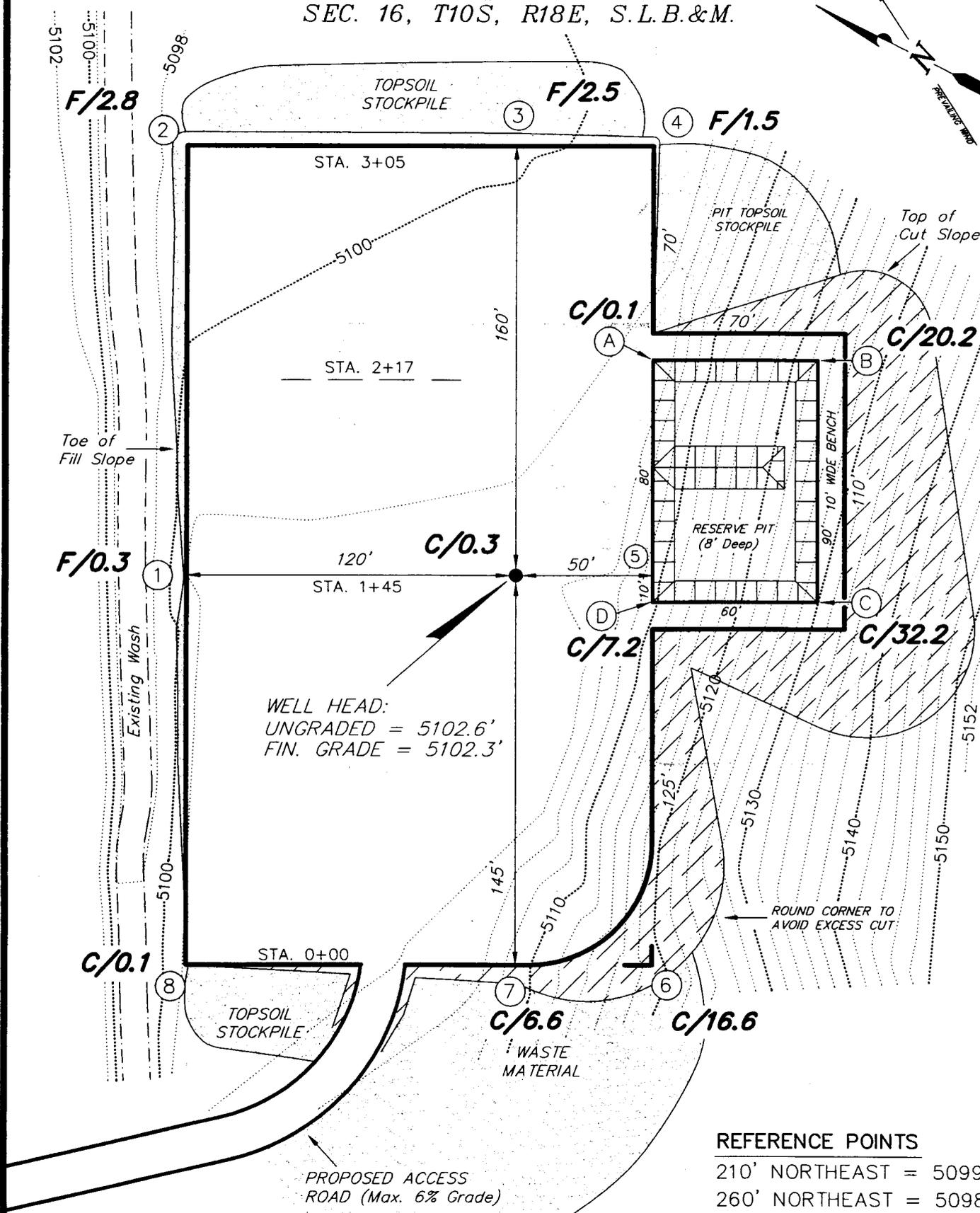
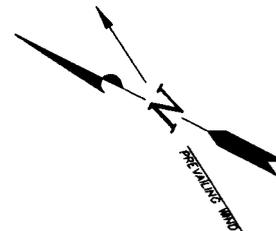
**Legend**

- Existing Road
- Proposed Access

**TOPOGRAPHIC MAP**  
**"B"**

# PENDRAGON ENERGY PARTNERS, INC.

STATE #3-16-10-18  
 SEC. 16, T10S, R18E, S.L.B.&M.



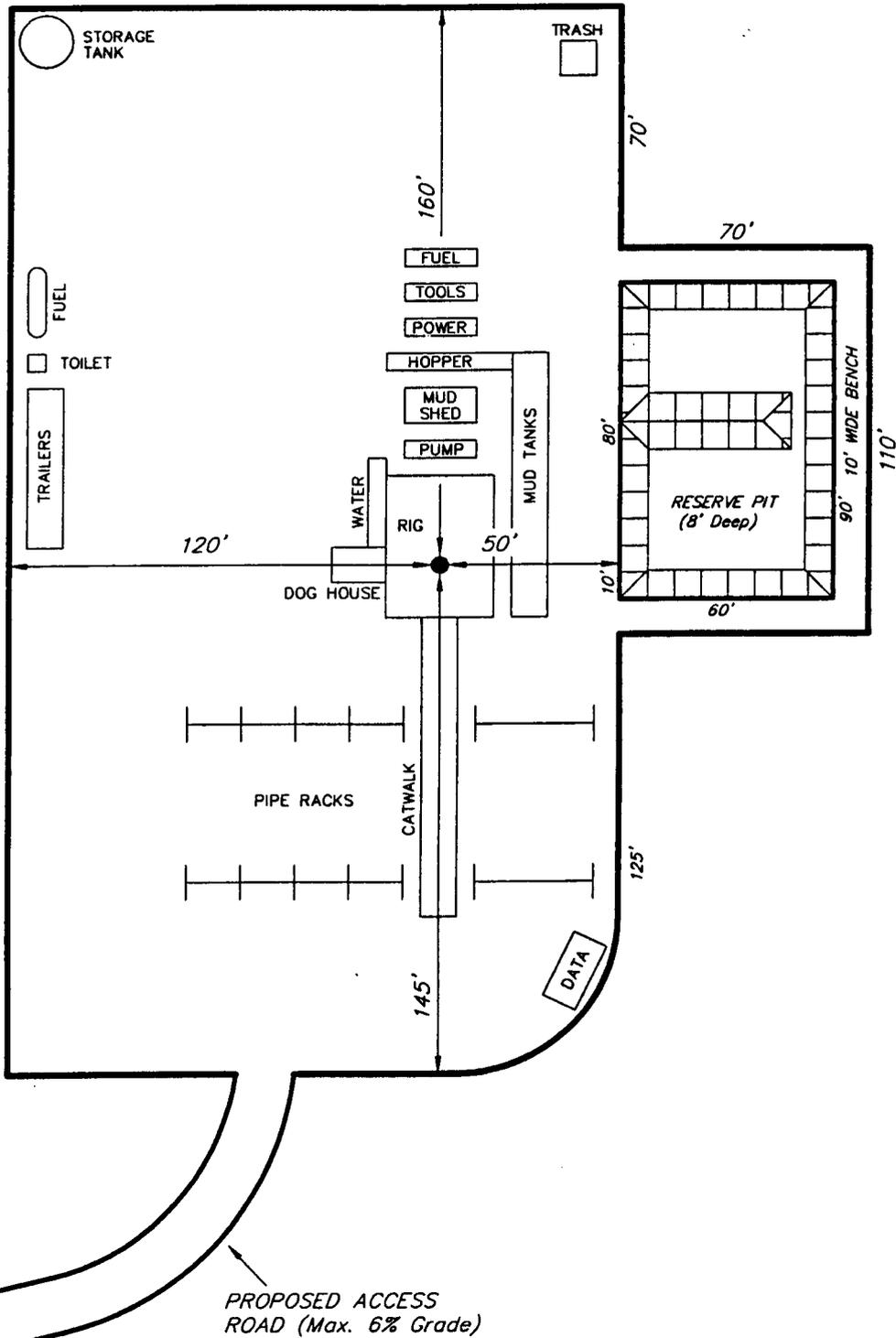
WELL HEAD:  
 UNGRADED = 5102.6'  
 FIN. GRADE = 5102.3'

REFERENCE POINTS  
 210' NORTHEAST = 5099.5'  
 260' NORTHEAST = 5098.9'

SURVEYED BY: D.J.S.	SCALE: 1" = 50'
DRAWN BY: J.R.S.	DATE: 10-7-02

**Tri State**  
 Land Surveying, Inc.  
 180 NORTH VERNAL AVE. VERNAL, UTAH 84078  
 (435) 781-2501

*PENDRAGON ENERGY PARTNERS, INC.*  
*TYPICAL RIG LAYOUT*  
*STATE #3-16-10-18*



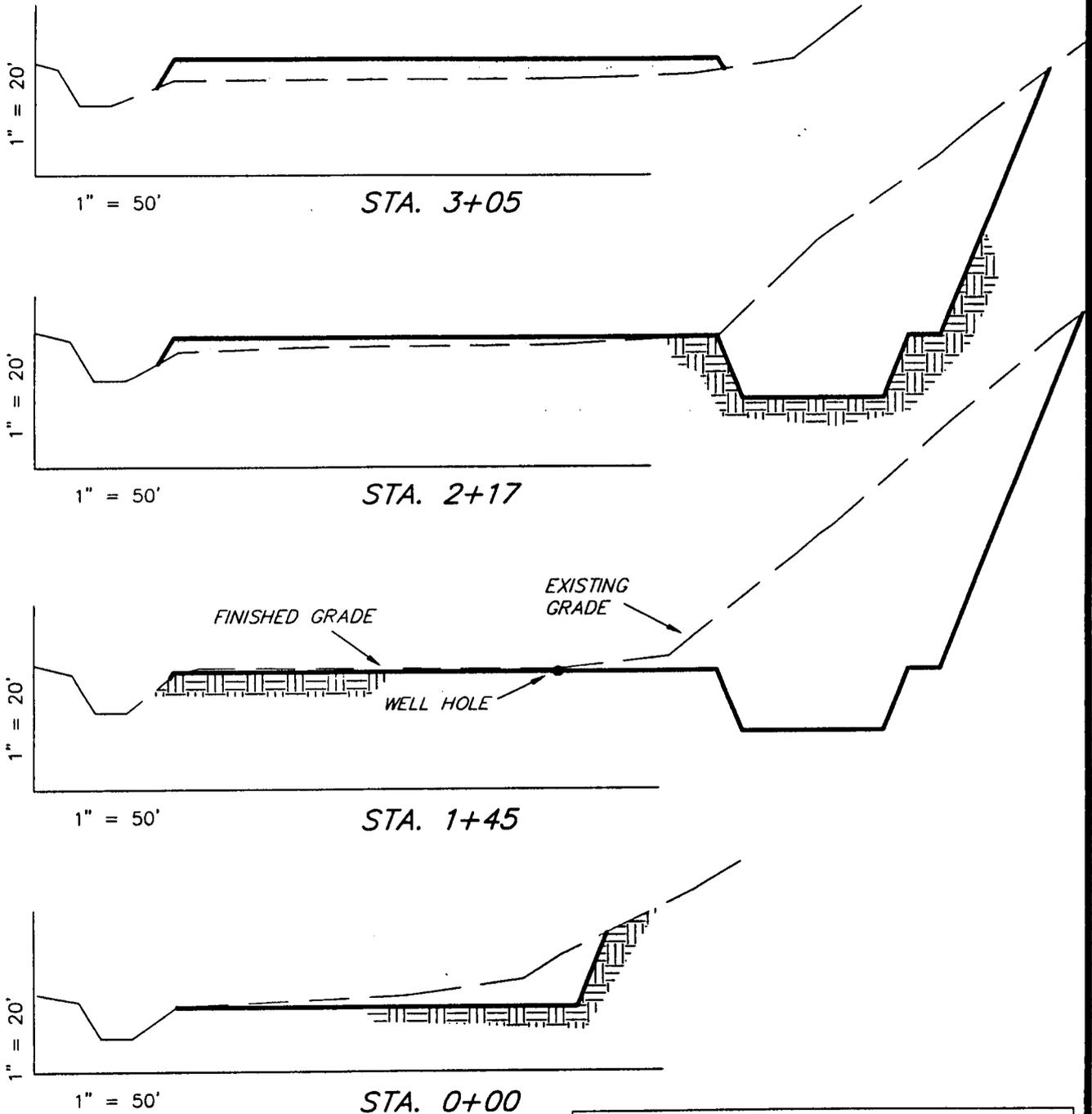
SURVEYED BY: D.J.S.	SCALE: 1" = 50'
DRAWN BY: J.R.S.	DATE: 10-7-02

**Tri State** Land Surveying, Inc. (435) 781-2501  
 180 NORTH CENTRAL AVE. VERNAL, UTAH 84078

**PENDRAGON ENERGY PARTNERS, INC.**

**CROSS SECTIONS**

**STATE #3-16-10-18**



NOTE:  
UNLESS OTHERWISE NOTED  
CUT SLOPES ARE AT 1:1  
FILL SLOPES ARE AT 1.5:1

ESTIMATED EARTHWORK QUANTITIES				
(Expressed in Cubic Yards)				
ITEM	CUT	FILL	6" TOPSOIL	EXCESS
PAD	9,270	1,780	Topsoil is not included in Pad Cut	7,490
PIT	1,170	0		1,150
<b>TOTALS</b>	<b>10,440</b>	<b>1,780</b>	<b>1,100</b>	<b>8,660</b>

SURVEYED BY: D.J.S.	SCALE: 1" = 50'
DRAWN BY: J.R.S.	DATE: 10-7-02

**Tri State** (435) 781-2501  
**Land Surveying, Inc.**  
 180 NORTH VERNAL AVE. VERNAL, UTAH 84078

R 17 E

R 18 E

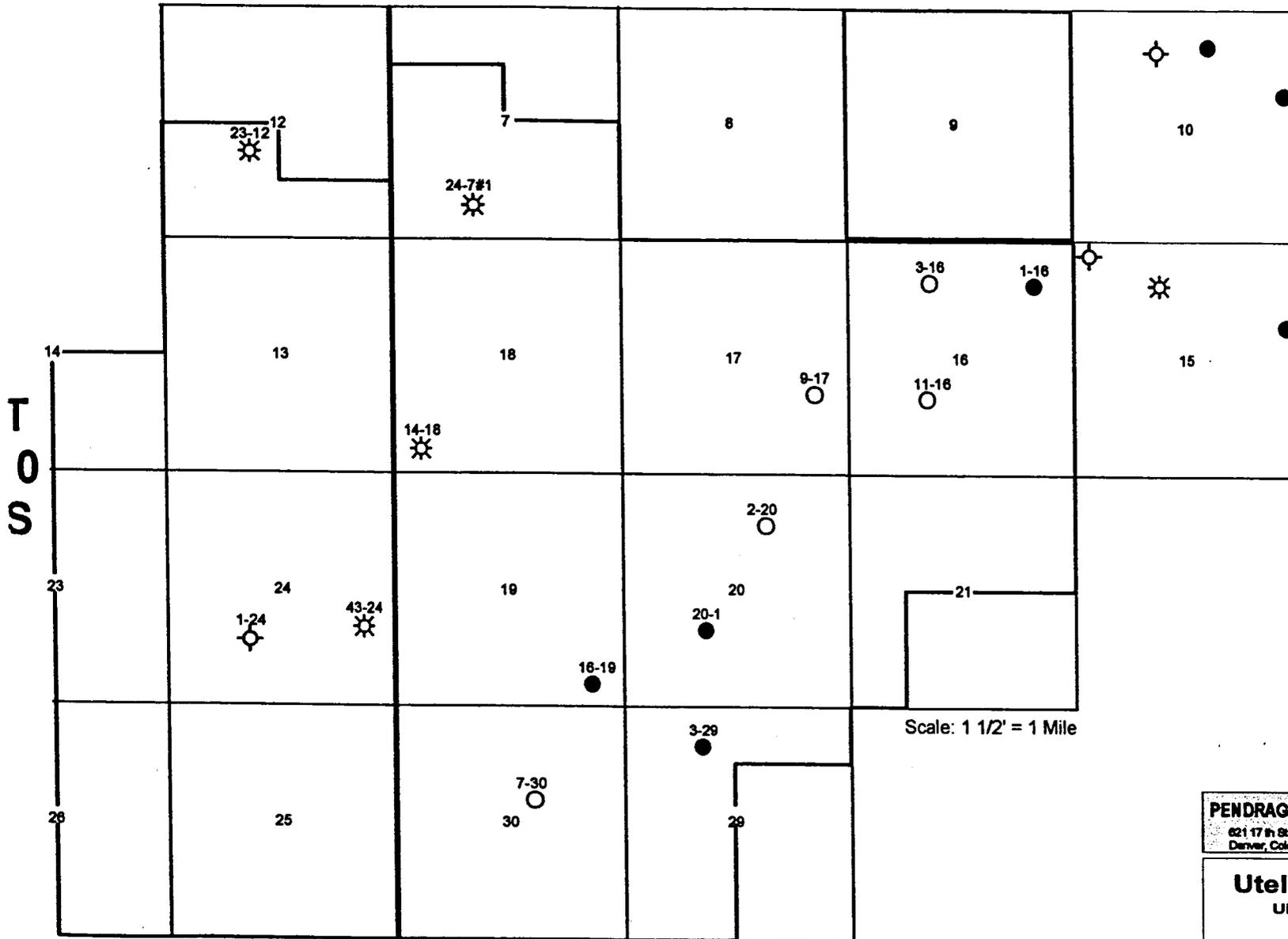
**Explanation**

- ☼ Producing Gas Well
- Producing Oil Well
- Proposed Location
- ⊕ Old Dry Hole

**Leasehold**

Pendragon/Shenandoah  
25/25 W. I.

Pendragon/Shenandoah  
50/50 W. I.



T  
10  
S

T  
0  
S

Scale: 1 1/2' = 1 Mile

**PENDRAGON ENERGY PARTNERS, INC.**  
 821 17th Street, Suite 750      Bus: 303.296.9402  
 Denver, Colorado 80293 USA      Fax: 303.296.9410

**Uteland Butte Field**  
 Uintah County, Utah

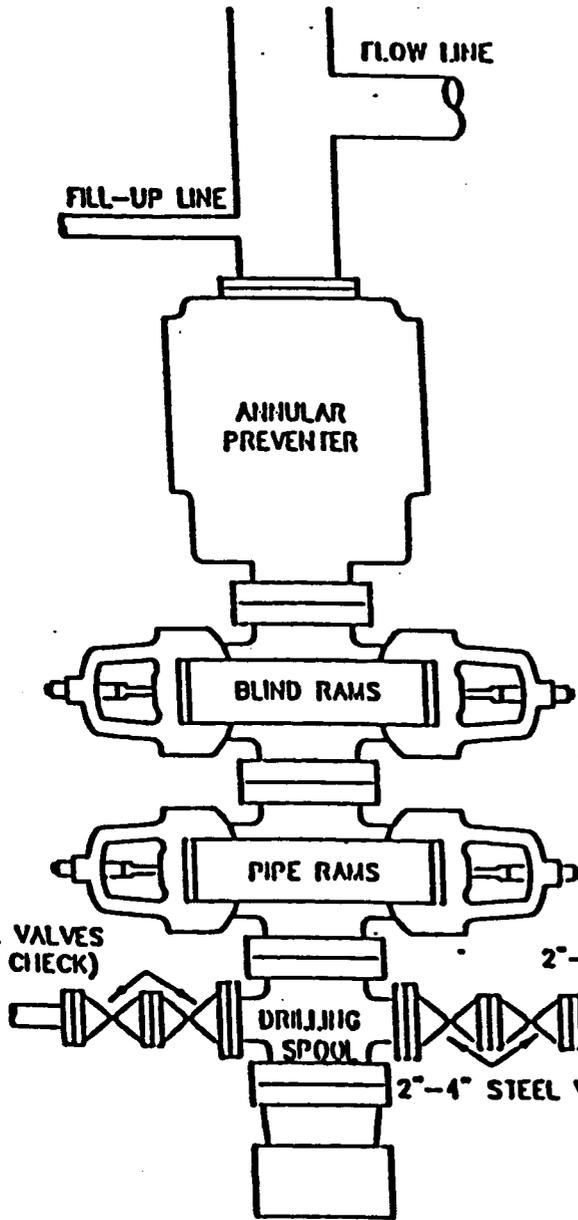
ABN

10/02

Exhibit J

R 17 E

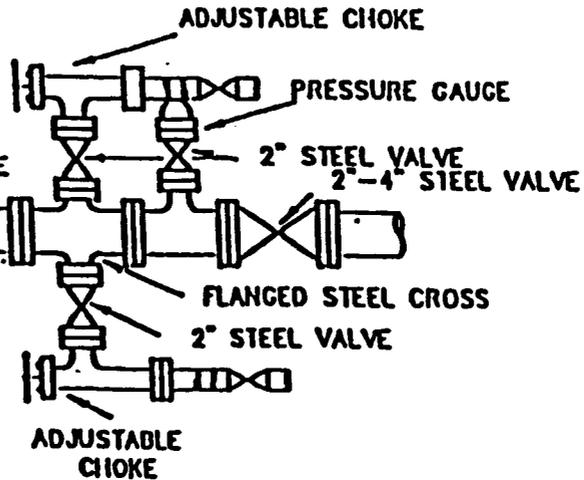
R 18 E



**LUCHETTA OPERATING CO., INC.**  
 2020 FOOTHILLS RD. • GOLDEN, CO 80401

**BOP & MANIFOLD SPECIFICATIONS**  
 (MEETS 43 CFR, PARTS 3160 DESIGN)  
 SERIES 600 2,000 PSI RATING

**CHOKE MANIFOLD**



WORKSHEET  
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 10/28/2002

API NO. ASSIGNED: 43-047-34766

WELL NAME: STATE 3-16-10-18  
OPERATOR: PENDRAGON ENERGY PTNRS ( N2965 )  
CONTACT: JOHN LUCHETTA

PHONE NUMBER: 303-278-3347

PROPOSED LOCATION:  
NENW 16 100S 180E  
SURFACE: 0474 FNL 1999 FWL  
BOTTOM: 0474 FNL 1999 FWL  
UINTAH  
UTELAND BUTTE ( 695 )

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	DKD	11/25/02
Geology		
Surface		

LEASE TYPE: 3 - State  
LEASE NUMBER: ML 45175  
SURFACE OWNER: 3 - State  
PROPOSED FORMATION: GRRV

LATITUDE: 39.94985  
LONGITUDE: 109.90047

RECEIVED AND/OR REVIEWED:

Plat

Bond: Fed[] Ind[] Sta[3] Fee[]  
(No. RLB0002714 )

Potash (Y/N)

Oil Shale 190-5 (B) or 190-3 or 190-13

Water Permit  
(No. 43-1721 )

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

Fee Surf Agreement (Y/N)

LOCATION AND SITING:

\_\_\_\_ R649-2-3.  
Unit \_\_\_\_\_

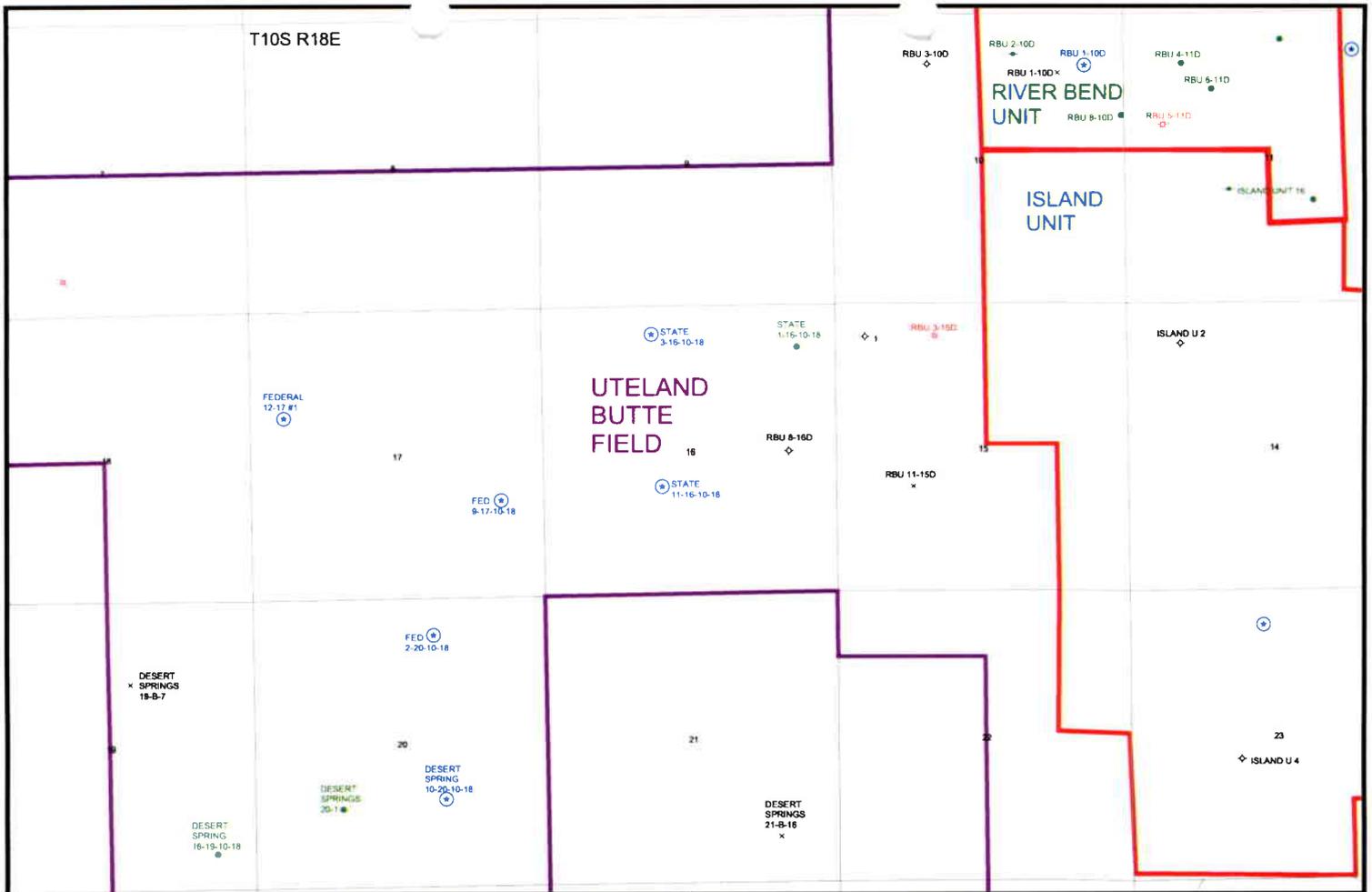
R649-3-2. General  
Siting: 460 From Qtr/Qtr & 920' Between Wells

\_\_\_\_ R649-3-3. Exception  
\_\_\_\_ Drilling Unit  
Board Cause No: \_\_\_\_\_  
Eff Date: \_\_\_\_\_  
Siting: \_\_\_\_\_

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

COMMENTS: Need permits (11-08-02)

STIPULATIONS: 1- Spacing 2hp  
2- Ensure the cement for the 5 1/2" Production Casing covers the Base of the  
Moderately saline Ground water @ ± 3000'  
3- STATEMENT OF BASIS



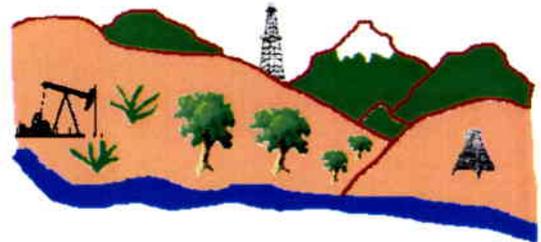
OPERATOR: PENDRAGON ENERGY (N2965)

SEC. 16 T10S R18E

FIELD: UTELAND BUTTE (695)

COUNTY: UNITAH

SPACING: R649-3-2 / GENERAL SITING



Utah Oil Gas and Mining

Well Status

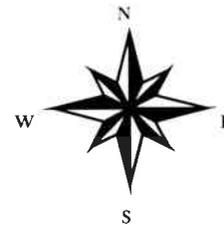
- GAS INJECTION
- GAS STORAGE
- LOCATION ABANDONED
- NEW LOCATION
- PLUGGED & ABANDONED
- PRODUCING GAS
- PRODUCING OIL
- SHUT-IN GAS
- SHUT-IN OIL
- TEMP. ABANDONED
- TEST WELL
- WATER INJECTION
- WATER SUPPLY
- WATER DISPOSAL

Unit Status

- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PENDING
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED

Field Status

- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED
- Section Lines
- Township Lines
- County Boundaries



PREPARED BY: DIANA MASON  
DATE: 29-OCTOBER-2002

**ON-SITE PREDRILL EVALUATION**  
**Division of Oil, Gas and Mining**

**OPERATOR:** PENDRAGON ENERGY PARTNERS, INC.

**WELL NAME & NUMBER:** STATE 3-16-10-18

**API NUMBER:** 43-047-34766

**LEASE:** ML-45175 **FIELD/UNIT:** UTELAND BUTTE

**LOCATION:** 1/4, 1/4 NE/NW Sec: 16 TWP: 10S RNG: 18E 1999' FWL 474' FNL

**LEGAL WELL SITING:** 460 from qtr/qtr 920 between wells.

**GPS COORD (UTM):** 4422565E 593925N **SURFACE OWNER:** STATE OF UTAH

**PARTICIPANTS**

DAVID W. HACKFORD (DOGM), FLOYD BARTLETT (DWR), ED BONNER (SITLA), DEE SLAUGH, ROBIN BAILEY (TRI STATE LAND SURVEYING & CONSULTING).

**REGIONAL/LOCAL SETTING & TOPOGRAPHY**

SITE IS IN A RELATIVELY FLAT AREA WITH FOUR MILE WASH ADJACENT TO THE PROPOSED LOCATION JUST TO THE NORTH. THIS WASH RUNS TO THE EAST TOWARD THE GREEN RIVER. THE RESERVE PIT ON THE SOUTH EDGE OF THE LOCATION CUTS INTO A STEEP RIDGE. THE TOP OF THIS RIDGE IS 300' TO THE SOUTH.

**SURFACE USE PLAN**

CURRENT SURFACE USE: WILDLIFE AND LIVESTOCK GRAZING, HUNTING.

PROPOSED SURFACE DISTURBANCE: LOCATION WILL BE 205' BY 230'. ACCESS ROAD WILL BE 235'.

LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS: SEE ATTACHED MAP FROM GIS DATABASE.

LOCATION OF PRODUCTION FACILITIES AND PIPELINES: ALL PRODUCTION FACILITIES WILL BE ON LOCATION AND ADDED AFTER DRILLING WELL. IF NECESSARY, A PIPELINE WILL BE PERMITTED LATER.

SOURCE OF CONSTRUCTION MATERIAL: ALL CONSTRUCTION MATERIAL WILL BE BORROWED FROM SITE DURING CONSTRUCTION OF LOCATION.

ANCILLARY FACILITIES: NONE WILL BE REQUIRED.

**WASTE MANAGEMENT PLAN:**

DRILLED CUTTINGS WILL BE SETTLED INTO RESERVE PIT. LIQUIDS FROM PIT WILL BE ALLOWED TO EVAPORATE. FORMATION WATER WILL BE CONFINED TO STORAGE TANKS. SEWAGE FACILITIES, STORAGE AND DISPOSAL WILL BE HANDLED BY COMMERCIAL CONTRACTOR. TRASH WILL BE CONTAINED IN TRASH BASKETS AND HAULED TO AN APPROVED LAND FILL

**ENVIRONMENTAL PARAMETERS**

AFFECTED FLOODPLAINS AND/OR WETLANDS: NONE

FLORA/FAUNA: SALTBRUSH, SHADSCALE, PRICKLEY PEAR, SPINY HOPSEDEGE, GRASSES: PRONGHORN, COYOTES, SONGBIRDS, RAPTORS, RODENTS, RABBITS.

SOIL TYPE AND CHARACTERISTICS: LIGHT BROWN SAND, CLAY.

EROSION/SEDIMENTATION/STABILITY: VERY LITTLE NATURAL EROSION.  
SEDIMENTATION AND STABILITY ARE NOT A PROBLEM AND LOCATION CONSTRUCTION  
SHOULDN'T CAUSE AN INCREASE IN STABILITY OR EROSION PROBLEMS.

PALEONTOLOGICAL POTENTIAL: NONE OBSERVED.

**RESERVE PIT**

CHARACTERISTICS: 60' BY 80' AND 8' DEEP.

LINER REQUIREMENTS (Site Ranking Form attached): A 12 MIL LINER WILL BE  
REQUIRED FOR RESERVE PIT.

**SURFACE RESTORATION/RECLAMATION PLAN**

AS PER SITLA.

SURFACE AGREEMENT: AS PER SITLA.

CULTURAL RESOURCES/ARCHAEOLOGY: SITE WAS INSPECTED BY MONTGOMERY  
ARCHAEOLOGICAL CONSULTANTS ON 10/16/02. A REPORT OF THIS INVESTIGATION WILL  
BE PLACED ON FILE.

**OTHER OBSERVATIONS/COMMENTS**

THIS PREDRILL INVESTIGATION WAS CONDUCTED ON A COOL, CLOUDY DAY.

**ATTACHMENTS**

PHOTOS OF THIS SITE WERE TAKEN AND PLACED ON FILE.

DAVID W. HACKFORD  
DOGM REPRESENTATIVE

11/8/02. 10:00 AM  
DATE/TIME

**Evaluation Ranking Criteria and Ranking Score  
For Reserve and Onsite Pit Liner Requirements**

<u>Site-Specific Factors</u>	<u>Ranking</u>	<u>Site Ranking</u>
Distance to Groundwater (feet)		
>200	0	
100 to 200	5	
75 to 100	10	
25 to 75	15	
<25 or recharge area	20	<u>5</u>
Distance to Surf. Water (feet)		
>1000	0	
300 to 1000	2	
200 to 300	10	
100 to 200	15	
< 100	20	<u>0</u>
Distance to Nearest Municipal Well (feet)		
>5280	0	
1320 to 5280	5	
500 to 1320	10	
<500	20	<u>0</u>
Distance to Other Wells (feet)		
>1320	0	
300 to 1320	10	
<300	20	<u>0</u>
Native Soil Type		
Low permeability	0	
Mod. permeability	10	
High permeability	20	<u>10</u>
Fluid Type		
Air/mist	0	
Fresh Water	5	
TDS >5000 and <10000	10	
TDS >10000 or Oil Base Mud Fluid	15	
containing significant levels of hazardous constituents	20	<u>5</u>
Drill Cuttings		
Normal Rock	0	
Salt or detrimental	10	<u>0</u>
Annual Precipitation (inches)		
<10	0	
10 to 20	5	
>20	10	<u>0</u>
Affected Populations		
<10	0	
10 to 30	6	
30 to 50	8	
>50	10	<u>0</u>
Presence of Nearby Utility Conduits		
Not Present	0	
Unknown	10	
Present	15	<u>0</u>

**Final Score**      20      (Level I Sensitivity)

Sensitivity Level I = 20 or more; total containment is required.

Sensitivity Level II = 15-19; lining is discretionary.

Sensitivity Level III = below 15; no specific lining is required.





**DIVISION OF OIL, GAS AND MINING  
APPLICATION FOR PERMIT TO DRILL  
STATEMENT OF BASIS**

**OPERATOR:** PENDRAGON ENERGY PARTNERS, INC.  
**WELL NAME & NUMBER:** STATE 3-16-10-18  
**API NUMBER:** 43-047-34766  
**LOCATION:** 1/4,1/4 NE/NW Sec:16 TWP:10S RNG:18E 1999 FWL 474 FNL

**Geology/Ground Water:**

Pendragon proposes to set 250' of surface casing at this location. The depth to the base of the moderately saline water at this location is estimated to be at 2000 feet. A search of Division of Water Rights records shows no water wells within a 10,000 foot radius of the center of section 16. The surface formation at this site is the Uinta Formation. The Uinta Formation is made up of interbedded shales and sandstones. The sandstones are mostly lenticular and discontinuous and should not be a significant source of useable ground water. The proposed casing program should adequately protect any underground sources of useable water.

**Reviewer:** Brad Hill  
**Date:** 11/13/2002

**Surface:**

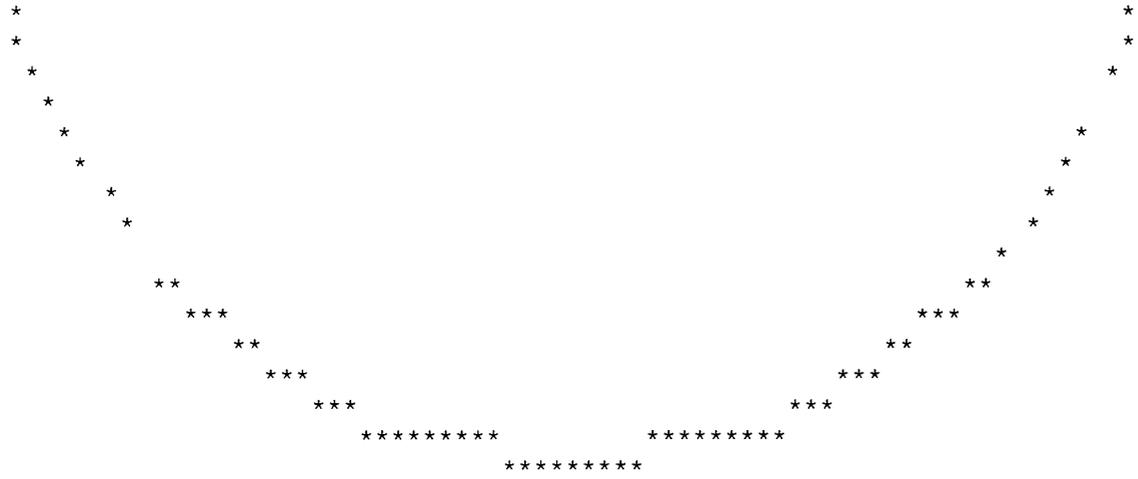
The predrill investigation of the surface was performed on 11/8/02. Floyd Bartlett with DWR and Ed Bonner with SITLA were invited to this investigation on 10/30/02. Mr. Bartlett and Mr. Bonner were both present. Neither had any concerns regarding the construction of this location or the drilling of this well. This site is on State surface with State minerals. This site appears to be the best site for a location in the immediate area.

**Reviewer:** David W. Hackford  
**Date:** 11/12/02

**Conditions of Approval/Application for Permit to Drill:**

1. A synthetic liner with a minimum thickness of 12 mils shall be properly installed and maintained in the reserve pit.





11-02 Pendragon St 3-16-108

Casing Schematic

Surface

Casings

8-5/8"  
MW 9.  
Frac 19.3

570'  
Green River

TOC @  
0. 20 ft  
w/ 15%  
Surface  
250. MD

w/ 34 8 washout

Previously Approved  
Drilled in area

BOP

BOP  
 $(0.052)(9)(5000) = 2340 \text{ psi}$   
Anticipated = 2100 psi

Gas  
 $(0.12)(5000) = 600 \text{ psi}$   
MASP = 1740 psi

2M BOPF proposed

Adequate  
see 11/25/10 Z

1300' BMSGW

TOC @  
3227.

w/ 15% washout

\* Prod casing St.p to ±3000'

4070'  
BMSGW?

4640'  
washed/cr

5-1/2"  
MW 9.

Production  
5000. MD

001

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

FORM 3

AMENDED REPORT   
(Highlight changes)

APPLICATION FOR PERMIT TO DRILL

5. MINERAL LEASE NO. **ML45175** 6. SURFACE

1A. TYPE OF WORK: DRILL  REENTER  DEEPEN

7. IF INDIAN, ALLOTTEE OR TRIBE NAME:

B. TYPE OF WELL: OIL  GAS  OTHER \_\_\_\_\_ SINGLE ZONE  MULTIPLE ZONE

8. UNIT or CA AGREEMENT NAME: **N/A**

2. NAME OF OPERATOR:  
**Pendragon Energy Partners, Inc.**

9. WELL NAME AND NUMBER:  
**State No. 3-16-10-18**

3. ADDRESS OF OPERATOR: **Denver CO 80293 303-296-9402**  
CITY STATE ZIP PHONE NUMBER

10. FIELD AND POOL OR WILDCAT:  
**Uteland Butte**

4. LOCATION OF WELL(FOOTAGES)  
AT SURFACE: **474' FNL, 1,999' FWL Sec 16**

11. QTR/QTR, SECTION, TOWNSHIP, RANGE  
MERIDIAN: **NE-NW Sec 16**  
**T10S, R18E, S.L.B. & M.**

AT PROPOSED PRODUCING ZONE: **Same**

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE:  
**26.7 Miles from Myton, Utah**

12. COUNTY: **Uintah** 13. STATE: **UTAH**

15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET)  
**474' FSL Sec 16**

16. NUMBER OF ACRES IN LEASE  
**640**

17. NUMBER ACRES ASSIGNED TO THIS WELL:  
**40**

18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR ON THIS LEASE (FEET)  
**None**

19. PROPOSED DEPTH:  
**5,000'**

20. BOND DESCRIPTION:  
**RLI Insurance Co. RLB0002714**

21. ELEVATIONS(SHOW WHETHER DF, RT, GR, ETC.):  
**5,102.6' GR**

22. ESTIMATED DURATION:  
**20-30 days to drill & complete**

24. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
12 1/4"	5-1/2" 8 7/8" 24# J-55, STC	250'	150 cf lite, 1.8 yield, 13 ppg, +100 cf 1.18 yield, 16 ppg
7 7/8"	8-5/8" 5 1/2" 15.5# J-55, STC	5,000'	+/- 500 cf poz, 1.3 yield. Top of cement @ +/- 3,000'
	DCD		

25. ATTACHMENTS

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

- B-Vicinity Map A
- C-Vicinity Map B
- D-Location Layout
- E-Rig Layout
- M-RNI Water Service #16
- G-Surface Use Plan
- H-Drilling Plan
- J-Existing Well Map
- L-BOP Diagram

WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER

COMPLETE DRILLING PLAN

EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER

FORM 5 IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

**John Luchetta**

**Agent**

NAME (PLEASE PRINT)

TITLE

*John Luchetta*

**Nov 15, 2002**

SIGNATURE

DATE

(This space for Federal or State office use)

API NUMBER ASSIGNED

**43-047-34766**

APPROVAL

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

Date: **11-26-02**

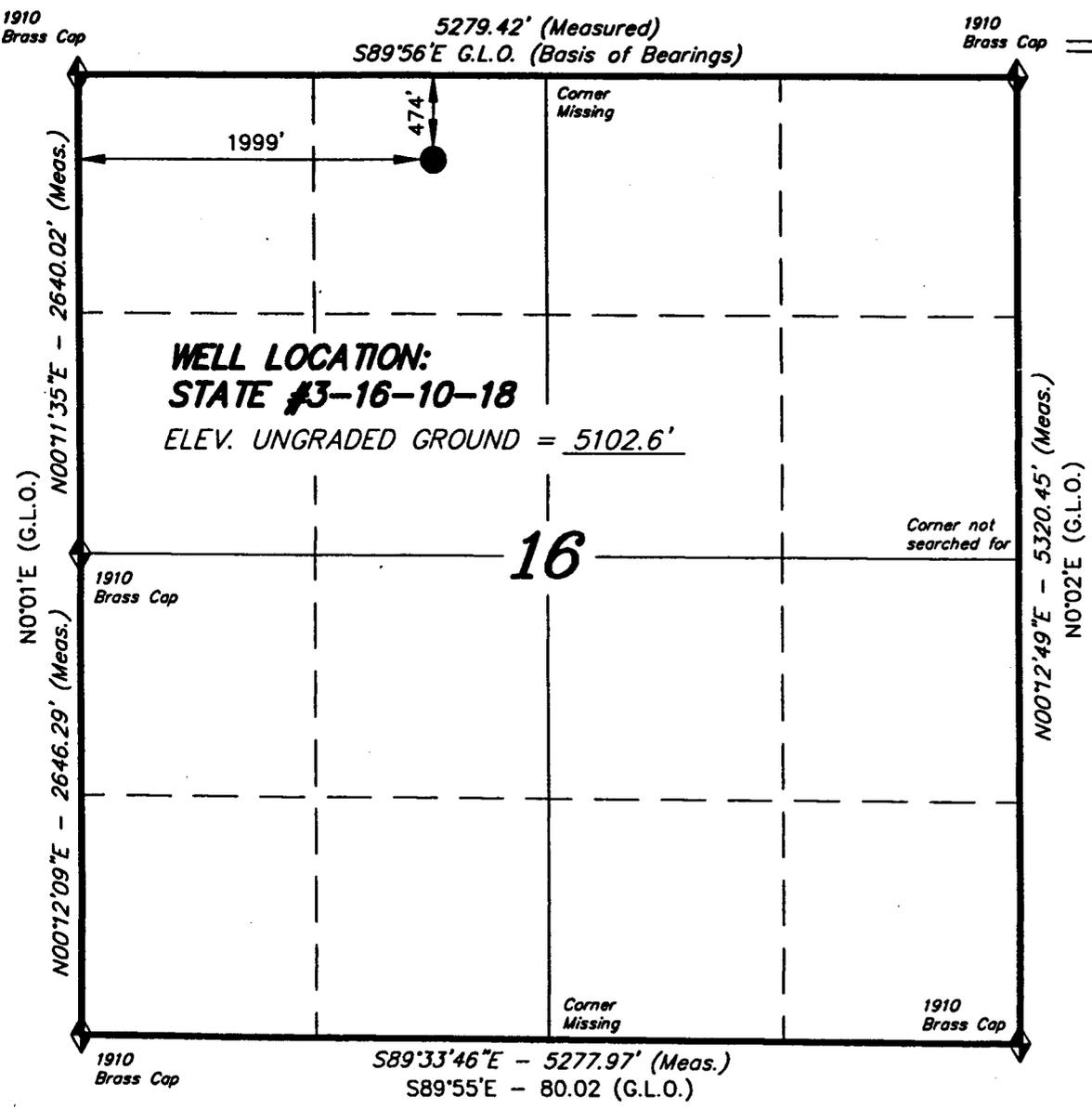
*[Signature]*

\*See Instructions On Reverse Side

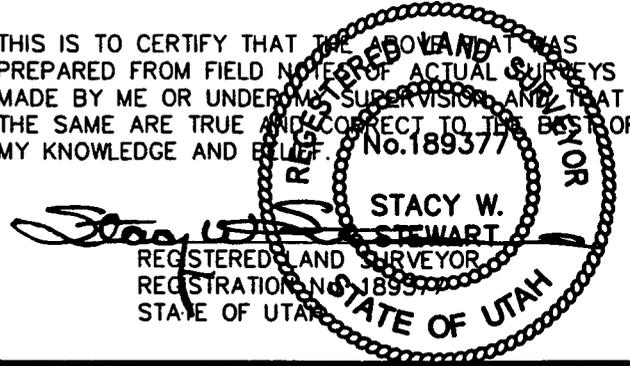
**T10S, R18E, S.L.B.&M.**

**PENDRAGON ENERGY PARTNERS, INC.**

WELL LOCATION, STATE #3-16-10-18,  
 LOCATED AS SHOWN IN THE NE 1/4  
 NW 1/4 OF SECTION 16, T10S, R18E,  
 S.L.B.&M. UINTAH COUNTY, UTAH.



THIS IS TO CERTIFY THAT THE ABOVE AND THAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF. No.189377



◆ = SECTION CORNERS LOCATED

BASIS OF ELEV; U.S.G.S. 7-1/2 min QUAD (CROW KNOLL)

<b>TRI STATE LAND SURVEYING &amp; CONSULTING</b> 180 NORTH VERNAL AVE. - VERNAL, UTAH 84078 (435) 781-2501	
SCALE: 1" = 1000'	SURVEYED BY: D.J.S.
DATE: 10-7-02	DRAWN BY: J.R.S.
NOTES:	FILE #

Well name:	<b>11-02 Pendragon St 3-16-10-18</b>	
Operator:	<b>Pendragon Energy Partners, Inc.</b>	
String type:	Surface	Project ID: 43-047-34766
Location:	Utah County	

**Design parameters:**

**Collapse**  
Mud weight: 9.000 ppg  
Design is based on evacuated pipe.

**Burst**  
Max anticipated surface pressure: 0 psi  
Internal gradient: 0.468 psi/ft  
Calculated BHP: 117 psi  
  
No backup mud specified.

**Minimum design factors:**

**Collapse:**  
Design factor: 1.125

**Burst:**  
Design factor: 1.00

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

Tension is based on air weight.  
Neutral point: 216 ft

**Environment:**

H2S considered? No  
Surface temperature: 65 °F  
Bottom hole temperature: 68 °F  
Temperature gradient: 1.40 °F/100ft  
Minimum section length: 200 ft

Cement top: Surface

Non-directional string.

**Re subsequent strings:**

Next setting depth: 5,000 ft  
Next mud weight: 9.000 ppg  
Next setting BHP: 2,338 psi  
Fracture mud wt: 19.250 ppg  
Fracture depth: 250 ft  
Injection pressure: 250 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	250	8.625	24.00	J-55	ST&C	250	250	7.972	12

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	117	1370	11.72	117	2950	25.24	6	244	40.67 J

Prepared by: Dustin Doucet  
Utah Dept. of Natural Resources

Phone: 801-538-5281  
FAX: 801-359-3940

Date: November 25, 2002  
Salt Lake City, Utah

ENGINEERING STIPULATIONS: NONE  
Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.  
Collapse is based on a vertical depth of 250 ft, a mud weight of 9 ppg. The casing is considered to be evacuated for collapse purposes.  
Burst strength is not adjusted for tension.

*Engineering responsibility for use of this design will be that of the purchaser.*

Well name:	<b>11-02 Pendragon St 3-16-10-18</b>	
Operator:	<b>Pendragon Energy Partners, Inc.</b>	
String type:	Production	Project ID: 43-047-34766
Location:	Utah County	

**Design parameters:**

**Collapse**

Mud weight: 9.000 ppg  
Design is based on evacuated pipe.

**Burst**

Max anticipated surface pressure: 0 psi  
Internal gradient: 0.468 psi/ft  
Calculated BHP: 2,338 psi

No backup mud specified.

**Minimum design factors:**

**Collapse:**

Design factor 1.125

**Burst:**

Design factor 1.00

**Tension:**

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

Tension is based on air weight.  
Neutral point: 4,319 ft

**Environment:**

H2S considered? No  
Surface temperature: 65 °F  
Bottom hole temperature: 135 °F  
Temperature gradient: 1.40 °F/100ft  
Minimum section length: 1,500 ft

Cement top: 3,227 ft

*\* Skip*

Non-directional string.

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	5000	5.5	15.50	J-55	ST&C	5000	5000	4.825	156.7

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	2338	4040	1.73	2338	4810	2.06	77	202	2.61 J

Prepared by: Dustin Doucet  
Utah Dept. of Natural Resources

Phone: 801-538-5281  
FAX: 801-359-3940

Date: November 25, 2002  
Salt Lake City, Utah

**ENGINEERING STIPULATIONS: NONE**

Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.  
Collapse is based on a vertical depth of 5000 ft, a mud weight of 9 ppg. The casing is considered to be evacuated for collapse purposes.  
Burst strength is not adjusted for tension.

*Engineering responsibility for use of this design will be that of the purchaser.*



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

November 26, 2002

Pendragon Energy Partners, Inc.  
621 17th, Suite 1750  
Denver, CO 80293

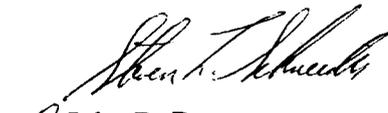
Re: State 3-16-10-18 Well, 474' FNL, 1999' FWL, NE NW, Sec. 16, T. 10 South, R. 18 East, Uintah County, Utah

Gentlemen:

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

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 43-047-34766.

Sincerely,

  
John R. Baza  
Associate Director

pb  
Enclosures  
cc: Uintah County Assessor  
SITLA

**Operator:** Pendragon Energy Partners, Inc.  
**Well Name & Number** State 3-16-10-18  
**API Number:** 43-047-34766  
**Lease:** ML-45175

**Location:** NE NW      **Sec.** 16      **T.** 10 South      **R.** 18 East

### Conditions of Approval

1. **General**

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

2. **Notification Requirements**

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

- 24 hours prior to cementing or testing casing
- 24 hours prior to testing blowout prevention equipment
- 24 hours prior to spudding the well
- within 24 hours of any emergency changes made to the approved drilling program
- prior to commencing operations to plug and abandon the well

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

- Dan Jarvis at (801) 538-5338
- Carol Daniels at (801) 538-5284 (spud)

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. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical or paleontological remains be encountered during your operations, you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.

5. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)

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

7. Ensure cement for the 5-1/2" production casing covers the base of the moderately saline groundwater at  $\pm 3,000'$ .

005

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

FORM 9

5. LEASE DESIGNATION AND SERIAL NUMBER **ML 45175**

**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 well or drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL forms for such proposals.

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT OR CA AGREEMENT NAME: **N/A**

1. TYPE OF WELL  OIL WELL  GAS WELL  OTHER \_\_\_\_\_

8. WELL NAME and NUMBER **STATE 3-16-10-18**

2. Name of Operator: **Pendragon Energy Partners, Inc.**

9. API NUMBER: **43-047-34766**

3. Address of Operator **621, 17 the Street** CITY **Denver** STATE **CO 80293** PHONE No **303 296 9402**

10. FIELD AND POOL, OR WILDCAT **Uteland Butte**

4. LOCATION OF WELL **474' FNL, 1,999 FWL Sec 16, T10S-R18E**

COUNTY: **Uintah**

STATE: **UTAH**

QTR/QRT, SECTION, TOWNSHIP AND RANGE **NE NW Sec 16 T10S - R18E**

**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: <b>Feb 15, 2003</b>	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input checked="" 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 checked="" type="checkbox"/> SUBSEQUENT REPORT: (Submit Original Form Only)	<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 checked="" type="checkbox"/> CHANGE WELL STATUS	<input checked="" type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	OTHER <b>Initial Completion</b>
	<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.

Completed

- Jan 1, 2003: Drill surface hole and set 8 5/8" casing.
- Jan 5, 2002: MIRU drilling equipment.
- Jan 12, 2003: Drill to TD ( 4862'), Run logs.
- Jan 13, 2003: Run 5 1/2" production casing, Cement to 3000'
- Jan 15, 2003: RDMO drilling equipment.
- WOC on completion.

Proposed

- 1. MIRU completion rig and associated equipment.
- 2. Run casing logs (GR- CBL) .
- 3. Perforate pay intervals.
- 4. Production test.
- 5. Stimulate (Fracture Treat)
- 6. Install production equipment.

**RECEIVED**

**FEB 10 2003**

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

NAME (PLEASE PRINT) **John Luchetta**

TITLE **Agent.**

SIGNATURE *John Luchetta*

DATE \_\_\_\_\_

006

ENTITY ACTION FORM

Operator: PENDRAGON ENERGY PARTNERS, INC.

Operator Account Number: N 2965

Address: 621 17<sup>th</sup> ST. # 750

DENVER, CO. 80293

Phone Number: 303-296-9402

Well 1

API Number	Well Name		QQ	Sec	Twp	Rng	County
43-047-34766	STATE 3-16-10-18		NE/NW	16	10S	18E	UINTAH
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
A	99999	13733	12/30/02		2-26-03		
Comments:							

Well 2

API Number	Well Name		QQ	Sec	Twp	Rng	County
43-047-34767	STATE 11-16-10-18		NE/SW	16	10S	18E	UINTAH
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
A	99999	13734	1/12/03		2-26-03		
Comments:							

Well 3

API Number	Well Name		QQ	Sec	Twp	Rng	County
43-047-34134	FED. 2-20-10-18		NW/NE	20	10S	18E	UINTAH
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
A	99999	13735	1/29/03		2-26-03		
Comments:							

ACTION CODES:

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

ALAN B. NICOL  
Name (Please Print)  
[Signature]  
Signature  
PRESIDENT 2/18/03  
Title Date

RECEIVED

FEB 20 2003

007

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

AMENDED REPORT FORM 8
(highlight changes)

5. LEASE DESIGNATION AND SERIAL NUMBER:
ML 45175

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:
N/A

8. WELL NAME AND NUMBER:
State 3-16-10-18

9. API NUMBER:
43-047-34766

10. FIELD AND POOL, OR WILDCAT:
Uteland Butte

11. QTR/QTR, SECTION TOWNSHIP, RANGE
MERIDIAN:
NE NW Sec 16, T10S R18E S.L.B. & M

12. COUNTY Uintah 13. STATE UTAH

17. ELEVATIONS:(DF, RKB, RT, GL) 5,102.6'

1a. TYPE OF WELL: OIL WELL [X] GAS WELL [ ] DRY [ ] OTHER [ ]

b. TYPE OF WORK: NEW WELL [X] HORIZ LATS [ ] DEEP EN [ ] RE-ENTRY [ ] DIFF. RESER/ [ ] OTHER [ ]

2. NAME OF OPERATOR: Pendragon Energy Partners, Inc.

3. ADDRESS OF OPERATOR: 621 17th, Suite 750 Denver CO 80293
CITY STATE ZIP PHONE NUMBER: 303 296 9402

4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 474' FNL, 1,999' FWL Sec 16, T10S R18W

AT TOP PRODUCING INTERVAL REPORTED BELOW: Same
AT TOTAL DEPTH: Same

14. DATE SPUDDED: Jan 4, 2003 15. DATE T.D. REACHED: Jan 11, 2003 16. DATE COMPLETED: Mar 1, 2003

15. TOTAL DEPTH MD 4,860' KB 19. PLUG BACK T.D.: MD 4,810' 20. MULTIPLE COMPLETIONS, HOW MANY?
TVD TVD

22. TYPE ELECTRIC AND OTHER MECHANICAL LOGS RUN (Submit copy of each)
HRI; SDDSN GR-CBL 5-1-03
23. WAS WELL CORED? NO [X] YES [ ] (Submit analysis)
WAS DST RUN? NO [X] YES [ ] (Submit analysis)
DIRECTIONAL SURVEY? NO [X] YES [ ] (Submit analysis)

24. CASING AND LINER RECORD (Report all strings set in well)

Table with columns: HOLE SIZE, SIZE/GRADE, WEIGHT#/ft, TOP (MD), BOTTOM (MD), STAGE CEMENTER DEPTH, CEMENT TYPE & NO. OF SACKS, SLURRY VOLUME (BBL), CEMENT TOP (ft), AMOUNT PULLED. Includes entries for 12 1/4" and 7 7/8" hole sizes.

25. TUBING RECORD

Table with columns: SIZE, DEPTH SET (MD), PACKER SET (MD). Includes entry for 2 7/8" size with 4,668' depth set.

26. PRODUCING INTERVALS

Table with columns: FORMATION NAME, TOP (MD), BOTTOM (MD), TOP (TVD), BOTTOM (TVD), INTERVAL ((Top/Bot-MD), SIZE, NO. HOLES, PERFORATION STATUS. Includes entry for Green River "C" formation.

28. ACID, FRACTURE, TREATMENT, CEMENT SQUEEZE, ETC.

Table with columns: DEPTH INTERVAL, AMOUNT AND TYPE OF MATERIAL. Includes entry for 4,740-4,744 interval with 300 bbls of gelled water + 25,000 lbs of 20/40 sand + additives.

29. ENCLOSED ATTACHMENTS:

Note: All logs etc were mailed under separate cover.

- Electrical/Mechanical Logs, Geological Report, DST Report, Sundry Notices for Plugging and Cement Verification, Core Analysis, Other.

30. WELL STATUS:

Pumping RECEIVED

APR 24 2003

31. INITIAL PRODUCTION

INTERVAL A (As shown in item 26)

DATE FIRST PRODUCED: <b>March 1, 2003</b>	TEST DATE: <b>April 1, 2003</b>	HOURS TESTED: <b>24</b>	TEST PRODUCTION RATES: > <b>47 bfpd</b>	OIL-BBLS: <b>45</b>	GAS-MCF:	WATER-BBLS: <b>2 blwpd</b>	PROD METHOD: <b>pumping</b>
CHOKE SIZE:	TBG. PRESS:	CSG. PRESS:	API GRAVITY:	BTU-GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: >	INTERVAL STATUS

INITIAL PRODUCTION

INTERVAL B (As shown in item 26)

DATE FIRST PRODUCED:	TEST DATE:	HOURS TESTED:	TEST PRODUCTION RATES: >	OIL-BBLS:	GAS-MCF:	WATER-BBLS:	PROD METHOD:
CHOKE SIZE:	TBG. PRESS:	CSG. P	API GRAVITY:	BTU-GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: >	INTERVAL STATUS

INITIAL PRODUCTION

INTERVAL C (As shown in item 26)

DATE FIRST PRODUCED:	TEST DATE:	HOURS TESTED:	TEST PRODUCTION RATES: >	OIL-BBLS:	GAS-MCF:	WATER-BBLS:	PROD METHOD:
CHOKE SIZE:	TBG. PRESS:	CSG. PRESS:	API GRAVITY:	BTU-GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: >	INTERVAL STATUS

INITIAL PRODUCTION

INTERVAL D (As shown in item 26)

DATE FIRST PRODUCED:	TEST DATE:	HOURS TESTED:	TEST PRODUCTION RATES: >	OIL-BBLS:	GAS-MCF:	WATER-BBLS:	PROD METHOD:
CHOKE SIZE:	TBG. PRESS:	CSG. PRESS:	API GRAVITY:	BTU-GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: >	INTERVAL STATUS

32. DISPOSITION OF GAS (Sold, Used for Fuel, Vented, Etc.)

33. SUMMARY OF POROUS ZONES (Include Aquifers):

Show all important zones of porosity and contents: Cored intervals and all drill-stem tests, including depth intervals tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

34. FORMATION MARKERS:

Formation	Top (MD)	Bottom (MD)	Description, Contents, etc.	Name	Top Measured Depth
"C" Shoal	4,740'	4,744	Dolomite		

35. ADDITIONAL REMARKS (Include plugging procedure)

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records.

NAME(PLEASE PRINT) **John Luchetta** TITLE **Agent**  
 SIGNATURE *John Luchetta* DATE **April 21, 2003**

- This report must be submitted within 30 days of:
- completing or plugging a new well
  - drilling horizontal laterals from an existing well bore
  - recompleting to a different producing formation
  - reentering a previously plugged and abandoned well
  - significantly deepening an existing well bore below the previous bottom-hole depth
  - drilling hydrocarbon exploratory holes, such as core samples and stratigraphic tests
- \* ITEM 20: Show the number of completions if production is measured separately from two or more formations.
- \*\* ITEM 24: Cement Top-Show how reported top(s) of cement were determined (circulated (CIR), calculated (CAL), cement bond log (CBL), temperature survey (TBS).

Send to: Utah Division of Oil, Gas and Mining Phone: 801-538-5340  
 1594 West North Temple, Suite 1210  
 Box 145801 Fax: 801-359-3940  
 Salt Lake City, Utah, 84114-5801

008

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

ENTITY ACTION FORM

Operator: PENDRAGON ENERGY PARTNERS, INC.  
Address: 621 17 TH STREET, STE. 750  
DENVER  
CO 80293

Operator Account Number: N 2965  
Phone Number: (303) 296-9402

Well 1

API Number	Well Name	QQ	Sec	Twp	Ring	County
047-34767	STATE #11-16-10-18	NESW	16	10S	18E	UINTAH
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date	
E	13734	14366			11/4/04	
Comments: EFFECTIVE 9/1/04 PART OF UTELAND BUTTE WATERFLOOD <i>GRU</i> <i>eff 9/1/04</i>						

K

Well 2

API Number	Well Name	QQ	Sec	Twp	Ring	County
047-33807	STATE #1-16-10-18	NENE	16	10S	18E	UINTAH
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date	
E	13103	14366			11/4/04	
Comments: EFFECTIVE 9/1/04 PART OF UTELAND BUTTE WATERFLOOD <i>GRU</i> <i>eff 9/1/04</i>						

K

Well 3

API Number	Well Name	QQ	Sec	Twp	Ring	County
047-34766	STATE #3-16-10-18	NENW	16	10S	18E	UINTAH
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date	
E	13733	14366			11/4/04	
Comments: EFFECTIVE 9/1/04 PART OF UTELAND BUTTE WATERFLOOD <i>GRU</i> <i>eff 9/1/04</i>						

K

ACTION CODES:

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

JANEEN FRITTS

Name (Please Print)  
*Janeen Fritts*  
Signature  
EDM IN SECY  
Title  
Date 11/04/04

RECEIVED

NOV 04 2004

DIV OF OIL GAS &

**Division of Oil, Gas and Mining**  
**OPERATOR CHANGE WORKSHEET**

<b>ROUTING</b>
1. DJJ
2. CDW

**X - Change of Operator (Well Sold)**

Operator Name Change/Merger

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

**12/15/2009**

<b>FROM:</b> (Old Operator): N2965-Pendragon Energy Partners, Inc. 468 South Reed St. Lakewood, CO 80226  Phone: 1 (303) 296-9402	<b>TO:</b> (New Operator): N5085-Questar E&P Company 1050 17th St, Suite 500 Denver, CO 80265  Phone: 1 (303) 672-6900
--	---

<b>CA No.</b>		<b>Unit:</b>		<b>UTELAND BUTTE (GRRV)</b>				
<b>WELL NAME</b>	<b>SEC</b>	<b>TWN</b>	<b>RNG</b>	<b>API NO</b>	<b>ENTITY NO</b>	<b>LEASE TYPE</b>	<b>WELL TYPE</b>	<b>WELL STATUS</b>
SEE ATTACHED LIST								

**OPERATOR CHANGES DOCUMENTATION**

Enter date after each listed item is completed

- (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 12/24/2009
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 12/24/2009
- The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 1/20/2010
- Is the new operator registered in the State of Utah:          Business Number: 764611-0143
- (R649-9-2) Waste Management Plan has been received on: IN PLACE
- Inspections of LA PA state/fee well sites complete on: 1/12/2010 ok per DJJ
- Reports current for Production/Disposition & Sundries on: ok
- Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: BLM not yet BIA
- Federal and Indian Units:**  
The BLM or BIA has approved the successor of unit operator for wells listed on: not yet
- Federal and Indian Communization Agreements ("CA"):**  
The BLM or BIA has approved the operator for all wells listed within a CA on: n/a
- Underground Injection Control ("UIC")** 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: 1/12/2010

**DATA ENTRY:**

- Changes entered in the **Oil and Gas Database** on: 1/20/2010
- Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 1/20/2010
- Bond information entered in RBDMS on: 1/20/2010
- Fee/State wells attached to bond in RBDMS on: 1/20/2010
- Injection Projects to new operator in RBDMS on: 1/20/2010
- Receipt of Acceptance of Drilling Procedures for APD/New on: n/a

**BOND VERIFICATION:**

- Federal well(s) covered by Bond Number: ESB000024
- Indian well(s) covered by Bond Number: n/a
- (R649-3-1) The **NEW** operator of any state/fee well(s) listed covered by Bond Number 965003033
- The **FORMER** operator has requested a release of liability from their bond on: not yet

**LEASE INTEREST OWNER NOTIFICATION:**

- (R649-2-10) The **NEW** operator of the fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: n/a

**COMMENTS:**

Pendragon (N2965) to Questar Exploration Production (N5085)

DESERT SPRINGS 20-1	20	100S	180E	4304732052	14366	FEDERAL	OW	S	UTU-74836
DESERT SPRING 3-29-10-18	29	100S	180E	4304733162	14366	FEDERAL	OW	P	U-74836
DESERT SPRING 16-19-10-18	19	100S	180E	4304733164	14366	FEDERAL	OW	P	U-74408
FEDERAL 7-19-10-18	19	100S	180E	4304733244	14366	FEDERAL	WS	A	UTU74408
FEDERAL 5-20-10-18	20	100S	180E	4304733245	14366	FEDERAL	WI	A	UTU74836
FEDERAL 14-17-10-18	17	100S	180E	4304733712	14366	FEDERAL	OW	S	UTU74407
FED 2-20-10-18	20	100S	180E	4304734134	14366	FEDERAL	OW	P	UTU-0182660-A
FED 9-17-10-18	17	100S	180E	4304734135	14366	FEDERAL	WI	A	UTU-77407
DESERT SPRING 7-30-10-18	30	100S	180E	4304734760	14366	FEDERAL	OW	S	U74408
STATE 1-16-10-18	16	100S	180E	4304733807	14366	STATE	OW	P	ML-45175
STATE 3-16-10-18	16	100S	180E	4304734766	14366	STATE	OW	P	ML 45175
STATE 11-16-10-18	16	100S	180E	4304734767	14366	STATE	OW	P	ML 45175

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

FORM 9

5. LEASE DESIGNATION AND SERIAL NUMBER:  
**ML-45175**

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

**SUNDRY NOTICES AND REPORTS ON WELLS**

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

1. TYPE OF WELL: OIL WELL  GAS WELL  OTHER \_\_\_\_\_

2. NAME OF OPERATOR:  
**Questar Exploration & Production Company N5085**

3. ADDRESS OF OPERATOR:  
**1050 17th Street Suite 500 I CITY Denver STATE CO ZIP 80265** PHONE NUMBER: **(303) 672-6900**

4. LOCATION OF WELL:  
FOOTAGES AT SURFACE: **474' FNL, 1999' FWL** COUNTY: **Uintah**  
QTR/QR, SECTION, TOWNSHIP, RANGE, MERIDIAN: **NENW 16 10S 18E S** STATE: **UTAH**

8. WELL NAME and NUMBER:  
**State 3-16-10-18**

9. API NUMBER:  
**4304734766**

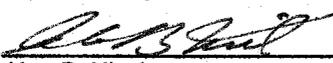
10. FIELD AND POOL, OR WILDCAT:  
**Uteland Butte**

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

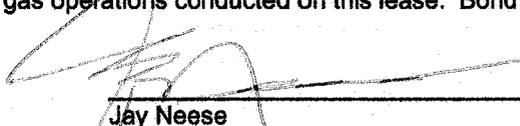
TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
<input type="checkbox"/> SUBSEQUENT 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 checked="" type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

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

Effective 12/15/09 Questar Exploration & Production Company was appointed operator of this well and agrees to be responsible under the terms and conditions of the lease for all oil and gas operations conducted on this lease. Bond coverage is provided by our bond # 965-003-033.

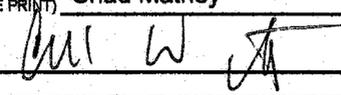
  
Alan B. Nicol  
President  
Pendragon Energy Partners, Inc.  
468 South Reed Street  
Lakewood, CO 80226  
(303) 296-9402

12/15/09  
Date  
N2965

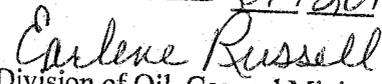
  
Jay Neese  
Executive Vice President  
Questar Exploration and Production Company  
1050 17th Street, Suite 500  
Denver, CO 80265

12-15-2009  
Date

NAME (PLEASE PRINT) Chad Matney TITLE Landman

SIGNATURE  DATE 12-15-2009

(This space for State use only)

APPROVED 01/20/2010  
  
Earlene Russell  
Division of Oil, Gas and Mining  
Earlene Russell, Engineering Technician

(See Instructions on Reverse Side)

RECEIVED  
DEC 24 2009  
DIV. OF OIL, GAS & MINING

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

**ROUTING**  
 CDW

Change of Operator (Well Sold)

**X - Operator Name Change**

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

**6/14/2010**

<b>FROM:</b> (Old Operator): N5085-Questar Exploration and Production Company 1050 17th St, Suite 500 Denver, CO 80265  Phone: 1 (303) 308-3048	<b>TO:</b> ( New Operator): N3700-QEP Energy Company 1050 17th St, Suite 500 Denver, CO 80265  Phone: 1 (303) 308-3048
--	---

WELL NAME	CA No.			Unit:	UTELAND BUTTE (GRRV)			
	SEC	TWN	RNG	API NO	ENTITY NO	LEASE TYPE	WELL TYPE	WELL STATUS
SEE ATTACHED								

**OPERATOR CHANGES DOCUMENTATION**

Enter date after each listed item is completed

- (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 6/28/2010
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 6/28/2010
- The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 6/24/2010
- Is the new operator registered in the State of Utah: Business Number: 764611-0143
- (R649-9-2) Waste Management Plan has been received on: Requested
- Inspections of LA PA state/fee well sites complete on: n/a
- Reports current for Production/Disposition & Sundries on: ok
- Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: BLM 8/16/2010 BIA not yet
- Federal and Indian Units:**  
The BLM or BIA has approved the successor of unit operator for wells listed on: 8/16/2010
- Federal and Indian Communization Agreements ("CA"):**  
The BLM or BIA has approved the operator for all wells listed within a CA on: N/A
- Underground Injection Control ("UIC")** Division has approved UIC Form 5 Transfer of Authority to **Inject**, for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: 6/29/2010

**DATA ENTRY:**

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

**BOND VERIFICATION:**

- Federal well(s) covered by Bond Number: ESB000024
- Indian well(s) covered by Bond Number: 965010693
- (R649-3-1) The **NEW** operator of any state/fee well(s) listed covered by Bond Number 965010695
- The **FORMER** operator has requested a release of liability from their bond on: n/a

**LEASE INTEREST OWNER NOTIFICATION:**

- (R649-2-10) The **NEW** operator of the fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: n/a

**COMMENTS:**

Questar Exploration Production Company (N5085) to QEP Energy Company (N3700)  
 UTELAND BUTTE (GRRV)  
 effective June 14, 2010

well_name	sec	twp	rng	api	entity	mineral lease	type	stat
DESERT SPRINGS 20-1	20	100S	180E	4304732052	14366	Federal	OW	P
DESERT SPRING 3-29-10-18	29	100S	180E	4304733162	14366	Federal	OW	P
DESERT SPRING 16-19-10-18	19	100S	180E	4304733164	14366	Federal	OW	P
FEDERAL 14-17-10-18	17	100S	180E	4304733712	14366	Federal	OW	P
STATE 1-16-10-18	16	100S	180E	4304733807	14366	State	OW	P
FED 2-20-10-18	20	100S	180E	4304734134	14366	Federal	OW	P
DESERT SPRING 7-30-10-18	30	100S	180E	4304734760	14366	Federal	OW	P
STATE 3-16-10-18	16	100S	180E	4304734766	14366	State	OW	P
STATE 11-16-10-18	16	100S	180E	4304734767	14366	State	OW	P

Bonds: BLM = ESB000024  
 BIA = 956010693  
 State = 965010695

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

FORM 9

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>		5. LEASE DESIGNATION AND SERIAL NUMBER: See attached
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: See attached
		7. UNIT or CA AGREEMENT NAME: See attached
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER _____		8. WELL NAME and NUMBER: See attached
2. NAME OF OPERATOR: Questar Exploration and Production Company <i>N5085</i>		9. API NUMBER: Attached
3. ADDRESS OF OPERATOR: 1050 17th Street, Suite 500 Denver	STATE <u>CO</u> ZIP <u>80265</u>	10. FIELD AND POOL, OR WILDCAT: See attached
4. LOCATION OF WELL FOOTAGES AT SURFACE: See attached		COUNTY: Attached
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:		STATE: <b>UTAH</b>

11 CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate)  Approximate date work will start: <u>6/14/2010</u>	<input type="checkbox"/> ACIDIZE <input type="checkbox"/> ALTER CASING <input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> DEEPEN <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> PLUG BACK <input type="checkbox"/> PRODUCTION (START/RESUME) <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	<input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> WATER DISPOSAL <input type="checkbox"/> WATER SHUT-OFF <input checked="" type="checkbox"/> OTHER: <u>Operator Name Change</u>
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only)  Date of work completion: _____			

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

Effective June 14, 2010 Questar Exploration and Production Company changed its name to QEP Energy Company. This name change involves only an internal corporate name change and no third party change of operator is involved. The same employees will continue to be responsible for operations of the properties described on the attached list. All operations will continue to be covered by bond numbers:

Federal Bond Number: 965002976 (BLM Reference No. ESB000024) *N3700*  
 Utah State Bond Number: ~~965003033~~ } *965010695*  
 Fee Land Bond Number: ~~965003033~~  
 BIA Bond Number: ~~799446~~ *965010693*

The attached document is an all inclusive list of the wells operated by Questar Exploration and Production Company. As of June 14, 2010 QEP Energy Company assumes all rights, duties and obligations as operator of the properties as described on the list

NAME (PLEASE PRINT) <u>Morgan Anderson</u>	TITLE <u>Regulatory Affairs Analyst</u>
SIGNATURE <i>Morgan Anderson</i>	DATE <u>6/23/2010</u>

(This space for State use only)

**RECEIVED**  
**JUN 28 2010**

DIV. OF OIL, GAS & MINING

(See Instructions on Reverse Side)

**APPROVED** *6/13/2010*  
*Earlene Russell*  
Division of Oil, Gas and Mining  
Earlene Russell, Engineering Technician



# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

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



IN REPLY REFER TO:  
3100  
(UT-922)

JUL 28 2010

### Memorandum

To: Vernal Field Office, Price Field Office, Moab Field Office

From: Chief, Branch of Minerals

*Roger L. Bankert*

Subject: Name Change Recognized

Attached is a copy of the Certificate of Name Change issued by the Texas Secretary of State and a decision letter recognizing the name change from the Eastern States Office. We have updated our records to reflect the name change in the attached list of leases.

The name change from **Questar Exploration and Production Company** into **QEP Energy Company** is effective June 8, 2010.

cc: MMS  
UDOGM

RECEIVED

AUG 16 2010

DIV. OF OIL, GAS & MINERALS