

HEITZMAN DRILL-SITE SERVICES

DALE HEITZMAN (1925-2002)

ROBERT M. ANDERSON

February 20, 2004

STATE OF UTAH
Department of Natural Resources
Division of Oil, Gas and Mining
P.O. Box 145801
Salt Lake City, Utah 84114-5801

RE: Request for Location Exception

Bonanza #12D-12
1556' FSL, 867' FWL (NW¼SW¼)
Section 12, T9S, R23E, S.L.B.&M.
Uintah County, Utah
Federal Lease #UTU-73426

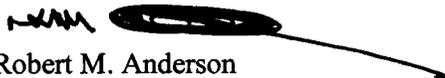
Gentlemen;

Pursuant to Rule R649-3-3 (Exception to Location and Siting of Wells) of the Utah Administrative Code (UAC), The Houston Exploration Company (THEC) hereby requests administrative approval for a location exception for the Bonanza #12D-12 well location. As indicated above, THEC proposes to drill the Bonanza #12D-12 from a surface hole location of 1556' FSL and 867' FWL of Section 12 in Township 9 South, Range 23 East in Uintah County, Utah in order to test the productive potential of the Castlegate Formation at a total depth of 7200'.

Due to a combination of subsurface geologic considerations and surface topographic constraints, the proposed Bonanza #12D-12 could not be staked within 200 feet of the center of the selected forty-acre tract as required under UAC R649-3-2. THEC owns or controls all of the mineral acreage within a 460 foot radius of the proposed Bonanza #12D-12 and there are no producing wells within a 920 foot radius thereof.

Should you have any questions or require any additional information in this regard, please do not hesitate to give me a call at (307) 473-1268.

Sincerely,



Robert M. Anderson
Authorized Agent

RMA/ibm
Attachment

cc: Mr. Lloyd Bruce
The Houston Exploration Company
1100 Louisiana, Suite 2000
Houston, Texas 77002

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FEB 24 2004

DIV. OF OIL, GAS & MINING

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

FORM 3

AMENDED REPORT []
(highlight changes)

APPLICATION FOR PERMIT TO DRILL
1A. TYPE OF WORK: DRILL [X] REENTER [] DEEPEN []
B. TYPE OF WELL: OIL [] GAS [X] OTHER [] SINGLE ZONE [X] MULTIPLE ZONE []
2. NAME OF OPERATOR: THE HOUSTON EXPLORATION COMPANY 1100 Louisiana, Suite 2000
3. ADDRESS OF OPERATOR: CITY Houston STATE TX ZIP 77002 PHONE NUMBER: 713-830-6973
4. LOCATION OF WELL (FOOTAGES): AT SURFACE: 1556' FSL, 867' FWL (NW1/4SW1/4) of Section 12
AT PROPOSED PRODUCING ZONE: Same as above 4434226Y 40.04742 646651X -109.28086
11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NW1/4SW1/4 of Section 12 T9S, R23E, S.L.B.&M.
12. COUNTY: Uintah 13. STATE: UTAH
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: Approximately 20 miles southwest of Dinosaur, Colorado
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET): 867'
16. NUMBER OF ACRES IN LEASE: 1200.00
17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40 acres
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET): N/A
19. PROPOSED DEPTH: 7200'
20. BOND DESCRIPTION: BLM Statewide Bond
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 5021' GR
22. APPROXIMATE DATE WORK WILL START: April 15, 2004
23. ESTIMATED DURATION: 30 days

24. PROPOSED CASING AND CEMENTING PROGRAM
Table with 4 columns: SIZE OF HOLE, CASING SIZE, GRADE, AND WEIGHT PER FOOT, SETTING DEPTH, CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT.
Row 1: 12.250", 9.625" J-55, 36.0#, 0- 450', 885 sx circulated to surface
Row 2: 7.875", 4.500" N-80, 11.6#, 0-7200', 740 sx 50/50 pozmix cement

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FEB 24 2004

25. ATTACHMENTS
VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:
[X] WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER
[X] 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

NAME (PLEASE PRINT) Robert M. Anderson TITLE Authorized Agent
SIGNATURE [Signature] DATE February 19, 2004

(This space for State use only)

API NUMBER ASSIGNED: 43-047-35551

APPROVAL:

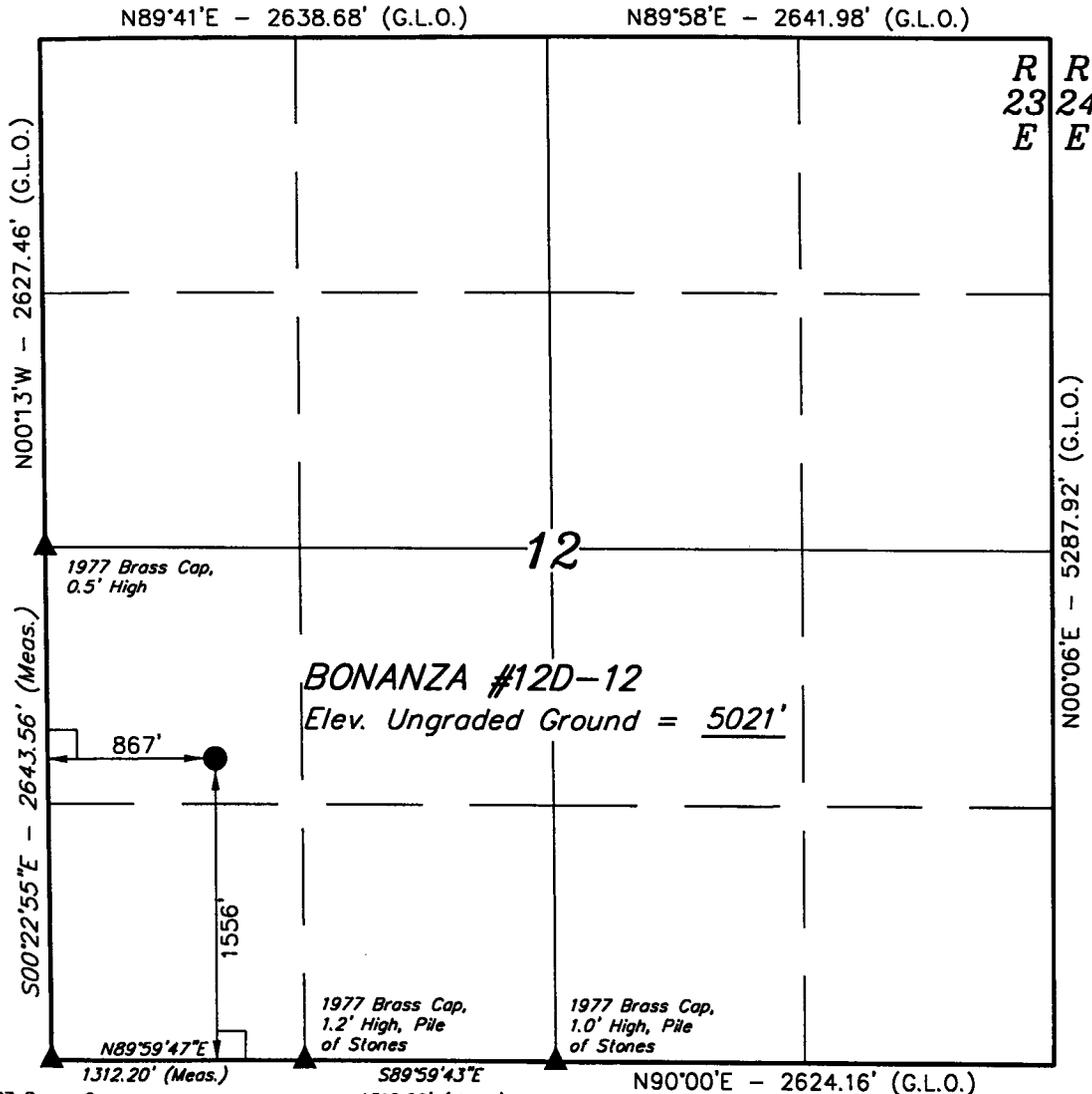
Approved by the
Utah Division of
Oil, Gas and Mining

Date: 04-21-04
By: [Signature]

T9S, R23E, S.L.B.&M.

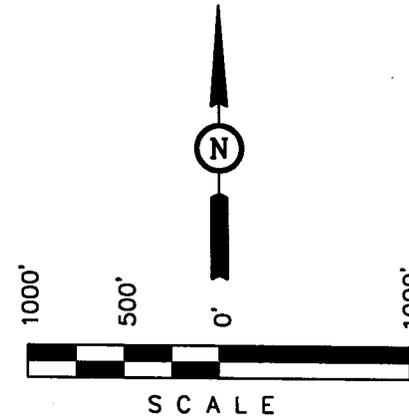
THE HOUSTON EXPLORATION COMPANY

Well location, BONANZA #12D-12, located as shown in the NW 1/4 SW 1/4 of Section 12, T9S, R23E, 6th P.M. Uintah County, Utah.



BASIS OF ELEVATION

BENCH MARK (54EAM) LOCATED IN THE NW 1/4 OF SECTION 14, T9S, R23E, S.L.B.&M. TAKEN FROM THE RED WASH SE QUADRANGLE, UTAH, UINTAH COUNTY, 7.5 MINUTE SERIES (TOPOGRAPHICAL MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 5031 FEET.



CERTIFICATE

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 AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

Robert L. Key
REGISTERED LAND SURVEYOR
REGISTRATION NO. 161319
STATE OF UTAH

1977 Brass Cap, 0.5' High, Pile of Stones

LEGEND:

- └─┘ = 90° SYMBOL
- = PROPOSED WELL HEAD.
- ▲ = SECTION CORNERS LOCATED.

BASIS OF BEARINGS

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.

(AUTONOMOUS NAD 83)
Latitude = 40°02'51.10" (40.047528)
Longitude = 109°16'54.17" (109.281714)

UINTAH ENGINEERING & LAND SURVEYING
85 SOUTH 200 EAST - VERNAL, UTAH 84078
(435) 789-1017

| | | |
|-------------------------|-----------------------------------------|-------------------------|
| SCALE 1" = 1000' | DATE SURVEYED: 10-07-03 | DATE DRAWN: 10-27-03 |
| PARTY S.H. L.M. C.G. | REFERENCES G.L.O. PLAT | |
| WEATHER WARM | FILE THE HOUSTON EXPLORATION COMPANY | |

THE HOUSTON EXPLORATION COMPANY
 Lease #UTU-73426, Bonanza #12D-12
 SE¼NW¼SW¼, Section 12, T9S, R23E
 Uintah County, Utah

| |
|---------------------------|
| DRILLING PROGNOSIS |
|---------------------------|

1. ESTIMATED TOPS OF IMPORTANT GEOLOGIC MARKERS

| | | | |
|----------------|---------|--------------|-------|
| Uintah | Surface | Buck Tongue | 6803' |
| Green River | 1133' | Castlegate | 6830' |
| Uteland Buttes | 3493' | Mancos Shale | 7133' |
| Wasatch | 3581' | Total Depth | 7200' |
| Mesaverde | 5209' | | |

2. ESTIMATED DEPTHS OF ANTICIPATED WATER, OIL, GAS OR MINERAL FORMATIONS

| | | |
|------------|-------|-----------------------------|
| Wasatch | 3581' | Oil/Gas - Possible |
| Mesaverde | 5209' | Oil/Gas - Possible |
| Castlegate | 6830' | Oil/Gas - Primary Objective |

Any usable water zones encountered will be adequately protected and reported. All usable water zones, potential hydrocarbon zones, and valuable mineral zones will be isolated.

3. PRESSURE CONTROL EQUIPMENT - Schematic Attached

A. Type: Eleven (11) Inch Double Gate Hydraulic BOP with Eleven (11) Inch Annular Preventer. The Blow-Out Preventer will be equipped as follows:

1. One (1) blind ram (above).
2. One (1) pipe ram (below).
3. Drilling spool with two (2) side outlets (choke side 3-inch minimum, kill side 2-inch minimum).
4. Kill line (2-inch minimum).
5. Two (2) kill line valves, one of which will be a check valve (2-inch minimum).
6. One 3-inch (minimum) choke line.
7. Two (2) choke line valves (3-inch minimum).
8. Two (2) adjustable chokes.
9. Pressure gauge on choke manifold.
10. Upper kelly cock valve with handle available.
11. Safety valve & subs to fit all drill strings in use.
12. Fill-up line above the uppermost preventer.

B. Pressure Rating: 3,000 psi

Annular Preventer

At a minimum, the Annular Preventer will be pressure tested to 50% of the rated working pressure for a period of ten (10) minutes or until provisions of the test are met, whichever is longer.

3. PRESSURE CONTROL EQUIPMENT

C. Testing Procedure: Continued

Annular Preventer

At a minimum, the above pressure test will be performed:

1. When the annular preventer is initially installed;
2. Whenever any seal subject to pressure is broken;
3. Following related repairs; and
4. At thirty (30) day intervals.

In addition, the annular preventer will be functionally operated at least weekly.

Blow-Out Preventer

At a minimum, the BOP, choke manifold, and related equipment will be pressure tested to the approved working pressure of the BOP stack (if isolated from the surface casing by a test plug) or to 70% of the internal yield strength of the surface casing (if the BOP is not isolated from the casing by a test plug). Pressure will be maintained for a period of at least ten (10) minutes or until the requirements of the test are met, whichever is longer. At a minimum, the above pressure test will be performed:

1. When the BOP is initially installed;
2. Whenever any seal subject to pressure is broken;
3. Following related repairs; and
4. At thirty (30) day intervals.

In addition, the pipe and blind rams will be activated each trip, but not more than once each day. All BOP drills and tests will be recorded in the IADC driller's log.

D. Choke Manifold Equipment:

All choke lines will be straight lines unless turns use tee blocks or are targeted with running tees, and will be anchored to prevent whip and vibration.

E. Accumulator:

The accumulator will have sufficient capacity to open the hydraulically-controlled choke line valve (if so equipped), close all rams plus the annular preventer, and retain a minimum of 200 psi above precharge on the closing manifold without the use of the closing unit pumps. The fluid reservoir capacity will be double the usable fluid volume of the accumulator system capacity and the fluid level of the reservoir will be maintained at the manufacturer's recommendations.

The BOP system will have two (2) independent power sources to close the preventers. Nitrogen bottles (3 minimum) will be one (1) of these independent power sources and will maintain a charge equal to the manufacturer's specifications.

3. PRESSURE CONTROL EQUIPMENT

E. Accumulator: Continued

The accumulator precharge pressure test will be conducted prior to connecting the closing unit to the BOP stack and at least once every six (6) months thereafter. The accumulator pressure will be corrected if the measured precharge pressure is found to be above or below the maximum or minimum limits specified in *Onshore Oil & Gas Order Number 2*.

A manual locking device (i.e., hand wheels) or automatic locking device will be installed on all systems of 2M or greater. A valve will be installed in the closing line as close as possible to the annular preventer to act as a locking device. This valve will be maintained in the open position and will be closed only when the power source for the accumulator system is inoperative.

Remote controls shall be readily accessible to the driller. Remote controls for all 3M or greater systems will be capable of closing all preventers. Remote controls for 5M or greater systems will be capable of both opening and closing all preventers. Master controls will be at the accumulator and will be capable of opening and closing all preventers and the choke line valve (if so equipped).

F. Miscellaneous Information:

The Blow-Out Preventer and related pressure control equipment will be installed, tested and maintained in compliance with the specifications in and requirements of *Onshore Oil & Gas Order Number 2*. The choke manifold and BOP extension rods with hand wheels will be located outside the rig sub-structure. The hydraulic BOP closing unit will be located at least twenty-five (25) feet from the well head but readily accessible to the driller. Exact locations and configurations of the hydraulic BOP closing unit will depend upon the particular rig contracted to drill this hole.

A flare line will be installed after the choke manifold, extending 125 feet (minimum) from the center of the drill hole to a separate flare pit.

4. THE PROPOSED CASING AND CEMENTING PROGRAM

A. Casing Program: All New

| Hole Size | Casing Size | Wt./Ft. | Grade | Joint | Depth Set |
|-----------|-------------|---------|-------|-------|-----------|
| 12.250" | 9.625" | 36.0# | J-55 | ST&C | 0 - 450' |
| 7.875" | 4.500" | 11.6# | N-80 | LT&C | 0 - 7200' |

The surface casing will have three (3) centralizers at the shoe and one (1) centralizer every fourth (4th) joint thereafter.

4. THE PROPOSED CASING AND CEMENTING PROGRAM

A. Casing Program: Continued

Casing string(s) will be pressure tested to 0.22 psi/foot of casing string length or 1500 psi, whichever is greater (not to exceed 70% of the internal yield strength of the casing), after cementing and prior to drilling out from under the casing shoe.

B. Cementing Program:

Surface Casing - Set with approximately 225 sx Premium Plus cement + additives mixed at 15.6 ppg (yield = 1.20 ft³/sx). Cement will be circulated back to surface with 100% excess

Production Casing - *Lead* with approximately 660 sx 50/50 Pozmix Premium cement + additives mixed at 14.3 ppg (yield = 1.47 ft³/sx), foamed to 11.0 ppg.

Tail with approximately 80 sx 50/50 Pozmix Premium cement + additives mixed at 14.3 ppg (yield = 1.47 ft³/sx).

The above cement volumes are approximate and were calculated under the assumption that a gauge hole will be achieved. Actual cement volumes may vary due to variations in the actual hole gauge and will be determined by running a caliper log on the drilled hole.

All waiting on cement (WOC) times will be adequate to achieve a minimum of 500 psi compressive strength at the casing shoe prior to drilling out.

5. MUD PROGRAM - Visual Monitoring

| Interval | Mud Type | Weight | Viscosity | Fluid Loss |
|--------------|-------------|-----------|-----------|------------|
| 0 - 2000' | Fresh Water | ----- | ----- | ----- |
| 2000 - 7200' | LSND | 8.5 - 9.3 | 28 - 32 | < 12 cc's |

Sufficient mud material(s) to maintain mud properties, control lost circulation and contain a blowout will be available at the well site during drilling operations.

6. EVALUATION PROGRAM

Logs : DIL-FDC-BHC - from 7200' to 450'
 CNL-SP-CAL-GR * - from 7200' to 450'

* Pull Gamma Ray Log Back to Surface

6. EVALUATION PROGRAM - Continued

DST's : DST's will be run as warranted by logs and/or shows - none are scheduled at this time.

Cores : None anticipated.

The evaluation program may change at the discretion of the well site geologist, with prior approval from the Authorized Officer, Bureau of Land Management.

Stimulation : No stimulation or frac treatment has been formulated for this test at this time. The drill site, as approved, will be of sufficient size to accommodate all completion activities.

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 to the Vernal Field Office not later than thirty (30) days after the completion of the well or after completion of operations being performed, in accordance with 43 CFR 3164.

Two (2) copies of all logs, core descriptions, core analyses, well test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form #3160-4. Samples (cuttings, fluids, and/or gases) will be submitted when requested by the Authorized Officer, Vernal Field Office, Bureau of Land Management, 170 South 500 East, Vernal, Utah 84078, Telephone: 435-781-4400.

7. ABNORMAL CONDITIONS

No abnormal temperatures or pressures are anticipated. No H₂S has been encountered in or known to exist from previous wells drilled to similar depths in the general area. Maximum anticipated bottom hole pressure equals approximately 3,600 psi (calculated at 0.50 psi/foot) and maximum anticipated surface pressure equals approximately 2,016 psi (bottom hole pressure minus the pressure of a partially evacuated hole calculated at 0.22 psi/foot).

8. ANTICIPATED STARTING DATES AND NOTIFICATION OF OPERATIONS

A. Anticipated Starting Dates:

Anticipated Commencement Date : April 15, 2004
Drilling Days : Approximately 30 Days
Completion Days : Approximately 15 Days

B. Notification of Operations:

Vernal Field Office, Bureau of Land Management

Address : 170 South 500 East; Vernal, Utah 84078
Phone : 435-781-4400
Fax : 435-781-4410

8. ANTICIPATED STARTING DATES AND NOTIFICATION OF OPERATIONS

B. Notification of Operations: Continued

| <u>Contact Title</u> | <u>Contact Name</u> | <u>Telephone</u> |
|----------------------|---------------------|---------------------|
| Petroleum Engineer | Ed Forsman * | Home : 435-789-7077 |
| Petroleum Engineer | Jerry Kenczka * | Home : 435-781-1190 |

* Primary Contacts

C. General Conditions of Approval:

1. All lease and/or unit operations are to be conducted in such a manner to ensure full compliance with the applicable laws, regulations (43 CFR, Part 3160), Onshore Orders, Notices to Lessees, and the approved plan of operations.
2. The spud date will be reported orally to the Vernal Field Office **24 HOURS PRIOR TO SPUDDING**, unless otherwise required in the site specific conditions of approval.
3. All wells, whether drilling, producing, suspended or abandoned shall be identified in accordance with 43 CFR 3162.6. There shall be a sign or marker with the name of the operator, the lease serial number, the well number and the surveyed description of the well.
4. In accordance with *Onshore Oil & Gas Order Number 1*, this well will be reported on MMS form #3160-6, *Monthly Report of Operations and Production*, starting with the month in which operations commence and continuing each month until the well is physically plugged and abandoned. This report will be filed directly with the Royalty Management Program, Minerals Management Service, P.O. Box 17110, Denver, Colorado 80217.
5. All undesirable events (fires, accidents, blowouts, spills, discharges) as specified in NTL-3A will be reported to the Vernal Field Office. Major events will be reported verbally within twenty-four (24) hours and will be followed with a written report within fifteen (15) days. Other than major events will be reported in writing within fifteen (15) days. Minor events will be reported on the *Monthly Report of Operations and Production* (form #3160-6)
6. No well abandonment operations will be commenced without the prior approval of the Authorized Officer. In the case of newly drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the Field Office Petroleum Engineer. A *Notice of Intention to Abandon* (form #3160-5) will be filed with the Authorized Officer within fifteen (15) days following the granting of oral approval to plug and abandon.

8. ANTICIPATED STARTING DATES AND NOTIFICATION OF OPERATIONS

C. General Conditions of Approval: Continued

7. Upon completion of approved plugging, a regulation marker will be erected in accordance with 43 CFR 3162.6. The following information will be permanently placed on the marker with a plate, cap, or beaded-on with a welding torch: Company Name, Well Name and Number, Location by Quarter/Quarter, Section, Township, Range, and the Federal Lease Number.
8. A *Subsequent Report of Abandonment* (form #3160-5) will be submitted within thirty (30) days following the actual plugging of the well bore. This report will indicate where plugs were placed and the current status of surface restoration operations. If surface restoration has not been completed at that time, a follow-up report on form 3160-5 will be filed when all surface restoration work has been completed and the location is considered ready for final inspection.
9. Pursuant to NTL-4A, lessees and operators are authorized to vent/flare gas during initial well evaluation tests, not exceeding a period of 30 days or the production of fifty (50) MMCF of gas, whichever occurs first. An application must be filed with the Authorized Officer, and approval received, for any venting/flaring of gas beyond the initial 30 day or otherwise authorized test period.
10. Not later than the 5th business day after any well begins production on which royalty is due anywhere on a lease site or allocated to a lease site, or resumes production in the case of a well which has been off production for more than ninety (90) days, the operator shall notify the Authorized Officer by letter or sundry notice of the date on which such production has begun or resumed. The notification shall provide at a minimum, the following informational items:
 - a. Operator name, address, and telephone number
 - b. Well name and number
 - c. Well location "¼, ¼, Section, Township, Range, P.M."
 - d. Date well was placed in a producing status
 - e. The nature of the wells production (i.e.: crude oil casing gas, or natural gas and entrained liquid hydrocarbons).
 - f. The OCS, Federal or Indian lease prefix and number on which the well is located. Otherwise, the non-federal or non-Indian land category (i.e.: state or private).
 - g. As appropriate, the communitization agreement number, the unit agreement name, number and participating area name.
11. Within sixty (60) days following construction of a new tank battery, a site facility diagram of the battery showing actual conditions and piping must be submitted to the Authorized Officer. Facility diagrams shall be filed within sixty (60) days after existing facilities are modified. For complete information as to what is required on these diagrams, please refer to 43 CFR 3162.7-4(d).

8. ANTICIPATED STARTING DATES AND NOTIFICATION OF OPERATIONS

C. General Conditions of Approval: Continued

12. Pursuant to *Onshore Oil & Gas Order Number 1*, lessees and operators have the responsibility to see that their exploration, development, production, and construction operations are conducted in such a manner which conforms with applicable federal laws and regulations and with state and local laws and regulations to the extent that such state and local laws are applicable to operations on federal and Indian lands.

THE HOUSTON EXPLORATION COMPANY
Lease #UTU-73426, Bonanza #12D-12
SE¼NW¼SW¼, Section 12, T9S, R23E
Uintah County, Utah

MULTI-POINT SURFACE USE & OPERATIONS PLAN

1. EXISTING ROADS - Refer to Maps "A" and "B"

- A. The proposed well site is staked and four (4) 200-foot reference stakes are present.
- B. To reach the location from the city of Vernal, Utah; proceed generally southwest approximately 14.0 miles on U.S. Highway 40 (a paved U.S. highway); thence generally south approximately 17.0 miles on Utah State Highway 88 (a paved state highway) to the community of Ouray; thence continuing generally south on the Seep Ridge Road; thence generally east approximately 12.3 miles on an existing, upgraded BLM (oilfield) road (crowned & ditched with a native soil running surface); thence generally south approximately 1.7 miles on an existing, upgraded BLM (oilfield) road (crowned & ditched with a native soil running surface); thence generally east approximately 1.9 miles on an existing, upgraded BLM (oilfield) road (crowned & ditched with a native soil running surface); thence generally southeast approximately 0.5 miles on an existing, upgraded BLM (oilfield) road (crowned & ditched with a native soil running surface); thence generally east approximately 8.8 miles on an existing, upgraded BLM (oilfield) road (crowned & ditched with a native soil running surface); thence generally north/northeast approximately 0.7 miles to the proposed Bonanza #12D-12 well location.
- C. Access roads - refer to Maps "A" and "B".
- D. Access roads within a one (1) mile radius - refer to Map "B".
- E. The existing roads will be maintained in the same or better condition as existed prior to the commencement of operations and said maintenance will continue until final abandonment and reclamation of the Bonanza #12D-12 well location.

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

Approximately 0.7 miles of new road construction will be required for access to the proposed Bonanza #12D-12 well location.

- A. Width - fourteen (14) foot running surface with a sixteen (16) foot subgrade, crowned and ditched for drilling and completion operations.
- B. Construction standard - the access road will be constructed in accordance with roading guidelines established for oil & gas exploration and development activities as referenced in the joint BLM/USFS publication: *Surface Operating Standards for Oil and Gas Exploration and Development*, Third Edition and/or BLM Manual Section 9113 concerning road construction standards on projects subject to federal jurisdiction.

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

2. PLANNED ACCESS ROADS - Continued

- B. Construction standard - approximately six (6) inches of topsoil will be stripped from the proposed access road route prior to performing any further construction activities thereon.

If soils along the access road route are dry during road construction, water will be applied to the road surface to facilitate soil compaction and minimize soil loss as a result of wind erosion.

- C. Maximum grade - three (3) percent or less.
D. Turnouts - turnouts will be constructed along the access road route as necessary or required to allow for the safe passage of traffic. These turnouts will be constructed in accordance with roading guidelines established for oil & gas exploration and development activities as referenced in the joint BLM/USFS publication: *Surface Operating Standards for Oil and Gas Exploration and Development*, Third Edition and/or BLM Manual Section 9113 concerning road construction standards on projects subject to federal jurisdiction.

A typical road design is presented in Attachment "A" that provides information concerning the minimum standards for road construction activities associated with projects subject to federal jurisdiction.

- E. Drainage design - the access road will be upgraded and maintained as necessary to prevent soil erosion and accommodate all-weather traffic. Road will be crowned and ditched with water turnouts installed as necessary to provide for proper drainage along the access road route.
F. Culverts, cuts and fills - culverts will be installed on/along the access road route as necessary or required by the Authorized Officer, Bureau of Land Management in accordance with roading guidelines contained in the joint BLM/USFS publication: *Surface Operating Standards for Oil and Gas Exploration and Development*, Third Edition and/or BLM Manual Section 9113 concerning road construction standards on projects subject to federal jurisdiction. Attachment "B" presents a typical design for culvert installation on roads constructed across public domain lands.

In order to gain access to the proposed well location for drilling, completion and possible production activities, The Houston Exploration Company will need to construct a low water crossing across an existing drainage at a point located approximately in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 14, T9S, R23E (see Map B). The crossing will be constructed by excavating the road bed (travelway) within the drainage (encompassing the entire area between the high water mark on both banks) to a depth of approximately four (4) feet [eighteen (18) foot width, minimum], installing a geo-textile fabric in the trench bottom, and backfilling the excavated area with cobble no larger than four (4) inches in diameter. Attachment "C" presents a typical design for low water crossings.

We do not anticipate any major cuts and/or fills on/along the proposed access road route.

2. PLANNED ACCESS ROADS - Continued

- G. Surfacing material - none required for drilling and/or completion operations.

In the event that commercial production is established from the Bonanza #12D-12, the access road will be surfaced to an average minimum depth (after compaction) of four (4) inches with two (2) inch minus pit run gravel or crushed rock purchased from a local contractor having a permitted source of materials within the general area, if and/or as required by the Authorized Officer, Bureau of Land Management.

- H. Gates, cattleguards or fence cuts - no gates, cattleguards or fence cuts will be required on/along the proposed access road route.
- I. Road maintenance - during both the drilling and production phase of operations, the road surface and shoulders will be kept in a safe and useable condition and will be maintained in accordance with the original construction standards. All drainage ditches and culverts will be kept clear and free-flowing, and will also be maintained in accordance with the original construction standards.

The access road right-of-way will be kept free of trash during all operations.

- J. The proposed access road route has been centerline staked.

3. LOCATION OF EXISTING WELLS WITHIN A ONE-MILE RADIUS

- A. Water wells - none known.
B. Abandoned wells - none known.
C. Temporarily abandoned wells - none known.
D. Disposal wells - none known.
E. Drilling wells - none known.
F. Producing wells - none known.
G. Shut-in wells - none known.
H. Injection wells - none known.
I. Monitoring wells - none known.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES OWNED BY THE HOUSTON EXPLORATION COMPANY WITHIN A ONE MILE RADIUS

A. Existing Facilities

1. Tank batteries - none.
2. Production facilities - none.
3. Oil gathering lines - none.
4. Gas gathering lines - none.

B. New Facilities Contemplated

1. All production facilities will be located on the disturbed portion of the well pad and at a minimum of fifteen (15) feet from the toe of the back slope.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES OWNED BY THE HOUSTON EXPLORATION COMPANY WITHIN A ONE MILE RADIUS

B. New Facilities Contemplated - Continued

2. Production facilities will require a working area approximately 225' X 125' in size. A diagram showing the proposed production facility layout will be submitted to the Authorized Officer via *Sundry Notice* (form #3160-5) for approval *prior* to commencement of installation operations.
3. Production facilities will be accommodated on the disturbed portion of the well pad. Construction materials needed for installation of the production facilities will be obtained from the site; any additional materials needed will be purchased from a local supplier having a permitted source of materials in the area.

A dike will be constructed completely around those production facilities designed to hold fluids (i.e., production tanks, produced water tanks and/or heater/treater). 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.

4. All permanent [on-site for six (6) months or longer] above-the-ground structures constructed or installed on the well location (including pumping units, tank batteries, etc.) will be painted *Carlsbad Canyon* (Munsell standard color #2.5Y 6/2). The exception being that Occupational Safety and Health Act Rules and Regulations will be complied with where special safety colors are required.
- C. In the event a production (emergency) pit is required on location, it will be fenced "sheep-tight" with woven wire mesh having two (2) top strands of barbed wire held in place by metal side posts and wooden corner "H" braces in order to protect both livestock and wildlife. Please refer to Item #9F (page #7) for additional information concerning these fencing specifications.
- D. During drilling and subsequent operations, all equipment and vehicles will be confined to the access road and any additional areas that may be specified in the approved Application for Permit to Drill.
- E. Reclamation of disturbed areas no longer needed for operations will be accomplished by grading, leveling and seeding in accordance with recommendations from the Authorized Officer, Bureau of Land Management.

5. LOCATION AND TYPE OF WATER SUPPLY

- A. Fresh water for use in drilling operations will be furnished by Dalbo, Inc. of Vernal, Utah under existing Water Right Number 49-2154, Temporary Application Number T74792, which has been amended to include an appropriation for use in drilling operations in Section 11, T9S, R23E. Drilling water will be diverted from Evacuation Wash and the White River at a point located approximately in the SE $\frac{1}{4}$ of Section 2, T10S, R23E as approved in the subject *Application to Appropriate Water*.
- B. Water will be transported over existing roads via tank truck from the point of diversion to the proposed Bonanza #12D-12 well location. No new road construction will be required on/along the proposed water haul route.

5. LOCATION AND TYPE OF WATER SUPPLY - Continued

- B. Access across those off-lease federal lands to be crossed on/along the proposed water haul route will be secured under a separate right-of-way grant to be issued by the Authorized Officer, Vernal Field Office, Bureau of Land Management.
- C. The Houston Exploration Company has no plans to drill a water well on the Bonanza #12D-12 well location at this time.

6. SOURCE OF CONSTRUCTION MATERIALS

- A. Any construction materials (gravel) that may be required for surfacing of the drill pad will be obtained from a private contractor having a previously approved source of materials within the general area. Please refer to Item #2G (page #2) for information regarding those construction materials which may be required for surfacing of the permanent access road.
- B. No construction materials will be taken from federal or Indian lands without prior approval from the appropriate Surface Management Agency.
- C. If production is established, any construction materials that may be required for surfacing of the access road and/or installation of production facilities will be purchased from a local supplier having a permitted source of materials within the general area.
- D. No new access roads for transportation of these construction materials will be required.

7. METHODS OF HANDLING WASTE MATERIALS

- A. Cuttings - the drilled cuttings will be deposited in the reserve pit.
- B. Drilling fluids - including any salts and/or chemicals utilized in the mud system will be contained in the reserve pit. The reserve pit will be designed to prevent the collection of surface runoff and will be constructed with a minimum of one-half (1/2) of the total depth of the reserve pit in cut.
- C. Produced fluids - liquid hydrocarbons produced during completion operations will be placed in test tanks on the location. Produced water will be placed in the reserve pit for a period not to exceed ninety (90) days after initial production. An application for approval of a permanent disposal method and location, along with the required water analysis, shall be submitted to the Authorized Officer for review and approval during this ninety (90) day period in accordance with *Onshore Oil & Gas Order Number 7*.

Any spills of oil, gas, salt water, or any other potentially hazardous substance will be cleaned up and immediately removed to an approved disposal site.

- D. Sewage - portable, self-contained chemical toilets will be provided for human waste disposal. Upon completion of operations, or as required, the toilet holding tanks will be pumped and the contents thereof disposed of in a sewage disposal facility approved by the State of Utah.
- E. Garbage and other waste material - all garbage and non-flammable solid waste materials will be contained in a self contained, portable dumpster or trash cage. Upon completion of operations, or as needed, the accumulated trash will be hauled off-site to an approved sanitary landfill. No trash will be placed in the reserve pit.

7. METHODS OF HANDLING WASTE MATERIALS - Continued

- E. Garbage and other waste material - used motor oil (change oil) will be placed in closed containers and disposed of at an authorized disposal site. No trash will be 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 potentially adverse materials or substances will be left on the location. Any open pits will be fenced during the drilling operation and said fencing will be maintained until such time as the pits have been backfilled.
- G. Hazardous Materials - The Houston Exploration Company maintains a file, per 29 CFR 1910.1200 (g) containing current Material Safety Data Sheets (MSDS) for all chemicals, compounds, and/or substances which are used during the course of construction, drilling, completion, and production operations for this project. Hazardous materials which may be found at the site include drilling mud and cementing products which are primarily inhalation hazards, fuels (flammable and/or combustible), materials that may be necessary for well completion/stimulation activities, such as flammable or combustible substances and acids/gels (corrosives).

The opportunity for *Superfund Amendments and Reauthorization Act* (SARA) listed Extremely Hazardous Substances (EHS) at the site is generally limited to proprietary treating chemicals. All hazardous and Extremely Hazardous Substances and commercial preparation will be handled in an appropriate manner to minimize the potential for leaks or spills to the environment.

8. ANCILLARY FACILITIES

None anticipated.

9. WELLSITE LAYOUT

- A. Figure #1 shows the drill site layout as staked. Cross-sections have been drafted to visualize the planned cuts and fills across the proposed well location (refer to Figure #2)

A 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. Please refer to Figure #1 for the location of the topsoil and subsoil stockpiles.

- B. Figure #3 is a diagram showing a typical location layout. No permanent living facilities are planned on the Bonanza #12D-12 well location; however, there will be approximately three (3) trailers on location during drilling operations which will serve as both offices and housing for the mud logger, geologist and toolpusher.
- C. All equipment and vehicles will be confined to those areas subsequently approved (designated) in conjunction with this Application for Permit to Drill (i.e., access road, well pad, spoil and topsoil storage areas).
- D. A diagram showing the proposed production facility layout will be submitted to the Authorized Officer via *Sundry Notice* (form #3160-5) for approval **prior** to the commencement of installation operations. Please refer to Item #4B2 (page #4) for additional information in this regard.

9. WELLSITE LAYOUT - Continued

- E. If porous subsoil materials (i.e., gravel, scoria, sand, faulted rock structures, etc.) are encountered during reserve pit construction, an impervious (plastic/vinyl) liner will be installed in order to prevent drilling water loss through seepage. The reserve pit will be inspected by the Authorized Officer, Bureau of Land Management after construction and prior to filling with fluids to determine the need for a pit liner.

If required, the liner will have a permeability less than or equal to 1×10^{-7} cm/sec, will be chemically compatible with all substances which may be put into the pit and will be installed so that it will not leak. Liners made of any man-made synthetic material will be of sufficient strength and thickness to withstand normal installation and pit use. The liner will be installed with sufficient bedding (either straw or dirt) to cover any rocks, will overlap the pit walls, extend under the mud tanks, and be covered with dirt and/or rocks to hold it in place. No trash, scrap pipe, etc. that could puncture the liner will be disposed of in the reserve pit.

- F. Prior to the commencement of drilling operations, the reserve pit will be fenced "sheep tight" on three (3) sides according to the following minimum standards:
1. 32-inch net wire shall be used with two (2) strands of barbed wire on top of (above) the net wire.
 2. The net wire shall be no more than four (4) inches above the ground. The first strand of barbed wire shall be \approx three (3) inches above the net wire. Total height of the fence shall be at least forty-two (42) inches.
 3. Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.
 4. 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.
 5. All wire shall be stretched, by using a stretching device, before it is attached to the corner posts.

The fourth (4th) 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.

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

10. PLANS FOR RECLAMATION OF THE SURFACE

- A. Rat and mouse holes will be backfilled and compacted from bottom to top immediately upon release of the completion rig from the location.
- B. If any oil is on the pits and is not immediately removed after operations cease, the pit containing the oil or other adverse substance(s) will be flagged overhead or covered with wire mesh to protect migrating waterfowl.

10. PLANS FOR RECLAMATION OF THE SURFACE - Continued

C. Producing Operations:

1. Backfilling, leveling and re-contouring are planned as soon as possible after cessation of drilling and completion operations. Waste and spoil materials will be disposed of immediately upon cessation of drilling and completion activities.
2. For production, the fill slopes will be reduced from a 1.5:1 slope to a 4:1 slope and the cut slopes will be reduced from a 2:1 slope to a 4:1 slope by pushing the fill material back up into the cut.
3. Upon completion of backfilling, leveling and recontouring, all disturbed surfaces (access road and well pad areas) will be scarified to a depth of one (1) foot and the stockpiled topsoil will be evenly redistributed to a depth of six (6) inches over the reclaimed area(s).
4. Prior to commencement of seeding operations, the seedbed will be prepared by disking on the contour to a depth of four (4) to six (6) inches. The entire disturbed area will be uniformly covered with depressions constructed perpendicular to the natural flow of water to facilitate the capture of moisture and subsequent promotion of revegetation success.
5. All disturbed surfaces (including the access road and well pad areas) will be reseeded using the following seed mixture (or a different mixture to be recommended by the Authorized Officer, Bureau of Land Management, as may be appropriate):

| Species | Pounds PLS/Acre * |
|------------------------------|-------------------|
| Galleta grass | 3.0 |
| Gardner's saltbush | 3.0 |
| Fourwing saltbush (dewinged) | 3.0 |
| Shadscale | 3.0 |

* Pounds of Pure Live Seed per Acre

6. Seed will be drilled on the contour with a seed drill equipped with a depth regulator in order to ensure even depths of planting. Seed will be planted between one-quarter (1/4) to one-half (1/2) inches deep.
7. Fall seeding will be completed after September 1st and prior to ground frost. If applicable, spring seeding will be completed after the frost has left the ground and prior to May 15th. The seeding will be repeated until a satisfactory stand, as determined by the Authorized Officer, is achieved. The first evaluation of growth will be made following the completion of the first growing season.
8. Re-seeding activities are considered best in the fall of 2005, unless otherwise requested by the Authorized Officer, Bureau of Land Management.

10. PLANS FOR RECLAMATION OF THE SURFACE - Continued

D. Abandoned Well Location:

1. Upon final abandonment of the well location, gravel will be removed from the access road surface and well location (as directed by the Authorized Officer), water diversion installed as needed, and both the access road and well location restored to approximately the original ground contour(s) by pushing the fill material back into the cut and up over the backslope.
2. Prior to commencement of seeding operations, the seedbed will be prepared by disking on the contour to a depth of four (4) to six (6) inches. All disturbed surfaces (including the access road and well pad areas) will be reclaimed and reseeded as recommended in Item #'s 10C3-6, above.

11. SURFACE OWNERSHIP

The well location and proposed access road route are situated on surface estate that is owned by the United States of America and administered in trust by:

Field Manager
Vernal Field Office
Bureau of Land Management
170 South 500 East
Vernal, Utah 84078
Telephone: 435-781-4400

12. OTHER INFORMATION

A. General Description of the Project Area:

The project area is situated in the southeastern portion of the Uintah Basin and more specifically in an upland area located between the White River to the south and the Green River to the west. This area is classified as a "*High Plains Steppe*" (cold desert) and is characterized by moderately undulating uplands dissected by numerous dendritically patterned ephemeral tributaries of Coyote Wash.

The proposed well location is situated in area that is directly east of Coyote Wash, south of Deadman Bench, east of the Chapita Wells Gas Field, north of the Southman Canyon Gas Field, southwest of Devils Playground, and west/northwest of the community of Bonanza.

Generally speaking, local flora consists primarily of native grasses such as salt grass, galleta grass, needle-and-thread grass and Indian ricegrass along with woody (shrub) species including shadscale, horsebrush, black sagebrush, fringe sagebrush, big sagebrush, rabbitbrush, and greasewood along the ephemeral drainages (washes) in the area. Local fauna consists primarily of mule deer, antelope, coyotes, rabbits, raptors, and various smaller vertebrate and invertebrate species.

12. OTHER INFORMATION

A. General Description of the Project Area: Continued

There are no known threatened or endangered species that would be affected by implementation of operations on the Bonanza #12D-12 well location.

B. Surface Use Activities:

The primary surface use is for livestock grazing.

C. Proximity of Water, Occupied Dwellings, Archaeological, Historical or Cultural Sites:

1. The closest source of permanent water is the White River, located approximately eight (8) miles to the south of the proposed well location.
2. The closest occupied dwellings are located approximately five (5) miles to the southeast in the community of Bonanza, Utah.
3. The Houston Exploration Company will be responsible for informing all persons associated with this project that they will be subject to prosecution for damaging, altering, excavating or removing any archaeological, historical, or vertebrate fossil objects or site(s).

If archaeological, historical or vertebrate fossil materials are discovered, The Houston Exploration Company will suspend all operations that further disturb such materials and immediately contact the Authorized Officer. Operations will not resume until written authorization to proceed is issued by the Authorized Officer.

Within five (5) working days the Authorized Officer will evaluate the discovery and inform The Houston Exploration Company of actions that will be necessary to prevent loss of significant cultural or scientific values.

The Houston Exploration Company will be responsible for the cost of any mitigation required by the Authorized Officer. The Authorized Officer will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the Authorized Officer that the required mitigation has been completed, The Houston Exploration Company will be allowed to resume operations.

D. Additional Requirements for Operations on Lands Administered by the Bureau of Land Management:

1. The Houston Exploration Company will be responsible for weed control on disturbed areas within the exterior limits of this permit and will consult with the Authorized Officer and/or local authorities for acceptable weed control measures.

A "Pesticide Use Proposal" and pesticide label will be submitted by The Houston Exploration Company to the Authorized Officer no later than December 1st for use during the following spring/summer period.

13. LESSEE'S OR OPERATOR'S REPRESENTATIVE AND CERTIFICATION

Representative

Lloyd Bruce, Senior Operations Engineer
The Houston Exploration Company
1100 Louisiana, Suite 2000
Houston, Texas 77002
Telephone: 713-830-6973

Robert M. Anderson *
Heitzman Drill-Site Services
P.O. Drawer 3579
Casper, Wyoming 82602
Telephone: 307-266-4840

* Contact for any additional information that may be required for approval of this Application for Permit to Drill.

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*.

The Houston Exploration Company will be fully responsible for the actions of their subcontractors. A copy of these conditions will be furnished to the field representative(s) to ensure compliance. The dirt contractor will be provided with a copy of the Surface Use Plan from the approved Application for Permit to Drill.

This drilling permit will be valid for a period of one (1) year from the date of approval. After permit termination, a new application will be filed for approval for any future 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 The Houston Exploration Company, their 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.

January 10, 2004
Date


Robert M. Anderson/Authorized Agent

THE HOUSTON EXPLORATION COMPANY

BONANZA #12D-12

LOCATED IN UINTAH COUNTY, UTAH
SECTION 12, T9S, R23E, S.L.B.&M.

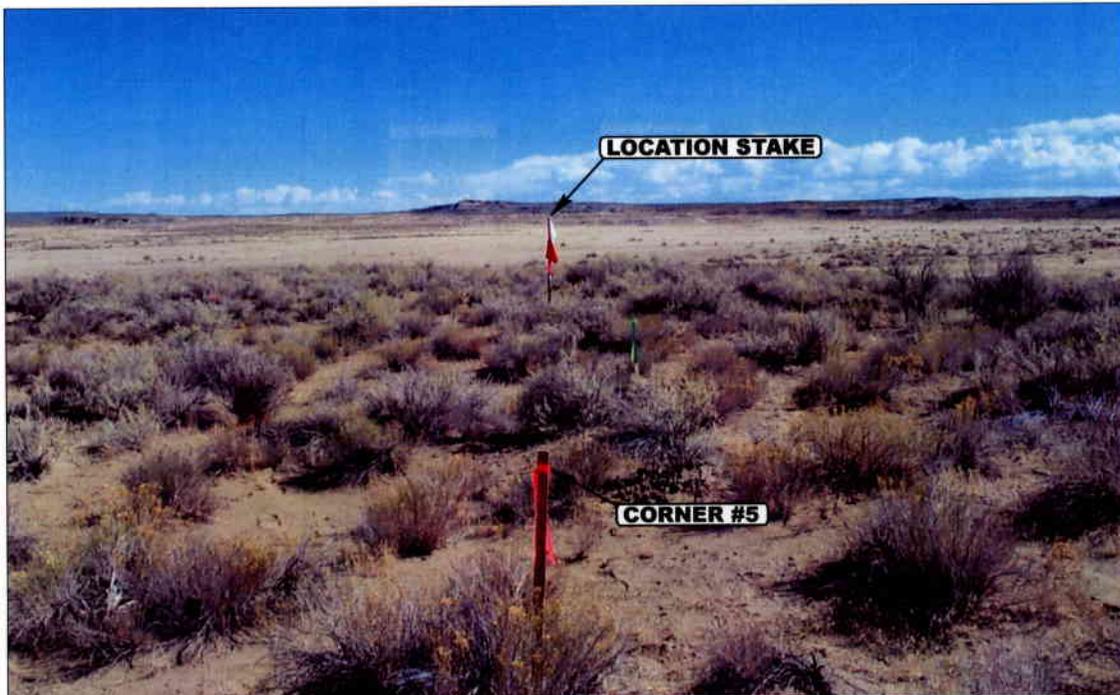


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: EASTERLY



PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: NORTHERLY



- Since 1964 -

UELS Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
435-789-1017 uels@uelsinc.com

LOCATION PHOTOS

10 27 03
MONTH DAY YEAR

PHOTO

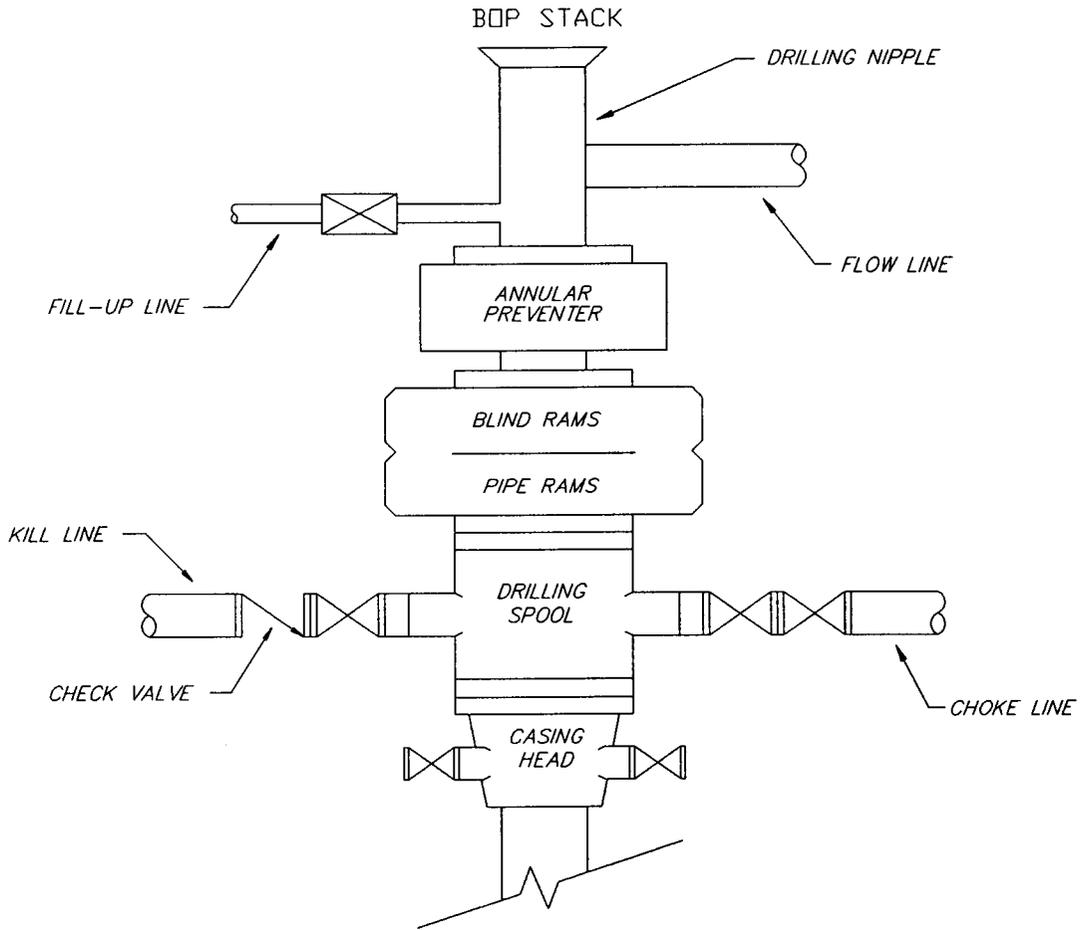
TAKEN BY: S.H.

DRAWN BY: P.M.

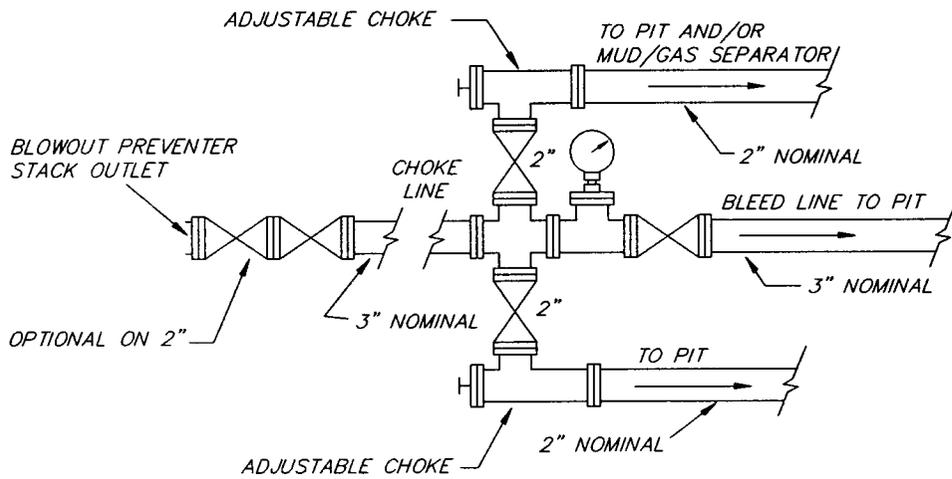
REVISED: 00-00-00

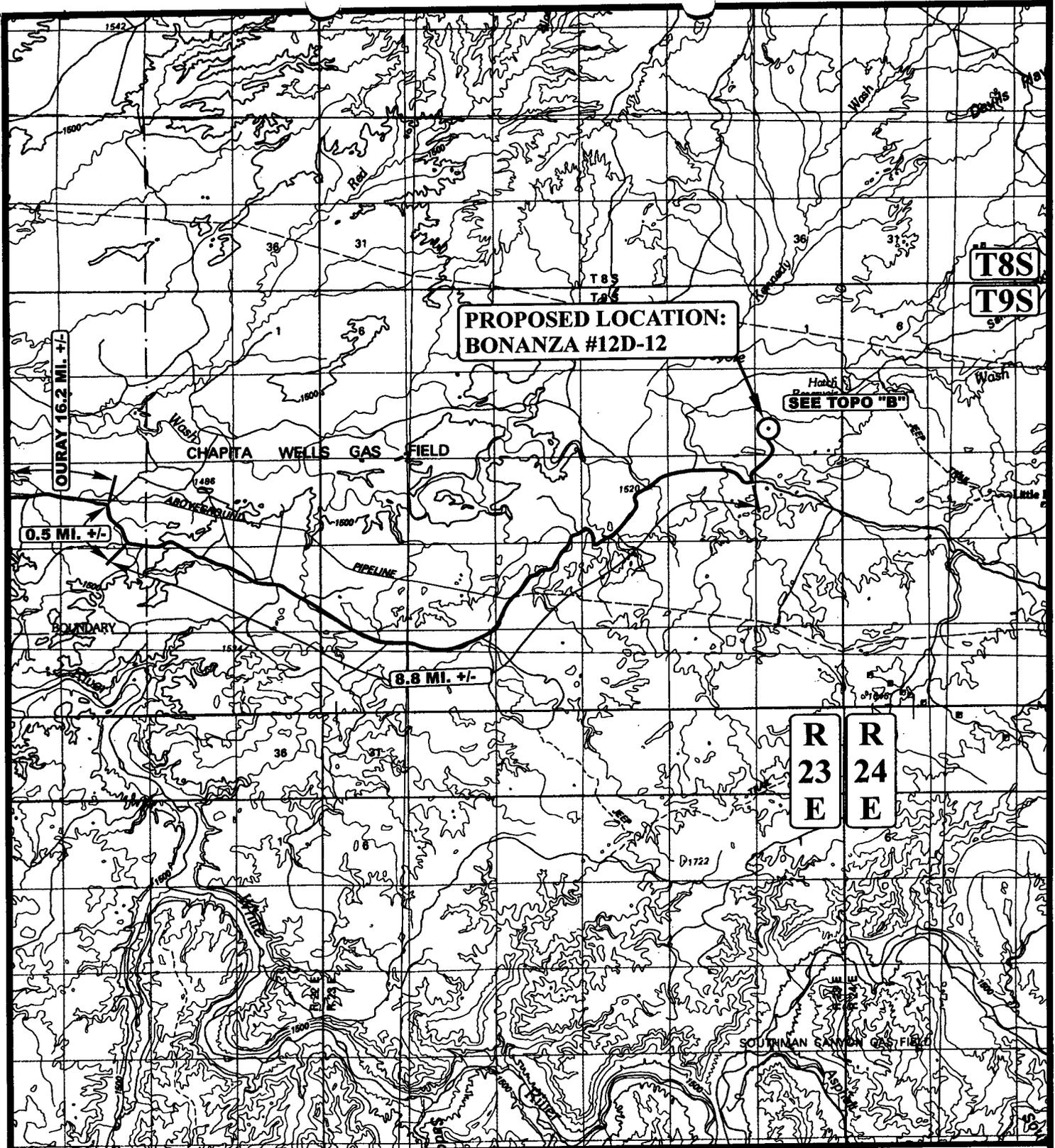
THE HOUSTON EXPLORATION COMPANY

TYPICAL 3,000 p.s.i. BLOWOUT PREVENTER SCHEMATIC



TYPICAL 3,000 p.s.i. CHOKER MANIFOLD SCHEMATIC





LEGEND:

⊙ PROPOSED LOCATION



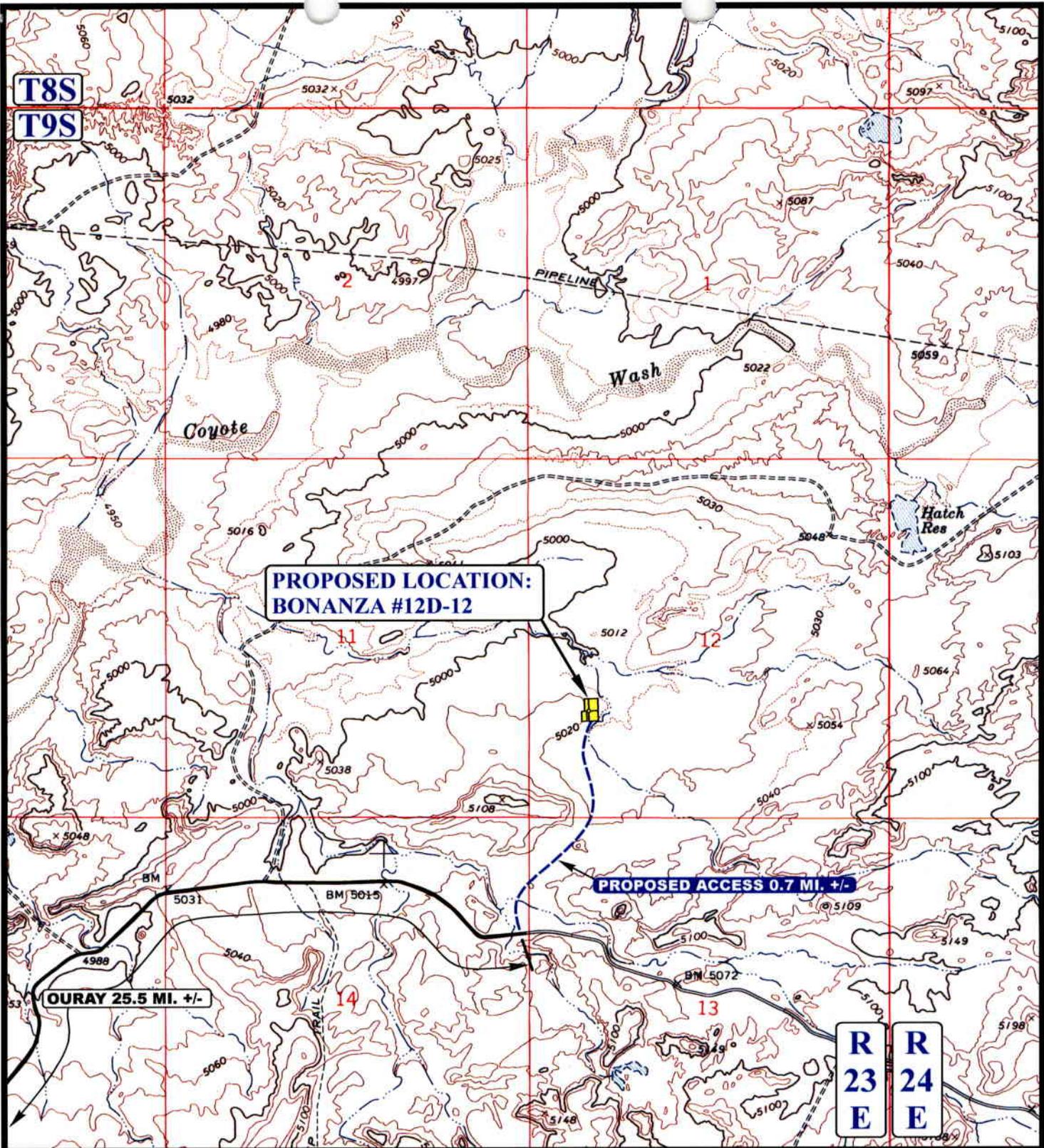
THE HOUSTON EXPLORATION COMPANY

BONANZA #12D-12
SECTION 12, T9S, R23E, S.L.B.&M.
1556' FSL 867' FWL

UES Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC 10 27 03
MAP MONTH DAY YEAR
 SCALE: 1:100,000 DRAWN BY: P.M. REVISED: 00-00-00





**PROPOSED LOCATION:
BONANZA #12D-12**

PROPOSED ACCESS 0.7 MI. +/-

OURAY 25.5 MI. +/-

R 23 E
R 24 E

LEGEND:

-  EXISTING ROAD
-  PROPOSED ACCESS ROAD



THE HOUSTON EXPLORATION COMPANY

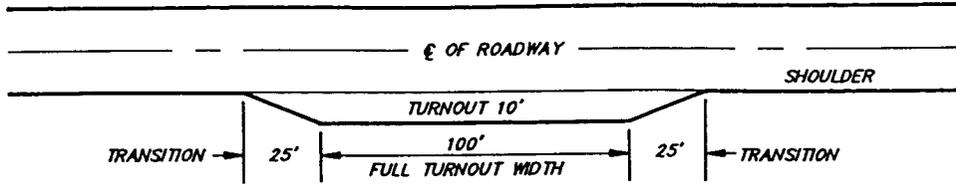
BONANZA #12D-12
SECTION 12, T9S, R23E, S.L.B.&M.
1556' FSL 867' FWL

UEIS **Uintah Engineering & Land Surveying**
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC MAP **10 27 03**
MONTH DAY YEAR
SCALE: 1" = 2000' DRAWN BY: P.M. REVISED: 00-00-00 **B TOPO**

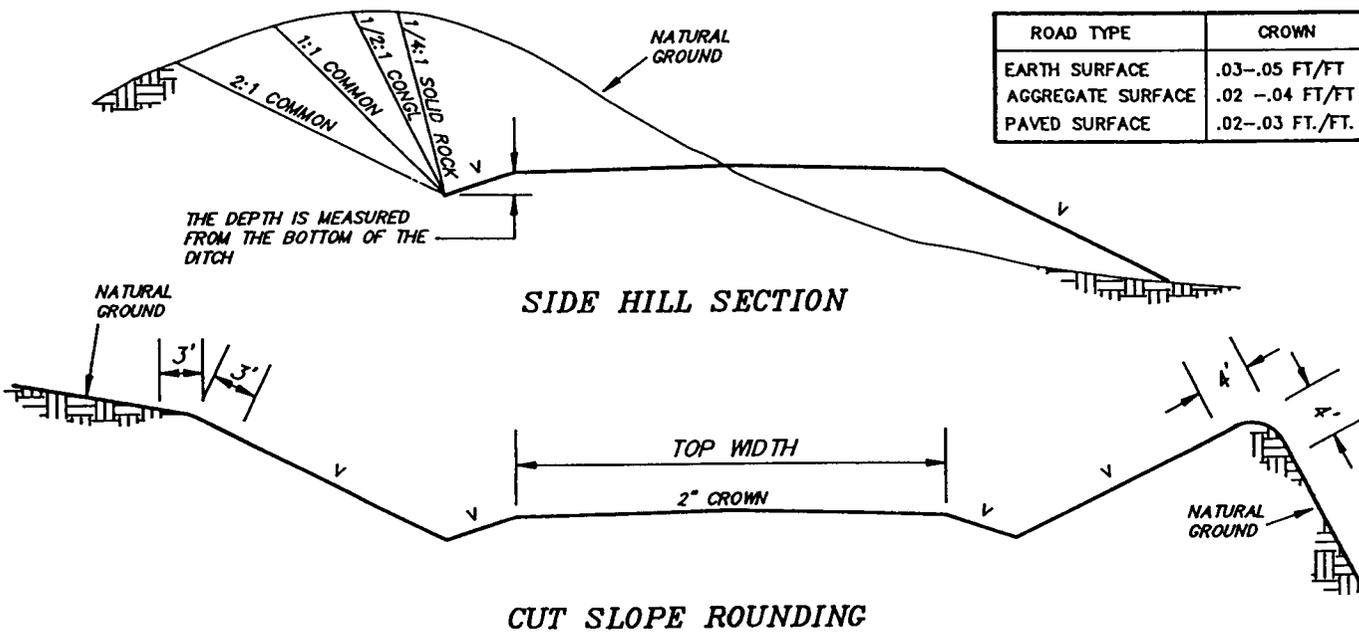
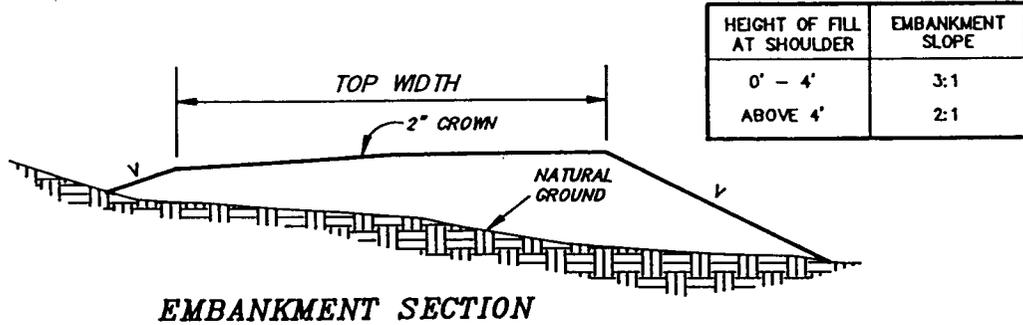
TYPICAL ROAD DESIGN

Attachment "A"

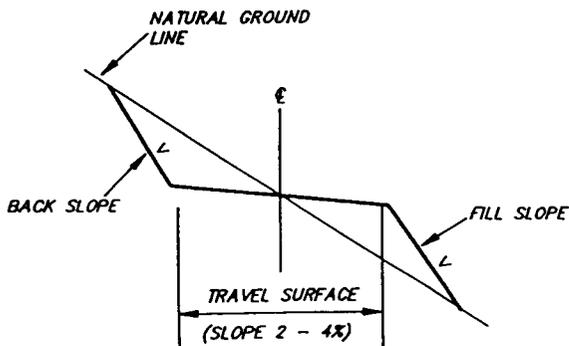


TYPICAL TURNOUT PLAN

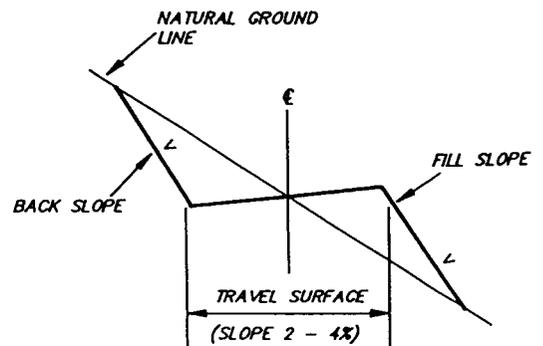
TURNOUTS SHALL BE CONSTRUCTED ON ALL SINGLE LANE ROADS AT ALL BLIND CURVES WITH ADDITIONAL TURNOUTS AS NEEDED TO KEEP SPACING BELOW 1000 FEET.



CUT SLOPE ROUNDING



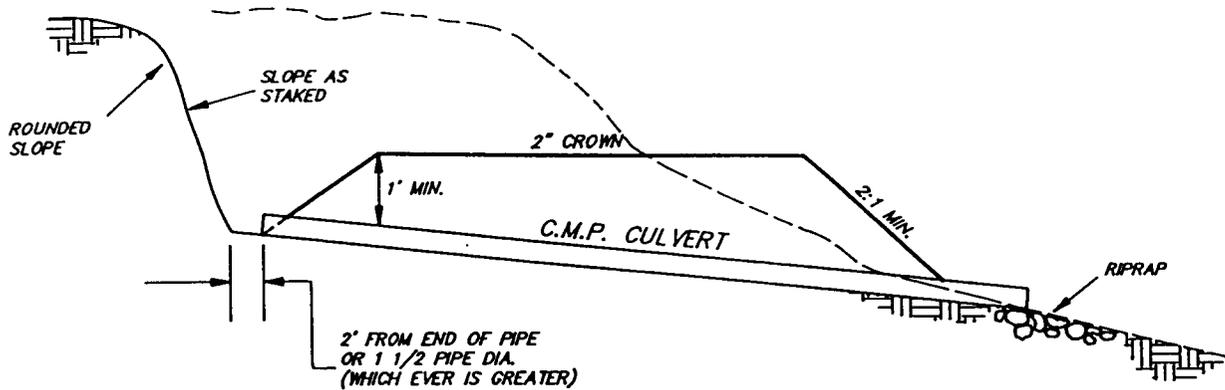
TYPICAL OUTSLOPED SECTION



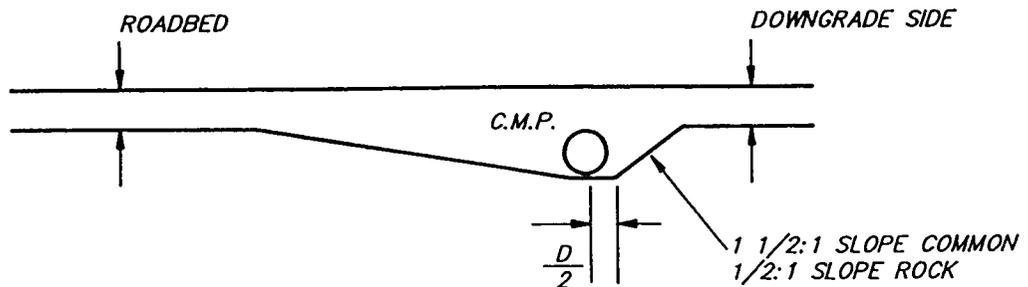
TYPICAL INSLOPED SECTION

TYPICAL CULVERT PLACEMENT

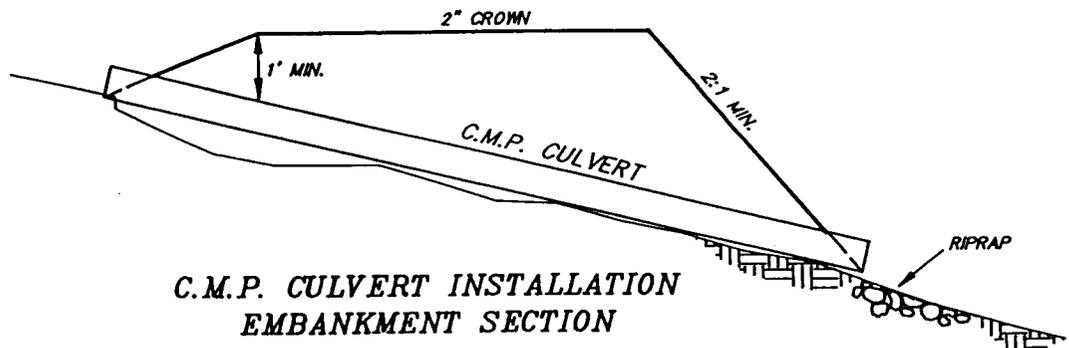
Attachment "B"



C.M.P. CULVERT INSTALLATION



**DITCH CONSTRUCTION AT SIDE HILL
C.M.P. CULVERT INSTALLATION**



**C.M.P. CULVERT INSTALLATION
EMBANKMENT SECTION**

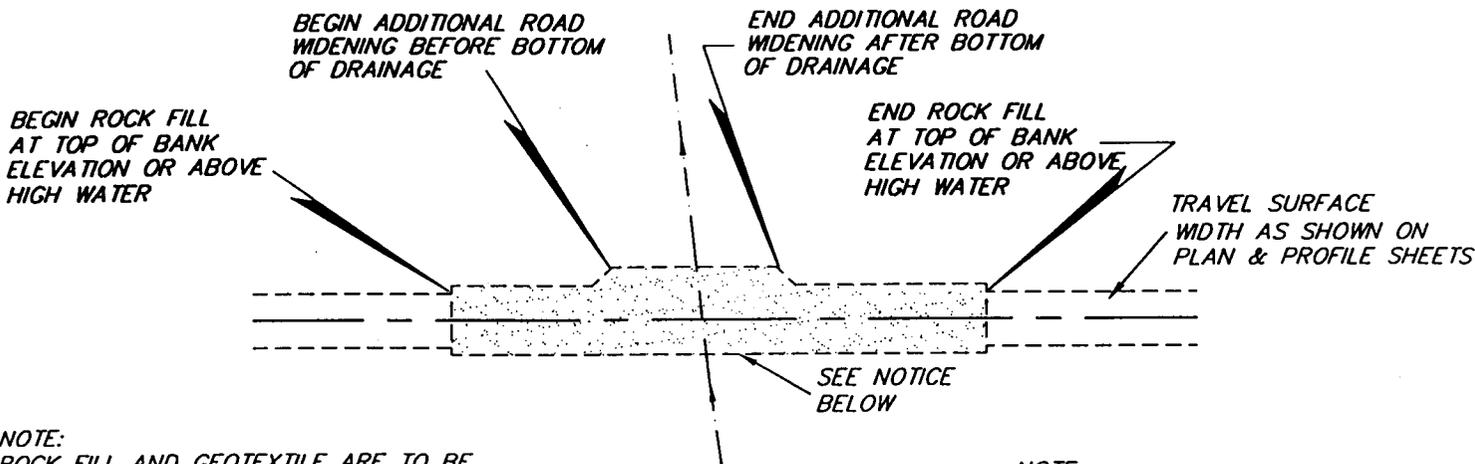
GENERAL NOTES:

1. IN BEDDING OF C.M.P. CULVERTS, IF THE FOUNDATION IS ROCK, EXCAVATE TO DEPTH OF 8" BELOW CULVERT GRADE AND REPLACE WITH EARTH CUSHION.
2. MINIMUM COVER OVER CULVERT IS 1'
3. MINIMUM CULVERT DIAMETER 18"
4. MINIMUM CULVERT SPACING:
 - (a) 1 - 2% GRADE - 1000' MINIMUM
 - (b) 2 - 4% GRADE - 800' MINIMUM
 - (c) 4 - 6% GRADE - 600' MINIMUM
 - (d) 6 - 8% GRADE - 400' MINIMUM
 - (e) 8 - 10% GRADE - 250' MINIMUM

Standard Low Water Drawing

Drawn By: C.G.
Date: 5-15-00

LOW WATER CROSSING

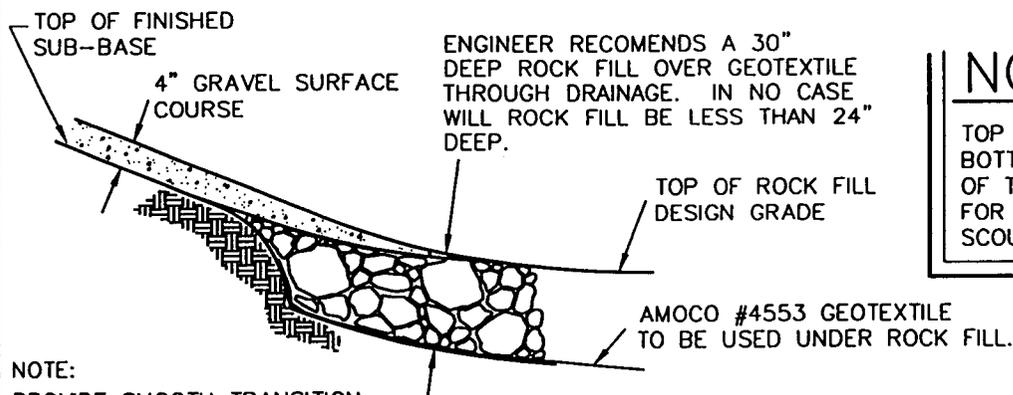


NOTE:
ROCK FILL AND GEOTEXTILE ARE TO BE 4' WIDER THAN TRAVEL SURFACE WIDTH SHOWN ON PLAN & PROFILE SHEET(S) (2' EACH SIDE).

&
ROCK FILL AND GEOTEXTILE ARE TO BE 9' WIDER THAN TRAVEL SURFACE WIDTH SHOWN ON PLAN & PROFILE SHEET(S) THROUGH DRAINAGE BOTTOM (2' ON UPSTREAM SIDE & 7' ON DOWNSTREAM SIDE).

TYPICAL PLAN VIEW
NO SCALE

NOTE:
TAPER OUT BAR DITCHES THROUGH DRAINAGE. ROAD SHOULD NOT HAVE ANY BAR DITCHES THROUGH BOTTOM OF DRAINAGE.



NOTE:
PROVIDE SMOOTH TRANSITION FROM SURFACE GRAVEL TO ROCK FILL SURFACE.

TYPICAL CROSS SECTION
NO SCALE

NOTICE:

TOP OF ROCK FILL IN THE DRAINAGE BOTTOM SHALL MATCH THE ELEVATION OF THE NATURAL DRAINAGE TO ALLOW FOR SMOOTH FLOW WITH NO UNNATURAL SCOURING OR WATER BACKUP

ROCK FILL - NOTES:

ROCK FILL WILL CONSIST OF THE FOLLOWING MATERIAL:
- 75% 3"-10" DIAMETER ROUGH ROCK
- 25% WYOMING GRADING "W" MATERIAL TO FILL THE VOIDS

GEOTEXTILE - NOTES:

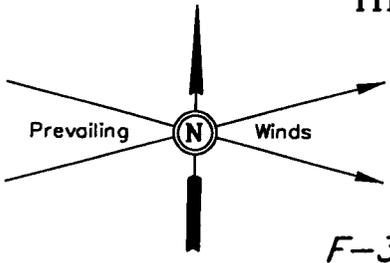
1. USE AMOCO GEOTEXTILE #4553, GEOTEXTILE OR EQUIVALENT.
2. THE GROUND THAT MUST BE COVERED BY (GEOTEXTILE) STARTS BEFORE THE ROCK FILL AND ENDS AFTER THE ROCK FILL
3. THE GEOTEXTILE SHALL BE OVERLAPPED AT ALL JOINTS WITH NO LESS THAN 24" OF OVERLAPPED MATERIAL.
4. USE SUPPLIERS PREPARATION AND INSTALLATION SPECIFICATIONS.
5. POSSIBLE AMOCO #4553 SUPPLIERS - INTERMOUNTAIN PIPING CENTERVILLE, UTAH 801-298-9696, OR CULVERTS & INDUSTRIAL SUPPLY CO. , CASPER WY, 307-472-7121

ATTACHMENT "C"

THE HOUSTON EXPLORATION COMPANY

LOCATION LAYOUT FOR

BONANZA #12D-12
SECTION 12, T9S, R23E, S.L.B.&M.
1556' FSL 867' FWL

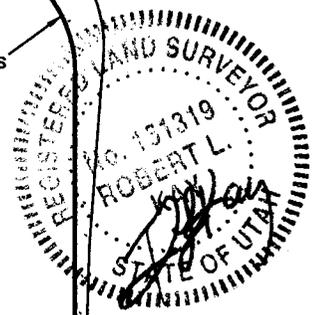


SCALE: 1" = 50'
DATE: 10-27-03
Drawn By: C.G.
Revised: 1-7-04

NOTE:
Flare Pit is to be located a min. of 100' from the Well Head.

F-5.9'
El. 12.2'

Sta. 3+30



Approx. Top of Cut Slope

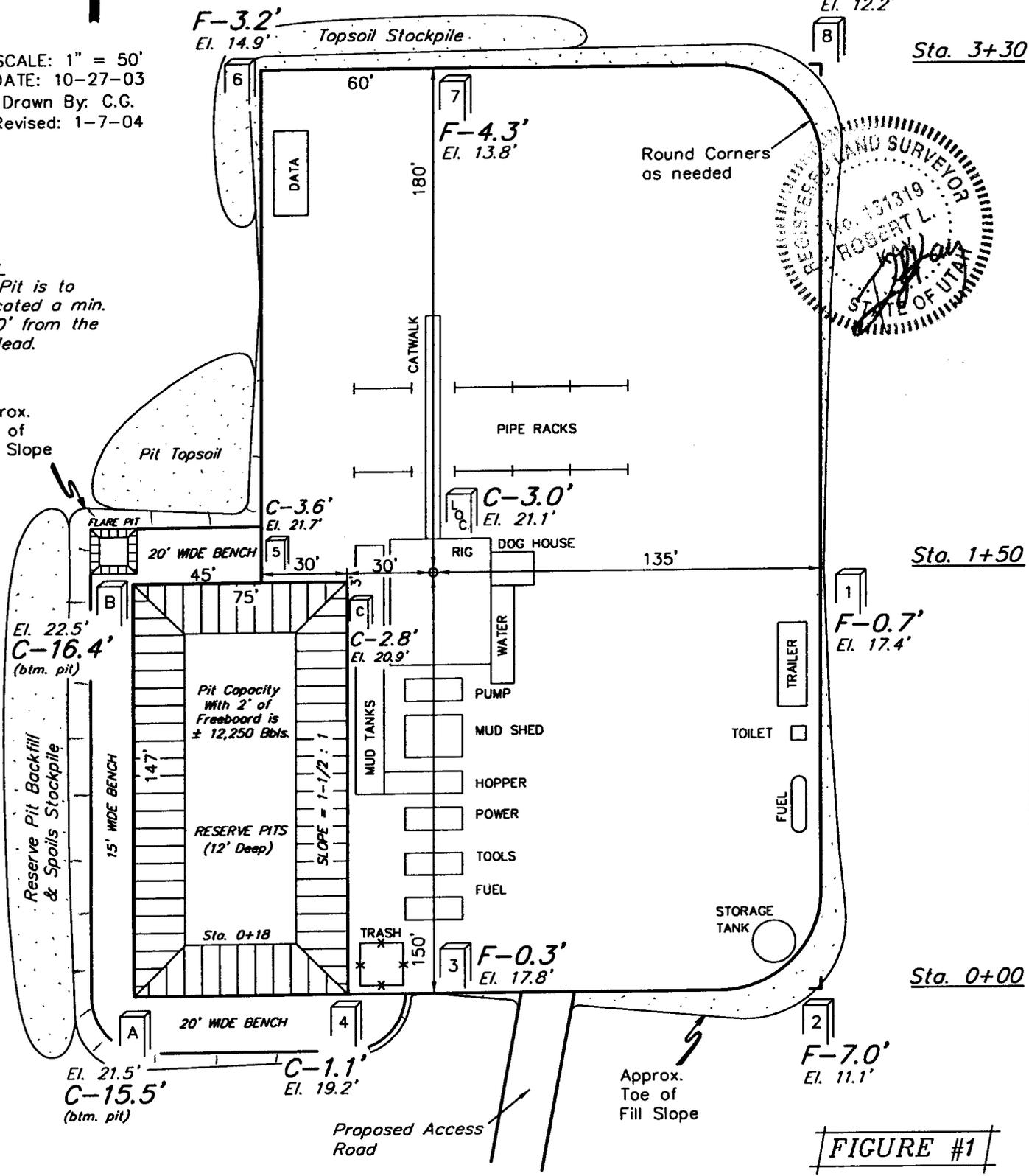


FIGURE #1

Elev. Ungraded Ground at Location Stake = 5021.1'
Elev. Graded Ground at Location Stake = 5018.1'

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East • Vernal, Utah 84078 • (435) 789-1017

THE HOUSTON EXPLORATION COMPANY

TYPICAL CROSS SECTIONS FOR

BONANZA #12D-12
SECTION 12, T9S, R23E, S.L.B.&M.
1556' FSL 867' FWL



1" = 20'
X-Section Scale
1" = 50'

DATE: 10-27-03
Drawn By: C.G.
Revised: 1-7-04

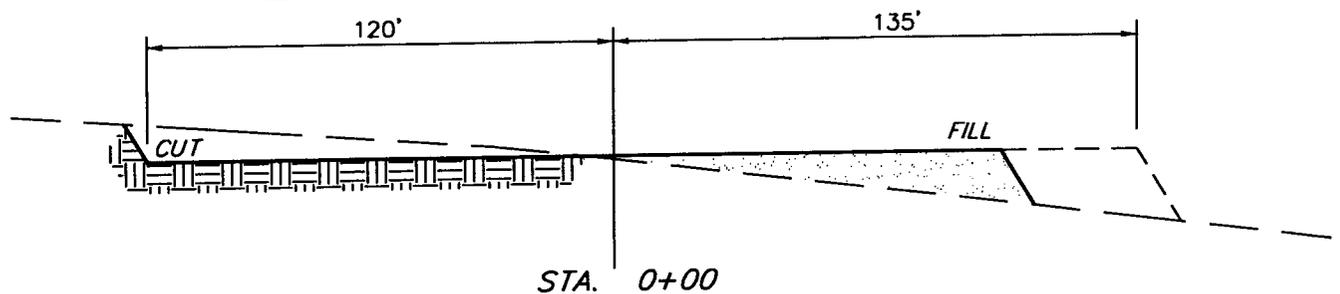
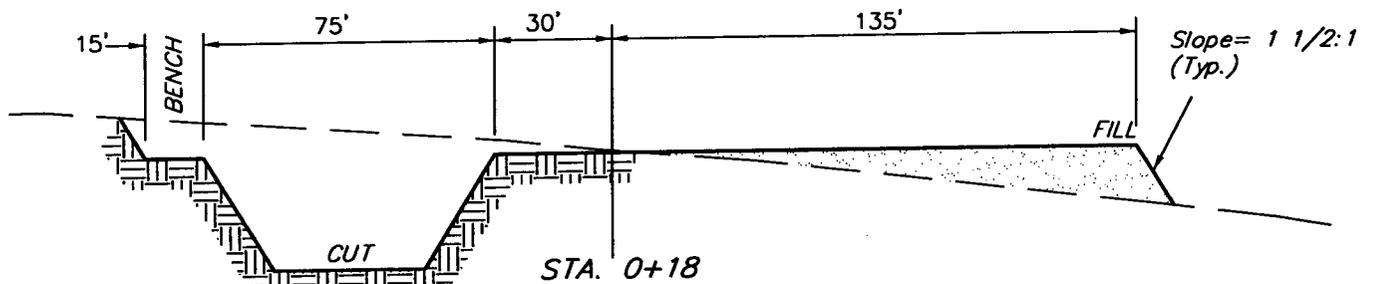
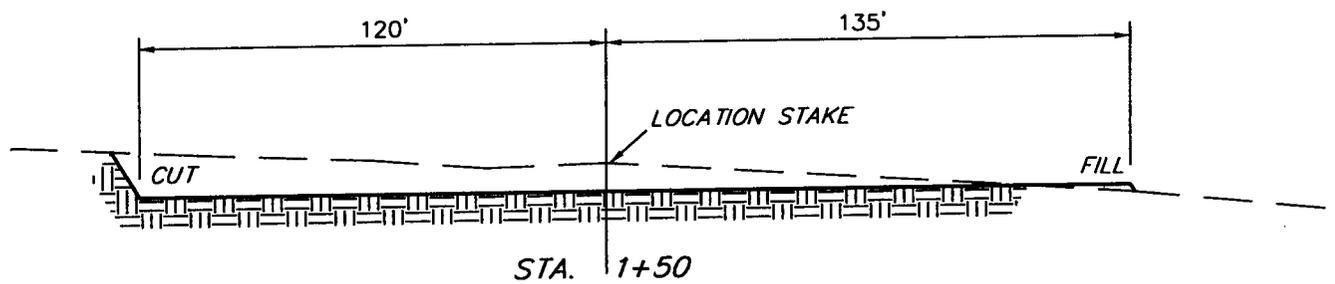
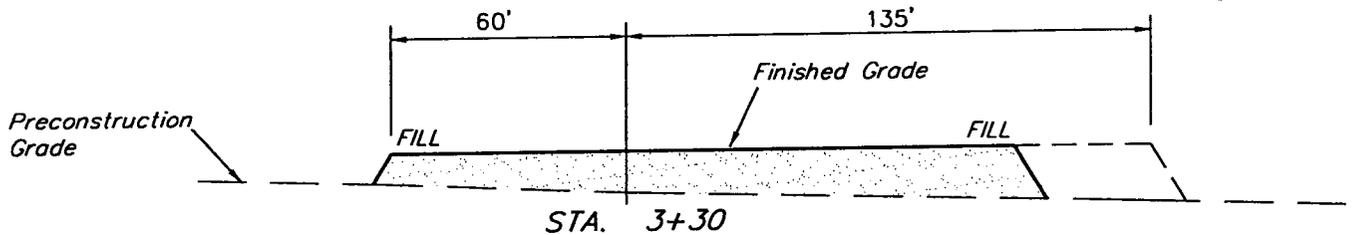


FIGURE #2

APPROXIMATE YARDAGES

| | | |
|------------------------|----------|----------------------|
| (6") Topsoil Stripping | = | 1,420 Cu. Yds. |
| Remaining Location | = | 5,980 Cu. Yds. |
| TOTAL CUT | = | 7,400 CU.YDS. |
| FILL | = | 4,100 CU.YDS. |

| | | |
|-----------------------------------------|---|----------------|
| EXCESS MATERIAL AFTER 5% COMPACTION | = | 3,080 Cu. Yds. |
| Topsoil & Pit Backfill (1/2 Pit Vol.) | = | 3,080 Cu. Yds. |
| EXCESS UNBALANCE (After Rehabilitation) | = | 0 Cu. Yds. |

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 02/24/2004

API NO. ASSIGNED: 43-047-35551

WELL NAME: BONANZA 12D-12
OPERATOR: HOUSTON EXPLORATION CO, (N2525)
CONTACT: ROBERT ANDERSON

PHONE NUMBER: 307-473-1268

PROPOSED LOCATION:

NWSW 12 090S 230E
SURFACE: 1556 FSL 0867 FWL
BOTTOM: 1556 FSL 0867 FWL
UINTAH
NATURAL BUTTES (630)

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

LEASE TYPE: 1 - Federal
LEASE NUMBER: UTU-73426
SURFACE OWNER: 1 - Federal
PROPOSED FORMATION: CSLGT
COALBED METHANE WELL? NO

LATITUDE: 40.04742
LONGITUDE: 109.28086

RECEIVED AND/OR REVIEWED:

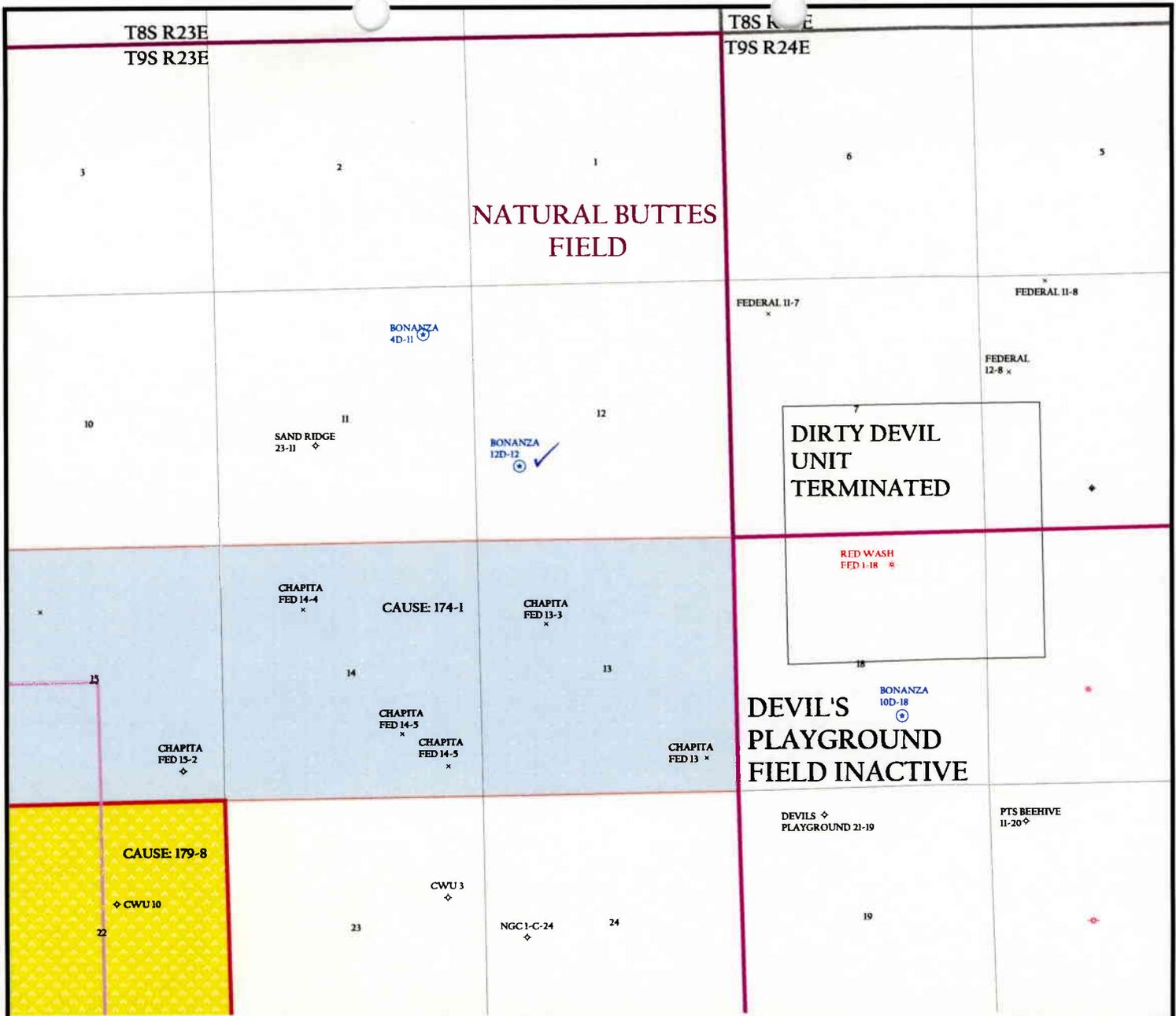
- Plat
- Bond: Fed[1] Ind[] Sta[] Fee[]
(No. 111B000012)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. 49-2154)
- RDCC Review (Y/N)
(Date: _____)
- Fee Surf Agreement (Y/N)

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
2- Spacing Strip



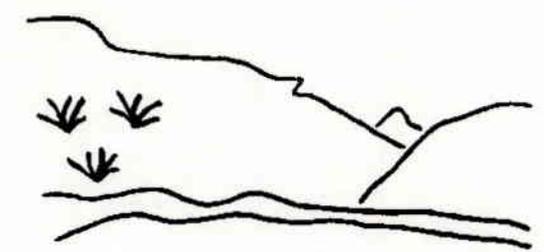
OPERATOR: HOUSTON EXPL CO (N2525)

SEC. 12 T.9S, R.23E

FIELD: NATURAL BUTTES (630)

COUNTY: UINTAH

SPACING: R649-3-3 / EXCEPTION LOCATION



Utah Oil Gas and Mining

- Wells**
- GAS INJECTION
 - GAS STORAGE
 - LOCATION ABANDONED
 - o NEW LOCATION
 - PLUGGED & ABANDONED
 - PRODUCING GAS
 - PRODUCING OIL
 - SHUT-IN GAS
 - SHUT-IN OIL
 - x TEMP. ABANDONED
 - o 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



PREPARED BY: DIANA WHITNEY
DATE: 27-FEBRUARY-2004



State of Utah

Department of
Natural Resources

Division of
Oil, Gas & Mining

ROBERT L. MORGAN
Executive Director

LOWELL P. BRAXTON
Division Director

MICHAEL O. LEAVITT
Governor

OLENE S. WALKER
Lieutenant Governor

April 21, 2004

Houston Exploration Company
1100 Louisiana, Suite 2000
Houston, TX 77002

Re: Bonanza 12D-12 Well, 1556' FSL, 867' FWL, NW SW, Sec. 12, T. 9 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.

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

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-35551.

Sincerely,

John R. Baza
Associate Director

pab
Enclosures

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

Operator: Houston Exploration Company
Well Name & Number Bonanza 12D-12
API Number: 43-047-35551
Lease: UTU-73426

Location: NW SW Sec. 12 T. 9 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.

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

006

JAN 16 2004

Form 3160-3
(August 1999)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

| | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|---------------------------------------------------------------------------|
| 1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER | | 5. Lease Serial No. UTU-7426 |
| 1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone | | 6. If Indian, Allottee or Tribe Name Not Applicable |
| 2. Name of Operator THE HOUSTON EXPLORATION CO. 1100 Louisiana, Suite 2000 | | 7. If Unit or CA Agreement, Name and No. Not Applicable |
| 3a. Address Houston, Texas 77002 | 3b. Phone No. (include area code) 713-830-6973 | 8. Lease Name and Well No. Bonanza #12D-12 |
| 4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 1556' FSL, 867' FWL (SE $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$) of Section 12 At proposed prod. zone Same as above | | 9. API Well No. 43-047-35551 |
| 14. Distance in miles and direction from nearest town or post office* Approximately 20 miles southwest of Dinosaur, Colorado | | 10. Field and Pool, or Exploratory Wildcat |
| 15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 867' | | 11. Sec., T., R., M., or Blk. and Survey or Area Section 12, T9S, R23E |
| 16. No. of Acres in lease 1200.00 | | 12. County or Parish Uintah |
| 17. Spacing Unit dedicated to this well 40 acres | | 13. State Utah |
| 18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. | | 20. BLM/BIA Bond No. on file UTB-000062 |
| 19. Proposed Depth 7200' | | 21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5021' GR |
| 22. Approximate date work will start* April 15, 2004 | | 23. Estimated duration 30 days |
| 24. Attachments | | |

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

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification.
- Such other site specific information and/or plans as may be required by the authorized officer.

| | | | |
|--------------------------------------------------------------|-------------------------------------|-------------------------|--------------------|
| 25. Signature <i>Lloyd Bruce</i> | Name (Printed/Typed) Lloyd Bruce | RECEIVED APR 26 2004 | Date 01/10/2004 |
| Title Senior Operations Engineer | | | |
| Approved by (Signature) <i>Edwin J. ...</i> | Name (Printed/Typed) EDWIN | DIV. OF OIL & GAS | Date 4/22/04 |
| Title acting Assistant Field Manager Mineral Resources | Office | | |

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, are attached.

CONDITIONS OF APPROVAL ATTACHED

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

*(Instructions on reverse)

NOTICE OF APPROVAL

I hereby certify that The Houston Exploration Company is authorized by the proper Lease Interest Owners to conduct lease operations associated with this Application for Permit to Drill the Bonanza #12D-12, Federal Lease #UTU-7426. Bond coverage pursuant to 43 CFR 3104 for lease activities will be provided by The Houston Exploration Company, Statewide Bond #UTB-000062, who will be responsible for compliance with all the terms and conditions of that portion of the lease associated with this Application.

UDOGM

CONDITIONS OF APPROVAL
APPLICATION FOR PERMIT TO DRILL

Company/Operator: The Houston Exploration Co.

Well Name & Number: Bonanza 12D-12

API Number: 43-047-35551

Lease Number: U-74426

Location: NWSW Sec. 12 T. 9S R. 24E

Agreement: N/A

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.

DRILLING PROGRAM

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

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

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

2. Pressure Control Equipment

Chart recorders shall be used for all pressure tests. Test charts, with individual test results identified, shall be maintained on location while drilling and shall be made available to a BLM representative upon request.

3. Casing Program and Auxiliary Equipment

As a minimum requirement, the cement behind the production casing must extend 200' above the top of the Green River formation which has been identified at $\pm 1560'$.

4. Coring, Logging and Testing Program

A cement bond log (CBL) will be run from the production casing shoe to the top of cement and shall be utilized to determine the bond quality for the production casing

Please submit to this office, in LAS format, an electronic copy of all logs run on this well. This submission will replace the requirement for submittal of paper logs to the BLM.

5. Notifications of Operations

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

6. 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.

In the event after-hours approvals are necessary, you must 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

EPA'S LIST OF NONEXEMPT EXPLORATION AND PRODUCTION WASTES

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

Unused fracturing fluids or acids

Gas plant cooling tower cleaning wastes

Painting wastes

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

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

Refinery wastes

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

Used equipment lubrication oils

Waste compressor oil, filters, and blowdown

Used hydraulic fluids

Waste solvents

Waste in transportation pipeline-related pits

Caustic or acid cleaners

Boiler cleaning wastes

Boiler refractory bricks

Incinerator ash

Laboratory wastes

Sanitary wastes

Pesticide wastes

Radioactive tracer wastes

Drums, insulation and miscellaneous solids

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

No construction or drilling shall occur April 1 thru August 15 due to the potential of burrowing owl nesting in the area unless a waiver is granted by the authorized officer after a field inspection by a qualified wildlife biologist that is acceptable to the authorized officer.

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

FORM 6

007

ENTITY ACTION FORM

Operator: The Houston Exploration Company Operator Account Number: N 2525
Address: 1100 Louisiana, Suite 2000
city Houston
state TX zip 77002 Phone Number: (713) 830-6800

Well 1

| API Number | Well Name | QQ | Sec | Twp | Rng | County |
|------------------------|-----------------------|-------------------|-----------|-----|----------------------------------|--------|
| 4304735550 | Bonanza #10D-18 | NWSE | 18 | 9S | 24E | Uintah |
| Action Code | Current Entity Number | New Entity Number | Spud Date | | Entity Assignment Effective Date | |
| A | 99999 | 14191 | 5/12/04 | | 6/17/04 | |
| Comments: <u>CSLGT</u> | | | | | | |

C

K

Well 2

| API Number | Well Name | QQ | Sec | Twp | Rng | County |
|------------------------|-----------------------|-------------------|-----------|-----|----------------------------------|--------|
| 4304735551 | Bonanza #12D-12 | NWSW | 12 | 9S | 23E | Uintah |
| Action Code | Current Entity Number | New Entity Number | Spud Date | | Entity Assignment Effective Date | |
| A | 99999 | 14192 | 6/6/04 | | 6/17/04 | |
| Comments: <u>CSLGT</u> | | | | | | |

C

K

Well 3

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

RECEIVED

JUN 10 2004

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)

Theresa Overturf DIV. OF OIL, GAS & MINING
Name (Please Print)
Theresa Overturf
Signature
Engineering Technician 6/10/04
Title Date

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

FORM 9

008

5. LEASE DESIGNATION AND SERIAL NUMBER:
UTU74426

SUNDRY NOTICES AND REPORTS ON WELLS

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

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

1. TYPE OF WELL
OIL WELL GAS WELL OTHER _____

8. WELL NAME and NUMBER:
Bonanza 12D-12

2. NAME OF OPERATOR:
The Houston Exploration Company

9. API NUMBER:
4304735551

3. ADDRESS OF OPERATOR:
1100 Louisiana, Suite 2000 CITY Houston STATE TX ZIP 77002

PHONE NUMBER:
(713) 830-6938

10. FIELD AND POOL, OR WILDCAT:
Wildcat

4. LOCATION OF WELL
FOOTAGES AT SURFACE: 1556' FSL & 867' FWL

COUNTY: Uintah

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWSW 12 9S 23E

STATE: UTAH

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

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

6/16/04 - 6/30/04 Spud and drld to 2267'. Ran 9 5/8" csg & set @ 2235'. Cmtd csg. Drlid to 4042'.

NAME (PLEASE PRINT) Theresa Overturf TITLE Engineering Technician
SIGNATURE *Theresa Overturf* DATE 7/9/2004

(This space for State use only)

RECEIVED
JUL 12 2004
DIV. OF OIL, GAS & MINING

009

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:
UTU-74426

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

8. WELL NAME and NUMBER:
Bonanza 12D-12

9. API NUMBER:
4304735551

10. FIELD AND POOL, OR WILDCAT:
None

1. TYPE OF WELL OIL WELL GAS WELL OTHER _____

2. NAME OF OPERATOR:
The Houston Exploration Company

3. ADDRESS OF OPERATOR:
1100 Louisiana, Suite 2000 CITY Houston STATE TX ZIP 77002

PHONE NUMBER:
(713) 830-6938

4. LOCATION OF WELL
FOOTAGES AT SURFACE: 1556' FSL, 867' FWL

COUNTY: Uintah

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWSW 12 9S 23E

STATE: UTAH

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

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

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

7/1/04 - 7/31/04 Drid 4042'-8634'. Ran 4 1/2" csg, set @ 6635', cmtd. Waiting on Completion.

NAME (PLEASE PRINT) Theresa Overturf TITLE Engineering Technician

SIGNATURE *Theresa Overturf* DATE 8/5/2004

(This space for State use only)

RECEIVED
AUG 09 2004
DIV. OF OIL, GAS & MINING

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

010

5. LEASE DESIGNATION AND SERIAL NUMBER:
UTU-74426

SUNDRY NOTICES AND REPORTS ON WELLS

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

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

7. UNIT or CA AGREEMENT NAME:
Bonanza

1. TYPE OF WELL OIL WELL GAS WELL OTHER _____

8. WELL NAME and NUMBER:
Bonanza 12D-12

2. NAME OF OPERATOR:
The Houston Exploration Company

9. API NUMBER:
4304735551

3. ADDRESS OF OPERATOR:
1100 Louisiana, Suite 2000 CITY Houston STATE TX ZIP 77002

PHONE NUMBER:
(713) 830-6938

10. FIELD AND POOL, OR WILDCAT:

4. LOCATION OF WELL
FOOTAGES AT SURFACE: 1556' FSL, 867' FWL

COUNTY: Uintah

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWSW 12 9S 23E

STATE: UTAH

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

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| | <input type="checkbox"/> CHANGE TO PREVIOUS PLANS | <input type="checkbox"/> OPERATOR CHANGE | <input type="checkbox"/> TUBING REPAIR |
| | <input type="checkbox"/> CHANGE TUBING | <input type="checkbox"/> PLUG AND ABANDON | <input type="checkbox"/> VENT OR FLARE |
| <input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____ | <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>Installing Production Equipment</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.
8/1/04 - 8/31/04 Ran CBL/GR. Perf 6332'-6342' & 6347'-6359' & frac. Perf 5180'-5216' & 5410'-5426' & frac. Open to flow back tank on 10/64" - 16/64" ck, 900 psi, 500-850 MCF. Installing surface equipment.

RECEIVED

SEP 07 2004

DIV. OF OIL, GAS & MINING

NAME (PLEASE PRINT) Theresa Overturf TITLE Engineering Technician
SIGNATURE *Theresa Overturf* DATE 9/2/2004

(This space for State use only)

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

FORM 9

011

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-74426 |
| 2. NAME OF OPERATOR: The Houston Exploration Company | | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME: Bonanza |
| 3. ADDRESS OF OPERATOR: 1100 Louisiana, Ste 2000 CITY Houston STATE TX ZIP 77002 | | 7. UNIT or CA AGREEMENT NAME: Bonanza |
| 4. LOCATION OF WELL FOOTAGES AT SURFACE: 1556' FSL , 867' FWL | | 8. WELL NAME and NUMBER: Bonanza 12D-12 |
| QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWSW 12 9S 23E | | 9. API NUMBER: 4304735551 |
| COUNTY: Uintah | | 10. FIELD AND POOL, OR WILDCAT: |
| STATE: UTAH | | |

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

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

9/1/04 - 9/30/04 Waiting on Pipeline

| | |
|---------------------------------------------|-------------------------------------|
| NAME (PLEASE PRINT) <u>Theresa Overturf</u> | TITLE <u>Engineering Technician</u> |
| SIGNATURE <u><i>Theresa Overturf</i></u> | DATE <u>9/4/2004</u> |

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OCT 06 2004

DIV. OF OIL, GAS & MINING

Confidential

Form 3160-4
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0137
Expires: November 30, 2000

012

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

5. Lease Serial No. UTU74426

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

6. If Indian, Allottee or Tribe Name

7. Unit or CA Agreement Name and No.

2. Name of Operator
The Houston Exploration Company

CONFIDENTIAL

8. Lease Name and Well No.
Bonanza 12D-12

3. Address 1100 Louisiana, Ste 2000, Houston, TX 77002 3a. Phone No. (include area code) 713-830-6800

9. API Well No.
43-047-35551

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

At surface Sec 12 T9S R23E NWSW 1556' FSL & 867' FWL

10. Field and Pool, or Exploratory
Wildcat

At top prod. interval reported below

11. Sec., T., R., M., on Block and
Survey or Area Sec 12, T9S, R23E

At total depth

12. County or Parish Uintah 13. State UT

14. Date Spudded 6/6/04 15. Date T.D. Reached 7/5/04 16. Date Completed D & A Ready to Prod. 8/19/04

17. Elevations (DF, RKB, RT, GL)*
5018' GL

18. Total Depth: MD 8634' TVD 19. Plug Back T.D.: MD 6549' TVD 20. Depth Bridge Plug Set: MD TVD

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

Platform Express, TCOMBO, GR, CV/CAL, AILLC, GR

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

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

| Hole Size | Size/Grade | Wt. (#/ft.) | Top (MD) | Bottom (MD) | Stage Cement Depth | No. of Sk. & Type of Cement | Slurry Vol. (BBL) | Cement Top* | Amount Pulled |
|-----------|------------|-------------|----------|-------------|--------------------|-----------------------------|-------------------|---------------|---------------|
| 20" | 13 3/8" | 48# | 0' | 40' | | | | Surface | |
| 12 1/4" | 9 5/8" | 36# | 0' | 2235' | | 650sx C1 G | 130 | Surface | |
| 7 7/8" | 4 1/2" | 11.60# | 0' | 6635' | | 197sx Prem + 995sx C1 G | 377 | 2000' 400' | |

24. Tubing Record

| Size | Depth Set (MD) | Packer Depth (MD) | Size | Depth Set (MD) | Packer Depth (MD) | Size | Depth Set (MD) | Packer Depth (MD) |
|--------|----------------|-------------------|------|----------------|-------------------|------|----------------|-------------------|
| 2 3/8" | 6281' | | | | | | | |

25. Producing Intervals

| Formation | Top | Bottom | Perforated interval | Size | No. Holes | Perf. Status |
|------------|-------|--------|---------------------|------|-----------|--------------|
| A) Wasatch | 5180' | 5216' | 5180'-5216' | | 108 | Open |
| B) Wasatch | 5410' | 5426' | 5410'-5426' | | 48 | Open |
| C) Wasatch | 6332' | 6342' | 6332'-6342' | | 30 | Open |
| D) Wasatch | 6347' | 6359' | 6347'-6359' | | 36 | Open |

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

| Depth Interval | Amount and Type of Material |
|----------------|-----------------------------|
| 5180'-5426' | 118696# 20/40 |
| 6332'-6359' | 74500# 20/40 |

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28. Production - Interval A - D

| Date First Produced | Test Date | Hours Tested | Test Production | Oil BBL | Gas MCF | Water BBL | Oil Gravity Corr. API | Gas Gravity | Production Method |
|---------------------|----------------------|--------------|-----------------|---------|---------|-----------|-----------------------|---------------------|---------------------------|
| | 8/27/04 | 24 | → | 0 | 1000 | 8 | | .65 | DIV. OF OIL, GAS & MINING |
| Choke Size | Tbg. Press. Flwg. SI | Csg. Press. | 24 Hr. Rate | Oil BBL | Gas MCF | Water BBL | Gas : Oil Ratio | Well Status | |
| 20/64 | 450 | 800 | → | | | | | Waiting on Pipeline | |

28a. Production - Interval B

| Date First Produced | Test Date | Hours Tested | Test Production | Oil BBL | Gas MCF | Water BBL | Oil Gravity Corr. API | Gas Gravity | Production Method |
|---------------------|----------------------|--------------|-----------------|---------|---------|-----------|-----------------------|-------------|---------------------|
| | | | → | | | | | | CONFIDENTIAL PERIOD |
| Choke Size | Tbg. Press. Flwg. SI | Csg. Press. | 24 Hr. Rate | Oil BBL | Gas MCF | Water BBL | Gas : Oil Ratio | Well Status | |
| | | | → | | | | | | EXPIRED ON 9-19-05 |

(See instructions and spaces for additional data on reverse side)

28b. Production - Interval C

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

28c. Production - Interval D

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

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

30. Summary of Porous Zones (Include Aquifers):

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

31. Formation (Log) Markers

| Formation | Top | Bottom | Descriptions, Contents, etc. | Name | Top |
|-----------|-----|--------|------------------------------|--------------------------|-------------|
| | | | | | Meas. Depth |
| | | | | Uteland Buttes Limestone | 4363' |
| | | | | Wasatch | 4533' |
| | | | | Mesaverde | 6477' |
| | | | | Sego Sandstone | 8424' |
| | | | | Buck Tongue | 8570' |
| | | | | Castlegate | 8637' |

32. Additional remarks (include plugging procedure):

PLEASE KEEP WELL INFORMATION CONFIDENTIAL

33. Circle enclosed attachments:

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

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

Name (please print) Lloyd Bruce Title Senior Operations Engineer

Signature  Date 11/09/04

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

013

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

FORM 9

5. LEASE DESIGNATION AND SERIAL NUMBER:
UTU-74426

SUNDRY NOTICES AND REPORTS ON WELLS

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

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

7. UNIT or CA AGREEMENT NAME:
Bonanza

1. TYPE OF WELL OIL WELL GAS WELL OTHER _____

8. WELL NAME and NUMBER:
Bonanza 12D-12

2. NAME OF OPERATOR:
The Houston Exploration Company

9. API NUMBER:
4304735551

3. ADDRESS OF OPERATOR:
1100 Louisiana, Ste 2000 CITY Houston STATE TX ZIP 77002

PHONE NUMBER:
(713) 830-6938

10. FIELD AND POOL, OR WILDCAT:

4. LOCATION OF WELL
FOOTAGES AT SURFACE: 1556 FSL, 867 FWL COUNTY: Uintah

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWSW 12 9S 23E STATE: UTAH

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

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

10/1/04-10/31/04 Waiting on Pipeline

NAME (PLEASE PRINT) Theresa Overturf

TITLE Engineering Technician

SIGNATURE *Theresa Overturf*

DATE 11/8/04

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NOV 12 2004

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

014

5. LEASE DESIGNATION AND SERIAL NUMBER:
UTU74426

SUNDRY NOTICES AND REPORTS ON WELLS

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

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

7. UNIT or CA AGREEMENT NAME:

1. TYPE OF WELL OIL WELL GAS WELL OTHER _____

8. WELL NAME and NUMBER:
Bonanza 12D-12

2. NAME OF OPERATOR:
The Houston Exploration Company

CONFIDENTIAL

9. API NUMBER:
4304735551

3. ADDRESS OF OPERATOR:
1100 Louisiana, Ste 2000 CITY **Houston** STATE **TX** ZIP **77002**

PHONE NUMBER:
(713) 830-6938

10. FIELD AND POOL, OR WILDCAT:
Wildcat

4. LOCATION OF WELL
FOOTAGES AT SURFACE: **1556' FSL & 867' FWL**

COUNTY: **Uintah**

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: **NWSW 12 9S 23E**

STATE: **UTAH**

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

| TYPE OF SUBMISSION | TYPE OF ACTION | | |
|---------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------------|--------------------------------------------------------|
| <input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____ | <input type="checkbox"/> ACIDIZE | <input type="checkbox"/> DEEPEN | <input type="checkbox"/> REPERFORATE CURRENT FORMATION |
| | <input type="checkbox"/> ALTER CASING | <input type="checkbox"/> FRACTURE TREAT | <input type="checkbox"/> SIDETRACK TO REPAIR WELL |
| | <input type="checkbox"/> CASING REPAIR | <input type="checkbox"/> NEW CONSTRUCTION | <input type="checkbox"/> TEMPORARILY ABANDON |
| | <input type="checkbox"/> CHANGE TO PREVIOUS PLANS | <input type="checkbox"/> OPERATOR CHANGE | <input type="checkbox"/> TUBING REPAIR |
| | <input type="checkbox"/> CHANGE TUBING | <input type="checkbox"/> PLUG AND ABANDON | <input type="checkbox"/> VENT OR FLARE |
| <input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____ | <input type="checkbox"/> CHANGE WELL NAME | <input type="checkbox"/> PLUG BACK | <input type="checkbox"/> WATER DISPOSAL |
| | <input type="checkbox"/> CHANGE WELL STATUS | <input 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 | <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.

1/28/05 Production Start

RECEIVED
FEB 04 2005

DIV. OF OIL, GAS & MINING

NAME (PLEASE PRINT) Theresa Overturf

TITLE Engineering Technician

SIGNATURE *Theresa Overturf*

DATE 1/31/2005

(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.

| | | |
|---------------------------------------------------------------------------------------------------------------|--|-----------------------------------------------|
| 1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____ | | 5. LEASE DESIGNATION AND SERIAL NUMBER: |
| 2. NAME OF OPERATOR: The Houston Exploration Company <i>N2525</i> | | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME: |
| 3. ADDRESS OF OPERATOR: 1100 Louisiana, Ste 2000 CITY Houston STATE TX ZIP 77002 | | 7. UNIT or CA AGREEMENT NAME: |
| PHONE NUMBER: (713) 830-6938 | | 8. WELL NAME and NUMBER: See Attached List |
| 4. LOCATION OF WELL FOOTAGES AT SURFACE: See Attached List | | 9. API NUMBER: |
| QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: | | 10. FIELD AND POOL, OR WILDCAT: |
| COUNTY: Uintah | | 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: Effective <u>9/1/05</u> | <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 <u>9/1/05</u> | <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.

Enduring Resources, LLC Operator #N 2750 Utah State Bond #RLB0008031
475 17th Street, Ste 1500
Denver, CO 80202

Contact: Frank Hutto 303-350-5102

Frank Hutto VP. OPS
Signature & Title
Date 9/19/05

NAME (PLEASE PRINT) Joanne Hresko TITLE Vice President/General Manager Onshore
SIGNATURE *Joanne Hresko* DATE 9/2/2005

(This space for State use only) **APPROVED** 9/29/2005

Earlene Russell
Division of Oil, Gas and Mining
Earlene Russell, Engineering Technician

RECEIVED
SEP 26 2005

DIV. OF OIL, GAS & MINING

TRANSFER OF OPERATOR

NATURAL BUTTES FIELD, UINTAH COUNTY, UTAH DRILLED WELLS, TO BE OPERATED BY ENDURING RESOURCES, LLC

| API Well Number | Well Name | Well Status | Qtr/Qtr | Section | Township-Range | FNL/FSL | FEL/FWL | Latitude | Longitude |
|-----------------|------------------------|-------------|---------|---------|----------------|---------|---------|----------|------------|
| 43047355550000 | Bonanza #10D-18 | SI | NWSE | 18 | 9S-24E | 1437 S | 1800 E | 40.03340 | -109.25282 |
| 43047355510000 | Bonanza #12D-12 | Producing | NWSW | 12 | 9S-23E | 1556 S | 867 W | 40.04788 | -109.28055 |
| 43047356930000 | Bonanza #2D-27 | Producing | NWNE | 27 | 9S-24E | 1064 N | 1824 E | 40.01123 | -109.19600 |
| 43047359080000 | Bonanza 10-11 | Producing | NWSE | 11 | 9S-23E | 1991 S | 1755 E | 40.04866 | -109.29035 |
| 43047356920000 | Bonanza 10D-8 | SI | NWSE | 8 | 9S-24E | 1510 S | 1768 E | 40.04789 | -109.23383 |
| 43047355520000 | Bonanza 1-11 | Producing | NWNW | 11 | 9S-23E | 990 N | 990 E | 40.05431 | -109.29891 |
| 43047359290000 | Bonanza 12-20 | Drlg | NWSW | 20 | 9S-25E | 1998 S | 825 W | 40.01947 | -109.13150 |
| 43047-359210000 | Bonanza 12A-18 | Producing | NWSW | 18 | 9S-24E | 2067 S | 813 W | 40.03430 | -109.26242 |
| 43047359090000 | Bonanza 14-12 | Evaluating | SESW | 12 | 9S-23E | 505 S | 2001 W | 40.04455 | -109.27693 |
| 43047359940000 | Bonanza 4-18 | WOPL | NWNW | 18 | 9S-24E | 706 N | 682 W | 40.04119 | -109.26288 |
| 43047-356220000 | Bonanza 4D-16 | Producing | NWNW | 16 | 9S-24E | 1152 N | 1209 W | 40.04000 | -109.22349 |
| 43047358600000 | Bonanza 6-36 | Producing | SENW | 36 | 9S-24E | 2217 N | 2009 W | 39.99336 | -109.16393 |
| 43047359120000 | Bonanza 6B-8 | Producing | SENW | 8 | 9S-24E | 2017 N | 1878 W | 40.05213 | -109.24004 |
| 43047359200000 | Bonanza 8D-7 | Producing | SENE | 7 | 9S-24E | 1992 N | 477 E | 40.05220 | -109.24845 |
| 43047359050000 | Buck Canyon 15-24 | P&A | SW/SE | 24 | 12S-21E | 700 S | 2139 E | 39.75386 | -109.5134 |
| 43047348150000 | Cartwright 2-35 | TA | NWNE | 35 | 9S-24E | 858 N | 2104 E | 39.99733 | -109.17882 |
| 43047332510000 | East Bench 11-16 | WOC | NESW | 16 | 11S-22E | S S | 1980 W | 39.85889 | -109.46172 |
| 43047347560000 | Hoss 15 | Producing | SWSE | 20 | 9S-25E | 1291 S | 2088 E | 40.01767 | -109.12236 |
| 43047348140000 | Little Joe 11-7 | TA | NENE | 7 | 9S-25E | 710 N | 644 E | 40.05562 | -109.13601 |
| 43047361500000 | Rainbow 14-17 | WOC | SESW | 17 | 11S-24E | 780 S | 1726 W | 39.85689 | -109.25731 |
| 43047361840000 | Rainbow 2-16 | WOC | NWNE | 16 | 11S-24E | 837 N | 2136 E | 39.86708 | -109.23348 |
| 43047353630000 | Southman Canyon 10D-36 | Producing | NWSE | 36 | 9S-23E | 1757 S | 1650 E | 39.98991 | -109.27148 |
| 43047353640000 | Southman Canyon 12D-36 | Producing | NWSW | 36 | 9S-23E | 1518 S | 1069 W | 39.98977 | -109.28040 |
| 43047357700000 | Southman Canyon 14C-36 | Producing | SESW | 36 | 9S-23E | 648 S | 1717 W | 39.98689 | -109.27716 |
| 43047357720000 | Southman Canyon 16C-36 | Producing | SESE | 36 | 9S-23E | 542 S | 736 E | 39.98607 | -109.26912 |
| 43047356910000 | Southman Canyon 2D-30 | Producing | NWNE | 30 | 9S-24E | 1171 N | 1502 E | 40.01111 | -109.25269 |
| 43047353650000 | Southman Canyon 2D-36 | Producing | NWNE | 36 | 9S-23E | 960 N | 1751 E | 39.99711 | -109.27228 |
| 43047353610000 | Southman Canyon 4D-36 | Producing | NWNW | 36 | 9S-23E | 1163 N | 1137 W | 39.99623 | -109.28012 |
| 43047353620000 | Southman Canyon 6D-36 | Producing | SENW | 36 | 9S-23E | 2466 N | 2271 W | 39.99336 | -109.27635 |
| 43047357710000 | Southman Canyon 8C-36 | Producing | SENE | 36 | 9S-23E | 2185 N | 694 E | 39.99358 | -109.26783 |
| 43047355590000 | Thurston Federal #12-1 | Producing | SESW | 12 | 12S-21E | 692 S | 1959 W | 39.78280 | -109.51768 |

TRANSFER OF OPERATOR BLM APPROVED WELLS #2

PREVIOUS OPERATOR: Houston Exploration Company

NEW OPERATOR: Enduring Resources, LLC

EFFECTIVE DATE: September 1st, 2005

| Well Name | Q/Q | Sec | T | R | Lease Number | Footages f/ Sec Lines - SL | API Number |
|------------------------------|------------------|---------------|----------------|----------------|----------------------|----------------------------------------|-------------------------|
| Asphalt Wash 13-7 | SW/SW | 7 | 11S | 24E | UTU 73010 | 739' FSL & 029' FWL | 43-047-26234 |
| Bonanza 16-18 | SE/SE | 18 | 9S | 24E | UTU-73457 | 861' FSL & 715' FEL | 43-047-35992 |
| Bonanza 4-11 | NW/NW | 11 | 9S | 23E | UTU-74426 | 671' FNL & 729' FWL | 43-047-35968 |
| Bonanza 10D-12 | NW/SE | 12 | 9S | 23E | UTU-74426 | 1,785' FSL & 1,855' FEL | 43-047-35919 |
| Bonanza 12-11 | NW/SW | 11 | 9S | 23E | UTU-74426 | 1748' FSL & 420' FWL | 43-047-35916 |
| Bonanza 14-18 | SE/SW | 18 | 9S | 24E | UTU-73457 | 472' FSL & 2,010' FWL | 43-047-35993 |
| Bonanza 14A-8 | SE/SW | 8 | 9S | 24E | UTU-73457 | 907' FSL & 2,298' FWL | 43-047-35952 |
| Bonanza 16A-27 | SE/SE | 27 | 9S | 24E | UTU-80571 | 862' FSL & 581' FEL | 43-047-35923 |
| Bonanza 2-21 | NW/NE | 21 | 8S | 25E | UTU-73470 | 1,207' FNL & 1,541' FEL | 43-047-35926 |
| Bonanza 3-8 | NW/NW | 8 | 9S | 24E | UTU-73457 | 573' FNL & 1,518' FWL | 43-047-35966 |
| Bonanza 6D-7 | SE NW | 7 | 9S | 24E | UTU-73457 | 2,310' FNL & 2,310' FWL | 43-047-35690 |
| Bonanza 8-11 | SE/NE | 11 | 9S | 23E | UTU-74426 | 2,163 FNL & 615' FEL | 43-047-35907 |
| Bonanza 8B-27 | SE/NE | 27 | 9S | 24E | UTU-80571 | 1,830' FNL & 735' FEL | 43-047-35923 |
| Buck Camp 4-25 | NW/NW | 25 | 11S | 22E | UTU-74424 | 804 FNL & 695 FWL | 43-047-36276 |
| Buck Camp 4-26 | NW/NW | 26 | 11S | 22E | UTU-74974 | 660' FNL & 660' FWL | 43-047-36274 |
| Buck Canyon 1-24 | NE/NE | 24 | 12S | 21E | UTU-73440 | 488' FNL & 833' FEL | 43-047-35606 |
| Buck Canyon 15-24 | SW/SE | 24 | 12S | 21E | UTU 73440 | 700' FSL & 2,139' FEL | 43-047-35905 |
| Buck Canyon 7-24 | SW/NE | 24 | 12S | 21E | UTU-73440 | 2,041' FNL & 2,171' FEL | 43-047-35904 |
| Buck Canyon 9-24 | NE/SE | 24 | 12S | 21E | UTU 73440 | 1784' FSL & 855' FEL | 43-047-35903 |
| Rainbow 1-17 | NE/NE | 17 | 11S | 24E | UTU-73920 | 795' FNL & 586' FEL | 43-047-36151 |
| Southman Canyon #14-30 | SE/SW | 30 | 9S | 24E | UTU-80571 | 740' FSL & 1,737' FWL | 43-047-35914 |
| Southman Canyon #4C-30 | NW/NW | 30 | 9S | 24E | UTU-80571 | 676' FNL & 568' FWL | 43-047-35913 |
| Southman Canyon 12-30 | NW/SW | 30 | 9S | 24E | UTU-80571 | 1,912' FSL & 513' FWL | 43-047-36104 |
| Southman Canyon 8-30 | SE/NE | 30 | 9S | 24E | UTU-80571 | 1,875' FNL & 818' FEL | 43-047-35994 |
| Southman Canyon 9-30 | NE/SE | 30 | 9S | 24E | UTU-80571 | 2,089' FSL & 831' FEL | 43-047-36019 |

* 43047-35906
• 43047-35953

TRANSFER OF OPERATOR STATE OF UTAH APPROVED AND PENDING

3

PREVIOUS OPERATOR: Houston Exploration Company

NEW OPERATOR: Enduring Resources, LLC

EFFECTIVE DATE: September 1st, 2005

| Well Name | Q/Q | Sec | T | R | Lease Number | Footages f/ Sec Lines - SL | API Number | FIELD | Well Type |
|---------------------------------------|-----------------|---------------|----------------|----------------|---------------------|-------------------------------------|-------------------------|---------------------------|----------------|
| Asphalt Wash 11-16-11-24 | NESW | 16 | 11S | 24E | ML-73921 | 2000 FSL & 1900 FWL | 43-047-37088 | Undesignated | Gas |
| Asphalt Wash 12-16-11-24 | NWSW | 16 | 11S | 24E | ML-47080 | 2060 FSL & 839 FWL | 43-047-36873 | Undesignated | Gas |
| Asphalt Wash 14-16-11-24 | SESW | 16 | 11S | 24E | ML-47080 | 537 FSL & 2140 FWL | 43-047-36876 | Undesignated | Gas |
| Asphalt Wash 3-16-11-24 | NENW | 16 | 11S | 24E | ML-47080 | 825 FNL & 2116 FWL | 43-047-36886 | Undesignated | Gas |
| Asphalt Wash 4-16-11-24 | NWNW | 16 | 11S | 24E | ML-47080 | 521 FNL & 766 FWL | 43-047-36885 | Undesignated | Gas |
| Asphalt Wash 5-16-11-24 | SWNW | 16 | 11S | 24E | ML-47080 | 1880 FNL & 630 FWL | 43-047-37089 | Undesignated | Gas |
| Asphalt Wash 7-16-11-24 | SWNE | 16 | 11S | 24E | ML-47080 | 1781 FNL & 1676 FEL | 43-047-36874 | Undesignated | Gas |
| Asphalt Wash 8-16-11-24 | SENE | 16 | 11S | 24E | ML-47080 | 1905 FNL & 642 FEL | 43-047-36875 | Undesignated | Gas |
| Bonanza 14-20 | SESW | 20 | 9S | 25E | ML-45558 | 838' FSL & 1,922' FWL | 43-047-35930 | Chapita Wells | Gas |
| Bonanza 4-20 | NWNW | 20 | 9S | 25E | ML-45558 | 933' FNL & 583 FWL | 43-047-35924 | Chapita Wells | Gas |
| Bonanza 4-29 | NWNW | 29 | 9S | 25E | ML-45559 | 600' FNL & 596' FWL | 43-047-36010 | Chapita Wells | Gas |
| Bonanza 4-36 | NWNW | 36 | 9S | 24E | ML-46527 | 258' FNL & 862' FWL | 43-047-35861 | Natural Buttes | Gas |
| Bonanza 6-20 | SESW | 20 | 9S | 25E | ML-45558 | 2,178' FNL & 1,839' FWL | 43-047-35928 | Chapita Wells | Gas |
| Buck Canyon 9-16-12-21 | NESE | 16 | 12S | 24E | ML-47085 | 1980' FSL & 660' FEL | 43-047-37091 | Buck Canyon | Gas |
| Buck Canyon 11-16-12-21 | NESW | 16 | 12S | 21W | ML-47085 | NA | 43-047-37119 | Undesignated | Gas |
| Buck Canyon 13-16-21-21 | SWSW | 16 | 21S | 21W | ML-47085 | NA | 43-047-37118 | Undesignated | Gas |
| Buck Canyon 15-16-12-21 | SWSE | 16 | 12S | 21W | ML-47085 | NA | 43-047-37120 | Buck Canyon | Gas |
| East Bench 1-16 | NENE | 16 | 11S | 22E | ML-46911 | 660' FNL & 660' FEL | 43-047-36126 | Undesignated | Gas |
| East Bench 15-16 | SWSE | 16 | 11S | 22E | ML-46911 | 545' FSL & 1,848' FEL | 43-047-36128 | Undesignated | Gas |
| East Bench 3-16 | NENW | 16 | 11S | 22E | ML-46911 | 832' FNL & 1,978' FWL | 43-047-36125 | Undesignated | Gas |
| East Bench 7-16 | SWNE | 16 | 11S | 22E | ML-46911 | 1,909' FNL & 1,643' FEL | 43-047-36127 | Undesignated | Gas |
| East Bench 12-16-11-22 | NWSW | 16 | 11S | 22E | ML-46911 | 1862 FSL & 838 FEL | 43-047-37128 | Undesignated | Gas |
| East Bench 13-16-11-22 | SWSW | 16 | 11S | 22E | ML-46911 | 880 FSL & 750 FWL | 43-047-37130 | Undesignated | Gas |
| East Bench 14-16-11-22 | SESW | 16 | 11S | 22E | ML-46911 | 848 FSL & 1930 FWL | 43-047-37122 | Undesignated | Gas |
| East Bench 16-16-11-22 | SESE | 16 | 11S | 22E | ML-46911 | 663 FSL & 1055 FEL | 43-047-37121 | Undesignated | Gas |
| East Bench 2-16-11-22 | NWNE | 16 | 11S | 22E | ML-46911 | 705 FNL & 2077 FEL | 43-047-37125 | Undesignated | Gas |
| East Bench 4-16-11-22 | NWNW | 16 | 11S | 22E | ML-46911 | 760 FNL & 860 FWL | 43-047-37126 | Undesignated | Gas |
| East Bench 5-16-11-22 | SWNW | 16 | 11S | 22E | ML-46911 | 1980 FNL & 758 FWL | 43-047-37129 | Undesignated | Gas |
| East Bench 6-16-11-22 | SESW | 16 | 11S | 22E | ML-46911 | 1887 FNL & 2138 FWL | 43-047-37124 | Undesignated | Gas |
| East Bench 8-16-11-22 | SENE | 16 | 11S | 22E | ML-46911 | 1880 FNL & 780 FEL | 43-047-37127 | Undesignated | Gas |
| East Bench 9-16-11-22 | NESE | 16 | 11S | 22E | ML-46911 | 2035 FSL & 1422 FEL | 43-047-37123 | Undesignated | Gas |
| Gusher 6-2 | SESW | 2 | 6S | 19E | ML-49144 | 1550 FNL & 1825 FWL | 43-047-36969 | Moffit Canal | Oil |
| Hanging Rock 1-32 | NENE | 32 | 11S | 23E | ML-47079 | 542' FNL & 690' FEL | 43-047-36309 | Undesignated | Gas |
| Little Pack Mountain 1-16 | NWNW | 16 | 12S | 20E | ML-47082 | 609 FNL & 688 FEL | 43-047-36981 | Wildcat | Gas |
| Little Pack Mountain 7-32 | SWNE | 32 | 12S | 20E | ML-47083 | 1792 FNL & 1797 FEL | 43-047-36980 | Wildcat | Gas |
| Rock House 12-36-10-23 | NWSW | 36 | 10S | 23E | ML-47907 | 1844 FSL & 755 FWL | 43-047-36534 | Natural Buttes | Gas |
| Rock House 13-32-10-23 | SWSW | 32 | 10S | 23E | ML-47063 | 564 FSL & 471 FWL | 43-047-36411 | Natural Buttes | Gas |
| Rock House 1-36-10-22 | NENE | 36 | 10S | 22E | ML-47061 | 620 FNL & 850 FEL | 43-047-36408 | Natural Buttes | Gas |
| Rock House 3-36-10-22 | NENW | 36 | 10S | 22E | ML-47061 | 934 FNL & 1783 FWL | 43-047-36407 | Natural Buttes | Gas |
| Rock House 4-32-10-23 | SWNW | 32 | 10S | 23E | ML-47063 | 1406 FNL & 562 FWL | 43-047-36412 | Natural Buttes | Gas |
| Rock House 7-36-10-22 | SWNE | 36 | 10S | 22E | ML-47061 | 2209 FNL & 2445 FEL | 43-047-36409 | Natural Buttes | Gas |
| Rock House 9-32-10-23 | NESE | 32 | 10S | 23E | ML-47063 | 2008 FSL & 1042 FEL | 43-047-36337 | Natural Buttes | Gas |
| Rockhouse #13-36 | SWSW | 36 | 10S | 22E | ML-46907 | 486 FSL & 844' FWL | 43-047-35902 | Natural Buttes | Gas |
| Rockhouse 16-2 | SESE | 2 | 11S | 23E | ML-47078 | 909' FSL & 748' FEL | 43-047-36152 | Rockhouse | Gas |
| Seep Springs 10-13-12-24 | NWSE | 13 | 12S | 24E | ML-49275 | 1950 FSL & 1802 FEL | 43-047-36634 | Undesignated | Gas |
| Seep Springs 1-13-12-24 | NENE | 13 | 12S | 24E | ML-49275 | 753 FNL & 487 FEL | 43-047-36628 | Undesignated | Gas |
| Seep Springs 15-11-12-24 | SWSE | 11 | 12S | 24E | ML-49274 | 829 FSL & 2178 FEL | 43-047-36626 | Undesignated | Gas |
| Seep Springs 15-13-12-24 | SWSE | 13 | 12S | 24E | ML-49275 | 622 FSL & 1806 FEL | 43-047-36630 | Undesignated | Gas |
| Seep Springs 16-11-12-24 | SESE | 11 | 12S | 24E | ML-49274 | 659 FSL & 466 FEL | 43-047-36625 | Undesignated | Gas |
| Seep Springs 16-13-12-24 | SESE | 13 | 12S | 24E | ML-49275 | 686 FSL & 640 FEL | 43-047-36629 | Undesignated | Gas |
| Seep Springs 2-13-12-24 | NWNE | 13 | 12S | 24E | ML-49275 | 465 FNL & 1807 FEL | 43-047-36627 | Undesignated | Gas |
| Seep Springs 7-13-12-24 | SWNE | 13 | 12S | 24E | ML-49275 | FNL & FEL | 43-047-36631 | Undesignated | Gas |
| Seep Springs 8-13-12-24 | SENE | 13 | 12S | 24E | ML-49275 | 1969 FNL & 642 FEL | 43-047-36632 | Undesignated | Gas |
| Seep Springs 9-13-12-24 | NESE | 13 | 12S | 24E | ML-49275 | 663 FSL & 1960 FEL | 43-047-36633 | Undesignated | Gas |
| Southman Canyon 11-36-9-23 | NESW | 36 | 9S | 23E | ML-47782 | 1965 FSL & 1953 FWL | 43-047-36535 | Natural Buttes | Gas |
| Southman Canyon 13-36-9-23 | SWSW | 36 | 9S | 23E | ML-47782 | 467 FSL & 823 FWL | 43-047-36532 | Natural Buttes | Gas |

**TRANSFER OF OPERATOR
STATE OF UTAH APPROVED AND PENDING**

PREVIOUS OPERATOR: Houston Exploration Company

NEW OPERATOR: Enduring Resources, LLC

EFFECTIVE DATE: September 1st, 2005

| Well Name | Q/Q | Sec | T | R | Lease Number | Footages f/ Sec Lines - SL | API Number | FIELD | Well Type |
|----------------------------|------|-----|----|-----|--------------|----------------------------|--------------|----------------|-----------|
| Southman Canyon 1-36-9-23 | NENE | 36 | 9S | 23E | ML-47782 | 681 FNL & 496 FEL | 43-047-36537 | Natural Buttes | Gas |
| Southman Canyon 15-36-9-23 | SWSE | 36 | 9S | 23E | ML-47782 | 529 FSL & 1784 FEL | 43-047-36529 | Natural Buttes | Gas |
| Southman Canyon 3-36-9-23 | NENW | 36 | 9S | 23E | ML-47782 | 464 FNL & 1815 FWL | 43-047-36530 | Natural Buttes | Gas |
| Southman Canyon 5-36-9-23 | SWNW | 36 | 9S | 23E | ML-47782 | 2028 FNL & 499 FWL | 43-047-36531 | Natural Buttes | Gas |
| Southman Canyon 7-36-9-23 | SENE | 36 | 9S | 23E | ML-47782 | 2184 FNL & 1994 FEL | 43-047-36536 | Natural Buttes | Gas |
| Southman Canyon 9-36-9-23 | NESE | 36 | 9S | 23E | ML-47782 | 1978 FNL & 657 FEL | 43-047-36533 | Natural Buttes | Gas |

TRANSFER OF OPERATOR BLM PENDING WELLS

PREVIOUS OPERATOR: Houston Exploration Company

NEW OPERATOR: Enduring Resources, LLC

EFFECTIVE DATE: September 1st, 2005

| Well Name | Q/Q | Sec | T | R | Lease Number | Footages f/ Sec Lines - SL | API Number |
|------------------------------|------------------|--------------|----------------|----------------|----------------------|------------------------------------|--------------|
| Asphalt Wash 13-6 | SW/SW | 6 | 11S | 24E | UTU-73919 | 400' FSL & 550' FWL | |
| Asphalt Wash 10-9-11-24 | NW SE | 9 | 11S | 24E | UTU-73920 | 1846 FSL & 1942 FEL | 43-047-37071 |
| Asphalt Wash 11-9-11-24 | NE SW | 9 | 11S | 24E | UTU-73920 | 1799 FSL & 1782 FWL | 43-047-37073 |
| Asphalt Wash 12-6-11-24 | NW SW | 6 | 11S | 24E | UTU-73919 | 1844 FSL & 683 FWL | 43-047-37066 |
| Asphalt Wash 14-6-11-24 | SE SW | 6 | 11S | 24E | UTU-73919 | 704 FSL & 2123 FWL | 43-047-37067 |
| Asphalt Wash 14-9-11-24 | SE SW | 9 | 11S | 24E | UTU-73920 | 460 FSL & 2115 FWL | 43-047-37076 |
| Asphalt Wash 15-9-11-24 | SW SE | 9 | 11S | 24E | UTU-73920 | 804 FSL & 1990 FEL | 43-047-37074 |
| Asphalt Wash 16-9-11-24 | SE SE | 9 | 11S | 24E | UTU-73920 | 826 FSL & 472 FEL | 43-047-37075 |
| Asphalt Wash 2-6-11-24 | NW NE | 6 | 11S | 24E | UTU-73919 | 735 FNL & 1590 FEL | 43-047-37061 |
| Asphalt Wash 2-7-11-24 | NW NE | 7 | 11S | 24E | UTU-73919 | 621 FNL & 2462 FEL | 43-047-37068 |
| Asphalt Wash 2-9-11-24 | NW NE | 9 | 11S | 24E | UTU-73920 | 829 FNL & 1774 FEL | 43-047-37070 |
| Asphalt Wash 3-6-11-24 | NE NW | 6 | 11S | 24E | UTU-73919 | 792 FNL & 1925 FWL | 43-047-37062 |
| Asphalt Wash 4-6-11-24 | NW NW | 6 | 11S | 24E | UTU-73919 | 820 FNL & 1007 FWL | 43-047-37063 |
| Asphalt Wash 5-6-11-24 | SW NW | 6 | 11S | 24E | UTU-73919 | 1738 FNL & 716 FWL | 43-047-37064 |
| Asphalt Wash 6-7-11-24 | SE NW | 7 | 11S | 24E | UTU-73919 | 2013 FNL & 2241 FWL | 43-047-37069 |
| Asphalt Wash 7-6-11-24 | SW NE | 6 | 11S | 24E | UTU-73919 | 1616 FNL & 1615 FEL | 43-047-37065 |
| Asphalt Wash 7-9-11-24 | SE NE | 9 | 11S | 24E | UTU-73920 | 1883 FNL & 1854 FEL | 43-047-37072 |
| Asphalt Wash 1-7-11-24 | NE NE | 7 | 11S | 24E | UTU-73919 | 426 FNL & 270 FEL | 43-047-37084 |
| Asphalt Wash 4-7-11-24 | NW NW | 7 | 11S | 24E | UTU-73919 | 856 FNL & 860 FWL | 43-047-37085 |
| Asphalt Wash 7-7-11-24 | SW NE | 7 | 11S | 24E | UTU-73919 | 1909 FNL & 1893 FEL | 43-047-37087 |
| Asphalt Wash 8-7-11-24 | SE NE | 7 | 11S | 24E | UTU-73919 | 1998 FNL & 683 FEL | 43-047-37086 |
| Bonanza 4-7 | NW/NW | 7 | 9S | 24E | UTU-73457 | 809' FNL & 670' FWL | 43-047-36017 |
| Bonanza 8-17 | SW/NE | 17 | 9S | 24E | UTU-73457 | 1865' FNL & 584' FEL | 43-047-36041 |
| Bonanza 11-11-9-23 | NE SW | 11 | 9S | 23E | UTU-74426 | 2036 FSL & 2043 FWL | 43-047-36649 |
| Bonanza 11-12-9-23 | NE SW | 12 | 9S | 23E | UTU-74426 | 1799 FSL & 1948 FWL | 43-047-36655 |
| Bonanza 11-18-9-24 | NE SW | 18 | 9S | 24E | UTU-73457 | 1785 FSL & 2133 FWL | 43-047-36637 |
| Bonanza 12-23-9-24 | NW/SW | 23 | 9S | 24E | UTU-81311 | 1882 FSL & 699 FWL | 43-047-36640 |
| Bonanza 12-35 | NW/SW | 35 | 9S | 24E | UTU 73459 | 1374' FSL & 858' FWL | 43-047-36020 |
| Bonanza 13-11-9-23 | SW SW | 11 | 9S | 23E | UTU-74426 | 463 FSL & 773 FWL | 43-047-36650 |
| Bonanza 13-12-9-23 | SW SW | 12 | 9S | 23E | UTU-74426 | 661 FSL & 656 FWL | 43-047-36528 |
| Bonanza 13-18-9-24 | SW SW | 18 | 9S | 24E | UTU-73457 | 767 FSL & 583 FWL | 43-047-36638 |
| Bonanza 14-11-9-23 | SE SW | 11 | 9S | 23E | UTU-74426 | 756 FSL & 1859 FWL | 43-047-36651 |
| Bonanza 14-23-9-24 | SE/SW | 23 | 9S | 24E | UTU-81311 | 560 FSL & 1878 FWL | 43-047-36641 |
| Bonanza 15-11-9-23 | SW SE | 11 | 9S | 23E | UTU-74426 | 660 FSL & 1980 FEL | 43-047-36652 |
| Bonanza 15-12-9-23 | SW SE | 12 | 9S | 23E | UTU-74426 | 607 FSL & 1920 FEL | 43-047-36656 |
| Bonanza 15-18-9-24 | SW SE | 18 | 9S | 24E' | UTU-73457 | 463 FSL & 2162 FEL | 43-047-36639 |
| Bonanza 16-12-9-23 | SE SE | 12 | 9S | 23E | UTU-74426 | 855 FSL & 536 FEL | 43-047-36657 |
| Bonanza 16-8 | SE/SE | 8 | 9S | 24E | UTU-73457 | 588' FSL & 524' FEL | 43-047-36101 |
| Bonanza 2-11-9-23 | NW NE | 11 | 9S | 23E | UTU 74426 | 664 FNL & 1925 FEL | 43-047-36643 |
| Bonanza 2-12-9-23 | NW NE | 12 | 9S | 23E | UTU-74426 | 743 FNL & 1962 FEL | 43-047-36527 |
| Bonanza 3-11-9-23 | NE NW | 11 | 9S | 23E | UTU 74426 | 499 FNL & 1898 FWL | 43-047-36644 |
| Bonanza 3-12-9-23 | NE NW | 12 | 9S | 23E | UTU-74426 | 734 FNL & 1866 FWL | 43-047-36524 |
| Bonanza 4-35 | NW/NW | 35 | 9S | 24E | UTU 73459 | 789' FNL & 807' FWL | 43-047-35925 |
| Bonanza 5-11-9-23 | SW NW | 11 | 9S | 23E | UTU 74426 | 1794 FNL & 609 FWL | 43-047-36645 |

TRANSFER OF OPERATOR BLM PENDING WELLS

PREVIOUS OPERATOR: Houston Exploration Company

NEW OPERATOR: Enduring Resources, LLC

EFFECTIVE DATE: September 1st, 2005

| Well Name | Q/Q | Sec | T | R | Lease Number | Footages f/ Sec Lines - SL | API Number |
|-----------------------------|------------------|---------------|----------------|----------------|----------------------|--------------------------------------|-------------------------|
| Bonanza 5-12-9-23 | SW NW | 12 | 9S | 23E | UTU-74426 | 1996 FNL & 558 FWL | 43-047-36526 |
| Bonanza 5-18-9-24 | SW NW | 18 | 9S | 24E | UTU-73457 | 2147 FNL & 662 FWL | 43-047-36635 |
| Bonanza 5-22 | SW/NW | 22 | 8S | 25E | UTU-73470 | 1,932' FNL & 415' FWL | 43-047-35918 |
| Bonanza 5-24-9-24 | SW/NW | 24 | 9S | 24E | UTU-73458 | 2167 FNL & 714 FWL | 43-047-36642 |
| Bonanza 6-11-9-23 | SE NW | 11 | 9S | 23E | UTU-74426 | 2069 FNL & 1801 FWL | 43-047-36646 |
| Bonanza 6-12-9-23 | SE NW | 12 | 9S | 23E | UTU-74426 | 2114 FNL & 1871 FWL | 43-047-36525 |
| Bonanza 7-11-9-23 | SW NE | 11 | 9S | 23E | UTU-74426 | 2060 FNL & 2134 FEL | 43-047-36647 |
| Bonanza 7-12-9-23 | SW NE | 12 | 9S | 23E | UTU-74426 | 2065 FNL & 2159 FEL | 43-047-36653 |
| Bonanza 8-35 | SENE | 35 | 9S | 24E | UTU-73459 | 1987' FNL & 909' FEL | 43-047-36105 |
| Bonanza 9-11-9-23 | NE SE | 11 | 9S | 23E | UTU-74426 | 2008 FSL & 553 FEL | 43-047-36648 |
| Bonanza 9-12-9-23 | NE SE | 12 | 9S | 23E | UTU-74426 | 1980 FSL & 660 FEL | 43-047-36654 |
| Bonanza 9-18-9-24 | NE SE | 18 | 9S | 24E | UTU-73457 | 2009 FSL & 852 FEL | 43-047-36636 |
| Bonanza 9-22 | NE/SE | 22 | 9S | 24E | UTU-75118 | 1,969' FSL & 495' FEL | 43-047-36102 |
| East Bench 9-20 | NE/SE | 20 | 11S | 22E | UTU-73905 | 2,170' FSL & 472' FEL | 43-047-36275 |
| Rock House 12-30-10-23 | NE SW | 30 | 10S | 23E | UTU-76281 | 2320 FSL & 1980 FWL | 43-047-36548 |
| Rock House 12-31-10-23 | NW SW | 31 | 10S | 23E | UTU-76281 | 1900 FSL & 460 FWL | 43-047-36552 |
| Rock House 13-30-10-23 | SW SW | 30 | 10S | 23E | UTU-76281 | 553 FSL & 573 FWL | 43-047-36549 |
| Rock House 14-31-10-23 | SE SW | 31 | 10S | 23E | UTU-76281 | 860 FSL & 1890 FWL | 43-047-36553 |
| Rock House 3-31-10-23 | NE NW | 31 | 10S | 23E | UTU-76281 | 854 FNL & 1940 FWL | 43-047-36551 |
| Rock House 5-30-10-23 | SW NW | 30 | 10S | 23E | UTU-76281 | 1858 FNL & 703 FWL | 43-047-36547 |
| Rock House 5-31-10-23 | SW NW | 31 | 10S | 23E | UTU-76281 | 2055 FNL & 2097 FWL | 43-047-36550 |
| Rock House 6-31-10-23 | SE NW | 31 | 10S | 23E | UTU-76281 | 2059 FNL & 2111 FWL | 43-047-36554 |
| Reckhouse #12-30 | NW/SW | 30 | 10S | 23E | UTU-80571 | 1,980' FSL & 660' FWL | 43-047-36018 |
| Rockhouse 13C-31 | SW/SW | 31 | 10S | 23E | UTU-76281 | 135' FSL & 365' FWL | 43-047-35911 |
| Rockhouse 4D-30 | NW NW | 30 | 10S | 23E | UTU-76281 | 1,116 FNL & 1,135' FWL | 43-047-35882 |
| Rockhouse 4D-31 | NW NW | 31 | 10S | 23E | UTU-76281 | 990' FNL & 990' FWL | 43-047-35807 |
| Southman Canyon 12-3-11-24 | NW/SW | 3 | 11S | 24E | UTU-73918 | 1,950' FSL & 514' FWL | 43-047-36272 |
| Southman Canyon 12-30-10-24 | NW/SW | 30 | 10S | 24E | UTU-65371 | 2,118' FSL & 502' FWL | 43-047-36238 |
| Southman Canyon 13-30 | SW/SW | 30 | 9S | 24E | UTU-80571 | 765' FSL & 303' FWL | 43-047-36018 |
| Southman Canyon 16-31-10-24 | SE/SE | 31 | 10S | 24E | UTU-65371 | 621' FSL & 575' FEL | 43-047-36270 |
| Southman Canyon 4-30-10-24 | NW/NW | 30 | 10S | 24E | UTU 65371 | 649' FNL & 607' FWL | 43-047-36237 |
| Southman Canyon 5-19-10-24 | SW/NW | 19 | 10S | 24E | UTU-65371 | 1,978' FNL & 855' FWL | 43-047-36236 |
| Southman Canyon 6-30 | SE/NW | 30 | 9S | 24E | UTU-80571 | 2,015' FNL & 2,581' FWL | 43-047-36103 |

*x Duplicate API -
Different well name*

OPERATOR CHANGE WORKSHEET

ROUTING

| |
|--------|
| 1. DJJ |
| 2. CDW |

X Change of Operator (Well Sold)

Designation of Agent/Operator

Operator Name Change

Merger

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

9/1/2005

| | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| FROM: (Old Operator): N2525-The Houston Exploration Company 1100 Louisiana, Suite 2000 Houston, TX 77002 Phone: 1-(713) 830-6938 | TO: (New Operator): N2750-Enduring Resources, LLC 475 17th Street, Suite 1500 Denver, CO 80202 Phone: 1-(303) 350-5102 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|

CA No.

Unit:

WELL(S)

| NAME | SEC | TWN | RNG | API NO | ENTITY NO | LEASE TYPE | WELL TYPE | WELL STATUS | |
|--------------------|-----|------|------|------------|-----------|------------|-----------|-------------|---|
| BONANZA 5-22 | 22 | 080S | 250E | 4304735918 | | Federal | GW | APD | C |
| BONANZA 1-11 | 11 | 090S | 230E | 4304735552 | 14187 | Federal | GW | P | |
| BONANZA 8-11 | 11 | 090S | 230E | 4304735907 | | Federal | GW | APD | |
| BONANZA 10-11 | 11 | 090S | 230E | 4304735908 | 14594 | Federal | GW | P | C |
| BONANZA 12-11 | 11 | 090S | 230E | 4304735916 | | Federal | GW | APD | |
| BONANZA 12D-12 | 12 | 090S | 230E | 4304735551 | 14192 | Federal | GW | P | |
| BONANZA 14-12 | 12 | 090S | 230E | 4304735909 | 14584 | Federal | GW | DRL | |
| BONANZA 10D-12 | 12 | 090S | 230E | 4304735919 | | Federal | GW | APD | |
| BONANZA 6D-7 | 07 | 090S | 240E | 4304735690 | | Federal | GW | NEW | |
| BONANZA 10D-8 | 08 | 090S | 240E | 4304735692 | 14257 | Federal | GW | S | C |
| BONANZA 6B-8 | 08 | 090S | 240E | 4304735912 | 14564 | Federal | GW | P | C |
| BONANZA 10D-18 | 18 | 090S | 240E | 4304735550 | 14191 | Federal | GW | P | |
| BONANZA 2D-27 | 27 | 090S | 240E | 4304735693 | 14210 | Federal | GW | S | |
| SOUTHMAN CYN 2D-30 | 30 | 090S | 240E | 4304735691 | 14282 | Federal | GW | P | C |
| SOUTHMAN CYN 4-30 | 30 | 090S | 240E | 4304735913 | | Federal | GW | APD | |
| SOUTHMAN CYN 14-30 | 30 | 090S | 240E | 4304735914 | | Federal | GW | APD | |
| ROCK HOUSE 4D-30 | 30 | 100S | 230E | 4304735882 | | Federal | GW | NEW | |
| ROCK HOUSE 4D-31 | 31 | 100S | 230E | 4304735807 | | Federal | GW | APD | |
| ROCK HOUSE 13-31 | 31 | 100S | 230E | 4304735911 | | Federal | GW | APD | |
| THURSTON FED 12-1 | 12 | 120S | 210E | 4304735559 | 14420 | Federal | GW | P | C |
| BUCK CANYON 15-24 | 24 | 120S | 210E | 4304735905 | 14430 | Federal | D | PA | C |
| BUCK CANYON 1-24 | 24 | 120S | 210E | 4304735906 | | 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: 9/26/2005
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 9/26/2005
- The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 9/29/2005
- Is the new operator registered in the State of Utah: YES Business Number: 5771233-0161
- If **NO**, the operator was contacted on: _____
- (R649-9-2) Waste Management Plan has been received on: Requested 9/29/05
- Inspections of LA PA state/fee well sites complete on: n/a

6c. Reports current for Production/Disposition & Sundries on: 9/29/2005

7. **Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: BLM not yet BIA n/a

8. **Federal and Indian Units:**
The BLM or BIA has approved the successor of unit operator for wells listed on: _____ not yet

9. **Federal and Indian Communization Agreements ("CA"):**
The BLM or BIA has approved the operator for all wells listed within a CA on: n/a

10. **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: 9/29/2005
- 2. Changes have been entered on the Monthly Operator Change Spread Sheet on: 9/29/2005
- 3. Bond information entered in RBDMS on: n/a
- 4. Fee/State wells attached to bond in RBDMS on: n/a
- 5. Injection Projects to new operator in RBDMS on: n/a
- 6. Receipt of Acceptance of Drilling Procedures for APD/New on: 9/26/2005

FEDERAL WELL(S) BOND VERIFICATION:

1. Federal well(s) covered by Bond Number: UTB000173

INDIAN WELL(S) BOND VERIFICATION:

1. Indian well(s) covered by Bond Number: n/a

FEE & STATE WELL(S) BOND VERIFICATION:

1. (R649-3-1) The **NEW** operator of any fee well(s) listed covered by Bond Number RLB0008031

2. The **FORMER** operator has requested a release of liability from their bond on: n/a
The Division sent response by letter on: _____

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

Vernal Field Office
170 South 500 East
Vernal, UT 84078
(435) 781-4400 Fax: (435) 781-4410
<http://www.blm.gov/utah/vernal>



IN REPLY REFER TO:
3162.3
UT08300

October 28, 2005

Al Arlian
Enduring Resources, LLC
475 17th Street, Suite 1500
Denver, Colorado 80202

Re: Change of Operator
The Houston Expl. Co. to
Enduring Resources, LLC
Uintah County, Utah
Lease No. U-74426

Dear Mr. Arlian:

This correspondence is in regard to the self-certification statement submitted requesting a change in operator for the attached list of wells. After a review by this office, the change in operator request is approved. Effective immediately, Enduring Resources, LLC is responsible for all operations performed on the referenced wells. All liability will now fall under your bond, BLM Bond No. UTB000173, for all operations conducted on the referenced wells on the leased land.

If you have any other questions concerning this matter, please contact Leslie Wilcken of this office at (435) 781-4497.

Sincerely,

Matt Baker
Petroleum Engineer

cc: UDOGM
The Houston Expl. Co.

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DIV. OF OIL, GAS & MINING

TRANSFER OF OPERATOR
BLM APPROVED/DRILLED WELLS

PREVIOUS OPERATOR: Houston Exploration Company

NEW OPERATOR: Enduring Resources, LLC

EFFECTIVE DATE: September 1st, 2005

| Well Name | Q/Q | Sec | T | R | Lease Number | Footages f/ Sec Lines - SL | API Number | Status |
|----------------|-------|-----|----|-----|--------------|----------------------------|--------------|---------|
| Bonanza 4-11 | NW/NW | 11 | 9S | 23E | UTU-74426 | 671' FNL & 729' FWL | 43-047-35968 | Apprvd |
| Bonanza 10-11 | NW/SE | 11 | 9S | 23E | UTU-74426 | 1,991' FSL & 1,755' FEL | 43-047-35908 | Drilled |
| Bonanza 10D-12 | NW/SE | 12 | 9S | 23E | UTU-74426 | 1,785' FSL & 1,855' FEL | 43-047-35919 | Apprvd |
| Bonanza 12-11 | NW/SW | 11 | 9S | 23E | UTU-74426 | 1748' FSL & 420' FWL | 43-047-35916 | Apprvd |
| Bonanza 12D-12 | NW SW | 12 | 9S | 23E | UTU-74426 | 1556' FSL & 867' FWL | 43-047-35551 | Drilled |
| Bonanza 14-12 | SE/SW | 12 | 9S | 23E | UTU-74426 | 505' FSL & 2,001 FWL | 43-047-35909 | Drilled |
| Bonanza 17-11 | NW NW | 11 | 9S | 23E | UTU-74426 | 990' FNL & 990' FEL | 43-047-35552 | Drilled |
| Bonanza 8-11 | SE/NE | 11 | 9S | 23E | UTU-74426 | 2,163 FNL & 615' FEL | 43-047-35907 | Apprvd |

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DIV. OF OIL, GAS & MINING

5

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

FORM 9

| | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--------------------------------------------------------------------|
| SUNDRY NOTICES AND REPORTS ON WELLS | | 5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-74426 |
| 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: N/A |
| 1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____ | | 7. UNIT or CA AGREEMENT NAME: N/A |
| 2. NAME OF OPERATOR: Enduring Resources, LLC | | 8. WELL NAME and NUMBER: Bonanza 9-23-13-12 (fka 12D-12) |
| 3. ADDRESS OF OPERATOR: 475 17th St, Suite 1500 CITY Denver STATE CO ZIP 80202 | | 9. API NUMBER: 4304735551 |
| 4. LOCATION OF WELL FOOTAGES AT SURFACE: 1,556' FSL - 867' FWL S.L.B.& M. _____ | | 10. FIELD AND POOL, OR WILDCAT: Wildcat |
| QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNE 12 9S 23E | | COUNTY: Uintah STATE: UTAH |

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

| TYPE OF SUBMISSION | TYPE OF ACTION | | |
|---------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|--------------------------------------------------------------|---------------------------------------------------------------------------|
| <input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____ | <input type="checkbox"/> ACIDIZE | <input type="checkbox"/> DEEPEN | <input type="checkbox"/> REPERFORATE CURRENT FORMATION |
| | <input type="checkbox"/> ALTER CASING | <input type="checkbox"/> FRACTURE TREAT | <input type="checkbox"/> SIDETRACK TO REPAIR WELL |
| | <input type="checkbox"/> CASING REPAIR | <input type="checkbox"/> NEW CONSTRUCTION | <input type="checkbox"/> TEMPORARILY ABANDON |
| | <input type="checkbox"/> CHANGE TO PREVIOUS PLANS | <input type="checkbox"/> OPERATOR CHANGE | <input type="checkbox"/> TUBING REPAIR |
| | <input type="checkbox"/> CHANGE TUBING | <input type="checkbox"/> PLUG AND ABANDON | <input type="checkbox"/> VENT OR FLARE |
| <input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: 11/15/2006 | <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 checked="" type="checkbox"/> RECLAMATION OF WELL SITE | <input checked="" type="checkbox"/> OTHER: Pit Rehab and Reseeding |
| | <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.

Have closed the pits and reseeded.

Utah State Bond #RLB0008031
Operator No. N2750

| | |
|-------------------------------------------------|----------------------------------------------|
| NAME (PLEASE PRINT) <u>Alvin R. (Al) Arlian</u> | TITLE <u>Landman - Regulatory Specialist</u> |
| SIGNATURE | DATE <u>11/15/2006</u> |

(This space for State use only)

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