



LUCHETTA OPERATING CO., INC.

September 26, 2005

**Division of Oil, Gas & Mining
1594 W. N. Temple, Ste. #1210
Salt Lake City, UT 84114-5801**

To Whom It May Concern:

In reference to the State Oil and Gas Conservation rule R649-3-3 Pendragon's Application to Drill the State No. 9-16-10-18 is an exception to this rule due to topography.

There are two other interested owners: Questar Exploration and Production Company and Triple III Exploration Company. Both companies have been notified and are expected to approve.

**Thank you,
Pendragon Energy Partners, Inc.**

A handwritten signature in black ink, appearing to read "J. Luchetta".

**Luchetta Operating Company, Inc., Agent
John Luchetta, President**

RECEIVED

SEP 29 2005

DIV. OF OIL, GAS & MINING

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 REENTER DEEPEN

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

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

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

4. LOCATION OF WELL (FOOTAGES)
AT SURFACE: **2,129' FSL, 934' FEL Sec 16**
594687X 39.942501
AT PROPOSED PRODUCING ZONE: **Same** *4421754Y -109.891700*

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

15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET)
934' FEL Sec 16

16. NUMBER OF ACRES IN LEASE
640

17. NUMBER ACRES ASSIGNED TO THIS WELL:
40

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

19. PROPOSED DEPTH:
5,000'

20. BOND DESCRIPTION:
RLI Insurance Co. RLB0002714

21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.):
5,240.6' GR

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

24. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
12 1/4"	8 5/8"	250'	150 cf lite, 1.8 yield, 13 ppg, +100 cf 1.18 yield, 16 ppg
7 7/8"	5 1/2"	5,000'	+/- 500 cf poz, 1.3 yield. Top of cement @ +/- 3,000' 1500'

25. ATTACHMENTS

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

<input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER	<input checked="" type="checkbox"/> COMPLETE DRILLING PLAN	<input type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER
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Exhibits:
 A: Survey Plate
 B: 10 Point Plan
 C: BOP Diagram
 D: 13 Point Plan
 E1: Topo Map A
 E2: Top Map B
 E3: Topo Map C
 F: Location
 G: Rig Layout
 G2: Cut & Fill
 H: Existing Well Map
 K: Cultural Report

NAME (PLEASE PRINT) **John Luchetta**
 SIGNATURE *John Luchetta*
 TITLE **Agent**
 DATE **Sep 20, 2005**

(This space for Federal or State office use)

API NUMBER ASSIGNED **43047-37191**

APPROVAL **RECEIVED SEP 29 2005**

Exhibit "D" Page 1

EXHIBIT "D"
PROPOSED SURFACE USE PROGRAM**ONSHORE ORDER NO. 1**
PENDRAGON ENERGY PARTNERS, INC.
State 9-16-10-18, NE SE Sec 16-T10S-R18E
Uintah County, Utah

- **SURFACE OWNER - School and Institutional Trust Lands Administration.**
- **SURFACE LOCATION: (See Exhibit "A"). NE SE Sec 16-T10S-R18E.**
- **Distance : 25.5 miles from Myton, Utah (See Exhibits "E").**
- **Directions to location: South from Myton 14.1 miles to Castle Peak then 6.8 miles to Sheep Creek then 4.6 miles to Spring Wash, then 8.2 miles to the lease road then 355' to the well site.**

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

- **All existing access roads will be maintained as is with repairs or maintenance as needed.**
- **No improvements or changes to existing roads are anticipated.**
- **Map "A" is the vicinity map showing access routes from Myton, Utah.**
- **Topo Map "B" shows the proposed access road to the pad.**
- **Occasional maintenance grading and storm repairs will keep roads in good condition.**
- **There shall be no mud grading on the access road. Vehicles may be towed through the mud provided they stay on the roadway.**

EXHIBIT "B"
PROPOSED DRILLING PROGRAM

ONSHORE ORDER NO.1
Pendragon Energy Partners, Inc.
State #9-16-10-18
NE SE Sec 16-T10S-R18E SLB & M
Uintah County, Utah

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

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

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

1. ESTIMATED FORMATION TOPS : (Elevation: 5,241')			
FORMATION	DRILLED (ft) SUBSEA		PORE PRESSURE (psi/ft)
Green River	1,508	+3,733	Normal
Wasatch Tongue of Green River	4,735	+ 506	Normal
Total Depth	5,000	+ 241	Normal

* Offset pressure data supports pore pressure gradient @ 0.42 psi/ft.

2. ESTIMATED DEPTH OF OIL, GAS, WATER OR OTHER MINERALS:		
SUBSTANCE	FORMATION	DEPTH (ft)
Water	None anticipated	
Gas	None	
Oil	Green River	4,750 to +/- 4,900

3. PRESSURE CONTROL EQUIPMENT & SPECIFICATIONS :

- **Anticipated maximum surface shut-in pressure gradient:**
 - . $P_s = BHP - (0.22 * 4,900) = (0.42 * 4,900) - (0.22 * 4,900) = 980$ psi.
 - . If a pressure anomaly occurs, API pressure control methods will be immediately imposed.
 - . Drilling fluid density materials will be available on location.
 - . Poison gas is not known to exist in the area.
- **BOP EQUIPMENT:** (See Exhibit "C")
 - . Type: Nominal 10" hydraulic double ram, 2,000 psi working pressure.
 - . Ram type preventers shall be installed after the prescribed WOC time has expired. The casing will be cut off and a weld-on companion flange fastened.
 - . Pipe & blank rams will be used.
 - . The BOP will be inspected, operated daily and on trips with the drill string. All tests will be recorded on the daily drilling log.
- **CHOKE MANIFOLD EQUIPMENT:** (See Exhibit "C")
 - . The hydraulic closing unit will be located @ least 100' upwind from the BOP stack.
 - . A remote BOP closing unit will be positioned near the driller's operating station.

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

4. TEST PRESSURES AND OTHER SPECIFICATIONS ANTICIPATED:

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

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

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

Note: All casing will be new.

• **CASING SPECIFICATIONS AND CONDITIONS:**

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

• **CEMENTING PROGRAM:**

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

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

. PRODUCTION CASING: Will be cemented from TD to 600' above the water sand @ approximately 3,500' (or as indicated by logs). Volume of cement will be determined from caliper log. *to 1500' - potet GR 3ms6w*

6. PROPOSED DRILLING FLUID SPECIFICATIONS:

DEPTH INTERVAL	TYPE	DENSITY Lbs/gal	VISCOSITY	FLUID LOSS	MAKE UP WATER
0 - 250'	Gel	8.7 - 9.0	26-40	NC	Fresh
250' - TD	Gel	8.4 - 9.0	26-50	NC	KCI Water

• **OTHER DRILLING FLUID SPECIFICATIONS AND CONDITIONS:**

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

7. EVALUATION OF OPERATIONS WHILE DRILLING:

• **MUD MONITORING SYSTEMS (Swaco):**

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

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

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

- **LOGGING PROGRAM:**

- . The following open hole logs are anticipated:

Run #1 @ TD

- (1) GR - DLL ----- TD to base of Surface Casing.
- (2) CNL - Density – Caliper --- TD to 3,500' (Or minimum run).

- . The following cased hole logs are anticipated:

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

- **SAMPLING PROGRAM:**

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

CORING: Not anticipated.

8. ANTICIPATED PORE PRESSURES & HAZARDOUS MATERIALS:

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

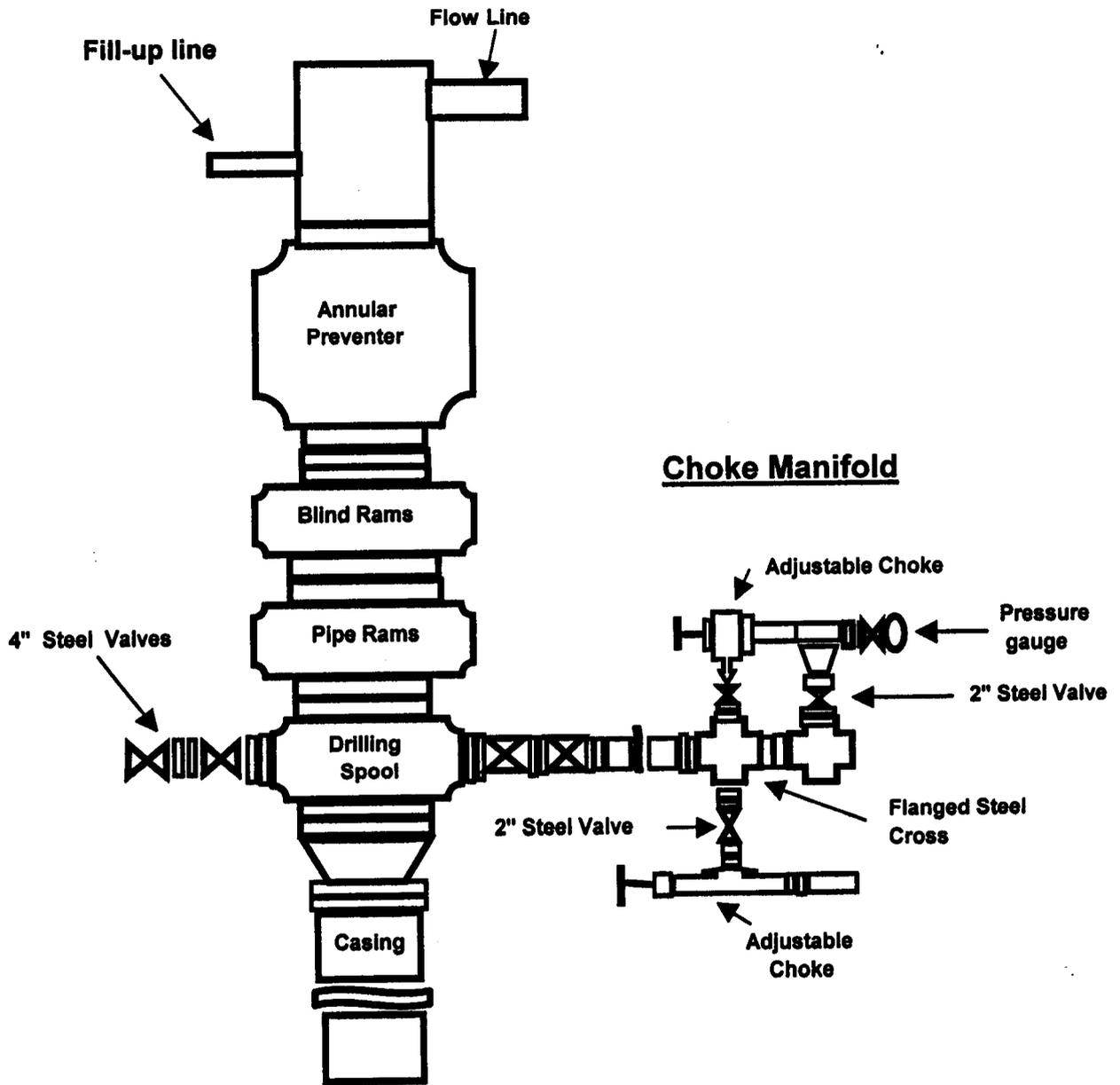
9. OTHER INFORMATION, NOTIFICATION & REPORTING:

OPERATION	DATE OR ANTICIPATED TIME
Proposed start time	Jan 1, 2006
Drill pad & road construction time	2 - 4 days
Drilling operations & formation evaluation	8 - 10 days
Completion & testing time	5 - 10 days
Facilities installation	5 - 10 days
Initial restoration start time	180 days or as weather permits
Final restoration time	5 - 10 days

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

- . **Notification of BOP test – at least 24 hours prior to testing.**
- . **P&A - the State Resource Office will be contacted prior to plugging .**
- . **Sundry Form OGCC-1b –Upon completion and/or P&A.**
- . **Form 8 - within 30 days after P&A or completion of the well.**
- . **Facilities diagram - After Completion.**
- . **Undesirable events will be reported as specified.**
Major events will be reported verbally within 24 hours. Minor events will be reported within 15 days. Other events will be reported in the monthly report of operations.

Exhibit C



BOP and Manifold

Specifications meet 43 CFR, Parts 3160
Design Series 600, 2000 psi rating

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PENDRAGON ENERGY PARTNERS, INC.
State 9-16-10-18, NE SE Sec 16-T10S-R18E
Uintah County, Utah

- **SURFACE OWNER (BLM)**
- **SURFACE LOCATION: (See Exhibit "A"). NE SE Sec 16-T10S-R18E.**
- **Distance : 25.5 miles from Myton, Utah (See Exhibits "E").**
- **Directions to location: South from Myton 14.1 miles to Castle Peak then 6.8 miles to Sheep Creek then 4.6 miles to Spring Wash, then left on lease road 4.0 mile to the lease road then 1,390' to the well site.**

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

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

2. ACCESS ROADS TO BE CONSTRUCTED:

- **Road Specifications For Drilling Operations:**
 - **Approximately 355' of new road construction will be required.**
 - **Width – maximum 30-foot overall right-of-way with an 18-foot running crown & ditched and/or sloped and dipped.**
 - **Construction standard – the access road will be constructed to standards normal to the area with anticipated traffic flow and weather requirements considered. Ditching, crowning, capping, sloping, and dipping will be done to provide a safe roadway.**
 - **Off-road travel of the 30 foot right-of-way will not be allowed.**
 - **Road drainage crossings – will be designed so they will not cause siltation or the accumulation of debris. Erosion will be prevented by properly designed cutouts.**
 - **Upgrading – will not be allowed during muddy conditions. Mud holes will be repaired as they occur.**
 - **Maximum grade – will be less than 8%.**
 - **Drainage design – as stated above.**
 - **Turnouts – none anticipated.**
 - **Culverts – none anticipated.**
 - **Surface materials – any materials if required will be purchased from a local supplier having a permitted source.**
 - **Gates, cattle guards or fence cuts – none required.**
 - **The proposed access road has been centerline flagged.**

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

3. EXISTING WELLS WITHIN 1 MILE:

- **Locations ----- one new location 1-17-10-18 (NE NE Sec 17)**
- **Water wells ----- None.**
- **Disposal wells ----- None.**
- **Drilling ----- None.**
- **Producing wells ----- (3). #s 1-16, 3-16, 11-16,**
- **Injection ----- (1) #9-17.**
- **Dry holes ----- (1) NW NW Sec 15.**
- **Gas Wells ----- (1) NE NW Sec 15.**

LOCATION OF EXISTING PRODUCTION FACILITIES (Within One Mile).

- **Existing Facilities: (See Exhibits)**
 - . **Tank batteries -----Same as above .**
 - . **Production facilities ----- Same as above.**
 - . **Gathering lines ----- Same as above.**
 - . **Injection or disposal lines -----(1) # 9-17.**

- **Proposed new facilities to be installed:**
 - **A facilities diagram will be provided in the event oil production is established and will outline the following:**
 - a. **Proposed location and attendant lines – will be flagged if off the well pad.**
 - b. **Dimensions of the layout.**
 - c. **Construction methods and materials.**
 - d. **Protective measures and devices to protect livestock and wildlife.**
 - e. **Pipelines – will be buried a minimum of 3-feet except at road crossings which will be buried 4-feet. Approximately 4,680' of new pipeline will be installed along the access road (See Exhibit E3).**
 - f. **Road and pipeline will be restricted to 50-feet of disturbance. Vehicular travel will be restricted to that necessary to service drips and the need to use valves.**
 - g. **Only native materials will be used. If necessary appropriate materials will be purchased from private or commercial sources.**
 - h. **A dike to contain the volume of the largest tank + 10% will be constructed around the facility.**
 - i. **All above ground facilities will be painted a flat non-reflective, earth-tone color (Carlsbad Canyon – 2.5Y 6/2) as determine by the Five State Rocky Mountain Interagency Committee within six months of installation except where OSHA regulations require safety approved colors.**

4. LOCATION OF WATER SUPPLY TYPE & OWNERSHIP:

Owner: Water source: Spring. Nebeker Trucking. Permit #43-1721.

Location: Sec 34 T3S-R2W, USM.

Method of transportation: Trucking operated by Nebeker Trucking, Permit No. 43-1723.

6. SOURCE OF CONSTRUCTION MATERIALS:

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

7. METHODS FOR HANDLING WASTE DISPOSAL:

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

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

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

8. ANCILLARY FACILITIES:

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

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

- **Location orientation:**
 - **Top soil: Approximately 6 inches will be stripped from the surface including areas of cut and fill. Topsoil and subsoil will be stockpiled for future reclamation requirements. The stockpiles will be seeded as required by the BLM.**
 - **Location Size: 170' x 305'.**
 - **Reserve pit size: 70' x 110' x 8'.**
 - **Pit liner – 12 mil plastic if needed.**
 - **Pit fencing: Three sides will be fenced prior to drilling . The fourth side will be fenced after drilling equipment is removed from the well site. Fencing materials will consist of 39-inch wire with at least one strand of barbed wire on top of the net wire placed no more than 3-inches above the net wire. The net wire will be no more than 3-inches above the ground. Corner posts will be cemented and braced to impose a tight fence. Standard steel, wood or pipe posts will be placed on 16' centers. All wire will be stretched with a stretching devise.**
- **Rig layout: (See Exhibit "G").**
 - **There may be two temporary living quarters on location during drilling operations. These will be occupied by the rig superintendent and company representatives.**
- **Production facilities:**
 - **A diagram showing proposed production facilities will be submitted to the Authorized Officer via Sundry Notice (Form 3160-5) after completion and testing is finished.**

10. PLANS FOR RECLAMATION OF THE SURFACE:

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

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

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

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

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

11. SURFACE OWNERSHIP:

1. **The well site and proposed access road are situated on surface lands administered by the State of Utah.**

12. OTHER INFORMATION:

A. General description: Utah grazing and ranch land.

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

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

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

13. OPERATOR'S REPRESENTATIVES AND CERTIFICATION:				
	ADDRESS	PHONE #	FAX #	HOME #
Al Nicol	621 17 th Street, Suite 750 Denver, CO 80293	303 296 9402	303 296 9410	303 425 9115
John Luchetta	2020 Foothills Rd. Golden, CO 80401	303 278 3347	303 278 9506	303 278 3347

14. STATE CONTACTS:	
ADDRESS	PHONE #
John R. Baza 1594 West North Temple Salt Lake City, Utah Suite 1210	801-538-5340

• **Certification:**

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill-site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the proposed operations herein will be performed by Pendragon Energy Partners, Inc. , its contractors and subcontractors. Pendragon Energy Partners, Inc. will operate the lease under State Bond No. RLB0002714 This statement is subject to the provisions of rule 18 U. S. C. 1001 for the filing of a false statement.

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

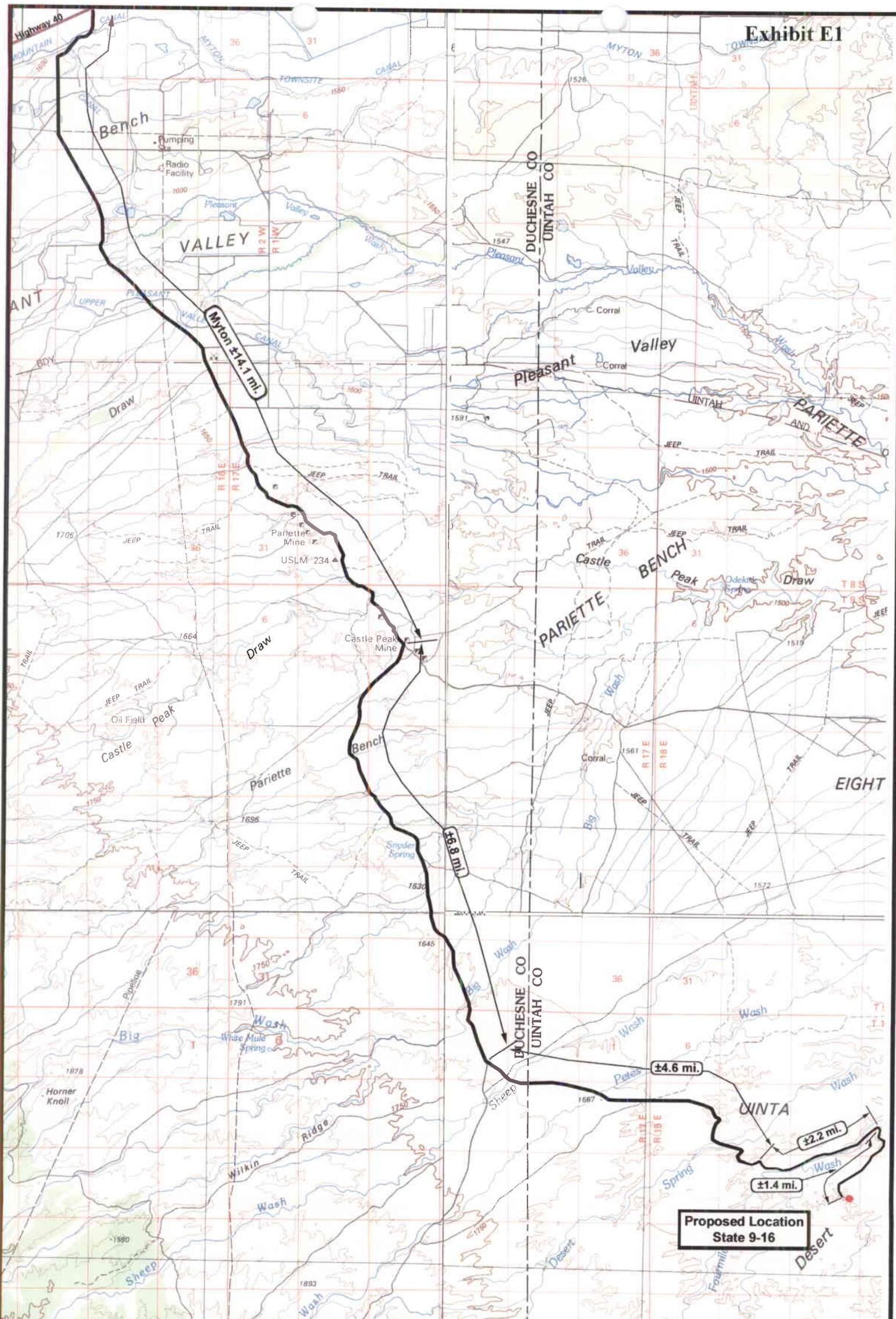
Please be advised that Pendragon Energy Partners, Inc. is considered to be the operator of Well No. 9-16-10-18 NE SE Sec 16, T10S, R18E; Lease Uteland Butte State; Uintah County, Utah; and is responsible under the terms and conditions of the lease.

Sept 15, 2005

Date



Pendragon Energy Partners, Inc.
John Luchetta, Agent



PENDRAGON

ENERGY PARTNERS INC.

**State 9-16-10-18
Sec 16, T10S, R18E, S.L.B.&M.**



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

SCALE: 1 = 100,000

DRAWN BY: bgm

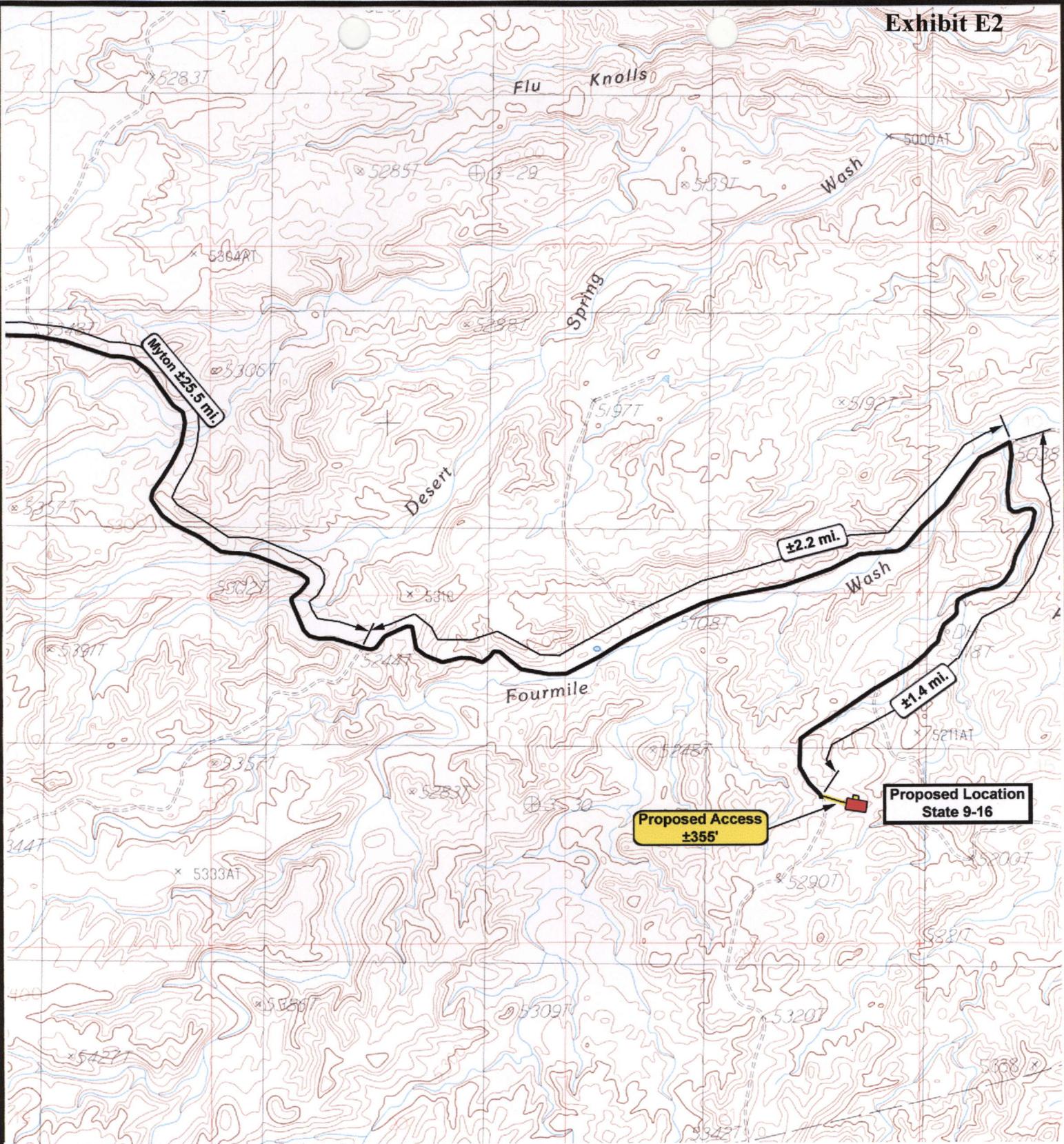
DATE: 09-19-2005

Legend

- Existing Road
- Proposed Access

TOPOGRAPHIC MAP

"A"



PENDRAGON
ENERGY PARTNERS INC.

State 9-16-10-18
SEC. 16, T10S, R18E, S.L.B.&M.



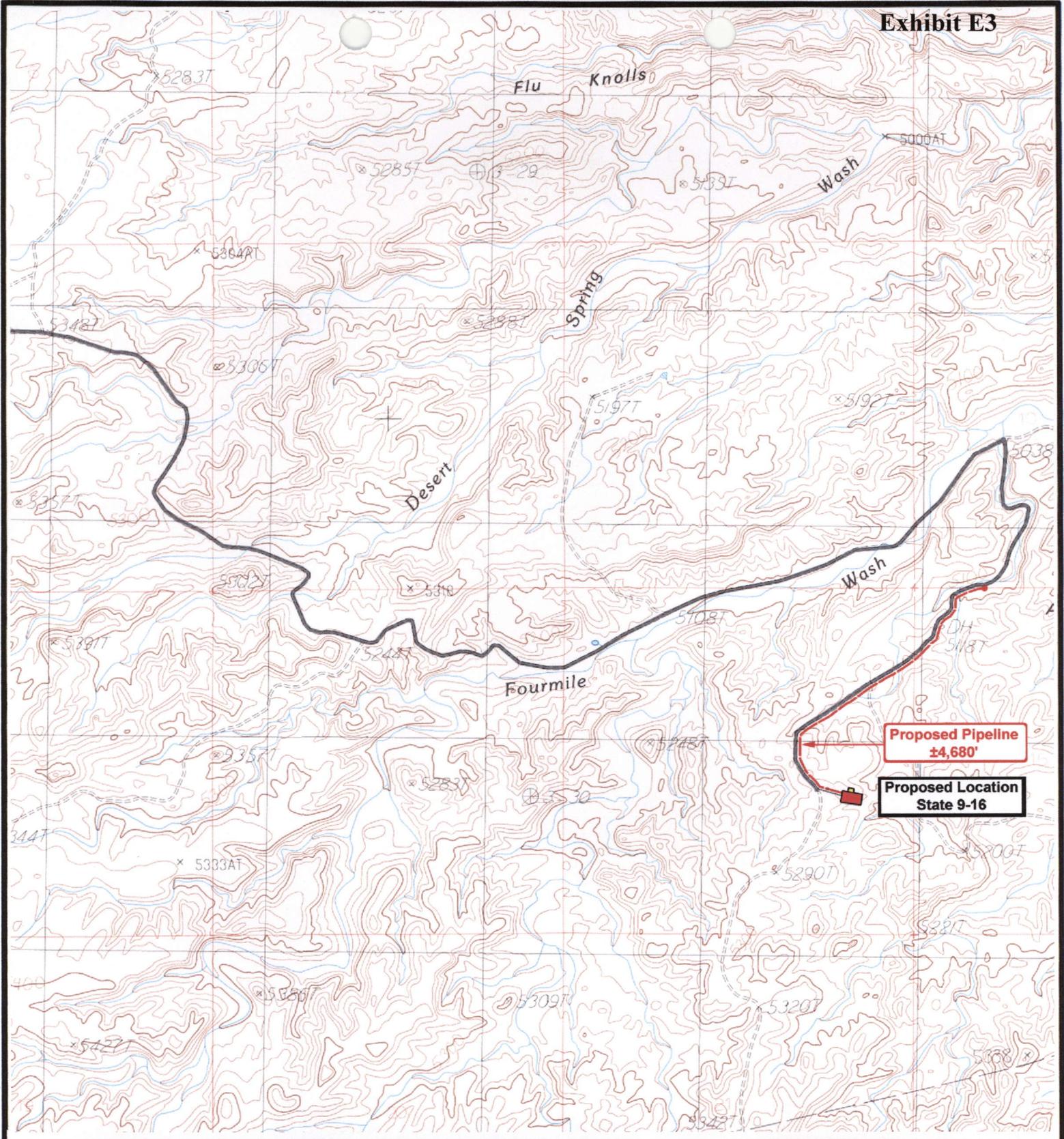
Tri-State
Land Surveying Inc.
 (435) 781-2501
 180 North Vernal Ave. Vernal, Utah 84078

SCALE: 1" = 2000'
 DRAWN BY: bgm
 DATE: 09-19-2005

Legend

— Existing Road
 — Proposed Access

TOPOGRAPHIC MAP
"B"



Proposed Pipeline
±4,680'

Proposed Location
State 9-16

PENDRAGON
ENERGY PARTNERS INC.

State 9-16-10-18
SEC. 16, T10S, R18E, S.L.B.&M.



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

SCALE: 1" = 2000'
DRAWN BY: bgm
DATE: 09-19-2005

Legend

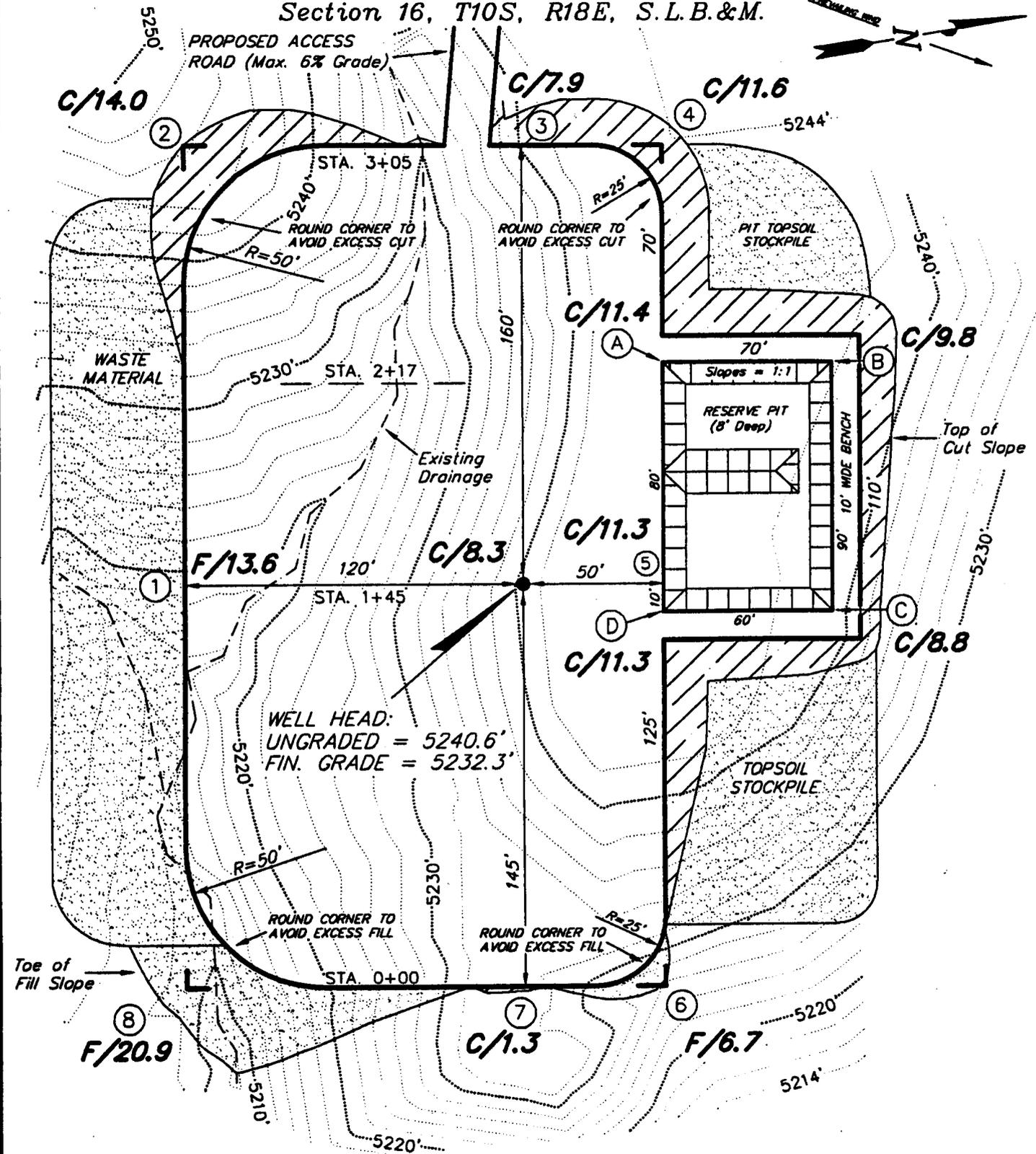
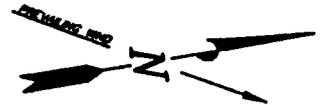
- Existing Road
- Proposed Access
- Proposed Gas Line

TOPOGRAPHIC MAP
"C"

PENDRAGON ENERGY PARTNERS, INC.

STATE 9-16-10-18

Section 16, T10S, R18E, S.L.B.&M.



WELL HEAD:
UNGRADED = 5240.6'
FIN. GRADE = 5232.3'

REFERENCE POINTS

- 170' SOUTHERLY = 5218.6'
- 220' SOUTHERLY = 5224.4'

SURVEYED BY: C.M.	SCALE: 1" = 50'
DRAWN BY: F.T.M.	DATE: 7-22-05

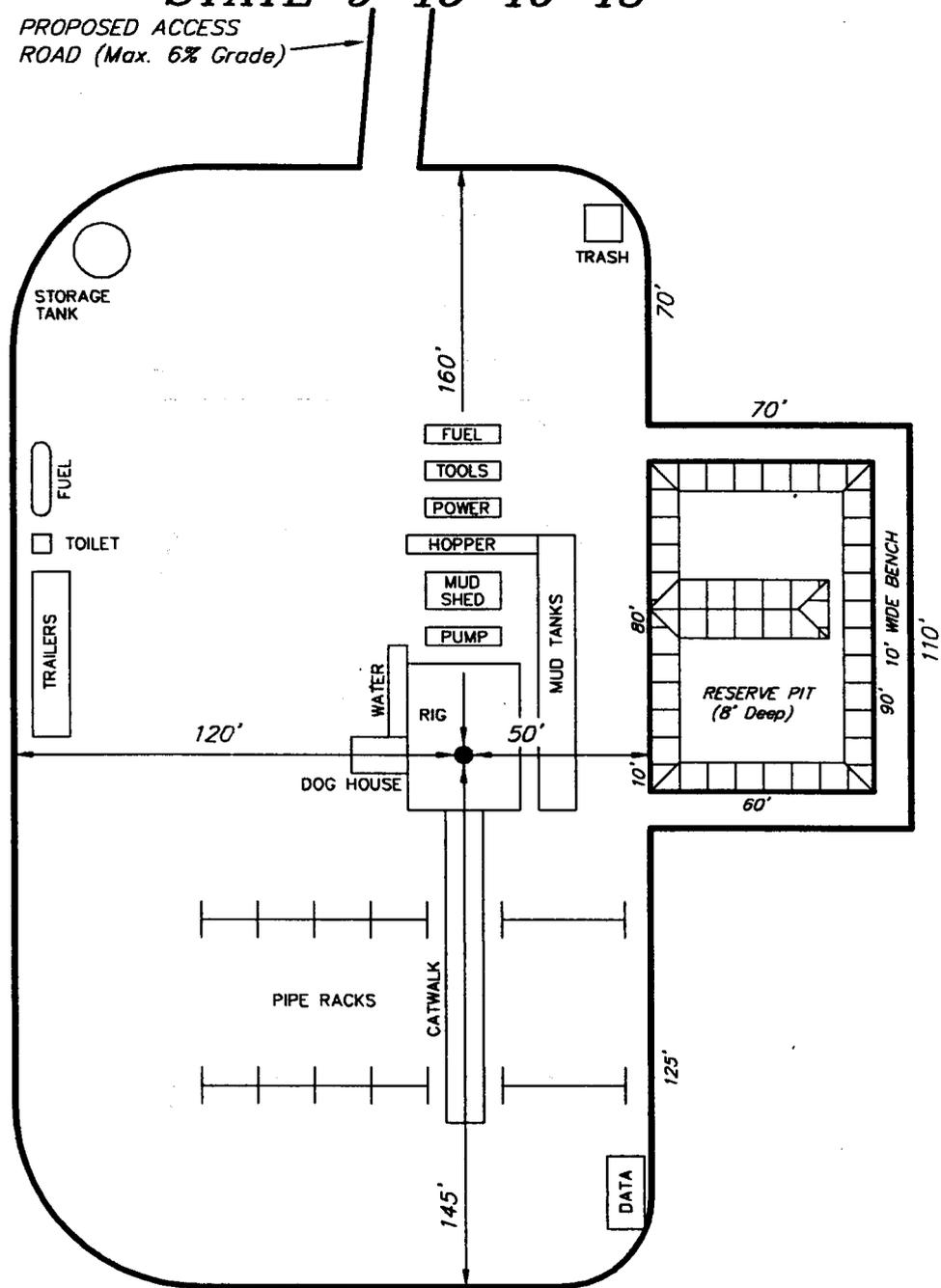
Tri State
 Land Surveying, Inc.
 180 NORTH VERNAL AVE. VERNAL, UTAH 84078
 (435) 781-2501

PENDRAGON ENERGY PARTNERS, INC.

TYPICAL RIG LAYOUT

STATE 9-16-10-18

PROPOSED ACCESS ROAD (Max. 6% Grade)



SURVEYED BY: C.M.

SCALE: 1" = 50'

DRAWN BY: F.T.M.

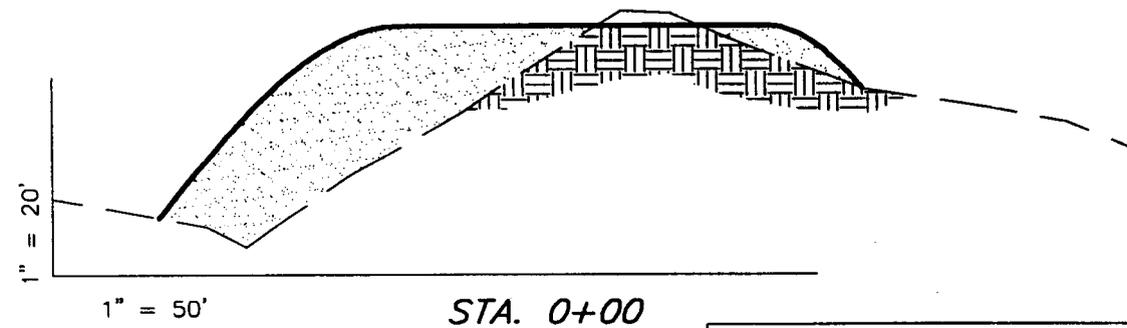
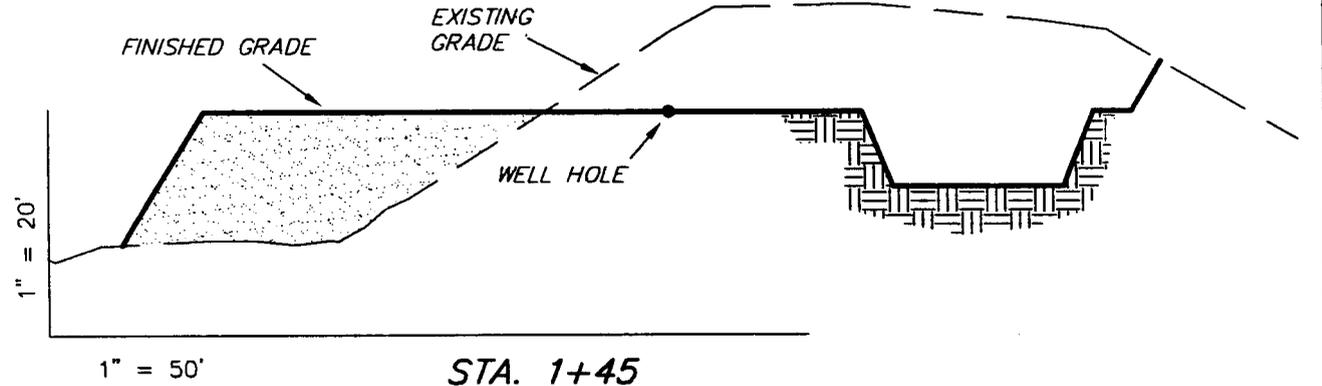
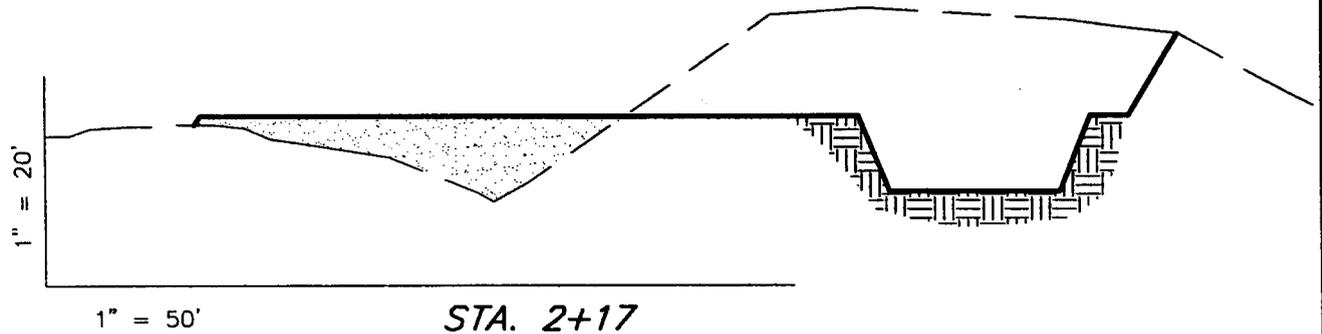
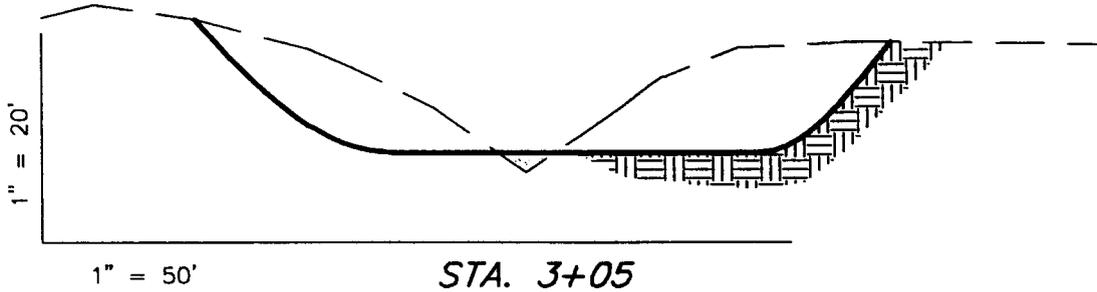
DATE: 7-22-05

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

PENDRAGON ENERGY PARTNERS, INC.

CROSS SECTIONS

STATE 9-16-10-18



ESTIMATED EARTHWORK QUANTITIES				
(Expressed in Cubic Yards)				
ITEM	CUT	FILL	6" TOPSOIL	EXCESS
PAD	9,410	9,410	Topsoil is not included in Pad Cut	0
PIT	1,170	0		1,170
TOTALS	10,580	9,410	1,360	1,170

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

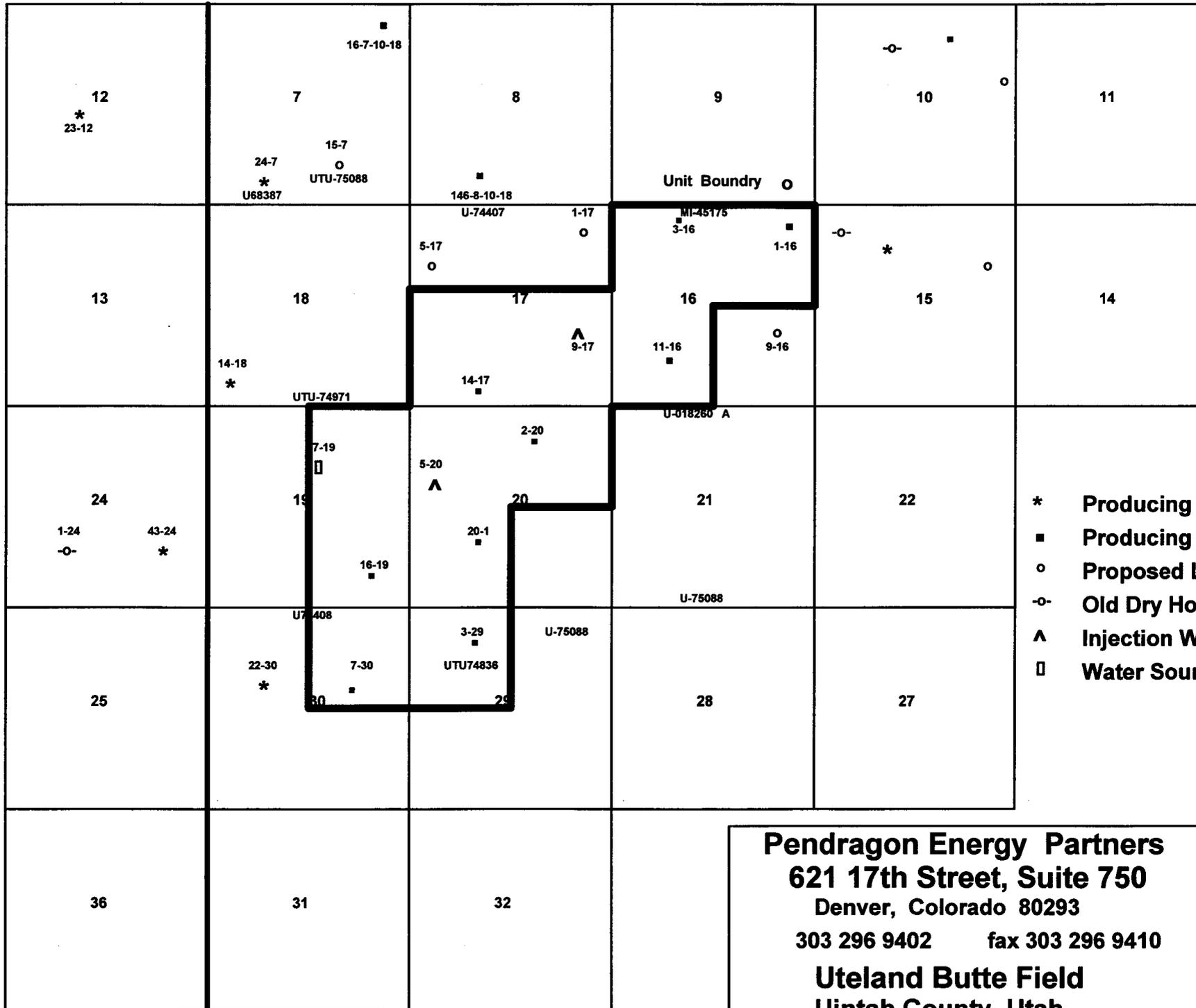
SURVEYED BY: C.M.	SCALE: 1" = 50'
DRAWN BY: F.T.M.	DATE: 7-22-05

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

R 17 E

R 18 E

Exhibit H



T
10
S

T
10
S

- * Producing gas well
- Producing Oil Well
- Proposed Location
- Old Dry Hole
- ▲ Injection Well
- ▣ Water Source Well

Pendragon Energy Partners
621 17th Street, Suite 750
 Denver, Colorado 80293
 303 296 9402 fax 303 296 9410
Uteland Butte Field
 Uintah County, Utah

Pendragon Energy Partners, Inc.
Site Facility Diagram
Uintah County, Utah

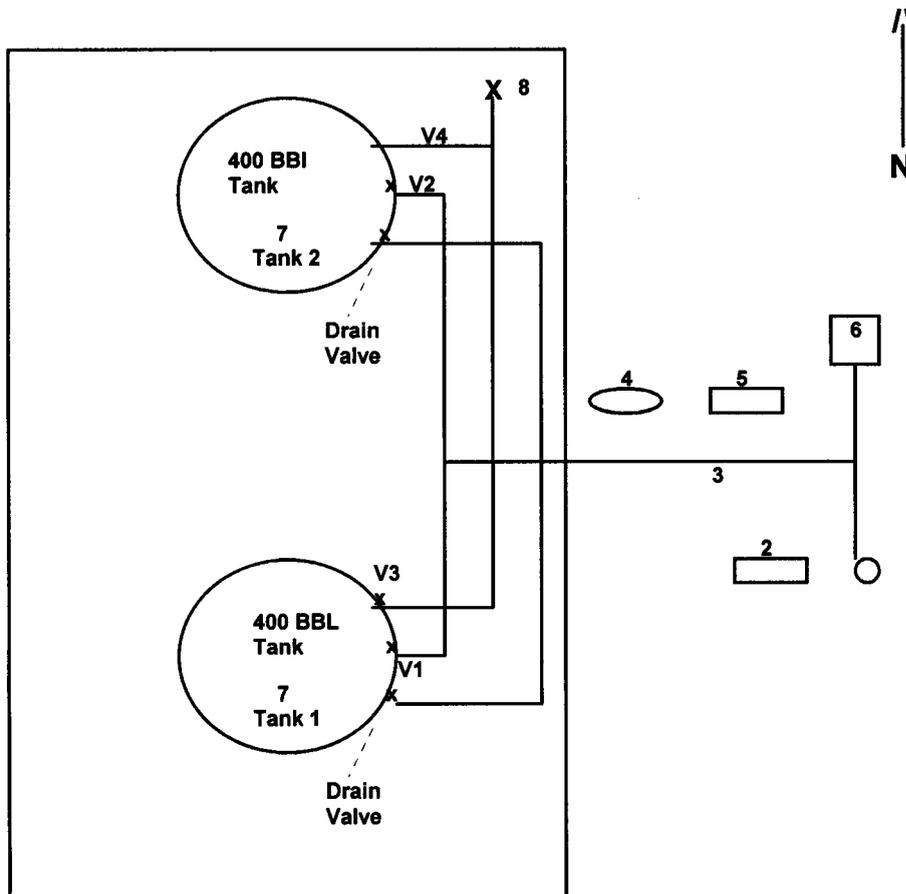
- 1- Wellhead
 - 2-Pumping Unit Engine
 - 3-Flowline Bundle*
 - 4-Propane Tank
 - 5-Line Heater
 - 6-Pit Tank
 - 7-Welded Steel Production Tanks
 - 8-Sales Line
- * Bundle includes oil & gas production, glycol trace, water drains.

- V1-Production Valve, Tank #1
- V2-Production Valve, Tank #2
- V3-Sales Valve, Tank#1
- V4-Sales Valve, Tank #2

Normal Operations: V1 V2 V3 V4

Tank #1 Prod	OP	CL	CL	O/C
Tank #1 Sales	CL	OP	OP	CL
Tank #2 Prod	CL	OP	O/C	CL
Tank #2 Sales	OP	CL	CL	OP

The production system is closed with access through sealed valves



**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 09/29/2005

API NO. ASSIGNED: 43-047-37191

WELL NAME: STATE 9-16-10-18

OPERATOR: PENDRAGON ENERGY PTNRS (N2965)

CONTACT: JOHN LUCHETTA

PHONE NUMBER: 303-296-9402

PROPOSED LOCATION:

NESE 16 100S 180E
SURFACE: 2129 FSL 0934 FEL
BOTTOM: 2129 FSL 0934 FEL
UINTAH
UTELAND BUTTE (695)

LEASE TYPE: 3 - State

LEASE NUMBER: ML45175

SURFACE OWNER: *Stab*

PROPOSED FORMATION: GRRV

COALBED METHANE WELL? NO

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	<i>DUCD</i>	<i>10/31/05</i>
Geology		
Surface		

LATITUDE: 39.94250

LONGITUDE: -109.8917

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[] Ind[] Sta[] Fee[]
(No. RUB0008045)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. 43-1721)
- RDCC Review (Y/N)
(Date: _____)
- Fee Surf Agreement (Y/N)
- Intent to Commingle (Y/N)

LOCATION AND SITING:

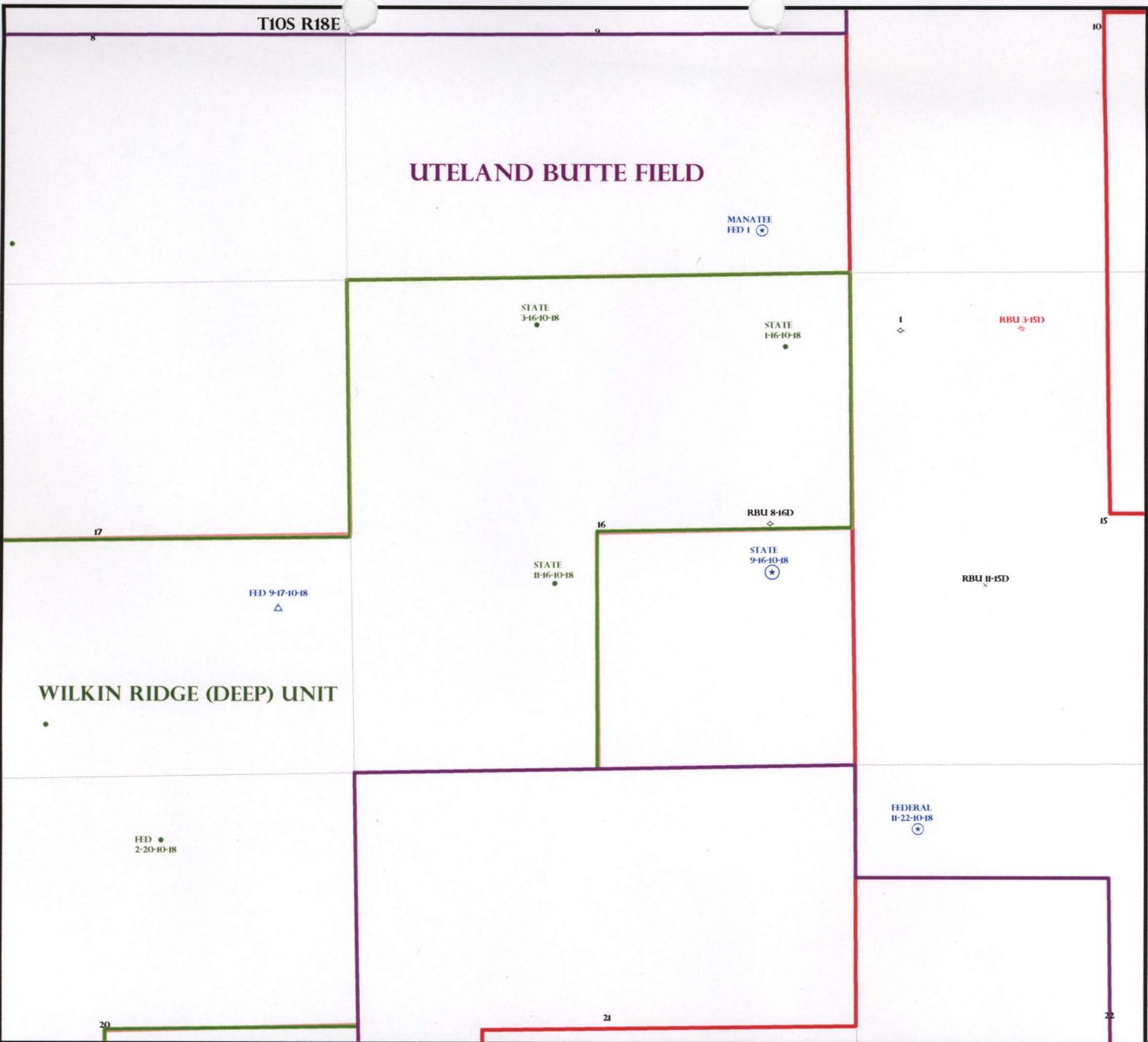
- ___ R649-2-3.
- Unit WILKIN RIDGE DEEP **NON PA*
- ___ R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells
- R649-3-3. Exception
- ___ Drilling Unit
Board Cause No: _____
Eff Date: _____
Siting: _____
- ___ R649-3-11. Directional Drill

COMMENTS:

PRE SITE (10-25-05)

STIPULATIONS:

- 1- Spacing (SH)
- 2- STATEMENT OF BASIS



OPERATOR: PENDRAGON ENERGY (N2965)

SEC: 16 T. 10S R. 18E

FIELD: UTELAND BUTTE (695)

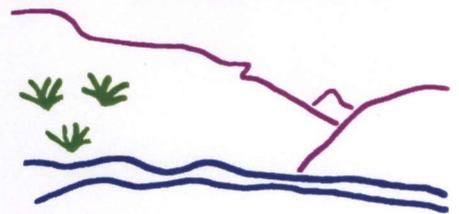
COUNTY: UINTAH

SPACING: R649-3-3 / EXCEPTION LOCATION

Field Status	
	ABANDONED
	ACTIVE
	COMBINED
	INACTIVE
	PROPOSED
	STORAGE
	TERMINATED

Unit Status	
	EXPLORATORY
	GAS STORAGE
	NF PP OIL
	NF SECONDARY
	PENDING
	PI OIL
	PP GAS
	PP GEOTHERML
	PP OIL
	SECONDARY
	TERMINATED

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



Utah Oil Gas and Mining



PREPARED BY: DIANA WHITNEY
DATE: 29-SEPTEMBER-2005

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

OPERATOR: PENDRAGON ENERGY PARTNERS, INC.

WELL NAME & NUMBER: State No. 9-16-10-18

API NUMBER: 43-047-37191

LOCATION: 1/4,1/4 NE/SE Sec: 16 TWP: 10S RNG: 18E 2129'FSL 934' FEL

Geology/Ground Water:

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

Reviewer: Brad Hill **Date:** 10/27/2005

Surface:

The predrill investigation of the surface was performed on October 25, 2005. Both the surface and the minerals are owned by S.I.T.L.A.. Jim Davis, Ed Bonner and Lavonne Garrison of S.I.T.L.A and Ben Williams of UDWR were notified by email on 10/17/2005 and invited to participate in this presite. Ben Williams of the UDWR attended. Al Nickell of Pendragon was advised by phone that the investigation was scheduled. He had Scott McKinnon represent Pendragon.

The site is a good location for drilling. The access road presents no significant problems. A drainage, which will be covered by fill, originates immediately upslope from the location on the west side. To insure stability of the pad, a diversion needs to be constructed around the west and south side to distribute any flow, which may periodically occur.

Ben Williams of the Utah Division of Wildlife Resources stated that the DWR classifies the area as limited value range for antelope. No significant impact should occur to any wildlife species from drilling this well.

Reviewer: Floyd Bartlett **Date:** 10/26/2005

Conditions of Approval/Application for Permit to Drill:

1. A 12 mil liner with a felt sub-liner is recommended for reserve pit containment and stability.
2. A diversion ditch is required around the west and south side of the location.

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

OPERATOR: PENDRAGON ENERGY PARTNERS, INC.

WELL NAME & NUMBER: State No. 9-16-10-18

API NUMBER: 43-047-37191

LEASE: ML45175 **FIELD/UNIT:** Uteland Butte

LOCATION: 1/4,1/4 NE/SE Sec: 16 TWP: 10S RNG: 18E 2129' FSL 934' FEL

LEGAL WELL SITING: 460 F SEC. LINE; 460 F 1/4,1/4 LINE; 920 F ANOTHER WELL.

GPS COORD (UTM): 594687 x 4421754 y **SURFACE OWNER:** State of Utah

PARTICIPANTS

Floyd Bartlett (DOGM), Scott Mckinnon representing Pendragon, Ben Williams (UDWR)

REGIONAL/LOCAL SETTING & TOPOGRAPHY

The general area is referred to as Desert Springs. Topography is relative flat benches often broken with gently but sometimes steep draws. This specific site is located on the south edge of a gently sloping bench but is dissected longitudinally by a draw, which begins near the north edge of the location. Drainage in the immediate area is into Fourmile Wash, which runs northeasterly approximately 5+ miles to the Green River.

The location is approximately 24 miles straight-line distance southeast of Roosevelt, UT and 25.5 road miles southeast of Myton, UT.

Access to the site is by State and County highways or roads and oilfield development roads. All existing roads are suitable for access. 355 feet of new road which will be constructed to the location.

SURFACE USE PLAN

CURRENT SURFACE USE: Winter cattle grazing. Light hunting for big game and chuckars.

PROPOSED SURFACE DISTURBANCE: Location will be 305' by 170' plus a reserve pit 70' x 110' and storage areas for top soils and spoils. Access road will be 355 feet. A surface pipeline will follow the access road.

LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS: See Exhibit H in APD.

LOCATION OF PRODUCTION FACILITIES AND PIPELINES: All production facilities will be located on-site. Pipeline will follow the access road to tie in with an existing pipeline.

SOURCE OF CONSTRUCTION MATERIAL: All construction material for the road and location will be obtained from the site.

ANCILLARY FACILITIES: None will be required.

WILL DRILLING AT THIS LOCATION GENERATE PUBLIC INTEREST OR CONCERNS?
EXPLAIN: Unlikely. Other wells exist within the general area. Most of the travel is oilfield related.

WASTE MANAGEMENT PLAN:

Drilled cuttings will be settled into a reserve pit. Liquids from pit will be allowed to evaporate. Formation water will be confined to storage tanks. Commercial contractor will handle sewage facilities, storage and disposal. Trash will be contained in trash baskets and hauled to an approved landfill.

ENVIRONMENTAL PARAMETERS

AFFECTED FLOODPLAINS AND/OR WETLANDS: None

FLORA/FAUNA: Gardner saltbrush, shadscale, globe mallow, curly mesquite, cheatgrass, prickly pear.; Deer, Elk, antelope, songbirds, rodent, raptors coyote, bobcats, cattle in the winter.

SOIL TYPE AND CHARACTERISTICS: Light brown sandy clay loam with frequent fractured surface rock pavement. Some sandstone bedrock outcrops occur near the location.

EROSION/SEDIMENTATION/STABILITY: Very little natural erosion on the benches or plateaus. Significant and sometimes heavy erosion occurs from the steep poorly vegetated side slopes. Limited runoff from this location occurs in one draw, which begins immediately above and intersects the location. The Layout Plat does not provide for construction of a diversion. A diversion ditch should be constructed around the west and south side of the location to facilitate any runoff which may occur and protect the integrity of the pad. .

PALEONTOLOGICAL POTENTIAL: None observed.

RESERVE PIT

CHARACTERISTICS: 60' by 90' located within a cut area on the on the north side of the location. It is 8 feet deep with a 10-foot wide dike. Stability should not be a problem.

LINER REQUIREMENTS (Site Ranking Form attached): The site has a sensitivity rating of III. A 12 mil liner with felt sub-liner is recommended.

SURFACE RESTORATION/RECLAMATION PLAN

As per agreement with SITLA

SURFACE AGREEMENT: Yes

CULTURAL RESOURCES/ARCHAEOLOGY: Report was completed on 08/26/05 and has been forwarded to SHIPO.

OTHER OBSERVATIONS/COMMENTS: Ben Williams of the Utah Division of Wildlife Resources stated that the DWR classifies the area as limited value range for antelope. No significant impact should occur to any wildlife species from drilling this well.

ATTACHMENTS

Photos of this site were taken and placed on file.

Floyd Bartlett
DOGM REPRESENTATIVE

October 25, 2005 12:30 AM
DATE/TIME

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

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

Final Score 15 (Level III Sensitivity)

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

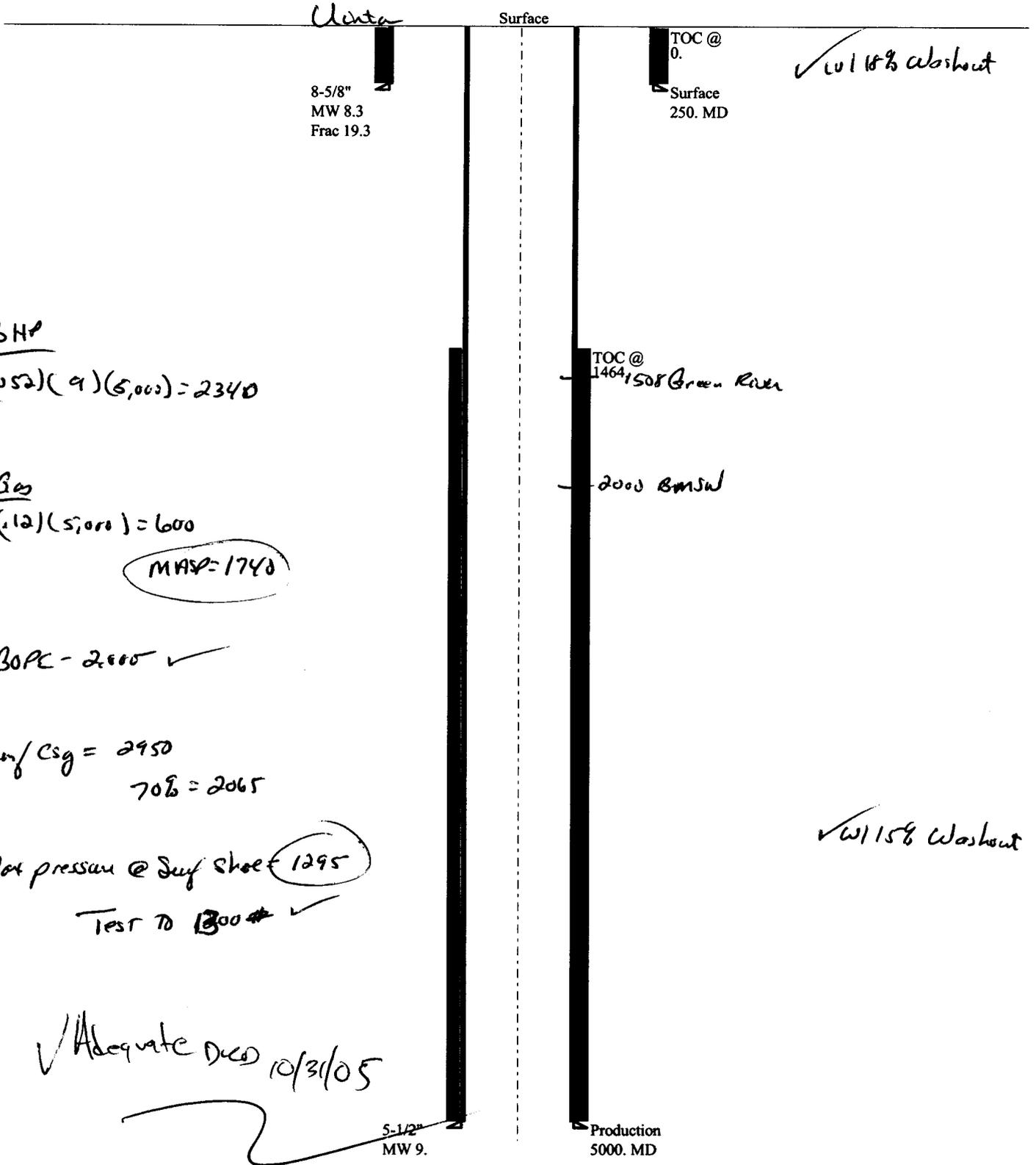
Sensitivity Level II = 15-19; lining is discretionary.

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





10-05 Pendragon State 9-16-10-18
Casing Schematic



Uenta

Surface

8-5/8"
MW 8.3
Frac 19.3

TOC @
0.
Surface
250. MD

✓ w/ 18% Washout

BHP

$$(0.052)(9)(5,000) = 2340$$

Gas

$$(1.12)(5,000) = 600$$

MASP = 1740

BOPC - 2000 ✓

Surf Csg = 2950
70% = 2065

Max pressure @ Surf shoe = 1295

Test to 1300 ✓

✓ Adequate DUC 10/31/05

TOC @
1464
1508 Green River

2000 BMSJ

✓ w/ 15% Washout

5-1/2"
MW 9.

Production
5000. MD

Well name:	10-05 Pendragon State 9-16-10-18	
Operator:	Westport Oil & Gas	Project ID:
String type:	Surface	43-047-37220
Location:	Uintah County, Utah	

Design parameters:

Collapse
Mud weight: 8.300 ppg
Design is based on evacuated pipe.

Minimum design factors:

Collapse:
Design factor 1.125

Environment:

H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 68 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 250 ft

Burst:
Design factor 1.00

Cement top: Surface

Burst

Max anticipated surface pressure: 141 psi
Internal gradient: 0.436 psi/ft
Calculated BHP 250 psi

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

Non-directional string.

No backup mud specified.

Tension is based on air weight.
Neutral point: 219 ft

Re subsequent strings:
Next setting depth: 5,000 ft
Next mud weight: 10.900 ppg
Next setting BHP: 2,831 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 250 ft
Injection pressure 250 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft ³)
1	250	8.625	24.00	J-55	ST&C	250	250	7.972	12
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	108	1370	12.710	250	2950	11.80	6	244	40.67 J

Prepared by: Clinton Dworshak
Utah Div. of Oil & Mining

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

Date: October 28,2005
Salt Lake City, Utah

ENGINEERING STIPULATIONS -
Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

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

Well name:

10-05 Pendragon State 9-16-10-18

Operator: **Westport Oil & Gas**

String type: **Production**

Project ID:

43-047-37220

Location: **Uintah County, Utah**

Design parameters:

Collapse

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

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Environment:

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

Cement top: 1,464 ft

Burst

Max anticipated surface pressure: 156 psi
Internal gradient: 0.436 psi/ft
Calculated BHP 2,338 psi

No backup mud specified.

Tension:

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

Non-directional string.

Tension is based on air weight.

Neutral point: 4,319 ft

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft ³)
1	5000	5.5	15.50	J-55	ST&C	5000	5000	4.825	156.7
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	2338	4040	1.728	2338	4810	2.06	77	202	2.61 J

Prepared by: Clinton Dworshak
Utah Div. of Oil & Mining

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

Date: October 28,2005
Salt Lake City, Utah

ENGINEERING STIPULATIONS -

Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

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



LUCHETTA OPERATING CO., INC.

September 29, 2005

**Division of Oil, Gas & Mining
1594 W. N. Temple STE 1210
Salt Lake City, UT 84114-5801**

To Whom It May Concern:

Re: Change in the proposed APD State No. 9-16-10-18

With regard to APD Exhibit E3, The Operator has decided to use an existing pipeline and will not need the right-of-way presented in the exhibit. Therefore, please substitute the enclosed form 3 (3 copies) of the original apd and discard Exhibit E3 (Map C).

**Thank you,
Pendragon Energy Partners, Inc.**

A handwritten signature in cursive script that reads "Luchetta".

**Luchetta Operating Company, Inc., Agent
John Luchetta, President**

**RECEIVED
OCT 03 2005
DIV. OF OIL, GAS & MINING**

2020 Foothills Rd. Golden, CO 80401 303-278-3347

**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 <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>		5. MINERAL LEASE NO. ML45175	6. SURFACE
B. TYPE OF WELL: OIL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		7. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
2. NAME OF OPERATOR: Pendragon Energy Partners, Inc.		8. UNIT or CA AGREEMENT NAME: N/A	
3. ADDRESS OF OPERATOR: 621 17th CITY Denver STATE CO ZIP 80293 PHONE NUMBER 303-296-9402		9. WELL NAME AND NUMBER: State No. 9-16-10-18	
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 2,129' FSL, 934' FEL Sec 16 AT PROPOSED PRODUCING ZONE: Same		10. FIELD AND POOL OR WILDCAT: Uteland Butte	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 25.5 Miles from Myton, Utah		12. COUNTY: Uintah	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 934' FEL Sec 16	16. NUMBER OF ACRES IN LEASE 640	17. NUMBER ACRES ASSIGNED TO THIS WELL: 40	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR ON THIS LEASE (FEET)) None	19. PROPOSED DEPTH: 5,000'	20. BOND DESCRIPTION: RLI Insurance Co. RLB0002714	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 5,240.6' GR	22. ESTIMATED DURATION: 20-30 days to drill & complete		

24. PROPOSED CASING AND CEMENTING PROGRAM

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

25. ATTACHMENTS

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

- WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER
- EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER

- COMPLETE DRILLING PLAN
-

Exhibits:

- A: Survey Plate
- B: 10 Point Plan
- C: BOP Diagram
- D: 13 Point Plan
- E1: Topo Map A
- E2: Top Map B
- F: Location
- G: Rig Layout
- G2: Cut & Fill
- H: Existing Well Map
- K: Cultural Report

NAME (PLEASE PRINT) **John Luchetta**

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

SIGNATURE _____

John Luchetta

TITLE

Agent

Sep 20, 2005

(This space for Federal or State office use)

API NUMBER ASSIGNED _____

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

Date: **05-01-06**
By: *[Signature]*
See Instructions On Reverse Side

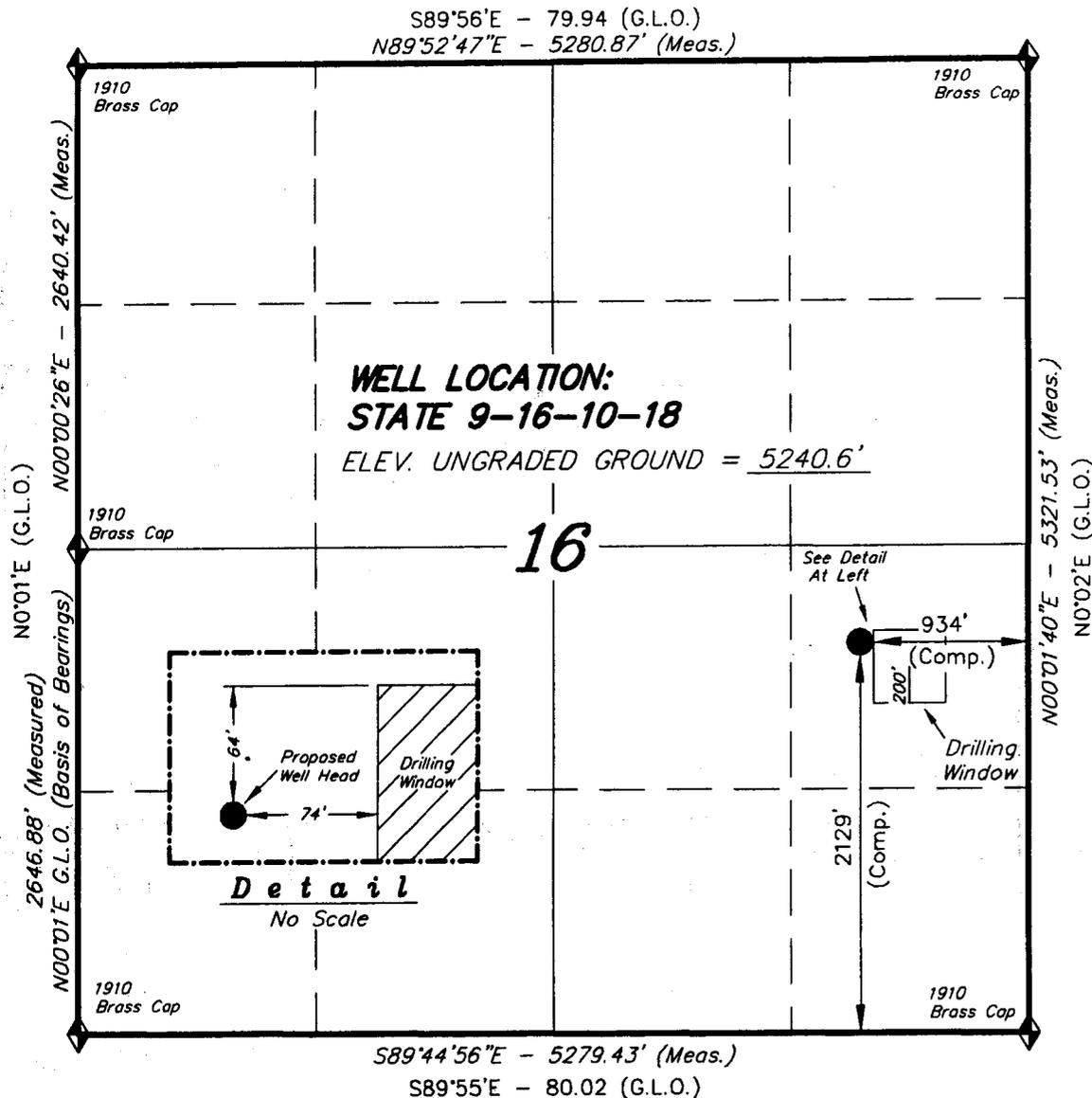
APPROVAL

**RECEIVED
OCT 03 2005
DIV. OF OIL, GAS & MINING**

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

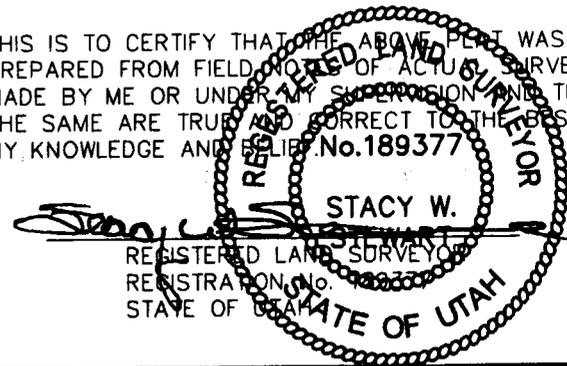
PENDRAGON ENERGY PARTNERS, INC.

WELL LOCATION, STATE 9-16-10-18,
 LOCATED AS SHOWN IN THE NE 1/4
 SE 1/4 OF SECTION 16, T10S, R18E,
 S.L.B.&M. UINTAH COUNTY, UTAH.



Note:
 Proposed Well Head bears
 N23°37'20"W 2328.64' from the
 Southeast Corner of Section 16.

THIS IS TO CERTIFY THAT THE ABOVE PLAN 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.



TRI STATE LAND SURVEYING & CONSULTING
 180 NORTH VERNAL AVE. - VERNAL, UTAH 84078
 (435) 781-2501

SCALE: 1" = 1000'	SURVEYED BY: C.M.
DATE: 7-22-05	DRAWN BY: F.T.M.
NOTES:	FILE #

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

STATE 9-16-10-18 (NAD 83)
 LATITUDE = 39° 56' 32.93"
 LONGITUDE = 109° 53' 32.65"



PENDRAGON ENERGY PARTNERS, INC.

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

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

9 November 2005

Attn: Mr. Gil Hunt, Associate Director

Subj: Application to Drill
Pendragon State # 9-16-10-18
NESE Section 16 T-10S-R18E
Uintah County, Utah

Ladies and Gentlemen:

Pendragon has begun the permitting process for a Green River Formation test at the subject location. The APD has been submitted to the DOGM. The survey and on-site inspection have shown that for terrain reasons the location would ideally be outside the normal 200' window and slightly interior to the window for that quarter-quarter section (see attached plat). The area is not spaced and is not in a unit.

Under Rule R649-3-3, all Owners within 460 feet of the drillsite who have the right to drill and produce the formations proposed for testing must approve such exception locations in writing. In Section 16-10S-18E all of the Green River Formation rights are jointly owned by the parties to a Joint Operating Agreement originally dated 4/1/97 and amended as of 1/31/2000 designating Pendragon as Operator. Therefore, all Owners within 460 feet of this proposed location are parties to the Application to Drill.

Your approval of this exception location is respectfully requested.

Alan B. Nicol
President

RECEIVED
NOV 14 2005
DIV. OF OIL, GAS & MINING

Oct 28, 2005

To: Clinton Dworshak

**Fr: John Luchetta
Pendragon Energy Partners**

**Re: Proposed APD State No. 9-16-10-18, NE SE Sec 16 T10S, R18E, Uintah
County, Utah. Cement top for production string (5 ½" casing).**

**Per your telephone call this date Pendragon Energy Partners agrees to bring the
cement top for the production string to +-1500' or sufficient to cover the top of the
Green River Formation @ +/- 1500 feet.**

**Pendragon Energy Partners
John Luchetta, Agent**



State of Utah

**Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

May 1, 2006

Pendragon Energy Partners, Inc.
621 17th St., Ste. 750
Denver, CO 80293

Re: State 9-16-10-18 Well, 2129' FSL, 934' FEL, NE SE, Sec. 16, T. 10 South,
R. 18 East, Uintah County, Utah

Gentlemen:

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

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 43-047-37191.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

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

Operator: Pendragon Energy Partners, Inc.
Well Name & Number State 9-16-10-18
API Number: 43-047-37191
Lease: ML-45175

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

Conditions of Approval

1. **General**

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

2. **Notification Requirements**

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

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

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

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

3. **Reporting Requirements**

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

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

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

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: **ML45175**

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

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

1. TYPE OF WELL: **OIL WELL** **GAS WELL** **OTHER** _____

8. WELL NAME and NUMBER: **State No. 9-16-10-18**

2. NAME OF OPERATOR: **PENDRAGON ENERGY PARTNERS, INC**

9. API NUMBER: **4304737191**

3. ADDRESS OF OPERATOR: **415 West Wall, Suite 1411** CITY: **Midland** STATE: **TX** ZIP: **79701** PHONE NUMBER: **(914) 337-8168**

10. FIELD AND POOL, OR WILDCAT: **UTELAND BUTTE**

4. LOCATION OF WELL: FOOTAGES AT SURFACE: **2.129 FSL 934 FEL** COUNTY: **UINTAH**

QTR/CTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: **NESE 16 105 18E** 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: REQUEST ONE YEAR EXTENSION
	<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.

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

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 05-01-07
By: [Signature]

COPY SENT TO OPERATOR
Date: 5-3-07
Initials: RM

NAME (PLEASE PRINT) **JAMES P. ROONEY JR** TITLE **PRESIDENT**

SIGNATURE [Signature] DATE **4/30/2007**

(This space for State Use Only)

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APR 30 2007
DIV. OF OIL, GAS & MINING



**Application for Permit to Drill
Request for Permit Extension
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

API: 4304737191
Well Name: State No. 9-16-10-18
Location: 2,129' FSL 934' FEL NESE S16 T10S R18E
Company Permit Issued to: Pendragon Energy Partners, Inc.
Date Original Permit Issued: 5/1/2006

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes No (N/A)

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes No

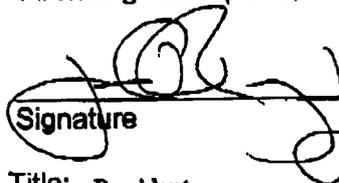
Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes No

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes No

Has the approved source of water for drilling changed? Yes No

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes No

Is bonding still in place, which covers this proposed well? Yes No



Signature

4/30/2007

Date

Title: President

Representing: Pendragon Energy Partners, Inc.

RECEIVED

MAY 01 2007

DIVISION OF OIL AND GAS



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

July 25, 2008

Pendragon Energy Partners, Inc.
415 West Wall Ste. 1411
Midland, TX 79701

Re: APD Rescinded – State 9-16-10-18 Sec. 16, T.10S, R. 18E
Uintah County, Utah API No. 43-047-37191

Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on May 1, 2006. On May 1, 2007, the Division granted a one-year APD extension. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective July 25, 2008.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject locations.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,


Diana Mason
Environmental Scientist

cc: Well File
Bureau of Land Management, Vernal