



14421 County Rd. 10 • Ft. Lupton, Colorado 80621 • (303) 857-9999 • FAX (303) 857-0577 • E-MAIL Permitco 1@aol.com

July 3, 2006

Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, UT 84114-5801

Attn: Diana Whitney

Re: Pioneer Natural Resources USA, Inc.
Displacement FED #42C-25-12-25
1850' FNL and 2937' FEL
Lot 5 Section 25, T12S - R25E
Uintah County, Utah

Dear Diana,

Enclosed please find two copies of the Application for Permit to Drill, along with the required drilling program, BOP diagram, wellsite maps and diagrams.

Please note the exception location letter will be submitted under separate cover directly by Pioneer Natural Resources USA, Inc.

If you should need additional information, please don't hesitate to contact me. Approved copies of the A.P.D. should be sent to Permitco Inc. at the address shown above.

Sincerely,

PERMITCO INC.

Venessa Langmacher
Consultant for
Pioneer Natural Resources USA, Inc.

Enc.

cc: Pioneer Natural Resources USA, Inc. - Denver, CO
Jack Rich - Rangely, CO

RECEIVED
JUL 05 2006
DIV. OF OIL, GAS & MINING

APPLICATION FOR PERMIT TO DRILL			5. MINERAL LEASE NO.: UTU-73471	6. SURFACE: BLM
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>			7. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>			8. UNIT or CA AGREEMENT NAME: Displacement Point	
2. NAME OF OPERATOR: Pioneer Natural Resources USA, Inc.			9. WELL NAME and NUMBER: Displacement FED #42C-25-12-25	
3. ADDRESS OF OPERATOR: 1401 17th Street, Suite 1200, Denver, CO 80202		PHONE NUMBER: 303/298-8100	10. FIELD AND POOL, OR WILDCAT: Wildcat	
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 1850' FNL and 2937' FEL AT PROPOSED PRODUCING ZONE: Lot 5 4401415-109-060750			11. QTR/QTR, SECTION, TOWNSHIP, RANGE MERIDIAN: Section 25, T12S - R25E	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: Approximately 25.2 miles Southeast of Bonanza, UT			12. COUNTY: Uintah	13. STATE: UT
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 286'	16. NUMBER OF ACRES IN LEASE: 307.20	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40 Acres		
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET): None	19. PROPOSED DEPTH: 2650'	20. BOND DESCRIPTION: Nationwide Bond No. MTB-000041		
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 6137' GL	22. APPROXIMATE DATE WORK WILL START: ASAP	23. ESTIMATED DURATION: 4 Days		

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
11"	8-5/8", J-55, 24#	250'	300 sx Class C, 15.6 ppg, 1.18 ft/sk
7-7/8"	5-1/2", J-55, 17#	2650'	475 sx Class C, 50/50 Poz, 13.5 ppg, 1.38 ft/sk
CONFIDENTIAL-TIGHT HOLE			

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 checked="" type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER	<input type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

AGENT: **PermitCo Inc., 14421 County Road 10, Fort Lupton, CO 80621** AGENT'S PHONE NO.: **303/857-9999**

NAME (PLEASE PRINT) **Venessa Langmacher** TITLE **Agent for Pioneer Natural Resources USA, Inc.**

SIGNATURE *Venessa Langmacher* DATE **July 3, 2006**

(This space for State use only)

API NUMBER ASSIGNED: **13-047-38354**

APPROVAL:

(11/2001) **Federal Approval of this Action is Necessary**

**Approved by the
Utah Division of
Oil, Gas and Mining**
(See instructions on Reverse Side)

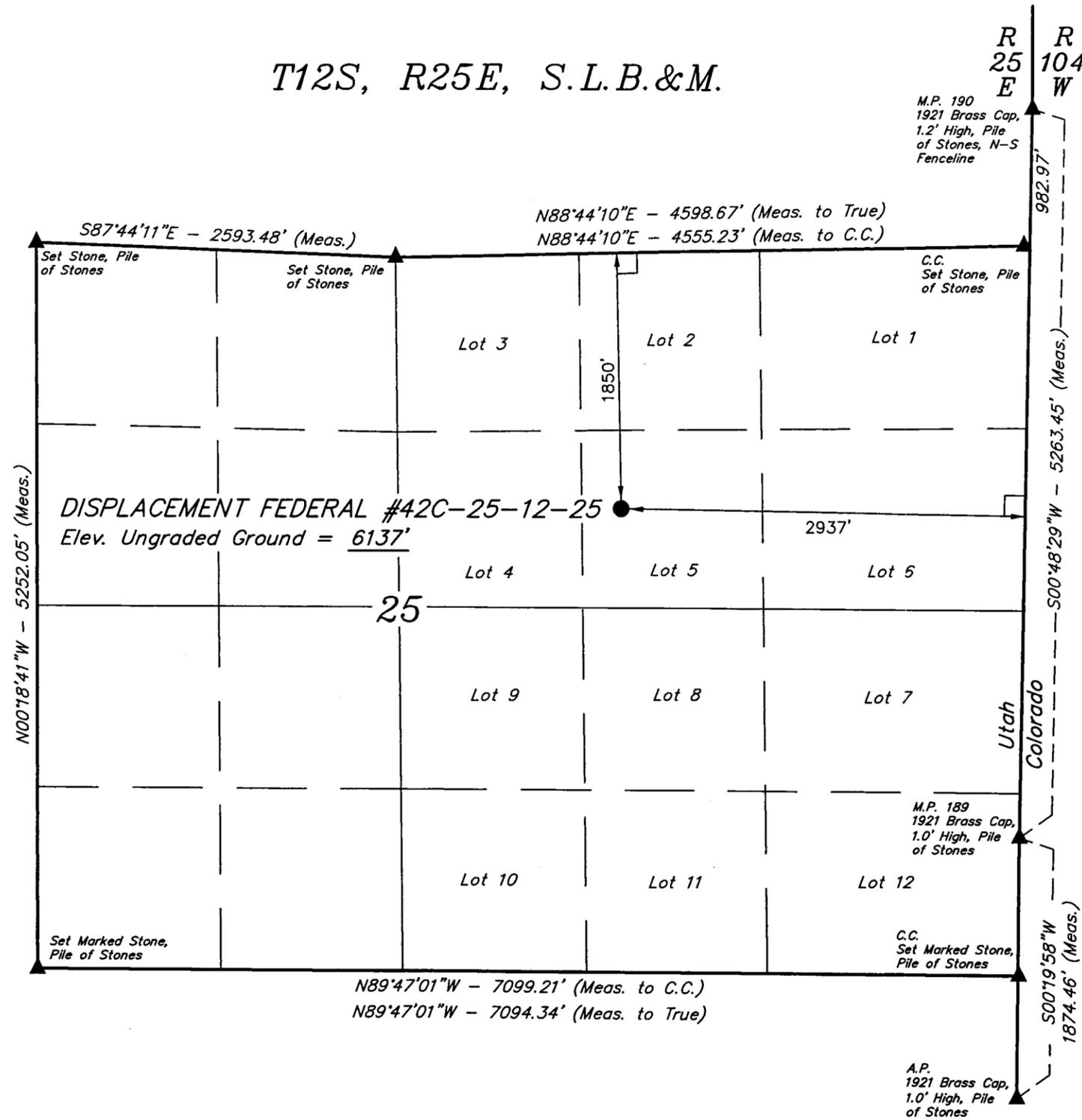
Date: **07-03-06**
By: *[Signature]*

**RECEIVED
JUL 05 2006
DIV. OF OIL, GAS & MINING**

PIONEER NATURAL RESOURCES USA, INC.

Well location, DISPLACEMENT FEDERAL #42C-25-12-25, located as shown in LOT 5 of Section 25, T12S, R25E, S.L.B.&M., Uintah County, Utah.

T12S, R25E, S.L.B.&M.

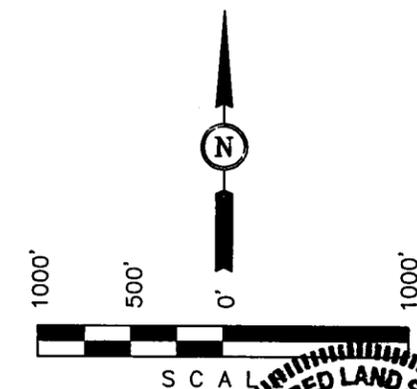


BASIS OF ELEVATION

BENCH MARK (A-37) LOCATED IN THE SE 1/4 OF SECTION 35, T3S, R104W, 6th P.M., TAKEN FROM THE DAVIS CANYON QUADRANGLE, UTAH-COLORADO, RIO BLANCO COUNTY, 7.5 MINUTE SERIES (TOPOGRAPHICAL MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 6013 FEET.

BASIS OF BEARINGS

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



REGISTERED LAND SURVEYOR
 No. 161319
 ROBERT D. [Signature]
 REGISTERED PROFESSIONAL SURVEYOR
 REGISTRATION NO. 161319
 STATE OF UTAH

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

SCALE 1" = 1000'	DATE SURVEYED: 05-18-06	DATE DRAWN: 05-24-06
PARTY P.J. T.B. P.M.	REFERENCES G.L.O. PLAT	
WEATHER WARM	FILE PIONEER NATURAL RESOURCES USA, INC.	

LEGEND:

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

(NAD 83)
 LATITUDE = 39°44'52.97" (39.748047)
 LONGITUDE = 109°03'41.00" (109.061389)
 (NAD 27)
 LATITUDE = 39°44'53.07" (39.748075)
 LONGITUDE = 109°03'38.61" (109.060725)



RECEIVED
JUL 17 2006
DIV. OF OIL, GAS & MINING

July 11, 2006

CDX Gas LLC
CDX Rockies, LLC
5485 Beltline Road, Suite 190
Dallas, Texas 75240-7656

PIONEER
NATURAL RESOURCES USA, INC.

RE: Exception to Location – DISPLACEMENT FED 42C-25-12-25
Township 12 South, Range 25 East
Section 25: Lot 5
Uintah County, Utah

Ladies and Gentlemen:

Pioneer Natural Resources USA, Inc. is proposing to drill a well in Lot 5 of Section 25, T12S, R25E, Uintah County Utah. You are a joint working interest owner with Pioneer Natural Resources USA, Inc. in the Federal Oil and Gas Lease UTU-73471 covering the following lands:

Township 12 South, Range 25 East
Section 25: Lots 1, 2, 5, 6, 7, 12
Uintah County, Utah

Utah Division of Oil, Gas and Mining Rule R649-3-2 stipulates that in the absence of special orders, "each oil and gas well will be in the center of a 40 acre quarter-quarter section, or a substantially equivalent lot or tract or combination of lots or tracts as shown on the most recent governmental survey, with a tolerance of 200' in any direction from the center location, a "window" 400 square feet." In this case the well site is outside of the drilling window.

In accordance with R649-3-3, in order that Pioneer may continue its drilling program in the area, please acknowledge your consent to the exception location by signing, dating and returning **two** copies of this Exception to Location letter to Pioneer's office in the enclosed envelope at your earliest convenience.

Thank you for your consideration in this regard. If you have any questions please feel free to contact the undersigned at 303-675-2691.

Sincerely,

Pioneer Natural Resources USA, Inc.


Sharon Logan, Staff Landman

EXCEPTION TO THE LOCATION FOR THE DISPLACEMENT FED 42C-25-12-25 IS GRANTED AND APPROVED THIS 12 DAY OF July, 2006.

CDX Gas, LLC
BY 
Tracy E. Lombardi
Land/Engineering Technician

CDX Rockies, LLC
By: 
Tracy E. Lombardi
Land/Engineering Technician



PIONEER
NATURAL RESOURCES USA, INC.

January 20, 2006

Bureau of Land Management
Vernal Field Office
170 South 500 East
Vernal, UT 84078
Attn: Mineral Resources

Re: 2006 Applications for Permit to Drill (APDs) in Uintah County, Utah

To Whom It May Concern:

This letter is to inform you that beginning January 2006 to December 31, 2006 Permitco Inc. is authorized to act as Agent and to sign documents on behalf of Pioneer Natural Resources USA, Inc. when necessary for filing county, state and federal permits including Onshore Order No. 1, Right of Way applications, etc., for the 2006 drilling program in Uintah County, Utah.

It should be understood that Permitco is acting as Agent only in those matters stated above and is not responsible for drilling, completion, production or compliance with regulations.

Pioneer Natural Resources USA, Inc. agrees to accept full responsibility for operations conducted in order to drill, complete and produce the above-mentioned well.

Sincerely,
Pioneer Natural Resources USA, Inc.

David N. Holland
Environmental Manager

CONFIDENTIAL - TIGHT HOLE

ONSHORE OIL & GAS ORDER NO. 1

**Approval of Operations on Onshore
Federal and Indian Oil & Gas Leases**

**Displacement FED #42C-25-12-25
1850' FNL and 2937' FEL
Lot 5 Section 25, T12S - R25E
Uintah County, Utah**

Prepared For:

Pioneer Natural Resources USA, Inc.

By:

**PERMITCO INC.
14421 County Road 10
Ft. Lupton, Colorado 80621
303/857-9999**

CONFIDENTIAL-TIGHT HOLE

Copies Sent To:

- 3 - Bureau of Land Management - Vernal, UT**
- 1 - Utah Division of Oil, Gas & Mining - SLC, UT**
- 2 - Pioneer Natural Resources USA, Inc. - Denver, CO**
- 1 - Jack Rich - Rangely, CO**



APPLICATION FOR PERMIT TO DRILL OR REENTER

24. Attachments

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

1. Well plat certified by a registered surveyor.
Attached.
2. A Drilling Plan
Attached.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the Appropriate Forest Service Office.
See Surface Use Plan Attached.
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20).
Bond coverage for this well is provided by Pioneer Natural Resources USA, Inc. under their Nationwide Bond No. MTB-000041.
5. Operator certification.
Please be advised that Pioneer Natural Resources USA, Inc. is considered to be the operator of the above mentioned well. Pioneer Natural Resources USA, Inc. agrees to be responsible under the terms and conditions of the lease for the operations conducted upon the leased lands.
6. Such other site specific information and/or plans as may be required by the authorized officer.

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

1. **ESTIMATED TOPS OF IMPORTANT GEOLOGIC MARKERS**

<i>Formation</i>	<i>Depth</i>	<i>TVD</i>
Green River/ Wasatch	Surface	6,127'
Mesaverde	622'	5,515'
First Coal	2,124'	4,013'
CS_Coal_Zone	2,207'	3,930'
Thickest Coal	2,275'	3,862'
L_Neslen Coal Zone	2,424'	3,713'
TD	2,650'	3,487'

2. **ESTIMATED DEPTH OF ANTICIPATED WATER, OIL, GAS OR MINERAL FORMATIONS:**

<i>Substance</i>	<i>Formation</i>	<i>Depth</i>
Gas	Mesaverde Coals and Sands	2,207' - 2,650'
Gas	First Coal	2,124' - 2,650'

All fresh water prospectively valuable minerals encountered during drilling, will be recorded by depth and adequately protected. All oil and gas shows will be tested to determine commercial potential.



3. PRESSURE CONTROL EQUIPMENT

Pioneer Natural Resources USA, Inc.'s minimum specifications for pressure control equipment are as follows:

Ram Type: 11" Hydraulic double with annular, 2000 psi w.p.

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

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

As a minimum, the above test shall be performed:

- a. when initially installed;
- b. whenever any seal subject to test pressure is broken
- c. following related repairs; and
- d. at 30-day intervals

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

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

Annular preventers shall be functionally operated at least weekly.

Pipe and blind rams shall be activated each trip, however, this function need not be performed more than once a day.

A BOPE pit level drill shall be conducted weekly for each drilling crew.

Pressure tests shall apply to all related well control equipment.

All of the above described tests and/or drills shall be recorded in the drilling log.



BOP systems shall be consistent with API RP53. Pressure tests will be conducted before drilling out from under casing strings which have been set and cemented in place. Blowout preventer controls will be installed prior to drilling the surface casing plug and will remain in use until the well is completed or abandoned. Preventers will be inspected and operated at least daily to ensure good mechanical working order, and this inspection will be recorded on the daily drilling report. Preventers will be pressure tested before drilling casing cement plugs.

The District Office should be notified, with sufficient lead time, in order to have the BLM representative on location during pressure testing.

- a. The size and rating of the BOP stack is shown on the attached diagram. Although a rig has not been chosen to drill this well, most of the equipment for this depth of hole in the area use a 11", 2000 psi working pressure blowout preventor.
- b. A choke line and a kill line are to be properly installed. The kill line is not to be used as a fill-up line.
- c. The accumulator system shall have a pressure capacity to provide for repeated operation of hydraulic preventers.
- d. Drill string safety valve(s), to fit all tools in the drill string, are to be maintained on the rig floor while drilling operations are in progress.

4. PROPOSED CASING AND CEMENTING PROGRAM:

- a. The proposed casing and cementing program shall be conducted as approved to protect and/or isolate all usable water zones, potentially productive zones, lost circulation zones, abnormally pressured zones, and any prospectively valuable deposits of minerals. Any isolating medium other than cement shall receive approval prior to use. The casing setting depth shall be calculated to position the casing seat opposite a competent formation which will contain the maximum pressure to which it will be exposed during normal drilling operations. Determination of casing setting depth shall be based on all relevant factors, including; presence/absence of hydrocarbons; fracture gradients; usable water zones; formation pressures; lost circulation zones; other minerals; or other unusual characteristics. All indications of usable water shall be reported.
- b. Casing design shall assume formation pressure gradients of 0.44 to 0.50 psi per foot for exploratory wells (lacking better data).



- c. Casing design shall assume fracture gradients from 0.70 to 1.00 psi per foot for exploratory wells (lacking better data)
- d. Casing collars shall have a minimum clearance of 0.422 inches of all sides in the hole/casing annulus, with recognition that variances can be granted for justified exceptions.
- e. All waiting on cement times shall be adequate to achieve a minimum of 500 psi compressive strength at the casing shoe prior to drilling out.
- f. All casing except the conductor casing, shall be new or reconditioned and tested used casing that meets or exceeds API standards for new casing.
- g. The surface casing shall be cemented back to surface either during the primary cement job or by remedial cementing.
- h. All indications of usable water shall be reported to the authorized officer prior to running the next string of casing or before plugging orders are requested, whichever occurs first.
- i. Three centralizers will be run on the bottom three joints of surface casing with a minimum of one centralizer per joint starting with the shoe joint.
- j. Top plugs shall be used to reduce contamination of cement by displacement fluid. A bottom plug or other acceptable technique, such as a suitable preflush fluid, inner string cement method, etc. shall be utilized to help isolate the cement from contamination by the mud fluid being displaced ahead of the cement slurry.
- k. All casing strings below the conductor shall be pressure tested to 0.22 psi per foot of casing string length or 1500 psi, whichever is greater, but not to exceed 70 percent of the minimum internal yield. If pressure declines more than 10 percent in 30 minutes, corrective action shall be taken.
- l. On all exploratory wells, and on that portion of any well approved for a 5M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. Formation at the shoe shall be tested to a minimum of the mud weight equivalent anticipated to control the formation pressure to the next casing depth or at total depth of the well. This test shall be performed before drilling more than 20 feet of new hole.



m. The proposed casing program will be as follows:

Purpose	Depth	Hole Size	O.D.	Weight	Grade	Type	New/Used
Surface	0-250'	11"	8-5/8"	24#	J-55	ST&C	New
Production	0-2,650'	7-7/8"	5-1/2"	17#	J-55	LT&C	New

n. Casing design subject to revision based on geologic conditions encountered.

o. The cement program will be as follows:

Surface	Type and Amount
0' - 250'	300 sx Class C, 15.6 ppg, 1.18 ft/sk
Production	Type and Amount
250' - 2650'	475 sx Class C, 50/50 Poz, 13.5 ppg, 1.38 ft/sk

p. Anticipated cement tops will be reported as to depth; not the expected number of sacks of cement to be used. The District Office should be notified, with sufficient lead time, in order to have a BLM representative on location while running all casing strings and cementing.

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

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

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

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



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

- s. Auxiliary equipment to be used is as follows:
 - 1. Kelly cock
 - 2. No bit float is deemed necessary.
 - 3. A sub with a full opening valve.

5. MUD PROGRAM

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

<i>Interval</i>	<i>Mud Type</i>	<i>Mud Wt.</i>	<i>Visc.</i>	<i>F/L</i>
0' - 250'	Spud Mud	8.4-9.4	34-40	N/C
250' - 2,650'	Air Mist/ Air Water	8.8 - 9.4	34-44	10 - 14

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

A mud test shall be performed every 24 hours after mudding up to determine, as applicable: density, viscosity, gel strength, static filtration loss, and Ph.

- b. Mud monitoring equipment to be used is as follows:
 - 1. Periodic checks will be made each tour of the mud system. The mud level will be checked visually.
- c. No chromate additives will be used in the mud system on Federal and/or Indian lands without prior BLM approval to ensure adequate protection of fresh water aquifers.
- d. No chemicals subject to reporting under SARA Title III in an amount equal to or greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling of this well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produced, stored, transported, or disposed of in association with the drilling of this well.



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

6. **EVALUATION PROGRAM**

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

- a. No drill stem tests are anticipated, however, if DST's are run, the following requirements will be adhered to:

Initial opening of drill stem test tools shall be restricted to daylight hours unless specific approval to start during other hours is obtained from the authorized officer. However, DST's may be allowed to continue at night if the test was initiated during daylight hours and the rate of flow is stabilized and if adequate lighting is available (i.e. lighting which is adequate for visibility and vapor-proof for safe operations). Packers can be released, but tripping shall not begin before daylight, unless prior approval is obtained from the authorized officer. Closed chamber DSTs may be accomplished day or night.

A DST that flows to the surface with evidence of hydrocarbons shall be either reversed out of the testing string under controlled surface conditions. This would involve provided some means for reverse circulation.

Separation equipment required for the anticipated recovery shall be properly installed before a test starts.

All engines within 100 feet of the wellbore that are required to "run" during the test shall have spark arresters or water cooled exhausts.

- b. The logging program will consist of a Triple Combo with High Res Density to be run from TD to surface casing.
- c. No cores are anticipated.
- d. Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3164. Two copies of all logs, core descriptions, core analyses, well-test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with form 3160-4. Samples (cutting, fluids, and/or gases) will be submitted when requested by the authorized officer (AO).



- e. The anticipated completion program will be determined based on drilling shows.
- f. Daily drilling and completion progress reports shall be submitted to the BLM in Vernal on a weekly basis.

7. ABNORMAL TEMPERATURES OR PRESSURES

- a. The expected bottom hole pressure is 850 psi. The maximum bottom hole temperature anticipated is 125 degrees F.
- b. No hydrogen sulfide gas is anticipated. No abnormal pressures are anticipated.

8. ANTICIPATED STARTING DATES AND NOTIFICATION OF OPERATIONS

- a. Drilling is planned to commence on January 1, 2007.
- b. It is anticipated that the drilling of this well will take approximately 4 days.
- c. The BLM in Vernal, Utah shall be notified of the anticipated date of location construction commencement and of anticipated spud date.
- d. No location will be constructed or moved, no well will be plugged, and no drilling or workover equipment will be removed from a well to be placed in a suspended status without prior approval of the AO. If operations are to be suspended, prior approval of the AO will be obtained and notification given before resumption of operations.
- e. The spud date will be reported orally to the AO within 48 hours after spudding. If the spudding occurs on a weekend or holiday, the report will be submitted on the following regular work day. The oral report will be followed up with a Sundry Notice.
- f. In accordance with Onshore Oil and Gas Order No. 1, this well will be reported on Form 3160-6 "Monthly Report of Operations", starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report will be filed with the Vernal BLM District Office, 170 South 500 East, Vernal, UT 84078.



- g. Immediate Report: Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be promptly reported in accordance with the requirements of NTL-3A or its revision.
- h. If a replacement rig is contemplated for completion operations, a "Sundry Notice" Form 3160-5 to that effect will be filed, for prior approval of the AO, and all conditions of this approved plan are applicable during all operations conducted with the replacement rig.
- i. Should the well be successfully completed for production, the AO will be notified when the well is placed in a producing status. Such notification will be sent by telegram or other written communications, not later than 5 days following the date on which the well is placed on production.
- j. Pursuant to Onshore Order No. 7, with the approval of the District Engineer, produced water may be temporarily disposed of into unlined pits for a period of up to 90 days. During the period so authorized, an application for approval of the permanent disposal method, along with the required water analysis and other information, must be submitted to the District Engineer.
- k. Pursuant to NTL-4A, lessees or operators are authorized to vent/flare gas during initial well evaluation tests, not exceeding a period of 30 days or the production of 50 MMCF of gas, whichever occurs first. An application must be filed with the District Engineer and approval received, for any venting/flaring of gas beyond the initial 30 day or authorized test period.
- l. A schematic facilities diagram as required by 43 CFR 3162.7-5 (b.9.d.), shall be submitted to the appropriate District Office within sixty (60) days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with 43 CFR 3162.7-5 (b.4.).
- m. A first production conference will be scheduled within 15 days after receipt of the first production notice.
- n. No well abandonment operations will be commenced without the prior approval of the AO. In the case of newly drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the SO. A "Subsequent Report of Abandonment" Form 3160-5, will be filed with the AO within 30 days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Final



ONSHORE ORDER NO. 1
Pioneer Natural Resources USA, Inc.
Displacement FED #42C-25-12-25
1850' FNL and 2937' FEL
Lot 5 Section 25, T12S - R25E
Carbon County, Utah

CONFIDENTIAL - TIGHT HOLE

Lease No. UTU-73471

DRILLING PROGRAM

Page 10

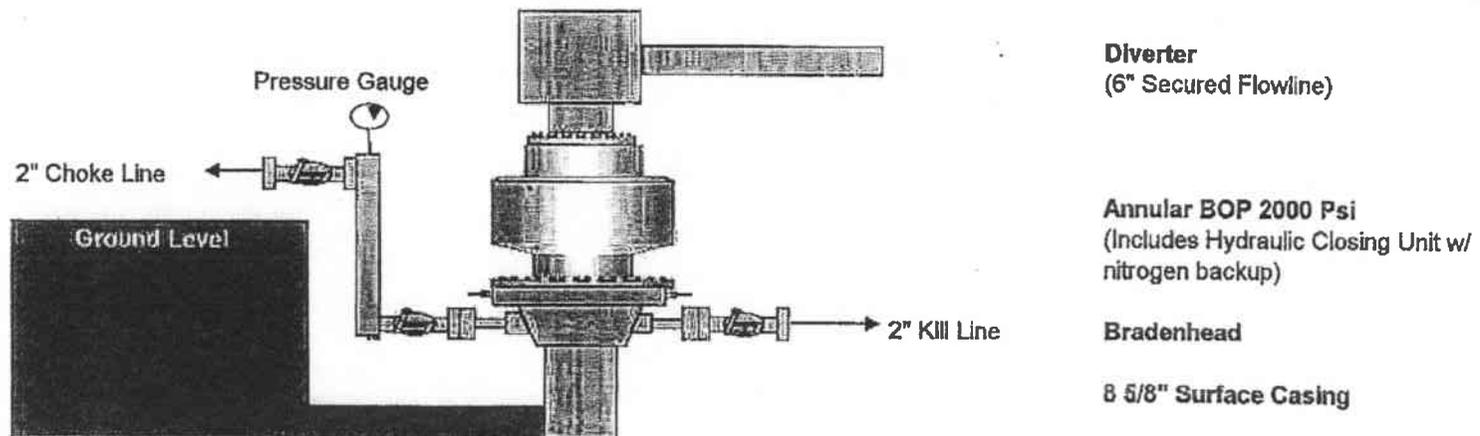
abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the AO or his representative, or the appropriate Surface Managing Agency.

- o. Pursuant to Onshore Oil and Gas Order No. 1, lessees and operators have the responsibility to see that their exploration, development, production, and construction operations are conducted in 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 or Indian lands.

Bureau of Land Management 170 South 500 East Vernal, Utah 84078		
Phone: 435/781-4400		Fax: 435/781-4410
After Hours:		
Matt Baker	Petroleum Engineer	435/828-4470
Michael Lee	Petroleum Engineer	435/828-7875



Pioneer Natural Resources Well Control System



Note: The locations have 150% of hole volume of fresh water on lease during the drilling operation. Depending on the type of drilling operation there may also be a dedicated fluid pump on lease. When we are drilling with air then the fluid package may not be present. There is a fluid pumper within 1 - 2 hours notice and generally sooner in the immediate area including either production pumps or cement units all owned and operated by Pioneer Natural Resources.

PNR - BOP Drawing A

**ONSHORE OIL & GAS ORDER NO. 1
NOTIFICATION REQUIREMENTS**

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

The onsite inspection for the subject well site was conducted on Thursday, June 15, 2006 at 1:10 p.m. Weather conditions were cool and overcast. In attendance at the onsite inspection were the following individuals:

Scott Ackerman	Natural Resource Specialist	Bureau of Land Management
Chris Gayer	Wildlife Biologist	Grasslands Consulting
Lisa Smith	Permitting Agent	Permitco Inc.
Steve Shreck	Regulatory Compliance Supervisor	Pioneer Natural Resources USA, Inc.
Jack Rich	Sr. Operations Foreman	Pioneer Natural Resources USA, Inc.
John Floyd	Surveyor	Uintah Engineering & Land Surveying
Keith Krule	Dirt Contractor	Bolton Construction
Shawn Bolton	Dirt Contractor	Bolton Construction

1. EXISTING ROADS

- a. The proposed well site is located approximately 25.2 miles south of Bonanza, Utah.



- b. Directions to the location from Bonanza, Utah are as follows:

Proceed on Dragon Road 4180 southerly approximately 23.5 miles. Turn right and proceed southerly 1 mile. Continue on the proposed road for the #23C-25 approximately 0.15 miles. Turn left onto the proposed access for the #32C-25B and proceed easterly 0.2 miles. Continue easterly onto the proposed access for the #43C-25 for 0.35 miles. Turn left onto the proposed access for the subject location and proceed north 354 feet.

- c. For location of access roads within a 2-Mile radius, see Maps A & B.
- d. Improvement to existing main roads will not be required.
- e. All existing roads will be maintained and kept in good repair during all drilling and completion operations associated with this well.
- f. Existing roads and newly constructed roads on surface under the jurisdiction of any Surface Managing Agency shall be maintained in accordance with the standards of the SMA.

2. PLANNED ACCESS ROADS

- a. Approximately 354 feet of new construction will be necessary.
- b. The road will be constructed as a crowned and ditched road with a maximum disturbed width of 50'. The road will be constructed in accordance with the 9113 manual.
- c. The maximum grade of the new construction will be approximately 5%.
- d. A low water crossing will be constructed in the drainage prior to reaching the well pad. The low water crossing will be lined with rock (local or imported).
- e. No culverts will be necessary.
- f. The last 354 feet of new access road was centerline flagged at the time of staking.
- g. The use of surfacing material is not anticipated, however it may be necessary depending on weather conditions.
- h. No cattle guards will be necessary.



- i. Surface disturbance and vehicular travel will be limited to the approved location and approved access route. Any additional area needed will be approved in advance.
- j. Access roads and surface disturbing activities will conform to standards outlined in the Bureau of Land Management and Forest Service publication: Surface Operating Standards for Oil and Gas Exploration and Development, (1989).
- k. The road will be constructed/upgraded to meet the standards of the anticipated traffic flow and all weather road requirements. Construction/upgrading shall include ditching, draining, graveling, crowing and capping the roadbed as necessary to provide a well constructed safe road. Prior to upgrading, the road shall be cleared of any snow cover and allowed to dry completely. Traveling off the 30 foot right-of-way will not be allowed. Road drainage crossings shall be of the typical dry creek drainage crossing type. Crossings shall be designed so they will not cause siltation or accumulation of debris in the drainage crossing nor shall the drainages be blocked by the roadbed. Erosion of drainage ditches by runoff water shall be prevented by diverting water off at frequent intervals by means of cutouts. Upgrading shall not be allowed during muddy conditions. Should mud holes develop, they shall be filled in and detours around them avoided.
- l. No chemicals subject to reporting under SARA Title III in an amount equal to or greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling of this well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produced, stored, transported, or disposed of in association with the drilling of this well.

3. LOCATION OF EXISTING WELLS WITHIN A 1-MILE RADIUS OF THE PROPOSED LOCATION.

(See Map "C")

- a. Water wells - none
- b. Injection wells - none
- c. Producing wells - none
- d. Drilling wells - none
- e. Shut-in wells - none
- f. Temporarily abandoned wells - none
- g. Abandoned wells - none



4. **LOCATION OF TANK BATTERIES AND PRODUCTION FACILITIES.**

- a. All permanent structures (onsite for six months or longer) constructed or installed (including oil well pump jacks) will be painted Olive Black. All facilities will be painted within six months of installation. Facilities required to comply with the Occupational Safety and Health Act (OSHA) will be excluded.
- b. If storage facilities/tank batteries are constructed on this lease, the facility/battery or the well pad shall be surrounded by a containment dike of sufficient capacity to contain at a minimum, the entire contents of the largest tank within the facility/battery, unless more stringent protective requirements are deemed necessary by the authorized officer.
- c. If production is established, a production facility diagram will be submitted via sundry. It is anticipated that water storage tanks will be located on the well pad until a water gathering disposal system is in place (possibly several years).
- d. All loading lines will be placed inside the berm surrounding the tank battery.
- e. Gas meter runs for each well will be located within 500 feet of the wellhead. The gas flow line will be buried or anchored down from the wellhead to the separator. Meter runs will be housed and/or fenced.
- f. The oil and gas measurement facilities will be installed on the well location. The oil and gas meters will be calibrated in place prior to any deliveries. Tests for meter accuracy will be conducted monthly for the first three months on new meter installations and at least quarterly thereafter. The AO will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports will be submitted to the Vernal Field Office. All meter measurement facilities will conform with Onshore Oil and Gas Order No. 4 for liquid hydrocarbons and Onshore Oil and Gas Order No. 5 for natural gas measurement.
- g. If at any time the facilities located on public land and authorized by the terms of the lease are no longer included in the lease (due to a contraction in the unit or other lease or unit boundary change), BLM will process a change in authorization to the appropriate statute. The authorization will be subject to appropriate rental or other financial obligation as determined by the authorized officer.
- h. Any necessary pits will be properly fenced to prevent any wildlife entry.





14421 County Rd. 10 • Ft. Lupton, Colorado 80621 • (303) 857-9999 • FAX (303) 857-0577 • E-MAIL Permitco 1@aol.com

July 13, 2006

Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, UT 84114-5801

Attn: Diana Whitney

Re: **Pioneer Natural Resources USA, Inc.**
Displacement FED #42C-25-12-25 & #52C-25-12-25
Section 25, T12S - R25E
Uintah County, Utah
Lease No. UTU-73471

Dear Diana,

Enclosed please find one copy of the revised page 5 of the surface use plan showing the corrected water source information for the subject locations.

If you should need additional information, please don't hesitate to contact me.

Sincerely,

PERMITCO INC.

Venessa Langmacher
Consultant for
Pioneer Natural Resources USA, Inc.

Enc.

cc: Pioneer Natural Resources USA, Inc. - Denver, CO

RECEIVED
JUL 17 2006
DIV. OF OIL, GAS & MINING

- i. All site security guidelines identified in 43 CFR 3162.7 regulations will be adhered to.
- j. All off-lease storage, off-lease measurement, or commingling on-lease or off-lease will have prior written approval from the District Manager.
- k. All access roads will be maintained as necessary to prevent erosion and accommodate year-round traffic.
- l. The road will be maintained in a safe useable condition.
- m. The pipeline will follow the route shown on Map D (See Pipeline attachment sheet).

5. LOCATION AND TYPE OF WATER SUPPLY

- *a. Water will be obtained from the State of Utah from Willow Creek at Buck Canyon under A-1 Tank Rental water permit #49-1661. Should water not be available from this source, water will be purchased from A-1 Tank Rental from a water well in Ouray, UT under permit #43-8696.
- b. Water will be pumped or hauled to the location along the approved access roads.
- c. No water well will be drilled on this lease.

6. SOURCE OF CONSTRUCTION MATERIAL

- a. Surface and subsoil materials in the immediate area will be utilized.
- b. Any gravel used will be obtained from a commercial source.
- c. The use of materials under BLM jurisdiction will conform with 43 CFR 3610.2.3. Construction material will not be located on lease.
- d. No construction materials will be removed from Federal land.

7. METHODS OF HANDLING WASTE DISPOSAL

- a. The reserve pit will be constructed so as not to leak, break, or allow discharge.

* Revised 7-13-06



- b. At the request of the BLM, the reserve pit will be lined with a 12 mil liner. If fractured rock is encountered, the pit will be first lined with sufficient bedding (either straw or dirt) to cover any rocks. The liner will overlap the pit walls 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 pit. More stringent protective requirements may be deemed necessary by the A.O.
- c. Burning will not be allowed. All trash will be contained in a trash cage and its contents removed at the end of drilling operations and hauled to an approved disposal sight.
- d. After first production, produced waste water will be confined to a unlined pit or storage tank for a period not to exceed ninety (90) days. During the 90-day period, in accordance with Onshore Order No. 7, an application for approval of a permanent disposal method and location, along with the required water analysis, will be submitted for the AO's approval. Failure to file an application within the time allowed will be considered an incident of noncompliance.
- e. Drill cuttings are to be contained and buried in the reserve pit.
- f. Any salts and/or chemicals which are an integral part of the drilling system will be disposed of in the same manner as the drilling fluid.
- g. A chemical porta-toilet will be furnished with the drilling rig.
- h. The produced fluids will be produced into a test tank until such time as construction of production facilities is completed. Any spills of oil, gas salt water or other produced fluids will be cleaned up and removed.

8. ANCILLARY FACILITIES

There are no airstrips, camps, or other facilities planned during the drilling of the proposed well.

9. WELL SITE LAYOUT

- a. The operator or his/her contractor shall contact the BLM Office at 435/781-4400 forty-eight (48) hours prior to construction activities.



- b. The reserve pit will be located on the southwest side of the location.
- c. The flare pit will be located on the north side of the reserve pit, a minimum of 100 feet from the well head and 20 feet from the reserve pit fence.
- d. The stockpiled topsoil (first six inches) will be stored on the west side of the location, between Corners 5 and 6 near the wellpad. Topsoil along the access route will be wind rowed on the uphill side.
- e. Access to the well pad will be from the south as shown on the Pit & Pad Layout.
- f. See Location Layout for orientation of rig, cross section of drill pad and cuts and fills.
- g. The location of mud tanks; reserve pit, trash cage; pipe racks; living facilities and soil stockpiles will be shown on the Location Layout.
- h. All pits will be fenced according to the following minimum standards:
 - 1. 39 inch net wire shall be used with at least one strand or barbed wire on top of the net wire (barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence).
 - 2. The net wire shall be no more than 2-inches above the ground. The barbed wire shall be 3-inches above the net wire. Total height of the fence shall be at least 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. Maximum distance between any two posts shall be no greater than 16 feet.
 - 5. All wire shall be stretched, by using a stretching device, before it is attached to the corner posts.
- i. The reserve pit fencing will be on three sides during drilling operations and on the fourth side when the rig moves off the location. Pits will be fenced and maintained until cleanup.
- j. Rip rap will be added at Corner 2 to minimize erosion.



10. **PLANS FOR RESTORATION OF SURFACE**

Producing Location

- a. Immediately upon well completion, the location and surrounding area will be cleared of all unused tubing, equipment, debris, materials, trash and junk not required for production.
- b. Immediately upon well completion, any hydrocarbons on the pit shall be removed in accordance with 43 CFR 3162.7-1.
- c. If a plastic nylon reinforced liner is used it shall be torn and perforated before backfilling of the reserve pit.
- d. The reserve pit and that portion of the location not needed for production facilities or operations will be recontoured to the approximate natural contours. The reserve pit will be reclaimed within 120 days from the date of well completion. Before any dirt work takes place, the reserve pit must have all fluids and hydrocarbons removed and all cans, barrels, pipe, etc., will be removed.
- e. Reclamation of unused disturbed areas on the well pad/access road no longer needed for operations, such as cut slopes, and fill areas will be accomplished by grading, leveling and seeding as recommended by the Authorized Officer. A seed mixture will be specified by the Bureau of Land Management in their Conditions of Approval for the subject well.

Seeding will be performed immediately after the location has been reclaimed and the pit has been backfilled, regardless of the time of year. Seed will be broadcast and walked in with a dozer.

- f. The topsoil stockpile will be seeded as soon as the location has been constructed with the same recommended seed mix. The seed will be walked in with a cat.
- g. The recommended seed mixture for interim reclamation will be attached as a condition of approval by the BLM.

Dry Hole

- h. At such time as the well is plugged and abandoned, the operator shall submit a subsequent report of abandonment and BLM will attach the appropriate surface rehabilitation conditions of approval.



11. **SURFACE OWNERSHIP**

Access Roads - The majority of the access roads are maintained by the County Road Department. All new construction outside of Lease No. UTU-73471 is located on private surface owned by the Utah-Colorado Oil Corporation, Attn: Bradley J. Oakerland, 303/573-5582.

Well pad - The well pad is located on lands managed by the BLM.

12. **OTHER INFORMATION**

- a. A Class III archeological survey will be conducted by Grand River Institute. A copy of this report will be submitted to the appropriate agencies directly by Grand River.
- b. The operator is responsible for informing all persons in the areas who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, the operator is to immediately stop work that might further disturb such materials, and contact the authorized officer (AO). Within five working days the AO will inform the operator as to:

-whether the materials appear eligible for the National Register of Historic Places;

-the mitigation measures the operator will likely have to undertake before the site can be used (assuming in situ preservation is not necessary); and

-a time frame for the AO to complete and expedited review under 36 CFR 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the AO are correct and that mitigation is appropriate. If the operator wishes, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this process, the AO will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation costs. The AO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the AO that required mitigation has been completed, the operator will then be allowed to resume construction.



- c. The operator will control noxious weeds along rights-of-way for roads, pipelines, well sites, or other applicable facilities. A list of noxious weeds may be obtained from the BLM, or the appropriate County Extension Office. On BLM administered land it is required that a Pesticide Use Proposal shall be submitted, and given approval, prior to the application of herbicides or other pesticides or possible hazardous chemicals.
- d. Drilling rigs and/or equipment used during drilling operations on this wellsite will not be stacked or stored on Federal Lands after the conclusion of drilling operations or at any other time without BLM authorization. However, if BLM authorization is obtained, it is only a temporary measure.
- e. 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 and Gas Orders, the approved plan of operations, and any applicable Notice to Lessees. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished the field representative to insure compliance.
- f. A complete copy of the approved APD shall be on location during construction of the location and drilling activities.
- g. There will be no deviation from the proposed drilling and/or work over program without prior approval from the AO. Safe drilling and operating practices must be observed. All wells, whether drilling, producing, suspended or abandoned will be identified in accordance with 43 CFR 3162.
- h. "Sundry Notice and Report on Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3162.3-2.
- i. This permit will be valid for a period of one year from the date of approval. An extension period may be granted, if requested, prior to the expiration of the original approval period. After permit termination, a new application will be filed for approval for any future operations.
- j. The operator or his contractor shall contact the BLM Offices at 435/781-4400 48 hours prior to construction activities.
- k. The BLM Office shall be notified upon site completion prior to moving on the drilling rig.



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

Permit Matters

PERMITCO INC.
14421 County Road 10
Ft. Lupton, CO 80621
303/857-9999 (O)
303/857-0577 (F)
Lisa Smith

Drilling & Completion Matters

Pioneer Natural Resources USA, Inc.
1401 - 17th Street, Suite 1200
Denver, CO 80202
303/675-2624 (O)
303/294-1275 (F)
David Holland - Environmental Manager

Field Operations

Jack Rich - Senior Operations Foreman
321 E. Main Street, Suite 1
Rangely, CO 81648
970/635-2034 (Office)
970/629-1270 (Cell)

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 operations proposed herein will be performed by Pioneer Natural Resources USA, Inc. and its contractors and subcontractors in conformity with the plan and the terms and conditions under which it is approved.

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

A complete copy of the approved APD and ROW grant, if applicable, shall be on location during construction of the location and drilling activities.

The operator or his/her contractor shall contact the BLM office at 435/781-4400 forty-eight (48) hours prior to construction activities.



ONSHORE ORDER NO. 1
Pioneer Natural Resources USA, Inc.
Displacement FED #42C-25-12-25
1850' FNL and 2937' FEL
Lot 5 Section 25, T12S - R25E
Uintah County, Utah

CONFIDENTIAL - TIGHT HOLE

Lease No. UTU-73471

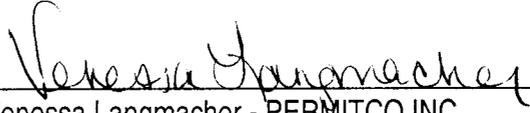
SURFACE USE PLAN

Page 12

The BLM Office shall be notified upon site completion prior to moving on the drilling rig.

This statement is subject to the provisions of 18.U.S.C. 1001 for the filing of a false statement.

July 3, 2006
Date:


Venessa Langmacher - PERMITCO INC.
Authorized Agent for:
Pioneer Natural Resources USA, Inc.



PIPELINE INFORMATION
Displacement FED #42C-25-12-25

1. The type of pipeline is a single well flow line.
2. The outside diameter (O.D.) of all will be 4 inches.
3. The anticipated production through the line is approximately 2000 MCF per day.
4. The anticipated maximum test pressure is 1000 psi.
5. The anticipated operating pressure is 100-200 psi.
6. The type of pipe is steel.
7. The method of coupling is welded.
8. The pipeline will be buried.
9. There are no other pipelines to be associated in same right of way.
10. There will be other objects to be associated in the same right of way. (Risers, Pig Launchers Pig Traps, meters and other appurtenances as required.)
11. The total length of pipeline is approximately 364 feet - see Map D.
12. The line will be buried adjacent to the access road, as shown on Map D. The pipeline will follow existing or proposed roads.
13. The construction width for total surface disturbing activities is 30 feet.
14. The estimated total acreage involving all surface disturbing activities is 0.25 acres.
15. Any surface disturbance created as a result of the pipeline construction will be reclaimed utilizing the reclamation procedures and seed mixture specified by the Bureau of Land Management.
16. The line will be tested with gas pressure to 1000 psi.

PIONEER NATURAL RESOURCES USA, INC.

DISPLACEMENT FEDERAL #42C-25-12-25

LOCATED IN UINTAH COUNTY, UTAH
SECTION 25, T12S, R25E, S.L.B.&M.



PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: NORTHEASTERLY



PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: NORTHERLY



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

LOCATION PHOTOS

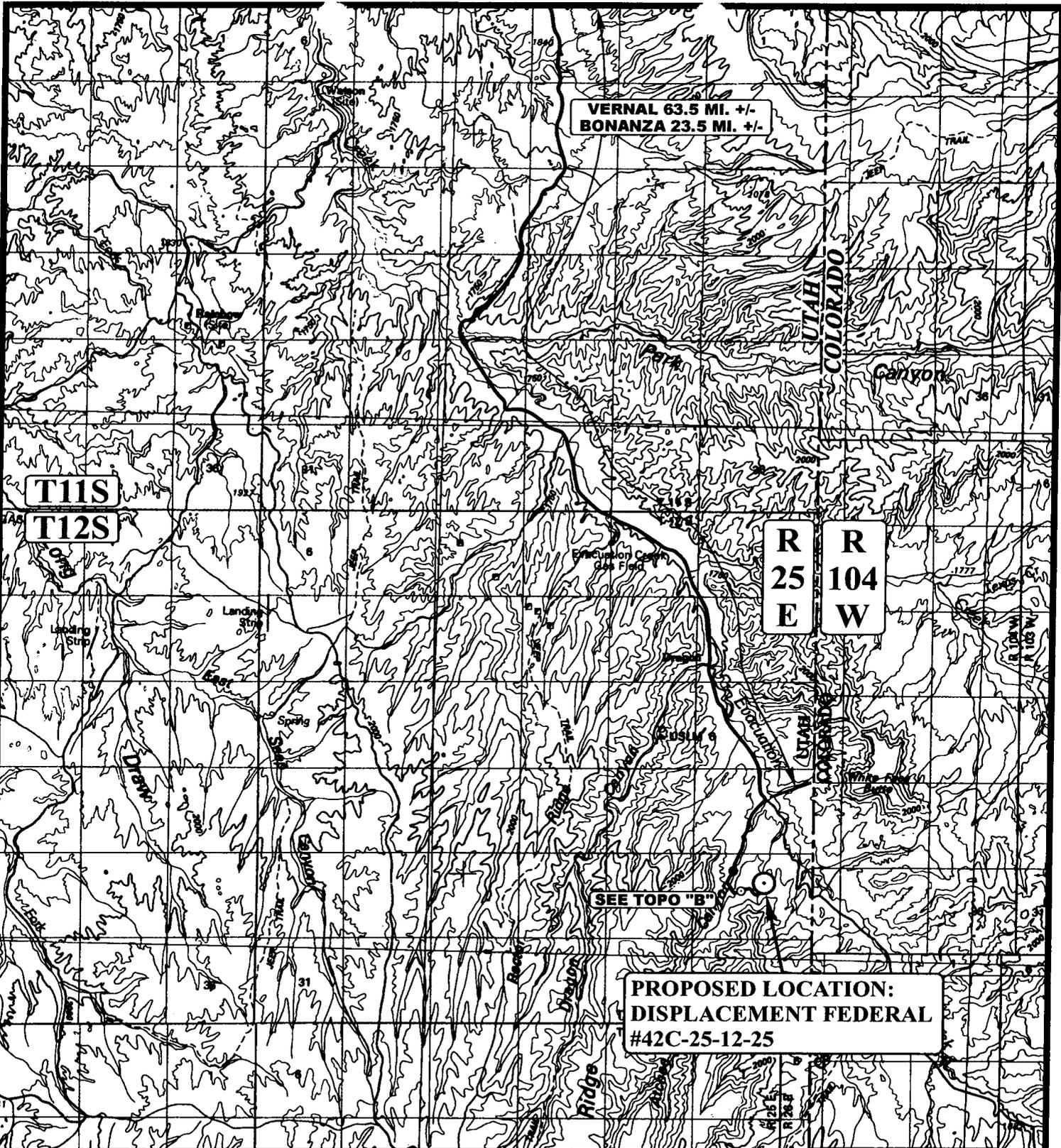
05 24 06
MONTH DAY YEAR

PHOTO

TAKEN BY: P.J.

DRAWN BY: P.M.

REVISED: 00-00-00



LEGEND:

⊙ PROPOSED LOCATION



PIONEER NATURAL RESOURCES USA, INC.

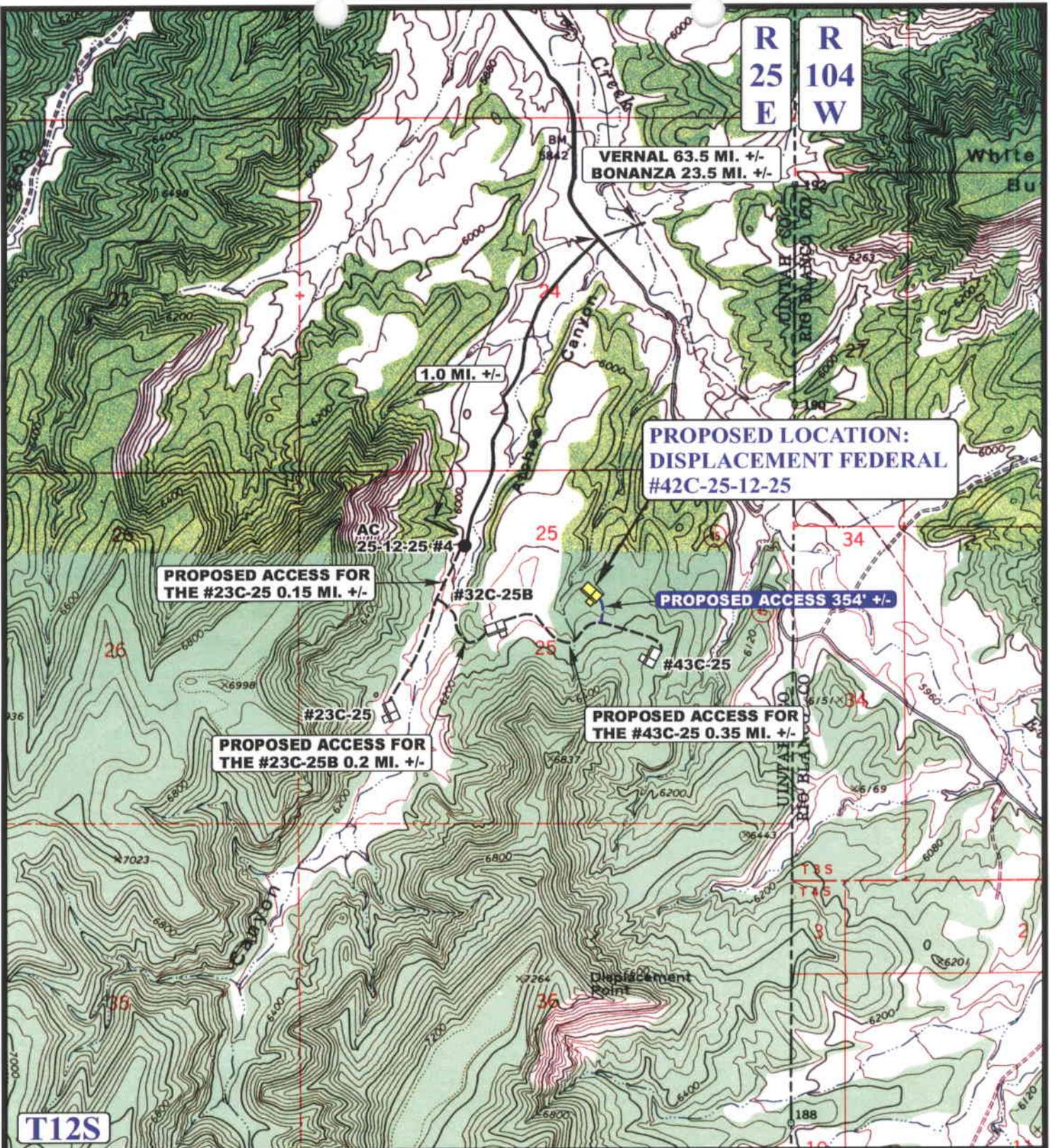
DISPLACEMENT FEDERAL #42C-25-12-25
SECTION 25, T12S, R25E, S.L.B.&M.
1850' FNL 2937' FEL



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

TOPOGRAPHIC	05	24	06
MAP	MONTH	DAY	YEAR
SCALE: 1:100,000	DRAWN BY: P.M.		REVISED: 00-00-00





LEGEND:

- EXISTING ROAD
- - - - - PROPOSED ACCESS ROAD

PIONEER NATURAL RESOURCES USA, INC.

DISPLACEMENT FEDERAL #42C-25-12-25
SECTION 25, T12S, R25E, S.L.B.&M.
1850' FNL 2937' FEL



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

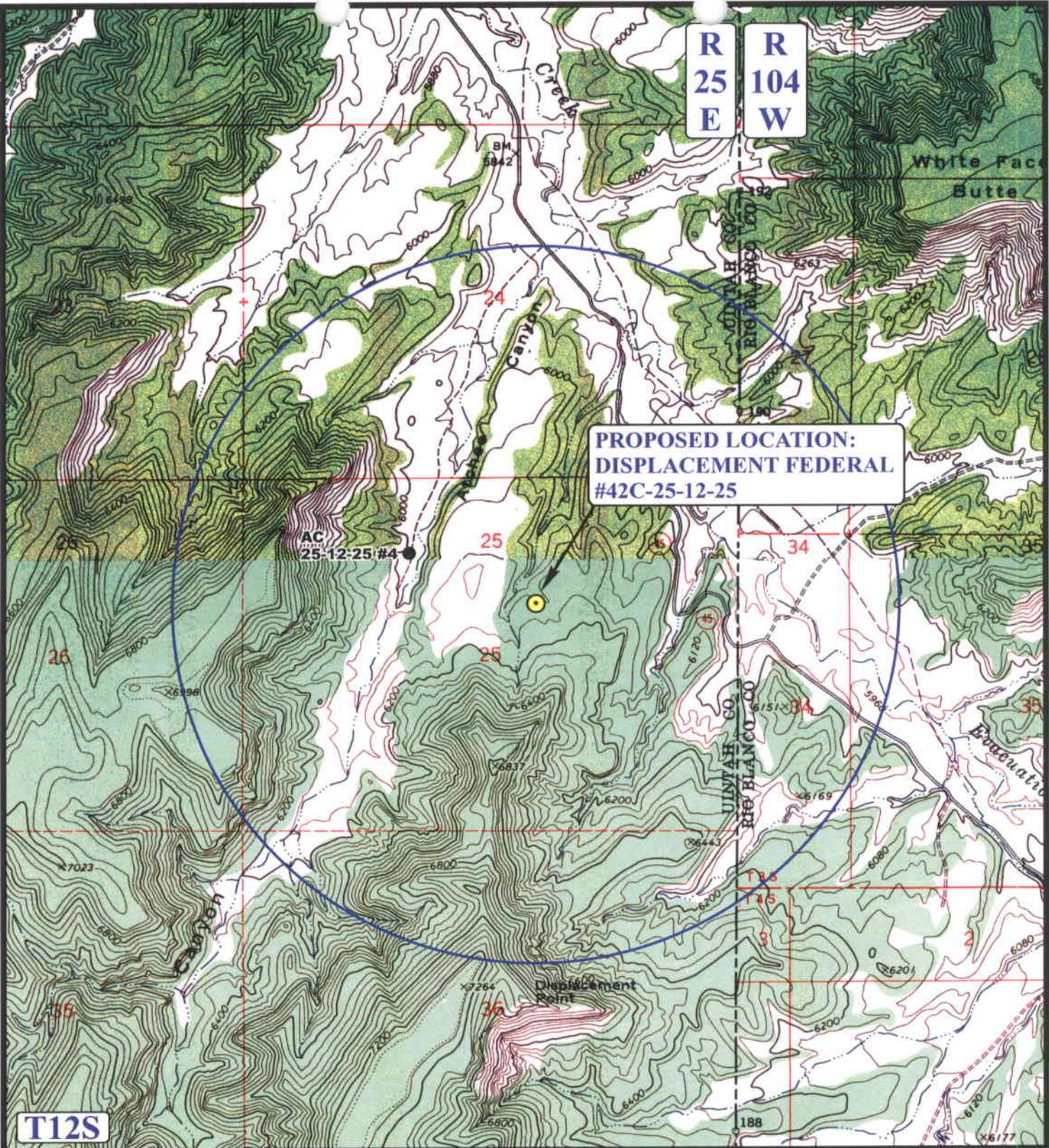


**TOPOGRAPHIC
MAP**

05	24	06
MONTH	DAY	YEAR

SCALE: 1" = 2000' DRAWN BY: P.M. REVISED: 00-00-00





LEGEND:

- ⊗ DISPOSAL WELLS
- PRODUCING WELLS
- SHUT IN WELLS
- ⊗ WATER WELLS
- ABANDONED WELLS
- TEMPORARILY ABANDONED



PIONEER NATURAL RESOURCES USA, INC.

DISPLACEMENT FEDERAL #42C-25-12-25
SECTION 25, T12S, R25E, S.L.B.&M.
1850' FNL 2937' FEL



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

TOPOGRAPHIC
MAP

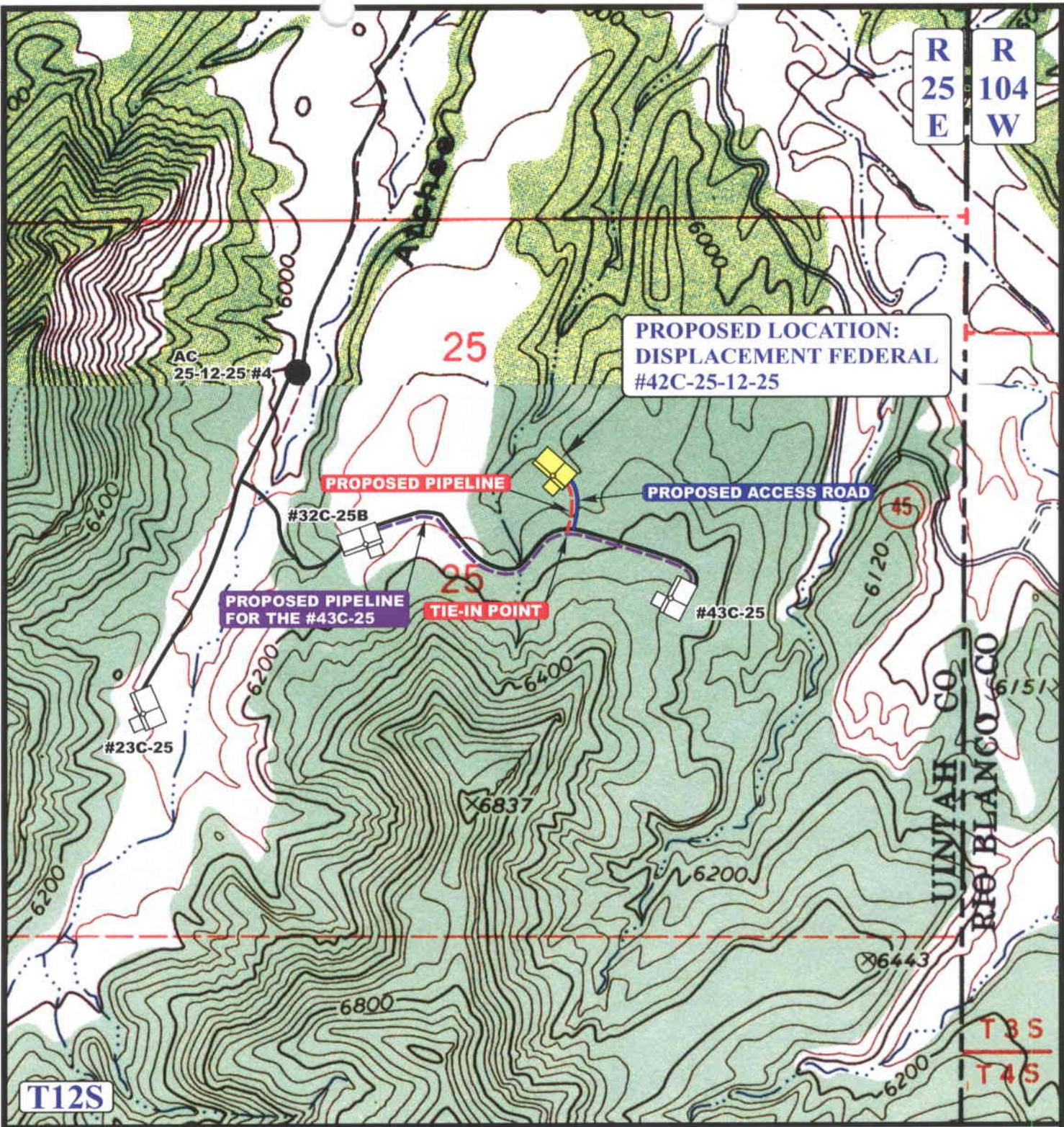
06 28 06
 MONTH DAY YEAR

SCALE: 1" = 2000'

DRAWN BY: L.K.

REVISED: 00-00-00





APPROXIMATE TOTAL PIPELINE DISTANCE = 364' +/-

LEGEND:

- PROPOSED ACCESS ROAD
- EXISTING PIPELINE
- PROPOSED PIPELINE
- PROPOSED PIPELINE (SERVICING OTHER WELLS)



PIONEER NATURAL RESOURCES USA, INC.

DISPLACEMENT FEDERAL #42C-25-12-25

SECTION 25, T12S, R25E, S.L.B.&M.

1850' FNL 2937' FEL



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

**TOPOGRAPHIC
MAP**

05	24	06
MONTH	DAY	YEAR

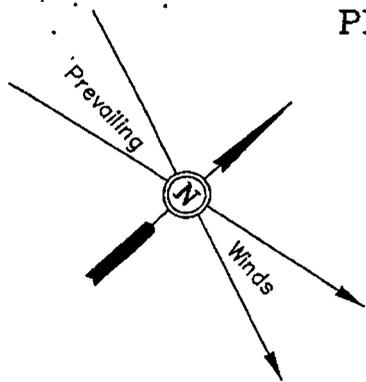
SCALE: 1" = 1000' DRAWN BY: P.M. REV: 06-28-06 L.K.



PIONEER NATURAL RESOURCES USA, INC.

FIGURE #1

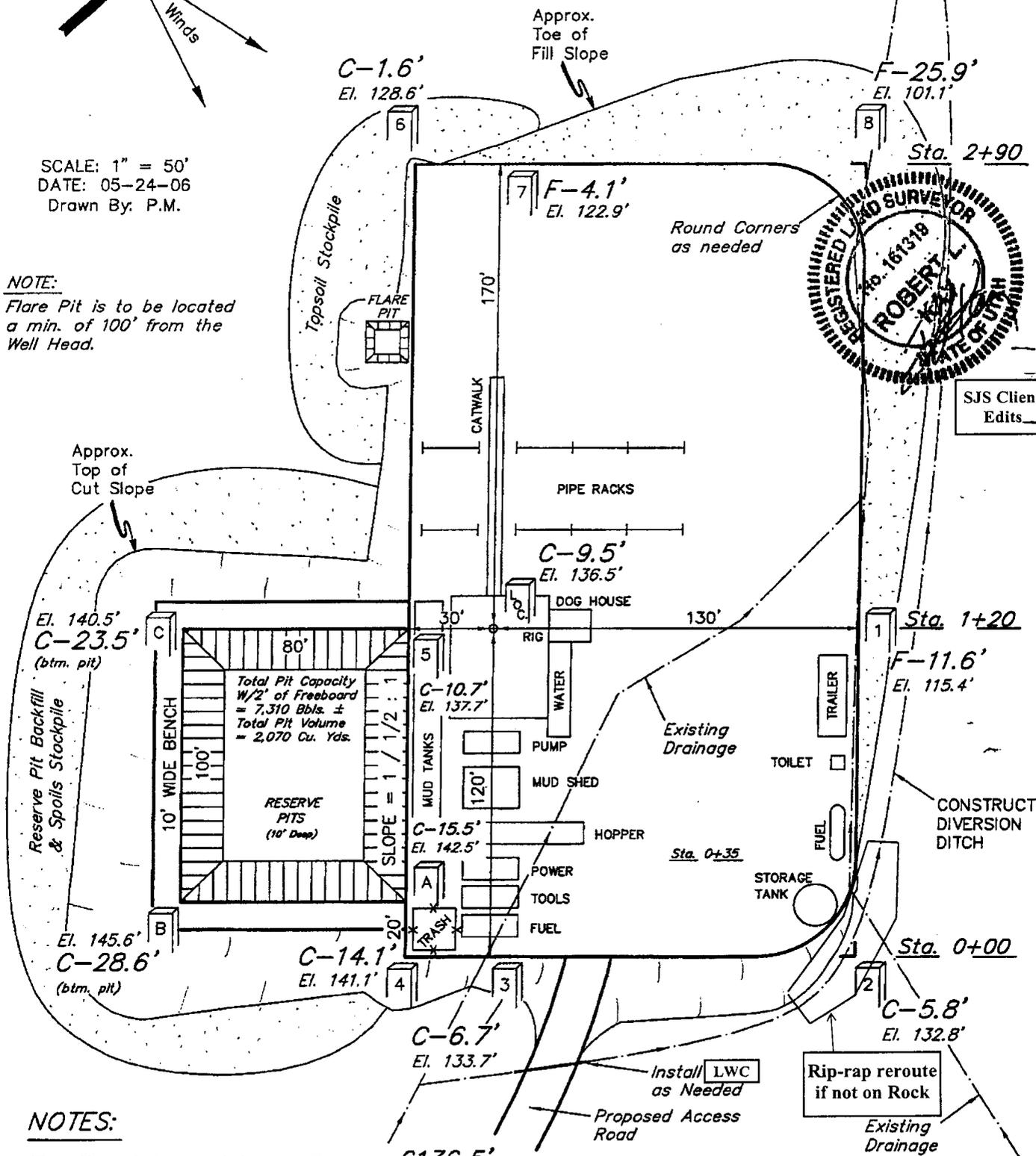
LOCATION LAYOUT FOR
DISPLACEMENT FEDERAL #42C-25-12-25
SECTION 25, T12S, R25E, S.L.B.&M.
1850' FNL 2937' FEL



SCALE: 1" = 50'
DATE: 05-24-06
Drawn By: P.M.

NOTE:

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



NOTES:

Elev. Ungraded Ground At Loc. Stake = 6136.5'

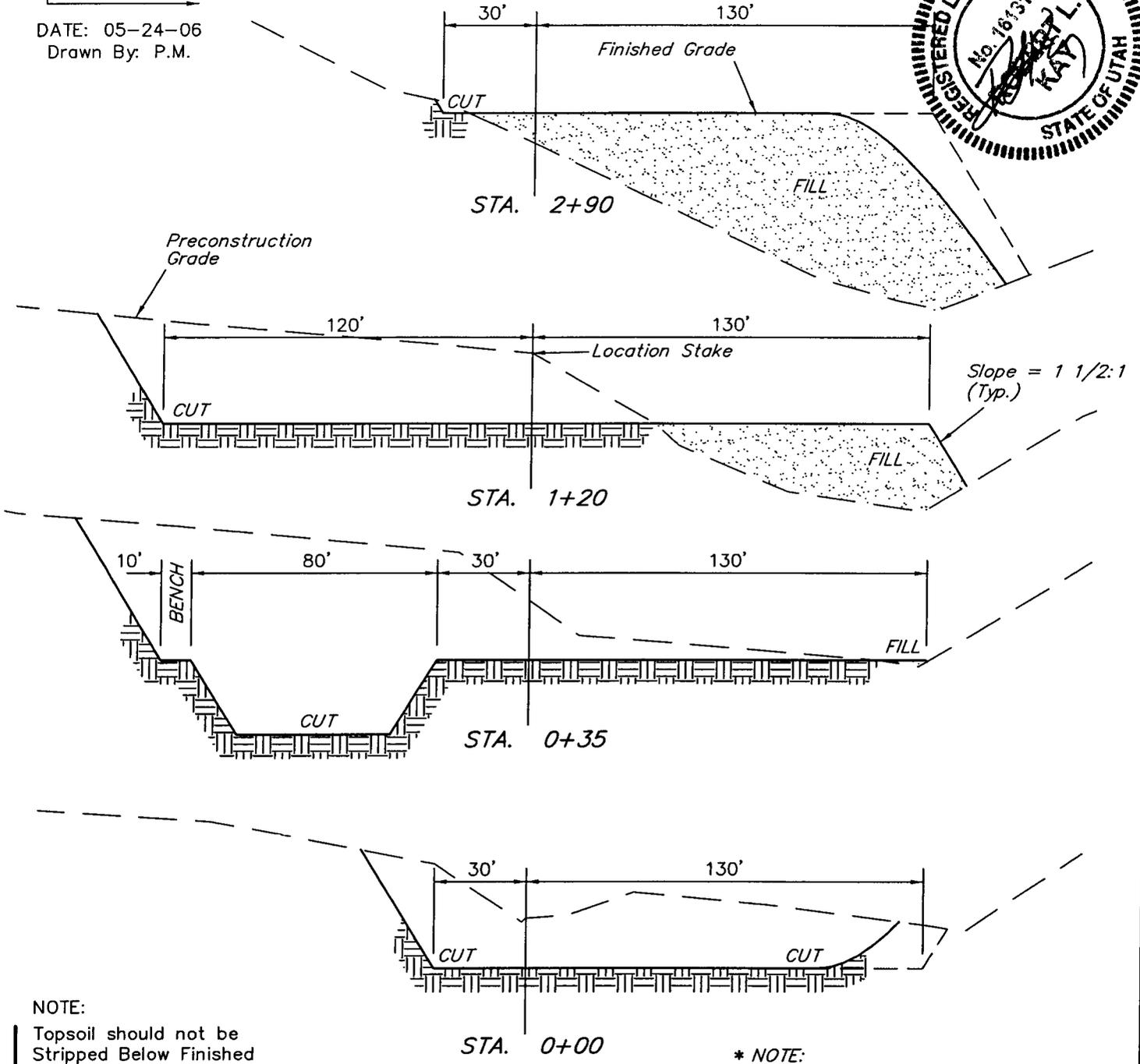
FINISHED GRADE ELEV. AT LOC. STAKE = 6127.0'

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

TYPICAL CROSS SECTIONS FOR
 DISPLACEMENT FEDERAL #42C-25-12-25
 SECTION 25, T12S, R25E, S.L.B.&M.
 1850' FNL 2937' FEL

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

DATE: 05-24-06
 Drawn By: P.M.



NOTE:
 Topsoil should not be Stripped Below Finished Grade on Substructure Area.

* NOTE:
 FILL QUANTITY INCLUDES 5% FOR COMPACTION

APPROXIMATE YARDAGES

CUT	
(6") Topsoil Stripping	= 1,540 Cu. Yds.
Remaining Location	= 14,150 Cu. Yds.
TOTAL CUT	= 15,690 CU.YDS.
FILL	= 13,110 CU.YDS.

EXCESS MATERIAL	= 2,580 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 2,580 Cu. Yds.
EXCESS UNBALANCE (After Interim Rehabilitation)	= 0 Cu. Yds.

FEDERAL STIPULATIONS AND TIMING RESTRICTIONS

Any federal stipulations will be attached as a condition of approval.



Archeology

A Class III Archeological Survey will be conducted by Grand River Institute.
A copy of this report will be submitted to the appropriate agencies directly by Grand River Institute.



**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 07/05/2006

API NO. ASSIGNED: 43-047-38354

WELL NAME: DISPLACEMENT FED 430-25-12-25
 OPERATOR: PIONEER NATL RES USA (N5155)
 CONTACT: VENESSA LANGMACHER

PHONE NUMBER: 303-857-9999

PROPOSED LOCATION:

LOT5 25 120S 250E
 SURFACE: 1850 FNL 2937 FEL
 BOTTOM: 1850 FNL 2937 FEL
 COUNTY: UINTAH
 LATITUDE: 39.74834 LONGITUDE: -109.0608
 UTM SURF EASTINGS: 666150 NORTHINGS: 4401415
 FIELD NAME: WILDCAT (1)

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

LEASE TYPE: 1 - Federal
 LEASE NUMBER: UTU-73471
 SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: FRSD
 COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

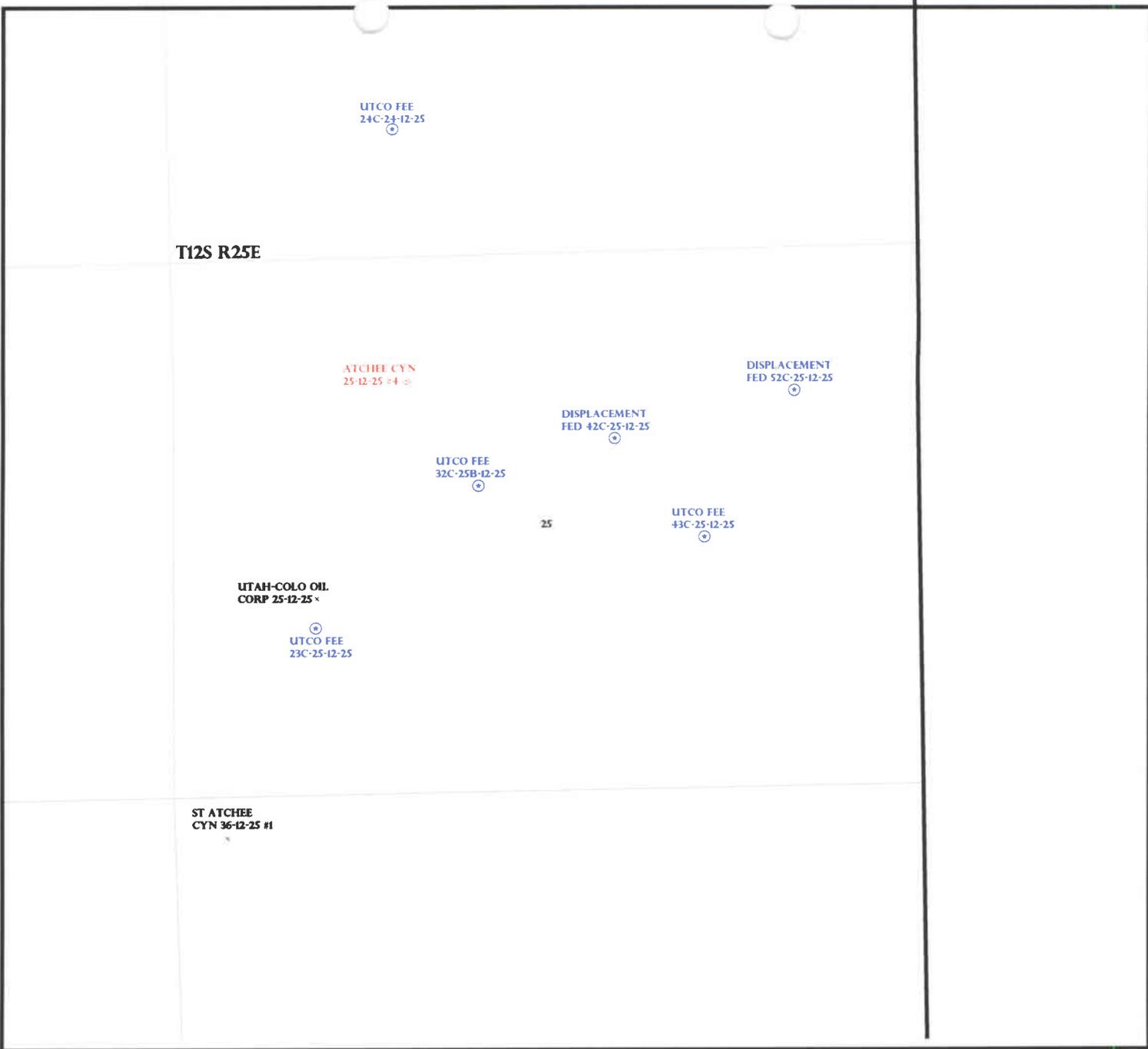
- Plat
- Bond: Fed[1] Ind[] Sta[] Fee[]
(No. MTB-000041)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. 49-1661)
- RDCC Review (Y/N)
(Date: _____)
- Fee Surf Agreement (Y/N)
- Intent to Commingle (Y/N)

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



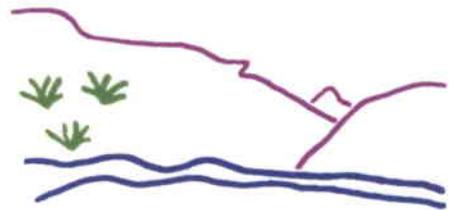
OPERATOR: PIONEER NAT RES (N5155)

SEC: 25 T. 12S R. 25E

FIELD: WILDCAT (001)

COUNTY: UINTAH

SPACING: R649-3-2/ EXCEPTION LOCATION



Utah Oil Gas and Mining

- 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



PREPARED BY: DIANA WHITNEY
DATE: 12-JULY-2006

- 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



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

July 17, 2006

Pioneer Natural Resources USA, Inc.
1401 17th St., Ste. 1200
Denver, CO 80202

Re: Displacement Federal 42C-25-12-25 Well, 1850' FNL, 2937' FEL, Lot 5,
Sec. 25, T. 12 South, R. 25 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 43-047-38354.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

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

Operator: Pioneer Natural Resources USA, Inc.
Well Name & Number Displacement Federal 42C-25-12-25
API Number: 43-047-38354
Lease: UTU-73471

Location: Lot 5 **Sec.** 25 **T.** 12 South **R.** 25 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.

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

CONFIDENTIAL

SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill new wells, deepen existing wells, or to reenter plugged and abandoned wells. Use APPLICATION FOR PERMIT -- for such proposals		6. Lease Designation and Serial Number UTU-73471
		7. Indian Allottee or Tribe Name N/A
		8. Unit or Communitization Agreement Displacement Point
1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other (specify)	9. Well Name and Number Displacement FED #42C-25-12-25	
2. Name of Operator Pioneer Natural Resources USA, Inc.		10. API Well Number 43-047-38354
3. Address of Operator 1401 - 17th Street, Suite 1200, Denver, CO 80202	4. Telephone Number 303/298-8100	11. Field and Pool, or Wildcat Wildcat
5. Location of Well Footage : 1850' FNL and 2937' FEL County : Uintah QQ, Sec, T., R., M. : Lot 5 Section 25, T12S - R25E State : Utah		
12. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA		

NOTICE OF INTENT
(Submit in Duplicate)

<input type="checkbox"/> Abandonment	<input type="checkbox"/> New Construction
<input type="checkbox"/> Casing Repair	<input type="checkbox"/> Pull or Alter Casing
<input type="checkbox"/> Change of Plans	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Conversion to Injection	<input type="checkbox"/> Shoot or Acidize
<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Vent or Flare
<input type="checkbox"/> Multiple Completion	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Other <u>Request 1 year extension of APD</u>	

Approximate Date Work Will Start _____

SUBSEQUENT REPORT
(Submit Original Form Only)

<input type="checkbox"/> Abandonment *	<input type="checkbox"/> New Construction
<input type="checkbox"/> Casing Repair	<input type="checkbox"/> Pull or Alter Casing
<input type="checkbox"/> Change of Plans	<input type="checkbox"/> Shoot or Acidize
<input type="checkbox"/> Conversion to Injection	<input type="checkbox"/> Vent or Flare
<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Other _____	

Date of Work Completion _____

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

13. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)
Pioneer Natural Resources USA, Inc. requests a 1 year extension of the subject APD.

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

Date: 06-05-07
By: [Signature]

RECEIVED
JUN 04 2007
DIV. OF OIL, GAS & MINING

COPY SENT TO OPERATOR
6.5.07
Rm

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

Name & Signature Venana Glangmacker Title Consultant for Pioneer Natural Resources USA, Inc. Date 05/30/07

(State Use Only)

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

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

API: 43-047-38354

Well Name: Displacement FED #42C-25-12-25

Location: Lot 5 Section 25, T12S - R25E

Company Permit Issued to: Pioneer Natural Resources USA, Inc.

Date Original Permit Issued: 7/17/2006

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 location on private land, has the ownership changed, if so, has the surface agreement been updated? Yes No

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

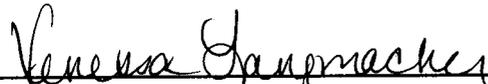
Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes No

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 would 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


Venessa Langmacher - Permitco Inc.

May 30, 2007

Date

Title: Consultant for Pioneer Natural Resources USA, Inc.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

JUL 05 2006

FORM APPROVED
OMB No. 1004-0136
Expires January 31, 2004

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-73471
b. 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 N/A
2. Name of Operator Pioneer Natural Resources USA, Inc.		7. If Unit or CA Agreement, Name and No. Displacement Point UTU-19159X
3. Name of Agent PermitCo Inc. - Agent		8. Lease Name and Well No. Displacement FED #42C-25-12-25
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 1850' FNL and 2937' FEL At proposed prod. zone Lot 5		9. API Well No. 43-047-38354
14. Distance in miles and direction from nearest town or post office* Approximately 25.2 miles Southeast of Bonanza, UT		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) 286'	16. No. of Acres in lease 307.20	11. Sec., T., R., M., or Blk, and Survey or Area Section 25, T12S - R25E
17. Spacing Unit dedicated to this well 40 Acres	18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft. None	12. County or Parish Uintah
19. Proposed Depth 2650'	20. BLM/BIA Bond No. on file Nationwide Bond No. MTB-000041	13. State UT
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6137' GL	22. Approximate date work will start* ASAP	23. Estimated duration 4 Days

24. Attachments

CONFIDENTIAL-TIGHT HOLE

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>Venessa Langmacher</i>	Name (Printed/Typed) Venessa Langmacher	Date 7/3/2006
Title Authorized Agent for Pioneer Natural Resources USA, Inc.		
Approved by (Signature) <i>Ferry Kevilla</i>	Name (Printed/Typed) Ferry Kevilla	Date 7-16-2007
Title Assistant Field Manager Lands & Mineral Resources	Office VERNAL FIELD 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.

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)

1006M
06BM1647A

RECEIVED

JUL 31 2007

DIV. OF OIL, GAS & MINING

NOTICE OF APPROVAL

CONDITIONS OF APPROVAL ATTACHED

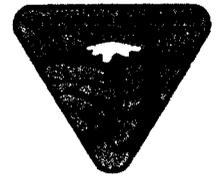


**UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
VERNAL FIELD OFFICE**

170 South 500 East

VERNAL, UT 84078

(435) 781-4400



CONDITIONS OF APPROVAL FOR APPLICATION FOR PERMIT TO DRILL

Company:	Pioneer Natural Resources USA, Inc.	Location:	Lot 5, Sec. 25, T12S, R25E
Well No:	Displacement FED #42C-25-12-25	Lease No:	UTU- 73471
API No:	43-047- 38354	Agreement:	Displacement Point Unit

Title	Name	Office Phone Number	Cell Phone Number
Petroleum Engineer:	Matt Baker	(435) 781-4490	(435) 828-4470
Petroleum Engineer:	Michael Lee	(435) 781-4432	(435) 828-7875
Petroleum Engineer:	James Ashley	(435) 781-4470	(435) 828-7874
Petroleum Engineer:	Ryan Angus	(435) 781-4430	(435) 828-7368
Supervisory Petroleum Technician:	Jamie Sparger	(435) 781-4502	(435) 828-3913
NRS/Enviro Scientist:	Paul Buhler	(435) 781-4475	(435) 828-4029
NRS/Enviro Scientist:	Karl Wright	(435) 781-4484	
NRS/Enviro Scientist:	Holly Villa	(435) 781-4404	
NRS/Enviro Scientist:	Melissa Hawk	(435) 781-4476	(435) 828-7381
NRS/Enviro Scientist:	Chuck MacDonald	(435) 781-4441	(435) 828-7481
NRS/Enviro Scientist:	Jannice Cutler	(435) 781-3400	
NRS/Enviro Scientist:	Michael Cutler	(435) 781-3401	
NRS/Enviro Scientist:	Anna Figueroa	(435) 781-3407	
NRS/Enviro Scientist:	Verlyn Pindell	(435) 781-3402	
NRS/Enviro Scientist:	Darren Williams	(435) 781-4447	
NRS/Enviro Scientist:	Nathan Packer	(435) 781-3405	

Fax: (435) 781-4410

**A COPY OF THESE CONDITIONS SHALL BE FURNISHED TO YOUR
FIELD REPRESENTATIVE TO INSURE COMPLIANCE**

All lease and/or unit operations are to be conducted in such a manner that full compliance is made with the applicable laws, regulations (43 CFR Part 3160), and this approved Application for Permit to Drill including Surface and Downhole Conditions of Approval. The operator is considered fully responsible for the actions of his subcontractors. A copy of the approved APD must be on location during construction, drilling, and completion operations. **This permit is approved for a two (2) year period, or until lease expiration, whichever occurs first. An additional extension, up to two (2) years, may be applied for by sundry notice prior to expiration.**

NOTIFICATION REQUIREMENTS

Location Construction (Notify Environmental Scientist)	- Forty-Eight (48) hours prior to construction of location and access roads.
Location Completion (Notify Environmental Scientist)	- Prior to moving on the drilling rig.
Spud Notice (Notify Petroleum Engineer)	- Twenty-Four (24) hours prior to spudding the well.
Casing String & Cementing (Notify Supv. Petroleum Tech.)	- Twenty-Four (24) hours prior to running casing and cementing all casing strings.
BOP & Related Equipment Tests (Notify Supv. Petroleum Tech.)	- Twenty-Four (24) hours prior to initiating pressure tests.
First Production Notice (Notify Petroleum Engineer)	- Within Five (5) business days after new well begins or production resumes after well has been off production for more than ninety (90) days.

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

Site Specific Conditions of Approval:

- During operations, if any vertebrate paleontological resources are discovered, all operations affecting such sites shall be immediately suspended, and all discoveries shall be left intact until authorized to proceed by the Authorized Officer. The appropriate Authorized Officer of the Vernal BLM office shall be notified within 48 hrs of the discovery, and a decision as to the preferred alternative/course of action will be rendered.
- The topsoil from the reserve pit shall be stripped and piled separately near the reserve pit. When the reserve pit is closed, it shall be recontoured and the topsoil respread, and the area shall be seeded in the same manner as the location topsoil.
- Once the location is plugged and abandoned, it shall be recontoured to natural contours, topsoil respread where appropriate, and the entire location seeded with the recommended seed mix. Seeding should take place by broadcasting the seed and walking it into the soil with a dozer immediately after the dirt work is completed.
- As discussed on the onsite the requested color is Olive Black.
- The best method to avoid entrainment is to pump from an off-channel location-one that does not connect to the river during high spring flows. An infiltration gallery constructed in a BLM and Service approved location is best.
- If the pump head is located in the river channel where larval fish are known to occur, the following measures apply:
 - a. do not situate the pump in a low-flow or no-flow area as these habitats tend to concentrate larval fishes;
 - b. limit the amount of pumping, to the greatest extent possible, during that period of the year when larval fish may be present (see above); and
 - c. limit the amount of pumping, to the greatest extent possible, during the pre-dawn hours as larval drift studies indicate that this is a period of greatest daily activity.
- Screen all pump intakes with ¼" mesh material.
- Report any fish impinged on the intake screen to the Service (801.975.3330) and the Utah Division of Wildlife Resources:

Northeastern Region
152 East 100 North, Vernal, UT 84078
Phone: (435) 781-9453

Surface COAs:

- If there is an active Gilsonite mining operation within 2 miles of the well location, operator shall notify the Gilsonite operator at least 48 hours prior to any blasting during construction.
- If paleontological materials are uncovered during construction, the operator is to immediately stop work and contact the Authorized Officer (AO). A determination will be made by the AO as to what mitigation may be necessary for the discovered paleontologic material before construction can continue.

DOWNHOLE COAs:

SITE SPECIFIC DOWNHOLE COAs:

- Section III Requirements Part E of Onshore Order #2 shall be strictly adhered to.

All provisions outlined in Onshore Oil & Gas Order #2 Drilling Operations shall be strictly adhered to. The following items are emphasized:

DRILLING/COMPLETION/PRODUCING OPERATING STANDARDS

- The spud date and time shall be reported orally to Vernal Field Office within 24 hours of spudding.
- Notify Vernal Field Office Supervisory Petroleum Engineering Technician at least 24 hours in advance of casing cementing operations and BOPE & casing pressure tests.
- Blowout prevention equipment (BOPE) shall remain in use until the well is completed or abandoned. Closing unit controls shall remain unobstructed and readily accessible at all times. Choke manifolds shall be located outside of the rig substructure.
- All BOPE components shall be inspected daily and those inspections shall be recorded in the daily drilling report. Components shall be operated and tested as required by Onshore Oil & Gas Order No. 2 to insure good mechanical working order. All BOPE pressure tests shall be performed by a test pump with a chart recorder and **NOT** by the rig pumps. Test shall be reported in the driller's log.
- BOP drills shall be initially conducted by each drilling crew within 24 hours of drilling out from under the surface casing and weekly thereafter as specified in Onshore Oil & Gas Order No. 2.
- Casing pressure tests are required before drilling out from under all casing strings set and cemented in place.
- No aggressive/fresh hard-banded drill pipe shall be used within casing.
- **Cement baskets shall not be run on surface casing.**
- The operator must report all shows of water or water-bearing sands to the BLM. If flowing water is encountered it must be sampled, analyzed, and a copy of the analyses submitted to the BLM Vernal Field Office.
- The operator must report encounters of all non oil & gas mineral resources (such as Gilsonite, tar sands, oil shale, trona, etc.) to the Vernal Field Office, in writing, within 5 working days of each encounter. Each report shall include the well name/number, well location, date and depth (from KB or GL) of encounter, vertical footage of the encounter and, the name of the person making the report (along with a telephone number) should the BLM need to obtain additional information.
- A complete set of angular deviation and directional surveys of a directional well will be submitted to the Vernal BLM office engineer within 30 days of the completion of the well.

- Chronologic drilling progress reports shall be filed directly with the BLM, Vernal Field Office on a weekly basis in sundry, letter format or e-mail to the Petroleum Engineers until the well is completed.
- 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. Submit a field copy of the CBL to this office.
- **Please submit an electronic copy of all other logs run on this well in LAS format to UT_VN_Welllogs@BLM.gov. This submission will supersede the requirement for submittal of paper logs to the BLM.**
- There shall be no deviation from the proposed drilling, completion, and/or workover program as approved. Safe drilling and operating practices must be observed. Any changes in operation must have prior approval from the BLM Vernal Field Office.

OPERATING REQUIREMENT REMINDERS:

- 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, lease serial number, well number, and surveyed description of the well.
- In accordance with 43 CFR 3162.4-3, this well shall be reported on the "Monthly Report of Operations" (Oil and Gas Operations Report ((OGOR)) starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report shall be filed in duplicate, directly with the Minerals Management Service, P.O. Box 17110, Denver, Colorado 80217-0110, or call 1-800-525-7922 (303) 231-3650 for reporting information.
- Should the well be successfully completed for production, the BLM Vernal Field office must be notified when it is placed in a producing status. Such notification will be by written communication and must be received in this office by not later than the fifth business day following the date on which the well is placed on production. The notification shall provide, as a minimum, the following informational items:
 - Operator name, address, and telephone number.
 - Well name and number.
 - Well location (¼¼, Sec., Twn, Rng, and P.M.).
 - Date well was placed in a producing status (date of first production for which royalty will be paid).
 - The nature of the well's production, (i.e., crude oil, or crude oil and casing head gas, or natural gas and entrained liquid hydrocarbons).
 - The 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.
 - Unit agreement and/or participating area name and number, if applicable.
 - Communitization agreement number, if applicable.
- Any venting or flaring of gas shall be done in accordance with Notice to Lessees (NTL) 4A and needs prior approval from the BLM Vernal Field Office.
- All undesirable events (fires, accidents, blowouts, spills, discharges) as specified in NTL 3A will be reported to the BLM, Vernal Field Office. Major events, as defined in NTL3A, shall be reported verbally within 24 hours, followed by a written report within 15 days. "Other than Major Events" will be reported in writing within 15 days. "Minor Events" will be reported on the Monthly Report of Operations and Production.
- Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (BLM Form 3160-4) shall be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3162.4-1. Two copies of all logs run, core descriptions, and all other surveys or

data obtained and compiled during the drilling, workover, and/or completion operations, shall be filed on BLM Form 3160-4. Submit with the well completion report a geologic report including, at a minimum, formation tops, and a summary and conclusions. Also include deviation surveys, sample descriptions, strip logs, core data, drill stem test data, and results of production tests if performed. Samples (cuttings, fluid, and/or gas) shall be submitted only when requested by the BLM, Vernal Field Office.

- All off-lease storage, off-lease measurement, or commingling on-lease or off-lease, shall have prior written approval from the BLM Vernal Field Office.
- Oil and gas meters shall be calibrated in place prior to any deliveries. The BLM Vernal Field Office Petroleum Engineers will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports shall be submitted to the BLM Vernal Field Office. All measurement facilities will conform to the API standards for liquid hydrocarbons and the AGA standards for natural gas measurement. All measurement points shall be identified as the point of sale or allocation for royalty purposes.
- A schematic facilities diagram as required by Onshore Oil & Gas Order No. 3 shall be submitted to the BLM Vernal Field Office within 30 days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with Onshore Oil & Gas Order No. 3.
- Any additional construction, reconstruction, or alterations of facilities, including roads, gathering lines, batteries, etc., which will result in the disturbance of new ground, shall require the filing of a suitable plan and need prior approval of the BLM Vernal Field Office. Emergency approval may be obtained orally, but such approval does not waive the written report requirement.
- No location shall be constructed or moved, no well shall be plugged, and no drilling or workover equipment shall be removed from a well to be placed in a suspended status without prior approval of the BLM Vernal Field Office. If operations are to be suspended for more than 30 days, prior approval of the BLM Vernal Field Office shall be obtained and notification given before resumption of operations.
- Pursuant to Onshore Oil & Gas Order No. 7, this is authorization for pit disposal of water produced from this well for a period of 90 days from the date of initial production. A permanent disposal method must be approved by this office and in operation prior to the end of this 90-day period. In order to meet this deadline, an application for the proposed permanent disposal method shall be submitted along with any necessary water analyses, as soon as possible, but no later than 45 days after the date of first production. Any method of disposal which has not been approved prior to the end of the authorized 90-day period will be considered as an Incident of Noncompliance and will be grounds for issuing a shut-in order until an acceptable manner for disposing of said water is provided and approved by this office.
- Unless the plugging is to take place immediately upon receipt of oral approval, the Field Office Petroleum Engineers must be notified at least 24 hours in advance of the plugging of the well, in order that a representative may witness plugging operations. If a well is suspended or abandoned, all pits must be fenced immediately until they are backfilled. The "Subsequent Report of Abandonment" (Form BLM 3160-5) must be submitted within 30 days after the actual plugging of the well bore, showing location of plugs, amount of cement in each, and amount of casing left in hole, and the current status of the surface restoration.



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

Pioneer Natural Resources, USA Inc.
1401 17th Street Suite 1200
Denver, CO 80621

Re: APD Rescinded – Displacement Federal 42C-25-12-25
Sec. 25, T.25S, R. 25E Uintah County, Utah API No. 43-047-38354

Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on July 17, 2006. On June 5, 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





United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Green River District-Vernal Field Office
170 South 500 East
Vernal, UT 84078

(435) 781-4400 Fax: (435) 781-4410

<http://www.blm.gov/ut/st/en/fo/vernal.html>



IN REPLY REFER TO:

3160

UTG011

February 8, 2010

Joy Ziegler
Pioneer Natural Resources USA, Inc.
1401 17th Street, Suite 1200
Denver, CO 80202

43-047-38354

Re: Notice of Expiration
Well No. Displacement Fed 42C-25-12-25
Lot 5, Sec. 25, T12S, R25E
Uintah County, Utah
Lease No. UTU-73471
Displacement Point Unit

Dear Ms. Ziegler:

The Application for Permit to Drill (APD) for the above-referenced well was approved on July 16, 2007. No extension of the original APD was requested. According to our records, no known activity has transpired at the approved location. In view of the foregoing, this office is notifying you that the approval of the referenced application has expired. If you intend to drill at this location in the future, a new Application for Permit to Drill must be submitted.

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

If you have any questions regarding this matter, please contact me at (435) 781-4455.

Sincerely,

Cindy Severson

Cindy Severson
Land Law Examiner

cc: UDOGM

RECEIVED

FEB 11 2010

DIV. OF OIL, GAS & MINING