

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

FORM 3

AMENDED REPORT
(highlight changes)

| | | | | |
|--|---|--|---|---|
| APPLICATION FOR PERMIT TO DRILL | | | 5. MINERAL LEASE NO: UTU-81748 | 6. SURFACE: Federal |
| 1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/> | | | 7. IF INDIAN, ALLOTTEE OR TRIBE NAME: | |
| B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/> | | | 8. UNIT or CA AGREEMENT NAME: | |
| 2. NAME OF OPERATOR: Enduring Resources, LLC | | | 9. WELL NAME and NUMBER: Bonanza 9-24-21-3 | |
| 3. ADDRESS OF OPERATOR: 475 17th St., Ste 1500 CITY Denver STATE CO ZIP 80202 | | | PHONE NUMBER: (303) 350-5719 | 10. FIELD AND POOL, OR WILDCAT: Undesignated |
| 4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 797' FNL - 2,550' FWL 653511X 40.069623 AT PROPOSED PRODUCING ZONE: Same 4436827Y -109.199864 | | | 11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NENW 3 9S 24E | |
| 14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 2.75 miles North of Bonanza, UT | | | 12. COUNTY: Uintah | 13. STATE: UTAH |
| 15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 797' | 16. NUMBER OF ACRES IN LEASE: 640 | 17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40 acres | | |
| 18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 1000' + | 19. PROPOSED DEPTH: 7,855 | 20. BOND DESCRIPTION: RLB0008031 | | |
| 21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 5226' GR | 22. APPROXIMATE DATE WORK WILL START: 12/15/2008 | 23. ESTIMATED DURATION: 30 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 | | | |
|--------------|---|---------------|---|-----------|------|------|
| 20" | 14" line pipe | 40 | 3 yards | Ready Mix | | |
| 12-1/2" | 9-5/8" J-55 36# | 2,016 | Premium Lead | 250 sxs | 3.80 | 11.1 |
| | | | Premium Tail | 272 sxs | 1.15 | 15.8 |
| 7-7/8" | 4-1/2" N-80 15.1# | 7,855 | Class G | 149 sxs | 3.3 | 11.0 |
| | | | 50/50 Poz Class G | 810 sxs | 1.56 | 14.3 |

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 |

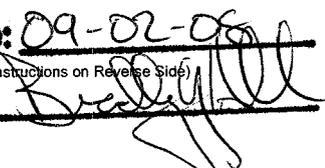
NAME (PLEASE PRINT) Alvin R. (Al) Arlian TITLE Landman - Regulatory Specialist

SIGNATURE  DATE 8/21/2008

(This space for State use only)

API NUMBER ASSIGNED: 43-047-40340

Approved by the Utah Division of Oil, Gas and Mining

APPROVAL: 

Date: 09-02-08
(See Instructions on Reverse Side)

By: 

RECEIVED
AUG 25 2008
DIV. OF OIL, GAS & MINING

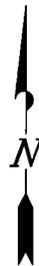
Federal Approval of this Action is Necessary

(11/2001)

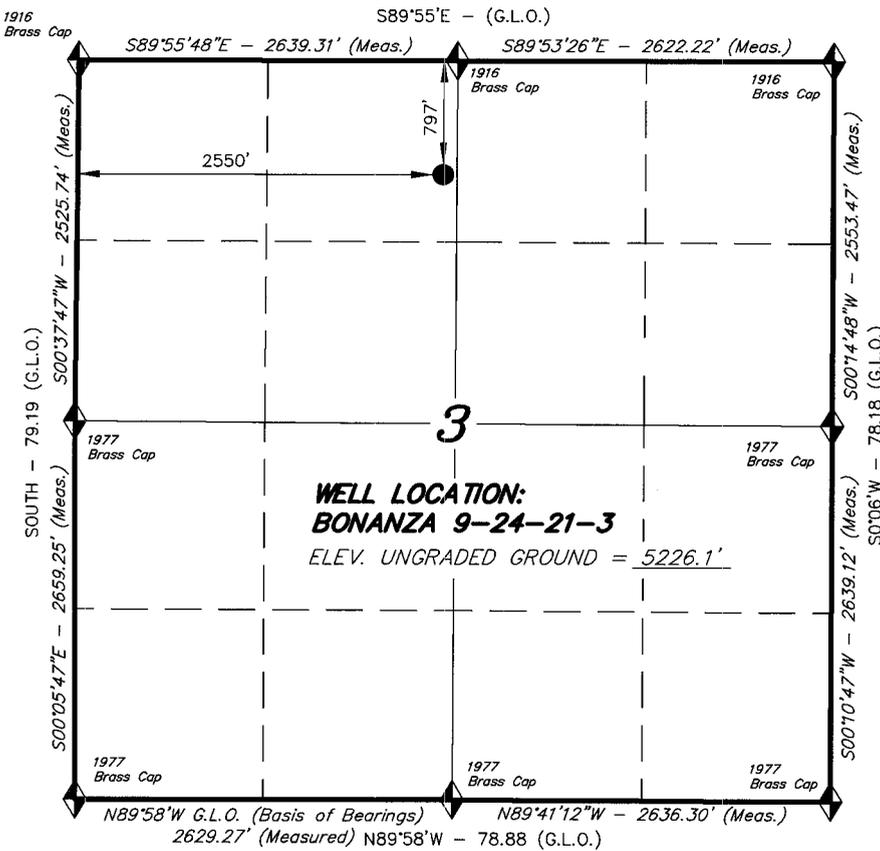
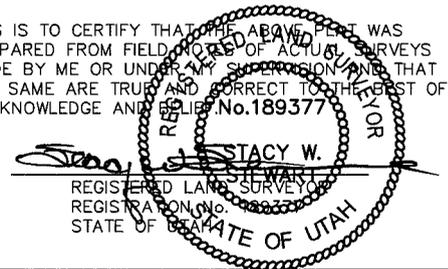
T9S, R24E, S.L.B.&M.

ENDURING RESOURCES

WELL LOCATION, BONANZA 9-24-21-3,
 LOCATED AS SHOWN IN THE NE 1/4 NW
 1/4 OF SECTION 3, T9S, R24E, S.L.B.&M.
 UINTAH COUNTY, UTAH.



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



◆ = SECTION CORNERS LOCATED

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

BONANZA 9-24-21-3
 (Surface Location) NAD 83
 LATITUDE = 40° 04' 10.88"
 LONGITUDE = 109° 12' 01.94"

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

| | | |
|------------------------|-------------------|---|
| DATE DRAWN: 3-22-05 | SURVEYED BY: C.M. | SHEET 1 OF 8 |
| REVISED: | DRAWN BY: F.T.M. | |
| NOTES: | SCALE: 1" = 1000' | |

ENDURING RESOURCES, LLC

425 Seventeenth Street, Suite 1500

Denver, Colorado 80202

Telephone: 303-573-1222

Facsimile: 303-573-0461

August 21, 2008

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

**RE: Exception Well Location
Bonanza 9-24-21-3
NENW 3-T9S-R24E
797' FNL - 2550' FEL
Lease Serial No.: UTU-81748
Uintah County, Utah**

Ladies and Gentlemen:

This well is planned to be drilled east of a standard 200' drilling window well location in the center of the NENW to:

1. Provide a safe distance from Utah State Hwy 45, and
2. To move the well pad out of a drainage bottom.

ERLLC is the only leasehold interest owner in Section 3 and within 460 feet of any part of the above-referenced proposed well's well bore, therefore,

A. *ERLLC grants itself permission for an exception well location.*

Should you have any questions concerning this matter, please do not hesitate to call (303) -350-5114.

Very truly yours,

ENDURING RESOURCES, LLC



Alvin R. (Al) Arlian
Landman – Regulatory Specialist

ara/

cc: BLM

RECEIVED

AUG 25 2008

DIV. OF OIL, GAS & MINING

SELF-CERTIFICATION STATEMENT

The following self-certification statement is provided per federal requirements dated June 15, 1988.

Please be advised that Enduring Resources, LLC is considered to be the operator of the following well.

Bonanza 9-24-21-3 Well
Lease No. UTU-81748

797' FNL-- 2,550' FWL NENW Sec 3-9S-24E

Enduring Resources, LLC is responsible under the terms and conditions of the lease for the operations conducted upon leased lands. Bond coverage is provided by UTB000173.



Alvin R. Arlian
Regulatory Specialist
Enduring Resources, LLC
475 17th Street, Suite 1500
Denver, CO 80202
(303) 350-5114

August 21, 2008

**Enduring Resources, LLC
Bonanza 9-24-21-3
NENW 3-9S-24E
Uintah County, Utah**

Federal Lease: UTU-81748

MULTI-POINT SURFACE USE & OPERATIONS PLAN

1. Existing Roads:

Beginning at the city of Bonanza, Utah go northwest on State Highway 45 for a distance of approximately 2.6 miles where there is a turn-off to the left near an existing pipeline. Do not turn left. Continue along Highway 45 for a distance of approximately 0.4 miles where there is a turn-off to the right. Do not turn right. Continue along said highway for an a distance of approximately 0.2 mile. where there is a turn-off to a proposed two-track. Turn right and proceed northeasterly along said two-track for a distance of approximately 40'. Turn left along the proposed access north and then east for a distance of approximately 435' (0.1 mile) to the proposed Bonanza 9-24-21-3 well pad.

Planned Access Road:

The proposed access road will be approximately 475 feet:

| SURFACE OWNER | DESCRIPTION-CONSTRUCTION | ON-LEASE | OTHER | TOTAL |
|---------------|--------------------------|----------|-------|-------|
| BLM | TWO-TRACT UP GRADE | 40' | | 40' |
| BLM | NEW CONSTRUCTION | 435' | | 435' |
| TOTALS: | | 475' | -0- | 475' |

No BLM OFF-LEASE road right-of-way is needed.

The proposed access road will be utilized to transport personnel, equipment and supplies to and from the proposed well site during drilling, completion and production operations. The road will be utilized year round.

The access road will be crowned 2% to 3%, ditched and constructed with a running surface of 18 feet and a maximum disturbed width of 30 feet right-of-way. Maximum grade of road is 5% or less. Graveling or capping the roadbed will be performed as necessary to provide a well constructed, safe road. No fence crossings, culverts, turnouts, cattle guards or major cuts and fills are required. Prior to construction or upgrading, the proposed road shall be cleared of any snow and allowed to dry completely.

Surface disturbance and vehicular traffic will be limited to the proposed location and proposed access route. Any additional area needed will be approved in advance. All construction shall be in conformance with the standards outlined in the BLM and Forest Service publication: Surface Operating Standards for Oil and Gas Exploration and Development, 1989.

The road surface and shoulders will be kept in a safe usable condition and will be maintained in accordance with the original construction standards. All drainage ditches will be kept clear and free flowing and will be maintained according to original construction standards. The access road surface will be kept free of trash during operations. All traffic will be confined to the approved disturbed surface. Road drainage 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 road bed. 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. When snow is removed from the road during the winter months, the snow shall be pushed outside of the borrow ditches and the turnouts kept clear so that snowmelt will be channeled away from the road.

3. **Location of Existing Wells within a One-Mile radius (See “Topo” Map “C” attached):**

The following wells are wells located within a one (1) mile radius of the proposed location.

- a. (1): Water Wells:
 - 1. TXP Wilson, SWNE Sec 10, P&A
- b. None: Injection Wells:
- c. None: Producing Wells:
- d. None: Drilling Wells:
- e. None: Shut-in Wells:
- f. None: Temporarily Abandoned Wells:
- g. None: Disposal Wells:
- h. None: Abandoned Wells:
- i. None: Dry Holes:
- j. None: Observation Wells:
- k. (7): Pending (staked) Wells:
There are seven other proposed wells in this section.

4. **Location of Existing and/or Proposed Facilities:**

All production facilities will be located on the disturbed portion of the well pad and at a minimum of 25 feet from the toe of the back slope or the top of the fill slope.

A dike will be constructed completely around those production facilities which contain fluids (i.e. production tanks, produced water tanks and/or heater treater). These dikes will be constructed of compacted subsoil, be impervious, hold 100% of the capacity of the largest tank and be independent of the back cut.

All permanent (on site for six months or longer) above the ground structures constructed or installed, including pumping units, will be painted a flat, non-reflective, earth tone color to match one of the standard environmental colors, as determined by the rocky Mountain Five State Inter-Agency Committee

All facilities will be painted within 6 months of installation. The color shall be Dark Olive Black. Facilities required to comply with the Occupational Safety and Health Act (OSHA) will be excluded.

Any necessary pits will be properly fenced to protect livestock and prevent wildlife entry.

Starting at the wellsite and going south to the tie-in point, a 6", or less, steel, unpainted, surface, Gas Pipeline shall be constructed as follows:

Gas Gathering Pipeline:

| SURFACE OWNER | DESCRIPTION | ON-LEASE | OFF-LEASE | OTHER | TOTAL |
|--------------------|-------------|----------|-----------|--------|---------|
| BLM | ON-LEASE | 380' | | | 380' |
| BLM | ON-LEASE | 650' | | | 650' |
| American Gilsonite | FEE | | | 30' | 30' |
| BLM | ON-LEASE | 2,410' | | | 2,410' |
| American Gilsonite | FEE | | | 620' | 620' |
| BLM | ON-LEASE | 940' | | | 940' |
| BLM | OFF-LEASE | | 16,980' | | 16,980' |
| American Gilsonite | FEE | | | 390' | 390' |
| American Gilsonite | FEE | | | 420' | 420' |
| American Gilsonite | FEE | | | 670' | 670' |
| American Gilsonite | FEE | | | 350' | 350' |
| American Gilsonite | FEE | | | 1,340' | 1,340' |
| State of Utah | SITLA | | | 1,140' | 1,140' |
| TOTALS: | | 4,380' | 16,980' | 4,960' | 26,320' |

- Concurrently herewith a 6" or less, steel, unpainted, surface, pipeline right-of-way for the BLM Surface off-lease portion of the pipeline is requested.
- A pipeline, road, and access agreement is pending with American Gilsonite.
- An application for a pipeline r-o-w has been filed with SITLA.
- Pipeline boring/cut permit will be acquired from the county and State of Utah.

If the well is capable of economic production, a surface gas gathering line and related equipment shall be installed for year around usage. Approximately 26,320 feet of 6" or less, steel, unpainted, surface, gas gathering pipeline shall be constructed to minimize surface disturbance.

The proposed pipeline will begin at the well site, be laid by the east and south sides of the access road and Hwy 45.

All State and County roads will be bored/cut upon State and County approvals to do so.

The meter run will be housed. The gas gathering line will be buried or anchored down from the wellhead to the meter.

Upon plugging and abandonment, the gas gathering line will be removed and the disturbed area will be re-contoured and restored as near as practical to the original condition. If necessary, re-seeding operations will be performed after completion of other reclamation operations.

5. Location and Type of Water Supply:

Water will be purchased from American Gilsonite from the following source. Water Right No. 49-222, Application/Claim No. A29909/a4958, Certificate No. 9915 ("AGC Water Right"). The AGC Water Right consists of nineteen underground water wells located in Sec.2, T10S, R24E, SLBM, piped to and stored in a cistern located in Section 25, T9S, R24E.

Water will be hauled to the location over the roads marked on "Topo" Maps "A" and "B."

No water well is to be drilled on this lease.

6. Source of Construction Materials:

Surface and subsoil materials in the immediate area will be utilized for location and access road construction.

Any gravel will be obtained from a commercial source; however, gravel sized rock debris associated with location and access road construction may be used as access road surfacing material.

7. Methods of Handling Waste Materials:

Drill cuttings will be contained and buried in the reserve pit.

Drilling fluids, including salts and chemicals, contained in the reserve pit will be removed and disposed of at an approved waste disposal facility within 120 days after drilling is terminated.

The reserve pit will be constructed on the location and will not be located within natural drainage, where a flood hazard exists or surface runoff will destroy or damage the pit walls. The reserve pit will be constructed so that it will not leak, break or allow discharge of liquids.

The reserve pit will be lined with ¼ felt and a minimum of 16 mm plastic with sufficient bedding used 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 or scrap that could puncture the liner will be disposed of in the pit.

A chemical portable toilet will be furnished with the drilling rig. The toilet will be replaced periodically utilizing a licensed contractor to transport by truck the portable chemical toilet so that its contents can be delivered to the Vernal Wastewater Treatment Facility in accordance with state and county regulations.

Garbage, trash and other waste materials will be collected in a portable, self-contained, fully enclosed trash cage during operations. No trash will be burned on location.

All debris and other waste material not contained in the trash cage will be cleaned up and removed from the location immediately after removal of the drilling rig.

Any open pits will be fenced during the operations. The fencing will be maintained until such time as the pits are backfilled.

No chemicals subject to reporting under SARA Title III (hazardous materials) in an amount greater than 10,000 pounds will be used, produced, stored, transported or disposed of in association with the drilling, completion or testing 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, completion or testing of this well.

Any produced water from the proposed well will be contained in a water tank and will then be hauled by truck to one of the following Enduring water disposal wells.

- A. Buck Camp 11-22-14-36 WDW, T11S-R22E, Sec 36: SWSW, or if not available,
- B. Southman Canyon 9-23-22-36 WDW , T9S-R23E, Sec 36: SENW.

8. Ancillary Facilities:

During drilling operations, approximately 30 days, the site will be a manned camp. Three or four additional trailers will be on location to serve as the crews' housing and eating facilities. These will be located on the perimeter of the pad site within the topsoil stockpiles. Refer to Sheet 4.

9. Well Site Layout: (Refer to Sheets #2, #3, and #4)

The attached Location Layout Diagrams described drill pad cross-sections, cuts and fills and locations of the mud tanks, reserve pit, flare pit, pipe racks, trailer parking, spoil dirt stockpile(s) and surface material stockpiles(s).

Please see the attached diagram for rig orientation and access roads.

The top soil will be windrowed rather than piled. It will be reseeded and track walker at the time the location is constructed. Seeding will be with the determined during the onsite. (Refer to "Seed Mixture for Windrowed Top Soil Will included:" following herein.

The top soil removed from the pit area will be store separately and will not be reseeded until the pit is reclaimed.

All pits shall be fence to the following minimum standards:

- a. 39 inch net wire shall be used with at least one strand of 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.
- b. The net wire shall be no more than 2 inches above the ground. The barbed wire shall be 3 inches over the new wire. Total height of the fence shall be at least 42 inches.
- c. Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.
- d. Standard steel, wood or pipe posts shall be used between the corner braces. Maximum distance between any two fence posts shall be no greater than 16 feet.
- e. All wire shall be stretched by, using a stretching device, before it is attached to corner posts.
- f. The reserve pit fencing will be on three sides during drilling operations and on the fourth side when the rig moves off location. Pits will be fenced and maintained until cleanup.
- g. Location size may change prior to drilling the well due to the current rig availability. If the proposed location is not large enough to accommodate the drilling, the location will be re-surveyed and a Form 9 will be submitted.

10. Plans for Surface Reclamation:

Producing Location:

- a. Immediately upon well completion, the location and surrounding area will be cleared of all unused tubing, equipment, materials, trash and debris not required for production.
- b. Immediately upon well completion, any hydrocarbons in the pit shall be removed in accordance with 40CFR 3162.7.
- c. Before any dirt work associated with location restoration takes place, the reserve pit shall be as dry as possible. All debris in it will be removed. Other waste and spoil materials will be disposed of immediately upon completion of operations.
- d. The reserve pit and that portion of the location not needed for production facilities / operations will be re-contoured to the approximated natural contours. The reserve pit will be reclaimed within 90 days from the date of well completion, weather permitting.
- e. To prevent surface water(s) from standing (ponding) on the reclaimed reserve pit area, final reclamation of the reserve pit will consist of "mounding" the surface 3 feet above surrounding round surface to allow the reclaimed pit area to drain effectively.
- f. Upon completion of back filling, leveling and re-contouring, the stockpiled topsoil will be spread evenly over the reclaimed area(s).

Dry Hole/Abandoned Location:

- i. Abandoned well sites, roads and other disturbed areas will be restored as nearly as practical to their original condition. Where applicable, these conditions include the re-establishment of irrigation systems, the re-establishment of appropriate soil conditions and re-establishment of vegetation as specified.
- ii. All disturbed surfaces will be re-contoured to the approximated natural contours with reclamation of the well pad and access road to be performed as soon as practical after final abandonment. If necessary, re-seeding operations will be performed after completion of other reclamation operations.

Seed Mixture for Windrowed Top Soil Will Included:

To be provided by the BLM

11. Surface Ownership: Location, Access and Pipeline Route:

Wellsite: Bureau of Land Management

Access: Bureau of Land Management

Pipeline: Bureau of Land Management
American Gilsonite
State of Utah (SITLA)
(ALL subject to County and State boring/Cut approves under
County and State roads.)

12. Other Information

On-site Inspection for Location, Access and Pipeline Route:

The on-site was conducted on May 5, 2008

Attending were:

1. Chuck MacDonald - BLM
2. Scott Ackerman - BLM
3. Dustin Gardiner - Tristate
4. Mike Stewart - Ponderosa
5. Carroll Estes - Enduring Resources

Special Conditions of Approval:

None for this well(s).

Archeology:

- a. A Cultural Resource Inventory Report has been prepared by Montgomery Archaeological Consultants and a copy is attached.

Paleontology:

- b. A Paleontology Reconnaissance Report has been prepared by Intermountain Paleo-Consulting and a copy is attached.

If, during operations, any archaeological or historical sites, or any objects of antiquity (subject to the Antiquities Act of June 8, 1906) are discovered, all operations which would affect such sites will be suspended and the discovery reported promptly to the surface management agency.

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

Representatives:

Alvin R. (Al) Arlian
Landman – Regulatory Specialist
Enduring Resources, LLC
475 17th Street, Suite 1500
Denver, Colorado 80202
Office Tel: 303-350-5114
Fax Tel: 303-573-0461
aarlian@enduringresources.com

Carroll Estes
Utah Production Superintendent
Enduring Resources, LLC
759 East 500 South
Vernal, UT 84078
Office Tel: 435-781-0172
Fax Tel: 435-781 0174
cestest@enduringresources.com

Enduring Resources, LLC

Bonanza 9-24-21-3
NENW Sec 3 T9S-R24E
Uintah County, Utah

Federal Lease: UTU-81748

ONSHORE ORDER 1 - DRILLING PLAN

1. Estimated Tops of Geological Markers:

| Formation | Depth (K.B.) |
|-------------|--------------|
| Uinta | Surface |
| Green River | 685' |
| Wasatch | 3815' |
| Mesaverde | 5635' |

2. Estimated Depths of Anticipated Water, Oil, Gas or Other Minerals:

| Substance | Formation | Depth (K.B.) TVD |
|-----------|--------------------------------|------------------|
| | KB-Uinta Elevation: 5236' est. | |
| Oil / Gas | Green River | 685' |
| Oil /Gas | Wasatch | 3815' |
| Oil /Gas | Mesaverde | 5635' |
| | TD | 7855' |

An 11" hole surface hole will be drilled with air, air/mist, foam or mud depending on hole conditions to approximately 2016 feet. The depth will be determined by the depth that the Birds Nest zone is encountered. The hole will be drilled 400 feet beyond the top of the Birds Nest zone and surface casing will be set and cemented to surface. Surface casing will be pre-set before drilling rig is moved on location. ProPetro Services Incorporated, or if not available, another Surface Hole Driller (collectively "Surface Hole Driller") will drill the surface hole. A 300 or 400 bbl tank of fresh water will be on location prior to commencement of operations to use as a kill fluid. The anchored blooie line shall be at least 6" in diameter and extend straight from the wellhead to the reserve/blooie pit. Surface Hole Driller's equipment includes a 1250 CFM compressor on the drilling rig along with a 1070 to 1170 CFM stand alone compressor. Surface Hole Driller's equipment shall be setup on the front side of the location with the rig between the driller and the reserve/blooie pit. The stand alone compressor will be adjacent to the rig on the same side as the driller. Surface Hole Driller's equipment includes spark arrestors on engines, a diverter head, a mister close to the end of the

blooie line for dust suppression, a continuously lit pilot light, a fluid pump to circulate kill fluids as necessary, a diverter on the end of the blooie line, a float valve in the drill string and kill switches.

3. Pressure Control Equipment: (3000 psi schematic attached)

- A. Type: Eleven (11) inch double gate hydraulic BOP with eleven (11) inch annular preventer on 3,000 psi casinghead, with 3,000 psi choke manifold equipped per the attached diagram. BOPE as specified in *Onshore Oil & Gas Order Number 2*. A PVT, stroke counter and flow sensor will be installed to check for flow and monitor pit volume.
- B. Pressure Rating: 3,000 psi BOPE
- C. Kelly will be equipped with upper and lower Kelly valves.
- D. Testing Procedure: Annular Preventer

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

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

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

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

Blow-Out Preventer

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

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

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

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

E. Miscellaneous Information:

The blowout preventer and related pressure control equipment will be installed, tested and maintained in compliance with the specifications in and requirements of *Onshore Oil & Gas Order Number 2*.

4. **Proposed Casing & Cementing Program:**

A. **Casing Program: All New**

| Hole Size | Casing Size | Wt./Ft. | Grade | Joint | Depth Set (MD) |
|-----------|-------------|---------|-------|-------|---------------------|
| 20" | 14" O.D. | | | | 40' (GL) |
| 11" | 8-5/8" | 24# | J-55 | ST&C | 0 – 2016' (KB) est. |
| 7-7/8" | 4-1/2" | 11.6# | N-80 | LT&C | 0 – 7855' (KB) |

The surface casing will have guide shoe, 1 joint, insert float collar. Centralize the shoe joint with bowspring centralizers in the middle and top of the joint and the next 16 joints with bowspring centralizers on every other collar (8 centralizers total). Thread lock guide shoe. Surface casing will be pre-set before the drilling rig is moved on location.

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

B. **Casing Design Parameters:**

| Depth (MD) | Casing | Collapse(psi)/SF | Burst (psi)/SF | Tension(mlbs)/SF |
|------------|-----------------------------|------------------|----------------|------------------|
| 40' (GL) | 14" OD | | | |
| 2016' (KB) | 8-5/8", 24#/ft, J55, STC | 1370/1.52(a) | 2950/3.28(b) | 244/5.81(c) |
| 7855' (KB) | 4-1/2", 11.6#/ft, N-80, LTC | 6350/1.57 (d) | 7780/2.09 (e) | 223/2.87 (f) |

- (a.) based on full evacuation of pipe with 8.6 ppg fluid on annulus
- (b.) based on 8.6 ppg gradient with no fluid on annulus
- (c.) based on casing string weight in 8.6 ppg mud
- (d.) based on full evacuation of pipe with 10.0 ppg fluid on annulus
- (e.) based on 9.2 ppg gradient, gas to surface, with no fluid on annulus, no gas gradient
- (f.) based on casing string weight in 9.2 ppg mud

PROPOSED CEMENTING PROGRAM

Surface Casing (if well will circulate)-Cemented to surface

| CASING | SLURRY | FT. of FILL | CEMENT TYPE | SXS | EXCESS (%) | WEIGHT (ppg) | YIELD (ft ³ /sx) |
|--------|--------|-------------|---|-----|------------|--------------|-----------------------------|
| 8-5/8" | Lead | 1516 | Premium cement + 16% gel + 0.25 pps celloflake | 138 | 25% | 11.1 | 3.50 |
| 8-5/8" | Tail | 500 | Premium cement + 2% CaCl ₂ + 0.25 pps celloflake | 138 | 25% | 15.8 | 1.15 |

A cement top job is required if cement fallback is greater than 10' below ground level. Top job (weight 15.8 ppg, yield 1.15 ft³/sx) cement will be premium cement w/ 3% CaCl₂ + 0.25 pps celloflake. Volume as required

Surface Casing (if well will not circulate) - Cemented to surface

| CASING | SLURRY | FT. of FILL | CEMENT TYPE | SXS | EXCESS (%) | WEIGHT (ppg) | YIELD (ft ³ /sx) |
|--------|---------|-------------|---|---------|------------|--------------|-----------------------------|
| 8-5/8" | Lead | 500 | Premium cement + 2% CaCl ₂ + 0.25 pps celloflake | 138 | 25 | 15.8 | 1.15 |
| 8-5/8" | Top job | As req. | Premium cement + 3% CaCl ₂ + 0.25 pps celloflake | As Req. | | 15.8 | 1.15 |

Production Casing and Liner - Cemented TD to 300' above base of surface casing

| CASING | SLURRY | FT. of FILL | CEMENT TYPE | SXS | EXCESS (%) | WEIGHT (ppg) | YIELD (ft ³ /sx) |
|--------|--------|-------------|---|-----|------------|--------------|-----------------------------|
| 4-1/2" | Lead | 1653 | Class "G" + 5% NaCl + 12% Gel + 0.25 pps celloflake + 0.2% antifoam + 0.25% fluid loss + 1% extender | 149 | 25 | 11.0 | 3.3 |
| 4-1/2" | Tail | 4425 | 50/50 POZ Class G + 2% gel + 1% CaCl ₂ + 0.2% dispersant + 0.2% fluid loss + 0.1% antifoam | 810 | 25 | 14.3 | 1.56 |

Cement volumes for the 4-1/2" Production Casing will be calculated to provide a top of cement to 300' above base of surface casing. Cement volumes are approximate and were calculated under the assumption that a gauge hole will be achieved. Actual cement volumes may vary due to variations in the actual hole

size and will be determined by running a caliper log on the drilled hole. Actual cement types may vary due to hole conditions and cement contractor used.

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

5. **Drilling Fluids (mud) Program:**

| Interval (MD) | Mud Weight | Fluid Loss | Viscosity | Mud Type |
|------------------|------------|------------|-----------|-----------|
| 0' – 2016' (KB) | | No cntrl | | Air/mist |
| 2000'-3000' (KB) | 8.4-8.6 | No cntrl | 28-36 | Water |
| 3000'-7855' (KB) | 8.8-9.8 | 8 - 10 ml | 32-42 | Water/Gel |

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

6. **Evaluation Program:**

Tests: No tests are currently planned.

Coring: No cores are currently planned.

Samples: No sampling is currently planned.

Logging

- Dual Induction – SFL /Gamma Ray/Caliper/SP/TDLT/CNL/ML
TD to Base Surface Casing
- Cement Bond Log / Gamma Ray:
TD to Base of Surface Casing or Top of Cement if below Base of Surface Casing

Stimulation: A stimulation or frac treatment will be designed for completion of this well based on openhole log analysis. The drill site, as approved, will be sufficient size to accommodate all completion activities.

7. **Abnormal Conditions:**

No abnormal temperatures or pressures are anticipated. No H₂S has been encountered or known to exist from previous wells drilled to similar depths in the general area.

Maximum anticipated bottom hole pressure equals approximately 4,085 psi (calculated at 0.52 psi/foot of hole) and maximum anticipated surface pressure equals approximately 2,357 psi (anticipated bottom hole pressure minus the pressure of a partially evacuated hole calculated at 0.22 psi/foot of hole).

8. Anticipated Starting Dates:

- Anticipated Commencement Date- Within one year of APD issue.
- Drilling Days- Approximately 10 days
- Completion Days - Approximately 10 days
- Anticipate location construction within 30 days of permit issue.

9. Variations:

None anticipated

10. Other:

A Cultural Resource Inventory and Paleontology reconnaissance shall be conducted for the well location, access route and pipeline. The reports shall be submitted to the Division of Oil, Gas and Mining and the School and Institutional Trust lands Administration upon their receipt.

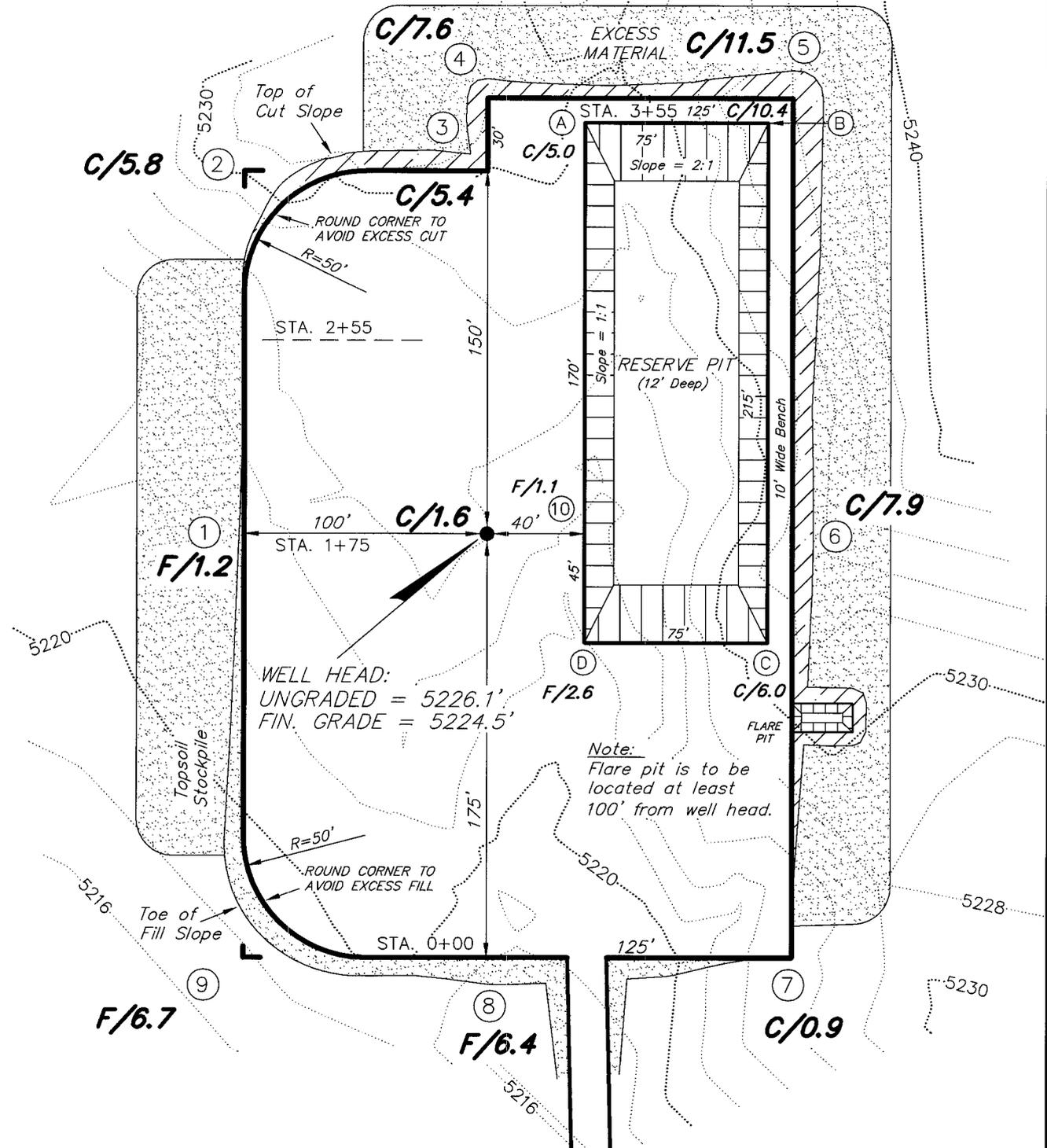
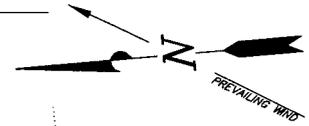
A measurement while drilling (MWD) system will be used to track and control the directional path of the wellbore.

Directions to the Bonanza 9-24-21-3 Well Pad

Beginning at the city of Bonanza, Utah go northwest on State Highway 45 for a distance of approximately 2.6 miles where there is a turn-off to the left near an existing pipeline. Do not turn left. Continue along Highway 45 for a distance of approximately 0.4 miles where there is a turn-off to the right. Do not turn right. Continue along said highway for an a distance of approximately 0.2 mile. where there is a turn-off to a proposed two-track. Turn right and proceed northeasterly along said two-track for a distance of approximately 40'. Turn left along the proposed access north and then east for a distance of approximately 435' (0.1 mile) to the proposed Bonanza 9-24-21-3 well pad.

ENDURING RESOURCES

BONANZA 9-24-21-3
Section 3, T9S, R24E, S.L.B.&M.



WELL HEAD:
UNGRADED = 5226.1'
FIN. GRADE = 5224.5'

Note:
Flare pit is to be located at least 100' from well head.

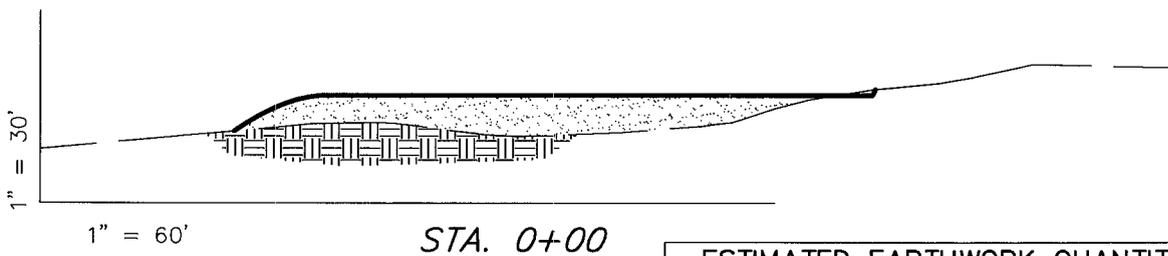
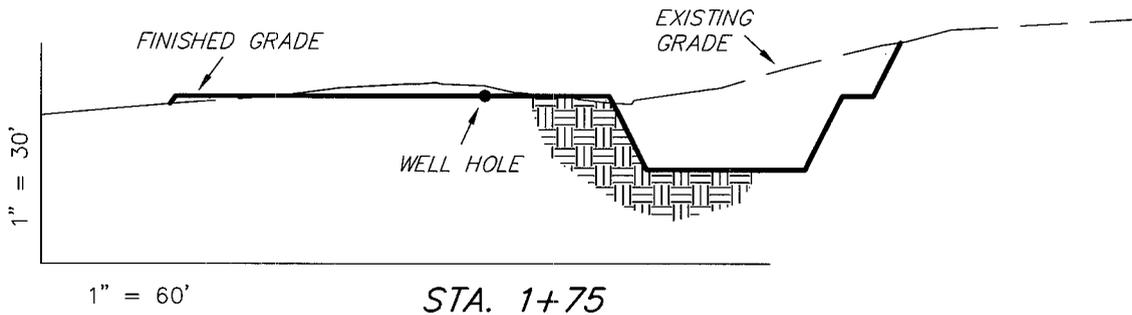
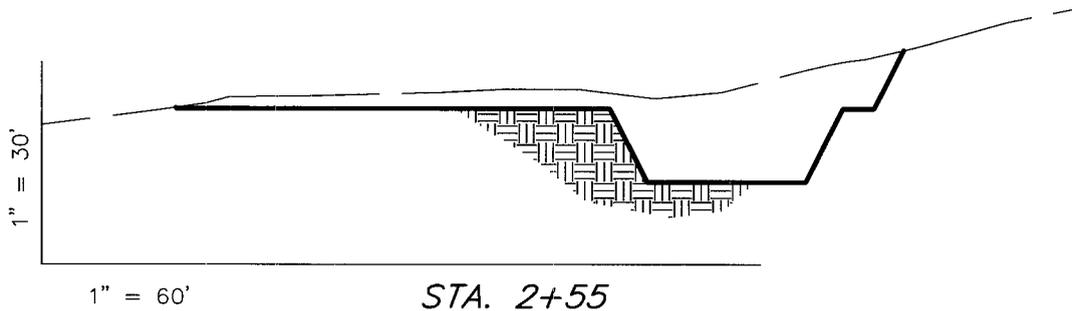
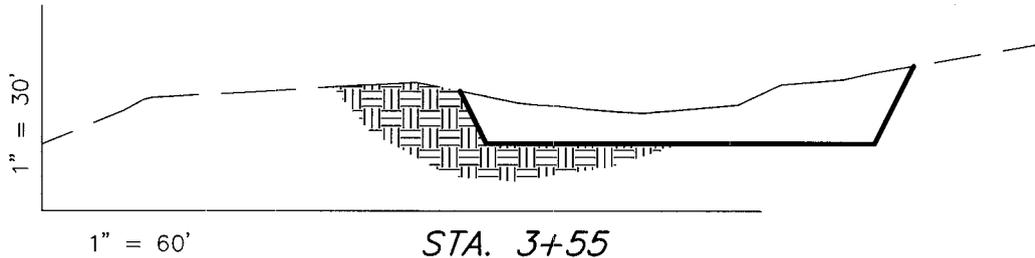
REFERENCE POINTS

150' NORTHERLY = 5221.1'
200' NORTHERLY = 5221.7'

| | |
|-------------------|---------------------|
| SURVEYED BY: C.M. | DATE DRAWN: 3-22-05 |
| DRAWN BY: F.T.M. | SCALE: 1" = 60' |
| NOTES: | |

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

ENDURING RESOURCES
CROSS SECTIONS
BONANZA 9-24-21-3



ESTIMATED EARTHWORK QUANTITIES
 (No Shrink or swell adjustments have been used)
 (Expressed in Cubic Yards)

| ITEM | CUT | FILL | 6" TOPSOIL | EXCESS |
|---------------|---------------|--------------|------------------------------------|--------------|
| PAD | 5,670 | 3,700 | Topsoil is not included in Pad Cut | 1,970 |
| PIT | 5,390 | 0 | | 5,390 |
| TOTALS | 11,060 | 3,700 | 1,550 | 7,360 |

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

SURVEYED BY: C.M. DATE DRAWN: 3-22-05
 DRAWN BY: F.T.M. SCALE: 1" = 60'
 NOTES:

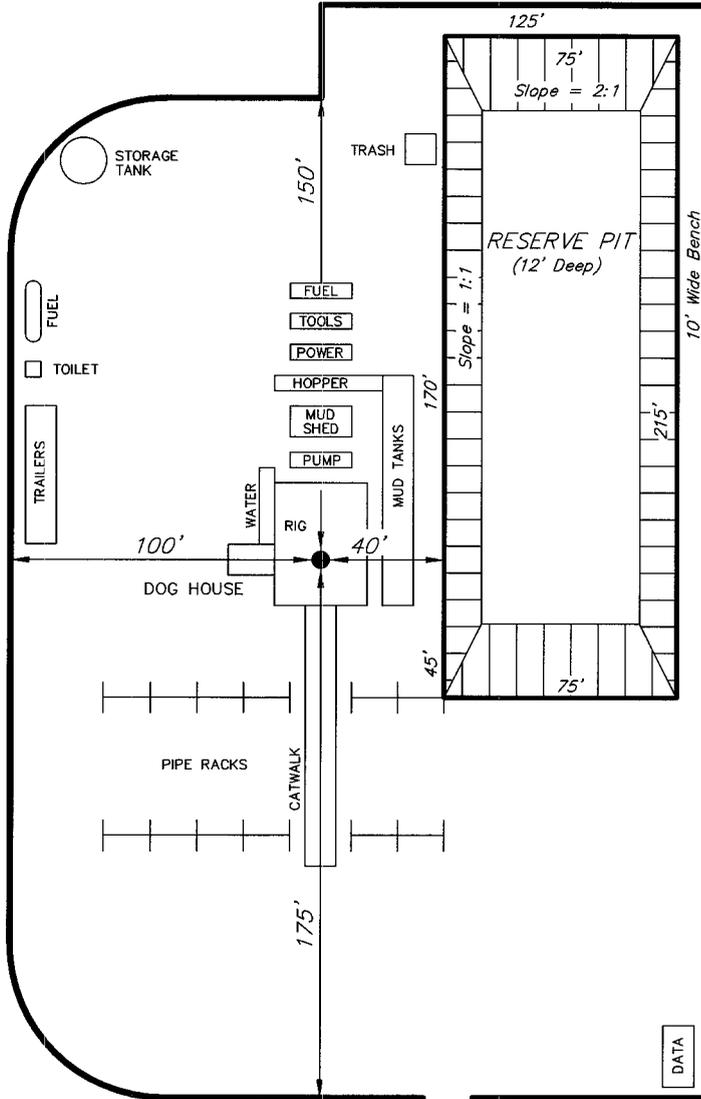
Tri State (435) 781-2501
Land Surveying, Inc.
 180 NORTH VERNAL AVE. VERNAL, UTAH 84078

SHEET
3
OF 8

ENDURING RESOURCES

TYPICAL RIG LAYOUT

BONANZA 9-24-21-3

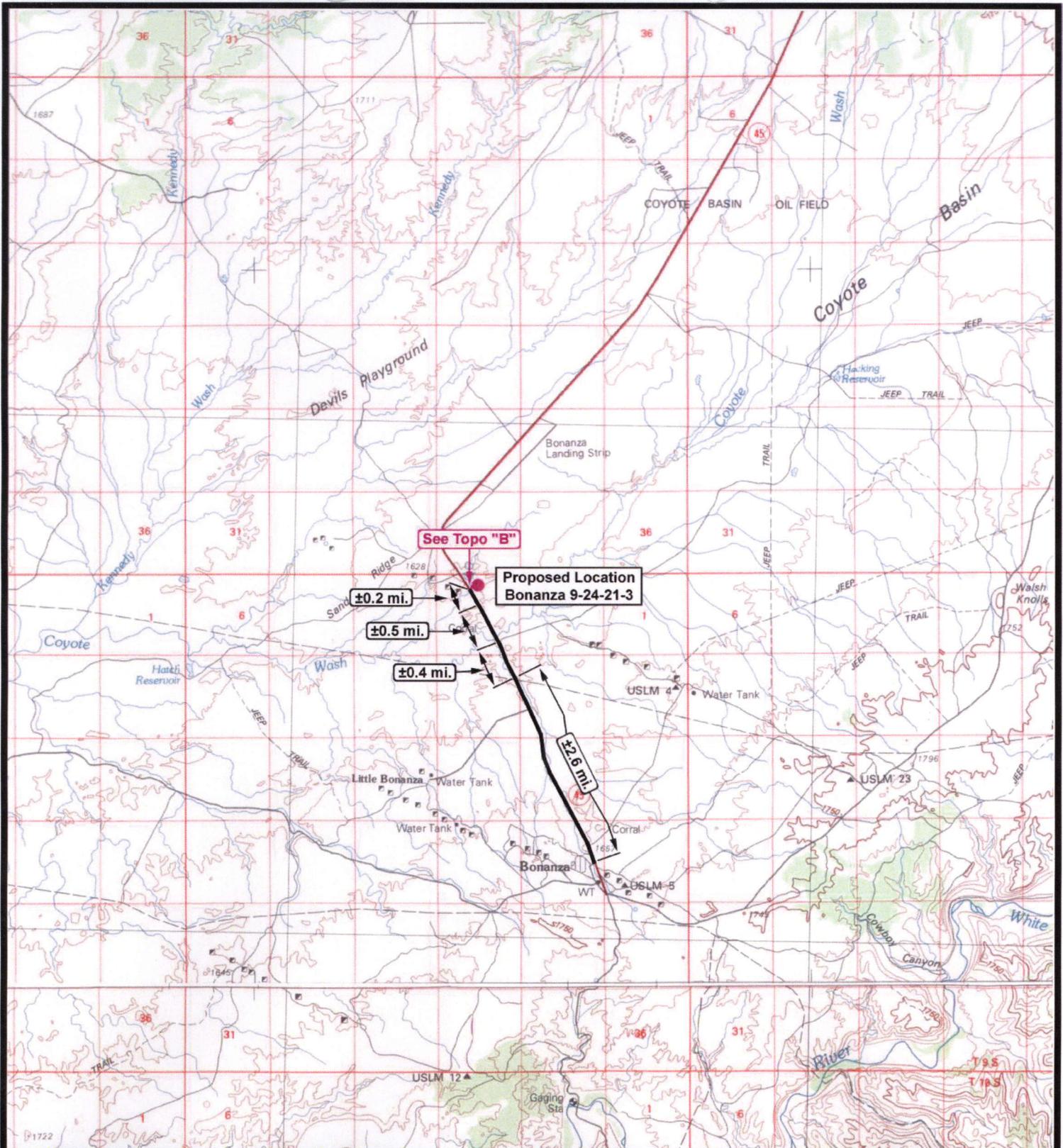


Note:
Flare pit is to be located at least 100' from well head.



| | |
|-------------------|---------------------|
| SURVEYED BY: C.M. | DATE DRAWN: 3-22-05 |
| DRAWN BY: F.T.M. | SCALE: 1" = 60' |
| NOTES: | |

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



ENDURING
-Resources-



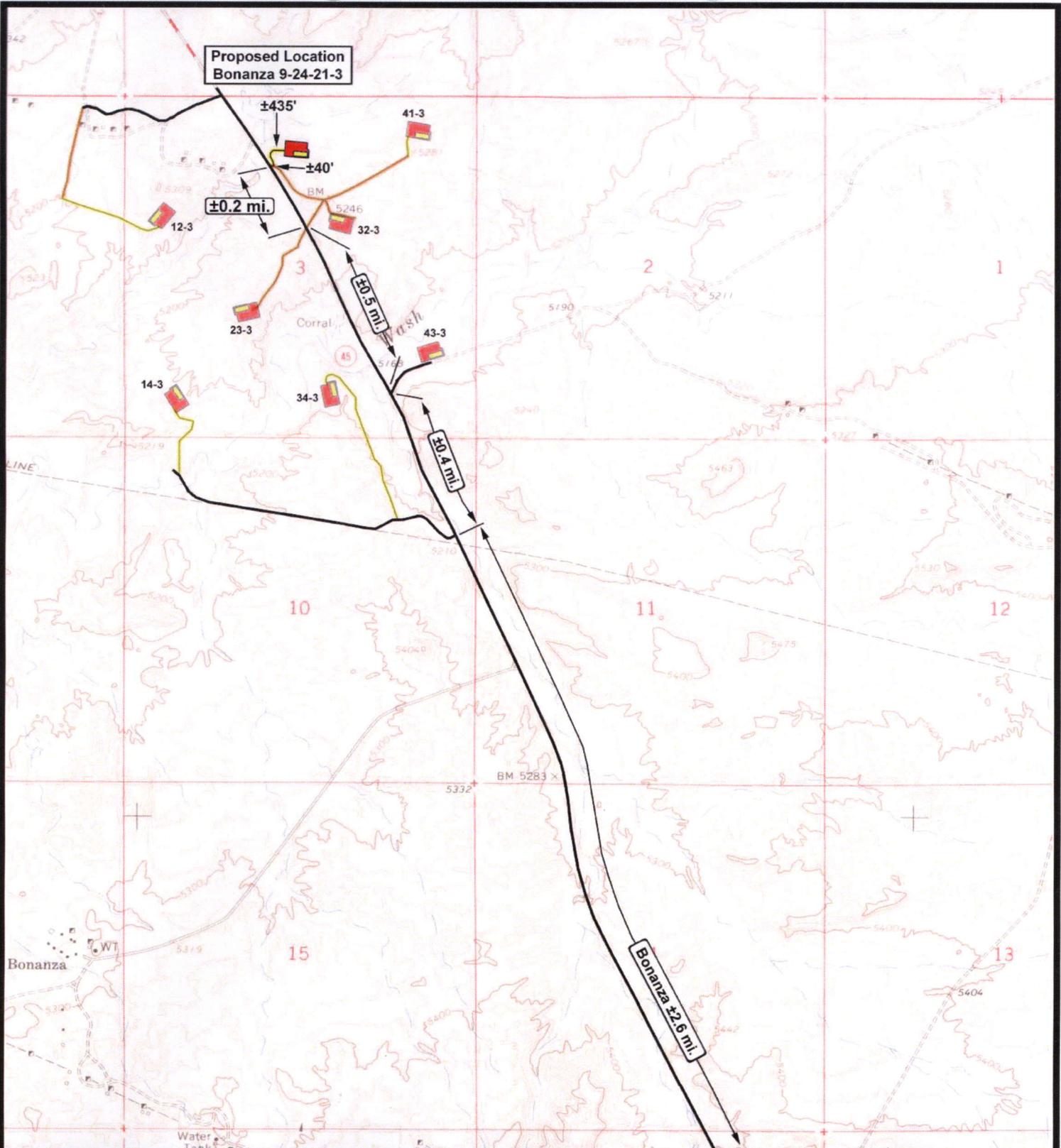
Tri-State
Land Surveying Inc.
(435) 781-2501
180 North Vernal Ave. Vernal, Utah 84078

| Legend | |
|--------|-----------------|
| | Existing Road |
| | Proposed Access |

Bonanza 9-24-21-3
SEC 3, T9S, R24E, S.L.B.&M.

SCALE: 1" = 2,000'
DRAWN BY: bgm
DATE: 04-11-2005

TOPOGRAPHIC MAP
"A"
SHEET **5**
OF 8



ENDURING
-Resources-



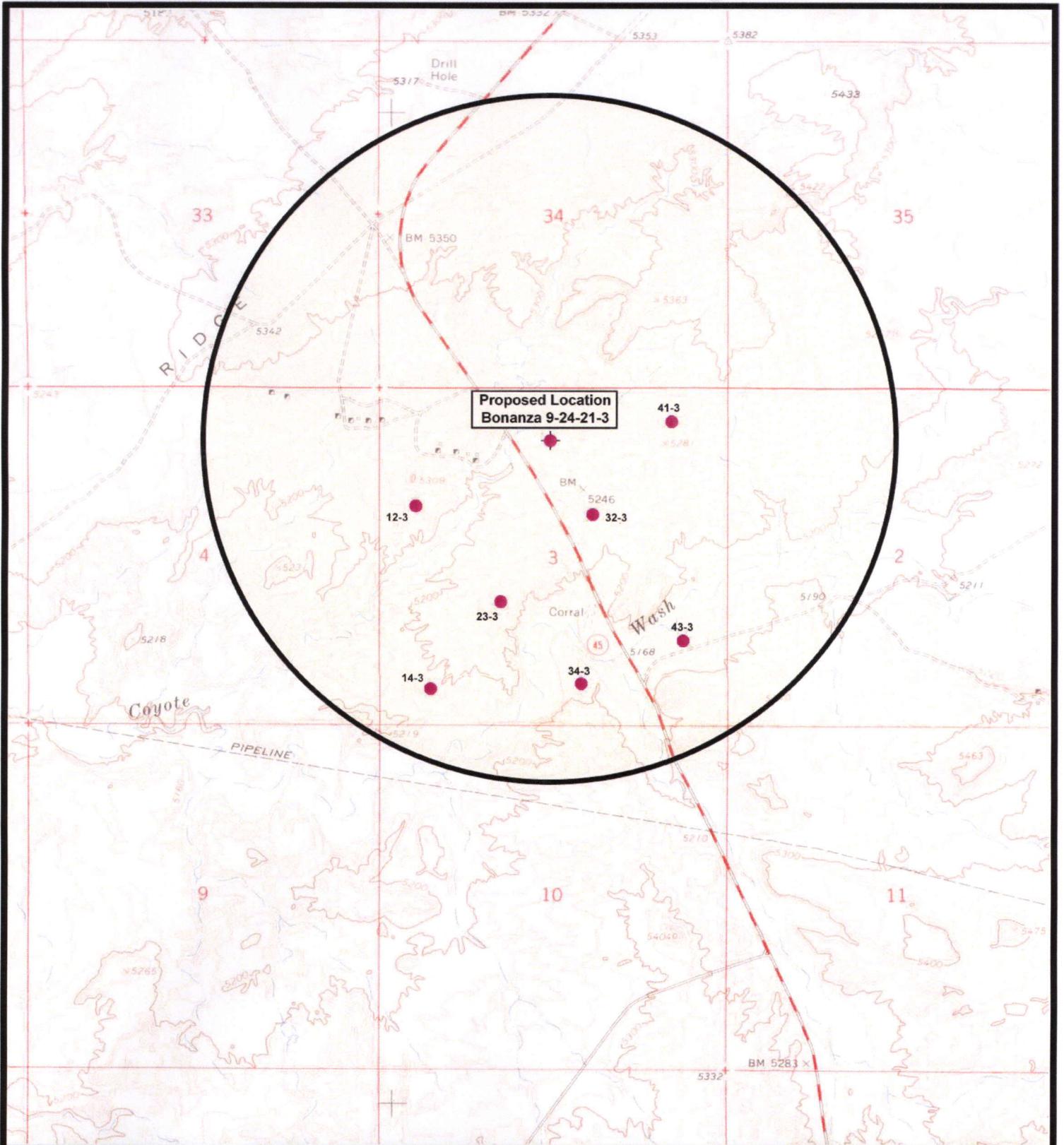
Tri-State
Land Surveying Inc.
(435) 781-2501
180 North Vernal Ave. Vernal, Utah 84078

| Legend | |
|--------|----------------------|
| | Existing Road |
| | Two-Track to Upgrade |
| | Proposed Access |

Bonanza 9-24-21-3
SEC 3, T9S, R24E, S.L.B.&M.

SCALE: 1" = 2,000'
DRAWN BY: bgm
DATE: 04-08-2005

TOPOGRAPHIC MAP
"B"
SHEET **6**
OF 8



**Proposed Location
Bonanza 9-24-21-3**



ENDURING
-Resources-

**Bonanza 9-24-21-3
SEC 3, T9S, R24E, S.L.B.&M.**



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

SCALE: 1" = 2,000'
DRAWN BY: bgm
DATE: 04-11-2005

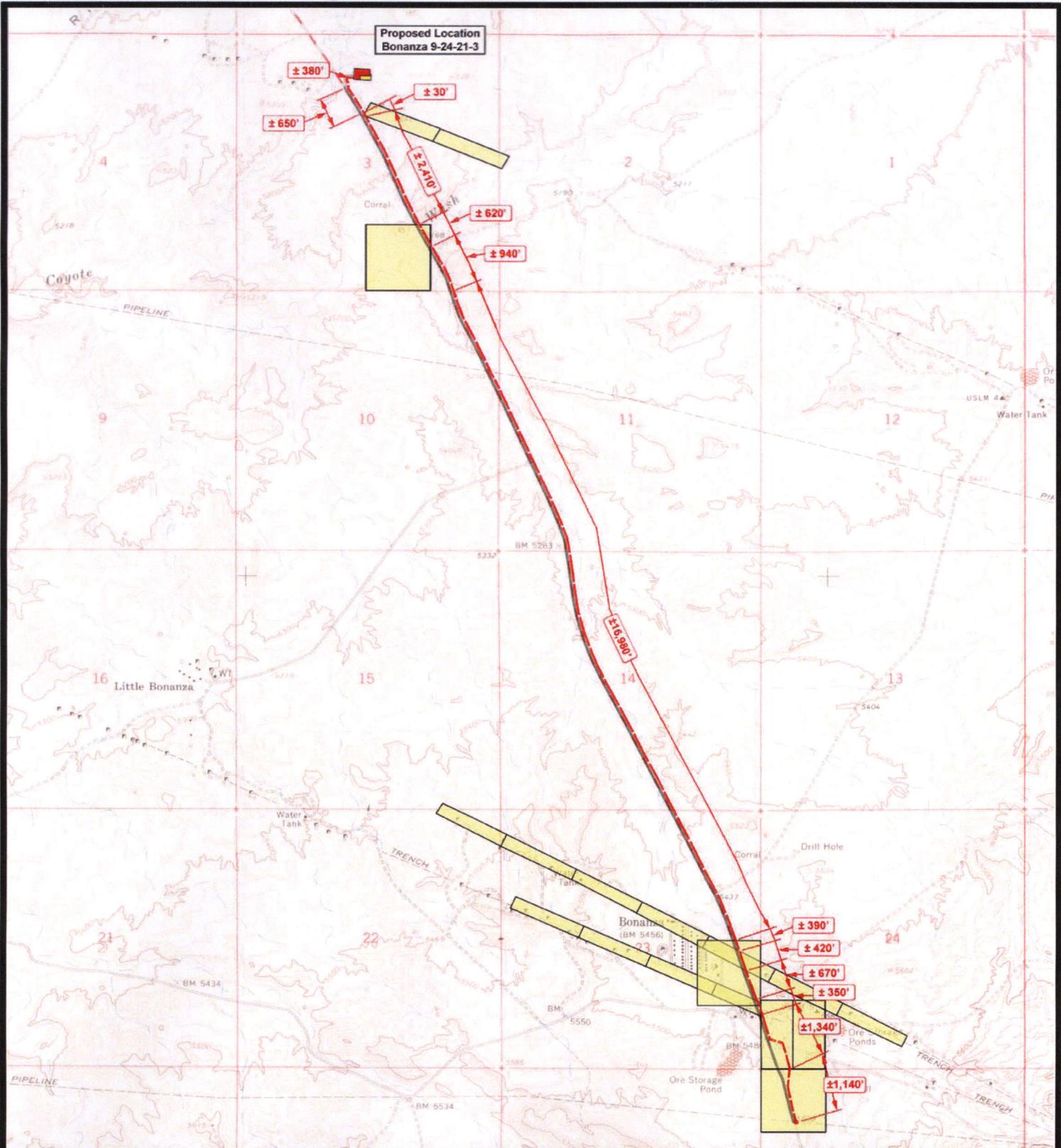
Legend

- Location
- One-Mile Radius

TOPOGRAPHIC MAP

"C"

SHEET
7
OF 8



ENDURING RESOURCES

**Bonanza 9-24-21-3
SEC 3, T9S, R24E, S.L.B.&M.**



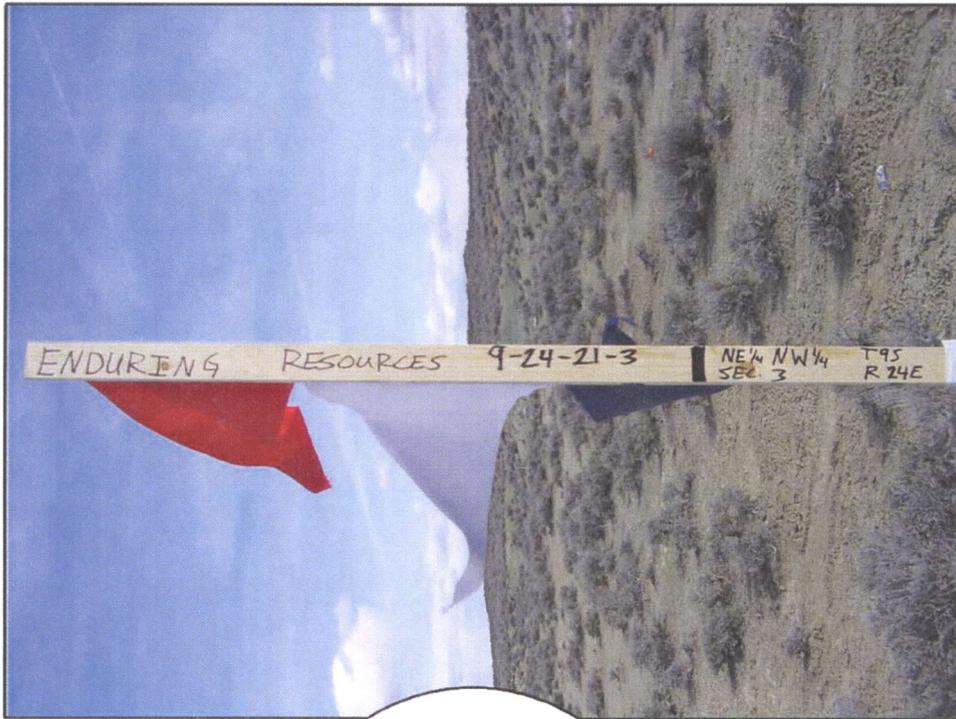
**Tri-State
Land Surveying Inc.**
(435) 781-2501
180 North Vernal Ave. Vernal, Utah 84078

**SCALE: NO SCALE
DRAWN BY: mw
DATE: 08-14-2008**

Legend

- Roads
- Existing Gas Line
- Proposed Gas Line

**TOPOGRAPHIC MAP
"D" SHEET
8
OF 8**



CENTER STAKE

 **ENDURING**
-Resources-
Bonanza 9-24-21-3

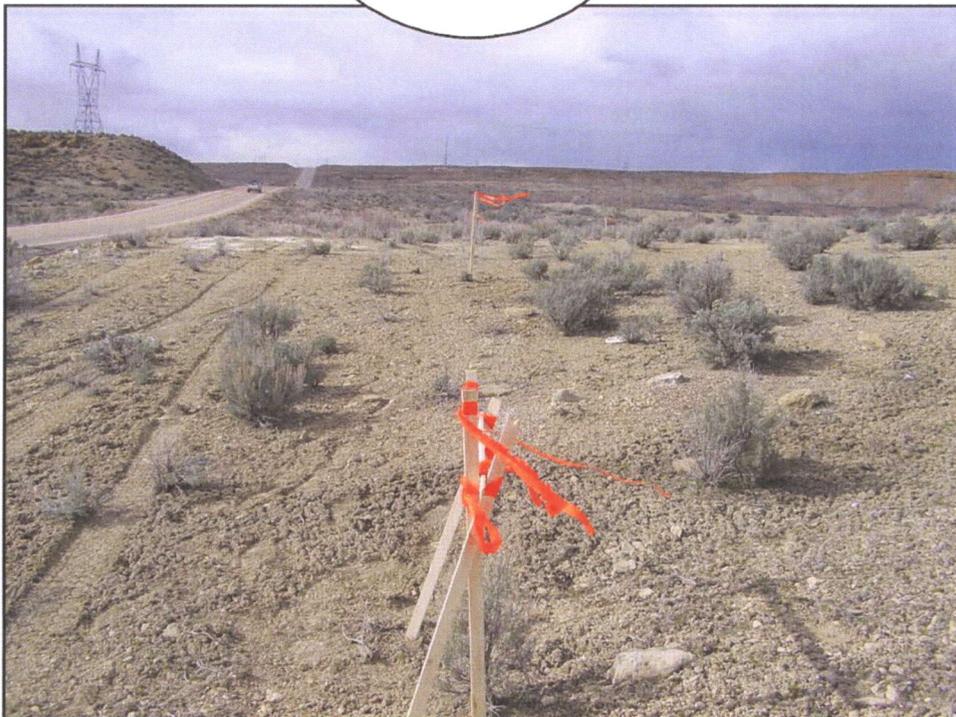
Date Photographed: 03/31/2005

Date Drawn: 04/01/2005

Drawn By: bgm


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

LOOKING NORTH
ACCESS





NORTH



ENDURING

-Resources-

Bonanza 9-24-21-3

Date Photographed: 04/01/2005

Date Drawn: 04/01/2005

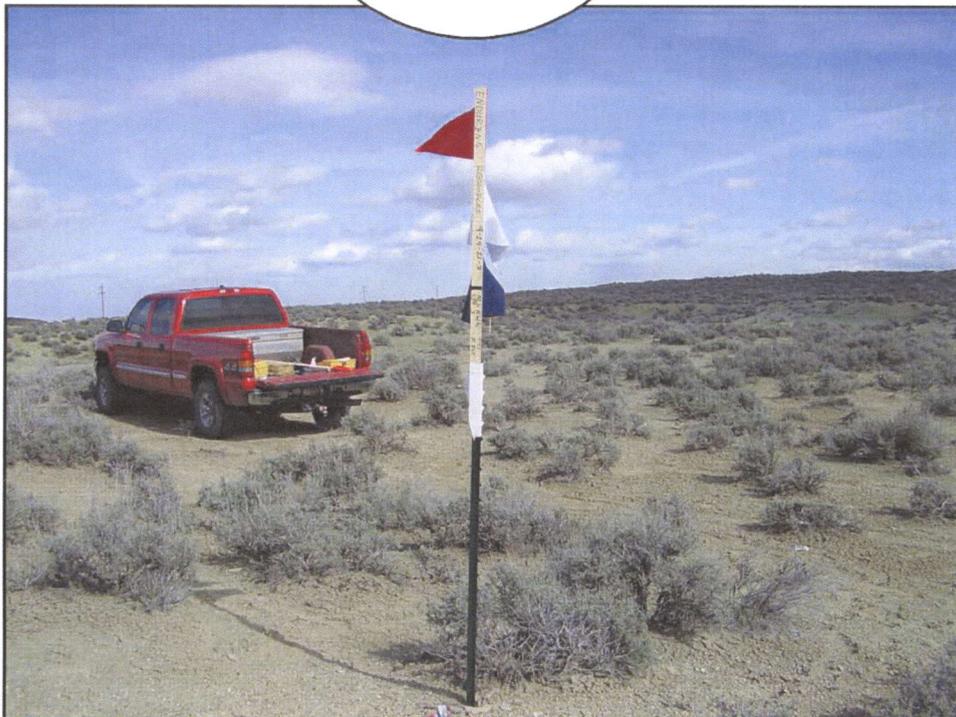
Drawn By: bgm

*Tri-State
Land Surveying Inc.*

(435) 781-2501

180 North Vernal Ave. Vernal, Utah 84078

EAST





SOUTH

 **ENDURING**
-Resources-
Bonanza 9-24-21-3

Date Photographed: 03/31/2005
Date Drawn: 04/01/2005
Drawn By: bgm

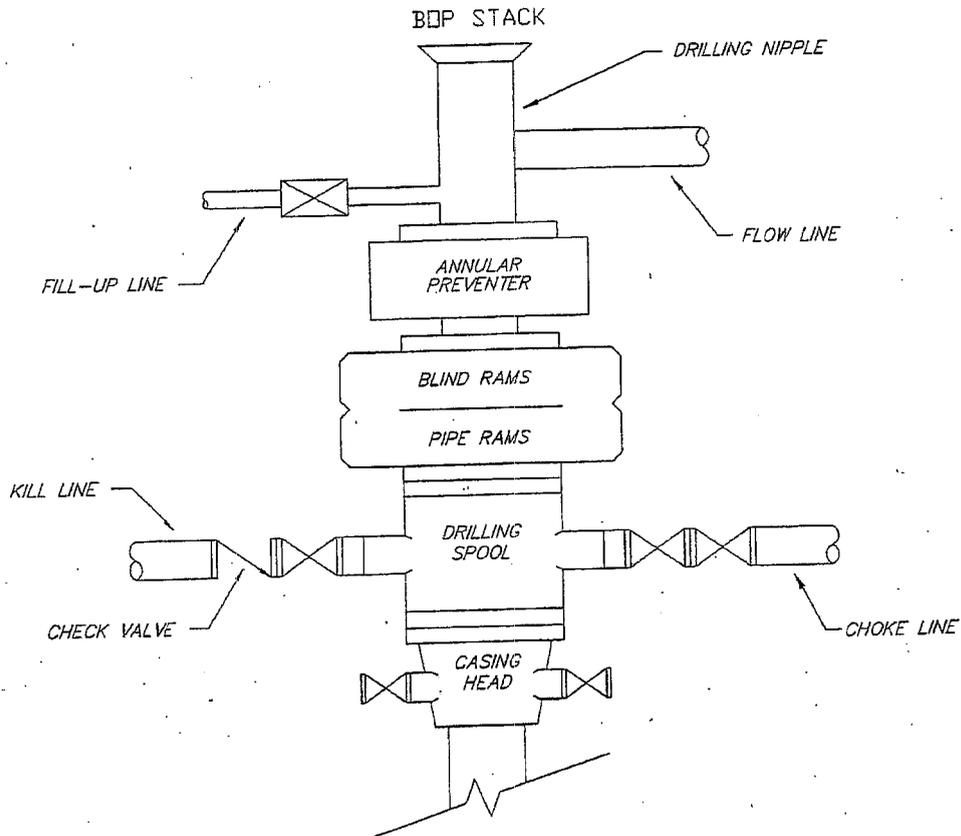
 *Tri-State*
Land Surveying Inc.
(435) 781-2501
180 North Vernal Ave. Vernal, Utah 84078

WEST

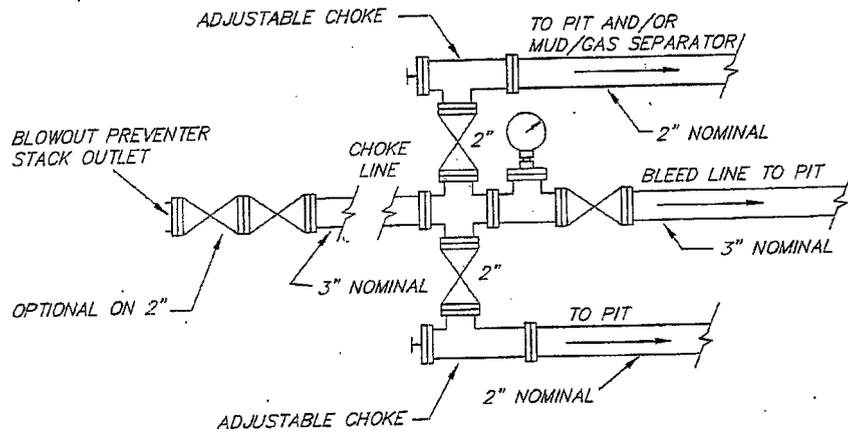


ENDURING RESOURCES, LLC

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



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



**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 08/25/2008

| |
|--------------------------------|
| API NO. ASSIGNED: 43-047-40340 |
|--------------------------------|

WELL NAME: BONANZA 9-24-21-3
 OPERATOR: ENDURING RESOURCES, LLC (N2750)
 CONTACT: AL ARLIAN

PHONE NUMBER: 303-350-5719

PROPOSED LOCATION:

NENW 03 090S 240E
 SURFACE: 0797 FNL 2550 FWL
 BOTTOM: 0797 FNL 2550 FWL
 COUNTY: UINTAH
 LATITUDE: 40.06962 LONGITUDE: -109.1999
 UTM SURF EASTINGS: 653511 NORTHINGS: 4436827
 FIELD NAME: UNDESIGNATED (2)

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

LEASE TYPE: 1 - Federal
 LEASE NUMBER: UTU-81748
 SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: MVRD
 COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

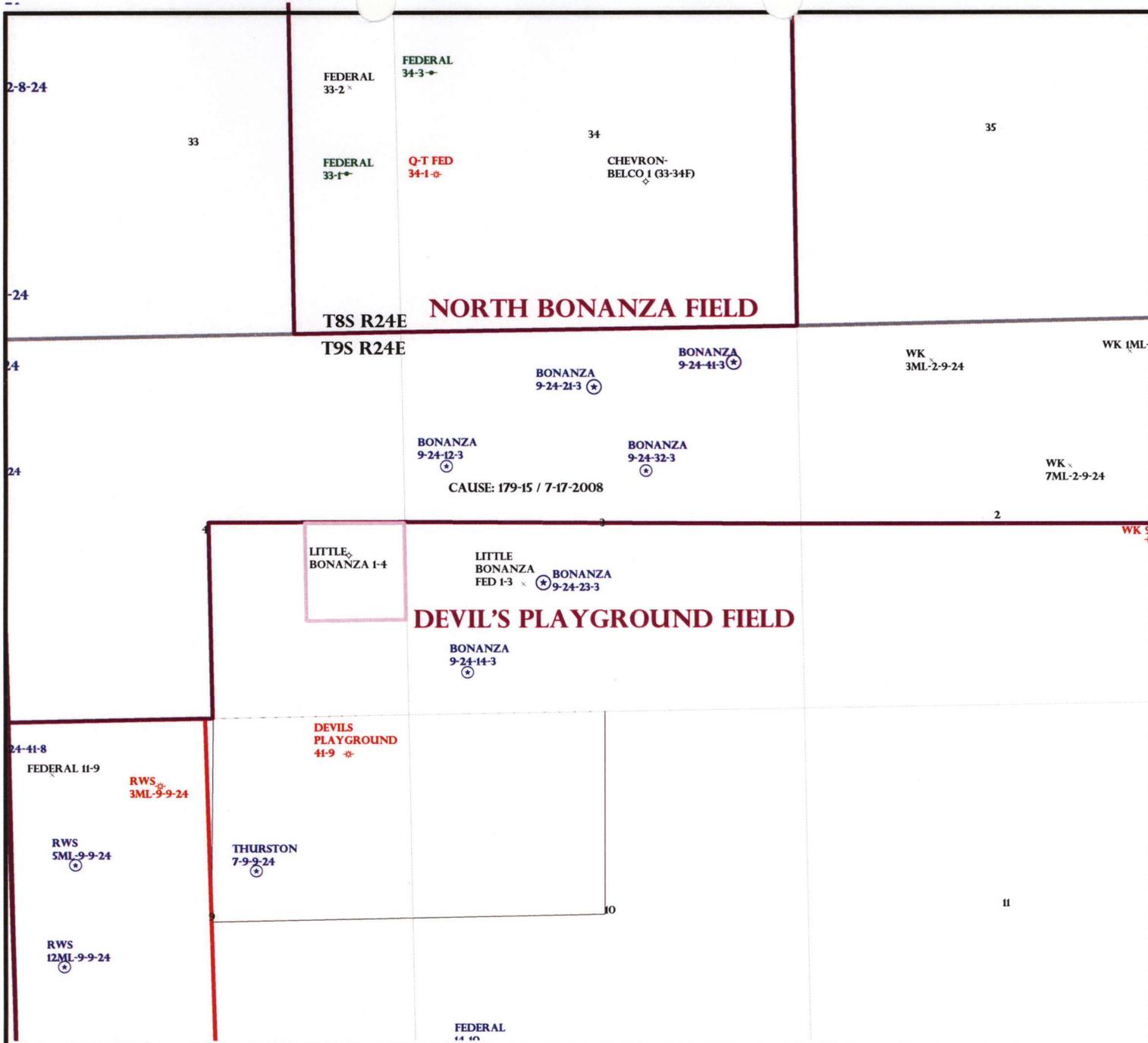
- Plat
- Bond: Fed[1] Ind[] Sta[] Fee[]
(No. RLB0008031)
- N Potash (Y/N)
- N Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. 49-222)
- N RDCC Review (Y/N)
(Date: _____)
- N/A Fee Surf Agreement (Y/N)
- N/A Intent to Commingle (Y/N)

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: 179-15
- Eff Date: 7-7-2008
- Siting: 460' fr. ext. lease boundary
- _____ R649-3-11. Directional Drill

COMMENTS: _____

STIPULATIONS: Federal Approval



OPERATOR: ENDURING RES LLC (N2750)

SEC: 3 T.9S R. 24E

FIELD: UNDESIGNATED (002)

COUNTY: UINTAH

CAUSE: 179-15 / 7-17-2008

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



OIL, GAS & MINING



PREPARED BY: DIANA MASON
DATE: 01-SEPTEMBER-2008



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

September 2, 2008

Enduring Resources, LLC
475 17th St., Ste. 1500
Denver, CO 80202

Re: Bonanza 9-24-21-3 Well, 797' FNL, 2550' FWL, NE NW, Sec. 3, T. 9 South, R. 24 East, Uintah County, Utah

Gentlemen:

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

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-40340.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

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

Operator: Enduring Resources, LLC
Well Name & Number Bonanza 9-24-21-3
API Number: 43-047-40340
Lease: UTU-81748

Location: NE NW **Sec.** 3 **T.** 9 South **R.** 24 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 with 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 Dustin Doucet at (801) 538-5281 office (801) 733-0983 home

3. Reporting Requirements

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

4. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

FORM APPROVED
OMB No. 1004-0136
Expires July 31, 2010

AUG 25 2008
uc

APPLICATION FOR PERMIT TO DRILL OR REENTER **BLM**

| | | | | |
|--|--|---|--|--|
| 1a. Type of Work: <input type="checkbox"/> DRILL <input type="checkbox"/> REENTER | | CONFIDENTIAL | | 5. Lease Serial No. UTU81748 |
| 1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone | | | | 6. If Indian, Allottee or Tribe Name |
| 2. Name of Operator ENDURING RESOURCES LLC | | Contact: AL ARLIAN E-Mail: aarlian@enduringresources.com | | 7. If Unit or CA Agreement, Name and No. |
| 3a. Address 475 17TH STREET, SUITE 1500 DENVER, CO 80202 | | 3b. Phone No. (include area code) Ph: 303-350-5114 Fx: 303-573-0461 | | 8. Lease Name and Well No. BONANZA 9-24-21-3 |
| 4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface NENW 797FNL 2550FWL 40.04109 N Lat, 109.12019 W Lon At proposed prod. zone NENW 797FNL 2550FWL 40.04109 N Lat, 109.12019 W Lon | | | | 9. API Well No. 43-047-40340 |
| 14. Distance in miles and direction from nearest town or post office* 2.75 MILES NORTH OF VERNAL, UT | | | | 10. Field and Pool, or Exploratory NATURAL BUTTES |
| 15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 797 | | 16. No. of Acres in Lease 606.53 | | 11. Sec., T., R., M., or Blk. and Survey or Area Sec 3 T9S R24E Mer SLB SME: BLM |
| 18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft. 1000 + | | 19. Proposed Depth 7855 MD 7855 TVD | | 12. County or Parish UINTAH |
| 21. Elevations (Show whether DF, KB, RT, GL, etc.) 5226 GL | | 22. Approximate date work will start 12/15/2008 | | 13. State UT |
| | | | | 17. Spacing Unit dedicated to this well 40.00 |
| | | | | 20. BLM/BIA Bond No. on file UTB000173 |
| | | | | 23. Estimated duration 30 DAYS |

24. Attachments

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

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 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). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

| | | |
|--|--|--------------------|
| 25. Signature (Electronic Submission) | Name (Printed/Typed) AL ARLIAN Ph: 303-350-5114 | Date 08/22/2008 |
|--|--|--------------------|

Title
LANDMAN

| | | |
|---|---------------------------------------|---------------------|
| Approved by (Signature) <i>[Signature]</i> | Name (Printed/Typed) JERRY KENNELA | Date MAR 10 2009 |
|---|---------------------------------------|---------------------|

Title
Assistant Field Manager
Lands & Mineral Resources

NOTICE OF APPROVAL VERNAL FIELD OFFICE

Application approval does not warrant or certify the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached. **CONDITIONS OF APPROVAL ATTACHED**

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

Electronic Submission #62494 verified by the BLM Well Information System
For ENDURING RESOURCES LLC, sent to the Vernal
Committed to AFMSS for processing by GAIL JENKINS on 08/25/2008 (08GXJ5992AE)

RECEIVED
MAR 18 2009
DIV. OF OIL, GAS & MINING

** BLM REVISED **

UDOGM

08 PP0383A

NOS: 01-17-2008



**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: Enduring Resources, LLC
Well No: Bonanza 9-24-21-3
API No: 43-047-40340

Location: NENW, Sec. 3, T9S, R24E
Lease No: UTU-81748
Agreement: N/A

| 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: | Ryan Angus | (435) 781-4430 | (435) 828-7368 |
| Supervisory Petroleum Technician: | Jamie Sparger | (435) 781-4502 | (435) 828-3913 |
| Supervisory NRS: | Karl Wright | (435) 781-4484 | |
| NRS/Enviro Scientist: | Holly Villa | (435) 781-4404 | (435) 828-3544 |
| NRS/Enviro Scientist: | James Hereford | (435) 781-3412 | (435) 828-3546 |
| NRS/Enviro Scientist: | Chuck Macdonald | (435) 781-4441 | (435) 828-7481 |
| NRS/Enviro Scientist: | Dan Emmett | (435) 781-3414 | (435) 828-4029 |
| NRS/Enviro Scientist: | Paul Percival | (435) 781-4493 | (435) 828-7381 |
| NRS/Enviro Scientist: | Anna Figueroa | (435) 781-3407 | (435) 828-3548 |
| NRS/Enviro Scientist: | Verlyn Pindell | (435) 781-3402 | (435) 828-3547 |
| NRS/Enviro Scientist: | Nathan Packer | (435) 781-3405 | (435) 828-3545 |
| NRS/Enviro Scientist: | David Gordon | (435) 781-4424 | |
| NRS/Enviro Scientist: | Christine Cimiluca | (435) 781-4475 | |
| NRS/Enviro Scientist: | Lori Ford | (435) 781-4406 | |

Fax: (435) 781-3420

**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)**

- 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.
- This proposed well is located within the West Bonanza Area Natural Gas Well Development EA Project. Adhere to applicable COA's approved in the FONSI and Record of Decision for this EA that are listed below:

1. Geology and Minerals:

Coordinate your construction and drilling operations with the holders of the Gilsonite lease in order to:

- Obtain Private Landowner Surface Use Agreement for access roads and pipelines
- Avoid mineral development conflict.

2. Coordinate with the State of Utah before constructing a pipeline bore/cut under State of Utah Highway #45.

3. Wildlife and T&E Species:

Observe the timing restrictions given below (Only during construction & drilling).

Lands in this lease have been identified as crucial habitat for pronghorn, and other wildlife. Therefore, modifications to the Surface Use Plan of Operations will be required in order to protect this wildlife habitat from surface disturbing activities (see below).

TIME RESTRICTION

REASON

May 15 – June 20.....Crucial pronghorn habitat

During this period, there will be no construction, drilling or fracing in order to minimize surface disturbance within crucial pronghorn habitat.

4. Noxious Weeds:

- Power-wash all construction equipment before commencing construction activities
- On a weekly basis, power-wash all vehicles that will travel between WBA and outside areas that are infested with noxious weed species
- The operator will be responsible for treatment and control of invasive and noxious weeds. Prior to any treatment on BLM administered lands, a Pesticide Use Proposal will be submitted to the Vernal Field Office for approval.

5. Interim Reclamation:

All portions of the well pads and ROWS not utilized for the operation phase of the project will be re-seeded. Post construction seeding applications will continue until determined successful by the BLM.

- During interim reclamation of the surface, the following seed mixture will be used PLS (Pure Live Seed) formula.

| | |
|--|------------|
| rabbitbrush (<i>Chryothamnus nauseosus</i>)..... | 3 lbs/acre |
| forage kochia (<i>Kochia prostra</i>)..... | 3 lbs/acre |
| hycrest crested wheatgrass (<i>Agropyron cristayum/Agropyron desertorum hybrid</i>) | 2 lbs/acre |

Rates are set for drill seeding; double the rate if broadcasting.

- Reseeding may be required if initial seeding is not successful.

- Restrictions for placement of surface pipelines:
 - a): Surface pipelines will be placed 5-10 feet outside of the borrow area.
 - b): Surface pipelines will be placed in such a way that they will not wander into the borrow area.
 - c): Pipelines will be buried at all major road and drainage crossings.
- Paint all facilities covert green within six months of installation, except those facilities which are required to comply with the Occupational Safety and Health Act (OSHA).

**DOWNHOLE PROGRAM
CONDITIONS OF APPROVAL (COAs)**

SITE SPECIFIC DOWNHOLE COAs:

- For surface casing cementing program, stage Top Out or Top Job is to bring cement to surface. Note that stage TopOut is to bring cement to surface.
- Production casing cement shall be brought up and into the surface casing. The minimum cement top is 300 ft above the surface casing shoe. COA specification is consistent with operators performance standard stated in APD.
- Covering air/gas drilling operations, requirements will be adhered to covering air/gas drilling operations as described in Onshore Order #2 III. E. 1. Drilling Operations, Special Drilling Operations, air/gas drilling.
- For conductor casing, the casing shoe shall be set in a well consolidated formation.
- A Gamma Ray well Log shall be run from the well Total Depth to the surface. A copy of the Gamma Ray well Log shall be submitted to the BLM Vernal Field Office.
- Operator is to notify BLM Vernal Field Office and active gilsonite mining operator (or lease holder) located within a 2 mile radius, 48 hours prior to pad explosives blasting. Well is not close to gilsonite vein, but on trend to gilsonite vein deposits.
- The operator must report encounters of gilsonite and/or tar sand. This is a repetition of a standard COA.

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.
- All requirements listed in Onshore Order #2 III. E. Special Drilling Operations are applicable for air drilling of surface hole.
- 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.
- While actively drilling, 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 ($\frac{1}{4}$ 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.

| | |
|--|---|
| STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING | FORM 9 5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-81748 |
| 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. | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME: 7. UNIT or CA AGREEMENT NAME: |
| 1. TYPE OF WELL Gas Well | 8. WELL NAME and NUMBER: BONANZA 9-24-21-3 |
| 2. NAME OF OPERATOR: Enduring Resources, LLC | 9. API NUMBER: 43047403400000 |
| 3. ADDRESS OF OPERATOR: 475 17th Street, Suite 1500 , Denver, CO, 80202 | PHONE NUMBER: 303 350-5114 Ext |
| 4. LOCATION OF WELL FOOTAGES AT SURFACE: 0797 FNL 2550 FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NENW Section: 03 Township: 09.0S Range: 24.0E Meridian: S | 9. FIELD and POOL or WILDCAT: UNDESIGNATED COUNTY: UINTAH STATE: UTAH |

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

| TYPE OF SUBMISSION | TYPE OF ACTION | | |
|--|--|---|--|
| <input checked="" type="checkbox"/> NOTICE OF INTENT Approximate date work will start: 9/2/2009 | <input type="checkbox"/> ACIDIZE | <input type="checkbox"/> ALTER CASING | <input type="checkbox"/> CASING REPAIR |
| <input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: | <input type="checkbox"/> CHANGE TO PREVIOUS PLANS | <input type="checkbox"/> CHANGE TUBING | <input type="checkbox"/> CHANGE WELL NAME |
| <input type="checkbox"/> SPUD REPORT Date of Spud: | <input type="checkbox"/> CHANGE WELL STATUS | <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS | <input type="checkbox"/> CONVERT WELL TYPE |
| <input type="checkbox"/> DRILLING REPORT Report Date: | <input type="checkbox"/> DEEPEN | <input type="checkbox"/> FRACTURE TREAT | <input type="checkbox"/> NEW CONSTRUCTION |
| | <input type="checkbox"/> OPERATOR CHANGE | <input type="checkbox"/> PLUG AND ABANDON | <input type="checkbox"/> PLUG BACK |
| | <input type="checkbox"/> PRODUCTION START OR RESUME | <input type="checkbox"/> RECLAMATION OF WELL SITE | <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION |
| | <input type="checkbox"/> REPERFORATE CURRENT FORMATION | <input type="checkbox"/> SIDETRACK TO REPAIR WELL | <input type="checkbox"/> TEMPORARY ABANDON |
| | <input type="checkbox"/> TUBING REPAIR | <input type="checkbox"/> VENT OR FLARE | <input type="checkbox"/> WATER DISPOSAL |
| | <input type="checkbox"/> WATER SHUTOFF | <input type="checkbox"/> SI TA STATUS EXTENSION | <input checked="" type="checkbox"/> APD EXTENSION |
| | <input type="checkbox"/> WILDCAT WELL DETERMINATION | <input type="checkbox"/> OTHER | OTHER: _____ |

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

Request for one-year extension of APD term.

Approved by the Utah Division of Oil, Gas and Mining

Date: September 03, 2009

By:

| | | |
|--|-------------------------------------|------------------------------------|
| NAME (PLEASE PRINT) Alvin Arlian | PHONE NUMBER 303 350-5114 | TITLE Landman-Regulatory |
| SIGNATURE N/A | | DATE 9/2/2009 |



The Utah Division of Oil, Gas, and Mining

- State of Utah
- Department of Natural Resources

Electronic Permitting System - Sundry Notices

Request for Permit Extension Validation Well Number 43047403400000

API: 43047403400000

Well Name: BONANZA 9-24-21-3

Location: 0797 FNL 2550 FWL QTR NENW SEC 03 TWP 090S RNG 240E MER S

Company Permit Issued to: ENDURING RESOURCES, LLC

Date Original Permit Issued: 9/2/2008

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

- 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 rightof- 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

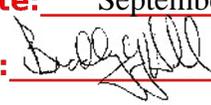
**Approved by the
Utah Division of
Oil, Gas and Mining**

Signature: Alvin Arlian

Date: 9/2/2009

Title: Landman-Regulatory **Representing:** ENDURING RESOURCES, LLC

Date: September 03, 2009

By: 

| | |
|--|---|
| STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING | FORM 9 5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-81748 |
| 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. | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME: 7. UNIT or CA AGREEMENT NAME: |
| 1. TYPE OF WELL Gas Well | 8. WELL NAME and NUMBER: BONANZA 9-24-21-3 |
| 2. NAME OF OPERATOR: Enduring Resources, LLC | 9. API NUMBER: 43047403400000 |
| 3. ADDRESS OF OPERATOR: 475 17th Street, Suite 1500 , Denver, CO, 80202 | PHONE NUMBER: 303 350-5114 Ext |
| 4. LOCATION OF WELL FOOTAGES AT SURFACE: 0797 FNL 2550 FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NENW Section: 03 Township: 09.0S Range: 24.0E Meridian: S | 9. FIELD and POOL or WILDCAT: UNDESIGNATED COUNTY: UINTAH STATE: UTAH |

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

| TYPE OF SUBMISSION | TYPE OF ACTION | | |
|--|--|---|---|
| <input checked="" type="checkbox"/> NOTICE OF INTENT Approximate date work will start: 9/2/2010 | <input type="checkbox"/> ACIDIZE | <input type="checkbox"/> ALTER CASING | <input type="checkbox"/> CASING REPAIR |
| <input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: | <input type="checkbox"/> CHANGE TO PREVIOUS PLANS | <input type="checkbox"/> CHANGE TUBING | <input type="checkbox"/> CHANGE WELL NAME |
| <input type="checkbox"/> SPUD REPORT Date of Spud: | <input type="checkbox"/> CHANGE WELL STATUS | <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS | <input type="checkbox"/> CONVERT WELL TYPE |
| <input type="checkbox"/> DRILLING REPORT Report Date: | <input type="checkbox"/> DEEPEN | <input type="checkbox"/> FRACTURE TREAT | <input type="checkbox"/> NEW CONSTRUCTION |
| | <input type="checkbox"/> OPERATOR CHANGE | <input type="checkbox"/> PLUG AND ABANDON | <input type="checkbox"/> PLUG BACK |
| | <input type="checkbox"/> PRODUCTION START OR RESUME | <input type="checkbox"/> RECLAMATION OF WELL SITE | <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION |
| | <input type="checkbox"/> REPERFORATE CURRENT FORMATION | <input type="checkbox"/> SIDETRACK TO REPAIR WELL | <input type="checkbox"/> TEMPORARY ABANDON |
| | <input type="checkbox"/> TUBING REPAIR | <input type="checkbox"/> VENT OR FLARE | <input type="checkbox"/> WATER DISPOSAL |
| | <input type="checkbox"/> WATER SHUTOFF | <input type="checkbox"/> SI TA STATUS EXTENSION | <input checked="" type="checkbox"/> APD EXTENSION |
| | <input type="checkbox"/> WILDCAT WELL DETERMINATION | <input type="checkbox"/> OTHER | OTHER: <input style="width: 100px;" type="text"/> |

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.
 Request for an one-year extension to the APD termination date.

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

Date: August 31, 2010
 By: 

| | | |
|--|-------------------------------------|------------------------------------|
| NAME (PLEASE PRINT) Alvin Arlian | PHONE NUMBER 303 350-5114 | TITLE Landman-Regulatory |
| SIGNATURE N/A | | DATE 8/31/2010 |



The Utah Division of Oil, Gas, and Mining

- State of Utah
- Department of Natural Resources

Electronic Permitting System - Sundry Notices

Request for Permit Extension Validation Well Number 43047403400000

API: 43047403400000

Well Name: BONANZA 9-24-21-3

Location: 0797 FNL 2550 FWL QTR NENW SEC 03 TWP 090S RNG 240E MER S

Company Permit Issued to: ENDURING RESOURCES, LLC

Date Original Permit Issued: 9/2/2008

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

- 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 rightof- 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

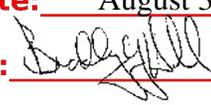
**Approved by the
Utah Division of
Oil, Gas and Mining**

Signature: Alvin Arlian

Date: 8/31/2010

Title: Landman-Regulatory **Representing:** ENDURING RESOURCES, LLC

Date: August 31, 2010

By: 

RECEIVED August 31, 2010

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

FEB 04 2011

BLM

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

| | | |
|---|---|--|
| 1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other | | 5. Lease Serial No. UTU81748 |
| 2. Name of Operator ENDURING RESOURCES LLC Contact: AL ARLIAN E-Mail: aarlian@enduringresources.com | | 6. If Indian, Allottee or Tribe Name |
| 3a. Address 475 17TH STREET, SUITE 1500 DENVER, CO 80202 | 3b. Phone No. (include area code) Ph: 303-350-5114 Fx: 303-573-0461 | 7. If Unit or CA/Agreement, Name and/or No. |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 3 T9S R24E NENW 797FNL 2550FWL 40.04109 N Lat, 109.12019 W Lon | | 8. Well Name and No. BONANZA 9-24-21-3 |
| | | 9. API Well No. 43-047-40340-00-X1 |
| | | 10. Field and Pool, or Exploratory NATURAL BUTTES |
| | | 11. County or Parish, and State UINTAH COUNTY, UT |

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|--|---|---|--|--|
| <input checked="" type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other Change to Original PD |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Request for a two-year extension to APD termination date from 3-10-2011 to 3-10-2013.

RECEIVED
MAR 14 2011

CONDITIONS OF APPROVAL ATTACHED DIV. OF OIL, GAS & MINING

VERNAL FIELD OFFICE

ENG. GD FEB 14 2011

GEOL. _____

E.S. _____

PET. _____

RECL. _____

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

Electronic Submission #102045 verified by the BLM Well Information System
For ENDURING RESOURCES LLC, sent to the Vernal
Committed to AFMSS for processing by ROBIN R. HANSEN on 02/04/2011 (11RRH1093SE)

| | |
|-----------------------------------|-----------------|
| Name (Printed/Typed) AL ARLIAN | Title LANDMAN |
| Signature (Electronic Submission) | Date 02/04/2011 |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

| | | |
|---|--|----------------------------|
| Approved By <u>[Signature]</u> | Title Assistant Field Manager Lands & Mineral Resources | Date FEB 15 2011 |
| Conditions of approval, if any, are attached. Approval of this notice 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. | | Office VERNAL FIELD OFFICE |

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.

UDOGM

BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED **

10DL1093 SE

CONDITIONS OF APPROVAL

Enduring Resources, LLC

Notice of Intent APD Extension

Lease: UTU-81748
Well: Bonanza 9-24-21-3
Location: NENW Sec 3-T9S-R24E

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

1. The extension and APD shall expire on 7/18/11 due to the expiration of the overlying NEPA document.
2. No other extension shall be granted.

If you have any other questions concerning this matter, please contact Carey Doyle of this office at (435) 781-3406



GARY R. HERBERT
Governor

GREGORY S. BELL
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 20, 2011

Al Arlian
Enduring Resources, LLC
475-17th Street, Ste. 1500
Denver, CO 80202

43 047 40340
Bonanza 9-24-21-3
95 2AE 3

Re: APDs Rescinded for Enduring Resources, LLC
Uintah County

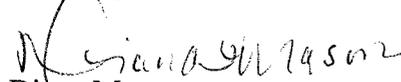
Dear Mr. Arlian:

Enclosed find the list of APDs that are being rescinded per your request to Enduring Resources, LLC. No drilling activity at these locations has been reported to the division. Therefore, approval to drill these wells is hereby rescinded, effective July 20, 2011.

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

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

Sincerely,


Diana Mason
Environmental Scientist

cc: Well File
Bureau of Land Management, Vernal

| | |
|----------------|-------------------------|
| 43-047-38383 | ARCHY BENCH 11-23-31-29 |
| 43-047-38372 | SOUTHAM CYN 10-24-14-17 |
| 43-047-38089 | RAINBOW 11-24-14-17 |
| 43-047-38417 | RAINBOW 11-24-13-29 |
| 43-047-40332 | BONANZA 9-24-32-3 |
| 43-047-37626 | ARCHY BENCH 11-22-42-1 |
| 43-047-37075 | ASPHALT WASH 11-24-44-9 |
| → 43-047-40340 | BONANZA 9-24-21-3 |
| 43-047-38867 | ARCHY BENCH 11-22-23-12 |
| 43-047-37097 | SOUTHAM CYN 11-24-12-4 |

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

FORM 3

AMENDED REPORT
(highlight changes)

| | | | | |
|--|---|--|---|---|
| APPLICATION FOR PERMIT TO DRILL | | | 5. MINERAL LEASE NO: UTU-81748 | 6. SURFACE: Federal |
| 1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/> | | | 7. IF INDIAN, ALLOTTEE OR TRIBE NAME: | |
| B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/> | | | 8. UNIT or CA AGREEMENT NAME: | |
| 2. NAME OF OPERATOR: Enduring Resources, LLC | | | 9. WELL NAME and NUMBER: Bonanza 9-24-21-3 | |
| 3. ADDRESS OF OPERATOR: 475 17th St., Ste 1500 CITY Denver STATE CO ZIP 80202 | | | PHONE NUMBER: (303) 350-5719 | 10. FIELD AND POOL, OR WILDCAT: Undesignated |
| 4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 797' FNL - 2,550' FWL 653511X 40.069623 AT PROPOSED PRODUCING ZONE: Same 4436827Y -109.199864 | | | 11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NENW 3 9S 24E | |
| 14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 2.75 miles North of Bonanza, UT | | | 12. COUNTY: Uintah | 13. STATE: UTAH |
| 15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 797' | 16. NUMBER OF ACRES IN LEASE: 640 | 17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40 acres | | |
| 18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 1000' + | 19. PROPOSED DEPTH: 7,855 | 20. BOND DESCRIPTION: RLB0008031 | | |
| 21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 5226' GR | 22. APPROXIMATE DATE WORK WILL START: 12/15/2008 | 23. ESTIMATED DURATION: 30 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 | | | |
|--------------|---|---------------|---|-----------|------|------|
| 20" | 14" line pipe | 40 | 3 yards | Ready Mix | | |
| 12-1/2" | 9-5/8" J-55 36# | 2,016 | Premium Lead | 250 sxs | 3.80 | 11.1 |
| | | | Premium Tail | 272 sxs | 1.15 | 15.8 |
| 7-7/8" | 4-1/2" N-80 15.1# | 7,855 | Class G | 149 sxs | 3.3 | 11.0 |
| | | | 50/50 Poz Class G | 810 sxs | 1.56 | 14.3 |

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 |

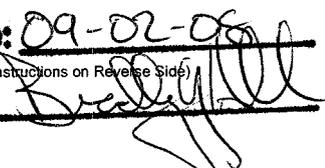
NAME (PLEASE PRINT) Alvin R. (Al) Arlian TITLE Landman - Regulatory Specialist

SIGNATURE  DATE 8/21/2008

(This space for State use only)

API NUMBER ASSIGNED: 43-047-40340

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

APPROVAL: 

Date: 09-02-08
(See Instructions on Reverse Side)

By: 

RECEIVED
AUG 25 2008
DIV. OF OIL, GAS & MINING

Federal Approval of this Action is Necessary

(11/2001)

ENDURING RESOURCES, LLC

425 Seventeenth Street, Suite 1500

Denver, Colorado 80202

Telephone: 303-573-1222

Facsimile: 303-573-0461

August 21, 2008

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

**RE: Exception Well Location
Bonanza 9-24-21-3
NENW 3-T9S-R24E
797' FNL - 2550' FEL
Lease Serial No.: UTU-81748
Uintah County, Utah**

Ladies and Gentlemen:

This well is planned to be drilled east of a standard 200' drilling window well location in the center of the NENW to:

1. Provide a safe distance from Utah State Hwy 45, and
2. To move the well pad out of a drainage bottom.

ERLLC is the only leasehold interest owner in Section 3 and within 460 feet of any part of the above-referenced proposed well's well bore, therefore,

A. *ERLLC grants itself permission for an exception well location.*

Should you have any questions concerning this matter, please do not hesitate to call (303) -350-5114.

Very truly yours,

ENDURING RESOURCES, LLC



Alvin R. (Al) Arlian
Landman – Regulatory Specialist

ara/

cc: BLM

RECEIVED

AUG 25 2008

DIV. OF OIL, GAS & MINING

SELF-CERTIFICATION STATEMENT

The following self-certification statement is provided per federal requirements dated June 15, 1988.

Please be advised that Enduring Resources, LLC is considered to be the operator of the following well.

Bonanza 9-24-21-3 Well
Lease No. UTU-81748

797' FNL-- 2,550' FWL NENW Sec 3-9S-24E

Enduring Resources, LLC is responsible under the terms and conditions of the lease for the operations conducted upon leased lands. Bond coverage is provided by UTB000173.



Alvin R. Arlian
Regulatory Specialist
Enduring Resources, LLC
475 17th Street, Suite 1500
Denver, CO 80202
(303) 350-5114

August 21, 2008

**Enduring Resources, LLC
Bonanza 9-24-21-3
NENW 3-9S-24E
Uintah County, Utah**

Federal Lease: UTU-81748

MULTI-POINT SURFACE USE & OPERATIONS PLAN

1. Existing Roads:

Beginning at the city of Bonanza, Utah go northwest on State Highway 45 for a distance of approximately 2.6 miles where there is a turn-off to the left near an existing pipeline. Do not turn left. Continue along Highway 45 for a distance of approximately 0.4 miles where there is a turn-off to the right. Do not turn right. Continue along said highway for an a distance of approximately 0.2 mile. where there is a turn-off to a proposed two-track. Turn right and proceed northeasterly along said two-track for a distance of approximately 40'. Turn left along the proposed access north and then east for a distance of approximately 435' (0.1 mile) to the proposed Bonanza 9-24-21-3 well pad.

Planned Access Road:

The proposed access road will be approximately 475 feet:

| SURFACE OWNER | DESCRIPTION-CONSTRUCTION | ON-LEASE | OTHER | TOTAL |
|---------------|--------------------------|----------|-------|-------|
| BLM | TWO-TRACT UP GRADE | 40' | | 40' |
| BLM | NEW CONSTRUCTION | 435' | | 435' |
| TOTALS: | | 475' | -0- | 475' |

No BLM OFF-LEASE road right-of-way is needed.

The proposed access road will be utilized to transport personnel, equipment and supplies to and from the proposed well site during drilling, completion and production operations. The road will be utilized year round.

The access road will be crowned 2% to 3%, ditched and constructed with a running surface of 18 feet and a maximum disturbed width of 30 feet right-of-way. Maximum grade of road is 5% or less. Graveling or capping the roadbed will be performed as necessary to provide a well constructed, safe road. No fence crossings, culverts, turnouts, cattle guards or major cuts and fills are required. Prior to construction or upgrading, the proposed road shall be cleared of any snow and allowed to dry completely.

Surface disturbance and vehicular traffic will be limited to the proposed location and proposed access route. Any additional area needed will be approved in advance. All construction shall be in conformance with the standards outlined in the BLM and Forest Service publication: Surface Operating Standards for Oil and Gas Exploration and Development, 1989.

The road surface and shoulders will be kept in a safe usable condition and will be maintained in accordance with the original construction standards. All drainage ditches will be kept clear and free flowing and will be maintained according to original construction standards. The access road surface will be kept free of trash during operations. All traffic will be confined to the approved disturbed surface. Road drainage 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 road bed. 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. When snow is removed from the road during the winter months, the snow shall be pushed outside of the borrow ditches and the turnouts kept clear so that snowmelt will be channeled away from the road.

3. **Location of Existing Wells within a One-Mile radius (See “Topo” Map “C” attached):**

The following wells are wells located within a one (1) mile radius of the proposed location.

- a. (1): Water Wells:
 - 1. TXP Wilson, SWNE Sec 10, P&A
- b. None: Injection Wells:
- c. None: Producing Wells:
- d. None: Drilling Wells:
- e. None: Shut-in Wells:
- f. None: Temporarily Abandoned Wells:
- g. None: Disposal Wells:
- h. None: Abandoned Wells:
- i. None: Dry Holes:
- j. None: Observation Wells:
- k. (7): Pending (staked) Wells:
There are seven other proposed wells in this section.

4. **Location of Existing and/or Proposed Facilities:**

All production facilities will be located on the disturbed portion of the well pad and at a minimum of 25 feet from the toe of the back slope or the top of the fill slope.

A dike will be constructed completely around those production facilities which contain fluids (i.e. production tanks, produced water tanks and/or heater treater). These dikes will be constructed of compacted subsoil, be impervious, hold 100% of the capacity of the largest tank and be independent of the back cut.

All permanent (on site for six months or longer) above the ground structures constructed or installed, including pumping units, will be painted a flat, non-reflective, earth tone color to match one of the standard environmental colors, as determined by the rocky Mountain Five State Inter-Agency Committee

All facilities will be painted within 6 months of installation. The color shall be Dark Olive Black. Facilities required to comply with the Occupational Safety and Health Act (OSHA) will be excluded.

Any necessary pits will be properly fenced to protect livestock and prevent wildlife entry.

Starting at the wellsite and going south to the tie-in point, a 6", or less, steel, unpainted, surface, Gas Pipeline shall be constructed as follows:

Gas Gathering Pipeline:

| SURFACE OWNER | DESCRIPTION | ON-LEASE | OFF-LEASE | OTHER | TOTAL |
|--------------------|-------------|----------|-----------|--------|---------|
| BLM | ON-LEASE | 380' | | | 380' |
| BLM | ON-LEASE | 650' | | | 650' |
| American Gilsonite | FEE | | | 30' | 30' |
| BLM | ON-LEASE | 2,410' | | | 2,410' |
| American Gilsonite | FEE | | | 620' | 620' |
| BLM | ON-LEASE | 940' | | | 940' |
| BLM | OFF-LEASE | | 16,980' | | 16,980' |
| American Gilsonite | FEE | | | 390' | 390' |
| American Gilsonite | FEE | | | 420' | 420' |
| American Gilsonite | FEE | | | 670' | 670' |
| American Gilsonite | FEE | | | 350' | 350' |
| American Gilsonite | FEE | | | 1,340' | 1,340' |
| State of Utah | SITLA | | | 1,140' | 1,140' |
| TOTALS: | | 4,380' | 16,980' | 4,960' | 26,320' |

- Concurrently herewith a 6" or less, steel, unpainted, surface, pipeline right-of-way for the BLM Surface off-lease portion of the pipeline is requested.
- A pipeline, road, and access agreement is pending with American Gilsonite.
- An application for a pipeline r-o-w has been filed with SITLA.
- Pipeline boring/cut permit will be acquired from the county and State of Utah.

If the well is capable of economic production, a surface gas gathering line and related equipment shall be installed for year around usage. Approximately 26,320 feet of 6" or less, steel, unpainted, surface, gas gathering pipeline shall be constructed to minimize surface disturbance.

The proposed pipeline will begin at the well site, be laid by the east and south sides of the access road and Hwy 45.

All State and County roads will be bored/cut upon State and County approvals to do so.

The meter run will be housed. The gas gathering line will be buried or anchored down from the wellhead to the meter.

Upon plugging and abandonment, the gas gathering line will be removed and the disturbed area will be re-contoured and restored as near as practical to the original condition. If necessary, re-seeding operations will be performed after completion of other reclamation operations.

5. Location and Type of Water Supply:

Water will be purchased from American Gilsonite from the following source. Water Right No. 49-222, Application/Claim No. A29909/a4958, Certificate No. 9915 ("AGC Water Right"). The AGC Water Right consists of nineteen underground water wells located in Sec.2, T10S, R24E, SLBM, piped to and stored in a cistern located in Section 25, T9S, R24E.

Water will be hauled to the location over the roads marked on "Topo" Maps "A" and "B."

No water well is to be drilled on this lease.

6. Source of Construction Materials:

Surface and subsoil materials in the immediate area will be utilized for location and access road construction.

Any gravel will be obtained from a commercial source; however, gravel sized rock debris associated with location and access road construction may be used as access road surfacing material.

7. Methods of Handling Waste Materials:

Drill cuttings will be contained and buried in the reserve pit.

Drilling fluids, including salts and chemicals, contained in the reserve pit will be removed and disposed of at an approved waste disposal facility within 120 days after drilling is terminated.

The reserve pit will be constructed on the location and will not be located within natural drainage, where a flood hazard exists or surface runoff will destroy or damage the pit walls. The reserve pit will be constructed so that it will not leak, break or allow discharge of liquids.

The reserve pit will be lined with ¼ felt and a minimum of 16 mm plastic with sufficient bedding used 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 or scrap that could puncture the liner will be disposed of in the pit.

A chemical portable toilet will be furnished with the drilling rig. The toilet will be replaced periodically utilizing a licensed contractor to transport by truck the portable chemical toilet so that its contents can be delivered to the Vernal Wastewater Treatment Facility in accordance with state and county regulations.

Garbage, trash and other waste materials will be collected in a portable, self-contained, fully enclosed trash cage during operations. No trash will be burned on location.

All debris and other waste material not contained in the trash cage will be cleaned up and removed from the location immediately after removal of the drilling rig.

Any open pits will be fenced during the operations. The fencing will be maintained until such time as the pits are backfilled.

No chemicals subject to reporting under SARA Title III (hazardous materials) in an amount greater than 10,000 pounds will be used, produced, stored, transported or disposed of in association with the drilling, completion or testing 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, completion or testing of this well.

Any produced water from the proposed well will be contained in a water tank and will then be hauled by truck to one of the following Enduring water disposal wells.

- A. Buck Camp 11-22-14-36 WDW, T11S-R22E, Sec 36: SWSW, or if not available,
- B. Southman Canyon 9-23-22-36 WDW , T9S-R23E, Sec 36: SENW.

8. Ancillary Facilities:

During drilling operations, approximately 30 days, the site will be a manned camp. Three or four additional trailers will be on location to serve as the crews' housing and eating facilities. These will be located on the perimeter of the pad site within the topsoil stockpiles. Refer to Sheet 4.

9. Well Site Layout: (Refer to Sheets #2, #3, and #4)

The attached Location Layout Diagrams described drill pad cross-sections, cuts and fills and locations of the mud tanks, reserve pit, flare pit, pipe racks, trailer parking, spoil dirt stockpile(s) and surface material stockpiles(s).

Please see the attached diagram for rig orientation and access roads.

The top soil will be windrowed rather than piled. It will be reseeded and track walker at the time the location is constructed. Seeding will be with the determined during the onsite. (Refer to "Seed Mixture for Windrowed Top Soil Will included:" following herein.

The top soil removed from the pit area will be store separately and will not be reseeded until the pit is reclaimed.

All pits shall be fence to the following minimum standards:

- a. 39 inch net wire shall be used with at least one strand of 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.
- b. The net wire shall be no more than 2 inches above the ground. The barbed wire shall be 3 inches over the new wire. Total height of the fence shall be at least 42 inches.
- c. Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.
- d. Standard steel, wood or pipe posts shall be used between the corner braces. Maximum distance between any two fence posts shall be no greater than 16 feet.
- e. All wire shall be stretched by, using a stretching device, before it is attached to corner posts.
- f. The reserve pit fencing will be on three sides during drilling operations and on the fourth side when the rig moves off location. Pits will be fenced and maintained until cleanup.
- g. Location size may change prior to drilling the well due to the current rig availability. If the proposed location is not large enough to accommodate the drilling, the location will be re-surveyed and a Form 9 will be submitted.

10. Plans for Surface Reclamation:

Producing Location:

- a. Immediately upon well completion, the location and surrounding area will be cleared of all unused tubing, equipment, materials, trash and debris not required for production.
- b. Immediately upon well completion, any hydrocarbons in the pit shall be removed in accordance with 40CFR 3162.7.
- c. Before any dirt work associated with location restoration takes place, the reserve pit shall be as dry as possible. All debris in it will be removed. Other waste and spoil materials will be disposed of immediately upon completion of operations.
- d. The reserve pit and that portion of the location not needed for production facilities / operations will be re-contoured to the approximated natural contours. The reserve pit will be reclaimed within 90 days from the date of well completion, weather permitting.
- e. To prevent surface water(s) from standing (ponding) on the reclaimed reserve pit area, final reclamation of the reserve pit will consist of "mounding" the surface 3 feet above surrounding round surface to allow the reclaimed pit area to drain effectively.
- f. Upon completion of back filling, leveling and re-contouring, the stockpiled topsoil will be spread evenly over the reclaimed area(s).

Dry Hole/Abandoned Location:

- i. Abandoned well sites, roads and other disturbed areas will be restored as nearly as practical to their original condition. Where applicable, these conditions include the re-establishment of irrigation systems, the re-establishment of appropriate soil conditions and re-establishment of vegetation as specified.
- ii. All disturbed surfaces will be re-contoured to the approximated natural contours with reclamation of the well pad and access road to be performed as soon as practical after final abandonment. If necessary, re-seeding operations will be performed after completion of other reclamation operations.

Seed Mixture for Windrowed Top Soil Will Included:

To be provided by the BLM

11. Surface Ownership: Location, Access and Pipeline Route:

Wellsite: Bureau of Land Management

Access: Bureau of Land Management

Pipeline: Bureau of Land Management
American Gilsonite
State of Utah (SITLA)
(ALL subject to County and State boring/Cut approves under
County and State roads.)

12. Other Information

On-site Inspection for Location, Access and Pipeline Route:

The on-site was conducted on May 5, 2008

Attending were:

1. Chuck MacDonald - BLM
2. Scott Ackerman - BLM
3. Dustin Gardiner - Tristate
4. Mike Stewart - Ponderosa
5. Carroll Estes - Enduring Resources

Special Conditions of Approval:

None for this well(s).

Archeology:

- a. A Cultural Resource Inventory Report has been prepared by Montgomery Archaeological Consultants and a copy is attached.

Paleontology:

- b. A Paleontology Reconnaissance Report has been prepared by Intermountain Paleo-Consulting and a copy is attached.

If, during operations, any archaeological or historical sites, or any objects of antiquity (subject to the Antiquities Act of June 8, 1906) are discovered, all operations which would affect such sites will be suspended and the discovery reported promptly to the surface management agency.

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

Representatives:

Alvin R. (Al) Arlian
Landman – Regulatory Specialist
Enduring Resources, LLC
475 17th Street, Suite 1500
Denver, Colorado 80202
Office Tel: 303-350-5114
Fax Tel: 303-573-0461
aarlian@enduringresources.com

Carroll Estes
Utah Production Superintendent
Enduring Resources, LLC
759 East 500 South
Vernal, UT 84078
Office Tel: 435-781-0172
Fax Tel: 435-781 0174
cestest@enduringresources.com

Enduring Resources, LLC

Bonanza 9-24-21-3
NENW Sec 3 T9S-R24E
Uintah County, Utah

Federal Lease: UTU-81748

ONSHORE ORDER 1 - DRILLING PLAN

1. Estimated Tops of Geological Markers:

| Formation | Depth (K.B.) |
|-------------|--------------|
| Uinta | Surface |
| Green River | 685' |
| Wasatch | 3815' |
| Mesaverde | 5635' |

2. Estimated Depths of Anticipated Water, Oil, Gas or Other Minerals:

| Substance | Formation | Depth (K.B.) TVD |
|-----------|--------------------------------|------------------|
| | KB-Uinta Elevation: 5236' est. | |
| Oil / Gas | Green River | 685' |
| Oil /Gas | Wasatch | 3815' |
| Oil /Gas | Mesaverde | 5635' |
| | TD | 7855' |

An 11" hole surface hole will be drilled with air, air/mist, foam or mud depending on hole conditions to approximately 2016 feet. The depth will be determined by the depth that the Birds Nest zone is encountered. The hole will be drilled 400 feet beyond the top of the Birds Nest zone and surface casing will be set and cemented to surface. Surface casing will be pre-set before drilling rig is moved on location. ProPetro Services Incorporated, or if not available, another Surface Hole Driller (collectively "Surface Hole Driller") will drill the surface hole. A 300 or 400 bbl tank of fresh water will be on location prior to commencement of operations to use as a kill fluid. The anchored blooie line shall be at least 6" in diameter and extend straight from the wellhead to the reserve/blooie pit. Surface Hole Driller's equipment includes a 1250 CFM compressor on the drilling rig along with a 1070 to 1170 CFM stand alone compressor. Surface Hole Driller's equipment shall be setup on the front side of the location with the rig between the driller and the reserve/blooie pit. The stand alone compressor will be adjacent to the rig on the same side as the driller. Surface Hole Driller's equipment includes spark arrestors on engines, a diverter head, a mister close to the end of the

blooie line for dust suppression, a continuously lit pilot light, a fluid pump to circulate kill fluids as necessary, a diverter on the end of the blooie line, a float valve in the drill string and kill switches.

3. Pressure Control Equipment: (3000 psi schematic attached)

- A. Type: Eleven (11) inch double gate hydraulic BOP with eleven (11) inch annular preventer on 3,000 psi casinghead, with 3,000 psi choke manifold equipped per the attached diagram. BOPE as specified in *Onshore Oil & Gas Order Number 2*. A PVT, stroke counter and flow sensor will be installed to check for flow and monitor pit volume.
- B. Pressure Rating: 3,000 psi BOPE
- C. Kelly will be equipped with upper and lower Kelly valves.
- D. Testing Procedure: Annular Preventer

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

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

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

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

Blow-Out Preventer

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

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

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

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

E. Miscellaneous Information:

The blowout preventer and related pressure control equipment will be installed, tested and maintained in compliance with the specifications in and requirements of *Onshore Oil & Gas Order Number 2*.

4. **Proposed Casing & Cementing Program:**

A. **Casing Program: All New**

| Hole Size | Casing Size | Wt./Ft. | Grade | Joint | Depth Set (MD) |
|-----------|-------------|---------|-------|-------|---------------------|
| 20" | 14" O.D. | | | | 40' (GL) |
| 11" | 8-5/8" | 24# | J-55 | ST&C | 0 – 2016' (KB) est. |
| 7-7/8" | 4-1/2" | 11.6# | N-80 | LT&C | 0 – 7855' (KB) |

The surface casing will have guide shoe, 1 joint, insert float collar. Centralize the shoe joint with bowspring centralizers in the middle and top of the joint and the next 16 joints with bowspring centralizers on every other collar (8 centralizers total). Thread lock guide shoe. Surface casing will be pre-set before the drilling rig is moved on location.

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

B. **Casing Design Parameters:**

| Depth (MD) | Casing | Collapse(psi)/SF | Burst (psi)/SF | Tension(mlbs)/SF |
|------------|-----------------------------|------------------|----------------|------------------|
| 40' (GL) | 14" OD | | | |
| 2016' (KB) | 8-5/8", 24#/ft, J55, STC | 1370/1.52(a) | 2950/3.28(b) | 244/5.81(c) |
| 7855' (KB) | 4-1/2", 11.6#/ft, N-80, LTC | 6350/1.57 (d) | 7780/2.09 (e) | 223/2.87 (f) |

- (a.) based on full evacuation of pipe with 8.6 ppg fluid on annulus
- (b.) based on 8.6 ppg gradient with no fluid on annulus
- (c.) based on casing string weight in 8.6 ppg mud
- (d.) based on full evacuation of pipe with 10.0 ppg fluid on annulus
- (e.) based on 9.2 ppg gradient, gas to surface, with no fluid on annulus, no gas gradient
- (f.) based on casing string weight in 9.2 ppg mud

PROPOSED CEMENTING PROGRAM

Surface Casing (if well will circulate)-Cemented to surface

| CASING | SLURRY | FT. of FILL | CEMENT TYPE | SXS | EXCESS (%) | WEIGHT (ppg) | YIELD (ft ³ /sx) |
|--------|--------|-------------|---|-----|------------|--------------|-----------------------------|
| 8-5/8" | Lead | 1516 | Premium cement + 16% gel + 0.25 pps celloflake | 138 | 25% | 11.1 | 3.50 |
| 8-5/8" | Tail | 500 | Premium cement + 2% CaCl ₂ + 0.25 pps celloflake | 138 | 25% | 15.8 | 1.15 |

A cement top job is required if cement fallback is greater than 10' below ground level. Top job (weight 15.8 ppg, yield 1.15 ft³/sx) cement will be premium cement w/ 3% CaCl₂ + 0.25 pps celloflake. Volume as required

Surface Casing (if well will not circulate) - Cemented to surface

| CASING | SLURRY | FT. of FILL | CEMENT TYPE | SXS | EXCESS (%) | WEIGHT (ppg) | YIELD (ft ³ /sx) |
|--------|---------|-------------|---|---------|------------|--------------|-----------------------------|
| 8-5/8" | Lead | 500 | Premium cement + 2% CaCl ₂ + 0.25 pps celloflake | 138 | 25 | 15.8 | 1.15 |
| 8-5/8" | Top job | As req. | Premium cement + 3% CaCl ₂ + 0.25 pps celloflake | As Req. | | 15.8 | 1.15 |

Production Casing and Liner - Cemented TD to 300' above base of surface casing

| CASING | SLURRY | FT. of FILL | CEMENT TYPE | SXS | EXCESS (%) | WEIGHT (ppg) | YIELD (ft ³ /sx) |
|--------|--------|-------------|---|-----|------------|--------------|-----------------------------|
| 4-1/2" | Lead | 1653 | Class "G" + 5% NaCl + 12% Gel + 0.25 pps celloflake + 0.2% antifoam + 0.25% fluid loss + 1% extender | 149 | 25 | 11.0 | 3.3 |
| 4-1/2" | Tail | 4425 | 50/50 POZ Class G + 2% gel + 1% CaCl ₂ + 0.2% dispersant + 0.2% fluid loss + 0.1% antifoam | 810 | 25 | 14.3 | 1.56 |

Cement volumes for the 4-1/2" Production Casing will be calculated to provide a top of cement to 300' above base of surface casing. Cement volumes are approximate and were calculated under the assumption that a gauge hole will be achieved. Actual cement volumes may vary due to variations in the actual hole

size and will be determined by running a caliper log on the drilled hole. Actual cement types may vary due to hole conditions and cement contractor used.

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

5. **Drilling Fluids (mud) Program:**

| Interval (MD) | Mud Weight | Fluid Loss | Viscosity | Mud Type |
|------------------|------------|------------|-----------|-----------|
| 0' – 2016' (KB) | | No cntrl | | Air/mist |
| 2000'-3000' (KB) | 8.4-8.6 | No cntrl | 28-36 | Water |
| 3000'-7855' (KB) | 8.8-9.8 | 8 - 10 ml | 32-42 | Water/Gel |

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

6. **Evaluation Program:**

Tests: No tests are currently planned.

Coring: No cores are currently planned.

Samples: No sampling is currently planned.

Logging

- Dual Induction – SFL /Gamma Ray/Caliper/SP/TDLT/CNL/ML
TD to Base Surface Casing
- Cement Bond Log / Gamma Ray:
TD to Base of Surface Casing or Top of Cement if below Base of Surface Casing

Stimulation: A stimulation or frac treatment will be designed for completion of this well based on openhole log analysis. The drill site, as approved, will be sufficient size to accommodate all completion activities.

7. **Abnormal Conditions:**

No abnormal temperatures or pressures are anticipated. No H₂S has been encountered or known to exist from previous wells drilled to similar depths in the general area.

Maximum anticipated bottom hole pressure equals approximately 4,085 psi (calculated at 0.52 psi/foot of hole) and maximum anticipated surface pressure equals approximately 2,357 psi (anticipated bottom hole pressure minus the pressure of a partially evacuated hole calculated at 0.22 psi/foot of hole).

8. Anticipated Starting Dates:

- Anticipated Commencement Date- Within one year of APD issue.
- Drilling Days- Approximately 10 days
- Completion Days - Approximately 10 days
- Anticipate location construction within 30 days of permit issue.

9. Variations:

None anticipated

10. Other:

A Cultural Resource Inventory and Paleontology reconnaissance shall be conducted for the well location, access route and pipeline. The reports shall be submitted to the Division of Oil, Gas and Mining and the School and Institutional Trust lands Administration upon their receipt.

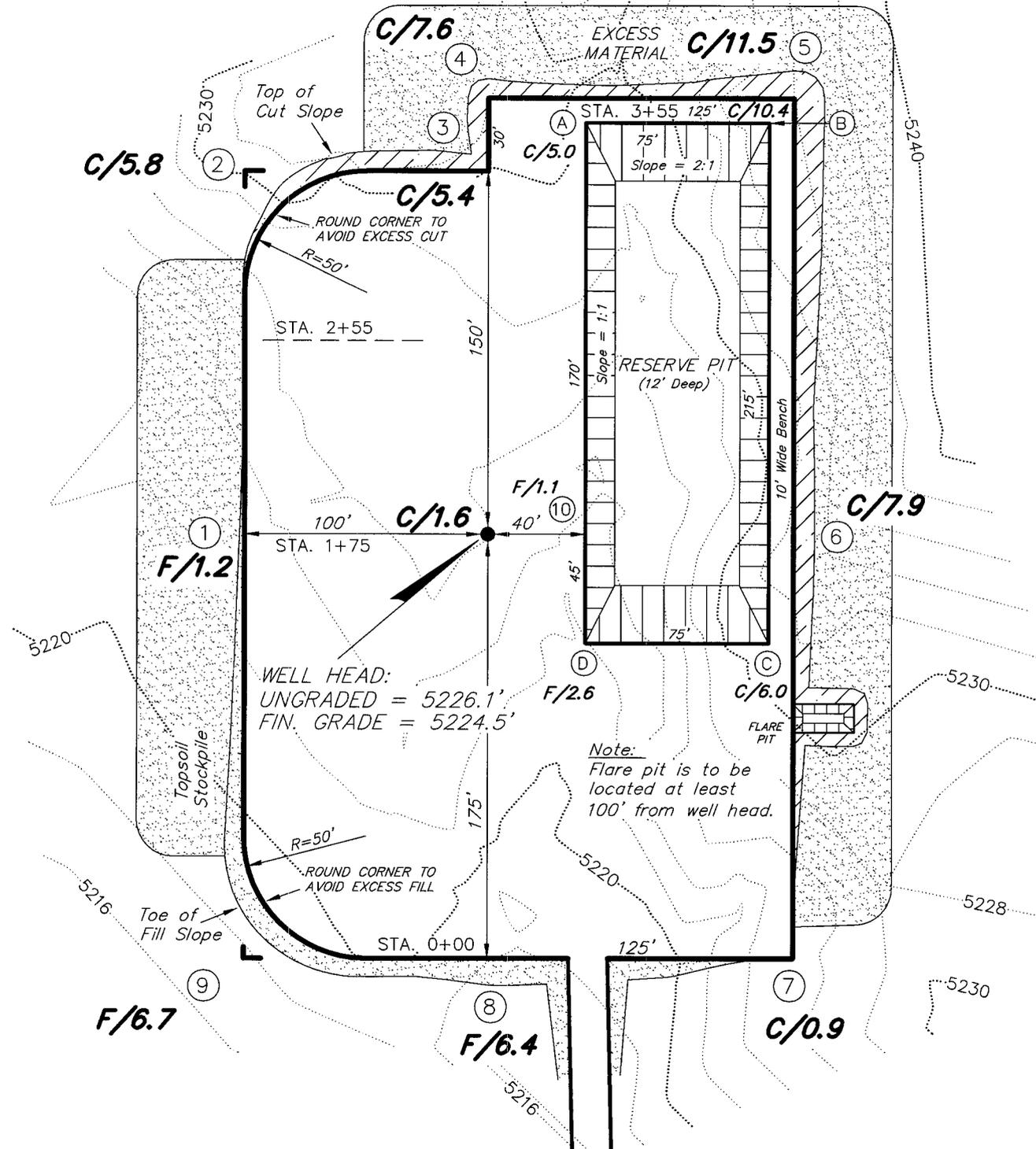
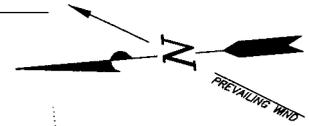
A measurement while drilling (MWD) system will be used to track and control the directional path of the wellbore.

Directions to the Bonanza 9-24-21-3 Well Pad

Beginning at the city of Bonanza, Utah go northwest on State Highway 45 for a distance of approximately 2.6 miles where there is a turn-off to the left near an existing pipeline. Do not turn left. Continue along Highway 45 for a distance of approximately 0.4 miles where there is a turn-off to the right. Do not turn right. Continue along said highway for an a distance of approximately 0.2 mile. where there is a turn-off to a proposed two-track. Turn right and proceed northeasterly along said two-track for a distance of approximately 40'. Turn left along the proposed access north and then east for a distance of approximately 435' (0.1 mile) to the proposed Bonanza 9-24-21-3 well pad.

ENDURING RESOURCES

BONANZA 9-24-21-3
 Section 3, T9S, R24E, S.L.B.&M.



WELL HEAD:
 UNGRADED = 5226.1'
 FIN. GRADE = 5224.5'

Note:
 Flare pit is to be located at least 100' from well head.

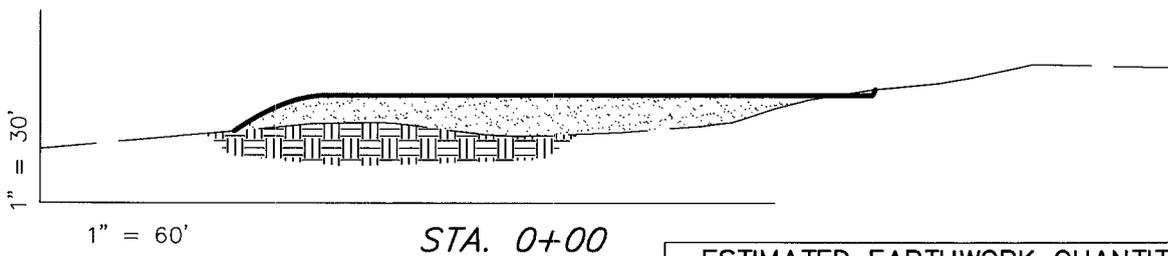
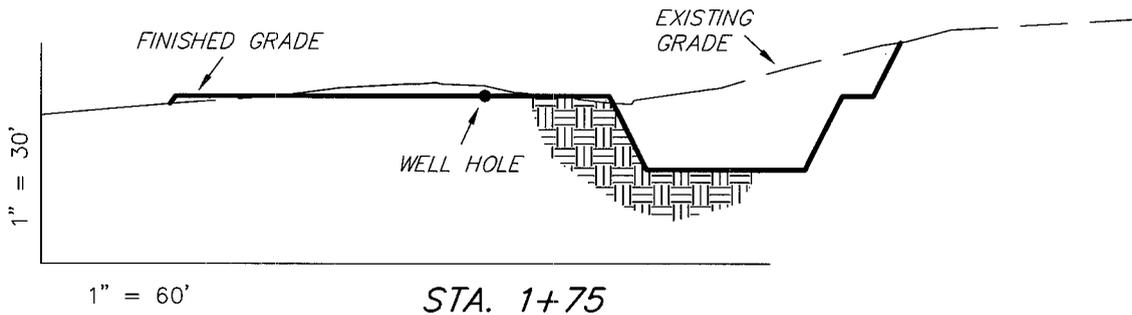
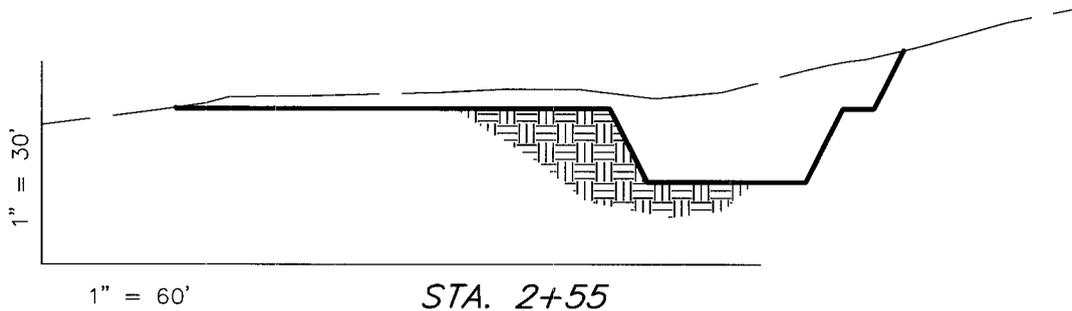
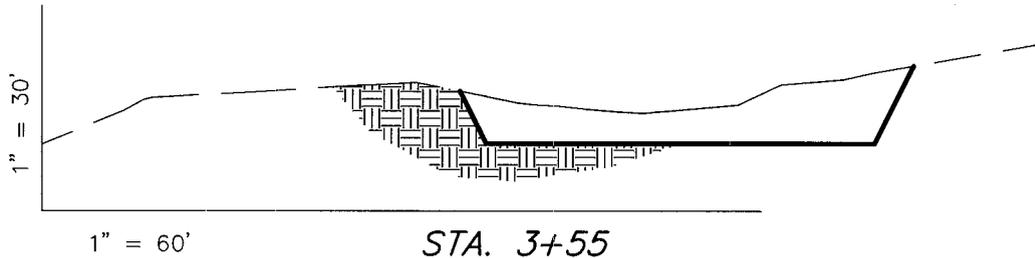
REFERENCE POINTS

150' NORTHERLY = 5221.1'
 200' NORTHERLY = 5221.7'

| | |
|-------------------|---------------------|
| SURVEYED BY: C.M. | DATE DRAWN: 3-22-05 |
| DRAWN BY: F.T.M. | SCALE: 1" = 60' |
| NOTES: | |

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

ENDURING RESOURCES
CROSS SECTIONS
BONANZA 9-24-21-3



| ESTIMATED EARTHWORK QUANTITIES (No Shrink or swell adjustments have been used) (Expressed in Cubic Yards) | | | | |
|---|---------------|--------------|--|--------------|
| ITEM | CUT | FILL | 6" TOPSOIL | EXCESS |
| PAD | 5,670 | 3,700 | Topsoil is not included in Pad Cut | 1,970 |
| PIT | 5,390 | 0 | | 5,390 |
| TOTALS | 11,060 | 3,700 | 1,550 | 7,360 |

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

SURVEYED BY: C.M. DATE DRAWN: 3-22-05
 DRAWN BY: F.T.M. SCALE: 1" = 60'
 NOTES:

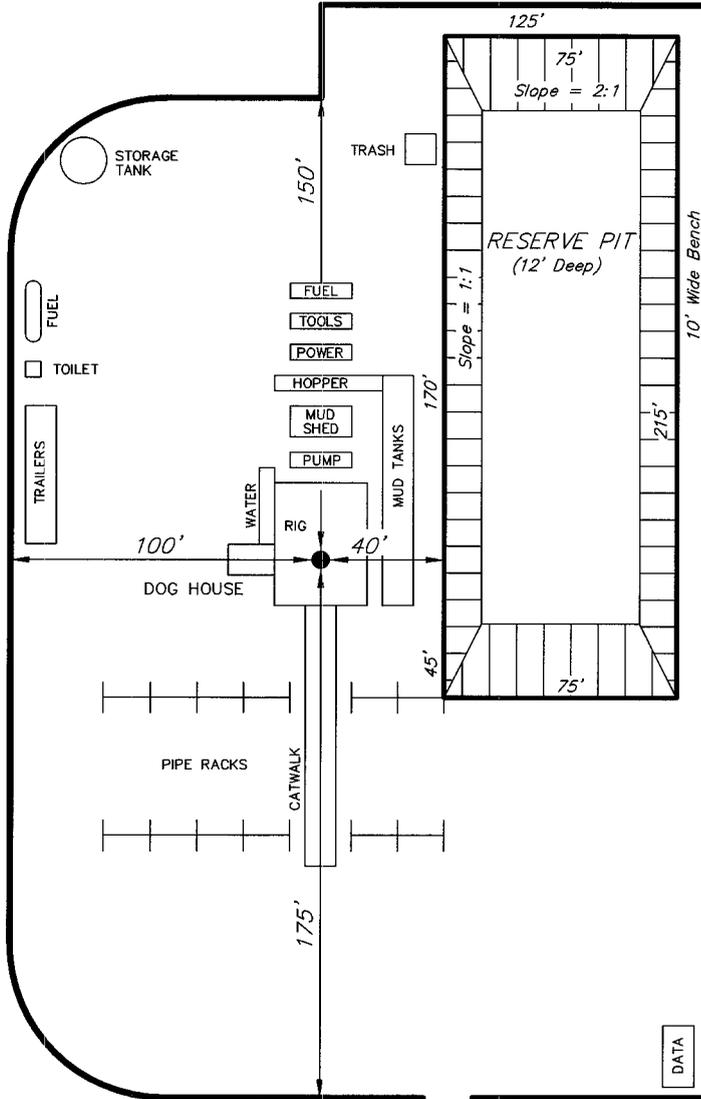
Tri State (435) 781-2501
Land Surveying, Inc.
 180 NORTH VERNAL AVE. VERNAL, UTAH 84078

SHEET
3
 OF 8

ENDURING RESOURCES

TYPICAL RIG LAYOUT

BONANZA 9-24-21-3



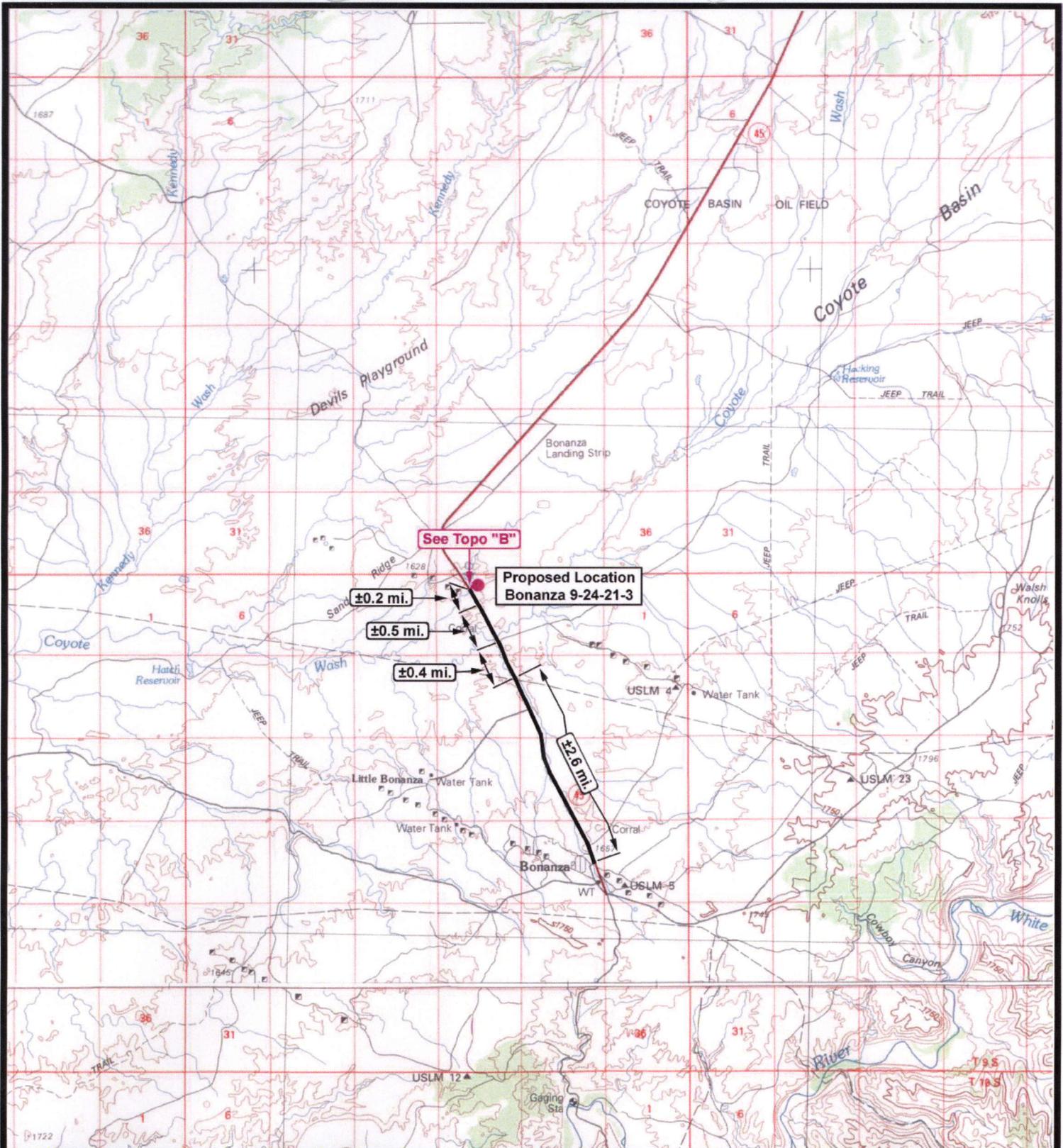
Note:
Flare pit is to be located at least 100' from well head.



| | |
|-------------------|---------------------|
| SURVEYED BY: C.M. | DATE DRAWN: 3-22-05 |
| DRAWN BY: F.T.M. | SCALE: 1" = 60' |
| NOTES: | |

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

SHEET 4 OF 8



ENDURING
-Resources-



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

SCALE: 1" = 2,000'

DRAWN BY: bgm

DATE: 04-11-2005

Legend

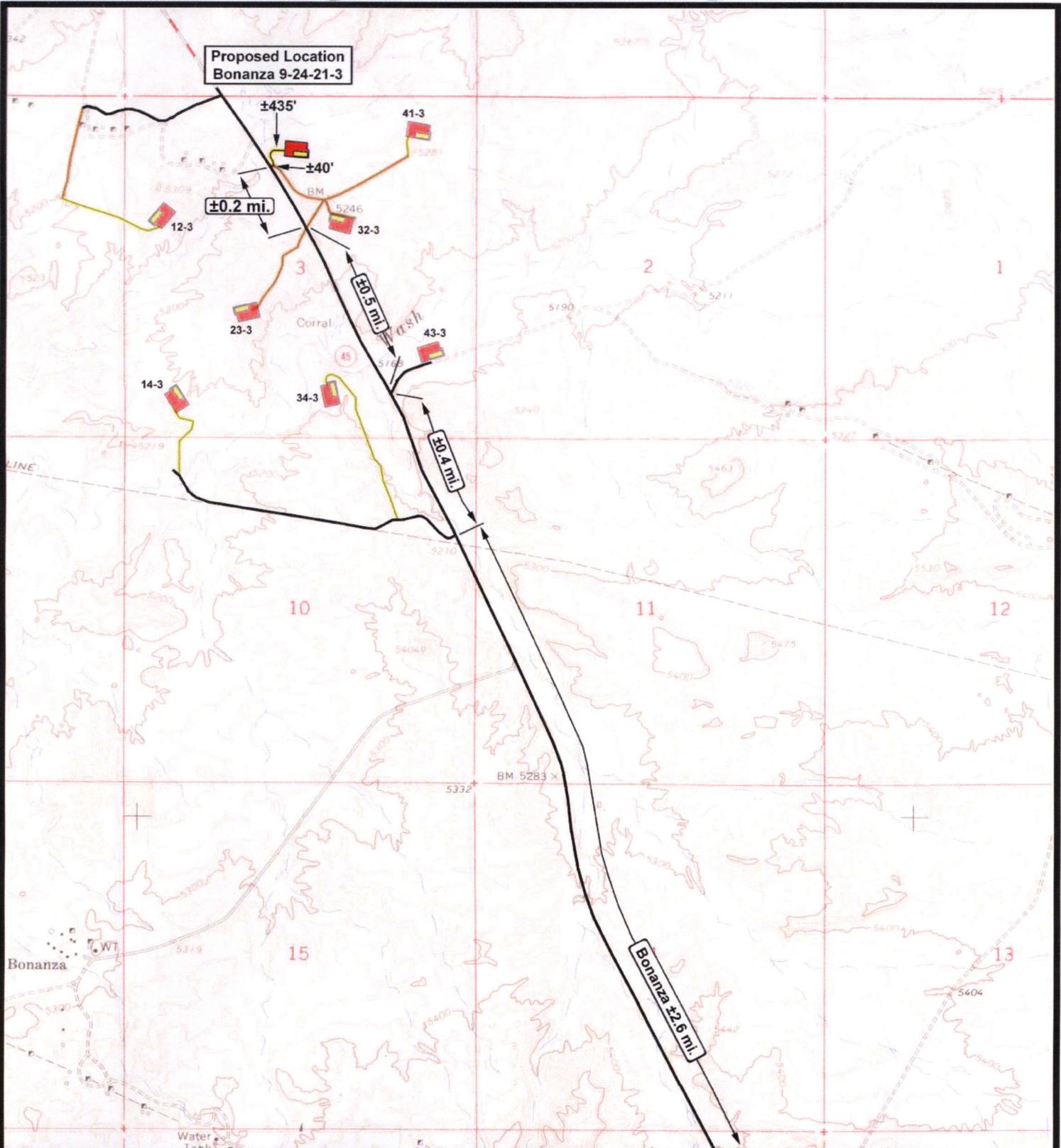
- Existing Road
- Proposed Access

Bonanza 9-24-21-3
SEC 3, T9S, R24E, S.L.B.&M.

TOPOGRAPHIC MAP

"A"

SHEET
5
OF 8



ENDURING
-Resources-



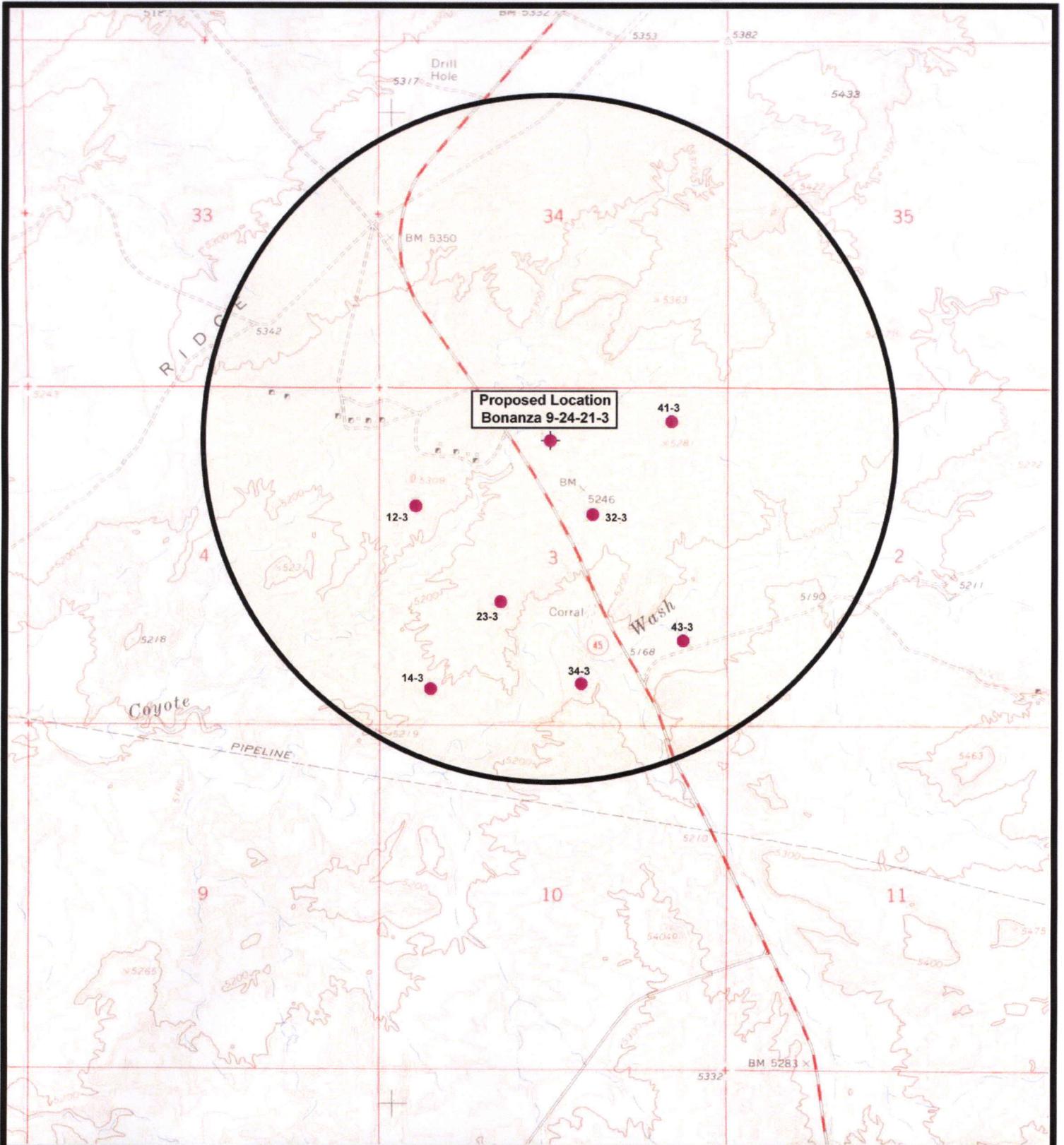
Tri-State
Land Surveying Inc.
(435) 781-2501
180 North Vernal Ave. Vernal, Utah 84078

| Legend | |
|--------|----------------------|
| | Existing Road |
| | Two-Track to Upgrade |
| | Proposed Access |

Bonanza 9-24-21-3
SEC 3, T9S, R24E, S.L.B.&M.

SCALE: 1" = 2,000'
DRAWN BY: bgm
DATE: 04-08-2005

TOPOGRAPHIC MAP
"B"
SHEET **6**
OF 8



**Proposed Location
Bonanza 9-24-21-3**



ENDURING
-Resources-



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

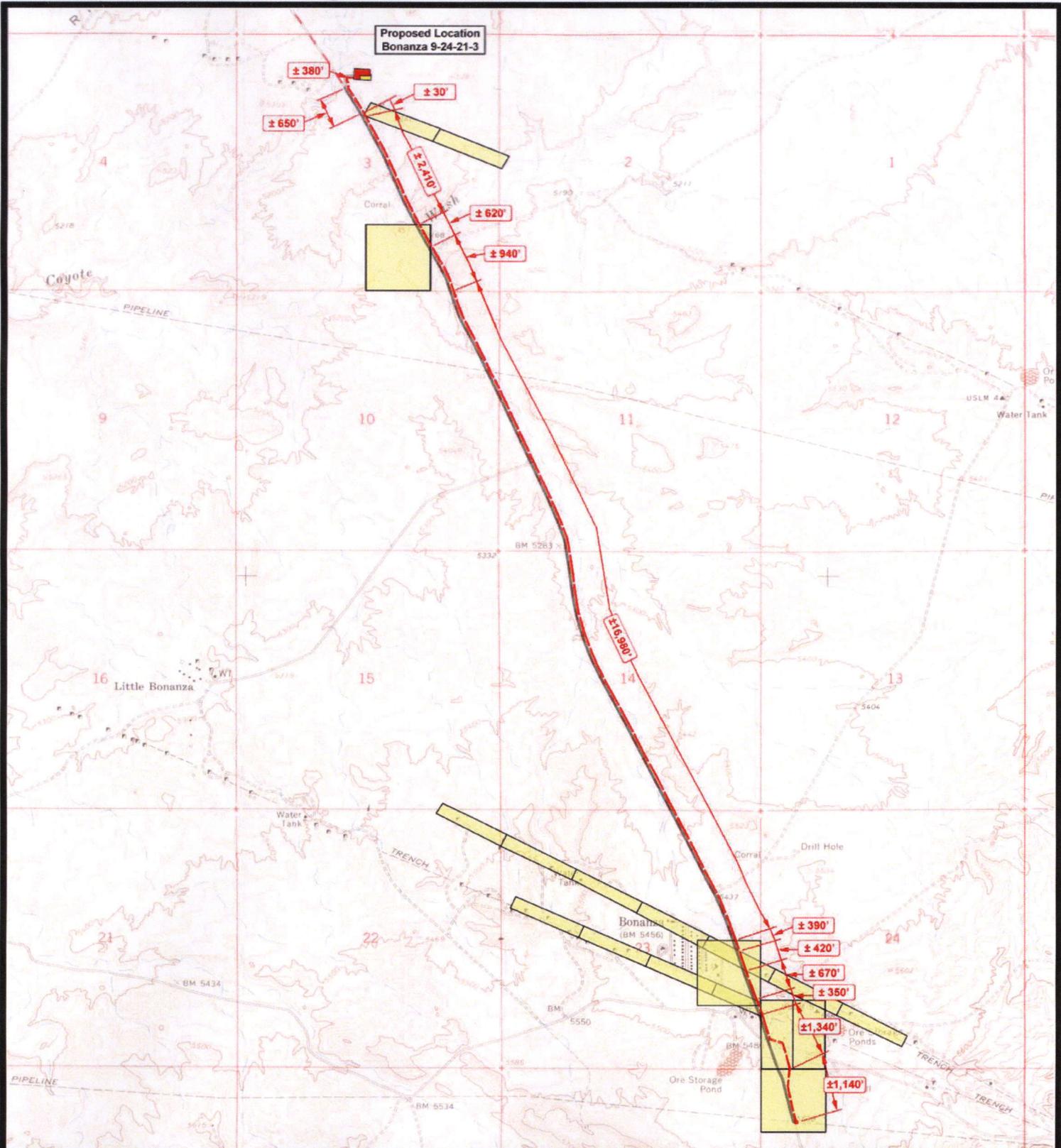
Legend

- Location
- One-Mile Radius

**Bonanza 9-24-21-3
SEC 3, T9S, R24E, S.L.B.&M.**

SCALE: 1" = 2,000'
DRAWN BY: bgm
DATE: 04-11-2005

TOPOGRAPHIC MAP
"C"
SHEET **7**
OF 8



ENDURING RESOURCES

**Bonanza 9-24-21-3
SEC 3, T9S, R24E, S.L.B.&M.**



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

**SCALE: NO SCALE
DRAWN BY: mw
DATE: 08-14-2008**

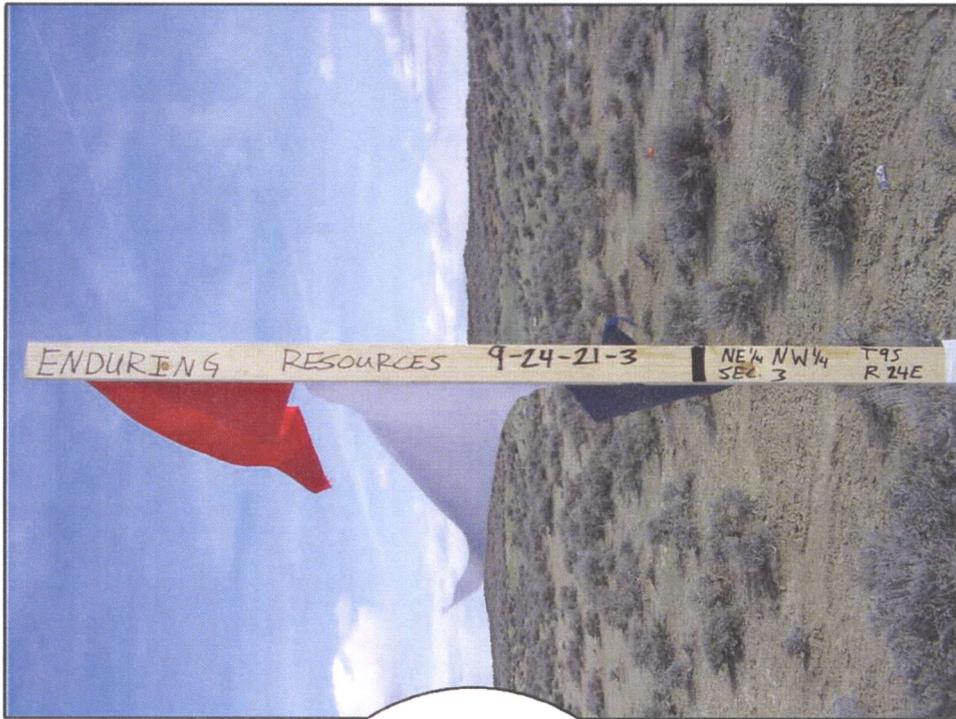
Legend

- Roads
- Existing Gas Line
- Proposed Gas Line

TOPOGRAPHIC MAP

"D"

SHEET 8 OF 8



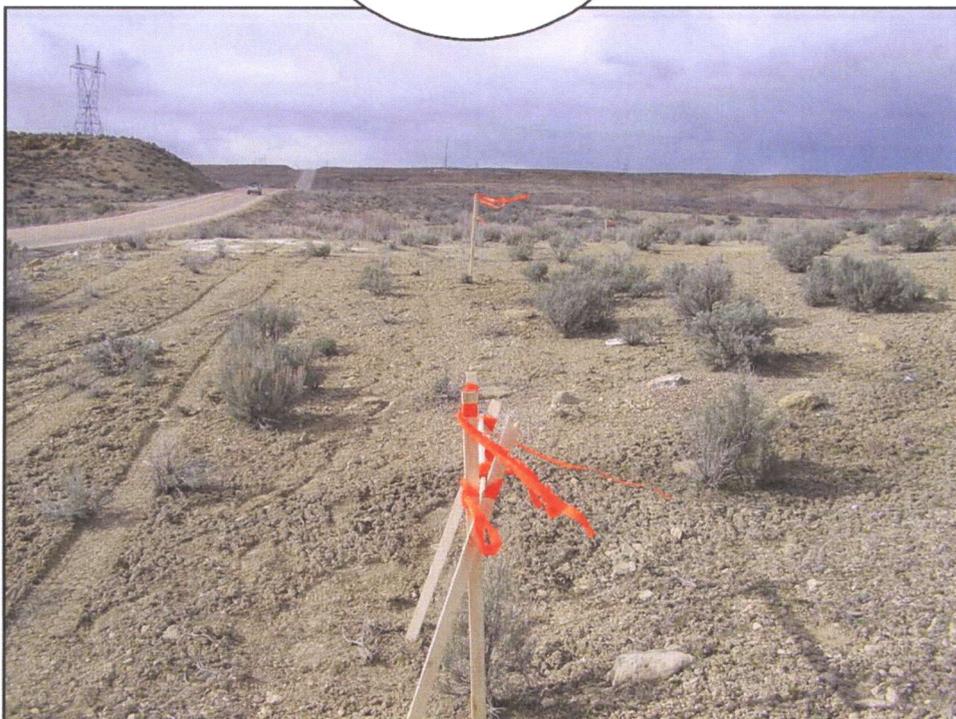
CENTER STAKE

 **ENDURING**
-Resources-
Bonanza 9-24-21-3

Date Photographed: 03/31/2005
Date Drawn: 04/01/2005
Drawn By: bgm

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

LOOKING NORTH
ACCESS





NORTH



ENDURING

-Resources-

Bonanza 9-24-21-3

Date Photographed: 04/01/2005

Date Drawn: 04/01/2005

Drawn By: bgm

*Tri-State
Land Surveying Inc.*

(435) 781-2501

180 North Vernal Ave. Vernal, Utah 84078

EAST





SOUTH

 **ENDURING**
-Resources-
Bonanza 9-24-21-3

Date Photographed: 03/31/2005
Date Drawn: 04/01/2005
Drawn By: bgm

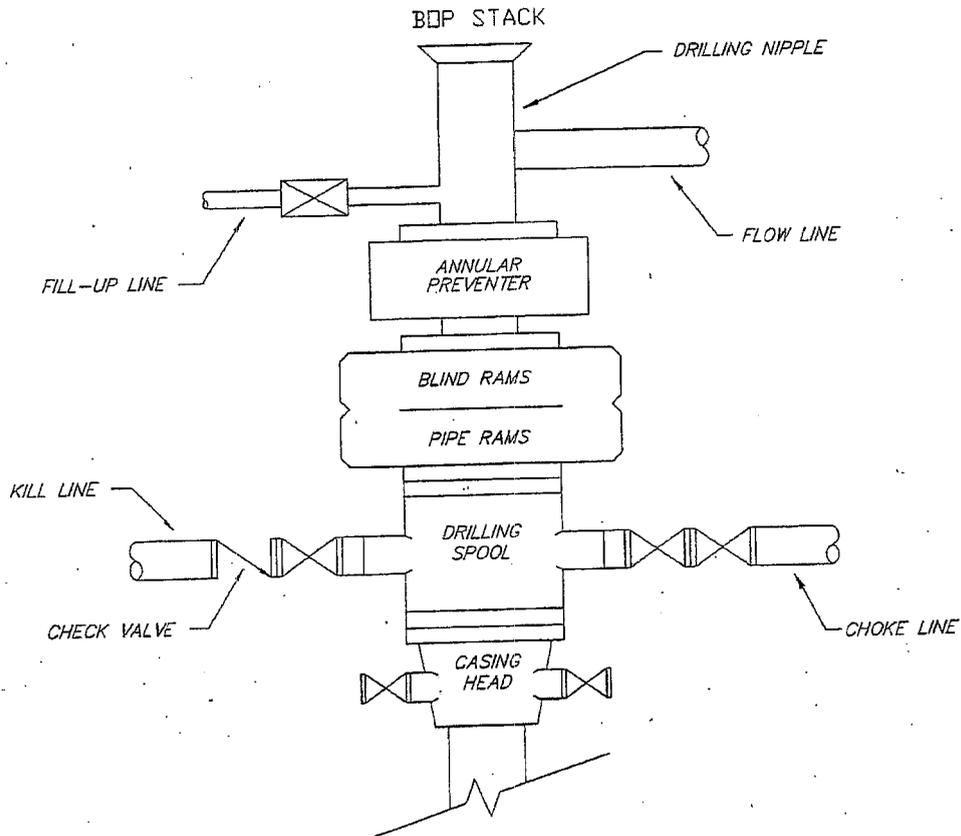
 *Tri-State*
Land Surveying Inc.
(435) 781-2501
180 North Vernal Ave. Vernal, Utah 84078

WEST

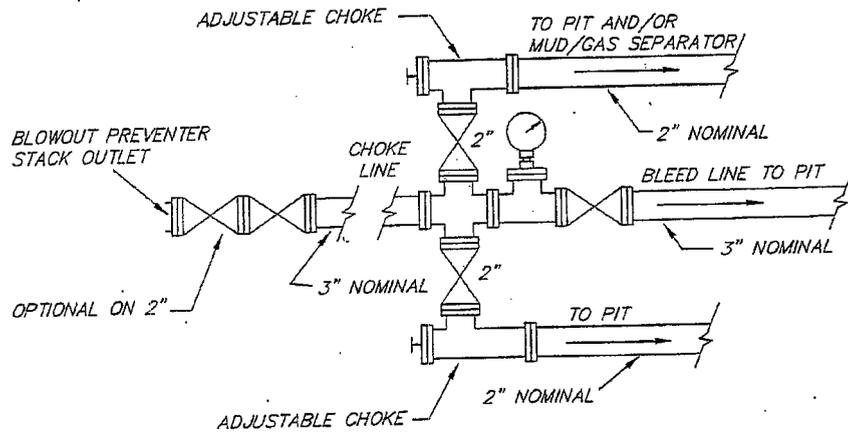


ENDURING RESOURCES, LLC

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



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



**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 08/25/2008

| |
|--------------------------------|
| API NO. ASSIGNED: 43-047-40340 |
|--------------------------------|

WELL NAME: BONANZA 9-24-21-3
 OPERATOR: ENDURING RESOURCES, LLC (N2750)
 CONTACT: AL ARLIAN

PHONE NUMBER: 303-350-5719

PROPOSED LOCATION:

NENW 03 090S 240E
 SURFACE: 0797 FNL 2550 FWL
 BOTTOM: 0797 FNL 2550 FWL
 COUNTY: UINTAH
 LATITUDE: 40.06962 LONGITUDE: -109.1999
 UTM SURF EASTINGS: 653511 NORTHINGS: 4436827
 FIELD NAME: UNDESIGNATED (2)

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

LEASE TYPE: 1 - Federal
 LEASE NUMBER: UTU-81748
 SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: MVRD
 COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

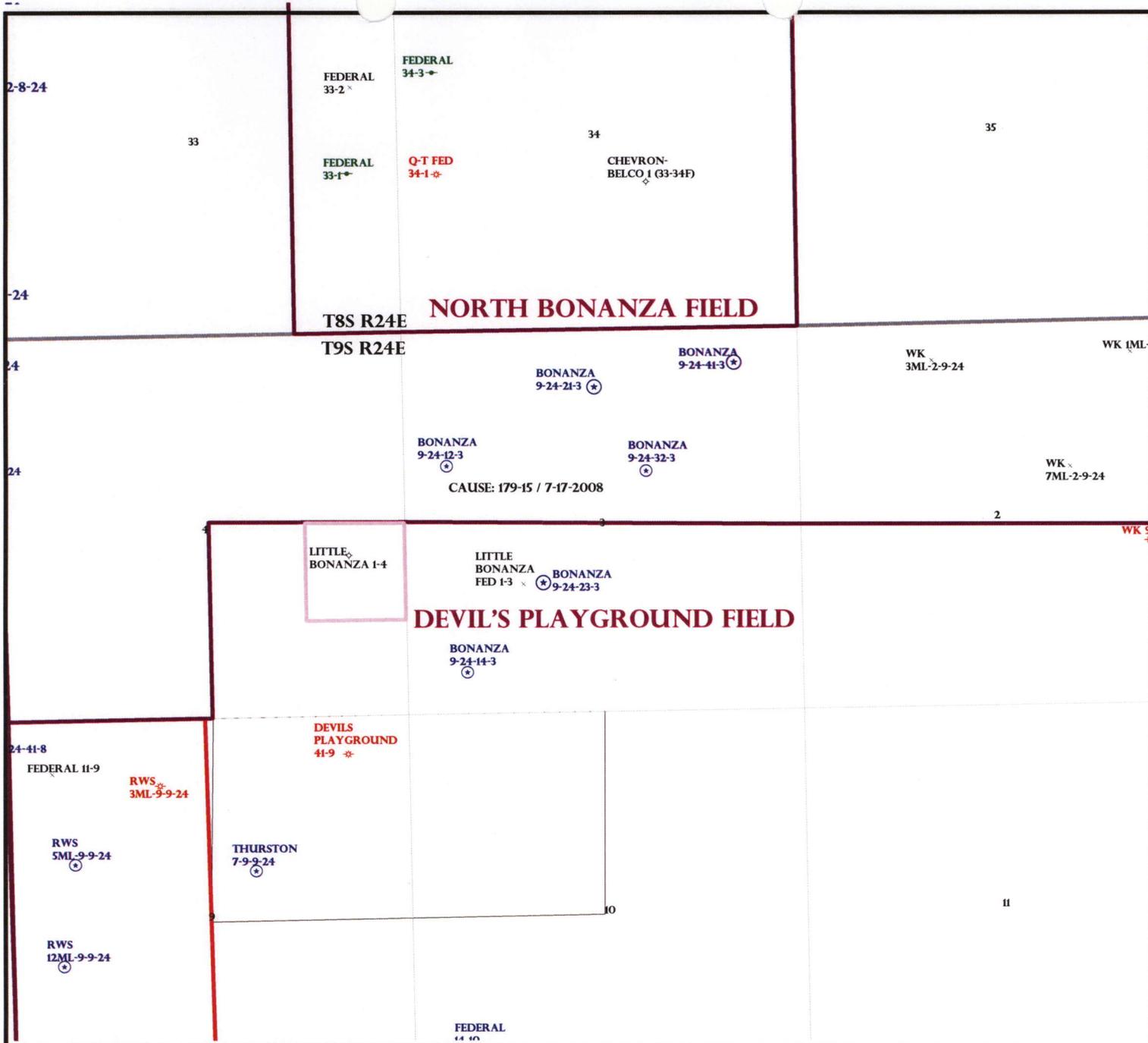
- Plat
- Bond: Fed[1] Ind[] Sta[] Fee[]
(No. RLB0008031)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. 49-222)
- RDCC Review (Y/N)
(Date: _____)
- Fee Surf Agreement (Y/N)
- Intent to Commingle (Y/N)

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: 179-15
Eff Date: 7-7-2008
Siting: 460' fr. ext. lease boundary
- R649-3-11. Directional Drill

COMMENTS: _____

STIPULATIONS: Federal Approval



OPERATOR: ENDURING RES LLC (N2750)

SEC: 3 T.9S R. 24E

FIELD: UNDESIGNATED (002)

COUNTY: UINTAH

CAUSE: 179-15 / 7-17-2008

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



OIL, GAS & MINING



PREPARED BY: DIANA MASON
DATE: 01-SEPTEMBER-2008



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

September 2, 2008

Enduring Resources, LLC
475 17th St., Ste. 1500
Denver, CO 80202

Re: Bonanza 9-24-21-3 Well, 797' FNL, 2550' FWL, NE NW, Sec. 3, T. 9 South, R. 24 East, Uintah County, Utah

Gentlemen:

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

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-40340.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

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

Operator: Enduring Resources, LLC
Well Name & Number Bonanza 9-24-21-3
API Number: 43-047-40340
Lease: UTU-81748

Location: NE NW **Sec.** 3 **T.** 9 South **R.** 24 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 with 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 Dustin Doucet at (801) 538-5281 office (801) 733-0983 home

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.

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

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

| | | |
|---|--|--|
| 1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____ | | 5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-81748 |
| 2. NAME OF OPERATOR: Enduring Resources, LLC | | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME: n/a |
| 3. ADDRESS OF OPERATOR: 475 17th Street, Suite 1500 CITY Denver STATE CO ZIP 80202 | | 7. UNIT or CA AGREEMENT NAME: n/a |
| 4. LOCATION OF WELL FOOTAGES AT SURFACE: 797' FNL - 2550' FWL | | 8. WELL NAME and NUMBER: Bonanza 9-24-21-3 |
| PHONE NUMBER: (303) 350-5114 | | 9. API NUMBER: 4304740340 |
| QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NENW 3 9S 24E S | | 10. FIELD AND POOL, OR WILDCAT: Wildcat |
| COUNTY: Uintah | | STATE: UTAH |

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

| TYPE OF SUBMISSION | TYPE OF ACTION | | |
|---|---|---|--|
| <input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: 3/11/2009 | <input type="checkbox"/> ACIDIZE | <input type="checkbox"/> DEEPEN | <input type="checkbox"/> REPERFORATE CURRENT FORMATION |
| <input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: | <input type="checkbox"/> ALTER CASING | <input type="checkbox"/> FRACTURE TREAT | <input type="checkbox"/> SIDETRACK TO REPAIR WELL |
| | <input type="checkbox"/> CASING REPAIR | <input type="checkbox"/> NEW CONSTRUCTION | <input type="checkbox"/> TEMPORARILY ABANDON |
| | <input type="checkbox"/> CHANGE TO PREVIOUS PLANS | <input type="checkbox"/> OPERATOR CHANGE | <input type="checkbox"/> TUBING REPAIR |
| | <input type="checkbox"/> CHANGE TUBING | <input type="checkbox"/> PLUG AND ABANDON | <input type="checkbox"/> VENT OR FLARE |
| | <input type="checkbox"/> CHANGE WELL NAME | <input type="checkbox"/> PLUG BACK | <input type="checkbox"/> WATER DISPOSAL |
| | <input type="checkbox"/> CHANGE WELL STATUS | <input type="checkbox"/> PRODUCTION (START/RESUME) | <input type="checkbox"/> WATER SHUT-OFF |
| | <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS | <input type="checkbox"/> RECLAMATION OF WELL SITE | <input checked="" type="checkbox"/> OTHER: CHANGE PIPELINE ROUTE |
| | <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.

The BLM requested the pipeline route to this well be shorten and moved.

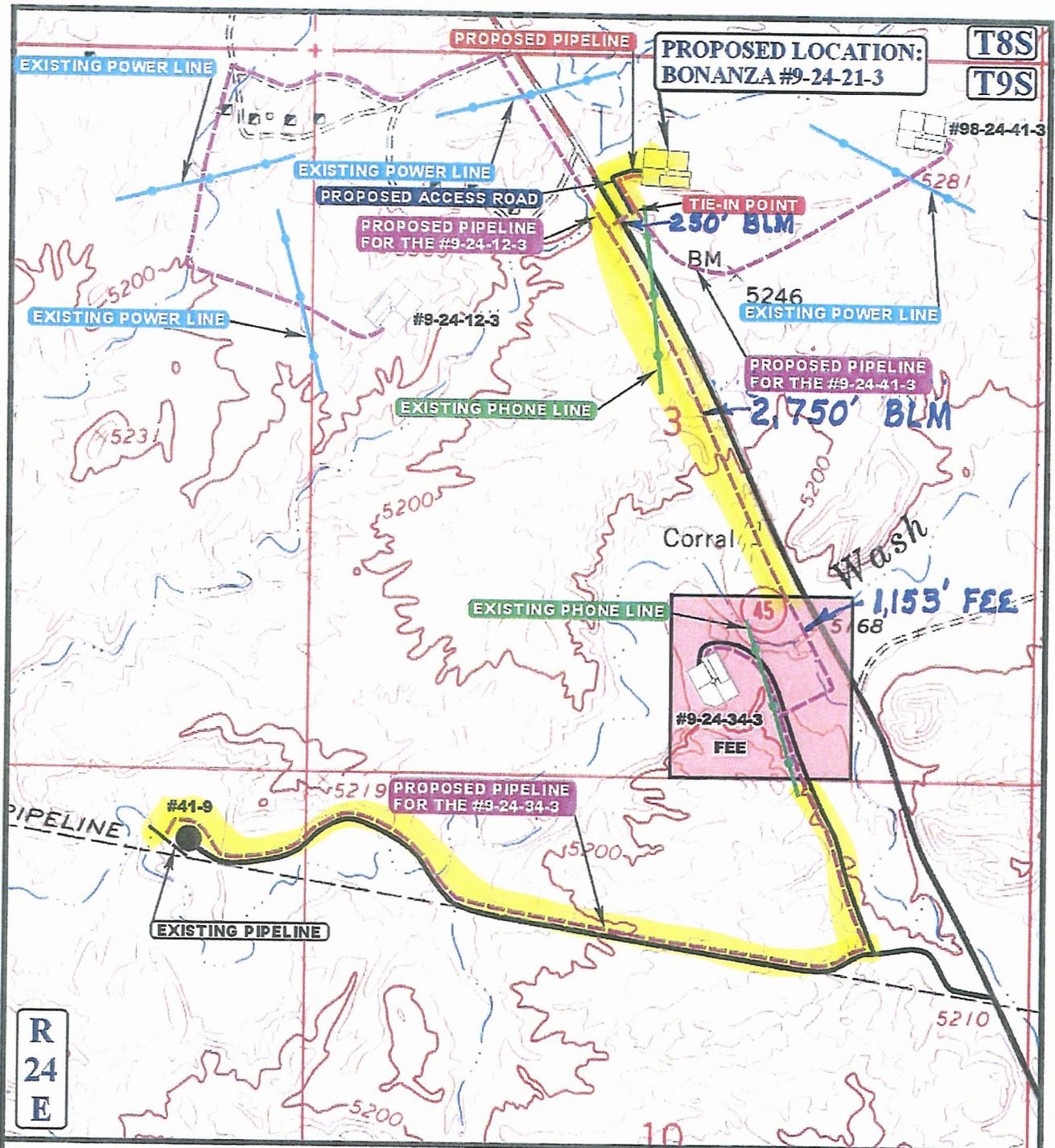
1. BLM approved the federal "Permit to Drill" with this new pipeline route on 3-10-2009.
2. Attached is a map of the new pipeline route.
3. Attached is a Revised Surface Use Agreement confirming the pipeline route change.
4. Attached is a copy of a pipeline agreement with American Gilsonite, the surface owner in the SWSE of Section 3.
5. All of the new pipeline route is located on BLM lands except the SWSE of Section 3.
6. This pipeline route is subject to a boring permit being granted by the State of Utah Highway Department to bore under Hwy 45 prior to commencing construction.

**Accepted by the
Utah Division of
Oil, Gas and Mining
FOR RECORD ONLY**

NAME (PLEASE PRINT) Alvin R. (Al) Arlian TITLE Landman-Regulatory Specialist
SIGNATURE  DATE 3/11/2009

(This space for State use only)

RECEIVED
MAR 16 2009
DIV. OF OIL, GAS & MINING



APPROXIMATE TOTAL PIPELINE DISTANCE = 446' +/-

LEGEND:

-  EXISTING PIPELINE
-  PROPOSED PIPELINE
-  EXISTING PHONE LINE
-  EXISTING POWER LINE
-  PROPOSED PIPELINE (SERVICING OTHER WELLS)



ENDURING RESOURCES, LLC

BONANZA #9-24-21-3
SECTION 3, T9S, R24E, S.L.B.&M.
NW 1/4 NE 1/4



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

TOPOGRAPHIC 10 27 08
MAP MONTH DAY YEAR

SCALE: 1" = 1000' DRAWN BY: Z.L. REVISED: 00-00-00



**Enduring Resources, LLC
Bonanza 9-24-21-3
NENW 3-9S-24E
Uintah County, Utah**

Federal Lease: UTU-81748

MULTI-POINT SURFACE USE & OPERATIONS PLAN

1. Existing Roads:

Beginning at the city of Bonanza, Utah go northwest on State Highway 45 for a distance of approximately 2.6 miles where there is a turn-off to the left near an existing pipeline. Do not turn left. Continue along Highway 45 for a distance of approximately 0.4 miles where there is a turn-off to the right. Do not turn right. Continue along said highway for an a distance of approximately 0.2 mile. where there is a turn-off to a proposed two-track. Turn right and proceed northeasterly along said two-track for a distance of approximately 40'. Turn left along the proposed access north and then east for a distance of approximately 435' (0.1 mile) to the proposed Bonanza 9-24-21-3 well pad.

Planned Access Road:

The proposed access road will be approximately 475 feet:

| SURFACE OWNER | DESCRIPTION-CONSTRUCTION | ON-LEASE | OTHER | TOTAL |
|---------------|--------------------------|----------|-------|-------|
| BLM | TWO-TRACT UP GRADE | 40' | | 40' |
| BLM | NEW CONSTRUCTION | 435' | | 435' |
| TOTALS: | | 475' | -0- | 475' |

No BLM OFF-LEASE road right-of-way is needed.

The proposed access road will be utilized to transport personnel, equipment and supplies to and from the proposed well site during drilling, completion and production operations. The road will be utilized year round.

The access road will be crowned 2% to 3%, ditched and constructed with a running surface of 18 feet and a maximum disturbed width of 30 feet right-of-way. Maximum grade of road is 5% or less. Graveling or capping the roadbed will be performed as necessary to provide a well constructed, safe road. No fence crossings, culverts, turnouts, cattle guards or major cuts and fills are required. Prior to construction or upgrading, the proposed road shall be cleared of any snow and allowed to dry completely.

Surface disturbance and vehicular traffic will be limited to the proposed location and proposed access route. Any additional area needed will be approved in advance. All construction shall be in conformance with the standards outlined in the BLM and Forest Service publication: Surface Operating Standards for Oil and Gas Exploration and Development. 1989.

The road surface and shoulders will be kept in a safe usable condition and will be maintained in accordance with the original construction standards. All drainage ditches will be kept clear and free flowing and will be maintained according to original construction standards. The access road surface will be kept free of trash during operations. All traffic will be confined to the approved disturbed surface. Road drainage 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 road bed. 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. When snow is removed from the road during the winter months, the snow shall be pushed outside of the borrow ditches and the turnouts kept clear so that snowmelt will be channeled away from the road.

3. Location of Existing Wells within a One-Mile radius (See "Topo" Map "C" attached):

The following wells are wells located within a one (1) mile radius of the proposed location.

- | | | |
|----|-------|---------------------------------|
| a. | (1): | Water Wells: |
| | | 1. TXP Wilson, SWNE Sec 10, P&A |
| b. | None: | Injection Wells: |
| c. | None: | Producing Wells: |
| d. | None: | Drilling Wells: |
| e. | None: | Shut-in Wells: |
| f. | None: | Temporarily Abandoned Wells: |
| g. | None: | Disposal Wells: |
| h. | None: | Abandoned Wells: |
| i. | None: | Dry Holes: |
| j. | None: | Observation Wells: |
| k. | (7): | Pending (staked) Wells: |
- There are seven other proposed wells in this section.

4. Location of Existing and/or Proposed Facilities:

All production facilities will be located on the disturbed portion of the well pad and at a minimum of 25 feet from the toe of the back slope or the top of the fill slope.

A dike will be constructed completely around those production facilities which contain fluids (i.e. production tanks, produced water tanks and/or heater treater). These dikes will be constructed of compacted subsoil, be impervious, hold 100% of the capacity of the largest tank and be independent of the back cut.

All permanent (on site for six months or longer) above the ground structures constructed or installed, including pumping units, will be painted a flat, non-reflective, earth tone color to match one of the standard environmental colors, as determined by the rocky Mountain Five State Inter-Agency Committee

All facilities will be painted within 6 months of installation. The color shall be Dark Olive Black. Facilities required to comply with the Occupational Safety and Health Act (OSHA) will be excluded.

Any necessary pits will be properly fenced to protect livestock and prevent wildlife entry.

Starting at the wellsite and going south to the tie-in point, a 4", or less, steel, unpainted, surface, Gas Pipeline shall be constructed as follows:

Gas Gathering Pipeline:

| SURFACE OWNER | DESCRIPTION | ON-LEASE | OFF-LEASE | OTHER | TOTAL |
|---|-------------|-------------------------------|-----------|-----------|-------|
| BLM | ON-LEASE | 446' | | | 446' |
| TOTALS: | | | | | 446' |
| <i>If the Bonanza 9-24-21-3 is the first well drilled on BLM lands in this section, the following additional ON-LEASE pipeline will be needed.</i> | | | | | |
| SURFACE OWNER | DESCRIPTION | ON-LEASE | OFF-LEASE | OTHER | TOTAL |
| BLM | ON-LEASE | 250' | | Road bore | 250' |
| BLM | ON-LEASE | 2750' | | | 2750' |
| American Gilsonite | FEE | Not part of this application. | | 1153' | |
| TOTALS: | | 3000' | | | 3000' |

- *A pipeline, road, and access agreement is pending with American Gilsonite.*
- *Pipeline boring/cut permit will be acquired from the State of Utah.*

A surface gas gathering line and related equipment shall be installed for year around usage. Approximately 3,000 feet of 4" or less, steel, unpainted, surface, gas gathering pipeline shall be constructed to minimize surface disturbance, *on BLM surface.*

The proposed pipeline will begin at the well site going west:

- a. Along the south side of the access road, then going southeast,
- b. Along the east side of the access road, and then go west 250' through a road bore under State of Utah Hwy 45, then
- c. along the west side of r-o-w for Hwy 45 in a southerly until it crosses on to American Gilsonite land (the SWNE), and
- d. At the south side of the American Gilsonite land the pipeline will tie-in to a pending BLM pipeline r-o-w.

All State and County roads will be bored/cut upon State and County approvals to do so.

The meter run will be housed. The gas gathering line will be buried or anchored down from the wellhead to the meter.

Upon plugging and abandonment, the gas gathering line will be removed and the disturbed area will be re-contoured and restored as near as practical to the original condition. If necessary, re-seeding operations will be performed after completion of other reclamation operations.

5. Location and Type of Water Supply:

Water will be purchased from American Gilsonite from the following source. Water Right No. 49-222, Application/Claim No. A29909/a4958, Certificate No. 9915 ("AGC Water Right"). The AGC Water Right consists of nineteen underground water wells located in Sec.2, T10S, R24E, SLBM, piped to and stored in a cistern located in Section 25, T9S, R24E.

Water will be hauled to the location over the roads marked on "Topo" Maps "A" and "B."

No water well is to be drilled on this lease.

6. Source of Construction Materials:

Surface and subsoil materials in the immediate area will be utilized for location and access road construction.

Any gravel will be obtained from a commercial source; however, gravel sized rock debris associated with location and access road construction may be used as access road surfacing material.

7. **Methods of Handling Waste Materials:**

Drill cuttings will be contained and buried in the reserve pit.

Drilling fluids, including salts and chemicals, contained in the reserve pit will be removed and disposed of at an approved waste disposal facility within 120 days after drilling is terminated.

The reserve pit will be constructed on the location and will not be located within natural drainage, where a flood hazard exists or surface runoff will destroy or damage the pit walls. The reserve pit will be constructed so that it will not leak, break or allow discharge of liquids.

The reserve pit will be lined with ¼ felt and a minimum of 16 mm plastic with sufficient bedding used 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 or scrap that could puncture the liner will be disposed of in the pit.

A chemical portable toilet will be furnished with the drilling rig. The toilet will be replaced periodically utilizing a licensed contractor to transport by truck the portable chemical toilet so that its contents can be delivered to the Vernal Wastewater Treatment Facility in accordance with state and county regulations.

Garbage, trash and other waste materials will be collected in a portable, self-contained, fully enclosed trash cage during operations. No trash will be burned on location.

All debris and other waste material not contained in the trash cage will be cleaned up and removed from the location immediately after removal of the drilling rig.

Any open pits will be fenced during the operations. The fencing will be maintained until such time as the pits are backfilled.

No chemicals subject to reporting under SARA Title III (hazardous materials) in an amount greater than 10,000 pounds will be used, produced, stored, transported or disposed of in association with the drilling, completion or testing 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, completion or testing of this well.

Any produced water from the proposed well will be contained in a water tank and will then be hauled by truck to one of the following Enduring water disposal wells.

- A. Buck Camp 11-22-14-36 WDW, T11S-R22E, Sec 36: SWSW,
or if not available,

B. Southman Canyon 9-23-22-36 WDW , T9S-R23E, Sec 36: SENW.

8. Ancillary Facilities:

During drilling operations, approximately 30 days, the site will be a manned camp. Three or four additional trailers will be on location to serve as the crews' housing and eating facilities. These will be located on the perimeter of the pad site within the topsoil stockpiles. Refer to Sheet 4.

9. Well Site Layout: (Refer to Sheets #2, #3, and #4)

The attached Location Layout Diagrams described drill pad cross-sections, cuts and fills and locations of the mud tanks, reserve pit, flare pit, pipe racks, trailer parking, spoil dirt stockpile(s) and surface material stockpile(s).

Please see the attached diagram for rig orientation and access roads.

The top soil will be windrowed rather than piled. It will be reseeded and track walker at the time the location is constructed. Seeding will be with the determined during the onsite. (Refer to "Seed Mixture for Windrowed Top Soil Will included:" following herein.

The top soil removed from the pit area will be store separately and will not be reseeded until the pit is reclaimed.

All pits shall be fence to the following minimum standards:

- a. 39 inch net wire shall be used with at least one strand of 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.
- b. The net wire shall be no more than 2 inches above the ground. The barbed wire shall be 3 inches over the new wire. Total height of the fence shall be at least 42 inches.
- c. Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.
- d. Standard steel, wood or pipe posts shall be used between the corner braces. Maximum distance between any two fence posts shall be no greater than 16 feet.
- e. All wire shall be stretched by, using a stretching device, before it is attached to corner posts.
- f. The reserve pit fencing will be on three sides during drilling operations and on the fourth side when the rig moves off location. Pits will be fenced and maintained until cleanup.

- g. Location size may change prior to drilling the well due to the current rig availability. If the proposed location is not large enough to accommodate the drilling, the location will be re-surveyed and a Form 9 will be submitted.

10. Plans for Surface Reclamation:

Producing Location:

- a. Immediately upon well completion, the location and surrounding area will be cleared of all unused tubing, equipment, materials, trash and debris not required for production.
- b. Immediately upon well completion, any hydrocarbons in the pit shall be removed in accordance with 40CFR 3162.7.
- c. Before any dirt work associated with location restoration takes place, the reserve pit shall be as dry as possible. All debris in it will be removed. Other waste and spoil materials will be disposed of immediately upon completion of operations.
- d. The reserve pit and that portion of the location not needed for production facilities / operations will be re-contoured to the approximated natural contours. The reserve pit will be reclaimed within 90 days from the date of well completion, weather permitting.
- e. To prevent surface water(s) from standing (ponding) on the reclaimed reserve pit area, final reclamation of the reserve pit will consist of "mounding" the surface 3 feet above surrounding round surface to allow the reclaimed pit area to drain effectively.
- f. Upon completion of back filling, leveling and re-contouring, the stockpiled topsoil will be spread evenly over the reclaimed area(s).

Dry Hole/Abandoned Location:

- i. Abandoned well sites, roads and other disturbed areas will be restored as nearly as practical to their original condition. Where applicable, these conditions include the re-establishment of irrigation systems, the re-establishment of appropriate soil conditions and re-establishment of vegetation as specified.
- ii. All disturbed surfaces will be re-contoured to the approximated natural contours with reclamation of the well pad and access road to be performed as soon as practical after final abandonment. If necessary, re-seeding operations will be performed after completion of other reclamation operations.

Seed Mixture for Windrowed Top Soil Will Included:

To be provided by the BLM

11. **Surface Ownership: Location, Access and Pipeline Route:**

Wellsite: Bureau of Land Management

Access: Bureau of Land Management

Pipeline: Bureau of Land Management
American Gilsonite
State of Utah (boring approval needed to bore Hwy 45)

12. **Other Information**

On-site Inspection for Location, Access and Pipeline Route:

The on-site was conducted on May 5, 2008. *However, the pipeline has been re-routed since that date.*

Attending were:

1. Chuck MacDonald - BLM
2. Scott Ackerman - BLM
3. Dustin Gardiner - Tristate
4. Mike Stewart - Ponderosa
5. Carroll Estes - Enduring Resources

Special Conditions of Approval:

None for this well(s).

Archeology:

- a. A Cultural Resource Inventory Report has been prepared by Montgomery Archaeological Consultants and a copy is attached. *However, the new pipeline route has been sent to Montgomery to confirm if the entire new pipeline re-route is covered by this report.*

Paleontology:

- b. A Paleontology Reconnaissance Report has been prepared by Intermountain Paleo-Consulting and a copy is attached. *However, the new pipeline route has been sent to Intermountain to confirm if the entire new pipeline re-route is covered by this report.*

If, during operations, any archaeological or historical sites, or any objects of antiquity (subject to the Antiquities Act of June 8, 1906) are discovered, all operations which would affect such sites will be suspended and the discovery reported promptly to the surface management agency.

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

Representatives:

Alvin R. (Al) Arlian
Landman – Regulatory Specialist
Enduring Resources, LLC
475 17th Street, Suite 1500
Denver, Colorado 80202
Office Tel: 303-350-5114
Fax Tel: 303-573-0461
aarlian@enduringresources.com

Carroll Estes
Utah Production Superintendent
Enduring Resources, LLC
759 East 500 South
Vernal, UT 84078
Office Tel: 435-781-0172
Fax Tel: 435-781 0174
cestest@enduringresources.com

PIPELINE AGREEMENT



CONFIDENTIAL

State of UTAH
County of UINTAH

For and in consideration of [REDACTED] dollars (\$ [REDACTED]) in hand paid, the receipt and sufficiency of which is hereby acknowledged, the undersigned (hereinafter called GRANTOR), does hereby GRANT, BARGAIN, SELL AND CONVEY to Enduring Resources, LLC and assigns (hereinafter called GRANTEE), a right-of-way and easement to construct, maintain, operate, repair, alter, replace and remove pipelines and appurtenant facilities which include above and below ground valves, meters wire leads, cathodic protection equipment and markers, across, under and upon the lands of GRANTOR in the County of UINTAH, State of Utah to wit:

Township 9 South, Range 24 East
Section 3: SWSE

There is included in this grant the right, from time to time, to lay, construct, maintain, operate, alter, repair, remove, change the size of, and replace one or more additional lines of pipe approximately parallel with the first pipeline laid by GRANTEE hereunder and for this pipeline right-of-way and any such additional line so laid the GRANTEE shall pay the GRANTOR a sum equivalent to [REDACTED]/100's Dollars (\$ [REDACTED]) per lineal rod of such additional line or such proportionate part hereof as GRANTOR's interest in said lands bears to the entire fee to be paid after the completion of the construction of such additional line.

The GRANTEE shall have all of the rights and benefits necessary or convenient for the full enjoyment or use of the rights herein granted, including, but without limiting the same to the free right of ingress to and egress over and across said lands to and from said right-of-way and easement, the right to use all roads over and across said lands, and the right from time to time to cut all trees and undergrowth and remove other obstructions that may injure, endanger or interfere with the use of said pipeline. The GRANTEE shall have the right to assign this grant in whole or in part.

TO HAVE AND TO HOLD TO GRANTEE, its successors and assigns, so long as the rights and easements herein granted, or any one of them shall be used by, or useful to, GRANTEE for the purposes herein granted, with ingress to and egress from the premises for the purpose of constructing, inspecting, repairing, maintaining, replacing and removing the property of GRANTEE warrant and forever defend all and singular said premises unto the GRANTEE, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

The GRANTEE agrees to pay for any physical damage to fences or other structural improvements located outside the above described right-of-way and easement which are caused by construction, maintenance, operation, repairing, alteration, replacement or removal of said pipelines and appurtenant facilities. Furthermore, GRANTEE shall

compensate GRANTOR for damages which may be occasioned upon said right-of-way during the maintenance of said pipeline after construction is completed. The said GRANTOR has a right to fully use and enjoy said premises except as same may be necessary for the purposes herein granted. No failure to comply with any covenant on the part of GRANTEE shall be construed as a breach of this Agreement unless and until written notice has first been given to GRANTEE that GRANTOR believes GRANTEE has failed to comply with such covenant, setting out the grounds therefore, and GRANTEE has then failed to correct such failure within thirty (30) days after receipt of such notice or has failed to correct such failure within thirty (30) days after final determination, by agreement or by litigation in a court of competent jurisdiction, that a breach, in fact, exists.

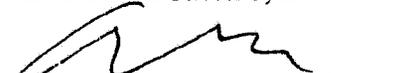
It is agreed that this grant covers all the agreements between the parties and that no representation or statements, verbal or written, have been made notifying, adding to, or changing the terms of this Agreement.

IN TESTIMONY WHEREOF, the GRANTORS herein have executed this conveyance this 29 day of October, 2008.

GRANTOR:
AMERICAN GILSONITE COMPANY

By: 
Ted Stevens, General Counsel

GRANTEE:
ENDURING RESOURCES, LLC

BY: 
Alex B. Campbell, Vice President

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

FORM APPROVED
OMB No. 1004-0136
Expires July 31, 2010

AUG 25 2008
uc

APPLICATION FOR PERMIT TO DRILL OR REENTER **BLM**

| | | | |
|--|--|--|-----------------|
| 1a. Type of Work: <input type="checkbox"/> DRILL <input type="checkbox"/> REENTER | | CONFIDENTIAL | |
| 1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone | | 7. If Unit or CA Agreement, Name and No. | |
| 2. Name of Operator ENDURING RESOURCES LLC | | 8. Lease Name and Well No. BONANZA 9-24-21-3 | |
| 3a. Address 475 17TH STREET, SUITE 1500 DENVER, CO 80202 | | 9. API Well No. 43-047-40340 | |
| 3b. Phone No. (include area code) Ph: 303-350-5114 Fx: 303-573-0461 | | 10. Field and Pool, or Exploratory NATURAL BUTTES | |
| 4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface NENW 797FNL 2550FWL 40.04109 N Lat, 109.12019 W Lon At proposed prod. zone NENW 797FNL 2550FWL 40.04109 N Lat, 109.12019 W Lon | | 11. Sec., T., R., M., or Blk. and Survey or Area Sec 3 T9S R24E Mer SLB SME: BLM | |
| 14. Distance in miles and direction from nearest town or post office* 2.75 MILES NORTH OF VERNAL, UT | | 12. County or Parish UINTAH | 13. State UT |
| 15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 797 | 16. No. of Acres in Lease 606.53 | 17. Spacing Unit dedicated to this well 40.00 | |
| 18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft. 1000 + | 19. Proposed Depth 7855 MD 7855 TVD | 20. BLM/BIA Bond No. on file UTB000173 | |
| 21. Elevations (Show whether DF, KB, RT, GL, etc.) 5226 GL | 22. Approximate date work will start 12/15/2008 | 23. Estimated duration 30 DAYS | |

24. Attachments

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

- | | |
|--|--|
| <ul style="list-style-type: none"> 1. Well plat certified by a registered surveyor. 2. A Drilling Plan. 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). | <ul style="list-style-type: none"> 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). 5. Operator certification 6. Such other site specific information and/or plans as may be required by the authorized officer. |
|--|--|

| | | |
|--|--|--------------------|
| 25. Signature (Electronic Submission) | Name (Printed/Typed) AL ARLIAN Ph: 303-350-5114 | Date 08/22/2008 |
|--|--|--------------------|

Title
LANDMAN

| | | |
|---|---------------------------------------|---------------------|
| Approved by (Signature) <i>[Signature]</i> | Name (Printed/Typed) JERRY KENNELA | Date MAR 10 2009 |
|---|---------------------------------------|---------------------|

Title
Assistant Field Manager
Lands & Mineral Resources

NOTICE OF APPROVAL VERNAL FIELD OFFICE

Application approval does not warrant or certify the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached. **CONDITIONS OF APPROVAL ATTACHED**

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

Electronic Submission #62494 verified by the BLM Well Information System
For ENDURING RESOURCES LLC, sent to the Vernal
Committed to AFMSS for processing by GAIL JENKINS on 08/25/2008 (08GXJ5992AE)

RECEIVED
MAR 18 2009
DIV. OF OIL, GAS & MINING

** BLM REVISED **

UDOGM

08 PP0383A

NOS: 01-17-2008



**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: Enduring Resources, LLC
Well No: Bonanza 9-24-21-3
API No: 43-047-40340

Location: NENW, Sec. 3, T9S, R24E
Lease No: UTU-81748
Agreement: N/A

| 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: | Ryan Angus | (435) 781-4430 | (435) 828-7368 |
| Supervisory Petroleum Technician: | Jamie Sparger | (435) 781-4502 | (435) 828-3913 |
| Supervisory NRS: | Karl Wright | (435) 781-4484 | |
| NRS/Enviro Scientist: | Holly Villa | (435) 781-4404 | (435) 828-3544 |
| NRS/Enviro Scientist: | James Hereford | (435) 781-3412 | (435) 828-3546 |
| NRS/Enviro Scientist: | Chuck Macdonald | (435) 781-4441 | (435) 828-7481 |
| NRS/Enviro Scientist: | Dan Emmett | (435) 781-3414 | (435) 828-4029 |
| NRS/Enviro Scientist: | Paul Percival | (435) 781-4493 | (435) 828-7381 |
| NRS/Enviro Scientist: | Anna Figueroa | (435) 781-3407 | (435) 828-3548 |
| NRS/Enviro Scientist: | Verlyn Pindell | (435) 781-3402 | (435) 828-3547 |
| NRS/Enviro Scientist: | Nathan Packer | (435) 781-3405 | (435) 828-3545 |
| NRS/Enviro Scientist: | David Gordon | (435) 781-4424 | |
| NRS/Enviro Scientist: | Christine Cimiluca | (435) 781-4475 | |
| NRS/Enviro Scientist: | Lori Ford | (435) 781-4406 | |

Fax: (435) 781-3420

**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)**

- 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.
- This proposed well is located within the West Bonanza Area Natural Gas Well Development EA Project. Adhere to applicable COA's approved in the FONSI and Record of Decision for this EA that are listed below:

1. Geology and Minerals:

Coordinate your construction and drilling operations with the holders of the Gilsonite lease in order to:

- Obtain Private Landowner Surface Use Agreement for access roads and pipelines
- Avoid mineral development conflict.

2. Coordinate with the State of Utah before constructing a pipeline bore/cut under State of Utah Highway #45.

3. Wildlife and T&E Species:

Observe the timing restrictions given below (Only during construction & drilling).

Lands in this lease have been identified as crucial habitat for pronghorn, and other wildlife. Therefore, modifications to the Surface Use Plan of Operations will be required in order to protect this wildlife habitat from surface disturbing activities (see below).

TIME RESTRICTION

REASON

May 15 – June 20.....Crucial pronghorn habitat

During this period, there will be no construction, drilling or fracing in order to minimize surface disturbance within crucial pronghorn habitat.

4. Noxious Weeds:

- Power-wash all construction equipment before commencing construction activities
- On a weekly basis, power-wash all vehicles that will travel between WBA and outside areas that are infested with noxious weed species
- The operator will be responsible for treatment and control of invasive and noxious weeds. Prior to any treatment on BLM administered lands, a Pesticide Use Proposal will be submitted to the Vernal Field Office for approval.

5. Interim Reclamation:

All portions of the well pads and ROWS not utilized for the operation phase of the project will be re-seeded. Post construction seeding applications will continue until determined successful by the BLM.

- During interim reclamation of the surface, the following seed mixture will be used PLS (Pure Live Seed) formula.

| | |
|--|------------|
| rabbitbrush (<i>Chrysothamnus nauseosus</i>)..... | 3 lbs/acre |
| forage kochia (<i>Kochia prostra</i>)..... | 3 lbs/acre |
| hycrest crested wheatgrass (<i>Agropyron cristatum/Agropyron desertorum hybrid</i>) | 2 lbs/acre |

Rates are set for drill seeding; double the rate if broadcasting.

- Reseeding may be required if initial seeding is not successful.

- Restrictions for placement of surface pipelines:
 - a): Surface pipelines will be placed 5-10 feet outside of the borrow area.
 - b): Surface pipelines will be placed in such a way that they will not wander into the borrow area.
 - c): Pipelines will be buried at all major road and drainage crossings.
- Paint all facilities covert green within six months of installation, except those facilities which are required to comply with the Occupational Safety and Health Act (OSHA).

**DOWNHOLE PROGRAM
CONDITIONS OF APPROVAL (COAs)**

SITE SPECIFIC DOWNHOLE COAs:

- For surface casing cementing program, stage Top Out or Top Job is to bring cement to surface. Note that stage TopOut is to bring cement to surface.
- Production casing cement shall be brought up and into the surface casing. The minimum cement top is 300 ft above the surface casing shoe. COA specification is consistent with operators performance standard stated in APD.
- Covering air/gas drilling operations, requirements will be adhered to covering air/gas drilling operations as described in Onshore Order #2 III. E. 1. Drilling Operations, Special Drilling Operations, air/gas drilling.
- For conductor casing, the casing shoe shall be set in a well consolidated formation.
- A Gamma Ray well Log shall be run from the well Total Depth to the surface. A copy of the Gamma Ray well Log shall be submitted to the BLM Vernal Field Office.
- Operator is to notify BLM Vernal Field Office and active gilsonite mining operator (or lease holder) located within a 2 mile radius, 48 hours prior to pad explosives blasting. Well is not close to gilsonite vein, but on trend to gilsonite vein deposits.
- The operator must report encounters of gilsonite and/or tar sand. This is a repetition of a standard COA.

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.
- All requirements listed in Onshore Order #2 III. E. Special Drilling Operations are applicable for air drilling of surface hole.
- 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.
- While actively drilling, 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 ($\frac{1}{4}$, 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.

| | |
|---|--|
| STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING | FORM 9 5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-81748 |
|---|--|

| | |
|--|--|
| 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. | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME: 7. UNIT or CA AGREEMENT NAME: |
|--|--|

| | |
|------------------------------------|--|
| 1. TYPE OF WELL Gas Well | 8. WELL NAME and NUMBER: BONANZA 9-24-21-3 |
|------------------------------------|--|

| | |
|--|---|
| 2. NAME OF OPERATOR: Enduring Resources, LLC | 9. API NUMBER: 43047403400000 |
|--|---|

| | | |
|---|--|--|
| 3. ADDRESS OF OPERATOR: 475 17th Street, Suite 1500 , Denver, CO, 80202 | PHONE NUMBER: 303 350-5114 Ext | 9. FIELD and POOL or WILDCAT: UNDESIGNATED |
|---|--|--|

| | |
|---|---|
| 4. LOCATION OF WELL FOOTAGES AT SURFACE: 0797 FNL 2550 FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NENW Section: 03 Township: 09.0S Range: 24.0E Meridian: S | COUNTY: UINTAH STATE: UTAH |
|---|---|

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

| TYPE OF SUBMISSION | TYPE OF ACTION | | |
|--|---|---|--|
| <input checked="" type="checkbox"/> NOTICE OF INTENT Approximate date work will start: 9/2/2009 <input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: <input type="checkbox"/> SPUD REPORT Date of Spud: <input type="checkbox"/> DRILLING REPORT Report Date: | <input type="checkbox"/> ACIDIZE <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> DEEPEN <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> WILDCAT WELL DETERMINATION | <input type="checkbox"/> ALTER CASING <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> SI TA STATUS EXTENSION <input type="checkbox"/> OTHER | <input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> PLUG BACK <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> WATER DISPOSAL <input checked="" type="checkbox"/> APD EXTENSION OTHER: _____ |

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

Request for one-year extension of APD term.

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

Date: September 03, 2009

By: 

| | | |
|--|-------------------------------------|------------------------------------|
| NAME (PLEASE PRINT) Alvin Arlian | PHONE NUMBER 303 350-5114 | TITLE Landman-Regulatory |
| SIGNATURE N/A | | DATE 9/2/2009 |



The Utah Division of Oil, Gas, and Mining

- State of Utah
- Department of Natural Resources

Electronic Permitting System - Sundry Notices

Request for Permit Extension Validation Well Number 43047403400000

API: 43047403400000

Well Name: BONANZA 9-24-21-3

Location: 0797 FNL 2550 FWL QTR NENW SEC 03 TWP 090S RNG 240E MER S

Company Permit Issued to: ENDURING RESOURCES, LLC

Date Original Permit Issued: 9/2/2008

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

- 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 rightof- 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

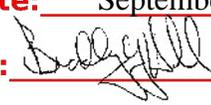
**Approved by the
Utah Division of
Oil, Gas and Mining**

Signature: Alvin Arlian

Date: 9/2/2009

Title: Landman-Regulatory **Representing:** ENDURING RESOURCES, LLC

Date: September 03, 2009

By: 

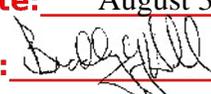
| | |
|--|---|
| STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING | FORM 9 5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-81748 |
| SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals. | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME: 7. UNIT or CA AGREEMENT NAME: |
| 1. TYPE OF WELL Gas Well | 8. WELL NAME and NUMBER: BONANZA 9-24-21-3 |
| 2. NAME OF OPERATOR: Enduring Resources, LLC | 9. API NUMBER: 43047403400000 |
| 3. ADDRESS OF OPERATOR: 475 17th Street, Suite 1500 , Denver, CO, 80202 | PHONE NUMBER: 303 350-5114 Ext |
| 4. LOCATION OF WELL FOOTAGES AT SURFACE: 0797 FNL 2550 FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NENW Section: 03 Township: 09.0S Range: 24.0E Meridian: S | 9. FIELD and POOL or WILDCAT: UNDESIGNATED COUNTY: UINTAH STATE: UTAH |

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

| TYPE OF SUBMISSION | TYPE OF ACTION | | |
|--|--|---|---|
| <input checked="" type="checkbox"/> NOTICE OF INTENT Approximate date work will start: 9/2/2010 | <input type="checkbox"/> ACIDIZE | <input type="checkbox"/> ALTER CASING | <input type="checkbox"/> CASING REPAIR |
| <input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: | <input type="checkbox"/> CHANGE TO PREVIOUS PLANS | <input type="checkbox"/> CHANGE TUBING | <input type="checkbox"/> CHANGE WELL NAME |
| <input type="checkbox"/> SPUD REPORT Date of Spud: | <input type="checkbox"/> CHANGE WELL STATUS | <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS | <input type="checkbox"/> CONVERT WELL TYPE |
| <input type="checkbox"/> DRILLING REPORT Report Date: | <input type="checkbox"/> DEEPEN | <input type="checkbox"/> FRACTURE TREAT | <input type="checkbox"/> NEW CONSTRUCTION |
| | <input type="checkbox"/> OPERATOR CHANGE | <input type="checkbox"/> PLUG AND ABANDON | <input type="checkbox"/> PLUG BACK |
| | <input type="checkbox"/> PRODUCTION START OR RESUME | <input type="checkbox"/> RECLAMATION OF WELL SITE | <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION |
| | <input type="checkbox"/> REPERFORATE CURRENT FORMATION | <input type="checkbox"/> SIDETRACK TO REPAIR WELL | <input type="checkbox"/> TEMPORARY ABANDON |
| | <input type="checkbox"/> TUBING REPAIR | <input type="checkbox"/> VENT OR FLARE | <input type="checkbox"/> WATER DISPOSAL |
| | <input type="checkbox"/> WATER SHUTOFF | <input type="checkbox"/> SI TA STATUS EXTENSION | <input checked="" type="checkbox"/> APD EXTENSION |
| | <input type="checkbox"/> WILDCAT WELL DETERMINATION | <input type="checkbox"/> OTHER | OTHER: <input style="width: 100px;" type="text"/> |

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.
 Request for an one-year extension to the APD termination date.

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

Date: August 31, 2010
 By: 

| | | |
|--|-------------------------------------|------------------------------------|
| NAME (PLEASE PRINT) Alvin Arlian | PHONE NUMBER 303 350-5114 | TITLE Landman-Regulatory |
| SIGNATURE N/A | | DATE 8/31/2010 |



The Utah Division of Oil, Gas, and Mining

- State of Utah
- Department of Natural Resources

Electronic Permitting System - Sundry Notices

Request for Permit Extension Validation Well Number 43047403400000

API: 43047403400000

Well Name: BONANZA 9-24-21-3

Location: 0797 FNL 2550 FWL QTR NENW SEC 03 TWP 090S RNG 240E MER S

Company Permit Issued to: ENDURING RESOURCES, LLC

Date Original Permit Issued: 9/2/2008

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

- 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 rightof- 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

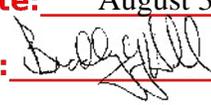
**Approved by the
Utah Division of
Oil, Gas and Mining**

Signature: Alvin Arlian

Date: 8/31/2010

Title: Landman-Regulatory **Representing:** ENDURING RESOURCES, LLC

Date: August 31, 2010

By: 

RECEIVED August 31, 2010

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

FEB 04 2011

BLM

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

| | | |
|---|--|--|
| 1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other | | 5. Lease Serial No. UTU81748 |
| 2. Name of Operator ENDURING RESOURCES LLC | | 6. If Indian, Allottee or Tribe Name |
| 3a. Address 475 17TH STREET, SUITE 1500 DENVER, CO 80202 | | 7. If Unit or CA/Agreement, Name and/or No. |
| 3b. Phone No. (include area code) Ph: 303-350-5114 Fx: 303-573-0461 | | 8. Well Name and No. BONANZA 9-24-21-3 |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 3 T9S R24E NENW 797FNL 2550FWL 40.04109 N Lat, 109.12019 W Lon | | 9. API Well No. 43-047-40340-00-X1 |
| | | 10. Field and Pool, or Exploratory NATURAL BUTTES |
| | | 11. County or Parish, and State UINTAH COUNTY, UT |

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|--|---|---|--|--|
| <input checked="" type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other Change to Original PD |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Request for a two-year extension to APD termination date from 3-10-2011 to 3-10-2013.

RECEIVED
MAR 14 2011

CONDITIONS OF APPROVAL ATTACHED DIV. OF OIL, GAS & MINING

VERNAL FIELD OFFICE

ENG. GD FEB 14 2011

GEOL. _____

E.S. _____

PET. _____

RECL. _____

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

Electronic Submission #102045 verified by the BLM Well Information System
For ENDURING RESOURCES LLC, sent to the Vernal
Committed to AFMSS for processing by ROBIN R. HANSEN on 02/04/2011 (11RRH1093SE)

| | |
|-----------------------------------|-----------------|
| Name (Printed/Typed) AL ARLIAN | Title LANDMAN |
| Signature (Electronic Submission) | Date 02/04/2011 |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

| | | |
|---|--|----------------------------|
| Approved By <u>[Signature]</u> | Title Assistant Field Manager Lands & Mineral Resources | Date FEB 15 2011 |
| Conditions of approval, if any, are attached. Approval of this notice 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. | | Office VERNAL FIELD OFFICE |

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.

UDOGM

BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED **

10DP41093 SE

CONDITIONS OF APPROVAL

Enduring Resources, LLC

Notice of Intent APD Extension

Lease: UTU-81748
Well: Bonanza 9-24-21-3
Location: NENW Sec 3-T9S-R24E

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

1. The extension and APD shall expire on 7/18/11 due to the expiration of the overlying NEPA document.
2. No other extension shall be granted.

If you have any other questions concerning this matter, please contact Carey Doyle of this office at (435) 781-3406



GARY R. HERBERT
Governor

GREGORY S. BELL
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 20, 2011

Al Arlian
Enduring Resources, LLC
475-17th Street, Ste. 1500
Denver, CO 80202

43 047 40340
Bonanza 9-24-21-3
95 2AE 3

Re: APDs Rescinded for Enduring Resources, LLC
Uintah County

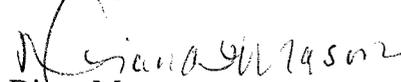
Dear Mr. Arlian:

Enclosed find the list of APDs that are being rescinded per your request to Enduring Resources, LLC. No drilling activity at these locations has been reported to the division. Therefore, approval to drill these wells is hereby rescinded, effective July 20, 2011.

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

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

Sincerely,


Diana Mason
Environmental Scientist

cc: Well File
Bureau of Land Management, Vernal

| | |
|----------------|-------------------------|
| 43-047-38383 | ARCHY BENCH 11-23-31-29 |
| 43-047-38372 | SOUTHAM CYN 10-24-14-17 |
| 43-047-38089 | RAINBOW 11-24-14-17 |
| 43-047-38417 | RAINBOW 11-24-13-29 |
| 43-047-40332 | BONANZA 9-24-32-3 |
| 43-047-37626 | ARCHY BENCH 11-22-42-1 |
| 43-047-37075 | ASPHALT WASH 11-24-44-9 |
| → 43-047-40340 | BONANZA 9-24-21-3 |
| 43-047-38867 | ARCHY BENCH 11-22-23-12 |
| 43-047-37097 | SOUTHAM CYN 11-24-12-4 |



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>



MAR 26 2012

IN REPLY REFER TO:
3160 (UTG011)

Alvin R. Arlian
Enduring Resources, LLC
511-16th Street, Suite 700
Denver, CO 80202

43 047 40340

Re: Notice of Expiration
Well No. Bonanza 9-24-21-3
NENW, Sec. 3, T9S, R24E
Uintah County, Utah
Lease No. UTU-81748

RECEIVED

APR 04 2012

DIV. OF OIL, GAS & MINING

Dear Mr. Arlian:

The Application for Permit to Drill (APD) for the above-referenced well was approved on March 10, 2009. A two (2) year extension request of the original APD was received on February 4, 2011. On February 15, 2011 the request was reviewed and the extension request was approved to July 18, 2011, consistent with the expiration of the 390 CX used to process the APD. 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 Cindy Severson at (435) 781-4455.

Sincerely,

Jerry Kenczka
Assistant Field Manager
Lands & Mineral Resources

cc: UDOGM