

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

FORM 3
AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL				1. WELL NAME and NUMBER BONANZA 9-24-34-3		
2. TYPE OF WORK DRILL NEW WELL <input checked="" type="checkbox"/> REENTER P&A WELL <input type="checkbox"/> DEEPEN WELL <input type="checkbox"/>				3. FIELD OR WILDCAT DEVILS PLAYGROUND		
4. TYPE OF WELL Gas Well Coalbed Methane Well: NO				5. UNIT or COMMUNITIZATION AGREEMENT NAME		
6. NAME OF OPERATOR Enduring Resources, LLC				7. OPERATOR PHONE 303 350-5114		
8. ADDRESS OF OPERATOR 475 17th Street, Suite 1500, Denver, CO, 80202				9. OPERATOR E-MAIL aarlian@enduringresources.com		
10. MINERAL LEASE NUMBER (FEDERAL, INDIAN, OR STATE) UTU-71248		11. MINERAL OWNERSHIP FEDERAL <input checked="" type="checkbox"/> INDIAN <input type="checkbox"/> STATE <input type="checkbox"/> FEE <input type="checkbox"/>		12. SURFACE OWNERSHIP FEDERAL <input type="checkbox"/> INDIAN <input type="checkbox"/> STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>		
13. NAME OF SURFACE OWNER (if box 12 = 'fee') American Gilsonite				14. SURFACE OWNER PHONE (if box 12 = 'fee') 680-233-7166		
15. ADDRESS OF SURFACE OWNER (if box 12 = 'fee') 350 Cambridge Avenue, Suite 350, ,				16. SURFACE OWNER E-MAIL (if box 12 = 'fee')		
17. INDIAN ALLOTTEE OR TRIBE NAME (if box 12 = 'INDIAN')		18. INTEND TO COMMINGLE PRODUCTION FROM MULTIPLE FORMATIONS YES <input type="checkbox"/> (Submit Commingling Application) NO <input checked="" type="checkbox"/>		19. SLANT VERTICAL <input checked="" type="checkbox"/> DIRECTIONAL <input type="checkbox"/> HORIZONTAL <input type="checkbox"/>		
20. LOCATION OF WELL	FOOTAGES	QTR-QTR	SECTION	TOWNSHIP	RANGE	MERIDIAN
LOCATION AT SURFACE	703 FSL 2318 FEL	SWSE	3	9.0 S	24.0 E	S
Top of Uppermost Producing Zone	703 FSL 2318 FEL	SWSE	3	9.0 S	24.0 E	S
At Total Depth	703 FSL 2318 FEL	SWSE	3	9.0 S	24.0 E	S
21. COUNTY UINTAH		22. DISTANCE TO NEAREST LEASE LINE (Feet) 703		23. NUMBER OF ACRES IN DRILLING UNIT 40		
		25. DISTANCE TO NEAREST WELL IN SAME POOL (Applied For Drilling or Completed) 0		26. PROPOSED DEPTH MD: 12870 TVD: 12870		
27. ELEVATION - GROUND LEVEL 5169		28. BOND NUMBER UTB000173		29. SOURCE OF DRILLING WATER / WATER RIGHTS APPROVAL NUMBER IF APPLICABLE 49222		

ATTACHMENTS

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORCANCE 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"/> AFFIDAVIT OF STATUS OF SURFACE OWNER AGREEMENT (IF FEE SURFACE)	<input type="checkbox"/> FORM 5. IF OPERATOR IS OTHER THAN THE LEASE OWNER
<input type="checkbox"/> DIRECTIONAL SURVEY PLAN (IF DIRECTIONALLY OR HORIZONTALLY DRILLED)	<input checked="" type="checkbox"/> TOPOGRAPHICAL MAP

NAME Alvin Arlian	TITLE Landman-Regulatory	PHONE 303 350-5114
SIGNATURE	DATE 03/17/2009	EMAIL aarlian@enduringresources.com
API NUMBER ASSIGNED 43047502580000	APPROVAL  Permit Manager	

Proposed Hole, Casing, and Cement						
String	Hole Size	Casing Size	Top (MD)	Bottom (MD)		
Cond	20	14	0	40		
Pipe	Grade	Length	Weight			
	Grade J-55 ST&C	40	54.0			

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Proposed Hole, Casing, and Cement						
String	Hole Size	Casing Size	Top (MD)	Bottom (MD)		
Surf	12.25	9.625	0	2000		
Pipe	Grade	Length	Weight			
	Grade J-55 ST&C	2000	36.0			

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Proposed Hole, Casing, and Cement						
String	Hole Size	Casing Size	Top (MD)	Bottom (MD)		
I1	8.5	7.5	0	9000		
Pipe	Grade	Length	Weight			
	Grade P-110 LT&C	9000	26.0			

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Proposed Hole, Casing, and Cement						
String	Hole Size	Casing Size	Top (MD)	Bottom (MD)		
Prod	6.125	4.5	0	12870		
Pipe	Grade	Length	Weight			
	Grade P-110 LT&C	12870	13.5			

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**Enduring Resources, LLC
Bonanza 9-24-34-3
SWSE 3-9S-24E
Uintah County, Utah
Federal Lease: UTU-71248**

ONSHORE ORDER 1 - DRILLING PLAN

1. Estimated Tops of Geological Markers:

Formation	Depth (K.B.)
Uinta	Surface
Green River	584
Wasatch	3884
Mesaverde	5081
Mancos	8720
Morrison	12141

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

Substance	Formation	Depth (K.B.)
	GR 5182'	
	KB-Uinta Elevation: 5212'	
Oil / Gas	Green River	584
Oil /Gas	Wasatch	3884
Oil /Gas	Mesaverde	5081
Oil /Gas	Mancos	8720
Oil /Gas	Morrison	12141
	Estimated TD	12870

An 11" hole surface hole will be drilled with air, air/mist, foam or mud depending on hole conditions to approximately 2000 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: (10,000 psi schematic attached)

- A. Type: Eleven (11) inch Single Ram BOP, Eleven (11) inch double gate hydraulic BOP with eleven (11) inch annular preventer on 5,000 psi casinghead, with 10,000 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. A 10K BOPE stack will be used for the entirety of the well to reduce time required to change out equipment after each casing string.
- B. Pressure Rating: 10,000 psi BOP and 5000 psi Annular Preventer
- 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 Annular Preventer rated working pressure for a period of three (3) 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 installation up on intermediate casing string
- 4. Following related repairs; and
- 5. 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 5000 psi when installed on 5000 psi Surface Casing Wellhead, and to the approved working pressure of the BOP stack after running Intermediate Casing and installing 10,000 psi "B" Section Wellhead. Pressure will be maintained for a period of at least three (3) 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 installation on intermediate casing string
4. Following related repairs; and
5. 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)
12 1/4"	9-5/8"	36#	J-55	ST&C	0 – 2,016' (KB) est.
8 1/2"	7"	26#	P-110	LT&C	0 – 9000' (KB)
6-1/8"	4-1/2"	13.5#	P-110	LT&C	0 – 12870' (KB)

The surface casing will have guide shoe. 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 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)	9-5/8", 36#/ft, J55, STC	2020/2.24(a)	3520/3.91 (b)	394/5.43(c)
9000' (KB)	7", 26#/ft, P-110, LTC	6210/1.18(d)	9960/1.90 (e)	693/2.96(c)
12870' (KB)	4-1/2", 13.5#/ft, P-110, LTC	10670/1.28(f)	12410/1.48 (g)	174/1.95(c)

(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 air
- (d.) based on full evacuation of pipe with 11.2 ppg fluid on annulus
- (e.) based on 11.2 ppg gradient, gas to surface, with no fluid on annulus,
- (f.) based on full evaluation of pipe with 12.5 ppg fluid on annulus
- (g.) based on 12.5 ppg gradient with no fluid on annulus

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)
9-5/8"	Lead	1516	Premium cement + 16% gel + 0.25 pps celloflake	250	100	11.0	3.80
9-5/8"	Tail	500	Premium cement + 2% CaCl ₂ + 0.25 pps celloflake	272	100	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

Intermediate Casing - Cemented TD to 300' above base of surface casing

CASING	SLURRY	FT. of FILL	CEMENT TYPE	SXS	EXCESS (%)	WEIGHT (ppg)	YIELD (ft ³ /sx)
7"	Lead	6784	Elastiseal™ System foamed cement w/ 1.5% foamer	723	50	12.0	1.75
7"	Tail	500	Elastiseal™ System unfoamed cement	76	50	14.3	1.47

Production Casing and Liner - Cemented TD to 300' above top of Wasatch formation.

CASING	SLURRY	FT. of FILL	CEMENT TYPE	SXS	EXCESS (%)	WEIGHT (ppg)	YIELD (ft ³ /sx)
4 1/2"	All	4170	Premium cement, 35% silica flour + 1.1% fluid loss + .85% retarder + .5% expanding additive + .4% suspension agent	594	20	15.1	1.695

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'-9000' (KB)	9.2-11.2	8 - 10 ml	32-42	LSND
9000'-12870' KB	9.2-12.5	8-10 ml	40-60	LSND

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. For the surface casing water and wellbore cuttings will be used as necessary for a weighting material. For the rest of the well wellbore cuttings will be used as a weighting material. Barite will be used as needed for a weighting material in the lower portions of the well. The mud properties will be checked at least daily by the drilling rig personnel and/or by the mud company representative. The mud company representative will leave a written report at the rig when the mud is checked. The mud weight will be measured with a mud balance.

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 – same for both intermediate casing point and TD. A Sonic log will be added to the run at TD.
- 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 8,366 psi (calculated at 0.65 psi/ft times depth).

8. **Anticipated Starting Dates:**

- Anticipated Commencement Date- Within one year of APD issue.
- Drilling Days- Approximately 45 days
- Completion Days - Approximately 20 days
- Anticipate location construction within 30 days of permit issue.

9. **Variances:**

Surface Drilling Operations

The blooie line will be a minimum of 35' which is the distance from the wellhead to the edge of the reserve/blooie pit. The contractor uses a diverter head instead of a rotating head and the contractor's two compressors shall be within 30' of the wellhead.

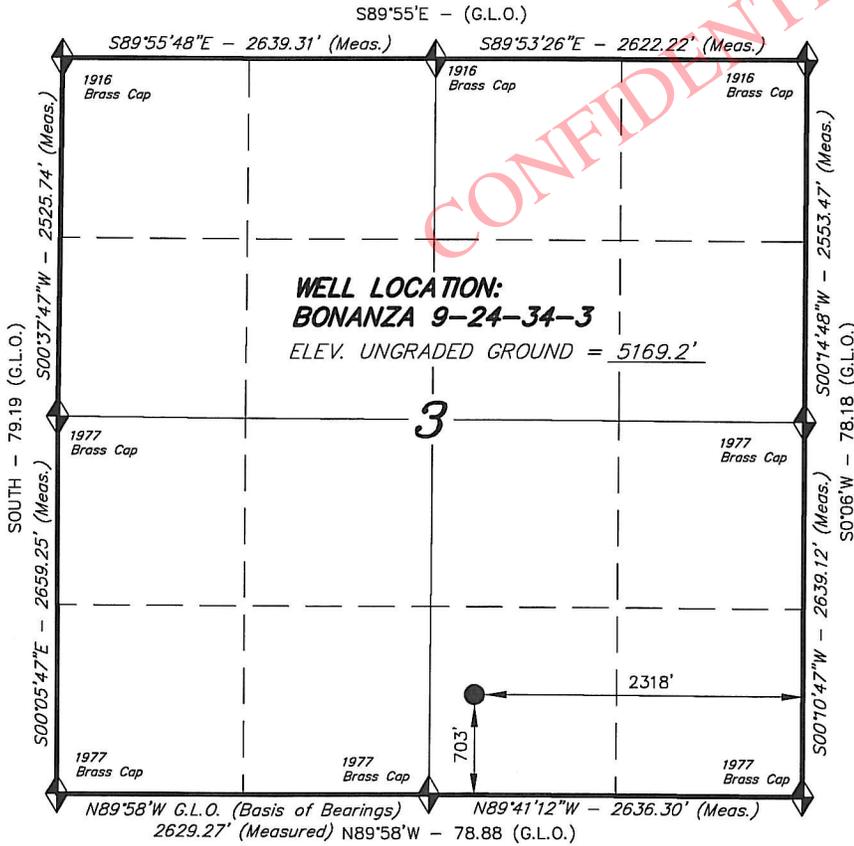
10. **Other:**

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.

Inclination surveys will be run every 2000 feet to monitor hole angle.

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

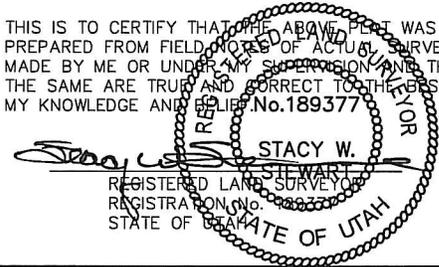
ENDURING RESOURCES



WELL LOCATION, BONANZA 9-24-34-3,
LOCATED AS SHOWN IN THE SW 1/4 SE
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 9-24-34-3
(Surface Location) NAD 83
LATITUDE = 40° 03' 34.40"
LONGITUDE = 109° 11' 56.90"

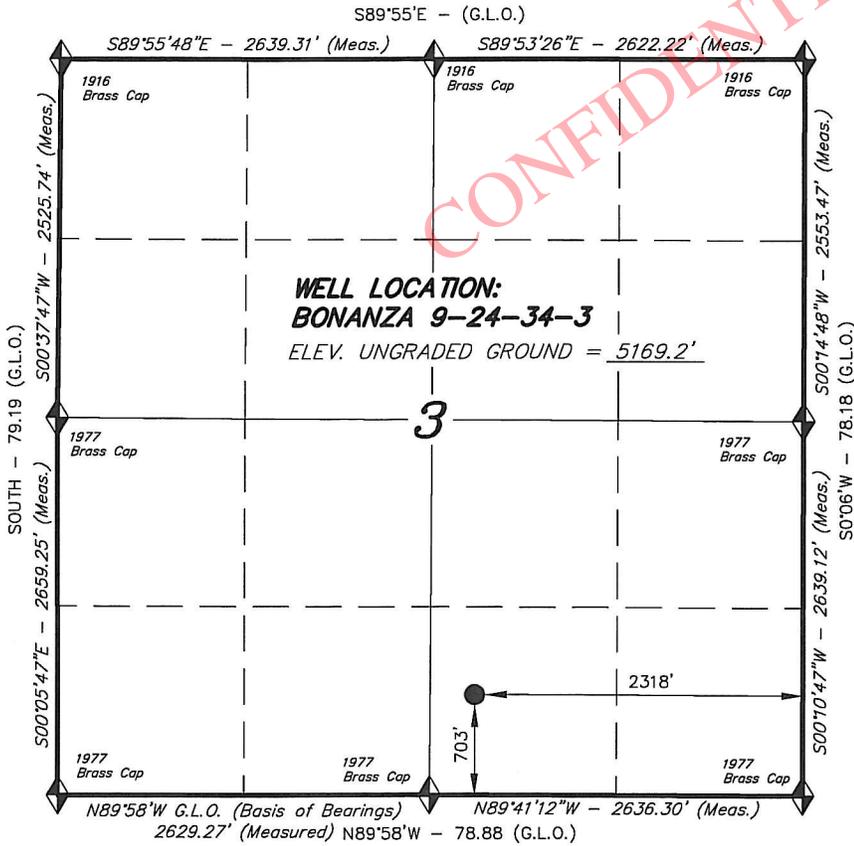
TRI STATE LAND SURVEYING & CONSULTING

180 NORTH VERNAL AVE. - VERNAL, UTAH 84078
(435) 781-2501

DATE DRAWN: 3-25-05	SURVEYED BY: D.P.	SHEET 1
REVISED:	DRAWN BY: F.T.M.	
NOTES:	SCALE: 1" = 1000'	OF 8

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

ENDURING RESOURCES



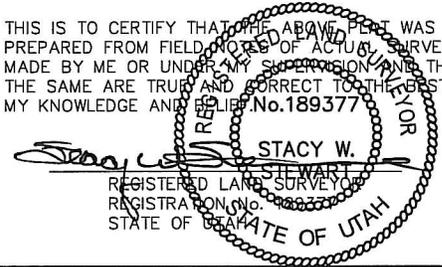
WELL LOCATION:
BONANZA 9-24-34-3
 ELEV. UNGRADED GROUND = 5169.2'

CONFIDENTIAL

WELL LOCATION, BONANZA 9-24-34-3,
 LOCATED AS SHOWN IN THE SW 1/4 SE
 1/4 OF SECTION 3, T9S, R24E, S.L.B.&M.
 UINTAH COUNTY, UTAH.



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

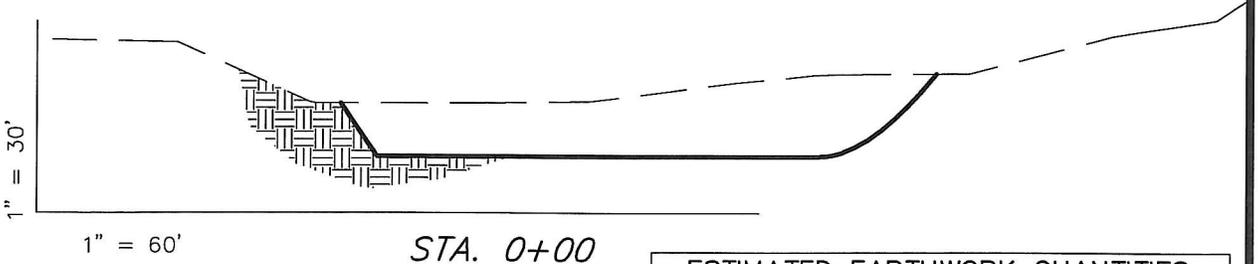
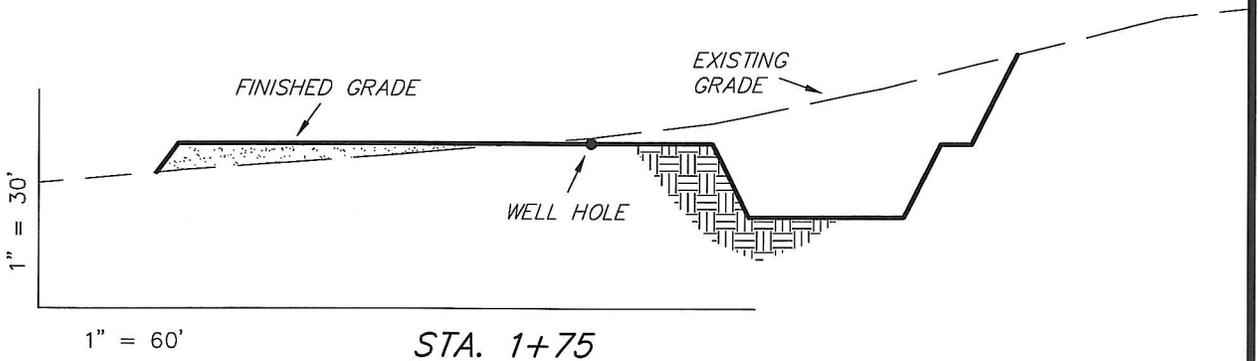
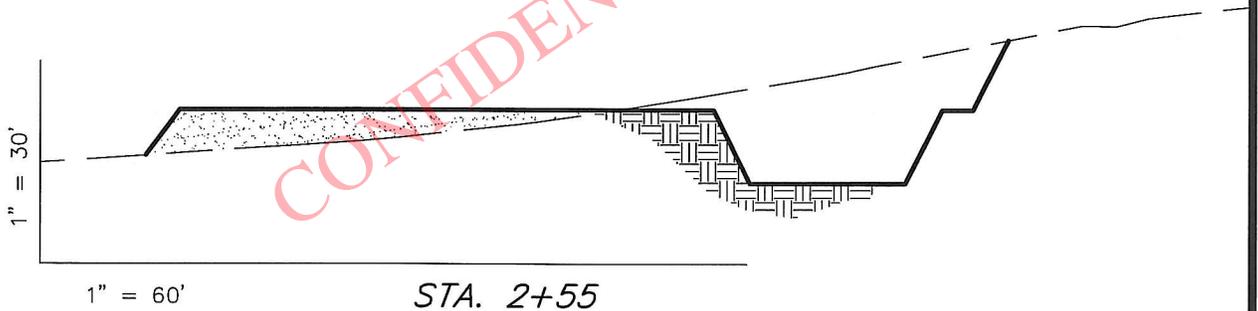
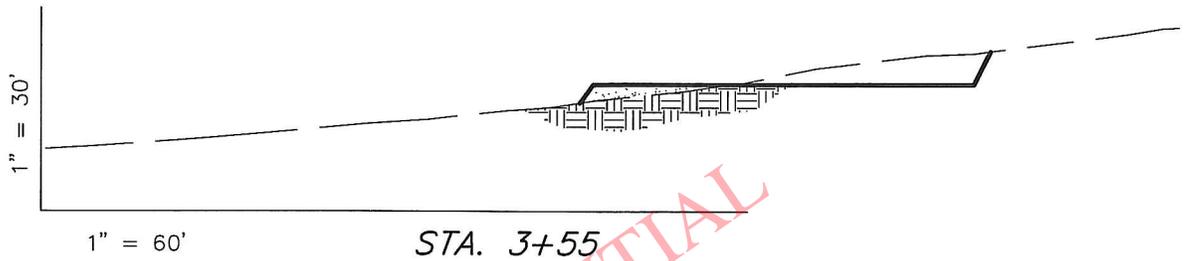
BONANZA 9-24-34-3
 (Surface Location) NAD 83
 LATITUDE = 40° 03' 34.40"
 LONGITUDE = 109° 11' 56.90"

TRI STATE LAND SURVEYING & CONSULTING

180 NORTH VERNAL AVE. - VERNAL, UTAH 84078
 (435) 781-2501

DATE DRAWN: 3-25-05	SURVEYED BY: D.P.	SHEET 1 OF 8
REVISED:	DRAWN BY: F.T.M.	
NOTES:	SCALE: 1" = 1000'	

ENDURING RESOURCES
CROSS SECTIONS
BONANZA 9-24-34-3



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

ITEM	CUT	FILL	6" TOPSOIL	EXCESS
PAD	12,050	4,440	Topsoil is not included in Pad Cut	7,610
PIT	5,390	0		5,390
TOTALS	17,440	4,440	1780	13,000

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

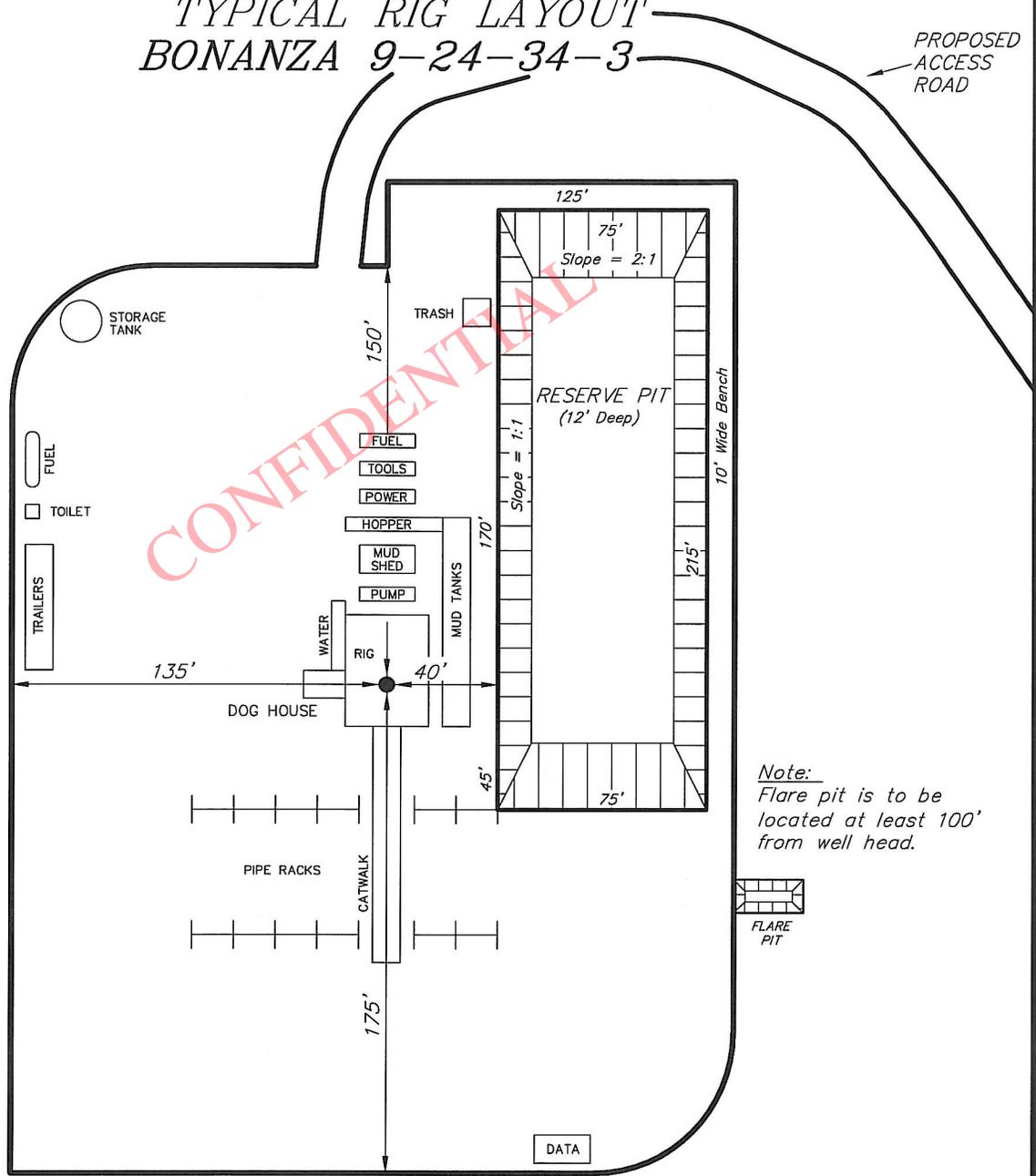
SURVEYED BY: D.P.	DATE DRAWN: 3-25-05
DRAWN BY: F.T.M.	SCALE: 1" = 60'
NOTES:	

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

SHEET
3
OF 8

ENDURING RESOURCES

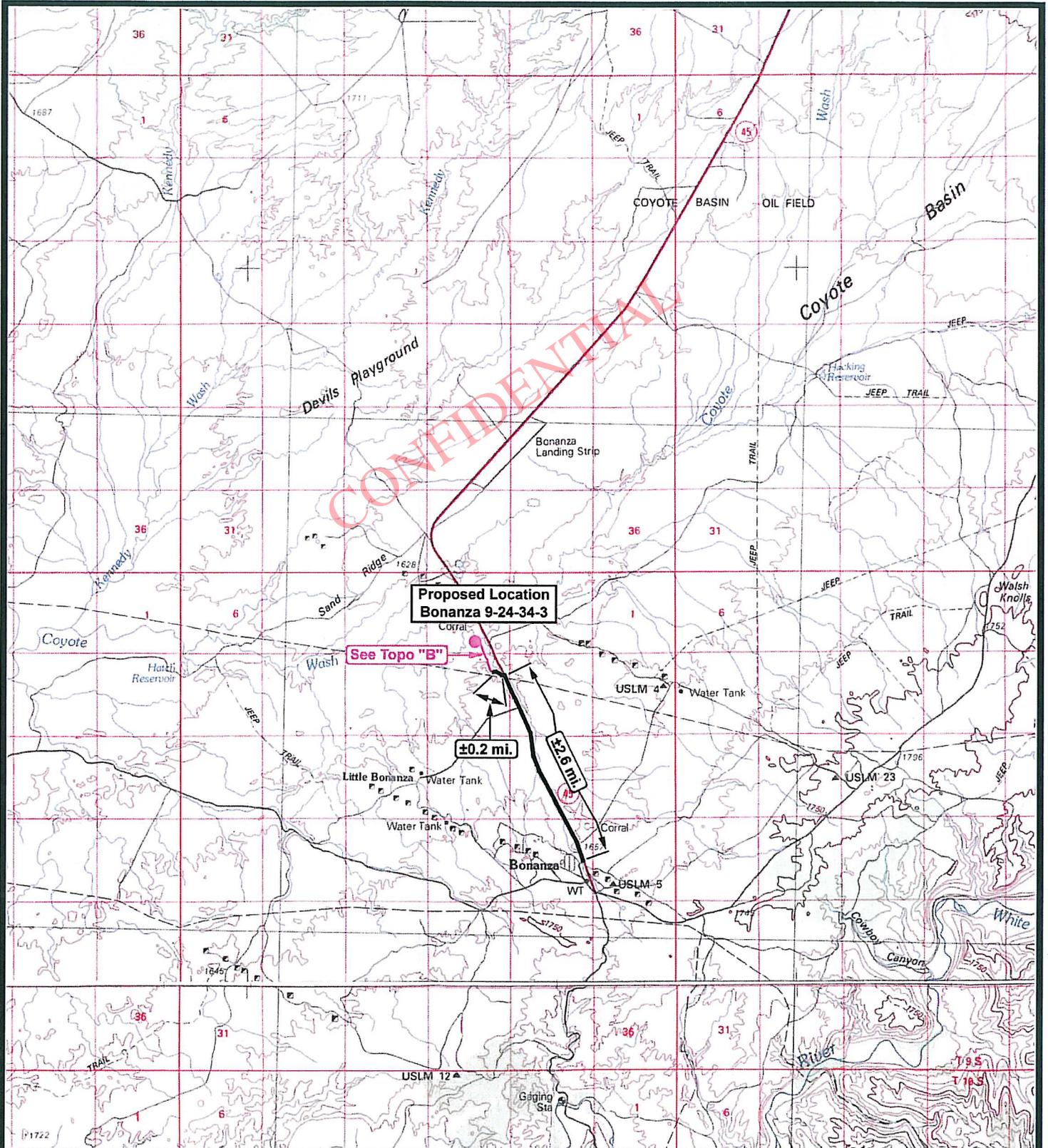
TYPICAL RIG LAYOUT BONANZA 9-24-34-3



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

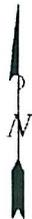
SURVEYED BY: D.P.	DATE DRAWN: 3-25-05
DRAWN BY: F.T.M.	SCALE: 1" = 60'
NOTES:	

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



ENDURING RESOURCES

**Bonanza 9-24-34-3
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: JAS
DATE: 05-27-2008

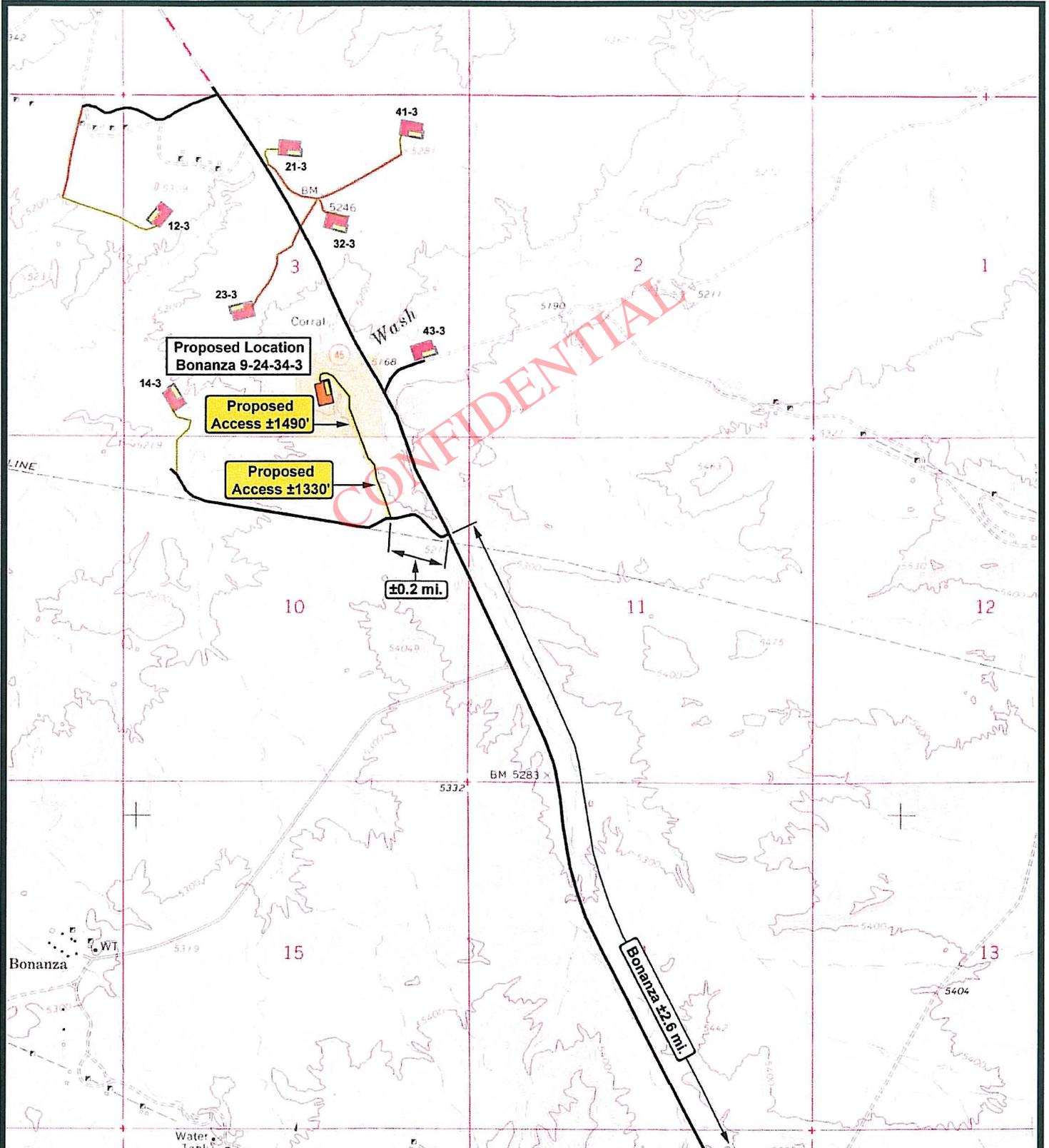
Legend

- Existing Road
- Proposed Access

TOPOGRAPHIC MAP

"A"

SHEET 5 OF 8



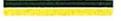

ENDURING RESOURCES

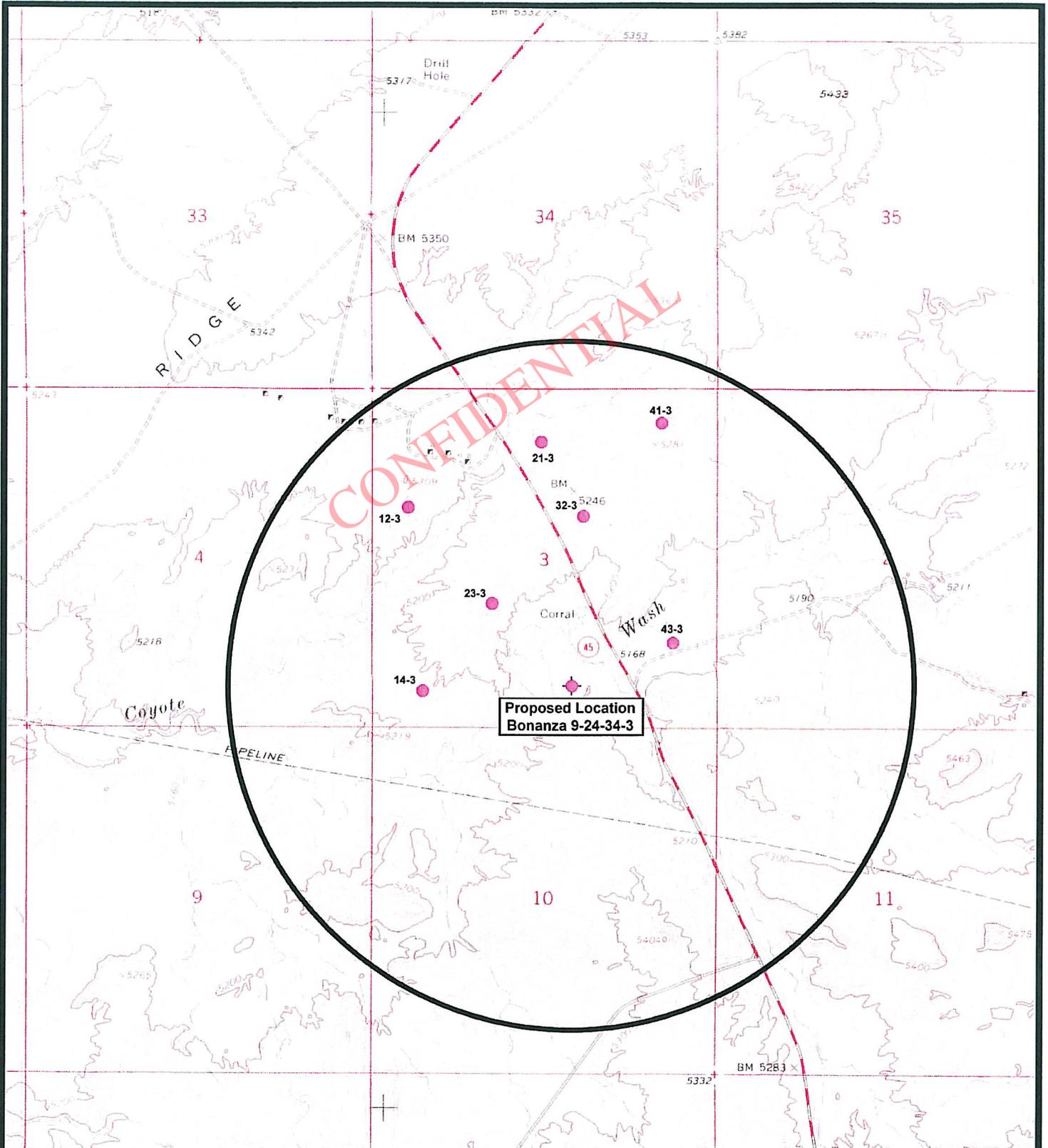
Bonanza 9-24-34-3
SEC 3, T9S, R24E, S.L.B.&M.




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

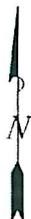
SCALE: 1" = 2,000'
DRAWN BY: JAS
DATE: 05-27-2008

Legend	
	Existing Road
	Two-Track to Upgrade
	Proposed Access
TOPOGRAPHIC MAP	
"B"	SHEET 6 OF 8



ENDURING RESOURCES

**Bonanza 9-24-34-3
SEC 3, T9S, R24E, S.L.B.&M.**



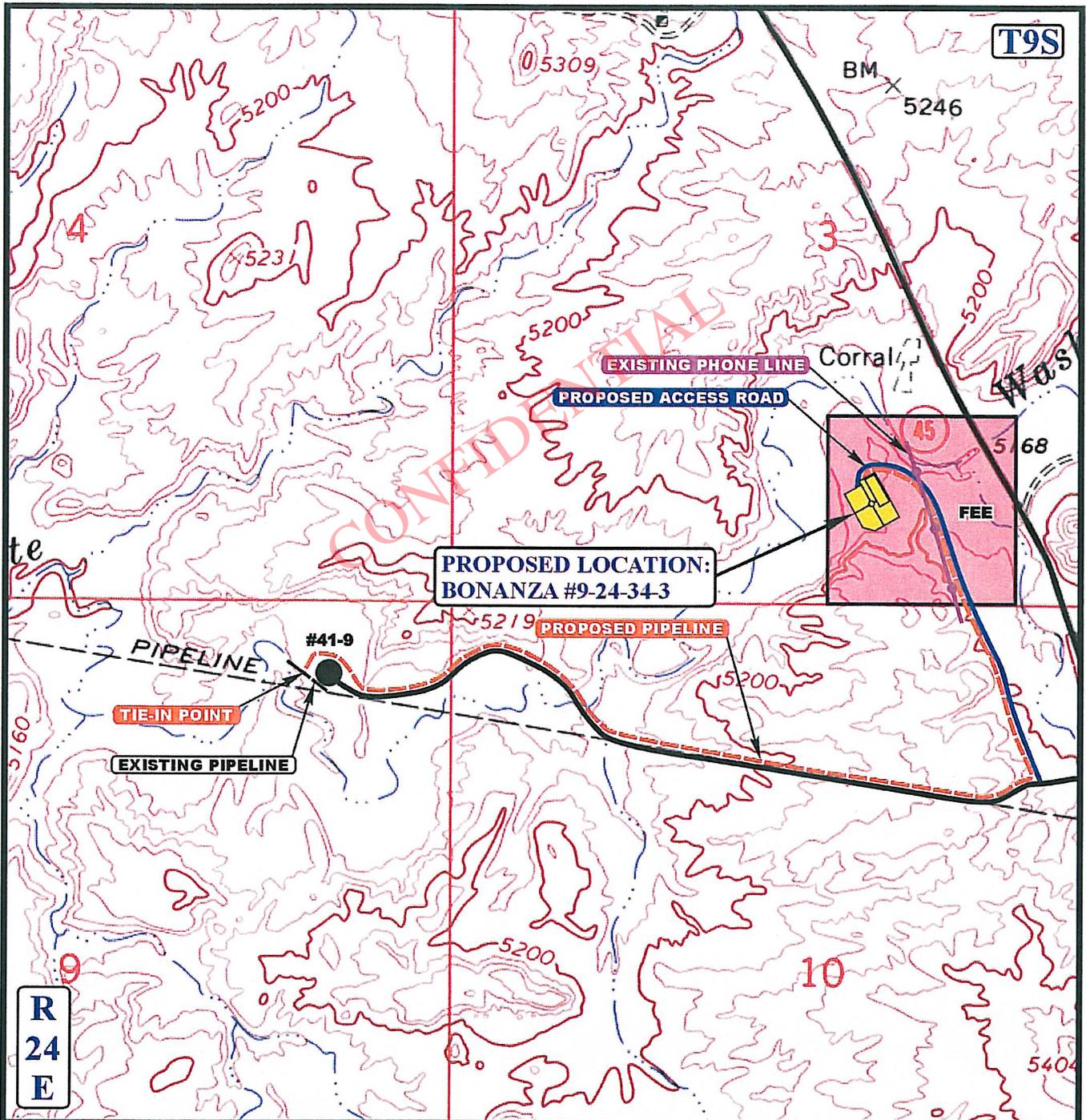
*Tri-State
Land Surveying Inc.*
(435) 781-2501
180 North Vernal Ave. Vernal, Utah 84078

SCALE: 1" = 2,000'
DRAWN BY: JAS
DATE: 05-27-2008

Legend

- Location
- One-Mile Radius

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



APPROXIMATE TOTAL PIPELINE DISTANCE ON FEE LANDS = 1,416' +/-

APPROXIMATE TOTAL PIPELINE DISTANCE ON BLM LANDS = 7,001' +/-

LEGEND:

- PROPOSED ACCESS ROAD
- EXISTING PIPELINE
- PROPOSED PIPELINE
- EXISTING PHONE LINE

ENDURING RESOURCES, LLC

BONANZA #9-24-34-3
SECTION 3, T9S, R24E, S.L.B.&M.
SW 1/4 SE 1/4

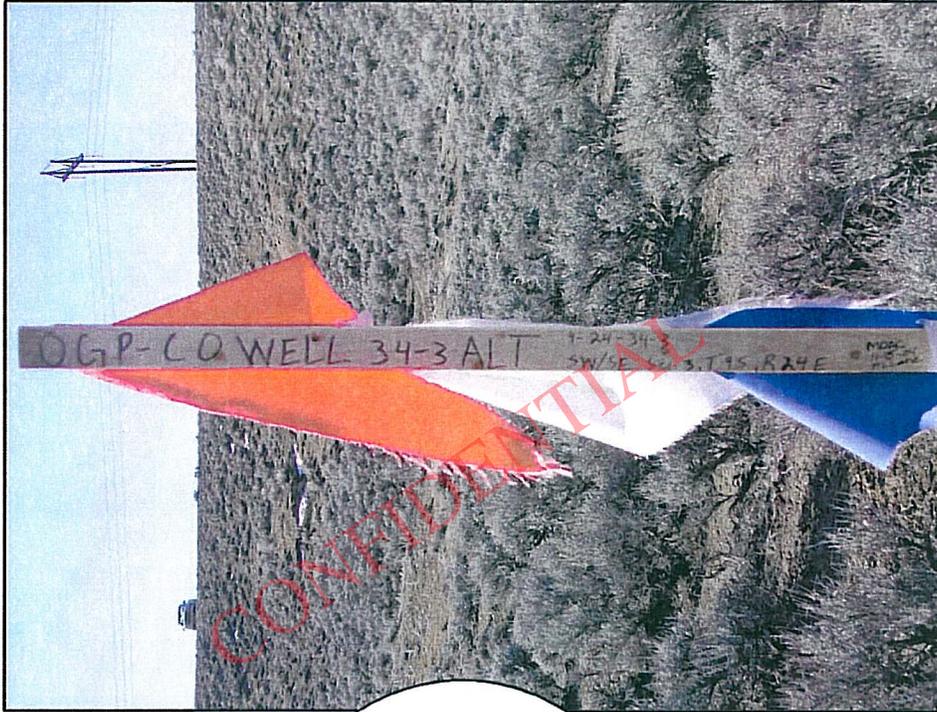


Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813



TOPOGRAPHIC MAP
09 25 08
MONTH DAY YEAR
SCALE: 1" = 1000' DRAWN BY: Z.L. REVISED: 00-00-00





CENTER STAKE

 **ENDURING**
-Resources-
Bonanza 9-24-34-3

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



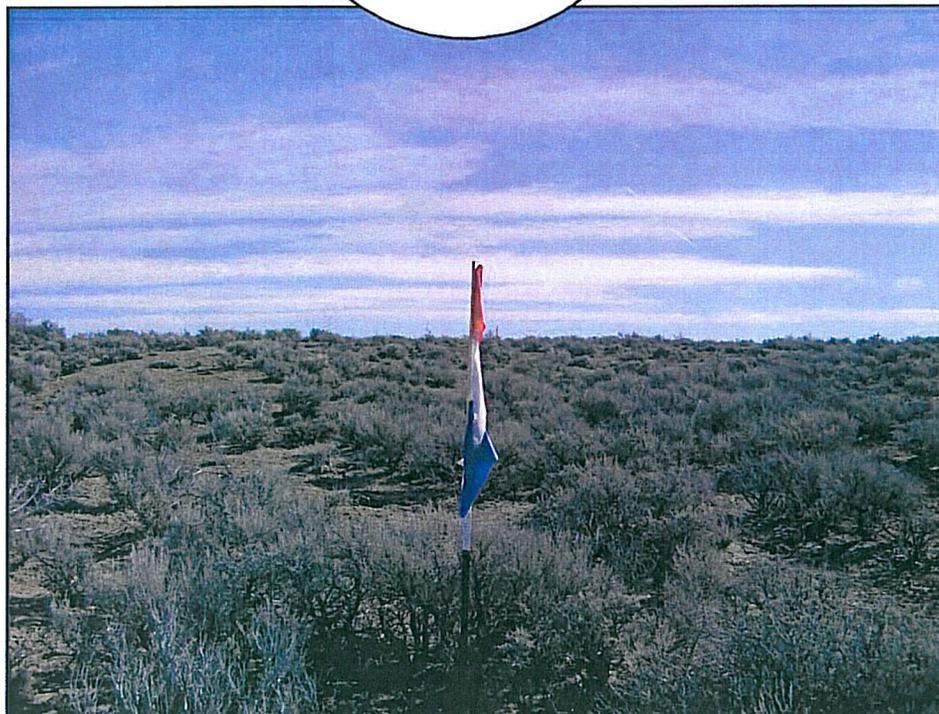
NORTH

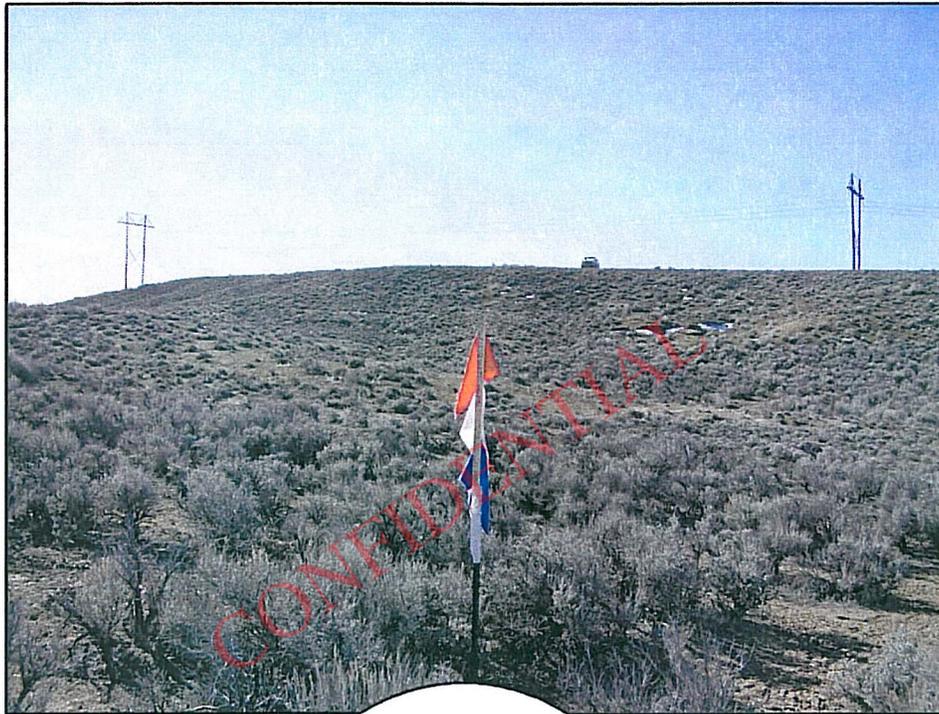
 **ENDURING**
-Resources-
Bonanza 9-24-34-3

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





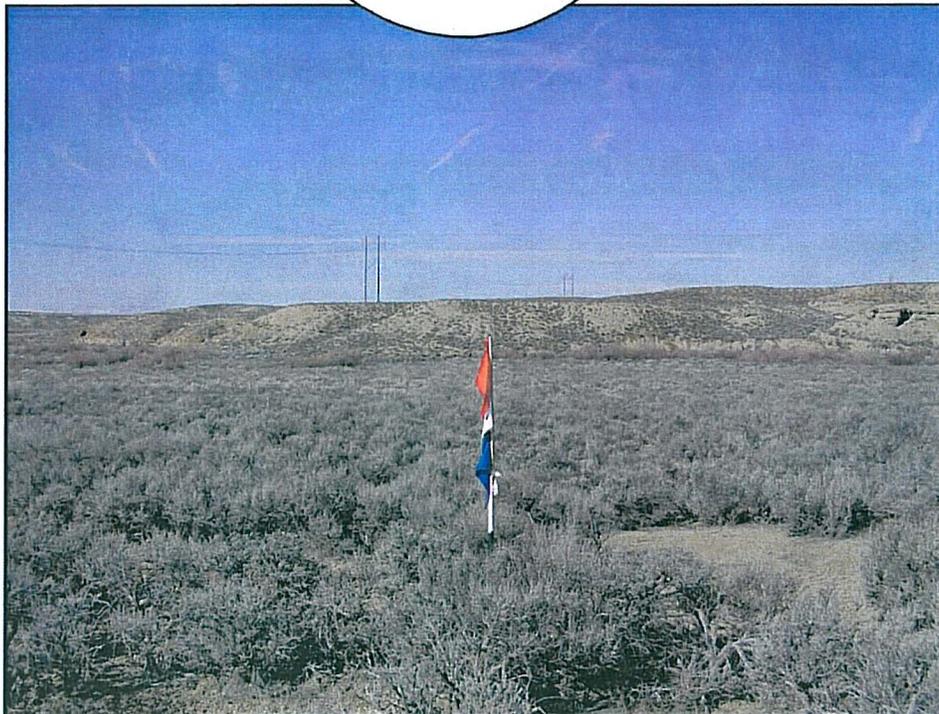
SOUTH

 **ENDURING**
-Resources-
Bonanza 9-24-34-3

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



Directions to the Bonanza 9-24-34-3 Well Pad

Beginning at the city of Bonanza, Utah. Leave the city of Bonanza heading northwest on State Highway 45 for a distance of approximately 2.6 miles where there is a turn-off to the left near onto an existing road. Turn left and proceed westerly for an approximate distance of 0.2 miles. Turn right and proceed northwesterly for a distance of approximately 2,710' (about 0.5 miles) along the proposed access to the proposed Bonanza 9-24-34-3 well pad.

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RIGHT-OF-WAY and DAMAGE AGREEMENT

THIS AGREEMENT is made and entered into by and between, AMERICAN GILSONITE COMPANY, (hereinafter referred to as "Grantor") and ENDURING RESOURCES, LLC (hereinafter referred to as "Grantee") effective October 1, 2008.

WHEREAS, Grantee desires to enter onto and cross Grantor's property located in the SWSE of Section 3-9S-24E (hereinafter referred to as the "Lands") for the purpose of drilling an exploratory oil and/or gas well, Bonanza 9-24-34-3 ("Well"), located in the SWSE of Section 3, Township 9 South, Range 24 East, Uintah County, Utah (hereinafter referred to as the "Drillsite").

NOW THEREFORE, for and in consideration of the mutual promises and covenants herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

- I. Grantee shall pay Grantor the sum of \$1,000.00 up front payment for damages to surface of the Lands for road access to the Well. Within sixty days of completion of the Well either as a producer or a plugged and abandoned well, Grantee shall survey the new access road Grantor for any additional damage that may have occurred during drilling and completion operations. Compensation will be on a \$3,000.00 per acre cost for any damages exceeding 4.0 acres and such compensation, if due, will be paid within thirty (30) days of the surveyor's report being released. Grantee shall utilize existing access routes to the maximum extent feasible, so as to minimize surface disturbances for access to facilities.
- II. Grantee and their assigns or agents shall have the right to use a reasonable amount of access road across the Lands and shall have the right to move derricks, drilling tools, vehicles, and all other machinery and equipment necessary or incident to the re-drilling, drilling, testing completion, operation of the wells. Such activity shall be restricted to existing public roads or access roads covered by this agreement. Any roads or surface facilities may be relocated at Grantor's expense if needed due to gilsonite mining or processing in the future.
- III. This Agreement and the rights granted herein are effective and shall continue in full force and effect so long as operations are conducted on the Well. Upon execution of this Agreement, all payments due hereunder shall be paid concurrently. Operations are defined under terms of the oil and gas lease with Grantor, and under the Rules and Regulations defined by the State of Utah.
- IV. Cattle guards and gates will be constructed, if requested by Grantor, at all places where the openings go through the existing fences and gates will be kept closed at all times except when opened for passage of traffic. Also, gates shall be installed to limit access to producing wells on roads constructed by Grantee if by mutual agreement between Grantee and Grantor.
- V. If there is any fill used for roads constructed across any drainage, then culverts will be used for the free flow of water through said drainage.



CONFIDENTIAL

- VI. If the access road departs from existing established roadways and new construction is required, topsoil will be segregated and stockpiled for replacement during reclamation activities.
- VII. It is understood that any road constructed across the said Lands shall not exceed 30 feet in total width, including the total disturbed area between the outside of each berm, without the prior approval of Grantor.
- VIII. Upon completion of any drilled pursuant hereto Well as a dry hole and the subsequent abandonment thereof, and at the request of the Grantor, and drill pads and newly constructed road will be restored and seeded within 180 days to the condition it was in prior to commencement of operations insofar as reasonably possible. Any preexisting roads, and the improvements thereto, which are constructed by Grantee, shall be left in a good and useable condition for the continued use by Grantor. Reclaimed areas will be reseeded with a wildlife mixture approved by the Utah Division of Wildlife.
- IX. In the event that the Well is completed as a producer of oil and/or gas, Grantee shall build and maintain a permanent access road in conformance with the already established county road standards for producing oil and/or gas wells including any variances granted by the county by existing roads to the Drillsite. Disturbed areas not used for production will be re-graded and seeded with an approved wildlife seed mix within 90 days unless prohibited by weather.
- X. Upon completion of the Well(s) as a well capable of oil and/or gas production, this Agreement shall continue in full force and effect and Grantee shall pay in advance to Grantor an annual access rental of \$15.00 per rod per roadway 30-foot width, roadway for each well, on or before October 1st of each year thereafter until the subject well is plugged and abandoned and operations cease thereon.
- XI. It is expressly understood that the settlement amounts in paragraph I are only for construction of a road and drilling location and it is not a settlement for any damages to contiguous property, personal property of the Grantor or a release of any personal injuries that may be sustained by reason of the operations carried on by Grantee or its agents.
- XII. This Agreement does not cover pipeline easements and Grantee acknowledges that it must secure a separate agreement prior to laying pipeline related to production of gas or oil on Grantor's lands.
- XIII. This Agreement shall not be assigned, nor the rights of Grantee hereunder transferred in any manner without the prior written consent of Grantor, which consent shall not be unreasonably withheld.
- XIV. Grantee shall comply at its own expense with the Workman's Compensation Law of the State of Utah and shall maintain such insurance throughout the duration of this Agreement, and shall furnish Grantor prior to beginning work on the Lands evidence of such insurance and at each policy period thereafter renewal evidence that such insurance is being maintained. Grantee, with respect to its operation in connection with this Agreement, shall also purchase or provide for (1) comprehensive general public liability insurance with a combined single limit not

less than One Million Dollars (\$1,000,000) for bodily injury and property damage; and (ii) automobile insurance with a combined single limit of not less than One Million Dollars (\$1,000,000) for bodily injury or property damage. At Grantor's request, Grantee shall furnish Grantor with a certificate or certificates of insurance secured and maintained hereunder and Grantor shall be an additional insured thereon.

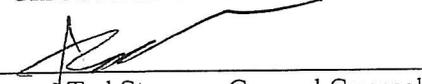
- XV. In the event any person or entity (including Grantor) suffers a loss of any kind or character, or death or injury, (1) as a result of a breach of this Agreement by Grantee, or its agents, contractors, or employees, or (2) as a result of Grantee or its agents, contractors or employees performing on the Drillsite or elsewhere, any action, directly or indirectly, in furtherance of a right hereunder, or (3) from any cause whatsoever while being on the Lands and the Drillsite to conduct any work or service for Grantee shall reimburse, indemnify, defend and hold harmless Grantor for any and all losses, costs, claims, liability, litigation, demands, damages and expenses (including all attorney fees) of every kind or character which Grantor may suffer or be subject to as a result of said loss or injury whether or not such losses, costs, claims, liabilities, litigation, demands, damages, and expenses (including all attorney fees) result from the condition of Grantor's premises or facilities, unless through the sole negligence of Grantor or its agents.
- XVI. Grantee shall provide Grantor with not less than forty-eight (48) hours advance notice, either by phone or in person, of Grantee's intent to enter upon the Land for the purpose of commencing operations thereon. Grantee shall conduct its operations in such a manner as to use no more Land than is reasonably necessary and shall use all reasonable efforts not to interfere with the use of the Land by any grazing permittees. All drilling fluid pits shall be fenced within ten days of end of drilling each Well as a producer or dry hole and then the pits will be reclaimed and reseeded within 180 days of the completion of the well as a producer or a dry hole. Surface structures shall be fenced, if they represent a potential hazard to livestock, by mutual agreement between Grantor and Grantee. The type of fencing to be mutually agreed upon by Grantor and Grantee. Grantee will have ten days to effect repairs or problems with fences when notified by e-mail or in writing by Grantee. Grantor can request an extension of the closure of pits beyond the 180 days from the completion of each Well if closing the pits represents a potential hazard or closing the pits at that time will not comply with the State of Utah's reclamation requirements. An extension will not be unreasonably withheld.
- XVII. Grantee shall have the right at any time, and from time to time, to remove any or all property, fixtures, equipment and materials, placed by Grantee on the Land, including the right to draw and remove casing. Within 90 days after plugging of a Well this agreement will expire and Grantee shall remove all remaining property, fixtures, equipment and materials that were placed by Grantee on the Land. Such removal shall be accomplished at Grantee's sole cost, risk and expense. If such items are not removed within 90 days, Grantor shall have the right to remove those items from the Land and bill the associated cost for such removal to Grantee.

- XVIII. This agreement restricts the Grantee's use of Grantor's lands to the sole purpose of exploration and production of oil and/or gas at this specific site. It does not grant Grantee, its contractors, or its agents the right to use the Grantor's property for any other purpose.
- XIX. All operations of Grantee hereunder which involve drilling for and producing of oil and gas, or both, or the cessation, or abandonment, of its operations shall be conducted in a good and workmanlike manner and in accordance with standard oil field practices and in accordance with all applicable federal, state and local statutes and regulations including specifically, but not by way of limitation, such laws and regulations governing the operation, maintenance and reclamation of well sites, pipelines, tank batteries, and other related facilities as may be utilized by Grantee and its operations hereunder. Grantee shall further adhere to and abide by all federal, state and local environment statutes and regulations addressing air, water, and solid waste pollution and the handling storage, storage use and disposal of hazardous substances as prescribed in the Comprehensive Environmental Response, Compensation and Liability Act of 1986, 42 U.S.C. & 9601, et seq. (CERCLA). Grantee shall provide Grantor with copies of all applications for environmental laws, governmental requests for any information pertaining to environmental issues relating to the Land or products produced therefrom or Grantee's use thereof, copies of any responses from Grantee's to said requests, and any environmental investigations, reports, or studies involving the Land or products produced therefrom or the use thereof by Grantee which from time to time, may be obtained from Grantee.
- XX. Grantee also agrees to abide by the laws of regulations of the State of Utah designed to protect gilsonite deposits, including but not limited to those specific rules set forth in the General Rules and Regulations of the Utah Board of Oil, Gas and Mining, as amended, pertaining to such matters.
- XXI. The provisions hereof shall be considered as covenants running with the Land during the life of the Agreement and all modifications thereof, and any assignment of the Agreement shall be subject to the provisions thereof.
- XXII. This Agreement shall not be terminated in whole or in part, nor Grantee held liable for damages, because of a temporary cessation of production of drilling operations due to breakdown of equipment or due to the repairing of a well or wells or because of failure to comply with any of the express provisions or implied covenants of this Agreement if such failure is the result of the exercise of governmental authority, war, armed hostilities, act of God, strike, civil disturbance, fire, explosion, flood or any other cause, including lack of market, beyond the control of Grantee.
- XXIII. Any controversy or claim, whether based in contract, tort or otherwise arising in any way out of, relating to on in connection with this Agreement (a "Dispute") shall be finally settled by arbitration conducted expeditiously in accordance with the Commercial Arbitration Rules (the "Rules") of the American Arbitration Association (the "AAA"). In the event of a conflict between this Article and the Rules, this Article shall govern. The attorney/client and work product privileges will be honored in the arbitration as though the case were being determined in a Utah state court. The arbitration shall be conducted before one independent and

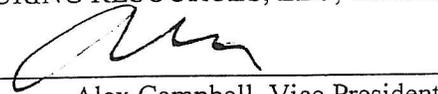
impartial arbitrator selected by the AAA pursuant to the Rules. The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. 1-16, to the exclusion of any provision of Utah law inconsistent therewith and which would produce a different result, and judgment upon the award rendered by the arbitrator may be entered by any court having jurisdiction thereof. The place of arbitration shall be Salt Lake City, Utah, and the cost of the arbitration proceeding shall be borne equally by the parties to this agreement and each party shall bear its own attorney's fees, and other expenses, provided that the arbitrator may award attorney fees, filing fees, and costs to the prevailing party as the arbitrator deems reasonable and fair. The arbitrators shall determine the claims of the parties and render their final award in accordance with the substantive law of the State of Utah exclusive of its conflict of law rules. The limitations of any actions will be determined under Utah law. The arbitrator shall permit and facilitate such discovery as the arbitrator determines is appropriate in the circumstances, taking into account the needs of the parties and the desirability of making discovery expeditious and cost-effective. The arbitrator shall actively manage the proceedings as the arbitrator deems best so as to make the proceedings fair, expeditious, economical, and less burdensome than litigation. The procedures specified in this section shall be the exclusive means of resolution of Disputes between the parties, provided that either party may seek injunctive action before a court of competent jurisdiction to prevent the occurrence of irreparable harm pending resolution of a Dispute pursuant to the provisions of this section.

XXIV. This agreement constitutes the entire Agreement between the parties hereto as to the subject matters herein set forth and supersedes all prior written or oral agreements relative thereto. No change, modification, alteration or amendment to this Agreement shall be binding upon the parties hereto except as specifically expressed in writing and signed by each party agreeing to be bound thereby.

AMERICAN GILSONITE COMPANY, Grantor

By: 
Ted Stevens, General Counsel

ENDURING RESOURCES, LLC, Grantee

By: 
Alex Campbell, Vice President

PIPELINE AGREEMENT



CONFIDENTIAL

State of UTAH
County of UINTAH

For and in consideration of one thousand three hundred seventy three dollars (\$1,288.00) 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 Fiftee and no/100's Dollars (\$15.00) 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.

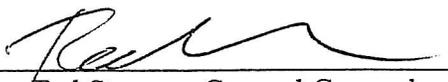
The GRANTEE agrees to pay for any physical damage to fences or other structural improvements located outside the above described right-of-way and easement which are caused by construction, maintenance, operation, repairing, alteration, replacement or removal of said pipelines and appurtenant facilities.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

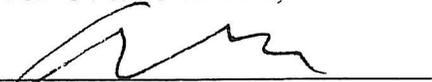
It is agreed that this grant covers all the agreements between the parties and that no representation or statements, verbal or written, have been made notifying, adding to, or changing the terms of this Agreement.

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

GRANTOR:
AMERICAN GILSONITE COMPANY

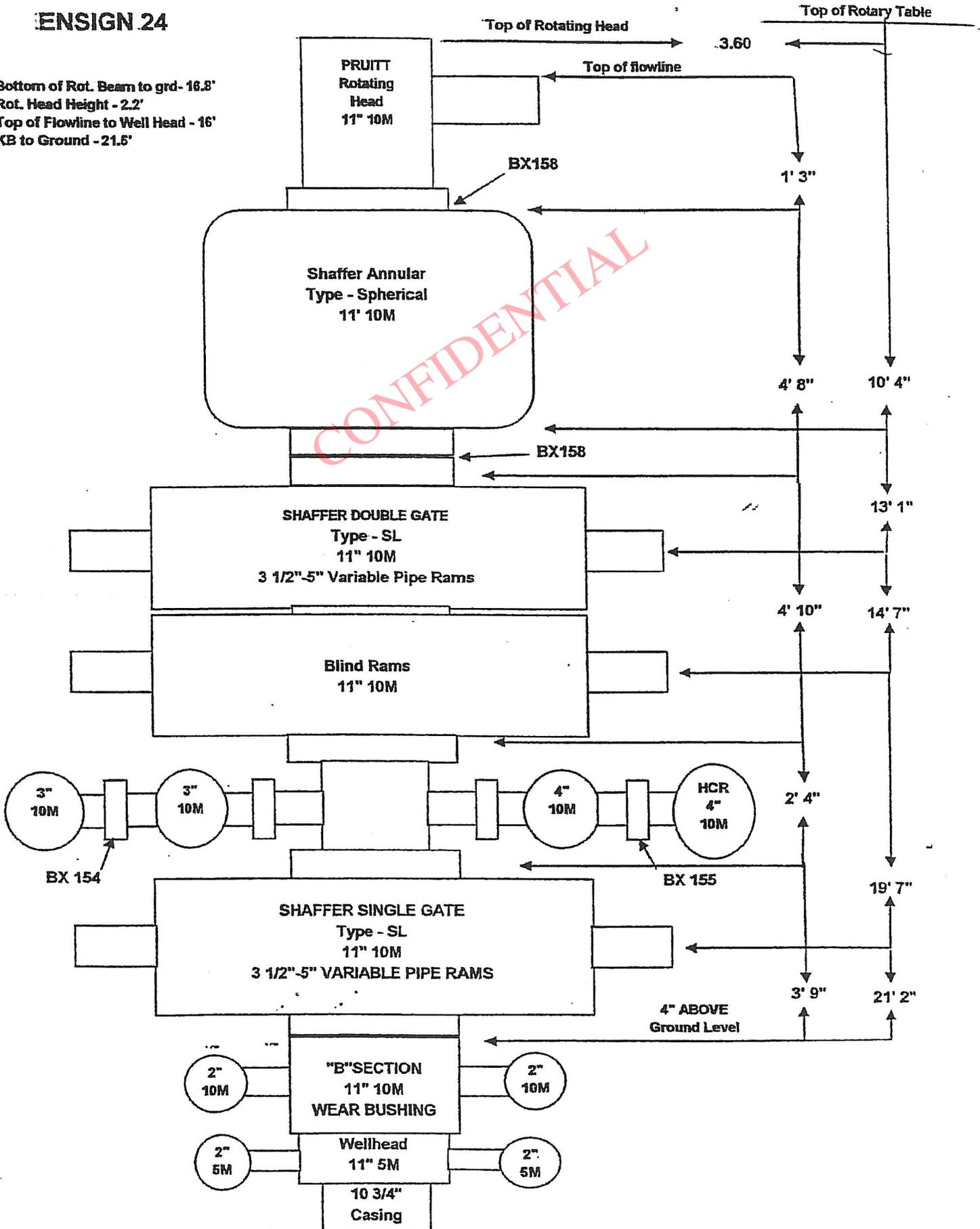
By: 
Ted Stevens, General Counsel

GRANTEE:
ENDURING RESOURCES, LLC

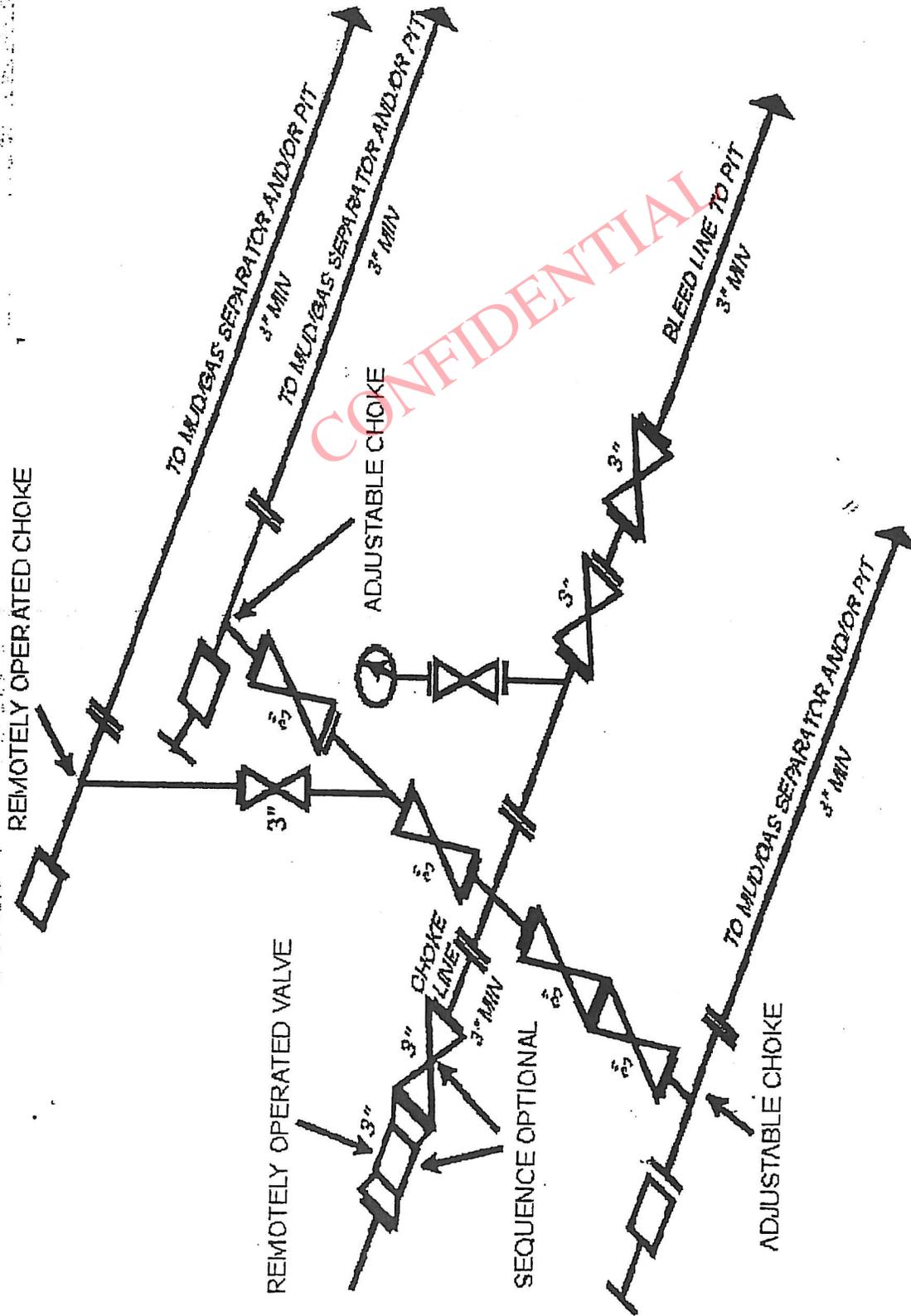
BY: 
Alex B. Campbell, Vice President

ENSIGN 24

Bottom of Rot. Beam to grd- 16.8'
 Rot. Head Height - 2.2'
 Top of Flowline to Well Head - 16'
 KB to Ground - 21.5'



Attachment I. Diagrams of Choke Manifold Equipment



1-4, 10M and 15M Choke Manifold Equipment -- Configuration of chokes may vary

[24 FR 39528, Sept. 27, 1989]

Last Updated March 25, 1997 by John Brodbeck

Enduring Resources, LLC
Bonanza #9-24-34-3
SWSE Sec 3-T9S-R24E
Uintah County, Utah

Federal Lease: UTU-81748 (Fee Surface)

Certification:

I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions which currently exist; that I have full knowledge of state and Federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed Enduring Resources, LLC and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.

Please be advised that Enduring Resources, LLC is considered to be the operator of the Bonanza #9-24-34-3 Well; SWSE Section 3, Township 9 South, Range 24 East; Lease #: UTU-81748 Uintah County, Utah; and is responsible under the terms and conditions of the lease for the operations conducted upon the leased lands. Bond coverage is provided by BLM Statewide Oil & Gas Lease Bond No. UTB000173 and State of Utah, Division of Oil, Gas & Mining Surety Bond No. RLB0008031

Executed this day 30th of May 2008 .

ENDURING RESOURCES, LLC



Alvin (A) R. Arlian
Landman – Regulatory Specialist

CULTURAL RESOURCE INVENTORY OF
ENDURING RESOURCES' PROPOSED BONANZA
9-24-14-3 AND 9-24-34-3 PIPELINES
(TOWNSHIP 9S, RANGE 24E, SECTIONS 3, 9 AND 10)
UINTAH COUNTY, UTAH

CONFIDENTIAL

CULTURAL RESOURCE INVENTORY OF
ENDURING RESOURCES' PROPOSED BONANZA
9-24-14-3 AND 9-24-34-3 PIPELINES
(TOWNSHIP 9S, RANGE 24E, SECTIONS 3, 9 AND 10)
UINTAH COUNTY, UTAH

By:

Nicole Shelnut

Prepared For:

Bureau of Land Management
Vernal Field Office

Prepared Under Contract With:

Questar Gas Management
11018 East 17500 South
Vernal, UT 84078

Prepared By:

Montgomery Archaeological Consultants, Inc.
P.O. Box 219
Moab, Utah 84532

November 11, 2008

MOAC Report No. 08-273

United States Department of Interior (FLPMA)
Permit No. 08-UT-60122

State of Utah Antiquities Project (Survey)
Permit No. U-08-MQ-1082b,p

INTRODUCTION

A cultural resource inventory was completed by Montgomery Archaeological Consultants, Inc. (MOAC) in October 2008 for Enduring Resources' proposed Bonanza 9-24-14-3 and 9-24-34-3 pipelines (Figure 1). The project area is south of Sand Ridge, and northwest of the town of Bonanza, Uintah County, Utah. The survey was implemented at the request of Mr. Al Arlian, Enduring Resources, LLC, Denver, Colorado. Land status is public land administered by the Bureau of Land Management (BLM), Vernal Field Office and private property.

The objective of the inventory was to locate, document, and evaluate any cultural resources within the project area in order to comply with Section 106 of 36 CFR 800, the National Historic Preservation Act of 1966 (as amended). Also, the inventories were implemented to attain compliance with a number of federal and state mandates, including the National Environmental Policy Act of 1969, the Archaeological and Historic Conservation Act of 1972, the Archaeological Resources Protection Act of 1979, the American Indian Religious Freedom Act of 1978, and Utah State Antiquities Act of 1973 (amended 1990).

The fieldwork was performed on October 2, 2008 by Keith Montgomery (Principal Investigator) under the auspices of U.S.D.I. (FLPMA) Permit No. 08-UT-60122 and State of Utah Antiquities Permit (Survey) No. U-08-MQ-1082b,p issued to MOAC, Moab, Utah.

A file search was completed by Keith Montgomery by consulting NBU Class I Existing Data Review for Kerr-McGee Oil & Gas Onshore LP Uintah County, Utah (Patterson et al. 2008). This review, a Class I existing data review of 457 one-square-mile sections spanning several existing NBU oil and gas fields in Uintah County, Utah, contains the current project area. Record searches were performed by Marty Thomas at the Utah State Historic Preservation Office on multiple dates throughout 2007 (January 16, 18, 22, and 29). This consultation indicated that several cultural resource inventories have been conducted in the project area.

In 2000, JBR Environmental Consultants conducted a cultural resource inventory of the proposed American Gilsonite power line near Bonanza, Utah; resulting in no cultural resources (Prince-Mahoney and Billat 2000). In 2004, Metcalf Archaeological Consultants completed a cultural resource inventory for Houston Exploration Company's proposed Bonanza 2B-16 well project; resulting in no cultural resources (O'Brien 2004). Also in 2004, MOAC performed a survey of Questar's three proposed well locations near Bonanza, Utah; resulting in five archaeological sites (Bond 2005). None of these sites are located in the current project area. In 2004, MOAC surveyed eight proposed wells for Enduring Resources resulting in no cultural resources in the immediate inventory area (Simon 2004). MOAC also inventoried various pipelines for proposed Enduring Resources' well locations #12-3, #14-3, #21-3, #23-3, #32-3, #34-3, #41-3, and #43-3 in 2004, finding no cultural resources in the current project area (Seacat and Montgomery 2005).

In summary, several archaeological surveys have been conducted within the project area; however no sites occur within the boundaries of the present inventory area.

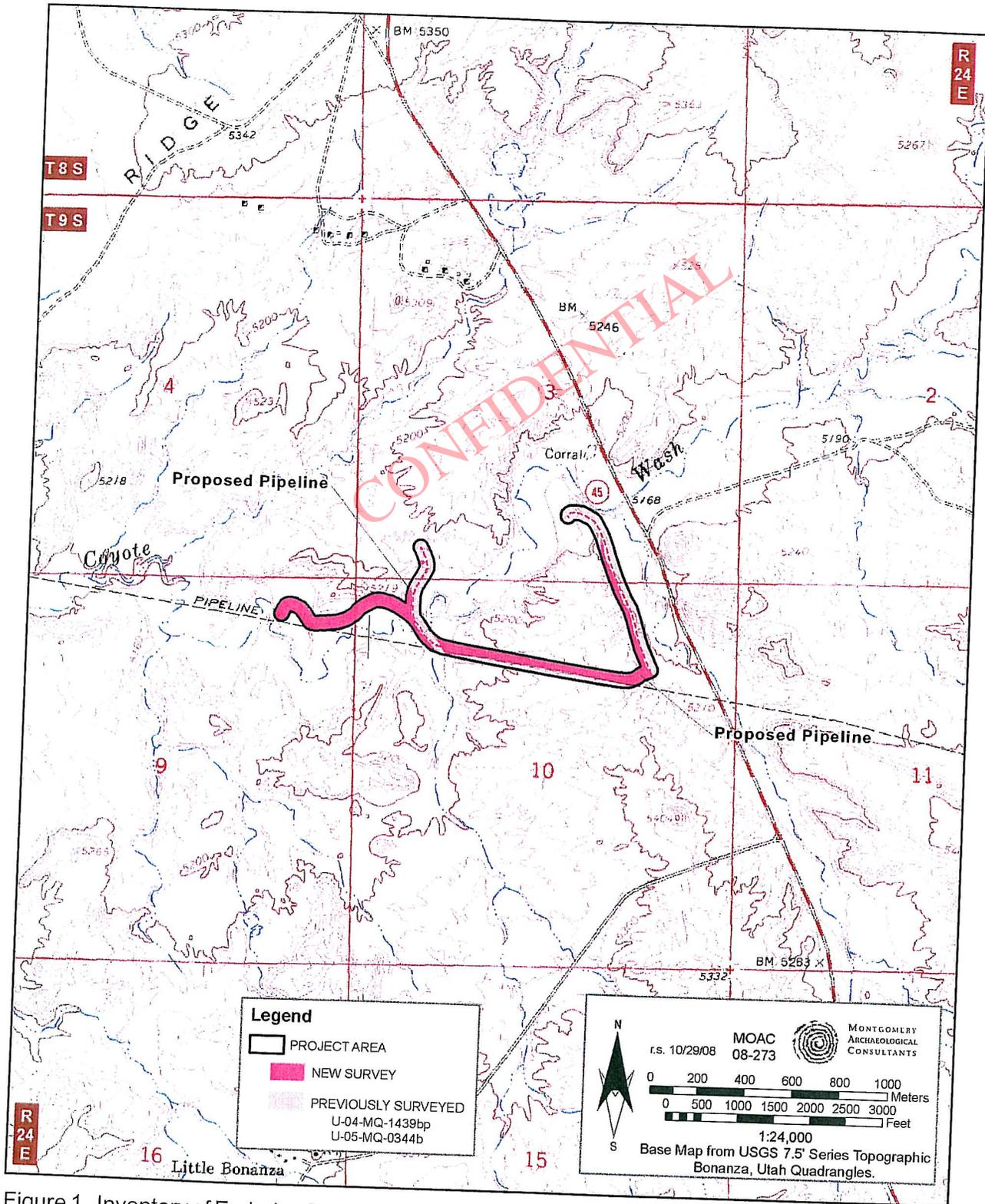


Figure 1. Inventory of Enduring Resources' Proposed Bonanza 9-24-14-3 and 9-24-34-3 Pipelines, Uintah County, Utah.

DESCRIPTION OF PROJECT AREA

The project area is located south of Sand Ridge, and northwest of the town of Bonanza, Uintah County, Utah (Figure 1). The legal description of the proposed pipeline corridors is Township 9S, Range 24E, Sections 3, 9 and 10. The proposed Bonanza 9-24-14-3 and 9-24-34-3 pipelines connect to areas previously surveyed by MOAC in 2004 (Seacat and Montgomery 2005). A total of 24.4 acres was inventoried for the current project, of which 23.6 acres occur on public land administered by the BLM (Vernal Field Office) and 0.8 acres occur on private property.

The project area lies within the Uinta Basin physiographic unit, a distinctly bowl-shaped geologic structure (Stokes 1986:231). The entire Uinta Basin ecosystem is within the Green River drainage, considered to be the northernmost extension of the Colorado Plateau. More specifically the inventory area is characterized by steep ridges and/or buttes dissected by basins and drainages. Outcrops of the Uinta formation are characterized by a dense dendritic drainage pattern and topographic relief. This Eocene-age formation occurs as fluvial deposited interbedded sandstone and mudstone, and is well-known for its fossil vertebrate turtles, crocodilians, fish, and mammals. The nearest water source is the White River located to the south. The average elevation in the project area is 5200 ft asl. The project area is situated in the Upper Sonoran life zone and vegetation is dominated by a Desert Shrub community.

SURVEY METHODOLOGY

An intensive pedestrian survey was performed for this project which is considered 100% coverage. The proposed pipeline corridors were examined to a width of 61 m (200 ft) for cultural resources by the archaeologist walking parallel transects spaced no more than 10 m (30 ft) apart. Ground visibility was considered good. A total of 24.4 acres was inventoried for cultural resources, of which 23.6 acres occur on public land administered by the BLM (Vernal Field Office) and 0.8 acres occur on private property.

RESULTS AND RECOMMENDATIONS

The inventory of Enduring Resources' proposed Bonanza 9-24-14-3 and 9-24-34-3 pipelines resulted in no cultural resources. Based on this finding, a recommendation of "no adverse impact" is proposed for the project pursuant to Section 106, CFR 800.

REFERENCES CITED

- Bond, M.C.
2005 Cultural Resource Inventory of Questar's Proposed Well Locations CWP 4MU-32-8-24, RWS 3MU-9-9-24 and RWS 10MU-6-9-24 Near Bonanza, Uintah County, Utah. Montgomery Archaeological Consultants, Moab, Utah. Report No. U-04-MQ-0312b.
- O'Brien, P.
2004 The Houston Exploration Company: Class III Cultural Resource Inventory for the Bonanza 2B-16 Well Project in Uintah County, Utah. Metcalf Archaeological Consultants, Eagle, Colorado. Report No. U-04-MM-0389s.
- Patterson, J.J., J. Fritz, K. Lower-Eskelson, R. Stash, and A. Thomas
2008 NBU Class I Existing Data Review for Kerr-McGee Oil & Gas Onshore LP Uintah County, Utah. Montgomery Archaeological Consultants, Moab, Utah. Report 06-264.
- Prince-Mahoney, J. and S. Billat
2000 A Cultural Resource Inventory of the Proposed American Gilsonite Power Line Near Bonanza, Uintah County, Utah. JBR Environmental Consultants Inc., Springville, Utah. Report No. U-00-JB-0392s.
- Seacat, T. and K. Montgomery
2005 Archaeological Survey of Various Pipelines for Enduring Resources; Proposed Well Locations. Montgomery Archaeological Consultants, Moab, Utah. Report 04-315b.
- Simon, K.
2004 Cultural Resource Inventory of Enduring Resources' Eight Proposed Wells in T9S, R24E, Sec. 3, Uintah County, Utah. Montgomery Archaeological Consultants, Moab, Utah. Report 04-315.
- Stokes, W.L.
1986 *Geology of Utah*. Utah Museum of Natural History and Utah Geological and Mineral Survey, Salt Lake City.

Directions to the Bonanza 9-24-34-3 Well Pad

Beginning at the city of Bonanza, Utah. Leave the city of Bonanza heading northwest on State Highway 45 for a distance of approximately 2.6 miles where there is a turn-off to the left near onto an existing road. Turn left and proceed westerly for an approximate distance of 0.2 miles. Turn right and proceed northwesterly for a distance of approximately 2,710' (about 0.5 miles) along the proposed access to the proposed Bonanza 9-24-34-3 well pad.

CONFIDENTIAL

ENDURING RESOURCES, LLC

425 Seventeenth Street, Suite 1500

Denver, Colorado 80202

Telephone: 303-573-1222

Facsimile: 303-573-0461

January 8, 2009

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

**RE: Exception Well Location
Bonanza 9-24-34-3
SESW Sec 3-T9S-R24E
703' FSL – 2318' FEL
Lease Serial No.: UTU-81748
Uintah County, Utah**

Ladies and Gentlemen:

Request for exception well location to avoid a steep cut for the well pad.

Enduring Resources, LLC is the only leasehold interest owner in Section 3, T9S-R24E, 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

IPC #08-264

Paleontological Reconnaissance Survey Report

**Survey of Enduring's Proposed Well Pads, Access Roads, and
Pipelines for "Bonanza #9-24-14-3 & #9-24-34-3"
(Sec. 3, 9 & 10, T 9 S, R 24 E)**

Bonanza
Topographic Quadrangle
Uintah County, Utah

November 7, 2008

Prepared by Stephen D. Sandau
Paleontologist for
Intermountain Paleo-Consulting
P. O. Box 1125
Vernal, Utah 84078

INTRODUCTION

At the request of Al Arlian of Enduring Resources and authorized by the BLM Vernal Field Office, a paleontological reconnaissance survey of Enduring's proposed well pads, access roads and pipelines for "Bonanza #9-24-14-3 & #9-24-34-3" (Sec. 3, 9 & 10, T 9 S, R 24 E) was conducted by Stephen Sandau and Jason Klimek on October 2, 2008. The reconnaissance survey was conducted under the Utah BLM Paleontological Resources Use Permit #UT08-006C. This survey to locate, identify and evaluate paleontological resources was done to meet requirements of the National Environmental Policy Act of 1969 and other State and Federal laws and regulations that protect paleontological resources.

FEDERAL AND STATE REQUIREMENTS

As mandated by the US Department of the Interior Bureau of Land Management, paleontologically sensitive geologic formations in BLM lands that are considered for exchange or may be impacted due to ground disturbance require paleontological evaluation. This requirement complies with:

- 1) The National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. 4321 et. Seq., P.L. 91-190);
- 2) The Federal Land Policy and Management Act (FLPMA) of 1976 (90 Stat. 2743, 43 U.S.C. § 1701-1785, et. Seq., P.L. 94-579);

The new Potential Fossil Yield Classification (PFYC) System (October, 2007) replaces the Condition Classification System from Handbook H-8270-1. Geologic units are classified based on the relative abundance of vertebrate fossils or scientifically significant invertebrate or plant fossils and their sensitivity to adverse impacts, with a higher class number indicating a higher potential.

- **Class 1 – Very Low.** Geologic units (igneous, metamorphic, or Precambrian) not likely to contain recognizable fossil remains.
- **Class 2 – Low.** Sedimentary geologic units not likely to contain vertebrate fossils or scientifically significant non-vertebrate fossils. (Including modern eolian, fluvial, and colluvial deposits etc...)
- **Class 3 – Moderate or Unknown.** Fossiliferous sedimentary geologic units where fossil content varies in significance, abundance, and predictable occurrence; or sedimentary units of unknown fossil potential.
 - **Class 3a – Moderate Potential.** The potential for a project to be sited on or impact a significant fossil locality is low, but is somewhat higher for common fossils.
 - **Class 3b – Unknown Potential.** Units exhibit geologic features and preservational conditions that suggest significant fossils could be present, but little information about the paleontological resources of the unit or the area is known.

- **Class 4 – High.** Geologic units containing a high occurrence of vertebrate fossils or scientifically significant invertebrate or plant fossils, but may vary in abundance and predictability.
 - **Class 4a** – Outcrop areas with high potential are extensive (greater than two acres) and paleontological resources may be susceptible to adverse impacts from surface disturbing actions.
 - **Class 4b** – Areas underlain by geologic units with high potential but have lowered risks of disturbance due to moderating circumstances such as a protective layer of soil or alluvial material; or outcrop areas are smaller than two contiguous acres.
- **Class 5 – Very High.** Highly fossiliferous geologic units that consistently and predictably produce vertebrate fossils or scientifically significant invertebrate or plant fossils.
 - **Class 5a** - Outcrop areas with very high potential are extensive (greater than two acres) and paleontological resources may be susceptible to adverse impacts from surface disturbing actions.
 - **Class 5b** - Areas underlain by geologic units with very high potential but have lowered risks of disturbance due to moderating circumstances such as a protective layer of soil or alluvial material; or outcrop areas are smaller than two contiguous acres.

It should be noted that many fossils, though common and unimpressive in and of themselves, can be important paleo-environmental, depositional, and chronostratigraphic indicators.

LOCATION

Enduring's proposed well pads, access roads, and pipelines for "Bonanza #9-24-14-3 & #9-24-34-3" (Sec. 3, 9 & 10, T 9 S, R 24 E) are on land managed by the BLM along the west side of US Hwy 45, some 3 miles north of Bonanza, Utah. The project area can be found on the Bonanza 7.5 minute U. S. Geological Survey Quadrangle Map, Uintah County, Utah.

PREVIOUS WORK

The basins of western North America have long produced some of the richest fossil collections in the world. Early Cenozoic sediments are especially well represented throughout the western interior. Paleontologists started field work in Utah's Uinta Basin as early as 1870 (Betts, 1871; Marsh, 1871, 1875a, 1875b). The Uinta Basin is located in the northeastern corner of Utah and covers approximately 31,000 sq. km (12,000 sq. miles) ranging in elevation from 1,465 to 2,130 m (4,800 to 7,000 ft) (Marsell, 1964; Hamblin et al., 1987). Middle to late Eocene time marked a period of dramatic change in the climate, flora, (Stucky, 1992) and fauna (Black and Dawson, 1966) of North America.

GEOLOGICAL AND PALEONTOLOGICAL OVERVIEW

Early in the geologic history of Utah, some 1,000 to 600 Ma, an east-west trending basin developed creating accommodation for 25,000 feet of siliclastics. Uplift of that filled-basin during the early Cenozoic formed the Uinta Mountains (Rasmussen et al., 1999). With the rise of the Uinta Mountains the asymmetrical synclinal Uinta Basin is thought to have formed through the effects of down warping in connection with the uplift. Throughout the Paleozoic and Mesozoic deposition fluctuated between marine and non-marine environments laying down a thick succession of sediments in the area now occupied by the Uinta Basin. Portions of these beds crop out on the margins of the basin due to tectonic events during the late Mesozoic.

Early Tertiary Uinta Basin sediments were deposited in alternating lacustrine and fluvial environments. Large shallow lakes periodically covered most of the basin and surrounding areas during early to mid Eocene time (Abbott, 1957). These lacustrine sediments show up in the western part of the basin, dipping 2-3 degrees to the northeast and are lost in the subsurface on the east side. The increase of cross-bedded, coarse-grained sandstone and conglomerates preserved in paleo-channels indicates a transition to a fluvial environment toward the end of the epoch.

Four Eocene formations are recognized in the Uinta Basin: the Wasatch, Green River, Uinta, and Duchesne River, respectively (Wood, 1941). The Uinta Formation is subdivided into two lithostratigraphic units namely: the Wagonhound Member (Wood, 1934), formerly known as Uinta A and B (Osborn, 1895, 1929) and the Myton Member previously regarded as the Uinta C.

Within the Uinta Basin in northeast Utah, the Uinta Formation in the western part of the basin is composed primarily of lacustrine sediments inter-fingering with over-bank deposits of silt and mudstone and westward flowing channel sands and fluvial clays, muds, and sands in the east (Bryant et al, 1990; Ryder et al, 1976). Stratigraphic work done by early geologists and paleontologists within the Uinta Formation focused on the definition of rock units and attempted to define a distinction between early and late Uintan faunas (Riggs, 1912; Peterson and Kay, 1931; Kay 1934). More recent work focused on magnetostratigraphy, radioscopic chronology, and continental biostratigraphy (Flynn, 1986; Prothero, 1996). Well-known for its fossiliferous nature and distinctive mammalian fauna of mid-Eocene Age, the Uinta Formation is the type formation for the Uintan Land Mammal Age (Wood et al, 1941).

The Duchesne River Formation of the Uinta Basin in northeastern Utah is composed of a succession of fluvial and flood plain deposits composed of mud, silt and sandstone. The source area for these late Eocene deposits is from the Uinta Mountains indicated by paleocurrent data (Anderson and Picard, 1972). In Peterson's (1931c) paper, the name "Duchesne Formation" was applied to the formation and it was later changed to the "Duchesne River Formation" by Kay (1934). The formation is divided up into four members: the Brennan Basin, Dry Gulch Creek, LaPoint, and Starr Flat (Anderson and Picard, 1972). Debates concerning the Duchesne River Formation, as to whether its age was late Eocene or early Oligocene, have surfaced throughout the literature of the last century (Wood et al., 1941; Scott 1945). Recent paleo-magnetostratigraphic work (Prothero, 1996) shows that the Duchesne River Formation is late Eocene in time.

FIELD METHODS

In order to determine if the proposed project area contained any paleontological resources, a reconnaissance survey was performed. An on-site observation of the proposed areas undergoing surficial disturbance is necessary because judgments made from topographic maps alone are often unreliable. Areas of low relief have potential to be erosional surfaces with the possibility of bearing fossil materials rather than surfaces covered by unconsolidated sediment or soils.

When found within the proposed construction areas, outcrops and erosional surfaces were checked to determine if fossils were present and to assess needs. Careful effort is made during surveys to identify and evaluate significant fossil materials or fossil horizons when they are found. Microvertebrates, although rare, are occasionally found in anthills or upon erosional surfaces and are of particular importance.

PROJECT AREA

The project area is situated in the Wagonhound Member (Uinta A & B) of the Uinta Formation. The following list provides a description of the individual wells and their associated pipelines and access roads.

Bonanza #9-24-14-3

The proposed well is location in the SW/SE quarter-quarter section of Sec. 3, T 9 S, R 24 E, and is connected from the south by a proposed access road and pipeline (Figure 1). The proposed pipeline originates at an existing well in the NE/NE corner of Sec. 9 and parallels an existing access road eastward for approximately one mile. The proposed access diverges from an existing access road and travels north-northwest for approximately one half of a mile before lopping around to the west and connecting to the north side of the pad. The pad is situated on gently sloping ground above a very prominent drainage. The geology of the proposed pipeline before it joins the proposed access road consists of small outcrops of alternating beds of green mudstone and coarse-grained, tan sandstone distanced by large areas of thick sandy colluvium. The geology of the proposed access and well pad consists of thick, gravelly colluvium underlain by coarse-grained, tan sandstone. No fossils were found.

Bonanza #9-24-34-3

The proposed well pad is located in the SW/SW quarter-quarter section of Sec. 3, T 9 S, R 24 E, and is approached from the south by a proposed access road and pipeline that connect to the southeast side of the pad (Figure 1). The proposed access departs from an existing access road in the NW/NW corner of Sec. 10 and is approximately four hundred yards in length. The geology of the proposed area consists of alternating beds of tan sandstone and green mudstone with areas of low relief hidden by thick sandy colluvium. No fossils were found.

SURVEY RESULTS

PROJECT	GEOLOGY	PALEONTOLOGY
<p>“Bonanza #9-24-14-3” (Sec. 3 & 10, T 9 S, R 24 E)</p>	<p>The pad is situated on gently sloping ground above a very prominent drainage. The geology of the proposed pipeline before it joins the proposed access road consists of small outcrops of alternating beds of green mudstone and coarse-grained, tan sandstone distanced by large areas of thick sandy colluvium. The geology of the proposed access and well pad consists of thick, gravelly colluvium underlain by coarse-grained, tan sandstone.</p>	<p>No fossils were found. Class 3a</p>
<p>Bonanza #9-24-34-3” (Sec. 3, 9 & 10, T 9 S, R 24 E)</p>	<p>The geology of the proposed area consists of alternating beds of tan sandstone and green mudstone with areas of low relief hidden by thick sandy colluvium.</p>	<p>No fossils were found. Class 3a</p>

RECOMMENDATIONS

A reconnaissance survey was conducted for Enduring’s proposed well pads, access roads, and pipelines for “Bonanza #9-24-14-3 & #9-24-34-3” (Sec. 3, 9 & 10, T 9 S, R 24 E). The well pads, access roads and pipelines covered in this report showed no signs of vertebrate fossils. Therefore, we recommend that no paleontological restrictions should be placed on the development of the projects included in this report.

Buried pipeline will encounter Uinta formational sediments along most of the staked pipeline corridors yet indications from surface fossils predict that little if any vertebrate fossils will be disturbed.

Nevertheless, if any vertebrate fossil(s) are found during construction within the project area, Operator (Lease Holder) will report all occurrences of paleontological resources discovered to a geologist with the Vernal Field Office of the BLM. The operator is responsible for informing all persons in the areas who are associated with this project of the requirements for protecting paleontological resources. Paleontological resources found on the public lands are recognized by the BLM as constituting a fragile and nonrenewable scientific record of the history of life on earth, and so represent an important and critical component of America's natural heritage. These resources are afforded protection under 43 CFR 3802 and 3809, and penalties possible for the collection of vertebrate fossils are under 43 CFR 8365.1-5.

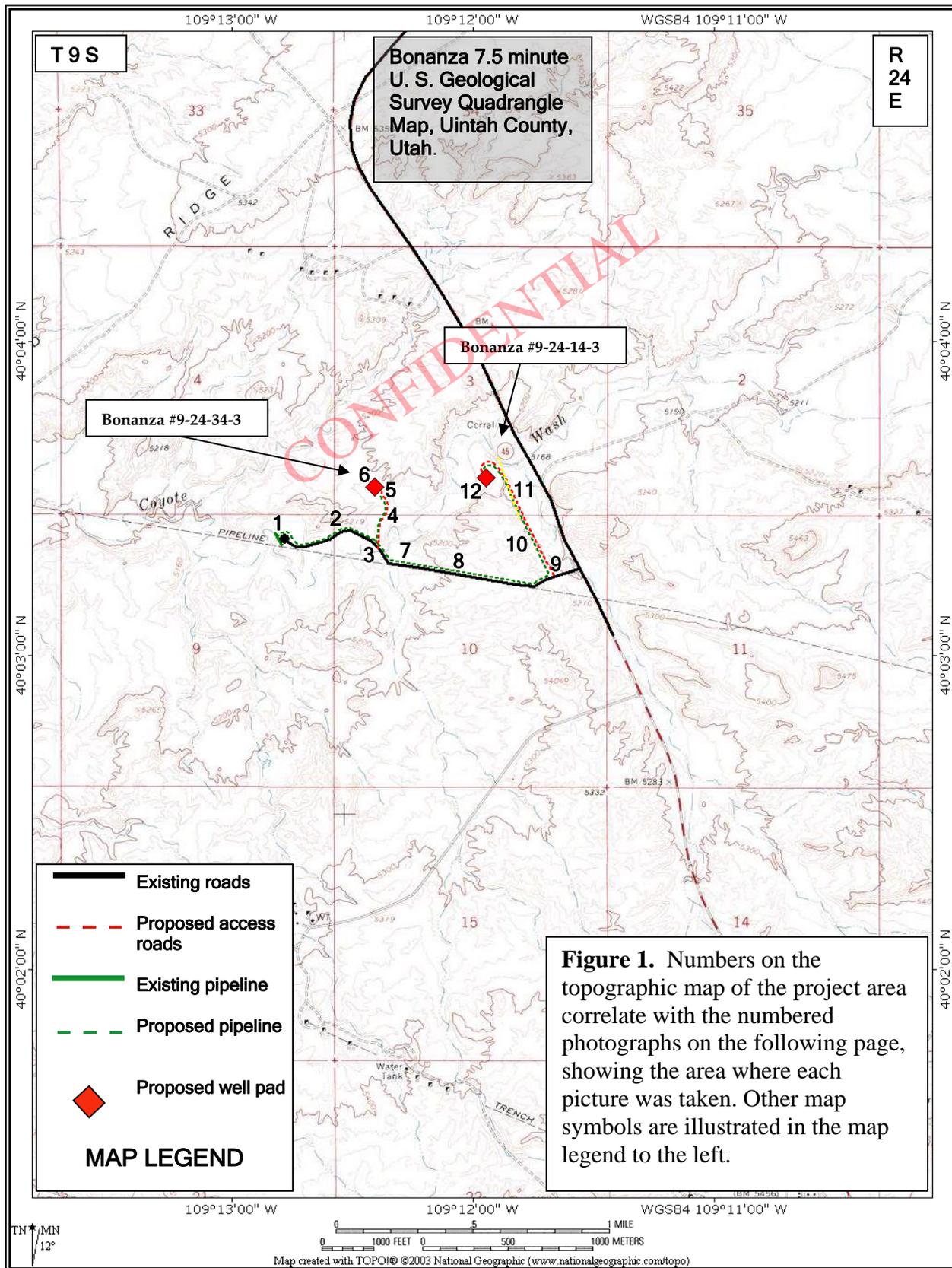
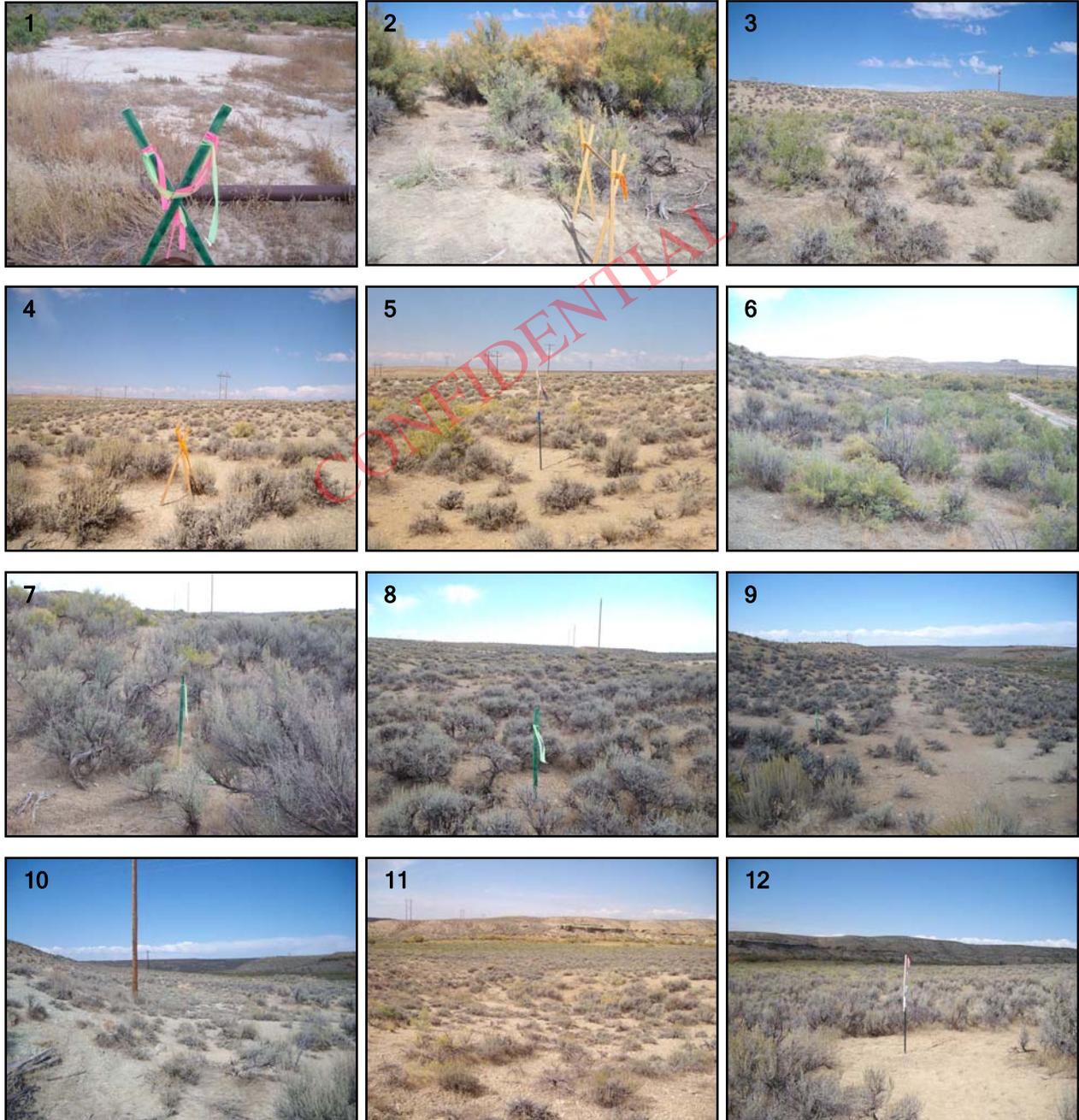


Figure 1. *continued...*



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**Enduring Resources, LLC
Bonanza #9-24-34-3
SWSE Sec 3-T9S-R24E
Uintah County, Utah**

Federal Lease: UTU-81748 (Fee Surface)

MULTIPOINT SURFACE USE & OPERATIONS PLAN

1. Existing Roads:

Directions to the Bonanza #9-24-34-3 Well Pad

Beginning at the city of Bonanza, Utah: Leave the city of Bonanza heading northwest on State Highway 45 for a distance of approximately 2.6 miles where there is a turnoff to the left near onto an existing road. Turn left and proceed westerly for an approximate distance of 0.2 miles on an existing road (BLM R-O-W #UTU-84758). Turn right and proceed northwesterly for a distance of approximately 2,820' (about 0.5 mile) along the proposed access to the proposed Bonanza 9-24-34-3 well pad.

2. Planned Access Roads:

The proposed access road will be approximately 2,820 feet of new construction, and .20 mile of existing road (BLM R-O-W #UTU-84758). Please refer to Topo Map "B" for the takeoff point for the new road construction. The proposed access road new construction will be:

- a. 1,490 feet located on surface owned by American Gilsonite (ON-LEASE,
 - b. 1,330 feet of surface owned by the BLM (OFF-LEASE), and
 - c. 1,056 feet, an additional .20 mile of surface also owned by the BLM (OFF-LEASE). This .20 mile of existing access road (BLM R-O-W #UTU-84758) shall also be used to access others wells drilled on this same lease.
- ***A surface use agreement and a pipeline r-o-w agreement have been signed by American Gilsonite (These agreements are confidential, but copies are submitted to the BLM herewith).***
 - **A 2,356' long, BLM OFF-LEASE ~~road~~, road r-o-w is requested herein covering the off-lease part of the access road.**

Access will be direct from State Hwy 45.

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 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 or greater radius of the proposed location.

- a. None: Water Wells:
- b. None: Injection Wells:
- c. None: Producing Wells:

- d. None: Drilling Wells: However, see pending wells below.
- 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. None: Pending (staked) Wells: Enduring has 8 wells staked 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.

Gas Gathering Pipeline:

- a. 1,416' ON-LEASE
American Gilsonite is the Surface Owner
- b. 7,001' OFF-LEASE
BLM is the Surface Owner

A surface gas gathering line and related equipment shall be installed. The surface gas gathering line shall be in use year round.

A total of approximately less than 8,417 feet of surface gas gathering pipeline four inch (4") shall be laid on the surface to minimize surface disturbance:

The proposed pipeline will begin at the well site; go south, then west and along the existing road and another pipeline, it will tie into an existing pipeline owned by Questar in the NE/4 of Section 9, T9S-24E.

A 7,001' long, BLM OFF-LEASE, 4", surface, steel, 20' wide, pipeline r-o-w is requested herein covering the off-lease part of the pipeline.

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. 49222, 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, will be 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 inch 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.

Produced oil will be stored in an oil tank and then hauled by truck to a crude purchaser facility.

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 20 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: American Gilsonite

Access: American Gilsonite and Bureau of Land Management

Pipeline: American Gilsonite and Bureau of Land Management

12. Other Information:

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

The on-site was conducted May 7, 2008. The weather was clear.

Attending were:

1. Carroll Estes, Enduring Resources, LLC
2. Chuck MacDonald, Vernal BLM Field Office
3. Scott Ackerman, Vernal BLM Field Office
4. Mike Stewart, Ponderosa Construction
5. Dustin Gardiner, Tri-state Surveying
6. Paul Hawkes, Tri-state Surveying

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:

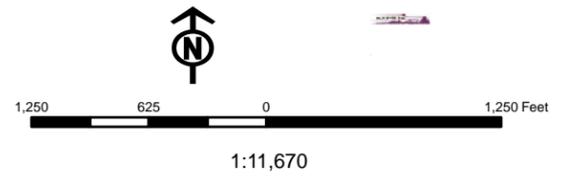
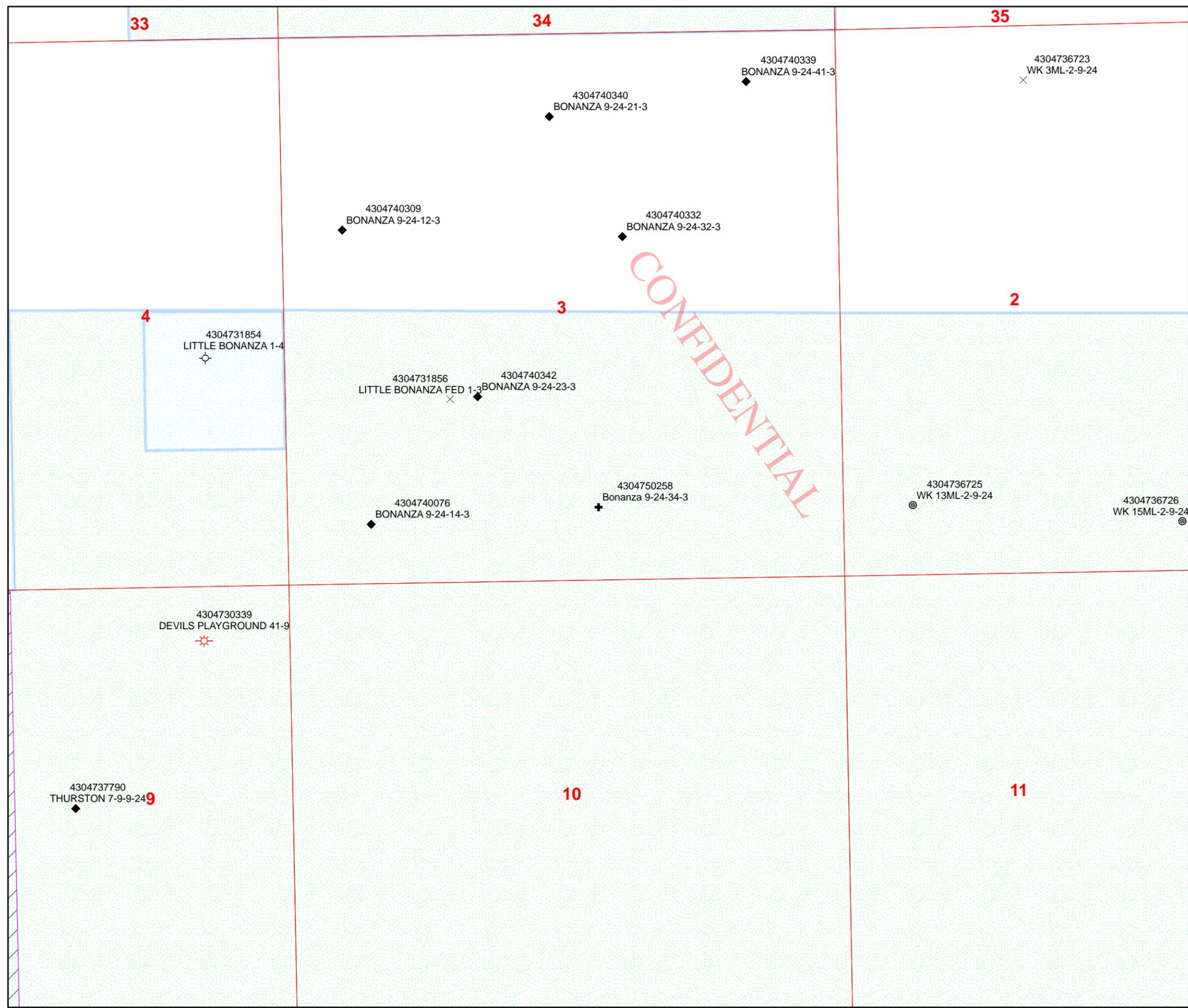
Alvin R. (Al) Arlian
Landman – Regulatory Specialist
Enduring Resources, LLC
475 17th Street, Suite 1500
Denver, Colorado 80202
Office Tel: 303-350-5114
Fax Tel: 303-573-0461
aarlian@enduringresources.com

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

API Number: 4304750258
Well Name: Bonanza 9-24-34-3
Township 09.0 S Range 24.0 E Section 3
Meridian: SLBM
Operator: ENDURING RESOURCES, LLC

Map Prepared:
Map Produced by Diana Mason

- | | |
|---------------|---------------------------|
| Units | Wells Query Events |
| STATUS | ✕ <all other values> |
| ACTIVE | GIS_STAT_TYPE |
| EXPLORATORY | ◼ <Null> |
| GAS STORAGE | ◆ APD |
| NF PP OIL | ○ DRL |
| NF SECONDARY | ⊗ GI |
| PI OIL | ⊕ GS |
| PP GAS | ✕ LA |
| PP GEOTHERML | ⊕ NEW |
| PP OIL | ⊕ OPS |
| SECONDARY | ⊕ PA |
| TERMINATED | ⊕ PGW |
| Fields | ● POW |
| STATUS | ⊕ RET |
| ACTIVE | ⊕ SGW |
| COMBINED | ● SOW |
| Sections | ⊕ TA |
| | ○ TW |
| | ⊕ WD |
| | ⊕ WI |
| | ● WS |



ON-SITE PREDRILL EVALUATION

Utah Division of Oil, Gas and Mining

Operator	ENDURING RESOURCES, LLC				
Well Name	BONANZA 9-24-34-3				
API Number	43047502580000	APD No	1252	Field/Unit	DEVILS PLAYGROUND
Location: 1/4,1/4	SWSE	Sec	3	Tw	9.0S
		Rng	24.0E		703
				FSL	2318
				FEL	
GPS Coord (UTM)	653659	4435715	Surface Owner	American Gilsonite	

Participants

Floyd Bartlett (DOGM), Clark Slaugh and Chris Bryant (American Gilsonite), Anna Figeroua (BLM), Ben Williams and Pat Rainbolt (UDWR), Carroll Estes (Enduring Resources).

Regional/Local Setting & Topography

The general area is within or near the Devils Playground oil field of Uintah County in the Coyote Wash drainage. Bonanza, Utah is approximately 4 road miles southeast and Vernal, Utah is approximately 32 air miles to the northwest. Active as well as historic gilsonite mines exist in the area. The area is characterized by rolling hills and benches, which are frequently intersected by draws that are secondary drainages of Coyote Wash. The draws are occasionally rimmed with steep side hills, which may have exposed sand stone bedrock cliffs along the rims. The bottom of Coyote Wash is wide and contains an intermittent stream. These intermittent flows occasionally reach the White River that is westerly approximately 17 miles. Access to the proposed well site is by existing roads to within 2710 feet, which will require new construction.

The proposed Bonanza 9-24-4-3 gas well is on a tract of land with the surface owned by the American Gilsonite Company. The minerals are Federal owned by the United States and managed by the Bureau of Land Management. The well pad is proposed on the west slope of a ridge which extends beyond the location to the east. To the west of the center of the location the slope flattens with a slight slope toward Coyote Wash. A high ridge borders the south of the location with Corner 9 significantly rounded to avoid excessive cut. Corner 2 to the north is also rounded to reduce the amount of fill required. The reserve pit will be cut into the ridge on the east portion of the location. No significant drainages intersect the location but a diversion around the south side may be needed if not interrupted by placement of excess fill or the reserve pit topsoil.

No stability problems are anticipated with the pad and pit as proposed and it is a suitable site to construct a pad and drill and operate a well. No seeps, springs or streams are in the immediate area. Coyote Wash is approximately 1/4 mile to the west.

Clark Slaugh and Chris Bryant represented American Gilsonite Company who owns the surface. They had no concerns regarding the location as proposed.

Surface Use Plan

Current Surface Use

- Grazing
- Recreational
- Wildlfe Habitat

New Road Miles

0.5

Well Pad

Width 260 **Length** 325

Src Const Material

Onsite

Surface Formation

UNTA

Ancillary Facilities N

Waste Management Plan Adequate?

Environmental Parameters

Affected Floodplains and/or Wetlands N

Flora / Fauna

Vegetation in the area is dominated by big sagebrush. Cheatgrass, rabbit brush, aster and spring annuals also exist

Antelope, deer, domestic sheep, rabbits, coyotes, and small mammals, birds and raptors.

Soil Type and Characteristics

Deep sandy loam. Some exposed sandstone bedrock is above the proposed reserve pit area.

Erosion Issues N

Sedimentation Issues N

Site Stability Issues N

Drainage Diversion Required? N

No significant drainages intersect the location but a diversion around the south side may be needed if not interrupted by placement of excess fill or the reserve pit topsoil.

Berm Required? N

Erosion Sedimentation Control Required? N

Paleo Survey Run? N **Paleo Potential Observed?** N **Cultural Survey Run?** N **Cultural Resources?**

Reserve Pit

Site-Specific Factors	Site Ranking	
Distance to Groundwater (feet)	25 to 75	15
Distance to Surface Water (feet)	300 to 1000	2
Dist. Nearest Municipal Well (ft)	>5280	0
Distance to Other Wells (feet)	300 to 1320	10
Native Soil Type	Mod permeability	10
Fluid Type	Fresh Water	5
Drill Cuttings	Normal Rock	0
Annual Precipitation (inches)		0
Affected Populations		
Presence Nearby Utility Conduits	Not Present	0
	Final Score	42
		1 Sensitivity Level

Characteristics / Requirements

A 75' x 215' x 12' deep reserve pit is planned on the northeast portion of the location in an area of cut. The pit requires a 16-mil liner and an appropriate thickness of felt as a sub liner

Closed Loop Mud Required? N **Liner Required?** Y **Liner Thickness** 16 **Pit Underlayment Required?** Y

Other Observations / Comments

Floyd Bartlett
Evaluator

2/9/2009
Date / Time

CONFIDENTIAL

Application for Permit to Drill Statement of Basis

3/17/2009

Utah Division of Oil, Gas and Mining

Page 1

APD No	API WellNo	Status	Well Type	Surf Owner	CBM
1252	43047502580000	LOCKED	GW	P	No
Operator	ENDURING RESOURCES, LLC		Surface Owner-APD	American Gilsonite	
Well Name	BONANZA 9-24-34-3		Unit		
Field	DEVILS PLAYGROUND		Type of Work	DRILL	
Location	SWSE 3 9S 24E S 703 FSL 2318 FEL GPS Coord (UTM) 653653E 4435705N				

Geologic Statement of Basis

The mineral rights at the proposed location are owned by the Federal Government. The BLM will be the agency responsible for evaluating and approving the drilling, casing and cementing programs.

Brad Hill
APD Evaluator

2/18/2009
Date / Time

Surface Statement of Basis

The general area is within or near the Devils Playground oil field of Uintah County in the Coyote Wash drainage. Bonanza, Utah is approximately 4 road miles southeast and Vernal, Utah is approximately 32 air miles to the northwest. Active as well as historic gilsonite mines exist in the area. The area is characterized by rolling hills and benches, which are frequently intersected by draws that are secondary drainages of Coyote Wash. The draws are occasionally rimmed with steep side hills, which may have exposed sand stone bedrock cliffs along the rims. The bottom of Coyote Wash is wide and contains an intermittent stream. These intermittent flows occasionally reach the White River that is westerly approximately 17 miles. Access to the proposed well site is by existing roads to within 2710 feet, which will require new construction.

The proposed Bonanza 9-24-4-3 gas well is on a tract of land with the surface owned by the American Gilsonite Company. The minerals are Federal owned by the United States and managed by the Bureau of Land Management. The well pad is proposed on the west slope of a ridge which extends beyond the location to the east. To the west of the center of the location the slope flattens with a slight slope toward Coyote Wash. A high ridge borders the south of the location with Corner 9 significantly rounded to avoid excessive cut. Corner 2 to the north is also rounded to reduce the amount of fill required. The reserve pit will be cut into the ridge on the east portion of the location. No significant drainages intersect the location but a diversion around the south side may be needed if not interrupted by placement of excess fill or the reserve pit topsoil.

No stability problems are anticipated with the pad and pit as proposed and it is a suitable site to construct a pad and drill and operate a well. No seeps, springs or streams are in the immediate area. Coyote Wash is approximately 1/4 mile to the west.

Clark Slaugh and Chris Bryant represented American Gilsonite Company who owns the surface. They had no concerns regarding the location as proposed. Carroll Estes of Enduring Resources walked the proposed access road with them. It too was agreeable. A surface use agreement exists with the Company. They did request that if any blasting occurs during location construction that they be notified in advance. Anna Figeroua of the BLM expressed no concerns regarding the proposal. A previous pre-site was conducted on May 7, 2008 by the BLM. Recommendations from that visit are not known.

Floyd Bartlett
Onsite Evaluator

2/9/2009
Date / Time

Application for Permit to Drill Statement of Basis

3/17/2009

Utah Division of Oil, Gas and Mining

Page 2

Conditions of Approval / Application for Permit to Drill

Category	Condition
Pits	A synthetic liner with a minimum thickness of 16 mils with a felt subliner shall be properly installed and maintained in the reserve pit.
Surface	Drainages adjacent to the proposed pad shall be diverted around the location as necessary.
Surface	The reserve pit shall be fenced upon completion of drilling operations.

CONFIDENTIAL

**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 1/9/2009

API NO. ASSIGNED: 43047502580000

WELL NAME: Bonanza 9-24-34-3

OPERATOR: Enduring Resources, LLC (N2750)

PHONE NUMBER: 303 350-5114

CONTACT: Alvin Arlian

PROPOSED LOCATION: SWSE 3 090S 240E

Permit Tech Review:

SURFACE: 0703 FSL 2318 FEL

Engineering Review:

BOTTOM: 0703 FSL 2318 FEL

Geology Review:

COUNTY: UINTAH

LATITUDE: 40.05949

LONGITUDE: -109.19846

UTM SURF EASTINGS: 653653.00

NORTHINGS: 4435705.00

FIELD NAME: DEVILS PLAYGROUND

LEASE TYPE: 1 - Federal

LEASE NUMBER: UTU-71248

PROPOSED FORMATION: MRSN

SURFACE OWNER: 4 - Fee

COALBED METHANE: NO

RECEIVED AND/OR REVIEWED:

- PLAT**
- Bond:** FEDERAL - UTB000173
- Potash**
- Oil Shale 190-5**
- Oil Shale 190-3**
- Oil Shale 190-13**
- Water Permit:** 49222
- RDCC Review:**
- Fee Surface Agreement**
- Intent to Commingle**

LOCATION AND SITING:

- R649-2-3.**
 - Unit:**
 - R649-3-2. General**
 - R649-3-3. Exception**
 - Drilling Unit**
 - Board Cause No:** R649-3-2
 - Effective Date:**
 - Siting:**
 - R649-3-11. Directional Drill**
-

Comments: Presite Completed

Stipulations: 4 - Federal Approval - dmason
5 - Statement of Basis - bhill



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

Permit To Drill

Well Name: BONANZA 9-24-34-3
API Well Number: 43047502580000
Lease Number: UTU-71248
Surface Owner: FEE (PRIVATE)
Approval Date: 3/19/2009

Issued to:

Enduring Resources, LLC, 475 17th Street, Suite 1500, Denver, CO 80202

Authority:

Pursuant to Utah Code Ann. §40-6-1 et seq., and Utah Administrative Code R649-3-1 et seq., the Utah Division of Oil, Gas and Mining issues conditions of approval, and permit to drill the listed well. This permit is issued in accordance with the requirements of R649-3-2.

Duration:

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

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.

Conditions of Approval:

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

Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis (copy attached).

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

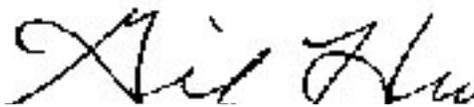
Reporting Requirements:

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),

API Well No: 43047502580000

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.

Approved By:

A handwritten signature in black ink, appearing to read "Gil Hunt". The signature is written in a cursive, flowing style.

Gil Hunt
Associate Director, Oil & Gas

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING	FORM 9 5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-71248
---	--

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 9-24-34-3
------------------------------------	--

2. NAME OF OPERATOR: Enduring Resources, LLC	9. API NUMBER: 43047502580000
--	---

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

4. LOCATION OF WELL FOOTAGES AT SURFACE: 0703 FSL 2318 FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: SWSE Section: 3 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: 3/19/2010 <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 an one-year extension to APD termination date.

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

Date: March 25, 2010

By: 

NAME (PLEASE PRINT) Alvin Arlian	PHONE NUMBER 303 350-5114	TITLE Landman-Regulatory
SIGNATURE N/A		DATE 3/19/2010



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 43047502580000

API: 43047502580000

Well Name: BONANZA 9-24-34-3

Location: 0703 FSL 2318 FEL QTR SWSE SEC 3 TWP 090S RNG 240E MER S

Company Permit Issued to: ENDURING RESOURCES, LLC

Date Original Permit Issued: 3/19/2009

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: 3/19/2010

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

Date: March 25, 2010

By: 

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING	FORM 9 5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-71248
---	--

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 9-24-34-3
------------------------------------	--

2. NAME OF OPERATOR: Enduring Resources, LLC	9. API NUMBER: 43047502580000
--	---

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

4. LOCATION OF WELL FOOTAGES AT SURFACE: 0703 FSL 2318 FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: SWSE Section: 3 Township: 09.0S Range: 24.0E Meridian: S	COUNTY: UINTAH STATE: UTAH
--	---

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TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT Approximate date work will start: 3/19/2010 <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 an one-year extension to APD termination date.

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

Date: March 25, 2010

By: 

NAME (PLEASE PRINT) Alvin Arlian	PHONE NUMBER 303 350-5114	TITLE Landman-Regulatory
SIGNATURE N/A		DATE 3/19/2010



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 43047502580000

API: 43047502580000

Well Name: BONANZA 9-24-34-3

Location: 0703 FSL 2318 FEL QTR SWSE SEC 3 TWP 090S RNG 240E MER S

Company Permit Issued to: ENDURING RESOURCES, LLC

Date Original Permit Issued: 3/19/2009

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.

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- 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: 3/19/2010

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

Date: March 25, 2010

By: 

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING	FORM 9 5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-71248
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:
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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: 3/19/2011	<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 an one-year extension to APD termination date.

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

Date: 03/07/2011
By: 

NAME (PLEASE PRINT) Alvin Arlian	PHONE NUMBER 303 350-5114	TITLE Landman-Regulatory
SIGNATURE N/A		DATE 3/4/2011



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 43047502580000

API: 43047502580000

Well Name: BONANZA 9-24-34-3

Location: 0703 FSL 2318 FEL QTR SWSE SEC 03 TWP 090S RNG 240E MER S

Company Permit Issued to: ENDURING RESOURCES, LLC

Date Original Permit Issued: 3/19/2009

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

Signature: Alvin Arlian

Date: 3/4/2011

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



GARY R. HERBERT
Governor

GREG 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

March 14, 2012

Al Arlian
Enduring Resources, LLC
511-16th Street, Ste. 700
Denver, CO 80202

Re: APDs Rescinded for Enduring Resources, LLC.
Uintah County

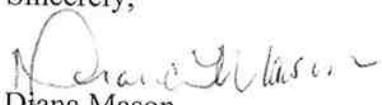
Dear Mr. Arlian:

Enclosed find the list of APDs that you requested to be rescinded. No drilling activity at these locations has been reported to the division. Therefore, approval to drill these wells is hereby rescinded, effective March 5, 2012.

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
SITLA, Ed Bonner

43-047-50258	BONANZA 9-24-34-3
43-047-50259	BONANZA 9-25-12-20
43-047-50285	BONANZA 9-23-13-11
43-047-39153	ASPHALT WASH 11-24-23-5
43-047-39164	ASPHALT WASH 11-24-41-7
43-047-39165	ASPHALT WASH 11-24-13-5
43-047-39166	ASPHALT WASH 11-24-24-5
43-047-37868	ASPHALT WASH FED 11-23-33-12



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Green River District-Vernal Field Office

170 South 500 East

Vernal, UT 84078

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

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



IN REPLY REFER TO:
3160 (UTG011)

APR 20 2012

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

43 047 50258

Re: Notice of Expiration
Well No. Bonanza 9-24-34-3
SWSE, Sec. 3, T9S, R24E
Uintah County, Utah
Lease No. UTU-81748

Dear Mr. Arlian:

The Application for Permit to Drill (APD) for the above-referenced well was approved on June 9, 2009. A two (2) year extension request of the original APD was received on May 2, 2011. On June 16, 2011 the request was reviewed and the extension request was denied due to the NEPA document expiring 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

RECEIVED

MAY 02 2012

DIV OF OIL, GAS, & MINING

cc: UDOGM

RECEIVED

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

MAY 30 2008

BLM
APPLICATION FOR PERMIT TO DRILL OR REENTER

CONFIDENTIAL

1a. Type of Work: <input type="checkbox"/> DRILL <input type="checkbox"/> REENTER		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		7. If Unit or CA Agreement, Name and No.
Contact: ALVIN R. ARLIAN E-Mail: AARLIAN@ENDURINGRESOURCES.COM		8. Lease Name and Well No. BONANZA 9-24-34-3
3a. Address 475 17TH STREET, SUITE 1500 DENVER, CO 80202	3b. Phone No. (include area code) Ph: 303-350-5114 Fx: 303-573-0461	9. API Well No. 43 047 50258
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface SWSE 703FSL 2318FEL 40.03344 N Lat, 109.11569 W Lon At proposed prod. zone SWSE 703FSL 2318FEL 40.03344 N Lat, 109.11569 W Lon		10. Field and Pool, or Exploratory NATURAL BUTTES UNDESIGNATED
14. Distance in miles and direction from nearest town or post office* 3 MILES NORTH BONANZA, UTAH		11. Sec., T., R., M., or Blk. and Survey or Area Sec 3 T9S R24E Mer SLB SME: FEE
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 703'	16. No. of Acres in Lease 606.53	12. County or Parish UINTAH
18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft. 1000 +	19. Proposed Depth 7704 MD 7704 TVD	13. State UT
21. Elevations (Show whether DF, KB, RT, GL, etc.) 5179 KB	22. Approximate date work will start 09/01/2008	17. Spacing Unit dedicated to this well 40.00
		20. BLM/BIA Bond No. on file UTB000173
		23. Estimated duration 20 DAYS

24. Attachments

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

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

25. Signature (Electronic Submission)	Name (Printed/Typed) ALVIN R. ARLIAN Ph: 303-350-5114	Date 05/30/2008
--	--	--------------------

Title
LANDMAN-REGULATORY

Approved by (Signature)	Name (Printed/Typed) Jenny Kencala	Date JUN 09 2009
-------------------------	---------------------------------------	---------------------

Title
Assistant Field Manager
Land & Mineral Resources

Office
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 #60521 verified by the BLM Well Information System
For ENDURING RESOURCES LLC, sent to the Vernal
Committed to AFMSS for processing by GAIL JENKINS on 06/02/2008 (08GXJ4377AE)

NOTICE OF APPROVAL RECEIVED

JUN 15 2009

DIV OF OIL, GAS & MINING

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

UDOGM

010P0351A

MOS. 1-17-2008



**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
Well No: Bonanza 9-24-34-3
API No: 43-047-50258

Location: SWSE, 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.

SITE SPECIFIC COAs:

A. 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. 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, red-tailed hawk 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

April 1 – July 15.....*Red-tailed hawk nesting season*

During this period, there will be no construction, drilling or fracing operations within 0.5 mile of red-tailed hawk nest.

April 1 – July 15.....*Northern harrier nesting season.*

During this period, there will be no construction, drilling or fracing operations within 0.5 mile of northern harrier nest.

3. 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.

4. Transportation:

- Limit use of roads by heavy equipment during the periods when the roads are muddy.
- Operator will perform normal operational winter maintenance: roads will be plowed to allow safe navigation. And if snow is heavy, plows will provide breaks in the snow piled berms to allow free movement of wildlife across all roads.
- When possible, operator will avoid grades > 8% when constructing access roads. Operator will utilize slope-stabilizing structures in areas of steep or unstable slopes

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.

Fourwing Saltbush (*Atriplex c.*).....3 lbs/acre
Forage kochia (*Kochia prostra*).....3 lbs/acre
Hycrest Crested Wheatgrass
(*Agropyron cristayum/Agropyron desertorum hybrid*)2 lbs/acre

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

- Reseeding may be required if initial seeding is not successful.
- If no germination, contact BLM Authorized Officer.

B. Special Status Plants: If Uinta Basin hookless cactus or other special status plants are found, construction will cease and the AO will be notified to determine the appropriate mitigation.

C. Right of way (ROW) will be required:

- 2386 feet by 30 feet width for access road on BLM land
- 7001 feet by 20 feet width for surface gas lines

D. 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.

E. Paint all facilities Carlsbad Canyon 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 Top Out 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.
- 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.

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 (¼¼, Sec., Twn, Rng, and P.M.).
 - Date well was placed in a producing status (date of first production for which royalty will be paid).
 - The nature of the well's production, (i.e., crude oil, or crude oil and casing head gas, or natural gas and entrained liquid hydrocarbons).
 - The Federal or Indian lease prefix and number on which the well is located; otherwise the non-Federal or non-Indian land category, i.e., State or private.
 - Unit agreement and/or participating area name and number, if applicable.
 - Communitization agreement number, if applicable.
- Any venting or flaring of gas shall be done in accordance with Notice to Lessees (NTL) 4A and needs prior approval from the BLM Vernal Field Office.
- All undesirable events (fires, accidents, blowouts, spills, discharges) as specified in NTL 3A will be reported to the BLM, Vernal Field Office. Major events, as defined in NTL3A, shall be reported verbally within 24 hours, followed by a written report within 15 days. "Other than Major Events" will be reported in writing within 15 days. "Minor Events" will be reported on the Monthly Report of Operations and Production.

- Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (BLM Form 3160-4) shall be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3162.4-1. Two copies of all logs run, core descriptions, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, shall be filed on BLM Form 3160-4. Submit with the well completion report a geologic report including, at a minimum, formation tops, and a summary and conclusions. Also include deviation surveys, sample descriptions, strip logs, core data, drill stem test data, and results of production tests if performed. Samples (cuttings, fluid, and/or gas) shall be submitted only when requested by the BLM, Vernal Field Office.
- All off-lease storage, off-lease measurement, or commingling on-lease or off-lease, shall have prior written approval from the BLM Vernal Field Office.
- Oil and gas meters shall be calibrated in place prior to any deliveries. The BLM Vernal Field Office Petroleum Engineers will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports shall be submitted to the BLM Vernal Field Office. All measurement facilities will conform to the API standards for liquid hydrocarbons and the AGA standards for natural gas measurement. All measurement points shall be identified as the point of sale or allocation for royalty purposes.
- A schematic facilities diagram as required by Onshore Oil & Gas Order No. 3 shall be submitted to the BLM Vernal Field Office within 30 days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with Onshore Oil & Gas Order No. 3.
- Any additional construction, reconstruction, or alterations of facilities, including roads, gathering lines, batteries, etc., which will result in the disturbance of new ground, shall require the filing of a suitable plan and need prior approval of the BLM Vernal Field Office. Emergency approval may be obtained orally, but such approval does not waive the written report requirement.
- No location shall be constructed or moved, no well shall be plugged, and no drilling or workover equipment shall be removed from a well to be placed in a suspended status without prior approval of the BLM Vernal Field Office. If operations are to be suspended for more than 30 days, prior approval of the BLM Vernal Field Office shall be obtained and notification given before resumption of operations.
- Pursuant to Onshore Oil & Gas Order No. 7, this is authorization for pit disposal of water produced from this well for a period of 90 days from the date of initial production. A permanent disposal method must be approved by this office and in operation prior to the end of this 90-day period. In order to meet this deadline, an application for the proposed permanent disposal method shall be submitted along with any necessary water analyses, as soon as possible, but no later than 45 days after the date of first production. Any method of disposal which has not been approved prior to the end of the authorized 90-day period will be considered as an Incident of Noncompliance and will be grounds for issuing a shut-in order until an acceptable manner for disposing of said water is provided and approved by this office.

- Unless the plugging is to take place immediately upon receipt of oral approval, the Field Office Petroleum Engineers must be notified at least 24 hours in advance of the plugging of the well, in order that a representative may witness plugging operations. If a well is suspended or abandoned, all pits must be fenced immediately until they are backfilled. The "Subsequent Report of Abandonment" (Form BLM 3160-5) must be submitted within 30 days after the actual plugging of the well bore, showing location of plugs, amount of cement in each, and amount of casing left in hole, and the current status of the surface restoration.