

Arrowhead Resources (U.S.A.) Ltd.

BI-34
Suite 1100
609 West Hastings Street
Vancouver BC
Canada V6B 4W4

April 5, 2007

Mr. Matt Anderson, Project Lead
Bureau of Land Management
Pinedale Field Office
P.O. Box 768
Pinedale, Wyoming, 82941

Re: Comments on Draft Supplemental Environmental Impact Statement (Draft SEIS)
Pinedale Anticline Project Area (PAPA)

Dear Mr. Anderson:

Arrowhead would like to thank the BLM for the opportunity to comment on the Draft SEIS. Arrowhead owns Federal oil and gas leasehold interests within the PAPA with specific interests existing within Core Area Alternative C Development Areas DA-2 and DA-5 of the Draft SEIS. Arrowhead's interests within the Core Area are operated by Ultra Resources, Inc. Arrowhead is supportive of the year round drilling concept subject of the Draft SEIS.

In addition to Operator requirements to comply with BLM's Performance Based Objectives applicable to Alternative C:

- Alternative C DA-2 allows for year round development and requires Operators to fully develop each existing and/or new well pad in one continuous time span for as long as necessary to drill and complete all wells on the pad. Once an Operator has determined that a well pad has been fully developed, they would not be allowed to reinitiate development on the well pad. Once DA-2 is entirely developed, no new surface disturbance or drilling would be allowed to occur during any season for the remaining life of the project.
- Alternative C DA-5 allows for seasonal development subject to BLM stipulations defining and managing important habitat for greater sage grouse. Operators would not be able to fully develop well pads due to timing and geographical constraints related to greater sage-grouse breeding and nesting habitats.

- BI-34-1
- Arrowhead is concerned that natural gas resources requiring development on 5-acre bottom hole spacing from the Lance Formation or development of natural gas from deeper geological formations on 160-acre bottom hole spacing in
 - Development Areas may be precluded due to an Operator's inability to regain

PA-1

BI-34-1

access to developed regions in a Development Area. These resources may not have been identified, optimally developed, or tested in the initial phase of development due to considerations beyond an Operator's control. Well economics will change with commodity pricing and advancements in technology. A mechanism allowing an Operator evidencing compelling reasons to revisit an initially developed region within a Development Area should be considered.

Modeling in Chapter 4, Section 4.1.2.3 sequences DA-5 development beyond 2011. It is Arrowhead's understanding that DA-5 development timelines are only restricted by seasonal drilling requirements and stipulations and that lease development may progress upon issuance of a SEIS Record of Decision.

Yours truly,

ARROWHEAD RESOURCES (U.S.A.) LTD.

A handwritten signature in black ink, appearing to read "Chris Schultze", with a long horizontal flourish extending to the right.

Chris Schultze
President