

PROGRESS REPORT
August, September and October 2009

**INTERIM GROUNDWATER/AQUIFER POLLUTION PREVENTION,
MITIGATION AND MONITORING PLAN**
PINEDALE ANTICLINE OIL AND GAS EXPLORATION AND DEVELOPMENT PROJECT
SUBLETTE COUNTY, WYOMING

PROGRESS MADE SINCE LAST REPORTING PERIOD

Planning Documents, Budgeting, Meetings and Management

- Completed the conversion of the SCCD database into a geodatabase in general conformance to the data model approved by BLM. Performed QA/QC reviews of the geodatabase and prepared draft technical memorandum summarizing the conversion process.
- Met with SCCD representatives on September 15 regarding continued assistance with characterization activities.
- Participated in a September 16 tour of the PAPA with representatives of the Wyoming Office of State Lands and Investments (Lynne Boomgarden), the Wyoming Oil and Gas Conservation Commission (Tom Doll and others), and representatives of BLM and USQ.
- Presented the status of Interim Plan activities (March through mid-October 2009) to the PAWG's Water Resources Task Group on October 15.
- Provided project status updates and maintained project communication/coordination with representatives of SCCD, USQ, DEQ and BLM.

Initial Vulnerability Assessment

- No activity.

Credible/Suitable Well Determination

- Responded to inquiries from DEQ and BLM related to the credible/suitable well determination; re-summarized findings for their use.

Monitoring Program Augmentation

- No activity.

Hydrogeologic Data Gaps Study

- Continued to support USQ efforts to obtain a mutually acceptable "comfort letter" from DEQ related to the study wells and a right of access agreement for study wells planned for installation on private property. The DEQ issued their "modified ground water monitoring" letter to USQ on September 4, 2009 outlining and defining: modification of sampling parameters; plugging and abandoning study wells; and, responsibility for further investigation/corrective action.
- Prepared and submitted BLM right of way permit applications for study wells planned for installation on federal lands and coordinated with USQ regarding the right of way grants.

- Prepared and submitted federal and state sundry notices for study wells to be installed on three active pads and two pads under interim reclamation to the BLM and WOGCC.
- Prepared and submitted groundwater appropriation permit applications for the 10 study wells that will be completed with six-inch diameter casing for submittal to the Wyoming State Engineer's Office (SEO).
- Issued notice to the DEQ regarding study wells to be installed under the state's permit-by rule provision (i.e., wells in areas not known to have pollution).
- Prepared a "Study Well Permitting Summary" to record and track permit submittals, stipulations and conditions, utility line clearance, etc. (copy attached).
- Coordinated with local representatives of USQ and the Pinedale Field Office of BLM regarding specific drilling sites on operating leases and federal land, respectively.
- Subcontracted with White Mountain Operating, LLC of Pinedale, Wyoming, to drill and install the study wells. Held project kickoff meeting with the subcontractors on October 13.
- Initiated drilling activities on October 14, with an initial focus to install wells on BLM administered land north of the New Fork River.
- Summarized July 2009 characterization activities at Antelope and Mesa springs, and transducer installation at two locations in the New Fork River.

Low Level Petroleum Hydrocarbon Source Evaluation

- No activity.

HEALTH AND SAFETY

- Prepared drilling/well installation project health and safety plan and Job Safety Analysis.
- Sent Geomatrix's field drilling supervisor (Jim Dawson) to the Contractor Orientation course in Green River, Wyoming (co-sponsored by Shell and Ultra) on October 12th.
- Held initial health and safety meeting with drilling contractor on October 14, and daily tailgate safety meetings.

ISSUES AND PROPOSED RESOLUTIONS

- **Right of Access for Private Property** – The Right of Access agreement for private property owners was accepted by USQ concurrent with receiving DEQ's September 4 "comfort letter". Geomatrix initially anticipated the assistance of the SCCD in meeting with private property owners regarding the study wells. However, based on concerns expressed by the SCCD, Geomatrix will contact landowners without SCCD assistance. If necessary, representatives of USQ will be requested to assist us.
- **2009 Drilling/Well Installation Program** – As of October 30th, study wells T-2a-G, T-2b-G, T-7-SW and T-7-RW have been installed. Minor delays in drilling progress have occurred related to equipment breakdown and cold temperatures. Geomatrix intends to continue a 10-day on, 4-day off drilling schedule until weather conditions cause us to suspend drilling activities until 2010. We anticipate that drilling will be suspended near the end of November 2009.
- **Yates Highway #7 Pad** – Geomatrix was not able to make arrangements with Yates representatives to install study wells on the Highway #7 pad. Consequently, we substituted the Antelope 11-10D pad leased by Shell for the Highway #7 pad.

- **Schedule** – Significant progress related to implementing field studies was made in September and October. However, winter weather conditions are expected to cause a suspension in the drilling program in late November/early December. Geomatrix will update the overall project schedule once 2009 field work is completed.

ANTICIPATED ACTIVITIES FOR NEXT REPORTING PERIOD (November 2009)

- Issue the draft technical memorandum on the database conversion (and geodatabase) to BLM for review; address any BLM comments; and issue final geodatabase.
- Continue installing study wells. The priority order for wells will be based on consideration of BLM stipulations for winter big game winter range. Once the November 15th stipulations are in effect, we intend to mobilize to the Jensen II pad.
- During the week of November 2: complete synoptic flow study on New Fork River (and tributaries), including collection and analysis of water quality samples at selected sites; conduct Fall 2009 sampling at Antelope and Mesa springs; and, retrieve transducers positioned in the New Fork River.
- Obtain Temporary Use Permit for study wells on the Mesa 15-16 pad from the Wyoming Office of State Lands and Investments.
- Initiate contact with private landowners for right of access to install and monitor study wells.
- Continue preparation of the Sampling and Analysis Plan for the LLPHE.

SCHEDULE STATUS

- See discussion above.

DELIVERABLE STATUS

- No project deliverables issued.

STAFFING CHANGES OR CONCERNS

- Jim Dawson, geologist, assigned to oversee and supervise study well installation.

Attachment: Study Well Permitting Summary (updated October 30, 2009)