

**NOTICE TO ALL OPERATORS DRILLING PARADOX FORMATION OR
DEEPER WELLS IN THE PARADOX BASIN AREA IN MONTROSE, MESA,
AND SAN MIGUEL COUNTIES**

April 15, 2005

Until further notice, the following conditions shall be attached to all approved Permits-to-Drill for all Paradox Formation or deeper wells in the Paradox Basin Area, Montrose, Mesa, and San Miguel Counties:

1. The Paradox Basin Area is defined as follows:
Township 44 North, Ranges 17-20 West, 6th P.M.
Township 45 North, Ranges 17-20 West, 6th P.M.
Township 46 North, Ranges 16-20 West, 6th P.M.
Township 47 North, Ranges 17-20 West, 6th P.M.
Township 48 North, Ranges 17-20 West, 6th P.M.
Township 49 North, Ranges 18-20 West, 6th P.M.
2. A Hydrogen Sulfide Drilling Operations Plan is required in accordance with the United States Department of the Interior, Bureau of Land Management, Onshore Order No. 6, November 23, 1990.
3. The plan shall be in effect when conducting operations within 500 feet of the Paradox Formation or within 3 days of encountering the Paradox Formation, whichever is more restrictive.

Procedure and Reporting Changes:

1. Whenever H₂S is encountered, the Operator shall notify state and federal regulatory officials of its presence as soon as possible but in no event shall notification take longer than 24 hours. The results of all field measurements shall be included.

Contact: COGCC NW Area Engineering Supervisor Jaime Adkins at: 970-285-9000 and BLM Area Engineer Dan Rabinowitz at: 970-385-1363.

2. The Operator shall capture a gas sample and have a compositional analysis performed on it to quantify the percentage of H₂S present. The Operator shall report the results of this analysis, the depth from which the sample was taken and the name of the formation on a Sundry Notice, Form 4, to the area COGCC and BLM offices within 24 hours of receipt of the results.

Variance Requests:

An Operator may request a variance from all or part of the requirements of this notice on an individual well basis if the proposed well is located within ½ mile of a well producing from an equivalent stratigraphic position and thorough testing demonstrates no H₂S is present in the producing well.