



6825 South 5300 West
P.O. Box 851
Price, UT 84501
phone 435.613.9777
fax 435.613.9782

February 11, 2003

Mr. Eric Jones
Bureau of Land Management
82 East Dogwood
Moab, Utah 84532

RE: Application for Permit to Drill-
USA 03-544d – Directional Drill Hole, Sec.03
T15S, R08E, SLB & M, Carbon County, Utah

Dear Mr. Jones:

Enclosed is the original of the *Application for Permit to Drill* (APD). Included with the APD is the following information:

Exhibit "A"- Survey Plat of the Proposed Well Site;

Exhibit "B" - Proposed Location Map with Pipeline, Power, and Road Access;

Exhibit "C" - Drilling Site Layout;

Exhibit "D" - Drilling Information

Exhibit "E" - Multipoint Surface Use Plan

Exhibit "F" - Typical Road Cross-section;

Exhibit "G" - BOP Diagram;

Exhibit "H" - Typical Wellhead Manifold;

Exhibit "I" - Evidence of Bond;

RECEIVED

FEB 14 2003

DIV. OF OIL, GAS & MINING

CONFIDENTIAL

x

USA 03-544d

Page 2

This proposed well is located inside the Drunkards Wash Federal Unit. This proposed well surface and target locations are more than 460' from the boundary of the Unit Area and from the boundary of any uncommitted tract within the Unit Area and will not require the administrative approval in accordance with Utah Administrative Code Rule R649-3-3.

Due to topographical constraints in this area, the surface location will be located in Section 03, SW/4, 315' FSL and 1638' FWL. The target location (bottom hole location) will be 1300' FSL and 2400' FWL in the SW/4 of Section 03, T15S, R08E. ConocoPhillips Company is the "owner" of all leases within 460' from all points along the intended well bore in accordance with R649-3-11.

Please accept this letter as ConocoPhillips' written request for confidential treatment of all information contained in and pertaining to this permit application, if said information is eligible for such consideration.

Thank you very much for your timely consideration of this application. Please feel free to contact me if you have any questions.

Sincerely,



Jean Semborski
Permitting Supervisor

cc: Ms. Diana Mason, DOGM
Mr. Gene Herrington, Texaco
Mr. John Lennon, Dominion Resources
Mr. Don Stephens, BLM, Price, Utah
Ms. Jeanette Borges, Phillips Petroleum Company
Mr. Mark Jones, DOGM, Price, Utah
COP Well File



6825 South 5300 West
P.O. Box 851
Price, UT 84501
phone 435.613.9777
fax 435.613.9782

January 20, 2003

Mr. Eric Jones
Bureau of Land Management
82 East Dogwood
Moab, Utah 84532

RE: Application for Permit to Drill-
USA 03-544d – Directional Drill Hole, Sec.03
T15S, R08E, SLB & M, Carbon County, Utah

Dear Mr. Jones:

Enclosed is the original of the *Application for Permit to Drill (APD)*. Included with the APD is the following information:

- Exhibit "A"- Survey Plat of the Proposed Well Site;
- Exhibit "B" - Proposed Location Map with Pipeline, Power, and Road Access;
- Exhibit "C" - Drilling Site Layout;
- Exhibit "D" - Drilling Information
- Exhibit "E" - Multipoint Surface Use Plan
- Exhibit "F" - Typical Road Cross-section;
- Exhibit "G" - BOP Diagram;
- Exhibit "H" - Typical Wellhead Manifold;
- Exhibit "I" - Evidence of Bond;

USA 03-544d

Page 2

This proposed well is located inside the Drunkards Wash Federal Unit. Due to topographical constraints in this area, the surface location will be located in Section 03, SW/4, 315' FSL and 1638' FWL. The target location (bottom hole location) will be 1300' FSL and 2400' FWL in the SW/4 of Section 03, T15S, R08E.

Please accept this letter as ConocoPhillips' written request for confidential treatment of all information contained in and pertaining to this permit application, if said information is eligible for such consideration.

Thank you very much for your timely consideration of this application. Please feel free to contact me if you have any questions.

Sincerely,



Jean Semborski
Permitting Supervisor

cc: Ms. Diana Mason, DOGM
Mr. Gene Herrington, Texaco
Mr. John Lennon, Dominion Resources
Mr. Don Stephens, BLM, Price, Utah
Ms. Jeanette Borges, Phillips Petroleum Company
Mr. Mark Jones, DOGM, Price, Utah
COP Well File

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

001

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. UTU-61155
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME N/A
2. NAME OF OPERATOR Conoco Phillips Petroleum Company		7. UNIT AGREEMENT NAME Drunkards Wash UTU-67921X
3. ADDRESS AND TELEPHONE NO. 6825 S. 5300 W. P.O. Box 851 Price, Utah 84501 (435) 613-9777		8. FARM OR LEASE NAME, WELL NO. USA 03-544d
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements. *) At surface 315' FSL, 1638' FWL 4376800 Y 39.54275 At proposed prod. zone 1300' FSL, 2400' FWN 498483 X -111.01533		9. API WELL NO. 43-007-30897
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 11.6 miles southwest of Price, Utah		10. FIELD AND POOL, OR WILDCAT Drunkards Wash
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any) 1300' (BHL)	16. NO. OF ACRES IN LEASE 622.68 acres	11. SEC., T., R., M. AND SURVEY OR AREA Surface Location: SE/4 SW/4 Section 03, T15S, R08E, SLB&M Bottom Hole Location: SE/4 SW/4 Section 03, T15S, R08E, SLB&M
18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 2300' (BHL)	19. PROPOSED DEPTH 4400'	12. COUNTY OR PARISH Carbon
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 7471' GR		13. STATE Utah
		17. NO. OF ACRES ASSIGNED TO THIS WELL 160 acres
		20. ROTARY OR CABLE TOOLS Rotary
		22. APPROX. DATE WORK WILL START* July 2003

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
14"	12-3/4"	Conductor	40'	
11"	8-5/8"	24 #/ft	440'	190 sks G+2% CaCl + 1/4# per sack floccel
7- 7/8"	5-1/2"	17 #/ft	4390'	435 sks 50/50 POZ +8%gel+2%CaCl+10%extender. 90 sks "G" thixotropic

CONFIDENTIAL

RECEIVED

RECEIVED
FEB - 4 2003
DIV OF OIL, GAS & MINING

DIV. OF OIL, GAS & MINING

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED [Signature] TITLE Permitting Supervisor DATE 1/20/03

(This space for Federal or State office use)
PERMIT NO. 43-007-30897 APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY [Signature] TITLE BRADLEY G. HILL DATE 02-18-03
ENVIRONMENTAL SCIENTIST III

***See Instructions On Reverse Side**

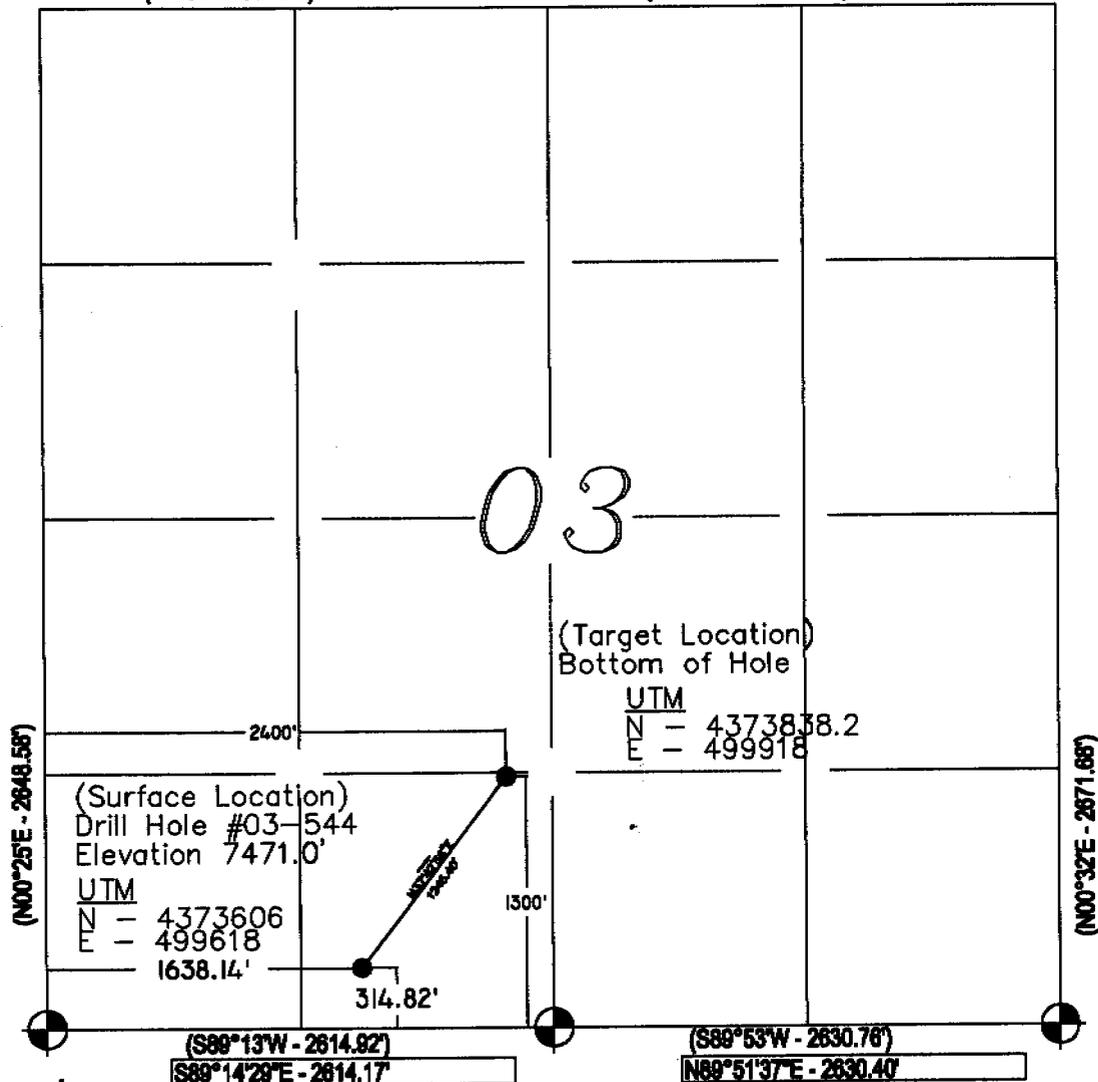
Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency or the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Range 8 East

(WEST - 2636.70')

(S89°54'W - 2636.70')

Township 15 South



Legend

- Drill Hole Location
- ⊙ Brass Cap (Found)
- Brass Cap (Searched for, but not found)
- △ Rock Pile
- () GLO
- GPS Measured

NOTES:

1. UTM AND LATITUDE / LONGITUDE COORDINATES ARE DERIVED USING A GPS PATHFINDER AND ARE SHOWN IN NAD 27 DATUM.

LAT / LONG
39°32'34"N
111°00'53"W

GRAPHIC SCALE

0 500' 1000'
(IN FEET)
1 inch = 1000 ft.

Location:

THE WELL LOCATION WAS DETERMINED USING A TRIMBLE 4700 GPS SURVEY GRADE UNIT.

Basis of Bearing:

THE BASIS OF BEARING IS GPS MEASURED.

GLO Bearing:

THE BEARINGS INDICATED ARE PER THE RECORDED PLAT OBTAINED FROM THE U.S. LAND OFFICE.

Basis of Elevation:

BASIS OF ELEVATION OF 7593' BEING AT THE SOUTHWEST SECTION CORNER OF SECTION 03, TOWNSHIP 15 SOUTH, RANGE 8 EAST, SALT LAKE BASE AND MERIDIAN, AS SHOWN ON THE WATTIS QUADRANGLE 7.5 MINUTE SERIES MAP.

Description of Location:

(TARGET LOCATION)

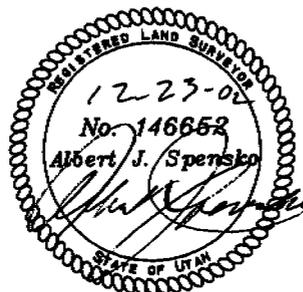
PROPOSED DRILL HOLE LOCATED IN THE SE 1/4, SW 1/4 OF SECTION 03, T15S, R8E, S.L.B.&M., BEING 1300.0' NORTH AND 2400.0' EAST FROM THE SOUTHWEST CORNER OF SECTION 03, T15S, R8E, SALT LAKE BASE & MERIDIAN.

(SURFACE LOCATION)

PROPOSED DRILL HOLE LOCATED IN THE SE 1/4, SW 1/4 OF SECTION 03, T15S, R8E, S.L.B.&M., BEING 314.82' NORTH AND 1638.14' EAST FROM THE SOUTHWEST CORNER OF SECTION 03, T15S, R8E, SALT LAKE BASE & MERIDIAN.

Surveyor's Certificate:

I, Albert J. Spensko, a Registered Professional Land Surveyor, holding Certificate 146652 State of Utah, do hereby certify that the information on this drawing is a true and accurate survey based on data of record and was conducted under my personal direction and supervision as shown hereon.



Talon Resources, Inc.
P.O. Box 1230 195 N 100 W
Huntington, Utah 84526
Ph: 435-687-5310
Fax: 435-687-5311

ConocoPhillips

Well # 03-544d
Section 03, T15S, R8E, S.L.B.&M.
Carbon County, Utah

Drawn By BEN SCOTT	Checked By L.W.J./A.J.S.
Drawing No A-1	Date 12/16/02
Sheet 1 of 4	Scale 1" = 1000'

Bureau of Land Management
Moab District
Application for Permit to Drill
On-Site Inspection Checklist

Company ConocoPhillips Well No. USA 03-544d
Location: Sec.03, T 15 S, R 08E, Lease No. UTU-61155
On-Site Inspection Date: 12/10/02

All operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (43 CFR 3100), Onshore Oil and Gas Orders, the approved plan of operations and the conditions of approval. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance.

A. DRILLING PROGRAM

1. Surface Formation and Estimated Formation Tops:
Surface formation: Upper Mancos Shale
Estimated top of Ferron Formation: 3900'- TD=4400'
2. Estimated Depth at Which Oil, Gas, Water or Other Mineral Bearing Zones are Expected to be Encountered

<u>Formation</u>	<u>Depth</u>
Expected Oil Zones: none	
Expected Gas Zones: Ferron Coal Interval: <u>3930'-4100'</u>	
Expected Water Zones: <u>3930'-4100'</u>	
Expected Mineral Zones: none	

All fresh water and prospectively valuable minerals encountered during drilling will be recorded by depth and will be cased and cemented. When possible, water flow rates will be measured and samples will be taken and analyzed. All oil and gas shows will be tested to determine commercial potential.

3. Pressure Control Equipment- include schematics of the BOP and choke manifold, and describe testing procedures: Quick Test is contracted to test the manifold, blind rams, and B.O.P to 2000 psi. Surface casing is tested to 1 psi/ft. See attachment.

BOP systems will be consistent with API RP 53 and Onshore Oil and Gas Order No. 2. Pressure tests of the surface casing and all BOP equipment potentially subject to pressure will be conducted before drilling the surface casing shoe. Blowout preventer controls will be installed prior to drilling the surface casing shoe and will remain in use until the well is completed or abandoned. Ram preventers shall be inspected and operated each trip (no more than once a day is necessary), and annular preventers shall be inspected and operated weekly to ensure good mechanical working order. These inspections shall be recorded in the drilling log and in the daily drilling report.

4. Casing Program and Auxiliary Equipment - include casing size, weight, grade, thread and coupling, setting depth and condition (new or acceptably reconditioned): Approximately 4390' of 5-1/2", N-80 17#/ft production casing will be installed 10% of the above setting depth will be 8-5/8", 24#/ft. J-55 surface casing.
5. Cement-include the cement type, density, yield, additives and amount used in setting each casing string. Also include the anticipated cement fill-up. If stage cementing, describe techniques: See cement design.
6. Mud Program and Circulating Medium- include mud components and weights. When air drilling, also include: length and location of bloop line; description of the auto ignitor; description of the deduster equipment; and amounts, types and characteristics of stand-by mud: Hole will be drilled with air.
7. Coring, Logging and Testing Program: Bulk Density, Gamma, Neutron Density, Resistivity and Caliper logs will be run.
Initial opening of drill stem test tools will be restricted to daylight hours.
8. Abnormal Conditions, Bottom Hole Pressures and Potential Hazards- include anticipated bottomhole pressure and/or pressure gradient: No abnormal conditions are anticipated, formation is slightly over-pressured, estimated BHP 1892 PSI.
9. Any Other Aspects of this Proposal that should be Addressed:

B. THIRTEEN POINT SURFACE USE PLAN

The dirt contractor will be provided with an approved copy of the surface use plan of operations before initiating construction.

1. Existing Roads:
 - a. Proposed route to location (submit a map depicting access and well location).
 - b. Location of proposed well in relation to town or other reference point: 11.6 Miles southwest of Price, Utah.
 - c. Contact the Carbon County Road Department for use of county roads. The use of Carbon County roads will require an encroachment permit from the Carbon County Road Department.
 - d. Plans for improvement and/or maintenance of existing roads: Upgrade and maintain existing state or county roads.
 - e. Other:
2. Planned Access Roads:
 - a. Location (centerline): Sec.03,T15S, R08E, 315'FSL, 1638' FWL
 - b. Length of new access to be constructed: 1600'
 - c. Length of existing roads to be upgraded 0'
 - d. Maximum total disturbed width: 27'

- e. Maximum travel surface width: 24'
- f. Maximum grades: 8%
- g. Turnouts: none
- h. Surface materials: In-place residual of Mancos Shale
- i. Drainage (crowning, ditching, culverts, etc): Roads will be crowned with water ditches on both sides. Water will be diverted around pad as necessary and 7 culverts will be placed along upgraded roadway.
- j. Cattleguards: none
- k. Length of new and/or existing roads which lie outside the lease boundary for which a BLM right-of-way is required: N/A
- l. Other:

Surface disturbance and vehicular travel will be limited to the approved location access road. Any additional area needed must be approved by the Area Manager in advance.

If a right-of-way is necessary, no surface disturbing activities shall take place on the subject right-of-way until the associated APD is approved. The holder will adhere to conditions of approval in the Surface Use Program of the approved APD, relevant to any right-of-way facilities.

If a right-of-way is secured, boundary adjustments in the lease or unit shall automatically amend this right-of-way to include that portion of the facility no longer contained within the lease or unit. In the event of an automatic amendment to this right-of-way grant, the prior on-lease/unit conditions of approval of this facility will not be affected even though they would now apply to facilities outside of the lease/unit as a result of a boundary adjustment. Rental fees, if appropriate shall be recalculated based on the conditions of this grant and the regulations in effect at the time of an automatic amendment.

If the well is productive, the access road will be rehabilitated or brought to Resource (Class III) Road Standards within 60 days of dismantling the rig. If upgraded, the access road must be maintained at these standards until the well is properly abandoned. If this time frame cannot be met, the Area Manager will be notified so that temporary drainage control can be installed along the access road.

- 3. Location of Existing Wells-on a map, show the location of all water, injection, disposal, producing and drilling wells within a one mile radius of the proposed well, and describe the status of each: See Attachment "B"
- 4. Location of Production Facilities:
 - a. On-site facilities: See Attachment "E"
 - b. Off-site facilities: none
 - c. The pipelines and powerlines will follow the proposed access route with the powerline located on the north/east side of the road and the pipelines on the west/south. The pipelines will be approximately 6" for the gas and 6" for the water. Refer to map Exhibit "B" page 1 for the location of the proposed pipeline. The length of the pipeline will be

approximately 1600' long. The pipelines will be brought to the USA 03-544d from the existing pipeline going to the main pipeline system running to the Stella-Hamaker 10-174 well location.

All permanent (in place for six months or longer) structures constructed or installed (including oil well pump jacks) will be painted a flat, non-reflective color to match the standard environmental colors, as determined by the Rocky Mountain Five-State Interagency Committee. All facilities will be painted within six months of installation. Facilities required to comply with the Occupational Safety and Health Act (OSHA) may be excluded. Colors will be as follows: Olive Black

If a gas meter run is constructed, it will be located on lease within 500 feet of the wellhead. The gas flowline will be buried from the wellhead to the meter and will be buried downstream of the meter until it leaves the pad. Meter runs will be housed and/or fenced. The gas meter shall be calibrated prior to first sales and shall be calibrated quarterly thereafter. All gas production and measurement shall comply with the provisions of 43 CFR § 3162.7-3, Onshore Oil and Gas Order No. 5, and American Gas Association (AGA) Report No. 3.

If a tank battery is constructed on this lease, it will be surrounded by a dike of sufficient capacity to contain 1 ½ times the storage capacity of the largest tank. All loading lines and valves will be placed inside the berm surrounding the tank battery. All oil production and measurement shall conform to the provisions of 43 CFR § 3162.7-3 and Onshore Oil and Gas Order No. 4

Production facilities on location may include a lined or unlined produced water pit as specified in NTL-2B. If water is produced from the well, an NTL-2B application must be submitted.

5. Location and Type of Water Supply:

All water needed for drilling purposes will be obtained from (describe location and/or show on a map): PRWID

A temporary water use permit for this operation will be obtained from the Utah State Engineer in Price, Utah at (435) 637-1303.

Water obtained on private land, or land administered by another agency, will require approval from the owner or agency for use of the land.

6. Source of Construction Material:

Pad construction material will be obtained from (if the source is Federally owned, show location on a map): Private Owner

The use of materials under BLM jurisdiction will conform to 43 CFR 3610.2-3.

7. Methods of Handling Waste Disposal:

Describe the methods and locations proposed for safe containment and disposal of waste material, e.g. cuttings, produced water, garbage, sewage, chemicals, etc.

The reserve pit will be lined with (native material, bentonite, synthetic material): Pit will be lined with native material unless otherwise designated by BLM officers prior to construction.

The reserve pit will be located at the: North side of the location, and the pit walls will be sloped at no greater than 2 to 1.

The reserve pit shall be located in cut material, with at least 50% of the pit volume being below original ground level. Three sides of the reserve pit will be fenced before drilling starts. The fourth side will be fenced as soon as drilling is completed, and shall remain until the pit is dry. As soon as the reserve pit has dried, all areas not needed for production will be rehabilitated.

Trash must be contained in a trash cage and hauled away to an approved disposal site as necessary but no later than at the completion of drilling operations.

8. Ancillary Facilities: Garbage containers and portable toilets.
9. Well Site Layout - depict the pit, rig, cut and fill, topsoil, etc. on a plat with a scale of at least 1" = 50'.

All well, whether drilling, producing, suspended, or abandoned, will be identified in accordance with 43 CFR 3162.6.

Access to the well pad will be from: East of location.

The blooie line will be located in the: North at least 100 feet from the well head.

To minimize the amount of fugitive dust and spray escaping from the blooie pit, the following blooie line deflection method will be employed: Water injection.

10. Plans for Restoration of the Surface:

The top 6 inches of topsoil material will be removed from the location and stockpiled separately on: adjacent land.

Topsoil along the access road will be reserved in place adjacent to the road.

Immediately upon completion of drilling, all equipment that is not necessary for production shall be removed.

The reserve pit and that portion of the location not needed for production will be reclaimed.

Before any dirt work to restore the location takes place, the reserve pit must be completely dry.

Reclaimed roads will have the berms and cuts reduced and will be closed to vehicle use.

All disturbed areas will be recontoured to replicate the natural slope.

The stockpiled topsoil will be evenly distributed over the disturbed area.

Prior to reseeding, all disturbed areas, including the access roads, will be scarified and left with a rough surface.

Seed will be broadcast or drilled between Sept. and Nov., or at a time specified by the BLM. If broadcast, a harrow or some other implement will be dragged over the seeded area to assure seed coverage.

The following seed mixture will be used:

BLM recommended mixture: Pinion/Juniper

The abandonment marker will be one of the following, as specified by BLM:

- 1) At least four feet above ground level,
- 2) At restored ground level, or
- 3) Below ground level.

In any case the marker shall be inscribed with the following: operator name, lease number, well name and surveyed description (township, range, section and either quarter-quarter or footages).

Additional requirements:

11. Surface and Mineral Ownership: BLM surface/BLM subsurface

12. Other Information:

a. Archeological Concerns: none

The operator is responsible for informing all persons in the area who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, the operator is to immediately stop work that might further disturb such materials, and contact the authorized officer (AO). Within five (5) working days, the AO will inform the operator as to:

- Whether the materials appear eligible for the National Register of Historic Places;
- The mitigation measures the operator will likely have to undertake before the site can be used (assuming in situ preservation is not necessary); and
- A time frame for the AO to complete an expedited review under 36 CFR 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the AO are correct and that mitigation is appropriate.

If the operator wishes, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this process, the AO will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation costs. The AO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the AO that the required mitigation has been completed, the operator will then be allowed to resume construction.

b. Threatened and Endangered Species Concerns: No

c. Wildlife Seasonal Restrictions (yes/no): See EIS

d. Off Location Geophysical Testing: N/A

e. Drainage crossings that require additional State or Federal approval: N/A

f. Other: N/A

13. Lessee's or Operator's Representative and Certification

Representative:

Name: Jean Semborski

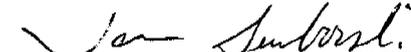
Title: Permitting Supervisor

Address: 6825 S. 5300 W. P.O. Box 851
Price, Utah 84501

Phone No: (435) 613-9777 Fax (435) 613-9782

Certification:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exists; 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 by ConocoPhillips and its contractors and subcontractors in conformity with this APD package and the terms and conditions under which it is approved. I also certify responsibility for the operations conducted on that portion of the leased lands associated with this application, with bond coverage being provided under BLM bond no. ~~1015-16-09~~. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.



Signature

Permitting Supervisor

Title

1/20/03

Date

C. REQUIRED APPROVALS, REPORTS AND NOTIFICATIONS

Required verbal notifications are summarized in Table 1, attached.

Building Location- Contact the Resource Area, Natural Resource Protection Specialist at least 24 hours prior to commencing construction of location.

Spud- The spud date will be reported to the Resource Area Office 24 hours prior to spudding. Written notification in the form of a Sundry Notice (Form 3160-5) will be submitted the District Office within 24 hours after spudding, regardless of whether spud was made with a dry hole digger or big rig.

Daily Drilling Reports- Daily drilling reports shall detail the progress and status of the well and shall be submitted to the District Office on a weekly basis.

Monthly Reports of Operations- In accordance with Onshore Oil and Gas Order No. 1, this well shall be reported on Minerals Management Service (MMS) Form 3160, "Monthly Report of Operations," starting the month in which operations commence and continuing each month until the well is physically plugged and abandoned. This report will be filed directly with MMS.

Sundry Notices- There will be no deviation from the proposed drilling and/or workover program without prior approval from the Assistant District Manager. "Sundry Notices and Reports on Wells: (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3162.3-2. Safe drilling and operating practices must be observed.

Drilling Suspensions- Operations authorized by this permit shall not be suspended for more than 30 days without prior approval of the Authorized Officer. All conditions of this approval shall be applicable during any operations conducted with a replacement rig.

Undesirable Events- Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be immediately reported to the Resource Area in accordance with requirements of NTL-3A.

Cultural Resources- If cultural resources are discovered during construction, work that might disturb the resources is to stop, and the Area Manager is to be notified.

First Production- Should the well be successfully completed for production, the Assistant District Manager, Minerals Division will be notified when the well is placed in producing status. Such notification may be made by phone, but must be followed by a sundry notice or letter not later than five (5) business days following the date on which the well is placed into production.

A first production conference will be scheduled as soon as the productivity of the well is apparent. This conference should be coordinated through the Resource Area Office. The Resource Area Office shall be notified prior to the first sale.

Well Completion Report- Whether the well is completed as a dry hole or as a producer, "Well Completion and Re-completion Report and Log" (Form 3160-4) will be submitted to the District Office not later than thirty (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, core descriptions, core analysis, well test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, work-over, and/or completion operations, will be filed with Form 3160-4. Samples (cuttings and/or samples) will be submitted when requested by the Assistant District Manager.

Venting/Flaring of Gas-NTL-4A allows venting/flaring of gas during the initial well evaluation period not to exceed 30 days or 50 MMcf. Venting/flaring beyond the initial test period threshold must be approved by the District Office.

Off-Lease Measurement, Storage, Commingling- Prior approval must be obtained from the Assistant District Manager for off-lease measurement, off-lease storage and/or commingling (either down-hole or at the surface).

Plugging and Abandonment- If the well is completed as a dry hole, plugging instructions must be obtained from the BLM, Moab District Office prior to initiating plugging operations. Table 1 of this document provides the after-hours phone numbers of personnel who are authorized to give plugging instructions.

A "Subsequent Report of Abandonment" (Form 3160-5) will be filed with the Assistant District Manager, Minerals Divisions within thirty (30) days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Upon completion of approved plugging, a regulation marker will be erected in accordance with 43 CFR 3162.6. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the Area Manager or his representative, or the appropriate surface managing agency.

TABLE 1
NOTIFICATIONS

Notify Don Stephens of the Price Resource Area, at (435)636-3608 for the following:

2 days prior to commencement of dirt work, construction or reclamation;

1 day prior to spudding;

50 feet prior to reaching surface and intermediate casing depths;

3 hours prior to testing BOP;

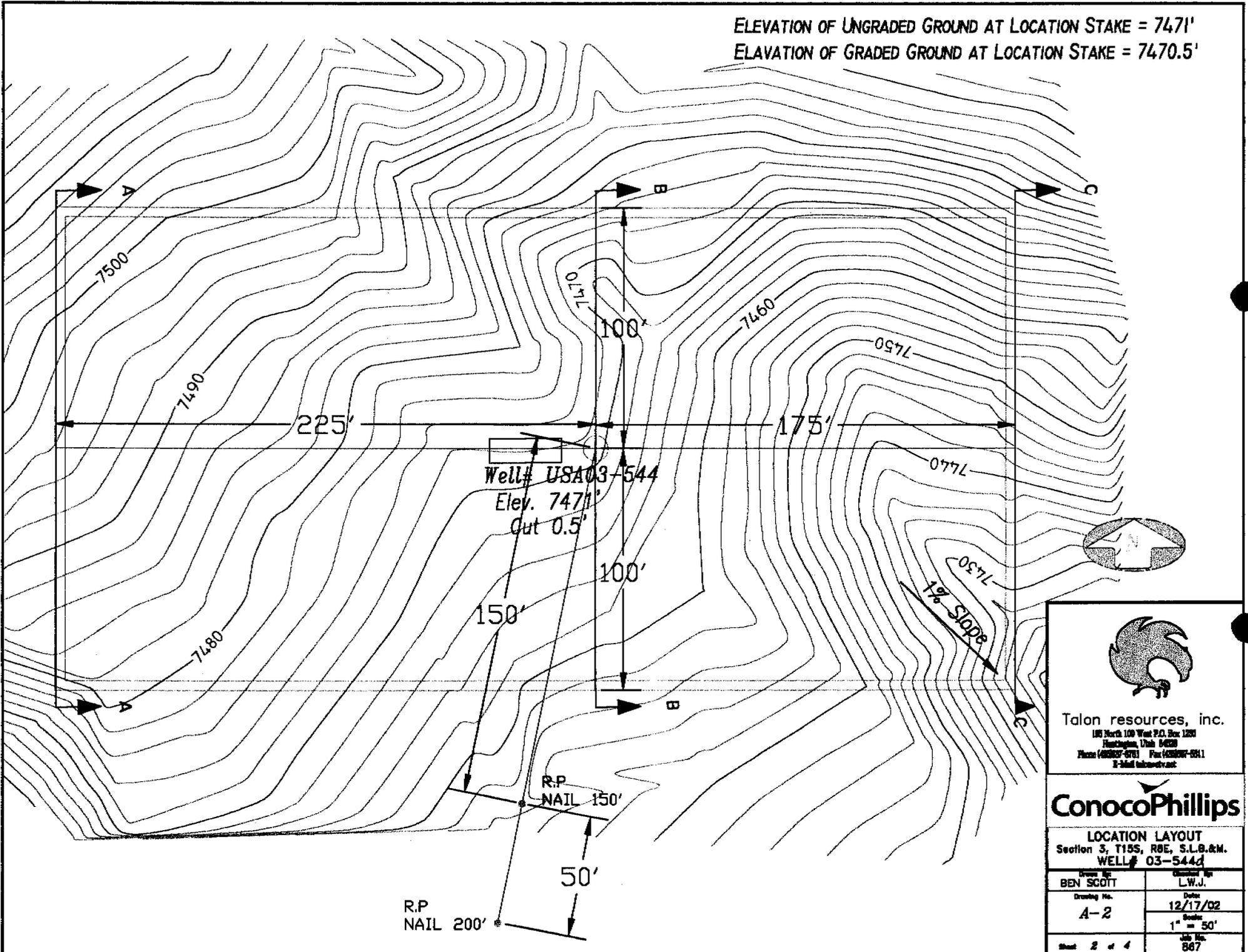
12 hours prior to reaching kickoff point depth (if applicable).

If the person at the above number cannot be reached, notify the Moab District Office at (435) 259-6111. If unsuccessful, notify one of the people listed below.

Well abandonment operations require 24 hour advance notice and prior approval. In the case of newly drilled dry holes, verbal approval can be obtained by calling the Moab District Office, Branch of Fluid Minerals at (435) 259-6111. If approval is needed after work hours, you may contact the following:

Eric Jones, Petroleum Engineer	Office: (435) 259-6111
	Home: (435) 259-2214

ELEVATION OF UNGRADED GROUND AT LOCATION STAKE = 7471'
 ELEVATION OF GRADED GROUND AT LOCATION STAKE = 7470.5'

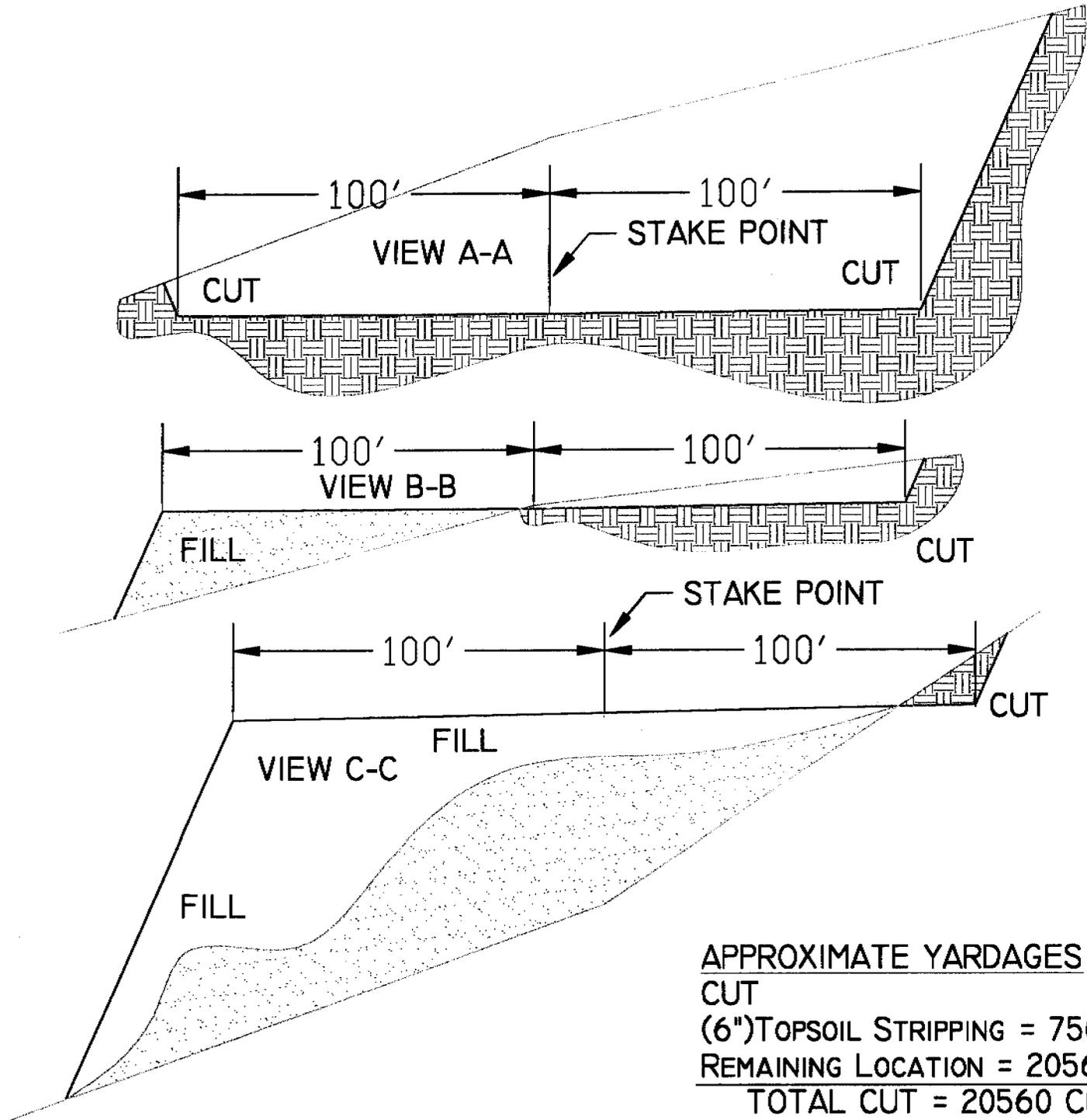


Talon resources, inc.
 100 North 100 West P.O. Box 1200
 Huntington, Utah 84020
 Phone (435) 627-8781 Fax (435) 627-8811
 E-Mail talon@trv.net

ConocoPhillips

LOCATION LAYOUT
 Section 3, T15S, R8E, S.L.B.&M.
 WELL# 03-544d

Drawn By BEN SCOTT	Checked By L.W.J.
Drawing No. A-2	Date 12/17/02
	Scale 1" = 50'
Sheet 2 of 4	Job No. 867



$1" = 5'$
 X-Section
 Scale
 $1" = 40'$

SLOPE = 1 1/2 : 1
 (EXCEPT PIT)
 PIT SLOPE = 1 ; 1

APPROXIMATE YARDAGES
 CUT
 (6") TOPSOIL STRIPPING = 750 CU. YDS.
 REMAINING LOCATION = 20560 CU. YDS.
TOTAL CUT = 20560 CU. YDS.
 TOTAL FILL = 18703 CU. YDS.

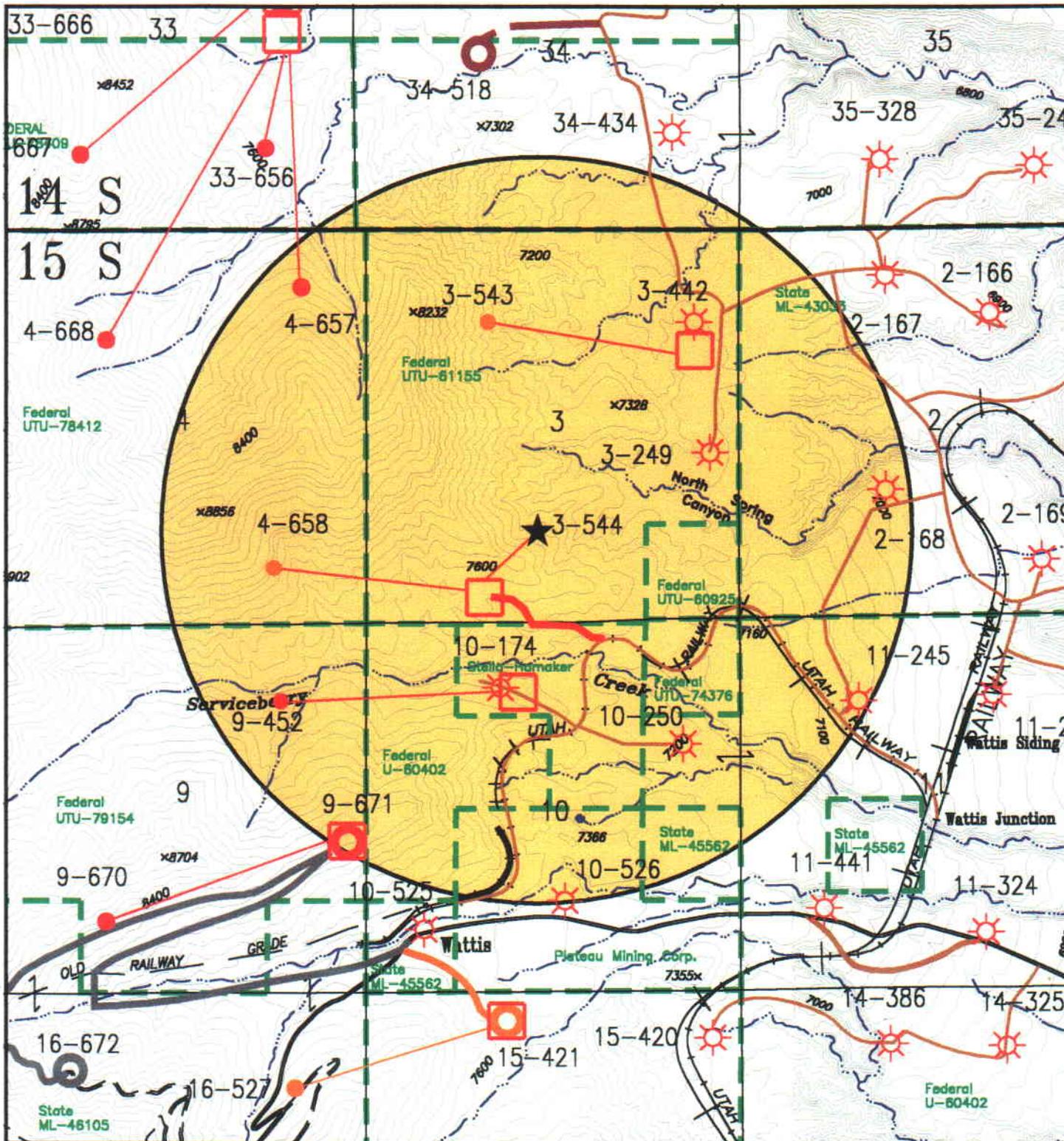


Talon resources, inc.
 185 North 100 West P.O. Box 1250
 Huntington, Utah 84020
 Phone (435) 937-8781 Fax (435) 937-8811
 E-Mail talon@trv.net



TYPICAL CROSS SECTION
 Section 03, T15S, R8E, S.L.B.&M.
 WELL# 03-544d

Drawn By BEN SCOTT	Checked By L.W.J.
Drawing No. C-1	Date 12/17/02
	Scale 1" = 40'
Sheet 3 of 4	Job No. 887



LEGEND

- Proposed Well Location:
- Other Proposed Well Locations:
- Proposed Powerline:
- Proposed Pipeline:
- Proposed Roads:
- Lease Boundary:
- Existing Wells:

Scale: 1" = 2000'

January 6, 2003

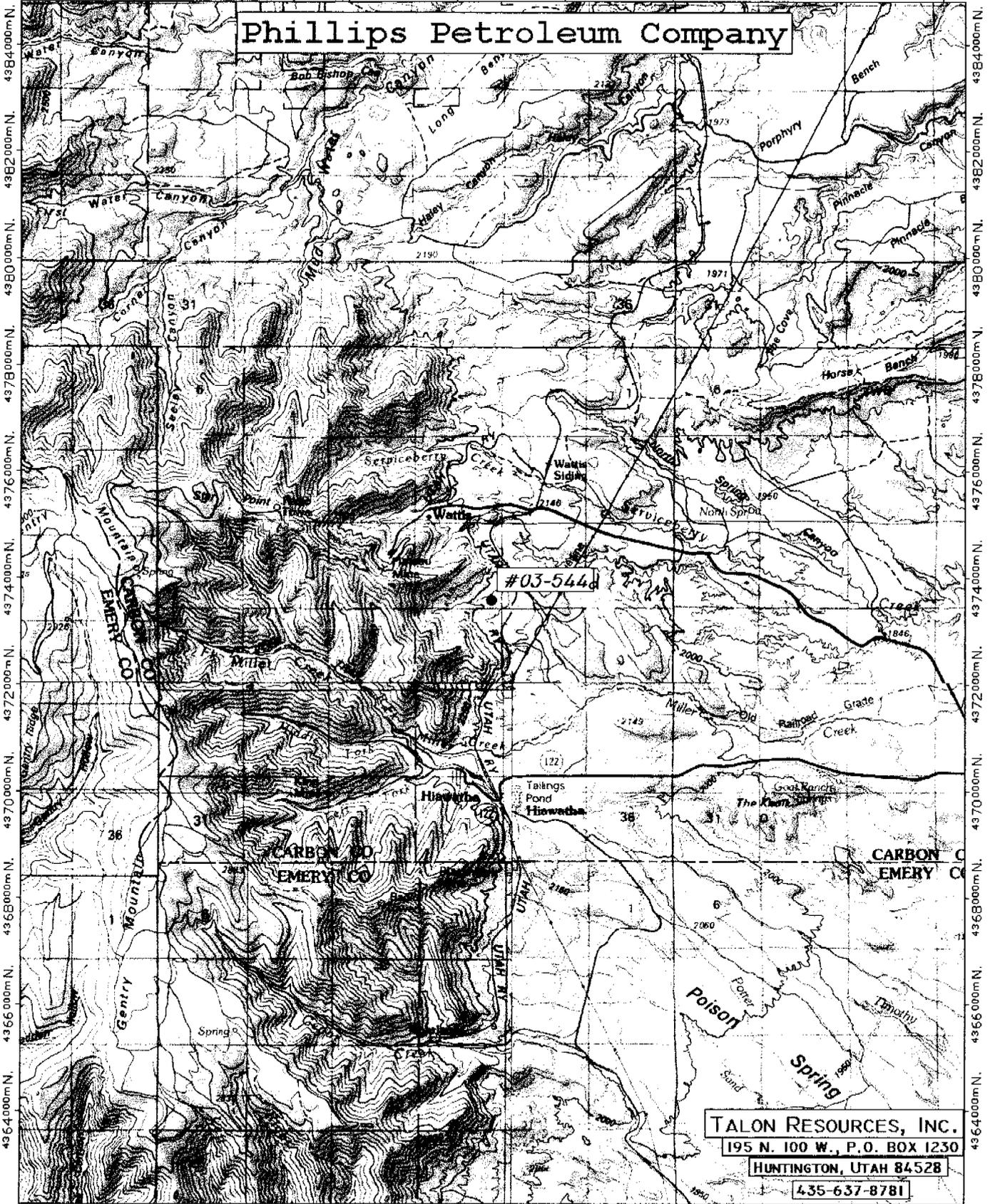
ConocoPhillips
 6825 South 5300 West
 P.O. Box 851
 Price, Utah 84501
 Phone: (435) 613-9777
 Fax: (435) 613-9782



WELL # 3-544
 Section 3, T15S, R8E, S.L.B.&M.
 Exhibit B 1 of 2

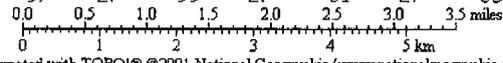
493000m E. 495000m E. 497000m E. 499000m E. 501000m E. 503000m E. NAD27 Zone 12S 508000m E.

Phillips Petroleum Company



493000m E. 495000m E. 497000m E. 499000m E. 501000m E. 503000m E. NAD27 Zone 12S 508000m E.

TN
13°

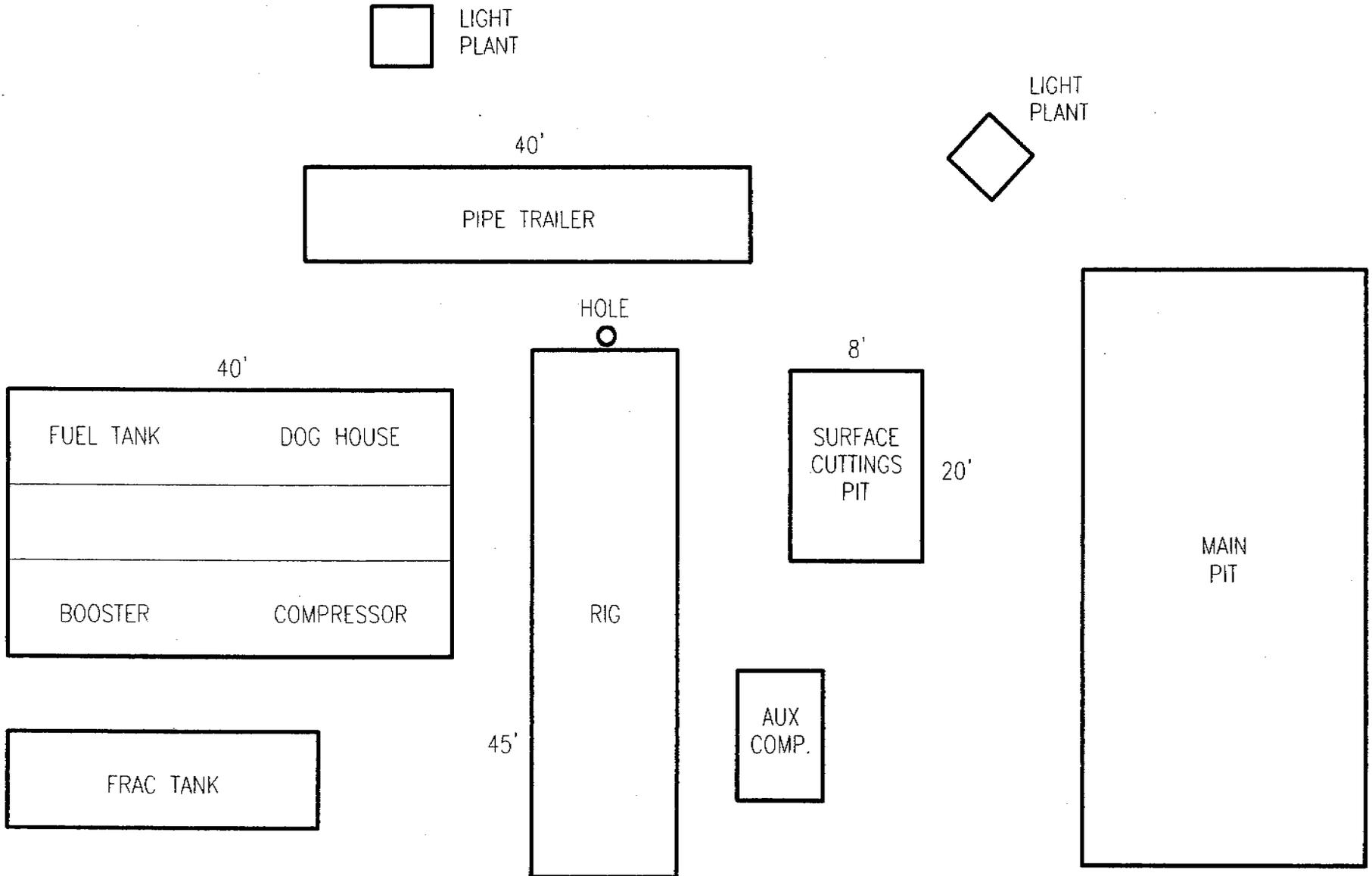


Map created with TOPO!® ©2001 National Geographic (www.nationalgeographic.com/topo)

TALON RESOURCES, INC.
 195 N. 100 W., P.O. BOX 1230
 HUNTINGTON, UTAH 84528
 435-637-8781

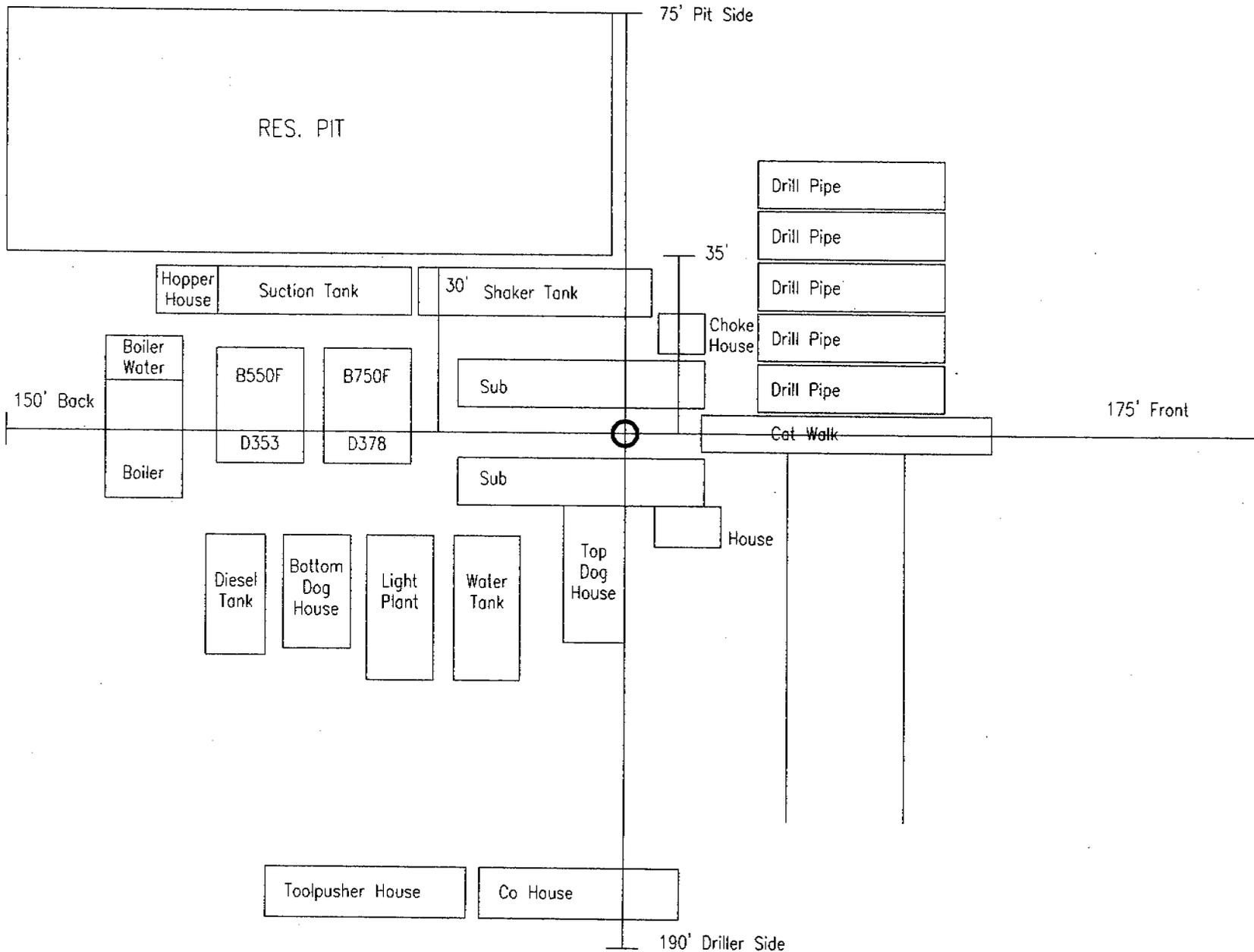
EXHIBIT C

APPROXIMATE LAYOUT OF RIG & EQUIPMENT

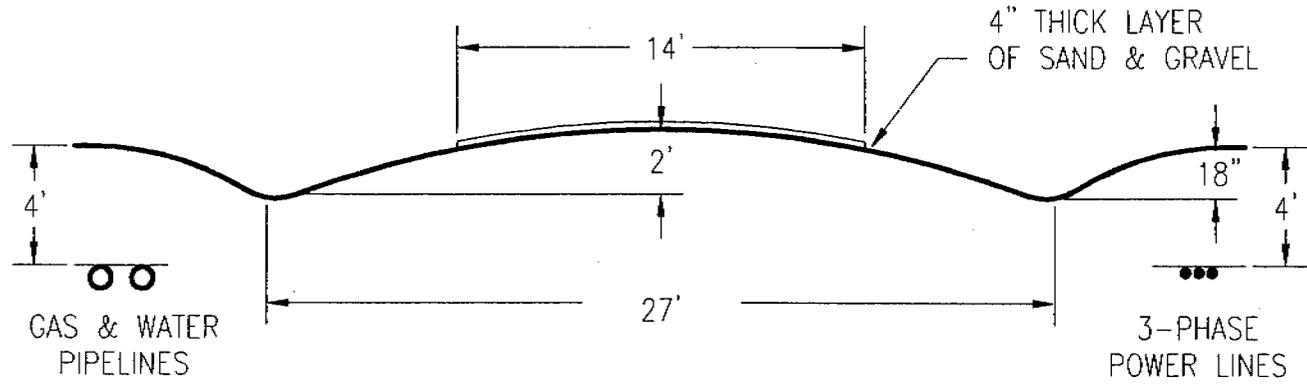


CONOCOPHILLIPS

RIG LAYOUT (Approximately 200' x 325') Includes Reserve Pit



TYPICAL ROAD CROSS-SECTION



DIVERTER HEAD

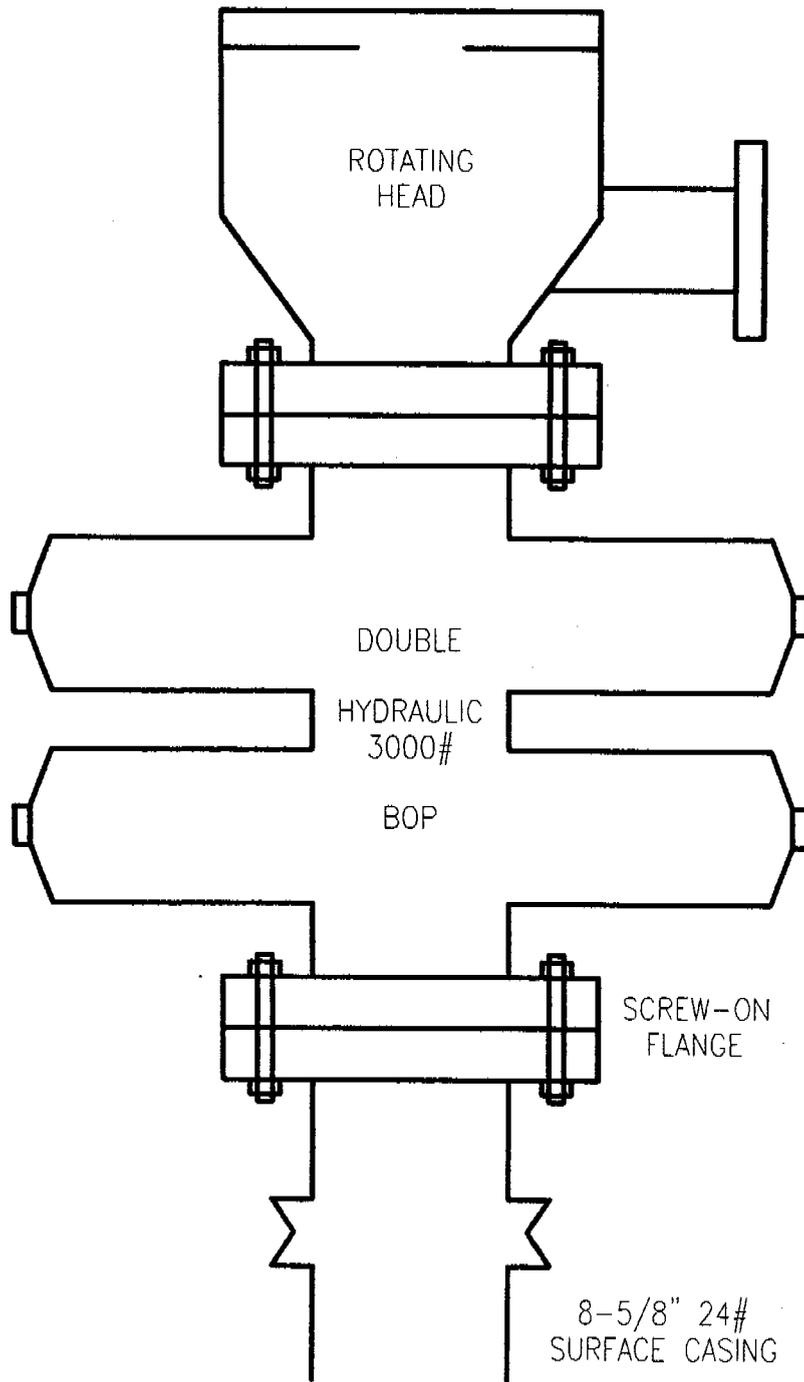
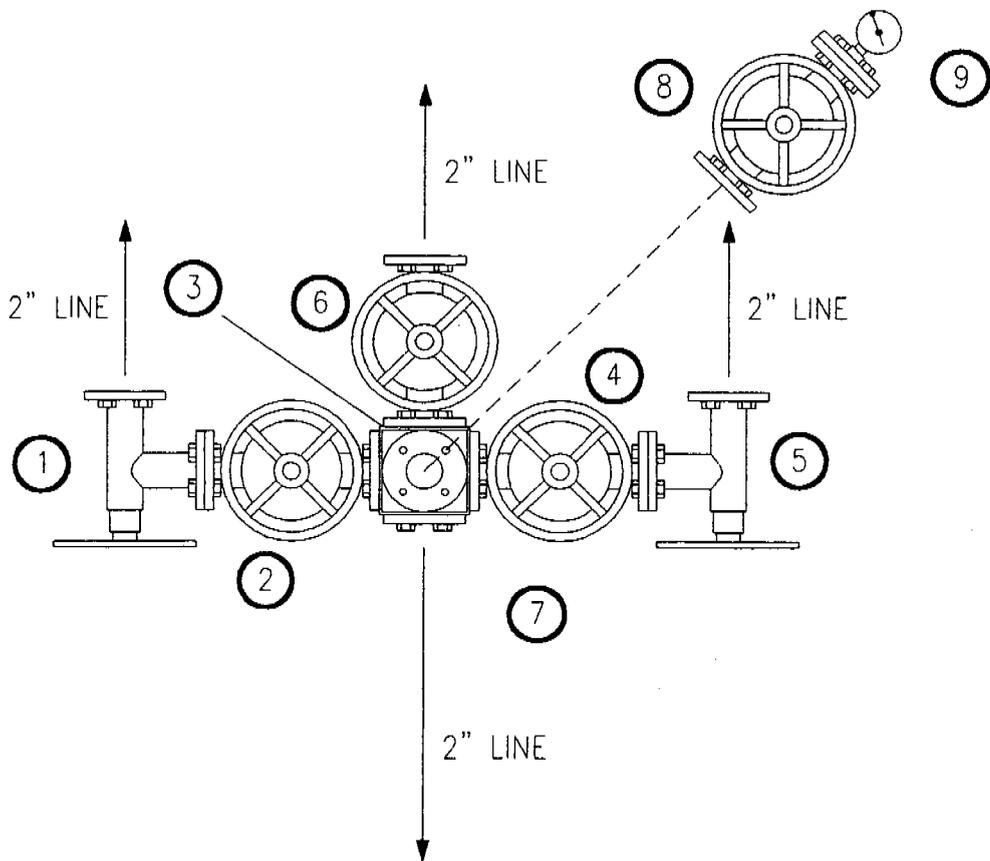


EXHIBIT G

- (1) 2" 5M FLANGED CHOKE
- (2) 2" 5M GATE VALVE (FLANGED)
- (3) 2" 5M STUDDED CROSS
- (4) 2" 5M GATE VALVE (FLANGED)
- (5) 2" 5M FLANGED CHOKE
- (6) 2" 5M GATE VALVE (FLANGED)
- (7) 2" LINE
- (8) 2" 5M GATE VALVE (FLANGED)
- (9) 3000# GAUGE

NOTE:

NUMBER 8 GATE VALVE SITS ON TOP OF MANIFOLD BETWEEN STUDDED CROSS AND 3000# GAUGE.



TO BOP
AND A NEW 2" BALL VALVE
FULL OPEN 5000 PSI

MANIFOLD

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 02/04/2003

API NO. ASSIGNED: 43-007-30897

WELL NAME: USA 03-544D
OPERATOR: CONOCOPHILLIPS COMPANY (N2335)
CONTACT: JEAN SEMBORSKI

PHONE NUMBER: 435-613-9777

PROPOSED LOCATION:

SESW 03 150S 080E
SURFACE: 0315 FSL 1638 FWL
BOTTOM: 1300 FSL 2400 FWL
CARBON
DRUNKARDS WASH (48)

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

LEASE TYPE: 1 - Federal
LEASE NUMBER: UTU-61155
SURFACE OWNER: 1 - Federal
PROPOSED FORMATION: FRSD

LATITUDE: 39.54275
LONGITUDE: 111.01533

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[1] Ind[] Sta[] Fee[]
(No. 80151669)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. PRWID)
- RDCC Review (Y/N)
(Date:)
- Fee Surf Agreement (Y/N)

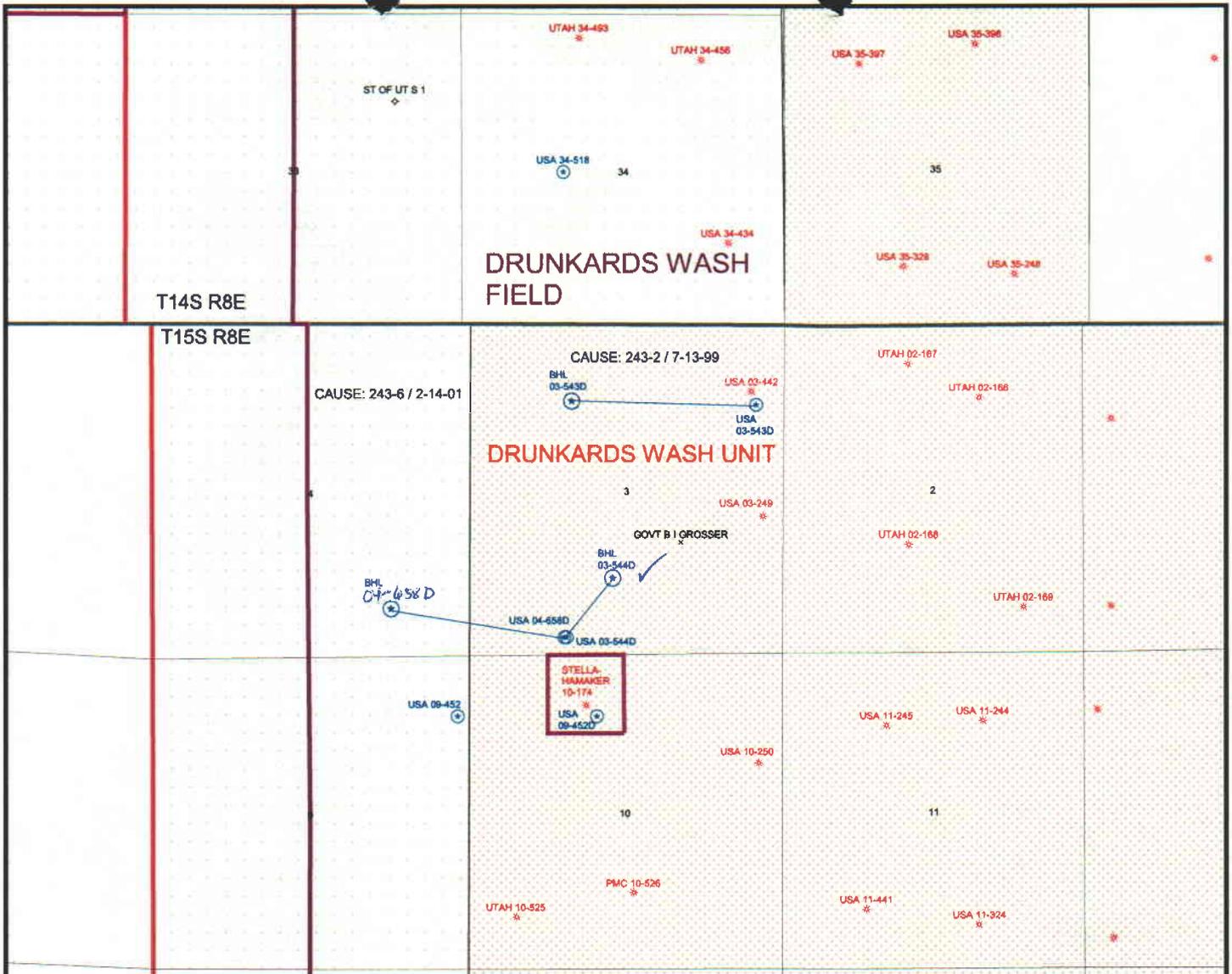
LOCATION AND SITING:

- R649-2-3.
- Unit DRUNKARDS WASH
- R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells
- R649-3-3. Exception
- Drilling Unit
Board Cause No: 243-2
Eff Date: 7-13-99
Siting: 410' fr W boundary & W corner. Trail
- R649-3-11. Directional Drill

COMMENTS:

STIPULATIONS:

1- federal approval
2. Directional Drill



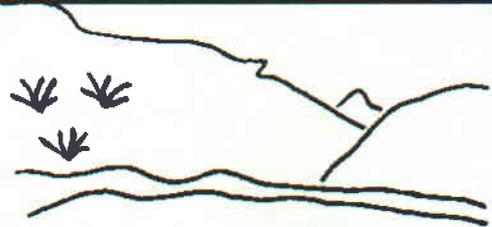
OPERATOR: CONOCOPHILLIPS CO (N2335)

SEC. 3 T15S, R8E

FIELD: DRUNKARDS WASH (48)

COUNTY: CARBON

CAUSE: 243-2 / 7-13-99



Utah Oil Gas and Mining

WELLS

- ⊙ GAS INJECTION
- GAS STORAGE
- * LOCATION ABANDONED
- ⊕ NEW LOCATION
- ◇ PLUGGED & ABANDONED
- PRODUCING GAS
- PRODUCING OIL
- SHUT-IN GAS
- SHUT-IN OIL
- × TEMP. ABANDONED
- TEST WELL
- △ WATER INJECTION
- ◆ WATER SUPPLY
- ⊘ WATER DISPOSAL

UNIT STATUS

- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PENDING
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED

FIELD STATUS

- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED
- COUNTY BOUNDARY
- SECTION LINES
- TOWNSHIP LINES



PREPARED BY: DIANA MASON
DATE: 7-FEBRUARY-2003

United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office

P.O. Box 45155

Salt Lake City, Utah 84145-0155

IN REPLY REFER TO:

3160

(UT-922)

February 10, 2003

Memorandum

To: Assistant District Manager Minerals, Moab District

From: Michael Coulthard, Petroleum Engineer

Subject: 2003 Plan of Development Drunkards Wash Unit,
Carbon County, Utah.

Pursuant to email between Diana Mason, Division of Oil, Gas and Mining, and Mickey Coulthard, Utah State Office, Bureau of Land Management. The following wells are planned for calendar year 2003 within the Drunkards Wash, Carbon County, Utah.

Api Number	Well	Location
(Proposed PZ Ferron)		
43-007-30894	Utah 19-532 Sec. 19	T14S R10E 2556 FNL 2488 FEL
43-007-30897	USA 03-544 Sec. 3	T15S R08E 0315 FSL 1638 FWL
	BHL 1300 FSL 2400 FWL	
43-007-30898	USA 04-658D Sec. 3	T15S R08E 0315 FSL 1598 FWL
	BHL Sec. 4 0800 FSL 1300 FEL	
43-007-30899	USA 03-543 Sec. 3	T15S R08E 1335 FNL 0462 FEL
	BHL 1300 FNL 1700 FWL	
43-007-30900	USA 09-452 Sec. 10	T15S R08E 1006 FNL 2139 FWL
	BHL Sec. 9 1100 FNL 1200 FEL	
43-007-30901	USA 15-528D Sec. 15	T15S R08E 0315 FSL 0513 FEL
	BHL 1350 FSL 2020 FWL	
43-015-30597	Utah 33-601 Sec. 33	T16S R08E 1127 FNL 0661 FEL
43-015-30598	Utah 35-595 Sec. 35	T16S R08E 1152 FNL 1469 FWL
43-015-30596	Utah 33-604 Sec. 33	T16S R08E 0900 FSL 0577 FWL
43-015-30594	Utah 28-588 Sec. 28	T16S R08E 2344 FNL 1191 FEL
43-007-30895	Utah 32-617D Sec. 29	T15S R09E 1214 FSL 1900 FWL
	BHL Sec. 32 1400 FNL 1500 FWL (surface location outside of unit area)	

We have no objections to permitting the wells at this time.

/s/ Michael L. Coulthard

bcc: File - Drunkards Wash Unit
Division of Oil Gas and Mining
Agr. Sec. Chron
Fluid Chron

MCoulthard:mc:2-10-3



State of Utah
 DEPARTMENT OF NATURAL RESOURCES
 DIVISION OF OIL, GAS AND MINING

1594 West North Temple, Suite 1210
 PO Box 145801
 Salt Lake City, Utah 84114-5801
 (801) 538-5340 telephone
 (801) 359-3940 fax
 (801) 538-7223 TTY
 www.nr.utah.gov

Michael O. Leavitt
 Governor
 Robert L. Morgan
 Executive Director
 Lowell P. Braxton
 Division Director

February 18, 2003

ConocoPhillips Company
 P O Box 851
 Price, UT 84501

Re: USA 03-544D Well, Surface Location 315' FSL, 1638' FWL, SE SW, Sec. 3,
T. 15 South, R. 8 East, Bottom Location 1300' FSL, 2400 FWL, SE SW, Sec. 3,
T. 15 South, R. 8 East, Carbon County, Utah

Gentlemen:

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

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-007-30897.

Sincerely,

John R. Baza
 Associate Director

pb

Enclosures

cc: Carbon County Assessor
 Bureau of Land Management, Moab District Office

Operator: ConocoPhillips Company
Well Name & Number USA 03-544D
API Number: 43-007-30897
Lease: UTU-61155

Surface Location: SE SW Sec. 3 T. 15 South R. 8 East
Bottom Location: SE SW Sec. 3 T. 15 South R. 8 East

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

Notify the Division within 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 Dan Jarvis at (801) 538-5338

3. Reporting Requirements

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

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

5. In accordance with Utah Admin. R.649-3-11, Directional Drilling, the operator shall submit a complete angular deviation and directional survey report to the Division within 30 days following completion of the well.



State of Utah

Department of
Natural Resources

Division of
Oil, Gas & Mining

ROBERT L. MORGAN
Executive Director

LOWELL P. BRAXTON
Division Director

MICHAEL O. LEAVITT
Governor

OLENE S. WALKER
Lieutenant Governor

March 11, 2004

Jean Semborski
ConocoPhillips Company
P O Box 851
Price, UT 84501

Re: APD Rescinded – USA 03-544D Sec. 3, T. 15S, R. 8E
Carbon County, Utah API No. 43-007-30897

Dear Ms. Semborski:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on February 18, 2003. On March 9, 2004, you requested that the division rescind the state approved APD. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective March 9, 2004.

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 Whitney
Engineering Technician

cc: Well File
Bureau of Land Management, Moab