

003



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

September 5, 2003

Ms Diana Mason
State of Utah
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
SLC, Utah 84114-5801

RE: Application for Permit to Drill-
Utah 27-545, SE/4 NE/4, Sec. 27
T15S, R8E, SLB & M, Carbon County, Utah

Dear Ms. Mason:

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
SEP 17 2003
DIV. OF OIL, GAS & MINING

COPY

CONFIDENTIAL

Utah 27-545

Page 2

This proposed well is located outside of and more than 460 feet from the exterior boundary of the Drunkards Wash Federal Unit, is within the "spacing window" specified by Cause No. 243-1 and will not be an exception location under Utah Administrative Code Rule R649-3-3-1.3. Please refer to the APD map Exhibit A, 1 of 3, dated 8/27/03. For this well, ConocoPhillips Company is the only "owner" of record for all leased acreage within 460' of the proposed well bore. Therefore, it will not require the administrative approval in accordance with Utah Administrative Code Rule R649-3-3.

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: Mr. Eric Jones, BLM, Moab, Utah
Mr. Gene Herrington, Texaco
Mr. John Lennon, Dominion Resources
Mr. Don Stephens, BLM, Price, Utah
Ms. Jane Strickland, ConocoPhillips
Mrs. Deanna Walker, ConocoPhillips
Mr. Mark Jones, DOGM, Price, Utah
ConocoPhillips Well File

001

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

FORM 3

AMENDED REPORT
(HIGHLIGHT CHANGES)

APPLICATION FOR PERMIT TO DRILL			5. MINERAL LEASE NO. ML-46106A	6. SURFACE State
1A. Type of Work: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>			7. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A	
B. Type of Well: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER: SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>			8. UNIT or CA AGREEMENT NAME: Drunkards Wash UTU-67921X	
2. NAME OF OPERATOR: ConocoPhillips Company			9. WELL NAME and NUMBER: Utah 27-545	
3. ADDRESS OF OPERATOR: 6825 South 5300 West, P.O. Box 851, Price, Utah 84501		PHONE NUMBER: (435) 613-9777	10. FIELD AND POOL, OR WILDCAT: Drunkards Wash	
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 1942' FNL, 1008' FEL AT PROPOSED PRODUCING ZONE:			11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SE/4 NE/4 Section 27, T15S, R08E, SLB&M	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 12.8 miles southwest of Price, UT			12. COUNTY: Carbon	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 687'	16. NUMBER OF ACRES IN LEASE: 80 acres	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 160 acres		
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 1200'	19. PROPOSED DEPTH: 4155'	20. BOND DESCRIPTION: Rotary		
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.) 7144.8' GR	22. APPROXIMATE DATE WORK WILL START: October 2003	23. ESTIMATED DURATION:		

24. **PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
14"	12 3/4" Conductor	40'	
11"	J-55 8 5/8" 24#/ft	415'	185 sks G+2&CaCl+1/4#/sk floccel
7 7/8"	N-80 5 1/2" 17#/ft	4145'	200 sks 50/50poz8%gel+2%CaCl+1%extender
			90 sks "G" thixotropic

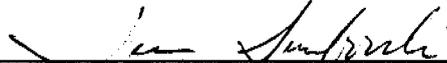
RECEIVED

25. **ATTACHMENTS**

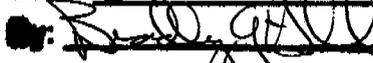
VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION RULES:

SEP 17 2003
DIV. OF OIL, GAS & MINING

<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"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER	<input type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

Name & Signature: Jean Semborski  Title: Permitting Supervisor Date: 9/4/03

(This space for state use only)
API Number Assigned: 43-007-30946

Approved by the
**Utah Division of
Oil, Gas and Mining**
Date: 09-25-03
By: 

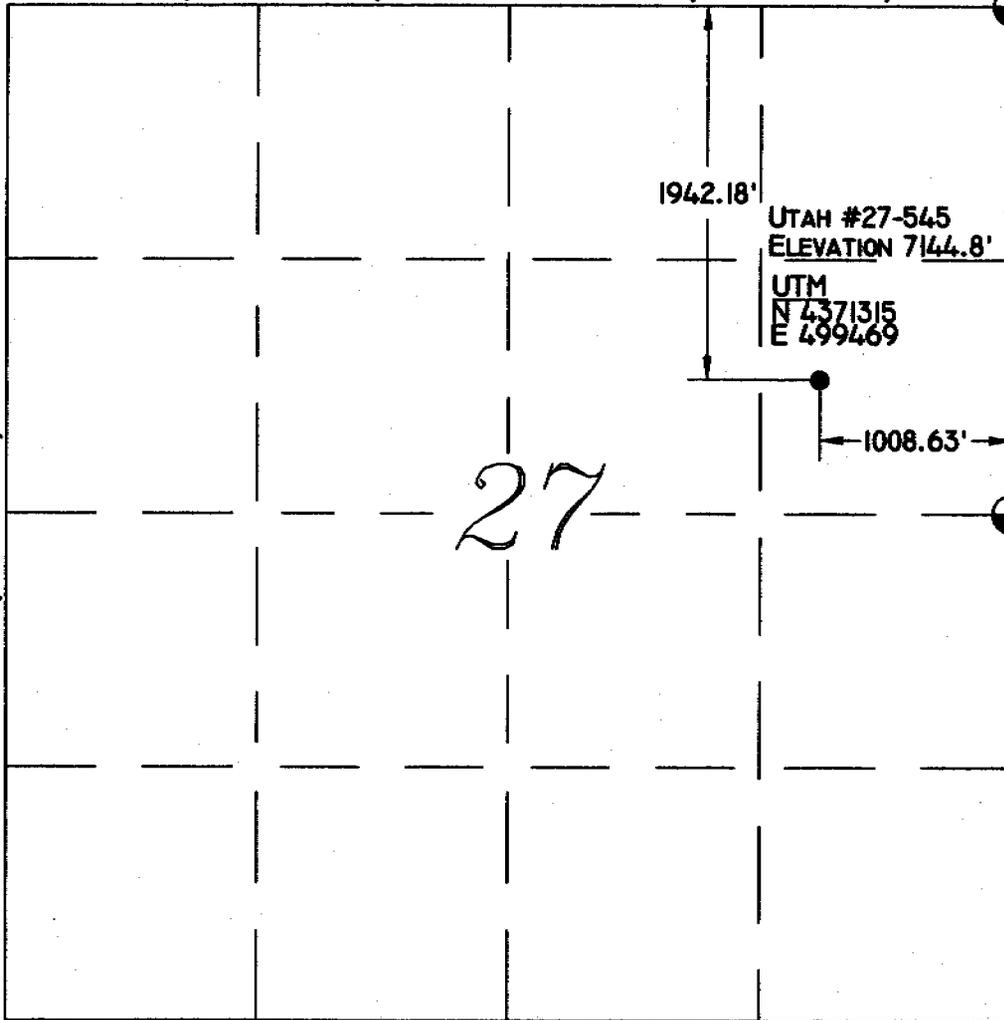
Range 8 East

(S89°24'W - 2641.32')

(N89°54'W - 2586.54')

Township 15 South

(N00°E - 5300.04')



(S89°19'W - 5247.0')

(N00°E - 2630.76')

(N0°16'W - 2837.30')

Legend

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

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

LAT / LONG
 39°29'36"N
 111°00'22"W

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 6931' BEING AT THE A ROAD INTERSECTION ON THE
 SOUTH LINE OF SECTION 27, TOWNSHIP 15 SOUTH, RANGE 8 EAST, SALT LAKE
 BASE AND MERIDIAN, AS SHOWN ON THE POISON SPRINGS BENCH QUADRANGLE
 7.5 MINUTE SERIES MAP.

Description of Location:
 PROPOSED DRILL HOLE LOCATED IN THE SE1/4, NE1/4 OF SECTION 27,
 T15S, R8E, S.L.B.&M., BEING 1942.18' SOUTH AND 1008.63' WEST
 FROM THE NORTHEAST SECTION CORNER OF SECTION 27, 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.



GRAPHIC SCALE

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



Talon Resources, Inc.
 375 South Carbon Avenue, Suite 101
 Price, Utah 84501
 Ph: 435-637-8781
 Fax: 435-636-8603

ConocoPhillips Company

WELL #27-545
 Section 27, T15S, R8E, S.L.B.&M.
 Carbon County, Utah

Drawn By: J. STANSFIELD	Checked By: L.W.J./A.J.S.
Drawing No. A-1	Date: 08/27/03
	Scale: 1" = 1000'
Sheet 1 of 4	Job No. 1200

002

From: Ed Bonner
To: Mason, Diana
Date: 9/17/03 11:07AM
Subject: Well Clearances

The following wells have been given cultural resource clearance by the Trust Lands Cultural Resources Group:

Westport Oil & Gas
NBU 1022-32P

Bill Barrett Corporation
Prickly Pear Unit State #5-16

ConocoPhillips Company
Utah 27-545

If you have any questions regarding this matter please give me a call.

CC: Garrison, LaVonne; Hill, Brad; Hunt, Gil

EXHIBIT "D"
DRILLING PROGRAM

Attached to Form 3
ConocoPhillips Company
Utah 27-545
SE/4, NE/4, Sec.27, T15S, R08E, SLB & M
1942' FNL, 1008' FEL
Carbon County, Utah

1. The Surface Geologic Formation

Mancos Shale

2. Estimated Tops of Important Geologic Markers

Blue Gate/Ferron 3705'

3. Projected Gas & H2O zones (Ferron Formation)

Coals and sandstones 3710' - 3855'

No groundwater is expected to be encountered.

Casing & cementing will be done to protect potentially productive hydrocarbons, lost circulation zones, abnormal pressure zones, and prospectively valuable mineral deposits. All indications of usable water will be reported.

Surface casing will be tested to 1400 psi.

4. The Proposed Casing and Cementing Programs

<u>HOLE SIZE</u>	<u>SETTING DEPTH (INTERVAL)</u>	<u>SIZE (OD)</u>	<u>WEIGHT, GRADE & JOINT</u>	<u>NEW, USED</u>
14"	40'	12-3/4"	Conductor	New
11"	415'	8-5/8"	24#ST&C	New
7-7/8"	4145'	5-1/2	17#LT&C	New

Cement Program -

Surface Casing: 185 sks G+2%CaCl+1/4#per sack flocel;15.8#/gal,density, 1.15 cu.ft/sk yield. Every attempt will be made to bring cement back to surface.

Production Casing: 200 sks 50/50 poz 8%gel +2%CaCl+10%extender;12.5#/gal, density, 1.92 cu.ft/sk yield.

90 sks "G" thixotropic, 14.2#/gal density, 1.61 cu.ft/sk yield

The following shall be entered in the driller's log:

- 1) Blowout preventer pressure tests, including test pressures and results;
- 2) Blowout preventer tests for proper functioning;
- 3) Blowout prevention drills conducted;
- 4) Casing run, including size, grade, weight, and depth set;
- 5) How the pipe was cemented, including amount of cement, type, whether cement circulated, location of the cementing tools, etc.;
- 6) Waiting on cement time for each casing string;
- 7) Casing pressure tests after cementing, including test pressures and results.

5. The Operator's Minimum Specifications for Pressure Control

Exhibit "G" is a schematic diagram of the blowout preventer equipment. A double gate 3000 psi BOPE will be used with a rotating head. This equipment will be tested to 2000 psi. All tests will be recorded in a Driller's Report Book. Physical operation of BOP's will be checked on each trip.

6. The Type and Characteristics of the Proposed Circulating Muds

0-300	11" hole	Drill with air, will mud-up if necessary.
300-TD	7 7/8" hole	Drill with air. 400 psi @ 1500-1800 Scf.

7. The Testing, Logging and Coring Programs are as followed

300-TD Gamma Ray, Density, Neutron Porosity, Induction, Caliper

Any Anticipated Abnormal Pressures or Temperatures

No abnormal pressures or temperatures have been noted or reported in wells drilled in the area nor at the depths anticipated in this well. Bottom hole pressure expected is 1799 psi max. No hydrogen sulfide or other hazardous gases or fluids have been found, reported or are known to exist at these depths in the area.

8. Anticipated Starting Date and Duration of the Operations.

The well will be drilled around October 2003.

Verbal and/or written notifications listed below shall be submitted in accordance with instructions from the Division of Oil, Gas & Mining:

- (a) prior to beginning construction;
- (b) prior to spudding;
- (c) prior to running any casing or BOP tests;
- (d) prior to plugging the well, for verbal plugging instructions.

Spills, blowouts, fires, leaks, accidents or other unusual occurrences shall be reported to the Division of Oil, Gas & Mining immediately.

EXHIBIT "E"
MULTIPOINT SURFACE USE PLAN

Attached to Form 3
ConocoPhillips Company
Utah 27-545
SE/4, NE/4, Sec. 27, T15S, R08E, SLB&M
1942' FNL, 1008' FEL
Carbon County, Utah

1. Existing Roads

- a. We do not plan to change, alter or improve upon any existing state or county roads.
- b. Existing roads will be maintained in the same or better condition. See Exhibit "B".

2. Planned Access

Approximately 1200' of new access is required (See Exhibit "B")

- a. Maximum Width: 24' travel surface with 27' base
- b. Maximum grade: 7%
- c. Turnouts: None
- d. Drainage design: 8 culverts may be required. Water will be diverted around well pad as necessary.
- e. If the well is productive, the road will be surfaced and maintained as necessary to prevent soil erosion and accommodate year-round traffic.
- f. Pipe and Power lines will follow the proposed access road.

3. Location of Existing Wells

- a. See Exhibit "B". There are 3 proposed and 6 existing wells within a one-mile radius of the proposed location.

4. Location of Existing and/or Proposed Facilities

- a. If the well is a producer, installation of production facilities will be as shown on Exhibit "H". Buried powerlines run along access on the east and north, gathering lines on the south or west.
- b. Rehabilitation of all pad areas not used for production facilities will be made in accordance with landowner stipulations.

5. Location and Type of Water Supply

- a. Water to be used for drilling will be purchased from the Price River Water Improvement District (a local source of municipal water) (tel. 435-637-6350).
- b. Water will be transported by truck over approved access roads.
- c. No water well is to be drilled for this location.

6. Source of Construction Materials

- a. Any necessary construction materials needed will be obtained locally and hauled to the location on existing roads.
- b. No construction or surfacing materials will be taken from Federal/Indian land.

7. Methods for handling waste disposal

- a. As the well will be air drilled, a small reserve pit will be constructed with a minimum of one-half the total depth below the original ground surface on the lowest point within the pit. The pit will not be lined unless conditions encountered during construction warrant it or if deemed necessary by the DOGM representative during the pre-site inspection. Three sides of the reserve pit will be fenced within 24 hours after completion of construction and the fourth side within 24 hours after drilling operation cease with woven wire topped with barbed wire to a height of not less than four feet. The fence will be kept in good repair while the pit is drying.
- b. Following drilling, the liquid waste will be evaporated from the pit and the pit back-filled and returned to natural grade. No liquid hydrocarbons will be discharged to the reserve pit or location.
- c. In the event fluids are produced, any oil will be retained in tankage until sold and any water produced will be retained until its quality can be determined. The quality and quantity of the water will determine the method of disposal.
- d. Trash will be contained in a portable metal container and will be hauled from location periodically and disposed of at an approved disposal site. Chemical toilets will be placed on location and sewage will be disposed of at an appropriate disposal site.

8. Ancillary Facilities

- a. We anticipate no need for ancillary facilities with the exception of one trailer to be located on the drill site.

9. Wellsite Layout

- a. Available topsoil will be removed from the location and stockpiled. Location of mud tanks, reserve and berm pits, and soil stockpiles will be located as shown on the attachments.
- b. A blooie pit will be located 100' from the drill hole. A line will be placed on the surface from the center hole to the pit. The pit will not be lined, but will be fenced on four sides to protect livestock/wildlife.
- c. Access to the well pad will be as shown on Exhibit "B".
- d. Natural runoff will be diverted around the well pad.

10. Plans for Restoration of Surface

- a. All surface areas not required for producing operations will be graded to as near original condition as possible and contoured to maintain possible erosion to a minimum.
- b. Available topsoil will be stockpiled and will be evenly distributed over the disturbed areas and the area will be reseeded as prescribed by the landowner.
- c. Pits and any other area that would present a hazard to wildlife or livestock will be fenced off when the rig is released and removed.

11. Surface Ownership:

- a. The wellsite and access road will be constructed on lands owned by the School and Institutional Trust Lands Administration. The operator shall contact the landowner representative and the Division of Oil, Gas and mining 48 hours prior to beginning construction activities.

12. **Other Information:**

- a. The primary surface use is farming and grazing. The nearest dwelling is approximately 3500 feet southwest.
- b. Nearest live water is Miller Creek located 1600' south.
- c. If there is snow on the ground when construction begins, it will be removed before the soil is disturbed and piled downhill from the topsoil stockpile location.
- d. The backslope and foreslope will be constructed no steeper than 4:1.
- e. All equipment and vehicles will be confined to the access road and well pad.
- f. A complete copy of the approved Application for Permit to Drill (APD) including conditions and stipulations, shall be on the wellsite during construction and drilling operations

There will be no deviation from the proposed drilling and/or workover program without prior approval from the Division of Oil, Gas & Mining.

13. Company Representative

Jean Semborski
Permitting Supervisor
ConocoPhillips Company
6825 S. 5300 W. P.O. Box 851
Price, Utah 84501
(435) 613-9777
(435) 820-9807

Mail Approved A.P.D. To:

Company Representative

Excavation Contractor

Larry Jensen, Vice President
Nelco Contractors Inc.
Vice President
(435) 637-3495
(435) 636-5268

14. Certification

I hereby certify that I, or persons under my direct supervision have inspected the proposed drillsite and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan 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 Company and its subcontractors in conformity with this plan and the terms and conditions under which it is approved.

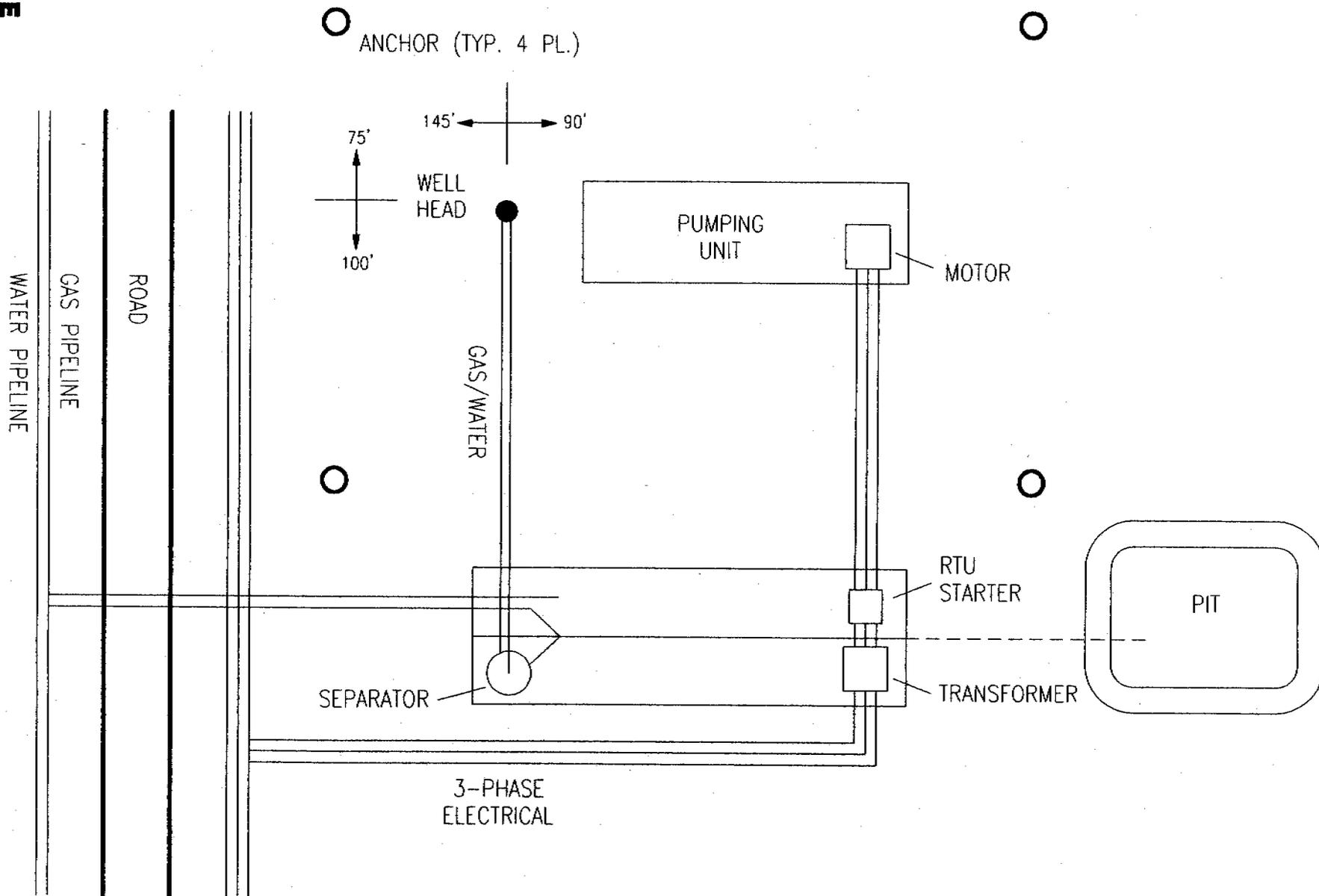
9/5/03
Date


Jean Semborski
Jean Semborski
Permitting Supervisor
ConocoPhillips Company

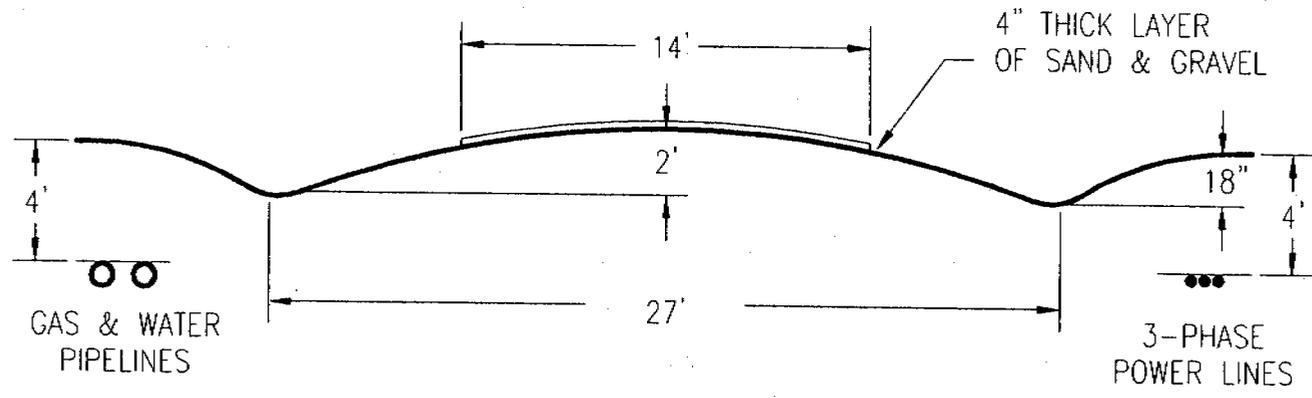
EXHIBIT E

CONOCOPHILLIPS

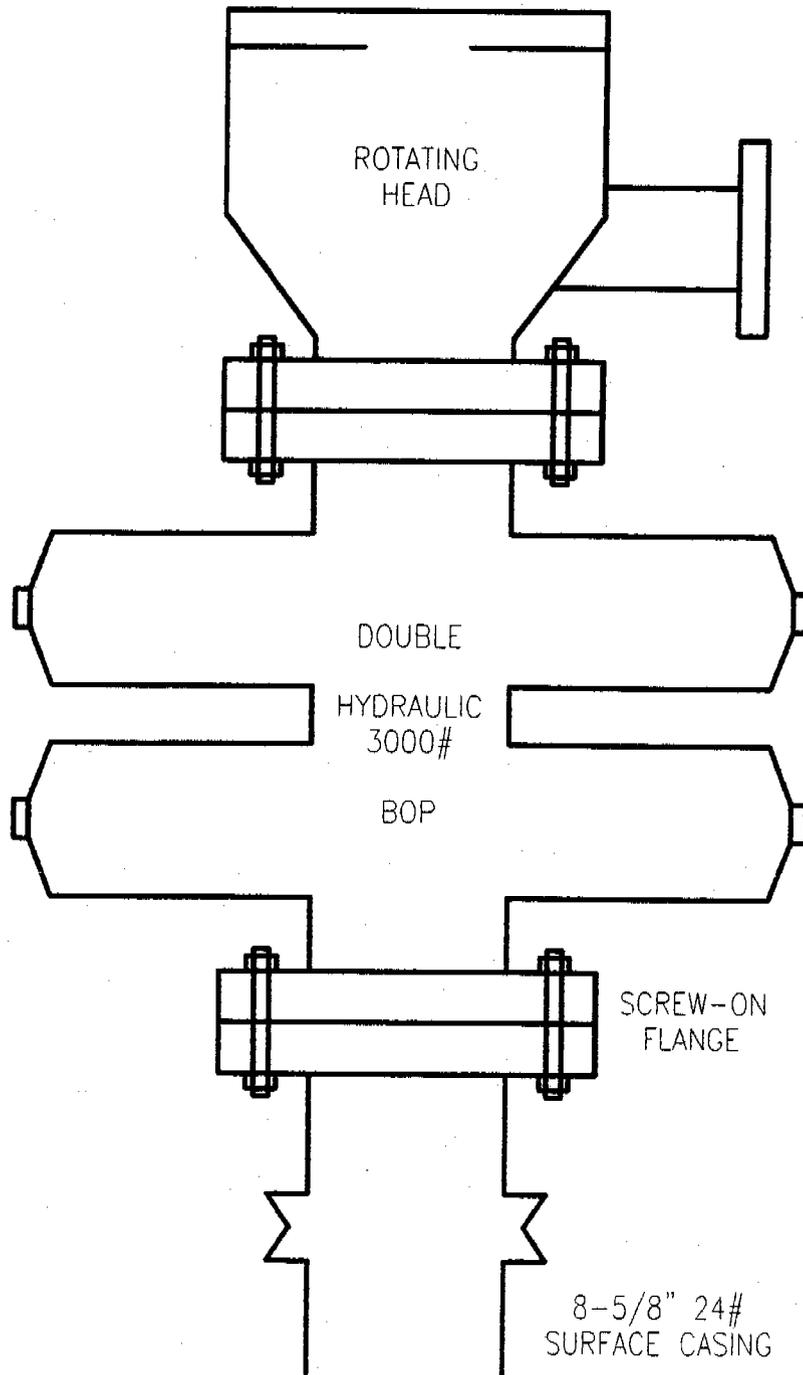
WELL SITE LAYOUT (235' x 175')



TYPICAL ROAD CROSS-SECTION



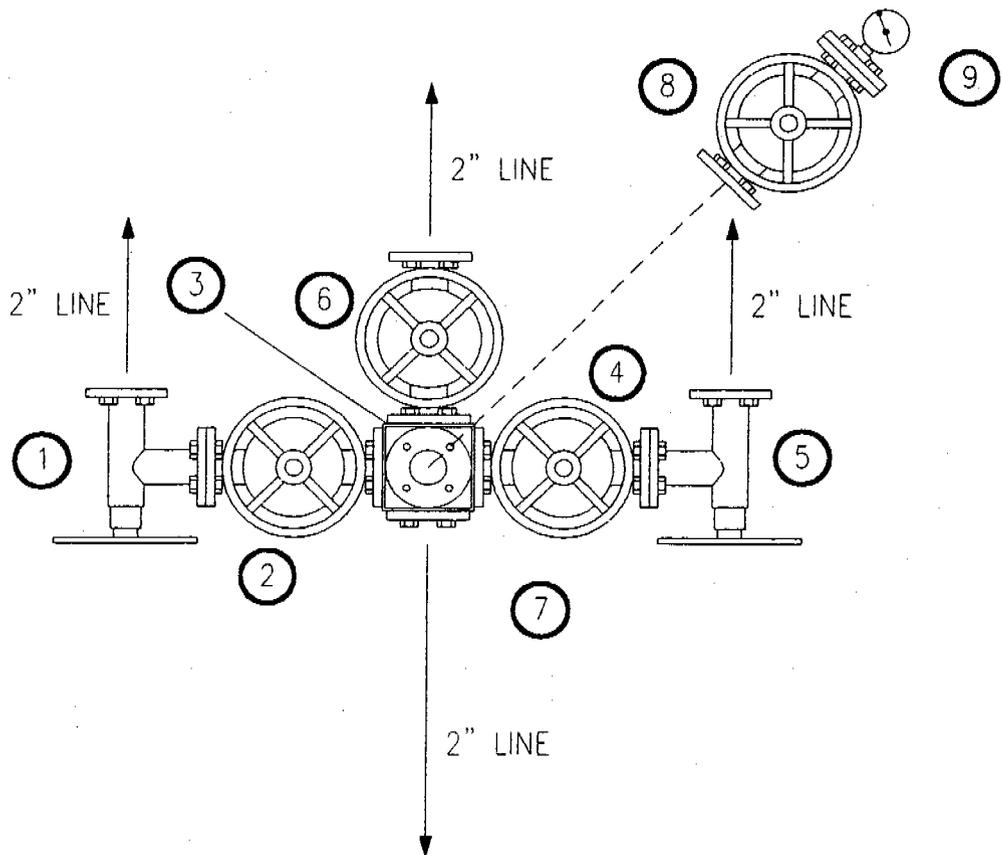
DIVERTER HEAD



- (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

SURETY RIDER

To be attached to and form a part of

Bond No. 5952189

Type of
Bond: BOND OF LESSEE

dated
effective 01/31/2001
(MONTH-DAY-YEAR)

executed by PHILLIPS PETROLEUM COMPANY
(PRINCIPAL)

,as Principal,

and by SAFECO INSURANCE COMPANY OF AMERICA

,as Surety,

in favor of STATE OF UTAH
(OBLIGEE)

in consideration of the mutual agreements herein contained the Principal and the Surety hereby consent to changing

PRINCIPAL NAME IS HEREBY AMENDED FROM PHILLIPS PETROLEUM COMPANY TO CONOCOPHILLIPS
COMPANY.

Nothing herein contained shall vary, alter or extend any provision or condition of this bond except as herein expressly stated.

This rider
is effective 01/01/2003
(MONTH-DAY-YEAR)

Signed and Sealed 02/28/2003
(MONTH-DAY-YEAR)

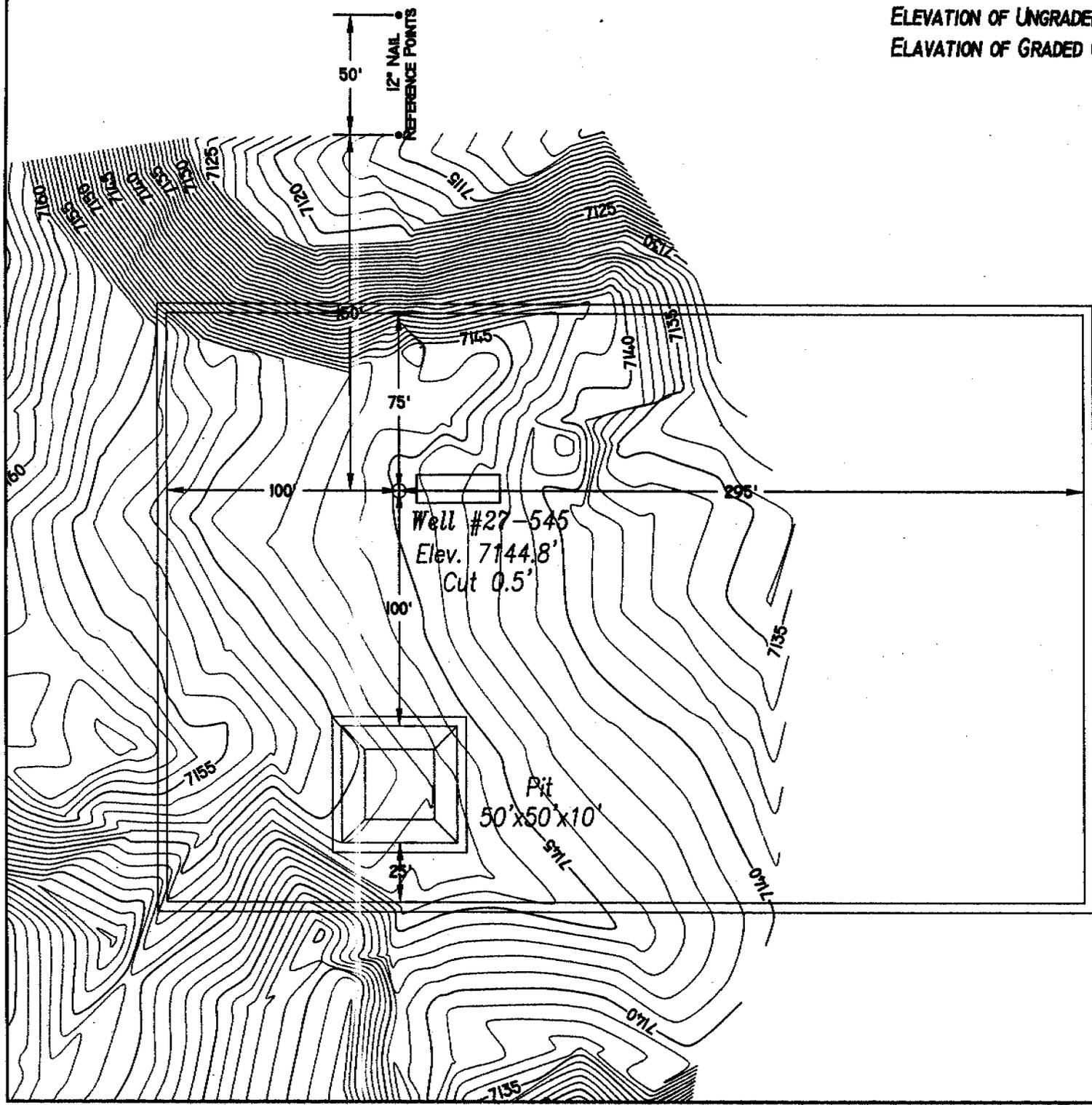
CONOCOPHILLIPS COMPANY
(PRINCIPAL)

By: P. Boggins
(PRINCIPAL) Pam Boggins, Its Agent & Attorney-in-Fact

SAFECO INSURANCE COMPANY OF AMERICA
(SURETY)

By: [Signature]
(ATTORNEY-IN-FACT) FRANK A. WORD, JR.

ELEVATION OF UNGRADED GROUND AT LOCATION STAKE = 7144.8'
 ELEVATION OF GRADED GROUND AT LOCATION STAKE = 7144.3'



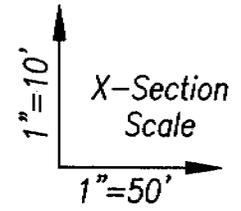
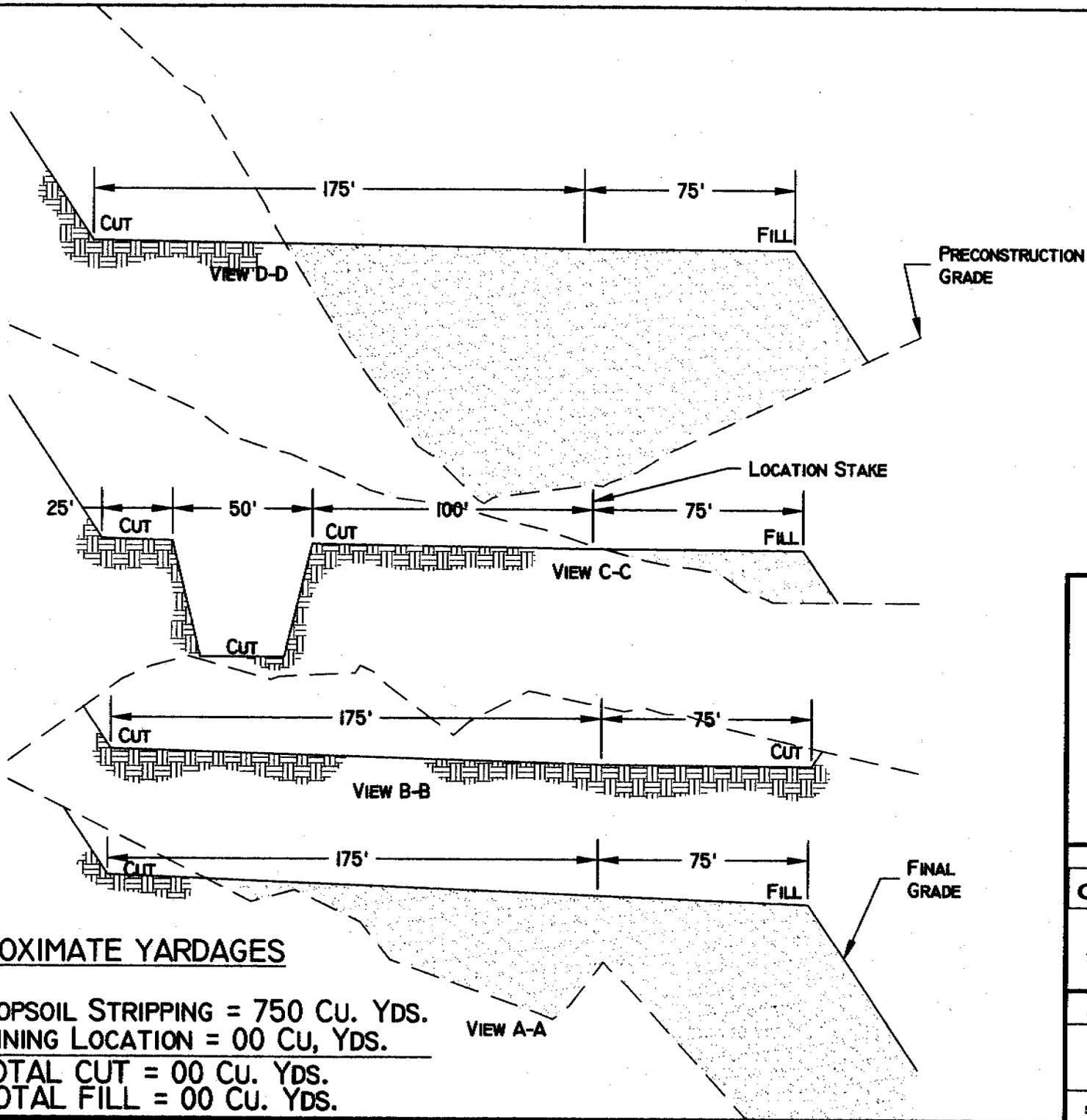
TALON RESOURCES, INC.
 196 North 100 West P.O. Box 1288
 Huntington, Utah 84038
 Phone (435)987-5810 Fax (435)987-5811
 E-Mail talon@trv.net

ConocoPhillips Company

LOCATION LAYOUT
 Section 27, T15S, R8E, S.L.B.&M.
 Utah #27-545

Drawn By: J. STANSFIELD	Checked By: L.W.J.
Drawing No. A-2	Date: 08/27/03
	Scale: 1" = 50'
Sheet 2 of 4	Job No. 1200

EX. A
2 OF 3



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



TALON RESOURCES, INC
135 North 100 West P.O. Box 1230
Huntington, Utah 84228
Phone (435)887-0310 Fax (435)887-0311
E-Mail talon@trast

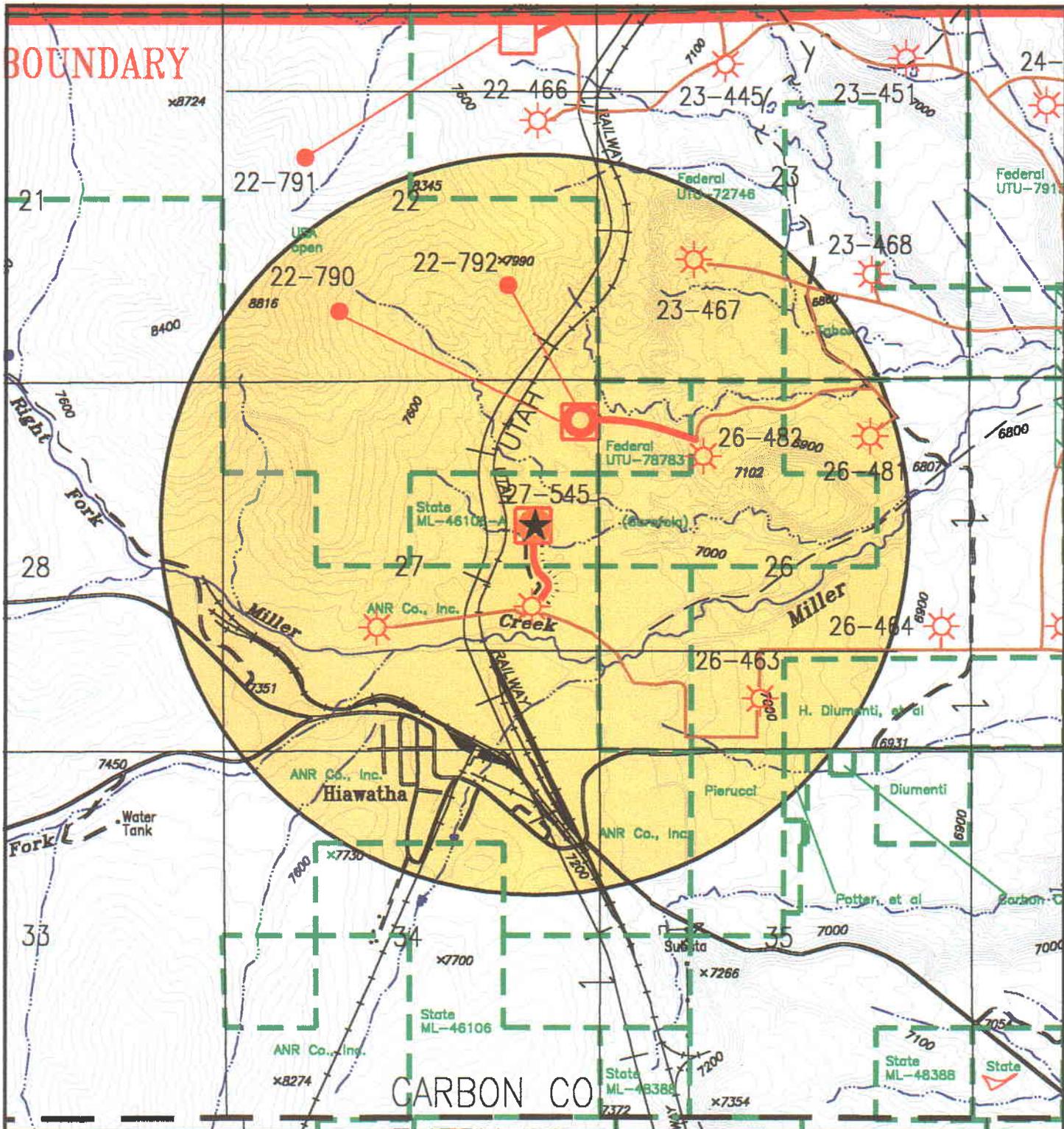
ConocoPhillips Company

TYPICAL CROSS SECTION
Section 27, T15S, R8E, S.L.B.&M.
Utah 27-545

Drawn By: J. STANSFIELD	Checked By: L.W.J.
Drawing No. C-1	Date: 08/27/03
	Scale: 1" = 50'
Sheet 3 of 4	Job No. 1200

APPROXIMATE YARDAGES
CUT
(6") TOPSOIL STRIPPING = 750 CU. YDS.
REMAINING LOCATION = 00 CU, YDS.
TOTAL CUT = 00 CU. YDS.
TOTAL FILL = 00 CU. YDS.

EXHIBIT "A" 3 OF 3



LEGEND

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



Scale: 1" = 2000'

August 22, 2003

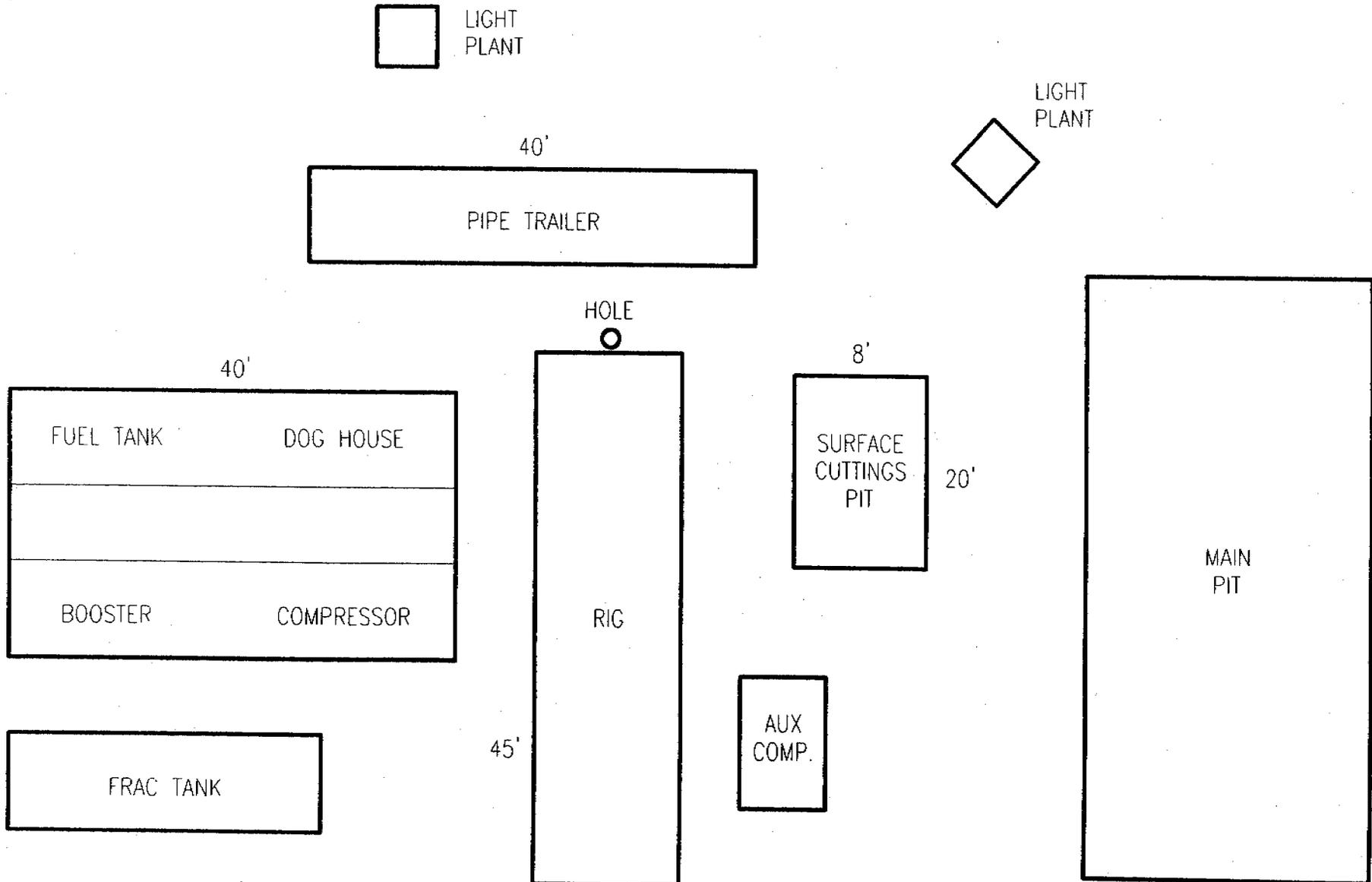
ConocoPhillips Company
 6825 South 5300 West
 P.O. Box 851
 Price, Utah 84501
 Phone: (435) 613-9777
 Fax: (435) 613-9782



WELL # 27-545
 Section 27, T15S, R8E, S.L.B.&M.
 Exhibit B 1 of 2

EXHIBIT C

APPROXIMATE LAYOUT OF RIG & EQUIPMENT



WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 09/17/2003

API NO. ASSIGNED: 43-007-30946

WELL NAME: UTAH 27-545

OPERATOR: CONOCOPHILLIPS COMPANY (N2335)

CONTACT: JEAN SEMBORSKI

PHONE NUMBER: 435-613-9777

PROPOSED LOCATION:

SENE 27 150S 080E
SURFACE: 1942 FNL 1008 FEL
BOTTOM: 1942 FNL 1008 FEL
CARBON
DRUNKARDS WASH (48)

LEASE TYPE: 3 - State

LEASE NUMBER: ML-46106A

SURFACE OWNER: 3 - State

PROPOSED FORMATION: FRSD

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	DKD	9/24/03
Geology		
Surface		

LATITUDE: 39.49336

LONGITUDE: 111.00602

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[] Ind[] Sta[3] Fee[]
(No. 5952189)
- 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:

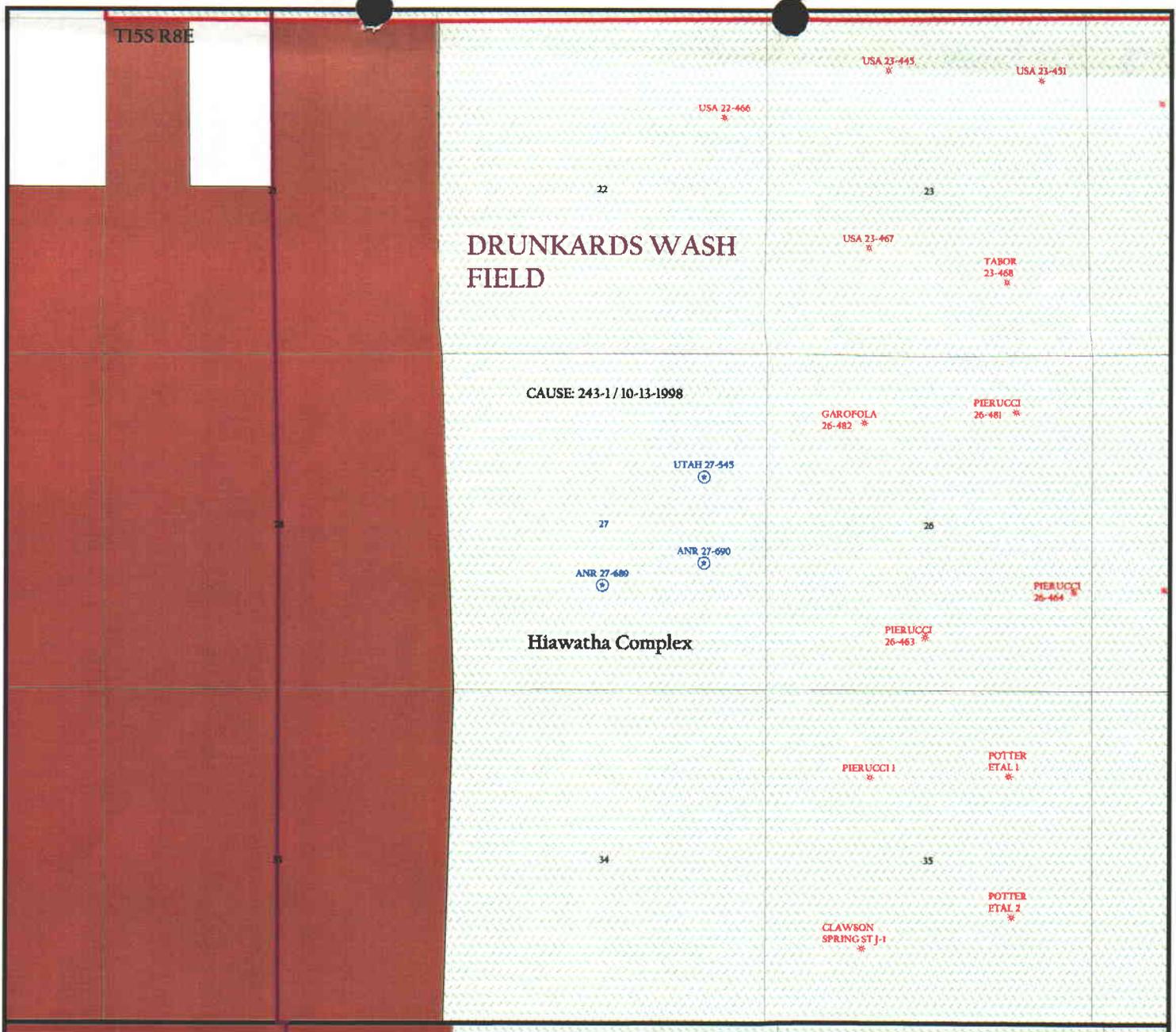
- R649-2-3.
Unit _____
- R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells
- R649-3-3. Exception
- Drilling Unit
Board Cause No: 243-1
Eff Date: 10-18-1998
Siting: 1100' fr Outer boundary & 1320' fr other wells
- R649-3-11. Directional Drill

COMMENTS:

Needs Permit (Recd 9/12/03)

STIPULATIONS:

(1) STATEMENT OF BASIS



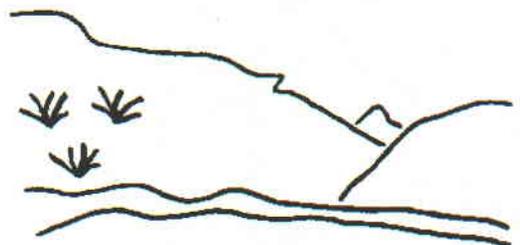
OPERATOR: CONOCOPHILLIPS (N2335)

SEC. 27 T.15S, R.8E

FIELD: DRUNKARDS WASH (48)

COUNTY: CARBON

CAUSE: 243-1 / 10-13-1998



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



PREPARED BY: DIANA MASON
DATE: 19-SEPTEMBER-2003

**DIVISION OF OIL, GAS AND MINING
APPLICATION FOR PERMIT TO DRILL
STATEMENT OF BASIS**

OPERATOR: ConocoPhillips Company
WELL NAME & NUMBER: Utah 27-545
API NUMBER: 43-007-30946
LOCATION: 1/4,1/4 SENE Sec: 27 TWP: 15S RNG: 8E 1942 FNL 1009 FEL

Geology/Ground Water:

A poorly to moderately permeable soil is developed on the Upper Portion of the Blue Gate Member of the Mancos Shale. It is unlikely that an aquifer containing high quality ground water will be penetrated. It is possible that the Emery Sandstone Member of the Mancos Shale, which is likely in the subsurface at this location, may contain a minor ground water resource. The proposed casing and cementing program should adequately isolate any zones of fresh water that may be penetrated, but the operator must extend the surface casing setting depth as needed to completely contain all Emery Sandstone Member strata, including the Garley Sandstone Beds. Within a mile of the well location there are six water rights that have been filed, including two on water wells and one on a spring.

Reviewer: Christopher J. Kierst

Date: 9/24/2003

Surface:

Proposed location is ~13 miles Southwest of Price, Utah and ~12 miles Northwest of Huntington, Utah on SITLA surface. The direct area drains to the east into the Miller Creek drainage and eventually dumps into the Price River. Proposed site sits north of the old town site of Hiawatha and just east of the existing Utah Railway railroad. The soil is a gravely sandy clay and easily erodes upon disturbance. Proposed access will be from the south off existing PPCo gas field roads, and newly constructed gas field roads. Dry washes run throughout the immediate and surrounding area. Access crosses private (ANR) surface and state surface. This well pad is proposed larger than typical PPCo locations due to the potential of placing a directional hole off this pad in the future. SITLA had no objections to this at the on-site meeting. SITLA and DWR were invited and were in attendance for the on-site evaluation. Carbon County was invited but chose not to attend the on-site.

Reviewer: Mark L. Jones **Date:** September 18, 2003

Conditions of Approval/Application for Permit to Drill:

1. Culverts sufficient to handle run-off as needed where crossing drainages.
2. Berm the location and pit.
3. Divert all existing drainages around the location.
4. A synthetic liner with a minimum thickness of 12 mils shall be properly maintained in the reserve pit.

ON-SITE PREDRILL EVALUATION
Division of Oil, Gas and Mining

OPERATOR: ConocoPhillips Company
WELL NAME & NUMBER: Utah 27-545
API NUMBER: 43-007-30946
LEASE: State **FIELD/UNIT:** _____
LOCATION: 1/4, 1/4 SENE Sec: 27 TWP: 15S RNG: 8E 1942 FNL 1009 FEL
LEGAL WELL SITING: 660 F Unit Boundary; 1320 F ANOTHER WELL.
GPS COORD (UTM): X = 499479 E; Y = 4371306 N SURFACE OWNER: SITLA

PARTICIPANTS

M. Jones (DOGM), J. Semborski (Phillips), Larry Jensen (NELCO), Ed Bonner (SITLA), and T. Wright (DWR) were in attendance for the on-site evaluation. Carbon County was also invited to attend the on-site evaluation however chose not to attend.

REGIONAL/LOCAL SETTING & TOPOGRAPHY

Proposed location is ~13 miles Southwest of Price, Utah and ~12 miles Northwest of Huntington, Utah on SITLA surface. The direct area drains to the east into the Miller Creek drainage and eventually dumps into the Price River. Proposed site sits north of the old town site of Hiawatha and just east of the existing Utah Railway railroad. The soil is a gravely sandy clay and easily erodes upon disturbance. Proposed access will be from the south off existing PPCo gas field roads, and newly constructed gas field roads.

SURFACE USE PLAN

CURRENT SURFACE USE: Grazing and wildlife habitat.
PROPOSED SURFACE DISTURBANCE: 250' x 395' and a 50'x50'x10' pit included within the pad dimensions.
LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS: 6 producing, and 1 PA gas wells are within a 1 mile radius of the above proposed well.
LOCATION OF PRODUCTION FACILITIES AND PIPELINES: Along roadside.
SOURCE OF CONSTRUCTION MATERIAL: Obtained locally and transported in.
ANCILLARY FACILITIES: None anticipated.

WASTE MANAGEMENT PLAN:

Portable chemical toilets which will be emptied into the municipal waste treatment system; garbage cans on location will be emptied into centralized dumpsters which will be emptied into an approved landfill. Crude oil production is unlikely. Drilling fluid, completion / frac fluid and cuttings will be buried in the pit after evaporation and slashing the pit liner. Produced water will be gathered to the evaporation pit and eventually injected into the Navajo Sandstone via a salt-water disposal well. Used oil from drilling operations and support is hauled to a used oil recycler and reused.

ENVIRONMENTAL PARAMETERS

AFFECTED FLOODPLAINS AND/OR WETLANDS: Dry washes run throughout the immediate and surrounding area.

FLORA/FAUNA: PJ, yucca, sage, grasses, deer, elk, small-game, rodents, raptors and other fowl.

SOIL TYPE AND CHARACTERISTICS: Gravelly sandy clay.

EROSION/SEDIMENTATION/STABILITY: Erosive upon disturbance.

PALEONTOLOGICAL POTENTIAL: None observed.

RESERVE PIT

CHARACTERISTICS: Dugout earthen pit.

LINER REQUIREMENTS (Site Ranking Form attached): Liner required.

SURFACE RESTORATION/RECLAMATION PLAN

As per surface use agreement.

SURFACE AGREEMENT: As per SITLA lease.

CULTURAL RESOURCES/ARCHAEOLOGY: Completed, on-file, and is clear.

OTHER OBSERVATIONS/COMMENTS

Discussion was made during the on-site regarding the following concerns:

- Layout plat for this well submitted by PPCo had some errors on it, topography under the location plat was off 90 degrees. PPCo will have this corrected and submit a correct plat for the APD in SLC office.
- Access crosses private (ANR) surface and state surface.
- This well pad is proposed larger than typical PPCo locations due to the potential of placing a directional hole off this pad in the future. SITLA had no objections to this at the on-site meeting.

ATTACHMENTS

Photos of this location were taken and placed on file.

Mark L. Jones
DOGM REPRESENTATIVE

September 12, 2003 / 10:30 am
DATE/TIME

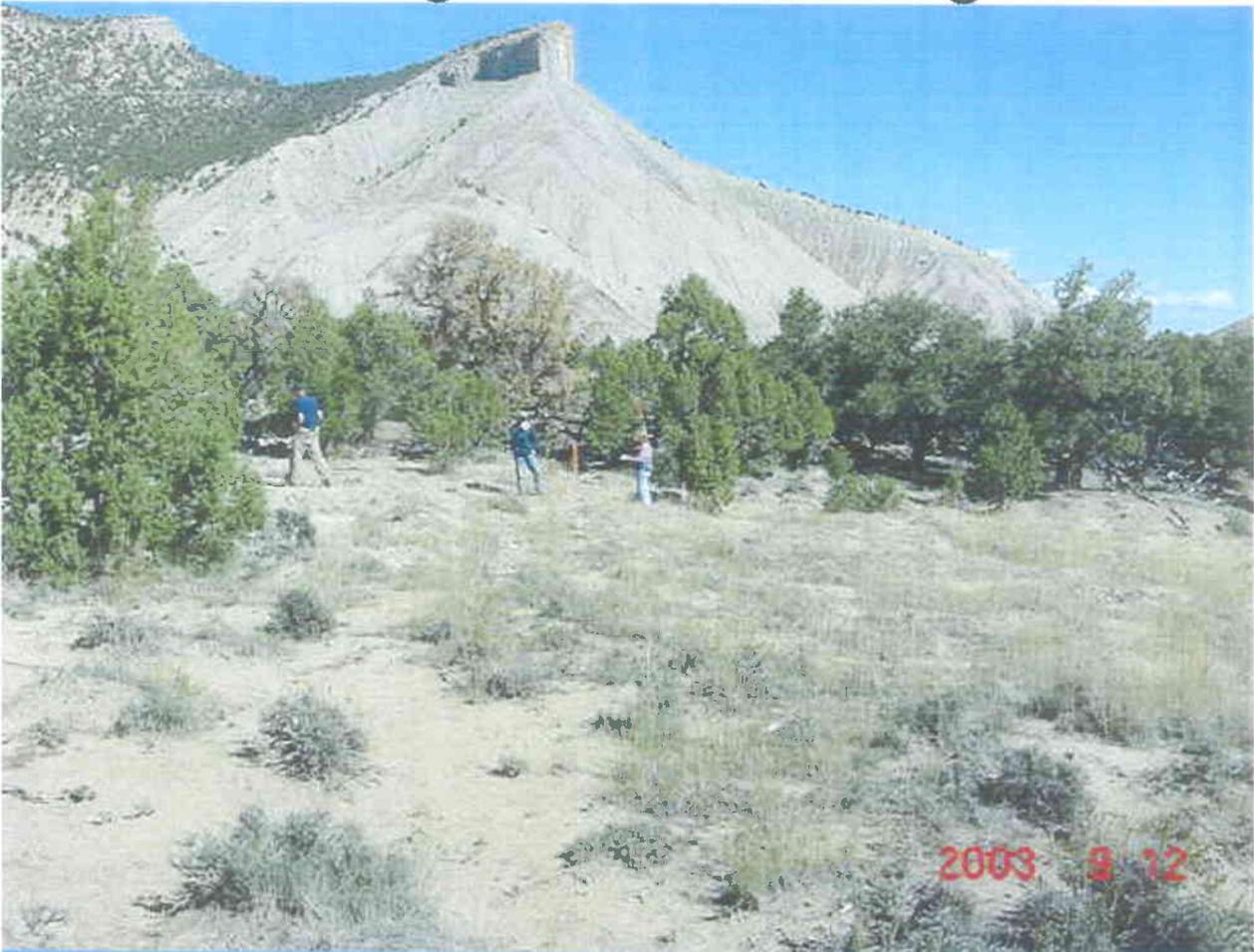
**Evaluation Ranking Criteria and Ranking Score
For Reserve and Onsite Pit Liner Requirements**

<u>Site-Specific Factors</u>	<u>Ranking</u>	<u>Site Ranking</u>
Distance to Groundwater (feet)		
>200	0	
100 to 200	5	
75 to 100	10	
25 to 75	15	
<25 or recharge area	20	<u>0</u>
Distance to Surf. Water (feet)		
>1000	0	
300 to 1000	2	
200 to 300	10	
100 to 200	15	
< 100	20	<u>0</u>
Distance to Nearest Municipal Well (feet)		
>5280	0	
1320 to 5280	5	
500 to 1320	10	
<500	20	<u>0</u>
Distance to Other Wells (feet)		
>1320	0	
300 to 1320	10	
<300	20	<u>0</u>
Native Soil Type		
Low permeability	0	
Mod. permeability	10	
High permeability	20	<u>20</u>
Fluid Type		
Air/mist	0	
Fresh Water	5	
TDS >5000 and <10000	10	
TDS >10000 or Oil Base Mud Fluid containing significant levels of hazardous constituents	15	
	20	<u>0</u>
Drill Cuttings		
Normal Rock	0	
Salt or detrimental	10	<u>0</u>
Annual Precipitation (inches)		
<10	0	
10 to 20	5	
>20	10	<u>5</u>
Affected Populations		
<10	0	
10 to 30	6	
30 to 50	8	
>50	10	<u>0</u>
Presence of Nearby Utility Conduits		
Not Present	0	
Unknown	10	
Present	15	<u>0</u>

Final Score 25 (Level I Sensitivity)

Sensitivity Level I = 20 or more: total containment is required.
Sensitivity Level II = 15-19: lining is discretionary.
Sensitivity Level III = below 15: no specific lining is required.

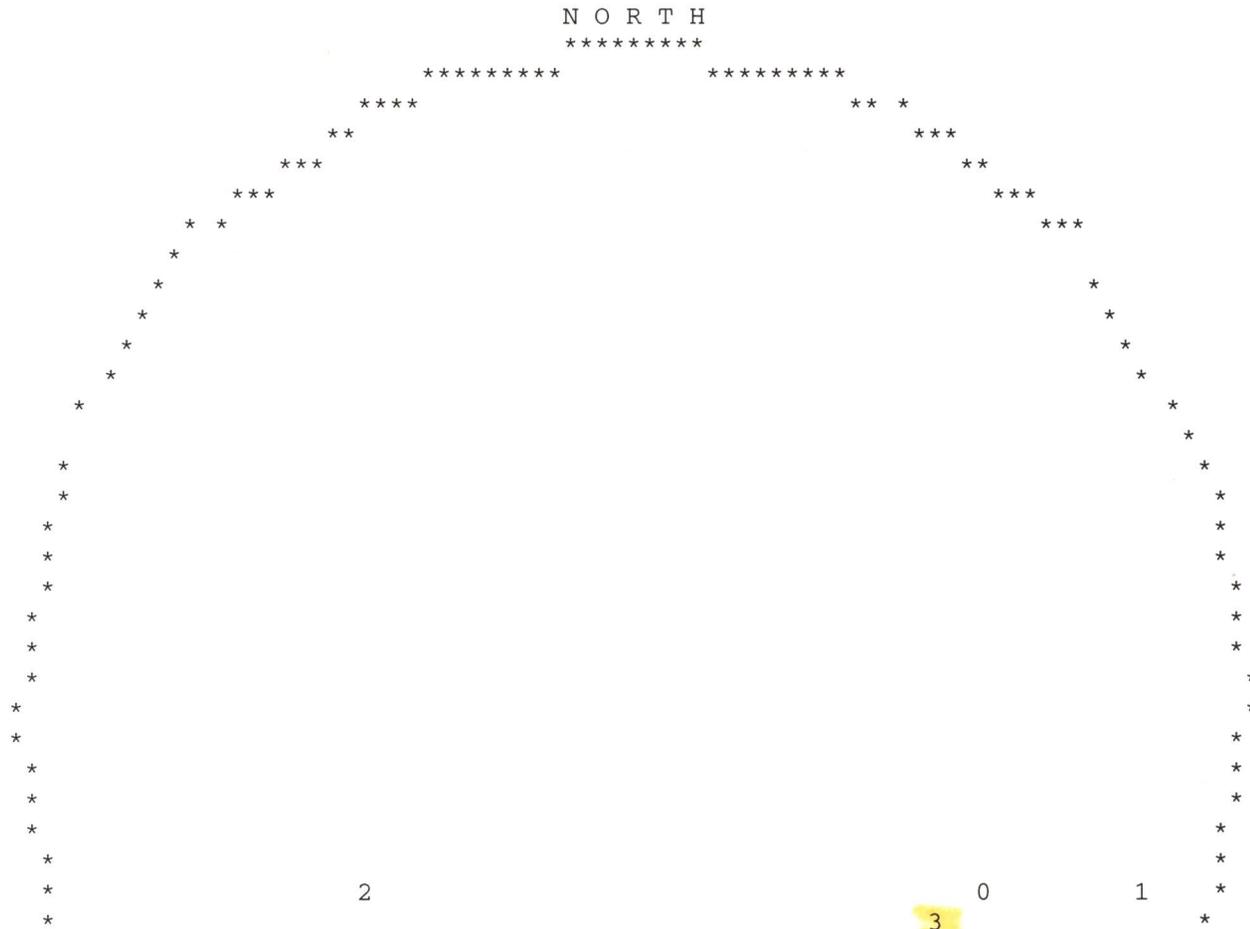


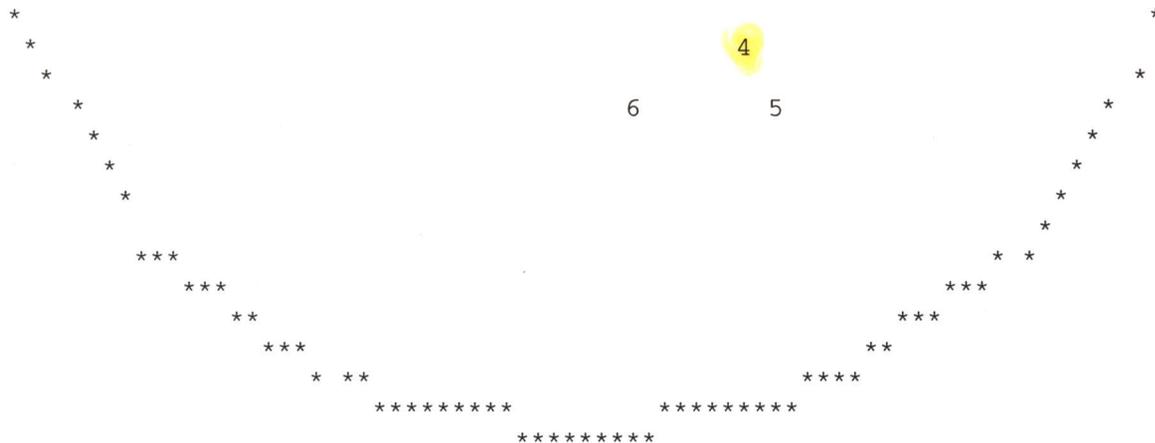


UTAH DIVISION OF WATER RIGHTS
WATER RIGHT POINT OF DIVERSION PLOT CREATED WED, SEP 24, 2003, 9:46 AM
PLOT SHOWS LOCATION OF 7 POINTS OF DIVERSION

PLOT OF AN AREA WITH A RADIUS OF 5280 FEET FROM A POINT
S 1942 FEET, W 1008 FEET OF THE NE CORNER,
SECTION 27 TOWNSHIP 15S RANGE 8E SL BASE AND MERIDIAN

PLOT SCALE IS APPROXIMATELY 1 INCH = 2000 FEET





UTAH DIVISION OF WATER RIGHTS
 NWPLAT POINT OF DIVERSION LOCATION PROGRAM

MAP CHAR	WATER RIGHT	QUANTITY CFS	AND/OR AC-FT	SOURCE DESCRIPTION or WELL INFO DIAMETER DEPTH YEAR LOG NORTH EAST	POINT OF DIVERSION DESCRIPTION CNR SEC TWN RNG B&M	U A N P N P
0	<u>91 841</u>	.0110	.00	Unnamed Spring		
		WATER USE(S):			PRIORITY DATE: 00/00/1869	
		Dees, Carl F. Jr. and Amy		P.O. Box 981	Price	UT 8
1	<u>91 1157</u>	.0000	.00	Miller Creek		
		WATER USE(S):			PRIORITY DATE: 00/00/1869	
		Pierucci, Victor		119 Greenwood Avenue	San Rafael	CA
		Dees, Carl F. Jr. and Amy		P.O. Box 981	Price	UT 8
2	<u>91 3333</u>	.0000	.00	Left Fork Miller Creek		
		WATER USE(S):			PRIORITY DATE: 00/00/1869	
		ANR Co. Inc		3212 South State Street	Salt Lake City	UT 8
3	<u>91 840</u>	.0150	.00	UGW Well	N 1700 W 1100 S4 26 15S 8E SL	
		WATER USE(S): DOMESTIC			PRIORITY DATE: 00/00/1903	

	Dees, Carl F. Jr. and Amy	P.O. Box 981	Price	UT 8
4	<u>91 839</u> .0150	.00 UGW Well	N 1200 E 290 SW 26 15S 8E SL	
	WATER USE(S): DOMESTIC		PRIORITY DATE: 00/00/1903	
	Pierucci, Victor	119 Greenwood Avenue	San Rafael	CA
5	<u>91 1157</u> .0000	.00 Miller Creek		
	WATER USE(S):		PRIORITY DATE: 00/00/1869	
	Pierucci, Victor	119 Greenwood Avenue	San Rafael	CA
	Dees, Carl F. Jr. and Amy	P.O. Box 981	Price	UT 8
6	<u>91 3763</u> .0000	.00 Miller Creek		
	WATER USE(S): STOCKWATERING		PRIORITY DATE: 00/00/1869	
	Anr Co. Inc	3212 South State Street	Salt Lake City	UT 8

09-03 ConocoPhillips Utah 27-545
Casing Schematic

Mancos Shale

Surface

8-5/8"
MW 8.2
Frac 19.3

TOC @
0.

w/15% Washout

Surface
415. MD

BHP

$$(0.052)(8.6)(4155) = 1858$$

Anticipated 1799

Gas

$$(0.12)(4155) = 498$$

MASP = 1360

BOPE = 3000 proposed
w/ rotating head

Adequate DRO
a/24/03

TOC @
2282.

3642' TOC tail ✓

3705 Blue Gate / Ferron

} coals / s.s.

3855

w/15% Washout

5-1/2"
MW 8.6

Production
4155. MD

Well name:	09-03 ConocoPhillips Utah 27-545	
Operator:	PhillipsConoco Company	Project ID:
String type:	Production	43-007-30946
Location:	Carbon County	

Design parameters:

Collapse
Mud weight: 8.600 ppg
Design is based on evacuated pipe.

Burst
Max anticipated surface pressure: 0 psi
Internal gradient: 0.447 psi/ft
Calculated BHP: 1,856 psi

No backup mud specified.

Minimum design factors:

Collapse:
Design factor: 1.125

Burst:
Design factor: 1.00

Tension:
8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Tension is based on air weight.
Neutral point: 3,613 ft

Environment:

H2S considered? Yes
Surface temperature: 65 °F
Bottom hole temperature: 123 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 368 ft

Cement top: 2,282 ft

Non-directional string.

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	4155	5.5	17.00	N-80	LT&C	4155	4155	4.767	143.2
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	1856	6290	3.389	1856	7740	4.17	71	348	4.93 J

Prepared by: Clinton Dworshak
Utah Div. of Oil & Mining

Date: September 24, 2003
Salt Lake City, Utah

ENGINEERING STIPULATIONS: NONE
Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.
Collapse is based on a vertical depth of 4155 ft, a mud weight of 8.6 ppg. The casing is considered to be evacuated for collapse purposes.
Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

Well name:	09-03 ConocoPhillips Utah 27-545	
Operator:	PhillipsConoco Company	
String type:	Surface	Project ID: 43-007-30946
Location:	Carbon County	

Design parameters:

Collapse

Mud weight: 8.200 ppg
Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 0 psi
Internal gradient: 0.447 psi/ft
Calculated BHP: 185 psi

No backup mud specified.

Minimum design factors:

Collapse:

Design factor: 1.125

Burst:

Design factor: 1.00

Tension:

8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Tension is based on air weight.
Neutral point: 364 ft

Environment:

H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 71 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 123 ft

Cement top: 0 ft

Non-directional string.

Re subsequent strings:

Next setting depth: 4,145 ft
Next mud weight: 8.600 ppg
Next setting BHP: 1,852 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 415 ft
Injection pressure: 415 psi

Run Seq	Segment Length (ft)	Size (In)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	415	8.625	24.00	J-55	ST&C	415	415	7.972	20
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	177	1370	7.750	185	2950	15.91	10	244	24.50 J

Prepared by: Clinton Dworshak
Utah Div. of Oil & Mining

Date: September 24, 2003
Salt Lake City, Utah

ENGINEERING STIPULATIONS: NONE

Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.
Collapse is based on a vertical depth of 415 ft, a mud weight of 8.2 ppg. The casing is considered to be evacuated for collapse purposes.
Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.



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

September 25, 2003

ConocoPhillips Company
P O Box 851
Price, UT 84501

Re: Utah 27-545 Well, 1942' FNL, 1008' FEL, SE NE, Sec. 27, 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 43-007-30946.

Sincerely,

for John R. Baza
Associate Director

pab
Enclosures

cc: Carbon County Assessor
SITLA

Operator: ConocoPhillips Company
Well Name & Number Utah 27-545
API Number: 43-007-30946
Lease: ML-46106A

Location: SE NE Sec. 27 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**

The operator is required to notify the Division of Oil, Gas and Mining of the following actions during drilling of this well:

- 24 hours prior to cementing or testing casing
- 24 hours prior to testing blowout prevention equipment
- 24 hours prior to spudding the well
- within 24 hours of any emergency changes made to the approved drilling program
- prior to commencing operations to plug and abandon the well

The following are Division of Oil, Gas and Mining contacts and their work telephone numbers (please leave a voice mail message if the person is not available to take the call):

- Dan Jarvis at (801) 538-5338
- Carol Daniels at (801) 538-5284 (spud)

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. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical or paleontological remains be encountered during your operations, you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.

5. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)

006



State of Utah

Department of
Natural Resources

ROBERT L. MORGAN
Executive Director

Division of
Oil, Gas & Mining

LOWELL P. BRAXTON
Division Director

OLENE S. WALKER
Governor

GAYLE F. McKEACHNIE
Lieutenant Governor

October 15, 2004

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

Re: APD Rescinded – Utah 27-545, Sec. 27, T. 15S, R. 8E Carbon County,
Utah API No. 43-007-30946

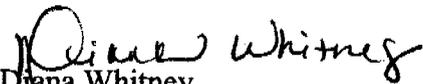
Dear Ms. Semborski:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on September 25, 2003. On October 15, 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 October 15, 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
SITLA, Ed Bonner