

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

| | | |
|--|---|---|
| 1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER | | 5. Lease Serial No. U-60402 |
| 1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone | | 6. If Indian, Allottee or Tribe Name N/A |
| 2. Name of Operator ConocoPhillips Company | | 7. If Unit or CA Agreement, Name and No. Drunkards Wash UTU-67921X |
| 3a. Address P.O. Box 851 | | 8. Lease Name and Well No. USA 13-1112 |
| 3b. Phone No. (include area code) 435-613-9777 | | 9. API Well No. 43007-31097 |
| 4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 1332' FNL, 2386' FWL 502111X 39.523998 At proposed prod. zone 4374719Y -110.975434 | | 10. Field and Pool, or Exploratory Drunkards Wash |
| 11. Sec., T. R. M. or Blk. and Survey or Area SE/NW, Sec. 13, T.15S, R.8E | | 12. County or Parish Carbon |
| 14. Distance in miles and direction from nearest town or post office* 9 Miles south and west of Price, Utah | | 13. State UT |
| 15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 2890' | 16. No. of acres in lease 2901.89 acres | 17. Spacing Unit dedicated to this well NA |
| 18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1500' | 19. Proposed Depth 3754' TD | 20. BLM/BIA Bond No. on file 8015-16-69 |
| 21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6718' GR | 22. Approximate date work will start* 04/15/2006 | 23. Estimated duration |

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

| | | |
|--|---|--------------------|
| 25. Signature | Name (Printed/Typed) Jean Semborski | Date 12/27/2005 |
| Title Construction/Asset Integrity Supervisor | | |
| Approved by (Signature) | Name (Printed/Typed) BRADLEY G. HILL | Date 03-02-06 |
| Title ENVIRONMENTAL MANAGER | | |

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, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

Federal Approval of this
Action is Necessary

RECEIVED

JAN 05 2006

DIV. OF OIL, GAS & MINING

Range 8 East

Township 15 South

N89°36'02"E - 5381.31'

(N89°57'E - 2640.66')

(N89°55'E - 2739.66')

ELEV. 6847'

(NORTH - 2644.62')

1332.49'

USA #13-1112
ELEV. 6718.5'

2385.78'

UTM
N 4374714
E 502107

13

(N00°29'16"W - 5279.55')

(N00°18'W - 2635.38')

(N00°06'E - 2647.26')

(N00°30'E - 2629.44')

(S89°56'E - 2669.70')

(N89°56'E - 2665.08')

Location:

The well location was determined using a Trimble 5700 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:

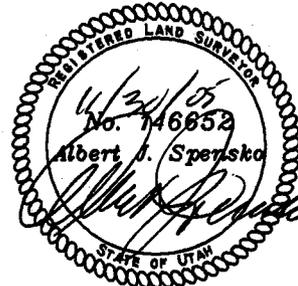
Basis of Elevation of 6847' being at the Northwest Section Corner of Section 13, Township 15 South, Range 8 East, Salt Lake Base and Meridian, as shown on the Pinnacle Peak Quadrangle 7.5 minute series map.

Description of Location:

Proposed Drill Hole located in the SE/4 NW/4 of Section 13, T15S, R8E, S.L.B.&M., being 1332.49' South and 2385.78' East from the Northwest Section Corner of Section 13, 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.

195 North 100 West P.O. Box 1230

Huntington, Utah 84528

Phone (435)687-5310 Fax (435)687-5311

E-Mail talon@trv.net

ConocoPhillips Company

WELL USA #13-1112
Section 13, T15S, R8E, S.L.B.&M.
Carbon County, Utah

| | |
|--------------------------|-----------------------------|
| Drawn By N. BUTKOVICH | Checked By L.W.J./A.J.S. |
| Drawing No. A-1 | Date 11/28/05 |
| | Scale 1" = 1000' |
| Sheet 1 of 1 | Job No. 2005 |

Legend

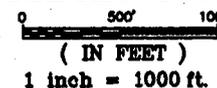
- Drill Hole Location
- ⊙ Metal Cap (Found)
- Brass Cap (Searched for, but not found)
- △ Calculated Corner
- () GLO
- GPS Measured

NOTES:

1. UTM and Latitude / Longitude Coordinates are derived using a GPS Pathfinder and are shown in NAD 27 Datum.

LAT / LONG
39°31'26.229"N
110°58'31.750"W

GRAPHIC SCALE



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

Company ConocoPhillips Company Well No. USA 13-1112
Location: Sec. 13, T 15 S, R 08E Lease No. U-60402
On-Site Inspection Date: 10/27/2005

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: 3177' TD = 3754'
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>3193'-3341'</u> | |
| Expected Water Zones: <u>3193'-3341'</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 3744' of 5-1/2", N-80 17#/ft production casing will be installed, 400' 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 cementing information below.

Proposed Casing and Cementing Programs
USA 13-1112

| Hole Size | Casing Size | Wt/Ft | Grade | Joint | Depth set |
|-----------|-------------|-------|-------|-------|-----------------|
| 14 3/4" | 12 3/4" | 40.5 | H-40 | ST&C | 0-50' |
| 11" | 8 5/8" | 24.0 | J-55 | ST&C | 0-400' |
| 7 7/8" | 5 1/2" | 17.0 | N-80 | LT&C | 0- <u>3744'</u> |

Cementing Program

The 8 5/8" surface casing will be set with approximately 170 sacks Class G or Type V cement with 2% CaCl₂ mixed at 15.6 ppg (yield =1.18 ft³/sx). The cement will be circulated back to surface with 100% excess.

The 5 1/2" production casing will be set and cemented using a two stage cementing process. This entails setting casing to total TD and running a DV tool to approximately 300' of the top of the Ferron.

The 1st Stage of cement will then be pumped to approximately 50' from the DV tool. After cement is pumped, the cement cap will be removed and a wiper plug installed. The cement cap will then be screwed back on and a wiper plug will be displaced to TD. The cement cap will be removed and the DV tool bomb will be dropped followed by the 2nd Stage wiper plug. (This is done to open the DV tool and establish circulation.) Once circulation is established, circulation will continue at approximately 1 bpm for 4 hours while waiting on cement (WOC). WOC at a minimum of 4 hours before beginning 2nd stage cement job. After the 2nd Stage has been pumped, a top wiper plug will be dropped and displaced with water (or water spacer and mud). Shut in well and WOC.

The 5 1/2" production casing will be set with approximately 105 sacks of Standard Cement, 10% Cal Seal 60 (accelerator), 1% Calcium Chloride (accelerator), 1/4 lbm/sk Flocele (lost circulation additive) with a yield of 1.61 ft³/sx at 14.2 ppg; calculated with an excess of 35% for the 1st Stage. For the 2nd stage, approximately 322 sx of 50/50 POZ Premium cement, 8% Bentonite (light weight additive), 10% Cal Seal 60 (accelerator), 1/4 lbm/sk Flocele (lost circulation additive) with a yield of 1.98 ft³/sx at 12.5 ppg; calculated with an excess of 30% for the 2nd Stage.

The above cement volumes are approximate and are calculated under the assumption that a gauge hole will be achieved. If the cement does not return to surface, a cement bond log will be run to determine the top of cement. In the case where the cement is below the surface casing shoe, the casing will be perforated and squeeze cemented to the surface. If the cement is above the surface casing shoe, cement will be one-inched to the surface.

6. Mud Program and Circulating Medium- include mud components and weights. When air drilling, also include: length and location of bloopie 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 with the bloopie line extending to the large pit.
7. Coring, Logging and Testing Program: Gamma, Neutron Density, and Cement Bond Log. Initial opening of drill stem test tools will be restricted to daylight hours.
8. Abnormal Conditions, Bottom Hole Pressures and Potential Hazards- include anticipated bottom hole pressure and/or pressure gradient: No abnormal conditions are anticipated, formation is slightly over-pressured. Using a 0.433 pressure gradient bottom hole pressure expected is about 1083 psi max., however due to offset production pressures may be much lower.
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 (Refer to Drawing L-1).
 - b. Location of proposed well in relation to town or other reference point: 9 miles west 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): Refer to Drawing L-1
- b. Length of new access to be constructed: 600'
- c. Length of existing roads to be upgraded NA'
- d. Maximum total disturbed width: 27'
- e. Maximum travel surface width: 24'
- f. Maximum grades: 5%
- 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 1 culverts may be needed and placed along new 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: NA
- 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 Drawing "L-1".
4. Location of Production Facilities:
 - a. On-site facilities: See Exhibit "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 4" for the gas and 4" 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 600' long. The pipelines will be brought to the USA 13-1112 from the existing USA 13-419.

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 that are 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

If necessary, 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 cover the seed.

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: Construction/Asset Integrity 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 Nation Wide Oil and Gas 8015-16-69. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.



Signature

Construction/Asset Integrity Supervisor

Title

12/27/05

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:

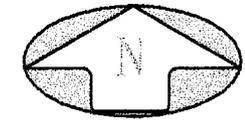
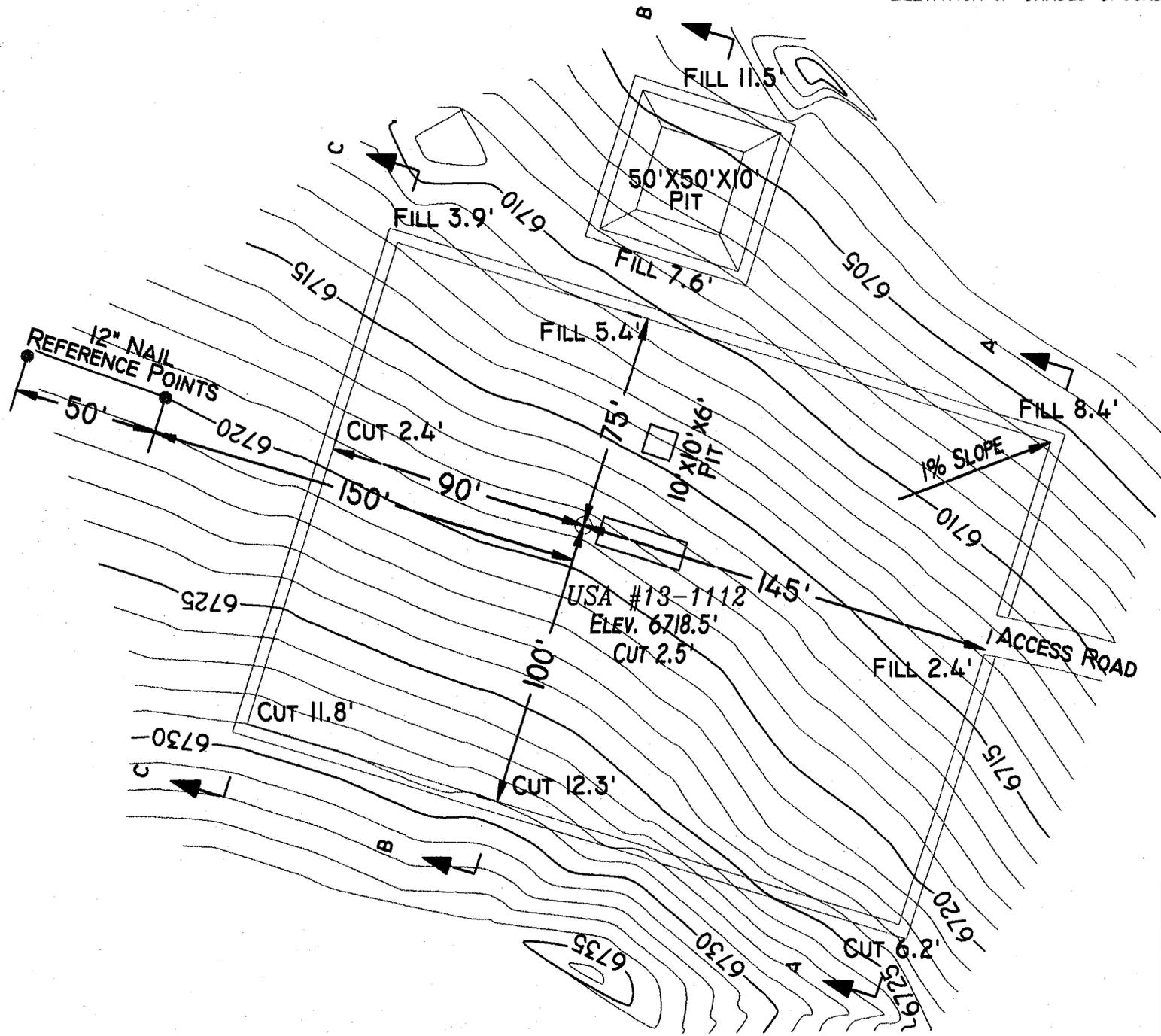
- 2 days prior to commencement of dirt work, construction or reclamation;
- 1 day prior to spudding;
- 50 feet prior to reaching surface and intermediate casing depths;
- 3 hours prior to testing BOP;
- 12 hours prior to reaching kickoff point depth (if applicable).

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 = 6718.5'
 ELEVATION OF GRADED GROUND AT LOCATION STAKE = 6716.0'



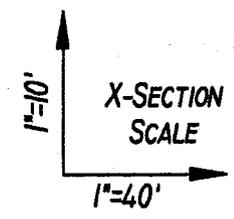
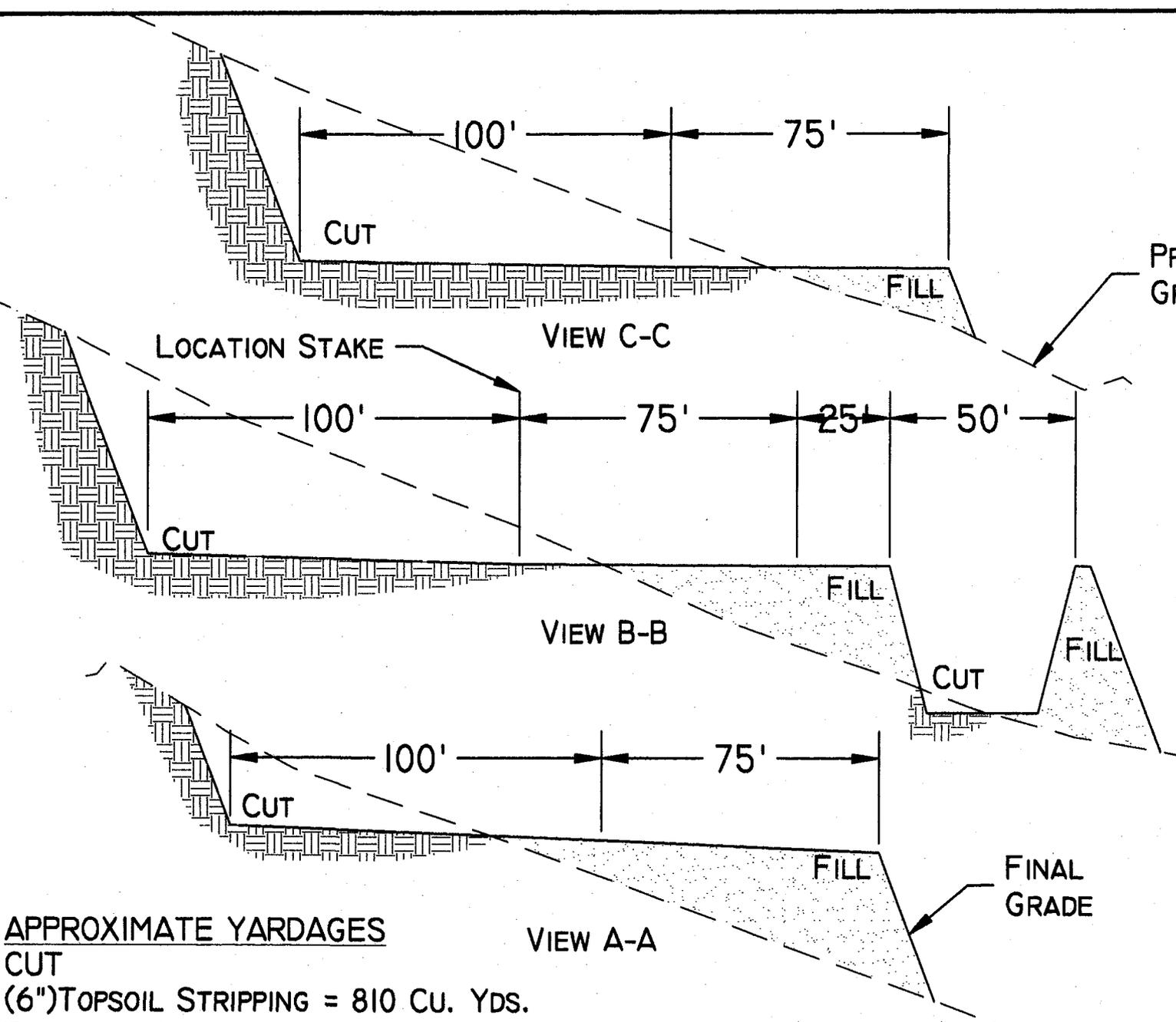
TALON RESOURCES, INC.

195 North 100 West P.O. Box 1230
 Huntington, Utah 84528
 Phone (435)687-5310 Fax (435)687-5311
 E-Mail talonstv.net

ConocoPhillips Company

LOCATION LAYOUT
 Section 13, T15S, R8E, S.L.B.&M.
 WELL USA #13-1112

| | |
|---------------------------------|-----------------------------|
| DRAWN BY N. BUTKOVICH | CHECKED BY L.W.J. |
| DRAWING NO. A-2 | DATE 11/23/05 |
| SCALE 1" = 50' | |
| JOB NO. 2005 | |
| SHEET 2 OF 1 | |



PRECONSTRUCTION GRADE

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



TALON RESOURCES, INC.
195 North 100 West P.O. Box 1230
Huntington, Utah 84528
Phone (435)687-5310 Fax (435)687-5311
E-Mail talonrc@v.net

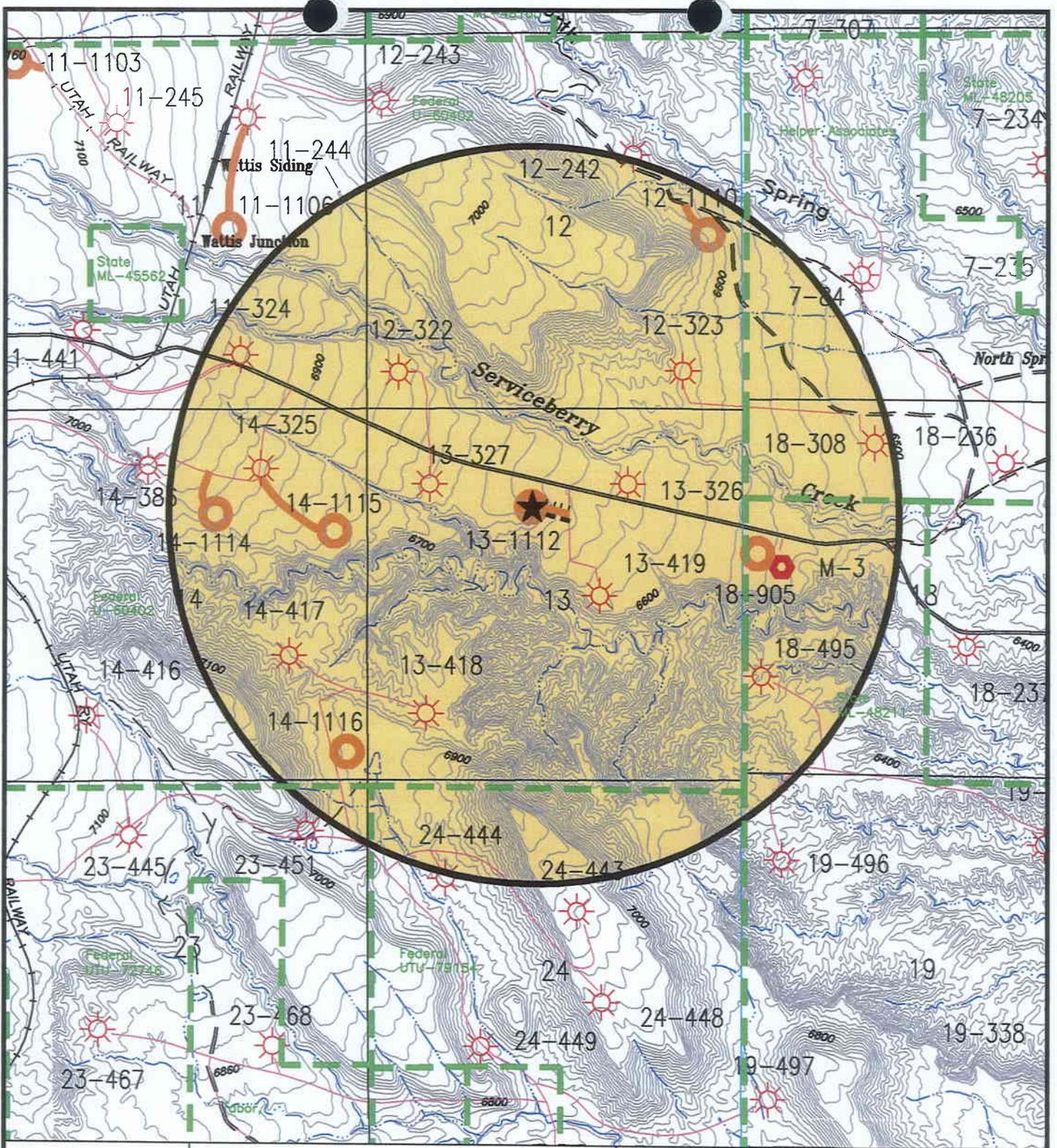
ConocoPhillips Company

TYPICAL CROSS SECTION
Section 13, T15S, R8E, S.L.B.&M.
WELL USA #13-1112

| | |
|---------------------------|-----------------------|
| Drawn By: N. BUTKOVICH | Checked By: L.W.J. |
| Drawn No. C-1 | DATE: 11/23/05 |
| | SCALE: 1" = 40' |
| Sheet 3 of 4 | JOB No. 2005 |

APPROXIMATE YARDAGES

CUT
(6")TOPSOIL STRIPPING = 810 CU. YDS.
REMAINING LOCATION = 5,940 CU, YDS.
(INCLUDING TOPSOIL STRIPPING)
TOTAL CUT (EXCLUDING TOPSOIL) = 5,130 CU. YDS.
TOTAL FILL = 4,085 CU. YDS.



LEGEND

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

Scale: 1" = 2000'

November 28, 2005

ConocoPhillips Company

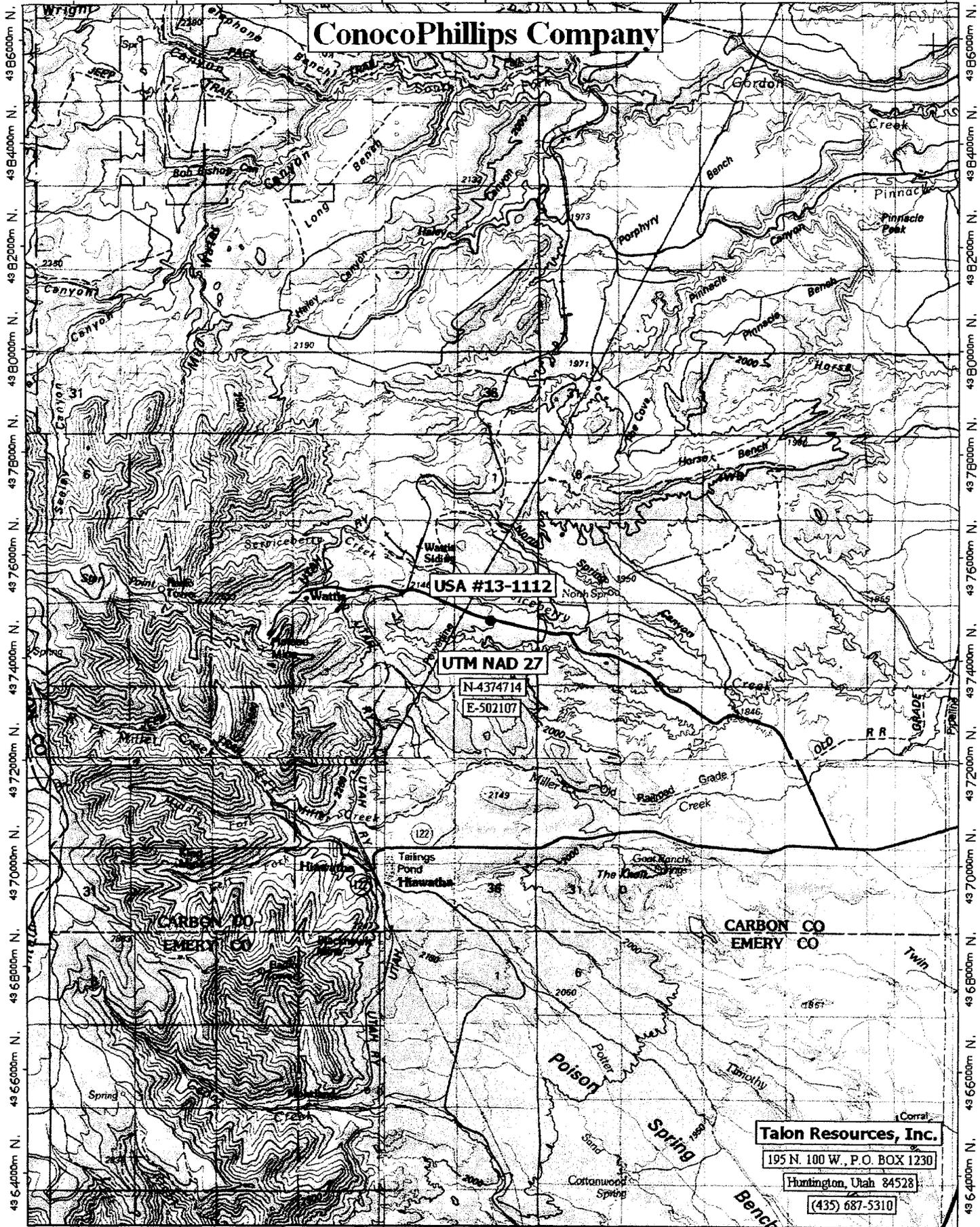
6825 South 5300 West
 P.O. Box 851
 Price, Utah 84501
 Phone: (435) 613-9777
 Fax: (435) 613-9782



WELL USA #13-1112
Section 13, T15S, R8E, S.L.B.&M.
Drawing L-1 4 of 4

494000m E. 496000m E. 498000m E. 500000m E. 502000m E. 504000m E. 506000m E. NAD27 Zone 12S 511000m E.

ConocoPhillips Company

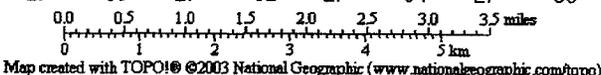


43 86000m N.
43 84000m N.
43 82000m N.
43 80000m N.
43 78000m N.
43 76000m N.
43 74000m N.
43 72000m N.
43 70000m N.
43 68000m N.
43 66000m N.
43 64000m N.

43 86000m N.
43 84000m N.
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43 66000m N.
43 64000m N.

494000m E. 496000m E. 498000m E. 500000m E. 502000m E. 504000m E. 506000m E. NAD27 Zone 12S 511000m E.

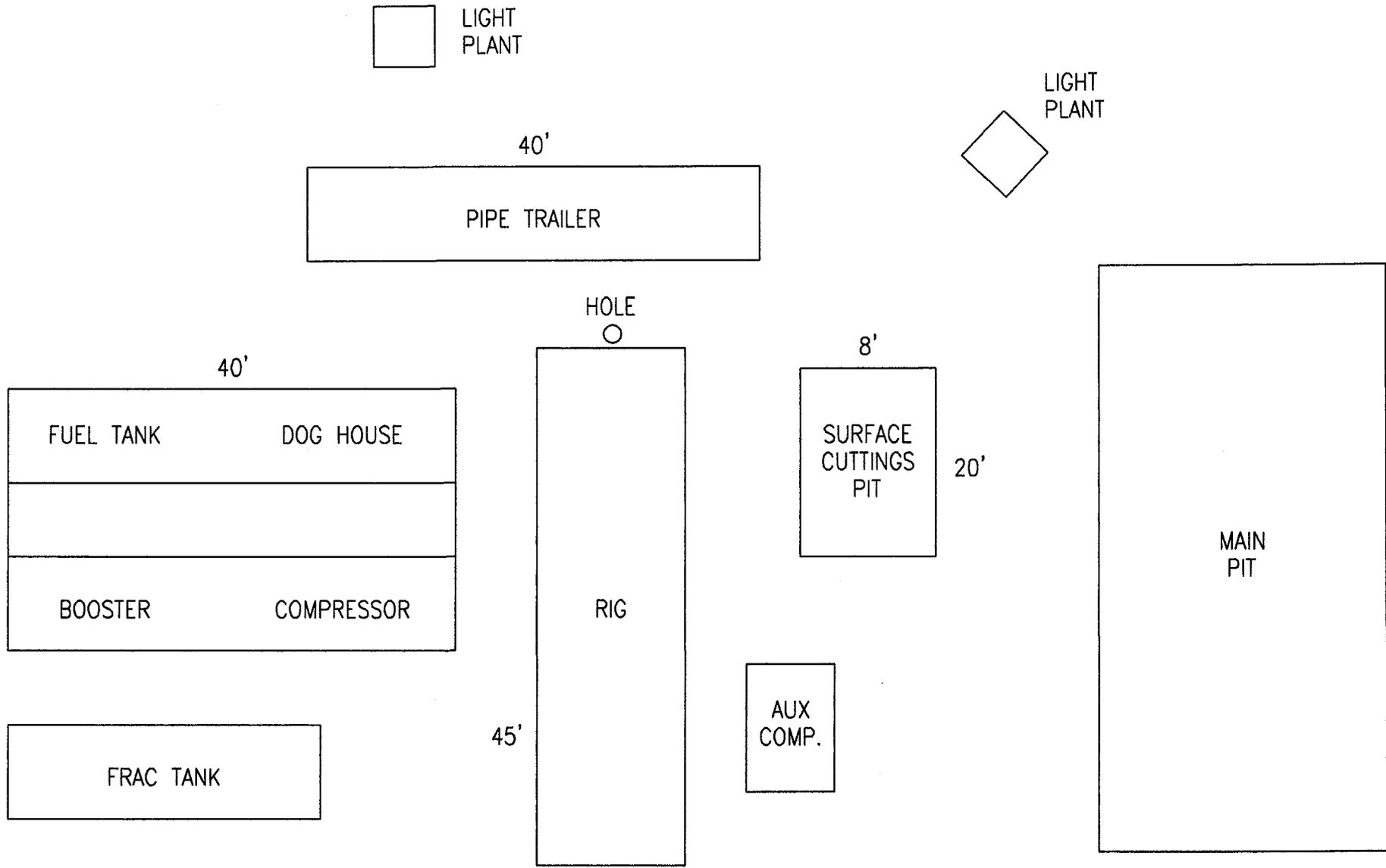
TN MN
12%



Talon Resources, Inc.
 195 N. 100 W., P.O. BOX 1230
 Huntington, Utah 84528
 (435) 687-5310

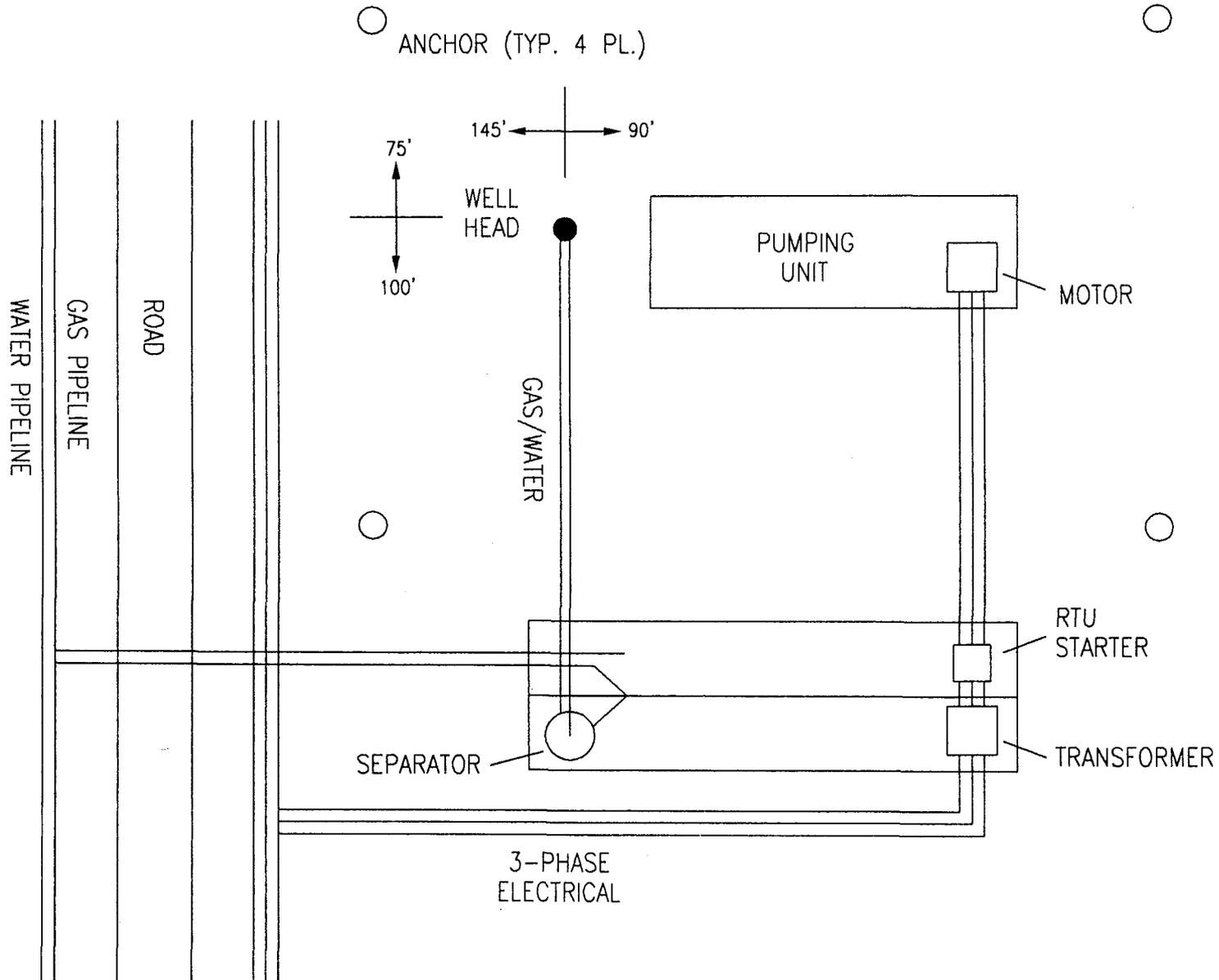
EXHIBIT C

APPROXIMATE LAYOUT OF RIG & EQUIPMENT

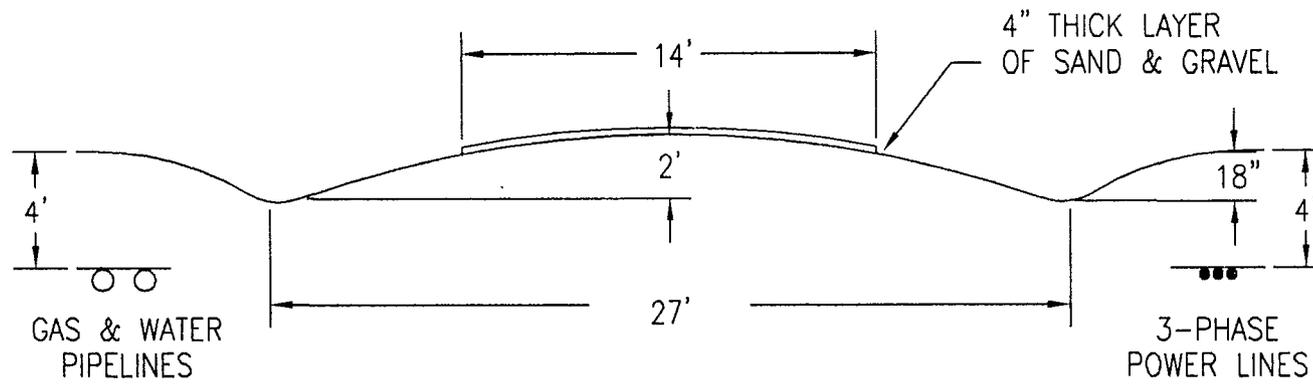


CONOCOPHILLIPS COMPANY

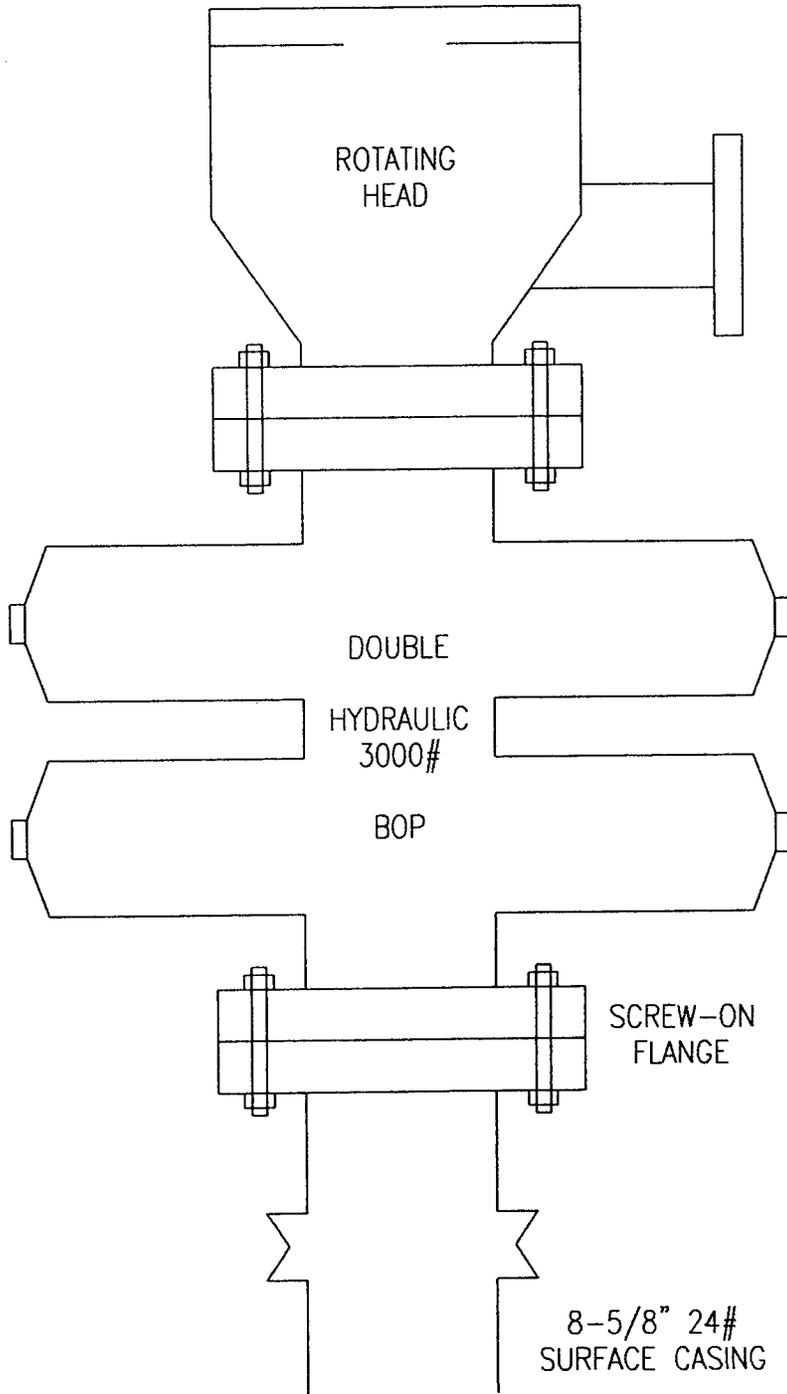
WELL SITE LAYOUT (235' x 175')



TYPICAL ROAD CROSS-SECTION
CONOCOPHILLIPS COMPANY



DIVERTER HEAD
CONOCOPHILLIPS COMPANY

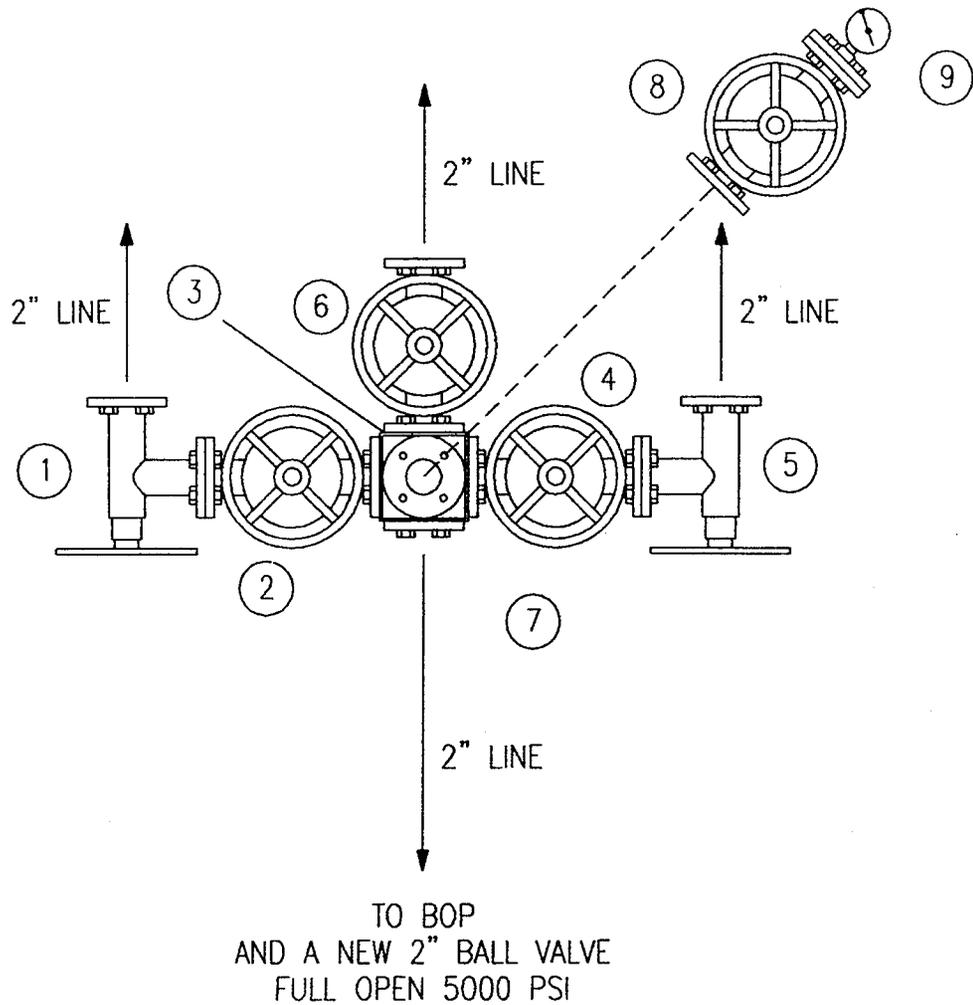


CONOCOPHILLIPS COMPANY

- (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.



MANIFOLD

EXHIBIT H

SURETY RIDER

To be attached to and form a part of

Bond No. 8015-16-69

Type of Bond: NATION-WIDE OIL AND GAS BOND

dated effective 10/19/1963 (MONTH-DAY-YEAR)

executed by CONOCO INC. AND CONOCO GAS HOLDINGS L.L.C. (PRINCIPAL)

,as Principal,

and by FEDERAL INSURANCE COMPANY

,as Surety,

in favor of UNITED STATES OF AMERICA (OBLIGEE)

in consideration of the mutual agreements herein contained the Principal and the Surety hereby consent to changing PRINCIPAL NAME IS HEREBY AMENDED FROM CONOCO INC. AND CONOCO GAS HOLDINGS L.L.C. 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 12/18/2002 (MONTH-DAY-YEAR)

CONOCOPHILLIPS COMPANY (PRINCIPAL)

By: John E. Durkin (PRINCIPAL)

FEDERAL INSURANCE COMPANY

(SURETY)

By: Tina Marie Foster (ATTORNEY-IN-FACT) TINA MARIE FOSTER

**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 01/05/2006

| |
|--------------------------------|
| API NO. ASSIGNED: 43-007-31097 |
|--------------------------------|

WELL NAME: USA 13-1112
 OPERATOR: CONOCOPHILLIPS COMPANY (N2335)
 CONTACT: JEAN SEMBORSKI

PHONE NUMBER: 435-613-9777

PROPOSED LOCATION:

SENW 13 150S 080E
 SURFACE: 1332 FNL 2386 FWL
 BOTTOM: 1332 FNL 2386 FWL
 CARBON
 UNDESIGNATED (2)

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

LAT: 39.52400 LONG: -110.9754

LEASE TYPE: 1 - Federal
 LEASE NUMBER: U-60402
 SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: FRSD
 COALBED METHANE WELL? YES

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[1] Ind[] Sta[] Fee[]
(No. 8015-16-69)
- N Potash (Y/N)
- N Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. PRWID _____)
- U RDCC Review (Y/N)
(Date: _____)
- NA Fee Surf Agreement (Y/N)
- NA Intent to Commingle (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: 7-13-1999
Siting: 460' fr U bdr of E. uncomml. tract
- ____ R649-3-11. Directional Drill

COMMENTS: _____

STIPULATIONS: 1 - Federal Approval



State of Utah

**Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

March 2, 2006

ConocoPhillips Company
P O Box 851
Price, UT 84501

Re: USA 13-1112 Well, 1332' FNL, 2386' FWL, SE NW, Sec. 13, 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 43-007-31097.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

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

Operator: ConocoPhillips Company
Well Name & Number USA 13-1112
API Number: 43-007-31097
Lease: U-60402

Location: SE NW Sec. 13 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.

2006 11

RECEIVED
MOAB FIELD OFFICE

Form 3160-3
(September 2001)

FORM APPROVED
OMB No. 1004-0136
Expires January 31, 2004

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.
U-60402

6. If Indian, Allottee or Tribe Name
N/A

7. If Unit or CA Agreement, Name and No.
Drunkards Wash UTU-67921X

8. Lease Name and Well No.
USA 13-1112

9. API Well No.
4300731097

1a. Type of work: DRILL REENTER

1b. Type of Well: Oil Well Gas Well Other Single Zone Multiple Zone

2. Name of Operator
ConocoPhillips Company

3a. Address P.O. Box 851 3b. Phone No. (include area code)
435-613-9777

4. Location of Well (Report location clearly and in accordance with any State requirements.)*
At surface 1332' FNL, 2386' FWL
At proposed prod. zone

10. Field and Pool, or Exploratory
Drunkards Wash

11. Sec., T. R. M. or Blk. and Survey or Area
SE/NW, Sec. 13, T.15S, R.8E

12. County or Parish
Carbon 13. State
UT

14. Distance in miles and direction from nearest town or post office*
9 Miles south and west of Price, Utah

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 2890'
16. No. of acres in lease 2901.89 acres
17. Spacing Unit dedicated to this well NA

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1500'
19. Proposed Depth 3754' TD
20. BLM/BIA Bond No. on file 8015-16-69

21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6718' GR
22. Approximate date work will start* 04/15/2006
23. Estimated duration

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- 1. Well plat certified by a registered surveyor.
- 2. A Drilling Plan.
- 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- 5. Operator certification
- 6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature *Jean Semborski* Name (Printed/Typed) Jean Semborski Date 12/27/2005

Title Construction/Asset Integrity Supervisor

Approved by (Signature) *A. Lynn Jackson* Name (Printed/Typed) A. Lynn Jackson Date 3/22/06

Title Assistant Field Manager, Division of Resources Office Moab Field Office

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, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

CONDITIONS OF APPROVAL ATTACHED

Accepted by the
Utah Division of
Oil, Gas and Mining
FOR RECORD ONLY

RECEIVED
MAR 27 2006

STATE OF UTAH, BUREAU OF LAND MANAGEMENT

Range 8 East

N89°36'02"E - 5381.31'

(N89°57'E - 2640.66')

(N89°55'E - 2739.66')

ELEV. 6847'

1332.49'

USA #13-1112
ELEV. 6718.5'

2385.78'

UTM
N 4374714
E 502107

13

N00°29'16"W - 5279.55'

(NORTH - 2644.62')

(N00°18'W - 2635.38')

(N00°06'E - 2647.26')

(N00°30'E - 2629.44')

(S89°56'E - 2669.70')

(N89°56'E - 2665.08')

Location:

The well location was determined using a Trimble 5700 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 6847' being at the Northwest Section Corner of Section 13, Township 15 South, Range 8 East, Salt Lake Base and Meridian, as shown on the Pinnacle Peak Quadrangle 7.5 minute series map.

Description of Location:

Proposed Drill Hole located in the SE/4 NW/4 of Section 13, T15S, R8E, S.L.B.&M., being 1332.49' South and 2385.78' East from the Northwest Section Corner of Section 13, 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.

193 North 100 West P.O. Box 1239
Huntington, Utah 84528
Phone (435)687-5310 Fax (435)687-5311
E-Mail talon@stv.net

ConocoPhillips Company

WELL USA #13-1112
Section 13, T15S, R8E, S.L.B.&M.
Carbon County, Utah

| | |
|---------------------------|------------------------------|
| Drawn By: N. BUTKOVICH | Checked By: L.W.J./A.J.S. |
| Drawing No. A-1 | Date: 11/28/05 |
| | Scale: 1" = 1000' |
| Sheet 1 of 1 | Job No. 2005 |

Legend

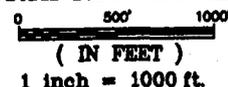
- Drill Hole Location
- Metal Cap (Found)
- Brass Cap (Searched for, but not found)
- Calculated Corner
- () GLO
- GPS Measured

NOTES:

1. UTM and Latitude / Longitude Coordinates are derived using a GPS Pathfinder and are shown in NAD 27 Datum.

LAT / LONG
39°31'26.229"N
110°58'31.750"W

GRAPHIC SCALE



ConocoPhillips Company
USA 13-1112
Lease U-60402
Drunkards Wash Unit
SE/NW Section 13, T15S, R8E
Carbon County, Utah

A COMPLETE COPY OF THIS PERMIT SHALL BE KEPT ON LOCATION from the beginning of site construction through well completion, and shall be available to contractors to ensure compliance.

CONDITIONS OF APPROVAL

Approval of this application 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.

Be advised that ConocoPhillips Company is considered to be the operator of the above well and is responsible under the terms and conditions of the lease for the operations conducted on the leased lands.

Bond coverage for this well is provided by ES 0085 (Principal - ConocoPhillips Company) via surety consent as provided for in 43 CFR 3104.2.

This office will hold the aforementioned operator and bond liable until the provisions of 43 CFR 3106.7-2 continuing responsibility are met.

This permit will be valid for a period of one year from the date of approval. After permit termination, a new application must be filed for approval.

All lease operations will be conducted in full compliance with applicable regulations (43 CFR 3100), Onshore Oil and Gas Orders, lease terms, notices to lessees, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors.

A. DRILLING PROGRAM

1. The proposed BOPE is in a 2M configuration, and is adequate for this depth in this area. Installation, testing and operation of the system shall be in conformance with Onshore Oil and Gas Order No. 2.
2. A valve must be installed on the kill line, and a valve must be installed on the choke line between the BOP and the choke manifold. These were not depicted on the schematic diagram.
3. The requirements for air drilling, found in Onshore Oil and Gas Order No. 2, part III, E (Special Drilling Operations), shall be followed. This section requires, at a minimum, the use of the following equipment not mentioned in the application:
 - Spark arresters
 - Blooie line discharge 100 feet from wellbore
 - Straight blooie line
 - Deduster equipment
 - Float valve above bit
 - Automatic igniter on the blooie line
4. Materials to counteract a gas kick shall be available.
5. Concurrent approval from the State of Utah, Division of Oil, Gas & Mining is required before conducting any surface disturbing activities.

B. SURFACE USE

1. The following appendices are attached for your reference. They are to be followed as conditions of approval:

- SM-1, Seed Mixture for Green Strip Areas
- SM-4, Seed Mixture for Final Reclamation
- BG-1, Surface Disturbance Mitigation for Critical Winter Range
- BG-2, Critical Winter Range Browse Hand Planting
- BG-3, Winter Restrictions on High Value and Critical Winter Range

2. Within six months of installation, surface structures shall be painted in the following flat, earth tone color: Olive Black (5WA20-6). This Fuller O'Brien color is for reference only. Any brand of paint may be used provided the colors match. Any facilities that must be painted to comply with OSHA standards are exempt.
3. The reserve pit will be oriented to prevent collection of surface runoff. After the drilling rig is removed, the operator may need to construct a trench on the uphill side of the reserve pit to divert surface drainage around it. If constructed, the trench will be left intact until the pit is closed.
4. The reserve pit will be lined with an impermeable liner if permeable subsurface material is encountered. An impermeable liner is any liner having a permeability less than 10^{-7} cm/sec. The liner will be installed so that it will not leak and will be chemically compatible with all substances that may be put in the pit. Liners made of any man-made synthetic material will be of sufficient strength and thickness to withstand normal installation and pit use. In gravelly or rocky soils, a suitable bedding material such as sand will be used prior to installing the liner.
5. The reserve pit will be constructed so that at least half of its total volume is in solid cut material (below natural ground level).
6. The reserve pit shall have 2 foot of freeboard maintained at all times to prevent overflow of fluids.

7. Reserve pits will be adequately fenced during and after drilling operations until pit is reclaimed so as to effectively keep out wildlife and livestock. Adequate fencing, in lieu of more stringent requirements by the surface owner, is defined as follows:
 - Construction materials will consist of steel or wood posts. Three or four strand wire (smooth or barbed) fence or hog panel (16-foot length by 50-inch height) or plastic snow fence must be used with connectors such as fence staples, quick-connect clips, hog rings, hose clamps, twisted wire, etc. Electric fences will not be allowed.
 - Construction standards: Posts shall be firmly set in ground. If wire is used, it must be taut and evenly spaced, from ground level to top wire, to effectively keep out animals. Hog panels must be tied securely into posts and one another using fence staples, clamps, etc. Plastic snow fencing must be taut and sturdy. Fence must be at least 2-feet from edge of pit. 3 sides fenced before beginning drilling, the fourth side fenced immediately upon completion of drilling and prior to rig release. Fence must be left up and maintained in adequate condition until pit is closed.

GENERAL CONSTRUCTION

1. Operator shall contact the Price BLM Office at least forty-eight hours prior to the anticipated start of construction and/or any surface disturbing activities. The BLM may require and schedule a preconstruction conference with the operator prior to the operator commencing construction and/or surface disturbing activities. The operator and the operator's contractor, or agents involved with construction and/or any surface disturbing activities associated with the project, shall attend this conference to review the Conditions of Approval and plan of development. The operator's inspector will be designated at the pre-drill conference, and is to be given an approved copy of all maps, permits and conditions of approval before the start of construction. The BLM will also designate a representative for the project at the preconstruction conference.
2. The operator shall designate a representative(s) who shall have the authority to act upon and to implement instructions from the BLM. The operator's representative shall be available for communication with the BLM within a reasonable time when construction or other surface disturbing activities are underway.

3. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the operator, or any person working on his behalf, on public land is to be immediately reported to the Price BLM Office. The operator will suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Price BLM Office. An evaluation of the discovery will be made by the BLM to determine appropriate actions to prevent the loss of significant cultural or scientific values. The operator is responsible for the cost of evaluation of any site found during construction. The BLM will determine what mitigation is necessary.
4. During project construction, surface disturbance and vehicle travel shall be limited to the approved location and access routes. Any additional area needed must be approved by the Price BLM Office prior to use.
5. The operator must provide a trash cage for the collection and containment of all trash. The trash shall be disposed in an authorized landfill. The location and access roads shall be kept litter free.
6. Vegetation removal necessitated by construction shall be confined to the limits of actual construction. Removed vegetation will be stockpiled for use in reclamation or removed from the construction site at the direction of the BLM.
7. Prior to surface disturbance, topsoil is to be separately removed and segregated from other material. Topsoil depth will be decided onsite by BLM. If the topsoil is less than 6 inches, a 6-inch layer that includes the A horizon and the unconsolidated material immediately below the A horizon shall be removed and the mixture segregated and redistributed as the surface soil layer.

Generally topsoil shall be stored within the pad site or adjacent to access roads. The company in consultation with BLM shall determine stockpile locations and dimensions at the onsite. If the topsoil stockpiles will not be redistributed for a period in excess of one (1) year, the stockpiles are to be seeded with seed mixture SM-4 (attached).

ROAD and PIPELINE CONSTRUCTION

8. Operator shall provide an inspector under the direction of a registered professional engineer (PE) at all times during road construction. A PE shall certify (statement with PE stamp) that the road was constructed to the required Bureau of Land Management (BLM) road standards.

9. Road construction or routine maintenance activities are to be performed during periods when the soil can adequately support construction equipment. If such equipment creates ruts more than 6 inches deep, the soil is deemed too wet to adequately support construction equipment.
10. The operator is responsible for maintenance of all roads authorized through the lease or a right-of-way. Construction and maintenance shall comply with Class II or III Road Standards as described in BLM Manual Section 9113 and the Moab District Road Standards, except as modified by BLM. Maintenance may include but is not limited to grading, applying gravel, snow removal, ditch cleaning, and headcut restoration/prevention.
11. Topsoil from access roads and pipelines is to be wind rowed along the uphill side of the road or stored in an approved manner. When the road and pipeline is rehabilitated, this soil will then be used as a top coating for the seed bed.
12. Erosion-control structures such as water bars, diversion channels, and terraces will be constructed to divert water and reduce soil erosion on the disturbed area. Road ditch turnouts shall be equipped with energy dissipaters as needed to avoid erosion. Where roads interrupt overland sheet-flow and convert this runoff to channel flow, ditch turnouts shall be designed to reconvert channel flow to sheet flow. Rock energy dissipaters and gravel dispersion fans may be used or any other design which would accomplish the desired reconversion of flow regime. As necessary cut banks, road drainages, and road crossings shall be armored or otherwise engineered to prevent headcutting.

PAD CONSTRUCTION

13. During the construction of the drill pad, suitable topsoil material is to be stripped and conserved in a stockpile on the pad. If stockpiles are to remain for more than a year, they shall be seeded with the seed mixture in appendix SM-4, attached.
14. Generally, drill pads are to be designed to prevent overland flow of water from entering or leaving the site. The pad is to be sloped to drain spills and water into the reserve pit. The drill pad shall be designed to disperse diverted overland flow and to regulate flow velocity so as to prevent or minimize erosion. Well pad diversion outlets shall be equipped with rock energy brakes and gravel-bedded dispersion fans.

REHABILITATION PROCEDURES

Site Preparation

15. The entire roadbed should be obliterated and brought back to the approximate original contour. Drainage control is to be reestablished as necessary. All areas affected by road construction are to be recontoured to blend in with the existing topography. All berms are to be removed unless determined to be beneficial by BLM. In recontouring the disturbed areas, care should be taken to not disturb additional vegetation.

Seedbed Preparation

16. An adequate seedbed should be prepared for all sites to be seeded. Areas to be revegetated should be chiseled or disked to a depth of at least 12 inches unless restrained by bedrock.
17. Ripping of fill materials should be completed by a bulldozer equipped with single or a twin set of ripper shanks. Ripping should be done on 4-foot centers to a depth of 12 inches. The process should be repeated until the compacted area is loose and friable, and then shall be followed by final grading. Seedbed preparation will be considered complete when the soil surface is completely roughened and the number of rocks (if present) on the site is sufficient to cause the site to match the surrounding terrain.
18. After final grading, the stockpiled topsoil shall be spread evenly across the disturbed area.

Fertilization

19. Commercial fertilizer with a formula of 16-16-8 is to be applied at a rate of 200 pounds per acre to the site. The rate may be adjusted depending on soil.
20. Fertilizer is to be applied not more than 48 hours before seeding, and shall be cultivated into the upper 3 inches of soil.

21. Fertilizer is to be broadcast over the soil using hand-operated "cyclone-type" seeders or rotary broadcast equipment attached to construction or revegetation machinery as appropriate to slope. All equipment should be equipped with a metering device. Fertilizer application is to take place before the final seeding preparation treatment. Fertilizer broadcasting operations should not be conducted when wind velocities would interfere with even distribution of the material.

Mulching

22. When it is time to reclaim this location, the Price BLM Office will determine whether it will be necessary to use mulch in the reclamation process. The type of mulch should meet the following requirements: Wood cellulose fiber shall be natural or cooked, shall disperse readily in water, and shall be nontoxic. Mulch shall be thermally produced and air dried. The homogeneous slurry or mixture shall be capable of application with power spray equipment. A colored dye that is noninjurious to plant growth may be used when specified. Wood cellulose fiber is to be packaged in new, labeled containers. A minimum application of 1500 pounds per acre shall be applied. A suitable tackifier shall be applied with the mulch at a rate of 60 to 80 pounds per acre.

An alternative method of mulching on small sites would be the application of straw or hay mulch at a rate of 2000 pounds per acre. Hay or straw shall be certified weed free. Following the application of straw or hay, crimping shall occur to ensure retention.

Reseeding

23. All disturbed areas are to be seeded with the seed mixture required by the BLM. The seed mixture(s) shall be planted in the fall of the year (Sept-Nov), in the amounts specified in pounds of pure live seed (PLS)/acre. There shall be no noxious weed seed in the seed mixture. Seed will be tested and the viability testing of seed shall be done in accordance with State law(s) and within 12 months prior to planting. Commercial seed will be either certified or registered seed. The seed mixture container shall be tagged in accordance with State law(s) and available for inspection by the BLM. Seed is to be planted using a drill equipped with a depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture shall be evenly and uniformly planted over the disturbed area. (Smaller/heavier seeds tend to drop to the bottom of the drill and are planted first. Appropriate measures

should be taken to ensure this does not occur.) Where drilling is not possible, seed is to be broadcast and the area raked or chained to cover the seed. Woody species with seeds that are too large for the drill will be broadcast. When broadcasting the seed, the pounds per acre noted below are to be increased by 50 percent. Reseeding may be required if a satisfactory stand is not established to the surface rights owner's specifications. Evaluation of the seeding's success will not be made before completion of the second growing season after the vegetation becomes established. The Price BLM Office is to be notified a minimum of seven days before seeding a project.

24. The disturbed areas for the road and pipeline must be seeded in the fall of the year, immediately after the topsoil is replaced. The prescribed seed mixture is attached as appendix SM-4.

General

25. Prior to the use of insecticides, herbicides, fungicides, rodenticides and other similar substances, the operator must obtain from BLM, approval of a written plan. The plan must describe the type and quantity of material to be used, the pest to be controlled, the method of application, the location for storage and disposal of containers, and other information that BLM may require. A pesticide may be used only in accordance with its registered uses and within other agency limitations. Pesticides must not be permanently stored on public lands.

SM-1

Green Strip Areas

The following seed mixture will be planted along service road borrow ditches, around the edge of drill pads with a production well, and surrounding other production and maintenance facilities. The purpose for this seeding is to provide a Green strip@ buffer to minimize fire hazards and prevent invasion and establishment of noxious weeds in areas that will receive continued disturbance for the life of these project areas.

| <u>Common Plant Name</u> | <u>Scientific Name</u> | <u>Pounds per acre/PLS*</u> |
|--------------------------|--|-----------------------------|
| Forage kochia | <u>Kochia prostrata</u> | 2 |
| Wyoming big sagebrush | <u>Artemisia tridentata wyomingensis</u> Var. <u>Gordon Creek</u> | 1 |
| Douglas low rabbitbrush | <u>Chrysothamnus viscidiflorus</u> | 1 |
| Yellow sweetclover | <u>Melilotus officinalis</u> | 1 |
| Small burnet | <u>Sanguisorba minor</u> | 1 |
| Bottlebrush squirreltail | <u>Elymus elymoides</u> | 1 |
| Intermediate wheatgrass | <u>Thinopyrum intermedium</u> | 1 |
| | Total | <hr/> 8 |

SM-4

Pinyon/Juniper Areas

BLM SEED MIXTURES FOR THE PRICE COALBED METHANE PROJECT

The following seed mixture is for areas that will receive final reclamation. Areas would be planted to protect them from soil erosion and to restore forage production.

| <u>Common Name</u> | <u>Scientific Name</u> | <u>Pounds per acre/PLS</u> |
|-------------------------|---|----------------------------|
| <u>Grasses</u> | | |
| Thickspike wheatgrass | <u>Elymus lanceolatus</u> | 1.5 |
| Intermediate wheatgrass | <u>Elytrigia intermedia</u> | 1.5 |
| Squirreltail | <u>Elymus elymoides</u> | 1 |
| Crested wheatgrass | <u>Agropyron desertorum</u> | 1 |
| Western wheatgrass | <u>Pascopyrum smithii</u> | 1 |
| Needle-and-Thread | <u>Stipa comata</u> | 1 |
| <u>Forbes</u> | | |
| Lewis flax | <u>Linum perenne lewisii</u> | 1 |
| Palmer penstemon | <u>Penstemon palmerii</u> | 0.5 |
| Small burnet | <u>Sanguisorba</u> | 1 |
| Ladac alfalfa | <u>Medicago sativa (Ladac)</u> | 0.5 |
| <u>Shrubs</u> | | |
| Forage kochia | <u>Kochia prostrata</u> | 1 |
| Fourwing saltbrush | <u>Atriplex canescens</u> | 1.5 |
| Wyoming big sagebrush | <u>Artemisa tridenta wyomingensis</u> Var. <u>Gordon Creek</u> | 1.5 |
| Antelope bitterbrush | <u>Purshia tridentata</u> | 1 |
| True Mt. mahogany | <u>Cercocarpus montanus</u> | 1 |
| Whitestem rabbitbrush | <u>Chrysothamnus nausesus albicaulis</u> | 1 |
| | Total | 17 |

PRICE COALBED METHANE PROJECT AREA

BG-1: SURFACE DISTURBANCE MITIGATION FOR CRITICAL WINTER RANGE (BLM-38 and FEIS Chapter 2, Alternative D, pg. 2-47)

The subject permit application is proposed within critical winter range (FEIS) and subject to BLM-38 requiring acre for acre mitigation for surface disturbance on critical winter range. The following condition, which serves to replace BLM-38, comes from a cooperative agreement between the ConocoPhillips Company (CPC), BLM- Price Field Office, the Utah Division of Wildlife Resources and the National Fish and Wildlife Foundation, under which the ConocoPhillips Company agrees to the following:

1. Contribute \$1,250.00 (1996 dollars) for each federal interest well (Federal surface and/or subsurface ownership) permitted and drilled by the CPC (or on behalf of CPC by its contractor) on big game critical winter range as depicted in the FEIS Price Coalbed Methane Project Area. (Wells meeting the above criteria for which payment will be required, will be referred to as "subject wells".) This contribution will be adjusted annually for inflation based on the Consumer Price Index (CPI), see Section II.C.6 for the reference source used for the determination of the CPI and the date in which this annual adjustment will go into effect.

Since this mitigation program is designed to address impacts of all big game critical range surface disturbance (roads, well pads, pipelines, etc.), contributions will be required regardless of the success or failure of the subject well to produce.

- a. The recorded date for spudding for each subject well (the first boring of a hole during the drilling of a well) will serve as the reference date triggering the requirement for the mitigation contribution.
- b. Contributions will be submitted (in the form of a CPC Corporate check, cashiers check or wire transfer) directly to the National Fish and Wildlife Foundation by the 30th of each month for all subject wells spudded in the preceding month.
- c. All Contributions will be made payable to the "National Fish and Wildlife Foundation re, Proj 97-260" and reference the "Price Field Office Wildlife Habitat Impact Mitigation Fund (CPC)".

PRICE COALBED METHANE PROJECT AREA

BG-2: CRITICAL WINTER RANGE BROWSE HAND PLANTING (BLM-22) PG. 1 of 1

One of the two browse species lists (checked below) are to be hand planted at the prescribed application rate and according to the following prescribed methods on critical winter range areas that are undergoing long term reclamation. This would include all pipeline corridors, berm around edge of drill pads, miscellaneous disturbed areas associated with construction such as staging areas for equipment, sidecast on road cuts, along side upgraded or new roads up to and including borrow ditch and in the termination of redundant access roads being closed. This planting shall be completed in the first planting window following completion of construction and on all other disturbed areas upon final reclamation.

Planting Methods:

Planting shall be accomplished using a labor force with specific experience in landscape restoration, hand planting methods and handling and care of browse tubling and/or bareroot stock plants.

Browse plants to be utilized can be bareroot stock or tubling stock plants of 1 year old age class or greater.

Browse seedling protectors will be used to provide protection from browsing ungulates for two years. Seedling protectors will be of an open mesh rigid design that will break down when exposed to sunlight that measures a minimum of 12 inches in length and 4 inches in diameter.

Planting shall be completed in the spring (March 1- April 1) and/or fall (November 1- December 1) planting windows.

Browse plants shall be stored and handled in such a manner as to maintain viability, according to type of browse stock being used.

Planting Species and Application Rate:

| <u>Species</u> | <input type="checkbox"/> Sagebrush-Grass | <input checked="" type="checkbox"/> Pinyon-Juniper |
|---|--|--|
| | Plants Per Acre | |
| Wyoming Sagebrush (Gordon Creek) | 100 | 50 |
| Fourwing Saltbush (Utah seed source collected at or above 5,000 feet elevation) | 100 | 50 |
| True Mountain Mohogany (Utah seed source) | 0 | 50 |
| Antelope Bitterbrush (Utah seed source) | 0 | 50 |
| Total | 200 | 200 |

Suitable Substitutions:

| | | |
|------------------------------|-----|-----|
| Prostrate Kochia | yes | yes |
| Whitestem Rubber Rabbitbrush | no | yes |
| Utah Serviceberry | no | yes |
| Winterfat | yes | no |

PRICE COALBED METHANE PROJECT AREA

BG-3: WINTER RESTRICTIONS ON HIGH VALUE AND CRITICAL WINTER RANGE (BLM-37, FEIS, Chapter 2, Alternative D, pg. 2-48, see also Decision Record pg.2 paragraph 4) PG. 1 of 2

Restrictions on Construction Phase Activity: Prohibit construction phase activity, described below, on big game high value and critical winter range during the period (December 1- April 15) without regard for land ownership.

This condition would not apply to normal maintenance and operation of producing wells, described below. On nonfederal lands (where the federal government does not have either surface or subsurface ownership) ConocoPhillips Company (CPC) would be allowed to conduct construction phase activity if needed to avoid breach of contract or loss of lease rights. In the event construction phase activity proceeds into the winter closure period on nonfederal interest lands, CPC would make available appropriate documentation to UDWR, upon request.

Construction Phase Activity: Construction activity is considered to include all work associated with initial drilling and construction of facilities through completion, including installation of pumping equipment, connection with ancillary facilities and tie-in with pipelines necessary for product delivery.

CPC would not be allowed to initiate construction activity unless it is reasonable to believe such work can be finished to a logical stopping point prior to December 1 of that year. Specific activities considered to be covered by the seasonal closure include all heavy equipment operation including, but not limited to, the following:

- Mobilization/ Demobilization or operation of heavy equipment (crawler tractor, front end loader, backhoe, road grader, etc.)
- Construction activity (road construction or upgrading, pad, pipeline, powerline, ancillary facilities, etc.)
- Drilling activity (operator would not propose or initiate drilling activity if the project could not reasonably be expected to be finished to a logical stopping point by the December 1 date of that year.
- Seismic operation, detonation of explosives.

This seasonal closure would not apply to reconnaissance, survey/design and/or flagging of project work or other similar activity not requiring actions listed for heavy equipment operation.

Production Phase: A CBM well is considered to be in production phase when the well and ancillary facilities are completed to the point that they are capable of producing and delivering product for sale. It is noted that heavy equipment operation may be necessary in the performance of maintenance and operation of producing wells.

Restriction on Non Emergency Workover Operations: CPC is required to schedule non-emergency workover operations (defined below) on big game high value winter range outside the December 1 to April 15 date of the seasonal closure. CPC will be required to

BG-3: WINTER RESTRICTIONS ON HIGH VALUE AND CRITICAL WINTER RANGE (BLM-37, FEIS, Chapter 2, Alternative D, pg. 2-48, see also Decision Record pg.2 paragraph 4) PG. 2 of 2

Submit sundry notices to BLM (or notification to UDWR on non-federal interest wells) in advance of workover operations proposed between December 1 and April 15. Sundry notices submitted as emergency work may require independent corroboration by BLM geologist/petroleum engineers prior to work proceeding. Should BLM object to the emergency designation of the sundry notice, the BLM would make notification of the objection within five working days of receipt of the sundry notice. In the absence of such notification of in the event of corroboration with the sundry notice, CPC would be permitted to proceed with the workover operation.

Non-emergency Workover Operations: Workover operations to correct or reverse a gradual loss of production over time (loss of production of five percent or less over a 60 day period) is considered to be routine or non-emergency workover operations and would not be permitted during the December 1 to April 15 timeframe.

Emergency Workover Operations: Emergency workover operations are defined as downhole equipment failure problems or workover operation necessary to avoid shut in of the well or to avoid an immediate safety or environmental problem. Loss of production greater than five percent within a 60 day period is indicative of pump failure and will be treated as an emergency workover operation.

C. REQUIRED APPROVALS, REPORTS AND NOTIFICATIONS

Required verbal notifications are summarized in Table 1, attached.

Building Location- Contact the Price Field Office, Natural Resource Protection Specialist at least 48-hours prior to commencing construction of location.

Spud- The spud date will be reported to BLM 24-hours prior to spudding. Written notification in the form of a Sundry Notice (Form 3160-5) will be submitted to the Moab Field 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 Moab Field 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. "Sundry Notices and Reports on Wells" (Form 3160-5) will be filed, with the Moab Field Office, for approval of all changes of plans and subsequent 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 Moab Field Office. 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 BLM 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 Price Field Office is to be notified.

First Production- Should the well be successfully completed for production, the Moab Field Office 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 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 Price Field Office. The Price Field 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 Recompletion Report and Log" (Form 3160-4) will be submitted to the Moab Field Office not later than thirty-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 analyses, well test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. When requested, samples (cuttings and/or samples) will be submitted to the Moab Field Office.

Venting/Flaring of Gas- Gas produced from this well may not be vented/flared beyond an initial, authorized test period of 30 days or 50 MMcf, whichever first occurs, without the prior, written approval of the Moab Field Office. Should gas be vented or flared without approval beyond the authorized test period, the well may be ordered shut-in until the gas can be captured or approval to continue the venting/flaring as uneconomic is granted. In such case, compensation to the lessor shall be required for that portion of the gas that is vented/flared without approval and which is determined to have been avoidably lost.

Produced Water- An application for approval of a permanent disposal method and location will be submitted to the Moab Field Office for approval pursuant to Onshore Oil and Gas Order No.7.

Off-Lease Measurement, Storage, Commingling- Prior approval must be obtained from the Moab Field Office 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 Moab Field Office prior to initiating plugging operations.

A "Subsequent Report of Abandonment" (Form 3160-5) will be filed with the Moab Field Office within thirty-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 Price Field Office or the appropriate surface managing agency.

TABLE 1

NOTIFICATIONS

Notify Mary Maddux (435-636-3668) or Walton Willis (435-636-3662) of the BLM, Price Field Office for the following:

2 days prior to commencement of dirt work, construction and reclamation (Maddux);

1 day prior to spudding (Willis);

50 feet prior to reaching the surface casing setting depth (Willis).

If the person at the above numbers cannot be reached, notify the Moab Field Office at 435-259-2100. If unsuccessful, contact the person 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 Field Office at 435-259-2100. If approval is needed after work hours, you may contact the following:

Eric Jones, Petroleum Engineer Office: (435) 259-2117
Home: (435) 259-2214

DIVISION OF OIL, GAS AND MINING

SPUDDING INFORMATION

Name of Company: CONOCOPHILLIPS COMPANY

Well Name: USA 13-1112

Api No: 43-007-31097 Lease Type: FEDERAL

Section 13 Township 15S Range 08E County CARBON

Drilling Contractor PENSE BROTHERS RIG # 14

SPUDDED:

Date 06/17/06

Time 6:00 PM

How DRY

Drilling will Commence: _____

Reported by JOHNNY DAMRON

Telephone # (435) 820-8108 OR (435) 820-0746

Date 06/19/2006 Signed CHD

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0135
Expires January 31, 2004

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

| | | |
|--|--|---|
| 1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other | | 5. Lease Serial No. U-60402 |
| 2. Name of Operator ConocoPhillips Company | | 6. If Indian, Allottee or Tribe Name |
| 3a. Address P.O. Box 51810 Midland, TX 79710-1810 | 3b. Phone No. (include area code) 432-688-6943 | 7. If Unit or CA/Agreement, Name and/or No. Drunkards Wash UTU-67921X |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1332 FNL & 2386' FWL SENW of 13-15S-8E | | 8. Well Name and No. USA 13-1112 |
| | | 9. API Well No. 43-007-31097 |
| | | 10. Field and Pool, or Exploratory Area Drunkards Wash |
| | | 11. County or Parish, State Carbon UT |

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | |
|---|---|---|--|
| <input type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) |
| <input checked="" type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal |
| | | | <input type="checkbox"/> Water Shut-Off |
| | | | <input type="checkbox"/> Well Integrity |
| | | | <input checked="" type="checkbox"/> Other <u>Weekly</u> <u>Report</u> |

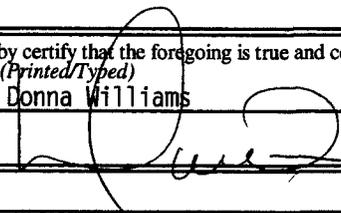
13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the final site is ready for final inspection.)

The above well spud on 6/17/06. Sundry of spud filed 6/19/06. P/u 7 7/8" hammer bit. Tagged cement top in surface casing. Drilled from 436' to 1177. Continued drilling to 3756'(TD) on 6/20/06. Logged well (GR-CAL-DEN-NEU-DIL). Ran 5 1/2" casing and set at 3450'. (Had tite spot @ 3070) Cemented with first stage: 150 sxs + 10% Cal Seal + 1% CaCl + .25# pps flocele (14.2 ppg, yield 1.61). Dropped DV tool. Second Stage: 330 sxs 50/50 Poz + 10% cal-seal 60 + 8% gel + .25pps flocele (12.5ppg, yield 1.98). Bumped plug. Released rig. RDMO rig and equipment on report date 6/21/06.

Well pending completion operations..

RECEIVED
JUN 26 2006

DIV. OF OIL, GAS & MINING

| | |
|--|--|
| 14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) Donna Williams | Title Sr. Regulatory Analyst |
|  | Date 6/23/06 |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

| | | |
|---|--------|------|
| Approved by | Title | Date |
| Conditions of approval, if any, are attached. Approval of this notice 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. | Office | |

Title 18 U.S.C. Section 1001, and Title 43 U.S.C. Section 1212, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

RECEIVED
JUN 26 2006

ENTITY ACTION FORM

DIV. OF OIL, GAS & MINING

Operator: ConocooPhillips
Address: 6825 South 5300 West
city Price
state UT zip 84501

Operator Account Number: N 2335

Phone Number: (435) 613-9777

Well 1

| API Number | Well Name | | QQ | Sec | Twp | Rng | County |
|--------------------------------|-----------------------|-------------------|-----------|-----|-----|----------------------------------|--------|
| 4300731097 | USA 13-1112 | | NWSE | 13 | 15S | 8E | Carbon |
| Action Code | Current Entity Number | New Entity Number | Spud Date | | | Entity Assignment Effective Date | |
| A | 99999 | 11256 | 6/17/2006 | | | 6/29/06 | |
| Comments: NEW WELL <u>FRSD</u> | | | | | | | |

Well 2

| API Number | Well Name | | QQ | Sec | Twp | Rng | County |
|--------------------------------|-----------------------|-------------------|-----------|-----|-----|----------------------------------|--------|
| 4300731100 | USA 14-1114 | | NESW | 14 | 15S | 8E | Carbon |
| Action Code | Current Entity Number | New Entity Number | Spud Date | | | Entity Assignment Effective Date | |
| a | 99999 | 11256 | 6/12/2006 | | | 6/29/06 | |
| Comments: NEW WELL <u>FRSD</u> | | | | | | | |

Well 3

| API Number | Well Name | | QQ | Sec | Twp | Rng | County |
|-------------|-----------------------|-------------------|-----------|-----|-----|----------------------------------|--------|
| | | | | | | | |
| Action Code | Current Entity Number | New Entity Number | Spud Date | | | Entity Assignment Effective Date | |
| | | | | | | | |
| Comments: | | | | | | | |

ACTION CODES:

- A - Establish new entity for new well (single well only)
- B - Add new well to existing entity (group or unit well)
- C - Re-assign well from one existing entity to another existing entity
- D - Re-assign well from one existing entity to a new entity
- E - Other (Explain in 'comments' section)

Steven Beck

Name (Please Print)

Steven Beck

Signature

Sr. Operations Assistant

6/22/2006

Title

Date

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
WELL COMPLETION OR RECOMPLETION REPORT AND LOG**

FORM APPROVED
OMB NO. 1004-0137
Expires: March 31, 2007

5. Lease Serial No. **U-60402**

6. If Indian, Alibotee or Tribe Name

7. Unit or CA Agreement Name and No. **UTU-67921X**

8. Lease Name and Well No. **USA 13-1112**

9. AFI Well No. **43-007-31097**

10. Field and Pool, or Exploratory **Drunkards Wash**

11. Sec., T., R., M., on Block and Survey or Area **13-15S-8E**

12. County or Parish **Carbon** State **UT**

17. Elevations (DF, RKB, RT, GL)* **6847' GL**

14. Date Spudded **6-17-06** 15. Date T.D. Reached **6/20/06** 16. Date Completed **9/19/06**
 D & A Ready to Prod.

18. Total Depth: MD **3756'** TVD **3756'** 19. Plug Back T.D.: MD **3450'** TVD **3450'** 20. Depth Bridge Plug Set: MD **MD** TVD **TVD**

21. Type Electric & Other Mechanical Logs Run (Submit copy of each) **GR-CAL-DEN-NEU-DIL**

22. Was well cored? No Yes (Submit analysis)
 Was DST run? No Yes (Submit report)
 Directional Survey? No Yes (Submit copy)

23. Casing and Liner Record (Report all strings set in well)

| Hole Size | Size/Grade | Wt. (#/ft.) | Top (MD) | Bottom (MD) | Stage Cementer Depth | No. of Sks. & Type of Cement | Slurry Vol. (BBL) | Cement Top* | Amount Pulled |
|-----------|-------------|-------------|----------|-------------|----------------------|-------------------------------------|-------------------|-------------|---------------|
| 11" | 8 5/8, J-55 | 24# | Surface | 436' | | 180 sxs, Type V | | Surface | |
| 7 7/8" | 5 1/2, N-80 | 17# | Surface | 3450' | | 150 sxs, Type V; 330 sxs, Type 5 | | Surface | |

24. Tubing Record

| Size | Depth Set (MD) | Packer Depth (MD) | Size | Depth Set (MD) | Packer Depth (MD) | Size | Depth Set (MD) | Packer Depth (MD) |
|--------|----------------|-------------------|------|----------------|-------------------|------|----------------|-------------------|
| 2 7/8" | 3394 | | | | | | | |

25. Producing Intervals **3163' - 3338'** 26. Perforation Record **3163' - 3338'**

| Formation | Top | Bottom | Perforated Interval | Size | No. Holes | Perf. Status |
|-----------|-------|--------|---------------------|------|-----------|--------------|
| A) Ferron | 3163' | 3338' | 3163' - 3195" | | 92 | Open |
| B) | | | 3210' - 3266' | | 80 | Open |
| C) | | | 3290' - 3338' | | 60 | Open |
| D) | | | | | | |

27. Acid, Fracture, Treatment, Cement Squeeze, etc.

| Depth Interval | Amount and Type of Material |
|----------------|---|
| 3290' - 3338' | 12 bbls 15% HCL, 51.3 bbls Pre-Pad, 171.5 bbls Pad, 116,976# 16/30, 1554 BW, 46 bbls 2% KCL |
| 3210' - 3266' | 12 bbls 15% HCL, 51 bbls Pre-Pad, 220.6 bbls Pad, 50,400# 20/40, 87,600# 16/30, 1770 BW |
| 3163' - 3195' | 12 bbls 15% HCL, 49 bbls Pre-Pad, 173.3 bbls Pad, 101,625# 16/30, 1407 BW |

28. Production - Interval A

| Date First Produced | Test Date | Hours Tested | Test Production | Oil BBL | Gas MCF | Water BBL | Oil Gravity Corr. API | Gas Gravity | Production Method |
|---------------------|----------------------|----------------|-----------------|---------|---------|-----------|-----------------------|-------------|-------------------|
| 9/20/06 | 9/20/06 | 24 | → | 0.0 | 19 | 144 | N/A | | Pumping |
| Choke Size | Tbg. Press. Flwg. SI | Csg. Press. SI | 24 Hr. Rate | Oil BBL | Gas MCF | Water BBL | Gas/Oil Ratio | Well Status | |
| | SI | SI 425# | → | 0.0 | 19 | 144 | N/A | | Producing |

28a. Production - Interval B

| Date First Produced | Test Date | Hours Tested | Test Production | Oil BBL | Gas MCF | Water BBL | Oil Gravity Corr. API | Gas Gravity | Production Method |
|---------------------|----------------------|----------------|-----------------|---------|---------|-----------|-----------------------|-------------|-------------------|
| | | | → | | | | | | |
| Choke Size | Tbg. Press. Flwg. SI | Csg. Press. SI | 24 Hr. Rate | Oil BBL | Gas MCF | Water BBL | Gas/Oil Ratio | Well Status | |
| | SI | | → | | | | | | |

*(See instructions and spaces for additional data on page 2)

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28b. Production - Interval C

| Date First Produced | Test Date | Hours Tested | Test Production → | Oil BBL | Gas MCF | Water BBL | Oil Gravity Corr. API | Gas Gravity | Production Method |
|---------------------|----------------------|--------------|----------------------|---------|---------|-----------|-----------------------|-------------|-------------------|
| Choke Size | Tbg. Press. Flwg. SI | Csg. Press. | 24 Hr. Rate → | Oil BBL | Gas MCF | Water BBL | Gas/Oil Ratio | Well Status | |

28c. Production - Interval D

| Date First Produced | Test Date | Hours Tested | Test Production → | Oil BBL | Gas MCF | Water BBL | Oil Gravity Corr. API | Gas Gravity | Production Method |
|---------------------|----------------------|--------------|----------------------|---------|---------|-----------|-----------------------|-------------|-------------------|
| Choke Size | Tbg. Press. Flwg. SI | Csg. Press. | 24 Hr. Rate → | Oil BBL | Gas MCF | Water BBL | Gas/Oil Ratio | Well Status | |

29. Disposition of Gas (Sold, used for fuel, vented, etc.)

Sold

30. Summary of Porous Zones (Include Aquifers):

Show all important zones of porosity and contents thereof: Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

31. Formation (Log) Markers

| Formation | Top | Bottom | Descriptions, Contents, etc. | Name | Top |
|-----------|-----|--------|------------------------------|--|-----------------------|
| | | | | | Meas. Depth |
| | | | | Bluegate Bentonite Ferron Tununk | 3004' 3160' NDE |

32. Additional remarks (include plugging procedure):

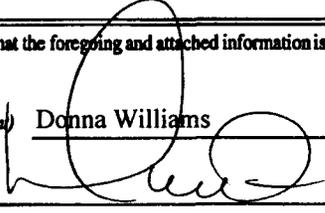
33. Indicate which items have been attached by placing a check in the appropriate boxes:

- Electrical/Mechanical Logs (1 full set req'd.)
 Geologic Report
 DST Report
 Directional Survey
 Sundry Notice for plugging and cement verification
 Core Analysis
 Other:

34. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records (see attached instructions)*

Name (please print) Donna Williams

Title Sr. Regulatory Analyst

Signature 

Date 11/10/06

Title 18 U.S.C Section 1001 and Title 43 U.S.C Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OM B No. 1004-0137
Expires: March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

| | | |
|---|---|--|
| 1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other | | 5. Lease Serial No. U-60402 |
| 2. Name of Operator ConocoPhillips Company | | 6. If Indian, Allottee or Tribe Name N/A |
| 3a. Address P. O. Box 51810, Midland, Texas 79710-1810 | 3b. Phone No. (include area code) 432-688-6943 | 7. If Unit or CA/Agreement, Name and/or No. Drunkards Wash UTU-67921X |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Surf. Loc. 1332' FNL, 2386' FWL, Sec. 13, T15S, R8E SE/NW | | 8. Well Name and No. USA 13-1112 |
| | | 9. API Well No. 43-007-31097 |
| | | 10. Field and Pool, or Exploratory Area Drunkards Wash |
| | | 11. County or Parish, State Carbon, Utah |

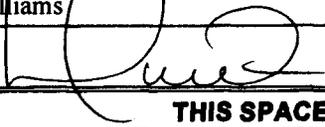
12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|---|---|---|---|---|
| <input type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input checked="" type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input checked="" type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input type="checkbox"/> Other _____ |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Date of First Production for the above well is September 20, 2006. Production rate on 9/20/06 - 0 BO, 19 MCF, 144 BW, SICP 425#. Well perfed from 3163' - 3338'. 2 7/8" tbg set at 3394'.

Date Spud: 6/17/06
Date TD Reached: 6/20/06
Date Completed: 9/19/06
Date 1st Produced: 9/20/06

| | |
|---|---------------------------------|
| 14. I hereby certify that the foregoing is true and correct | |
| Name (Printed/Typed) Donna Williams | Title Sr. Regulatory Specialist |
| Signature  | Date 10/23/06 |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

| | | |
|---|-------------|------------|
| Approved by _____ | Title _____ | Date _____ |
| Conditions of approval, if any, are attached. Approval of this notice 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. | | |
| Office _____ | | |

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

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OCT 25 2006

DIV. OF OIL, GAS & MINING

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OM B No. 1004-0137
Expires: March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
 ConocoPhillips Company

3a. Address
 P. O. Box 51810, Midland, Texas 79710-1810

3b. Phone No. (include area code)
 432-688-6943

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
 Surf. Loc. 1332' FNL, 2386' FWL, Sec. 13, T15S, R8E SE/NW

5. Lease Serial No.
 U-60402

6. If Indian, Allottee or Tribe Name
 N/A

7. If Unit or CA/Agreement, Name and/or No.
 Drunkards Wash UTU-67921X

8. Well Name and No.
 USA 13-1112

9. API Well No.
 43-007-31097

10. Field and Pool, or Exploratory Area
 Drunkards Wash

11. County or Parish, State
 Carbon, Utah

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|---|---|---|--|---|
| <input type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input checked="" type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other Remedial work |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | |
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1/19/07: MIRU. Unhang rods, RD Unit, unseat pump, reseal pump. Test, no test. LD polish rod, POOH w/rods, LD weight bars and pump. Drop standing valve, no test. ND WH, NU BOP. POOH w/tbg, tbg stuck. Tie elevator jar on tbg for 3 hrs. Leave 70,000# on tbg. Close BOPs and lock pipe rams.

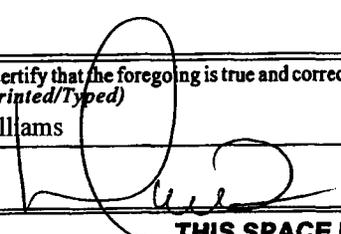
RECEIVED

JUN 01 2007

DIV. OF OIL, GAS & MINING

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed) Donna Williams Title Sr. Regulatory Specialist

Signature  Date 5-29-07

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by _____ Title _____ Date _____

Conditions of approval, if any, are attached. Approval of this notice 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. Office _____

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(Instructions on page 2)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

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3/9/07: SIRU. RD Unit, test tbg to 1000#, held good. Found pump stuck up, would not scope in. RU rod equipment. POOH w/rods, LD weight bars and pump. ND WH, NU BOPs, test 300 & 1000#. RU tbg equipment and floor. Tag fill at 3365'. POOH w/tbg, LD BHA. Picked up bailing equipment, TIH, hang off tbg above top perf. Lock BOPs.

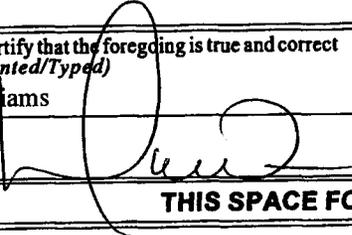
RECEIVED

JUN 01 2007

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Signature  Date 5-29-07

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