



ConocoPhillips Company
6825 South 5300 West
P.O. Box 851
Price, UT 84501

March 1, 2006

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

RE: Application for Permit to Drill: Telonis 19-1038, Birkinshaw 18-1037, Telonis 16-1031,
Utah 33-1072, Utah 23-1026, Telonis 29-1060

Dear Ms. Whitney:

Please find enclosed an *Application for Permit to Drill* (APD) for the following wells:

Telonis 19-1038, Birkinshaw 18-1037, Telonis 16-1031, Utah 33-1072, Utah 23-1026, Telonis 29-1060

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

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

Sincerely,

Jean Semborski
Construction/Asset Integrity Supervisor

cc: Mr. Eric Jones, BLM, Moab, Utah
Mr. John Albert, Chevron
Mr. John Lennon, Dominion Resources
Mr. Don Stephens, BLM, Price, Utah
Ms. Debbie Marberry, ConocoPhillips
Mr. Kile Thompson, ConocoPhillips
Mr. Mark Jones, DOGM, Price, Utah
Mr. Ed Bonner, SITLA
ConocoPhillips Well File

RECEIVED
MAR 07 2006
DIV. OF OIL, GAS & MINING

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

FORM 3

AMENDED REPORT
(highlight changes)

APPLICATION FOR PERMIT TO DRILL			5. MINERAL LEASE NO: Fee	6. SURFACE: Fee
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>			7. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>			8. UNIT or CA AGREEMENT NAME: Drunkards Wash UTU-67921X	
2. NAME OF OPERATOR: ConocoPhillips Company			9. WELL NAME and NUMBER: Telonis 19-1038	
3. ADDRESS OF OPERATOR: P.O. Box 851 CITY Price STATE UT ZIP 84501		PHONE NUMBER: (435) 613-9777	10. FIELD AND POOL, OR WLD/CAT: Drunkards Wash	
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 2549' FNL, 1578' FWL AT PROPOSED PRODUCING ZONE:			11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SENW 19 14S 9E	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 7.8 miles west of Price, Utah			12. COUNTY: Carbon	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 307 feet	16. NUMBER OF ACRES IN LEASE: 319.02 acres	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 160 acres		
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 1800 feet	19. PROPOSED DEPTH: 3,371	20. BOND DESCRIPTION: Rotary		
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 6471.0' GR	22. APPROXIMATE DATE WORK WILL START: 4/15/2006	23. ESTIMATED DURATION:		

24. **PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
15"	12 3/4" Conductor	40	
11"	8 5/8" J-55 24#/ft	400	170 sks G+2% CaCl 1/4#/skD29
7 7/8"	5 1/2" N-80 17#/ft	3,361	120 sks 50/50 POZ+8% gel+2% CaCl +10% extend 1/4#/skD29
			270 sks "G" thixotropic

25. **ATTACHMENTS**

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

<input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER	<input type="checkbox"/> COMPLETE DRILLING PLAN
<input checked="" type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER	<input type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

NAME (PLEASE PRINT) Jean Semborski TITLE Construction/Asset Integrity Supervisor

SIGNATURE *Jean Semborski* DATE 2/23/06

(This space for State use only)

API NUMBER ASSIGNED: 43-007-31150

Approved by the
Utah Division of
Oil, Gas and Mining

RECEIVED
MAR 07 2006

Date: 02-21-06
By: *[Signature]*

DIV. OF OIL, GAS & MINING

Range 9 East

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 6968' being at the Southeast Section Corner of Section 26, Township 14 South, Range 8 East, Salt Lake Base and Meridian, as shown on the Pinnacle Peak Quadrangle 7.5 minute series map.

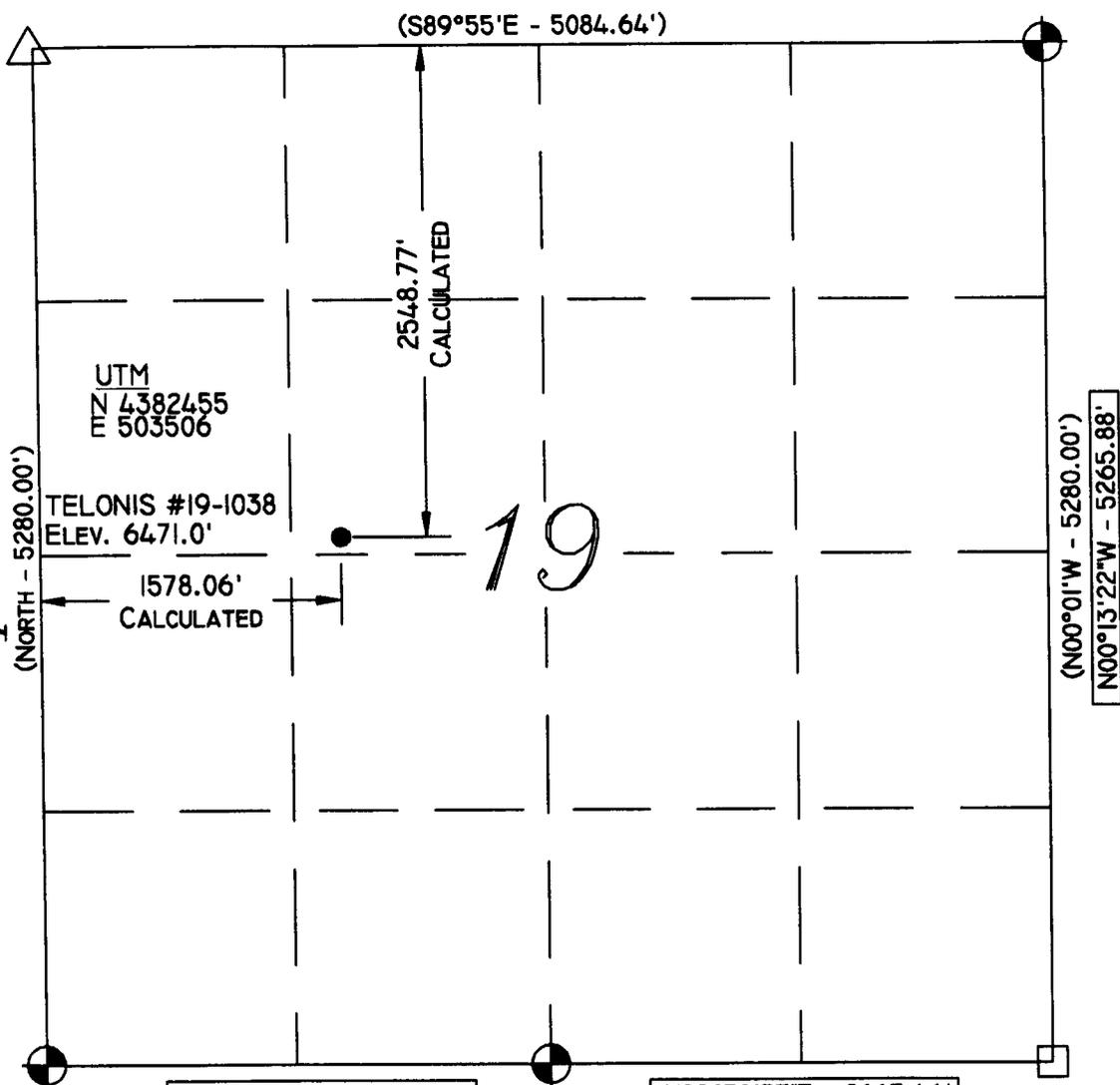
Description of Location:

Proposed Drill Hole located in the SE/4 NW/4 of Section 19, T14S, R9E, S.L.B.&M., being 2548.77' South and 1578.06' East from the Northwest Section Corner of Section 19, T14S, R9E, 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.

Township 14 South



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

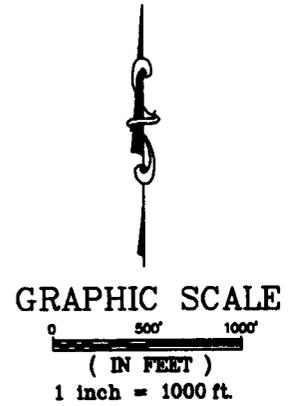
ConocoPhillips Company
WELL TELONIS #19-1038
 Section 19, T14S, R9E, S.L.B.&M.
 Carbon County, Utah

Drawn By: N. BUTKOVICH	Checked By: L.W.J./A.J.S.
Drawing No. A-1	Date: 2/6/06
	Scale: 1" = 1000'
Sheet 1 of 4	Job No. 2180

- Legend**
- Drill Hole Location
 - ⊙ Metal Cap (Found)
 - Fence Post (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°35'37.318"N
 110°57'33.008"W





ConocoPhillips Company
Property Tax, Real Estate, Right of Way and Claims
P.O. Box 105
Livermore, CO 80536

August 17, 2006

Via U.S.P.S. Express Mail

Diana Whitney
State of Utah Department of Natural Resources
Division of Oil, Gas and Mining
Oil and Gas Program
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801

Dear Ms. Whitney:

ConocoPhillips Company (COPC) plans to drill the following wells in Carbon County, Utah:

- Telonis 16-1031 Well located in the SW4, Section 16, T14S, R9E
- Birkinshaw 18-1037 Well located in the SE4, Section 18, T14S, R9E
- Telonis 19-1038 Well located in the NW4, Section 19, T14S, R9E
- Telonis 29-1060 Well located in the NW4, Section 29, T14S, R9E
- Telonis 30-1063 Well located in the S2, Section 30, T14S, R9E

COPC has filed an Application for Permit to Drill (APD) for each of these wells with the State of Utah Division of Oil, Gas and Mining.

Pursuant to the State of Utah Division of Oil, Gas and Mining, Oil and Gas Conservation General Rules, R659-3-34 ("Well Site Restoration Rules"), COPC obtained a Surface Use and Damage Agreement with the surface owner for each of these wells. The Agreements include provisions for the protection of surface resources, reclamation of the subject surface property and well site restoration, or damages in lieu thereof, for the surface location for each well. Enclosed is an Affidavit Concerning Surface Use Agreement for each well evidencing COPC's Agreements with the surface owners.

Please advise Donna Williams, Jean Semborski or me if you have questions or require additional information regarding the subject Surface Use and Damage Agreements.

Sincerely,

Deanna J. Walker

Phone: 970-498-9677

Fax: 970-498-9687

E-mail: Deanna.J.Walker@conocophillips.com

Enclosures

cc: Jean Semborski, ConocoPhillips Company
Donna Williams, ConocoPhillips Company

RECEIVED

AUG 18 2006

DIV. OF OIL, GAS & MINING

**AFFIDAVIT CONCERNING
SURFACE USE AGREEMENT**

STATE OF COLORADO }
 }
COUNTY OF Adams }

DEANNA J. WALKER, being first duly sworn upon her oath, deposes and says:

1. I am a Senior Advisor in the Property Tax, Real Estate, Right of Way and Claims Organization of ConocoPhillips Company, a Delaware corporation duly authorized to transact business in the State of Utah, ("COPC") and am authorized to execute this Affidavit on behalf of said corporation.
2. **Nick Sampinos, as Attorney-in-Fact for Fotini G. Telonis, Angelo G. Telonis, Thomas G. Telonis and John G. Telonis**, whose address is 190 North Carbon Avenue, Price, Utah, 84501 ("**Surface Owner**") owns the surface estate of property located in the **Northwest One-quarter of Section 19, Township 14 South, Range 9 East, S.L.B.&M., Carbon County, Utah** ("**Property**").
3. COPC owns or operates oil and gas rights, including mineral leases, and may become holder of other oil and gas rights, including mineral leases, underlying and in the vicinity of the Property ("**Leases**") and desires to enter on the Property for the purposes of conducting oil and gas operations related to such oil and gas rights, including mineral leases.
4. The Surface Owner executed a Surface Use and Damage Agreement effective as of the 30th day of March 2006 which covers the Property. In addition to other agreements and as required by the State of Utah Division of Oil, Gas and Mining, Oil and Gas Conservation General Rules, R649-3-34 ("**Well Site Restoration Rules**"), the Surface Use and Damage Agreement sets forth the agreement between the parties for the protection of surface resources, reclamation of the Property and well site restoration, or damages in lieu thereof, for the surface pad location for COPC's **Telonis 19-1038 well** and associated infrastructure, which will be located on the Property. A Memorandum of Surface Use and Damage Agreement is being filed in the public records of Carbon County, Utah.
5. I execute and record this affidavit in accordance with the requirements of the Well Site Restoration Rules.

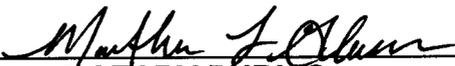
6. The matters stated herein are true of my own knowledge, except to any matters stated herein upon information and belief, and, as to those matters, I believe them to be true.

DATED this 15th day of August 2006.



DEANNA J. WALKER
ConocoPhillips Company
Property Tax, Real Estate,
Right of Way and Claims
Senior Advisor

Subscribed, sworn and acknowledged to and by Deanna J. Walker before me this 15th day of August 2006.



NOTARY PUBLIC
For the State of Colorado

My Commission Expires:

06/08/2010

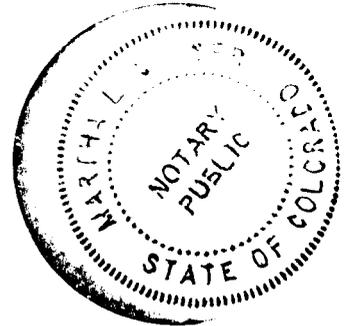


EXHIBIT "D"
DRILLING PROGRAM

Attached to Form 3
ConocoPhillips Company
Telonis 19-1038
SE/4, NW/4, Sec.19, T14S, R9E, SLB & M
2549' FNL, 1578' FWL
Carbon County, Utah

1. The Surface Geologic Formation

Mancos Shale

2. Estimated Tops of Important Geologic Markers

Blue Gate/Ferron 2798'

3. Projected Gas & H2O zones (Ferron Formation)

Coals and sandstones 2820' - 2977'

No groundwater is expected to be encountered.

Casing & cementing will be done to protect potentially productive hydrocarbons, lost circulation zones, abnormal pressure zones, and prospectively valuable mineral deposits.

All indications of usable water will be reported.

Surface casing will be tested to 500 psi and Production casing tested to 1500 psi with a minimum of 1 psi/ft of the last casing string depth

4. The Proposed Casing and Cementing Programs

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	<u>0-3361</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 120 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 270 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.

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

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

5. The Operator's Minimum Specifications for Pressure Control

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

6. The Type and Characteristics of the Proposed Circulating Muds

0-400	11" hole	Drill with air, will mud-up if necessary.
400-TD	7 7/8" hole	Drill with air, will mud-up if necessary. 400 psi @ 1400-1600 cfm

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

400-TD Gamma Ray, Neutron Porosity, CBL

Any Anticipated Abnormal Pressures or Temperatures

No abnormal pressures or temperatures have been noted or reported in wells drilled in the area nor at the depths anticipated in this well. Bottom hole pressure expected is about 1472 psi max., however due to offset production pressures may be much lower. No hydrogen sulfide or other hazardous gases or fluids have been found, reported or are known to exist at these depths in the area.

8. Anticipated Starting Date and Duration of the Operations.

The well will be drilled around April 15, 2006

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

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

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

SURFACE USE PLAN

Attached to Form 3
ConocoPhillips Company
Telonis 19-1038
SE/4, NW/4, Sec. 19, T14S, R9E, SLB & M
2549' FNL, 1578' FWL
Carbon County, Utah

1. Existing Roads

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

2. Planned Access

Approximately 100' of new access is required (Refer to Drawing L-1)

- a. Maximum Width: 24' travel surface with 27' base
- b. Maximum grade: 7%
- c. Turnouts: None
- d. Drainage design: 1 culvert may be required. Water will be diverted around well pad as necessary.
- e. If the well is productive, the road will be surfaced and maintained as necessary to prevent soil erosion and accommodate year-round traffic.
- f. Pipe and power lines will follow the proposed access road.

3. Location of Existing Wells

- a. Refer to Drawing L-1.

4. Location of Existing and/or Proposed Facilities

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

accordance with landowner stipulations.

5. Location and Type of Water Supply

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

6. Source of Construction Materials

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

7. Methods for handling waste disposal

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

8. Ancillary Facilities

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

9. Wellsite Layout

- a. Available topsoil will be removed from the location and stockpiled. Location of mud tanks, reserve and berm pits, and soil stockpiles will be located as shown on the attachments.
- b. A blooie pit will be located 100' from the drill hole. A line will be placed on the surface from the center hole to the pit. The pit will not be lined, but will be fenced on four sides to protect livestock/wildlife.
- c. Access to the well pad will be as shown on Drawing A-2 and L-1.
- d. Natural runoff will be diverted around the well pad.

10. Plans for Restoration of Surface

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

11. Surface Ownership:

- a. The wellsite and access road will be constructed on lands owned by the Telonis Family. Executor for the family is Nick Sampinos, Attorney-In-Fact, 190 North Carbon Avenue, Price, Utah 84501. Phone 435-637-9000. operator shall contact the landowner representative and the Division of Oil, Gas and mining 48 hours prior to beginning construction activities.

12. **Other Information:**

- a. The primary surface use is farming and grazing. The nearest dwelling is approximately 5000 feet East.
- b. Nearest live water is the Gordon Creek 9000' North.
- c. If there is snow on the ground when construction begins, it will be removed before the soil is disturbed and piled downhill from the topsoil stockpile location.
- d. The backslope and foreslope will be constructed no steeper than 4:1.
- e. All equipment and vehicles will be confined to the access road and well pad.
- f. A complete copy of the approved Application for Permit to Drill (APD) including conditions and stipulations, shall be on the wellsite during construction and drilling operations.

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

13. Company Representative

Jean Semborski
Construction/Asset Integrity Supervisor
ConocoPhillips Company
P.O. Box 851
6825 South 5300 West
Price, Utah 84501
(435) 613-9777
(435) 820-9807

Mail Approved A.P.D. To:

Company Representative

Excavation Contractor

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

14. Certification

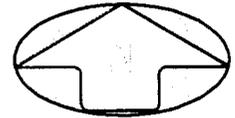
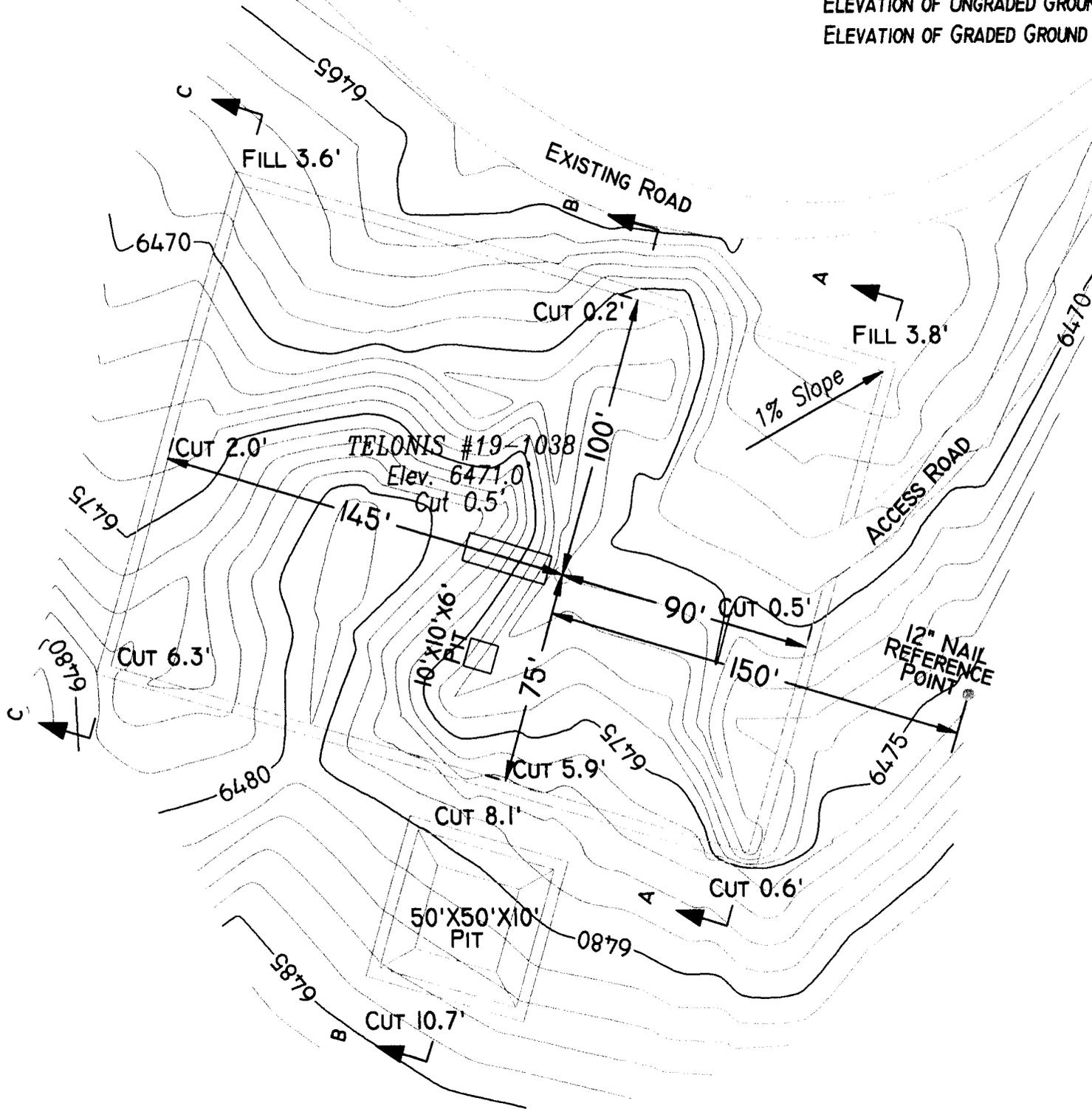
I hereby certify that I, or persons under my direct supervision have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct, and that the work associated with the operations proposed herein will be performed by ConocoPhillips Company and its subcontractors in conformity with this plan and the terms and conditions under which it is approved.

2/23/06
Date



Jean Semborski
Construction/Asset Integrity Supervisor
ConocoPhillips Company

ELEVATION OF UNGRADED GROUND AT LOCATION STAKE = 6471.0'
 ELEVATION OF GRADED GROUND AT LOCATION STAKE = 6470.5'



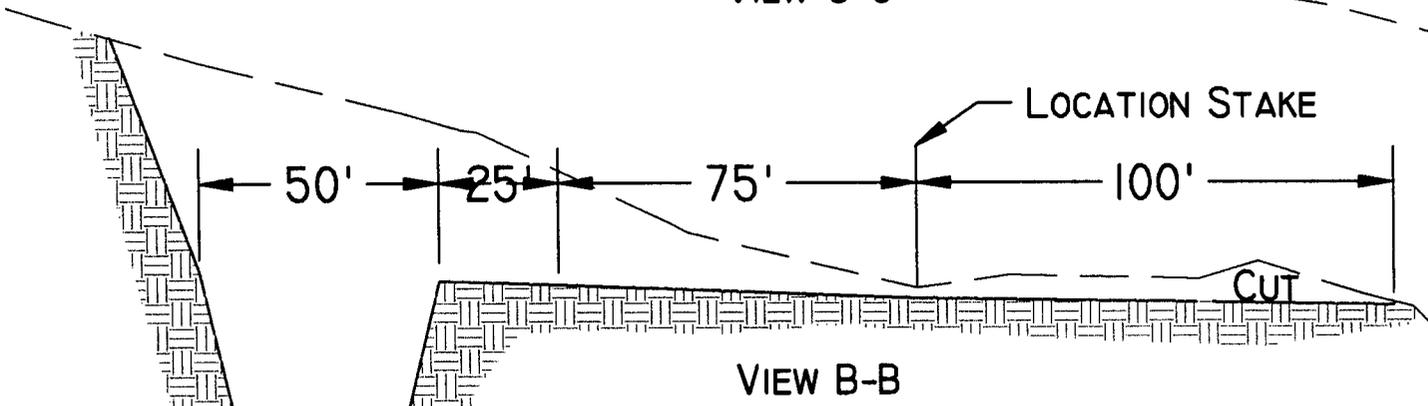
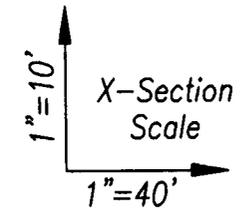
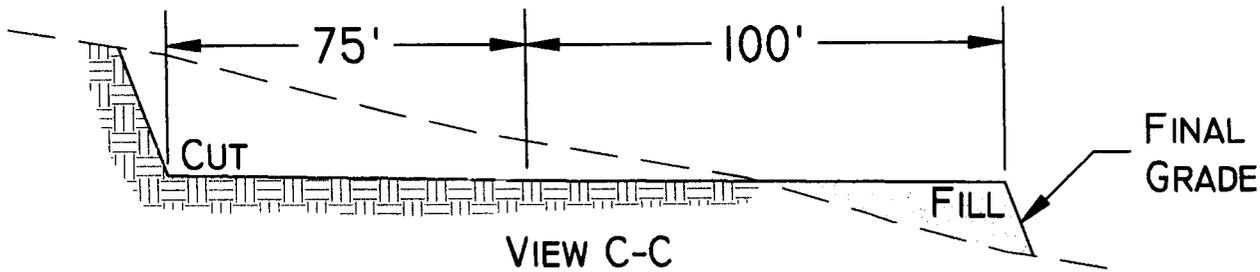
TALON RESOURCES, INC.

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 19, T14S, R9E, S.L.B.&M.
 WELL TELONIS #19-1038

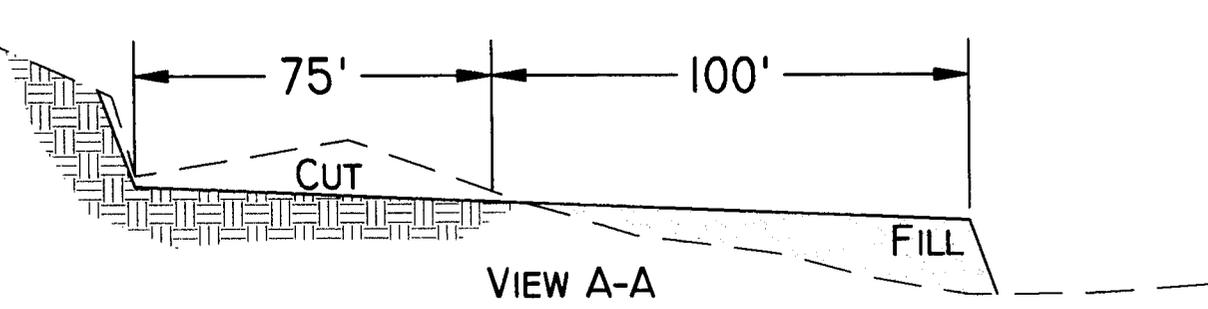
Drawn By: N. BUTKOVICH	Checked By: L.W.J.
Drawing No. A-2	Date: 2/6/06
	Scale: 1" = 50'
Sheet 2 of 4	Job No. 2180



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 talonstv.net

ConocoPhillips Company

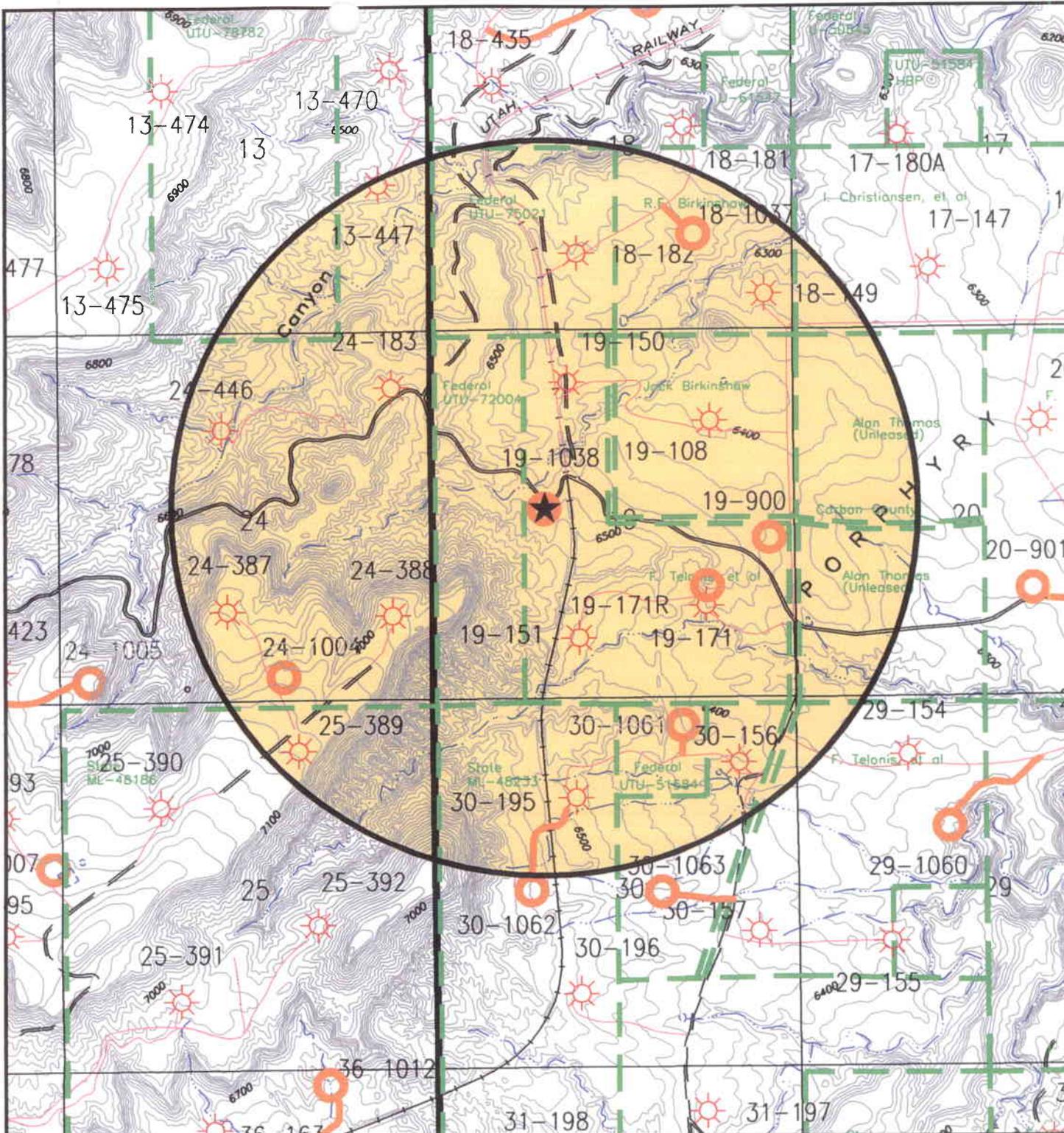
TYPICAL CROSS SECTION
 Section 19, T14S, R9E, S.L.B.&M.
 WELL TELONIS #19-1038

Drawn By: N. BUTKOVICH	Checked By: L.W.J.
Drawing No. C-1	Date: 2/6/06
	Scale: 1" = 40'
Sheet 3 of 4	Job No. 2180

APPROXIMATE YARDAGES

CUT
 (6")TOPSOIL STRIPPING = 810 CU. YDS.
 REMAINING LOCATION = 5,970 CU, YDS.
 (INCLUDING TOPSOIL STRIPPING)

TOTAL CUT (INCLUDING PIT) = 6,720 CU. YDS.
 TOTAL FILL = 645 CU. YDS.



LEGEND

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



Scale: 1" = 2000'

February 6, 2006

ConocoPhillips Company

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



WELL TELONIS #19-1038
 Section 19, T14S, R9E, S.L.B.&M.
 Drawing L-1 4 of 4

496000mE. 498000mE. 500000mE. 502000mE. 504000mE. 506000mE. 508000mE. NAD27 Zone 12S 512000mE.

ConocoPhillips Company

TELONIS #19-1038

UTM NAD 27

N-4382455

E-503506

Talon Resources, Inc.

195 N 100 W, P.O. BOX 1230

Huntington, Utah 84528

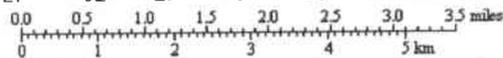
(435) 687-5310

43 92000m N.
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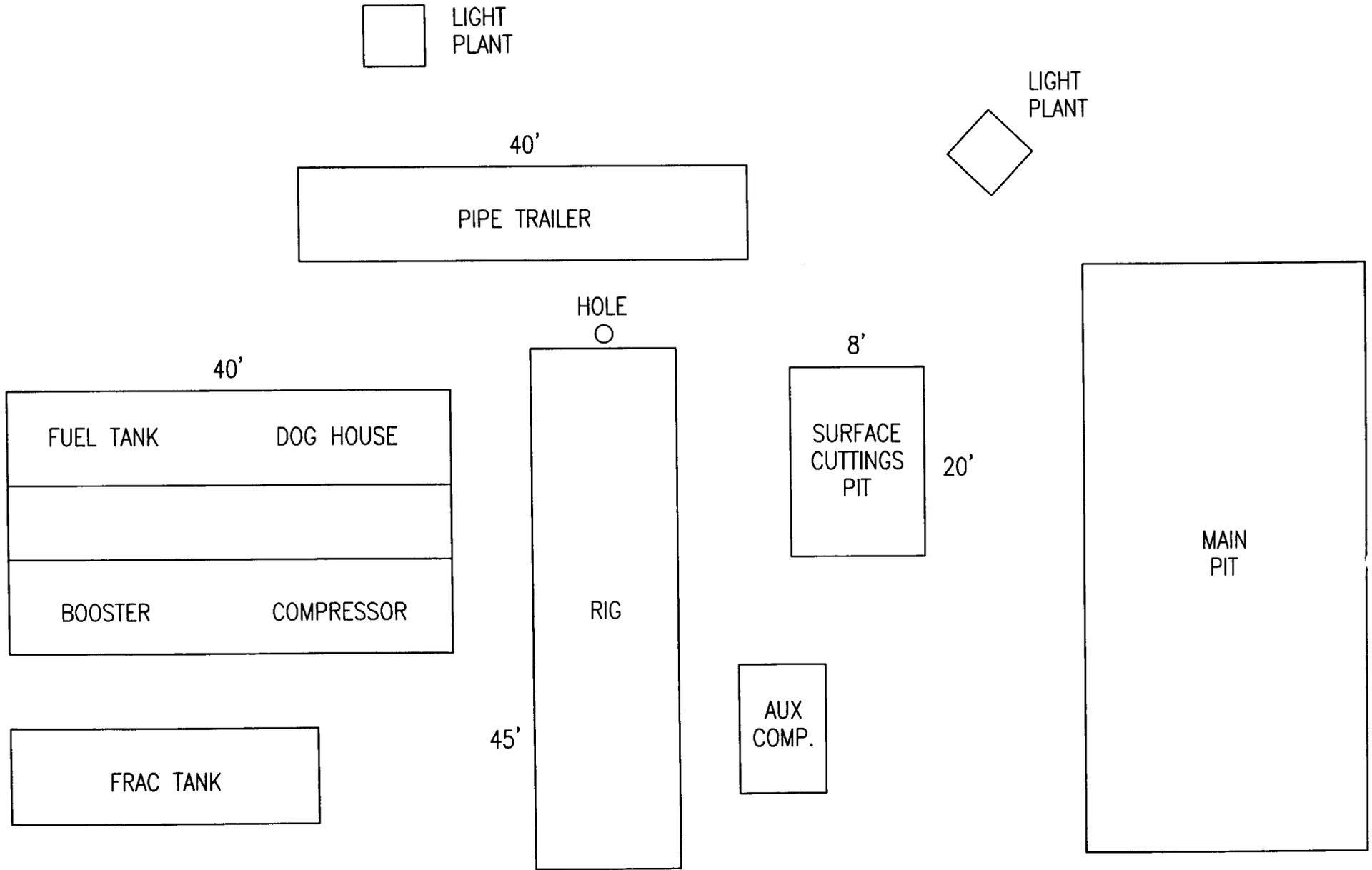
496000mE. 498000mE. 500000mE. 502000mE. 504000mE. 506000mE. 508000mE. NAD27 Zone 12S 512000mE.

TN MN
12°



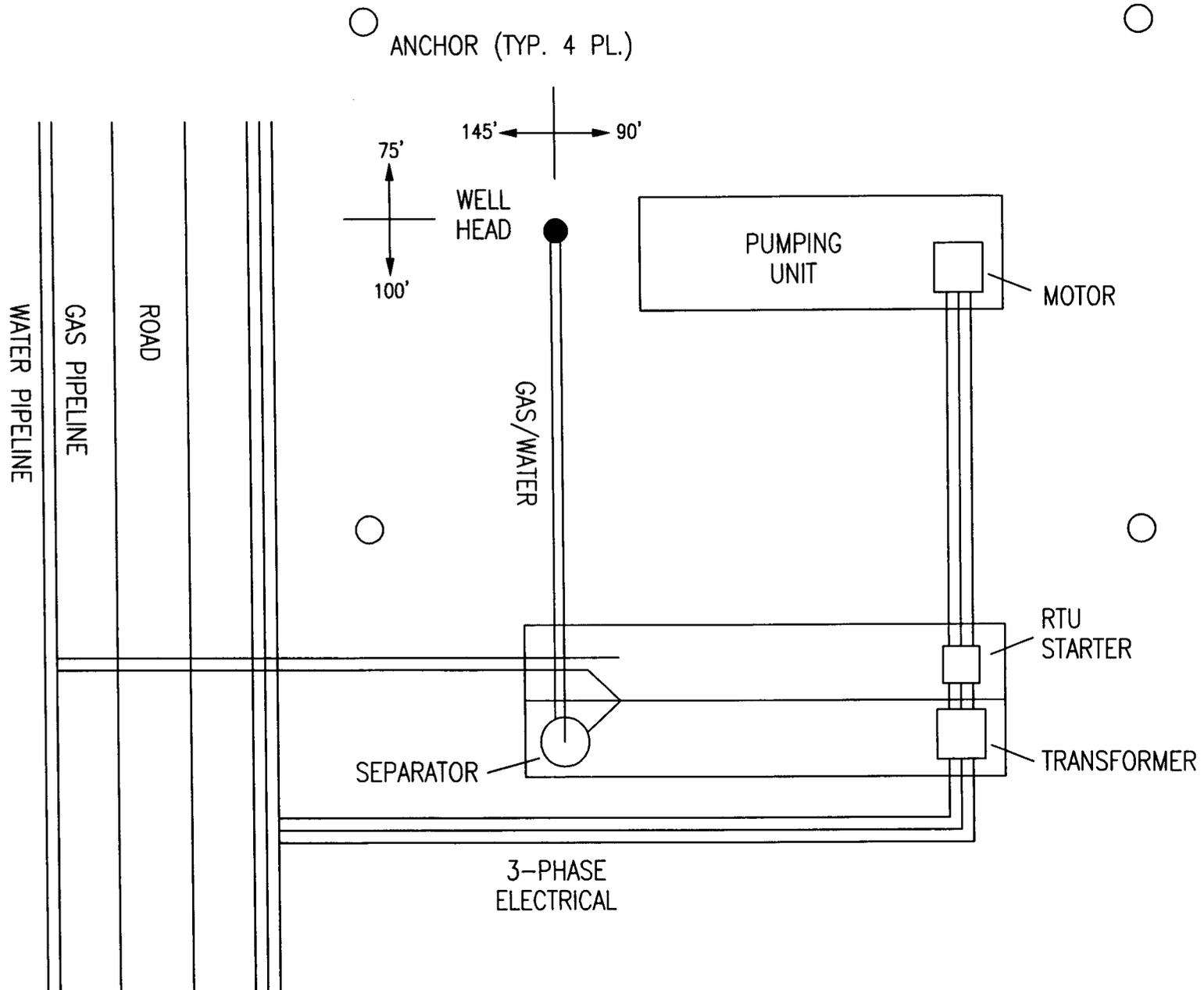
Map created with TOPO! © 2003 National Geographic (www.nationalgeographic.com/topo)

APPROXIMATE LAYOUT OF RIG & EQUIPMENT

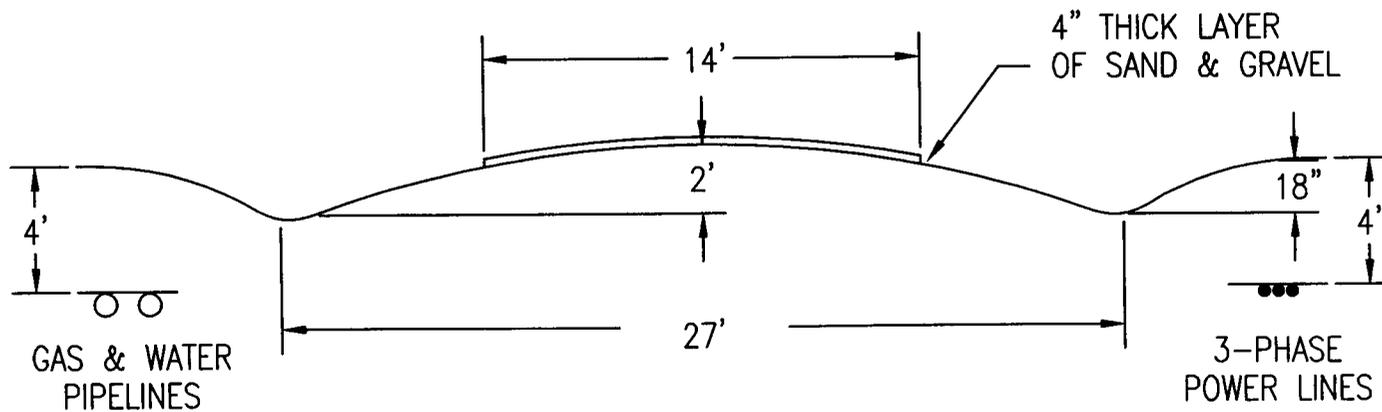


CONOCOPHILLIPS COMPANY

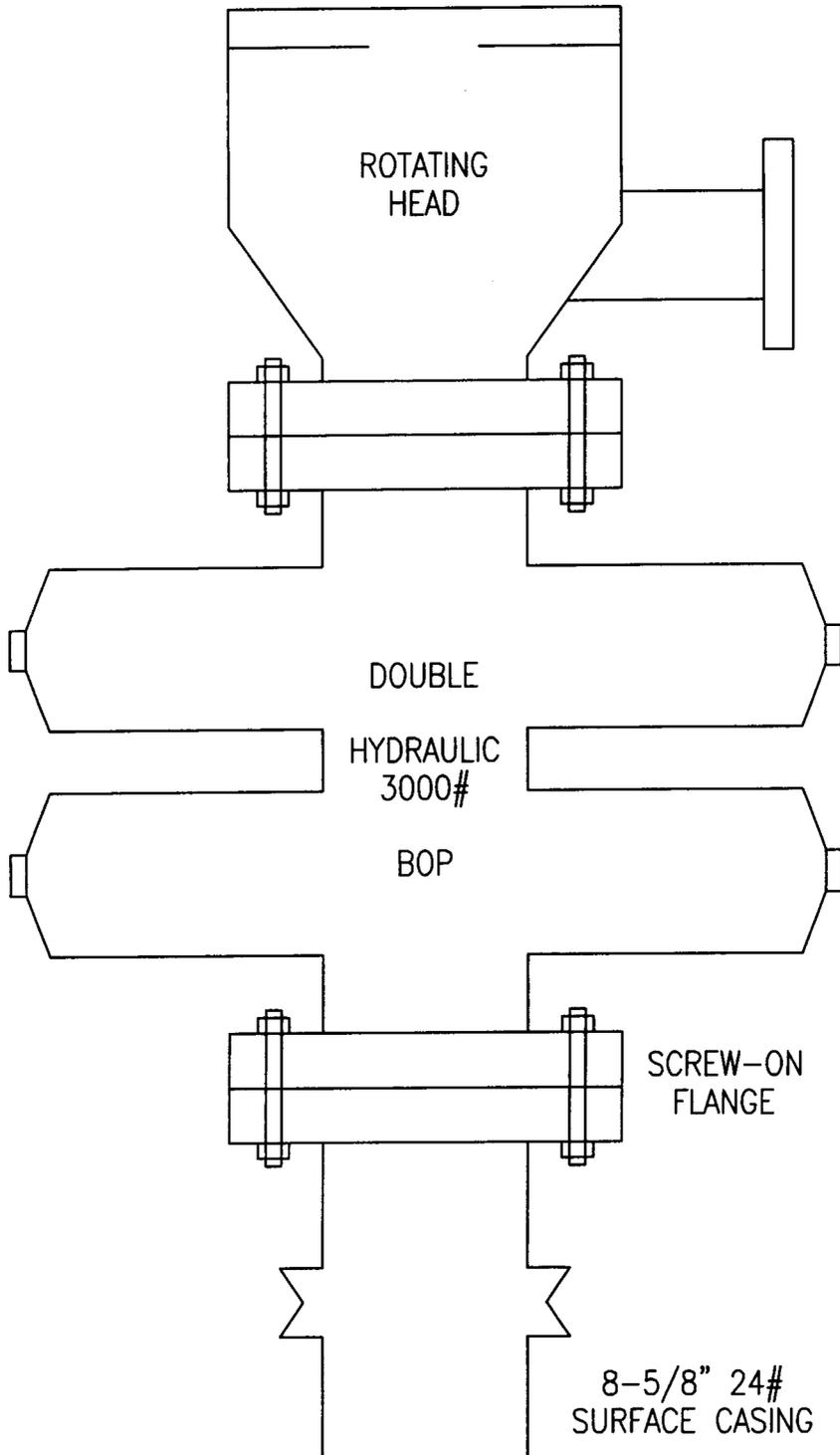
WELL SITE LAYOUT (235' x 175')



TYPICAL ROAD CROSS-SECTION
CONOCOPHILLIPS COMPANY



DIVERTER HEAD
CONOCOPHILLIPS COMPANY

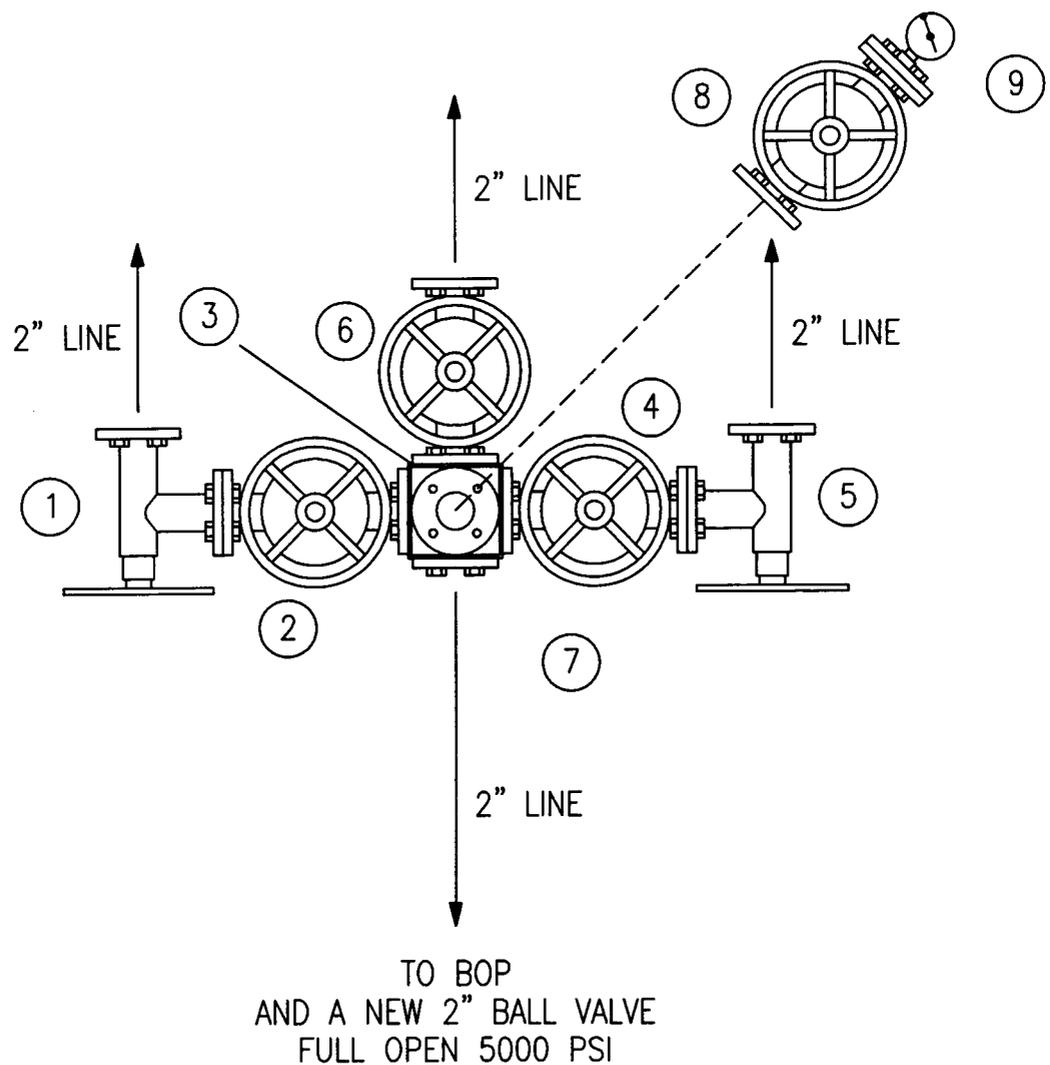


CUNOCOPHILLIPS COMPANY

- (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

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

FORM 4A

Bond No. 6196922

SURETY BOND

KNOW ALL MEN BY THESE PRESENTS:

That we (operator name) CONOCOPHILLIPS COMPANY as Principal,
and

(surety name) SAFECO INSURANCE COMPANY OF AMERICA as Surety, duly authorized
and qualified to do business in the State of Utah, are held and firmly bound unto the State of Utah in the sum of:

EIGHTY THOUSAND AND NO/100***** dollars (\$ 80,000.00)
lawful money of the United States, payable to the Director of the Division of Oil, Gas and Mining, as agent of the State of Utah, for the use and
benefit of the State of Utah for the faithful payment of which we bind ourselves, our heirs, executors, administrators and successors, jointly and
severally by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH THAT, WHEREAS the Principal is or will be engaged in the drilling, re-drilling, deepening,
repairing, operating, and plugging and abandonment of a well or wells and restoring the well site or sites in the State of Utah for the purposes of
oil or gas production and/or the injection and disposal of fluids in connection therewith for the following described land or well:

X Blanket Bond: To cover all wells drilled in the State of Utah

Individual Bond: Well No: _____
Section: _____ Township: _____ Range: _____
County: _____, Utah

NOW, THEREFORE, if the above bounden Principal shall comply with all the provisions of the laws of the State of Utah and the rules, orders and
requirements of the Board of Oil, Gas and Mining of the State of Utah, including, but not limited to the proper plugging and abandonment of wells
and well site restoration, then this obligation is void; otherwise, the same shall be and remain in full force and effect.

IN TESTIMONY WHEREOF, said Principal has hereunto subscribed its name and has caused this instrument to be signed by its duly authorized
officers and its corporate or notary seal to be affixed this

30th day of Dec, 20 02

(Corporate or Notary Seal here)

Attested: [Signature] Date: 12-30-02

CONOCOPHILLIPS COMPANY
Principal (company name)
By James F. Hughes Corporate Insurance
Name (print) Title manager
James F. Hughes
Signature

IN TESTIMONY WHEREOF, said Surety has caused this instrument to be signed by its duly authorized officers and its corporate or notary seal
to be affixed this

1ST day of JANUARY, 20 03

(Corporate or Notary Seal here)

Carolyn E. Wheeler
Attested: _____ Date: 12/20/2002

SAFECO INSURANCE COMPANY OF AMERICA
Surety Company (Attach Power of Attorney)
By Jina Marie S
Name (print) Title
Jina Marie S
Signature
C/O MARSH USA INC
Surety Mailing Address
PO BOX 36012 KNOXVILLE TN 37930-6012
City State Zip

CAROLYN E. WHEELER
NOTARY PUBLIC
MY COMMISSION EXPIRES: NOVEMBER 1, 2006
(5/2002)

**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 03/07/2006

API NO. ASSIGNED: 43-007-31150

WELL NAME: TELONIS 19-1038

OPERATOR: CONOCOPHILLIPS COMPANY (N2335)

CONTACT: JEAN SEMBORSKI

PHONE NUMBER: 435-613-9777

PROPOSED LOCATION:

SENW 19 140S 090E

SURFACE: 2549 FNL 1578 FWL

BOTTOM: 2549 FNL 1578 FWL

COUNTY: CARBON

LATITUDE: 39.59366 LONGITUDE: -110.9591

UTM SURF EASTINGS: 503509 NORTHINGS: 4382451

FIELD NAME: DRUNKARDS WASH (48)

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	DKD	6/7/06
Geology		
Surface		

LEASE TYPE: 4 - Fee

LEASE NUMBER: FEE

SURFACE OWNER: 4 - Fee

PROPOSED FORMATION: FRSD

COALBED METHANE WELL? YES

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[] Ind[] Sta[] Fee[]
(No. 6196922)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. MUNICIPAL)
- RDCC Review (Y/N)
(Date:)
- Fee Surf Agreement (Y/N)
- Intent to Commingle (Y/N)

LOCATION AND SITING:

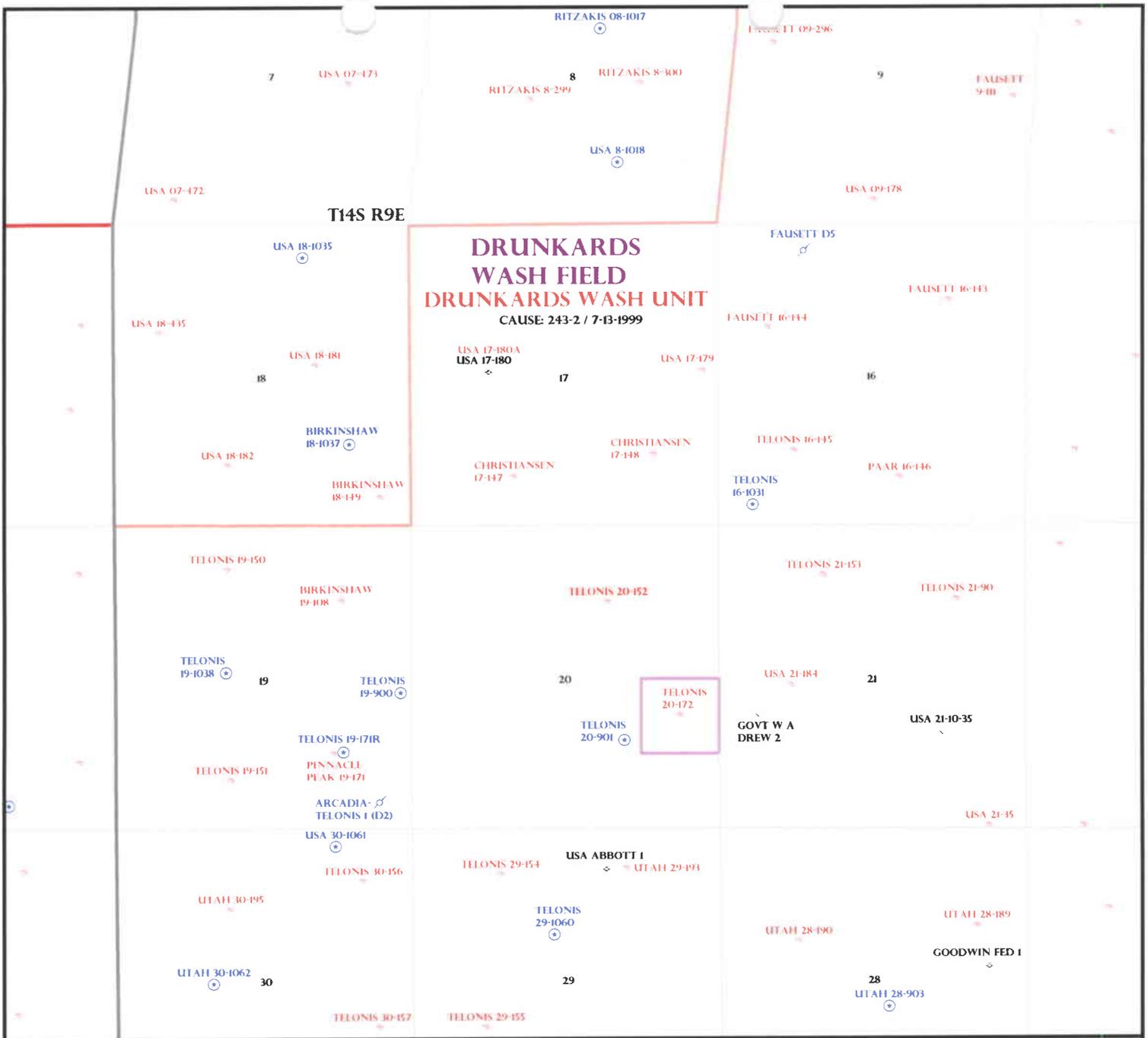
- R649-2-3.
- Unit: DRUNKARDS WASH
- R649-3-2. General
Siting: 460' From Qtr/Qtr & 920' Between Wells
- R649-3-3. Exception
- Drilling Unit
Board Cause No: 243-2
Eff Date: 7.13.99
Siting: 1100' fr u bdr g c unknown. True
- R649-3-11. Directional Drill

COMMENTS:

Needs Permit (05-09-06)

STIPULATIONS:

1- STATEMENT OF BASIS



OPERATOR: CONOCOPHILLIPS CO (N2335)
 SEC: 16,18,19 T. 14S R. 9E
 FIELD: DRUNKARDS WASH (48)
 COUNTY: CARBON
 CAUSE: 243-2 / 7-13-1999

Field Status	Unit Status
ABANDONED	EXPLORATORY
ACTIVE	GAS STORAGE
COMBINED	NF PP OIL
INACTIVE	NF SECONDARY
PROPOSED	PENDING
STORAGE	PI OIL
TERMINATED	PP GAS
	PP GEOTHERML
	PP OIL
	SECONDARY
	TERMINATED

Wells Status

	GAS INJECTION
	GAS STORAGE
	LOCATION ABANDONED
	NEW LOCATION
	PLUGGED & ABANDONED
	PRODUCING GAS
	PRODUCING OIL
	SHUT-IN GAS
	SHUT-IN OIL
	TEMP. ABANDONED
	TEST WELL
	WATER INJECTION
	WATER SUPPLY
	WATER DISPOSAL
	DRILLING



PREPARED BY: DIANA WHITNEY
 DATE: 13-MARCH-2006

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

OPERATOR: ConocoPhillips Company
WELL NAME & NUMBER: Telonis 19-1038
API NUMBER: 43-007-31150
LOCATION: 1/4,1/4 SENW Sec:19 TWP: 14 S RNG: 9 E 2549 FNL 1578 FWL

Geology/Ground Water:

A poorly to moderately permeable soil is developed on the Blue Gate Member of the Mancos Shale. The Garley Canyon Sandstone Beds of the Blue Gate Member of the Mancos Shale are likely to be present at this location. If the Garley Canyon Sandstone Beds are present (probable) and saturated (possible - standing water was found in upper Garley Canyon Sandstone Beds in Pinnacle Canyon, ~2 miles east), these strata should be included within the surface casing string. The operator is informed of the potential for saturated Garley Canyon Sandstone and will respond to protect the zones by extending the surface casing string as needed. Extending the proposed casing and cement will adequately isolate any shallow zones containing water. No aquifers with high quality ground water are likely to be encountered below the Garley Canyon Beds. The proposed casing and cement program will otherwise adequately isolate any water-bearing strata. No underground water rights have been filed within a mile of the location.

Reviewer: Christopher J. Kierst **Date:** 5/18/2006

Surface:

Proposed location is ~7.8 miles west of Price, Utah. The current surface use of the immediate area surrounding the proposed well is grazing and wildlife habitat. Access to this well will be along existing ConocoPhillips gas field roads and County maintained roads. 100' of new access road will be built for this location. The direct area drains to the east into a tributary of Gordon Creek, then eastward eventually into the Price River, a year-round live water source. Dry washes run throughout the area. There are 20 producing, shut-in and/or PA wells, and 1 Salt-Water Disposal well is within a 1-mile radius of the above proposed well. Location layout, storm water drainage control, current surface status and characteristics, planned disturbances, access and utility route, and the reserve pit characteristics were all discussed. M. Jones (DOGM), Jean Semborski (ConocoPhillips), and Larry Jensen (NELCO). Carbon County and Nick Sampinos (represents the surface ownership) was invited but chose not to attend.

Reviewer: Mark L. Jones

Date: May 16, 2006

Conditions of Approval/Application for Permit to Drill:

1. A 12 mil. (Minimum) synthetic liner is **optional**.

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

OPERATOR: ConocoPhillips Company
WELL NAME & NUMBER: Telonis 19-1038
API NUMBER: 43-007-31150
LEASE: Fee FIELD/UNIT: _____
LOCATION: 1/4,1/4 SENW Sec: 19 TWP: 14S RNG: 9E 2549 FNL 1578 FWL
LEGAL WELL SITING: 460' from unit boundary and uncommitted tracts.
GPS COORD (UTM): X =503500 E; Y =4382456 N SURFACE OWNER: Telonis Family.

PARTICIPANTS

M. Jones (DOGM), Jean Semborski (ConocoPhillips), and Larry Jensen (NELCO). Carbon County and Nick Sampinos (represents the surface ownership) was invited but chose not to attend.

REGIONAL/LOCAL SETTING & TOPOGRAPHY

Proposed location is ~7.8 miles west of Price, Utah. The current surface use of the immediate area surrounding the proposed well is grazing and wildlife habitat. Access to this well will be along existing ConocoPhillips gas field roads and County maintained roads. 100' of new access road will be built for this location. The direct area drains to the east into a tributary of Gordon Creek, then eastward eventually into the Price River, a year-round live water source. Dry washes run throughout the area.

SURFACE USE PLAN

CURRENT SURFACE USE: Grazing and wildlife habitat.

PROPOSED SURFACE DISTURBANCE: 175' x 235' w/ 50' x 50' x 10' (excluded) pit.

LOCATION OF EXISTING WELLS WITHIN A 1-MILE RADIUS: 20 producing, shut-in, disposal, and/or PA wells, are within a 1-mile radius of the above proposed well.

LOCATION OF PRODUCTION FACILITIES AND PIPELINES: On location and along roadway.

SOURCE OF CONSTRUCTION MATERIAL: Obtained locally and trucked to site.

ANCILLARY FACILITIES: None anticipated.

WILL DRILLING AT THIS LOCATION GENERATE PUBLIC INTEREST OR CONCERNS?
(EXPLAIN): No.

WASTE MANAGEMENT PLAN:

Portable chemical toilets which will be emptied into the municipal waste treatment system; garbage cans on location will be emptied into centralized dumpsters which will be emptied into an approved landfill.

Crude oil production is unlikely. Drilling fluid, completion / frac fluid and cuttings will be buried in the pit after evaporation and slashing the pit liner. Produced water will be gathered to the evaporation pit and eventually injected into the Navajo Sandstone via a salt-water disposal well. Used oil from drilling operations and support is hauled to a used oil recycler and reused.

ENVIRONMENTAL PARAMETERS

AFFECTED FLOODPLAINS AND/OR WETLANDS: None.

FLORA/FAUNA: PJ, sagebrush, grass community.

SOIL TYPE AND CHARACTERISTICS: clay loam.

SURFACE FORMATION & CHARACTERISTICS: _____

EROSION/SEDIMENTATION/STABILITY: Erosive upon disturbance.

PALEONTOLOGICAL POTENTIAL: None observed.

RESERVE PIT

CHARACTERISTICS: Dugout earthen, 50'x50'x10', exterior to location.

LINER REQUIREMENTS (Site Ranking Form attached): Optional.

SURFACE RESTORATION/RECLAMATION PLAN

As per surface use agreement.

SURFACE AGREEMENT: In negotiation at time of inspection.

CULTURAL RESOURCES/ARCHAEOLOGY: Completed by SencoPheonix.

OTHER OBSERVATIONS/COMMENTS

ATTACHMENTS

Photos of this location were taken and placed on file.

Mark L. Jones
DOGM REPRESENTATIVE

May 9, 2006 / 12:00 pm
DATE/TIME

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

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

Final Score 15 (Level II Sensitivity)

Sensitivity Level I = 20 or more; total containment is required, consider criteria for excluding pit use.

Sensitivity Level II = 15-19; lining is discretionary.

Sensitivity Level III = below 15; no specific lining is required.



State Online Services

Agency List

Business.utah.gov

Search Utah.gov

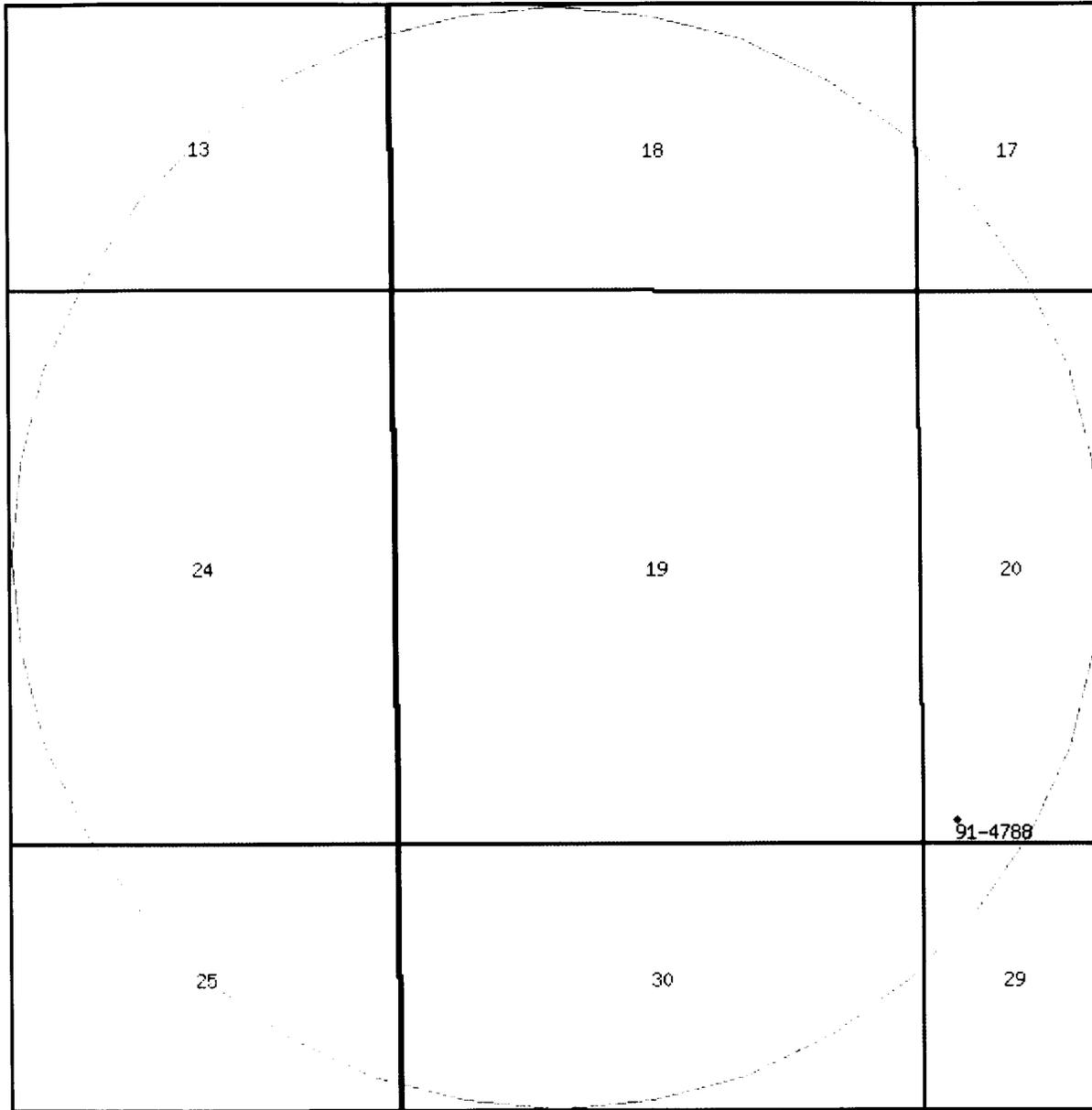


UTAH DIVISION OF WATER RIGHTS

WRPLAT Program Output Listing

Version: 2004.12.30.00 Rundate: 05/18/2006 05:23 PM

Radius search of 5280 feet from a point S2549 E1578 from the NW corner, section 19, Township 14S, Range 9E, SL b&m Criteria:wrtypes=W,C,E podtypes=S,U,D,Sp,P status=U,A,P usetypes=all



0 700 1400 2100 2800 ft

Water Rights

WR Number	Diversion Type/Location	Well Log	Status	Priority	Uses	CFS	ACFT	Owner Name
91-4788	Surface N240 E310 SW 20 14S 9E SL		P	18690000	S	0.011	0.000	ALAN L. THOMAS RT. 2 BOX 49M1

[Natural Resources](#) | [Contact](#) | [Disclaimer](#) | [Privacy Policy](#) | [Accessibility Policy](#)

J5-06 ConocoPhillips Telonis 19-1038

Casing Schematic

Meters

Surface

8-5/8"
MW 8.4
Frac 19.3

TOC @
0.

TOC @
0.

Surface
400. MD

✓ 6.17% washout

$$\frac{3140}{(.052)(86)(3371)} = 1507$$

Anticipate 1472

$$\frac{600}{(.12)(3371)} = 404$$

11175.7 = 1103

Surf 3,000 ✓

Surf Csg = 2953
70% = 2065

Max pressure @ Surf Csg Shoe = 854

Test to 854# (propose 500) ✓

✓ Adequate OWS 67108



5-1/2"
MW 8.6

Production
3371. MD

✓ 6.16% washout

2978 700 Tail

2798 Blue Gate/Formation

Well name:	05-06 ConocoPhillips Telonis 19-1038		
Operator:	PhillipsConoco Company		
String type:	Surface	Project ID:	43-007-31150
Location:	Carbon Co.		

Design parameters:

Collapse
Mud weight: 8.400 ppg
Design is based on evacuated pipe.

Minimum design factors:

Collapse:
Design factor 1.125

Burst:
Design factor 1.00

Environment:

H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 71 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 185 ft

Cement top: Surface

Burst

Max anticipated surface pressure: 0 psi
Internal gradient: 0.447 psi/ft
Calculated BHP 179 psi

No backup mud specified.

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

Tension is based on air weight.
Neutral point: 349 ft

Non-directional string.

Re subsequent strings:
Next setting depth: 3,371 ft
Next mud weight: 8.600 ppg
Next setting BHP: 1,506 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 400 ft
Injection pressure 400 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft ³)
1	400	8.625	24.00	J-55	ST&C	400	400	7.972	19.2
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	174	1370	7.857	179	2950	16.52	10	244	25.44 J

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

Date: May 22,2006
Salt Lake City, Utah

ENGINEERING STIPULATIONS: NONE
Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.
Collapse is based on a vertical depth of 400 ft, a mud weight of 8.4 ppg The casing is considered to be evacuated for collapse purposes.
Burst strength is not adjusted for tension.

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

Well name:

05-06 ConocoPhillips Telonis 19-1038

Operator: **PhillipsConoco Company**

String type: Production

Project ID:
43-007-31150

Location: Carbon Co.

Design parameters:

Collapse

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

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 112 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 368 ft

Cement top: Surface

Burst

Max anticipated surface pressure: 0 psi
Internal gradient: 0.447 psi/ft
Calculated BHP 1,506 psi

No backup mud specified.

Tension:

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

Non-directional string.

Tension is based on air weight.

Neutral point: 2,931 ft

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft ³)
1	3371	5.5	17.00	N-80	LT&C	3371	3371	4.767	116.2
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	1506	6290	4.177	1506	7740	5.14	57	348	6.07 J

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

Date: May 22,2006
Salt Lake City, Utah

ENGINEERING STIPULATIONS: NONE

Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Collapse is based on a vertical depth of 3371 ft, a mud weight of 8.6 ppg The casing is considered to be evacuated for collapse purposes.

Burst strength is not adjusted for tension.

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



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

August 21, 2006

ConocoPhillips Company
P O Box 851
Price, UT 84501

Re: Telonis 19-1038 Well, 2549' FNL, 1578' FWL, SE NW, Sec. 19, T. 14 South,
R. 9 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 43-007-31150.

Sincerely,


for Gil Hunt
Associate Director

pab
Enclosures

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

Operator: ConocoPhillips Company
Well Name & Number Telonis 19-1038
API Number: 43-007-31150
Lease: Fee

Location: SE NW **Sec.** 19 **T.** 14 South **R.** 9 East

Conditions of Approval

1. **General**

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

2. **Notification Requirements**

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

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

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

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

3. **Reporting Requirements**

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

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

CONFIDENTIAL

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS		5. LEASE DESIGNATION AND SERIAL NUMBER: Fee
		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		7. UNIT or CA AGREEMENT NAME: Drunkards Wash UTU-67921X
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____	8. WELL NAME and NUMBER: Telonis 19-1038	
2. NAME OF OPERATOR: ConocoPhillips Company		9. API NUMBER: 4300731150
3. ADDRESS OF OPERATOR: P. O. Box 51810 CITY Midland STATE TX ZIP 79710-1810	PHONE NUMBER: (432) 688-6943	10. FIELD AND POOL, OR WILDCAT: Drunkards Wash
4. LOCATION OF WELL FOOTAGES AT SURFACE: 2549' FNL and 1578' FWL		COUNTY: Carbon
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SENW 19 14S 9E		STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: <u>8/21/2007</u>	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion:	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>APD Renewal</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

ConocoPhillips Company respectfully requests that the approval of the Application for Permit to Drill for the referenced well be extended. The current approval expires August 21, 2007.

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 07-16-07
By: [Signature]

NAME (PLEASE PRINT) <u>Donna Williams</u>	TITLE <u>Sr. Regulatory Specialist</u>
SIGNATURE <u>[Signature]</u>	DATE <u>7/12/2007</u>

(This space for State use only)

7-17-07
PM

(See Instructions on Reverse Side)

RECEIVED
JUL 16 2007
DIV. OF OIL, GAS & MINING

**Application for Permit to Drill
Request for Permit Extension
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

API: 43-007-31150
Well Name: Telonis 19-1038
Location: SENW Sec 19, 14S, 9E, Carbon County
Company Permit Issued to: ConocoPhillips Company
Date Original Permit Issued: 8/21/2006

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes No

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes No

Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes No

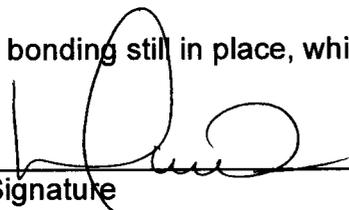
Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes No

Has the approved source of water for drilling changed? Yes No

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes No

Is bonding still in place, which covers this proposed well? Yes No

Signature



7/12/2007

Date

Title: Sr. Regulatory Specialist

Representing: ConocoPhillips Company

**RECEIVED
JUL 16 2007**

DIV. OF OIL, GAS & MINING

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: Fee
2. NAME OF OPERATOR: ConocoPhillips Company		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: NA
3. ADDRESS OF OPERATOR: P. O. Box 51810 CITY Midland STATE TX ZIP 79710-1810 PHONE NUMBER: (432) 688-6943		7. UNIT or CA AGREEMENT NAME: Drunkards Wash UTU-67921X
4. LOCATION OF WELL FOOTAGES AT SURFACE: 2549' FNL and 1578' FWL COUNTY: Carbon QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SENW 19 14S 9E STATE: UTAH		8. WELL NAME and NUMBER: Telonis 19-1038
		9. API NUMBER: 4300731150
		10. FIELD AND POOL, OR WILDCAT: Drunkards Wash

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: <u>7/16/2008</u>	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion:	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
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	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>APD Renewal</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

ConocoPhillips Company respectfully requests that the approval of the Application for Permit to Drill for the referenced well be extended. The current approval expires July 16, 2008.

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 06-18-08
By: [Signature]

COPY SENT TO OPERATOR
Date: 6.19.2008
Initials: KS

NAME (PLEASE PRINT) <u>Donna Williams</u>	TITLE <u>Sr. Regulatory Specialist</u>
SIGNATURE <u>[Signature]</u>	DATE <u>6/12/2008</u>

(This space for State use only)

RECEIVED
JUN 16 2008
DIV. OF OIL, GAS & MINING



**Application for Permit to Drill
Request for Permit Extension
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

API: 43-007-31150
Well Name: Telonis 19-1038
Location: SENW Sec 19, R14S, T9E, Carbon County
Company Permit Issued to: ConocoPhillips Company
Date Original Permit Issued: 8/21/2006

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

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Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes No

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes No

Has the approved source of water for drilling changed? Yes No

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes No

Is bonding still in place, which covers this proposed well? Yes No



Signature

6/12/2008

Date

Title: Sr. Regulatory Specialist

Representing: ConocoPhillips Company

RECEIVED
JUN 16 2008
DIV. OF OIL, GAS & MINING



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

July 1, 2009

ConocoPhillips Company
P O Box 851
Price, UT 84501

Re: APD Rescinded – Telonis 19-1038, Sec. 19, T. 14S, R. 9E
Carbon County, Utah API No. 43-007-31150

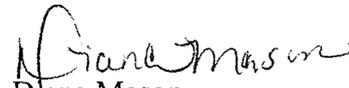
Ladies and Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on August 21, 2006. On July 16, 2007 and June 18, 2008, the Division granted a one-year APD extension. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective July 1, 2009.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,


Diana Mason
Environmental Scientist

cc: Well File
Brad Hill, Technical Services Manager