

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 type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		8. UNIT or CA AGREEMENT NAME:	
2. NAME OF OPERATOR: ConocoPhillips Company		9. WELL NAME and NUMBER: L.D.S 34-865	
3. ADDRESS OF OPERATOR: P.O. Box 51810 CITY Midland STATE Tx ZIP 79710		PHONE NUMBER: (432) 688-6943	10. FIELD AND POOL, OR WILDCAT: Drunkards Wash <i>Undesignated</i>
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 1993.73 FNL & 1144.88 FWL AT PROPOSED PRODUCING ZONE:		11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 34 14S 10E	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 2 miles southeast of Price, Utah		12. COUNTY: Carbon	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 1144	16. NUMBER OF ACRES IN LEASE: 640 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) ~2640 Feet	19. PROPOSED DEPTH: 1,300	20. BOND DESCRIPTION: Statewide	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 5507.7	22. APPROXIMATE DATE WORK WILL START: 9/1/2007	23. ESTIMATED DURATION:	

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT			SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT			
14 3/4"	12 3/4"	H40	40.5 #	40				
11"	8 5/8"	J55	24#	400	170 sxs G + 2% CaCl	1.18 cu ft/sk	15.6 ppg	
7 7/8"	5 1/2"	N80	17#	1,300	90 sxs Std Cmt	10% CalSeal	1.61cu ft/sk	14.2 ppg
					230sxs 50/50 Poz	8% Bent+10% CalSeal	.25#	12.5 ppg

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 checked="" type="checkbox"/> COMPLETE DRILLING PLAN |
| <input 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) Donna Williams TITLE Sr. Regulatory Specialist
SIGNATURE *Donna Williams* DATE 5/2/2007

(This space for State use only)

API NUMBER ASSIGNED: 43-007-31290

APPROVAL:

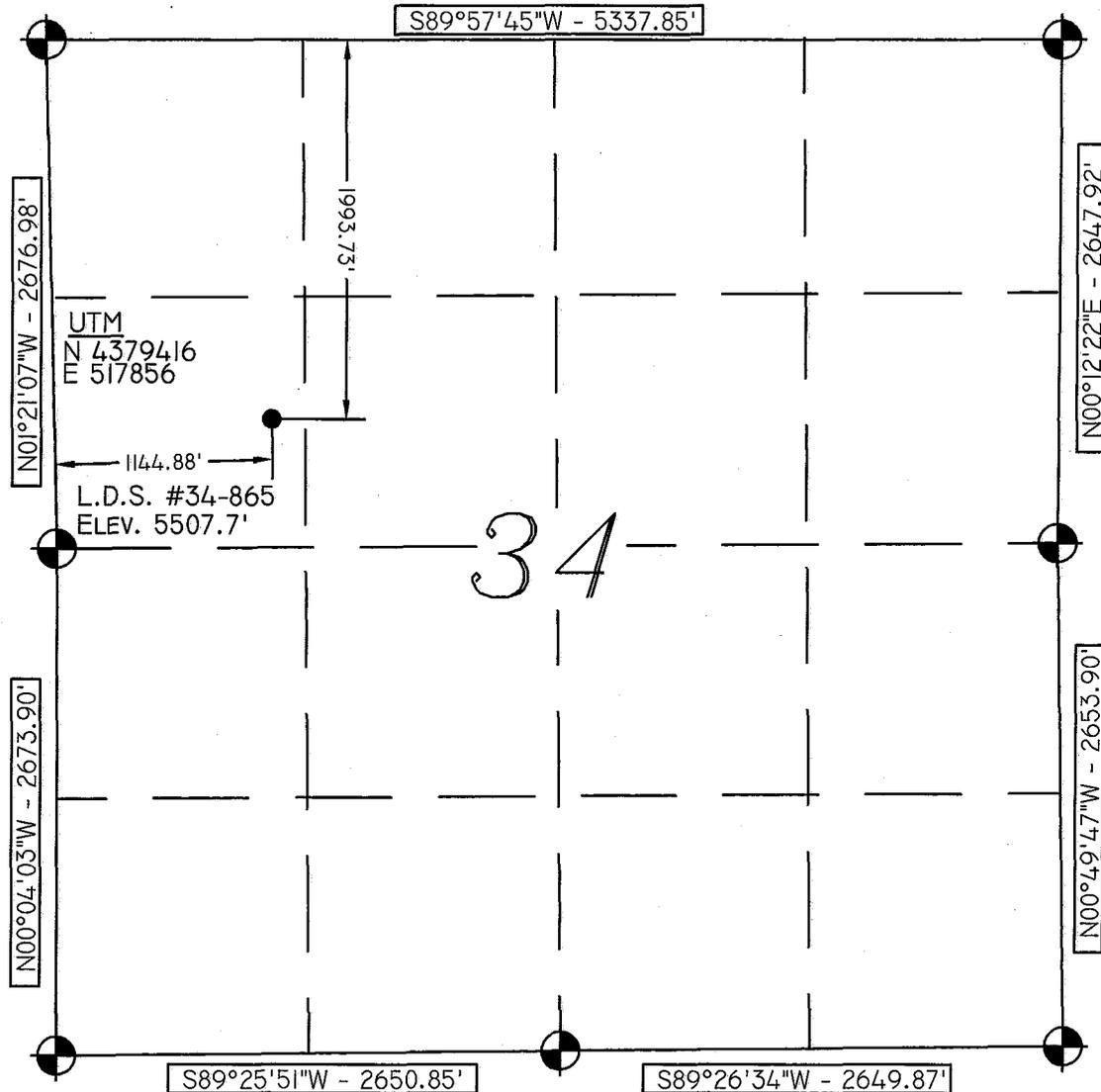
RECEIVED
MAY 03 2007

DIV. OF OIL, GAS & MINING

Range 10 East

(5263.50')

Township 14 South



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 5459' being at the Southeast Section Corner of Section 34, Township 14 South, Range 10 East, Salt Lake Base and Meridian, as shown on the Price Quadrangle 7.5 minute series map.

Description of Location:

Proposed Drill Hole located in the SW/4 NW/4 of Section 34, T14S, R10E, S.L.B.&M., being South 1993.73' from North Line and East 1144.88' from West Line of Section 34, T14S, R10E, Salt Lake Base & Meridian.

Surveyor's Certificate:

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



GRAPHIC SCALE



(IN FEET)

1 inch = 1000 ft.

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°33'58.095"N
110°47'31.667"W



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 • etv.net

ConocoPhillips Company

WELL L.D.S. #34-865
Section 34, T14S, R10E, S.L.B.&M.
Carbon County, Utah

Drawn By: N. BUTKOVICH	Checked By: L.W.J./A.J.S.
Drawing No. A-1	Date: 10/5/06
	Scale: 1" = 1000'
Sheet 1 of 4	Job No. 2603

**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 05/03/2007

API NO. ASSIGNED: 43-007-31290

WELL NAME: LDS 34-865
 OPERATOR: CONOCOPHILLIPS COMPANY (N2335)
 CONTACT: DONNA WILLIAMS

PHONE NUMBER: 432-688-6943

PROPOSED LOCATION:

SWNW 34 140S 100E
 SURFACE: 1993 FNL 1144 FWL
 BOTTOM: 1993 FNL 1144 FWL
 COUNTY: CARBON
 LATITUDE: 39.56616 LONGITUDE: -110.7922
 UTM SURF EASTINGS: 517853 NORTHINGS: 4379419
 FIELD NAME: UNDESIGNATED (2)

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	DKD	8/31/07
Geology		
Surface		

LEASE TYPE: 4 - Fee
 LEASE NUMBER: FEE
 SURFACE OWNER: 4 - Fee

PROPOSED FORMATION: FRSD
 COALBED METHANE WELL? NO

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 0(Y/N)
- Intent to Commingle (Y/N)

LOCATION AND SITING:

- R649-2-3.
- Unit: _____
- R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells
- R649-3-3. Exception
- Drilling Unit
Board Cause No: 243-09
Eff Date: 2-8-2005
Siting: 460' fr outer boundary & 920' fr other wells.
- R649-3-11. Directional Drill

COMMENTS:

Needs Permit (06-13-07)

STIPULATIONS:

1-STATEMENT OF BASIS

T14S R10E

BAWDEN 1
◇

TOM

28

27

26

LDS 28-861
*

WELLINGTON
FEE 1 ◇

KEACH 27-864
⊙

LDS 33-522
*

CAUSE: 243-9 / 2-8-2005

UTAH 33-530
*

**DRUNKARDS
WASH FIELD
DRUNKARDS
WASH UNIT**

LDS 34-865
⊙

34

35

AH 33-439
*

LDS 34-524
⊙

T15S R10E

UTAH 03-647
UTAH 03-647
*

OPERATOR: CONOCOPHILLIPS CO (N2335)

SEC: 27,34 T.14S R. 10E

FIELD: UNDESIGNATED (002)

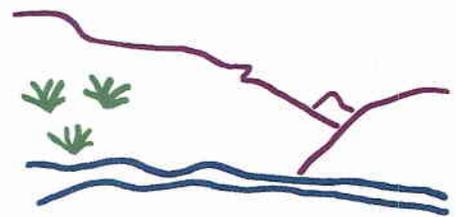
COUNTY: CARBON

CAUSE: 243-9 / 2-8-2005

- Field Status**
- ABANDONED
 - ACTIVE
 - COMBINED
 - INACTIVE
 - PROPOSED
 - STORAGE
 - TERMINATED

- Unit Status**
- EXPLORATORY
 - GAS STORAGE
 - NF PP OIL
 - NF SECONDARY
 - PENDING
 - PI OIL
 - 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



Utah Oil Gas and Mining



PREPARED BY: DIANA MASON
DATE: 7-MAY-2007

Application for Permit to Drill

Statement of Basis

Utah Division of Oil, Gas and Mining

6/20/2007

Page 1

APD No	API WellNo	Status	Well Type	Surf Ownr	CBM
401	43-007-31290-00-00		GW	P	No
Operator	CONOCOPHILLIPS COMPANY		Surface Owner-APD		
Well Name	LDS 34-865	Unit			
Field	UNDESIGNATED	Type of Work			
Location	SWNW 34 14S 10E S 1993 FNL 1144 FWL GPS Coord (UTM) 517853E 4379419N				

Geologic Statement of Basis

A silty, poorly-permeable soil is developed on the lower portion of the Blue Gate Shale Member of the Mancos Shale. No aquifers with high quality ground water are likely to be encountered. The proposed casing and cement program will adequately isolate any water-bearing strata encountered during drilling. No underground water rights have been filed within a mile of the location. The location is near the Price River (~900' southwest).

Chris Kierst
APD Evaluator

6/20/2007
Date / Time

Surface Statement of Basis

On-site evaluation conducted on June 14, 2007. In attendance: Bart Kettle-Division of Oil, Gas and Mining (DOGM), Jean Semborski-ConocoPhillips, Tim Koch-ConocoPhillips, Cory Wilcox-ConocoPhillips, Kelly Tryon-surface representative, Bill Keach-surface owner, Chuck Rich-Nielson Construction.

As proposed the project area sits within a series of dry washes feeding into the Price River within 1000'. Erosion by these washes and the Price River appears to have been very active in the past, and is still active at the time of evaluation. Well pad should contain berms at all times sufficient to prevent fluids from leaving the well pad and entering the Price River. Reserve pit should be fenced if it remains open through the winter and spring months when livestock are likely to utilize the project area.

Bart Kettle
Onsite Evaluator

6/13/2007
Date / Time

Conditions of Approval / Application for Permit to Drill

Category	Condition
Surface	The reserve pit shall be fenced upon completion of drilling operations.
Surface	Construct berm around well pad.

ON-SITE PREDRILL EVALUATION

Utah Division of Oil, Gas and Mining

Operator CONOCOPHILLIPS COMPANY
Well Name LDS 34-865
API Number 43-007-31290-0 **APD No** 401 **Field/Unit** UNDESIGNATED
Location: 1/4,1/4 SWNW **Sec** 34 **Tw** 14S **Rng** 10E 1993 FNL 1144 FWL
GPS Coord (UTM) **Surface Owner**

Participants

Bart Kettle-Division of Oil, Gas and Mining (DOG M), Jean Semborski-ConocoPhillips, Tim Koch-ConocoPhillips, Kelly Tryon-surface representative, Bill Keach-surface owner, Chuck Rich-Nielson Construction, Ken Lake-surface lessee.

Regional/Local Setting & Topography

Project area is ~1 mile south of Price, located in Carbon County Utah. Project area is surrounded by a mixture of salt scrub rangelands, agriculture fields and riparian corridors. The project is proposed in a 8-10" precipitation zone within 1000' of the Price River, a critical perennial water source. Regionally topography is a series of large plateaus obtaining substantial elevation, dropping off sharply into arid valleys containing limited water sources and generally poor soils. Vegetation is dominated by salt scrub rangelands and pinion/juniper woodlands with agriculture lands following limited riparian corridors in the valleys and montane forest dominating the plateau tops. On a local setting project will use existing access through agriculture lands.

Surface Use Plan

Current Surface Use

Grazing
Wildlife Habitat

New Road

Miles	Well Pad	Src Const Material	Surface Formation
0	Width 225 Length 235		MNCS

Ancillary Facilities N

Waste Management Plan Adequate? Y

Environmental Parameters

Affected Floodplains and/or Wetland N

Flora / Fauna

Flora:

Grass: Indian rice grass, curly galleta, bottle brush squirrel tail, cheatgrass.

Forbs: Purple mustard, Rocky Mountain Aster, halogeton, desert plantain, princes plume, globe mallow, desert trumpet.

Shrubs: Gardner salt brush, shadscale, black greasewood, mat salt brush, bud sage, gray horse brush, winterfat, and broom snakeweed.

Trees: None

Fauna: Mule deer, cotton tail rabbits, white tail prairie dog, coyote, red fox, kangaroo rat, deer mouse, incidental use by song birds and raptors. Occurrence of a host of small reptiles and mammals possible.

Soil Type and Characteristics

light gray clays

Erosion Issues Y

Project area is actively eroding and has been for past 100 years

Sedimentation Issues N

Site Stability Issues N

Drainage Diversion Required Y

Pond drainage well pad crosses behind well pad, use as a stock pond.

Berm Required? Y

Erosion Sedimentation Control Required? N

Paleo Survey Run? N

Paleo Potential Observed? N

Cultural Survey Run? N

Cultural Resources? N

Reserve Pit

Site-Specific Factors

Site Ranking

Distance to Groundwater (feet)	>200	0
Distance to Surface Water (feet)	300 to 1000	2
Dist. Nearest Municipal Well (ft)	>5280	0
Distance to Other Wells (feet)	>1320	0
Native Soil Type	Low permeability	0
Fluid Type	Air/mist	0
Drill Cuttings	Normal Rock	0
Annual Precipitation (inches)	<10	0
Affected Populations	<10	0
Presence Nearby Utility Conduits	Not Present	0

Final Score 2 3 **Sensitivity Level**

Characteristics / Requirements

Closed Loop Mud Required? N

Liner Required? N

Liner Thickness

Pit Underlayment Required? N

Other Observations / Comments

Project area (well pad and access road) are proposed within 1000' of the Price River. Drainages feeding into the river, and the banks of the river are actively eroding to the southwest and appear to have been active for roughly the past 100 years. Rate of erosion appears to have declined in the past 30 years, but is still considered very active. Dry wash that crosses through the center of the well pad will have berm constructed prior to reaching well pad to catch storm water.

Bart Kettle
Evaluator

6/13/2007
Date / Time



Online Services

Agency List

Business

Search

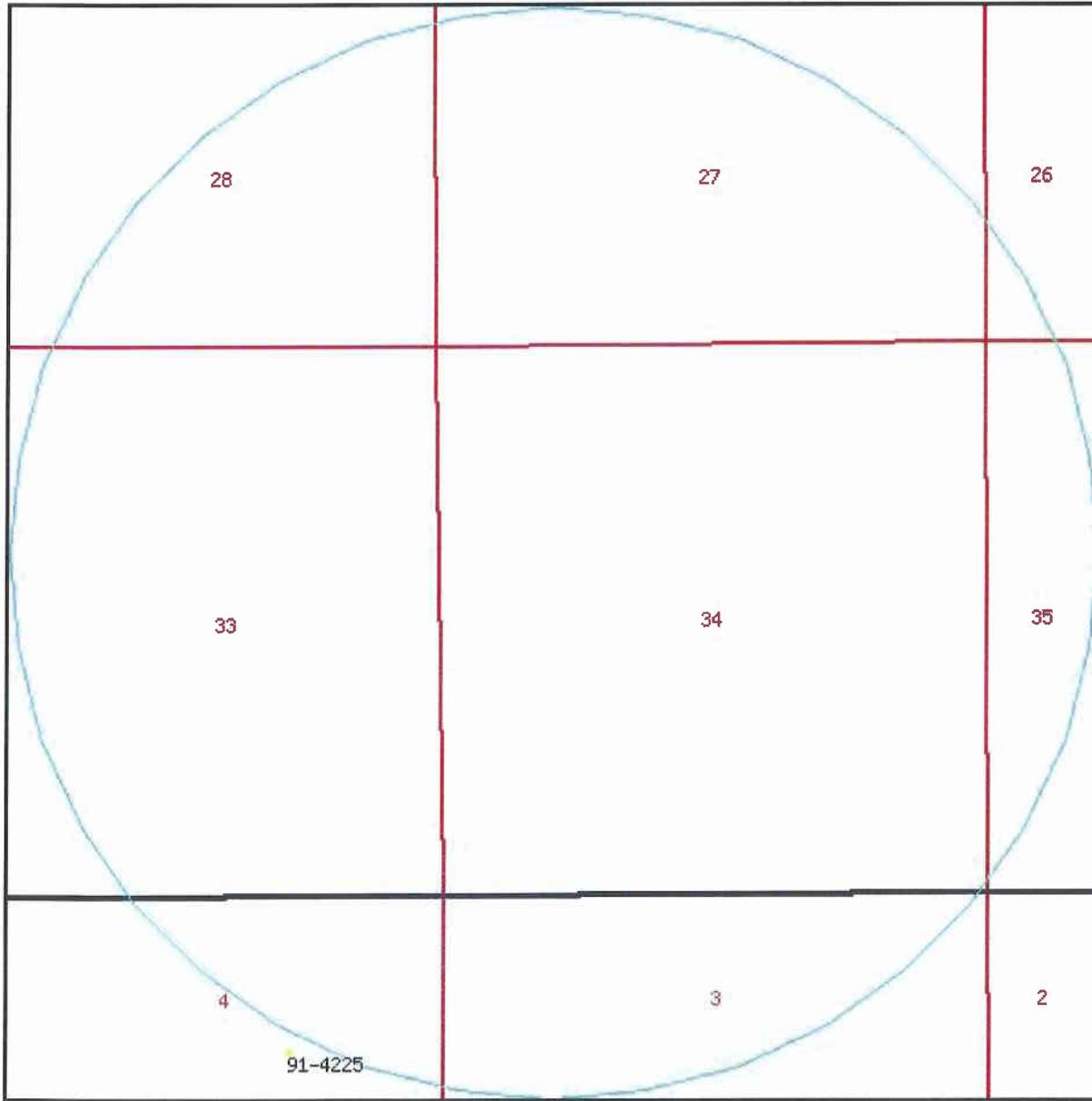


Utah Division of Water Rights

WRPLAT Program Output Listing

Version: 2007.04.13.01 Rundate: 06/20/2007 04:44 PM

Radius search of 5280 feet from a point S1993.73 E1144.88 from the NW corner, section 34, Township 14S, Range 10E, SL b&m
Criteria:wrtypes=W,C,E podtypes=S,U,D,Sp status=U,A,P usetypes=all



Water Rights

WR Number	Diversion Type/Location	Well Log	Status	Priority	Uses	CFS	ACFT	Owner Name
<u>91-4225</u>	Underground N1120 W1510 E4 04 15S 10E SL		P	19800422	IS	0.015	0.000	HERMAN BECKAMN ROUTE 1, BOX 141

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

2007-08 ConocoPhillips LDS 34-865

Casing Schematic

Surface

16%

18%

BHP $0.052(1300)8.33 = 563 \text{ psi}$
anticipate 1256 psi

Gas $.12(1300) = 156$
 $563 - 156 = 407 \text{ psi, MASP}$

BOPE 3M ✓

Burst 2950
70% 2065 psi

8-5/8"
MW 8.3
Frac 19.3

TOC @ 0. TOC @ 0.

Mancos

Surface
400. MD

Max P @ surf. shoe
 $.22(900) = 198$
 $563 - 198 = 365 \text{ psi}$

test to min 400 psi ✓

✓ Adequate OKD 8/31/07

658' Bluegate/Ferron

818-1268' Coals & Sandstones

5-1/2"
MW 8.3

Production
1300. MD

Well name:	2007-08 ConocoPhillips LDS 34-865		
Operator:	ConocoPhillips Company		
String type:	Surface	Project ID:	43-007-31290
Location:	Carbon County		

Design parameters:

Collapse

Mud weight: 8.330 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: 150 ft

Cement top: Surface

Burst

Max anticipated surface pressure: 352 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 400 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: 350 ft

Non-directional string.

Re subsequent strings:

Next setting depth: 1,300 ft
Next mud weight: 8.330 ppg
Next setting BHP: 563 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 (ft³)
1	400	8.625	24.00	J-55	ST&C	400	400	7.972	143
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	173	1370	7.915	400	2950	7.37	10	244	25.42 J

Prepared by: Helen Sadik-Macdonald
Div of Oil, Gas & Minerals

Phone: 801-538-5357
FAX: 801-359-3940

Date: August 29, 2007
Salt Lake City, Utah

ENGINEERING STIPULATIONS:

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

Burst strength is not adjusted for tension.

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

Well name:	2007-08 ConocoPhillips LDS 34-865	
Operator:	ConocoPhillips Company	
String type:	Production	Project ID: 43-007-31290
Location:	Carbon County	

Design parameters:

Collapse

Mud weight: 8.330 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: 83 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 368 ft

Cement top: Surface

Burst

Max anticipated surface pressure: 406 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 562 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: 1,136 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 (ft³)
1	1300	5.5	17.00	N-80	LT&C	1300	1300	4.767	169.7
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	562	6290	11.183	562	7740	13.76	22	348	15.75 J

Prepared by: Helen Sadik-Macdonald
Div of Oil, Gas & Minerals

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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 type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>				8. UNIT or CA AGREEMENT NAME: Drunkards Wash UTU67921X	
2. NAME OF OPERATOR: ConocoPhillips Company				9. WELL NAME and NUMBER: LDS 34-865	
3. ADDRESS OF OPERATOR: P.O. Box 51810 CITY Midland STATE Tx ZIP 79710			PHONE NUMBER: (432) 688-6943	10. FIELD AND POOL, OR WILDCAT: Drunkards Wash	
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 1993.73 FNL & 1144.88 FWL AT PROPOSED PRODUCING ZONE:				11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 34 14S 10E	
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18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) ~2640'		19. PROPOSED DEPTH: 1,300		20. BOND DESCRIPTION: Statewide	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 5507.7		22. APPROXIMATE DATE WORK WILL START: 9/1/2007		23. ESTIMATED DURATION:	

24. **PROPOSED CASING AND CEMENTING PROGRAM**

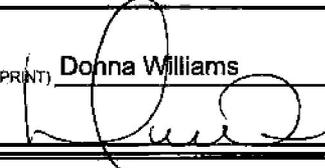
SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT			SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT		
14 3/4"	12 3/4"	H40	40.5#	40			
11"	8 5/8"	J55	24#	400	170 sxs G + 2% CaCl	1.18 cu ft/sk	15.6 ppg
7 7/8"	5 1/2"	N80	17#	1,300	235 sxs 50/50 Poz G		14.1 ppg

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 checked="" type="checkbox"/> COMPLETE DRILLING PLAN
<input 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) Donna Williams TITLE Sr. Regulatory Specialist

SIGNATURE  DATE 8/15/07

(This space for State use only)

API NUMBER ASSIGNED: 43-007-31290

APPROVAL:

RECEIVED
AUG 16 2007

**AFFIDAVIT CONCERNING
SURFACE USE AGREEMENT**

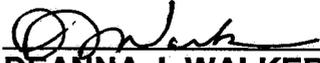
STATE OF COLORADO }
 }
COUNTY OF ADAMS }

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. **Corporation of the Presiding Bishop of the Church of Jesus Christ of the Later Day Saints** whose address is 139 East S. Temple, Suite 110, Salt Lake City, UT 84111, ("**Surface Owner**") owns the surface estate of property located in the **Northwest One-Quarter of Section 34, Township 14 South, Range 10 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 **LDS 34-865 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

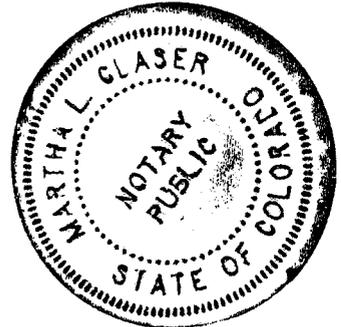


EXHIBIT "D"
DRILLING PROGRAM

Attached to Form 3
ConocoPhillips Company
L.D.S. 34-865
SWNW of 34-14S-10E
1993.73 FNL & 1144.88 FWL
Carbon County, Utah

1. The Surface Geologic Formation

Mancos Shale

2. Estimated Tops of Important Geologic Markers

Blue Gate/Ferron 658

3. Projected Gas & H2O zones (Ferron Formation)

Coals and sandstones 818-1268

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	0-1300

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 single stage cementing process .

Cement Program: Pump 235 sxs 50/50 Poz Class G w/2% gel + .1% defoamer + .2% uniflac + .2% dispersant + .125 pps cellophane flakes. Mixed at 14.1 ppg, 1.62 ft³/sx.

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 1256 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 September 1, 2007

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
L.D.S. 34-865
SWNW of 34-14S-10E
1993.73 FNL & 1144.88 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 3000 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.
- c. 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 Corporation of the Presiding Bishop of the Church of Jesus Christ of the Later Day Saints. The operator shall contact the landowner representative and the Division of Oil, Gas and mining 48 hours prior to beginning construction activities

12. **Other Information:**

- a. The primary surface use is farming and grazing. The nearest dwelling is approximately 4,500 feet northwest.
- b. Nearest live water is the Price River located approximately 1/4 mile east.
- 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:

Donna Williams
Sr. Regulatory Analyst
ConocoPhillips Company
P.O. Box 51810
Midland, Texas 79710

Excavation Contractor

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

14. Certification

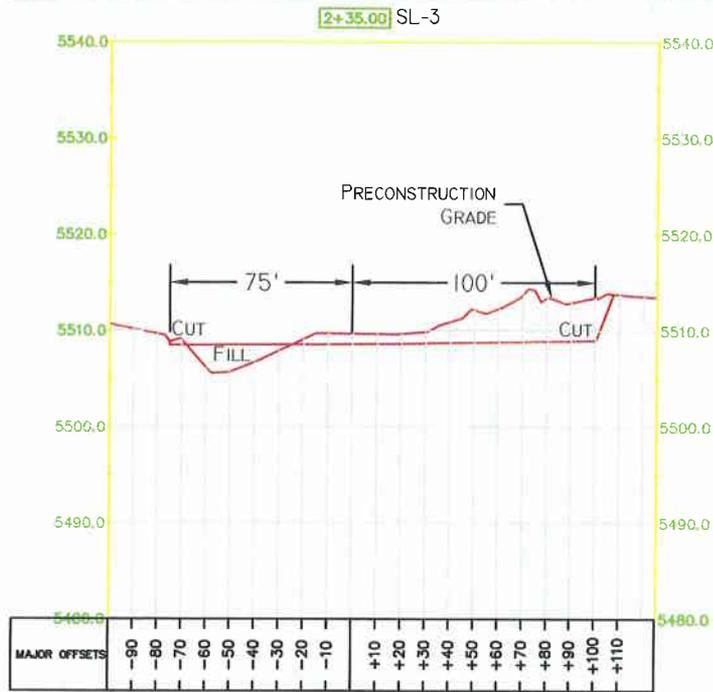
I hereby certify that I, or persons under my direct supervision have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct, and that the work associated 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.

5/2/07

Date



Donna Williams
Sr. Regulatory Analyst
ConocoPhillips Company



1" = 10'
X-Section
Scale
1" = 40'

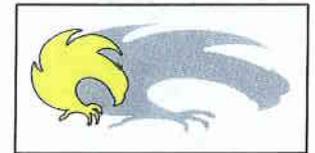
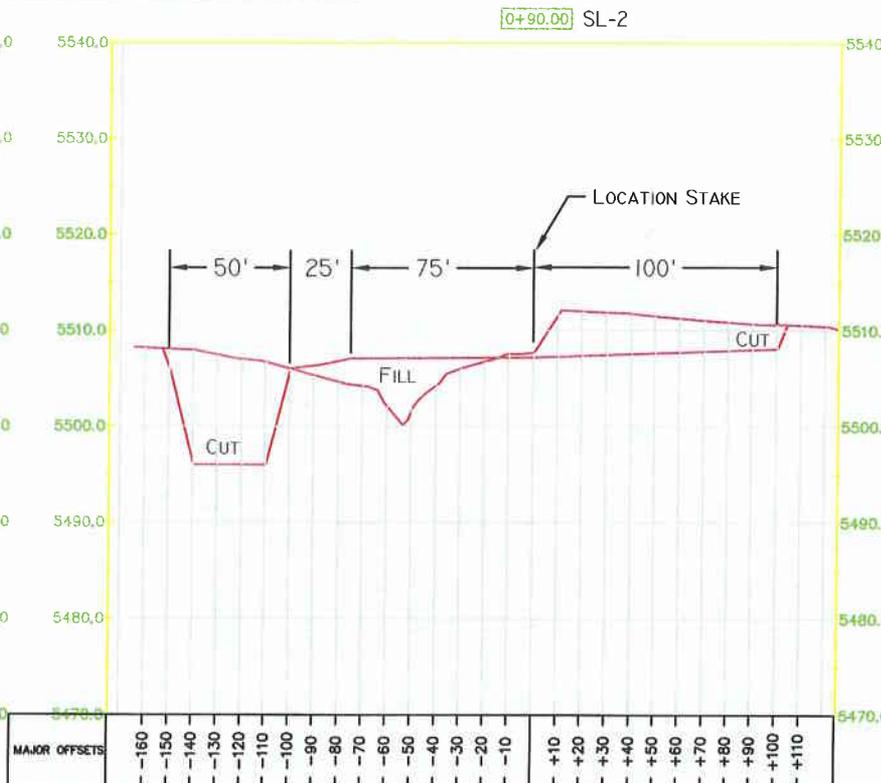
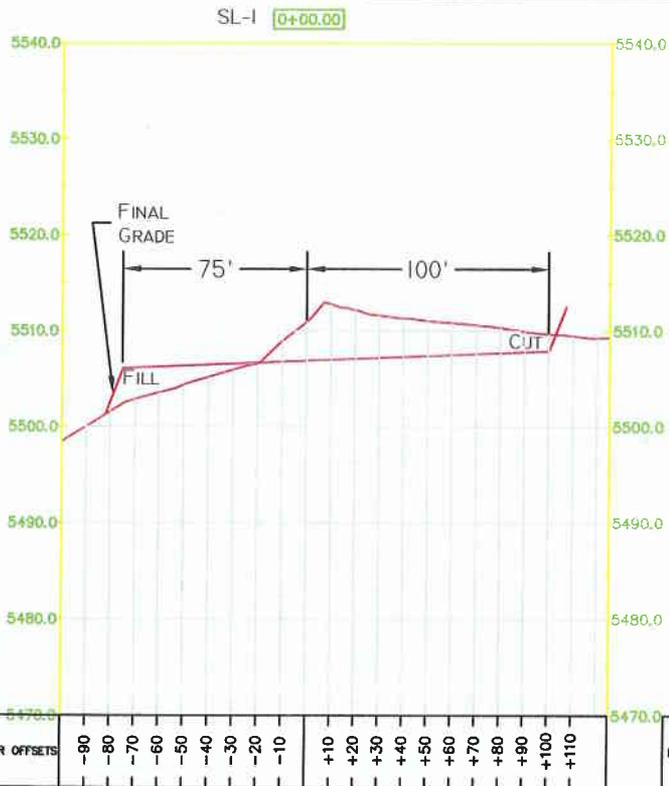
APPROXIMATE YARDAGES

(6") TOPSOIL STRIPPING = 810 CU. YDS.

TOTAL CUT (INCLUDING PIT) = 4,235 CU. YDS.

TOTAL FILL = 2,005 CU. YDS.

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 talon@etv.net

ConocoPhillips Company

TYPICAL CROSS SECTION
Section 34, T14S, R10E, S.L.B.&M.
WELL L.D.S. #34-865

Drawn By:
N. BUTKOVICH

Checked By:
L.W.J.

Drawing No.

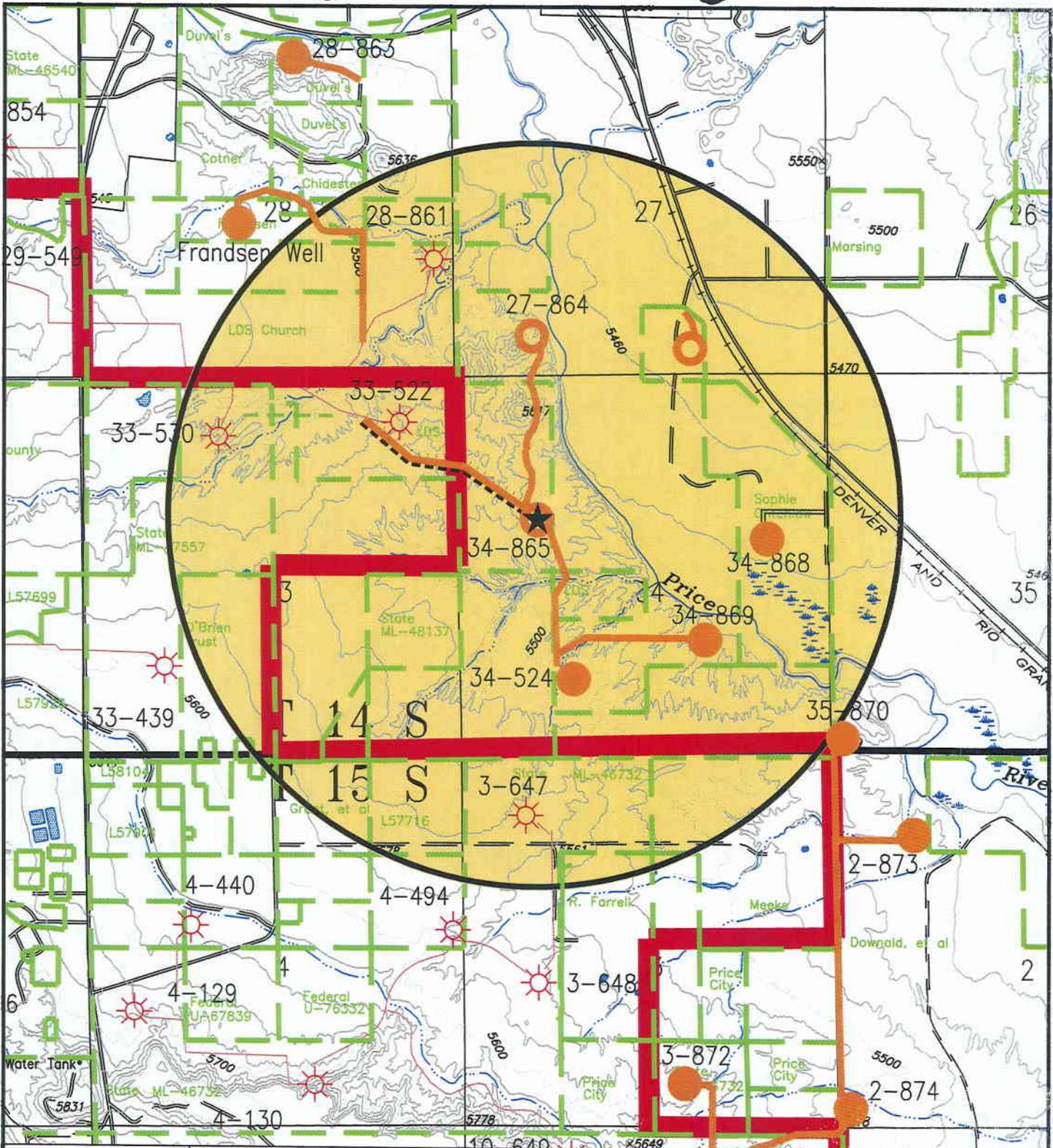
C-1

Date:
10/5/06

Scale:
1" = 80'

Sheet **3** of **4**

Job No.
2603



LEGEND

- Proposed Well Location: ★
- Other Proposed Well Locations: ○
- Proposed Powerline: - - -
- Proposed Pipeline: —
- Proposed Roads: —
- Lease Boundary: —
- Existing Wells: ☀

Scale: 1" = 2000'

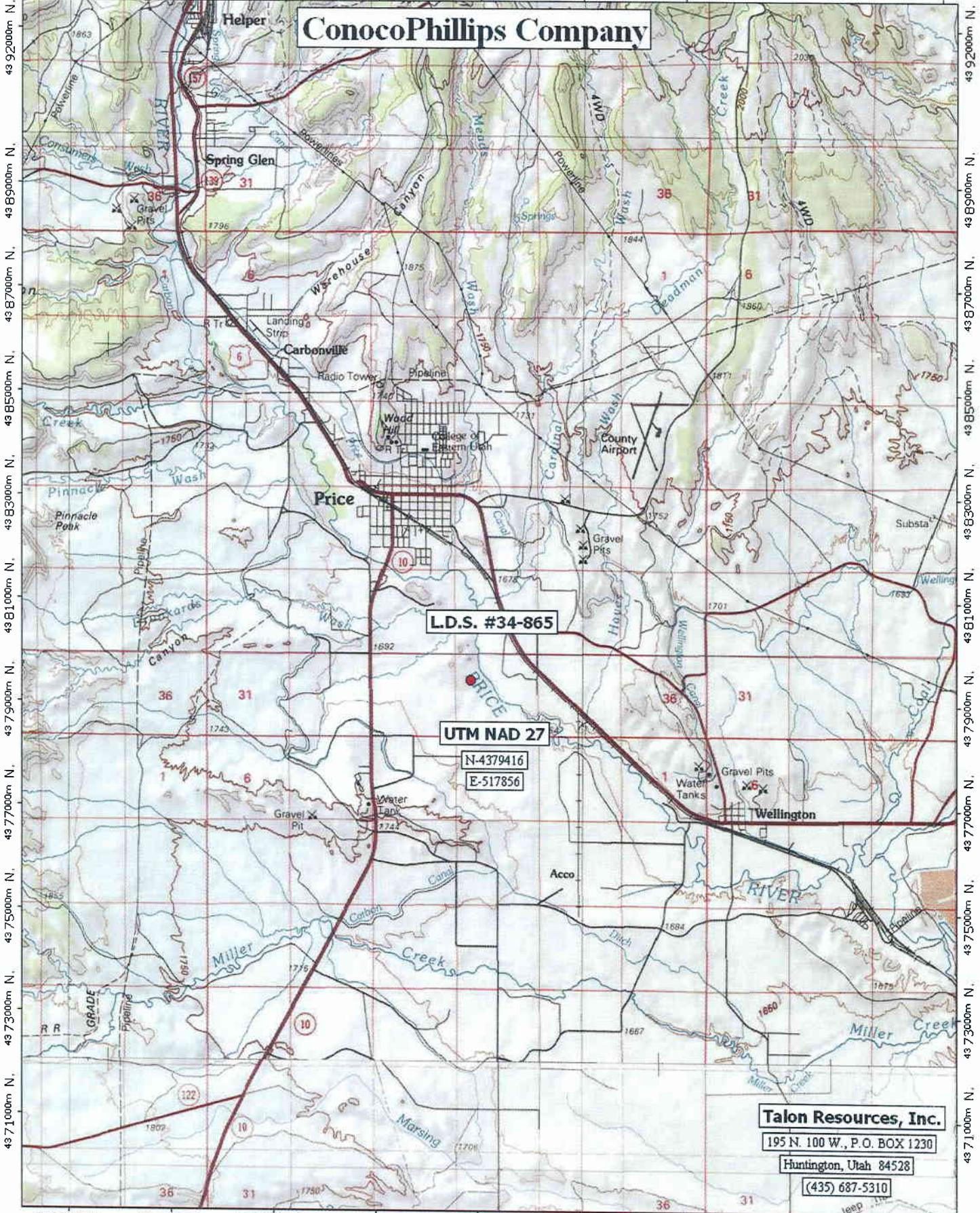
October 5, 2006

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



WELL L.D.S. #34-865
Section 34, T14S, R10E, S.L.B.&M.
Drawing L-1 4 of 4

510000mE. 512000mE. 514000mE. 516000mE. 518000mE. 520000mE. 522000mE. NAD27 Zone 12S 527000mE.



ConocoPhillips Company

L.D.S. #34-865

UTM NAD 27

N-4379416

E-517856

Talon Resources, Inc.

195 N. 100 W., P.O. BOX 1230

Huntington, Utah 84528

(435) 687-5310

TN MN
12°



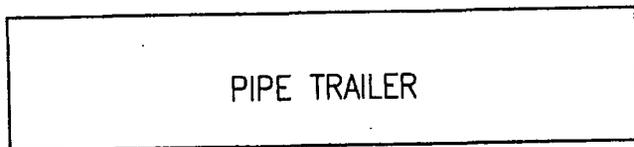
510000mE. 512000mE. 514000mE. 516000mE. 518000mE. 520000mE. 522000mE. NAD27 Zone 12S 527000mE.

APPROXIMATE LAYOUT OF RIG & EQUIPMENT

EXHIBIT C

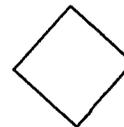


40'

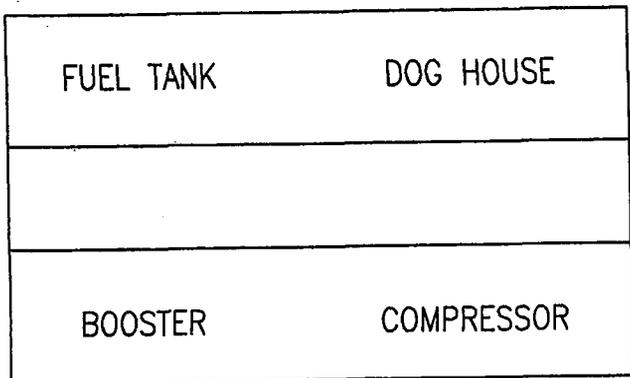


PIPE TRAILER

LIGHT PLANT



40'



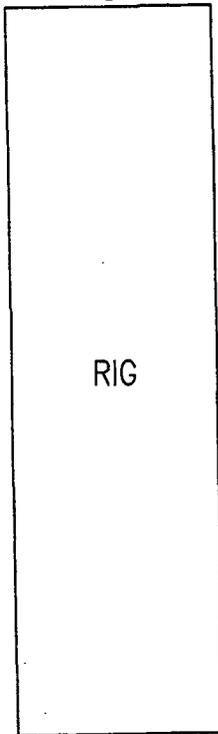
FUEL TANK

DOG HOUSE

BOOSTER

COMPRESSOR

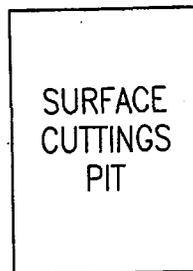
HOLE



RIG

45'

8'

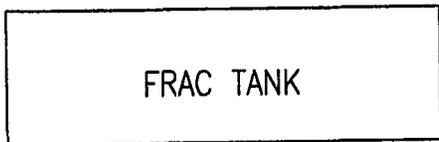


SURFACE CUTTINGS PIT

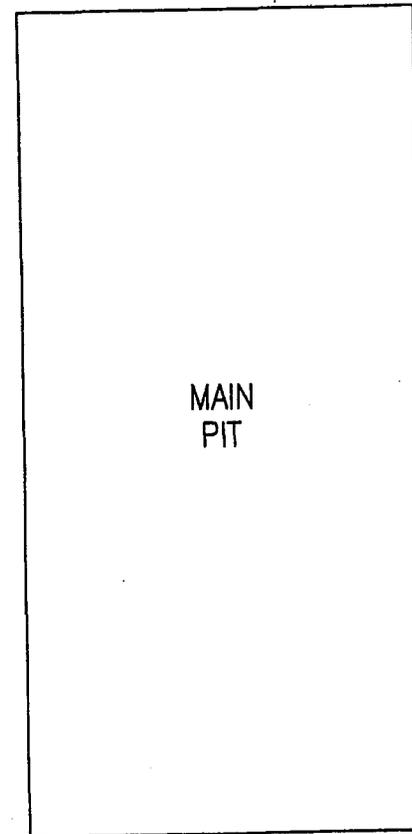
20'



AUX COMP.



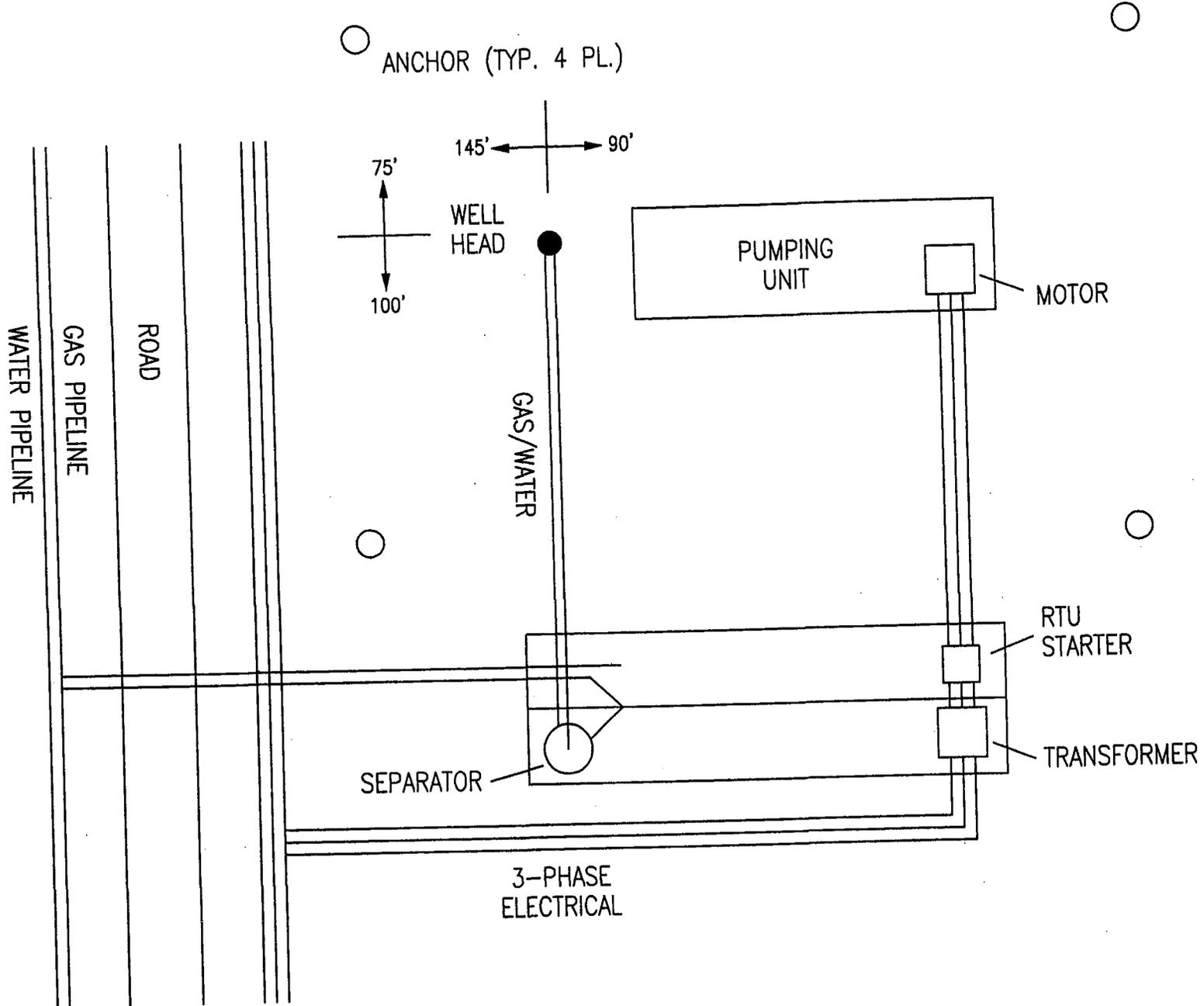
FRAC TANK



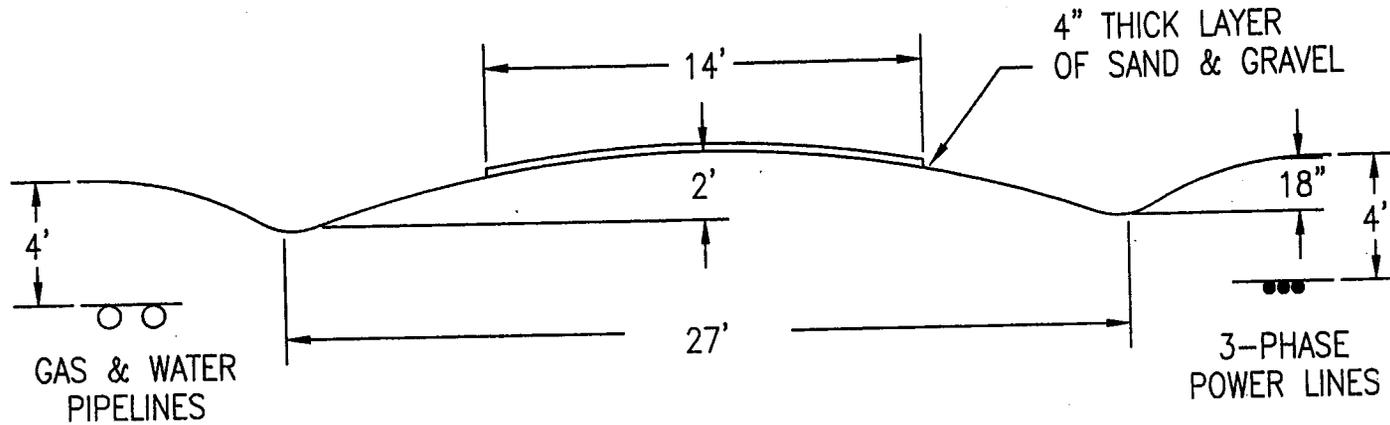
MAIN PIT

CONOCOPHILLIPS COMPANY

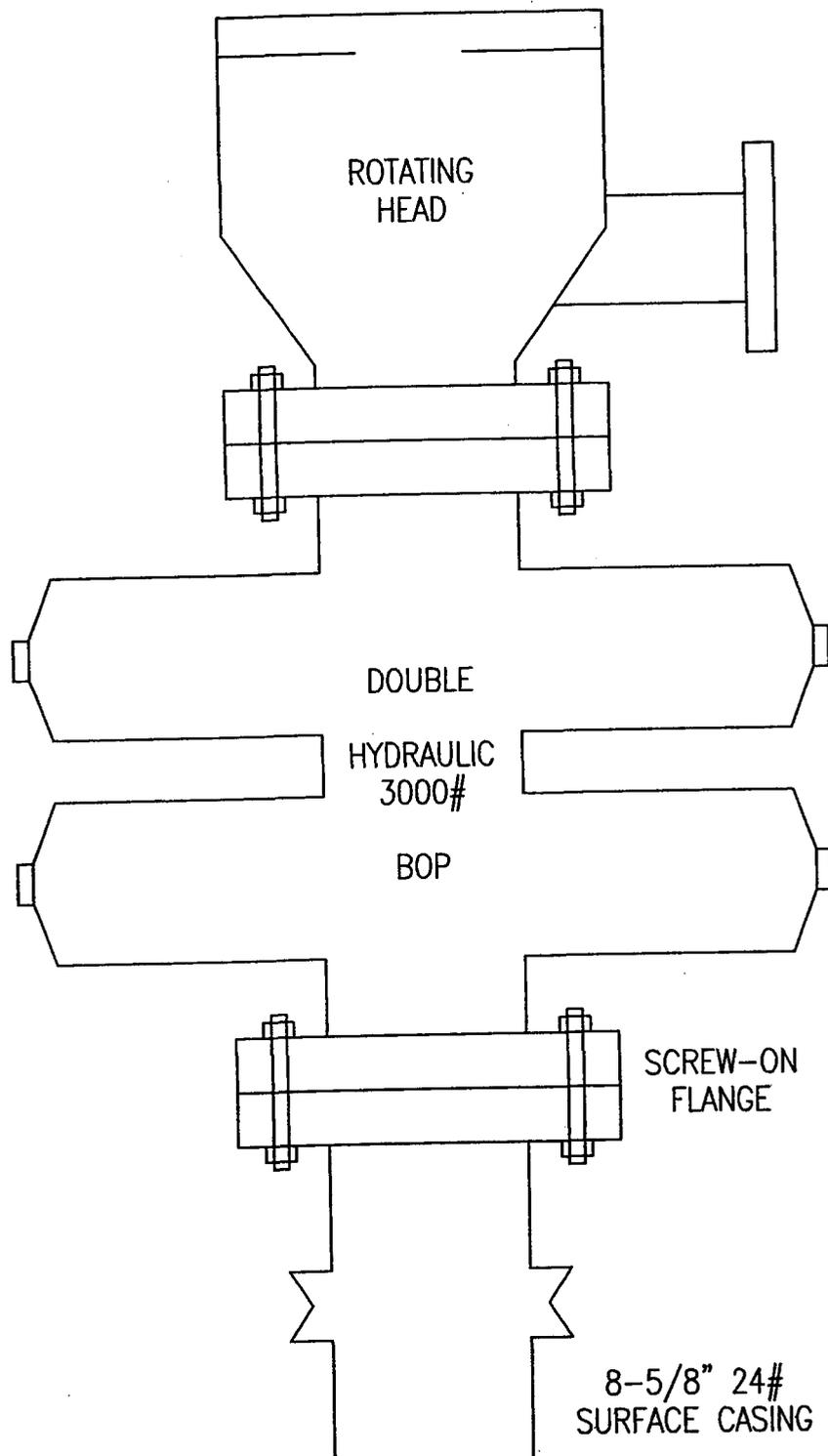
WELL SITE LAYOUT (235' x 175')



TYPICAL ROAD CROSS-SECTION
CONOCOPHILLIPS COMPANY



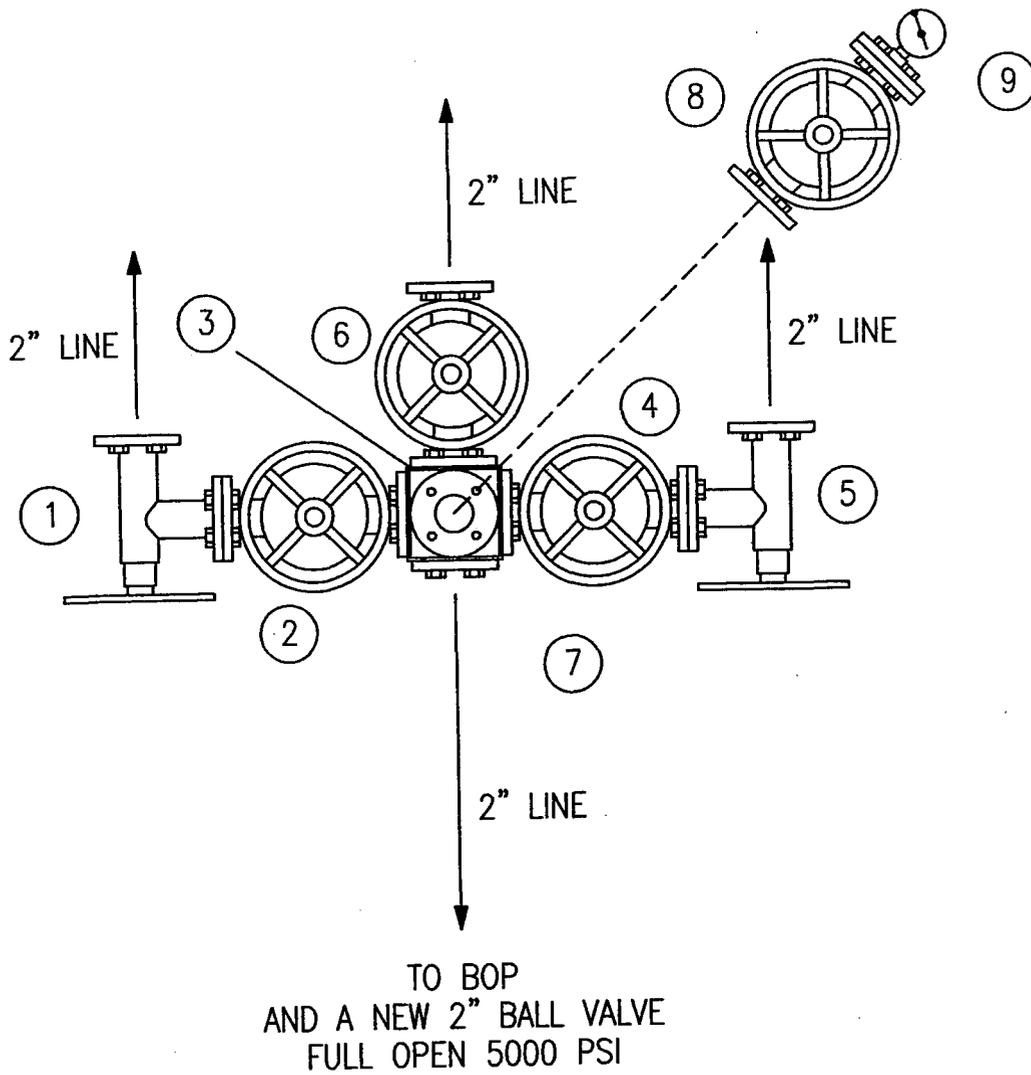
DIVERTER HEAD
CONOCOPHILLIPS COMPANY



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

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, redrilling, 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, 2002

(Corporate or Notary Seal here)

Attestee: [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, 2003

(Corporate or Notary Seal here)

Carolyn E. Wheeler
Attestee: [Signature] Date: 12/20/2002

SAFECO INSURANCE COMPANY OF AMERICA
Surety Company (Attach Power of Attorney)
By JINA MARIE FOSTER ATTORNEY-IN-FACT
Name (print) Title
Jina Marie F
Signature
C/O MARSH USA, INC.
Surety Mailing Address
P.O. BOX 369121 KNOXVILLE, TN 37930-6012
City State Zip

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



ConocoPhillips Company
3300 N. 'A' St. Bldg. 6
Midland, TX 79705

August 27, 2007

Utah Division of Oil, Gas, and Mining
P.O. Box 145801
Salt Lake City, Utah 84114

43-007-31290

Location Exception Application
LDS 34-865
1993.73 FNL & 1144.88 FWL
SWNW of 34-14S-10E
Carbon County, Utah

Ladies and Gentlemen:

Pursuant to Utah Code R649-3-2, ConocoPhillips Company hereby requests administrative approval for a location exception in the referenced well bore due to topography issues that prevented the well from being spotted within the center of the 40 acre spacing unit. Furthermore, COP is 100% owner of all tracts within a radius of 460' of the well bore.

Should you have any questions, or need additional information, please do not hesitate to contact me at 432-688-6943.

Sincerely,



Donna J. Williams
Sr. Regulatory Specialist

RECEIVED

AUG 28 2007

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 type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>				8. UNIT or CA AGREEMENT NAME: N/A	
2. NAME OF OPERATOR: ConocoPhillips Company				9. WELL NAME and NUMBER: LDS 34-865	
3. ADDRESS OF OPERATOR: P.O. Box 51810 CITY Midland STATE Tx ZIP 79710			PHONE NUMBER: (432) 688-6943	10. FIELD AND POOL, OR WILDCAT: Drunkards Wash	
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 1993.73 FNL & 1144.88 FWL AT PROPOSED PRODUCING ZONE:				11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 34 14S 10E	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 2 miles southeast of Price, Utah				12. COUNTY: Carbon	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) ~1144		16. NUMBER OF ACRES IN LEASE: ~640 acres		17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) ~2640		19. PROPOSED DEPTH: 1,300		20. BOND DESCRIPTION: Statewide	
21. ELEVATIONS (\$HOW WHETHER DF, RT, GR, ETC.): 5507.7'		22. APPROXIMATE DATE WORK WILL START: 9/1/2007		23. ESTIMATED DURATION:	

24. **PROPOSED CASING AND CEMENTING PROGRAM**

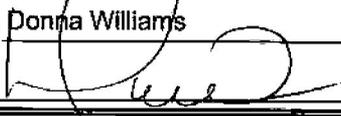
SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT			SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT		
14 3/4	12 3/4	H40	40.5#	40			
11"	8 5/8"	J55	24#	400	170 sxs G + 2% CaCl	1.18 cu ft/sk	15.6 ppg
7 7/8"	5 1/2	N80	17#	1,300	235 sxs 50/50 Poz G		14.1 ppg

25. **ATTACHMENTS**

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

<input type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER	<input type="checkbox"/> COMPLETE DRILLING PLAN
<input 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) Donna Williams TITLE Sr. Regulatory Specialist

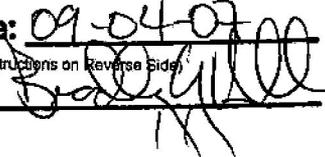
SIGNATURE  DATE 8/27/2007

(This space for State use only)

API NUMBER ASSIGNED: 43-007-31290

**Approved by the
Utah Division of
Oil, Gas and Mining**

APPROVAL:

Date: 09-04-07
(See Instructions on Reverse Side)
By: 

RECEIVED
AUG 28 2007

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

September 4, 2007

ConocoPhillips Company
P O Box 51810
Midland, TX 79710

Re: LDS 34-865 Well, 1993' FNL, 1144' FWL, SW NW, Sec. 34, T. 14 South, R. 10 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 43-007-31290.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

cc: Carbon County Assessor

Operator: ConocoPhillips Company
Well Name & Number LDS 34-865
API Number: 43-007-31290
Lease: Fee

Location: SW NW Sec. 34 T. 14 South R. 10 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 action during drilling of this well:

- 24 hours prior to cementing or testing casing – contact Dan Jarvis
- 24 hours prior to testing blowout prevention equipment – contact Dan Jarvis
- 24 hours prior to spudding the well – contact Carol Daniels
- Within 24 hours of any emergency changes made to the approved drilling program – contact Dustin Doucet
- Prior to commencing operations to plug and abandon the well – contact Dan Jarvis

The operator is required to get approval from the Division of Oil, Gas and Mining before performing any of the following actions during the drilling of this well:

- Plugging and abandonment or significant plug back of this well – contact Dustin Doucet
- Any changes to the approved drilling plan – contact Dustin Doucet

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

- Dan Jarvis at: (801) 538-5338 office (801) 942-0873 home
- Carol Daniels at: (801) 538-5284 office
- Dustin Doucet at: (801) 538-5281 office (801) 733-0983 home

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)

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

FORM 6

ENTITY ACTION FORM

Operator: ConocoPhillips Company Operator Account Number: N 2335
 Address: P. O. Box 51810
city Midland
state TX zip 79710-1810 Phone Number: (432) 688-6943

Well 1

API Number	Well Name		QQ	Sec	Twp	Rng	County
4300731290	LDS 34-865		SWNW	34	14S	10E	Carbon
Action Code	Current Entity Number	New Entity Number	Spud Date			Entity Assignment Effective Date	
A	99999	16383	10/9/2007			10/17/07	
Comments: <u>FRSD</u>						CONFIDENTIAL	

Well 2

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

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)

Donna Williams

Name (Please Print)

Signature

Sr. Regulatory Specialist

Title

10/11/2007

Date

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OCT 15 2007

DIV. OF OIL, GAS & MINING

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

SUNDRY NOTICES AND REPORTS ON WELLS		5. LEASE DESIGNATION AND SERIAL NUMBER: Fee
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.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A
		7. UNIT or CA AGREEMENT NAME: N/A
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____	8. WELL NAME and NUMBER: LDS 34-865	
2. NAME OF OPERATOR: ConocoPhillips Company		9. API NUMBER: 4300731290
3. ADDRESS OF OPERATOR: P.O. Box 51810 CITY Midland STATE TX ZIP 79710	PHONE NUMBER: (432) 688-6943	10. FIELD AND POOL, OR WLD/CAT: Drunkards Wash
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1993 FNL and 1144 FWL		COUNTY: Carbon
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 34 14S 10E		STATE: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____ <input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: 10/9/2007	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<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: Spud Well	
<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.
10/9/2007 - Spud well, drill to 445'. Set 8 5/8" csg at 425', cement w/185 sacks CI G cement, full returns to surface.

NAME (PLEASE PRINT) Donna Williams	TITLE Sr. Regulatory Specialist
SIGNATURE	DATE 10/11/2007

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OCT 15 2007

NOTICE

Utah Oil and Gas Conservation General Rule R649-3-21 states that,

- A well is considered completed when the well has been adequately worked to be capable of producing oil or gas or when well testing as required by the division is concluded.
- Within 30 days after the completion or plugging of a well, the following shall be filed:
 - Form 8, Well Completion or Recompletion Report and Log
 - A copy of electric and radioactivity logs, if run
 - A copy of drillstem test reports,
 - A copy of formation water analyses, porosity, permeability or fluid saturation determinations
 - A copy of core analyses, and lithologic logs or sample descriptions if compiled
 - A copy of directional, deviation, and/or measurement-while-drilling survey for each horizontal well

Failure to submit reports in a timely manner will result in the issuance of a Notice of Violation by the Division of Oil, Gas and Mining, and may result in the Division pursuing enforcement action as outlined in Rule R649-10, Administrative Procedures, and Section 40-6-11 of the Utah Code.

As of the mailing of this notice, the division has not received the required reports for

Operator: ConocoPhillips Company Today's Date: 02/14/2008

Well:	API Number:	Drilling Commenced:
LDS 34-865 drlg rpts/wcr	4300731290	10/09/2007
14S 10E 3A		

To avoid compliance action, required reports should be mailed within 7 business days to:

Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

If you have questions or concerns regarding this matter, please call (801) 538-5284.

cc: Well File
Compliance File

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

FORM 9

CONFIDENTIAL

SUNDRY NOTICES AND REPORTS ON WELLS		5. LEASE DESIGNATION AND SERIAL NUMBER: Fee
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.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A
		7. UNIT or CA AGREEMENT NAME: N/A
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____	8. WELL NAME and NUMBER: LDS 34-865	
2. NAME OF OPERATOR: ConocoPhillips Company	9. API NUMBER: 4300731290	
3. ADDRESS OF OPERATOR: P. O. Box 51810 CITY Midland STATE TX ZIP 79710	PHONE NUMBER: (432) 688-6943	10. FIELD AND POOL, OR WILDCAT: Drunkards Wash
4. LOCATION OF WELL FOOTAGES AT SURFACE 1993' FNL & 1144' FWL COUNTY Carbon		
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN SWNW 34 14S 10E STATE: UTAH		

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<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 checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: 11/13/2007	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input checked="" 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 type="checkbox"/> OTHER: _____
	<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.
 Date of first production for this well is 11/13/2007. Production rate on 11/13/2007 was 0 BO, 244 MCFD, 76 BW.

NAME (PLEASE PRINT) Donna Williams	TITLE Sr. Regulatory Specialist
SIGNATURE	DATE 2/19/2008

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 DIV. OF OIL, GAS & MINING

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

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. TYPE OF WELL: OIL WELL, GAS WELL, DRY, OTHER
b. TYPE OF WORK: NEW WELL, HORIZ. LATS., DEEP-EN, RE-ENTRY, DIFF. RESVR., OTHER

2. NAME OF OPERATOR: ConocoPhillips Company

3. ADDRESS OF OPERATOR: P. O. Box 51810, CITY Midland, STATE TX, ZIP 79710
PHONE NUMBER: (432) 688-6943

4. LOCATION OF WELL (FOOTAGES)
AT SURFACE: 1993' FNL and 1144' FWL
AT TOP PRODUCING INTERVAL REPORTED BELOW:
AT TOTAL DEPTH:

5. LEASE DESIGNATION AND SERIAL NUMBER: Fee

6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A

7. UNIT or CA AGREEMENT NAME: N/A

8. WELL NAME and NUMBER: LDS 34-865

9. API NUMBER: 4300731290

10. FIELD AND POOL, OR WILDCAT: Drunkards Wash

11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 34 14S 10E

12. COUNTY: Carbon 13. STATE: UTAH

14. DATE SPUDDED: 10/9/2007 15. DATE T.D. REACHED: 10/11/2007 16. DATE COMPLETED: 11/13/2007
ABANDONED READY TO PRODUCE 17. ELEVATIONS (DF, RKB, RT, GL): 5707 GL

18. TOTAL DEPTH: MD 1,330 TVD 19. PLUG BACK T.D.: MD 1,075 TVD 20. IF MULTIPLE COMPLETIONS, HOW MANY? * 21. DEPTH BRIDGE MD PLUG SET: TVD

22. TYPE ELECTRIC AND OTHER MECHANICAL LOGS RUN (Submit copy of each)
CD/CN/GR, DI/GL/GR
23. WAS WELL CORED? NO YES (Submit analysis)
WAS DST RUN? NO YES (Submit report)
DIRECTIONAL SURVEY? NO YES (Submit copy)

24. CASING AND LINER RECORD (Report all strings set in well)

Table with columns: HOLE SIZE, SIZE/GRADE, WEIGHT (#/ft.), TOP (MD), BOTTOM (MD), STAGE CEMENTER DEPTH, CEMENT TYPE & NO. OF SACKS, SLURRY VOLUME (BBL), CEMENT TOP **, AMOUNT PULLED

25. TUBING RECORD

Table with columns: SIZE, DEPTH SET (MD), PACKER SET (MD)

26. PRODUCING INTERVALS 27. PERFORATION RECORD

Table with columns: FORMATION NAME, TOP (MD), BOTTOM (MD), TOP (TVD), BOTTOM (TVD), INTERVAL (Top/Bot - MD), SIZE, NO. HOLES, PERFORATION STATUS

28. ACID, FRACTURE, TREATMENT, CEMENT SQUEEZE, ETC.

Table with columns: DEPTH INTERVAL, AMOUNT AND TYPE OF MATERIAL

29. ENCLOSED ATTACHMENTS: 30. WELL STATUS:

ELECTRICAL/MECHANICAL LOGS, GEOLOGIC REPORT, DST REPORT, DIRECTIONAL SURVEY, SUNDRY NOTICE FOR PLUGGING AND CEMENT VERIFICATION, CORE ANALYSIS, OTHER: RECEIVED

Producing

FEB 28 2008

(CONTINUED ON BACK)

31. INITIAL PRODUCTION

INTERVAL A (As shown in Item #26)

DATE FIRST PRODUCED: 11/13/2007		TEST DATE: 11/13/2007		HOURS TESTED: 24		TEST PRODUCTION RATES: →	OIL - BBL: 0	GAS - MCF: 244	WATER - BBL: 76	PROD. METHOD: Pumping
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU - GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL - BBL:	GAS - MCF:	WATER - BBL:	INTERVAL STATUS: Open

INTERVAL B (As shown in Item #26)

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →	OIL - BBL:	GAS - MCF:	WATER - BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU - GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL - BBL:	GAS - MCF:	WATER - BBL:	INTERVAL STATUS:

INTERVAL C (As shown in Item #26)

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →	OIL - BBL:	GAS - MCF:	WATER - BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU - GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL - BBL:	GAS - MCF:	WATER - BBL:	INTERVAL STATUS:

INTERVAL D (As shown in Item #26)

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →	OIL - BBL:	GAS - MCF:	WATER - BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU - GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL - BBL:	GAS - MCF:	WATER - BBL:	INTERVAL STATUS:

32. DISPOSITION OF GAS (Sold, Used for Fuel, Vented, Etc.)

Sold

33. SUMMARY OF POROUS ZONES (Include Aquifers):

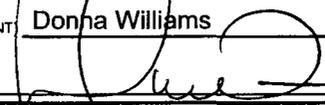
Show all important zones of porosity and contents thereof. Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

Formation	Top (MD)	Bottom (MD)	Descriptions, Contents, etc.	Name	Top (Measured Depth)
				Bluegate	621
				Ferron	774
				Coal	794
				Tununk	1,015

35. ADDITIONAL REMARKS (Include plugging procedure)

A final completion report will be submitted with top of cement for the 5 1/2" prod csg.

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records.

NAME (PLEASE PRINT) Donna Williams TITLE Sr. Regulatory Specialist
 SIGNATURE  DATE 2/21/2008

This report must be submitted within 30 days of

- completing or plugging a new well
- drilling horizontal laterals from an existing well bore
- recompleting to a different producing formation
- reentering a previously plugged and abandoned well
- significantly deepening an existing well bore below the previous bottom-hole depth
- drilling hydrocarbon exploratory holes, such as core samples and stratigraphic tests

* ITEM 20: Show the number of completions if production is measured separately from two or more formations.

** ITEM 24: Cement Top - Show how reported top(s) of cement were determined (circulated (CIR), calculated (CAL), cement bond log (CBL), temperature survey (TS)).

Send to: Utah Division of Oil, Gas and Mining
 1594 West North Temple, Suite 1210
 Box 145801
 Salt Lake City, Utah 84114-5801

Phone: 801-538-5340
 Fax: 801-359-3940