

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

FORM 3

AMENDED REPORT   
(highlight changes)

<b>APPLICATION FOR PERMIT TO DRILL</b>				5. MINERAL LEASE NO: ML46105	6. SURFACE: State
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>				7. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>				8. UNIT or CA AGREEMENT NAME: Drunkards Wash UTU67921X <span style="float: right;">48</span>	
2. NAME OF OPERATOR: ConocoPhillips Company				9. WELL NAME and NUMBER: Utah 16-527	
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: 279.88 FNL & 1458.91 FEL (NWNE) 16-15S-8E AT PROPOSED PRODUCING ZONE: Same				11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNE 16 15S 8E	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 1.5 miles west of Wattis				12. COUNTY: Carbon	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) N/A Unit		16. NUMBER OF ACRES IN LEASE: 640 acres		17. NUMBER OF ACRES ASSIGNED TO THIS WELL: N/A Unit	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) ~2500'		19. PROPOSED DEPTH: 4,934		20. BOND DESCRIPTION: Statewide	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 7806.4 GL		22. APPROXIMATE DATE WORK WILL START: 7/15/2009		23. ESTIMATED DURATION: 30 days	

24. **PROPOSED CASING AND CEMENTING PROGRAM**

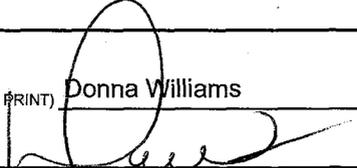
SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT			SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT		
20"	13 3/8	40.5	H40	40	Readymix-Conductor		
12 1/4	9 5/8	36	J55	450	255 sxs G + 2% CaCl	1/4pps D130	15.8ppg/1.17 ft3/sx
8 1/2	5 1/2	17	M80	4,934	105 sxs Litecrete + .2% DV tool@4135; 2nd Stage-545 sxs Litecrete .2%D013+		
					.2%D046	9.6ppg/2.36	cuft/sx

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

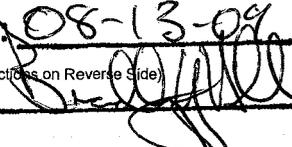
SIGNATURE  DATE 6/15/2009

(This space for State use only)

API NUMBER ASSIGNED: 43-007-31512

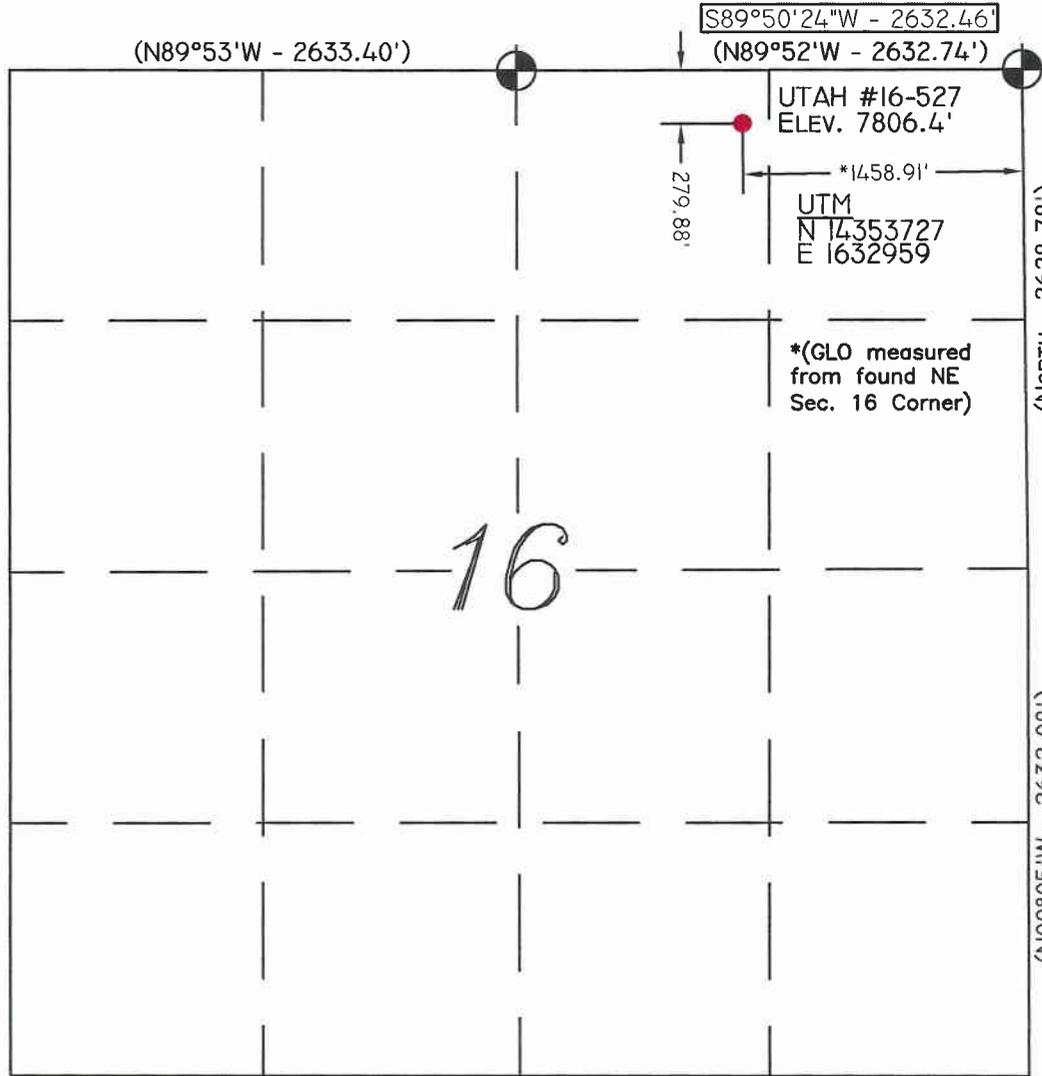
**Approved by the  
Utah Division of  
Oil, Gas and Mining**

**RECEIVED  
JUN 17 2009**

APPROVAL:  
Date: 08-13-09  
By:  DIV. OF OIL, GAS & MINING

# Range 8 East

Township 15 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:

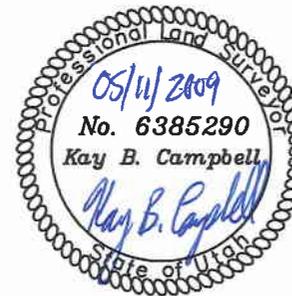
Basis of Elevation of 7160' being at the Northeast Section Corner of Section 10, Township 15 South, Range 8 East, Salt Lake Base and Meridian, as shown on the Wattis Quadrangle 7.5 minute series map.

### Description of Location:

Proposed Drill Hole located in the NW/4 NE/4 of Section 16, T15S, R8E, S.L.B.&M., being South 279.88' from North Line and West 1458.91' from East Line of Section 16, T15S, R8E, Salt Lake Base & Meridian.

### Surveyor's Certificate:

I, Kay B. Campbell, a Professional Land Surveyor, holding Certificate 6385290 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.

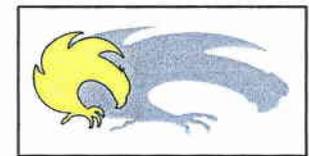


GRAPHIC SCALE



( IN FEET )

1 inch = 1000ft.



**TALON RESOURCES, INC.**

615 North 400 East P.O. Box 1230  
Huntington, Utah 84528

Phone (435)687-5310 Fax (435)687-5311  
E-Mail talon @ etv.net

**ConocoPhillips**

ConocoPhillips Company  
WELL UTAH #16-527  
Section 16, T15S, R8E, S.L.B.&M.  
Carbon County, Utah

Drawn By: N. BUTKOVICH	Checked By: L.W.J./K.B.C.
Drawing No. A-1	Date: 5/11/09
	Scale: 1" = 1000'
Sheet 1 of 4	Job No. 4192

### Legend

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

### NOTES:

1. Dimensions are GPS measured unless noted otherwise.
2. UTM and Latitude / Longitude Coordinates are derived using a GPS Pathfinder and are shown in NAD 27 Datum.

LAT / LONG
39°31'36.024"N
111°01'35.248"W

EXHIBIT "D"  
DRILLING PROGRAM

Attached to Form 3  
ConocoPhillips Company  
Utah 16-527

Surface Location: 280' FNL & 1459' FEL of Sec. 16-15S-8E (NW/NE)

BH Location: Same as above (planned vertical well)

Carbon County, Utah

1. The Surface Geologic Formation

Mancos Shale

2. Estimated Tops of Important Geologic Markers

Blue Gate Shale Top      4172' TVD

3. Projected Gas & H2O zones (Ferron Formation)

Coals and sandstones      4335' TVD to 4534' TVD

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 (minimum of 1 psi/ft of last casing string setting depth) prior to drill out.

4. The Proposed Casing and Cementing Programs

Hole Size	Casing Size	Wt/Ft	Grade	Joint	Depth Set
20"	13 3/8"	40.5	H-40	ST&C	0-40
12-1/4"	9-5/8"	36	J55	ST&C	0-450'
8-1/2"	5 1/2"	17	M80	LT&C	0-4,934' TVD 0-4,934' MD

## Cementing Program

The 9-5/8" surface casing will be set with approximately 255 sacks Class G cement with 2% CaCl<sub>2</sub> + ¼ pps D130 mixed at 15.8 ppg (yield =1.17 ft<sup>3</sup>/sx). The cement will be circulated back to surface with volume based on nominal hole size + 100% excess. In the event cement is not circulated to surface a 1" top out job will be performed with 100 sacks of Class G cement containing 2% CaCl<sub>2</sub> + ¼ pps D130 mixed at 15.8 ppg (yield =1.17 ft<sup>3</sup>/sx).

The 5 ½" production casing will be set and cemented to surface using a Two-Stage cementing process incorporating an external casing / annulus packer and stage cementing tool. Placement of the packer / stage tool will be at approximately 4,135' TVD / MD.

1<sup>st</sup> Stage Cement Program: 105 sacks of LiteCrete Cement mixed at 9.6 ppg (yield = 2.36 ft<sup>3</sup>/ft) containing 0.2% D013 + 0.2% D046 + 0.5% D065 + 0.2% D167 + 2.0% D053 + 46 pps D124. Volume calculations based on nominal hole size + 35% excess.

2<sup>nd</sup> Stage Cement Program: 545 sacks of LiteCrete Cement mixed at 9.6 ppg (yield = 2.36 ft<sup>3</sup>/ft) containing 0.2% D013 + 0.2% D046 + 0.5% D065 + 0.2% D167 + 2.0% D053 + 46 pps D124. Volume calculations based on nominal hole size + 35% excess.

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 minimum blowout preventer equipment requirements. A double ram (pipe & blinds) and annular 3000 psi BOPE will be used with a rotating head. This equipment will be tested to required pressures. 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 Fluids / Muds

0-450'	12-1/4" hole	Drill with air, will mud-up if necessary.
450'-TD	8-1/2" hole	Drill with air, will mud-up if necessary. 400 psi @ 1400-1600 cfm

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

450'-TD Open hole logs consisting of a Triple Combo evaluation will be run from TD to base of surface casing. GR log will be run from TD to surface.

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 August 1, 2009

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.

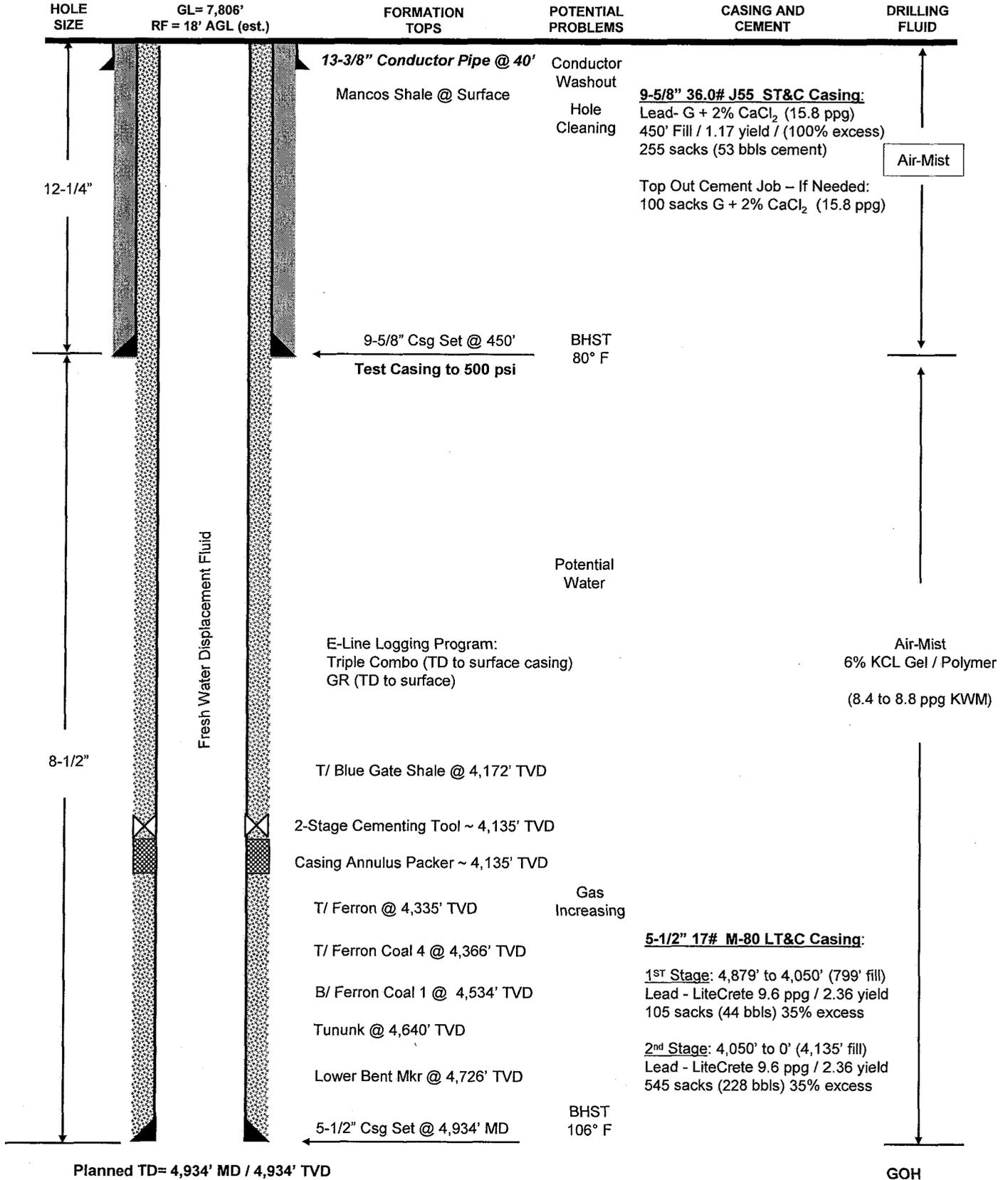
Spills, blowouts, fires, leaks, accidents or other unusual occurrences shall be reported to the Division of Oil, Gas & Mining immediately.

# WELLBORE SCHEMATIC & DRILLING PROGNOSIS



**Well Name** : Utah 16-527  
**Surf. Location** : 280' FNL & 1,459' FEL of Sec. 16-15S-8E  
**BH Location** : Same (planned vertical well)  
**County** : Carbon  
**State** : Utah

**API #** :  
**Lease #** :  
**Field / Area** : Drunkard's Wash  
**Permit TD** :  
**Targets** : Ferron / Ferron Coal



**PROPOSED BOPE Minimum Requirements: 11" x 3M psi system**

**ConocoPhillips**

**Utah 16-527 / Section 16-15S-8E Carbon County, Utah**

**Rotating Head**

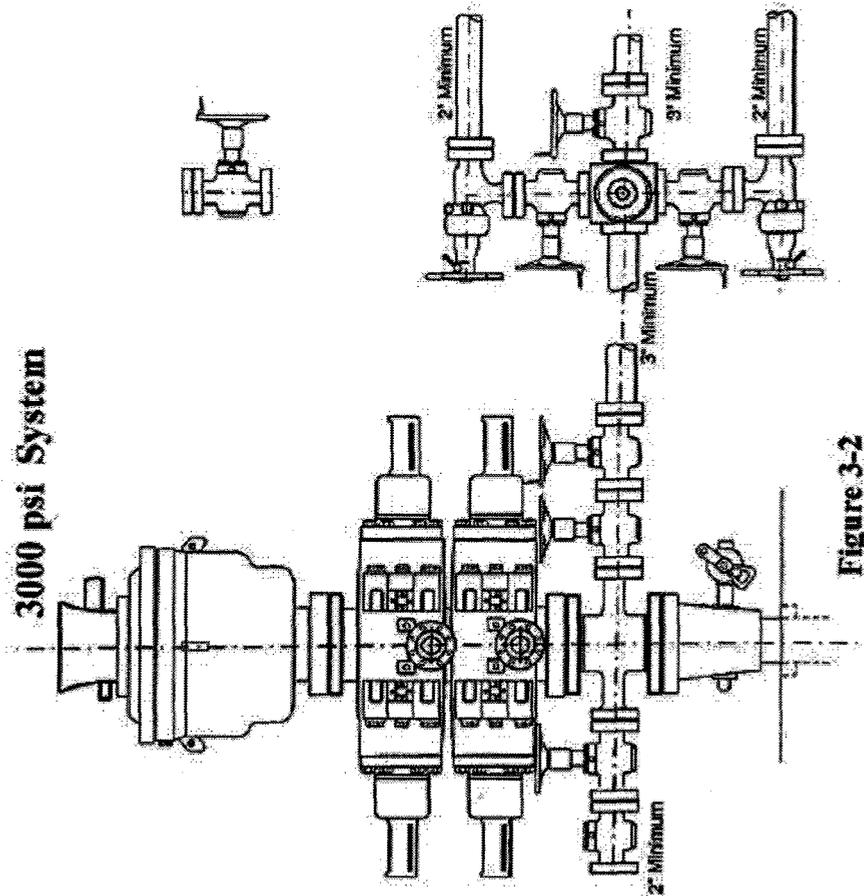
**Annular Preventer 11" x 3,000 psi**

**Double Ram Preventer 11" x 3,000 psi (pipe rams & blind rams)**

**Drilling Spool 11" x 3,000 psi (with 3" choke / 2" kill outlets – minimum)**

**Choke Manifold 3" x 3,000 psi with two (2) adjustable chokes**

**Accumulator system (3,000 psi) with remote closing station**



## SURFACE USE PLAN

Attached to Form 3  
ConocoPhillips Company  
Utah 16-527  
279.88 FNL & 1458.91 FEL  
NWNE of 16-15S-8E  
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 ~200' 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: Up to 3 culverts may be required. Water will be diverted around well pad as necessary.
- e. If the well is productive, the road will be surfaced and maintained as necessary to prevent soil erosion and accommodate year-round traffic.
- f. Pipe and power lines will follow the proposed access road.

### **3. Location of Existing Wells**

- a. 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 The School and Institutional Trust Lands Administration. The operator shall contact the landowner representative and the Division of Oil, Gas and Mining 48 hours prior to beginning construction activities

12. **Other Information:**

- a. The primary surface use is farming and grazing. The nearest dwelling is approximately 3.5 miles southeast.
- b. Nearest live water is the Miller Creek located approximately 2 miles south
- c. If there is snow on the ground when construction begins, it will be removed before the soil is disturbed and piled downhill from the topsoil stockpile location.
- d. The backslope and foreslope will be constructed no steeper than 4:1.
- e. All equipment and vehicles will be confined to the access road and well pad.
- f. A complete copy of the approved Application for Permit to Drill (APD) including conditions and stipulations, shall be on the wellsite during construction and drilling operations.

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

**13. Company Representative**

Jean Semborski  
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.

6/15/09  
Date

  
\_\_\_\_\_  
Donna Williams  
Sr. Regulatory Analyst  
ConocoPhillips Company

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:

- 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 [Signature] Name (print) James F. Hughes Title Manager  
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)  
  
Attestee: [Signature] Date: 12/20/2002

SAFECO INSURANCE COMPANY OF AMERICA  
Surety Company (Attach Power of Attorney)

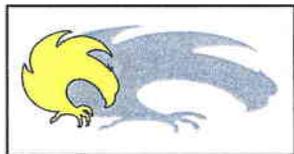
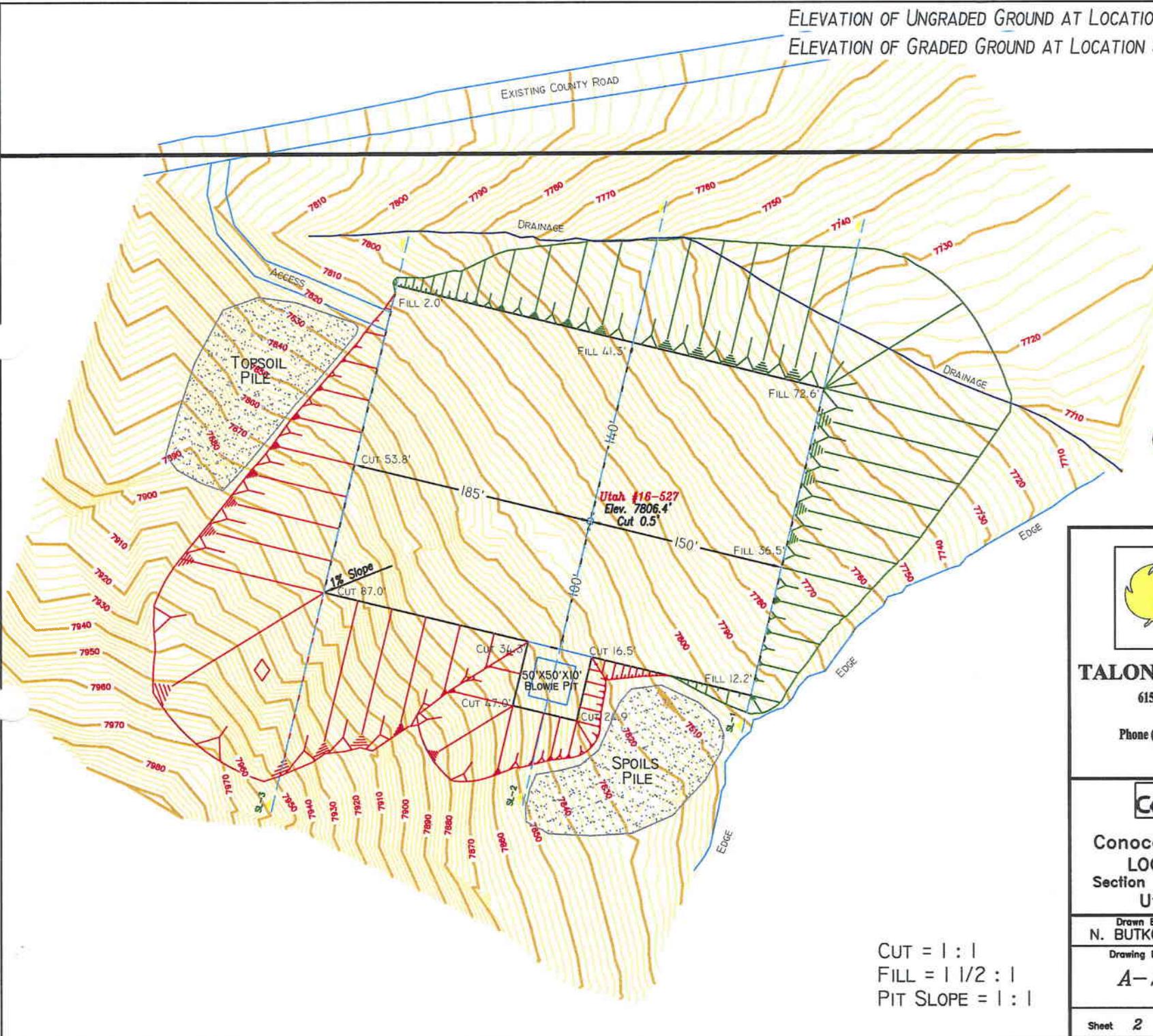
By [Signature] Name (print) Jina Marie S Title  
Signature

CAROLYN E. WHEELER  
NOTARY PUBLIC  
MY COMMISSION EXPIRES: NOVEMBER 1, 2006  
(9/2002)

Surety Mailing Address  
City State Zip

ELEVATION OF UNGRADED GROUND AT LOCATION STAKE = 7806.4'  
 ELEVATION OF GRADED GROUND AT LOCATION STAKE = 7805.9'

SECTION 9  
 SECTION 16



**TALON RESOURCES, INC.**  
 615 North 400 East P.O. Box 1230  
 Huntington, Utah 84528  
 Phone (435)687-5310 Fax (435)687-5311  
 E-Mail talonsetv.net



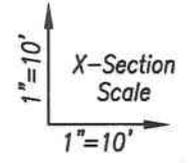
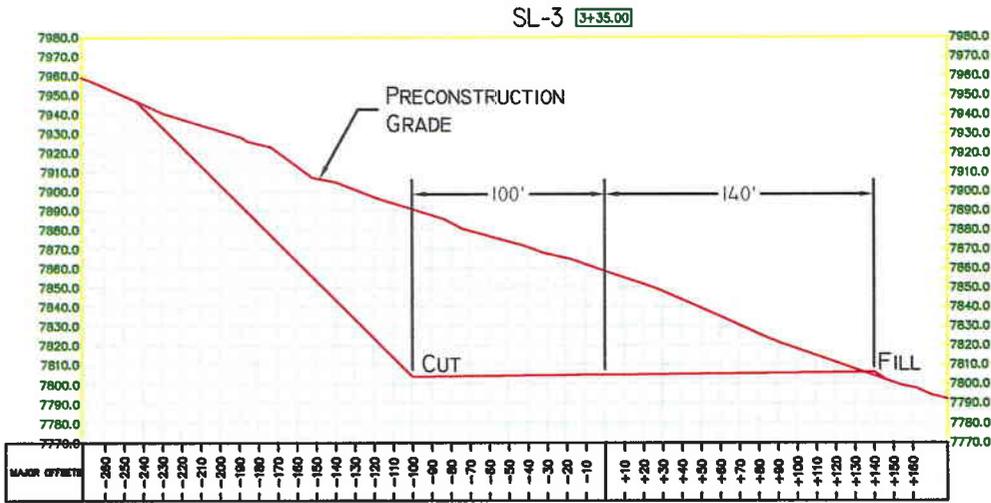
ConocoPhillips Company  
 LOCATION LAYOUT  
 Section 16, T15S, R8E, S.L.B.&M.  
 Utah #16-527

CUT = 1 : 1  
 FILL = 1 1/2 : 1  
 PIT SLOPE = 1 : 1

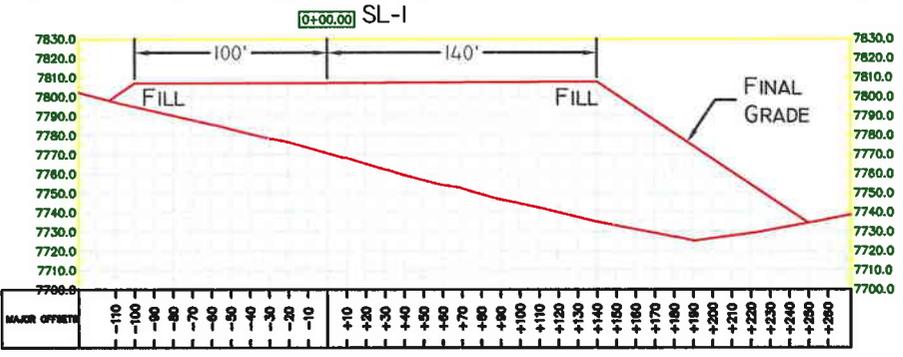
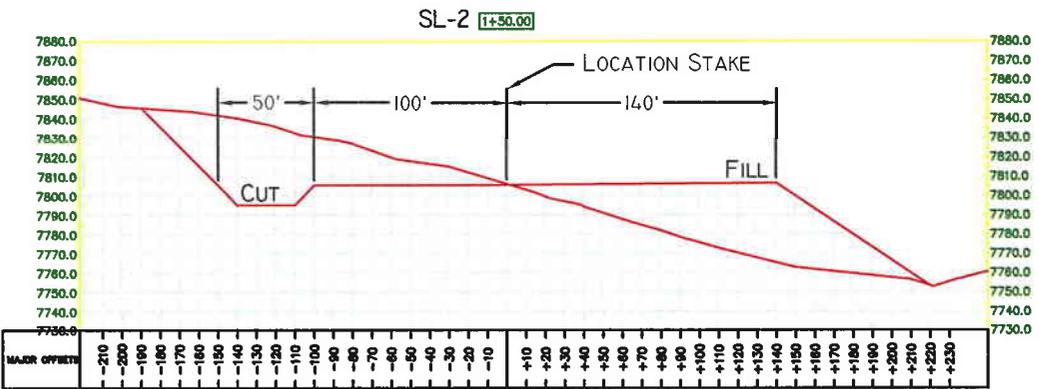
Drawn By: N. BUTKOVICH	Checked By: L.W.J.
Drawing No. A-2	Date: 5/11/09
	Scale: 1" = 100'
Sheet 2 of 4	Job No. 4192

APPROXIMATE YARDAGES

(6") TOPSOIL STRIPPING = 3,490 CU. YDS.  
 TOTAL CUT (INCLUDING PIT) = 94,485 CU. YDS.  
 TOTAL FILL = 94,150 CU. YDS.



CUT = 1 : 1  
 FILL = 1 1/2 : 1  
 PIT SLOPE = 1 : 1





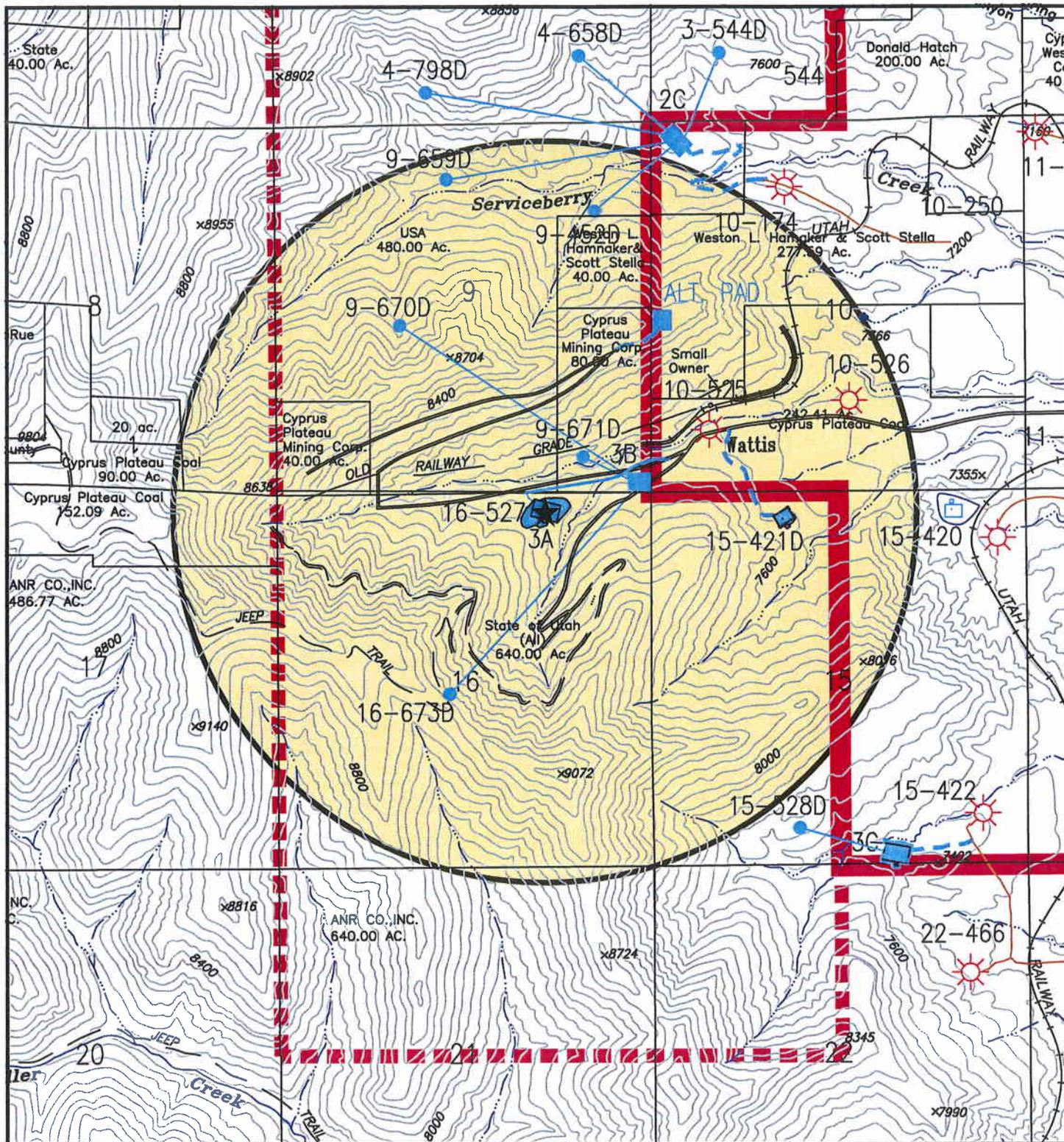
**TALON RESOURCES, INC.**  
 615 North 400 East P.O. Box 1230  
 Huntington, Utah 84528  
 Phone (435)687-5310 Fax (435)687-5311  
 E-Mail talonectv.net

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**ConocoPhillips**

ConocoPhillips Company  
 TYPICAL CROSS SECTION  
 Section 16, T15S, R8E, S.L.B.&M.  
 Utah #16-527

Drawn By: <b>N. BUTKOVICH</b>	Checked By: <b>L.W.J.</b>
Drawing No. <b>C-1</b>	Date: <b>5/11/09</b>
Scale: <b>1" = 100'</b>	
Sheet <b>3</b> of <b>4</b>	Job No. <b>4192</b>



**LEGEND**

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



Scale: 1" = 2000'

May 11, 2009

**ConocoPhillips Company**

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



**WELL UTAH #16-527**  
**Section 16, T15S, R8E, S.L.B.&M.**  
**Drawing L-1 4 of 4**

491000mE, 493000mE, 495000mE, 497000mE, 499000mE, 501000mE, 503000mE, NAD27 Zone 12S 508000mE.

**ConocoPhillips Company**

**UTAH #16-527**

**UTM NAD27-FEET**

N-14353727

E-1632959

**Talon Resources, Inc.**

615 North 400 East

PO Box 1230

Huntington, Utah 84528

(435) 687-5310

4386000m N, 4383000m N, 4381000m N, 4379000m N, 4377000m N, 4375000m N, 4373000m N, 4371000m N, 4369000m N, 4367000m N, 4365000m N, 4363000m N

4386000m N, 4383000m N, 4381000m N, 4379000m N, 4377000m N, 4375000m N, 4373000m N, 4371000m N, 4369000m N, 4367000m N, 4365000m N, 4363000m N

491000mE, 493000mE, 495000mE, 497000mE, 499000mE, 501000mE, 503000mE, NAD27 Zone 12S 508000mE.

TN \* MN  
12 1/2°

0 0.5 1.0 1.5 2.0 2.5 3.0 3.5 miles  
0 1 2 3 4 5 km

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



Utah 16-527



Image State of Utah

Google

39°31'41.72" N 111°01'22.43" W

elev 2328 m

2006

Eye alt: 5.05 km



Utah 16-527



Image USDA, Farm Service Agency  
Image State of Utah  
Image © 2009 DigitalGlobe

© 2008 Google

39°31'49.49" N 111°01'22.25" W

elev 2343 m

2006

Eye alt 3.30 km

**WORKSHEET  
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 06/17/2009

API NO. ASSIGNED: 43-007-31512

WELL NAME: UTAH 16-527  
 OPERATOR: CONOCOPHILLIPS COMPANY ( N2335 )  
 CONTACT: DONNA WILLIAMS

PHONE NUMBER: 432-688-6943

PROPOSED LOCATION:  
 NWN 16 150S 080E  
 SURFACE: 0279 FNL 1458 FEL  
 BOTTOM: 0279 FNL 1458 FEL  
 COUNTY: CARBON  
 LATITUDE: 39.52672 LONGITUDE: -111.02639  
 UTM SURF EASTINGS: 497732 NORTHINGS: 4375021  
 FIELD NAME: DRUNKARDS WASH ( 48 )

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	DWD	7/20/09
Geology		
Surface		

LEASE TYPE: 3 - State  
 LEASE NUMBER: ML46105  
 SURFACE OWNER: 3 - State

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 (Y/N)

Intent to Commingle (Y/N)

LOCATION AND SITING:

         R649-2-3.

Unit: DRUNKARDS WASH *OK*

         R649-3-2. General  
 Siting: 460 From Qtr/Qtr & 920' Between Wells

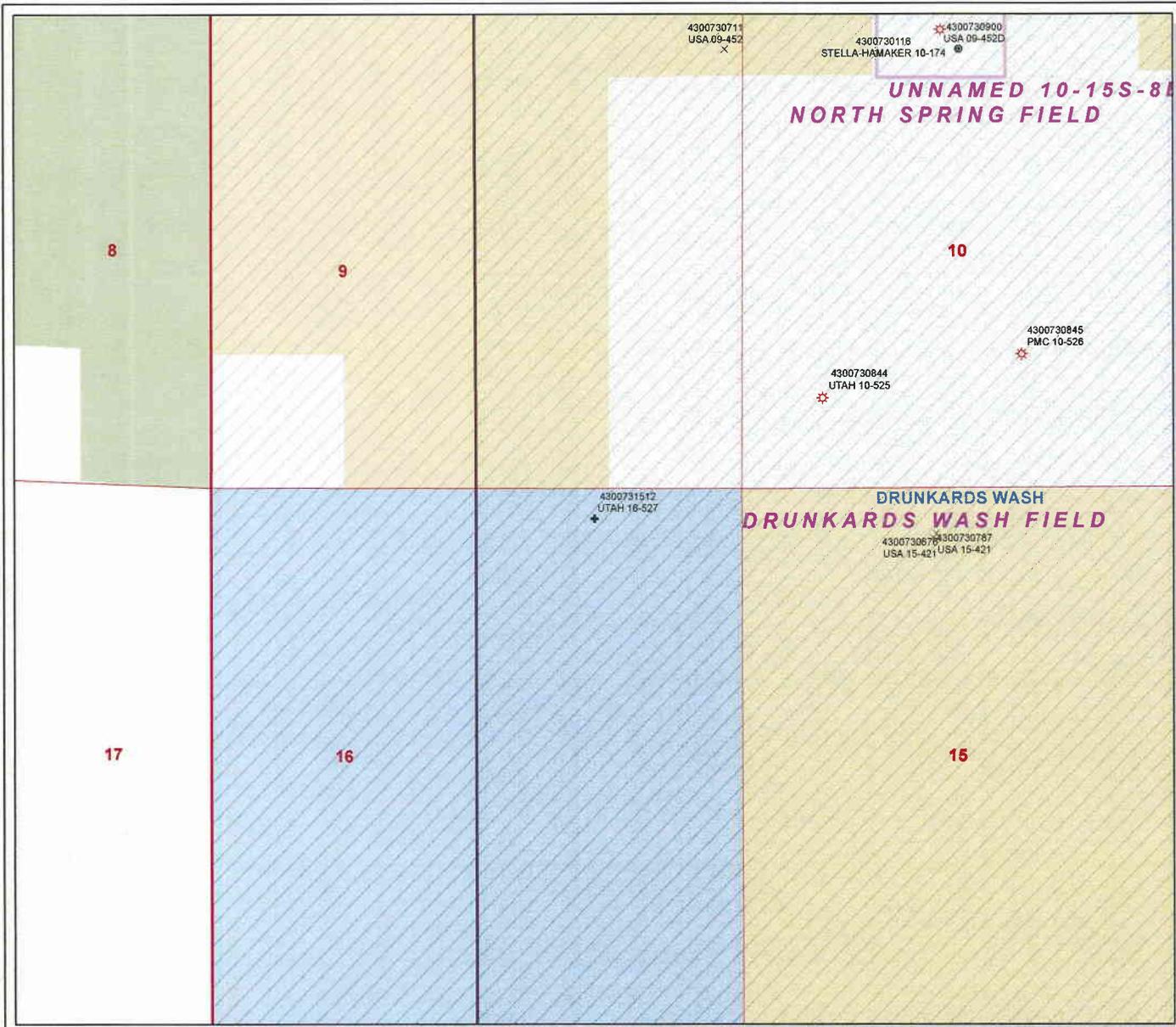
         R649-3-3. Exception

Drilling Unit  
 Board Cause No: 2436  
 Eff Date: 2-14-2001  
 Siting: 460' fr unit boundary & UNCOMMON TROATS

         R649-3-11. Directional Drill

COMMENTS: Needs Permit (06-22-09)

STIPULATIONS: STATEMENT OF BASIS



**API Number: 4300731512**  
**Well Name: UTAH 16-527**  
 Township 15.0 S Range 08.0 E Section 16  
**Meridian: SLBM**  
 Operator: CONOCOPHILLIPS COMPANY

Map Prepared:  
 Map Produced by Diana Mason

<b>Units</b>	<b>Wells Query Events</b>
<ul style="list-style-type: none"> <li>ACTIVE</li> <li>EXPLORATORY</li> <li>GAS STORAGE</li> <li>NF PP OIL</li> <li>NF SECONDARY</li> <li>PI OIL</li> <li>PP GAS</li> <li>PP GEOTHERMAL</li> <li>PP OIL</li> <li>SECONDARY</li> <li>TERMINATED</li> </ul>	<ul style="list-style-type: none"> <li>Ret other values</li> <li>APD</li> <li>ORL</li> <li>GI</li> <li>GS</li> <li>LA</li> <li>NEW</li> <li>OPS</li> <li>PA</li> <li>POW</li> <li>POW</li> <li>RET</li> <li>SGW</li> <li>SGW</li> <li>TA</li> <li>TW</li> <li>WD</li> <li>WI</li> <li>WS</li> </ul>
<b>Fields</b>	
<ul style="list-style-type: none"> <li>ACTIVE</li> <li>COMBINED</li> <li>Sectors</li> </ul>	



# Application for Permit to Drill

## Statement of Basis

### Utah Division of Oil, Gas and Mining

7/15/2009

Page 1

<b>APD No</b>	<b>API WellNo</b>	<b>Status</b>	<b>Well Type</b>	<b>Surf Ownr</b>	<b>CBM</b>
1703	43-007-31512-00-00		GW	S	No
<b>Operator</b>	CONOCOPHILLIPS COMPANY		<b>Surface Owner-APD</b>		
<b>Well Name</b>	UTAH 16-527	<b>Unit</b>	DRUNKARDS WASH		
<b>Field</b>	DRUNKARDS WASH		<b>Type of Work</b>		
<b>Location</b>	NWNE 16 15S 8E S 279 FNL 1458 FEL GPS Coord (UTM) 497732E 4375021N				

#### Geologic Statement of Basis

The sandy, silty, moderately permeable soil is likely to be developed on the Upper Portion of the Blue Gate Member of the Mancos Shale (above the Emery Sandstone Member of the Mancos Shale). The thin Emery Sandstone and Garley Canyon Members of the Mancos Shale are sufficiently deep as to be impractical to reach by extending the casing (> 1,000'). The proposed casing and cement will adequately isolate any shallow zones containing water. One water right has been filed for underground water resources within a mile of the location.

Chris Kierst  
**APD Evaluator**

7/14/2009  
**Date / Time**

#### Surface Statement of Basis

On-site evaluation conducted June 23, 2009. Present: M. Jones (DOGM), R. Perez Jr., Andy Rickard, Bob Strickler, Kelly O'Dell, Gilbert Vasques, Cory Wilcox (COP), Ed Bonner (SITLA). DWR and Carbon County were invited but chose not to attend.

DOGM recommends that a 12 mil (minimum) synthetic liner be used to line the reserve pit. DOGM also recommends that a felt subliner be used to bed the pit under the liner if sharp rocks are present upon excavation of the reserve pit. Rip-rap should be used along the north edge of the location to protect the pad from being washed out by storm drainage.

SITLA recommends moving the topsoil storage pile to the NE corner of the pad to save trees. SITLA also stipulated stripping of vegetation separately than the topsoil.

Mark Jones  
**Onsite Evaluator**

6/22/2009  
**Date / Time**

#### Conditions of Approval / Application for Permit to Drill

<b>Category</b>	<b>Condition</b>
Pits	A synthetic liner with a minimum thickness of 12 mils shall be properly installed and maintained in the reserve pit.
Surface	Drainages adjacent to the proposed pad shall be diverted around the location.
Surface	The well site shall be bermed to prevent fluids from leaving the pad.
Surface	The reserve pit shall be fenced upon completion of drilling operations.
Surface	Rip-Rap the drainage along the Northern edge and around NE corner of pad.

# ON-SITE PREDRILL EVALUATION

Utah Division of Oil, Gas and Mining

**Operator** CONOCOPHILLIPS COMPANY  
**Well Name** UTAH 16-527  
**API Number** 43-007-31512-0 **APD No** 1703 **Field/Unit** DRUNKARDS WASH  
**Location:** 1/4,1/4 NWNE **Sec** 16 **Tw** 15S **Rng** 8E 279 FNL 1458 FEL  
**GPS Coord (UTM)** 497731 4375020 **Surface Owner**

## Participants

M. Jones (DOGM), R. Perez Jr., Andy Rickard, Bob Strickler, Kelly O'Dell, Gilbert Vasques, Cory Wilcox (COP), Ed Bonner (SITLA). DWR and Carbon County were invited but chose not to attend.

## Regional/Local Setting & Topography

West of Wattis ~ 1/4 mile. East of Star Point ~ 1 mile. Southwest of Price, Utah ~12 miles. Topography is steep mountainous terrain, located just under the eastern rim of the Wasatch Plateau. Proposed well location is at the western edge of a coal mine reclamation area.

## Surface Use Plan

### **Current Surface Use**

Wildlife Habitat  
Deer Winter Range  
Mining

### **New Road**

Miles	Well Pad	Length	Src Const Material	Surface Formation
0.04	Width 240	335	Onsite	

**Ancillary Facilities** N

## Waste Management Plan Adequate?

## Environmental Parameters

### **Affected Floodplains and/or Wetland** Y

ephemeral drainages on North and South side of location.

### **Flora / Fauna**

grasses, sage, mountain mahogany, pine trees

### **Soil Type and Characteristics**

rocky clay loam.

### **Erosion Issues** Y

Rip rap necessary along north side of pad.

### **Sedimentation Issues** N

### **Site Stability Issues** Y

large amounts of cut and fill required to build location. However location should be stable once constructed.

**Drainage Diversion Required** Y

some drainage diversion necessary on North side of pad, especially at NE corner.

**Berm Required?** Y

**Erosion Sedimentation Control Required?** N

**Paleo Survey Run?** Y    **Paleo Potential Observed?** N    **Cultural Survey Run?** Y    **Cultural Resources?** N

**Reserve Pit**

**Site-Specific Factors**

**Site Ranking**

<b>Distance to Groundwater (feet)</b>	>200		0
<b>Distance to Surface Water (feet)</b>	>1000		0
<b>Dist. Nearest Municipal Well (ft)</b>	>5280		0
<b>Distance to Other Wells (feet)</b>	>1320		0
<b>Native Soil Type</b>	High permeability		20
<b>Fluid Type</b>	Air/mist		0
<b>Drill Cuttings</b>	Normal Rock		0
<b>Annual Precipitation (inches)</b>	10 to 20		5
<b>Affected Populations</b>	<10		0
<b>Presence Nearby Utility Conduits</b>	Not Present		0
		<b>Final Score</b>	25
			1 <b>Sensitivity Level</b>

**Characteristics / Requirements**

Dugout earthen pit (50' x 50' x 10').

**Closed Loop Mud Required?** N    **Liner Required?** Y    **Liner Thickness** 12    **Pit Underlayment Required?**

**Other Observations / Comments**

Location may be within a coal mine reclamation area and may need a post mining land use change through the mining side of the Division.

Paleo report 6/17/2009.

Arch report 1/20/2009.

Mark Jones  
**Evaluator**

6/22/2009  
**Date / Time**



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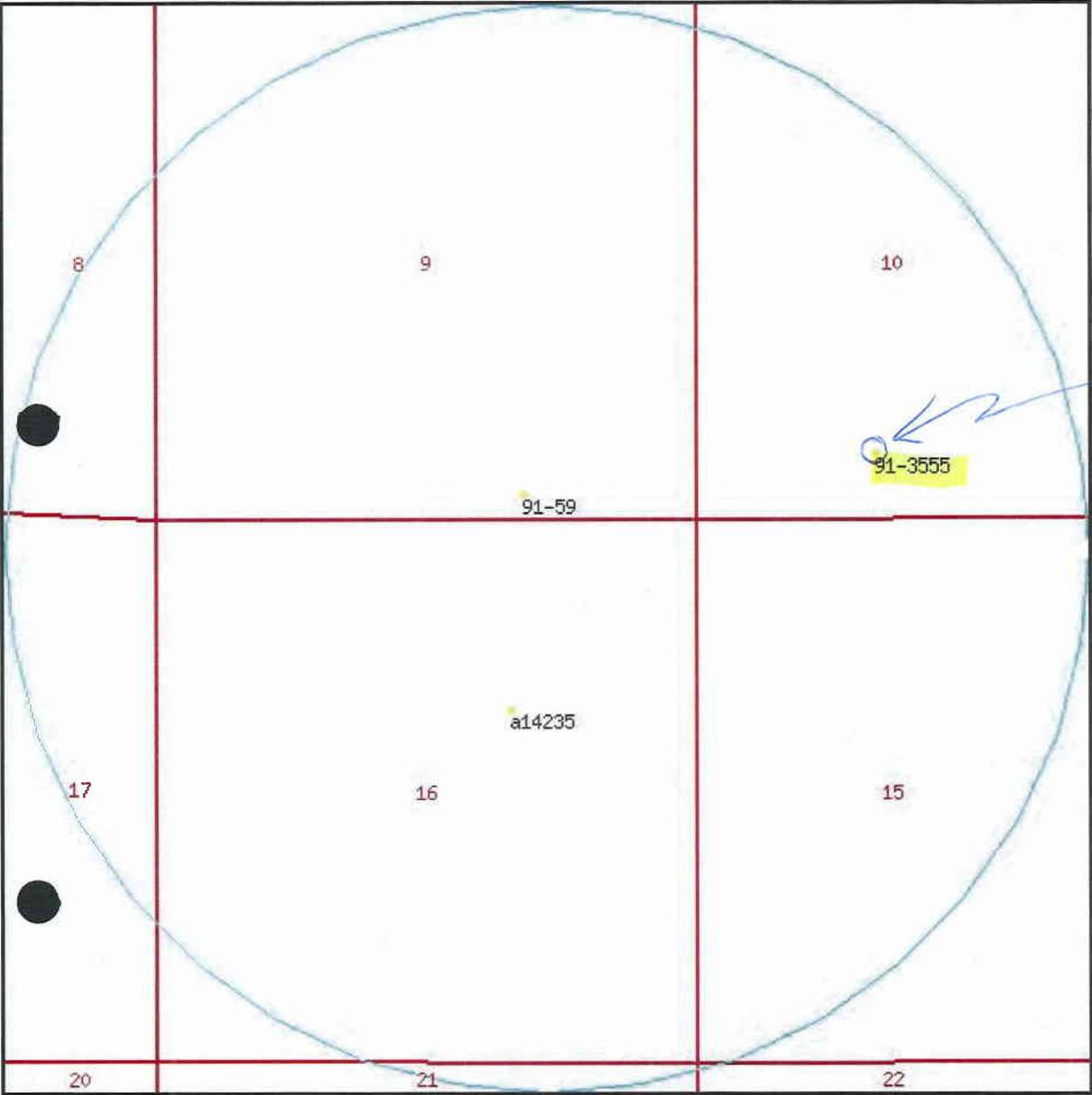
# Utah Division of Water Rights



## Output Listing

Version: 2009.05.06.00      Rundate: 07/14/2009 04:06 PM

**Radius search of 5280 feet from a point S279.88 W1458.91 from the NE corner, section 16, Township 15S, Range 8E, SL b&m**  
**Criteria:wrtypes=W,C,E podtypes=S,U,Sp status=U,A,P usetypes=all**



11" to ~1,200'



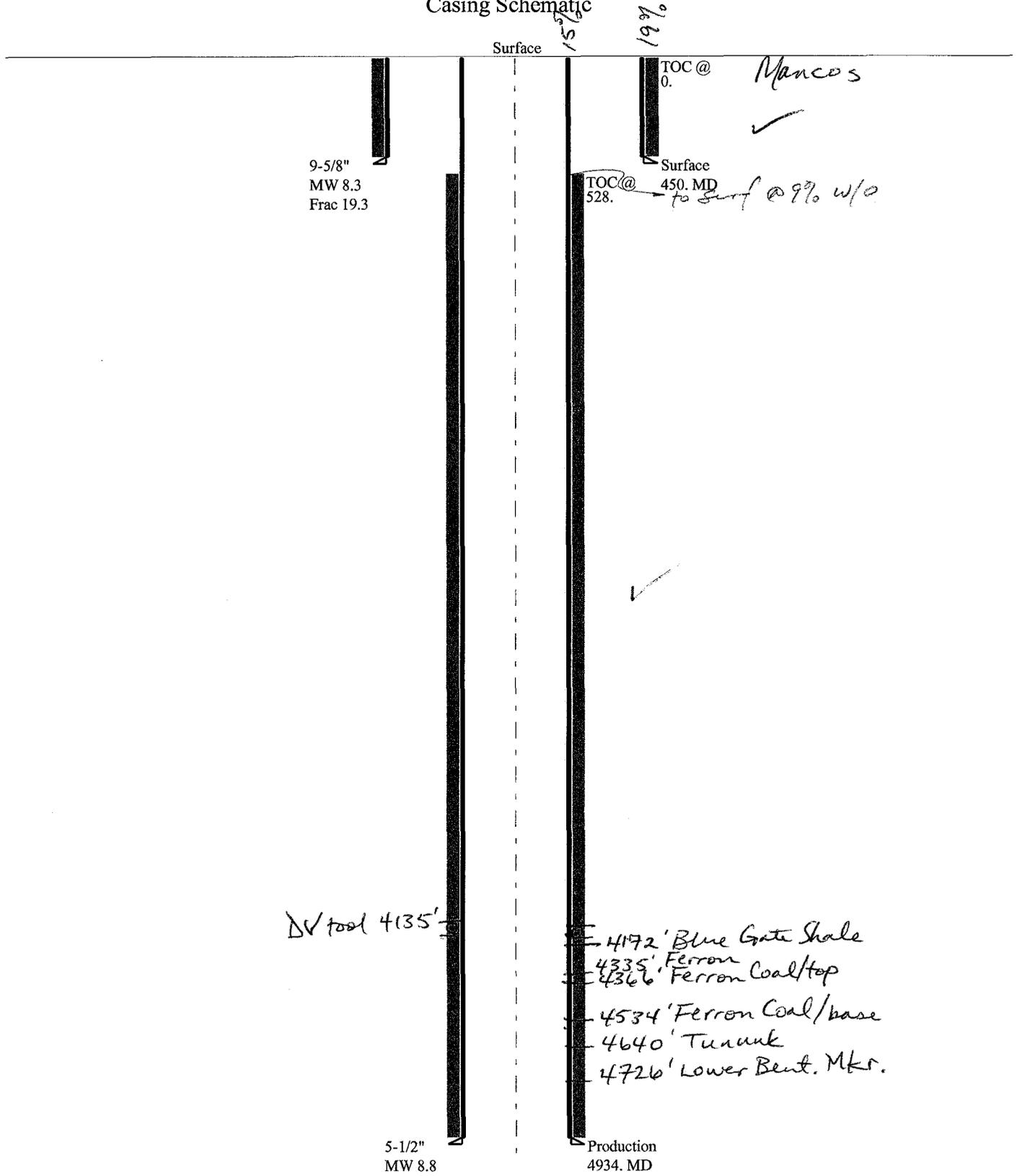
**Water Rights**

WR Number	Diversion Type/Location	Well Log	Status	Priority	Uses	CFS	ACFT	Owner Name
<a href="#">91-3555</a>	Underground N630 E1740 SW 10 15S 8E SL	<a href="#">well info</a>	P	19720816	X	0.910	138.420	CYPRUS PLATEAU MINING CORPORATION P.O. BOX DRAWER PMC
<a href="#">91-57</a>	Surface S1851 W1803 NE 16 15S 8E SL		P	19170522	D	0.005	0.000	PLATEAU MINING COMPANY P.O. DRAWER 7007
<a href="#">91-59</a>	Surface N249 E948 S4 09 15S 8E SL		P	19171103	D	0.013	0.000	C/O WAYNER BAKER PLATEAU MINING COMPANY CARBONVILLE UT 84501
<a href="#">a14235</a>	Surface S1851 W1803 NE 16 15S 8E SL		A	19870305	DX	0.023	16.720	PLATEAU MINING COMPANY P.O. DRAWER 7007

Utah Division of Water Rights | 1594 West North Temple Suite 220, P.O. Box 146300, Salt Lake City, Utah 84114-6300 | 801-538-7240  
[Natural Resources](#) | [Contact](#) | [Disclaimer](#) | [Privacy Policy](#) | [Accessibility Policy](#)

43007315120000 ConocoPhillips Utah 16-527

Casing Schematic



9-5/8"  
MW 8.3  
Frac 19.3

Surface

TOC @  
0.

Mancos



Surface

TOC @  
450. MD  
528.

to surf @ 9% w/o

DV tool 4135'

5-1/2"  
MW 8.8

Production  
4934. MD

- 4172' Blue Gate Shale
- 4335' Ferron
- 4366' Ferron Coal/top
- 4534' Ferron Coal/base
- 4640' Tununk
- 4726' Lower Bent. Mkr.



Well name:	<b>4300731512000 ConocoPhillips Utah 16-527</b>	
Operator:	<b>ConocoPhillips Company</b>	Project ID:
String type:	Surface	43-007-31512-0000
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: 250 ft

Cement top: Surface

**Burst**

Max anticipated surface pressure: 396 psi  
 Internal gradient: 0.120 psi/ft  
 Calculated BHP 450 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 buoyed weight.  
 Neutral point: 395 ft

**Non-directional string.**

**Re subsequent strings:**

Next setting depth: 4,934 ft  
 Next mud weight: 8.330 ppg  
 Next setting BHP: 2,135 psi  
 Fracture mud wt: 19.250 ppg  
 Fracture depth: 450 ft  
 Injection pressure: 450 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	450	9.625	36.00	J-55	ST&C	450	450	8.796	195.3
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	195	2020	10.373	450	3520	7.82	14	394	27.74 J

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

Phone: 801-538-5357  
 FAX: 810-359-3940

Date: July 16, 2009  
 Salt Lake City, Utah

Remarks:  
 Collapse is based on a vertical depth of 450 ft, a mud weight of 8.33 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Well name:	<b>43007315120000 ConocoPhillips Utah 16-527</b>		
Operator:	<b>ConocoPhillips Company</b>		
String type:	Production	Project ID:	43-007-31512-0000
Location:	Carbon County		

**Design parameters:**

**Collapse**

Mud weight: 8.800 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: 134 °F  
 Temperature gradient: 1.40 °F/100ft  
 Minimum section length: 1,500 ft

Cement top: 528 ft

**Burst**

Max anticipated surface pressure: 1,663 psi  
 Internal gradient: 0.120 psi/ft  
 Calculated BHP 2,256 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 buoyed weight.  
 Neutral point: 4,276 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	4934	5.5	17.00	M-80	LT&C	4934	4934	4.767	644
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	2256	6290	2.789	2256	7740	3.43	73	320	4.40 J

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

Phone: 801-538-5357  
 FAX: 810-359-3940

Date: July 16, 2009  
 Salt Lake City, Utah

Remarks:  
 Collapse is based on a vertical depth of 4934 ft, a mud weight of 8.8 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

**BOPE REVIEW**

**ConocoPhillips Utah 16-527 API 43-007-31512-0000**

**INPUT**

Well Name

ConocoPhillips Utah 16-527 API 43-007-31512-0000			
String 1	String 2		
Casing Size (")	9 5/8	5 1/2	
Setting Depth (TVD)	450	4934	
Previous Shoe Setting Depth (TVD)	40	450	
Max Mud Weight (ppg)	8.33	8.8	
BOPE Proposed (psi)	0	3000	
Casing Internal Yield (psi)	3520	7740	
Operators Max Anticipated Pressure (psi)	1256	4.9 ppg	CBM

<b>Calculations</b>	<b>String 1</b>	<b>9 5/8 "</b>	
Max BHP [psi]	.052*Setting Depth*MW =	195	
MASP (Gas) [psi]	Max BHP-(0.12*Setting Depth) =	141	BOPE Adequate For Drilling And Setting Casing at Depth? NO Air drill
MASP (Gas/Mud) [psi]	Max BHP-(0.22*Setting Depth) =	96	NO
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth) =	105	*Can Full Expected Pressure Be Held At Previous Shoe? NO <i>OK</i>
Required Casing/BOPE Test Pressure		450 psi	
*Max Pressure Allowed @ Previous Casing Shoe =		40 psi	*Assumes 1psi/ft frac gradient

<b>Calculations</b>	<b>String 2</b>	<b>5 1/2 "</b>	
Max BHP [psi]	.052*Setting Depth*MW =	2258	
MASP (Gas) [psi]	Max BHP-(0.12*Setting Depth) =	1666	BOPE Adequate For Drilling And Setting Casing at Depth? YES <i>✓</i>
MASP (Gas/Mud) [psi]	Max BHP-(0.22*Setting Depth) =	1172	YES Air drill w/rotating head
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth) =	1271	*Can Full Expected Pressure Be Held At Previous Shoe? NO <i>OK</i>
Required Casing/BOPE Test Pressure		3000 psi	
*Max Pressure Allowed @ Previous Casing Shoe =		450 psi <i>✓</i>	*Assumes 1psi/ft frac gradient

**From:** Jim Davis  
**To:** Bonner, Ed; Mason, Diana  
**Date:** 8/13/2009 8:35 AM  
**Subject:** Well Approvals (2 for COP)

**CC:** Donna.J.Williams@conocophillips.com; Garrison, LaVonne  
The following wells have been approved by SITLA including arch and paleo clearance.

Utah 16-527 (4300731512) and  
Utah 33-601 (4301530764).

Thanks.  
-Jim Davis

Jim Davis  
Utah Trust Lands Administration  
jimdavis1@utah.gov  
Phone: (801) 538-5156



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

August 13, 2009

ConocoPhillips Company  
P O Box 51810  
Midland, TX 79710

Re: Utah 16-527 Well, 279' FNL, 1458' FEL, NW NE, Sec. 16, T. 15 South, R. 8 East,  
Carbon County, Utah

Gentlemen:

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

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-007-31512.

Sincerely,

Gil Hunt  
Associate Director

pab  
Enclosures

cc: Carbon County Assessor  
SITLA  
Bureau of Land Management, Price Office



**Operator:** ConocoPhillips Company  
**Well Name & Number** Utah 16-527  
**API Number:** 43-007-31512  
**Lease:** ML46105

**Location:** NW NE                      **Sec.** 16                      **T.** 15 South                      **R.** 8 East

### Conditions of Approval

#### 1. General

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

#### 2. Notification Requirements

The operator is required to notify the Division of Oil, Gas and Mining of the following 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) 942-0871 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.

Page 2

43-007-31512

August 13, 2009

4. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical or paleontological remains be encountered during your operations, you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.
5. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)



GARY R. HERBERT  
Governor

GREGORY S. BELL  
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 7, 2010

Donna Williams  
ConocoPhillips Company  
P O BOX 51810  
Midland, TX 79710

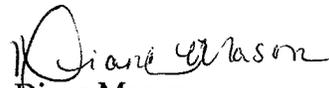
Re: APD Rescinded – UTAH 16-527, Sec. 16, T.15S, R. 8E  
Carbon County, Utah API No. 43-007-31512

Dear Ms. Williams:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on August 13, 2009. On September 1, 2010, you requested that the division rescind the state approved APD. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective September 1, 2010.

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  
SITLA, Ed Bonner

