

STEPHENS ENERGY COMPANY LLC

March 19, 2008

Bureau of Land Management
Vernal Field Office
170 S. 500 E.
Vernal, UT 84078
Attn: Minerals

Re: All Wells
Daggett County, Utah

Gentlemen:

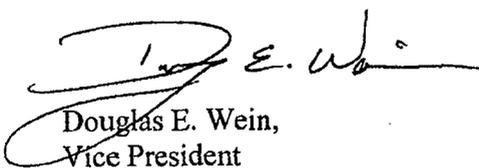
This letter is to inform you that Permitco Inc. is authorized to act as Agent and to sign documents on behalf of Stephens Energy Company LLC when necessary for filing county, state and federal permits including Onshore Order No. 1, Right of Way applications, etc., for the above mentioned well.

It should be understood that Permitco is acting as Agent only in those matters stated above and is not responsible for drilling, completion, production or compliance with regulations.

Stephens Energy Company LLC agrees to accept full responsibility for operations conducted in order to drill, complete and produce the above-mentioned well.

Sincerely,

Stephens Energy Company LLC



Douglas E. Wein,
Vice President



PO Box 99 • Eastlake, CO 80614 • (303) 857-9999 • FAX (303) 450-9200 • E-MAIL Permitco1@aol.com

October 17, 2008

Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, UT 84114-5801
Attn: Diana Mason

Re: **Stephens Energy Company LLC**
Two Horse Butte #42-32
SE NE, 2411' FNL and 1157' FEL, Sec. 32, T3N-R24E (Surface)
NW NE, 1346' FNL and 1446' FEL, Sec. 5, T2N-R24E (Btm. Hole)
Daggett County, Utah

Dear Diana,

Enclosed please find two copies of the Application for Permit to Drill, along with one copy of the Onshore Order No. 1 which was filed with the BLM in Vernal, Utah.

Please note, this location is an exception location and will be directionally drilled. Waiver letters from the working interest owners will be forwarded to your office under separate cover.

If you should need additional information, please don't hesitate to contact me. Approved copies of the A.P.D. should be sent to Permitco Inc. at the address shown above.

Sincerely,

PERMITCO INC.

Venessa Langmacher
Regulatory Supervisor/Agent for:
Stephens Energy Company LLC

Enc.

cc: Stephens Energy Company LLC - Denver, CO

RECEIVED

OCT 20 2008

DIV. OF OIL, GAS & MINING

AMENDED REPORT
(highlight changes)

APPLICATION FOR PERMIT TO DRILL		5. MINERAL LEASE NO.: UTU-85093 (Btm. Hole)	6. SURFACE: SITLA
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 checked="" type="checkbox"/>		8. UNIT or CA AGREEMENT NAME: N/A	
2. NAME OF OPERATOR: Stephens Energy Company LLC		9. WELL NAME and NUMBER: Two Horse Butte #42-32	
3. ADDRESS OF OPERATOR: 1825 Lawrence St., Suite 300, Denver, CO 80202		10. FIELD AND POOL, OR WILDCAT: Wildcat / Dakota & Frontier	
PHONE NUMBER: 303/296-2012		11. QTR/QTR, SECTION, TOWNSHIP, RANGE MERIDIAN: Sec. 32, T3N-R24E (Surface) Sec. 5, T2N-R24E (Btm. Hole)	
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: SE NE, 2411' FNL and 1157' FEL AT PROPOSED PRODUCING ZONE: NW NE, 1346' FNL and 1446' FEL <i>649351 X 4534992 Y 40.954336 -109.225476</i> <i>649275 X 4533716 Y 40.942858 -109.226480</i>			
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: Approximately 22.1 miles east of Dutch John, UT		12. COUNTY: Daggett	13. STATE: UT
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 1346' (Btm. Hole)	16. NUMBER OF ACRES IN LEASE: 1476.25	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: N/A	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET): None	19. PROPOSED DEPTH: 6,100' TVD - 7,681' MD	20. BOND DESCRIPTION: UTB-000316	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 6614' GL	22. APPROXIMATE DATE WORK WILL START: 11/1/2008	23. ESTIMATED DURATION: 24 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
12-1/4"	9-5/8", K-55, 36#	500'	185 sx Halliburton VariCem RS1, 13.5 ppg, 1.81 ft3/sk
8-3/4"	7", L-80, 23#	6,853'	425 sx ExtendaCem RS1, 11.5 ppg, 2.62 ft3/sk + 125 EconoCem RS3, 13.5 ppg, 1.43 ft3/sk.
6-1/8"	4-1/2", K-55, 11.6#	7,681'	100 sx Halliburton EconoCem RS2, 13.5 ppg, 1.43 ft3/sk.

25. ATTACHMENTS **CONFIDENTIAL-TIGHT HOLE**

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

AGENT: **PermitCo Inc., PO Box 99, Eastlake, CO 80614** AGENT'S PHONE NO.: **303/857-9999**

NAME (PLEASE PRINT) **Venessa Langmacher** TITLE **Agent for Stephens Energy Company LLC**

SIGNATURE *Venessa Langmacher* DATE **October 17, 2008**

(This space for State use only)

API NUMBER ASSIGNED: **43-009-30069**

Approved by the
Utah Division of
Oil, Gas and Mining

RECEIVED
OCT 20 2008

DIV. OF OIL, GAS & MINING

Date: *[Signature]*
By: *[Signature]*

N89°48'W 2666.40' (G.L.O.)

N89°47'54"W 2674.48' (Meas.)

1962 Brass Cap,
0.9' High,
Pile of Stones

1962 Brass Cap,
1.0' High,
Steel Post

T3N, R24E,
S.L.B.&M.

TWO HORSE BUTTE #42-32
Elev. Ungraded Ground = 6614'

NOTE:
THE PROPOSED BOTTOM HOLE FOR THIS WELL IS
LOCATED IN THE NW 1/4 NE 1/4 OF SECTION
5, T2N, R24W, S.L.B.&M. AT A DISTANCE OF
1346' FNL 1446' FEL. IT BEARS S04°11'24"W
4182.15' FROM THE PROPOSED WELL HEAD.

LEGEND:

└─┘ = 90° SYMBOL

● = PROPOSED WELL HEAD.

▲ = SECTION CORNERS LOCATED.

STEPHENS ENERGY COMPANY, LLC

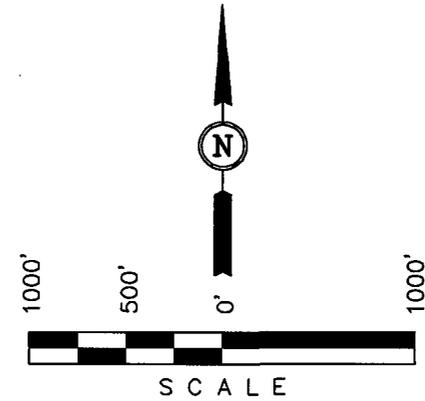
Well location, TWO HORSE BUTTE #42-32, located
as shown in the SE 1/4 NE 1/4 of Section 32,
T3N, R24E, S.L.B.&M., Daggett County, Utah.

BASIS OF ELEVATION

BENCH MARK 36 LOCATED IN THE NE 1/4 NW 1/4 OF
SECTION 28, T3N, R24E, S.L.B.&M. TAKEN FROM THE CLAY
BASIN, QUADRANGLE, UTAH, DAGGETT COUNTY, 7.5 MINUTE
QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED
STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY.
SAID ELEVATION IS MARKED AS BEING 6313 FEET.

BASIS OF BEARINGS

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.



CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM
FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY
SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE
BEST OF MY KNOWLEDGE AND BELIEF.

ROBERT KAY
REGISTERED LAND SURVEYOR
REGISTRATION NO. 161319
STATE OF UTAH

REVISED: 08-12-08

UINTAH ENGINEERING & LAND SURVEYING
85 SOUTH 200 EAST - VERNAL, UTAH 84078
(435) 789-1017

SCALE	1" = 1000'	DATE SURVEYED:	DATE DRAWN:
PARTY	J.W. J.S. C.C.	REFERENCES	G.L.O. PLAT
WEATHER	COOL	FILE	STEPHENS ENERGY COMPANY, LLC

N00°08'E 5211.36' (G.L.O.)

N00°23'03"E 2665.06' (Meas.)

2583.24' (G.L.O.)

2701.38' (G.L.O.)

2411'

1157'

180°25'
(G.L.O.)

89°19'
(G.L.O.)

89°57'
(G.L.O.)

1346' (Comp.)

1446' (Comp.)

5342.04' (G.L.O.)

T3N
T2N

AUTONOMOUS NAD 83 (SURFACE LOCATION)
LATITUDE = 40°57'15.35" (40.954264)
LONGITUDE = 109°13'35.17" (109.226436)
AUTONOMOUS NAD 27 (SURFACE LOCATION)
LATITUDE = 40°57'15.50" (40.954306)
LONGITUDE = 109°13'32.70" (109.225750)
AUTONOMOUS NAD 83 (TARGET BOTTOM HOLE)
LATITUDE = 40°56'34.15" (40.942819)
LONGITUDE = 109°13'39.15" (109.227542)
AUTONOMOUS NAD 27 (TARGET BOTTOM HOLE)
LATITUDE = 40°56'34.30" (40.942861)
LONGITUDE = 109°13'36.68" (109.226856)

Bottom
Hole

ONSHORE OIL & GAS ORDER NO. 1

**Approval of Operations on Onshore
Federal and Indian Oil & Gas Leases**

Two Horse Butte #42-32

**SE NE, 2411' FNL and 1157' FEL, Sec. 32, T3N - R24E (Surface)
NW NE, 1346' FNL and 1446' FEL, Sec. 5, T2N - R24E (Btm. Hole)
Daggett County, Utah**

Prepared For:

Stephens Energy Company LLC

By:

**PERMITCO INC.
P.O. Box 99
Eastlake, CO 80614
303/857-9999**

CONFIDENTIAL-TIGHT HOLE

Copies Sent To:

- 3 - Bureau of Land Management - Vernal, UT**
- 1 - Utah Division of Oil, Gas & Mining - SLC, UT**
- 2 - Stephens Energy Company LLC - Denver, CO**
- 1 - UTAH (SITLA) - SLC, UT**

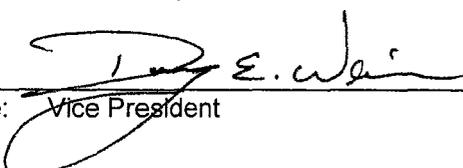


Stephens Energy Company LLC
Two Horse Butte #42-32
SHL - 2,411' FNL & 1,157' FEL (SE $\frac{1}{4}$ NE $\frac{1}{4}$), Sec. 32, T3N-R24E
BHL - 1,346' FNL & 1,146' FEL (SW $\frac{1}{4}$ NE $\frac{1}{4}$), Sec. 5, T2N-R24E
Daggett County, Utah

CERTIFICATION

I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions which currently exist; that I have full knowledge, of state and Federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements. Executed this 15th day of August, 2008.

Douglas E. Wein
(Full Printed Name)


Title: Vice President

1825 Lawrence Street, Suite 300, Denver, CO 80202
Address

(303) 296-2012
Telephone

dwein@stephensenergyco.com
E-mail

Two Horse Butte #42-32

Lease No. UTU-85093 (Btm. Hole)

SE NE, 2411' FNL and 1157' FEL, Sec. 32, T3N - R24E

NW NE, 1346' FNL and 1446' FEL, Sec. 5, T2N - R24E

DRILLING PROGRAM

Daggett County, Utah

ONSHORE OIL & GAS ORDER NO. 1
 Approval of Operations on Onshore
 Federal and Indian Oil and Gas Leases

All lease and/or unit operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (43 CFR 3100), Onshore Oil and Gas Order No. 1, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished the field representative to insure compliance.

1. **ESTIMATED TOPS OF ALL GEOLOGIC GROUPS, FORMATIONS, MEMBERS OR ZONES**

<i>Formation</i>	<i>TVD</i>	<i>MD</i>	<i>Subsea</i>
Baxter Shale	18'	18'	6,565'
Frontier Formation	5,565'	6,961'	1,018'
Base Clay Spur Bentonite	5,765'	7,237'	818'
Mowry Formation	5,783'	7,262'	800'
Dakota Formation	5,925'	7,458'	658'
Morrison Formation	6,050'	7,630'	533'
TD	6,100'	7,681'	484'

2. **ESTIMATED DEPTH AND THICKNESS OF WATER, OIL, GAS AND OTHER MINERAL ZONES**

<i>Substance</i>	<i>Formation</i>	<i>Depth (TVD)</i>	<i>Thickness</i>
Natural Gas	Frontier Formation	1,018'	32'
Natural Gas	Dakota Formation	658'	62'

- a. The lessee/operator must report all shows of water or water-bearing sands to the BLM. If flowing water is encountered it must be sampled and analyzed (a copy of the analyses to be submitted to the BLM Field Office in Vernal, Utah).



Two Horse Butte #42-32

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DRILLING PROGRAM

Daggett County, Utah

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- b. All oil and gas shows shall be adequately tested for commercial possibilities, reported, and protected.
- c. The lessee-operator must report encounters of all non oil and gas mineral resources (such as Gilsonite, tar sands, oil shale, etc.) to Peter Sokolosky or another geologist of the Vernal Field Office, in writing, within 5 working days of each encounter. Each report shall include the well name/number, well location, date and depth (from KB or GL) of encounter, vertical footage of the encounter and, the name of the person making the report (along with a telephone number) should the BLM need to obtain additional information.
- d. All shows of fresh water and minerals shall be reported and protected. A sample shall be taken of any water flows and a water analysis furnished the BLM, Vernal Field Office. All oil and gas shows shall be adequately tested for commercial possibilities, reported, and protected.

3. PRESSURE CONTROL EQUIPMENT

Stephens Energy Company LLC's minimum specifications for pressure control equipment are as follows:

Ram Type: 5000 psi w.p.

Ram type preventers and associated equipment shall be tested to approved stack working pressure if isolated by test plug or to 70 percent of internal yield pressure of casing. Pressure shall be maintained for at least 10 minutes or until requirements of test are met, whichever is longer. If a test plug is utilized, no bleed-off pressure is acceptable. For a test not utilizing a test plug, if a decline in pressure of more than 10 percent in 30 minutes occurs, the test shall be considered to have failed. Valve on casing head below test plug shall be open during test of BOP stack.

Annular type preventers (if used) shall be tested to 50 percent of rated working pressure. Pressure shall be maintained at least 10 minutes or until provisions of test are met, whichever is longer.

As a minimum, the above test shall be performed:

- a. when initially installed;
- b. whenever any seal subject to test pressure is broken
- c. following related repairs; and
- d. at 30-day intervals



Two Horse Butte #42-32

Lease No. UTU-85093 (Btm. Hole)

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Daggett County, Utah

DRILLING PROGRAM

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Blowout prevention equipment (BOPE) shall remain in use until the well is completed or abandoned. Closing unit controls shall remain unobstructed and readily accessible at all times. Choke manifolds shall be located outside of the rig substructure.

Valves shall be tested from working pressure side during BOPE tests with all down stream valves open.

When testing the kill line valve(s) the check valve shall be held open or the ball removed.

Annular preventers shall be functionally operated at least weekly.

Pipe and blind rams shall be activated each trip, however, this function need not be performed more than once a day.

Pressure tests shall apply to all related well control equipment.

All BOPE components shall be inspected daily and those inspections shall be recorded in the daily drilling report. Components shall be operated and tested as required by Onshore Oil & Gas Order No. 2 to insure good mechanical working order. All BOPE pressure tests shall be performed by a test pump with a chart recorder and NOT by the rig pumps. Test shall be reported in the driller's log.

BOP drills shall be initially conducted by each drilling crew within 24 hours of drilling out from under the surface casing and weekly thereafter as specified in Onshore Oil & Gas Order No. 2.

Casing pressure tests are required before drilling out from under all casing strings set and cemented in place.

No aggressive/fresh hard-banded drill pipe shall be used within casing.

Cement baskets shall not be run on surface casing.

BOP systems shall be consistent with API RP53. Pressure tests will be conducted before drilling out from under casing strings which have been set and cemented in place. Blowout preventer controls will be installed prior to drilling the surface casing plug and will remain in use until the well is completed or abandoned. Preventers will be inspected and operated at least daily to ensure good mechanical working order, and this inspection will be recorded on the daily drilling report. Preventers will be pressure tested before drilling casing cement plugs.



Two Horse Butte #42-32

Lease No. UTU-85093 (Btm. Hole)

SE NE, 2411' FNL and 1157' FEL, Sec. 32, T3N - R24E

NW NE, 1346' FNL and 1446' FEL, Sec. 5, T2N - R24E

DRILLING PROGRAM

Daggett County, Utah

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The District Office should be notified, with sufficient lead time, in order to have the BLM representative on location during pressure testing.

- a. The size and rating of the BOP stack is shown on the attached diagram. Although a rig has not been chosen to drill this well, most of the equipment for this depth of hole in the area use a 11", 5000 psi working pressure blowout preventor.
- b. A choke line and a kill line are to be properly installed. The kill line is not to be used as a fill-up line.
- c. The accumulator system shall have a pressure capacity to provide for repeated operation of hydraulic preventers.
- d. Drill string safety valve(s), to fit all tools in the drill string, are to be maintained on the rig floor while drilling operations are in progress.

4. PROPOSED CASING PROGRAM

- a. **Notify Vernal Field Office Supervisory Petroleum Engineering Technician at least 24 hours in advance of casing and cementing operations and BOPE & casing pressure tests.**
- b. The proposed casing and cementing program shall be conducted as approved to protect and/or isolate all usable water zones, potentially productive zones, lost circulation zones, abnormally pressured zones, and any prospectively valuable deposits of minerals. Any isolating medium other than cement shall receive approval prior to use. The casing setting depth shall be calculated to position the casing seat opposite a competent formation which will contain the maximum pressure to which it will be exposed during normal drilling operations. Determination of casing setting depth shall be based on all relevant factors, including; presence/absence of hydrocarbons; fracture gradients; usable water zones; formation pressures; lost circulation zones; other minerals; or other unusual characteristics. All indications of usable water shall be reported.
- c. Casing design shall assume formation pressure gradients of 0.44 to 0.50 psi per foot for exploratory wells (lacking better data).
- d. Casing design shall assume fracture gradients from 0.70 to 1.00 psi per foot for exploratory wells (lacking better data)



Two Horse Butte #42-32

Lease No. UTU-85093 (Btm. Hole)

SE NE, 2411' FNL and 1157' FEL, Sec. 32, T3N - R24E

NW NE, 1346' FNL and 1446' FEL, Sec. 5, T2N - R24E

DRILLING PROGRAM

Daggett County, Utah

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- e. Casing collars shall have a minimum clearance of 0.422 inches of all sides in the hole/casing annulus, with recognition that variances can be granted for justified exceptions.
- f. All waiting on cement times shall be adequate to achieve a minimum of 500 psi compressive strength at the casing shoe prior to drilling out.
- g. All casing except the conductor casing, shall be new or reconditioned and tested used casing that meets or exceeds API standards for new casing.
- h. The surface casing shall be cemented back to surface either during the primary cement job or by remedial cementing.
- i. All indications of usable water shall be reported to the authorized officer prior to running the next string of casing or before plugging orders are requested, whichever occurs first.
- j. Three centralizers will be run on the bottom three joints of surface casing with a minimum of one centralizer per joint starting with the shoe joint.
- k. Top plugs shall be used to reduce contamination of cement by displacement fluid. A bottom plug or other acceptable technique, such as a suitable preflush fluid, inner string cement method, etc. shall be utilized to help isolate the cement from contamination by the mud fluid being displaced ahead of the cement slurry.
- l. All casing strings below the conductor shall be pressure tested to 0.22 psi per foot of casing string length or 1500 psi, whichever is greater, but not to exceed 70 percent of the minimum internal yield. If pressure declines more than 10 percent in 30 minutes, corrective action shall be taken.
- m. On all exploratory wells, and on that portion of any well approved for a 5M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. Formation at the shoe shall be tested to a minimum of the mud weight equivalent anticipated to control the formation pressure to the next casing depth or at total depth of the well. This test shall be performed before drilling more than 20 feet of new hole.



n. The proposed casing program will be as follows:

<i>Purpose</i>	<i>Depth</i>	<i>Hole Size</i>	<i>O.D.</i>	<i>Weight</i>	<i>Grade</i>	<i>Type</i>	<i>New/Used</i>
Surface	500'	12-1/4"	9-5/8"	36#	K-55	STC	New
Intermediate	6,853'	8-3/4"	7"	23#	L-80	UFJ	New
Production	7,681'	6-1/8"	4-1/2"	11.6#	K-55	UFJ	New

<i>Purpose</i>	<i>Collapse</i>	<i>Burst</i>	<i>Tension</i>
Surface	2020	3520	564
Intermediate	3830	6340	532
Production	4960	5350	184

o. Casing design subject to revision based on geologic conditions encountered.

5. **PROPOSED CEMENTING PROGRAM**

<i>Surface</i>	<i>Type and Amount</i>
TOC @ Surface	185 sx Halliburton VariCem RS1 + 0.125 lbm/sk Poly E-Flake + 0.25 lbm/sk Kwik Seal, 13.5 ppg, 1.81 ft3/sk.
<i>Intermediate</i>	<i>Type and Amount</i>
TOC @ Surface	Lead: 425 sx Halliburton ExtendaCem RS1, 11.5 ppg, 2.62 ft3/sk. Tail: 125 sx EconoCem RS3, 13.5 ppg, 1.43 ft3/sk.
<i>Production</i>	<i>Type and Amount</i>
TOC @ 6,500'	100 sx Halliburton EconoCem RS2 + 3.0 lbm/sk Silicate Compacted, 13.5 ppg, 1.43 ft3/sk.



Two Horse Butte #42-32

Lease No. UTU-85093 (Btm. Hole)

SE NE, 2411' FNL and 1157' FEL, Sec. 32, T3N - R24E

NW NE, 1346' FNL and 1446' FEL, Sec. 5, T2N - R24E

DRILLING PROGRAM

Daggett County, Utah

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- a. Anticipated cement tops will be reported as to depth; not the expected number of sacks of cement to be used. The District Office should be notified, with sufficient lead time, in order to have a BLM representative on location while running all casing strings and cementing.
- b. After cementing but before commencing any test, the casing string shall stand cemented until the cement has reached a compressive strength of at least 500 psi at the shoe. WOC time shall be recorded in the driller's log.
- c. Production casing cement shall be brought up and into the surface casing. The minimum cement top is 200' above the surface casing shoe.
- d. The following reports shall be filed with the District Manager within 30 days after the work is completed.
 1. Progress reports, Form 3160-5 (formerly 9-331) "Sundry Notices and Reports on Wells", must include complete information concerning:
 - a. Setting of each string of casing, showing the size, grade, weight of casing set, hole size, setting depth, amounts and type of cement used, whether cement circulated or the top of the cement behind the casing, depth of cementing tools used, casing test method and results, and the date work was done. Show the spud date on the first reports submitted.
 - b. Temperature or bond logs must be submitted for each well where the casing cement was not circulated to the surface.
- e. Auxiliary equipment to be used is as follows:
 1. Kelly cock
 2. No bit float is deemed necessary.
 3. A sub with a full opening valve.



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Daggett County, Utah

DRILLING PROGRAM

6. PROPOSED CIRCULATING MEDIUM OR MEDIUMS

<i>Interval</i>	<i>Mud Type</i>	<i>Mud Wt.</i>	<i>Visc.</i>	<i>F/L</i>	<i>pH</i>
Surface	LSND/AncO-Phalt	8.4 - 9.0	27 - 40	15 -20	8 - 8.5
Intermediate	LSND/AncO-Phalt	8.8 - 9.2	34 - 42	8 - 12	8.5 - 9.5
Production	LSND/AncO-Phalt	9.0 - 9.5	36 - 50	6 - 10	8.5 - 9.5

There will be sufficient mud on location to control a blowout should one occur.
A mud test shall be performed every 24 hours after mudding up to determine, as applicable: density, viscosity, gel strength, static filtration loss, and Ph.

- a. Mud monitoring equipment to be used is as follows:
 - 1. Periodic checks will be made each tour of the mud system. The mud level will be checked visually.
- b. No chromate additives will be used in the mud system on Federal and/or Indian lands without prior BLM approval to ensure adequate protection of fresh water aquifers.
- c. No chemicals subject to reporting under SARA Title III in an amount equal to or greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling of this well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produced, stored, transported, or disposed of in association with the drilling of this well.
- d. The use of materials under BLM jurisdiction will conform to 43 CFR 3610.2-3.

7. PROPOSED TESTING, LOGGING AND CORING

The anticipated type and amount of testing, logging and coring are as follows:

- a. No drill stem tests are anticipated, however, if DST's are run, the following requirements will be adhered to:



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Initial opening of drill stem test tools shall be restricted to daylight hours unless specific approval to start during other hours is obtained from the authorized officer. However, DST's may be allowed to continue at night if the test was initiated during daylight hours and the rate of flow is stabilized and if adequate lighting is available (i.e. lighting which is adequate for visibility and vapor-proof for safe operations). Packers can be released, but tripping shall not begin before daylight, unless prior approval is obtained from the authorized officer. Closed chamber DSTs may be accomplished day or night.

A DST that flows to the surface with evidence of hydrocarbons shall be either reversed out of the testing string under controlled surface conditions. This would involve provided some means for reverse circulation.

Separation equipment required for the anticipated recovery shall be properly installed before a test starts.

All engines within 100 feet of the wellbore that are required to "run" during the test shall have spark arresters or water cooled exhausts.

- b. The logging program will consist of the following: Gamma Ray - Induction to be run from TD to Surface Casing and Neutron - Density to be run from TD to 4100' TVD.
- c. A Cement Bond Log will be run from the production casing shoe to the surface casing shoe and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to the Vernal Field Office.
- d. **Please submit an electronic copy of all other logs run on this well in LAS format to UT_VN_Welllogs@blm.gov. This submission will supersede the requirement for submittal of paper logs to the BLM.**
- e. All off-lease storage, off-lease measurement, or commingling on-lease or off-lease shall have prior written approval from the BLM, Vernal Field Office.
- f. All measurement points shall be identified as point of sales or allocation for royalty determination prior to the installation of facilities.
- g. No cores are anticipated.



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- h. Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3162.4-1. Two copies of all logs, core descriptions, core analyses, well-test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with form 3160-4. Samples (cutting, fluids, and/or gases will be submitted when requested by the authorized officer (AO).
- i. The anticipated completion program will be as follows: Run 4-1/2" production casing and cement, run CBL log and perforate Dakota, test, frac well as per recommendations and tests, flow test and run tubing and packer, go to sales.
- j. Daily drilling and completion progress reports shall be submitted to the BLM in Vernal on a weekly basis.

8. EXPECTED BOTTOM HOLE PRESSURE

- a. The expected bottom hole pressure is 2746 psi. The maximum bottom hole temperature anticipated is 129.5 degrees F.
- b. No hydrogen sulfide gas is anticipated. Abnormal pressures are not anticipated.

9. OTHER INFORMATION AND NOTIFICATION REQUIREMENTS

- a. Drilling is planned to commence on November 1, 2008
- b. It is anticipated that the drilling of this well will take approximately 24 days.
- c. The BLM in Vernal, Utah shall be notified of the anticipated date of location construction commencement and of anticipated spud date.
- d. No location will be constructed or moved, no well will be plugged, and no drilling or workover equipment will be removed from a well to be placed in a suspended status without prior approval of the AO. If operations are to be suspended for more than 30 days, prior approval of the BLM, Vernal Field Office shall be obtained and notification given before resumption of operations.



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- e. The spud date will be reported orally to the Vernal Field Office within 24 hours of spudding. The oral report will be followed up with a Sundry Notice.
- f. Chronologic drilling progress reports shall be filed directly with the BLM, Vernal Field Office on a weekly basis in sundry, letter format or e-mail to the Petroleum Engineers until the well is completed.
- g. Any change in the program shall be approved by the BLM, Vernal Field Office. "Sundry Notices and Reports on Wells" (Form BLM 3160-5) shall be filed for all changes of plans and other operations in accordance with 43 CFR 3162.3-2.
- h. Emergency approval may be obtained orally, but such approval does not waive the written report requirement. Any additional construction, reconstruction, or alterations of facilities, including roads, gathering lines, batteries, etc., which will result in the disturbance of new ground, shall require the filing of a suitable plan pursuant to Onshore Oil & Gas Order No. 1 of 43 CFR 3164.1 and prior approval by the BLM, Vernal Field Office.
- i. In accordance with 43 CFR 3162.4-3, this well shall be reported on the "Monthly Report of Operations" (Oil and Gas Operations Report ((OGOR)) starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report shall be filed in duplicate, directly with the Minerals Management Service, P.O. Box 17110, Denver, CO 80217-0110, or call 1-800-525-7922 (303)231-3650 for reporting information.
- j. Immediate Report: Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be promptly reported in accordance with the requirements of NTL-3A or its revision.
- k. If a replacement rig is contemplated for completion operations, a "Sundry Notice" Form 3160-5 to that effect will be filed, for prior approval of the AO, and all conditions of this approved plan are applicable during all operations conducted with the replacement rig.
- l. Should the well be successfully completed for production, the AO will be notified when the well is placed in a producing status. Such notification will be sent by telegram or other written communications, not later than 5 days following the date on which the well is placed on production.



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- m. Pursuant to Onshore Oil & Gas Order No. 7, this is authorization for pit disposal of water produced from this well for a period of 90 days from the date of initial production. A permanent disposal method must be approved by this office and in operation prior to the end of this 90-day period. In order to meet this deadline, an application for the proposed permanent disposal method shall be submitted along with any necessary water analyses, as soon as possible, but no later than 45 days after the date of first production. Any method of disposal which has not been approved prior to the end of the authorized 90 day period will be considered as an Incident of Noncompliance and will be grounds for issuing a shut-in order until an acceptable manner for disposing of said water is provided and approved by the Vernal Field Office.
- n. Pursuant to NTL-4A, lessees or operators are authorized to vent/flare gas during initial well evaluation tests, not exceeding a period of 30 days or the production of 50 MMCF of gas, whichever occurs first. An application must be filed with the District Engineer and approval received, for any venting/flaring of gas beyond the initial 30 day or authorized test period. Any venting or flaring of gas shall be done in accordance with Notice to Lessees (NTL) 4A and needs prior approval from Field Office Petroleum Engineers.
- o. A schematic facilities diagram as required by Onshore Oil & Gas Order No. 3 shall be submitted to the BLM, Vernal Field Office within 30 days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with Onshore Oil & Gas Order No. 3.
- p. A first production conference will be scheduled within 15 days after receipt of the first production notice.
- q. Unless the plugging is to take place immediately upon receipt of oral approval, the Field Office Petroleum Engineers must be notified at least 24 hours in advance of the plugging of the well, in order that a representative may witness plugging operations. If a well is suspended or abandoned, all pits must be fenced immediately until they are backfilled. The "Subsequent Report of Abandonment: (Form BLM 3160-5) must be submitted within 30 days after the actual plugging of the well bore, showing location of plugs, amount of cement in each, and amount of casing left in hole, and the current status of the surface restoration.
- r. Pursuant to Onshore Oil and Gas Order No. 1, lessees and operators have the responsibility to see that their exploration, development, production, and construction operations are



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conducted in a manner which conforms with applicable Federal laws and regulations and with State and local laws and regulations to the extent that such State and local laws are applicable to operations on Federal or Indian lands.

- s. There shall be no deviation from the proposed drilling, completion, and/or workover program as approved. Safe drilling and operating practices must be observed. All wells, whether drilling, production, suspended, or abandoned, shall be identified in accordance with 43 CFR 3162.6. There shall be a sign or marker with the name of the operator, lease serial number, well number, and surveyed description of the well. Any changes in operation must have prior approval from the BLM, Vernal Field Office Petroleum Engineers.

- t. This APD is subject to the requirement that, should the well be successfully completed for production, the BLM, Vernal Field Office must be notified when it is placed in a producing status. Such notification will be by written communication and must be received in the Vernal Field Office no later than the fifth business day following the date on which the well is placed on production. The notification shall provide, as a minimum, the following informational items:
 - 1. Operator name, address, and telephone number.
 - 2. Well name and number.
 - 3. Well location (1/4 1/4, Sec., Twn, Rng, and P.M.).
 - 4. Date well was placed in a producing status (date of first production for which royalty will be paid).
 - 5. The nature of the well's production, (i.e., crude oil, or crude oil and casing head gas, or natural gas and entrained liquid hydrocarbons).
 - 6. The Federal or Indian lease prefix and number on which the well is located; otherwise the non-Federal or non-Indian land category, i.e., State or private.
 - 7. Unit agreement and/or participating area name and number, if applicable.
 - 8. Communitization agreement number, if applicable.

- u. All undesirable events (fires, accidents, blowouts, spills, discharges) as specified in NTL 3A will be reported to the BLM, Vernal Field Office. Major events as defined in NTL 3A, shall be reported verbally within 24 hours, followed by a written report within 15 days. "Other than Major Events" will be reported in writing within 15 days. "Minor Events" will be reported on the Monthly Report of Operations and Production.



ONSHORE ORDER NO. 1
Stephens Energy Company LLC

CONFIDENTIAL - TIGHT HOLE

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**ONSHORE OIL & GAS ORDER NO. 1
NOTIFICATION REQUIREMENTS**

Title	Name	Office Phone	Cell Phone
Petroleum Engineer	Matt Baker	435-781-4490	435-828-4470
Petroleum Engineer	Michael Lee	435-781-4432	435-828-7875
Petroleum Engineer	James Ashley	435-781-4470	435-828-7874
Petroleum Engineer	Ryan Angus	435-781-4430	435-828-7368
Supervisory Petroleum Technician	Jamie Sparger	435-781-4502	435-828-3913
NRS/Enviro Scientist	Paul Buhler	435-781-4475	435-828-4029
NRS/Enviro Scientist	Karl Wright	435-781-4484	
NRS/Enviro Scientist	Holly Villa	435-781-4404	
NRS/Enviro Scientist	Chuck MacDonald	435-781-4441	
NRS/Enviro Scientist	Jannice Cutler	435-781-3400	
NRS/Enviro Scientist	Michael Cutler	435-781-3401	
NRS/Enviro Scientist	Anna Figueroa	435-781-3407	
NRS/Enviro Scientist	Verlyn Pindell	435-781-3402	
NRS/Enviro Scientist	Darren Williams	435-781-4447	
NRS/Enviro Scientist	Nathan Packer	435-781-3405	
After Hours Contact Number:		435-781-4513	435-781-4410 Fax



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NOTIFICATION REQUIREMENTS		
Location Construction (Notify NRS/Enviro Scientist)	-	Forty-Eight (48) hours prior to construction of location and access roads.
Location Completion (Notify NRS/Enviro Scientist)	-	Prior to moving on the drilling rig.
Spud Notice (Notify Petroleum Engineer)	-	Twenty-Four (24) hours prior to spudding the well.
Casing String & Cementing (Notify Supervisory Petroleum Technician)	-	Twenty-Four (24) hours prior to running casing and cementing all casing strings.
BOP & Related Equipment Tests (Notify Supervisory Petroleum Technician)	-	Twenty-Four (24) hours prior to initiating pressure tests.
First Production Notice (Notify Petroleum Engineer)	-	Within Five (5) business days after new well begins or production resumes after well has been off production for more than ninety (90) days.

The onsite inspection for the subject well site was conducted on Tuesday, September 16, 2008 at approximately 10:15 a.m. Weather conditions were clear, cool and breezy. In attendance at the onsite inspection were the following individuals:

- | | | |
|-------------------|-----------------------------|-----------------------------|
| Holly Villa | Natural Resource Specialist | Bureau of Land Management |
| Amy Torres | Wildlife Biologist | Bureau of Land Management |
| Randy Smith | Field Technician | Permitco Inc. |
| Kurt Higgins | | SITLA |
| Richard Powell | Petroleum Specialist | State of Utah |
| Charles Patterson | Recreation Specialist | Bureau of Land Management |
| Jason West | Recreation Specialist | Bureau of Land Management |
| Bart Hunting | Surveyor | UELS |
| Shay Kendall | Surveyor Hand | UELS |
| Doug Wein | Vice President | Stephens Energy Company LLC |
| John Warn | | Stephens Energy Company LLC |
| Pat Rainbolt | | Utah DWR |
| Ben Williams | | Utah DWR |



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1. EXISTING ROADS

- a. The proposed well site is located approximately 23.4 miles east of Dutch John, Utah.
- b. Directions to the location from Dutch John, Utah are as follows:

Proceed west 0.5 miles until reaching a fork in the road. Turn right and proceed northwest 5 miles. Turn right and proceed northeast 3.2 miles until reaching a fork in the road. Turn right and proceed east 12.6 miles. Turn right and proceed southeast 0.5 miles. Turn right onto the proposed access and proceed south 1.6 miles until reaching the proposed location.
- c. For location of access roads within a 2-Mile radius, see Maps A1, A2 & B.
- d. Improvement to existing main roads will not be required.
- e. All existing roads will be maintained and kept in good repair during all drilling and completion operations associated with this well.
- f. Existing roads and newly constructed roads on surface under the jurisdiction of any Surface Managing Agency shall be maintained in accordance with the standards of the SMA.

2. NEW OR RECONSTRUCTED ACCESS ROADS

- a. There will be approximately 1.6 miles of new access to be constructed. It will be constructed as a crowned and ditched road with a running surface of 18 feet and a maximum disturbed width of 30 feet.
- b. The maximum grade of the new construction will not exceed 8%.
- c. There will be six culverts installed along the proposed access road; one 18", 48", 54" and 120" and two 24" culverts as shown on Map B. No low water crossings will be necessary.
- d. The use of surfacing material is not anticipated, however it may be necessary depending on weather conditions.



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- e. No cattle guards will be necessary.
- f. Surface disturbance and vehicular travel will be limited to the approved location and approved access route. Any additional area needed will be approved in advance.
- g. No upgrading of the existing access roads will be necessary.
- h. The road has been constructed/upgraded to meet the standards of the anticipated traffic flow and all weather road requirements. Construction/upgrading shall include ditching, draining, graveling, crowing and capping the roadbed as necessary to provide a well constructed safe road. Prior to upgrading, the road shall be cleared of any snow cover and allowed to dry completely. Traveling off the 30 foot right-of-way will not be allowed. Road drainage crossings shall be of the typical dry creek drainage crossing type. Crossings shall be designed so they will not cause siltation or accumulation of debris in the drainage crossing nor shall the drainages be blocked by the roadbed. Erosion of drainage ditches by runoff water shall be prevented by diverting water off at frequent intervals by means of cutouts. Upgrading shall not be allowed during muddy conditions. Should mud holes develop, they shall be filled in and detours around them avoided.
- i. No chemicals subject to reporting under SARA Title III in an amount equal to or greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling of this well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produced, stored, transported, or disposed of in association with the drilling of this well.
- j. We are requesting that this APD be used for our application for Road Right of Way for the access road located in Sections 20 and 29. Please let us know once a category determination has been made so that we may send in the necessary filing fees.

3. LOCATION OF EXISTING WELLS WITHIN A 1-MILE RADIUS OF THE PROPOSED LOCATION
(See Map "C")

- a. Water wells - none
- b. Producing wells - none
- c. Shut-in wells - none
- d. Temporarily abandoned wells - none
- e. Disposal wells - none
- f. Abandoned wells - none



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4. LOCATION OF EXISTING AND/OR PROPOSED PRODUCTION FACILITIES

- a. All permanent structures (onsite for six months or longer) constructed or installed (including oil well pump jacks) will be painted Olive Black. All facilities will be painted within six months of installation. Facilities required to comply with the Occupational Safety and Health Act (OSHA) will be excluded.
- b. If storage facilities/tank batteries are constructed on this lease, the facility/battery or the well pad shall be surrounded by a containment dike of sufficient capacity to contain at a minimum, the entire contents of the largest tank within the facility/battery, unless more stringent protective requirements are deemed necessary by the authorized officer.
- c. If the well is productive, a production facility layout will be submitted via sundry.
- d. All loading lines will be placed inside the berm surrounding the tank battery.
- e. Gas meter runs for each well will be located within 500 feet of the wellhead. The gas flow line will be buried or anchored down from the wellhead to the separator. Meter runs will be housed and/or fenced.
- f. If at any time the facilities located on public land and authorized by the terms of the lease are no longer included in the lease (due to a contraction in the unit or other lease or unit boundary change), BLM will process a change in authorization to the appropriate statute. The authorization will be subject to appropriate rental or other financial obligation as determined by the authorized officer.
- g. Any necessary pits will be properly fenced to prevent any wildlife entry.
- h. All site security guidelines identified in 43 CFR 3162.7 regulations will be adhered to.
- i. All off-lease storage, off-lease measurement, or commingling on-lease or off-lease will have prior written approval from the District Manager.
- j. All off-lease storage, off-lease measurement, or commingling on-lease or off-lease shall have prior written approval from the BLM, Vernal Field Office.
- k. All measurement points shall be identified as point of sales or allocation for royalty determination prior to the installation of facilities.



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- i. Oil and gas meters shall be calibrated in place prior to any deliveries. The Field Office Petroleum Engineers will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports shall be submitted to the BLM, Vernal Field Office. All measurement facilities will conform to the API standards for liquid hydrocarbons and the AGA standards for natural gas measurement.
- m. All access roads will be maintained as necessary to prevent erosion and accommodate year-round traffic.
- n. The road will be maintained in a safe useable condition.
- o. Produced water will be stored in a 300 bbl heated, insulated tank, then hauled to a commercial disposal site such as Disposal Inc., or Brennan Bottom.
- p. Pipelines will be laid as shown on Map D. See Pipeline Detail Sheet attached.

5. LOCATION AND TYPE OF WATER SUPPLY

- a. The proposed water source will be from a private water well owned by Target Trucking Inc., Water Permit No. 2015.
- b. Water will be hauled by Target Trucking Inc. to the location over the access roads shown on Maps A1, A2 and B.
- c. No water well will be drilled on this lease.

6. CONSTRUCTION MATERIALS

- a. Surface and subsoil materials in the immediate area will be utilized.
- b. Any gravel used will be obtained from a commercial source.
- c. The use of materials under BLM jurisdiction will conform with 43 CFR 3610.2.3.
- d. No construction materials will be removed from Federal land.



- e. Operator shall notify any active Gilsonite mining operating within 2 miles of the location 48 hours prior to any blasting during construction for this well.

7. METHODS OF HANDLING WASTE DISPOSAL

- a. The reserve pit will be constructed so as not to leak, break, or allow discharge.
- b. The reserve pit will be lined with felt and a 16 mil liner. If fractured rock is encountered, the pit will be first lined with sufficient bedding (either straw or dirt) to cover any rocks. The liner will overlap the pit walls and be covered with dirt and/or rocks to hold it in place. No trash, scrap pipe, etc., that could puncture the liner will be disposed of in the pit. More stringent protective requirements may be deemed necessary by the A.O.
- c. Burning will not be allowed. All trash will be contained in a trash cage and its contents removed at the end of drilling operations and hauled to an approved disposal sight.
- d. After first production, produced waste water will be confined to a unlined pit or storage tank for a period not to exceed ninety (90) days. During the 90-day period, in accordance with Onshore Order No. 7, an application for approval of a permanent disposal method and location, along with the required water analysis, will be submitted for the AO's approval. Failure to file an application within the time allowed will be considered an incident of noncompliance.
- e. Drill cuttings are to be contained and buried in the reserve pit.
- f. Any salts and/or chemicals which are an integral part of the drilling system will be disposed of in the same manner as the drilling fluid.
- g. A chemical porta-toilet will be furnished with the drilling rig.
- h. The produced fluids will be produced into a test tank until such time as construction of production facilities is completed. Any spills of oil, gas salt water or other produced fluids will be cleaned up and removed.



8. ANCILLARY FACILITIES

There are no airstrips, camps, or other facilities planned during the drilling of the proposed well.

9. WELL SITE LAYOUT

- a. The operator or his/her contractor shall contact the BLM Office at 435/781-4400 forty-eight (48) hours prior to construction activities.
- b. The reserve pit will be located on the south side of the location.
- c. The flare pit will be located on the west side of the reserve pit, a minimum of 100 feet from the well head and 20 feet from the reserve pit fence.
- d. Trees will be stockpiled near the well pad, or at the base of the fill slope.
- e. Access on to the well pad will be from the east as shown on the Pit & Pad Layout.
- f. See Location Layout for orientation of rig, cross section of drill pad and cuts and fills.
- g. The location of mud tanks; reserve pit, trash cage; pipe racks; living facilities and soil stockpiles will be shown on the Location Layout.
- h. All pits will be fenced according to the following minimum standards:
 1. 39 inch net wire shall be used with three strands of barbed wire on top of the net wire (barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence).
 2. The net wire shall be no more than 2-inches above the ground. The barbed wire shall be 3-inches above the net wire. Total height of the fence shall be at least 42-inches.
 3. Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.
 4. Standard steel, wood, or pipe posts shall be used between the corner braces. Maximum distance between any two posts shall be no greater than 16 feet.



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5. All wire shall be stretched, by using a stretching device, before it is attached to the corner posts.
 - i. The reserve pit fencing will be on three sides during drilling operations and on the fourth side when the rig moves off the location. Pits will be fenced and maintained until cleanup.

10. PLANS FOR SURFACE RECLAMATION

Producing Location

- a. Immediately upon well completion, the location and surrounding area will be cleared of all unused tubing, equipment, debris, materials, trash and junk not required for production.
- b. Immediately upon well completion, any hydrocarbons on the pit shall be removed in accordance with 43 CFR 3162.7-1.
- c. If a plastic nylon reinforced liner is used it shall be torn and perforated before backfilling of the reserve pit.
- d. The reserve pit and that portion of the location not needed for production facilities or operations will be recontoured to the approximate natural contours. The reserve pit will be reclaimed within 120 days from the date of well completion. Before any dirt work takes place, the reserve pit must have all fluids and hydrocarbons removed and all cans, barrels, pipe, etc., will be removed.
- e. Reclamation of unused disturbed areas on the well pad/access road no longer needed for operations, such as cut slopes, and fill areas will be accomplished by grading, leveling and seeding as recommended by the Authorized Officer. A seed mixture will be specified by the Bureau of Land Management in their Conditions of Approval for the subject well.

Seeding will be performed immediately after the location has been reclaimed and the pit has been backfilled, regardless of the time of year. Seed will be broadcast and walked in with a dozer.

- f. The topsoil stockpile will be seeded as soon as the location has been constructed with the same recommended seed mix. The seed will be walked in with a cat.
- g. The seed mixture will be provided by the State of Utah.



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Plugged and Abandoned

- a. At such time as the well is plugged and abandoned, the operator shall submit a subsequent report of abandonment and BLM will attach the appropriate surface rehabilitation conditions of approval.
- b. Following well plugging and abandonment, the location, the access roads, pipelines, and other facilities shall be reclaimed. All disturbed surfaces shall be reshaped to approximate the original contour; the top soil respread over the surface; and, the surface revegetated per BLM requirements.
- c. Other reclamation methods including but not limited to mulching or soil treatments may be required on a site-specific basis.

Interim Surface Reclamation will be as follows:

- a. Immediately after final well completion, the location and surrounding area will be cleared of all unused tubing, materials, trash, and debris not required for production operations.
- b. Before any dirt work associated with location restoration takes place, the reserve pit shall be as dry as possible. All debris in the reserve pit will be removed. Other waste and spoil materials will be disposed of immediately, weather permitting, upon final well completion.
- c. If a synthetic, nylon re-enforced, liner is used, the excess liner will be cut off and removed and the remaining liner will be torn and perforated while backfilling the reserve pit. Alternatively, the pit will be pumped dry, the liner folded into the pit, and the pit backfilled. The liner will be buried to a minimum of four (4) feet deep.
- d. The reserve pit will be reclaimed within 180 days from the date of final well completion, weather permitting.
- e. The reserve pit and that portion of the location not needed for production and storage facilities, and everyday production operations, will be reshaped to the approximate original contours to the extent possible. This will be completed by backfilling and crowning the pit to prevent water from standing. Topsoil will be re-spread up to the rig anchor points, excluding the area needed for production and storage facilities and everyday production operations. Re-seeding, using appropriate reclamation methods, will occur immediately



following the re-spreading of topsoil, weather permitting. The Authorized Officer will provide a seed mixture to re-vegetate the reserve pit and other unused disturbed areas at the time of the onsite.

11. SURFACE OWNERSHIP

Access Roads - The majority of the access roads are maintained by the County Road Department or the BLM.

Well pad - The well pad is located on lands managed by SITLA.

12. OTHER INFORMATION

- a. A Class III archeological survey has been conducted by Grand River Institute and is attached. No cultural resources were found and clearance for the project has been recommended.
- b. A Paleontological Evaluation was done by Alden Hamblin and is attached.
- c. The operator is responsible for informing all persons in the areas who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, the operator is to immediately stop work that might further disturb such materials, and contact the authorized officer (AO). Within five working days the AO will inform the operator as to:

-whether the materials appear eligible for the National Register of Historic Places;

-the mitigation measures the operator will likely have to undertake before the site can be used (assuming in situ preservation is not necessary); and

-a time frame for the AO to complete and expedited review under 36 CFR 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the AO are correct and that mitigation is appropriate. If the operator wishes, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this



Two Horse Butte #42-32

Lease No. UTU-85093 (Btm. Hole)

SE NE, 2411' FNL and 1157' FEL, Sec. 32, T3N - R24E (Surface)
NW NE, 1346' FNL and 1446' FEL, Sec. 5, T2N - R24E (Btm. Hole)
Daggett County, Utah

SURFACE USE PLAN

Page 12

process, the AO will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation costs. The AO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the AO that required mitigation has been completed, the operator will then be allowed to resume construction.

- d. The operator will control noxious weeds along rights-of-way for roads, pipelines, well sites, or other applicable facilities. A list of noxious weeds may be obtained from the BLM, or the appropriate County Extension Office. On BLM administered land it is required that a Pesticide Use Proposal shall be submitted, and given approval, prior to the application of herbicides or other pesticides or possible hazardous chemicals.
- e. Drilling rigs and/or equipment used during drilling operations on this wellsite will not be stacked or stored on Federal Lands after the conclusion of drilling operations or at any other time without BLM authorization. However, if BLM authorization is obtained, it is only a temporary measure.
- f. All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil and Gas Orders, the approved plan of operations, and any applicable Notice to Lessees. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished the field representative to insure compliance.
- g. A complete copy of the approved APD shall be on location during construction of the location and drilling activities.
- h. There will be no deviation from the proposed drilling and/or work over program without prior approval from the AO. Safe drilling and operating practices must be observed. All wells, whether drilling, producing, suspended or abandoned will be identified in accordance with 43 CFR 3162.
- i. "Sundry Notice and Report on Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3162.3-2.
- j. This permit will be valid for a period of two years from the date of approval. An extension period may be granted, if requested, prior to the expiration of the original approval period. After permit termination, a new application will be filed for approval for any future operations.



ONSHORE ORDER NO. 1
Stephens Energy Company LLC

CONFIDENTIAL - TIGHT HOLE

Two Horse Butte #42-32

Lease No. UTU-85093 (Btm. Hole)

SE NE, 2411' FNL and 1157' FEL, Sec. 32, T3N - R24E (Surface)
NW NE, 1346' FNL and 1446' FEL, Sec. 5, T2N - R24E (Btm. Hole)
Daggett County, Utah

SURFACE USE PLAN

Page 13

- k. The operator or his contractor shall contact the BLM Offices at 435/781-4400 48 hours prior to construction activities.
- l. The BLM Office shall be notified upon site completion prior to moving on the drilling rig.

AGENT AND OPERATOR'S CONTACT INFORMATION

Permit Matters

PERMITCO INC.
14421 County Road 10
Ft. Lupton, CO 80621
303/857-9999 (Office)
303/857-0577 (Fax)
Lisa Smith

Drilling & Completion Matters

Stephens Energy Company LLC
1825 Lawrence Street, Suite 300
Denver, CO 80202
Doug Wein - Vice president
303/296-2012 (Office)
303/298-1181 (Fax)

Baron Honea
479/783-4191 (Cell)

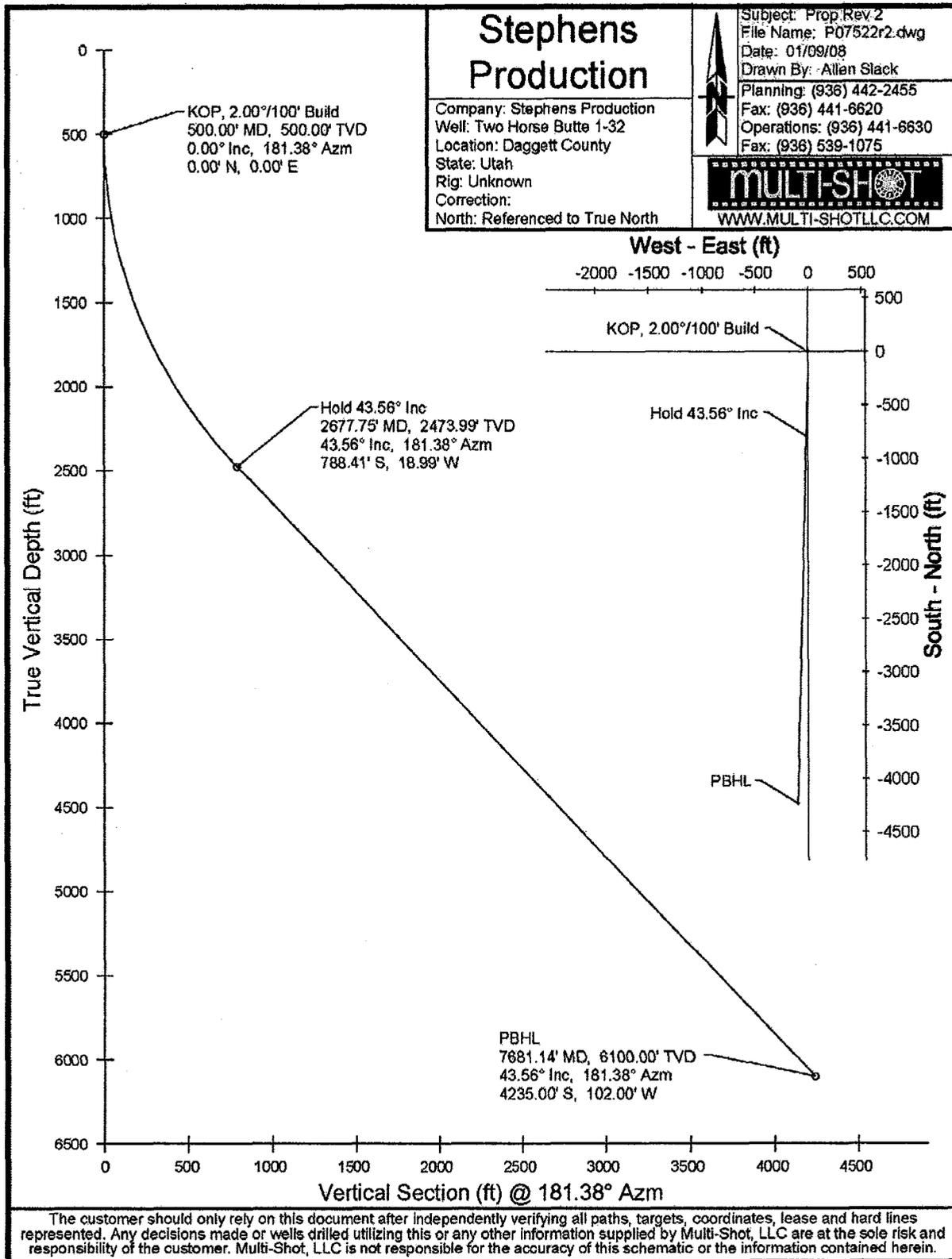


PIPELINE INFORMATION
Two Horse Butte #42-32

1. The type of pipeline is a gathering system.
2. The outside diameters (O.D.) of all pipe sizes is 6.625 inches.
3. The anticipated production through the line is 10,000 MCF per day.
4. The anticipated maximum test pressure is * 1,700 psi.
* Dependant / potentially restricted upon requirements to hook-up to the El Paso's (Wyoming Interstate Company, Ltd.) Kandra transmission pipeline.
5. The anticipated operating pressure is * 1545 psi.
* Dependant / potentially restricted upon requirements to hook-up to the El Paso's (Wyoming Interstate Company,, Ltd.) Kandra transmission pipeline.
6. The type of pipe is steel.
7. The method of coupling is welded.
8. There are no other pipelines to be associated in the same trench.
9. There are no other objects to be associated in the same trench.
10. The total length of pipeline is approximately \pm 825 feet.
From the wellhead to El Paso's (Wyoming Interstate Company,, Ltd.) Kandra transmission pipeline.
11. The width of the trench is 2 - 3 feet. The depth of the trench will be a minimum of 3 feet.
12. The depth of cover of the pipeline is 3 feet.
13. The method of entrenchment will be with a backhoe and/or a trenching machine.
14. The construction width needed for total surface disturbing activities is 30' or less.
15. The estimate of total acreage involving all surface disturbing activities is \pm 0.57 acres.
16. A separator, meter and compressor station will be associated with the proposed pipeline operation.
17. Reclamation procedures will include re-contouring to original surface features, and reseeding as required by SITLA.



8. DIRECTIONAL PROGRAM



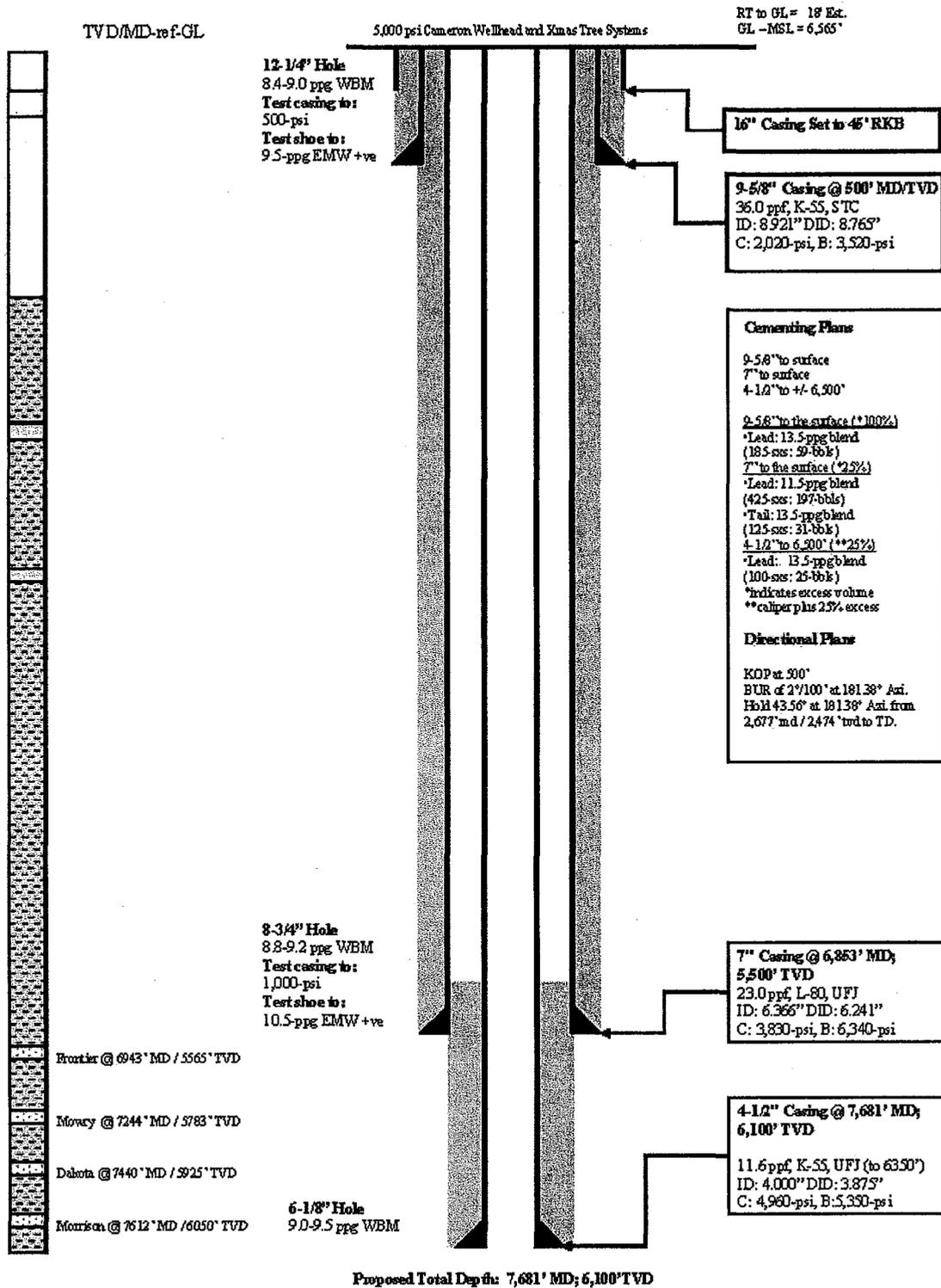
	Job Number: P07-522	State/Country: Utah
	Company: Stephens Production	Dedination:
	Lease/Well: Two Horse Butte 1-32	Grid: Referenced to True North
	Location: Daggett County	File name: F:\WELLPL-1\2007\07520\SP07522\07522.SWY
	Rig Name: Unknown	Date/Time: 09-Jan-08 / 15:00
	RKB:	Curve Name: Prop Rev 2
G.L. or M.S.L.: 6565' est		

WINSERVE SURVEY CALCULATIONS
Minimum Curvature Method
Vertical Section Plane 181.38
Vertical Section Referenced to offset from Wellhead: EW = .00 Ft, NS = .00 Ft
Rectangular Coordinates Referenced to Wellhead

<i>Measured Depth</i> FT	<i>Incl Angle</i> Deg	<i>Drift Direction</i> Deg	<i>True Vertical</i> Depth	<i>N-S</i> FT	<i>E-W</i> FT	<i>Vertical Section</i> FT	<i>CLOSURE</i> Distance FT Direction Deg		<i>Dogleg Severity</i> Deg/100
KOP, 2.00°/100' Build									
500.00	.00	181.38	500.00	.00	.00	.00	.00	.00	.00
600.00	2.00	181.38	599.98	-1.74	-.04	1.75	1.75	181.38	2.00
700.00	4.00	181.38	699.84	-6.98	-.17	6.98	6.98	181.38	2.00
800.00	6.00	181.38	799.45	-15.69	-.36	15.69	15.69	181.38	2.00
900.00	8.00	181.38	898.70	-27.87	-.67	27.88	27.88	181.38	2.00
1000.00	10.00	181.38	997.47	-43.51	-1.05	43.52	43.52	181.38	2.00
1100.00	12.00	181.38	1095.62	-62.58	-1.51	62.60	62.60	181.38	2.00
1200.00	14.00	181.38	1193.06	-85.07	-2.05	85.10	85.10	181.38	2.00
1300.00	16.00	181.38	1289.64	-110.94	-2.67	110.98	110.98	181.38	2.00
1400.00	18.00	181.38	1385.27	-140.17	-3.38	140.21	140.21	181.38	2.00
1500.00	20.00	181.38	1479.82	-172.72	-4.16	172.77	172.77	181.38	2.00
1600.00	22.00	181.38	1573.17	-208.54	-5.02	208.60	208.60	181.38	2.00
1700.00	24.00	181.38	1665.21	-247.60	-5.96	247.67	247.67	181.38	2.00
1800.00	26.00	181.38	1755.84	-289.85	-6.98	289.93	289.93	181.38	2.00
1900.00	28.00	181.38	1844.94	-335.23	-8.07	335.33	335.33	181.38	2.00
2000.00	30.00	181.38	1932.39	-383.70	-9.24	383.81	383.81	181.38	2.00
2100.00	32.00	181.38	2018.11	-435.18	-10.48	435.31	435.31	181.38	2.00
2200.00	34.00	181.38	2101.97	-489.63	-11.79	489.77	489.77	181.38	2.00
2300.00	36.00	181.38	2183.88	-546.97	-13.17	547.13	547.13	181.38	2.00
2400.00	38.00	181.38	2263.74	-607.13	-14.62	607.30	607.30	181.38	2.00
2500.00	40.00	181.38	2341.45	-670.04	-16.14	670.23	670.23	181.38	2.00

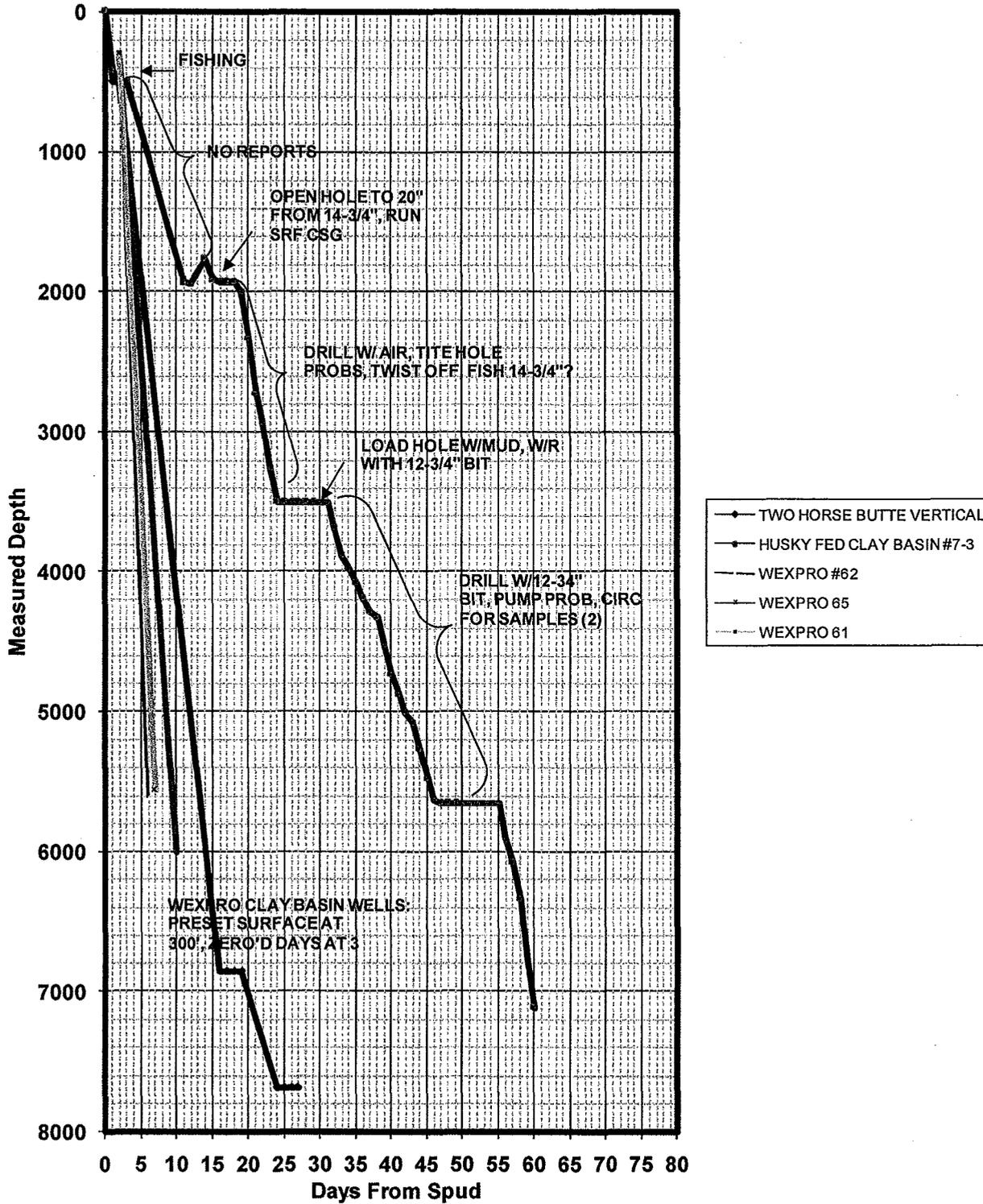
Measured Depth FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	N-S FT	E-W FT	Vertical Section FT	CLOSURE Distance FT	Direction Deg	Dogleg Severity Deg/100
2600.00	42.00	181.38	2416.92	-735.62	-17.72	735.84	735.84	181.38	2.00
Hold 43.56° Inc									
2677.75	43.56	181.38	2473.99	-788.41	-18.99	788.64	788.64	181.38	2.00
PBHL									
7681.14	43.56	181.38	6100.00	-4235.00	-102.00	4236.23	4236.23	181.38	.00

PLANNED WELLBORE DIAGRAM



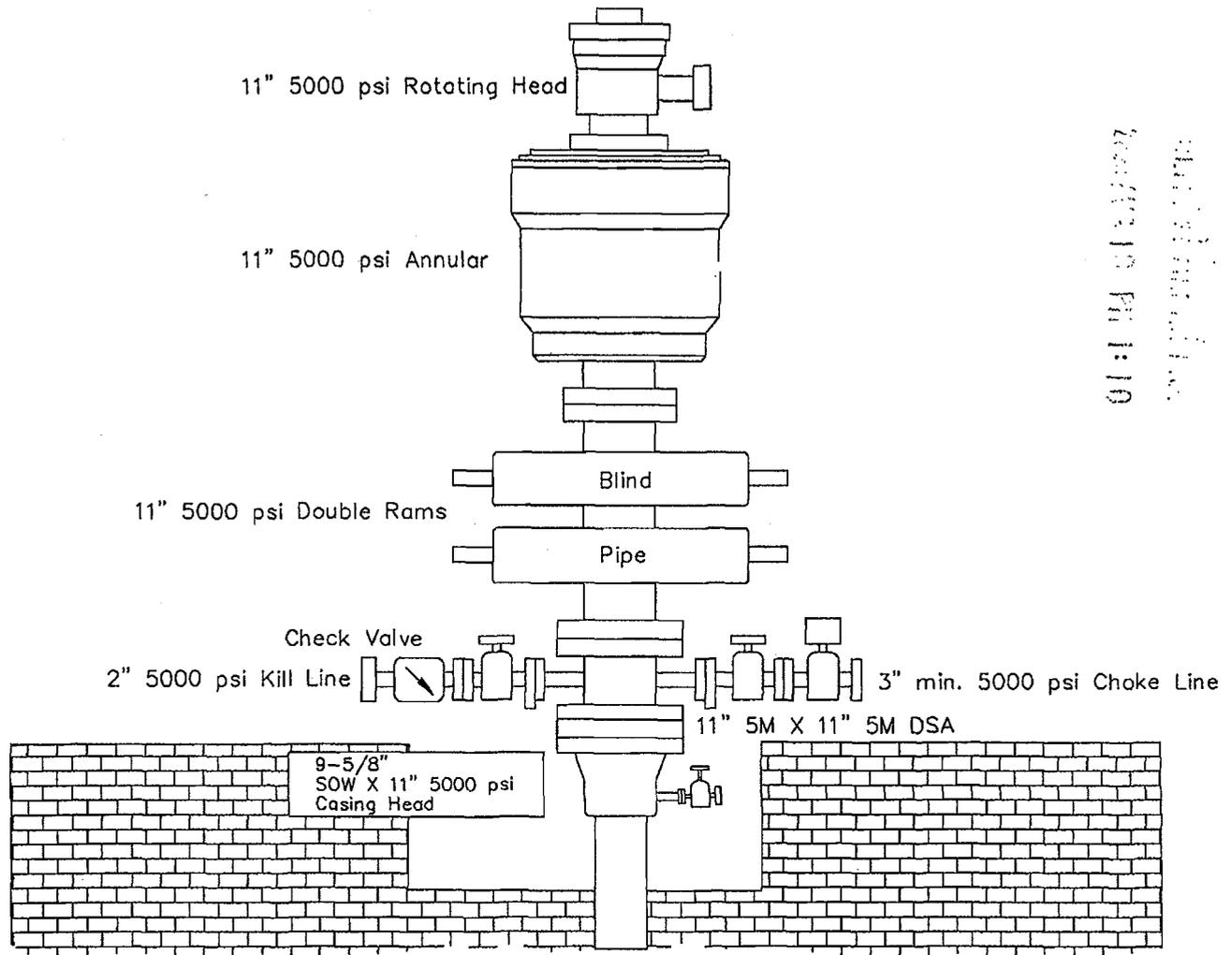
DRILLING TIME CURVE

TWO HORSE BUTTE #1-32

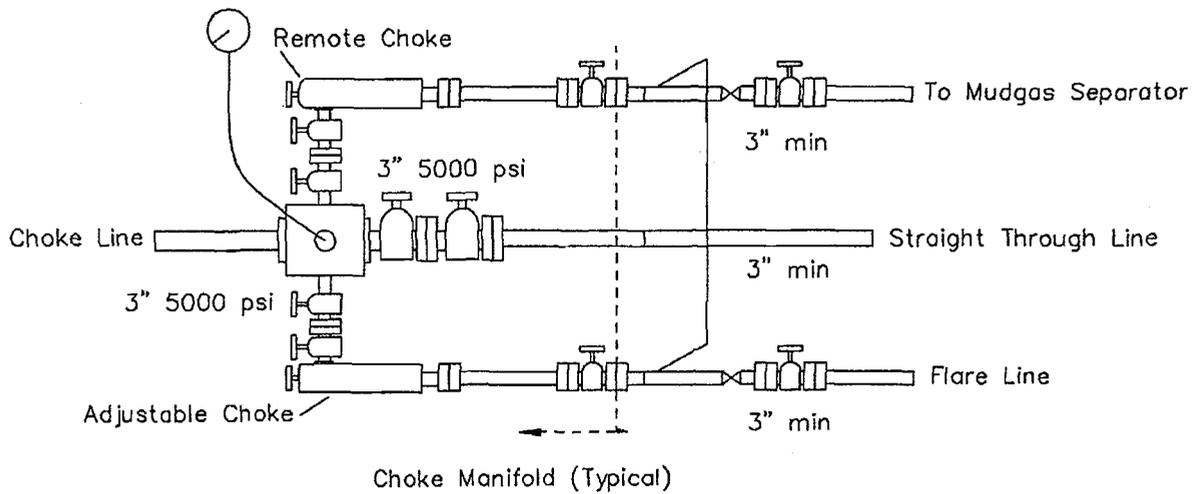


BOPE Diagram

5000 psi WP



Scale: 1/2" = 1'-0"
Date: 10/10/10
Page: 1 of 10



STEPHENS ENERGY COMPANY, LLC
TWO HORSE BUTTE #42-32
 LOCATED IN DAGGETT COUNTY, UTAH
 SECTION 32, T3N, R24E, S.L.B.&M.



PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: NORTHEASTERLY



PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

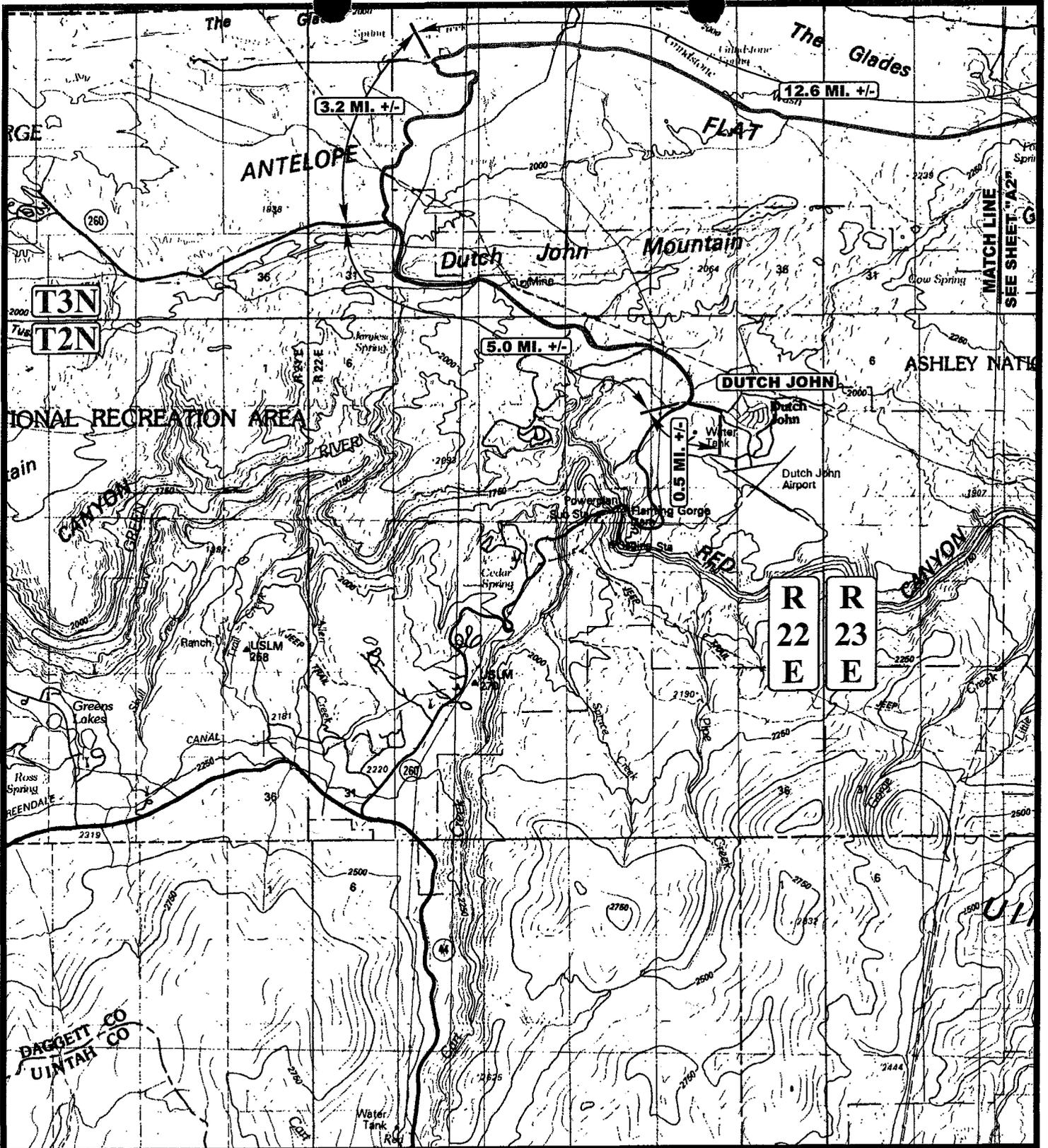
CAMERA ANGLE: SOUTHERLY



U Uintah Engineering & Land Surveying
E 85 South 200 East Vernal, Utah 84078
L 435-789-1017 uels@uelsinc.com

LOCATION PHOTOS			10	30	07	PHOTO
			MONTH	DAY	YEAR	
TAKEN BY: J.W.	DRAWN BY: Z.L.	REVISED: 00-00-00				

- Since 1964 -



MATCH LINE
SEE SHEET "A2"

LEGEND:

⊙ PROPOSED LOCATION



STEPHENS ENERGY COMPANY, LLC

TWO HORSE BUTTE #42-32
SECTION 32, T3N, R24E, S.L.B.&M.
2411' FNL 1157' FEL



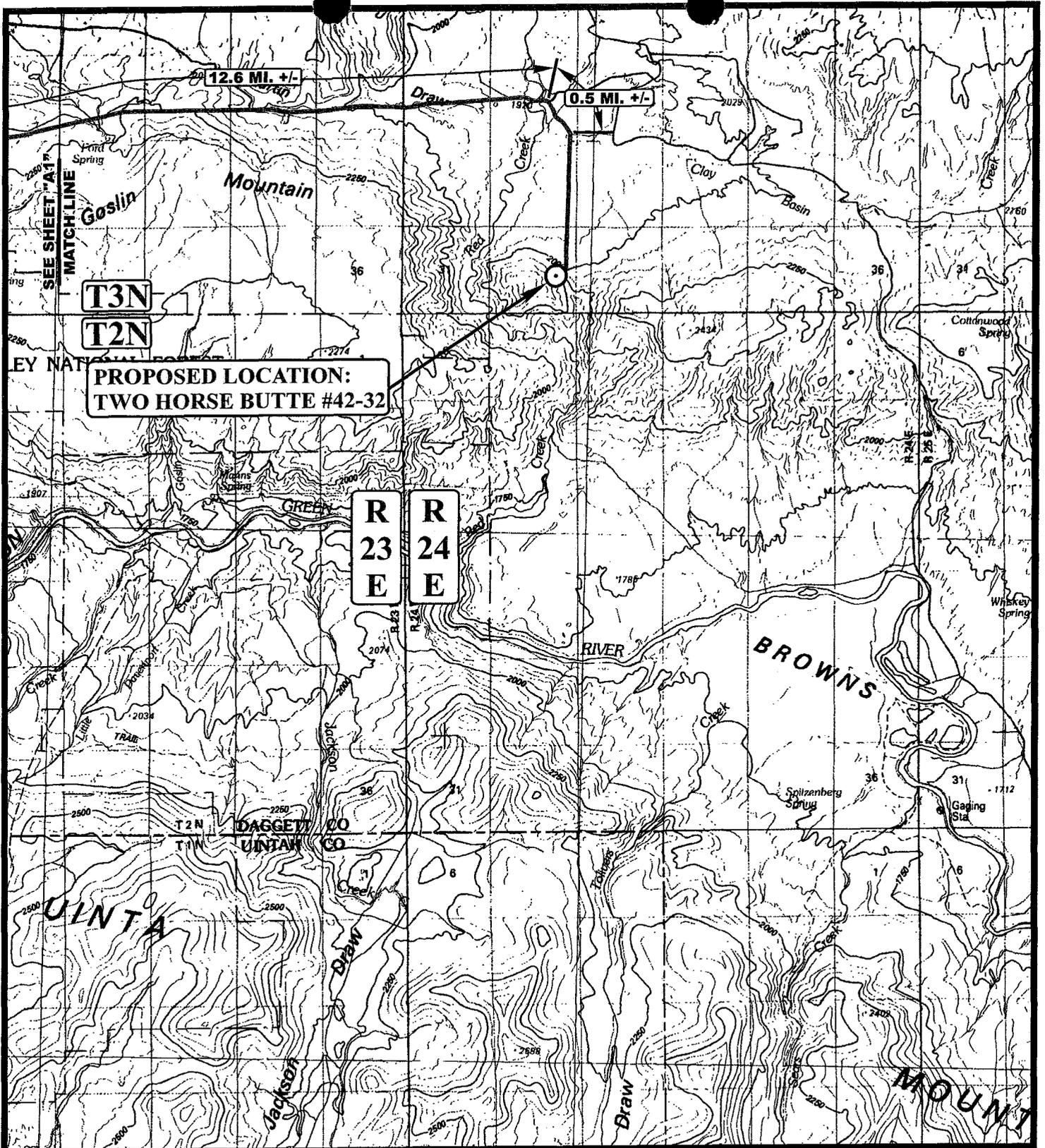
Utah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC
MAP

10	30	07
MONTH	DAY	YEAR

A1
TOPO

SCALE: 1:100,000 DRAWN BY: Z.L. REVISED: 10-15-08



**PROPOSED LOCATION:
TWO HORSE BUTTE #42-32**

**R
23
E** **R
24
E**

LEGEND:

⊙ PROPOSED LOCATION

STEPHENS ENERGY COMPANY, LLC

**TWO HORSE BUTTE #42-32
SECTION 32, T3N, R24E, S.L.B.&M.
2411' FNL 1157' FEL**



Uintah Engineering & Land Surveying
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(435) 789-1017 * FAX (435) 789-1813

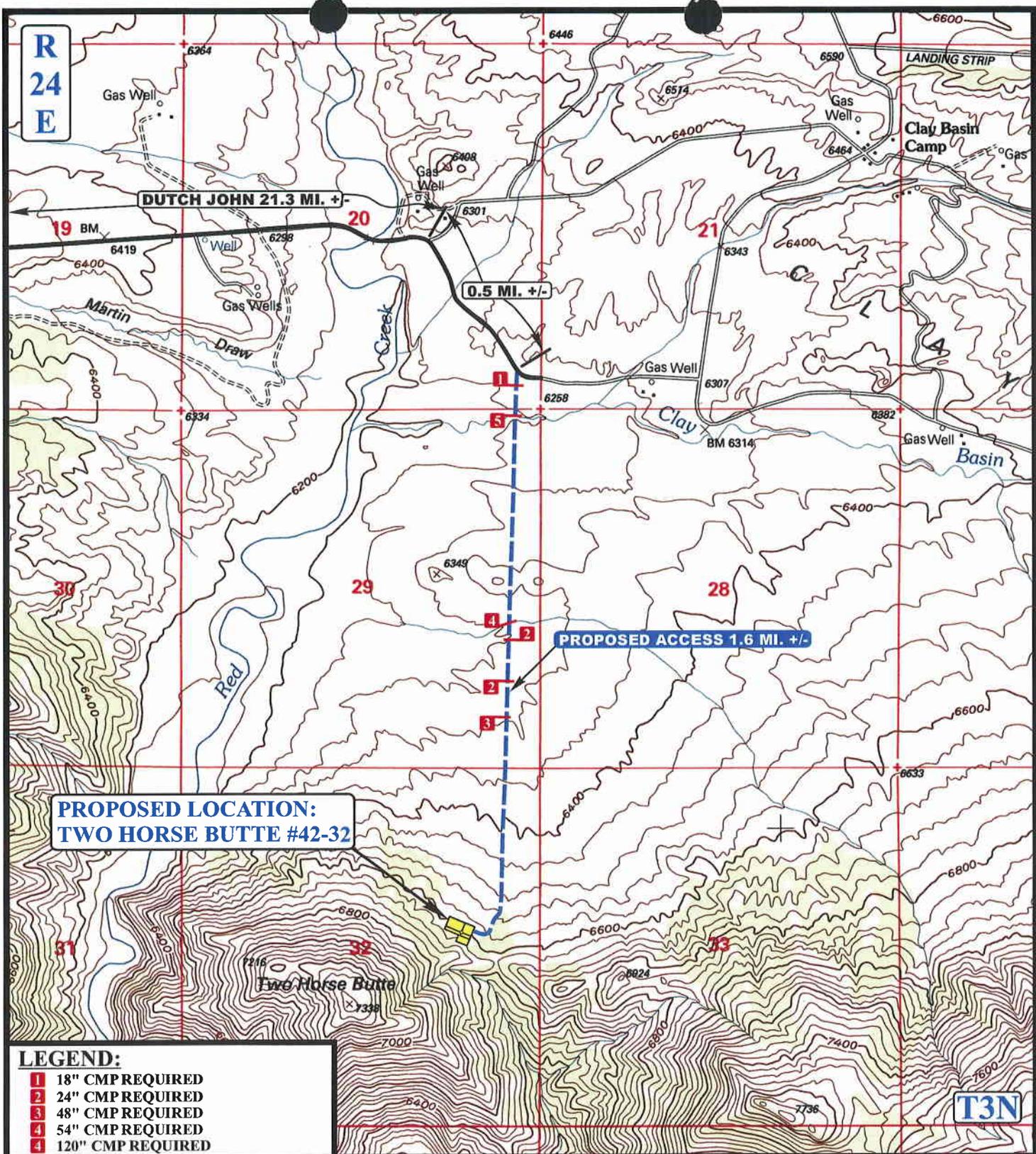


**TOPOGRAPHIC
MAP**

10	30	07
MONTH	DAY	YEAR

**A2
TOPO**

SCALE: 1:100,000 DRAWN BY: ZL REVISED: 10-15-08



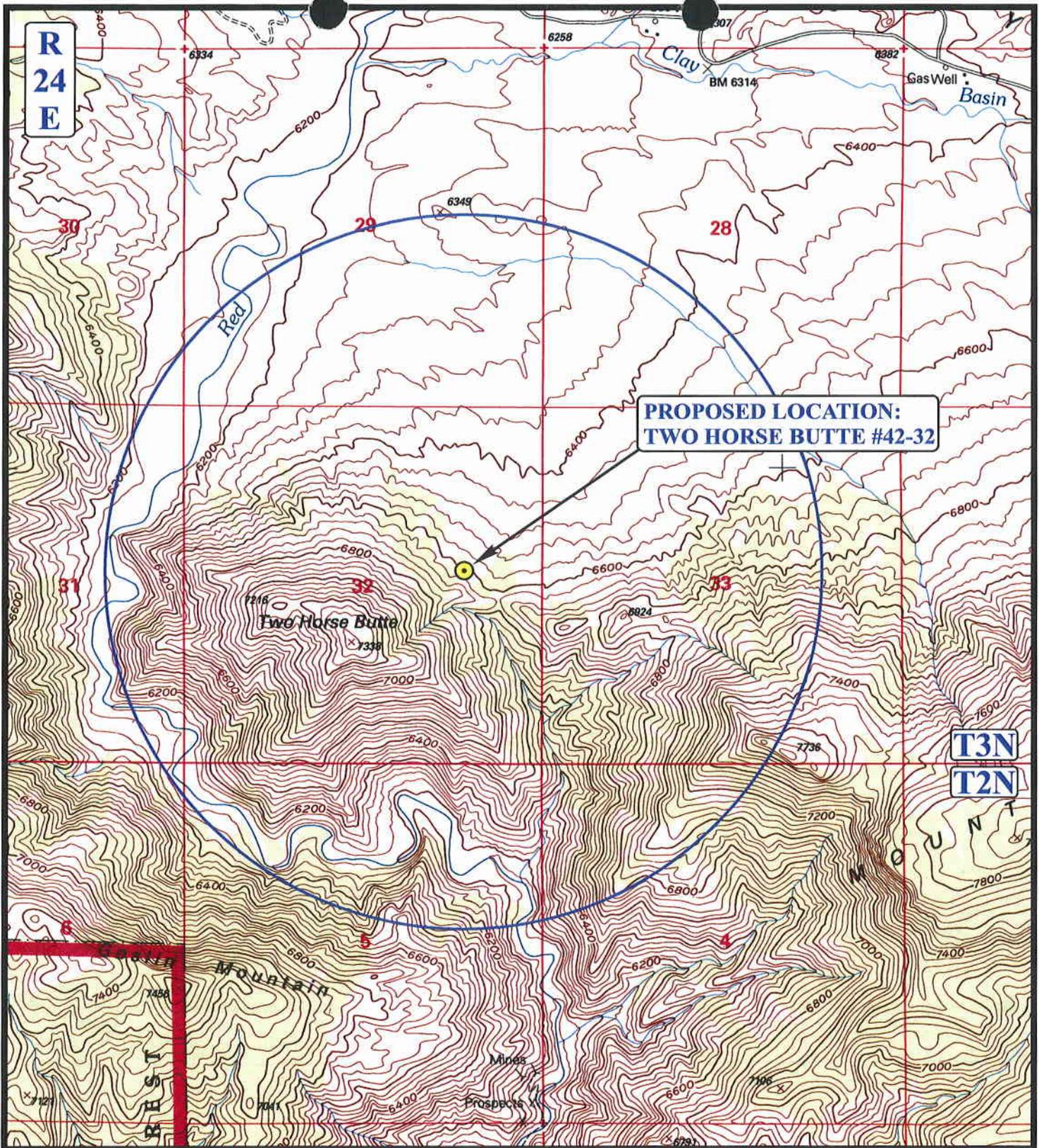
STEPHENS ENERGY COMPANY, LLC

TWO HORSE BUTTE #42-32
SECTION 32, T3N, R24E, S.L.B.&M.
2411' FNL 1157' FEL

TOPOGRAPHIC MAP 10 30 07
 MONTH DAY YEAR
 SCALE: 1" = 2000' DRAWN BY: Z.L. REVISED: 10-15-08

B
TOPO

UEIS Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813



**PROPOSED LOCATION:
TWO HORSE BUTTE #42-32**

LEGEND:

- ⊗ DISPOSAL WELLS
- PRODUCING WELLS
- ⊖ SHUT IN WELLS
- ⊗ WATER WELLS
- ⊖ ABANDONED WELLS
- ⊖ TEMPORARILY ABANDONED



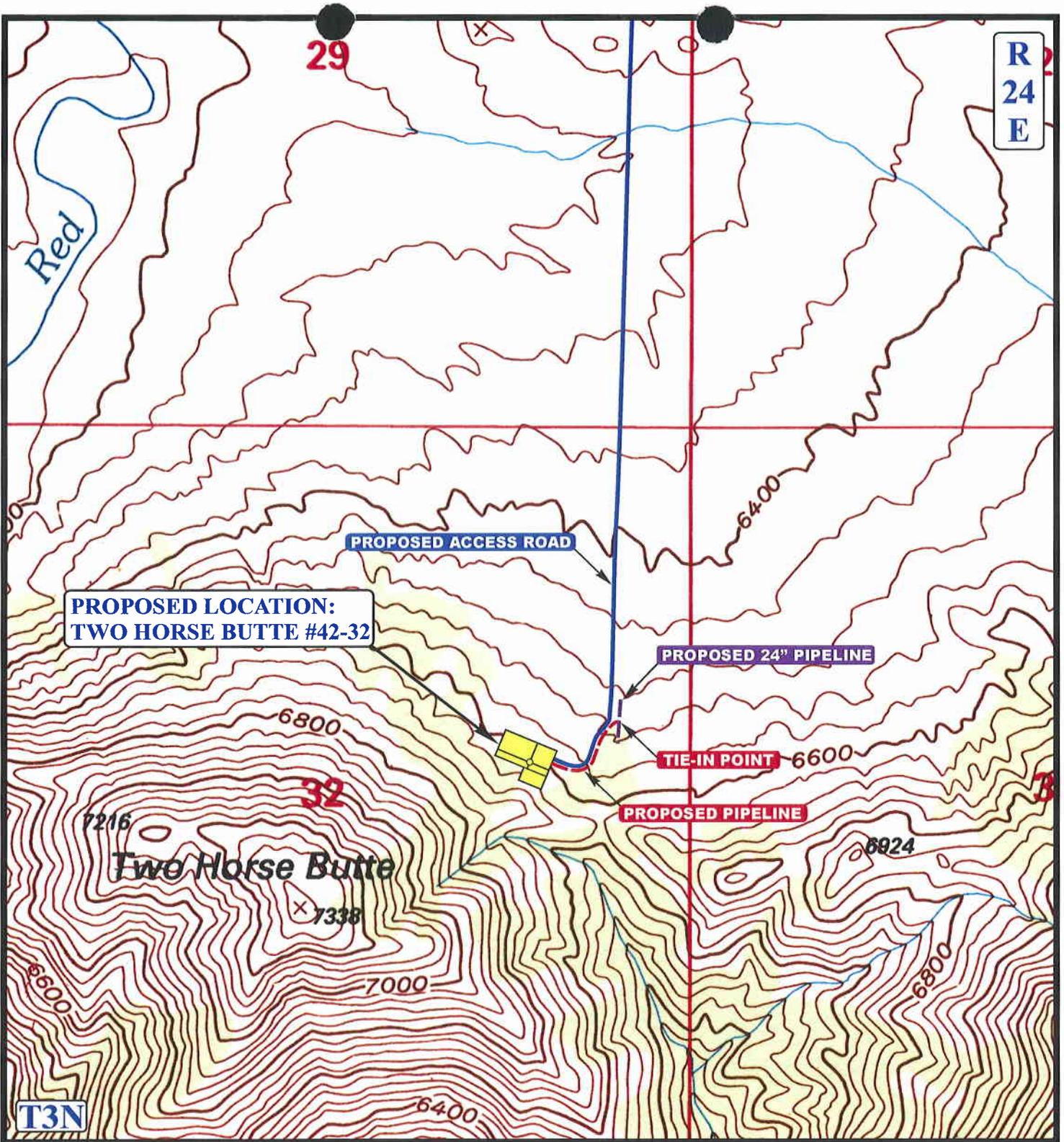
STEPHENS ENERGY COMPANY LLC

TWO HORSE BUTTE #42-32
SECTION 32, T3N, R24E, S.L.B.&M.
2411' FNL 1157' FEL

UEIS Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC MAP 10/30/07
 MONTH DAY YEAR
 SCALE: 1" = 2000' DRAWN BY: Z.L. REVISED: 00-00-00





APPROXIMATE TOTAL PIPELINE DISTANCE = 2100' +/-

- LEGEND:**
- PROPOSED ACCESS ROAD
 - - - - - EXISTING PIPELINE
 - - - - - PROPOSED PIPELINE

STEPHENS ENERGY COMPANY LLC

TWO HORSE BUTTE #42-32
SECTION 32, T3N, R24E, S.L.B.&M.
2411' FNL 1157' FEL



U&L S **Uintah Engineering & Land Surveying**
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC **10 30 07**
MAP MONTH DAY YEAR

SCALE: 1" = 1000' DRAWN BY: Z.L. REVISED: 00-00-00

D
TOPO

STEPHENS ENERGY COMPANY, LLC

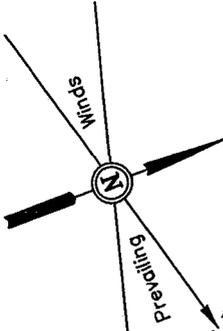
LOCATION LAYOUT FOR

TWO HORSE BUTTE #42-32
SECTION 32, T3N, R24E, S.L.B.&M.
2411' FNL 1157' FEL

CONSTRUCT
DIVERSION
DITCH

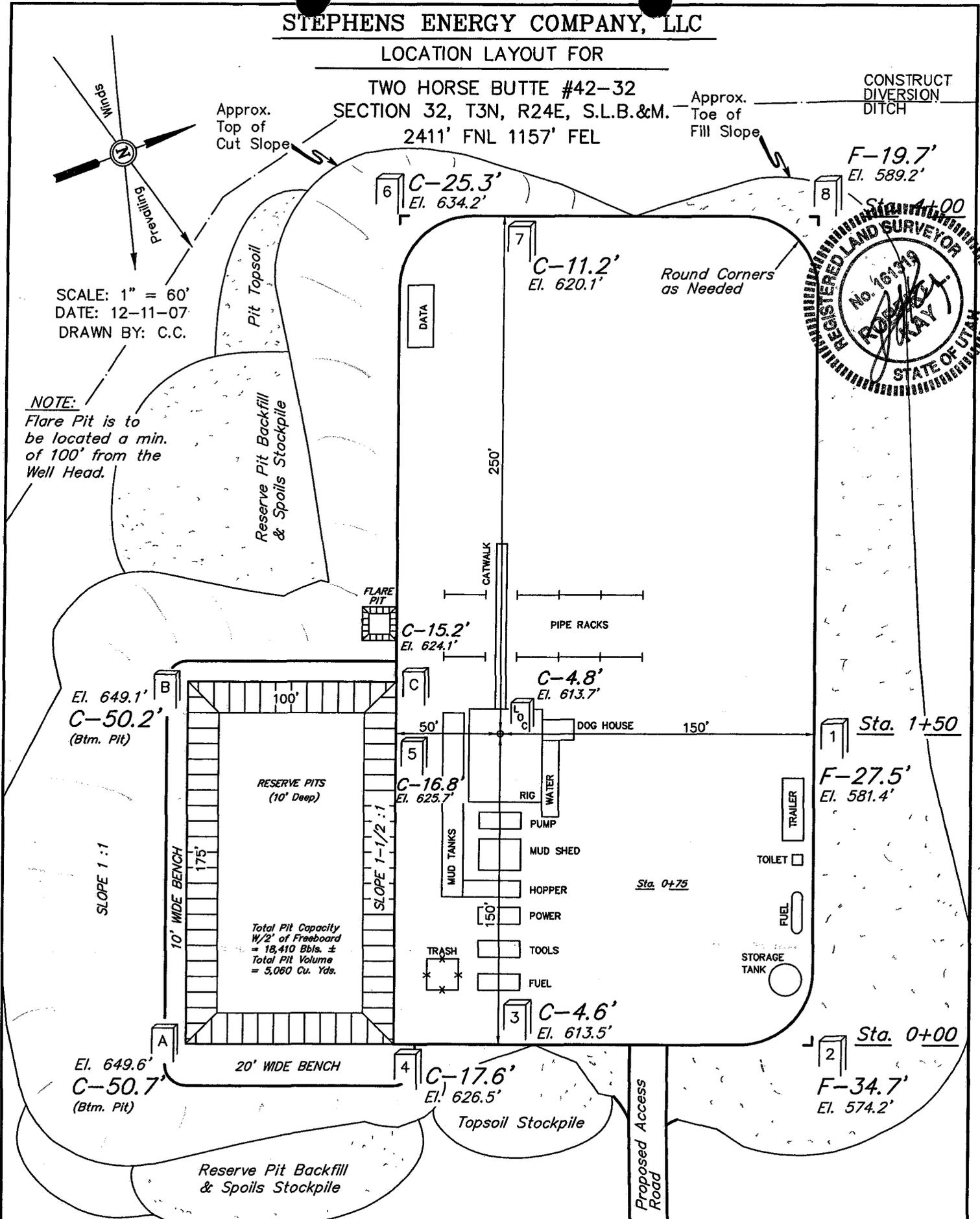
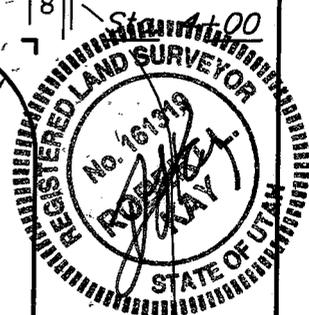
Approx.
Toe of
Fill Slope

Approx.
Top of
Cut Slope



SCALE: 1" = 60'
DATE: 12-11-07
DRAWN BY: C.C.

NOTE:
Flare Pit is to
be located a min.
of 100' from the
Well Head.



Elev. Ungraded Ground At #7-28D Loc. Stake = 6613.7'
FINISHED GRADE ELEV. AT #7-28D LOC. STAKE = 6608.9'

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017

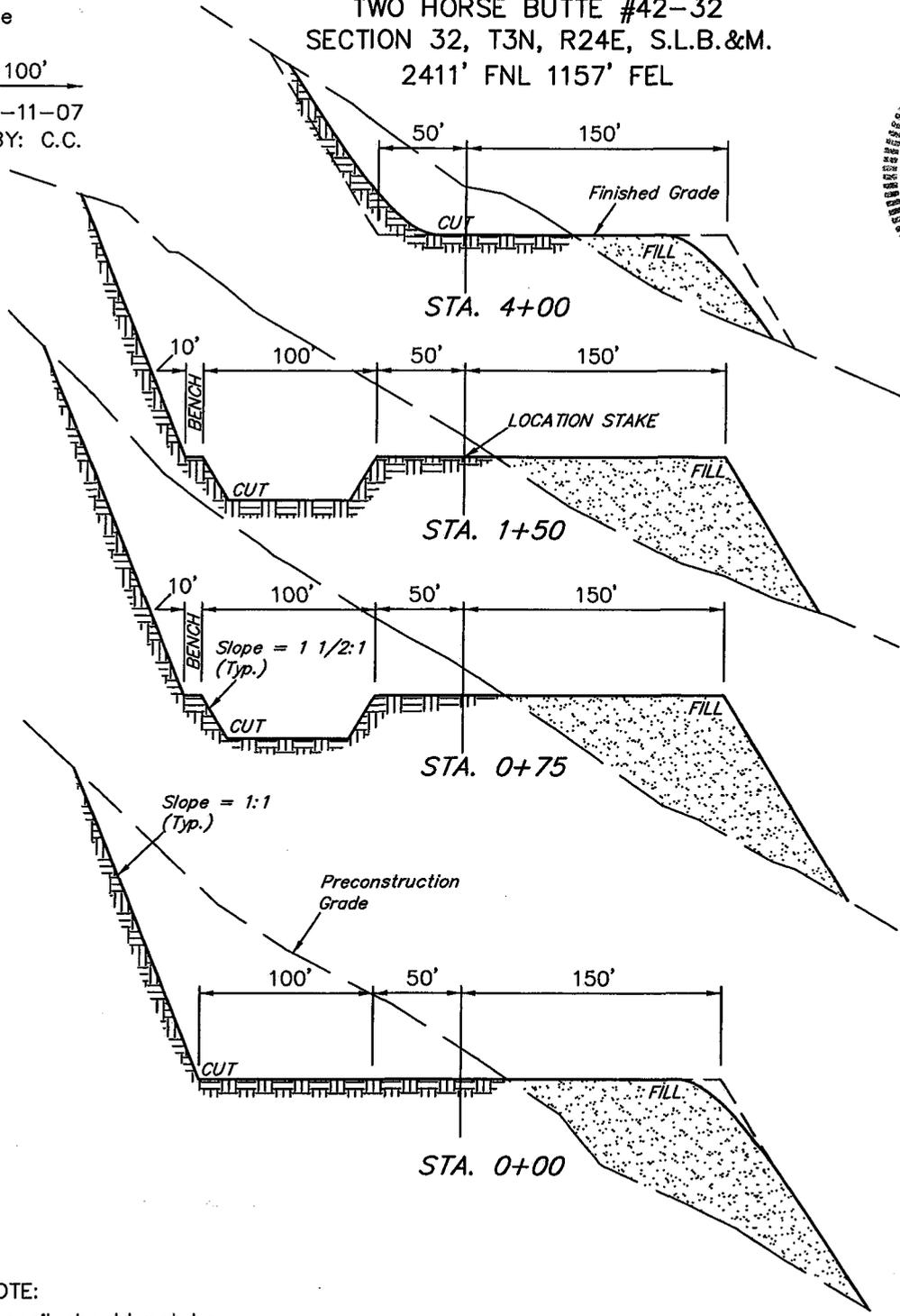
STEPHENS ENERGY COMPANY, LLC

TYPICAL CROSS SECTIONS FOR

TWO HORSE BUTTE #42-32
SECTION 32, T3N, R24E, S.L.B.&M.
2411' FNL 1157' FEL

1" = 40'
X-Section Scale
1" = 100'

DATE: 12-11-07
DRAWN BY: C.C.



NOTE:

Topsoil should not be Stripped Below Finished Grade on Substructure Area.

*** NOTE:**
FILL QUANTITY INCLUDES 5% FOR COMPACTION

APPROXIMATE YARDAGES

CUT	
(6") Topsoil Stripping	= 3,770 Cu. Yds.
Remaining Location	= 62,940 Cu. Yds.
TOTAL CUT	= 66,710 CU.YDS.
FILL	= 43,120 CU.YDS.

EXCESS MATERIAL	= 23,590 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 6,300 Cu. Yds.
EXCESS UNBALANCE (After Interim Rehabilitation)	= 17,290 Cu. Yds.

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017

CULVERT CONSTRUCTION DETAILS

THE PLANS SHOW AN ESTIMATE OF THE NUMBER AND THE SIZE OF THE CULVERTS TO BE PLACED ON THE ROAD. THERE MAY NEED TO BE SOME FIELD ADJUSTMENTS MADE BY THE CONTRACTOR, BLM, AND/OR INSPECTOR/ENGINEER TO THE PLACEMENT AND LENGTH OF THE CULVERTS AND WING DITCHES.

CULVERT INGRESS AND EGRESS DITCH LENGTHS ARE TO BE DETERMINED DURING CONSTRUCTION. ALL DITCHES ARE TO BE CONSTRUCTED WITH SUFFICIENT SLOPE SO THAT WATER WILL EXIT THE DOWNSTREAM SIDE AND NOT POND IN THE DITCH.

ALL CULVERTS SHALL BE OF SUFFICIENT STRENGTH TO SUPPORT AN HS-20 LOADING OR HEAVIER. CHECK WITH MANUFACTURER FOR INFORMATION ABOUT MINIMUM COVER AND LOAD RATINGS. IN NO CASE SHALL COVER OVER CULVERTS BE LESS THAN 1'. CULVERT LENGTHS ARE ESTIMATED ON THE PLANS BUT THERE MAY NEED TO BE SOME ADJUSTMENTS MADE TO THE LENGTHS OF THE CULVERTS DURING CONSTRUCTION.

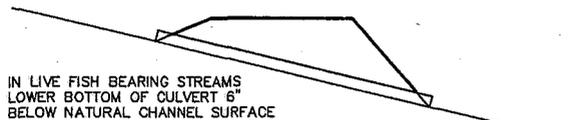
RIP-RAP WILL BE PLACED AT ALL CULVERT INLETS AND OUTLETS AND ALSO, WHERE SPECIFIED ON THE PLAN AND PROFILE SHEETS. RIP-RAP WILL BE SIZED DEPENDANT UPON PIPE DIAMETER AS SHOWN.

WHERE MULTIPLE CULVERTS ARE SPECIFIED ON THE PLANS, THERE SHALL BE NO LESS THAN THE FOLLOWING CLEARANCE BETWEEN THE CULVERTS.

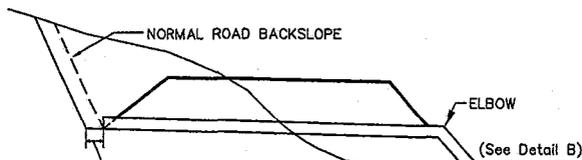
PIPE DIA. (Inches)	RIP-RAP SIZE
18-24	60% of stones shall be 8 inch diameter or larger
30-60	60% of stones shall be 1 foot in diameter or larger

PIPE DIA. (Inches)	CLEARANCE
UP TO 24	12 Inch
24 TO 72	1/2 PIPE DIA.
72 AND OVER	36 Inch

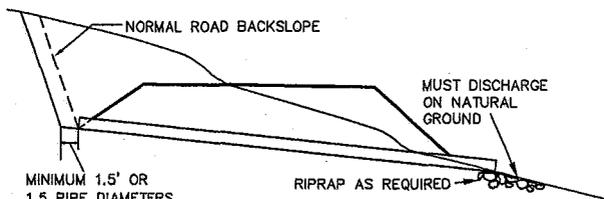
RIP RAP SHALL BE WELL GRADED WITH A SUFFICIENT AMOUNT OF SMALLER STONES UNIFORMLY DISTRIBUTED THROUGHOUT.



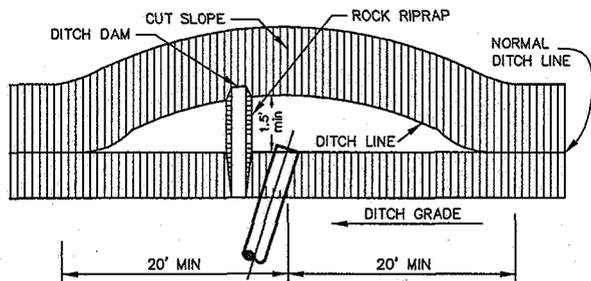
TYPE 1 DO NOT RAISE OUTLET ABOVE STREAM BED



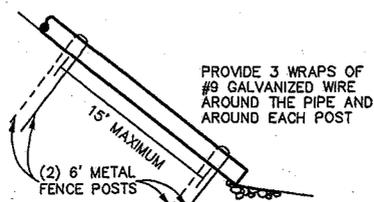
TYPE 2



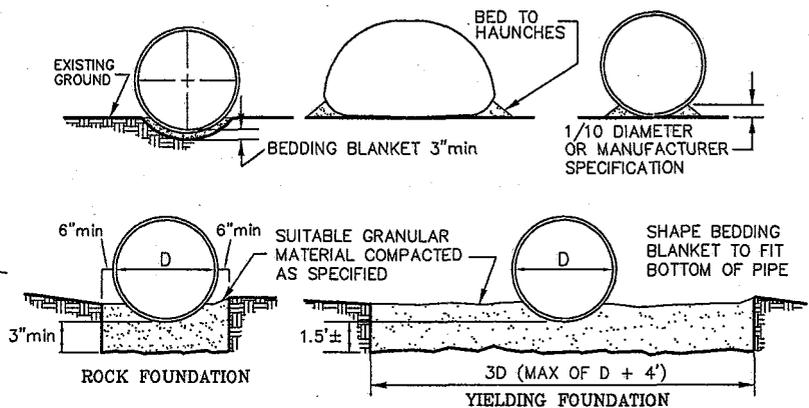
TYPE 3



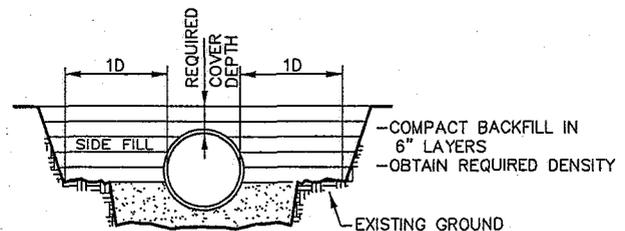
DETAIL A



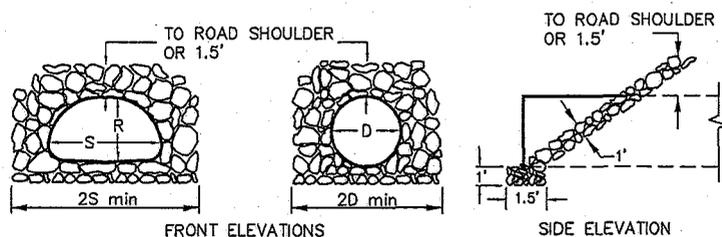
SPECIAL ANCHORING TYPE 2 DOWNDRAINS
DETAIL B



BEDDING DETAILS



BACKFILL DETAIL



FRONT ELEVATIONS

SIDE ELEVATION

IN NARROW CHANNELS ADJUST RIPRAP TO FIT ORIGINAL STREAM BANKS.

RIP RAP DETAIL

FEDERAL STIPULATIONS AND TIMING RESTRICTIONS

There will be no drilling from March 1st through June 30th for Sage Grouse and no drilling from December 1st through April 1st for Crucial Deer and Elk.



✦ Grand River Institute ✦

P.O. Box 3543 ✦ Grand Junction, CO 81502 ✦ 970/245-7868 FAX 970-245-6317

November 14, 2007

Lisa Smith
Permitco
14421 Weld County Rd. 10
Ft. Lupton, Colorado 80621

Re: GRI Project No. 27117 – Class III Cultural Resource Inventory Report for the Proposed Two Horse Butte #42-32 Well Location and Related Short Access Located on State Land in Daggett County, Utah, for Stephens Energy

Dear Lisa:

Enclosed is one copy of our final report for the above cited project. Copies have also been distributed as indicated below. Our invoice for this work is enclosed. Please call me if you have any questions or comments.

Sincerely,



Carl Conner
Director

Enc

Distribution:

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UTAH STATE COVER PAGE

Must Accompany All Project Reports
Submitted to Utah SHPO

Project Name: **Class III Cultural Resource Inventory Report for the Proposed Two Horse Butte #42-32 Well Location and Related Short Access Located on State Land in Daggett County, Utah, for Stephens Energy**

State Proj. No. **U07-GB-1298s**

Report Date: **13 November 2007**

County(ies): **Daggett**

Principal Investigator: **Carl E. Conner**

Field Supervisor(s): **Carl E. Conner**

Records search completed at: **UDSH**

Record search date(s): **October 31, 2007**

Acreage Surveyed ~ Intensive: **~22.00 acres**

Recon/Intuitive: **0 acres**

7.5' Series USGS Map Reference(s): **Clay Basin (1952)**

Sites Reported	Count	Smithsonian Site Numbers
Archaeological Sites	0	
Revisits (no inventory form update)		
Revisits (updated IMACS site inventory form attached)	0	
New recordings (IMACS site inventory form attached)	0	
Total Count of Archaeological Sites	0	
Historic Structures (USHS 106 site info form attached)	0	
Total National Register Eligible Sites	0	

-----Checklist of Required Items-----

1. Copy of the Final Report
2. Copy of 7.5' Series USGS Map with Surveyed/Excavated Area Clearly Identified.
3. Completed IMACS Site Inventory Forms, Including
 - Parts A and B or C, The IMACS Encoding Form,
 - Site Sketch Map, Photographs
 - Isolated Find Form,
 - Copy of the appropriate 7.5' Series USGS Map w/ the Site Location Clearly Marked and Labeled with the Smithsonian Site Number
4. Completed "Cover Sheet" Accompanying Final Report and Survey Materials (Please make certain all of your checked items are attached.)

**CLASS III CULTURAL RESOURCE INVENTORY REPORT
FOR THE
PROPOSED TWO HORSE BUTTE #42-32 WELL LOCATION AND SHORT ACCESS
IN DAGGETT COUNTY, UTAH
FOR
STEPHENS ENERGY**

Declaration of Negative Findings

GRI Project No. 27117

13 November 2007

Prepared by

Grand River Institute
P.O. Box 3543
Grand Junction, Colorado 81502
UDSH Project Authorization No. U07-GB-1298s



Carl E. Conner, Principal Investigator

Submitted to

School and Institutional
Trust Lands Administration
675 East 500 South, Suite 500
Salt Lake City, Utah 84102-2818

Abstract

Grand River Institute conducted a Class III cultural resources inventory for the proposed Two Horse Butte #42-32 well location and short access (~2600 feet) in Daggett County, Utah, for Stephens Energy under Utah Division of State History (UDSH) Project Authorization No. U07-GB-1298s. This work was done to meet requirements of State laws that protect cultural resources.

A files search conducted through the UDSH indicated no sites were previously recorded in the project area, and that project U05-MM-1529bps included much of the proposed road. Field work was performed on the 9th of November 2007. Carl Conner served as Principal Investigator and Field Supervisor. A total of about 22 acres of State lands was inspected, and no cultural resources were found. Accordingly, archaeological clearance is recommended.

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Introduction

At the request of Stephens Energy and the State of Utah, Grand River Institute conducted a Class III cultural resources inventory for the proposed Two Horse Butte #42-32 well location and short access (~2600 feet) in Daggett County, Utah, under Utah Division of State History (UDSH) Project Authorization No. U07-GB-1298s. A files search conducted through the UDSH on the 31st of October 2007 indicated no sites were previously recorded in the project area, and that project U05-MM-1529bps included much of the proposed road. Field work was performed on the 9th of November 2007. Carl Conner served as Principal Investigator and Field Supervisor. A total of about 22 acres of State lands was inspected.

The survey was done to meet requirements of Utah Code, Title 9, Chapter 8, and Utah Public Lands Policy Coordination Office Rule 694-1, which concern the identification, evaluation, and protection of fragile, non-renewable evidences of human activity, occupation and endeavor reflected in districts, sites, structures, artifacts, objects, ruins, works of art, architecture, and natural features that were of importance in human events. Such resources tend to be localized and highly sensitive to disturbance.

Location of Project Area

The study area lies about 9.0 miles east of Dutch John in Daggett County, Utah. It is in T. 3 N., R. 24 E., Section 32 (SLBM), as shown in Figure 1.

Environment

The project area is within the major geologic subdivision of the Colorado Plateau known as the Uinta Mountains (Rigby 1976). They are formed of quartzite, shale, and slate rocks of Neoproterozoic age (700 million and 800 million ya), which reach thicknesses of 13,000 to 24,000 feet and comprise the Uinta Mountain Group. The flanks of the east-west trending mountain range contain a sequence of Paleozoic and Mesozoic strata ranging from the Cambrian Lodore Formation to the Cretaceous Mancos Formation, all of which were uplifted and tilted during the Laramide orogeny, about 70 to 50 million years ago. The Cretaceous Mancos Shale and Frontier Sandstone form the bedrock of the study area, and older alluvium and colluvium of Quaternary age occur as a veneer along the road. Soils encountered were rocky, shaley, silty, and sandy loams, which are in general formed in residuum from the underlying formation.

Elevation in the project area averages 6600 feet. The terrain of the proposed well location is characterized as the north slope of Two Horse Butte, which is cut by dendritic washes. Vegetation is sagebrush community throughout most of the area with pinyon-juniper forest within part of 10-acre block inventory area for the well. Regional faunal inhabitants include deer, antelope, elk, black bear, coyote, mountain lion,

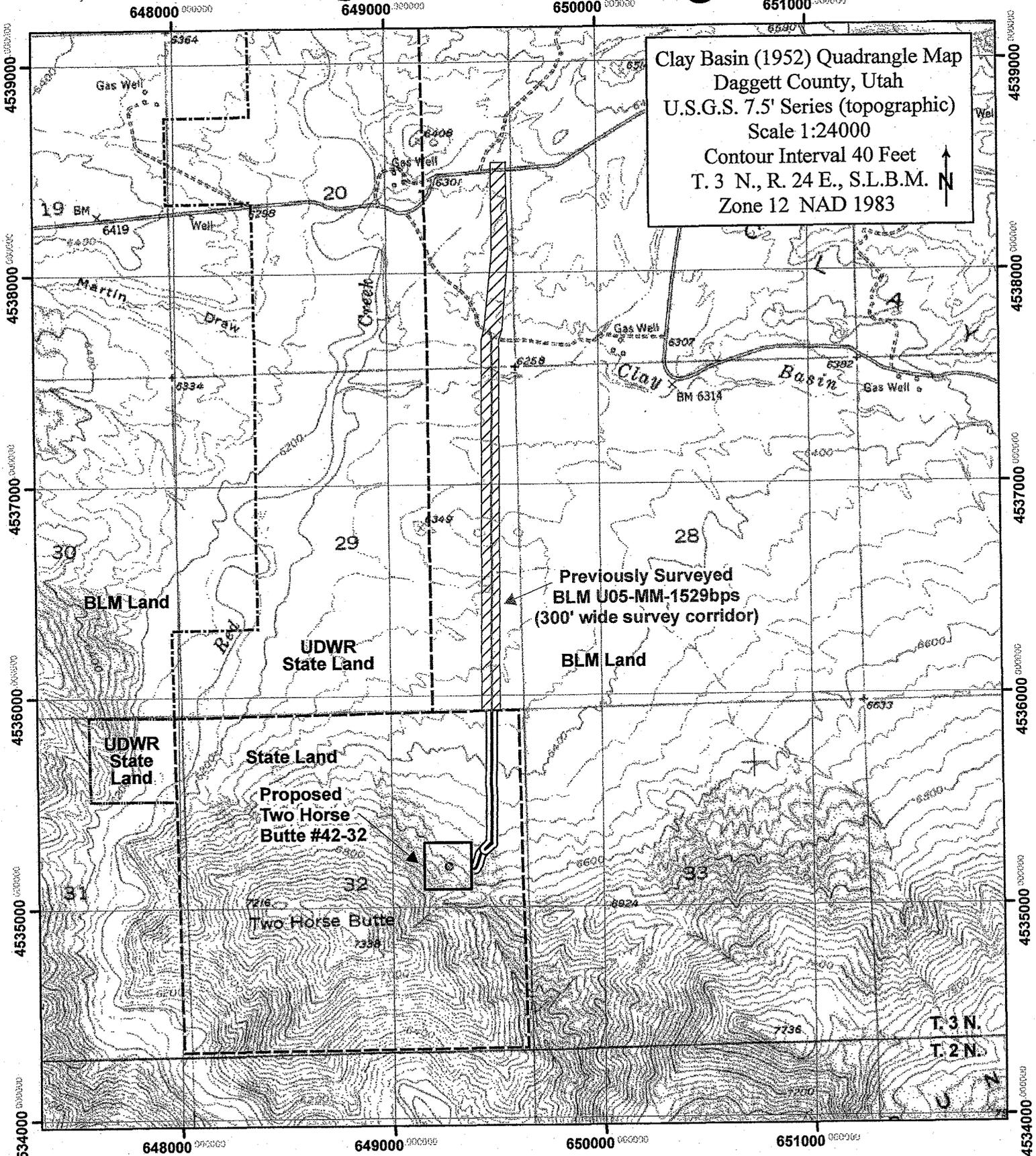


Figure 1. Project location map for the Class III cultural resources inventory for the proposed Two Horse Butte #42-32 well location and related linear route in Daggett County, Utah for Stephens Energy. Areas surveyed are highlighted. [Utah #U-07-GB-1298s, GRI Project #27117, 11/13/07]

cottontails, jack rabbits, and various raptors. A cool, mid-latitude steppe climate prevails. Annual precipitation of this elevation range is between 10 and 14 inches. Temperatures range from 100°F in the summer to -40°F in January. Paleoenvironmental data are scant, but it is generally agreed that gross climatic conditions have remained fairly constant over the last 12,000 years. However, changes in effective moisture, and cooling-warming trends probably affected the prehistoric occupation of the region.

Files Search

A previous files search conducted through the UDSH indicated no sites were previously recorded in the project area, and that cultural resources survey project U05-MM-1529bps included the north linear portion of the present endeavor (on BLM Land). The nearest recorded resource is 42DA79, a prehistoric open lithic site that was recorded in 1977 and is located three quarters of a mile north-northwest of the present survey's linear corridor.

Other previous projects in the areas near the inventory are numerous and generally relate to oil and gas development, road upgrading or prescribed land management projects. These include: U77-UC-225b, U84-BL-0935b, U85-LA-509bfs, U90-BC-276bfs, U92-NP-112bp, U93-A9-517b, U94-BL-564b, U99-A1-0307bpsw, and U05-MM-1529bps. Sites recorded with these projects include: 42DA79, 42DA82, 42DA85, 42DA86, 42DA87, 42DA381, 42DA1028 and 42DA1053.

Regional archaeological studies suggest nearly continuous human occupation of northeastern Utah for the past 12,000 years. Evidence of the Paleoindian Tradition, the Archaic Tradition, Fremont Culture, and Protohistoric/Historic Utes has been found. Historic records suggest occupation or use by EuroAmerican trappers, settlers, miners, and ranchers as well. Overviews of the prehistory and history of the region are provided in the Utah BLM Cultural Resource Series No. 11, Archaeological Inventory in the Seep Ridge Cultural Study Tract, Uintah County, Northeastern Utah with a Regional Predictive Model for Site Locations (Larralde and Chandler 1980), and in "Cultural Resources Existing Data Inventory, Vernal District, Utah" (Jones and Mackay 1980).

Study Objectives

The purpose of the study was to identify and record all cultural resources within the area of potential impact and to assess their significance and eligibility to the National Register of Historic Places (NRHP). The statements of significance included in this report are field assessments made in support of recommendations to the State Historic Preservation Officer (SHPO). Paleontological resources were also considered in the inspection. However, a final evaluation of those resources must be provided by a paleontologist permitted by Utah.

Field Methods

A Class III, 100% pedestrian, cultural resources survey of the proposed well location was made by walking a series of concentric circles around the flagged center to a diameter of 750 feet. The related access route not included within the 10-acre study plot was surveyed by walking four parallel transects spaced at 15m intervals and centered on the flagged line to cover a corridor 200 feet wide. There were no limitations to the inventory.

Cultural resources were sought as surface exposures and were characterized as sites or isolated finds. Sites were defined by the presence of six or more artifacts and/or significant feature(s) indicative of patterned human activity. Isolated finds were defined by the presence of 1 to 5 artifacts apparently of surficial nature. Cultural resources encountered were to be recorded to standards set by the Utah Division of State History (UDSH).

The basic approach to the data collection was to be the continuous mapping of observed artifacts and features by recording UTM coordinates (NAD 83 Datum) using a Trimble Geo XT. Site maps were to be created using corrected data and ARCMAP. Photographs were to be taken at each site and to include general views and specific artifacts or features. Field notes and photo negatives are filed at Grand River Institute, while the photographs are submitted to the UDSH. No artifacts were collected.

Study Findings

A total of about 22 acres of State lands was inspected, and no cultural resources were found. Accordingly, archaeological clearance is recommended.

References

- Jones, Kevin T. and K.L. Mackay
1980 Cultural Resources Existing Data Inventory Vernal District, Utah. Report of Investigations 80-18, University of Utah, Salt Lake City.
- Larralde, Signa L. and Susan M. Chandler
1980 Archaeological inventory in the Seep Ridge Cultural Study Tract, Uintah County, Utah. In: Utah BLM Cultural Resource Series No. 11. Bureau of Land Management, Salt Lake City.
- Rigby, J. Keith
1976 Northern Colorado Plateau. Kendall/Hunt Publishing Company. Dubuque.

PALEONTOLOGY EVALUATION SHEET

PROJECT: STEPHANS ENERGY COMPANY, LLC -Well - Two Horse Butte #42-32

LOCATION: Twenty one miles east of Dutch John, Utah at 2411' FNL 1157' FEL of section 32, T3N, R24E, Daggett County, Utah.

OWNERSHIP: PRIV[] STATE[X] BLM[X] USFS[] NPS[] IND[] MIL[] OTHER[]

DATE: August 20, 2008

GEOLOGY/TOPOGRAPHY: Road starts out in an area covered with alluvium and underlain with Hilliard Shale. The road begins in the valley of Clay Basin runs south about 1 ½ miles, then curves west to the well location. According to the geologic map of the Flaming Gorge Area (Hansen, 1965: USGS Prof. Paper 490), the well pad is sitting on or near the Uinta Fault with Hilliard Shale on the north and Precambrian Red Creek Quartzite on the south. There are possible Hilliard exposures where the road crosses over a knoll in section 29, but other wise the surface is alluvium with slope wash (quartzite, amphibolite, schist, etc.) on the north slope of the hill at the well pad.

PALEONTOLOGY SURVEY: YES [] NO Survey [] PARTIAL Survey [X]

No good rock exposures, just slope wash. Walked around and across well pad looking for rock outcrops. Followed road to well pad and found very few formation exposures.

SURVEY RESULTS: Invertebrate [] Plant [] Vertebrate [] Trace [] No Fossils Found [X]

PALEONTOLOGY SENSITIVITY: HIGH [] MEDIUM [x] LOW [X] (PROJECT SPECIFIC)

The Hilliard has common invertebrate fossils also known to occur in the Mancos Shale, particularly mollusk shells.

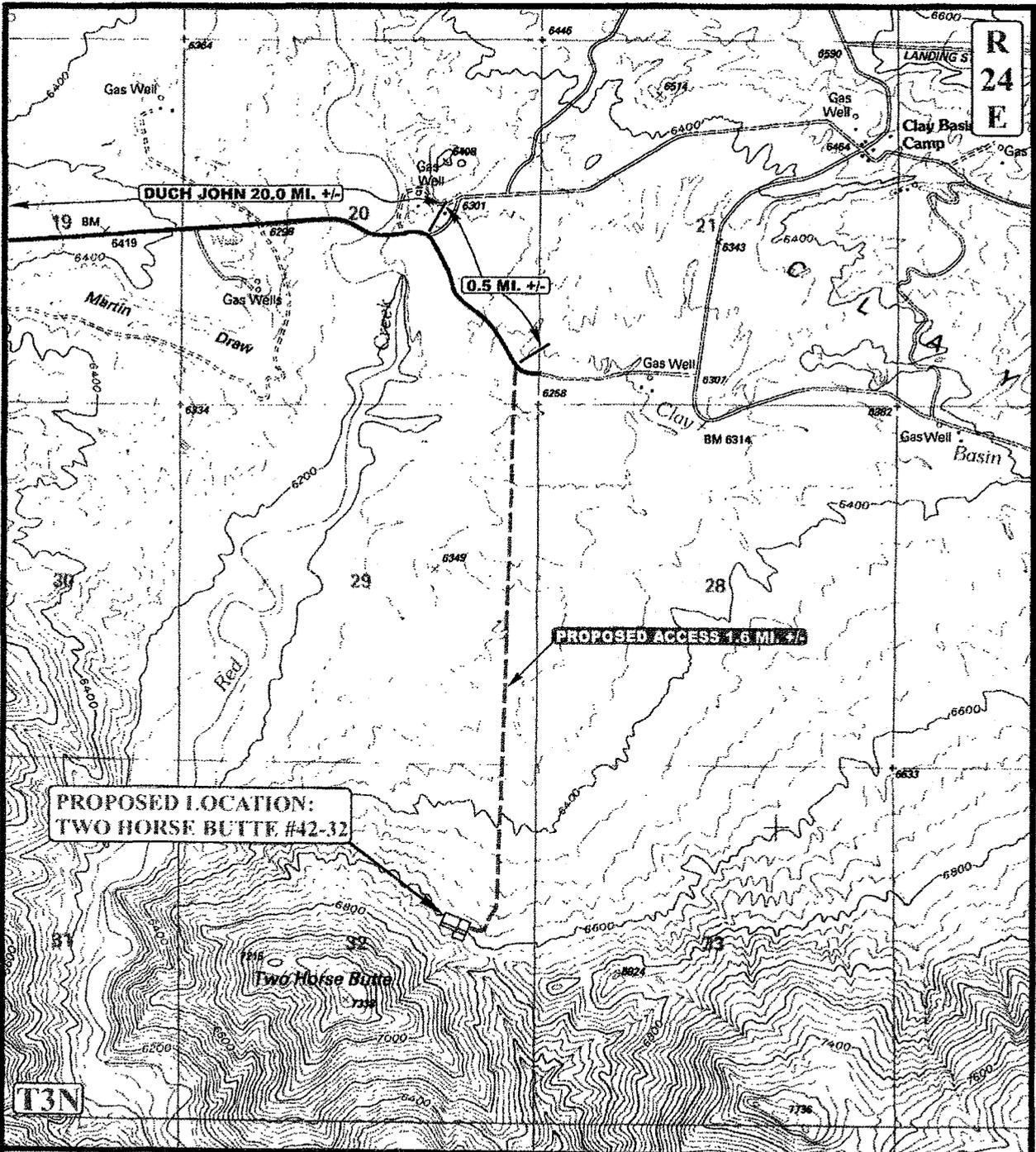
MITGATION RECOMMENDATIONS: NONE [X] OTHER [] (SEE BELOW)

No recommendations are being made for this well location and access road.

It is possible that if the Hilliard Shale is encountered during construction that invertebrate fossils could be found. These are not of critical importance, but would be of interest. There is a rare potential for vertebrate fossils, although fish scale are not uncommon.

PALEONTOLOGIST: Alden H. Hamblin

A.H. Hamblin Paleontological Consulting, 3793 N. Minersville Highway, Cedar City, Utah 84720 (435) 867-8355
Utah State Paleontological Permit # 07-355, BLM paleontological Resources Permit # UT08-003C.
Utah Professional Geologist License - 5223011-2250.



LEGEND:

- EXISTING ROAD
- - - - - PROPOSED ACCESS ROAD



STEPHENS ENERGY COMPANY, LLC

TWO HORSE BUTTE #42-32
 SECTION 32, T3N, R24E, S.L.B.&M.
 2411' FNL 1157' FEL

U&L S
 Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC 10 30 07
MAP MONTH DAY YEAR
 SCALE: 1" = 2000' DRAWN BY: ZL. REVISED: 00-00-00

B
 TOPO

**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 10/20/2008

API NO. ASSIGNED: 43-009-30069

WELL NAME: TWO HORSE BUTTE 42-32
 OPERATOR: STEPHENS ENERGY COMPANY (N3450)
 CONTACT: VENESSA LANGMACHER

PHONE NUMBER: 303-857-9999

PROPOSED LOCATION:

*JW
NB*

SENE 32 030N 240E
 SURFACE: 2411 FNL 1157 FEL
 BOTTOM: 1346 FNL 1446 FEL *Sec 5, R2N*
 COUNTY: DAGGETT
 LATITUDE: 40.95434 LONGITUDE: -109.2255
 UTM SURF EASTINGS: 649351 NORTHINGS: 4534992
 FIELD NAME: WILDCAT (1)

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

LEASE TYPE: 1 - Federal
 LEASE NUMBER: UTU-85093
 SURFACE OWNER: 3 - State

PROPOSED FORMATION: MRSN
 COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[1] Ind[] Sta[] Fee[]
(No. UTB-000316)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. 2015)
- RDCC Review (Y/N)
(Date: 11/14/2008)
- Fee Surf Agreement (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: _____
- Eff Date: _____
- Siting: _____
- R649-3-11. Directional Drill

COMMENTS:

Needs Profile (09-16-08)

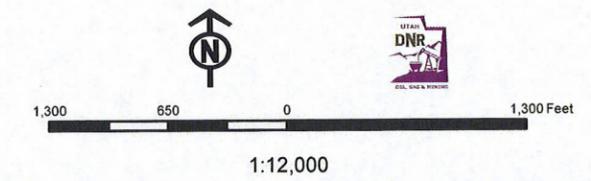
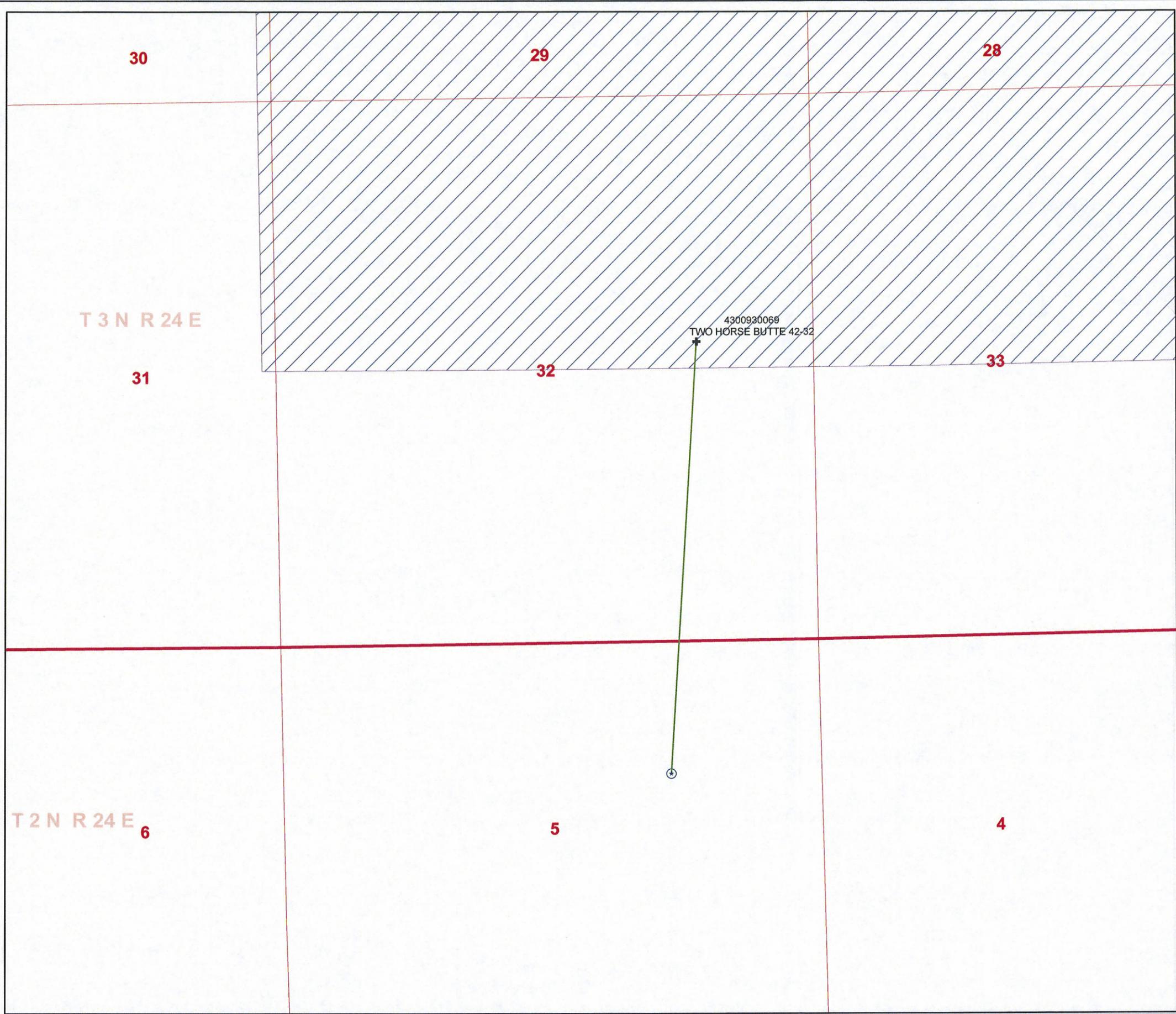
STIPULATIONS:

- 1- Spacing Strip*
- 2- Federal Approval*
- 3- STATEMENT OF BASIS*

API Number: 4300930069
Well Name: TWO HORSE BUTTE 42-32
Township 03.0 N Range 24.0 E Section 32
Meridian: SLBM
Operator: STEPHENS ENERGY COMPANY LLC

Map Prepared:
 Map Produced by Diana Mason

- | | |
|---------------|---------------------------|
| Units | Wells Query Events |
| STATUS | ✕ <all other values> |
| ACTIVE | <Null> |
| EXPLORATORY | APD |
| GAS STORAGE | DRL |
| NF PP OIL | GI |
| NF SECONDARY | GS |
| PI OIL | LA |
| PP GAS | NEW |
| PP GEOTHERML | OPS |
| PP OIL | PA |
| SECONDARY | PGW |
| TERMINATED | POW |
| | RET |
| Fields | SGW |
| STATUS | SOW |
| ACTIVE | TA |
| COMBINED | TW |
| Sections | WD |
| Township | WI |
| | WS |



Application for Permit to Drill

Statement of Basis

12/4/2008

Utah Division of Oil, Gas and Mining

Page 1

APD No	API WellNo	Status	Well Type	Surf Ownr	CBM
1179	43-009-30069-00-00		GW	S	No
Operator	STEPHENS ENERGY COMPANY LLC		Surface Owner-APD		
Well Name	TWO HORSE BUTTE 42-32		Unit		
Field	WILDCAT		Type of Work		
Location	SENE 32 3N 24E S 2411 FNL 1157 FEL GPS Coord (UTM) 649351E 4534992N				

Geologic Statement of Basis

This location is plotted on the south side of the bounding north flank thrust fault of the Uinta Mountains by about 300'. It is about 1.5 miles south of the Clay Basin gas storage field in Daggett County. The surficial geology is mapped as Middle Proterozoic to Upper Archean age Red Creek Quartzite metaquartzite at that location. The operator indicates that the well is to be spud into Upper Cretaceous Baxter Shale. I consider that it is uncertain what the nature and transmissivity of the soils is likely to be at that location. The well is likely to cross the thrust fault during drilling, most likely in the top part of the hole (this is a deviated hole). The well is likely to encounter high quality ground water in the upper subsurface strata. The mud program calls for a Low Solids Non-Dispersed/Anco-Phalt drilling fluid, which includes an asphalt-based mud shale stabilization additive. The MSDS does not indicate any carcinogenicity/toxicity issues for this additive. The proposed casing, cementing and mud program should provide adequate protection to quality ground water resources. No water rights have been filed on underground water resources within a mile of the proposed location.

Chris Kierst
APD Evaluator

12/3/2008
Date / Time

Surface Statement of Basis

The onsite surface inspection was conducted on 09/16/2008. See particpnat list for a complete listing of all in attendance. The location is placed on a steep north facing slope but it appears the site is stable and is a good spot considering the intended bottomhole target. Several requests were made by various participants as follows: Jason West of the BLM requested that a locked gate be placed at the beginning of the access road, 1.6 miles away, to resist public access. Ben William of the Utah DWR requested two construction and drilling closures from March 1 to June 30 for Sage Grouse and from Dec 1 to April 30 for deer winter range. BLM wildlife biologist Amy Torres agreed with and also requested these wildlife related restrictions. Kurt Higgins of SITLA requested that production equipment and tanks on location be painted olive black to best blend into the environment. It was agreed between Richard Powell (DOGM) and Doug Wein (Stephens Energy) that a 16 mil liner and felt subliner would be used in the reserve pit. Drainage was also discussed and Doug Wein agreed to divert the drainage through the location area around to the west side of the location and to protect as much of the top soil as possible for future use in reclamation.

Richard Powell
Onsite Evaluator

9/16/2008
Date / Time

Conditions of Approval / Application for Permit to Drill

Category	Condition
Pits	A synthetic liner with a minimum thickness of 16 mils with a felt subliner 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 reserve pit shall be fenced upon completion of drilling operations.

ON-SITE PREDRILL EVALUATION

Utah Division of Oil, Gas and Mining

Operator STEPHENS ENERGY COMPANY LLC
Well Name TWO HORSE BUTTE 42-32
API Number 43-009-30069-0 **APD No** 1179 **Field/Unit** WILDCAT
Location: 1/4,1/4 SENE **Sec** 32 **Tw** 3N **Rng** 24E 2411 FNL 1157 FEL
GPS Coord (UTM) 649332 4534997 **Surface Owner**

Participants

Ben Williams and Pat Rainbolt (DWR), Jason West, Holly Villa, Amy Torres and Charles Patterson (BLM), John Warn and Douglas Wein (Stephens Energy Co.), Randy Smith (Permit Co), Kurt Higgins (SITLA), Shay Kendall and Bart Hunting (UELS)

Regional/Local Setting & Topography

The location is set on the steep north facing slope of Two Horse Butte which sits at the southern end of Clay Basin. To the south of the location the butte becomes very steep. To the north the location overlooks the southern end of Clay Basin. Clay Basin is a large valley approximately 20 miles east of Dutch John Utah.

Surface Use Plan

Current Surface Use

Deer Winter Range
Wildlfe Habitat

New Road

Miles	Well Pad	Src Const Material	Surface Formation
1.6	Width 200	Length 400	Onsite

Ancillary Facilities N

Waste Management Plan Adequate? Y

Environmental Parameters

Affected Floodplains and/or Wetland N

Flora / Fauna

Fauna: deer, elk, antelope, elk, black bear, coyote, mountain lion, bob cat, rabbits, raptors, sage grouse.

Flora: grasses, sage brush, pinyon-juniper.

Soil Type and Characteristics

Sandy clay soil, white gravel scattered on ground surface.

Erosion Issues N

There is a drainage running immediately west of the proposed well head.

Sedimentation Issues N

Site Stability Issues N

Drainage Diversion Required Y

Drainage through the location must be diverted around east side of location.

Berm Required? N

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

Characteristics / Requirements

The reserve pit is to be 100' wide by 175' long by 10' deep. It must have a felt subliner and 16mil liner.

Closed Loop Mud Required? N **Liner Required?** Y **Liner Thickness** 16 **Pit Underlayment Required?** Y

Other Observations / Comments

Richard Powell
Evaluator

9/16/2008
Date / Time

ANCO PHALT S

Solutions Through Technology.....

Environmentally Friendly Chemicals

Product Description

ANCO PHALT S is a sulfonated asphalt residuum used for stabilizing shale sections.

Typical Application

ANCO PHALT S acts as an oil substitute, stabilizing shale formations, and is generally best to pretreat the mud system before shale trouble occurs.

Product Advantages

- Noted for stabilizing shale formations and for aiding in drillpipe torque and drag reduction.
- Aids in reducing the filtration rate of drilling muds and improves the filter cake quality.
- Is water-dispersible and is unaffected by oil in the drilling fluid. This property prevents "tar balls" from forming and shaker screen binding, which is so common with ordinary ground asphalt products.

Recommended Treatment

Normal treatment levels vary depending on the severity of the shale problem, but from 1.0 to 4.0 lb/bbl (2.85 to 11.4 kg/m³) is recommended.

Daily maintenance will depend on dilution and desired fluid properties.

Handling

Utilize normal precautions for employee protection when handling chemical products. Use of appropriate respirator, gloves, goggles, and apron are recommended for employee comfort and protection. See Material Safety Data Sheet (MSDS) for this product prior to use.

Storage

Store in a dry area, protected from precipitation and contact by moisture.

Packaging

ANCO PHALT S is packaged in 50 lb. (22.7 kg) multiwall bags.

Typical Chemical and Physical Properties

Bulk density, lb/ft ³	42 - 48
Solubility	60% water soluble
Appearance	Dark brown-black
Odor	None
Specific Gravity g/cm ³	1.3

Newpark Drilling Fluids, LLC
1311 Broadfield, Suite 600, Houston TX 77084

Material Safety Data Sheet
Emergency: (888) 872-0050

ANCO-PHALT

I. GENERAL INFORMATION

Chemical Name: Sulfonated Asphalt CAS#: _____
Chemical Family: Asphalt
Chemical Formula: Proprietary
Synonyms:

NFPA Properties: Health: _____ Flammability: _____ Reactivity: _____ Contact: _____

II. HAZARDOUS INGREDIENTS/IDENTITY INFORMATION

Hazardous Components	TWAPPM	TLV's (ACGIH)		STEL MG/M ³	CAS#	OTHER LIMITS	%
		TWA MG/M ³	STEL PPM				
I.							

III. PHYSICAL/CHEMICAL CHARACTERISTICS

Boiling Point °F:	N/A	Color:	Black
Specific Gravity:	N/A	Odor:	Mild
Vapor Pressure:	N/A	Appearance:	Powder
Percent Volatility:	N/A	pH:	NDA
Vapor Density:	N/A	Viscosity:	NDA
Evaporation Rate:	N/A	Activity:	NDA
Solubility In Water:	Dispersible	LC50:	NDA
Melting Point °F:	N/A	LD50:	NDA

IV. FIRE & EXPLOSION HAZARD DATA

Extinguishing Agents: Dry chemical, water spray, water fog, CO₂, foam, sand & earth
Flash Point: >200°F
Flammable Limits: Not flammable LEL: N/A UEL: N/A
Special Firefighting Procedures: Use supplied breathing air and protective clothing
Unusual Fire & Explosion Hazards: Flammable solids may provide conditions for a dust explosion

V. HEALTH HAZARD DATA

Routes of Entry: Inhalation: yes Skin: yes Ingestion: yes

Effects of Overexposure:

Toxicological Properties:

Chronic & Acute Effects of Overexposure:

Carcinogenicity: NTP: no IARC Monographs: no OSHA Regulated:

Emergency First Aid Procedures:

Eyes: Flush eyes with running water

Skin Contact: Flush with clean water

Inhalation: Remove to fresh air

N/A = Not Applicable

NDA = No Data Available

Ingestion: Give water to dilute and get medical attention

VI. REACTIVITY DATA

Stability: Stable

Hazardous Polymerization: Will not occur

Hazardous Decomposition Products: Ammonia, carbon dioxide and carbon monoxide

Conditions To Avoid: none

Incompatibility and Materials to Avoid: Strong oxidizing agents

VII. SPILL & DISPOSAL PROCEDURES

Steps To Be Taken in Case Material is Released or Spilled --- Procedures for clean up: sweep up spilled material

Waste Disposal Method: Dispose of in accordance to local, state and federal regulations.

Precautions To Be Taken In Handling & Storage: None

VIII. PROTECTIVE EQUIPMENT

Ventilation Type Required: Mechanical

Protective Gloves: Recommended

Eye Protection: Goggles recommended for prolonged exposure

Other Protective Equipment:

Comments: Clothing which contacts skin should be changed daily

IX. REGULATORY & TRANSPORTATION INFORMATION

US DOT Proper Shipping Name:

US DOT Hazard Class:

DOT ID Number:

ID Number:

Freight Classification:

Unregulated By DOT:

Regulated by DOT:

Special Transportation Note:

Labels Required:

We believe the statements, technical information and recommendations contained herein are reliable, but they are given without warranty or guarantee of any kind, expressed or implied, and we assume no responsibility for any damage or expense.

Search

Utah Division of Water Rights



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STEPHENS ENERGY COMPANY, LLC

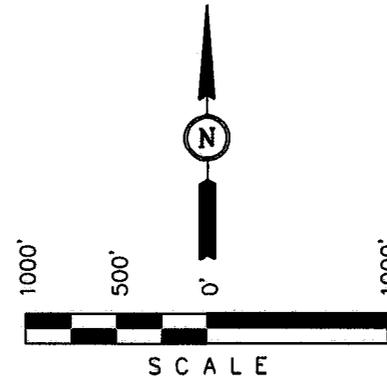
Well location, TWO HORSE BUTTE #42-32, located as shown in the SE 1/4 NE 1/4 of Section 32, T3N, R24E, S.L.B.&M., Daggett County, Utah.

BASIS OF ELEVATION

BENCH MARK 36 LOCATED IN THE NE 1/4 NW 1/4 OF SECTION 28, T3N, R24E, S.L.B.&M. TAKEN FROM THE CLAY BASIN, QUADRANGLE, UTAH, DAGGETT COUNTY, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 6313 FEET.

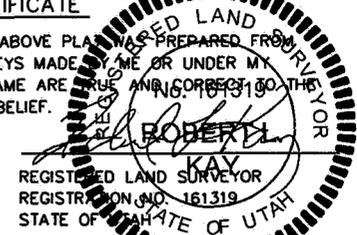
BASIS OF BEARINGS

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.



CERTIFICATE

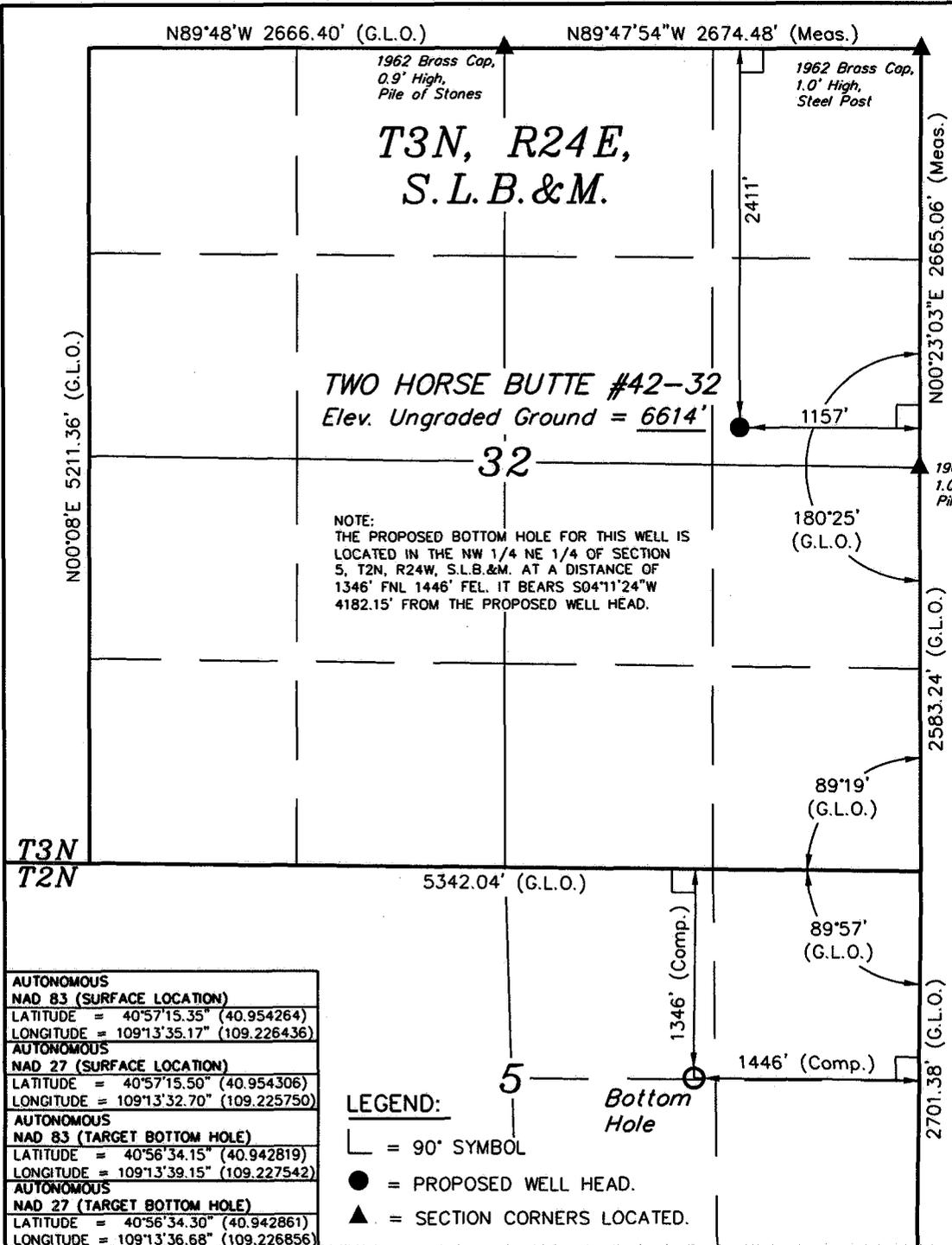
THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.



REVISED: 08-12-08

UINTAH ENGINEERING & LAND SURVEYING
 85 SOUTH 200 EAST - VERNAL, UTAH 84078
 (435) 789-1017

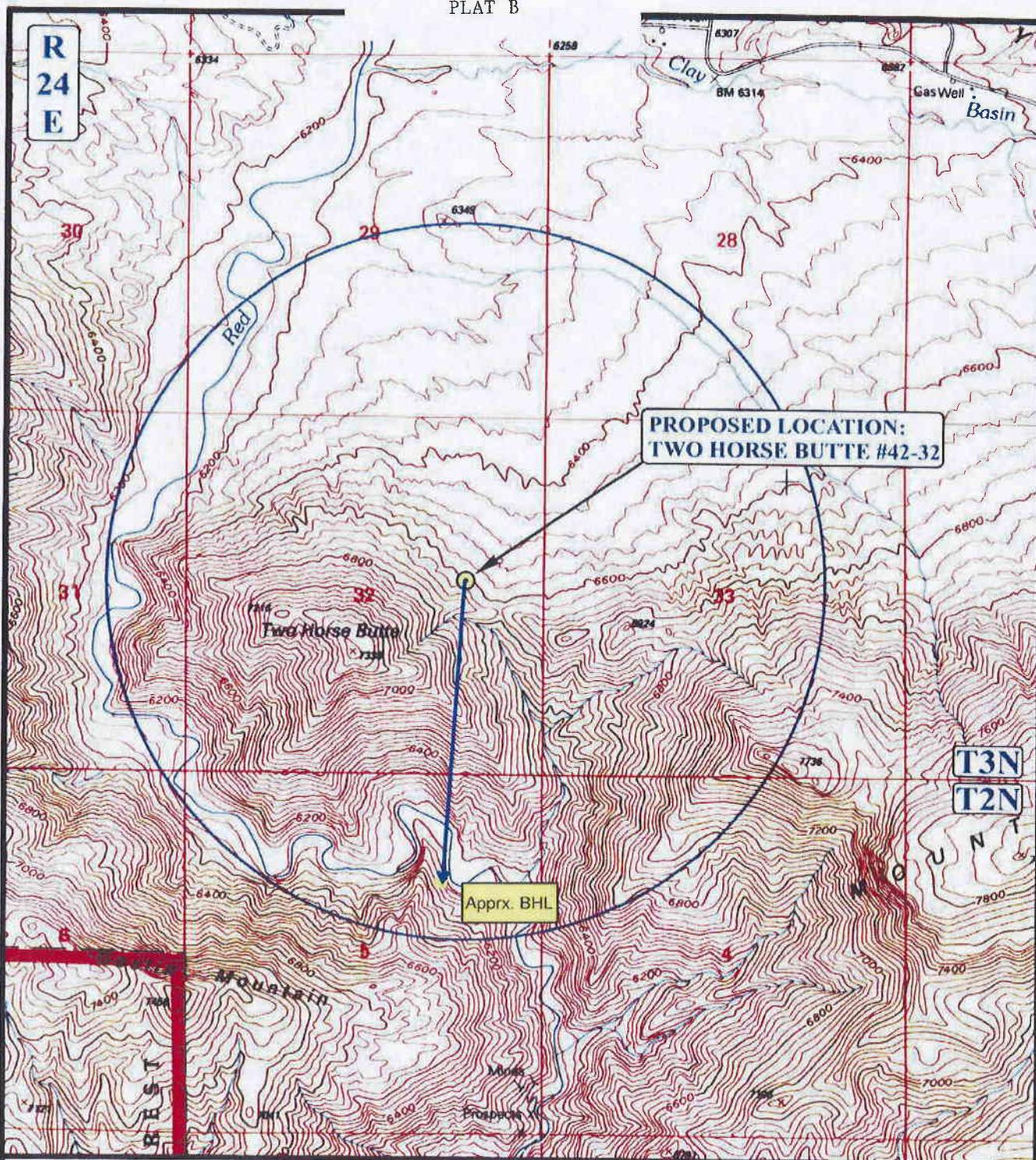
SCALE 1" = 1000'	DATE SURVEYED: 10-22-07	DATE DRAWN: 12-11-07
PARTY J.W. J.S. C.C.	REFERENCES G.L.O. PLAT	
WEATHER COOL	FILE STEPHENS ENERGY COMPANY, LLC	



AUTONOMOUS NAD 83 (SURFACE LOCATION)
LATITUDE = 40°57'15.35" (40.954264)
LONGITUDE = 109°13'35.17" (109.226436)
AUTONOMOUS NAD 27 (SURFACE LOCATION)
LATITUDE = 40°57'15.50" (40.954306)
LONGITUDE = 109°13'32.70" (109.225750)
AUTONOMOUS NAD 83 (TARGET BOTTOM HOLE)
LATITUDE = 40°56'34.15" (40.942819)
LONGITUDE = 109°13'39.15" (109.227542)
AUTONOMOUS NAD 27 (TARGET BOTTOM HOLE)
LATITUDE = 40°56'34.30" (40.942861)
LONGITUDE = 109°13'36.68" (109.226856)

- LEGEND:**
- └─ = 90° SYMBOL
 - = PROPOSED WELL HEAD.
 - ▲ = SECTION CORNERS LOCATED.

PLAT B



LEGEND:

- ⊗ DISPOSAL WELLS
- PRODUCING WELLS
- SHUT IN WELLS
- ⊗ WATER WELLS
- ABANDONED WELLS
- TEMPORARILY ABANDONED

STEPHENS ENERGY COMPANY LLC

TWO HORSE BUTTE #42-32
SECTION 32, T3N, R24E, S.L.B.&M.
2411' FNL 1157' FEL



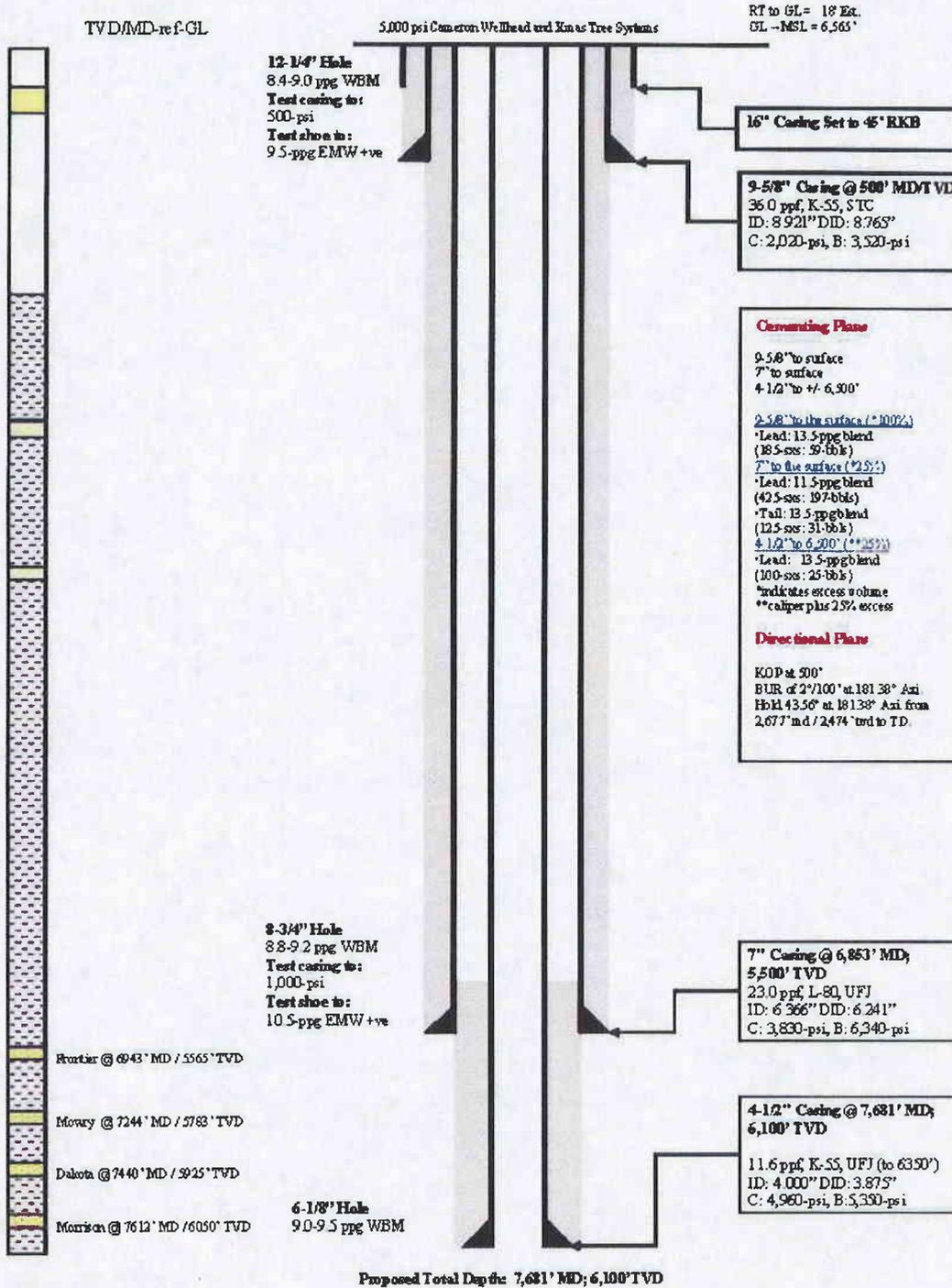
Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813



TOPOGRAPHIC MAP 10 30 07
 MONTH DAY YEAR
 SCALE: 1" = 2000' DRAWN BY: Z.L. REVISED: 00-00-00



PLANNED WELLBORE DIAGRAM



STATE ACTIONS
Resource Development Coordinating Committee
Public Lands Policy Coordination Office
5110 State Office Building
SLC, UT 84114
Phone No. 537-9230

1. State Agency Oil, Gas and Mining 1594 West North Temple, Suite 1210 Salt Lake City, UT 84114-5801	2. Approximate date project will start: Upon Approval or November 17, 2008
3. Title of proposed action: Application for Permit to Drill	
4. Description of Project: Stephens Energy Company LLC proposes to drill the Two Horse Butte 42-32 well (wildcat) on Federal lease UTU-85093, Daggett County, Utah. This action is being presented to the RDCC for consideration of resource issues affecting state interests. The Division of Oil, Gas and Mining is the primary administrative agency in this action and must issue approval before operations commence.	
5. Location and detailed map of land affected (site location map required, electronic GIS map preferred) (include UTM coordinates where possible) (indicate county) 2411' FNL 1157' FEL, SE/4 NE/4, Section 32, Township 3 North, Range 24 East, Daggett County, Utah	
6. Possible significant impacts likely to occur: Surface impacts include up to five acres of surface disturbance during the drilling and completion phase (estimated for five weeks duration). If oil and gas in commercial quantities is discovered, the location will be reclaimed back to a net disturbance of between one and two acres – not including road, pipeline, or utility infrastructure. If no oil or gas is discovered, the location will be completely reclaimed.	
7. Identify local government affected a. Has the government been contacted? No. b. When? c. What was the response? d. If no response, how is the local government(s) likely to be impacted?	
8. For acquisitions of land or interests in land by DWR or State Parks please identify state representative and state senator for the project area. Name and phone number of state representative, state senator near project site, if applicable: a. Has the representative and senator been contacted? N/A	
9. Areawide clearinghouse(s) receiving state action: (to be sent out by agency in block 1) Uintah Basin Association of Government	
10. For further information, contact: Diana Mason Phone: (801) 538-5312	11. Signature and title of authorized officer  Gil Hunt, Associate Director Date: November 3, 2008

AMENDED REPORT
(highlight changes)

APPLICATION FOR PERMIT TO DRILL		5. MINERAL LEASE NO.: UTU-85093 (Btm. Hole)	6. SURFACE: SITLA
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 checked="" type="checkbox"/>		8. UNIT or CA AGREEMENT NAME: N/A	
2. NAME OF OPERATOR: Stephens Energy Company LLC		9. WELL NAME and NUMBER: Two Horse Butte #42-32	
3. ADDRESS OF OPERATOR: 1825 Lawrence St., Suite 300, Denver, CO 80202		PHONE NUMBER: 303/296-2012	10. FIELD AND POOL, OR WILDCAT: Wildcat / Dakota & Frontier
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: SE NE, 2411' FNL and 1157' FEL AT PROPOSED PRODUCING ZONE: NW NE, 1346' FNL and 1446' FEL		11. QTR/QTR, SECTION, TOWNSHIP, RANGE MERIDIAN: Sec. 32, T3N-R24E (Surface) Sec. 5, T2N-R24E (Btm. Hole)	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: Approximately 22.1 miles east of Dutch John, UT		12. COUNTY: Daggett	13. STATE: UT
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 1346' (Btm. Hole)	16. NUMBER OF ACRES IN LEASE: 1476.25	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: N/A	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET): None	19. PROPOSED DEPTH: 6,100' TVD - 7,681' MD	20. BOND DESCRIPTION: UTB-000316	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 6614' GL	22. APPROXIMATE DATE WORK WILL START: 11/1/2008	23. ESTIMATED DURATION: 24 Days	

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
12-1/4"	9-5/8", K-55, 36#	500'	185 sx Halliburton VariCem RS1, 13.5 ppg, 1.81 ft3/sk
8-3/4"	7", L-80, 23#	6,853'	425 sx ExtendaCem RS1, 11.5 ppg, 2.62 ft3/sk + 125 EconoCem RS3, 13.5 ppg, 1.43 ft3/sk.
6-1/8"	4-1/2", K-55, 11.6#	7,681'	100 sx Halliburton EconoCem RS2, 13.5 ppg, 1.43 ft3/sk.

25. ATTACHMENTS

CONFIDENTIAL-TIGHT HOLE

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

AGENT: **PermitCo Inc., PO Box 99, Eastlake, CO 80614**

AGENT'S PHONE NO.: **303/857-9999**

NAME (PLEASE PRINT) **Venessa Langmacher**

TITLE **Agent for Stephens Energy Company LLC**

SIGNATURE *Venessa Langmacher*

DATE **October 17, 2008**

(This space for State use only)

API NUMBER ASSIGNED: **43009-30069**

APPROVAL:

RECEIVED

OCT 20 2008

N89°48'W 2666.40' (G.L.O.)

N89°47'54"W 2674.48' (Meas.)

1962 Brass Cap,
0.9' High,
Pile of Stones

1962 Brass Cap,
1.0' High,
Steel Post

T3N, R24E,
S.L.B.&M.

TWO HORSE BUTTE #42-32
Elev. Ungraded Ground = 6614'

NOTE:
THE PROPOSED BOTTOM HOLE FOR THIS WELL IS
LOCATED IN THE NW 1/4 NE 1/4 OF SECTION
5, T2N, R24W, S.L.B.&M. AT A DISTANCE OF
1346' FNL 1446' FEL. IT BEARS S04°11'24"W
4182.15' FROM THE PROPOSED WELL HEAD.

LEGEND:

- └─┘ = 90° SYMBOL
- = PROPOSED WELL HEAD.
- ▲ = SECTION CORNERS LOCATED.

N00°08'E 5211.36' (G.L.O.)

2411'

N00°23'03"E 2665.06' (Meas.)

1157'

1962 Brass Cap,
1.0' High,
Pile of Stones

180°25'
(G.L.O.)

2583.24' (G.L.O.)

89°19'
(G.L.O.)

89°57'
(G.L.O.)

T3N
T2N

5342.04' (G.L.O.)

1346' (Comp.)

1446' (Comp.)

2701.38' (G.L.O.)

5

Bottom
Hole

STEPHENS ENERGY COMPANY, LLC

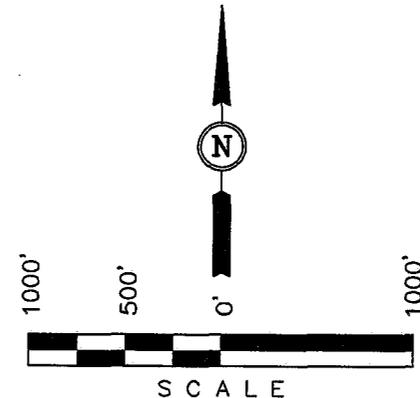
Well location, TWO HORSE BUTTE #42-32, located
as shown in the SE 1/4 NE 1/4 of Section 32,
T3N, R24E, S.L.B.&M., Daggett County, Utah.

BASIS OF ELEVATION

BENCH MARK 36 LOCATED IN THE NE 1/4 NW 1/4 OF
SECTION 28, T3N, R24E, S.L.B.&M. TAKEN FROM THE CLAY
BASIN, QUADRANGLE, UTAH, DAGGETT COUNTY, 7.5 MINUTE
QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED
STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY.
SAID ELEVATION IS MARKED AS BEING 6313 FEET.

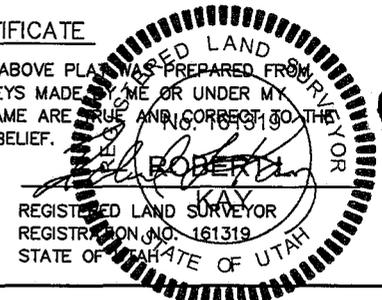
BASIS OF BEARINGS

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.



CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAN WAS PREPARED FROM
FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY
SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE
BEST OF MY KNOWLEDGE AND BELIEF.

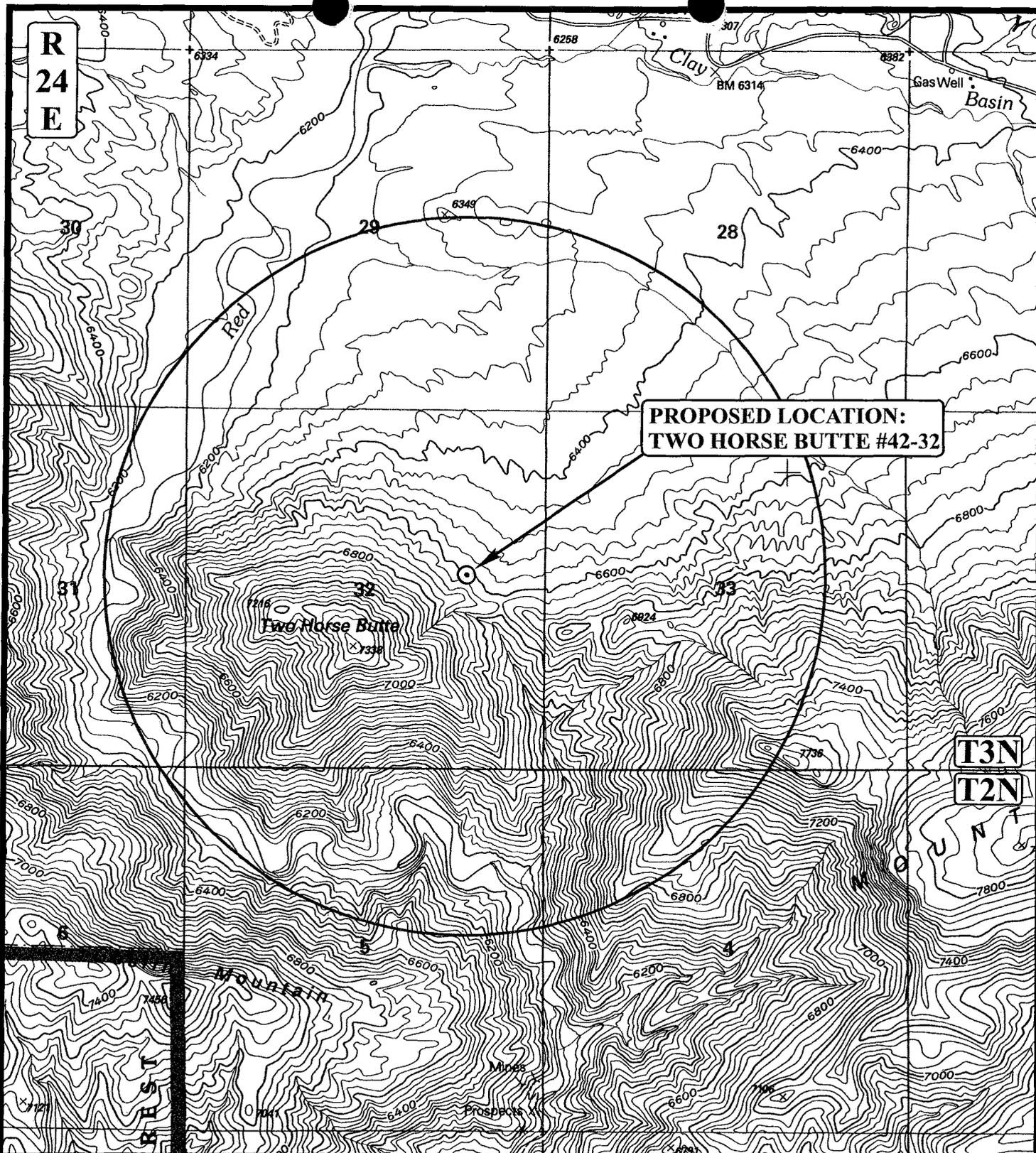


REVISED: 08-12-08

UNTAEH ENGINEERING & LAND SURVEYING
85 SOUTH 200 EAST - VERNAL, UTAH 84078
(435) 789-1017

AUTONOMOUS NAD 83 (SURFACE LOCATION)
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LONGITUDE = 109°13'35.17" (109.226436)
AUTONOMOUS NAD 27 (SURFACE LOCATION)
LATITUDE = 40°57'15.50" (40.954306)
LONGITUDE = 109°13'32.70" (109.225750)
AUTONOMOUS NAD 83 (TARGET BOTTOM HOLE)
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LONGITUDE = 109°13'39.15" (109.227542)
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LATITUDE = 40°56'34.30" (40.942861)
LONGITUDE = 109°13'36.68" (109.226856)

SCALE 1" = 1000'	DATE SURVEYED: 10-22-07	DATE DRAWN: 12-11-07
PARTY J.W. J.S. C.C.	REFERENCES G.L.O. PLAT	
WEATHER COOL	FILE STEPHENS ENERGY COMPANY, LLC	



**PROPOSED LOCATION:
TWO HORSE BUTTE #42-32**

LEGEND:

- DISPOSAL WELLS
- PRODUCING WELLS
- SHUT IN WELLS
- WATER WELLS
- ABANDONED WELLS
- TEMPORARILY ABANDONED

STEPHENS ENERGY COMPANY LLC

**TWO HORSE BUTTE #42-32
SECTION 32, T3N, R24E, S.L.B.&M.
2411' FNL 1157' FEL**



Utah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813



**TOPOGRAPHIC
MAP**

10	30	07
MONTH	DAY	YEAR

SCALE: 1" = 2000' | DRAWN BY: Z.L. | REVISED: 00-00-00



From: "Doug Wein" <dwein@stephensenergyco.com>
To: <dianawhitney@utah.gov>
Date: 10/10/2008 7:44 AM
Subject: SEC's Two Horse Butte Unit #42-32 Well / Daggett County, Utah
Attachments: TWO HORSE BUTTE #42-32 loc plat revised 9-3-08.pdf; Two Horse Butte 42-32 Topo SHL & BHL 10-09-08.pdf; DOC145.pdf

Dear Ms. Whitney:

Stephens Energy Company LLC (SEC) is working on an APD for the captioned well with a surface location in T3N-R24E, Sec. 32: SE $\frac{1}{4}$ NE $\frac{1}{4}$ and a bottom hole location approx $\frac{3}{4}$ of a mile to the south in T2N-R24E, Sec. 5: approx. center of the NE $\frac{1}{4}$ (please refer to the 1st attached plat). The well is being drilled directionally / laterally (this is not a horizontal well) due to very rugged topographic constraints for the bottom hole location and the access to get there (again – please refer to the 2nd attachment). Simply stated – we can't access nor build a reasonable location any closer to the bottom hole location. The well will be drilled to a Total Vertical Depth of 6,100' with a Total Measured Depth of 7,681' with the main objective being the Dakota formation. The 3rd attachment demonstrates that the well's directional / lateral section of hole will be cased.

The subject well will be the initial well drilled to validate a federal unit (the "Two Horse Butte Unit") formed by SEC. An onsite meeting at the surface location was held on September 16, 2008 with SITLA personnel (Kurt Higgins) and BLM personnel from the Vernal Field Office (Holly Villa, Amy Torres, Chuck Patterson, and Jason West). SITLA and the BLM have approved the location for APD submittal. SEC is in the process of obtaining a Special Use Lease for the access and surface hole location from SITLA which owns the surface of All of Section 32.

The proposed well is to be directionally, and it is my understanding that the state normally requires waiver letters from all working interest owners within a 460' radius along the entire wellbore. Does this requirement pertain to horizontal well bores only? SEC and its partner in the subject well, Savant Resources own the leasehold covering the T3N-R24E, S $\frac{1}{2}$ of Sec. 32 (State of Utah lease no. ML-48239) and T2N-R24E, All of Section 5 (BLM Lease no UTU- 85093).

The N $\frac{1}{2}$ of Sec. 32 is covered by leasehold owned by Questar Exploration And Production (State of Utah lease no. ML-25712). The surface hole location is approx. 254 north of the south boundary of this lease. Questar has been contacted and asked to support the proposed well and the federal unit. Questar has elected not to support the project and I anticipate that they will also decline the waiver normally required by the state as part of the permitting process.

Would it be possible to just write Questar a letter and notify them of the subject well location without the normal necessity of obtaining their consent / waiver?

Please contact me at your earliest convenience with your suggestions as to how SEC might handle this situation.

Thank you kindly for your assistance and consideration of this matter. Please call me should you have any questions pertaining to the foregoing information.

Regards,

Doug

Douglas E. Wein

Vice President

Stephens Energy Company LLC

1825 Lawrence Street, Suite 300

Denver, CO 80202

Ph. (303) 296-2012 - Ext. 23

Fax (303) 298-1181

dwein@stephensenergyco.com

This e-mail (and attachments if any) is intended for the use of the individual or entity to whom it is addressed, and may contain information that is privileged confidential, and exempt from disclosure under applicable law. If the reader of this e-mail is not the intended recipient, you are hereby notified that any dissemination, disclosure, copying, distributing, or the taking of any action in reliance on the contents of this communication is strictly prohibited. If you have received this communication in error, please notify the sender immediately by return

From: Robert Clark
To: Mason, Diana
Date: 11/5/2008 2:58 PM
Subject: RDCC short turnaround comments

CC: Anderson, Tad; Mcneill, Dave; Wright, Carolyn
The following comments are in response to RDCC short turn-around items **RDCC #9971 and 9972**.

RDCC #9971, Comments begin: The Titan Energy Corp proposal to drill the McDonald #1 wildcat well, in Emery County, may require a permit, known as an Approval Order, from the Executive Secretary of the Air Quality Board. If any compressor or pump stations are constructed at the site, a permit application, known as a Notice of Intent (NOI), should be submitted to the Executive Secretary at the Utah Division of Air Quality at 150 N. 1950 West, Salt Lake City, Utah, 84116 for review according to R307-401: Permit: Notice of Intent and Approval Order, of the Utah Air Quality Rules. A copy of the rules is found at www.rules.utah.gov/publicat/code/r307/r307.htm .

The proposed project, in Emery County, is subject to R307-205-5: Fugitive Dust, of the Utah Air Quality Rules, due to the fugitive dust that is generated during the excavating phases of the project. These rules apply to construction activities that disturb an area greater than 1/4 acre in size. A permit, known as an Approval Order, is not required from the Executive Secretary of the Air Quality Board, but steps need to be taken to minimize fugitive dust, such as watering and/or chemical stabilization, providing vegetative or synthetic cover or windbreaks. A copy of the rules may be found at www.rules.utah.gov/publicat/code/r307/r307.htm .

Comments end.

RDCC #9972, Comments begin: The Stephens Energy Company LLC proposal to drill the Two Horse Butte 42-32 wildcat well, in Daggett County, may require a permit, known as an Approval Order, from the Executive Secretary of the Air Quality Board. If any compressor or pump stations are constructed at the site, a permit application, known as a Notice of Intent (NOI), should be submitted to the Executive Secretary at the Utah Division of Air Quality at 150 N. 1950 West, Salt Lake City, Utah, 84116 for review according to R307-401: Permit: Notice of Intent and Approval Order, of the Utah Air Quality Rules. A copy of the rules is found at www.rules.utah.gov/publicat/code/r307/r307.htm .

The proposed project, in Daggett County, is subject to R307-205-5: Fugitive Dust, of the Utah Air Quality Rules, due to the fugitive dust that is generated during the excavating phases of the project. These rules apply to construction activities that disturb an area greater than 1/4 acre in size. A permit, known as an Approval Order, is not required from the Executive Secretary of the Air Quality Board, but steps need to be taken to minimize fugitive dust, such as watering and/or chemical stabilization, providing vegetative or synthetic cover or windbreaks. A copy of the rules may be found at www.rules.utah.gov/publicat/code/r307/r307.htm .

Comments end.

Robert Clark
Division of Air Quality
801-536-4435

STEPHENS ENERGY COMPANY LLC

March 10, 2009 (Sent Via Certified U.S. Mail)

Questar Exploration and Production Company
Independence Plaza
1050 17th Street, Suite 500
Denver, CO 80265
Attn: Ms. Birgit Roesink

RE: SEC's Two Horse Butte Unit #42-32 Well
Proposed Well - Waiver
SITLA Special Use Lease No. 1589
Surface Location / T3N-R24E, Section 32: SE $\frac{1}{4}$ NE $\frac{1}{4}$
Daggett County, Utah

Dear Ms. Roesink:

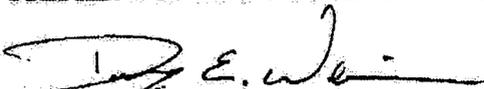
Stephens Energy Company LLC (SEC) in its capacity as operator and its partner Savant Resources will drill the proposed captioned well which is expected to commence sometime in the Spring / Summer of 2009. The well will be drilled directionally from the captioned surface location (refer to the attached diagrams) and vertically completed at an intended bottom hole location being approximately the center of the NE $\frac{1}{4}$ of Section 5, T2N-R24E. The surface location was selected due to steep topographic conditions at the bottom hole location.

SEC has submitted the captioned Special Use Lease (No. 1589) to the State of Utah School & Institutional Trust Lands Administration (the surface location land owner). Questar owns State of Utah mineral lease no. ML25712 which covers the N $\frac{1}{2}$ of Section 32, T3N-R24E, Daggett County, Utah. SEC's subject well's drill pipe / production string will not be perforated underlying Questar's mineral lease ML25712.

To complete the requirements of the Application for Permit to Drill which was filed with the Utah Division of Oil, Gas and Mining, the purpose of this letter is to obtain written response from Questar which indicates that it has no objection to the directional drilling plan of SEC's proposed well which will occupy lands at the surface location (3.616 acres) overlying Questar's mineral lease. Please have the appropriate Questar official execute both counterpart originals of this letter signifying its acceptance and return one executed letter back to SEC (to the attention of the undersigned). The remaining letter is for Questar's records.

Sincerely,

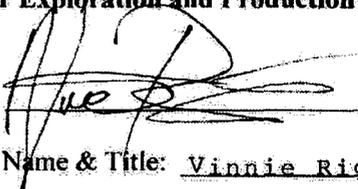
STEPHENS ENERGY COMPANY LLC



Douglas E. Wein,
Vice President

Questar Exploration and Production Company has no objections to the directional drilling plan of SEC's proposed Two Horse Butte Unit #42-32 Well.

Questar Exploration and Production Company

By: 

Printed Name & Title: Vinnie Rigatti - General Manager

Date: 4/6/2009

Cc: UDOGM / Mr. Brad Hill
SITLA / Ms. LaVonne Garrison
Savant Resources / Mr. Larry Lillo



RECEIVED

APR 07 2009

DENVER OFFICE

Questar Exploration and Production Company

Independence Plaza

1060 17th Street, Suite 500

Denver, CO 80265

Tel 303 672 6900 • Fax 303 294 9632

Rocky Mountain Region

April 6, 2009

Stephens Energy Company, LLC
1825 Lawrence Street, Suite 300
Denver, CO 80202
Attn: Douglas E. Wein

RE: SEC's Two Horse Butte Unit #42-32 Well
Proposed Well – Waiver
SITLA Special Use Lease No. 1589
Surface Location / T3N-R24E, Section 32: SE¼NE¼
Daggett County, Utah

Dear Mr. Wein,

Questar Exploration & Production Company (Questar) has received your letter and request for a waiver regarding the location of the Two Horse Butte Unit #42-32 well. At this time, Questar has no objections to the surface location of this well overlying Questar's mineral lease number ML25712. Please see the attached statement and signature page.

Should you have any further questions or concerns, please feel free to contact me at (303) 672-6993, or at Heidi.Camp@Questar.com.

Respectfully,

Heidi R. Camp
Permit Agent

Attachment: Signature page



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

April 7, 2009

Stephens Energy Company, LLC
1825 Lawrence St., Ste. 300
Denver, CO 80202

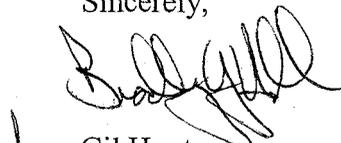
Re: Two Horse Butte 42-32 Well, Surface Location 2411' FNL, 1157' FEL, SE NE, Sec. 32,
T. 3 North, R. 24 East, Bottom Location 1346' FNL, 1446' FEL, NW NE, Sec. 5,
T. 2 North, R. 24 East, Daggett County, Utah

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 43-009-30069.

Sincerely,



Gil Hunt
Associate Director

pab
Enclosures

cc: Daggett County Assessor
Bureau of Land Management, Utah State Office
SITLA



Operator: Stephens Energy Company, LLC
Well Name & Number Two Horse Butte 42-32
API Number: 43-009-30069
Lease: UTU-85093

Surface Location: SE NE Sec. 32 T. 3 North R. 24 East
Bottom Location: NW NE Sec. 5 T. 2 North R. 24 East

Conditions of Approval

1. General

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

2. Notification Requirements

Notify the Division within 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dustin Doucet at (801) 538-5281 (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. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.

5. In accordance with Utah Admin. R.649-3-11, Directional Drilling, the operator shall submit a complete angular deviation and directional survey report to the Division within 30 days following completion of the well.

6. Operator shall comply with applicable recommendations resulting from Resource Development Coordinating Committee review. Statements attached.

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April 7, 2009

7. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.
8. 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

June 8, 2010

Stephens Energy Company, LLC
1825 Lawrence St., Ste.300
Denver, CO 80202

Re: APD Rescinded – Two Horse Butte 42-32, Sec. 32, T. 3N, R. 24E
Daggett County, Utah API No. 43-009-30069

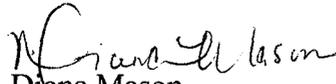
Ladies and Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on April 7, 2009. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective June 8, 2010.

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

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

Sincerely,


Diana Mason
Environmental Scientist

cc: Well File
Bureau of Land Management, Utah State Office
SITLA, Ed Bonner

