

003



6825 South 5300 West
P.O. Box 851
Price, UT 84501
phone 435.613.9777
fax 435.613.9782

January 20, 2003

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

RE: Application for Permit to Drill-
Utah 32-559, SE/4 NW/4 Sec.32
T16S, R08E, SLB & M, Emery County, Utah

Dear Ms. Mason:

Enclosed is the original of the *Application for Permit to Drill* (APD). Included with the APD is the following information:

Exhibit "A"- Survey Plat of the Proposed Well Site;

Exhibit "B" - Proposed Location Map with Pipeline, Power, and Road Access;

Exhibit "C" - Drilling Site Layout;

Exhibit "D" - Drilling Information

Exhibit "E" - Multipoint Surface Use Plan

Exhibit "F" - Typical Road Cross-section;

Exhibit "G" - BOP Diagram;

Exhibit "H" - Typical Wellhead Manifold;

Exhibit "I" - Evidence of Bond;

CONFIDENTIAL

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FEB 11 2003

DIV. OF OIL, GAS & MINING

Utah 32-559

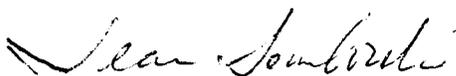
Page 2

This proposed well is located more than 460' from the boundary of the Unit Area and from the boundary of any uncommitted tract within the Unit Area and will not require the administrative approval in accordance with Utah Administrative Code Rule R649-3-3.

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

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

Sincerely,



Jean Semborski
Permitting Supervisor

cc: Mr. Eric Jones, BLM, Moab, Utah
Mr. Gene Herrington, Texaco
Mr. John Lennon, Dominion Resources
Mr. Don Stephens, BLM, Price, Utah
Ms. Jane Strickland, ConocoPhillips
Mrs. Deanna Walker, ConocoPhillips
Mr. Mark Jones, DOGM, Price, Utah
COP Well File

AMENDED REPORT
(HIGHLIGHT CHANGES)

APPLICATION FOR PERMIT TO DRILL

1A. Type of Work: DRILL REENTER DEEPEN

5. MINERAL LEASE NO. ML-46315 6. SURFACE State

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

8. UNIT or CA AGREEMENT NAME: Drunkards Wash UTU-67921X

9. WELL NAME and NUMBER: Utah 32-559

10. FIELD AND POOL, OR WILDCAT: Drunkards Wash

11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SE/4 NW/4 Section 32, T16S, R08E, SLB&M

12. COUNTY: Emery 13. STATE: UTAH

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 5.5 miles northwest of Huntington, UT

15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET): 502'

16. NUMBER OF ACRES IN LEASE: 880 acres

17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 160 acres

18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET): 357.15'

19. PROPOSED DEPTH: 4270'

20. BOND DESCRIPTION: Rotary

21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 6715.4' GR

22. APPROXIMATE DATE WORK WILL START: May 2003

23. ESTIMATED DURATION:

4. LOCATION OF WELL (FOOTAGES)
AT SURFACE: 2124' FNL, 2124' FWL 4359836Y 39.38988
AT PROPOSED PRODUCING ZONE: 495694X - 111.05000

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
14"	12 3/4" Conductor	40'	
11"	J-55 8 5/8" 24#/ft	427'	200 sks G+2&CaCl+1/4#/sk flocel
7 7/8"	N-80 5 1/2" 17#/ft	4260'	250 sks 50/50poz8%gel+2%CaCl+1%extender
			90 sks "G" thixotropic

RECEIVED

ATTACHMENTS

FEB 11 2003

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

DIV. OF OIL, GAS & MINING

- WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER
- EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER
- COMPLETE DRILLING PLAN
- FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

Name & Signature: Jean Semborski

Title: Permitting Supervisor

Date: 1/20/03

(This space for state use only)

API Number Assigned: 43-015-30423

Approved by the
Utah Division of
Oil, Gas and Mining

CONFIDENTIAL

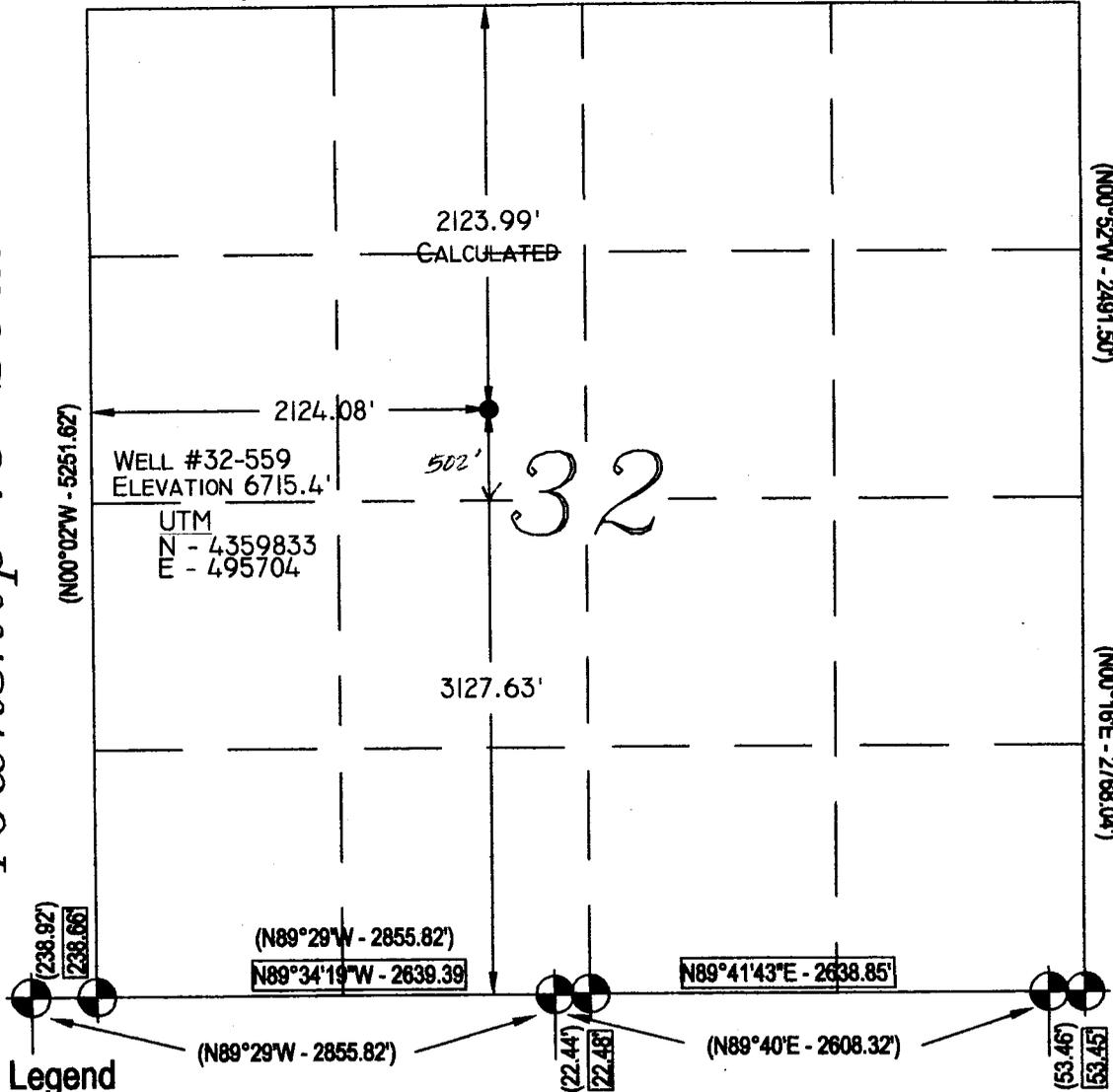
Date: 03-03-03
By: [Signature]

Range 8 East

(N89°58'E - 2604.36')

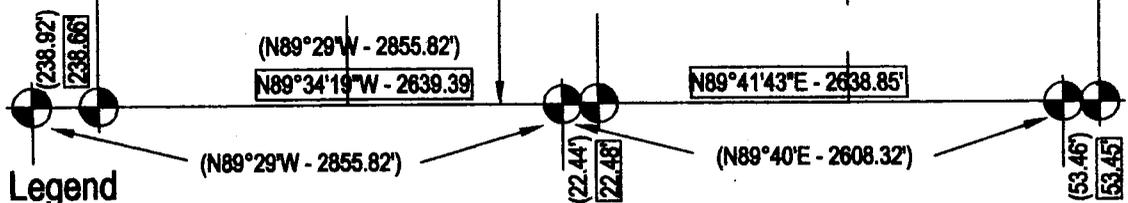
(N89°58'E - 2636.70')

Township 16 South



(N00°52'W - 2491.50')

(N00°16'E - 2768.04')



Location:
THE WELL LOCATION WAS DETERMINED USING A TRIMBLE 4700 GPS SURVEY GRADE UNIT.

Basis of Bearing:
THE BASIS OF BEARING IS GPS MEASURED.

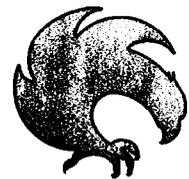
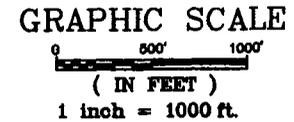
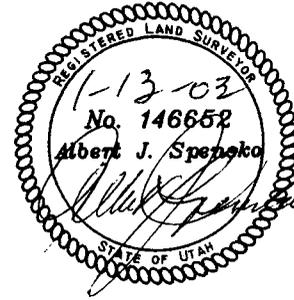
GLO Bearing:
THE BEARINGS INDICATED ARE PER THE RECORDED PLAT OBTAINED FROM THE U.S. LAND OFFICE.

Basis of Elevation:
BASIS OF ELEVATION OF 6538' BEING THE NORTHEAST SECTION CORNER OF SECTION 5, TOWNSHIP 17 SOUTH, RANGE 8 EAST, SALT LAKE BASE AND AND MERIDIAN, AS SHOWN ON THE HIAWATHA QUADRANGLE 7.5 MINUTE SERIES MAP.

Description of Location:
PROPOSED DRILL HOLE LOCATED IN THE SE1/4 NW1/4 OF SECTION 32, T16S, R8E, S.L.B.&M., BEING 3127.63' NORTH AND 2124.08' EAST FROM THE SOUTHWEST CORNER OF SECTION 32, T16S, R8E, SALT LAKE BASE & MERIDIAN.

Surveyor's Certificate:

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



Talon Resources, Inc.
375 South Carbon Avenue, Suite 101
Price, Utah 84501
Ph: 435-637-8781
Fax: 435-636-8603



WELL #32-559
Section 32, T16S, R8E, S.L.B.&M.
Emery County, Utah

Drawn By: J. STANSFIELD	Checked By: L.W.J./A.J.S.
Drawing No. A-1	Date: 12/05/02
	Scale: 1" = 1000'
Sheet 1 of 4	Job No. 846

Exhibit "A" 1 OF 3

EXHIBIT "D"
DRILLING PROGRAM

Attached to Form 3
ConocoPhillips
Utah 32-559
SE/4, NW/4, Sec.32, T16S, R08E, SLB & M
2124' FNL, 2124' FWL
Emery County, Utah

1. The Surface Geologic Formation

Mancos Shale

2. Estimated Tops of Important Geologic Markers

Blue Gate/Ferron 3810'

3. Projected Gas & H2O zones (Ferron Formation)

Coals and sandstones 3840' - 3970'

No groundwater is expected to be encountered.

Casing & cementing will be done to protect potentially productive hydrocarbons, lost circulation zones, abnormal pressure zones, and prospectively valuable mineral deposits. All indications of usable water will be reported.

Surface casing will be tested to 1400 psi.

4. The Proposed Casing and Cementing Programs

<u>HOLE SIZE</u>	<u>SETTING DEPTH (INTERVAL)</u>	<u>SIZE (OD)</u>	<u>WEIGHT, GRADE & JOINT</u>	<u>NEW, USED</u>
14"	40'	12-3/4"	Conductor	New
11"	427'	8-5/8"	24#ST&C	New
7-7/8"	4260'	5-1/2"	17#LT&C	New

Cement Program -

Surface Casing: 200 sks G+2%CaCl+1/4#per sack flocel; 15.8#/gal, density, 1.15 cu.ft/sk yield. Every attempt will be made to bring cement back to surface.

Production Casing: 250 sks 50/50 poz 8%gel +2%CaCl+10%extender; 12.5#/gal, density, 1.92 cu.ft/sk yield.

90 sks "G" thixotropic, 14.2#/gal density, 1.61 cu.ft/sk yield

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

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

5. The Operator's Minimum Specifications for Pressure Control

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

6. The Type and Characteristics of the Proposed Circulating Muds

0-300	11" hole	Drill with air, will mud-up if necessary.
300-TD	7 7/8" hole	Drill with air. 400 psi @ 1500-1800 Scf.

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

300-TD Gamma Ray, Density, Neutron Porosity, Induction, Caliper

Any Anticipated Abnormal Pressures or Temperatures

No abnormal pressures or temperatures have been noted or reported in wells drilled in the area nor at the depths anticipated in this well. Bottom hole pressure expected is 1691 psi max. No hydrogen sulfide or other hazardous gases or fluids have been found, reported or are known to exist at these depths in the area.

8. Anticipated Starting Date and Duration of the Operations.

The well will be drilled around May 2003.

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

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

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

EXHIBIT "E"
MULTIPOINT SURFACE USE PLAN

Attached to Form 3
ConocoPhillips
Utah 32-559
SE/4, NW/4, Sec.32, T16S, R08E, SLB & M
2124' FNL, 2124' FWL
Emery County, Utah

1. Existing Roads

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

2. Planned Access

Approximately 5000' of new access is required (See Exhibit "B")

- a. Maximum Width: 24' travel surface with 27' base
- b. Maximum grade: 8%
- c. Turnouts: None
- d. Drainage design: 10 culverts may be required. Water will be diverted around well pad as necessary.
- e. If the well is productive, the road will be surfaced and maintained as necessary to prevent soil erosion and accommodate year-round traffic.
- f. Pipe and Power lines will follow the proposed access road.

3. Location of Existing Wells

- a. See Exhibit "B". There are 4 proposed and 0 existing wells within a one-mile radius of the proposed location.

4. Location of Existing and/or Proposed Facilities

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

5. Location and Type of Water Supply

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

6. Source of Construction Materials

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

7. Methods for handling waste disposal

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

8. Ancillary Facilities

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

9. Wellsite Layout

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

10. Plans for Restoration of Surface

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

11. Surface Ownership:

- a. The wellsite and access road will be constructed on lands owned by the School and Institutional Trust Lands Administration. The operator shall contact the landowner representative and the Division of Oil, Gas and mining 48 hours prior to beginning construction activities.

12. **Other Information:**

- a. The primary surface use is farming and grazing. The nearest dwelling is approximately 7,000 feet southwest.
- b. Nearest live water is Fish Creek located at 500' southwest.
- c. If there is snow on the ground when construction begins, it will be removed before the soil is disturbed and piled downhill from the topsoil stockpile location.
- d. The backslope and foreslope will be constructed no steeper than 4:1.
- e. All equipment and vehicles will be confined to the access road and well pad.
- f. A complete copy of the approved Application for Permit to Drill (APD) including conditions and stipulations, shall be on the wellsite during construction and drilling operations

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

13. Company Representative

Jean Semborski
Permitting Supervisor
ConocoPhillips
6825 S. 5300 W. P.O. Box 851
Price, Utah 84501
(435) 613-9777
(435) 820-9807

Mail Approved A.P.D. To:

Company Representative

Excavation Contractor

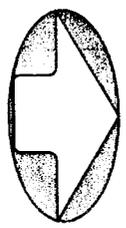
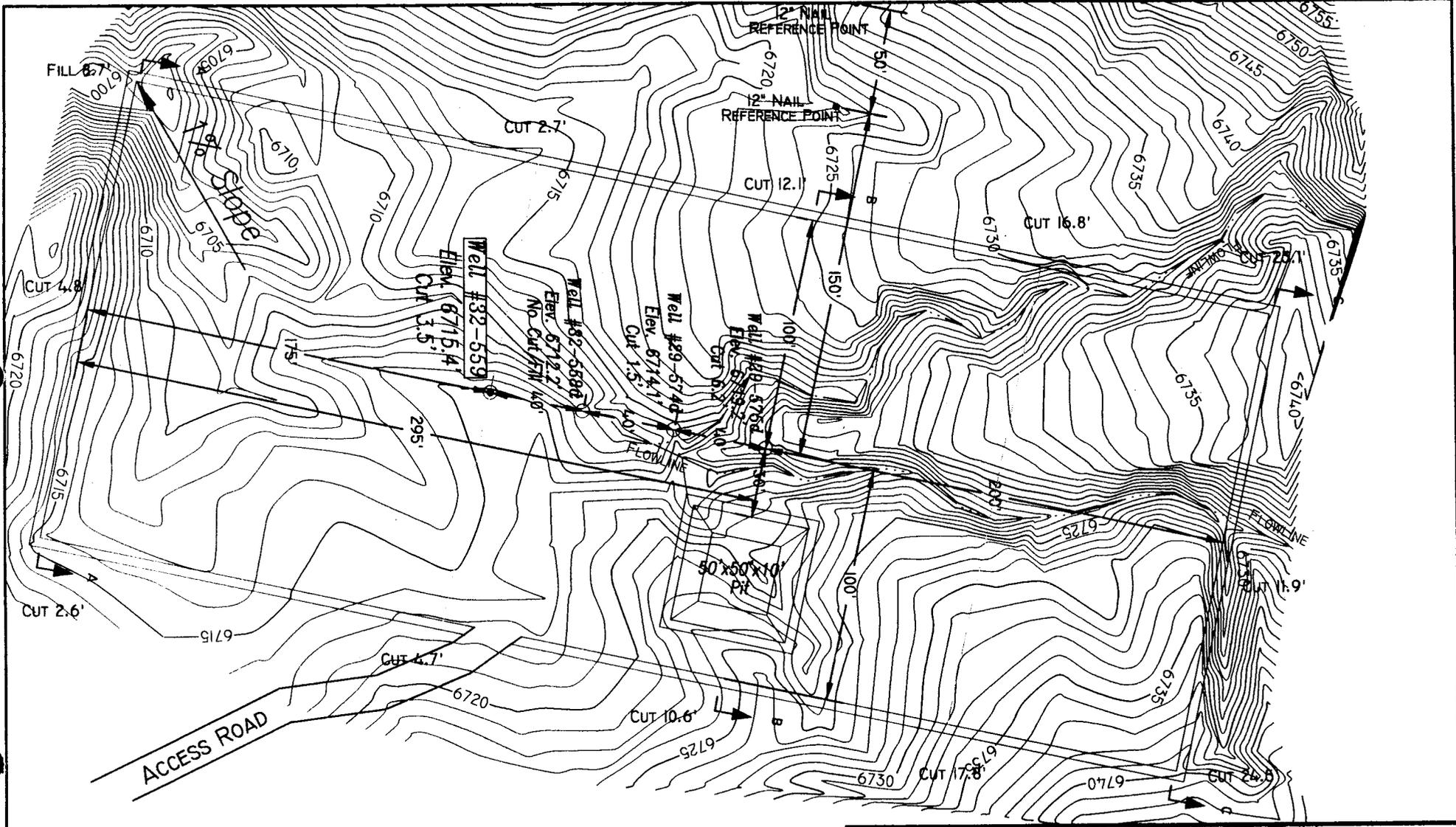
Nelco Contractors Inc.
Larry Jensen
(435) 637-3495
(435) 636-5268

14. Certification

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

1/29/03
Date


Jean Semborski
Permitting Supervisor
ConocoPhillips

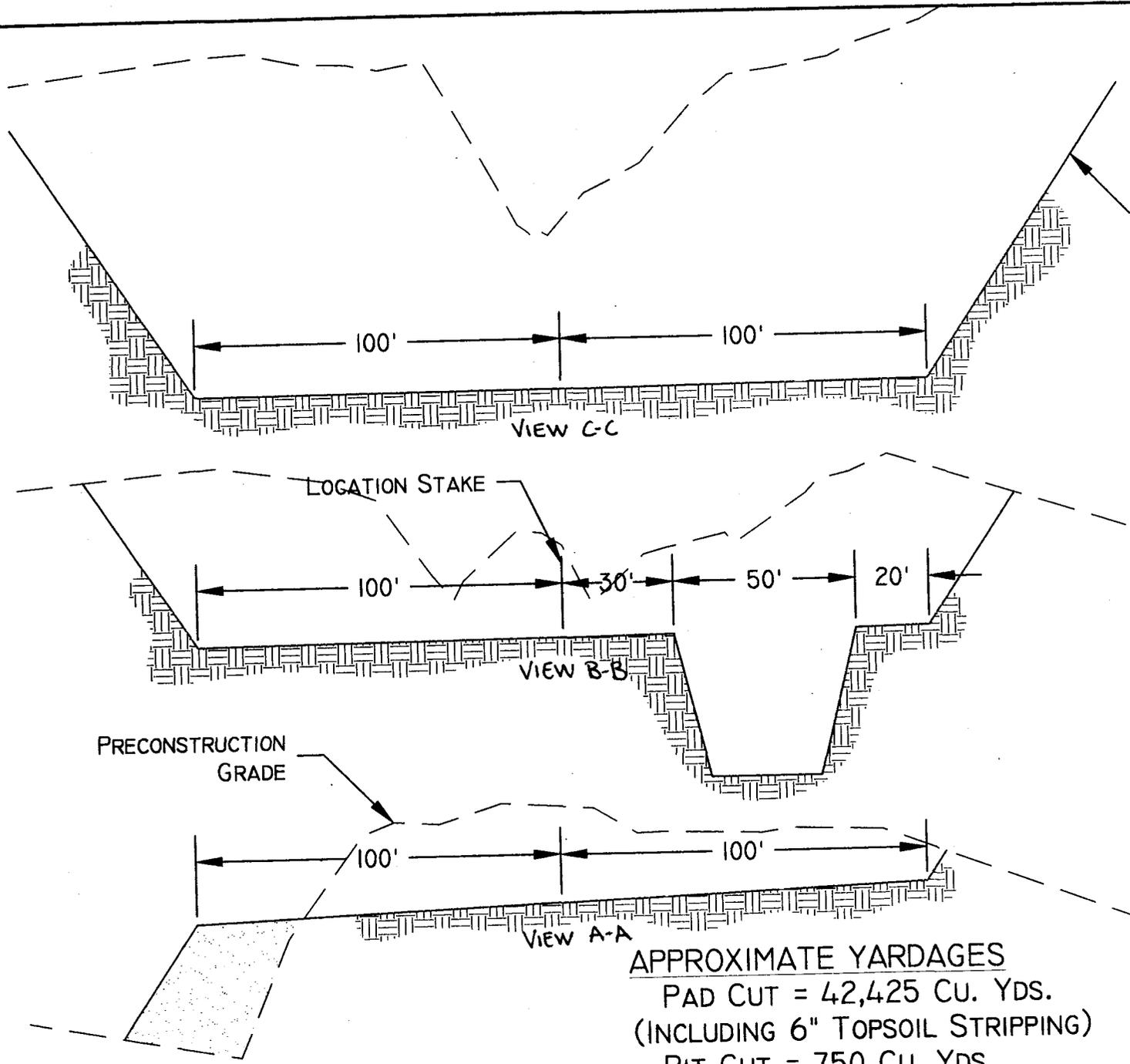


ELEVATION OF UNGRADED GROUND AT LOCATION STAKE = 6715.4'
 ELAVATION OF GRADED GROUND AT LOCATION STAKE = 6711.9'



TALON RESOURCES, INC.
 195 North 100 West P.O. Box 1230
 Huntington, Utah 84528
 Phone (435)637-8781 Fax (435)687-5311
 E-Mail talonectv.net

ConocoPhillips	
LOCATION LAYOUT Section 32, T16S, R8E, S.L.B.&M. WELL #32-559	
Drawn By: J. STANSFIELD	Checked By: L.W.J.
Drawing No. A-2	Date: 01/09/03
	Scale: 1" = 60'
Sheet 2 of 4	Job No. 895



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

FINAL GRADE

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



TALON RESOURCES, INC.
 195 North 100 West P.O. Box 1230
 Huntington, Utah 84528
 Phone (435)637-8781 Fax (435)687-5311
 E-Mail talonectv.net

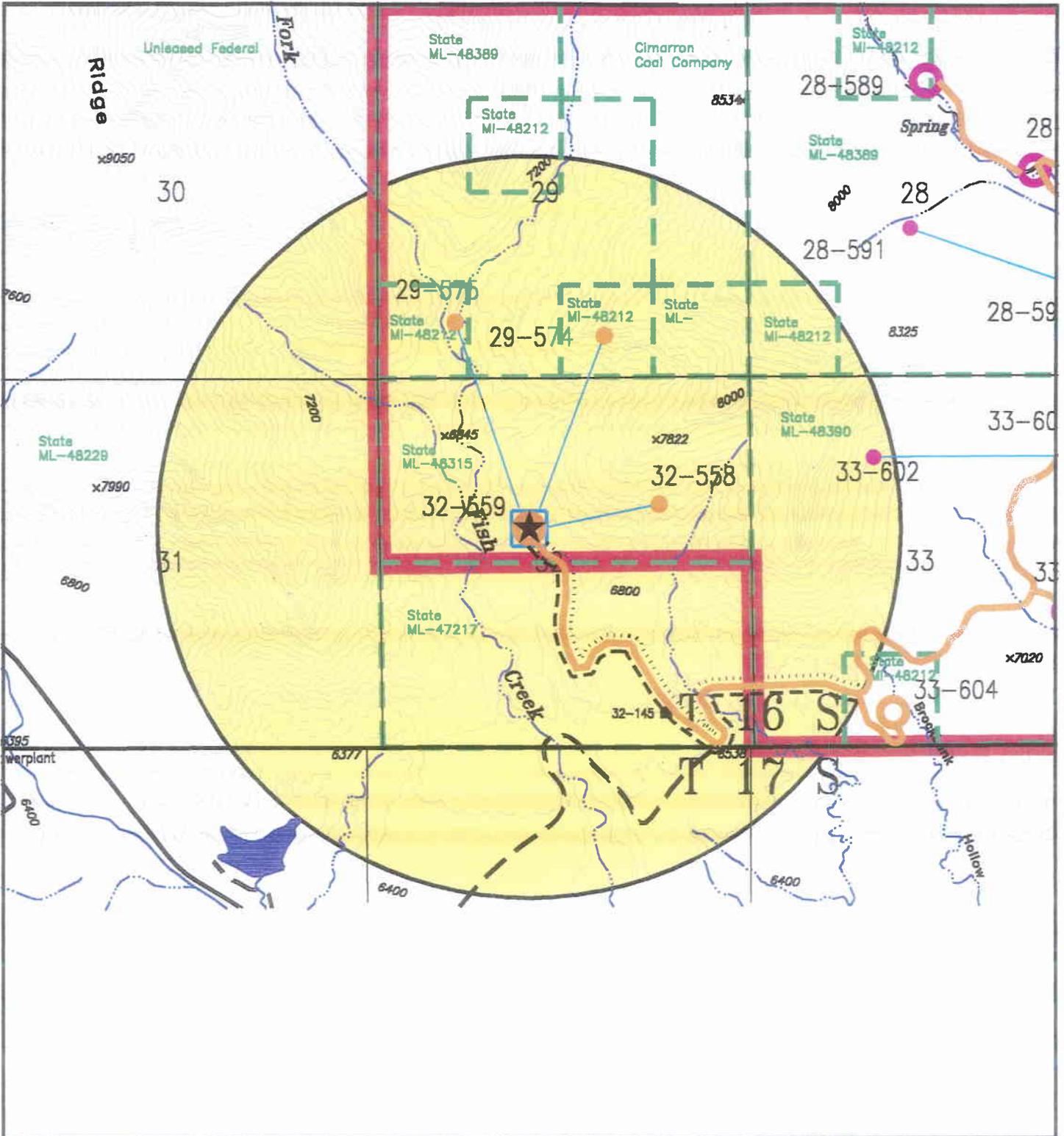


TYPICAL CROSS SECTION
 Section 32, T16S, R8E, S.L.B.&M.
 WELL #32-559

Drawn By: J. STANSFIELD	Checked By: L.W.J.
Drawing No. C-1	Date: 01/09/03
	Scale: 1" = 40'
Sheet 3 of 4	Job No. 895

APPROXIMATE YARDAGES
 PAD CUT = 42,425 CU. YDS.
 (INCLUDING 6" TOPSOIL STRIPPING)
 PIT CUT = 750 CU. YDS.

 TOTAL CUT = 43,175 CU. YDS.
 TOTAL FILL = 725 CU. YDS.



LEGEND

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

Scale: 1" = 2000'

January 16, 2003

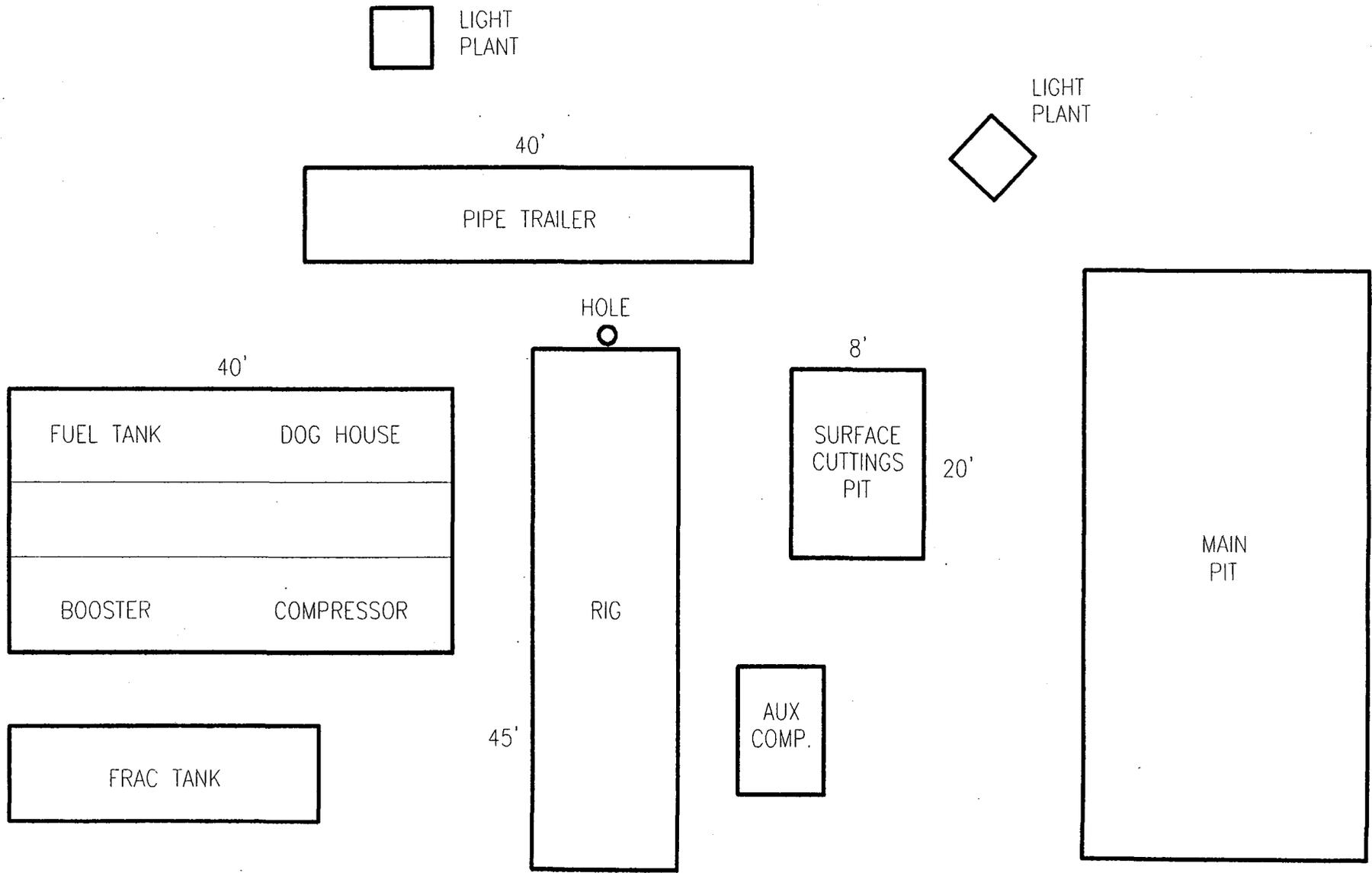
ConocoPhillips
 6825 South 5300 West
 P.O. Box 851
 Price, Utah 84501
 Phone: (435) 613-9777
 Fax: (435) 613-9782



WELL # 32-559
Section 32, T16S, R8E, S.L.B.&M.
Exhibit B 1 of 2

EXHIBIT C

APPROXIMATE LAYOUT OF RIG & EQUIPMENT



CONOCOPHILLIPS

RIG LAYOUT (Approximately 200' x 325') Includes Reserve Pit

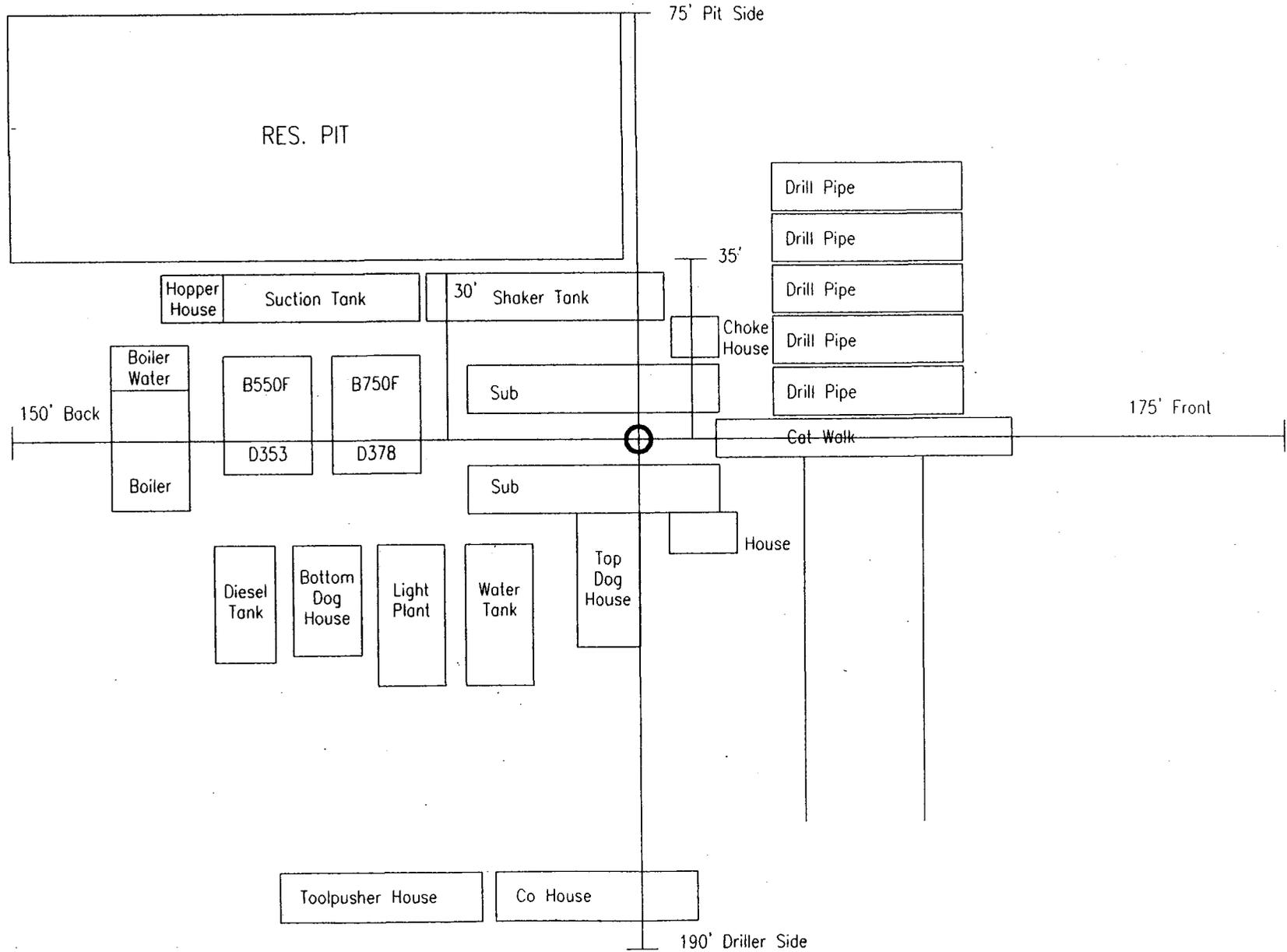
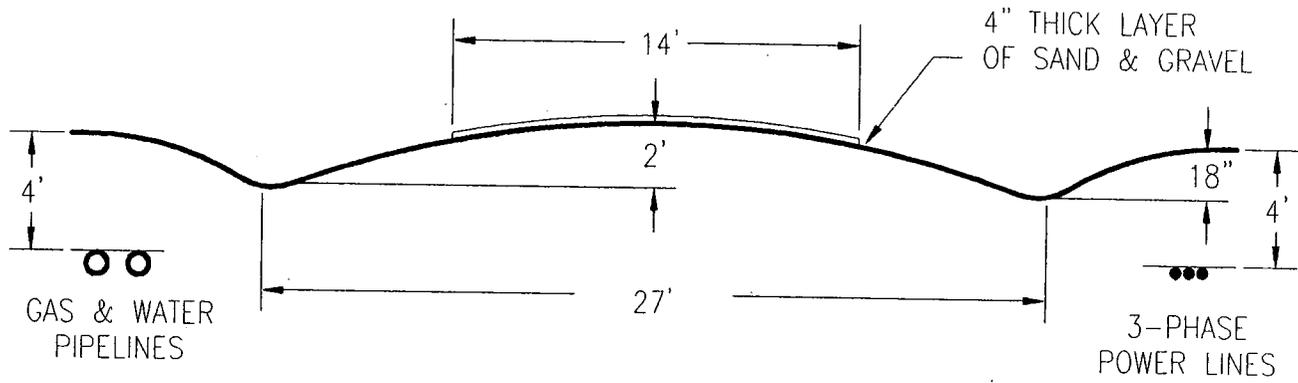


EXHIBIT F

TYPICAL ROAD CROSS-SECTION



DIVERTER HEAD

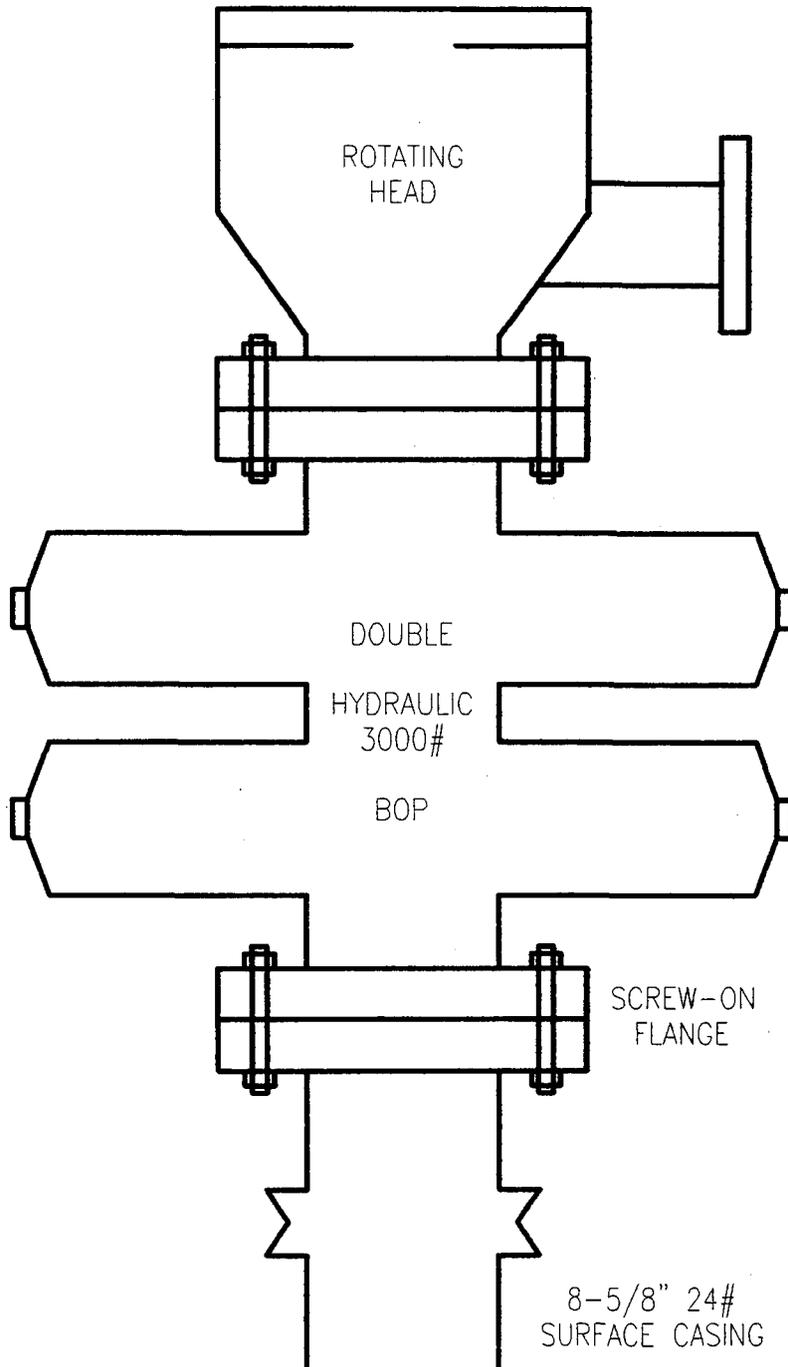
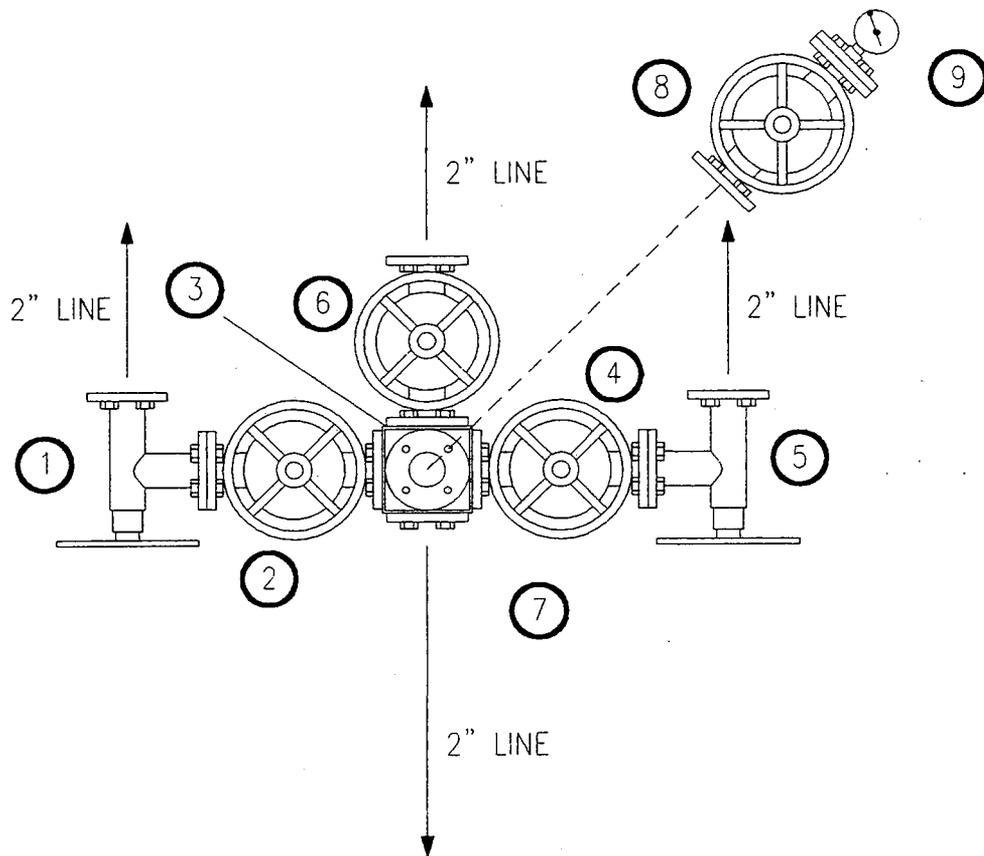


EXHIBIT G

- (1) 2" 5M FLANGED CHOKE
- (2) 2" 5M GATE VALVE (FLANGED)
- (3) 2" 5M STUDDED CROSS
- (4) 2" 5M GATE VALVE (FLANGED)
- (5) 2" 5M FLANGED CHOKE
- (6) 2" 5M GATE VALVE (FLANGED)
- (7) 2" LINE
- (8) 2" 5M GATE VALVE (FLANGED)
- (9) 3000# GAUGE

NOTE:

NUMBER 8 GATE VALVE SITS ON TOP OF MANIFOLD BETWEEN STUDDED CROSS AND 3000# GAUGE.



TO BOP
AND A NEW 2" BALL VALVE
FULL OPEN 5000 PSI

MANIFOLD

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 02/11/2003

API NO. ASSIGNED: 43-015-30423

WELL NAME: UTAH 32-559
 OPERATOR: CONOCOPHILLIPS COMPANY (N2335)
 CONTACT: JEAN SEMBORSKI

PHONE NUMBER: 435-613-9777

PROPOSED LOCATION:
 SENW 32 160S 080E
 SURFACE: 2124 FNL 2124 FWL
 BOTTOM: 2124 FNL 2124 FWL
 EMERY
 BUZZARD BENCH (132)
 LEASE TYPE: 3 - State
 LEASE NUMBER: ML-46315
 SURFACE OWNER: 3 - State
 PROPOSED FORMATION: FRSD

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	DKD	3/3/03
Geology		
Surface		

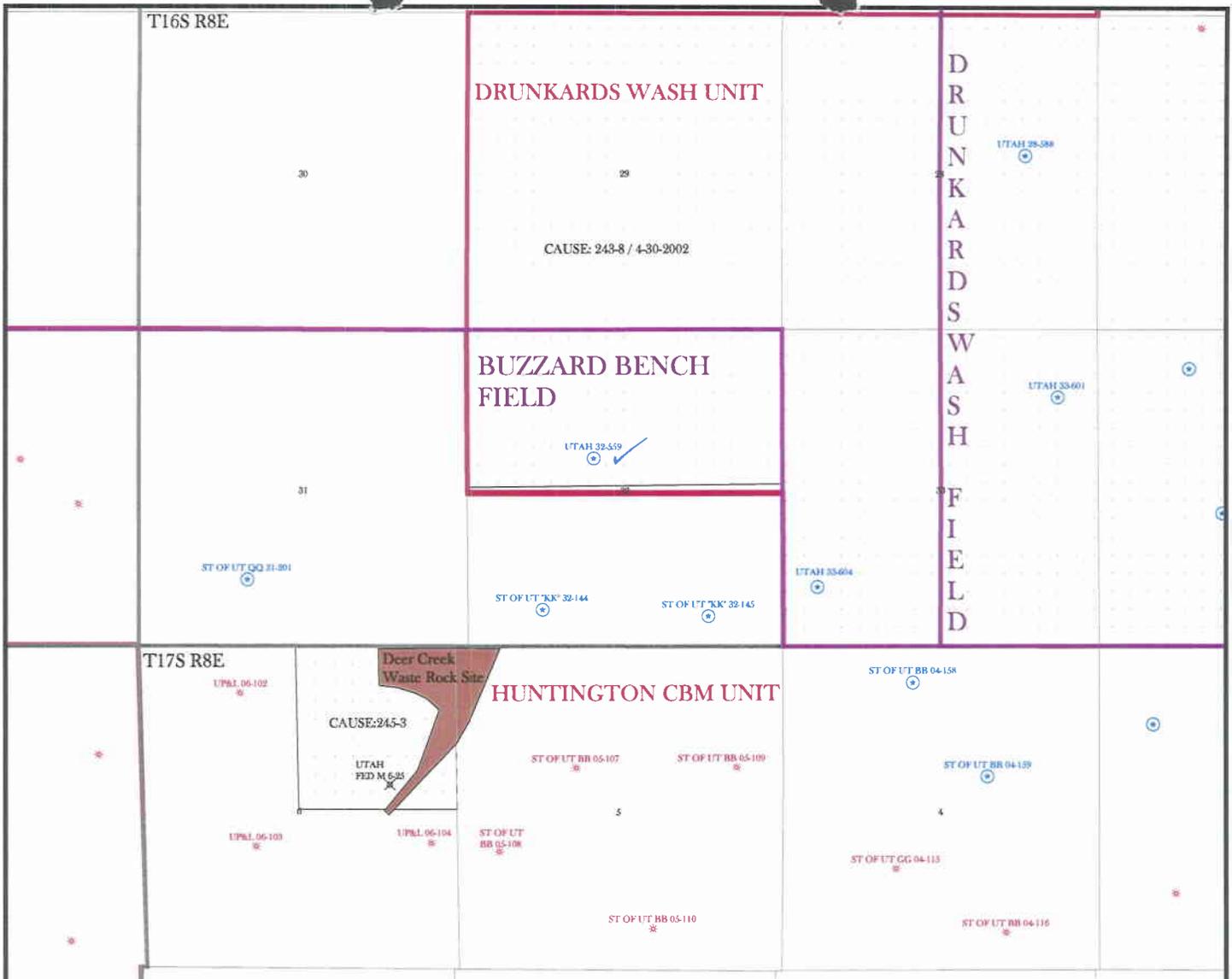
LATITUDE: 39.38988
 LONGITUDE: 111.05000

RECEIVED AND/OR REVIEWED:
 Plat
 Bond: Fed[] Ind[] Sta[3] Fee[]
 (No. 6196922 81406024)
 Potash (Y/N)
 Oil Shale 190-5 (B) or 190-3 or 190-13
 Water Permit
 (No. MUNICIPAL)
 RDCC Review (Y/N)
 (Date: _____)
 Fee Surf Agreement (Y/N)

LOCATION AND SITING:
 ___ R649-2-3.
 Unit DRUNKARDS WASH
 ___ R649-3-2. General
 Siting: 460 From Qtr/Qtr & 920' Between Wells
 ___ R649-3-3. Exception
 Drilling Unit
 Board Cause No: 243-8
 Eff Date: 4-30-2002
 Siting: 460' fr W boundary of uncomm tract
 ___ R649-3-11. Directional Drill

COMMENTS: Need permit (Recd 1/31/03)

STIPULATIONS: ① STATEMENT OF BASIS



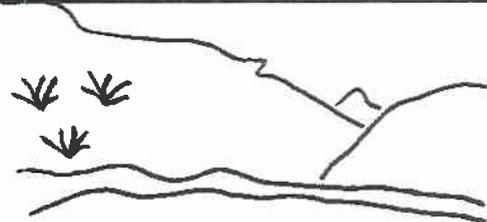
OPERATOR: CONOCOPHILLIPS (N2335)

SEC. 32 T16S, R8E

FIELD: BUZZARD BENCH (132)

COUNTY: EMERY

CAUSE: 243-8 / 4-30-2002



Utah Oil Gas and Mining

WELLS

- ⚡ GAS INJECTION
- ◻ GAS STORAGE
- ✖ LOCATION ABANDONED
- ⊕ NEW LOCATION
- ◊ PLUGGED & ABANDONED
- PRODUCING GAS
- PRODUCING OIL
- SHUT-IN GAS
- SHUT-IN OIL
- ✕ TEMP. ABANDONED
- TEST WELL
- △ WATER INJECTION
- ◆ WATER SUPPLY
- ↘ WATER DISPOSAL

UNIT STATUS

- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PENDING
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED

FIELD STATUS

- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED
- COUNTY BOUNDARY
- SECTION LINES
- TOWNSHIP LINES



PREPARED BY: DIANA MASON
DATE: 19-FEBRUARY-2003

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

OPERATOR: ConocoPhillips Company
WELL NAME & NUMBER: Utah 32-559
API NUMBER: 43-015-30423
LOCATION: 1/4,1/4 SENW Sec: 32 TWP: 16S RNG: 8E 2124 FNL 2124 FWL

Geology/Ground Water:

This location is situated on a soil developed on the upper portion of the Blue Gate Member of the Mancos Shale. Local outcrops dip under the Wasatch Plateau at about 6° to the northwest. Although it is unlikely that there is any significant high quality ground water resource to be found in the strata below the location, sandier units of the Emery Sandstone Member of the Mancos Shale are below the location and should be protected by extending the surface casing as needed to put these behind casing. The nearest surface waters are in Huntington Creek, which is ~1 ¼ miles to the southwest. The proposed cementing and casing program should be adequate to protect any potential groundwater resource if it is extended to incorporate any sandy units of the Emery Sandstone Member. Several stockwatering water rights have been filed on ephemeral Fish Creek, and its Left and Right Forks, within a mile of the location.

Reviewer: Christopher J. Kierst **Date:** 2/25/03

Surface:

Proposed location is ~19.27 miles Southwest of Price, Utah and ~6.35 miles Northwest of Huntington, Utah on SITLA surface. Proposed site lies .7 miles North of the Berma Road in the Fish Creek drainage. The soil is a sandy clay loam and easily erodes upon disturbance. Proposed access will be off the Berma Road. New access required will be somewhat extensive close to the location site. The area drains to the SE eventually into the Huntington Creek drainage. Huntington Creek is located ~1.35 miles South of the proposed location. Dry washes are typical at the proposed site as well as the immediate surrounding area. SITLA and DWR were represented at the on-site evaluation. Emery County was invited but chose not to attend the evaluation meeting.

Reviewer: Mark L. Jones **Date:** January 31, 2003

Conditions of Approval/Application for Permit to Drill:

1. Culverts sufficient to handle run-off as needed where crossing drainages.
2. Berm the location and pit.
3. Divert all existing drainages around the location.

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

OPERATOR: ConocoPhillips Company
WELL NAME & NUMBER: Utah 32-559
API NUMBER: 43-015-30423
LEASE: State **FIELD/UNIT:** _____
LOCATION: 1/4, 1/4 SENW Sec: 32 TWP: 16S RNG: 8E 2124 FNL 2121 FWL
LEGAL WELL SITING: 460' from unit boundary and uncommitted tracts.
GPS COORD (UTM): X = 495671 E; Y = 4359885 N SURFACE OWNER: SITLA

PARTICIPANTS

M. Jones (DOGM), J. Semborski, Kevin Snow, Jan Evans (Phillips), Ed Bonner (SITLA), Larry Jensen (NELCO), and Chris Colt (DWR). Emery County was invited to the on-site meeting however chose not to attend.

REGIONAL/LOCAL SETTING & TOPOGRAPHY

Proposed location is ~19.27 miles Southwest of Price, Utah and ~6.35 miles Northwest of Huntington, Utah on SITLA surface. The direct area drains to the Southeast into Huntington Creek. Proposed site lies .7 miles North of the Berma Road in the Fish Creek drainage. The soil is a sandy clay loam and easily erodes upon disturbance. Proposed access will be off the Berma Road. New access required will be somewhat extensive close to the location site.

SURFACE USE PLAN

CURRENT SURFACE USE: Grazing and wildlife habitat.

PROPOSED SURFACE DISTURBANCE: 250' x 495' and a 50'x 50'x 10' pit.

LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS: 5 proposed gas wells and 1 producing wells are within a 1 mile radius of the above proposed well.

LOCATION OF PRODUCTION FACILITIES AND PIPELINES: Along roadside.

SOURCE OF CONSTRUCTION MATERIAL: Obtained locally and transported in.

ANCILLARY FACILITIES: None anticipated.

WASTE MANAGEMENT PLAN:

Portable chemical toilets which will be emptied into the municipal waste treatment system; garbage cans on location will be emptied into centralized dumpsters which will be emptied into an approved landfill. Crude oil production is unlikely. Drilling fluid, completion / frac fluid and cuttings will be buried in the pit after evaporation and slashing the pit liner. Produced water will be gathered to the evaporation pit and eventually injected into the Navajo Sandstone via a salt-water disposal well. Used oil from drilling operations and support is hauled to a used oil recycler and reused.

ENVIRONMENTAL PARAMETERS

AFFECTED FLOODPLAINS AND/OR WETLANDS: The area drains to the SE

eventually into the Huntington Creek drainage. Huntington Creek is located ~1.35 miles South of the proposed location. Dry washes are typical at the proposed site as well as the immediate surrounding area.

FLORA/FAUNA: Yucca, greasewood, sagebrush, various grasses, deer, elk, small-game, rodents, raptors and other fowl.

SOIL TYPE AND CHARACTERISTICS: Sandy clay loam.

EROSION/SEDIMENTATION/STABILITY: Erosive upon disturbance.

PALEONTOLOGICAL POTENTIAL: None observed.

RESERVE PIT

CHARACTERISTICS: Dugout earthen pit.

LINER REQUIREMENTS (Site Ranking Form attached): None required.

SURFACE RESTORATION/RECLAMATION PLAN

As per surface use agreement.

SURFACE AGREEMENT: As per SITLA.

CULTURAL RESOURCES/ARCHAEOLOGY: Completed, on-file, and is clear.

OTHER OBSERVATIONS/COMMENTS

Discussion was made during the on-site regarding the following concerns:

- Access route and construction plans.
- Chris Colt (DWR) requested that the Big Game Winter Closure from December 1st through April 15th. be observed.
- Possibility of ConocoPhillips Co. drilling 4 wells off this pad. 1 vertical well (Utah 32-559) and 3 Directional wells (Utah 29-574D, Utah 29-575D, 32-558D).
- ConocoPhillips Co. discussed the option of using a metal pit for this pad. The would like to be as environmentally sound as possible, also noted was that the metal pit may save them some money in the long run in this situation. Operator did not commit to using such a pit, they brought it up and are still looking into the feasibility.

ATTACHMENTS

Photos of this location were taken and placed on file.

Mark L. Jones
DOGM REPRESENTATIVE

December 11, 2002 / 1:00 pm
DATE/TIME

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

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

Final Score 10 (Level I Sensitivity)

Sensitivity Level I = 20 or more; total containment is required.
Sensitivity Level II = 15-19; lining is discretionary.
Sensitivity Level III = below 15; no specific lining is required.



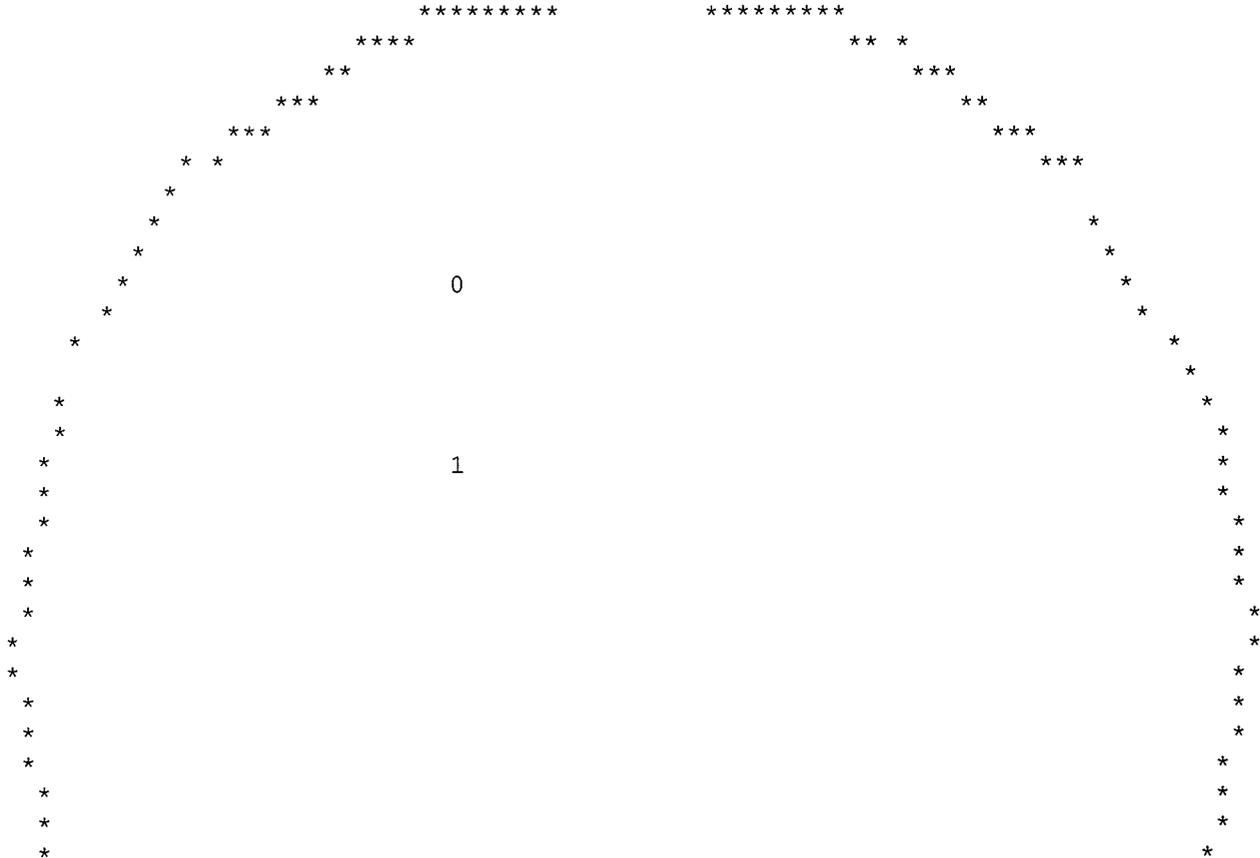


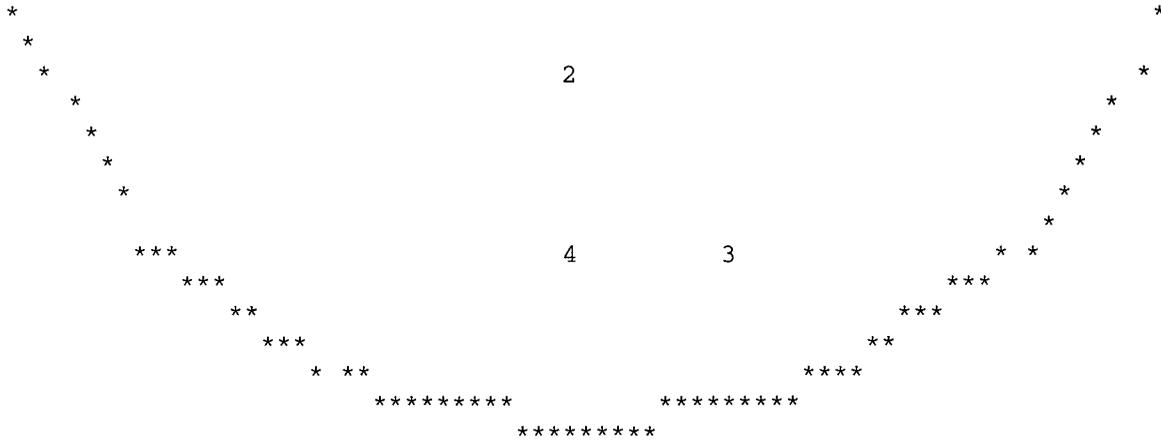
UTAH DIVISION OF WATER RIGHTS
WATER RIGHT POINT OF DIVERSION PLOT CREATED TUE, FEB 25, 2003, 1:41 PM
PLOT SHOWS LOCATION OF 8 POINTS OF DIVERSION

PLOT OF AN AREA WITH A RADIUS OF 5280 FEET FROM A POINT
S 2124 FEET, E 2124 FEET OF THE NW CORNER,
SECTION 32 TOWNSHIP 16S RANGE 8E SL BASE AND MERIDIAN

PLOT SCALE IS APPROXIMATELY 1 INCH = 2000 FEET

N O R T H





UTAH DIVISION OF WATER RIGHTS
 NWPLAT POINT OF DIVERSION LOCATION PROGRAM

MAP CHAR	WATER RIGHT	QUANTITY CFS	AND/OR AC-FT	SOURCE DESCRIPTION or WELL INFO	POINT OF DIVERSION DESCRIPTION	U A N P
0	93 155	.0000	.00	Right Fork Fish Creek		
				WATER USE(S): STOCKWATERING	PRIORITY DATE: 00/00/1902	
				State of Utah School & Institutional Tru 675 East 500 South, Suite 500	Salt Lake City	UT 8
0	93 165	.0000	.00	Left Fork Fish Creek		
				WATER USE(S): STOCKWATERING	PRIORITY DATE: 00/00/1902	
				State of Utah School & Institutional Tru 675 East 500 South, Suite 500	Salt Lake City	UT 8
0	93 165	.0000	.00	Left Fork Fish Creek		
				WATER USE(S): STOCKWATERING	PRIORITY DATE: 00/00/1902	
				State of Utah School & Institutional Tru 675 East 500 South, Suite 500	Salt Lake City	UT 8
1	93 564	.0000	.00	Fish Creek		
				WATER USE(S): STOCKWATERING	PRIORITY DATE: 00/00/1902	
				State of Utah School & Institutional Tru 675 East 500 South, 5th Floor	Salt Lake City	UT 8

2	<u>93 564</u>	.0000	.00 Fish Creek		
			WATER USE(S): STOCKWATERING		PRIORITY DATE: 00/00/1902
			State of Utah School & Institutional Tru 675 East 500 South, 5th Floor		Salt Lake City UT 8
3	<u>93 152</u>	.0000	.00 Fish Creek		
			WATER USE(S): STOCKWATERING		PRIORITY DATE: 00/00/1902
			State of Utah School & Institutional Tru 675 East 500 South, Suite 500		Salt Lake City UT 8
4	<u>93 225</u>	.0000	.00 Fish Creek		
			WATER USE(S): STOCKWATERING		PRIORITY DATE: 00/00/1902
			Johnson, Ruth LaRue	c/o Milas Johnson, Box 336 Pleasant Driv Lewiston	CA 9
4	<u>93 225</u>	.0000	.00 Fish Creek		
			WATER USE(S): STOCKWATERING		PRIORITY DATE: 00/00/1902
			Johnson, Ruth LaRue	c/o Milas Johnson, Box 336 Pleasant Driv Lewiston	CA 9

03-03 ConocoPhillips Utah 2-559
Casing Schematic

Surface

Manco
8-5/8"
MW 8.4
Frac 19.

TOC @
0.
Surface
427. MD

w/198 washout

BOP
 $(0.052 \times 9)(4270) = 1998 \text{ psi}$
Anticipated = 1691 psi

Gas
 $(0.12)(4270) = 512 \text{ psi}$
MASP = 1486 psi
3MBOPE proposed
Adequate Ored 3/3/03

TOC @
2057.

w/158 washout

3810'
Ferro 1

3757'
TOC tail
3840'
3970'
coals } ss's

5-1/2"
MW 8.4

Production
4270. MD

Well name:	03-03 ConocoPhillips Utah 32-559		
Operator:	ConocoPhillips Company		
String type:	Surface	Project ID:	43-015-30423
Location:	Emery County		

Design parameters:

Collapse

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

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
 Surface temperature: 65 °F
 Bottom hole temperature: 71 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 3 ft

Cement top:

Surface

Burst

Max anticipated surface pressure: 0 psi
 Internal gradient: 0.436 psi/ft
 Calculated BHP 186 psi

No backup mud specified.

Tension:

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

Tension is based on air weight.
 Neutral point: 373 ft

Non-directional string.

Re subsequent strings:

Next setting depth: 4,260 ft
 Next mud weight: 8.400 ppg
 Next setting BHP: 1,859 psi
 Fracture mud wt: 19.000 ppg
 Fracture depth: 427 ft
 Injection pressure 421 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Est. Cost ()
1	427	8.625	24.00	J-55	ST&C	427	427	7.972	2798

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	186	1370	7.35	186	2950	15.83	10	244	23.81 J

Prepared by: Dustin Doucet
 Utah Dept. of Natural Resources

Phone: 801-538-5281
 FAX: 801-359-3940

Date: March 3, 2003
 Salt Lake City, Utah

ENGINEERING STIPULATIONS: NONE

Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.
 Collapse is based on a vertical depth of 427 ft, a mud weight of 8.4 ppg. The casing is considered to be evacuated for collapse purposes.
 Burst strength is not adjusted for tension.

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

Well name:	03-03 ConocoPhillips Utah 32-559		
Operator:	ConocoPhillips Company		
String type:	Production	Project ID:	43-015-30423
Location:	Emery County		

Design parameters:

Collapse

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

Burst

Max anticipated surface pressure: 0 psi
 Internal gradient: 0.436 psi/ft
 Calculated BHP: 1,863 psi
 No backup mud specified.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Tension:

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

Tension is based on air weight.
 Neutral point: 3,726 ft

Environment:

H2S considered? No
 Surface temperature: 65 °F
 Bottom hole temperature: 125 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 250 ft

Cement top: 2,057 ft

Non-directional string.

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Est. Cost ()
1	4270	5.5	17.00	N-80	LT&C	4270	4270	4.767	30631

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	1863	6290	3.38	1863	7740	4.15	73	348	4.79 J

Prepared by: Dustin Doucet
 Utah Dept. of Natural Resources

Phone: 801-538-5281
 FAX: 801-359-3940

Date: March 3, 2003
 Salt Lake City, Utah

ENGINEERING STIPULATIONS: NONE

Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.
 Collapse is based on a vertical depth of 4270 ft, a mud weight of 8.4 ppg. The casing is considered to be evacuated for collapse purposes.
 Burst strength is not adjusted for tension.

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

United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office

P.O. Box 45155

Salt Lake City, Utah 84145-0155

IN REPLY REFER TO:

3160

(UT-922)

February 19, 2003

Memorandum

To: Assistant District Manager Minerals, Moab District
From: Michael Coulthard, Petroleum Engineer
Subject: 2003 Plan of Development Drunkards Wash Unit,
Carbon County, Utah.

Pursuant to email between Diana Mason, Division of Oil, Gas and Mining, and Mickey Coulthard, Utah State Office, Bureau of Land Management. The following well is planned for calendar year 2003 within the Drunkards Wash, Carbon County, Utah.

Api Number	Well	Location
(Proposed PZ Ferron)		
43-015-30423	Utah 32-559	Sec. 32 T16S R08E 2124 FNL 2124 FWL

We have no objections to permitting the well at this time.

/s/ Michael L. Coulthard

bcc: File - Drunkards Wash Unit
Division of Oil Gas and Mining
Agr. Sec. Chron
Fluid Chron

MCoulthard:mc:2-19-3



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5340 telephone
(801) 359-3940 fax
(801) 538-7223 TTY
www.nr.utah.gov

Michael O. Leavitt
Governor
Robert L. Morgan
Executive Director
Lowell P. Braxton
Division Director

March 3, 2003

ConocoPhillips Company
PO Box 851
Price, UT 84501

Re: Utah 32-559 Well, 2124' FNL, 2124' FWL, SE NW, Sec. 32, T. 16 South, R. 8 East,
Emery 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 43-015-30423.

Sincerely,

A handwritten signature in black ink that reads "John R. Baza". The signature is stylized and fluid.

John R. Baza
Associate Director

er

Enclosures

cc: Emery County Assessor
SITLA
Bureau of Land Management, Moab Field Office

Operator: ConocoPhillips Company
Well Name & Number Utah 32-559
API Number: 43-015-30423
Lease: ML 46315

Location: SE NW **Sec.** 32 **T.** 16 South **R.** 8 East

Conditions of Approval

1. **General**

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

2. **Notification Requirements**

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

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

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

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

3. **Reporting Requirements**

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

4. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical or paleontological remains be encountered during your operations, you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.

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



State of Utah

Department of
Natural Resources

Division of
Oil, Gas & Mining

ROBERT L. MORGAN
Executive Director

LOWELL P. BRAXTON
Division Director

MICHAEL O. LEAVITT
Governor

OLENE S. WALKER
Lieutenant Governor

March 11, 2004

Jean Semborski
ConocoPhillips Company
P O Box 851
Price, UT 84501

Re: APD Rescinded – Utah 32-5~~5~~9 Sec. 32, T. 16S, R. 8E
Emery County, Utah API No. 43-015-30423

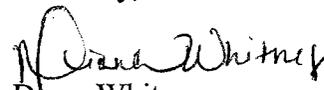
Dear Ms. Semborski:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on March 3, 2003. On March 9, 2004, you requested that the division rescind the state approved APD. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective March 9, 2004.

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 Whitney
Engineering Technician

cc: Well File
SITLA, Ed Bonner