

002

The logo for ConocoPhillips, featuring the word "Conoco" in a bold, sans-serif font and "Phillips" in a similar font, with a stylized oil drop icon above the "i" in Phillips.

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

March 28, 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 26-582, SW/4 SE/4 Sec. 26
T16S, R08E, SLB & M, Emery County, Utah

Dear Ms. Mason:

Enclosed is a replacement for the *Application for Permit to Drill (APD)* currently filed with your office. 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;

COPY

CONFIDENTIAL

RECEIVED

APR 1⁷ 2003

DIV. OF OIL, GAS & MINING

Utah 26-582
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
Ms. Nancy Morrow, Dominion Resources
Mr. Don Stephens, BLM, Price, Utah
Ms. Jeanette Borges, ConocoPhillips
Mrs. Deanna Walker, ConocoPhillips
Mr. Mark Jones, DOGM, Price, Utah
ConocoPhillips Well File

APPLICATION FOR PERMIT TO DRILL

5. MINERAL LEASE NO. **ML-48229 A** 6. SURFACE **State**

1A. Type of Work: **DRILL** REENTER DEEPEN

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

B. Type of Well: **OIL GAS OTHER:** SINGLE ZONE MULTIPLE ZONE

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

2. NAME OF OPERATOR: **ConocoPhillips Company**

9. WELL NAME and NUMBER: **26-582**

3. ADDRESS OF OPERATOR: **6825 South 5300 West, P.O. Box 851, Price, Utah 84501** PHONE NUMBER: **(435) 613-9777**

10. FIELD AND POOL, OR WILDCAT: **Drunkards Wash**

4. LOCATION OF WELL (FOOTAGES) **4360709Y 39.39776**
AT SURFACE: **768' FSL, 1575' FEL 500962X -110.98883**
AT PROPOSED PRODUCING ZONE:

11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: **SW/4 SE/4 Section 26, T16S, R08E, SLB&M**

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: **4.3 miles northwest of Huntington, UT**

12. COUNTY: **Emery** 13. STATE: **UTAH**

15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) **259'** 16. NUMBER OF ACRES IN LEASE: **40 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) **2000'** 19. PROPOSED DEPTH: **2876'** 20. BOND DESCRIPTION: **Rotary**

21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.) **6347' GR** 22. APPROXIMATE DATE WORK WILL START: **May 2003** 23. ESTIMATED DURATION:

24. **PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
14"	12 3/4" Conductor	40'	
11"	J-55 8 5/8" 24#/ft	288'	124 sks G+2&CaCl+1/4#/sk floccel
7 7/8"	N-80 5 1/2" 17#/ft	2866'	100 sks 50/50poz8%gel+2%CaCl+1%extender
			90 sks "G" thixotropic

COPY

25. **ATTACHMENTS**

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

WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER

COMPLETE DRILLING PLAN

EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER

FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

CONFIDENTIAL

Name & Signature: Jean Semborski Title: Permitting Supervisor Date: 1/20/03

(This space for state use only)

API Number Assigned: 43-015-30595

Approved by the Utah Division of Oil, Gas and Mining

Date: 05-15-03
By: [Signature]

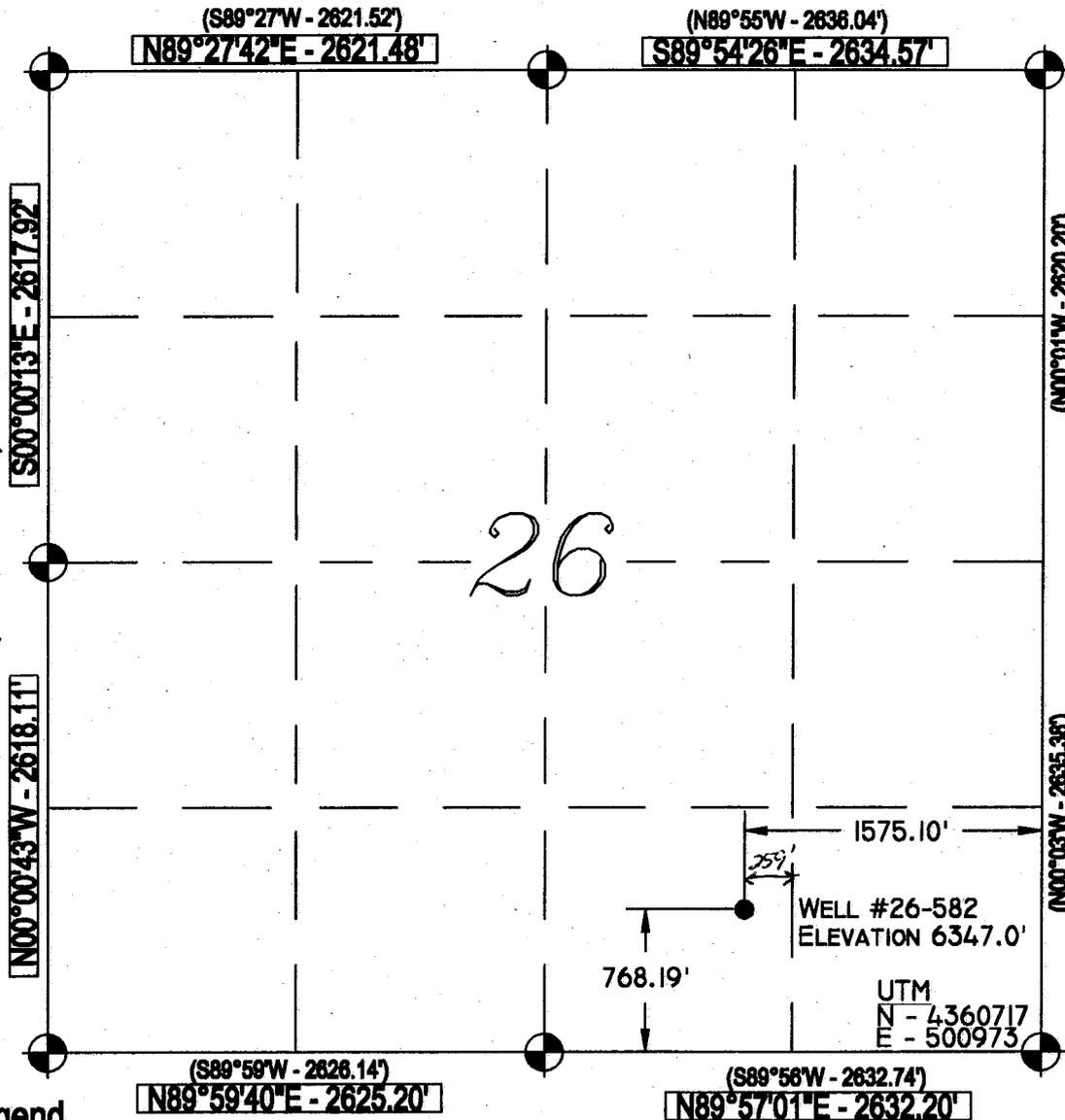
RECEIVED
APR 18 2003
DIV. OF OIL, GAS & MINING

(11/2001) (See Instructions on Reverse Side)

Range 8 East

Township 16 South

26



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

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

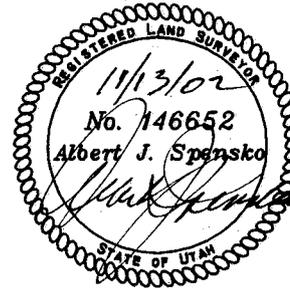
GLO Bearing:
THE BEARINGS INDICATED ARE PER THE RECORDED PLAT OBTAINED FROM THE U.S. LAND OFFICE.

Basis of Elevation:
BASIS OF ELEVATION OF 6370.0' BEING AT THE SOUTHEAST SECTION CORNER OF SECTION 34, TOWNSHIP 16 SOUTH, RANGE 8 EAST, SALT LAKE BASE AND MERIDIAN, AS SHOWN ON THE HIAWATHA QUADRANGLE 7.5 MINUTE SERIES MAP.

Description of Location:
PROPOSED DRILL HOLE LOCATED IN THE SW1/4, SE1/4 OF SECTION 26, T16S, R8E, S.L.B.&M., BEING 768.19' NORTH AND 1575.10' WEST FROM THE SOUTHEAST CORNER OF SECTION 26, 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.
195 N. 100 W., P.O. Box 1230
Huntington, Utah 84528
Ph: 435-637-8781
Fax: 435-687-5311



PHILLIPS PETROLEUM
WELL #26-582
Section 26, T16S, R8E, S.L.B.&M.
Emery County, Utah

Legend

- Drill Hole Location
- ⊙ Brass Cap (Found)
- Brass Cap (Searched for, but not found)
- △ Rock Pile
- () GLO
- GPS Measured

NOTES:
1. UTM AND LATITUDE / LONGITUDE COORDINATES ARE DERIVED USING A GPS PATHFINDER AND ARE SHOWN IN NAD 27 DATUM.

LAT / LONG
39°23'52"N
110°59'19"W

GRAPHIC SCALE
0 500' 1000'
(IN FEET)
1 inch = 1000 ft.

Drawn By: J. STANSFIELD	Checked By: L.W.J./A.J.S.
Drawing No. A-1	Date: 11/11/02
	Scale: 1" = 1000'
Sheet 1 of 4	Job No. 832

From: Ed Bonner
To: Mason, Diana
Date: 4/22/03 9:20AM
Subject: Well Clearance

The following wells have been given cultural resource clearance by the Trust Lands Cultural Resources Group:

ConocoPhillips
Utah 26-582
Utah 33-604

Westport Oil & Gas
North Bench State 42-19
North Bench State 12-32
North Bench State 23-32
North Bench State 32-32
North Bench State 33-32

Bill Barrett Corporation
Tumbleweed Unit State 14-16-15-21 (one significant site in access road which must be avoided)

If you have any questions please give me a call.

CC: Baza, John; Garrison, LaVonne

Original location
was LA'd.
- Replacement location
old
398
FSL
EL
9/14
4/30/03

EXHIBIT "D"
DRILLING PROGRAM

Attached to Form 3
ConocoPhillips
Utah 26-582
SW/4, SE/4, Sec.26, T16S, R08E, SLB & M
768' FSL, 1575' FEL
Emery County, Utah

1. The Surface Geologic Formation

Mancos Shale

2. Estimated Tops of Important Geologic Markers

Blue Gate/Ferron 2396'

3. Projected Gas & H2O zones (Ferron Formation)

Coals and sandstones 2426' - 2576'

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</u> <u>SIZE</u>	<u>SETTING DEPTH</u> <u>(INTERVAL)</u>	<u>SIZE</u> <u>(OD)</u>	<u>WEIGHT, GRADE</u> <u>& JOINT</u>	<u>NEW,</u> <u>USED</u>
14"	40'	12-3/4"	Conductor	New
11"	288'	8-5/8"	24#ST&C	New
7-7/8"	2866'	5-1/2"	17#LT&C	New

Cement Program -

Surface Casing: 124 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: 100 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 1245 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 26-582
SW/4, SE/4, Sec.26, T16S, R08E, SLB & M
768' FSL, 1575' FEL
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 3000' of new access is required (See Exhibit "B")

- a. Maximum Width: 24' travel surface with 27' base
- b. Maximum grade: 6%
- c. Turnouts: None
- d. Drainage design: 5 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 7 proposed and 5 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 16,800 feet southeast.
- b. Nearest live water is Cedar Creek located at 7000' east.
- c. If there is snow on the ground when construction begins, it will be removed before the soil is disturbed and piled downhill from the topsoil stockpile location.
- d. The backslope and foreslope will be constructed no steeper than 4:1.
- e. All equipment and vehicles will be confined to the access road and well pad.
- f. A complete copy of the approved Application for Permit to Drill (APD) including conditions and stipulations, shall be on the wellsite during construction and drilling operations

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

13. Company Representative

Jean Semborski
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

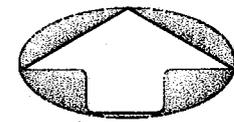
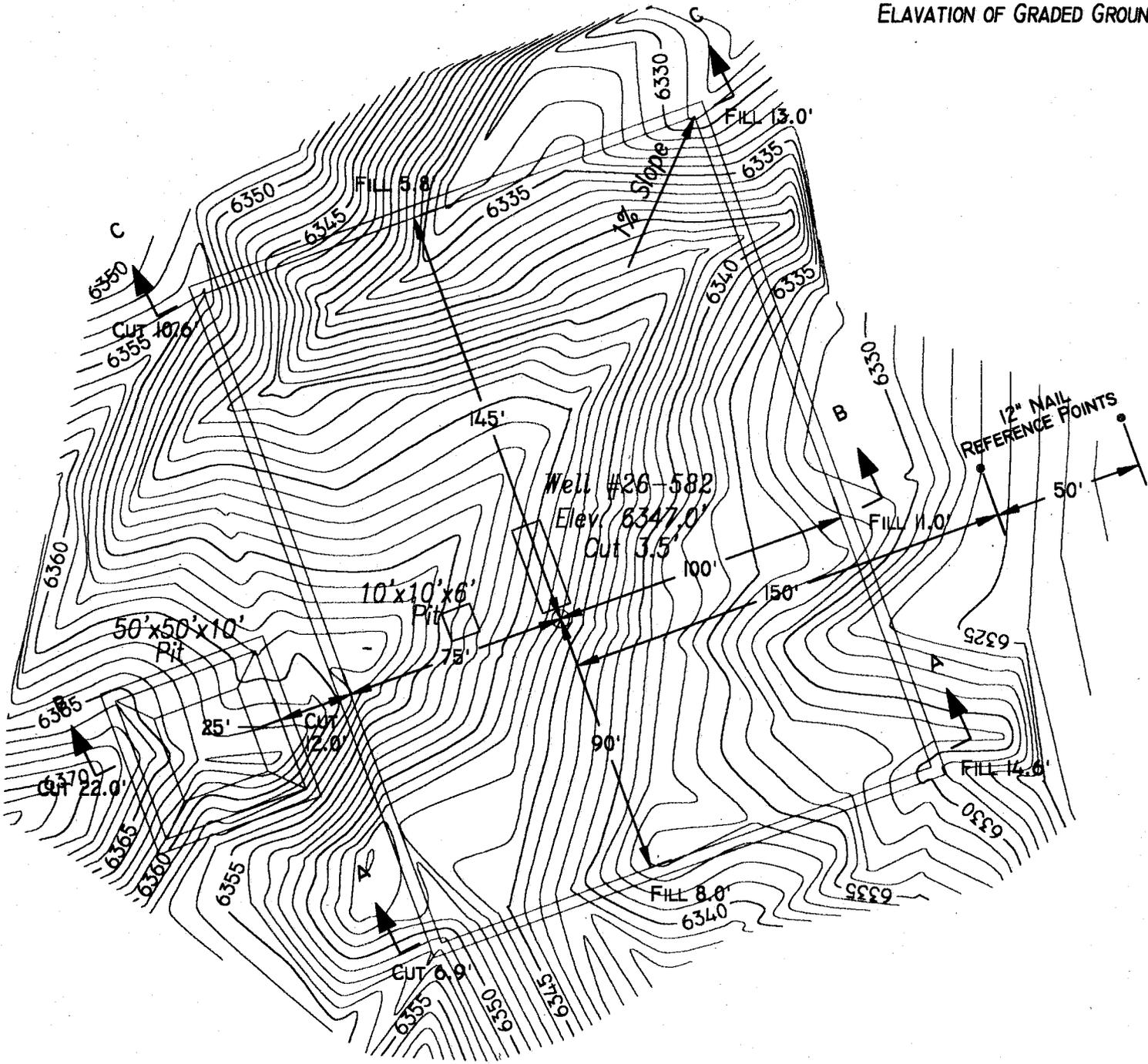
14. Certification

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 ConocoPhillips and its subcontractors in conformity with this plan and the terms and conditions under which it is approved.

4/4/03
Date


Jean Semborski
Permitting Supervisor
ConocoPhillips

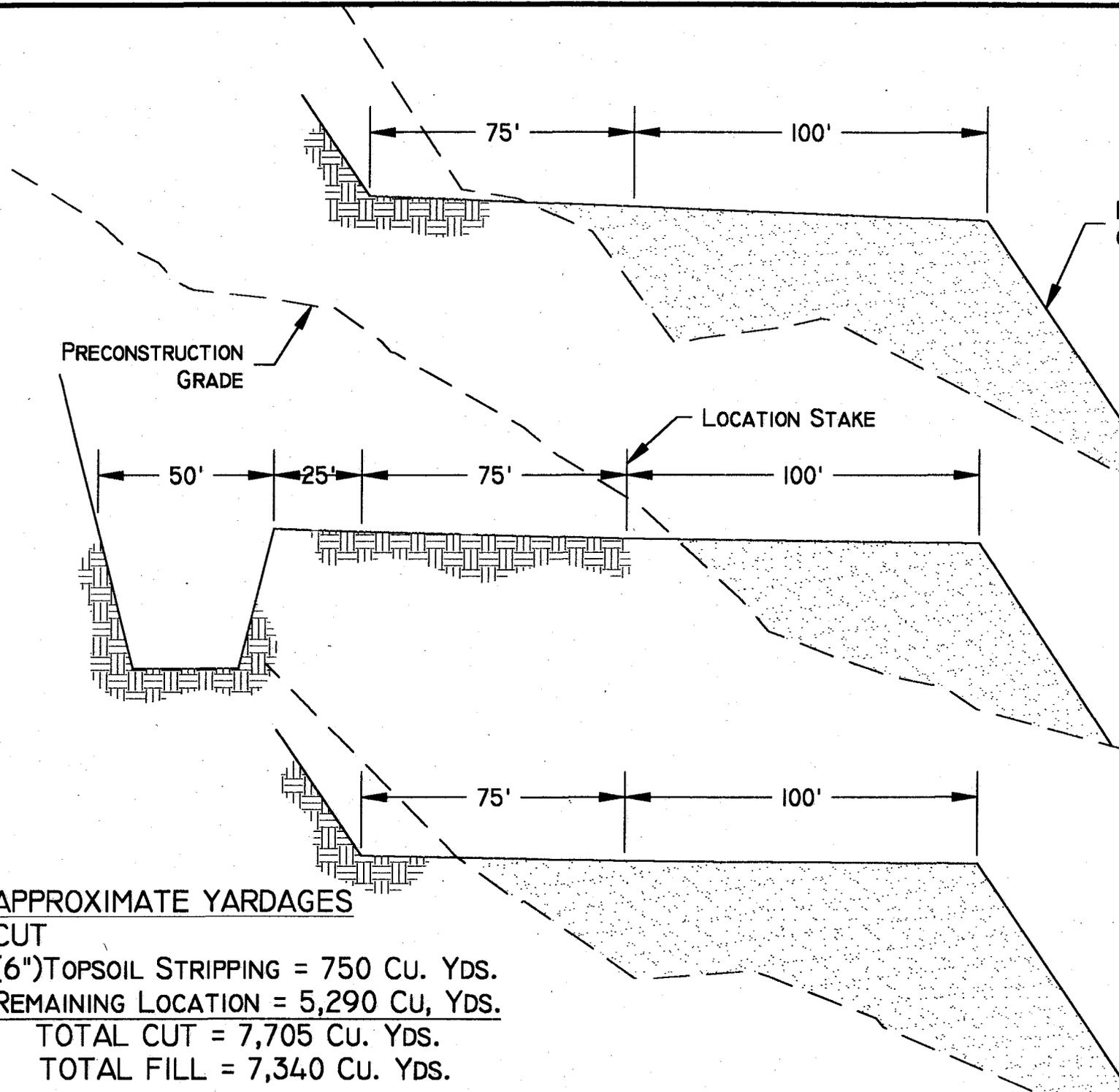
ELEVATION OF UNGRADED GROUND AT LOCATION STAKE = 6347.0'
 ELEVATION OF GRADED GROUND AT LOCATION STAKE = 6346.5'



TALON RESOURCES, INC.
 195 North 100 West P.O. Box 1230
 Huntington, Utah 84328
 Phone (435)637-8781 Fax (435)687-5311
 E-Mail talon@etv.net

PHILLIPS PETROLEUM CO.
LOCATION LAYOUT
 Section 26, T16S, R8E, S.L.B.&M.
WELL #26-582

Drawn By: J. STANSFIELD	Checked By: L.W.J.
Drawing No. A-2	Date: 11/12/02
	Scale: 1" = 50'
Sheet 2 of 4	Job No. 832



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

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

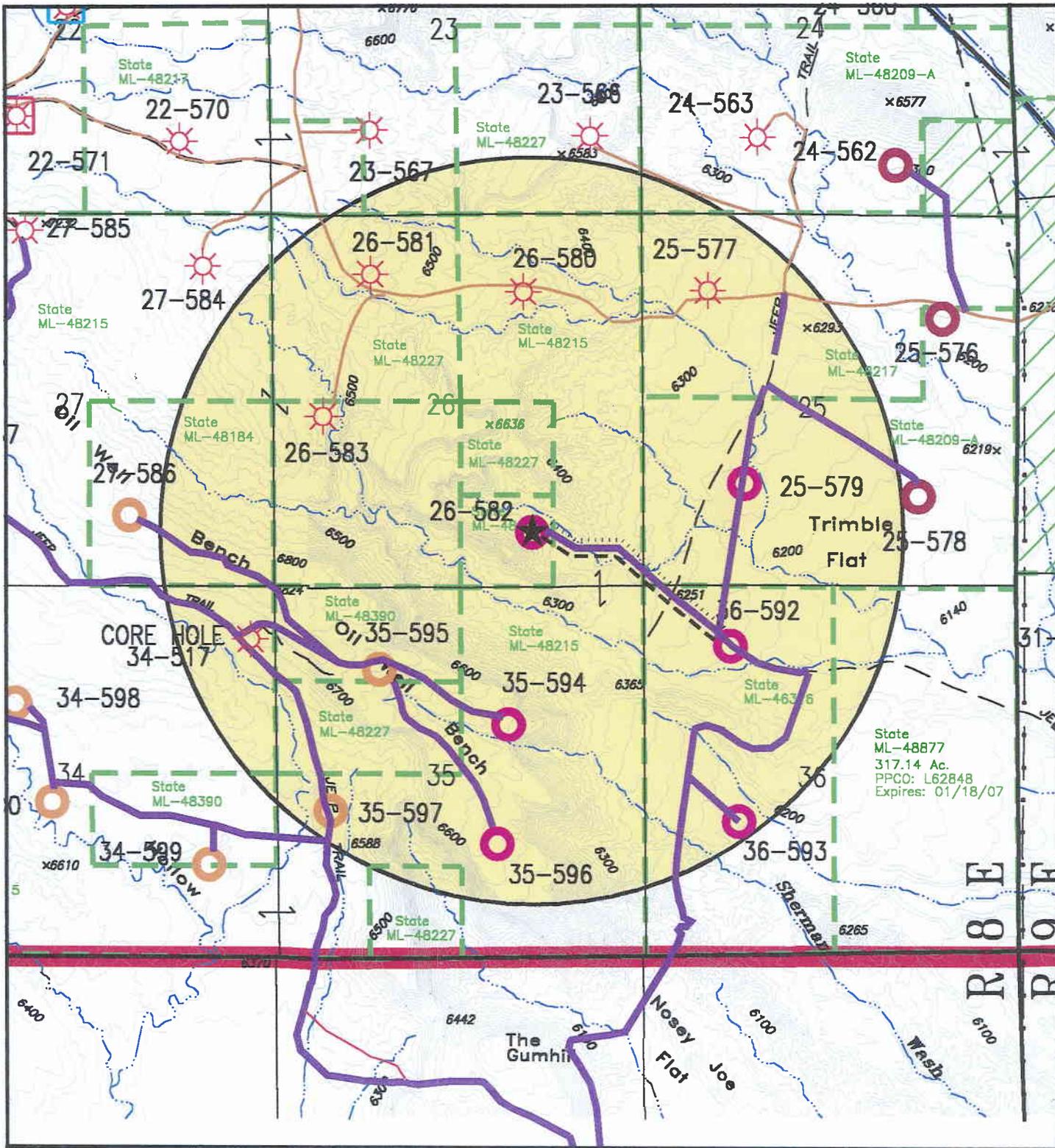


TALON RESOURCES, INC.
 195 North 100 West P.O. Box 1290
 Huntington, Utah 84528
 Phone (435)637-8781 Fax (435)637-5311
 E-Mail talonnetv.net

PHILLIPS PETROLEUM CO.
 TYPICAL CROSS SECTION
 Section 26, T16S, R8E, S.L.B.&M.
 WELL #26-582

Drawn By: J. STANSFIELD	Checked By: L.W.J.
Drawing No. C-1	Date: 11/12/02
	Scale: 1" = 40'
Sheet 3 of 4	Job No. 832

APPROXIMATE YARDAGES
CUT
 (6")TOPSOIL STRIPPING = 750 CU. YDS.
 REMAINING LOCATION = 5,290 CU, YDS.
 TOTAL CUT = 7,705 CU. YDS.
 TOTAL FILL = 7,340 CU. YDS.



State ML-48877
317.14 Ac.
PPCO: L62848
Expires: 01/18/07

LEGEND

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

Scale: 1" = 2000'

November 14, 2002

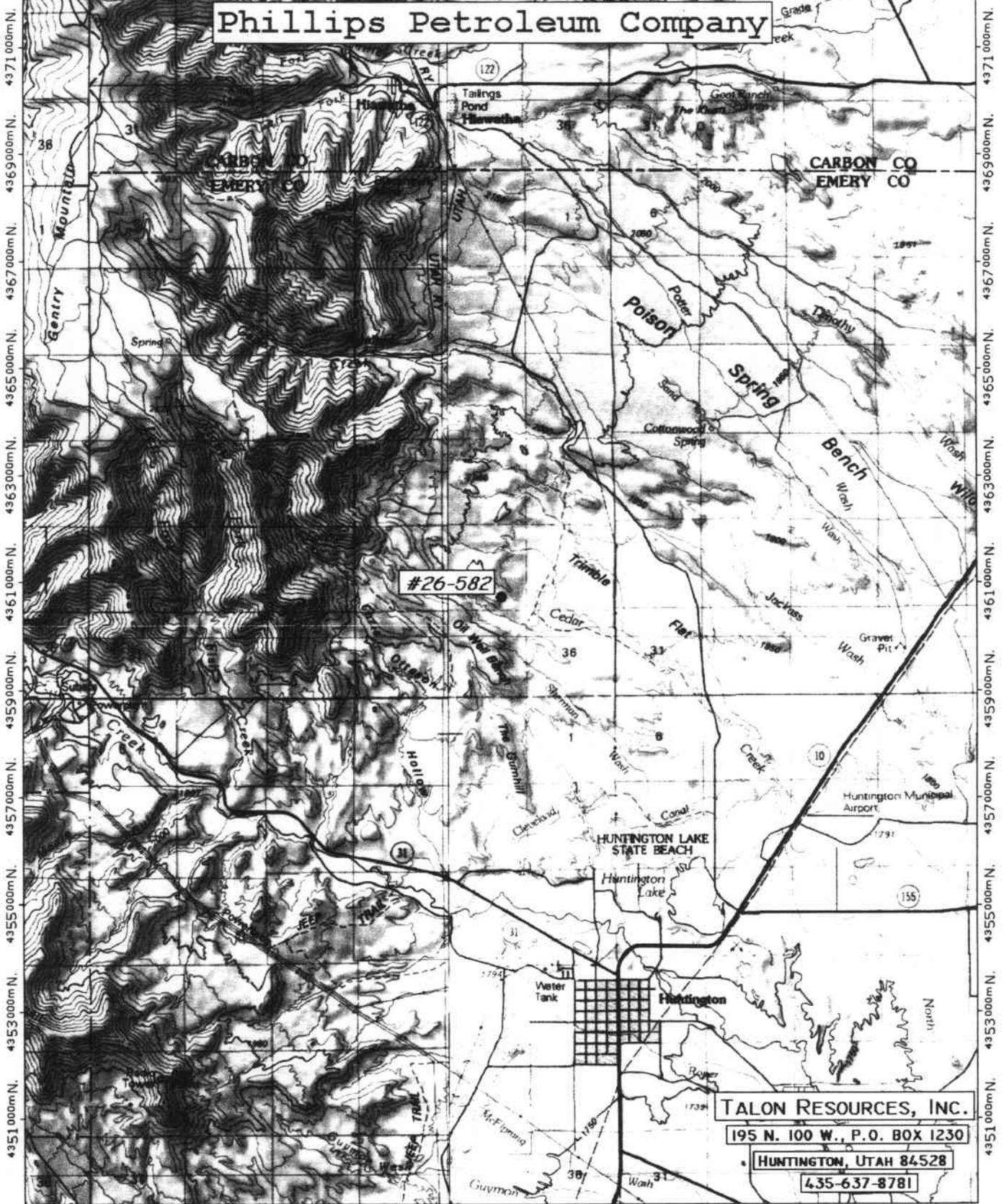
PHILLIPS PETROLEUM COMPANY
6825 South 5300 West
P.O. Box 851
Price, Utah 84501
Phone: (435) 613-9777
Fax: (435) 613-9782



WELL # 26-582
Section 26, T16S, R8E, S.L.B.&M.
Exhibit B 1 of 2

493000mE. 495000mE. 497000mE. 499000mE. 501000mE. 503000mE. 505000mE. NAD27 Zone 12S 509000mE.

Phillips Petroleum Company



TALON RESOURCES, INC.
 195 N. 100 W., P.O. BOX 1230
 HUNTINGTON, UTAH 84528
 435-637-8781

493000mE. 495000mE. 497000mE. 499000mE. 501000mE. 503000mE. 505000mE. NAD27 Zone 12S 509000mE.

TN 13° MN

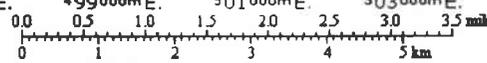
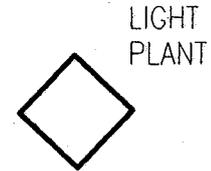


EXHIBIT C

APPROXIMATE LAYOUT OF RIG & EQUIPMENT



LIGHT PLANT



LIGHT PLANT

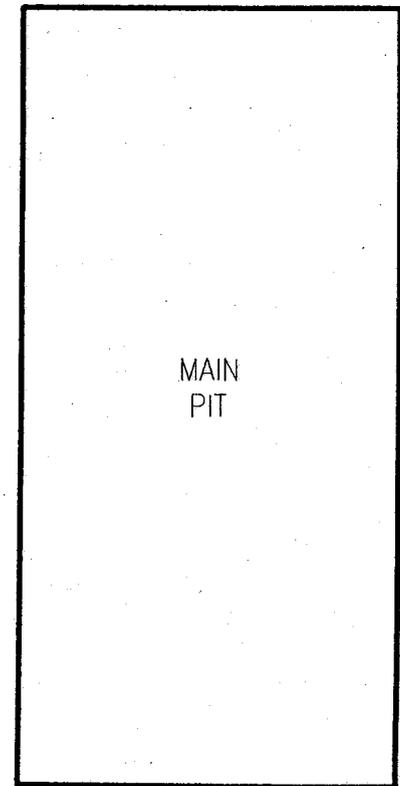
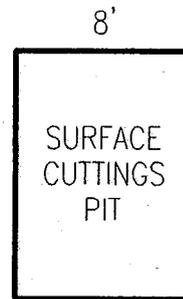
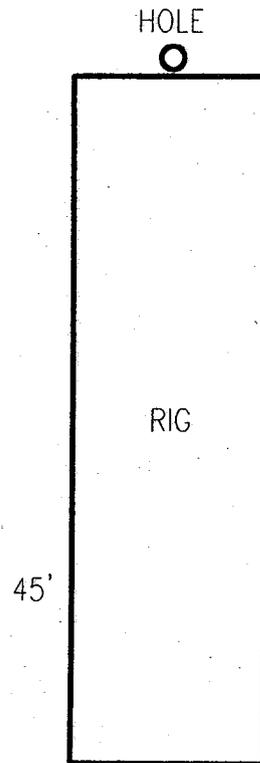
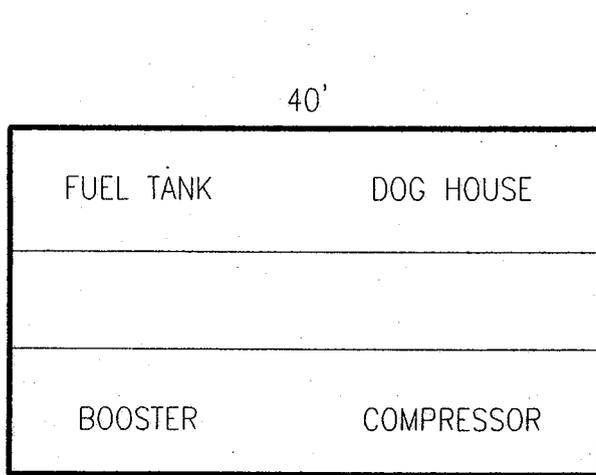
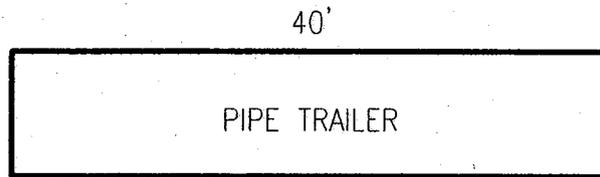
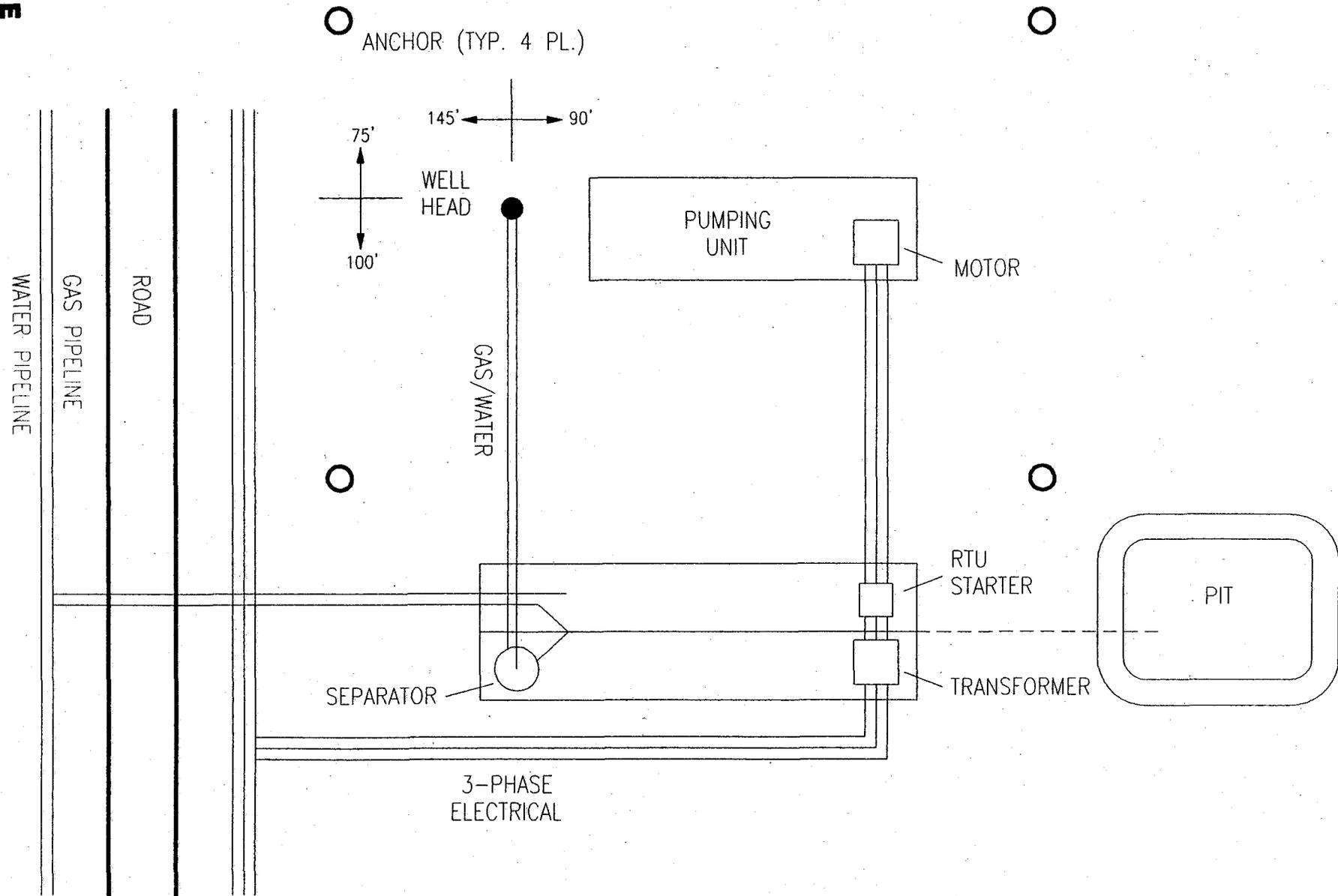


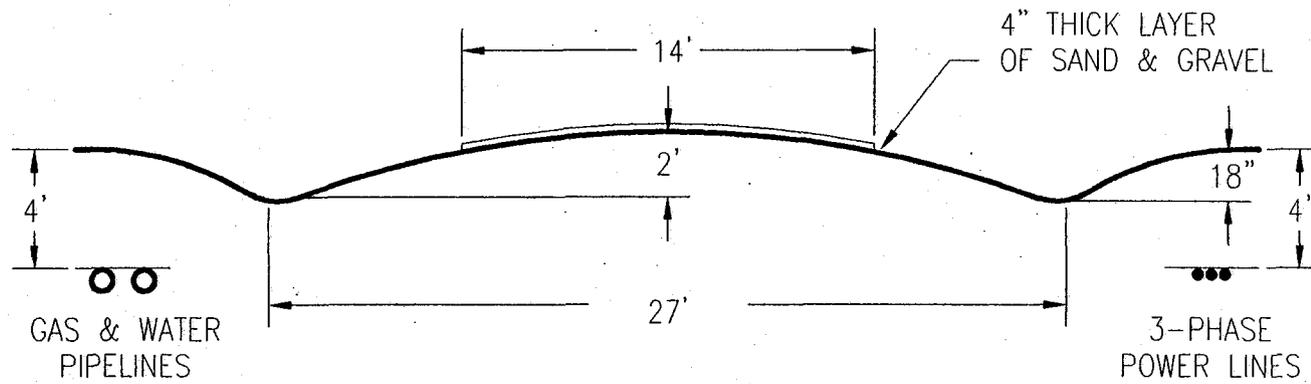
EXHIBIT E

PHILLIPS PETROLEUM COMPANY

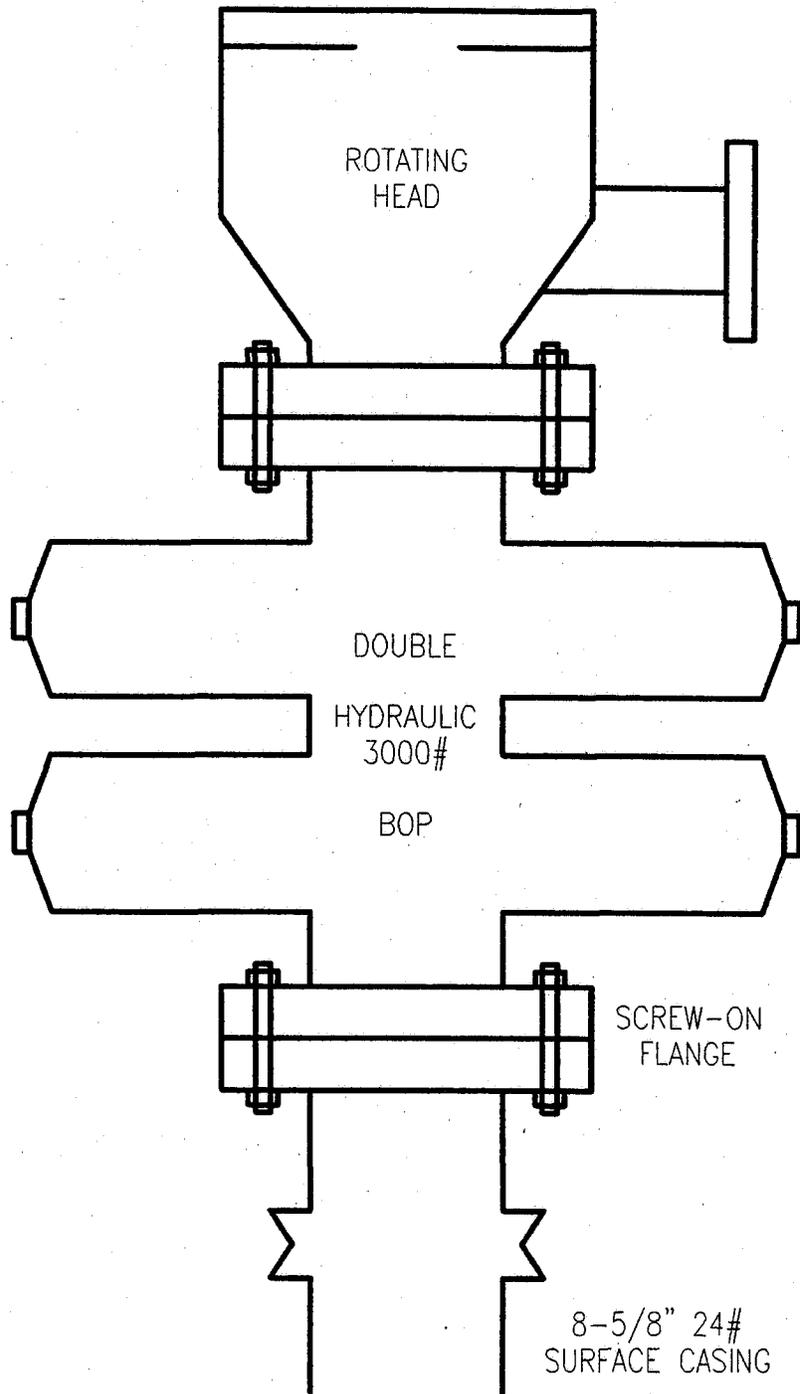
WELL SITE LAYOUT (235' x 175')



TYPICAL ROAD CROSS-SECTION



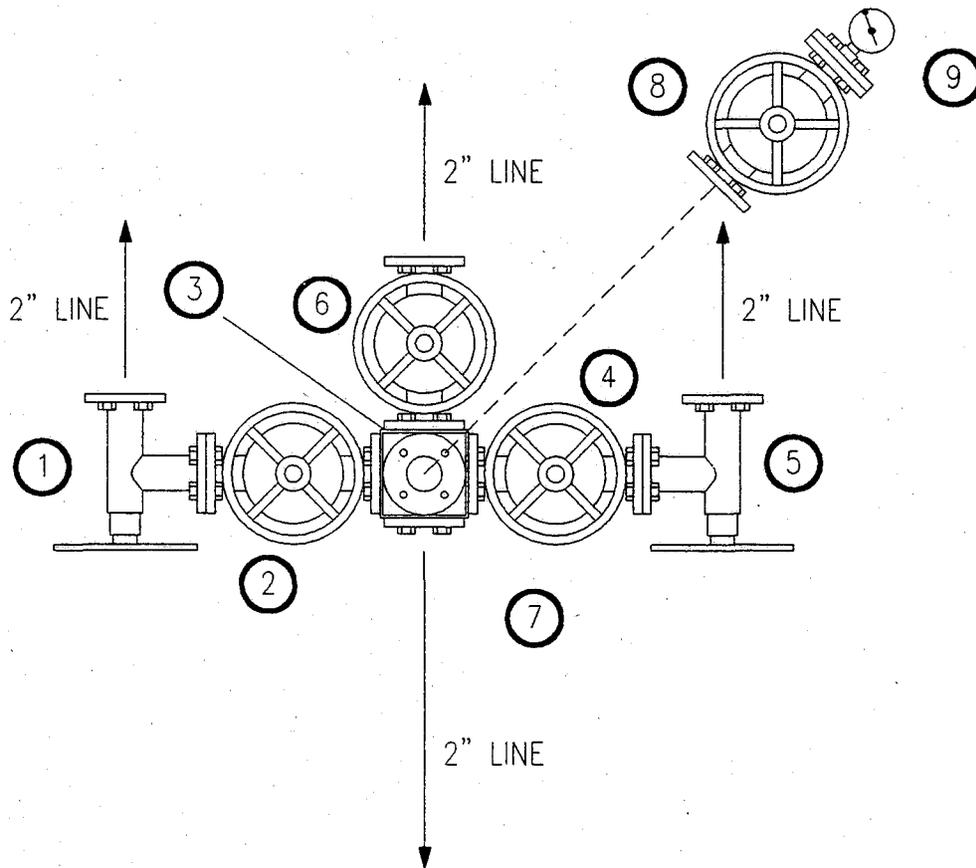
DIVERTER HEAD



- (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

STATE OF UTAH
BOND OF LESSEE

KNOW ALL MEN BY THESE PRESENTS, that we Phillips Petroleum Company
of Bartlesville, Oklahoma as principal and
Safeco Insurance Company of America as surety, are held and firmly bound
unto the State of Utah in the sum of Two Hundred Thousand Dollars (\$200,000.00) lawful money of the United States
to be paid to the School & Institutional Trust Lands Administration, as agent for the State of Utah, for the use and benefit
of the State of Utah, and of any patentee or purchaser of any portion of the land covered by the hereinafter described
lease heretofore sold or which may hereafter be sold with a reservation to the State of Utah, on the surface or of other
mineral deposits of any portion of such lands, for which payment, well and truly to be made, we bind ourselves, and each
of us, and each of our heirs, executors, administrators, successors, sublessees, and assignees, jointly and severally by
these presents.

Signed with our hands and seals this 31st day of January, 192001

The condition of the foregoing obligation is such that,

WHEREAS: The State of Utah, as Lessor, issued a(n) _____
lease, Lease Number _____ and dated _____, to _____
as lessee (and said lease has been duly assigned under date of _____
to _____) to drill for, mine, extract, and remove all of the _____
deposits in and under the following described lands, to wit:

Statewide Blanket Bond to cover all operations on state of Utah lands.

NOW, THEREFORE, the principal and surety shall be obligated to pay all monies, rentals, royalties, costs of
reclamation, damages to the surface and improvements thereon and any other damages, costs, expenses, penalties, interest
or liabilities which arise by operation of or in connection with the above described lease(s) accruing to the Lessor and
shall fully comply with all other terms and conditions of said lease, the rules, regulations, and policies relating thereto
of the School & Institutional Trust Lands Administration, the Board of Oil, Gas and Mining, and the Division of Oil,
Gas and Mining as they may now exist or may from time to time be modified or amended. This obligation is in effect
even if the principal has conveyed part of its interest to a successor in interest. If the principal fully satisfies the above
described obligations, then the surety's obligation to make payment to the State of Utah is void and of no effect.
otherwise, it shall remain in full force and effect until released by the School & Institutional Trust Lands Administration.

Signed, sealed and delivered
in the presence of

Terry L. Hicks
Witness

PHILLIPS PETROLEUM COMPANY

R. B. Gisi (SEAL)
R. B. Gisi Principal Asst. Treasurer

Terry L. Hicks
Witness

BONDING COMPANY SAFECO INSURANCE COMPANY OF AMERICA

BY Betty G. Miller
Betty G. Miller, Attorney-in-Fact
Attest: [Signature]
Secretary
Resident Agent: N/A

APPROVED AS TO FORM:
JAN GRAHAM
ATTORNEY GENERAL

By [Signature]

Bonding Co. Address: Millenium Corp. Park, Bldg. C, 18400 NE Unio Hill
Redmond, WA 98052
Corporate Seal of Bonding Company Must be Affixed.

SURETY RIDER

To be attached to and form a part of

Bond No. 5952189

Type of

Bond: BOND OF LESSEE

dated

effective 01/31/2001
(MONTH-DAY-YEAR)

executed by PHILLIPS PETROLEUM COMPANY
(PRINCIPAL)

,as Principal,

and by SAFECO INSURANCE COMPANY OF AMERICA

,as Surety,

in favor of STATE OF UTAH
(OBLIGEE)

in consideration of the mutual agreements herein contained the Principal and the Surety hereby consent to changing
PRINCIPAL NAME IS HEREBY AMENDED FROM PHILLIPS PETROLEUM COMPANY TO CONOCOPHILLIPS
COMPANY.

Nothing herein contained shall vary, alter or extend any provision or condition of this bond except as herein expressly stated.

This rider is effective 01/01/2003
(MONTH-DAY-YEAR)

Signed and Sealed 02/28/2003
(MONTH-DAY-YEAR)

CONOCOPHILLIPS COMPANY
(PRINCIPAL)

By: P. Boggins
(PRINCIPAL) Pam Boggins, Its Agent & Attorney-in-Fact

SAFECO INSURANCE COMPANY OF AMERICA
(SURETY)

By: [Signature]
(ATTORNEY-IN-FACT) FRANK A. WORD, JR.

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 04/17/2003

API NO. ASSIGNED: 43-015-30595

WELL NAME: UTAH 26-582

OPERATOR: CONOCOPHILLIPS COMPANY (N2335)

CONTACT: JEAN SEMBORSKI

PHONE NUMBER: 435-613-9777

PROPOSED LOCATION:

SWSE 26 160S 080E
SURFACE: 0768 FSL 1575 FEL
BOTTOM: 0768 FSL 1575 FEL
EMERY
DRUNKARDS WASH (48)

LEASE TYPE: 3 - State

LEASE NUMBER: ML-48229A

SURFACE OWNER: 3 - State

PROPOSED FORMATION: FRSD

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	DKD	5/8/03
Geology		
Surface		

LATITUDE: 39.39776

LONGITUDE: 110.98883

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[] Ind[] Sta[3] Fee[]
(No. 5952189)
- 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: Needs Permit (Recd 4-22-03)

STIPULATIONS: ① Surface Casing Cement Step
② STATEMENTS OF BASIS

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

OPERATOR: ConocoPhillips Company
WELL NAME & NUMBER: Utah 26-582
API NUMBER: 43-015-30595
LOCATION: 1/4,1/4 SWSE Sec: 26 TWP: 16S RNG: 8E 768 FSL 1575 FEL

Geology/Ground Water:

This location is situated in a small drainage basin eroded through the Lower sandstone unit of the Emery andstone Member of the Mancos Shale, into the Blue Gate Member, proper, of the Mancos Shale. It is on the southeast flank of the Huntington Anticline. It is unlikely that there is any significant high quality ground water resource to be found in the strata below the location. The nearest surface waters are in Cedar Creek, which is ~1¼ mile to the east northeast. The proposed cementing and casing program should be adequate to protect any potential groundwater resource. In any case, the operator should extend the surface casing as needed to protect any interval of strata in the Emery Sandstone Member of the Mancos Shale, which is a possible aquifer. Two water rights have been filed within a mile of the location, one on each of the Left and Middle Fork of Cedar Creek.

Reviewer: Christopher J. Kierst Date: 5/6/03

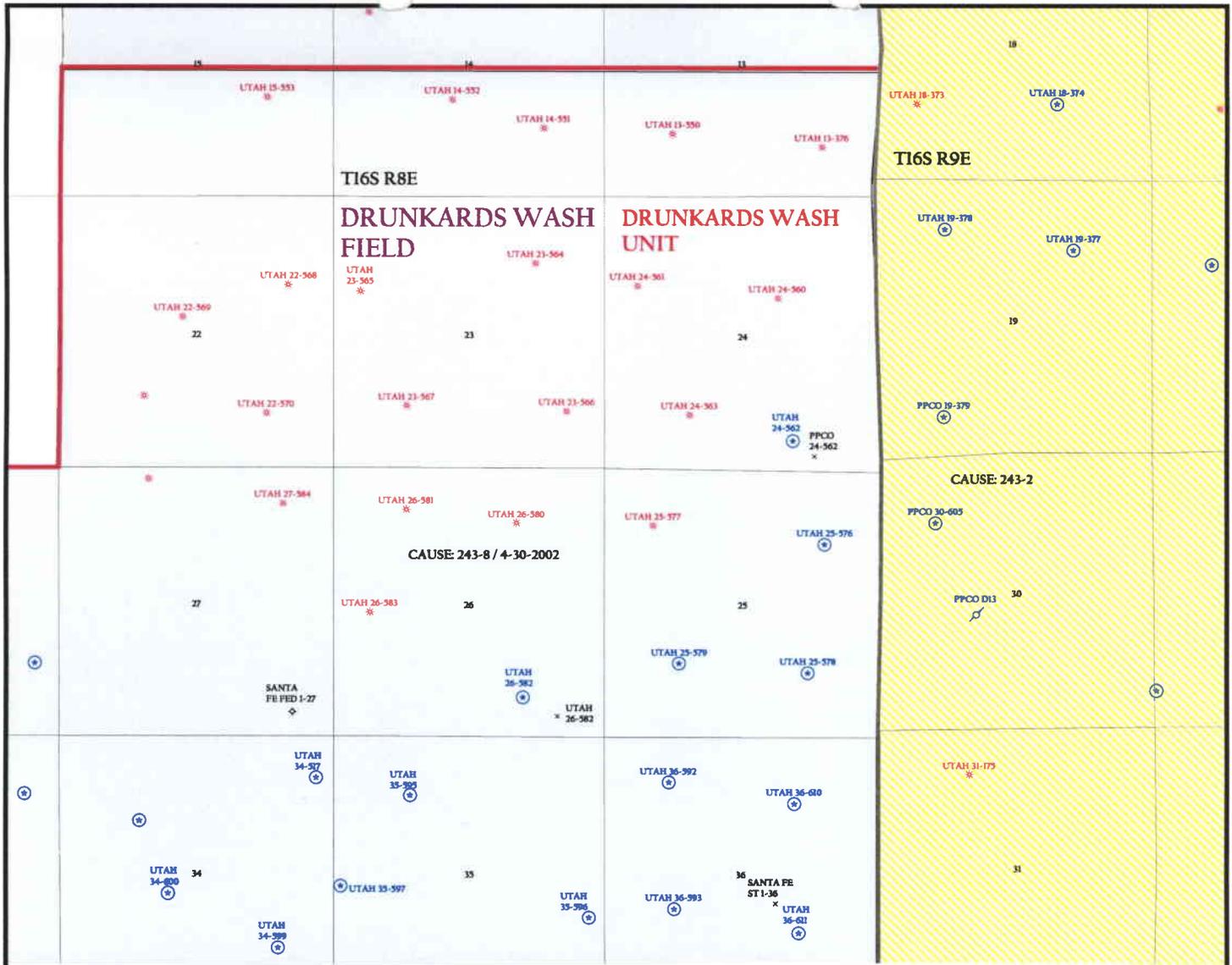
Surface:

Proposed location is ~16.87 miles Southwest of Price, Utah and ~4.96 miles Northwest of Huntington, Utah on SITLA surface. The direct area drains to the Southeast into Huntington Creek, a year-round live water source, which lies ~3.47 miles south of the location. Proposed site lies south of the Cedar Creek Ranch area and north of Oil Well Bench in Emery County, Utah. The soil is a clay loam and easily erodes upon disturbance. Proposed access will be from the north off of existing gas field roads. Dry washes are typical at the proposed site as well as the immediate surrounding area. DWR and Emery County were represented at the on-site evaluation SITLA was invited but chose not to attend the evaluation meeting.

Reviewer: Mark L. Jones Date: April 22, 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.



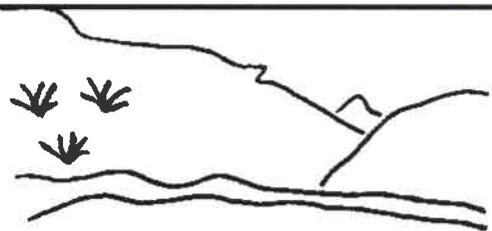
OPERATOR: CONOCOPHILLIPS CO (N2335)

SEC. 26 T16S, R8E

FIELD: DRUNKARDS WASH (48)

COUNTY: EMERY

CAUSE: 243-8 / 4-30-2002



Utah Oil Gas and Mining

WELLS

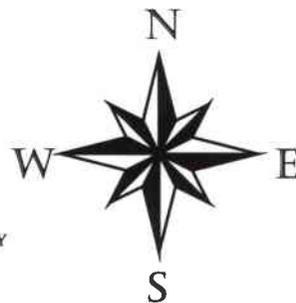
- ⤴ GAS INJECTION
- GAS STORAGE
- × LOCATION ABANDONED
- ⊕ NEW LOCATION
- ⬥ PLUGGED & ABANDONED
- PRODUCING GAS
- PRODUCING OIL
- ◊ SHUT-IN GAS
- ◊ SHUT-IN OIL
- × TEMP. ABANDONED
- TEST WELL
- △ WATER INJECTION
- ◆ WATER SUPPLY
- ↘ WATER DISPOSAL

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: 21-APRIL-2003

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

OPERATOR: ConocoPhillips Company
WELL NAME & NUMBER: Utah 26-582
API NUMBER: 43-015-30595
LEASE: State **FIELD/UNIT:** _____
LOCATION: 1/4, 1/4 SWSE Sec: 26 TWP: 16S RNG: 8E 768 FSL 1575 FEL
LEGAL WELL SITING: 460' from unit boundary and uncommitted tracts.
GPS COORD (UTM): X = 500979 E; Y = 4360716 N SURFACE OWNER: SITLA

PARTICIPANTS

M. Jones (DOGM), J. Semborski (Phillips), Larry Jensen (NELCO), Ray Petersen (EMERY CO.), and Tony Wright (DWR). SITLA was invited to the on-site meeting however chose not to attend.

REGIONAL/LOCAL SETTING & TOPOGRAPHY

Proposed location is ~16.87 miles Southwest of Price, Utah and ~4.96 miles Northwest of Huntington, Utah on SITLA surface. The direct area drains to the Southeast into Huntington Creek, a year-round live water source, which lies ~3.47 miles south of the location. Proposed site lies south of the Cedar Creek Ranch area and north of Oil Well Bench in Emery County, Utah. The soil is a clay loam and easily erodes upon disturbance. Proposed access will be from the north off of existing gas field roads.

SURFACE USE PLAN

CURRENT SURFACE USE: Grazing and wildlife habitat.

PROPOSED SURFACE DISTURBANCE: 235' x 175' and a 50'x50'x 10' pit.

LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS: 7 proposed gas wells, 4 producing wells, and 1 PA well 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 into Cedar Creek and eventually into Huntington Creek. Huntington Creek is located ~3.47 miles south of the proposed location. Dry washes are typical at the proposed site as well as the immediate surrounding area.

FLORA/FAUNA: Pinion Juniper, sagebrush, Mountain Mahogany, various grasses, deer, elk, small-game, rodents, raptors and other fowl.

SOIL TYPE AND CHARACTERISTICS: Clay loam.

EROSION/SEDIMENTATION/STABILITY: Erosive upon disturbance.

PALEONTOLOGICAL POTENTIAL: None observed.

RESERVE PIT

CHARACTERISTICS: Dugout earthen pit.

LINER REQUIREMENTS (Site Ranking Form attached): Liner optional.

SURFACE RESTORATION/RECLAMATION PLAN

As per surface use agreement.

SURFACE AGREEMENT: As per SITLA.

CULTURAL RESOURCES/ARCHAEOLOGY: Completed, on-file, and is clear. (Will submit to DOGM.)

OTHER OBSERVATIONS/COMMENTS

ATTACHMENTS

Photos of this location were taken and placed on file.

Mark L. Jones
DOGM REPRESENTATIVE

April 7, 2003 / 10:30 am
DATE/TIME

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

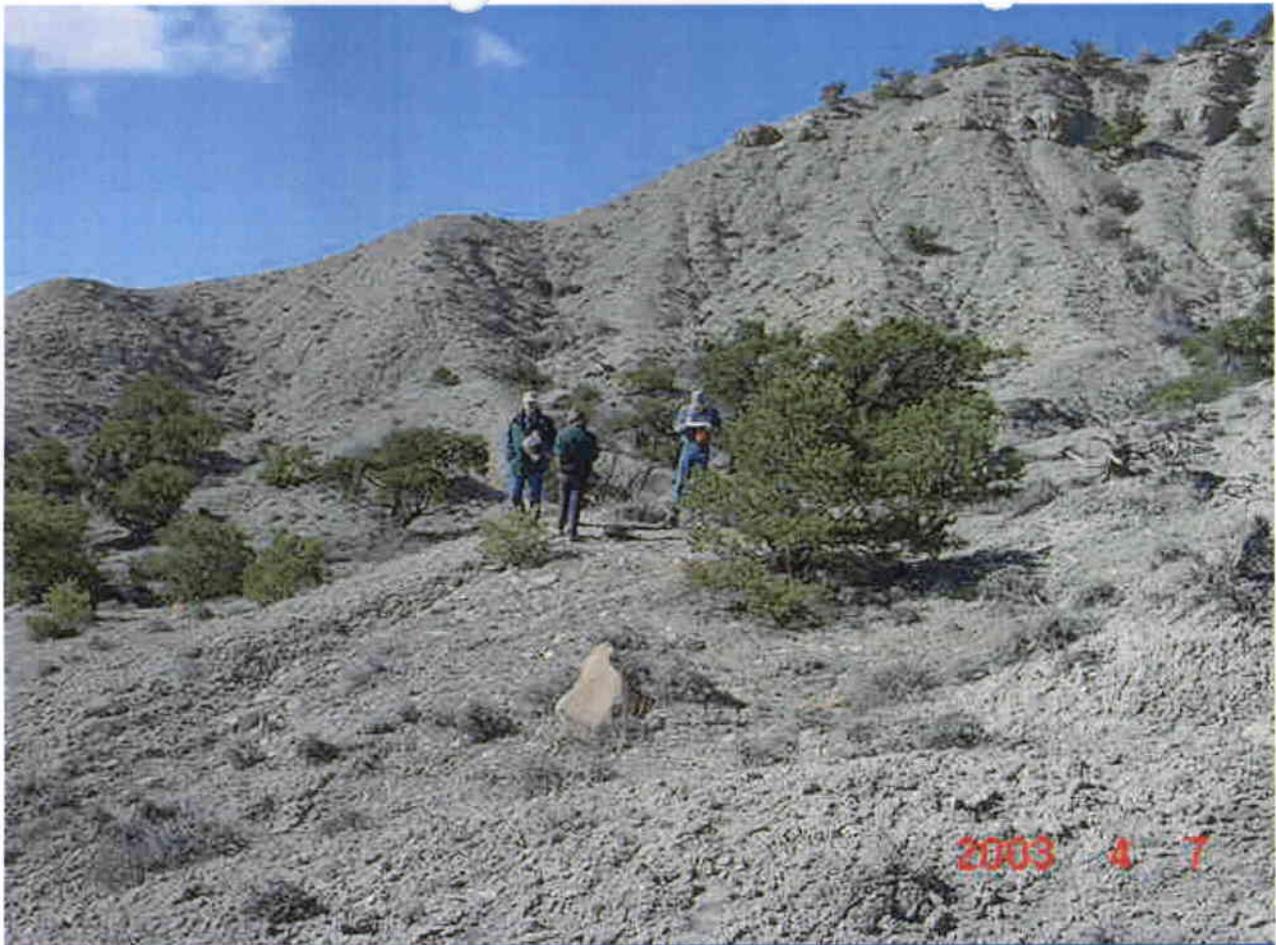
<u>Site-Specific Factors</u>	<u>Ranking</u>	<u>Site Ranking</u>
Distance to Groundwater (feet)		
>200	0	
100 to 200	5	
75 to 100	10	
25 to 75	15	
<25 or recharge area	20	<u>0</u>
Distance to Surf. Water (feet)		
>1000	0	
300 to 1000	2	
200 to 300	10	
100 to 200	15	
< 100	20	<u>0</u>
Distance to Nearest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

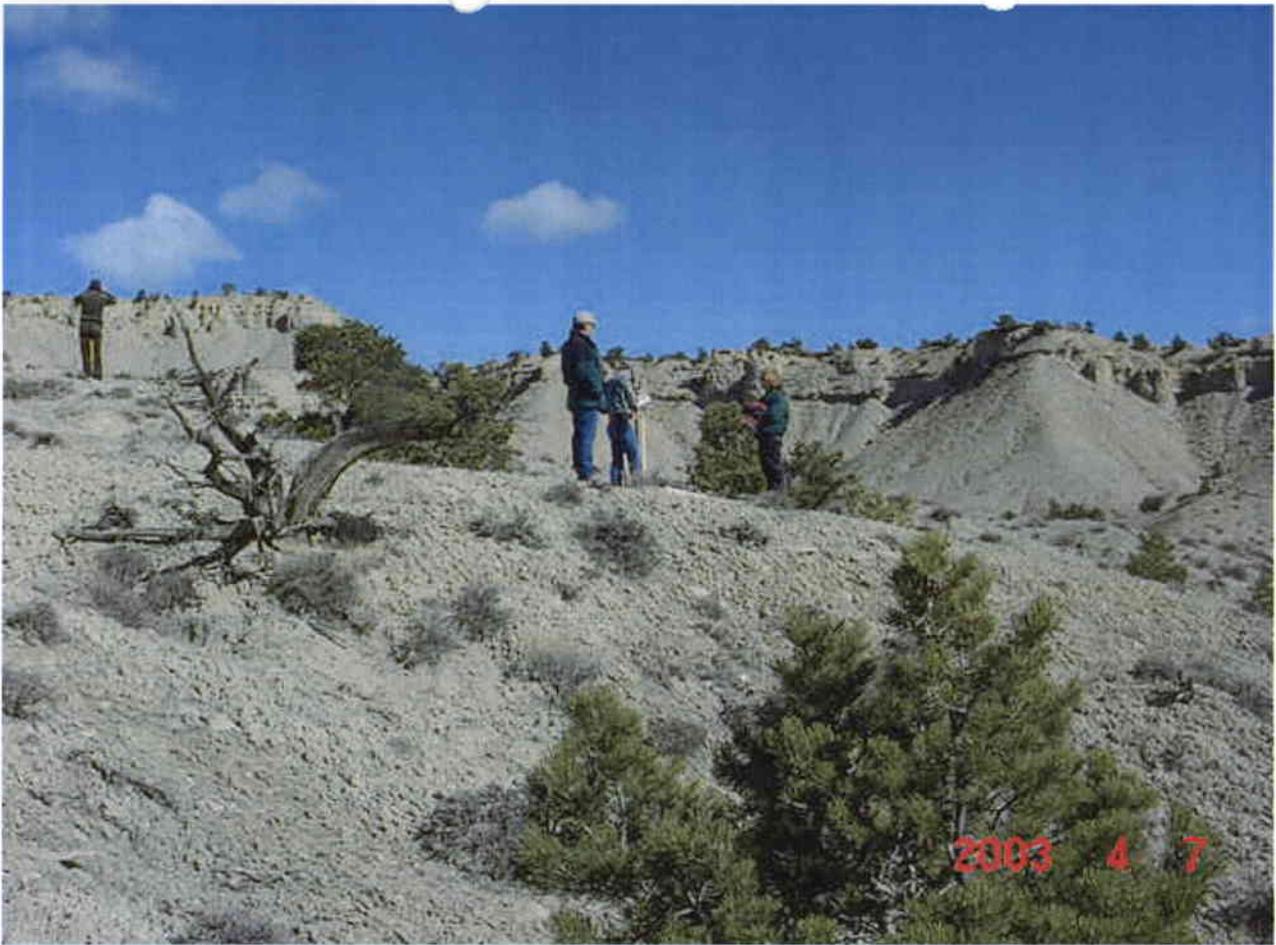
Final Score 15 (Level II Sensitivity)

Sensitivity Level I = 20 or more; total containment is required.

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, MAY 6, 2003, 2:48 PM
PLOT SHOWS LOCATION OF 2 POINTS OF DIVERSION

PLOT OF AN AREA WITH A RADIUS OF 5280 FEET FROM A POINT
N 768 FEET, W 1575 FEET OF THE SE CORNER,
SECTION 26 TOWNSHIP 16S RANGE 8E SL BASE AND MERIDIAN

PLOT SCALE IS APPROXIMATELY 1 INCH = 2000 FEET

N O R T H

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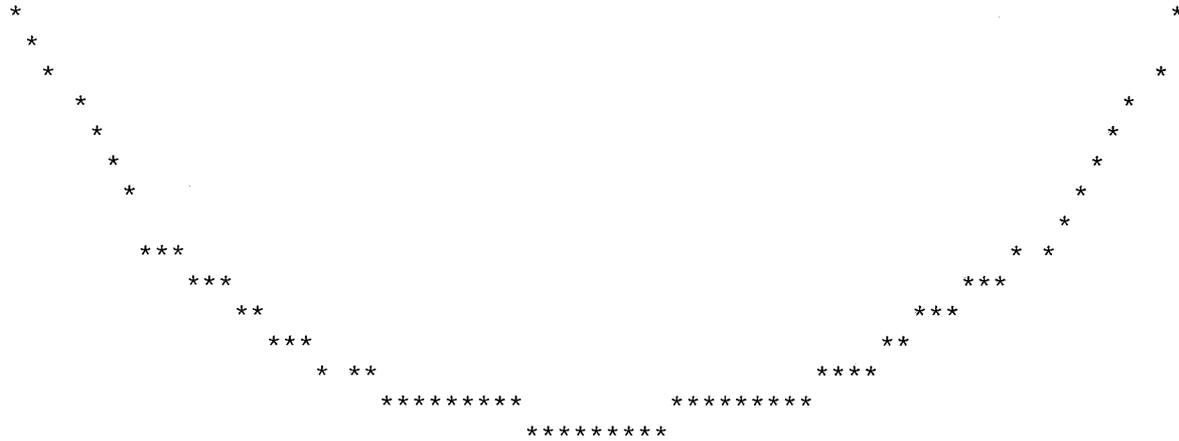
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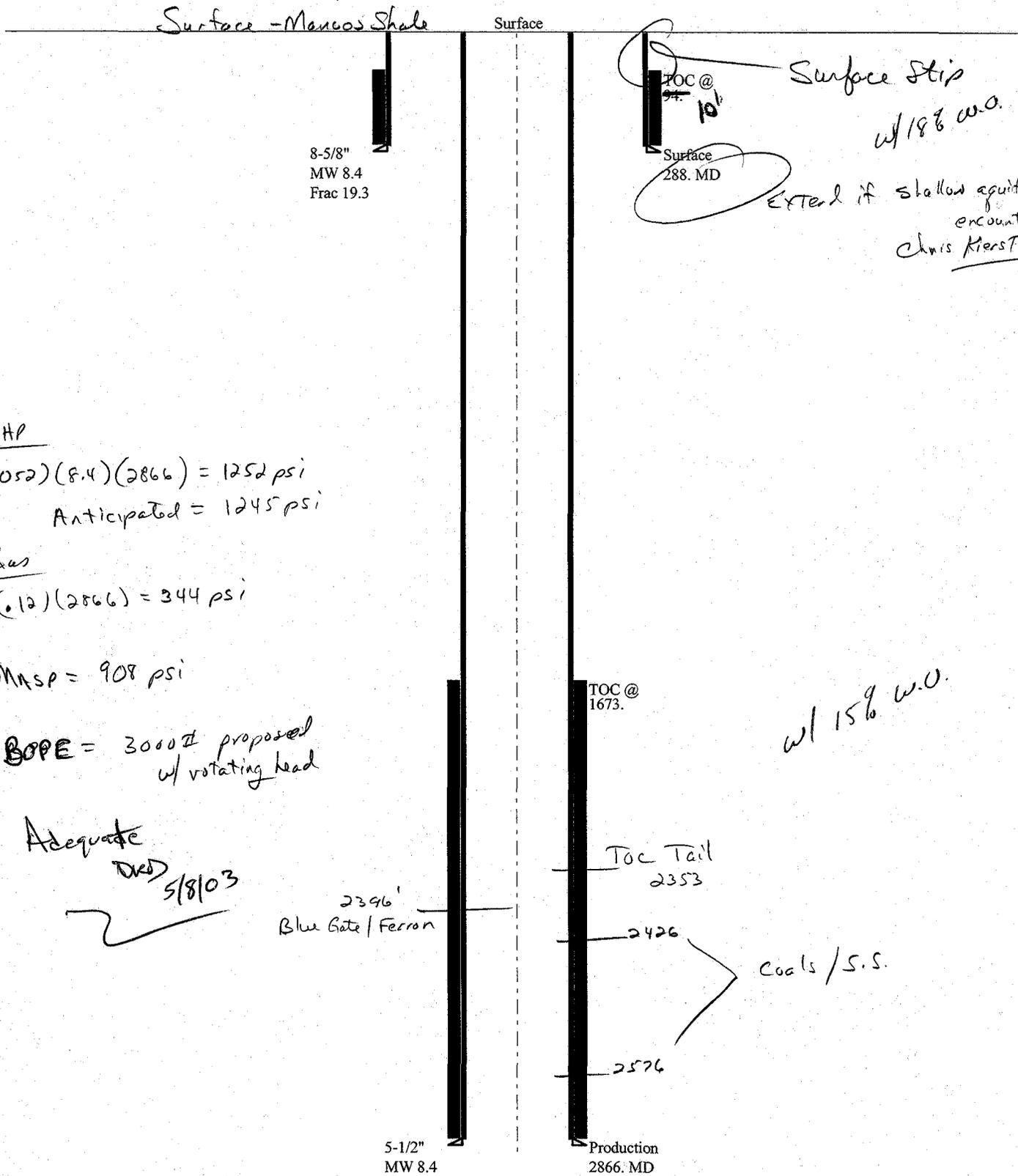
1



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 DIAMETER DEPTH YEAR LOG	POINT OF DIVERSION DESCRIPTION NORTH EAST CNR SEC TWN RNG B&M	U A N P
0	93 3145	.0000	.00	Middle Fork Cedar Creek		
WATER USE(S): STOCKWATERING State of Utah School & Institutional Tru 675 East 500 South, Suite 500						PRIORITY DATE: 00/00/1860 Salt Lake City UT 8
1	93 3143	.0000	.00	Left Fork Cedar Creek		
WATER USE(S): STOCKWATERING State of Utah School & Institutional Tru 675 East 500 South, Suite 500						PRIORITY DATE: 00/00/1860 Salt Lake City UT 8

05-03 ConocoPhillips Utah 20582
Casing Schematic



Well name:	05-03 ConocoPhillips Utah 26-582	
Operator:	PhillipsConoco Company	
String type:	Surface	Project ID: 43-015-30595
Location:	Emery Co.	

Design parameters:

Collapse

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

Burst

Max anticipated surface pressure: 0 psi
Internal gradient: 0.447 psi/ft
Calculated BHP: 129 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: 252 ft

Environment:

H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 69 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 185 ft

Cement top: 94 ft

Non-directional string.

Re subsequent strings:

Next setting depth: 5,000 ft
Next mud weight: 8.600 ppg
Next setting BHP: 2,234 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 650 ft
Injection pressure: 650 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	288	8.625	24.00	J-55	ST&C	288	288	7.972	13.9
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	126	1370	10.901	129	2950	22.93	7	244	35.30 J

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

Date: May 7, 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 288 ft, a mud weight of 8.4 ppg. The casing is considered to be evacuated for collapse purposes.
Burst strength is not adjusted for tension.

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

Well name:	05-03 ConocoPhillips Utah 26-582	
Operator:	PhillipsConoco Company	Project ID:
String type:	Production	43-015-30595
Location:	Emery Co.	

Design parameters:

Collapse

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

Burst

Max anticipated surface pressure: -30 psi
 Internal gradient: 0.447 psi/ft
 Calculated BHP: 1,251 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: 2,501 ft

Environment:

H2S considered? No
 Surface temperature: 65 °F
 Bottom hole temperature: 105 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 368 ft

Cement top: 1,673 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)	Internal Capacity (ft³)
1	2866	5.5	17.00	N-80	LT&C	2866	2866	4.767	98.8
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	1251	6290	5.030	1251	7740	6.19	49	348	7.14 J

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

Date: May 7, 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 2866 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.



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

May 15, 2003

ConocoPhillips Company
P O Box 851
Price, UT 84501

Re: Utah 26-582 Well, 768' FSL, 1575' FEL, SW SE, Sec. 26, 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 43-015-30595.

Sincerely,

A handwritten signature in black ink, appearing to read 'John R. Baza'.

A small, stylized handwritten mark or signature element.

John R. Baza
Associate Director

Enclosures

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

Operator: ConocoPhillips Company
Well Name & Number Utah 26-582
API Number: 43-015-30595
Lease: ML-48229A

Location: SW SE **Sec.** 26 **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)

6. Surface casing shall be cemented to the surface.



State of Utah

Department of
Natural Resources

ROBERT L. MORGAN
Executive Director

Division of
Oil, Gas & Mining

LOWELL P. BRAXTON
Division Director

OLENE S. WALKER
Governor

GAYLE F. McKEACHNIE
Lieutenant Governor

May 24, 2004

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

Re: APD Rescinded – UTAH 26-582 Sec. 26, T. 16S, R. 8E
Emery County, Utah API No. 43-015-30595

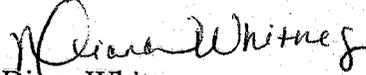
Dear Ms. Semborski:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on May 15, 2003. On May 19, 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 May 19, 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

005

From: "Semborski, Jean" <Jean.Semborski@conocophillips.com>
To: "Diana Whitney" <dianawhitney@utah.gov>
Date: 5/19/2004 7:06:12 AM
Subject: RE: Expired APDs

Diana,

Please rescind those APDs. Thanks.

-----Original Message-----

From: Diana Whitney [mailto:dianawhitney@utah.gov]
Sent: Tuesday, May 18, 2004 9:44 AM
To: Semborski, Jean
Subject: Expired APDs

Hi Jean,

UTAH 35-508
UTAH 35-509
UTAH 24-562
UTAH 26-582
UTAH 33-604

These APDs have expired. Will you let me know if you would like me to rescind them or if you would like to send in a sundry notice.

Thank you,
Diana