

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

FORM 3

AMENDED REPORT
 (highlight changes)

APPLICATION FOR PERMIT TO DRILL		5. MINERAL LEASE NO: UTU-68538	6. SURFACE: Federal
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>		7. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		8. UNIT or CA AGREEMENT NAME: N/A	
2. NAME OF OPERATOR: XTO Energy, Inc.		9. WELL NAME and NUMBER: Utah Federal 18-7-27-13	
3. ADDRESS OF OPERATOR: 2700 Farmington Ave. B CITY Farmington STATE NM ZIP 87401		PHONE NUMBER: (505) 324-1090	10. FIELD AND POOL, OR WILDCAT: Ferron Sandstone / Buzzard Bench
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 2354' FSL x 966' FWL in Sec 27, T18S, R7E AT PROPOSED PRODUCING ZONE: same		11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWSW 27 18S 7E S	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: Approximately 3.5 West of Orangeville, Utah		12. COUNTY: Emery	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 1000'	16. NUMBER OF ACRES IN LEASE: 2205.82	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 160	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 2250'	19. PROPOSED DEPTH: 3,570	20. BOND DESCRIPTION: UTB-000138	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 6533' Ground Elevation	22. APPROXIMATE DATE WORK WILL START: 9/5/2006	23. ESTIMATED DURATION: 2 weeks	

24. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT			
12.25"	8.625" J-55 24#	300	Class G	+/- 210 sxs	1.18 ft ² /sx	15.7 ppg
7.875"	5.5" J-55 15.5#	3,570	CBM light wt - lead	+/- 240 sxs	4.15 ft ³ /sx	10.5 ppg
			CBM light wt - tail	+/- 190 sxs	4.15 ft ³ /sx	10.5 ppg

25. ATTACHMENTS

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

<input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER	<input checked="" type="checkbox"/> COMPLETE DRILLING PLAN
<input checked="" type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER	<input type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

NAME (PLEASE PRINT) Kyla Vaughan TITLE Regulatory Compliance Tech
 SIGNATURE *Kyla Vaughan* DATE 6/30/2006

(This space for State use only)

API NUMBER ASSIGNED: 43-015-30691

Approved by the
 Utah Dept. of Natural Resources
 Date: 08-17-06
 By: *[Signature]*

RECEIVED
JUL 03 2006
 DIV. OF OIL, GAS & MINING

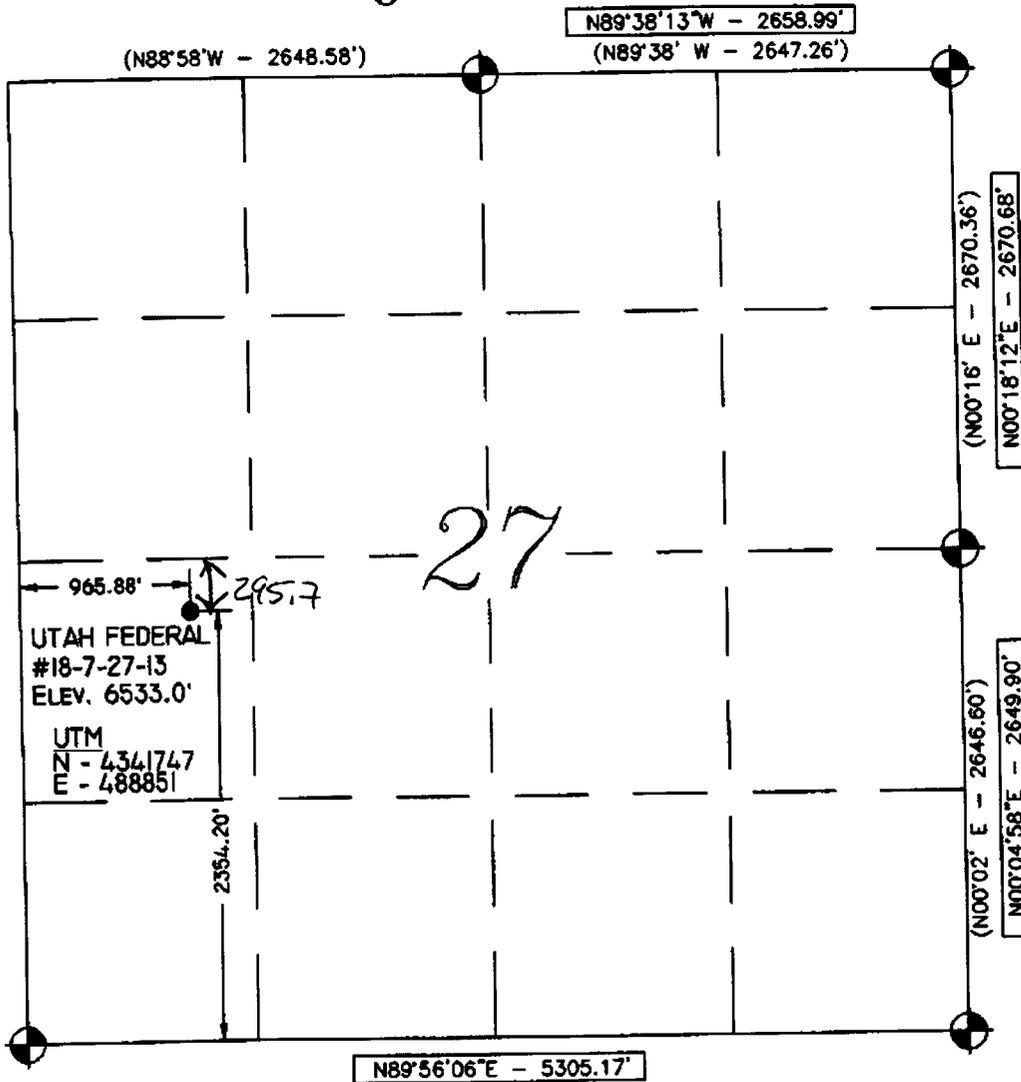
(11/2001)

Federal Approval of this Action is Necessary

(See Instructions on Reverse Side)

Range 7 East

Township 18 South



Location:

The well location was determined using a Trimble 5700 GPS survey grade unit.

Basis of Bearing:

The Basis of Bearing is GPS Measured.

GLO Bearing:

The Bearings indicated are per the recorded plat obtained from the U.S. Land Office.

Basis of Elevation:

Basis of Elevation of 6006.86' being a Utah State Engineer's benchmark located between Section 25 and Section 26, T18S, R7E, Salt Lake Base & Meridian, 350' South of the Northwest Corner of Section 25, Township 18 South, Range 7 East.

Description of Location:

Proposed Drill Hole located in the NW/4 SW/4 of Section 27, T18S, R7E, S.L.B.&M., being 2354.20' North and 965.88' East from the Southwest Section Corner of Section 27, T18S, R7E, 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.
 135 North 100 West P.O. Box 1230
 Huntington, Utah 84528
 Phone (435) 697-5310 Fax (435) 697-5311
 E-Mail talon@trv.net



Utah Federal #18-7-27-13
 Section 27, T18S, R7E, S.L.B.&M.
 Emery County, Utah

Drawn By N. BUTKOVICH	Checked By L.W.J./A.J.S.
Drawing No. A-1	Date: 2/24/06
	Scale: 1" = 1000'
Sheet 1 of 4	Job No. 2068

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°13'36.551" N
 111°07'44.989" W

GRAPHIC SCALE

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



August 15, 2006

**Utah Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, UT 84114-5801**

RE: Utah Federal 18-7-27-13

Dear Diana:

In reference to the State Oil & Gas Conservation cause order 245-1, the Utah Federal 18-7-27-13 is an exception to this rule due to topography.

There are no additional lease owners within 460' of the proposed location. If you have any questions, please contact me at 505-564-6726.

Thank you,

A handwritten signature in black ink that reads 'Kyla Vaughan'.

**Kyla Vaughan
Regulatory Compliance**

Bureau of Land Management
Application for Permit to Drill
Surface Use Plan

Company: XTO Energy, Inc.
Well No: Utah Federal 18-7-27-13
Location: Section 27, T18S, R7E
Federal Lease No: UTU-68538

Thirteen Point Surface Use Plan

The dirt contractor will be provided an approved copy of the surface use plan of operations before starting construction

1) Existing Roads

- a) Proposed route to location: The proposed route to location is shown on Exhibit "A" and is from the Red Point Quadrangle 7.5 minute series USGS quadrangle map
- b) Location of proposed well in relation to town or other reference point: The well is located approximately 3.5 miles West of Orangeville, Utah. From Orangeville, go Northwest on Hwy 57 approximately 1.5 miles. Turn W (left) on paved road past the power plant and proceed 1.5 miles to "T". Turn West (right) and follow road .5 miles turn right off main road to location approx 200'.
- c) Contact the County Road Department for use of county roads: No encroachment permit will be required.
- d) Plans for improvement and/or maintenance of existing roads: All existing roads within 1 mile of the drill site are shown on Exhibit "A". All existing roads that will be used to the well location will be maintained to their current conditions or better.
- e) Other comments: None

2) Planned Access Roads

- a) Location of Access Road: Starting from a point along an existing road in the SW/4 of Section 27, T18S, R7E.
- b) Length of New Road: Approximately 200 feet of new access road will be constructed in order to gain safe access to the well pad. See Exhibit "B"
- c) Length of Existing Road to Upgrade: No additional upgrades should be necessary to existing roads

- d) **Maximum Disturbed Width:** Typically new access roads require up to 60' of disturbed width which includes ROW for gas and water pipe lines and electric service.
- e) **Travel Width of Access Road:** 25' or less
- f) **Maximum Grade after Construction:** Maximum grades will not exceed 10% after construction.
- g) **Turnouts Planned:** No turnouts are planned at this time.
- h) **Surface Materials:** Only native materials will be used if additional construction is required. If necessary, gravel or rock may be purchased and used to improve road conditions and travel.
- i) **Drainage (crowing, ditching, culverts, etc):** Roads will be re-crowned and bar ditches, if necessary, will be located along either side. 18"-24" culverts will be installed as necessary.
- j) **Cattle Guards:** No cattle guards are planned at this time. If necessary cattle guards will be specified in the stipulations.
- k) **Length of new and/or existing roads which lie outside the lease or unit boundary for which a BLM/State/fee right of way is required:**
None
- l) **Other:**
 - i) **Surface disturbance and vehicular travel will be limited to the approved location and access road. Any additional area needed must be approved by the State of Utah in advance.**
 - ii) **If a right-of-way is necessary, no surface disturbing activities shall take place on the subject right-of-way until the associated APD is approved. The holder will adhere to conditions of approval in the Surface Use Program of the approved APD, relevant to any right-of-way facilities.**
 - iii) **If a right-of-way is secured, boundary adjustments in the lease or unit shall automatically amend this right-of-way to include that portion of the facility no longer contained within the lease or unit. In the event of an automatic amendment to this right-of-way grant, the prior on-lease/unit conditions of approval of this facility will not be affected even though they would now apply to facilities outside of the lease/unit as a result of a boundary adjustment. Rental fees, if appropriate shall be recalculated based on the conditions of this grant and the regulations in effect at the time of an automatic amendment.**

- iv) If at any time the facilities located on public lands authorized by the terms of the lease are no longer included in the lease (due to a contraction in the unit or other lease or unit boundary change) the State of Utah will process a change in authorization to the appropriate statute. The authorization will be subject to appropriate rental, or other financial obligations determined by the State of Utah.
- v) If the well is not productive, the access road will be rehabilitated or brought to Resource (Class III) Road Standards within 60 days of dismantling the rig. If upgraded, the access road must be maintained at these standards until the well is properly abandoned. If this time frame cannot be met, the Field Office Manager will be notified so that temporary drainage control can be installed along the access road.

3) Location of Existing Wells:

- a) On a map, show the location of all water, injection, disposal, producing and drilling wells within a one mile radius of the proposed well, and describe the status of each: See Exhibit "C".

4) Location of Production Facilities:

- a) On-site facilities: Typical on-site facilities will consist of a wellhead, gas flow line, water flow line, artificial lifting system (pumping unit), 2 phase separator, gas measurement, water measurement, electronics, a heated enclosure/building for weather and environmental protection and chemical injection equipment (as required). All production and measurement shall conform to the provisions of 43 CFR § 3162.7 and Onshore Oil and Gas Order No. 4, if applicable.
- b) All permanent (in place for six months or longer) structures constructed or installed on the well site location will be painted a flat, non reflective color to match the standard environmental colors, as specified by the COA's in the APD. All facilities will be painted within six months of installation. Facilities required complying with the Occupational Safety and Health Act (OSHA) may be excluded.
- c) Off-site facilities: Off-site facilities are located at the CDP station and include compression, processing, separation, tanks, pits, electronics and produced water disposal (SWD) well.
- d) Pipelines: The well will be produced into gas and water pipelines (sizes to be determined) and transported to existing pipelines. See Exhibit "B" for the proposed pipe line route.

- e) Power lines: Power lines are located underground in the same ROW as the water and gas pipe lines.

5) Location and Type of Water Supply:

- a) All water required for drilling will be purchased from a local municipal water supply. If possible, currently produced coal well water may also be used after receiving any necessary permits. Water will be trucked to location by a third party trucking company who specializes in water hauling.
- b) Water obtained on private land, or land administered by another agency, will require approval from the owner or agency for use of the land.

6) Source of Constructin Material:

- a) Pad construction material will be obtained from (if the source is Federally owned, show location on a map): All construction material will be purchased from private landowners or a commercial gravel/materials pit. The use of materials will conform to 43 CFR § 3610.2-3, if applicable.
- b) The use of materials under State of Utah jurisdiction will conform to 43 CFR § 3610.2-3, if applicable.

7) Methods of Handling Waste Disposal:

- a) Describe the methods and locations proposed for safe containment and disposal of waste material, e.g. cuttings, produced water, garbage, sewage, chemicals, etc. The reserve pit will be located along the edge and within the boundaries of the designated well pad. The walls of the pit will be sloped at no greater than 2 to 1 and will be lined was a synthetic material of approximately 12 mils in thickness. The reserve pit shall be located in cut material, with at lease 50% of the pit volume being below original ground level. Three sides of the pit will be fenced before drilling starts. The fourth side will be fenced as soon as drilling is completed, and shall remain until the pit is dry. The amount of time the pit may remain open will typically be specified by the COA's. Once dry, the liner will be cut and removed at the mud line and the pit will be covered and buried in place.
- b) Trash must be contained in a trash cage and hauled away to an approved disposal site as necessary but no later than at the completion of drilling operations.
- c) Sewage form trailers and chemical portable toilets will be removed on a regular basis by a third party contractor and disposed of at an authorized sanitary waste facility.

- d) Any and all chemicals used during the drilling and completion of the well will be kept to a minimum and stored within the boundaries of the well pad. The third party chemical contractor will be responsible for containment and clean-up and removal of all spilled chemicals on location.

8) Ancillary Facilities:

- a) No ancillary facilities will be required during the drilling or completion of the well.

9) Well Site Layout

- a) Depict the pit, rig, cut and fill, topsoil, etc. on a plat with a scale of at least 1"=50'. See Exhibit "D" & "E".
- b) All equipment and vehicles that will be used to drill and complete this well will remain within the boundaries of the approved well pad. Any equipment and or vehicles park or stored off of the location will be considered trespassing on federal lands and will NOT be tolerated.
- c) Materials obtained from the construction of location, like topsoil and vegetation will be stock piled as indicated and permitted by the approved APD. The stock piles themselves may be outside the approved boundaries of the well pad.

10) Plans for Restoration of the Surface:

- a) The top 6 inches of topsoil material will be removed from the location and stockpiled separately on: Adjacent Land or as specified by the approved APD.
- b) Topsoil along the access road will be reserved in place adjacent to the road
- c) Within 30-45 days after completion of well, all equipment that is not necessary for production shall be removed.
- d) The reserve pit and that portion of the location not needed for production will be reclaimed 90-120 days after completion of the well.
- e) Before any dirt work to restore the location takes place, the reserve pit must be ready for burial.
- f) All road surfacing will be removed prior to the rehabilitation of roads.
- g) Reclaimed roads will have the berms and cuts reduced and will be closed to vehicle use

- h) All disturbed areas will be re-contoured to replicate the natural slope.
- i) The stockpiled topsoil will be evenly distributed over the disturbed area.
- j) Prior to reseeding, all disturbed areas, including the access roads, will be scarified and left with a rough surface.
- k) Seed will be broadcast or drilled between September and November, or at a time specified by the BLM and or state. If broadcast, a harrow or some other implement will be dragged over the seeded area to assure seed coverage.

The following seed mixture will be used: As specified in the

- l) conditions of approval
- m) If necessary, an abandonment marker will be one of the following, as specified by the State of Utah:
 - i) at least four feet above ground level,
 - ii) at restored ground level, or
 - iii) below ground level.
 - iv) In any case the marker shall be inscribed with the following: operator name, lease number, well name and surveyed description (township, range, section and either quarter-quarter or footages).

n) Additional requirements: None

11) Surface and Mineral Ownership:

- a) Both the surface and the minerals are owned by the Federal Government and are managed by the Bureau of Land Management: 82 East Dogwood Avenue, Moab, Utah, 84532, 435-259-2106.

12) Other Information:

- a) Archeological Concerns: An approved contractor will submit the appropriate reports to the agency as required. Special stipulations will be included in the COA's of the approved APD.

- b) The operator is responsible for informing all persons in the area who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, the operator is to immediately stop work that might further disturb such materials, and contact the State of Utah Field Office. Within five (5) working days, the State of Utah will inform the operator as to:
 - i) whether the materials appear eligible for the National Register of Historic Places;
 - ii) the mitigation measures the operator will likely have to undertake before the site can be used (assuming in situ preservation is not necessary); and
 - iii) a time frame for the State of Utah to complete an expedited review under 36 CFR § 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the State of Utah are correct and that mitigation is appropriate.

- c) If the operator wishes, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this process, the State of Utah will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation costs. The State of Utah will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the State of Utah that the required mitigation has been completed, the operator will then be allowed to resume construction.

- d) Threatened and Endangered Species Concerns:
 - i) An approved contractor will submit the appropriate reports as required. Special stipulation will be included in the COA's of the approved APD.

- e) Wildlife Seasonal Restrictions: Current wildlife restrictions and closure dates are specified in the BLM's Environmental Impact Statement.

13) The Drilling Program is attached: See Exhibit "F".

14) Lessee's or Operator's Representatives and Certification:

Permitting & Compliance:

Kyla Vaughan

Regulatory Compliance
XTO Energy, Inc.
2700 Farmington Avenue, Bldg K, Suite 1
Farmington, NM 87401
505-324-1090

Drilling & Completions:

Greg Vick

XTO Energy, Inc.
2700 Farmington Avenue, Bldg K, Suite 1
Farmington, NM 87401
505-324-1090

Certification:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by XTO Energy Inc. and its contractors and subcontractors in conformity with this APD package and the terms and conditions under which it is approved. I also certify responsibility for the operations conducted on that portion of the leased lands associated with this application, with bond coverage being provided by XTO Energy Inc. This statement is subject to the provisions of 18 U.S.C. § 1001 for the filing of a false statement.

Signature: _____


Kyla Vaughan

Date: June 30, 2006

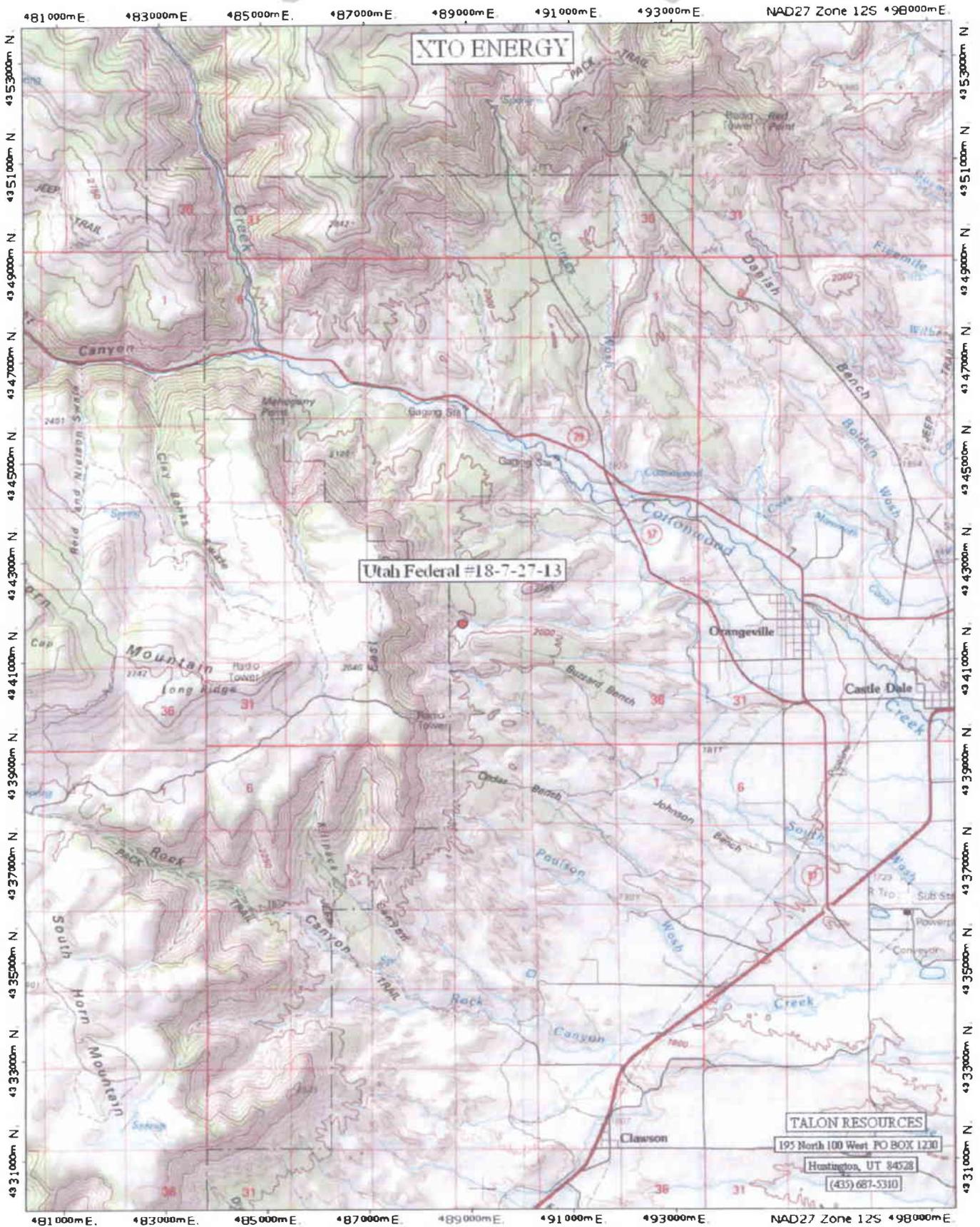


EXHIBIT A

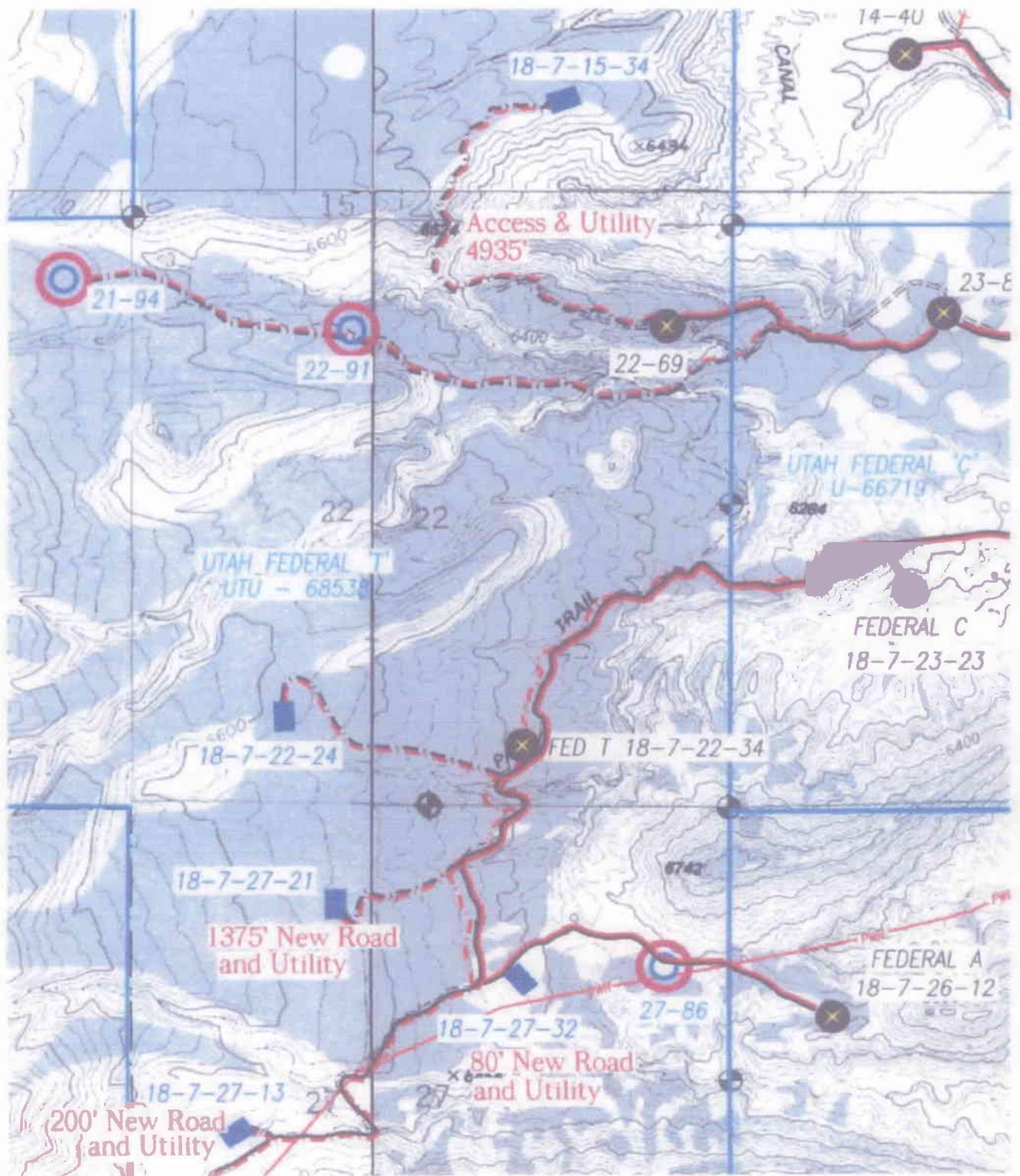
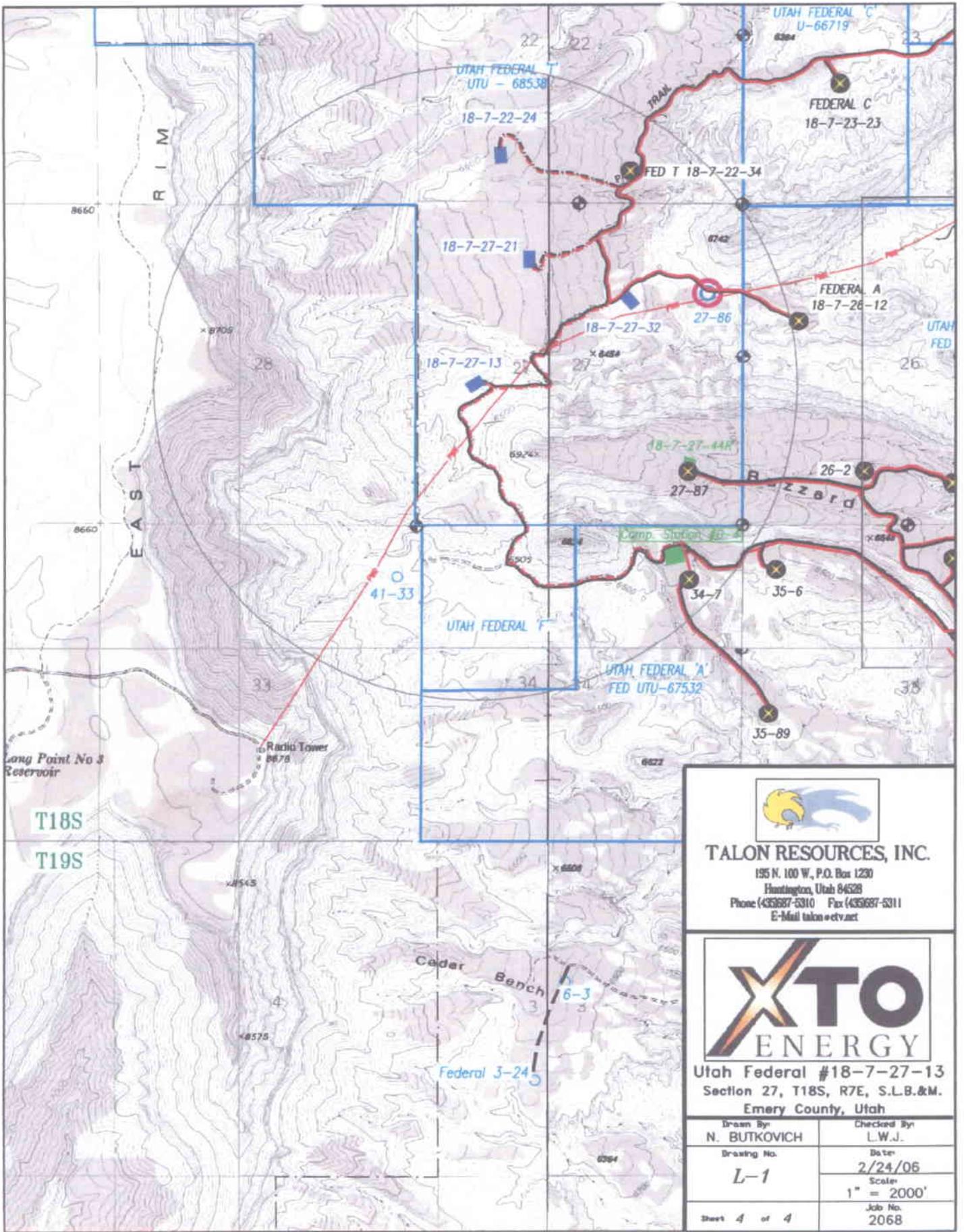


EXHIBIT B



TALON RESOURCES, INC.
 195 N. 100 W., P.O. Box 1230
 Huntington, Utah 84328
 Phone (435)687-5310 Fax (435)687-5311
 E-Mail talon@trv.net

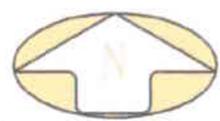
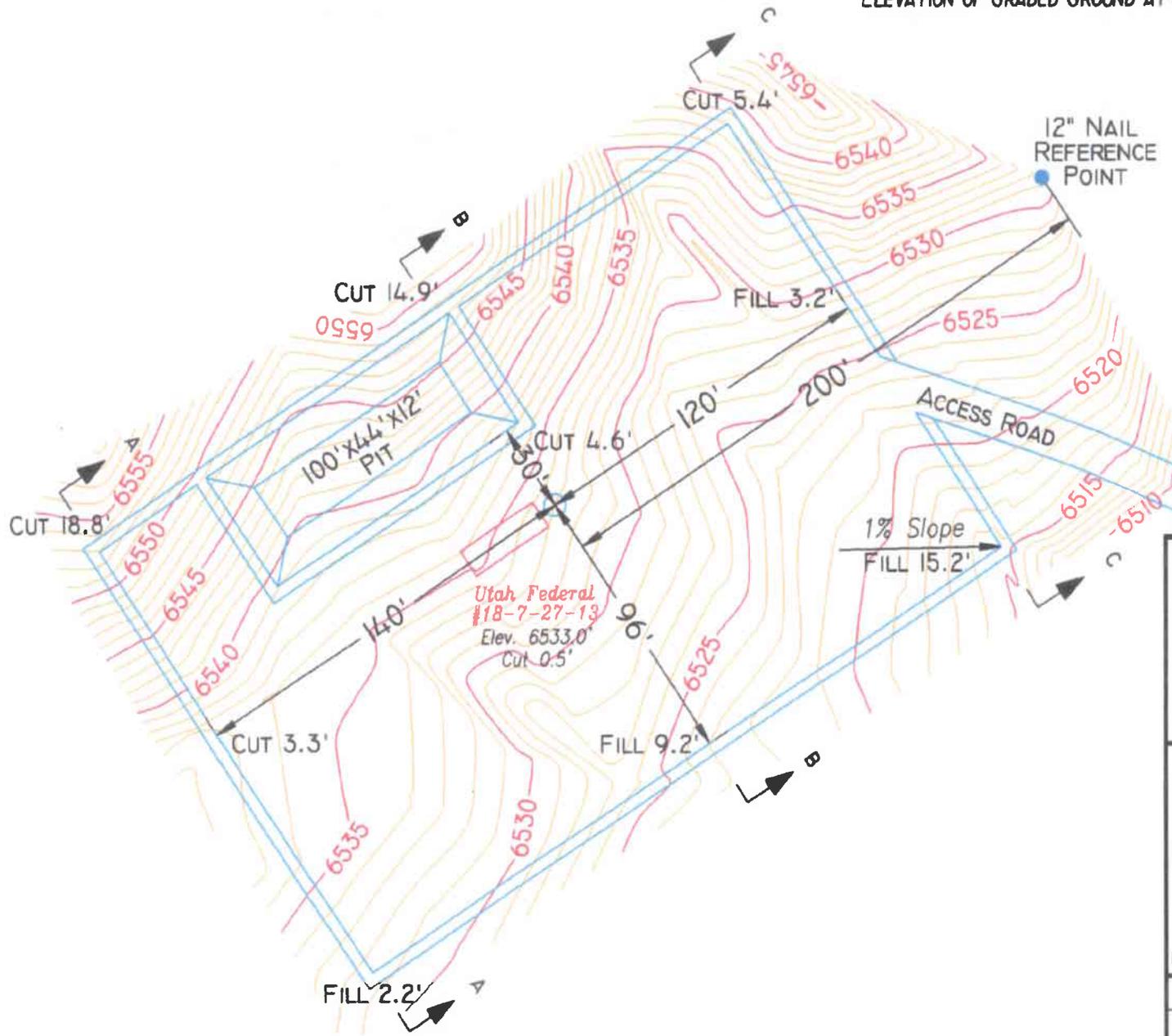


Utah Federal #18-7-27-13
 Section 27, T18S, R7E, S.L.B.&M.
 Emery County, Utah

Drawn By: N. BUTKOVICH	Checked By: L.W.J.
Drassing No. L-1	Date: 2/24/06
	Scale: 1" = 2000'
Sheet 4 of 4	Job No. 2068

EXHIBIT C

ELEVATION OF UNGRADED GROUND AT LOCATION STAKE = 6533.0'
 ELEVATION OF GRADED GROUND AT LOCATION STAKE = 6532.5'



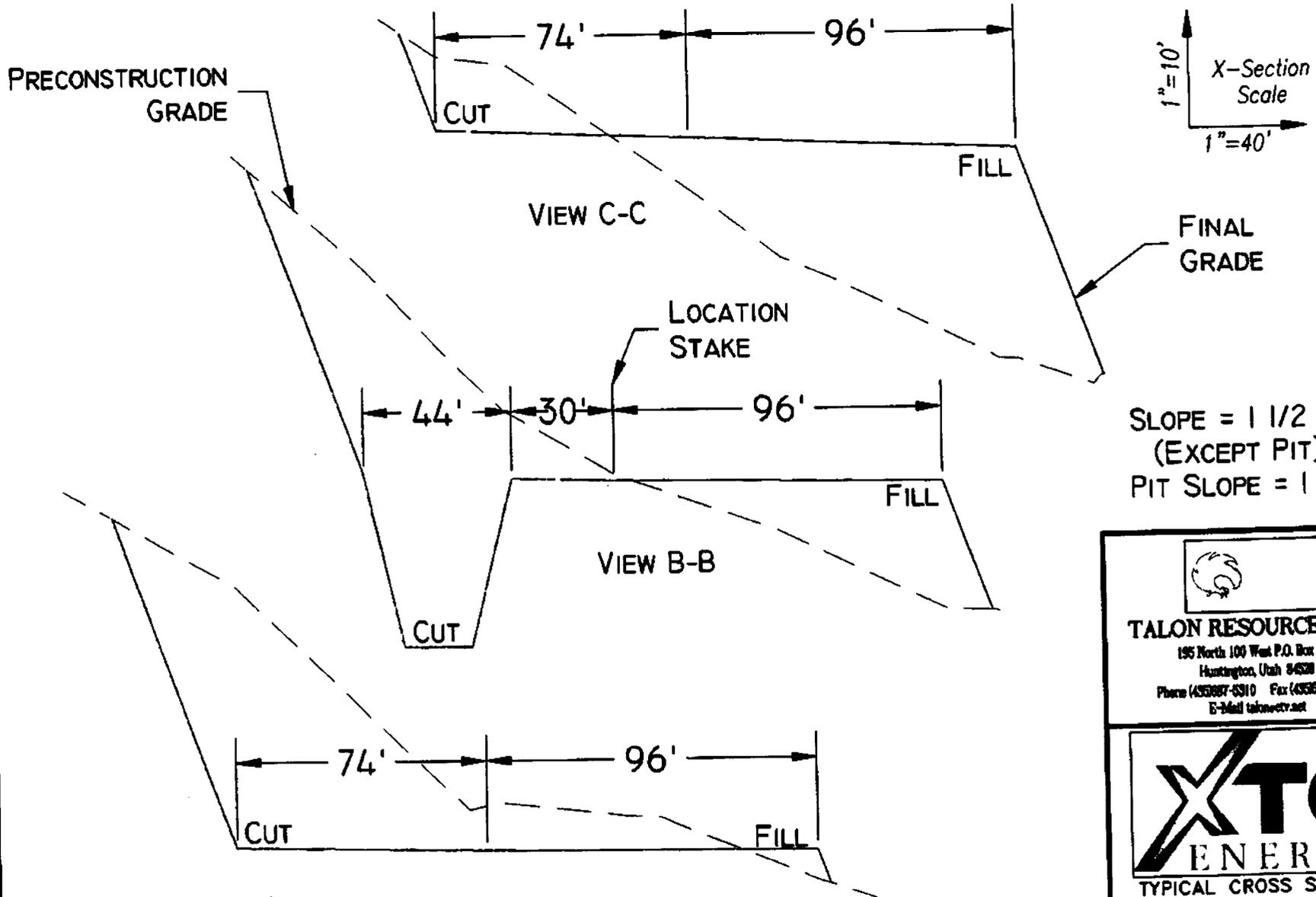
TALON RESOURCES, INC.
 195 North 100 West P.O. Box 1230
 Huntington, Utah 84528
 Phone (435)687-5310 Fax (435)687-5311
 E-Mail talon@trv.net



LOCATION LAYOUT
 Section 27, T18S, R7E, S.L.B.&M.
 Utah Federal #18-7-27-13

Drawn By: N. BUTKOVICH	Checked By: L.W.J.
Drawing No. A-2	Date: 2/24/06
	Scale: 1" = 50'
Sheet 2 of 4	Job No. 2068

EXHIBIT D



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



TALON RESOURCES, INC.

195 North 100 West P.O. Box 129
 Huntington, Utah 84520
 Phone (435)887-5310 Fax (435)887-5311
 E-Mail talon@trv.net



TYPICAL CROSS SECTION
 Section 27, T18S, R7E, S.L.B.&M.
 Utah Federal #18-7-27-13

Drawn By: N. BUTKOVICH	Checked By: L.W.J.
Drawing No. C-1	Date: 2/24/06
	Scale: 1" = 40'
Sheet 3 of 4	Job No. 2068

APPROXIMATE YARDAGES

CUT

(6") TOPSOIL STRIPPING = 820 CU. YDS.
 REMAINING LOCATION = 7,675 CU. YDS.
 (INCLUDING TOPSOIL STRIPPING)

TOTAL CUT (INCLUDING PIT) = 9,095 CU. YDS.

TOTAL FILL = 5,250 CU. YDS.

XTO Energy, Inc.

Utah Federal 18-7-27-13

Drilling Data For APD

June 20, 2006

Location: 2354' FSL & 966' FWL, Sec27, T18S, R7E
Emery Co, Utah

Projected TD: 3570'
Approximate Elevation: 6533'

Objective: Ferron Coal/Sand
KB Elevation: 6546'

1) Mud Program:

Interval	0' to 300'	300' to 3570'
Hole size	8.625 in	12.25 in
Mud Type	air mist	Air/LSND / Gel Chemical
Weight	N/A	8.4 - 8.6
Viscosity	N/A	45 - 60
Water Loss	N/A	8 - 10

- a) Air drill to TD unless excessive water flow is encountered then switch to water based mud. If mud is required, use fibrous materials as needed to control seepage and lost circulation. Pump high viscosity sweeps as needed for hole cleaning. Raise viscosity at TD for logging. Reduce viscosity after logging for cementing.
- b) The blooie line will be approximately 100' in length and will extend in a straight line from below the rotating head as indicated in the BOP schematic. An automatic spark-type igniter will be fixed to the end of the blooie line and set to provide a continuous spark to ignite and burn any produced hydrocarbons and/or gases.
- c) If necessary, de-dusting will be accomplished with a small pump, waterline and spray nipple positioned near the end of the blooie line to provide a continuous spray of water.
- d) Sufficient mud materials will be stored on location to maintain well control and combat lost circulation problems that might reasonably be expected.
- e) The BOP system will be consistent with API RP 53 and Onshore Oil and Gas Order No. 2. Pressure tests of the surface casing and all BOP equipment subject to pressure will be conducted before drilling the surface casing shoe. Blowout preventer controls will be installed prior to drilling the surface casing shoe and will remain in use until the well is completed or abandoned. Ram preventers shall be inspected and operated daily. Annular preventers shall be inspected and operated weekly to ensure good mechanical working order. The inspections and tests shall be recorded in the drilling log and daily drilling report. See the attached BOP and choke manifold schematic.

EXHIBIT F

2. Casing Program

a) Surface Casing set @ 300' in a 12.25 in hole

8.625 in, 24#, J-55, ST&C (8.097" ID, 7.97" Drift)					
Collapse Press	Burst Press	Joint Strength	SF Collapse	SF Burst	SF Tension
950	2950	272	7	23	38

b) Production Casing set @ 3570' in a 7.875 in hole

5.5 in, 15.5#, J-55, ST&C (4.89 ID, 4.7 Drift)					
Collapse Press	Burst Press	Joint Strength	SF Collapse	SF Burst	SF Tension
4910	3,300	202	3	2	4

3. Well Heads:

- a) Casing Head: Install Larkin Fig 92 (or equivalent), 10" nominal, 2,000 psig WP (4,000 psig test) with 8-5/8" 8rnd thread on bottom and 10-3/4" 8rnd thread on top. NU BOP and choke manifold (see attached schematic). Stack to consist of drilling spool with choke and kill lines, double rams with pipe rams on top, blind rams on bottom. Use cold water and test BOP to 250 psi low and 1,000 psi high. Record all tests on the IADC report. Inspect accumulator and closing unit to ensure that pre-charge pressures and oil levels are within API Specifications and report same on IADC report.
- b) Tubing Head: Larkin Fig 612 (or equivalent), 5,000 psig WP (5,000 psig test), 5-1/2" SOW (or 8rnd female thread) on bottom, 7-1/16" 5,000# flange on top w/2 - 3" LPOs.

4. Cement Program:

- a) Surface: 210 sx of Class G cement (or equivalent) containing 2% KCl, 1/4 % Flocele and dispersant mixed at 15.7 ppg and 1.18 ft³/sx
 - i) Slurry volume is 250 ft³, 200% excess of calculated annular volume to 300'
- b) Production:
 - i) The Production Casing will be cemented using 2 (lead and tail) cement slurries. The lead cement (filler grade) volume will be calculated from 500' above the Upper Ferron Sandstone to surface. The Tail Cement will be calculated from TD to 500' above the Upper Ferron Sandstone as indicated on the formation tops table.
 - ii) Lead Cement: 240 sx of CBM Light Weight Cement with 10 pps Gilsonite and 1/4 pps celloflake mixed at 10.5 ppg and 4.15 ft³/sx
 - iii) Tail Cement: 190 sx of CBM Light Weight Cement with 10 pps Gilsonite and 1/4 pps celloflake mixed at 10.5 ppg and 4.15 ft³/sx

- iv) Slurry volume is 1240 ft³, 200% excess of calculated annular volume to 3570'

5. Logging Program

- a) Mud logger: The mud logger will come on after surface pipe is set and will remain until TD. The mud will be logged in 10' intervals.
- b) Run Array Induction (if wet), compensated neutron, density, GR, caliper, SP (if wet) and Pe fr/TD to the bottom of the surface csg.

6. Formation Tops:

Formation	Sub-Sea	Well depth
Top Upper Ferron Sand (sub sea)	3,415	3,118
Top Coal Zone (sub sea)	3,340	3,193
Top Lower Ferron Sand (sub sea)	3,260	3,273
Total Depth		3,570

- a) No known oil zones will be penetrated.
- b) Gas bearing sandstones and coals will be penetrated from 3415 ft to 3260 ft
- c) No known fresh water zones will be penetrated. The gas bearing sandstones and coals may contain in-situ water.
- d) No known mineral zones will be penetrated.
- e) Any prospectively valuable minerals and all fresh water zones encountered during drilling will be recorded, cased and cemented. If possible, water flow rates will be measured and samples will be taken and analyzed with the results being submitted to the appropriate agency.

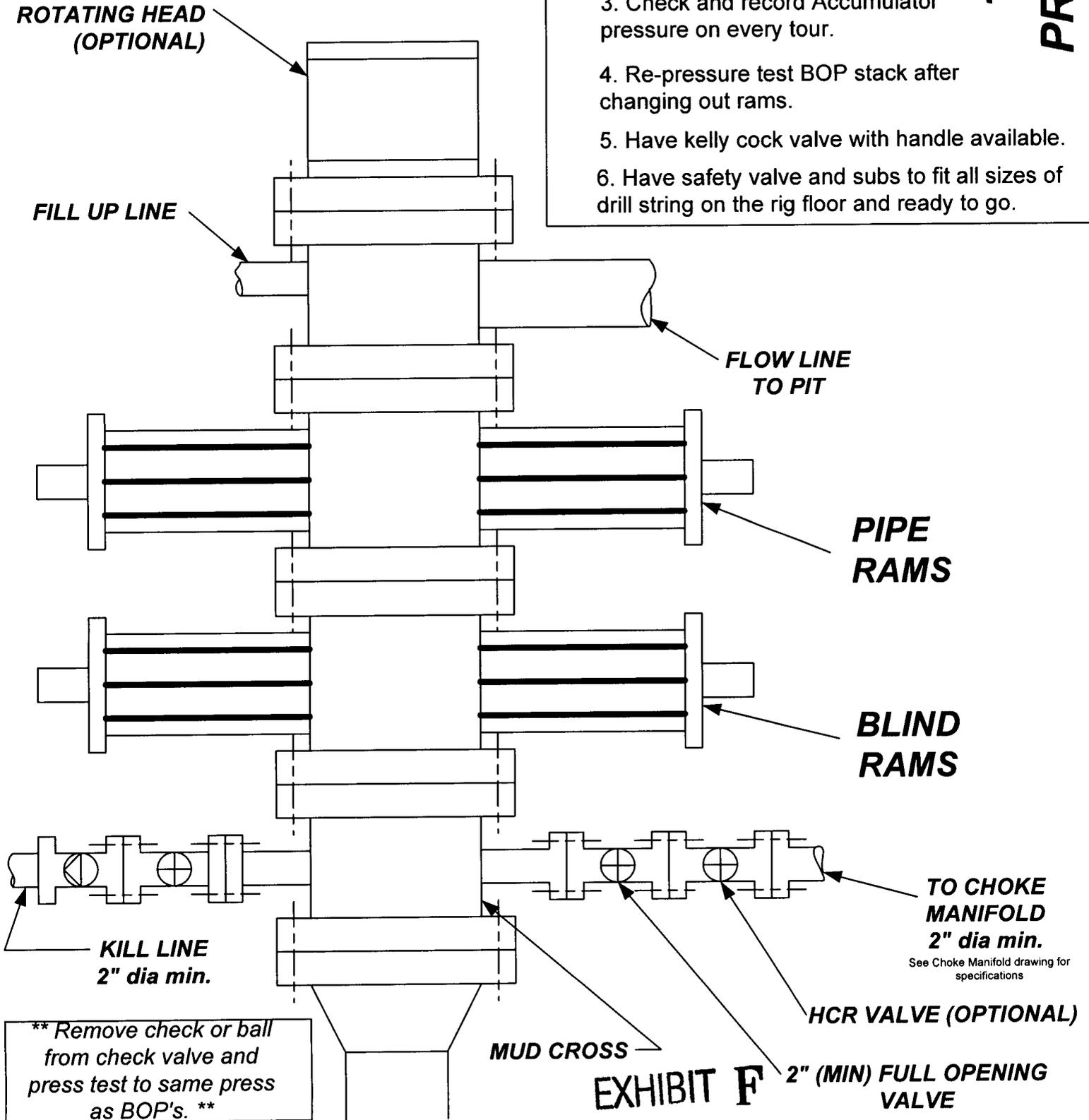
7. Company Personnel:

Name	Title	Office phone	Cell Phone
Greg Vick	Drilling Engineer	505-566-7946	505-320-7274
Jerry Lacy	Drilling Superintendent	505-566-7914	505-320-6543
Joshua Stark	Project Geologist	817-885-2240	817-565-7158
Jerry Stadulis	Reservoir Engineer	817-855-2338	817-480-4056
Dennis Elrod	Drilling Foreman	505-566-7907	505-486-6460

BOP SCHEMATIC FOR DRILLING OPERATIONS CLASS 1 (2M) NORMAL PRESSURE

TESTING PROCEDURE

1. Test BOP after installation:
 Pressure test BOP to 200-300 psig (low pressure) for 10 min.
 Test BOP to Working Press or to 70% internal yield of surf csg (10 min) or which ever is less.
2. Test operation of (both) rams on every trip.
3. Check and record Accumulator pressure on every tour.
4. Re-pressure test BOP stack after changing out rams.
5. Have kelly cock valve with handle available.
6. Have safety valve and subs to fit all sizes of drill string on the rig floor and ready to go.



CHOKE MANIFOLD SCHEMATIC FOR DRILLING OPERATIONS CLASS 1 (2M) NORMAL PRESSURE

1. Stake all lines from choke manifold to pit.
2. Pressure test choke manifold after installation.
3. Pressure test manifold at the same time with the BOP Stack. Test manifold to the same test pressures.

TESTING PROCEDURE

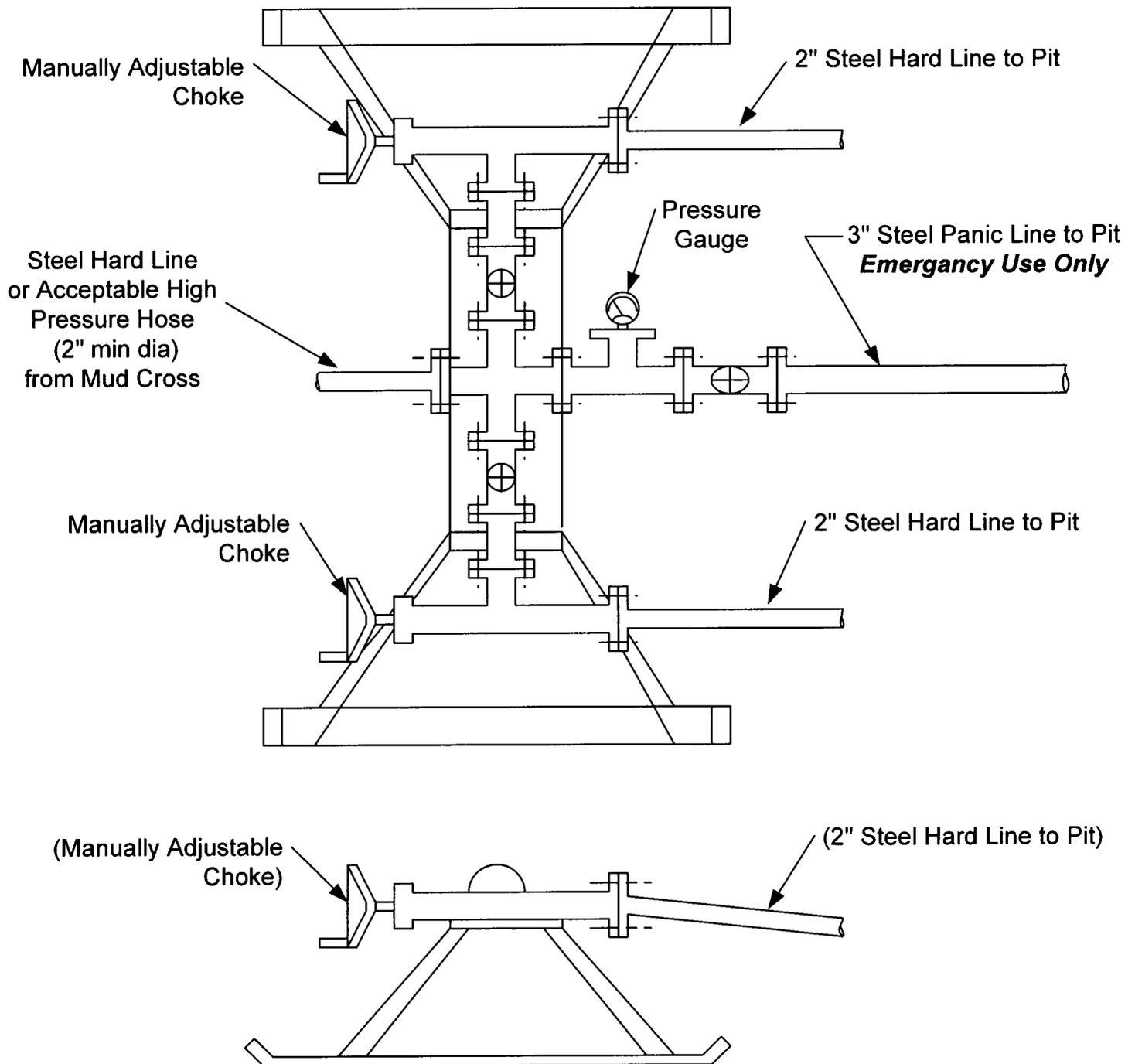


EXHIBIT F

**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 07/03/2006

API NO. ASSIGNED: 43-015-30691

WELL NAME: UT FED 18-7-27-13
 OPERATOR: XTO ENERGY INC (N2615)
 CONTACT: KYLA VAUGHAN

PHONE NUMBER: 505-324-1090

PROPOSED LOCATION:

NWSW 27 180S 070E
 SURFACE: 2354 FSL 0966 FWL
 BOTTOM: 2354 FSL 0966 FWL
 COUNTY: EMERY
 LATITUDE: 39.22640 LONGITUDE: -111.1291
 UTM SURF EASTINGS: 488854 NORTHINGS: 4341701
 FIELD NAME: BUZZARD BENCH (132)

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

LEASE TYPE: 1 - Federal
 LEASE NUMBER: UTU-68538
 SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: FRSD
 COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

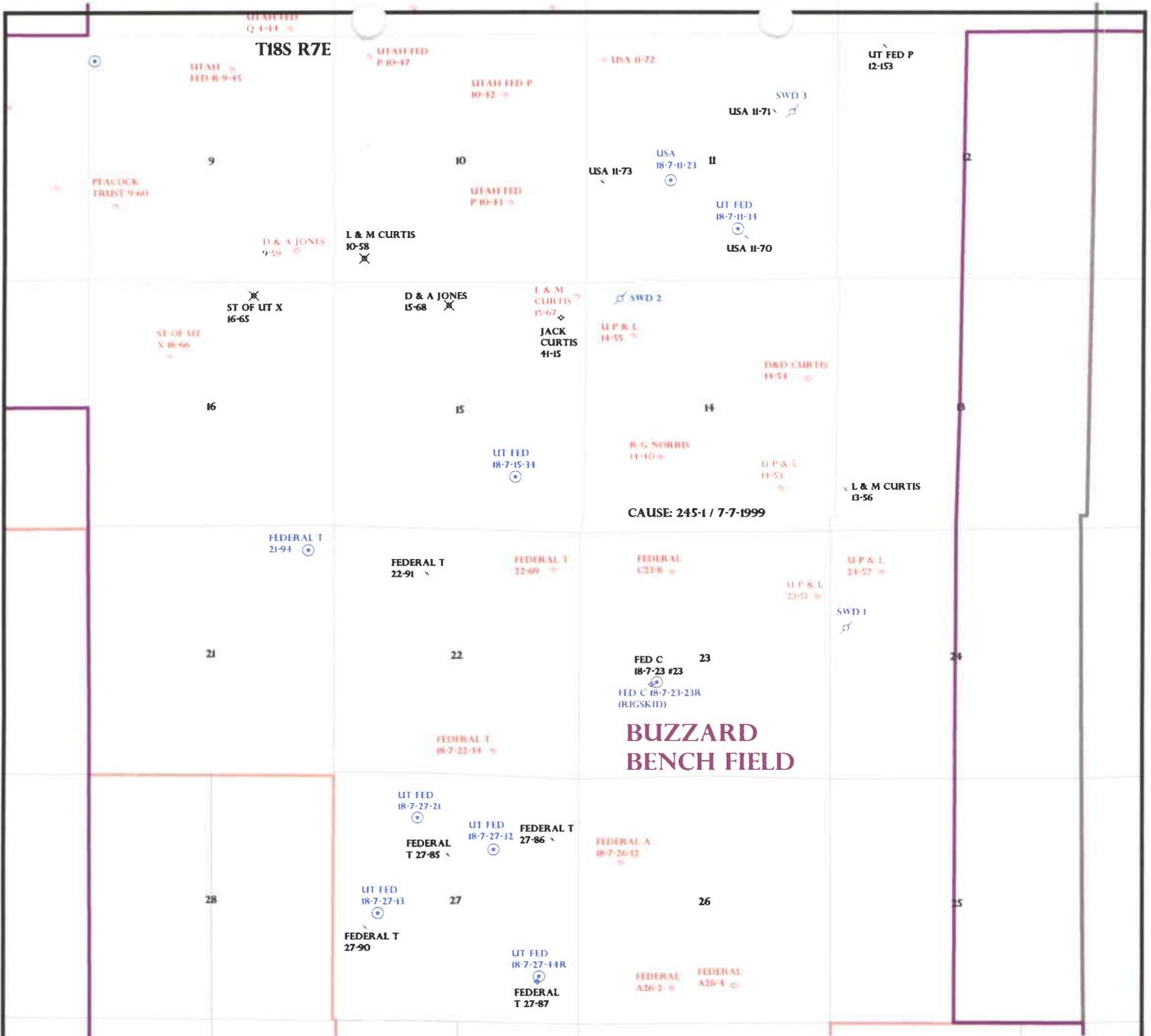
- Plat
- Bond: Fed[1] Ind[] Sta[] Fee[]
(No. UTB-000138)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. MUNICIPAL)
- RDCC Review (Y/N)
(Date: _____)
- Fee Surf Agreement (Y/N)
- Intent to Commingle (Y/N)

LOCATION AND SITING:

- R649-2-3.
Unit: _____
- R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells
- R649-3-3. Exception
- Drilling Unit
Board Cause No: 245-1
Eff Date: 7-7-99
Siting: 460' fr down back of 920' fr Other wells
- R649-3-11. Directional Drill

COMMENTS: _____

STIPULATIONS: 1- Lease Approved



OPERATOR: XTO ENERGY INC (N2615)

SEC: 11,15,27 .18S R. 7E

FIELD: BUZZARD BENCH (132)

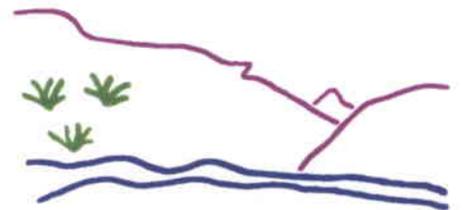
COUNTY: EMERY

CAUSE: 245-1 / 7-7-1999

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

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

- Wells Status**
- * GAS INJECTION
 - * GAS STORAGE
 - * LOCATION ABANDONED
 - * NEW LOCATION
 - * PLUGGED & ABANDONED
 - * PRODUCING GAS
 - * PRODUCING OIL
 - * SHUT-IN GAS
 - * SHUT-IN OIL
 - * TEMP. ABANDONED
 - * TEST WELL
 - * WATER INJECTION
 - * WATER SUPPLY
 - * WATER DISPOSAL
 - * DRILLING



Utah Oil Gas and Mining



PREPARED BY: DIANA WHITNEY
DATE: 12-JULY-2006



State of Utah

**Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

August 17, 2006

XTO Energy Inc.
2700 Farmington Ave., Bldg K, Ste.1
Farmington, NM 87401

Re: Utah Federal 18-7-27-13 Well, 2354' FSL, 966' FWL, NW SW, Sec. 27,
T. 18 South, R. 7 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.

Appropriate information has been submitted to DOGM and administrative approval of the requested exception location is hereby 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 43-015-30691.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

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

Operator: XTO Energy Inc.
Well Name & Number Utah Federal 18-7-27-13
API Number: 43-015-30691
Lease: UTU-68538

Location: NW SW **Sec.** 27 **T.** 18 South **R.** 7 East

Conditions of Approval

1. General

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

2. Notification Requirements

Notify the Division within 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

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

- Contact Dan Jarvis at (801) 538-5338

3. Reporting Requirements

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

4. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS		5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-68538
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
		7. UNIT or CA AGREEMENT NAME:
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____	8. WELL NAME and NUMBER: UTAH FEDERAL 18-7-27-13	
2. NAME OF OPERATOR: XTO ENERGY INC.		9. API NUMBER: 4301530691
3. ADDRESS OF OPERATOR: 2700 Farmington, Bldg K-1 CITY Farmington STATE NM ZIP 87401	PHONE NUMBER: (505) 324-1090	10. FIELD AND POOL, OR WILDCAT: FERRON SANDSTONE
4. LOCATION OF WELL FOOTAGES AT SURFACE: 2354' FSL & 966' FWL		COUNTY: EMERY
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWSW 27 18S 7E		STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: <u>9/15/2006</u>	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input checked="" type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.
XTO Energy Inc. proposes to change the casing & cement program per attached.

RECEIVED
SEP 18 2006
DIV. OF OIL, GAS & MINING

NAME (PLEASE PRINT) HOLLY C. PERKINS	TITLE REGULATORY COMPLIANCE TECH
SIGNATURE <i>Holly C. Perkins</i>	DATE 9/12/2006

(This space for State use only)

COPY SENT TO OPERATOR
Date: 9/29/06
Initials: BM

Accepted by the
Utah Division of
Oil, Gas and Mining
Federal Approval Of This
Action Is Necessary

(5/2000) (See Instructions on Reverse Side) Date: 9/25/06
By: *Dakota*



Well Name: Utah Federal 18-7-27-13
 Location: 2354' FSL & 966' FWL, Sec. 27, T18S, R07E
 County: Emery County
 State: Utah

Upper Ferron SS (est): 3118

Surface Casing Detail

Type:	Type V cement (or equivalent) containing 1% CaCl, 1/4 pps Flocele and 10% Cal_Seal		
Percent Excess:	200.00%	Lead Density (ppg):	14.20
Calc'd Volume (Bbls):	69.0	Lead Yield (cuft/sk):	1.61
Calc'd Volume (cuft):	387.5		
Lead Volume (sxs):	240.7		

Production Casing Detail

String	Casing Type	Weight	OD	ID	Depth	Open Hole
Surface	8.625 J-55 24	24.00	8 5/8	8.097	300.0	12 1/4
Longstring	5.5 J-55 15.5	15.50	5 1/2	4.950	3570.0	7 7/8

Float Equipment

Desc.	Depth	Lead	Hyd. Head	Stage 1 Top:	1953
Float Insert	3525.0	472.096		Stage 2 Top:	2818
Float Shoe	3570.0	527.904			

Cement Tops

Spacer Description

Type:	10 bbls chem wash + 5 bbls scavenger slurry	
Volume (bbls):	15	Density (ppg): 9.00

Lead Description

Type:	CBM Light Weight Cement with 10 pps Gilsonite and 1/4 pps celloflake		
Percent Excess:	40.00%	Lead Density (ppg):	10.50
Calc'd Volume (Bbls):	37.4	Lead Yield (cuft/sk):	4.14
Calc'd Volume (cuft):	209.8	Lead Mix Water (gal/sk):	27.53
Lead Volume (sxs):	51.0	Mix Water (bbls):	33.4

Tail Description

Type:	CBM Light Weight Cement with 10 pps Gilsonite and 1/4 pps celloflake		
Percent Excess:	40.00%	Tail Density (ppg):	13.5
Calc'd Volume (Bbls):	33.55661	Tail Yield (cuft/sk):	1.81
Calc'd Volume (cuft):	188.4144	Tail Mix Water (gal/sk):	8.84
Tail Volume (sxs):	104	Mix Water (bbls):	21.9

Displacement Description

Type:	Fresh Water	
Calc'd Volume (Bbls):	84.95	Density (ppg): 8.40

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS			5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-68538
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.			6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
			7. UNIT or CA AGREEMENT NAME:
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		8. WELL NAME and NUMBER: UTAH FEDERAL 18-7-27-13	
2. NAME OF OPERATOR: XTO ENERGY INC.		9. API NUMBER: 4301530691	
3. ADDRESS OF OPERATOR: 2700 Farmington, Bldg K-1 CITY Farmington STATE NM ZIP 87401		PHONE NUMBER: (505) 324-1090	10. FIELD AND POOL, OR WILDCAT: FERRON SANDSTONE
4. LOCATION OF WELL FOOTAGES AT SURFACE: 2354' FSL & 966' FWL			COUNTY: EMERY
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWSW 27 18S 07E			STATE: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: 12/1/2006	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: DEC MONTHLY RPT
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Due to closure in the area from December 1 to April 15, 2007, there is no activity on this well to report. Monthly reporting will resume on this well in April, 2007.

NAME (PLEASE PRINT) HOLLY C. PERKINS	TITLE REGULATORY COMPLIANCE TECH
SIGNATURE	DATE 1/10/2007

(This space for State use only)

RECEIVED
JAN 16 2007

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0137
Expires March 31, 2007

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. UTU-68538
1b. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name N/A
2. Name of Operator XTO Energy Inc.		7. Unit or CA Agreement Name and No. N/A
3a. Address 2700 Farmington Ave., Bldg. K, Ste 1 Farmington, NM	3b. Phone No.: (include area code) 505-324-1090	8. Lease Name and Well No. Utah Federal 18-7-27-13
4. Location of Well (Report location clearly and in accordance with any State requirements)* At surface 2354' FSL x 966' FWL in Sec 27, T18S, R7E At proposed prod. zone SAME		9. API Well No. 43-015-30691
14. Distance in miles and direction from nearest town or post office* Approximately 3.5 miles West of Orangeville, Utah		10. Field and Pool, or Exploratory Ferron Sandstone
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 1000'	16. No. of Acres in lease 2205.82	11. Sec., T., R., M., or Blk. and Survey or Area Sec 27, T18S, R7E
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 2250'	19. Proposed Depth 3570'	12. County or Parish Emery
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6533' Ground Elevation	22. Approximate date work will start* September 2006	13. State UT
		17. Spacing Unit dedicated to this well 160
		20. BLM/BIA Bond No. on file UTB-000138
		23. Estimated duration 2 weeks

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan | 5. Operator certification. |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature <i>Kyla Vaughan</i>	Name (Printed/Typed) Kyla Vaughan	Date 06/30/06
Title Regulatory Compliance Tech		
Approved by (Signautre) <i>/s/ A. Lynn Jackson</i>	Name (Printed/Typed) <i>/s/ A. Lynn Jackson</i>	Date 5/22/07
Title Assistant Field Manager, Division of Resources	Office Division of Resources Moab Field Office	

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

cc: PRICE, Ut

CONDITIONS OF APPROVAL ATTACHED

RECEIVED

MAY 29 2007

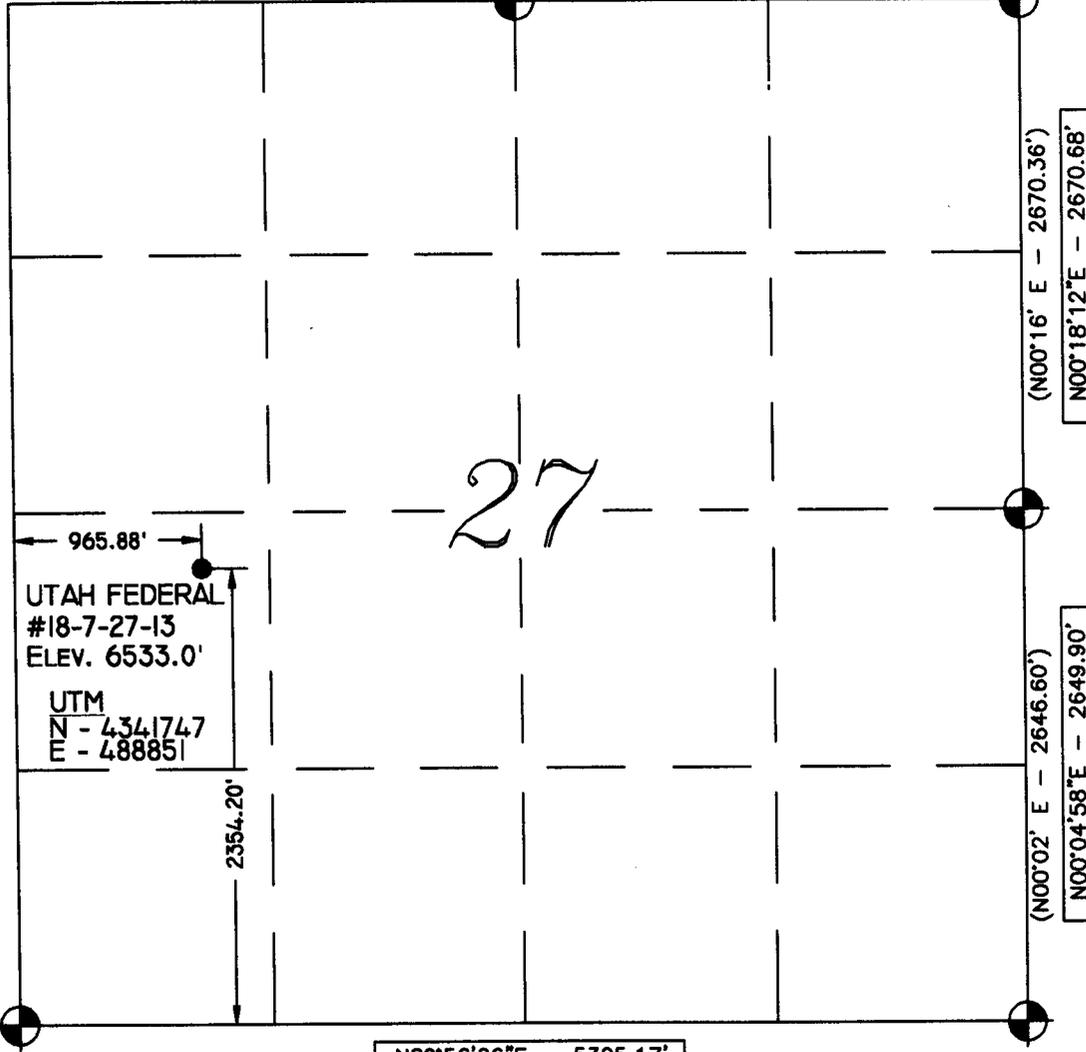
DIV. OF OIL, GAS & MINING

Range 7 East

(N88°58'W - 2648.58')

N89°38'13"W - 2658.99'

(N89°38' W - 2647.26')



Location:

The well location was determined using a Trimble 5700 GPS survey grade unit.

Basis of Bearing:

The Basis of Bearing is GPS Measured.

GLO Bearing:

The Bearings indicated are per the recorded plat obtained from the U.S. Land Office.

Basis of Elevation:

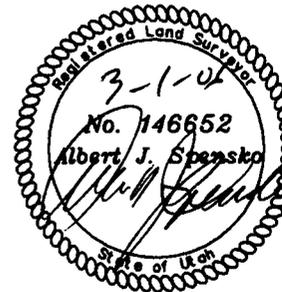
Basis of Elevation of 6006.86' being a Utah State Engineer's benchmark located between Section 25 and Section 26, T18S, R7E, Salt Lake Base & Meridian, 350' South of the Northwest Corner of Section 25, Township 18 South, Range 7 East.

Description of Location:

Proposed Drill Hole located in the NW/4 SW/4 of Section 27, T18S, R7E, S.L.B.&M., being 2354.20' North and 965.88' East from the Southwest Section Corner of Section 27, T18S, R7E, Salt Lake Base & Meridian.

Surveyor's Certificate:

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



GRAPHIC SCALE

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

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°13'36.55" N
111°07'44.989" W



TALON RESOURCES, INC.

195 North 100 West P.O. Box 1230
Huntington, Utah 84528
Phone (435)667-5310 Fax (435)667-5311
E-Mail talon@tv.net



Utah Federal #18-7-27-13
Section 27, T18S, R7E, S.L.B.&M.
Emery County, Utah

Drawn By: N. BUTKOVICH	Checked By: L.W.J./A.J.S.
Drawing No. A-1	Date: 2/24/06
	Scale: 1" = 1000'
Sheet 1 of 1	Job No. 2068

XTO Energy, Inc.
Utah Federal 18-7-27-13
Lease UTU-68538
NW/SW Section 27, T18S, R7E
Emery County, Utah

A COMPLETE COPY OF THIS APPROVED PERMIT and Conditions of Approval shall be maintained on location during all construction and drilling operations, and shall be available to contractors to ensure compliance.

CONDITIONS OF APPROVAL

Approval of this application does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Be advised that XTO Energy, Inc. is considered to be the operator of the above well and is responsible under the terms and conditions of the lease for the operations conducted on the leased lands.

Bond coverage for this well is provided by **UTB000138** (Principal – XTO Energy, Inc.) via surety consent as provided for in 43 CFR 3104.2.

This office will hold the aforementioned operator and bond liable until the provisions of 43 CFR 3106.7-2 continuing responsibility are met.

This permit will be valid for a period of one year from the date of approval. After permit termination, a new application must be filed for approval.

All lease operations will be conducted in full compliance with applicable regulations (43 CFR 3100), Onshore Oil and Gas Orders, lease terms, notices to lessees, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. Failure to comply with the provisions of this permit, including applicable regulations, stipulations, and/or approval conditions, will be considered a violation subject to the enforcement provisions of 43 CFR Subpart 3163.

A. DRILLING PROGRAM

1. The proposed 2M BOPE is adequate for anticipated conditions. Installation, testing and operation of the system shall be in conformance with Onshore Oil and Gas Order No. 2. A rotating head is required equipment for air drilling operations.
2. Concurrent approval from the State of Utah, Division of Oil, Gas & Mining (DOG M) is required before conducting any surface disturbing activities.
3. Drilling reports, which describe the activities of each day, shall be submitted to the BLM Moab Field Office on a weekly, or more frequent, basis. In addition to a daily summary of activities, drilling reports shall include the drilling fluid weight, details of casing and cement, water flows, lost circulation zones and any other information that would contribute to the understanding of drilling conditions.
4. If cement behind the production casing does not circulate to surface, a cement bond log (CBL) or other appropriate tool for determining top-of-cement, shall be run and shall be submitted to BLM.
5. When drilling with air, the requirements of Onshore Oil and Gas Order No. 2, part III, E, Special Drilling Operations, shall apply.

Conditions of Approval

SITE-SPECIFIC

1. The proponent will avoid any construction within the seasonal buffers (February 1-July 15) for active raptor nests that are within the recommended spatial buffers. Seasonal buffers have been established as a result of BLM coordination and interaction with the Utah Division of Wildlife Resources and the US Fish and Wildlife Service, and these buffers typically involve a half-mile radius from active raptor nests (1 mile for peregrine falcon), unless an exemption is granted by the BLM.

SURFACE USE

1. The following appendices are attached for your reference. They are to be followed as conditions of approval:
 - a. Appendix 1: Wildlife Seasonal Restriction and Surface Disturbance Mitigation Plan
 - b. Appendix 2: Seed Mixtures for Reclamation/Revegetation Areas
2. Any surface structures to remain on lease greater than six months shall be painted in the following flat, earth tone color: Olive Black (5W A 20-6) prior to installation. This Fuller O'Brien color is for reference only. Any brand of paint may be used provided the colors match. Any facilities that must be painted to comply with OSHA standards are exempt.
3. Best Management Practices and the BLM Price Field Office Hydrologic Modification Standards will be implemented.
4. The companies Spill Prevention, Containment, and Cleanup Plan shall be followed and a copy submitted to the authorized officer.
5. Dust shall be controlled during all phases of project implementation through the use of water or approved dust suppressants.
6. XTO shall avoid clearing trees in a straight line and maintain the irregular shaped areas of the access road and mitigation project as designed.
7. Control of non-native, invasive species (noxious weeds) will be in accordance with the Federal Noxious Weed Act, the Utah Noxious Weed Act (R68-9), and County Noxious Weed Control Plans. Control of non-native, invasive species will be completed on all disturbed sites associated with the development and final reclamation of well pads and

pipelines. The use of herbicides will be approved through a pesticide use proposal (PUP) submitted to the BLM prior to herbicide application.

8. The Companies will provide georeferenced spatial data depicting as-built locations of all facilities, wells, roads, pipelines, power lines, and other related facilities to the BLM by November 1 of each year until completion of project construction activities has occurred.
9. Reserve pits will be adequately fenced during and after drilling operations until pit is reclaimed so as to effectively keep out wildlife and livestock. Adequate fencing, in lieu of more stringent requirements by the surface owner, is defined as follows:
 - a. Construction materials will consist of steel or wood posts. Three or four strand wire (smooth or barbed) fence or hog panel (16-foot length by 50-inch height) or plastic snow fence must be used with connectors such as fence staples, quick-connect clips, hog rings, hose clamps, twisted wire, etc. Electric fences will not be allowed.
 - b. Construction standards: Posts shall be firmly set in ground. If wire is used, it must be taut and evenly spaced, from ground level to top wire, to effectively keep out animals. Hog panels must be tied securely into posts and one another using fence staples, clamps, etc. Plastic snow fencing must be taut and sturdy. Fence must be at least 2-feet from edge of pit. 3 sides fenced before beginning drilling, the fourth side fenced immediately upon completion of drilling and prior to rig release. Fence must be left up and maintained in adequate condition until pit is closed.
10. The reserve pit will be oriented to prevent collection of surface runoff. After the drilling rig is removed, the operator may need to construct a trench on the uphill side of the reserve pit to divert surface drainage around it. If constructed, the trench will be left intact until the pit is closed.
11. The reserve pit will be lined with an impermeable liner. An impermeable liner is any liner having a permeability less than 10^{-7} cm/sec. The liner will be installed so that it will not leak and will be chemically compatible with all substances that may be put in the pit. Liners made of any man-made synthetic material will be of sufficient strength and thickness to withstand normal installation and pit use. In gravelly or rocky soils, a suitable bedding material such as sand will be used prior to installing the liner.
12. The reserve pit will be constructed so that at least half of its total volume is in solid cut material (below natural ground level).
13. The reserve pit shall have 2 foot of freeboard maintained at all times to prevent overflow of fluids.

GENERAL CONSTRUCTION

1. Operator shall contact the Price BLM Office at least forty-eight hours prior to the anticipated start of construction and/or any surface disturbing activities including reclamation. The BLM may require and schedule a preconstruction conference with the

operator prior to the operator commencing construction and/or surface disturbing activities. The operator and the operator's contractor, or agents involved with construction and/or any surface disturbing activities associated with the project, shall attend this conference to review the Conditions of Approval and plan of development. The operator's inspector will be designated at the pre-drill conference, and is to be given an approved copy of all maps, permits and conditions of approval before the start of construction. The BLM will also designate a representative for the project at the preconstruction conference.

2. The operator shall designate a representative(s) who shall have the authority to act upon and to implement instructions from the BLM. The operator's representative shall be available for communication with the BLM within a reasonable time when construction or other surface disturbing activities are underway.
3. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the operator, or any person working on his behalf, on public land is to be immediately reported to the Price BLM Office. The operator will suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Price BLM Office. An evaluation of the discovery will be made by the BLM to determine appropriate actions to prevent the loss of significant cultural or scientific values. The operator is responsible for the cost of evaluation of any site found during construction. The BLM will determine what mitigation is necessary.
4. During project construction, surface disturbance and vehicle travel shall be limited to the approved location and access routes. Any additional area needed must be approved by the Price BLM Office prior to use.
5. The operator must provide a trash cage for the collection and containment of all trash. The trash shall be disposed in an authorized landfill. The location and access roads shall be kept litter free.
6. Vegetation removal necessitated by construction shall be confined to the limits of actual construction. Removed vegetation will be stockpiled for use in reclamation or removed from the construction site at the direction of the BLM.
7. Prior to surface disturbance, topsoil is to be separately removed and segregated from other material. Topsoil depth will be decided onsite by BLM. If the topsoil is less than 6 inches, a 6-inch layer that includes the A horizon and the unconsolidated material immediately below the A horizon shall be removed and the mixture segregated and redistributed as the surface soil layer. The company in consultation with BLM shall determine stockpile locations and dimensions at the onsite. If the topsoil stockpiles will not be redistributed for a period in excess of one (1) year, the stockpiles are to be seeded with seed mixture (see Appendix 2, Table A-1 and A-2).

ROAD and PIPELINE CONSTRUCTION

1. Operator shall provide an inspector under the direction of a registered professional engineer (PE) at all times during road construction.
2. Road construction or routine maintenance activities are to be performed during periods when the soil can adequately support construction equipment. If such equipment creates ruts more than 6 inches deep, the soil is deemed too wet to adequately support construction equipment.
3. The operator is responsible for maintenance of all roads authorized through the lease or a right-of-way. Construction and maintenance shall comply with Class II or III Road Standards as described in BLM Manual Section 9113 and the Moab District Road Standards, except as modified by BLM. Maintenance may include but is not limited to grading, applying gravel, snow removal, ditch cleaning, and headcut restoration/prevention.
4. Topsoil from access roads and pipelines are to be wind rowed along the uphill side of the road or stored in an approved manner. When the road and pipeline is rehabilitated, this soil will then be used as a top coating for the seed bed.
5. Erosion-control structures such as water bars, diversion channels, and terraces will be constructed to divert water and reduce soil erosion on the disturbed area. Road ditch turnouts shall be equipped with energy dissipators as needed to avoid erosion. Where roads interrupt overland sheet-flow and convert this runoff to channel flow, ditch turnouts shall be designed to reconvert channel flow to sheet flow. Rock energy dissipators and gravel dispersion fans may be used, or any other design which would accomplish the desired reconversion of flow regime. As necessary cut banks, road drainages, and road crossings shall be armored or otherwise engineered to prevent headcutting.

PAD CONSTRUCTION

1. During the construction of the drill pad, suitable topsoil material is to be stripped and conserved in a stockpile on the pad. If stockpiles are to remain for more than a year, they shall be seeded with the seed mixture (see Appendix 2, Table A-1 and A-2).
2. Generally, drill pads are to be designed to prevent overland flow of water from entering or leaving the site. The pad is to be designed to allow for zero runoff. The drill pad shall be designed to disperse diverted overland flow and to regulate flow velocity so as to prevent or minimize erosion. Well pad diversion outlets shall be equipped with rock energy brakes and gravel-bedded dispersion fans.

REHABILITATION PROCEDURES

Site Preparation

1. Upon completion of the well, all disturbed areas not needed for production facilities would be restored. Overall, the pad for a well during production is expected to be about 60 percent of the size that was needed for drilling and completion.
2. The entire roadbed should be obliterated and brought back to the approximate original contour. Drainage control is to be reestablished as necessary. All areas affected by road construction are to be recontoured to blend in with the existing topography. All berms are to be removed unless determined to be beneficial by BLM. In recontouring the disturbed areas, care should be taken to not disturb additional vegetation.

Seedbed Preparation

3. An adequate seedbed should be prepared for all sites to be seeded. Areas to be revegetated should be chiseled or disked to a depth of at least 12 inches unless restrained by bedrock.
4. Ripping of fill materials should be completed by a bulldozer equipped with single or a twin set of ripper shanks. Ripping should be done on 4-foot centers to a depth of 12 inches. The process should be repeated until the compacted area is loose and friable, then shall be followed by final grading. Seedbed preparation will be considered complete when the soil surface is completely roughened and the number of rocks (if present) on the site is sufficient to cause the site to match the surrounding terrain.
5. After final grading, the stockpiled topsoil shall be spread evenly across the disturbed area.

Fertilization

6. Commercial fertilizer with a formula of 16-16-8 is to be applied at a rate of 200 pounds per acre to the site. The rate may be adjusted depending on soil.
7. Fertilizer is to be applied not more than 48 hours before seeding, and shall be cultivated into the upper 3 inches of soil.
8. Fertilizer is to be broadcast over the soil using hand-operated "cyclone-type" seeders or rotary broadcast equipment attached to construction or revegetation machinery as appropriate to slope. All equipment should be equipped with a metering device. Fertilizer application is to take place before the final seeding preparation treatment. Fertilizer broadcasting operations should not be conducted when wind velocities would interfere with even distribution of the material.

Mulching

9. When it is time to reclaim this location, the Price BLM Office will determine whether it will be necessary to use mulch in the reclamation process. The type of mulch should meet the following requirements: Wood cellulose fiber shall be natural or cooked, shall disperse readily in water, and shall be nontoxic. Mulch shall be thermally produced and air dried. The homogeneous slurry or mixture shall be capable of application with power spray equipment. A colored dye that is noninjurious to plant growth may be used when specified. Wood cellulose fiber is to be packaged in new, labeled containers. A minimum application of 1500 pounds per acre shall be applied. A suitable tackifier shall be applied with the mulch at a rate of 60 to 80 pounds per acre.
- a. An alternative method of mulching on small sites would be the application of straw or hay mulch at a rate of 2000 pounds per acre. Hay or straw shall be certified weed free. Following the application of straw or hay, crimping shall occur to ensure retention.

Reseeding

10. All disturbed areas are to be seeded with the seed mixture required by the BLM. The seed mixture(s) shall be planted in the fall of the year (Sept-Nov), in the amounts specified in pounds of pure live seed (PLS)/acre. There shall be no noxious weed seed in the seed mixture. Seed will be tested and the viability testing of seed shall be done in accordance with State law(s) and within 12 months prior to planting. Commercial seed will be either certified or registered seed. The seed mixture container shall be tagged in accordance with State law(s) and available for inspection by the BLM. Seed is to be planted using a drill equipped with a depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture shall be evenly and uniformly planted over the disturbed area. (Smaller/heavier seeds tend to drop to the bottom of the drill and are planted first. Appropriate measures should be taken to ensure this does not occur.) Where drilling is not possible, seed is to be broadcast and the area raked or chained to cover the seed. Woody species with seeds that are too large for the drill will be broadcast. When broadcasting the seed, the pounds per acre noted below are to be increased by 50 percent. Reseeding may be required if a satisfactory stand is not established to the surface rights owner's specifications. Evaluation of the seeding's success will not be made before completion of the second growing season after the vegetation becomes established. The Price BLM Office is to be notified a minimum of seven days before seeding a project.
11. The disturbed areas for the road and pipeline must be seeded in the fall of the year, immediately after the topsoil is replaced. The prescribed seed mixture is Pinyon-Juniper (see attached).

General

12. Prior to the use of insecticides, herbicides, fungicides, rodenticides and other similar substances, the operator must obtain from BLM, approval of a written plan. The plan must describe the type and quantity of material to be used, the pest to be controlled, the

method of application, the location for storage and disposal of containers, and other information that BLM may require. A pesticide may be used only in accordance with its registered uses and within other agency limitations. Pesticides must not be permanently stored on public lands.

Appendix 1: Wildlife Seasonal Restriction and Surface Disturbance Mitigation Plan

Ferron Natural Gas Project Area

EPM 16 & 17: WINTER SEASONAL RESTRICTION (DECEMBER 1 to APRIL 15) ON CRUCIAL AND HIGH PRIORITY WINTER RANGE.

Restrictions on Construction Phase Activity: Prohibit construction phase activity, described below, on big game high value and critical winter range during the period (December 1 - April 15) without regard for land ownership.

This condition would not apply to normal maintenance and operation of producing wells, described below. On non-federal lands (where the federal government does not have either surface or subsurface ownership) the Companies would be allowed to conduct construction phase activity if needed to avoid breach of contract or loss of lease rights. In the event construction phase activity continues into the winter closure period on non-federal interest lands, Companies would make available appropriate documentation to UDWR, upon request.

Construction Phase Activity: Construction phase activity is considered to include all work associated with initial drilling and construction of facilities through completion, including installation of pumping equipment, connection with ancillary facilities and tie-in with pipelines necessary for product delivery.

Companies would not be allowed to initiate construction activity unless it is reasonable to believe that such work can be finished to a logical stopping point prior to December 1 of that year. Specific activities considered to be covered by the seasonal closure include all heavy equipment operation including but not limited to the following:

- Mobilization/Demobilization or operation of heavy equipment (crawler tractor, front end loader backhoe, road grader, etc.)
- Construction activity (road construction or upgrading, pad, pipeline, powerline, ancillary facilities, etc.),
- Drilling activity (Operator would not propose or initiate drilling activity if the project could not reasonably be expected to be finished to a logical stopping point by the December 1 date of that year).
- Seismic operation, detonation of explosives

This seasonal closure would not apply to reconnaissance, survey/design and/or flagging of project work or other similar activity not requiring actions listed for heavy equipment operation.

Production Phase: A well is considered to be in production phase when the well and ancillary facilities are completed to the point that they are capable of producing and delivering product for sale. It is noted that heavy equipment operation may be necessary in the performance of maintenance and operation of producing wells.

Restriction on Non Emergency Workover Operations: The Companies will schedule non-emergency workover operations (defined below) on big game crucial and high value winter range outside the December 1 to April 15 date of the seasonal closure.

Non-emergency Workover Operations: Workover operations to correct or reverse a gradual loss of production over time (loss of production of 20 percent or less over a 60 day period) is considered to be routine or non-emergency workover operations and would not be permitted during the December 1 to April 15 time frame.

Emergency Workover Operations: Emergency workover operations are defined as downhole equipment failure problems or workover operation necessary to avoid shut in of the well or to avoid an immediate safety or environmental problem. Loss of production greater than 20 percent within a 60 day period is indicative of pump failure and will be treated as an emergency workover operation. The Companies will submit Sundry notices to BLM within five days of the emergency workover operations between December 1 and April 15.

EPM 21: SURFACE DISTURBANCE MITIGATION FOR CRITICAL AND HIGH PRIORITY WINTER RANGE

The subject permit application is proposed within critical and high priority winter range (FEIS) and subject to EPM 21 requiring acre for acre mitigation for surface disturbance on critical winter range. The following condition comes from a cooperative agreement between the Texaco, Anadarko, Chandler (Companies), BLM-Price Field Office, the Utah Division of Wildlife Resources and the National Fish and Wildlife Foundation. The Companies agreed to the following:

1. Contribute \$1,301.26 (1998 dollars) for each Federal interest well (Federal surface and or subsurface ownership) permitted and drilled by the Companies (or on behalf of Companies by its contractor) on big game critical winter range as depicted in the FEIS Ferron Natural Gas Project Area. (Wells meeting the above criteria for which payment will be required, will be referred to as "subject wells".) This contribution will be adjusted annually for inflation based on the Consumer Price Index (CPI), see Section II.C.6. for the reference source used for the determination of the CPI and the date in which this annual adjustment will go into effect.

Since this mitigation program is designed to address impacts of all big game critical winter range surface disturbance (roads, well pads, pipelines, etc.), contributions will be required regardless of the success or failure of the subject well to produce.

- a. The recorded date for spudding for each subject well (the first boring of a hole during the drilling of a well) will serve as the reference date triggering the requirement for the mitigation contribution.

- b. Contributions will be submitted (in the form of an Company check, cashiers check or wire transfer) directly to the National Fish and Wildlife Foundation by the 1st of August and February for all subject wells spudded in the preceding six months as reported by the Bureau.
- c. All contributions will be made payable to the "National Fish and Wildlife Foundation re, Proj 99-270" and reference the "Ferron Natural Gas Wildlife Habitat Impact Mitigation Fund".

Appendix 2: Seed Mixtures for Reclamation/Revegetation

Table A-1: The following seed mixture would be planted along service road borrow ditches, around the edges of drill pads with a production well, and surrounding other production and maintenance facilities. The purpose for this is to provide a 'green strip' buffer to minimize fire hazards and prevent invasion and establishment of noxious weeds in areas that will receive continued disturbance for the life of these areas.

<u>Common Plant Name</u>	<u>Scientific Name</u>	<u>Pounds per acre (PLS)</u>
Forage kochia	<i>Kochia prostrata</i>	2
Wyoming big sagebrush	<i>Artemisia tridentata wyomingensis</i> var. Gordon Creek	1
Douglas low rabbitbrush	<i>Chrysothamnus viscidiflorus</i>	1
Total		4

Table A-2: Seed mixture for Final Reclamation-Pinyon/Juniper Areas. The following seed mixture is for the area that would receive final reclamation. Areas would be planted to protect them from soil erosion and to restore forage production.

<u>Common Plant Name</u>	<u>Scientific Name</u>	<u>Pounds per acre (PLS)</u>
Pinyon Juniper Areas		
<i>Grasses</i>		
Thickspike wheatgrass	<i>Elymus lanceolatus</i>	1.5
Intermediate wheatgrass	<i>Elytrigia intermedia</i>	1.5
Squirreltail	<i>Elymus elymoides</i>	2
Crested wheatgrass	<i>Agropyron desertorum</i>	2
<i>Forbs</i>		
Lewis flax	<i>Linum perenne lewisii</i>	1
Palmer penstemon	<i>Penstemon palmerii</i>	1
<i>Shrubs</i>		
Forage kochia	<i>Kochia prostrata</i>	2
Fourwing saltbrush	<i>Atriplex canescense</i>	2
Wyoming big sagebrush	<i>Artemisia tridentata wyomingensis</i> var. Gordon Creek	1
Antelope bitterbrush	<i>Purshia tridentata</i>	1
Total		15

Seeding rates are listed as pounds/acre of pure live seed (PLS) drilled. Rate is increased by 50 percent if broadcast seeded. (PLS = % seed purity x % seed germination)

C. REQUIRED APPROVALS, REPORTS AND NOTIFICATIONS

Required verbal notifications are summarized in Table 1, attached.

Building Location- Notify the Price Field Office at least 48-hours prior to commencing construction of location.

Spud- Notify the Price Field Office 24-hours prior to spudding. Submit written notification of spud (Sundry Notice, Form 3160-5) to the Moab Field Office within 24-hours after spudding, regardless of whether spud was made with a dry hole digger or big rig.

Daily Drilling Reports- Daily drilling reports that describe the progress and status of the well shall be submitted to the Moab Field Office on a weekly basis. This report may be in any format customarily used by the operator.

Oil and Gas Operations Reports (OGORs)- Production from this well shall be reported to Minerals Management Service (MMS) on a monthly basis.

Sundry Notices- Any modification to the proposed drilling program shall be submitted to the Moab Field Office on a Sundry Notice (Form 3160-5). Regulations at 43 CFR 3162.3-2 describe which operations require prior approval, and which require notification.

Drilling Suspensions- Operations authorized by this permit shall not be suspended for more than 30 days without prior approval of the Moab Field Office. All conditions of this approval shall be applicable during any operations conducted with a replacement rig.

Undesirable Events- Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be immediately reported to the BLM in accordance with requirements of NTL-3A.

Cultural Resources- If cultural resources are discovered during construction, immediately notify the Price Field Office, and work that might disturb the cultural resources shall cease.

First Production- A first production conference will be scheduled as soon as the productivity of the well is apparent. This conference should be coordinated through the Price Field Office.

Notify the Moab Field Office when the well is placed into production. Initial notification may be verbal, but must be confirmed in writing within five business days. Please include the date production started, the producing formation and production volumes.

Well Completion Report- Whether the well is completed as a dry hole or as a producer, a *Well Completion or Recompletion Report and Log* (Form 3160-4) shall be submitted to the Moab Field Office within thirty-days after completion of the well. Two copies of all logs, core descriptions, core analyses, well test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. When requested, samples (cuttings and/or samples) will be submitted to the Moab Field Office.

Venting/Flaring of Gas- Gas produced from this well may not be vented/flared beyond an initial, authorized test period of 30 days or 50 MMcf, whichever first occurs, without the prior, written approval of the Moab Field Office. Should gas be vented or flared without approval beyond the authorized test period, the well may be ordered to be shut-in until the gas can be captured or until approval to continue the venting/flaring pursuant to NTL-4A is granted. Compensation shall be due for gas that is vented/flared without approval.

Produced Water- An application for approval of a permanent disposal method and location will be submitted to the Moab Field Office for approval pursuant to Onshore Oil and Gas Order No.7.

Off-Lease Measurement, Storage, Commingling- Prior approval must be obtained from the Moab Field Office for off-lease measurement, off-lease storage and/or commingling of production prior to the sales measurement point. The term "commingling" describes both the combining of production from different geologic zones and/or combining production from different leases or agreement areas.

Plugging and Abandonment- If the well is a dry hole, plugging instructions must be obtained from the Moab Field Office prior to initiating plugging operations.

A "Subsequent Report of Abandonment" (Sundry Notice, Form 3160-5) will be filed with the Moab Field Office within thirty-days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Upon completion of approved plugging, a regulation marker will be erected in accordance with 43 CFR 3162.6. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the Price Field Office or the appropriate surface managing agency.

TABLE 1

NOTIFICATIONS

Notify Nathan Sill (435-636-3668) or Walton Willis (435-636-3662) of the BLM Price Field Office for the following:

48 hours prior to constructing location (Sill);

1 day prior to spudding (Willis);

50 feet prior to reaching the surface casing setting depth (Willis);

If the person at the above number cannot be reached, notify the BLM Moab Field Office at 435-259-2100.

Well abandonment operations require 24-hour advance notice and prior approval. In the case of newly drilled dry holes, verbal approval can be obtained from:

Eric Jones, Petroleum Engineer

Office: 435-259-2117

Home: 435-259-2214

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-68538
2. NAME OF OPERATOR: XTO ENERGY INC.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A
3. ADDRESS OF OPERATOR: 2700 Farmington Ave. CITY Farmington STATE NM ZIP 87401		7. UNIT or CA AGREEMENT NAME: N/A
PHONE NUMBER: (505) 324-1090		8. WELL NAME and NUMBER: UTAH FEDERAL 18-7-27-13
4. LOCATION OF WELL FOOTAGES AT SURFACE: 2354' FSL x 966' FWL		9. API NUMBER: 43-015-306 91
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWSW 27 18S 7E S		10. FIELD AND POOL, OR WILDCAT: FERRON SANDSTONE
COUNTY: EMERY		STATE: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: EXTEND APD
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

XTO is requesting a one year extension on the existing APD. BLM approval of APD was just given on 05/22/07.

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 08-20-07
By: [Signature]

NAME (PLEASE PRINT) <u>Kyla Vaughan</u>	TITLE <u>Regulatory Compliance</u>
SIGNATURE <u>[Signature]</u>	DATE <u>8/16/2007</u>

(This space for State use only)

(5/2000)

8-21-07
RM

(See Instructions on Reverse Side)

RECEIVED
AUG 20 2007

DIV. OF OIL, GAS & MINING

**Application for Permit to Drill
Request for Permit Extension
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

API: 43-015-30691
Well Name: Utah Federal 18-7-27-13
Location: Sec 27, T18S, R7E, NWSW, 2354' FSL x 966' FWL
Company Permit Issued to: XTO Energy, Inc.
Date Original Permit Issued: 8/17/2006

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes No

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes No

Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes No

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes No

Has the approved source of water for drilling changed? Yes No

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes No

Is bonding still in place, which covers this proposed well? Yes No


Signature

8/16/2007
Date

Title: Regulatory Compliance

Representing: XTO Energy, Inc.

RECEIVED
AUG 20 2007

DIV. OF OIL, GAS & MINING



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil Gas and Mining

JOHN R. BAZA
Division Director

November 6, 2008

XTO Energy Inc.
2700 Farmington Ave.
Farmington, NM 87401

Re: APD Rescinded – Utah Fed 18-7-27-13, Sec. 27, T. 18S, R. 7E
Emery County, Utah API No. 43-015-30691

Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on August 17, 2006. On August 20, 2007, the Division granted a one-year APD extension. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective November 6, 2008.

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

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

Sincerely,

Diana Mason
Environmental Scientist

cc: Well File
Bureau of Land Management, Moab

