

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

FORM 3

001

AMENDED REPORT
(highlight changes)

APPLICATION FOR PERMIT TO DRILL

1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>		5. MINERAL LEASE NO: 47079	6. SURFACE:
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>		7. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
2. NAME OF OPERATOR: The Houston Exploration Company		8. UNIT or CA AGREEMENT NAME:	
3. ADDRESS OF OPERATOR: 1100 Louisiana Suite 20 CITY Houston STATE TX ZIP 77002		PHONE NUMBER: (713) 830-6800	9. WELL NAME and NUMBER: Hanging Rock 16-32
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 759' FSL & 744' FEL AT PROPOSED PRODUCING ZONE: same as above		10. FIELD AND POOL, OR WILDCAT: undesigned	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 68.2 miles south of Vernal, UT		11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESE 32 11S 23E	12. COUNTY: Uintah
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 744'	16. NUMBER OF ACRES IN LEASE: 640	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 1000'	19. PROPOSED DEPTH: 7,500	20. BOND DESCRIPTION: 104155044	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 5902.7 GR	22. APPROXIMATE DATE WORK WILL START: 3/15/2005	23. ESTIMATED DURATION: 30 Days	

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT			
11"	8 5/8 J-55 36#	2,000	PRIMIUM LITE II	250 SKS	3.38 CF	11.0 PPG
			CLASS G	329 SKS	1.2 CF	15.6 PPG
			CALCIUM CHLORIDE	200 SKS	1.10 CF	15.6 PPG
7 7/8	4 1/2 N-80 11.6 #	7,500	PRIMIUM LITE II	200 SKS	3.3 CF	11.0 PPG
			CLASS G	400 SKS	1.56 CF	14.3 PPG

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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

DIV. OF OIL, GAS & MINING

NAME (PLEASE PRINT) WILLIAM A RYAN TITLE AGENT

SIGNATURE *William A Ryan* DATE 2/9/2005

(This space for State use only)

API NUMBER ASSIGNED: 43-047-36308

Approved by the
Utah Division of
Oil, Gas and Mining

CONFIDENTIAL

Date: 04-21-05
By: *[Signature]*

T11S, R23E, S.L.B.&M.

THE HOUSTON EXPLORATION COMPANY

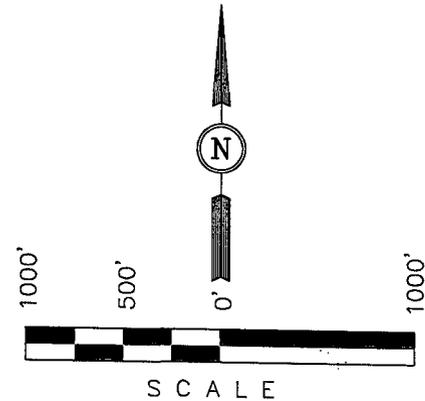
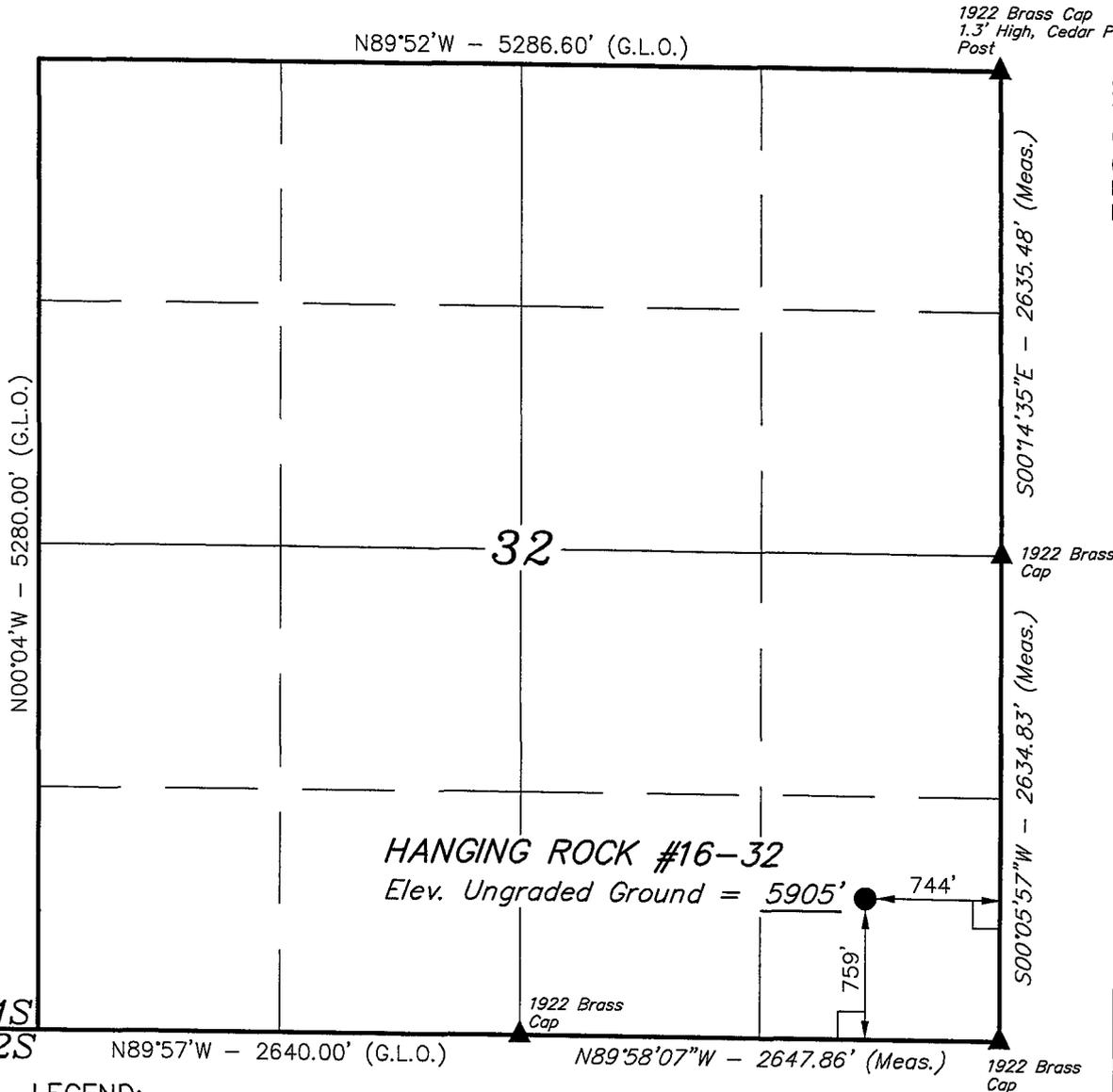
Well location, HANGING ROCK #16-32, located as shown in the SE 1/4 SE 1/4 of Section 32, T11S, R23E, S.L.B.&M. Uintah County, Utah.

BASIS OF ELEVATION

SPOT ELEVATION LOCATED IN THE SW 1/4 OF SECTION 1, T12S, R24E, S.L.B.&M. TAKEN FROM THE ARCHY BENCH SE, QUADRANGLE, UTAH, UINTAH COUNTY, 7.5 MINUTE SERIES (TOPOGRAPHICAL MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 5887 FEET.

BASIS OF BEARINGS

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



CERTIFICATE

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

Robert Kay
 REGISTERED LAND SURVEYOR
 REGISTRATION NO. 161319
 STATE OF UTAH

T11S
T12S

LEGEND:

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

(AUTONOMOUS NAD 83)
 LATITUDE = 39°48'42.98" (39.811939)
 LONGITUDE = 109°21'36.54" (109.360150)
 (AUTONOMOUS NAD 27)
 LATITUDE = 39°48'43.10" (39.811972)
 LONGITUDE = 109°21'34.11" (109.359475)

UINTAH ENGINEERING & LAND SURVEYING		
85 SOUTH 200 EAST - VERNAL, UTAH 84078		
(435) 789-1017		
SCALE 1" = 1000'	DATE SURVEYED: 11-16-04	DATE DRAWN: 12-15-04
PARTY B.B. J.M. E.C.O.	REFERENCES G.L.O. PLAT	
WEATHER COOL	FILE THE HOUSTON EXPLORATION COMPANY	

The Houston Exploration Company
1100 Louisiana, Suite 2000
Houston, TX 77002
713-830-6800

Please hold all information associated with this Application for Permit to Drill and all associated logs confidential for a minimum of six (6) months.

Ten Point Plan**The Houston Exploration Company****Hanging Rock 16-32****Surface Location SE ¼ SE¼, Section 32, T. 11S., R. 23E.****1. Surface Formation**

Green River

2. Estimated Formation Tops and Datum:

<u>Formation</u>	<u>Depth</u>	<u>Datum</u>
Green River	Surface	+5,903' G.L.
Uteland Butte Limestone	3,946	+1,957'
Wasatch	4,080	+1,823'
Mesaverda	5,747	+156'
Buck Tounge	8,080	-2,177'
Castlegate	8,152	-2,249'
TD	7,500	-1,597'

A 11" hole will be drilled to 2,000' +/- . The hole depth will depend on the depth that the Birds Nest Zone is encountered. The hole will be drilled 400' beyond the top of the Birds Nest.

3. Producing Formation Depth:

Formation objective includes the Green River, Wasatch, Mesaverde and its sub-members.

Off Set Well information: Wells within a one-mile radius.

Drilling/ Permitted Well: Hanging Rock 1-32

Abandon Well:

Shut-in Well:

4. Proposed Casing:

<u>Hole Size</u>	<u>Casing Size</u>	<u>Weight/FT</u>	<u>Grade</u>	<u>Coupling & Tread</u>	<u>Casing Depth</u>	<u>New/Used</u>
11	8 5/8	36#	J-55	STC	2000	NEW
7 7/8	4 1/2	11.6#	N-80	LTC	T.D.	NEW

Cement Program:

The Surface Casing will be cemented to the Surface as follows:

	<u>Casing Size</u>	<u>Cement Type</u>	<u>Cement Amounts</u>	<u>Cement Yield</u>	<u>Cement Weight</u>
Lead:	8 5/8	Primium Lite II .05#/sk Static Free .25#/sk Cello Flake 5#/sk KOL Seal .002 gps FP-6L 10% Bentonite .5% Sodium Metasilicate 3% Potassium Chloride	250 sks. +/-	3.38ft ³ /sk	11.0 ppg
Tail:	8 5/8	Class "G" 2% Calcium Chloride .25#/sk Cello Flake	329 sks. +/-	1.2ft ³ /sk	15.6 ppg
Top Job:	8 5/8	4% Calcium Chloride .25#/sk Cello Flake	200 sks. +/-	1.10ft ³ /sk	15.6 ppg

Production casing will be cemented to 2,500' or higher as follows:

	<u>Casing Size</u>	<u>Cement Type</u>	<u>Cement Amounts</u>	<u>Cement Yield</u>	<u>Cement Weight</u>
Lead:	4 1/2	Primium Lite II .25#/sk Cello Flake .05#/sk Static Free 5#/sk Kol Seal 3% Potassium Chloride .055 gps FP-6L 10% Bentonite .5 Sodium Metasilicate	200 sks +/-	3.3ft ³ /sk	11.0 ppg
Tail:	4 1/2	Class "G" .05% Static Free 2 Sodium Chloride .1% R-3 2% Bentonite	400 sks +/-	1.56ft ³ /sk	14.3 ppg

4. BOP and Pressure Containment Data:

The anticipated bottom hole pressure will be less than 3000 psi.

A 3000-psi WP BOP system as described in the BOP and Pressure Containment Data (attached) will be installed and maintained from the 8 5/8" surface casing. The BOP system including the casing will be pressure tested to minimum standards set forth in "On Shore Order #2". The BOP will be mechanically checked daily during the drilling operation.

5. Mud Program:

<u>Interval</u>	<u>Mud weight lbs./gal.</u>	<u>Viscosity Sec./OT.</u>	<u>Fluid Loss MI/30 Mins.</u>	<u>Mud Type</u>
0-2000	Air/Clear Water	-----	No Control	Water/Gel
2000-T.D.	8.4-12.0	30	8-10	Water/Gel

7. Auxiliary Equipment

Upper Kelly cock, full opening stabbing valve, 2 ½” choke manifold and pit level indicator.

8. Testing, Coring, Sampling and Logging:

- a) Test: None are anticipated.
- b) Coring: There is the possibility of sidewall coring.
- c) Sampling: Every 10’ from 2000’ to T.D.
- d) Logging:

Type	Interval
DLL/SFL W/GR and SP	T.D. to Surf. Csg
FDC/CNL W/GR and CAL	T.D. to Surf. Csg

9. Abnormalities (including sour gas):

No abnormal pressures, temperatures or other hazards are anticipated. Oil and gas shows are anticipated in the Wasatch Formation. Other wells drilled in the area have not encountered over pressured zones or H2S.

10. Drilling Schedule:

The anticipated starting date is November 15, 2004. Duration of operations is expected to be 30 days.

THE HOUSTON EXPLORATION COMPANY

13 POINT SURFACE USE PLAN

FOR WELL

HANGING ROCK 16-32

LOCATED IN SE ¼ SE ¼

SECTION 32, T.11S, R23E, S.L.B.&M.

UINTAH COUNTY, UTAH

LEASE NUMBER: ML-47079

SURFACE OWNERSHIP: STATE

1. Existing Roads:

To reach The Houston Exploration Co well Hanging Rock #16-32 in Section 32, T11S, R 23E, Starting in Vernal, Utah.

Proceed in an easterly, then southerly direction from Vernal, Utah along U.S. Highway 40 approximately 4.0 miles to the junction of State Highway 45; exit right and proceed in a southerly, then southeasterly direction approximately 36.0 miles to Bonanza, Utah proceed in a southerly direction approximately 16.9 miles to the junction of this road and an existing road to the southwest; turn right and proceed in a southwesterly direction approximately 8.4 miles to the junction of this road and an existing road to the southwest; turn left and proceed in a southwesterly, then northwesterly direction approximately 3.1 miles to the beginning of the proposed access to the north; follow road flags in a northerly direction approximately 40' to the proposed location.

Total distance from Vernal, Utah to the proposed well location is approximately 68.2 miles.

All existing roads to the proposed location are State of Utah, BLM maintained or County Class D roads. Please see the attached map for additional details.

2. Planned access road

The proposed access road will be approximately 40' +/- of new construction on lease. The road will be graded once per year minimum and maintained.

A) Approximate length	40 ft
B) Right of Way width	30 ft
C) Running surface	18 ft
D) Surface material	Native soil
E) Maximum grade	5%
F) Fence crossing	None
G) Culvert	None
H) Turnouts	None
I) Major cuts and fills	None
J) Road Flagged	Yes
K) Access road surface ownership	State
L) All new construction on lease	Yes
M) Pipe line crossing	None

Please see the attached location plat for additional details.

An off lease right-of-way will not be required.

3. Location of existing wells

The following wells are located within a one-mile radius of the location site.

A) Producing well	None
B) Water well	None
C) Abandoned well	None
D) Temp. abandoned well	None
E) Disposal well	None
F) Drilling /Permitted well	
Hanging Rock 1-32	
G) Shut in wells	None
H) Injection well	None
I) Monitoring or observation well	None

Please see the attached map for additional details.

4. Location of tank batteries, production facilities and production gathering service lines.

All production facilities are to be contained within the proposed location site. Please see the attached plat plan for a typical gas well separator installation and well site piping.

All permanent (on site for more than six months or longer) structures constructed or installed will be painted a Desert Tan color. Facilities required to comply with O.S.H.A. (Occupational Safety and Health Act) will be excluded. The required paint color is Desert Tan.

All tanks will be surrounded by a dike of sufficient capacity to contain the storage capacity of the largest tank in the battery. The integrity of the dike will be maintained.

The operator will adhere to all site security guidelines and regulation identified in 43 cfr 3126.7.

All off lease storage, off lease measurement, commingling on lease or off lease, of production, will have prior written approval from the authorized officer.

If the well is capable of economic production a surface gas line will be required.

Approximately 3.5 miles +/- of 3" gathering line would be constructed on Federal and State Lands. The line would tie into the proposed pipeline in Sec. 36, T11S, R23E. (Buck Camp 4-36) The line will be strung and boomed along the south side of the access road and location.

An off lease right-of-way will be required for approximately 1.2 miles +/-.

Please see the attached location diagrams for pipeline location. There will be no additional surface disturbances required for the installation of a gathering line.

The gas meter run will be located within 500' of the wellhead. The gas line will be buried or anchored down from the wellhead to the meter. Meter runs will be housed and/or fenced.

The gas meter will be calibrated and the tank strapped in place prior to any deliveries. Tests for meter accuracy will be conducted monthly

for the first three months on new meter installations and at least quarterly thereafter. The authorized officer will be provided with a date and time for the initial meter calibration and all future meter-proving schedules. A copy of the meter calibration report will be submitted to the BLM's Vernal District office and State of Utah, Division of Oil, Gas, and Mining. All measurement facilities will conform to API (American Petroleum Institute) and AGA (American Gas Association) standards for gas and liquid hydrocarbon measurement.

5. Location and type of water supply

Water for drilling and cementing will come from the White River at Bitter Creek, Permit # - T75377.

6. Source of construction materials

All construction material for this location site and access road shall be borrow material accumulated during construction of the location site and access road. Additional road gravel or pit lining material will be obtained from private resources.

7. Methods for handling waste disposal

A) Pit construction and liners:

The reserve pit will be approximately **12 ft.** deep and most of the depth shall be below the surface of the existing ground

Please see the attached plat for details.

The reserve pit will be lined.

The reserve pit will be used to store water for drilling. A semi-closed system will be used to drill the well. All fresh water for drilling will come from a frac tank placed on location and from the rig tank. The pit will be used to hold non-flammable materials such as cuttings, salt, drilling fluids, chemicals, produced fluids, etc.

B) Produced fluids:

Produced water will be confined to the reserve pit, or if deemed necessary, a storage tank for a period not to exceed 90 days after initial production. During the 90-day period an application for approval for permanent disposal method and location will be submitted to the authorized officer.

C) Garbage:

A trash cage fabricated from expanded metal will be used to hold trash on location and will be removed to an authorized landfill location.

D) Sewage:

A portable chemical toilet will be supplied for human waste.

E) Site clean-up:

After the rig is moved off the location the well site area will be cleaned and all refuse removed.

- B) The net wire shall be no more than 2 inches above the ground. The barbed wire shall be 3 inches above the net wire. Total height of the fence shall be at least 42 inches.

8. Ancillary facilities

There are no ancillary facilities planned at this time and none are foreseen for the future.

9. Well-site layout

Location dimensions are as follows:

- A) Pad length **345 ft.**
- B) Pad width **210 ft.**
- C) Pit depth **12 ft.**
- D) Pit length **150 ft.**
- E) Pit width **75 ft.**
- F) Max cut **21.9 ft.**
- G) Max fill **11.1 ft**
- H) Total cut yds. **11,200 cu yds**
- I) Pit location **north side**
- J) Top soil location **southeast end**
- K) Access road location **south end**
- L) Flare Pit **corner C**

Please see the attached location diagram for additional details.

All pits will be fenced according to the following minimum standards:

- A) Thirty nine inch net wire shall be used with at least one strand of wire on top of the net wire. Barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence.

- C) Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.

- D) Standard steel, wood or pipe posts shall be used between the corner braces. Maximum distance between any two posts shall be no greater than 16 ft.

- E) All wire shall be stretched by using a stretching device before it is attached to the corner posts.

10. Plans for restoration of the surface

Prior to construction of the location, the top 6 inches of soil material will be stripped off the location and the pit area. The topsoil removed and piled will amount to approximately **1,780** cubic yards of material.

Topsoil will be stockpiled in one distinct pile. Placement of the topsoil is noted on the attached location plat. The topsoil pile from the location will be seeded as soon as the soil is stock piled with the seed mix listed. When all drilling

and completion activities have been completed and the pit back-filled the topsoil from the pit area will be spread on the pit area. The pit area will be seeded when the soil has been spread. The unused portion of the location (the area outside the dead men) will be re-contoured.

The dirt contractor will be provided with an approved copy of the surface use plan prior to construction activities.

Changes to the drainage during the construction activities shall be restored to its original line of flow or as near as possible when the pit is back-filled

All disturbed areas will be re-contoured to the approximate natural contours. Prior to back filling the pit the fences around the reserve pit will be removed.

The reserve pit will be reclaimed within 90 days of well completion. If the reserve pit has not dried sufficiently to allow back filling, an extension on the time requirement for back filling the pit will be requested. Once reclamation activities have begun, they shall be completed within 30 days.

After the reserve pit has been reclaimed, no depressions in the soil covering the reserve pit will be allowed. The objective is to keep seasonal rainfall and run off from seeping into the soil used to cover the reserve pit. Diversion ditches and water bars will be used to divert the run off as needed.

When restoration activities have been completed, the location site and new access road cuts and shoulders shall be reseeded. Prior to reseeding, all disturbed areas will be scarified and left with a rough surface.

A) Seeding dates:

Seed will be spread when topsoil is stock piled and when reclamation work is performed.

The seed mix and quantity list will be used whether the seed is broadcast or drilled.

B) Seed Mix

To be determined by the Authorized Officer.

11. Surface ownership:

Access road	State & Federal
Location	State
Pipe line	State & Federal

12. Other information:

A) Vegetation

The vegetation coverage is Slight. The majority of the existing vegetation consists of non-native species. Rabbit brush, bitter brush, and Indian Rice grass and Sagebrush are also found on the location.

B) Dwellings:

There are no dwelling or other facilities within a one-mile radius of the location.

C) Archeology:

The location has been surveyed. A copy of that survey will be forwarded to your office.

If, during operations, any archaeological or historical sites, or any objects of antiquity (subject to the antiquities act of June 8, 1906) are discovered, all operations, which would affect such sites, will be suspended and the discovery reported promptly to the surface management agency.

D) Water:

The nearest water is the White River located 10 miles to the North.

E) Chemicals:

No pesticides, herbicides or other possible hazardous chemicals will be used without prior application.

F) Notification:

- a) Location Construction
At least forty eight (48) hours prior to construction of location and access roads.
- b) Location completion

Prior to moving on the drilling rig.

- c) Spud notice
At least twenty-four (24) hours prior to spudding the well.
- d) Casing string and cementing
At least twenty-four (24) hours prior to running casing and cementing all casing strings.
- e) BOP and related equipment tests
At least twenty-four (24) hours prior to initial pressure tests.
- f) First production notice
Within five (5) business days after the new well begins, or production resumes after well has been off production for more than 90 days.

G) Flare pit:

The flare pit will be located in **corner C** of the reserve pit outside the pit fences and 100 feet from the bore hole on the east side of the location. All fluids will be removed from the pit within 48 hours of occurrence.

13. Lessees or Operator's representative and certification

A) Representative

William A. Ryan
Rocky Mountain Consulting
290 S 800 E

Vernal, UT 84078

Office 435-789-0968
Fax 435-789-0970
Cellular 435-828-0968

All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, onshore oil and gas orders, and any applicable notices to lessees. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance.

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

B) Certification:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill-site and access route that I am familiar with the conditions which presently exist, that the statements made in this plan are, to the best of my knowledge and belief, true and correct, and that the work associated with the operation proposed herein will be performed by The Houston Exploration Company and its contractors and subcontractors in conformity with this plan and

terms and conditions with this plan and the terms and conditions under which it is approved.

Date 2/9/05


William A. Ryan, Agent
Rocky Mountain Consulting

Onsite Dates:

Statement of use of Hazardous Materials

No chemical(s) from the EPA's consolidated list of Chemicals subject to Reporting under Title III of the Superfund Amendments and Reauthorization, Act (SARA) of 1986 will be used, produced, transported, stored, disposed, or associated with the proposed action. No extremely hazardous substances, as defined in 40 cfr 355, will be used, produced, stored, transported, disposed, or associated with the proposed action.

If you require additional information please contact:

William A Ryan
Agent for The Houston Exploration Company
Rocky Mountain Consulting
290 S 800 E
Vernal, UT 84078

435-789-0968 Office
435-828-0968 Cell
435-789-0970 Fax

**APPLICATION FOR TRANSPORTATION AND
UTILITY SYSTEMS AND FACILITIES
ON FEDERAL LANDS**

FORM APPROVED
OMB NO. 1004-0060
Expires: December 31, 2001

FOR AGENCY USE ONLY

NOTE: Before completing and file application, the applicant should completely review this package and schedule a preapplication meeting with representatives of the agency responsible for processing the application. Each agency may have specific and unique requirements to be met in preparing and processing the application. Many times, with help of the representative, the application can be completed at the application meeting.

Application Number

Date Filed

1 Name and address of the applicant (include Zip code)

**The Houston Exploration Company
1100 Louisiana Suite 2000
Houston, TX 77002**

2 Name, title, and address of authorized agent if different from item 1 (include zip code)

**William A Ryan
290 S 800 E
Vernal, UT 84078**

3 TELEPHONE (area code)

Applicant

713-830-6800

Authorized Agent

435-789-0968

4

- a Individual
- b Corporation*
- c Partnership/Association*
- d State Government/State Agency
- e Local Government
- f Federal Agency

* If checked complete supplemental page

6 If an individual, or partnership are you a citizen(s) of the United States?

7 Project description (describe in detail): (a) Type of system or facility, e.g., canal, pipeline, road);(b) related structures and facilities; (c) physical specifications (length, width, grade, etc.); (d) term of years needed; (e) time of year of use or operation; (f) Volume or amount of production to be transported; (g) duration and time of construction; and (h) temporary work area needed for construction (Attach additional sheets, if additional space is needed.)

- a. Application for Right-of-Way for a 3" surface pipeline. *Hanging Rock 16-32*
- b. No related structures or facilities will be required on Federal lands.
- c. Pipeline length 6,000, width 15', 30' Temporary width.
- d. 20 years or the production life of the well.
- e. year round
- f. approximately 2,000 mcf/day of dry gas.
- g. one week.
- h. none.

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8 Attach a map covering area and show location of proposal

9 State or Local government approval Attached Applied for Not Required

10 Nonreturnable application fee: Attached Not Required

11 Does Project cross international or affect international waterways? Yes No

12 Give statement of your technical and financial capability to conduct, operate, maintain, and terminate system for which authorization id being requested

**The Houston Exploration Company has conducted operations on Federal Lands for more than ten years
The Houston Exploration Company has designed and constructed numerous gathering pipelines with the
BLM, Vernal Field Office. The Houston Exploration Company has the financial capability to construct, operate
maintain, and terminate the proposed gathering system.**

13 a Describe other reasonable alternative routes and alternatives considered.

An alternative would be to bury the pipeline.

b Why were these alternatives not selected

The buried pipeline option was not chosen due to cost considerations and erosional considerations.

c Give explanation as to why it is necessary to cross Federal Lands.

Gas from the proposed well on State School Trust Lands will have to be transported to a transmission system.

14 List authorization and pending application filed for similar projects which may provide information to authorizing agency. (specify number, date, code, or name)

An Application for Permit to Drill has been filed with the State of Utah Division of Oil, Gas and Mining.

15 Provide statement of need for project, including the economic feasibility and items as: (a) cost of proposal (construction, operation, and maintenance); (b) estimated cost of next best alternative; and (c) expected public benefits.

**a. The cost estimate for pipeline construction, \$3/ft of installed surface gas gathering line.
b. The cost estimate for the alternative would be \$5/ft of installed buried gas gathering line.**

16 Describe probable effects on the population in the area, including the social and economic aspects, and the rural lifestyles.

There will be no significant impacts on the areas population, social or economic aspects or the rural lifestyle from the proposed project.

17 Describe likely environmental effects project will have on: (a) air quality; (b) visual impacts; (c) surface and ground water quality and quantity; (d) the control or structural change on any stream or other body of water; (e) existing noise levels; and (f) the surface of the land including vegetation, permafrost, soil, and soil stability.

- a. minimal
- b. minimal
- c. minimal
- d. no change
- e. minimal
- f. slight disturbance when pipeline is boomed off the access.

18 Describe the probable effects that the proposed project will have on (a) populations of fish, plantlike, wildlife, and marine life, including threatened and endangered species; and (b) marine mammals, including hunting, capturing, collecting, or killing these animals.

**a. There will be little or no impacts on fish, plantlife, wildlife, and threatened and endangered species
b. NA**

19 State whether any hazardous material, as defined in this paragraph, will be used, transported or stored on or within the right-of-way or any of the right-of-way facilities, or used in the construction, operation, maintenance or termination of the right-of-way or any of its facilities. "Hazardous Material" means any substance, pollutant or contaminant that is listed as hazardous under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. 9601 et seq., and its regulations. The definition of hazardous substances under CERCLA includes any "hazardous waste" as defined in the Resource Conservation and Recovery Act of 1976 (RCRA), as amended, 42 U.S.C. 6901 et seq., and its regulations. The term hazardous material also includes any nuclear or byproduct material as defined by the Atomic Energy Act of 1954, as amended, 42 U.S.C. 2011 et seq. The term does not include petroleum, including crude oil or any fraction thereof that is not otherwise specifically listed or described as a hazardous substance, under CERCLA Section 101(14), 42 U.S.C. 9601(14), nor does the term include natural gas.

Less than one gallon per day of methinal could be used to minimize line freezing in the winter months.

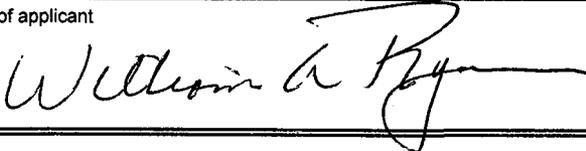
20 Name all the Department(s)/Agency(ies) where this application is being filed.

Bureau of Land Management, Vernal Field Office. Vernal, UT

Cc: Utah Division of Oil, Gas and Mining.

I HEREBY CERTIFY, That I am of legal age and authorized to do business in the State and that I have personally examined the information contained the information contained in the application and believe that the formation submitted in correct to the best of my knowledge.

Signature of applicant



Date

2/9/2005

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

SUPPLEMENTAL

NOTE: The responsible agency(ies) will provide additional instructions

CHECK APPROPRIATE
BLOCK

I - PRIVATE CORPORATIONS

ATTACHED FILED*

a. Articles of Incorporation	<input type="checkbox"/>	<input type="checkbox"/>
b. Corporation Bylaws	<input type="checkbox"/>	<input type="checkbox"/>
c. A certification from the State showing the corporation is in good standing and is entitled to operate within the State.	<input type="checkbox"/>	<input type="checkbox"/>
d. Copy of resolution authorizing filing	<input type="checkbox"/>	<input type="checkbox"/>
e. The name and address of each shareholder owning 3 percent or more of the shares, together with the number and percentage of any class of voting shares of the entity which such shareholder is authorized to vote and the name and address of each affiliate of the entity together with, in the case of an affiliate controlled by the entity, the number of shares and the percentage of any class of voting stock of that affiliate owned, directly or indirectly, by that entity, and in the case of an affiliate which controls that entity, the number of shares and the percentage of any class of voting stock of that entity owned, directly or indirectly, by the affiliate.	<input type="checkbox"/>	<input type="checkbox"/>
f. If application is for an oil or gas pipeline, describe any related right-of-way or temporary use permit applications, and identify previous applications.	<input type="checkbox"/>	<input type="checkbox"/>
g. If application is for an oil and gas pipeline, identify all Federal lands by agency impacted by proposal.	<input type="checkbox"/>	<input type="checkbox"/>

II - PUBLIC CORPORATIONS

a. Copy of law forming corporation	<input type="checkbox"/>	<input type="checkbox"/>
b. Proof of organization	<input type="checkbox"/>	<input type="checkbox"/>
c. Copy of Bylaws	<input type="checkbox"/>	<input type="checkbox"/>
d. Copy of resolution authorizing filing	<input type="checkbox"/>	<input type="checkbox"/>
e. If application is for an oil or gas pipeline, provide information required by Item "I-f" and "I-g" above.	<input type="checkbox"/>	<input type="checkbox"/>

III - PARTNERSHIP OR OTHER UNINCORPORATED ENTITY

a. Articles of association, if any	<input type="checkbox"/>	<input type="checkbox"/>
b. If one partner is authorized to sign, resolution authorizing action is	<input type="checkbox"/>	<input type="checkbox"/>
c. Name and address of each participant, partner, association, or other	<input type="checkbox"/>	<input type="checkbox"/>
d. If application is for an oil or gas pipeline, provide information required by Item "I-f" and "I-g" above.	<input type="checkbox"/>	<input type="checkbox"/>

* If the required information is already filed with the agency processing this application and is current, check block entitled "Filed." Provide the file identification information (e.g., number, date, code, name). If not on file or current, attach the requested information.

All bonds and articals of incorporation are on file.

The Paperwork Reduction Act of 1995 requires us to inform you that:
The Federal agencies collect this information from applicants requesting right-of-way, permit, license, lease, or certifications for the use of Federal lands.
Federal agencies use this information to evaluate your proposal.
No Federal agency may request or sponsor, and you are not required to respond to a request for information which does not contain a currently valid OMB Control Number.

BURDEN HOURS STATEMENT

The public burden for this form is estimated at 25 hours per response including the time for reviewing instructions, gathering and maintaining data, and

completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to: U.S. Department of the Interior, Bureau of Land Management (1004-0189), Bureau Information Collection Clearance Officer (WO-630), 1849 C Street, N.W., Mail Stop 401LS, Washington, D.C. 20240

A reproducible copy of this form may be obtained from the Bureau of Land Management, Land and Realty Group, 1620 L Street, N.W., Rm. 1000LS, Washington, D.C. 20036.

(Continued on page 5)

Right-of-Way Plan of Development

3" Surface Pipeline

The Houston Exploration Company

Hanging Rock 16-32

Sec. 32, T11S, R23E

The Houston Exploration Company has proposed the construction of a pipeline on BLM administered lands. The following information is provided as a supplement to the right-of-way application.

PIPELINE

A. Description of the Facility

1. Purpose and Need for the Right-of-Way Facility.

- a. The proposed surface pipeline will transport dry gas from proposed wells in Section 32, T11S, R23E to a proposed gathering line in Section 36, T11S, R22E.
- b. The pipeline will be part of a gathering system.
- c. The pipeline will be a 3" steel line. The line will be a surface line.
- d. The line will be welded at a location pad and pulled down the proposed access road. The line will then be boomed off the access road. The width of the right-of-way will be 15 feet.

2. Facility Design Factors

- a. The pipeline will operate at less than 500 psi. The line will transport *dry* gas. The soils in the area are stable. The operating temperature of the gathering system will reflect the day and nighttime temperature of the area.
- b. NA

3. Additional Components of the Right-of-Way

- a. The proposed pipeline will tie into a proposed pipeline in Section 36, T 11 S, R 22 E
- b. The operator has no plans for a compressor or pumping stations at this time.

4. Governmental Agency Involvement

- a. NA
- b. NA

5. Right-of-Way Location

- a. Please see attached map.
- b. NA
- c. Please see attached map.
- d. Please see attached map.
- e. BLM Surface Pipeline

State	Length 5,300ft +/-, width 15 feet	Section 32, T11S, R23E
BLM	Length 6,000 ft +/-, width 15 feet	Section 31, T11S, R23E
State	Length 5,100ft +/-, width 15 feet	Section 36, T11S, R22E

BLM acreage pipeline 6,000' X 15=90,000' 90,000'/ 43,560= 2.06 acres

6. Resource Values and Environmental Concerns

- a. An archeological survey has been conducted on the location and pipeline.

7. Construction of the Facility

- a. NA
- b. NA
- c. NA

8. Stabilization and Rehabilitation

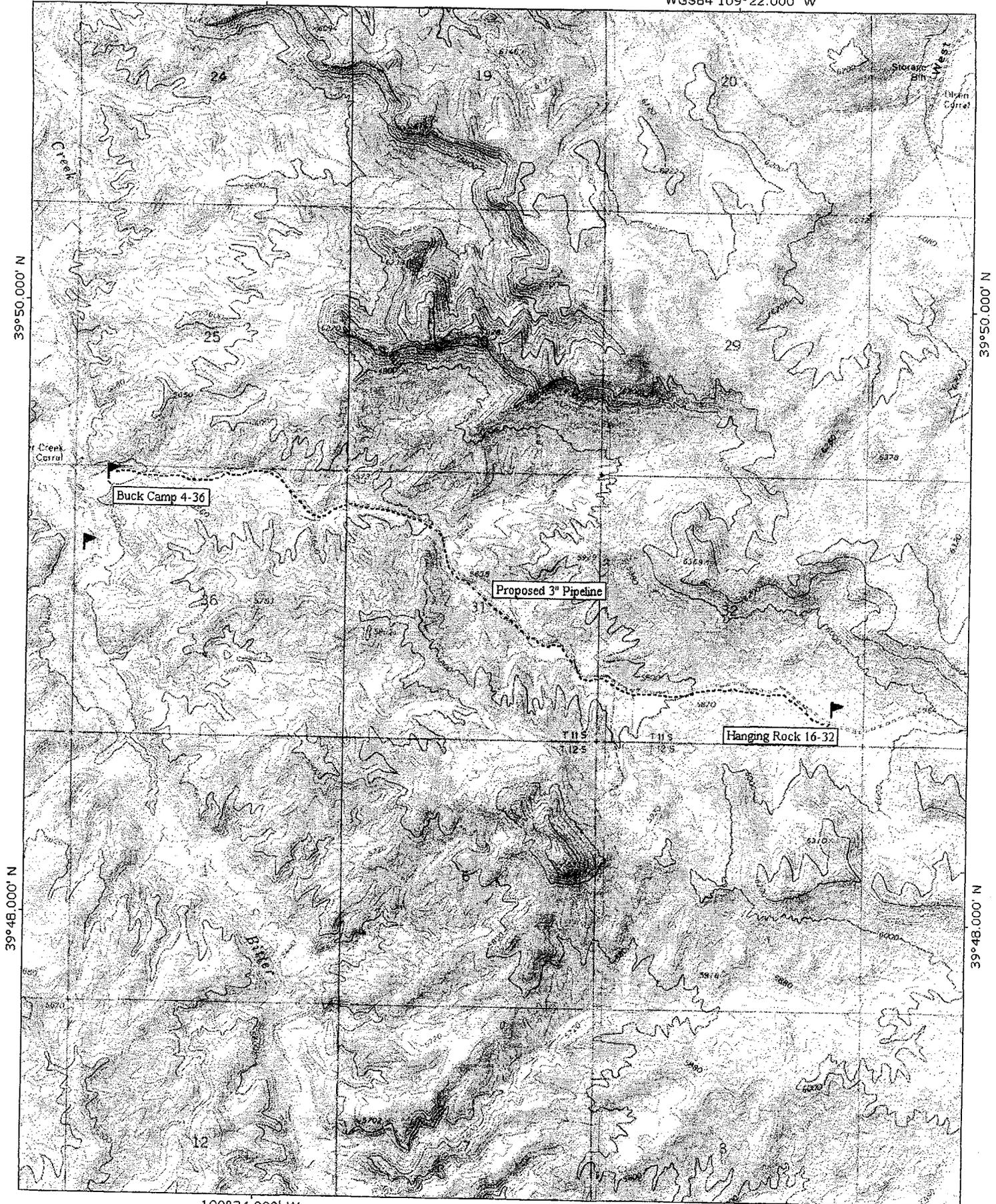
- a. Please see # 10.

9. Operation and Maintenance of the Facility

- a. Additional construction or expansions are not planed at this time.
- b. Additions or removal of the pipe is not anticipated at this time.
- c. All maintenance will be restricted to the right-of-way.
- d. The operator has no plans to hydro-statically test the pipeline.

10. Termination and Restoration

- a. The operator will remove the 3" pipeline at the termination of the right-of-way unless requested to do otherwise by the Authorized Officer. Prior to removing the 16400' of pipe, an onsite will be held with the BLM to insure removal and reclamation will conform to all applicable BLM regulations and requirements.



TN MN
12°

109°24.000' W WGS84 109°22.000' W



THE HOUSTON EXPLORATION COMPANY

HANGING ROCK #16-32

LOCATED IN UINTAH COUNTY, UTAH
SECTION 32, T11S, R23E, S.L.B.&M.

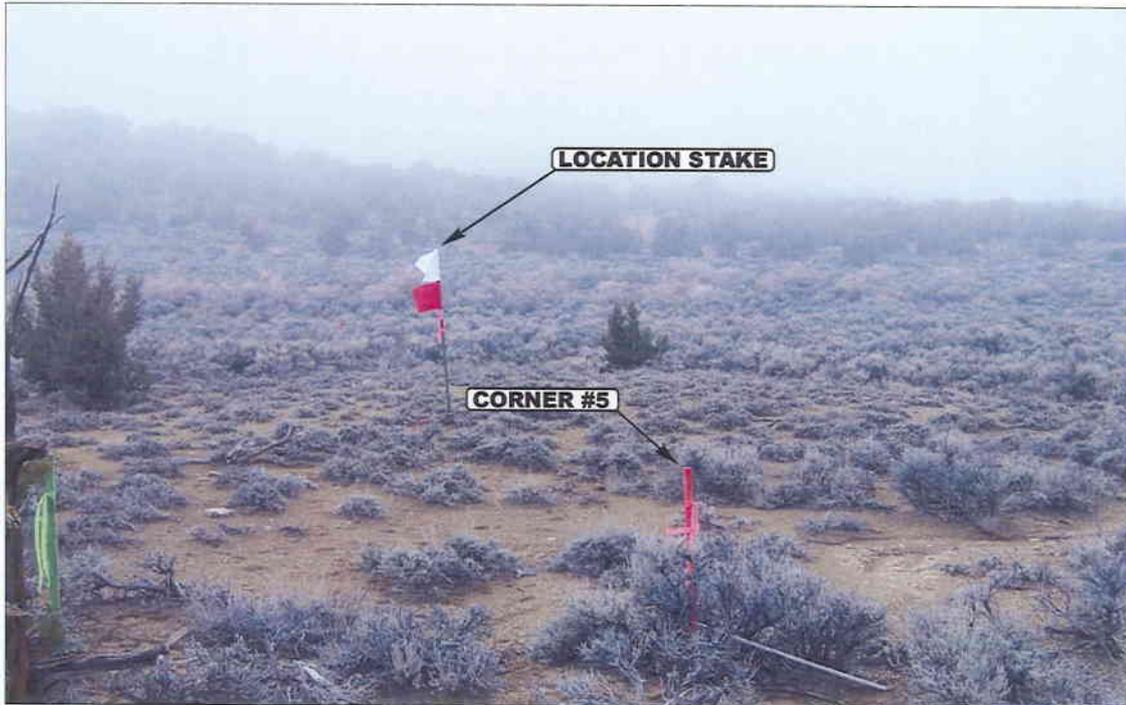


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: SOUTHWESTERLY



PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: NORTHERLY



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

LOCATION PHOTOS

11 18 04
MONTH DAY YEAR

PHOTO

TAKEN BY: B.B.

DRAWN BY: L.K.

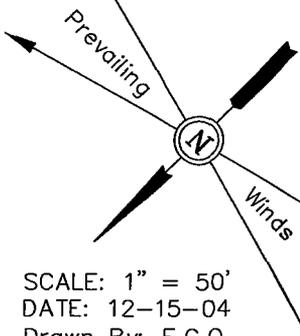
REVISED: 00-00-00

- Since 1964 -

THE HOUSTON EXPLORATION COMPANY

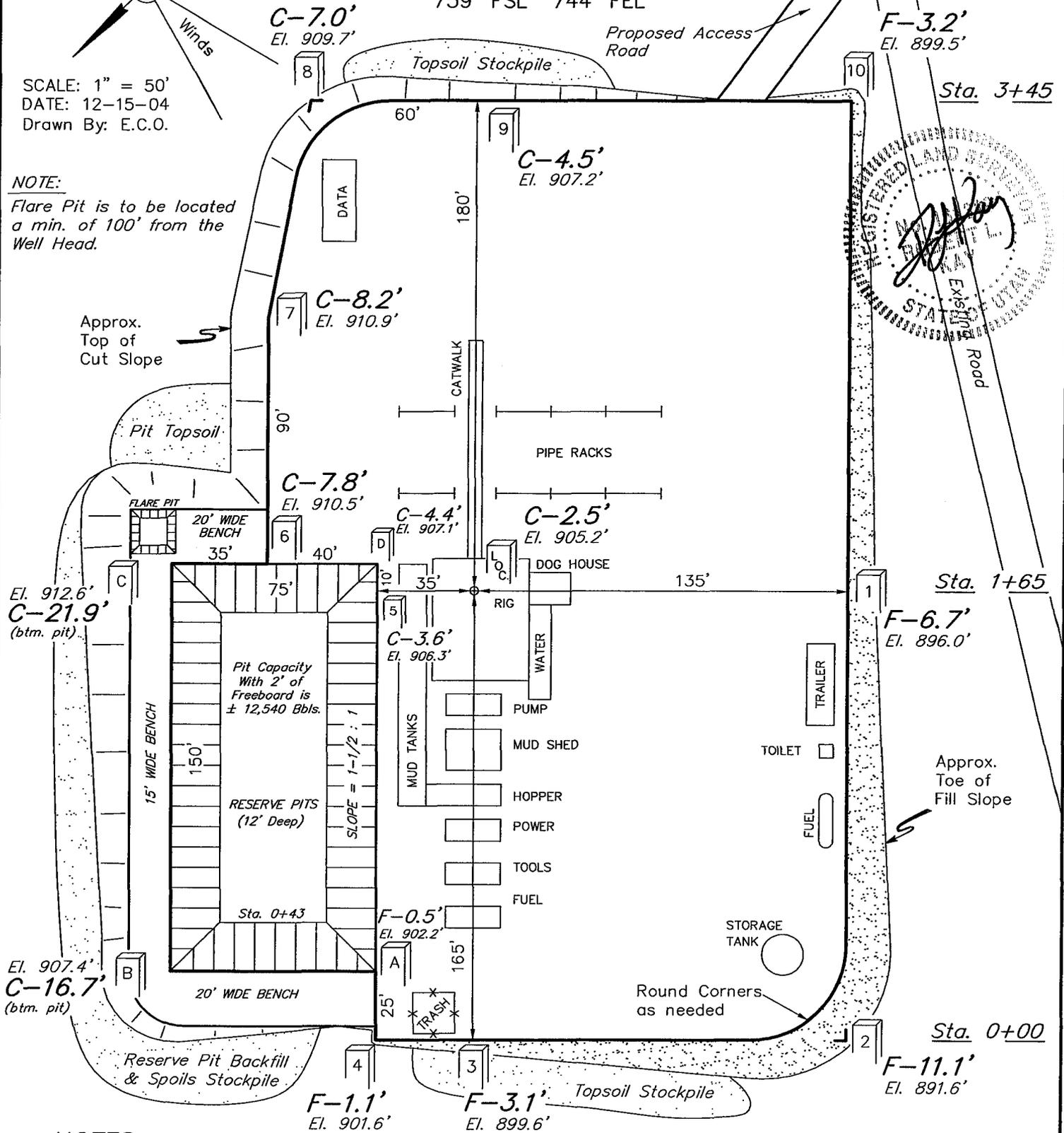
LOCATION LAYOUT FOR

HANGING ROCK #16-32
SECTION 32, T11S, R23E, S.L.B.&M.
759' FSL 744' FEL



SCALE: 1" = 50'
DATE: 12-15-04
Drawn By: E.C.O.

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



NOTES:

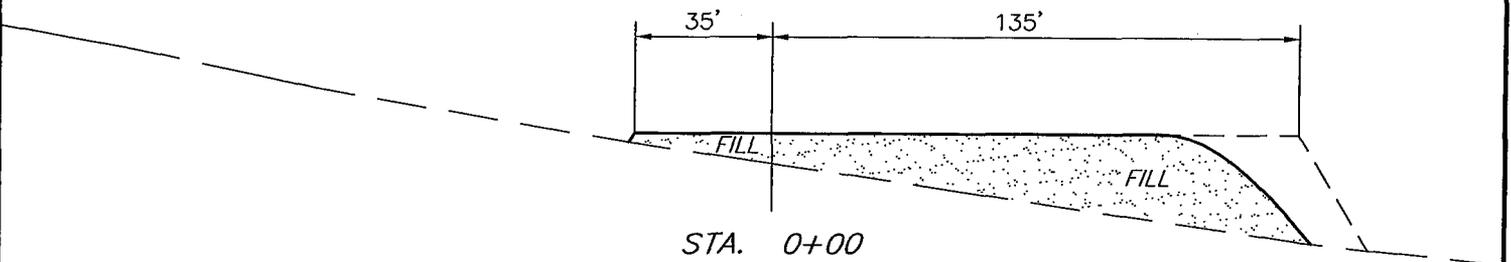
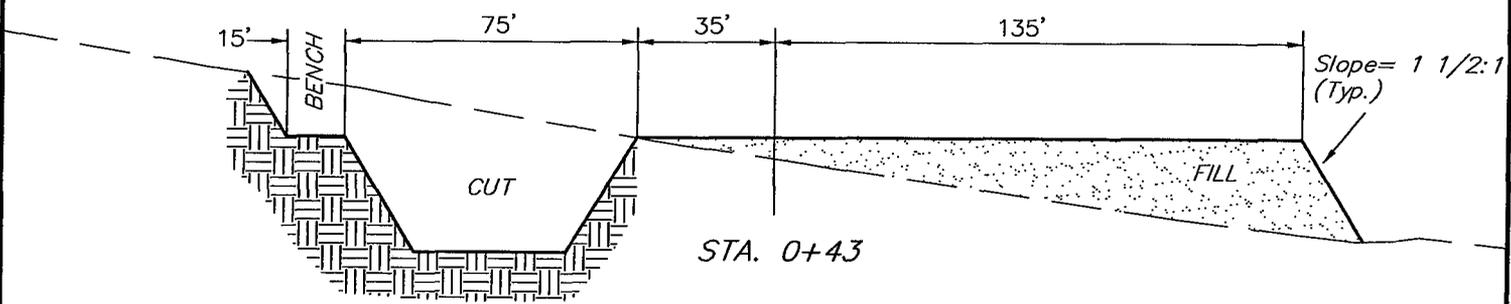
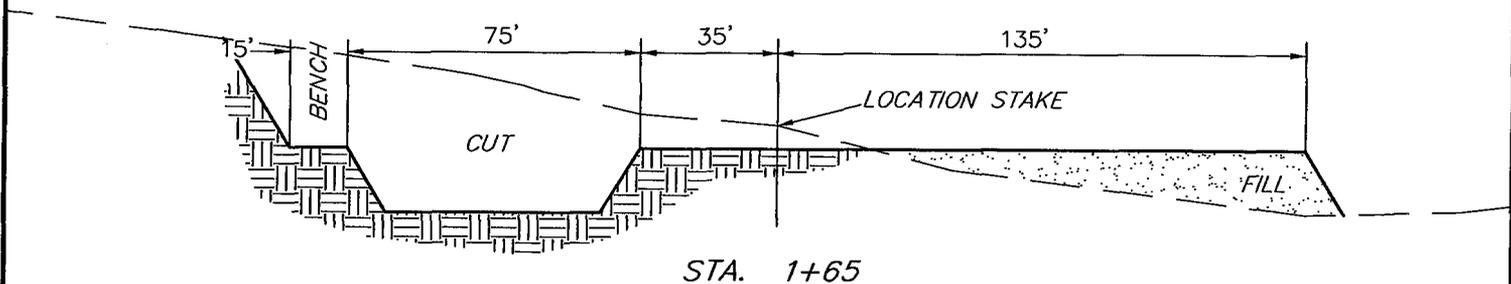
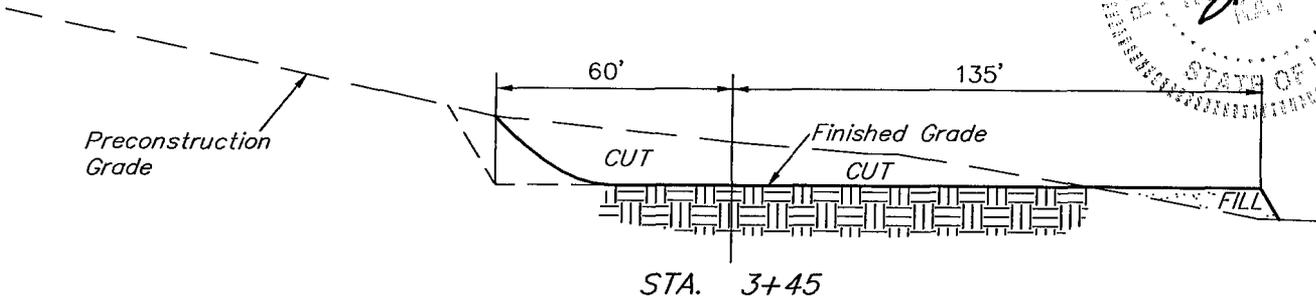
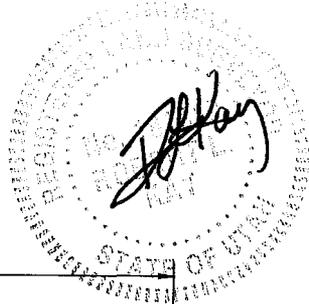
Elev. Ungraded Ground At Loc. Stake = 5905.2'
FINISHED GRADE ELEV. AT LOC. STAKE = 5902.7'

FIGURE #1

THE HOUSTON EXPLORATION COMPANY

TYPICAL CROSS SECTIONS FOR
 HANGING ROCK #16-32
 SECTION 32, T11S, R23E, S.L.B.&M.
 759' FSL 744' FEL

1" = 20'
 X-Section
 Scale
 1" = 50'
 DATE: 12-15-04
 Drawn By: E.C.O.



* NOTE:
 FILL QUANTITY INCLUDES
 5% FOR COMPACTION

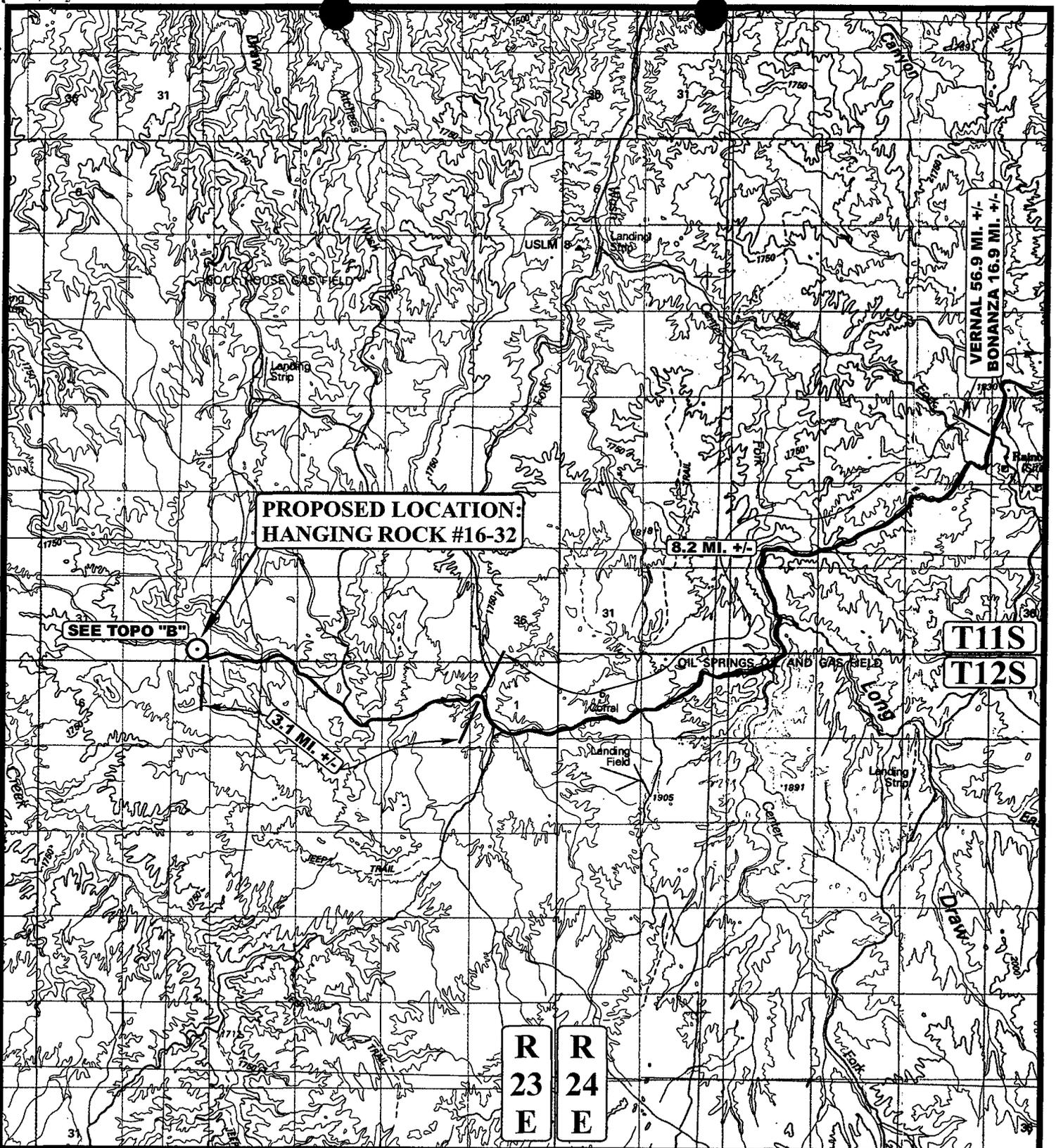
FIGURE #2

APPROXIMATE YARDAGES

CUT
 (6") Topsoil Stripping = 1,780 Cu. Yds.
 Remaining Location = 9,420 Cu. Yds.

TOTAL CUT = 11,200 CU.YDS.
 FILL = 7,720 CU.YDS.

EXCESS MATERIAL = 3,480 Cu. Yds.
 Topsoil & Pit Backfill = 3,480 Cu. Yds.
 (1/2 Pit Vol.)
 EXCESS UNBALANCE = 0 Cu. Yds.
 (After Rehabilitation)



**PROPOSED LOCATION:
HANGING ROCK #16-32**

SEE TOPO "B"

3.1 MI. +/-

8.2 MI. +/-

VERNAL 56.9 MI. +/-
BONANZA 16.9 MI. +/-

**T11S
T12S**

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

LEGEND:

○ PROPOSED LOCATION

N

THE HOUSTON EXPLORATION COMPANY

**HANGING ROCK #16-32
SECTION 32, T11S, R23E, S.L.B.&M.
759' FSL 744' FEL**



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

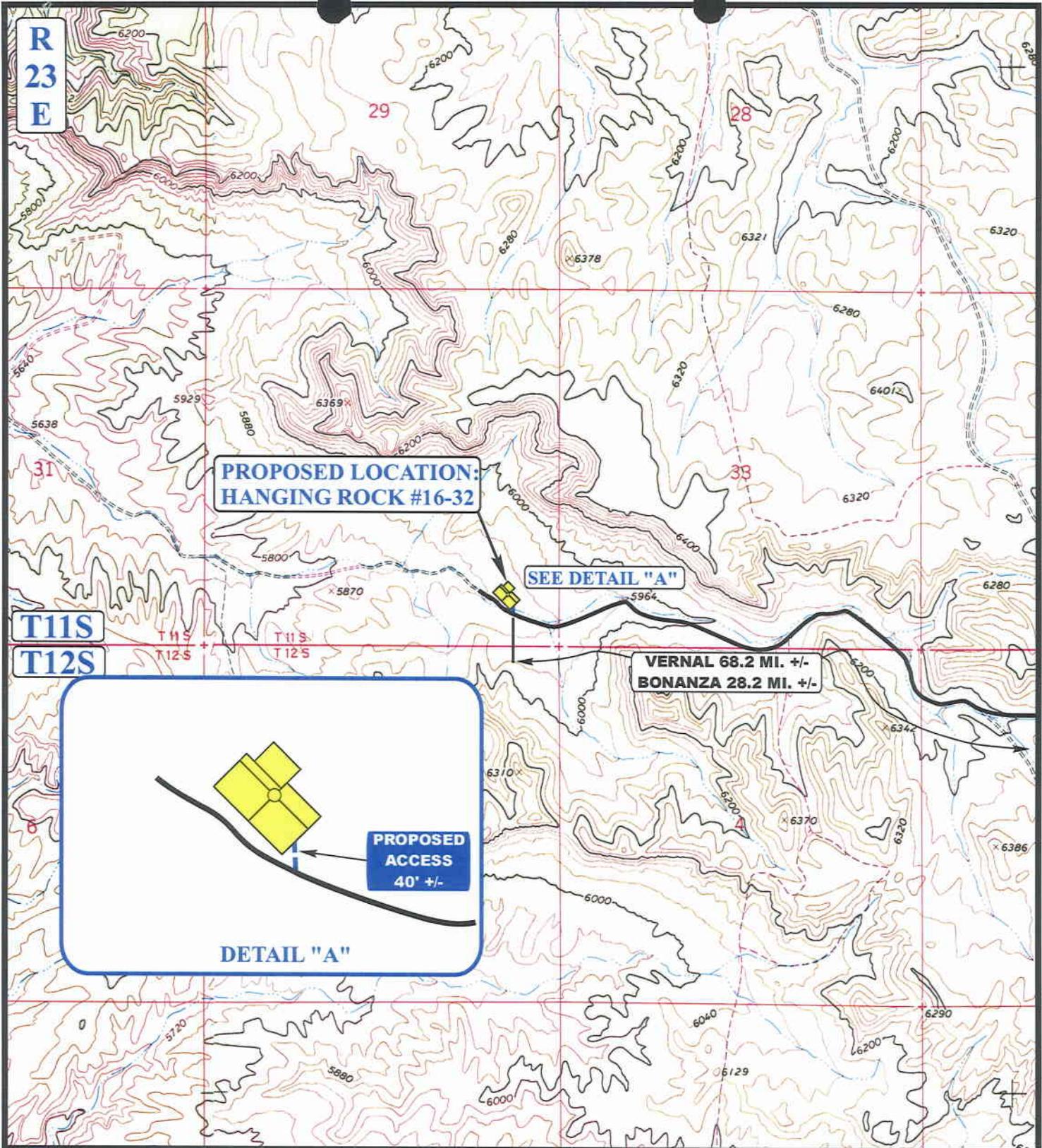


**TOPOGRAPHIC
MAP**

11 18 04
MONTH DAY YEAR

SCALE: 1:100,000 | DRAWN BY: L.K. | REVISED: 00-00-00





LEGEND:

- PROPOSED ACCESS ROAD
- EXISTING ROAD



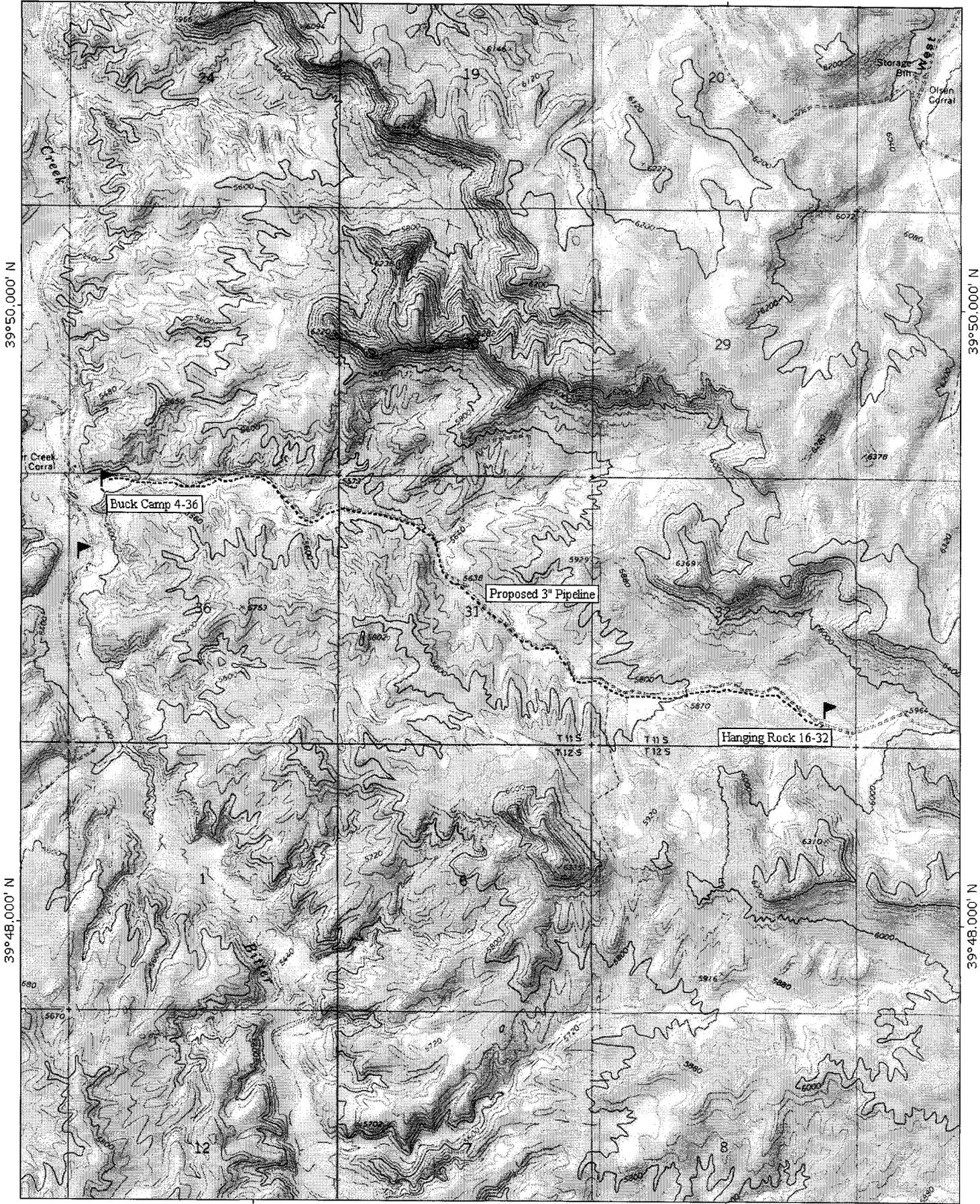
THE HOUSTON EXPLORATION COMPANY

HANGING ROCK #16-32
SECTION 32, T11S, R23E, S.L.B.&M.
759' FSL 744' FEL

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

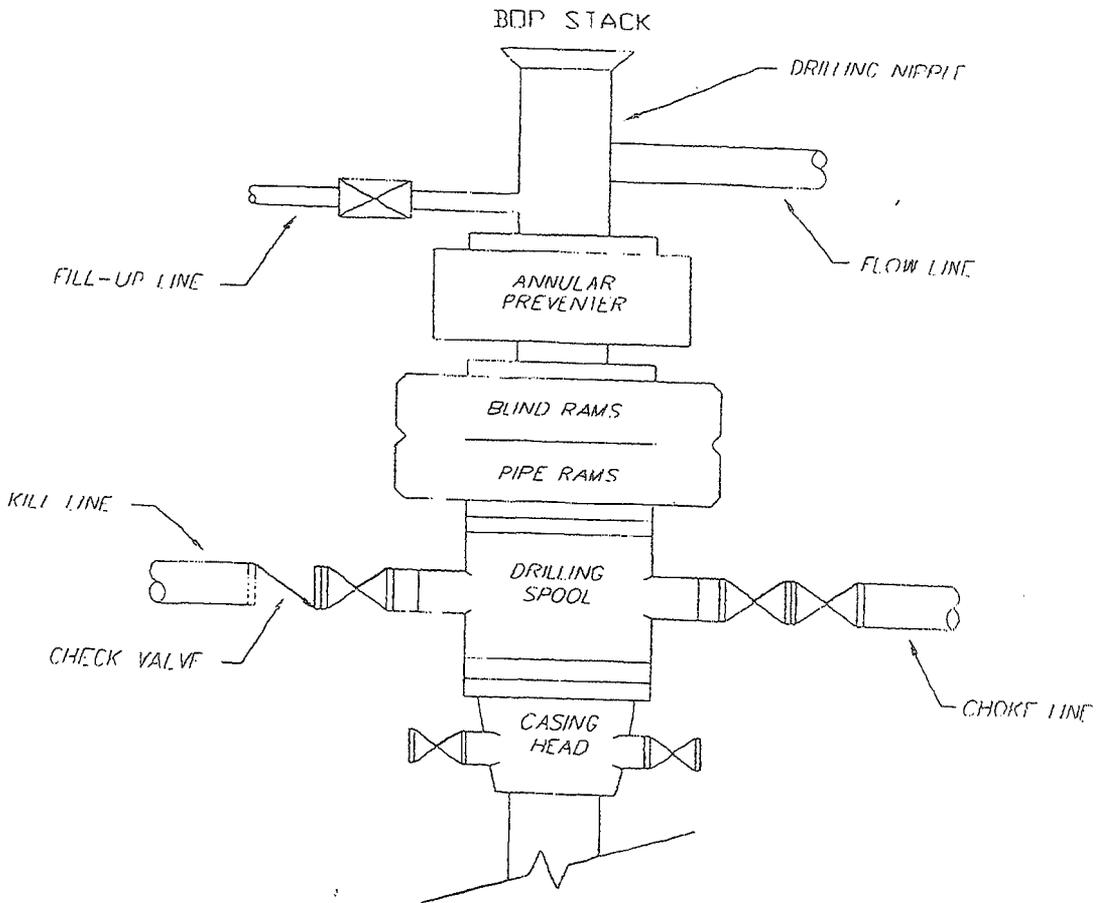
TOPOGRAPHIC MAP **11 18 04**
 MONTH DAY YEAR
 SCALE: 1" = 2000' DRAWN BY: L.K. REVISED: 00-00-00

B
TOPO

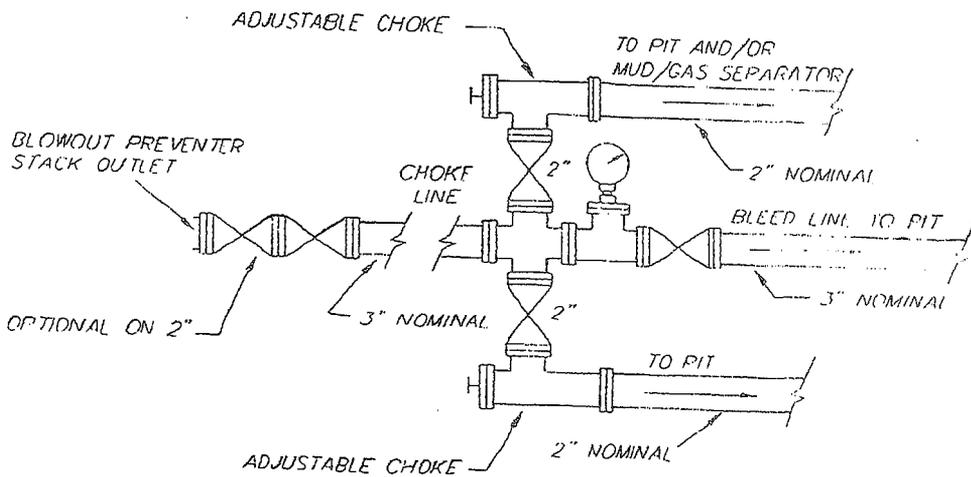


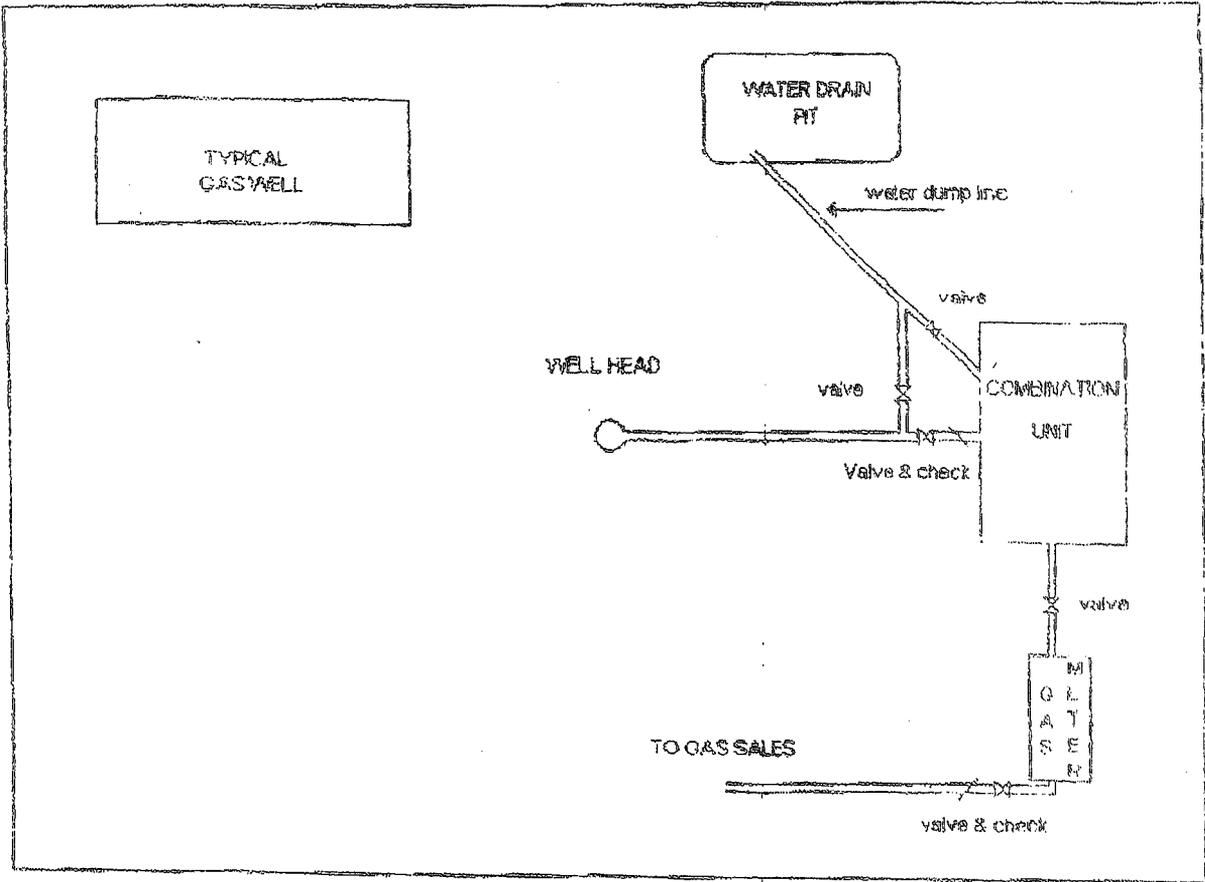
THE HOUSTON EXPLORATION COMPANY

TYPICAL 3,000 p.s.i. BLOWOUT PREVENTER SCHEMATIC



TYPICAL 3,000 p.s.i. CHOKER MANIFOLD SCHEMATIC





WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 02/16/2005

API NO. ASSIGNED: 43-047-36308

WELL NAME: HANGING ROCK 16-32
OPERATOR: HOUSTON EXPLORATION CO, (N2525)
CONTACT: BILL RYAN

PHONE NUMBER: 435-789-0968

PROPOSED LOCATION:

SESE 32 110S 230E
SURFACE: 0759 FSL 0744 FEL
BOTTOM: 0759 FSL 0744 FEL
UINTAH
UNDESIGNATED (2)

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	Drd	3/15/05
Geology		
Surface		

LEASE TYPE: 3 - State
LEASE NUMBER: ML-47079
SURFACE OWNER: 3 - State
PROPOSED FORMATION: CSLGT
COALBED METHANE WELL? NO

LATITUDE: 39.81191
LONGITUDE: -109.3596

RECEIVED AND/OR REVIEWED:

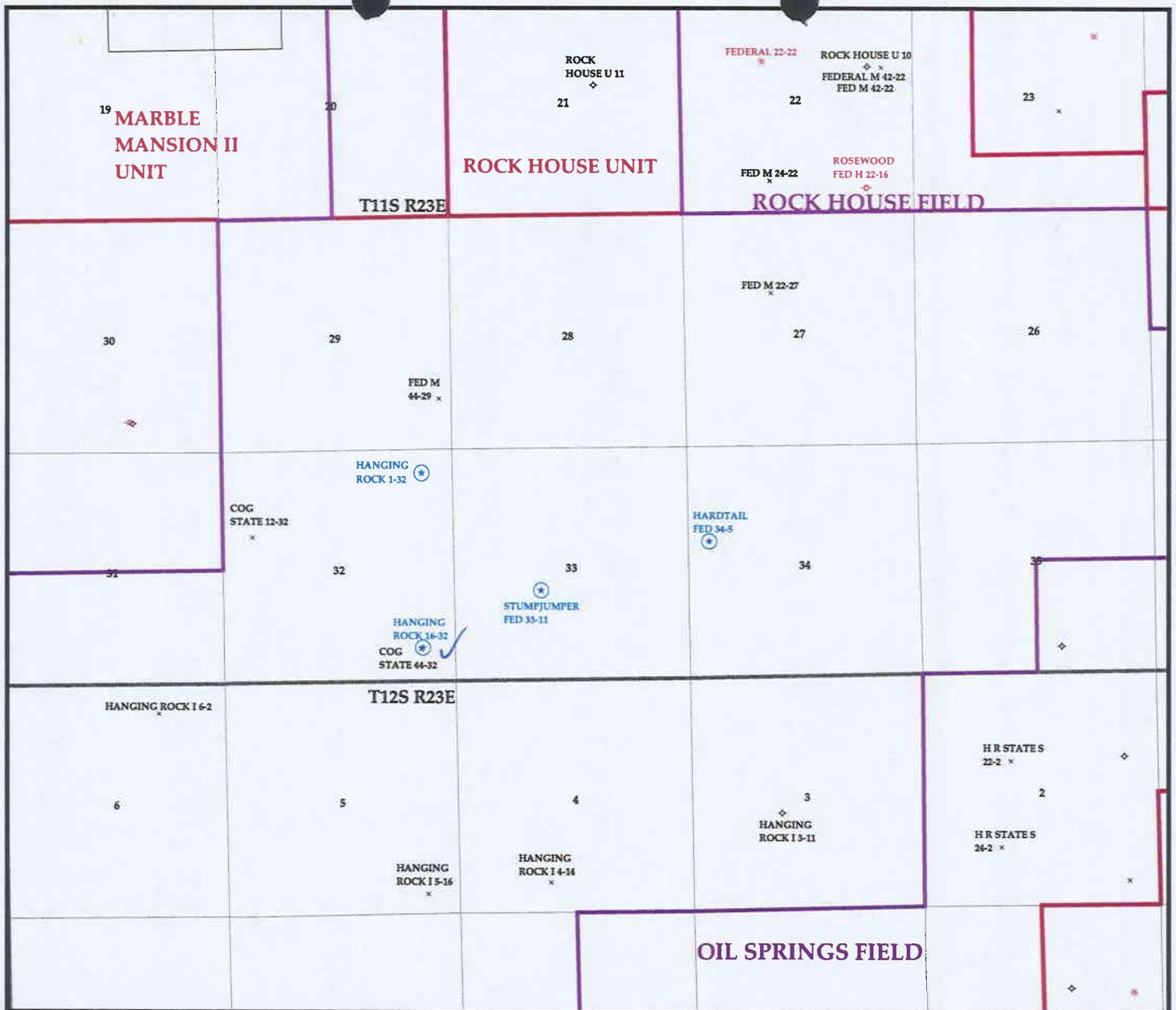
- Plat
- Bond: Fed[] Ind[] Sta[] Fee[]
(No. 104155044)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. T75377)
- RDCC Review (Y/N)
(Date: _____)
- Fee Surf Agreement (Y/N)

LOCATION AND SITING:

- R649-2-3.
- Unit _____
- R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells
- R649-3-3. Exception
- Drilling Unit
Board Cause No: _____
Eff Date: _____
Siting: _____
- R649-3-11. Directional Drill

COMMENTS: Needs Presite (03-01-05)

STIPULATIONS: 1- Spacing Slip
2- STATEMENT OF BASIS



OPERATOR- THE HOUSTON EXPL CO (N2525)

SEC. 32 T.11S R.23E

FIELD: UNDESIGNATED (002)

COUNTY: UINTAH

SPACING: R649-3-2 / GENERAL SITING



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

Units.shp

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

Fields.shp

- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED



PREPARED BY: DIANA WHITNEY
DATE: 17-FEBRUARY-2005

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

OPERATOR: THE HOUSTON EXPLORATION COMPANY
WELL NAME & NUMBER: HANGING ROCK 16-32
API NUMBER: 43-047-36308
LEASE: ML-47079 FIELD/UNIT: UNDESIGNATED
LOCATION: 1/4,1/4 SE/SE sec: 32 TWP: 11S RNG: 23E 744' FEL 759' FSL
LEGAL WELL SITING: 460 F SEC. LINE; 460 F 1/4,1/4 LINE; 920 F ANOTHER WELL.
GPS COORD (UTM): 640427E 4407964N SURFACE OWNER: STATE OF UTAH

PARTICIPANTS

DAVID W. HACKFORD (DOGM), GINGER STRINGHAM (HOUSTON), ONE DIRT CONTRACTOR, FLOYD BARTLETT (DWR), ED BONNER (SITLA).

REGIONAL/LOCAL SETTING & TOPOGRAPHY

SITE IS 0.5 MILES SOUTH OF THE VERY SOUTH END OF ARCHEE BENCH, IN AN AREA OF ROLLING HILLS AND SHALLOW DRAWS DRAINING TO THE SOUTHWEST TOWARD BITTER CREEK 1.75 MILES AWAY. THE RIM OF BITTER CREEK IS 1500' TO THE NORTHEAST. THIS RIM FALLS OFF SHARPLY FOR 400'. VERNAL, UTAH IS 70 MILES TO THE NORTH.

SURFACE USE PLAN

CURRENT SURFACE USE: WILDLIFE AND LIVESTOCK GRAZING, HUNTING.

PROPOSED SURFACE DISTURBANCE: LOCATION WILL BE 345' BY 260'. ACCESS ROAD WILL BE 40 FEET.

LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS: SEE ATTACHED MAP FROM GIS DATABASE.

LOCATION OF PRODUCTION FACILITIES AND PIPELINES: ALL PRODUCTION FACILITIES WILL BE ON LOCATION AND ADDED AFTER DRILLING WELL. PIPELINE WILL FOLLOW ACCESS ROAD.

SOURCE OF CONSTRUCTION MATERIAL: ALL CONSTRUCTION MATERIAL WILL BE BORROWED FROM SITE DURING CONSTRUCTION OF LOCATION.

ANCILLARY FACILITIES: NONE WILL BE REQUIRED.

WILL DRILLING AT THIS LOCATION GENERATE PUBLIC INTEREST OR CONCERNS?
EXPLAIN: UNLIKELY.

WASTE MANAGEMENT PLAN:

DRILLED CUTTINGS WILL BE SETTLED INTO RESERVE PIT. LIQUIDS FROM PIT WILL BE ALLOWED TO EVAPORATE. FORMATION WATER WILL BE CONFINED TO STORAGE

TANKS. SEWAGE FACILITIES, STORAGE AND DISPOSAL WILL BE HANDLED BY COMMERCIAL CONTRACTOR. TRASH WILL BE CONTAINED IN TRASH BASKETS AND HAULED TO AN APPROVED LAND FILL.

ENVIRONMENTAL PARAMETERS

AFFECTED FLOODPLAINS AND/OR WETLANDS: NONE

FLORA/FAUNA: SAGE, RABBITBRUSH, GREASEWOOD, PRICKLY PEAR, HORSEBRUSH, JUNIPER, SERVICEBERRY: PRONGHORN, RODENTS, SONGBIRDS, RAPTORS, COYOTE, RABBITS, DEER, ELK.

SOIL TYPE AND CHARACTERISTICS: LIGHT BROWN SANDY CLAY.

EROSION/SEDIMENTATION/STABILITY: VERY LITTLE NATURAL EROSION. SEDIMENTATION AND STABILITY ARE NOT A PROBLEM AND LOCATION CONSTRUCTION SHOULDN'T CAUSE AN INCREASE IN STABILITY OR EROSION PROBLEMS.

PALEONTOLOGICAL POTENTIAL: NONE OBSERVED

RESERVE PIT

CHARACTERISTICS: 150' BY 75' AND 12' DEEP.

LINER REQUIREMENTS (Site Ranking Form attached): A LINER WILL NOT BE REQUIRED FOR RESERVE PIT.

SURFACE RESTORATION/RECLAMATION PLAN

AS PER SITLA.

SURFACE AGREEMENT: AS PER SITLA.

CULTURAL RESOURCES/ARCHAEOLOGY: SITE WILL BE INSPECTED BY SAGEBRUSH ARCHEOLOGICAL CONSULTANTS. A REPORT OF THIS INVESTIGATION WILL BE PLACED ON FILE.

OTHER OBSERVATIONS/COMMENTS

THIS PREDRILL INVESTIGATION WAS CONDUCTED ON A COOL, SUNNY DAY WITH PARTIAL SNOW COVER.

ATTACHMENTS

PHOTOS OF SITE WILL BE TAKEN AND PLACED ON FILE.

DAVID W. HACKFORD
DOGM REPRESENTATIVE

3/01/2005 2:30 PM
DATE/TIME

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

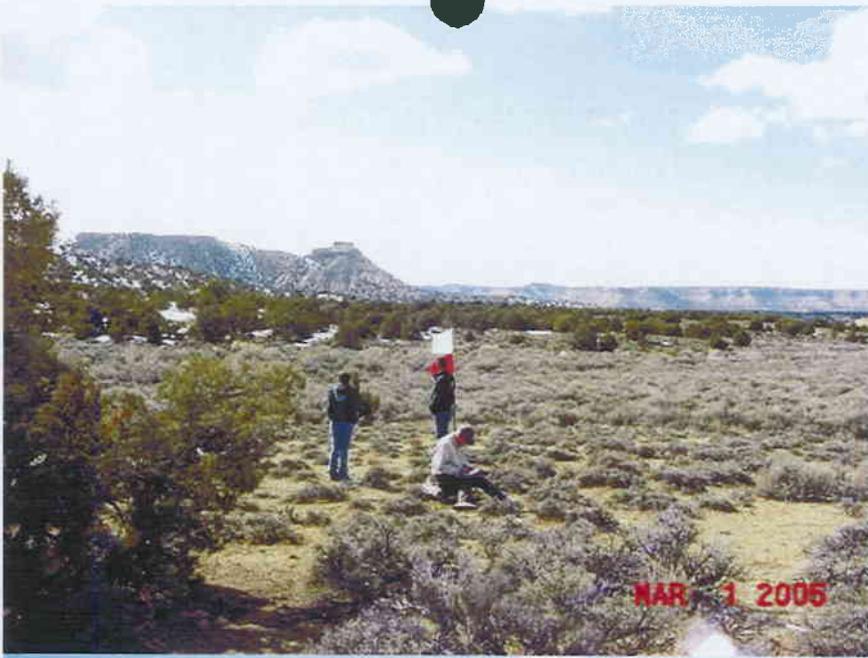
<u>Site-Specific Factors</u>	<u>Ranking</u>	<u>Site Ranking</u>
Distance to Groundwater (feet)		
>200	0	
100 to 200	5	
75 to 100	10	
25 to 75	15	
<25 or recharge area	20	<u>5</u>
Distance to Surf. Water (feet)		
>1000	0	
300 to 1000	2	
200 to 300	10	
100 to 200	15	
< 100	20	<u>0</u>
Distance to Nearest 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>0</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>5</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>0</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 10 (Level III 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.





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

OPERATOR: THE HOUSTON EXPLORATION COMPANY
WELL NAME & NUMBER: HANGING ROCK 16-32
API NUMBER: 43-047-36308
LOCATION: 1/4,1/4 SE/SE Sec: 32 TWP: 11S RNG: 23E 744' FEL 759' FSL

Geology/Ground Water:

The Houston Ex. Co. proposes to set 2,000 feet of surface casing cemented to the surface. The base of the moderately saline water is estimated at 3,300 feet. A search of Division of Water Rights records shows no water wells within a 10,000 foot radius of the proposed location. The surface formation at this location is the Green River Formation. The Green River Formation is made up of sands interbedded with shales and limestones. This can be considered a recharge area for the Green River Formation and should be protected. The proposed surface casing should adequately protect the recharge area and potentially useable aquifers.

Reviewer: Brad Hill **Date:** 03-09-05

Surface:

The predrill investigation of the surface was performed on 03/01/05. Floyd Bartlett with DWR and Ed Bonner with SITLA were invited to this investigation on 02/18/05. Both were present. Neither had concerns regarding the construction of this location or the drilling of this well. This site is on State surface, with State minerals, and appears to be the best site for a location in the immediate area. Mr. Bartlett presented Ms. Stringham a DWR prescribed seed mix to be used when reserve pit is reclaimed.

Reviewer: David W. Hackford **Date:** 03/04/2005

Conditions of Approval/Application for Permit to Drill:

None.

Well name:	03-05 Houston Hanging Rock 16-32	
Operator:	The Houston Exploration Company	
String type:	Surface	Project ID: 43-047-36308
Location:	Uintah County	

Design parameters:

Collapse

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

Burst

Max anticipated surface pressure: 1,760 psi
Internal gradient: 0.120 psi/ft
Calculated BHP: 2,000 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 buoyed weight.
Neutral point: 1,749 ft

Environment:

H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 93 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 250 ft

Cement top: Surface

Non-directional string.

Re subsequent strings:

Next setting depth: 7,500 ft
Next mud weight: 9.000 ppg
Next setting BHP: 3,506 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 2,000 ft
Injection pressure: 2,000 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	2000	8.625	36.00	J-55	ST&C	2000	2000	7.7	143.5
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	873	3450	3.954	2000	4460	2.23	63	434	6.89 J

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

Phone: 801-538-5280
FAX: 810-359-3940

Date: March 10, 2005
Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 2000 ft, a mud weight of 8.4 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

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

Well name:	03-05 Houston Hanging Rock 16-32	
Operator:	The Houston Exploration Company	
String type:	Production	Project ID: 43-047-36308
Location:	Uintah County	

Design parameters:

Collapse

Mud weight: 9.000 ppg
Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 2,606 psi
Internal gradient: 0.120 psi/ft
Calculated BHP: 3,506 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 buoyed weight.
Neutral point: 6,491 ft

Environment:

H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 170 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 1,500 ft

Cement top: 3,688 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	7500	4.5	11.60	N-80	LT&C	7500	7500	3.875	173.8
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	3506	6350	1.811	3506	7780	2.22	75	223	2.96 J

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

Phone: 801-538-5280
FAX: 810-359-3940

Date: March 10, 2005
Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 7500 ft, a mud weight of 9 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

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

03-05 Houston Hanging Rock 16-32
Casing Schematic

Green River

Surface

8-5/8"
MW 8.4
Frac 19.3

TOC @
0.

1230
TOC Tail

Surface
2000. MD

w/ 18% Washout

BHP

$$(.052)(9)(7500) = 3570$$

Anticipate 3,000

Gas

$$(.12)(7500) = 900$$

MASP = 2610

BOP - 3,000 ✓

Surf csg - 4460

$$70\% = 3122$$

Mat pressure @ shoe = 2300

Test to 2300 # ✓

✓ Adequate DWD 3/15/05

4-1/2"
MW 9.

Production
7500. MD

3300 BMSW

TOC @
3688.

4080 wbsatch

5648 TOC Tail

5747 Mesaverde

Strip

TOC ± 3300 TO
protect BMSW

w/ 15% Washout
TOC 3308 w/ 11% w.o.

From: Ed Bonner
To: Whitney, Diana
Date: 4/21/2005 2:34:20 PM
Subject: Well Clearance

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

The Houston Exploration Company

- Buck Camp 2-2
- Buck Camp 4-36
- Hanging Rock 1-32
- Hanging Rock 16-32 ✓
- Rockhouse 3-32-10-23
- Rockhouse 7-32-10-23
- Rockhouse 9-32-10-23
- Rock House 4-32
- Rock House 5-32
- Rock House 13-32
- Rock House 1-36-10-22
- Rock House 3-36-10-22
- Rock House 7-36-10-22
- Rock House 12-36-10-22

If you have any questions regarding this matter please give me a call.

CC: Garrison, LaVonne; ginger_stringham@yahoo.com; Hill, Brad; Hunt, Gil

**State of Utah****Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

MARY ANN WRIGHT
Acting Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

April 21, 2005

The Houston Exploration Company
1100 Louisiana, Suite 2000
Houston, Texas 77002

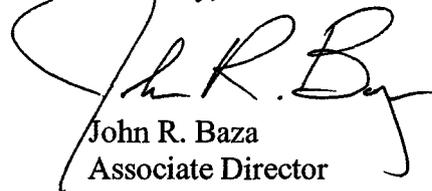
Re: Hanging Rock 16-32 Well, 759' FSL, 744' FEL, SE SE, Sec. 32, T. 11 South,
R. 23 East, Uintah County, Utah

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 43-047-36308.

Sincerely,



John R. Baza
Associate Director

jc
Enclosures

cc: Uintah County Assessor
SITLA

Page 2

API # 43-047-36308

April 21, 2005

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

CONFIDENTIAL

DIVISION OF OIL, GAS AND MINING

SPUDDING INFORMATION

Name of Company: THE HOUSTON EXPLORATION COMPANY

Well Name: HANGING ROCK 16-32

Api No: 43-047-36308 Lease Type: STATE

Section 32 Township 11S Range 23E County UINTAH

Drilling Contractor _____ RIG # _____

SPUDDED:

Date 09/09/05

Time _____

How DRY

Drilling will Commence: _____

Reported by GLEN

Telephone # 1-435-828-4361

Date 09/09/2005 Signed CHD

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

FORM 6

ENTITY ACTION FORM

Operator: Enduring Resources, LLC *Houston Exploration* Operator Account Number: N 2750 *N 2525*
Address: 475 17th Street, Suite 1500
city Denver
state CO zip 80202 Phone Number: (303) 350-5114

Well 1

API Number	Well Name	QQ	Sec	Twp	Rng	County
4304736308	Hanging Rock 16-32	SESE	32	11S	23E	Utah
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date	
A	99999	<i>14938</i>	9/13/2005		<i>9/20/05</i>	
Comments: A transfer of operatorship from The Houston Exploration Company to Enduring Resources, LLC is pending. <i>CSLGT = MVRD</i>						

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Well 2

API Number	Well Name	QQ	Sec	Twp	Rng	County
4304736273	Buck Camp 2-2	NWNE	2	12S	22E	Utah
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date	
A	99999	<i>14939</i>	9/8/2005		<i>9/20/05</i>	
Comments: A transfer of operatorship from The Houston Exploration Company to Enduring Resources, LLC is pending. <i>CSLGT = MVRD</i>						

CONFIDENTIAL

Well 3

API Number	Well Name	QQ	Sec	Twp	Rng	County
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date	
Comments:						

ACTION CODES:

- A - Establish new entity for new well (single well only)
- B - Add new well to existing entity (group or unit well)
- C - Re-assign well from one existing entity to another existing entity
- D - Re-assign well from one existing entity to a new entity
- E - Other (Explain in 'comments' section)

Alvin R. (Al) Arlian

Name (Please Print)



Signature

Landman-Regulatory

9/20/2005

Title

Date

RECEIVED

SEP 20 2005

DIV OF OIL, GAS & MINING

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: ML-47079
2. NAME OF OPERATOR: The Houston Exploration Company <i>N2525</i>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A
3. ADDRESS OF OPERATOR: 11001 Louisiana Ste 2000 Houston STATE TX ZIP 77002		7. UNIT or CA AGREEMENT NAME: N/A
PHONE NUMBER: (713)830-6938		8. WELL NAME and NUMBER: Hanging Rock 16-32
4. LOCATION OF WELL FOOTAGES AT SURFACE: 759' FSL - 744' FEL		9. API NUMBER: 4304736308
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESE 32 11S 23E S		10. FIELD AND POOL, OR WILDCAT: Wildcat
COUNTY: Uintah		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 checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: 10/21/2005	<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"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input checked="" 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: <u>Change of Operator</u>
	<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.

Effective: 10-21-2005

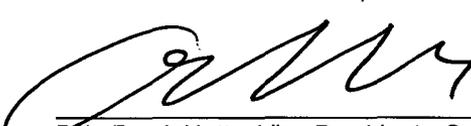
Enduring Resources, LLC
475 17th Street, Suite 1500
Denver, Colorado 80202

N2750

Operator No. N 2750
Utah State Bond #RLB0008031

Contact: Frank Hutto 303-350-5102

ENDURING RESOURCES, LLC


BY: Frank Hutto, Vice President - Operations
ALEX CAMPBELL LAND

DATE: 10-24-2005

NAME (PLEASE PRINT) <u>Joanne Hresko</u>	TITLE <u>Vice President and General manager - Onshore</u>
SIGNATURE <u>Joanne Hresko</u>	DATE <u>10-21-05</u>

(This space for State use only)

APPROVED 10/31/2005
Earlene Russell
Division of Oil, Gas and Mining
Earlene Russell, Engineering Technician

(See Instructions on Reverse Side)

RECEIVED
OCT 26 2005
DIV. OF OIL, GAS & MINING

6c. Reports current for Production/Disposition & Sundries on:

9/29/2005

7. **Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: BLM not yet BIA n/a

8. **Federal and Indian Units:**

The BLM or BIA has approved the successor of unit operator for wells listed on: _____ not yet

9. **Federal and Indian Communization Agreements ("CA"):**

The BLM or BIA has approved the operator for all wells listed within a CA on: n/a

10. **Underground Injection Control ("UIC")** The Division has approved UIC Form 5, **Transfer of Authority to Inject**, for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: n/a

DATA ENTRY:

1. Changes entered in the **Oil and Gas Database** on: _____

2. Changes have been entered on the **Monthly Operator Change Spread Sheet** on: _____

3. Bond information entered in RBDMS on: _____

4. Fee/State wells attached to bond in RBDMS on: _____

5. Injection Projects to new operator in RBDMS on: n/a

6. Receipt of Acceptance of Drilling Procedures for APD/New on: _____

FEDERAL WELL(S) BOND VERIFICATION:

1. Federal well(s) covered by Bond Number: UTB000173

INDIAN WELL(S) BOND VERIFICATION:

1. Indian well(s) covered by Bond Number: n/a

FEE & STATE WELL(S) BOND VERIFICATION:

1. (R649-3-1) The **NEW** operator of any fee well(s) listed covered by Bond Number RLB0008031

2. The **FORMER** operator has requested a release of liability from their bond on: n/a

The Division sent response by letter on: _____

LEASE INTEREST OWNER NOTIFICATION:

3. (R649-2-10) The **FORMER** operator of the fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: n/a

COMMENTS:

ENDURING RESOURCES, LLC

425 Seventeenth Street, Suite 1500

Denver, Colorado 80202

Telephone: 303-573-1222

Facsimile: 303-573-0461

CONFIDENTIAL

October 26, 2005

State of Utah
Division of Oil, Gas and Mining
P.O. Box 145801
Salt Lake City, Utah 84114-5801

T 115 R 23E SEC-32
43-047-36308

**RE: Well Logs
Uintah County, Utah**

Ladies and Gentlemen:

Attached are two original copies of digital and hard copies of logs for the following wells.

1. Buck Camp 4-35
2. Buck Camp 2-2
3. Rockhopper Federal 29-11
4. Hanging Rock 16-32

Enduring respectfully requests that you hold this information confidential as long as permitted.

Should you have any questions concerning this matter, please do not hesitate to call 303-350-5114 (aarlian@enduringresources.com).

Very truly yours

ENDURING RESOURCES, LLC



Alvin R. (Al) Arlian
Land – Regulatory Specialist

ara/
Enclosures as stated:

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OCT 27 2005

DIV. OF OIL, GAS & MINING

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

FORM 9

5. LEASE DESIGNATION AND SERIAL NUMBER:
ML-47079

SUNDRY NOTICES AND REPORTS ON WELLS

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

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.

7. UNIT or CA AGREEMENT NAME:

1. TYPE OF WELL OIL WELL GAS WELL OTHER _____

8. WELL NAME and NUMBER:
Hanging Rock 16-32

2. NAME OF OPERATOR:
Enduring Resources, LLC

9. API NUMBER:
4304736308

3. ADDRESS OF OPERATOR:
475 17th Street, Suite 1500 CITY Denver STATE CO ZIP 80202

PHONE NUMBER:
(303) 573-1222

10. FIELD AND POOL, OR WILDCAT:

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 759' FSL & 744' FEL

COUNTY: Uintah

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESE 32 11S 23E S

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"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<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"/> 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: <u>Change well name</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	<u>and number</u>

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

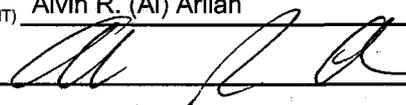
CHANGE WELL NAME AND NUMBER:

FROM: Hanging Rock 16-32
TO: Hanging Rock 11-23-44-32

Accepted by the
Utah Division of
Oil, Gas and Mining
FOR RECORD ONLY

NAME (PLEASE PRINT) Alvin R. (Al) Arlian

TITLE Landman - Regulatory Specialist

SIGNATURE 

DATE 11/10/2005

(This space for State use only)

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NOV 14 2005

DIV. OF OIL, GAS & MINING

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: ML-47079
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: N/A
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		7. UNIT or CA AGREEMENT NAME: N/A
2. NAME OF OPERATOR: Enduring Resources, LLC		8. WELL NAME and NUMBER: Hanging Rock 11-23-44-32
3. ADDRESS OF OPERATOR: 475 17th Street, Suite 1500 <small>CITY</small> Denver <small>STATE</small> CO <small>ZIP</small> 80202		9. API NUMBER: 4304736308
4. LOCATION OF WELL FOOTAGES AT SURFACE: 759' FSL - 744' FEL		10. FIELD AND POOL, OR WILDCAT: Wildcat
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESE 32 11S 23E S		PHONE NUMBER: (303) 350-5114
COUNTY: Uintah		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>5/1/2006</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 checked="" type="checkbox"/> OTHER: <u>Change pipeline route.</u>
	<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.

Change pipeline route (staked, and reviewed by Canyon Gas Resources).

We have a BLM r-o-w into the NENE and if we change the pipeline route to run northeast instead of east this would:

1. Allow us to not have to wait for a BLM r-o-w to the east which is a longer route, and
2. Allow us to complete and put well into sales.

See new proposed surface pipeline route (6" or less) attached (all on-lease).

cc: SITLA

5-1-06
CHD

NAME (PLEASE PRINT) <u>Alvin R. (Al) Arlian</u>	TITLE <u>Landman - Regulatory Specialist</u>
SIGNATURE	DATE <u>4/18/2006</u>

(This space for State use only)

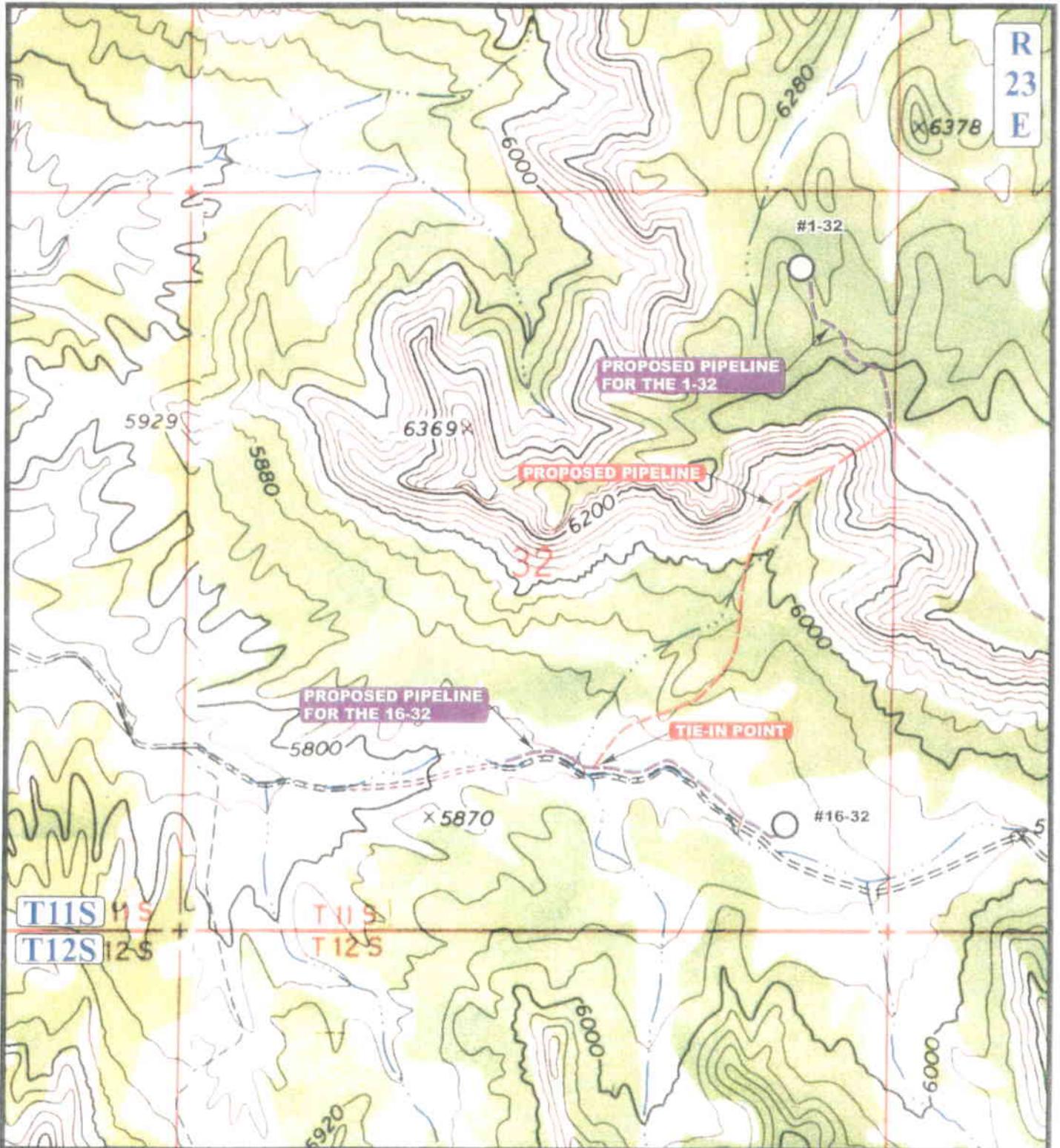
**Accepted by the
Utah Division of
Oil, Gas and Mining
For Record Only**

(See Instructions on Reverse Side)

RECEIVED
APR 24 2006

(5/2000)

DIV. OF OIL, GAS & MINING



APPROXIMATE TOTAL PIPELINE DISTANCE = 3,118' +/-

LEGEND:

- PROPOSED ACCESS ROAD
- EXISTING PIPELINE
- PROPOSED PIPELINE (SERVICING OTHER WELLS)
- PROPOSED PIPELINE



ENDURING RESOURCES, LLC.

CONNECTOR PIPELINE
SECTION 32, T11S, R23E, S.L.B.&M.



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

TOPOGRAPHIC MAP 04 04 06
MONTH DAY YEAR

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





State of Utah

School and Institutional
TRUST LANDS ADMINISTRATION

CONFIDENTIAL

Jon M. Huntsman, Jr.
Governor
Kevin S. Carter
Director

675 East 500 South, Suite 500
Salt Lake City, Utah 84102-2818
801-538-5100
801-355-0922 (Fax)
<http://www.trustlands.com>

May 17, 2006

Division of Oil, Gas and Mining
1594 W. North Temple, Suite 1210
Salt Lake City, UT 84116

RE: **Sundry Notice for 6" Pipeline – Enduring Resources, LLC**
Township 11 South, Range 23 East SLB&M
Section 32: (within)

43.047.36308

To Whom It May Concern:

This letter is in response to the enclosed Sundry Notice regarding a new proposed surface pipeline route to service the Hanging Rock 11-23-44-32 well. The Trust Lands Administration, as the surface owner, approves this change.

Sincerely,

Chris Fausett
Trust Lands Resource Specialist

Accepted by the
Utah Division of
Oil, Gas and Mining
FOR RECORD ONLY

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MAY 19 2006
DIV. OF OIL, GAS & MINING

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: ML-47079
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: N/A
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		7. UNIT or CA AGREEMENT NAME: N/A
2. NAME OF OPERATOR: Enduring Resources, LLC		8. WELL NAME and NUMBER: Hanging Rock 11-23-44-32
3. ADDRESS OF OPERATOR: 475 17th Street, Suite 1500 CITY Denver STATE CO ZIP 80202		9. API NUMBER: 4304736308
4. LOCATION OF WELL FOOTAGES AT SURFACE: 759' FSL - 744' FEL		10. FIELD AND POOL, OR WILDCAT: Wildcat
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESE 32 11S 23E S		COUNTY: Uintah
		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 type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input checked="" 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 checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<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: <u>Change of Operator</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	<u>Casing Report</u>

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

9-11-2005 - MIRU Peter Martin Rathole Service, drill 40' of 20" hole, set 14" line pipe, cement w/ 3 yds Redmix cmt.
 9-12-2005 - MIRU Jr's Rathole Service, drill to 1,780' (hit Birds Nest at 1,300') elected to run surface at this point. RIH w/ 8-5/8" cement guide shoe, 1 jt 8-5/8" 24# J55 casing, float collar and 39 jts of 8-5/8" J55 casing. Shoe at 1,766. WORT.
 10-18-2005 - RU T&M Casers, PU & run 168 Jts. of 4 1/2", 11.6#, M-80, LTC as follows. 1- 505A Davis Lynch self filling Float shoe 1.25', Landed @ 7121', 1- Shoe Jt, 43.24', 1- 705A Davis Lynch self filling Float Collar 1.25' @ 7032.60', 59 Jts of Csg. @ 2457.89', 1- 701 DOC (Depth orientation Collar) 2.0', @ 4615.37', 42 Jts of Csg. @ 1822.24', 1- 701-DOC (Depth orientation Collar) @ 2791.13', 2.0', 66 Jts of Csg. @ 2800.45', with 9.32' of stick up. RU DS, Circ W/ rig pump. Change over & pump 10 BBL of water, & 30 BBL of scavenger, Followed by 74 Sx of "G" W/ 12% D020, 5% D044, 1% D079, .2% D046, .25% D112, & .25 PPS D029 mixed @ 11 PPG, yield 3.98, 51.5 BBL of Slurry, Tail in W/ 1050 Sx of 50/50 Poz "G" W/ 2% D020, .1% D46, .2% D065, .2% D167, & 1% S001, mixed @ 14.1 PPG, yield 1.29, 241 BBL of Slurry. Drop plug & Displace W/ 110 BBL of water W/ 2% L064 (KCL Substitute) & Biocide B069. Bumped Plug @ 05:02 W/ PSI, 2600, 1000 PSI over. Released, floats held ok. Good Circ. through the complete job. RD DS. Cents. As per Prog, top Centralizer @ 2706'.
 Set Slips W/ 62K Indicated string wt.

WOC.
This well fka: Hanging Rock 16-32

operator change done 10/31/05 ER

NAME (PLEASE PRINT) <u>Alvin R. (AI) Arlian</u>	TITLE <u>Landman - Regulatory Specialist</u>
SIGNATURE	DATE <u>11/30/2005</u>

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DEC 05 2005

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

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: ML-47079
2. NAME OF OPERATOR: Enduring Resources, LLC		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A
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4. LOCATION OF WELL FOOTAGES AT SURFACE: 759' FSL - 744' FEL		8. WELL NAME and NUMBER: Hanging Rock 11-23-44-32
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESE 32 11S 23E S		9. API NUMBER: 4304736308
COUNTY: Uintah		10. FIELD AND POOL, OR WILDCAT: Wildcat
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
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	<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 checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: 11/24/2006	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input checked="" 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: <u>First Gas Sales</u> <u>Notice</u>
	<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.

- 11-24-2006 First Gas Sales.
- 11-24-2006 283 MCFGD, FTP 360#s, FCP 725#s, LP 272#s.
- 11-25-2006 1247 MCFGD, FTP 350#s, FCP 700#s, LP 266#s.
- 11-26-2006 1219 MCFGD

Completion Report to Follow.

NAME (PLEASE PRINT) <u>Alvin R. (Al) Arlian</u>	TITLE <u>Landman - Regulatory Specialist</u>
SIGNATURE 	DATE <u>11/28/2006</u>

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DIV. OF OIL, GAS & MINING

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

AMENDED REPORT [] FORM 8
(highlight changes)

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. TYPE OF WELL: OIL WELL [] GAS WELL [x] DRY [] OTHER []
b. TYPE OF WORK: NEW WELL [x] HORIZ. LATS. [] DEEP-EN [] RE-ENTRY [] DIFF. RESVR. [] OTHER []

5. LEASE DESIGNATION AND SERIAL NUMBER: ML-47079
6. IF INDIAN, ALLOTTEE OR TRIBE NAME: n/a
7. UNIT or CA AGREEMENT NAME: n/a
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11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESE 32 11S 23E S
12. COUNTY: Uintah
13. STATE: UTAH

2. NAME OF OPERATOR: Enduring Resources, LLC
3. ADDRESS OF OPERATOR: 475 17th St., Ste 475 CITY Denver STATE CO ZIP 80202 PHONE NUMBER: (303) 350-5114

4. LOCATION OF WELL (FOOTAGES)
AT SURFACE: 759' FSL - 744' FEL
AT TOP PRODUCING INTERVAL REPORTED BELOW: Same as surface
AT TOTAL DEPTH: Same as surface

14. DATE SPUDDED: 10/12/2005
15. DATE T.D. REACHED: 10/16/2005
16. DATE COMPLETED: 11/24/2006
ABANDONED [] READY TO PRODUCE [x]
17. ELEVATIONS (DF, RKB, RT, GL): 5902.8 GR

18. TOTAL DEPTH: MD 7.121 TVD 7.119
19. PLUG BACK T.D.: MD 7.121 TVD 7.119
20. IF MULTIPLE COMPLETIONS, HOW MANY? * 3
21. DEPTH BRIDGE MD PLUG SET: TVD

22. TYPE ELECTRIC AND OTHER MECHANICAL LOGS RUN (Submit copy of each)
Previously submitted. MUD LOGS
PE/AI TOOL / GR, PE/CN TOOL 3 DE
23. WAS WELL CORED? NO [x] YES [] (Submit analysis)
WAS DST RUN? NO [x] YES [] (Submit report)
DIRECTIONAL SURVEY? NO [x] YES [] (Submit copy)

24. CASING AND LINER RECORD (Report all strings set in well)
Table with columns: HOLE SIZE, SIZE/GRADE, WEIGHT (#/ft.), TOP (MD), BOTTOM (MD), STAGE CEMENTER DEPTH, CEMENT TYPE & NO. OF SACKS, SLURRY VOLUME (BBL), CEMENT TOP **, AMOUNT PULLED

25. TUBING RECORD
Table with columns: SIZE, DEPTH SET (MD), PACKER SET (MD), SIZE, DEPTH SET (MD), PACKER SET (MD)

26. PRODUCING INTERVALS
Table with columns: FORMATION NAME, TOP (MD), BOTTOM (MD), TOP (TVD), BOTTOM (TVD), INTERVAL (Top/Bot - MD), SIZE, NO. HOLES, PERFORATION STATUS

27. PERFORATION RECORD
Table with columns: INTERVAL (Top/Bot - MD), SIZE, NO. HOLES, PERFORATION STATUS

28. ACID, FRACTURE, TREATMENT, CEMENT SQUEEZE, ETC.
Table with columns: DEPTH INTERVAL, AMOUNT AND TYPE OF MATERIAL

29. ENCLOSED ATTACHMENTS:
[] ELECTRICAL/MECHANICAL LOGS
[] SUNDRY NOTICE FOR PLUGGING AND CEMENT VERIFICATION
[] GEOLOGIC REPORT
[] CORE ANALYSIS
[] DST REPORT
[] OTHER:
[] DIRECTIONAL SURVEY

30. WELL STATUS: Producing

31. INITIAL PRODUCTION

INTERVAL A (As shown in Item #26)

DATE FIRST PRODUCED: 11/24/2006		TEST DATE: 12/24/2006		HOURS TESTED: 720		TEST PRODUCTION RATES: →		OIL - BBL: 1	GAS - MCF: 562	WATER - BBL: 46	PROD. METHOD: Flowing
CHOKE SIZE: 64/64	TBG. PRESS. 310	CSG. PRESS. 710	API GRAVITY	BTU - GAS	GAS/OIL RATIO 562	24 HR PRODUCTION RATES: →		OIL - BBL: 0	GAS - MCF: 438	WATER - BBL: 0	INTERVAL STATUS: Producing

INTERVAL B (As shown in Item #26)

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →		OIL - BBL:	GAS - MCF:	WATER - BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU - GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →		OIL - BBL:	GAS - MCF:	WATER - BBL:	INTERVAL STATUS:

INTERVAL C (As shown in Item #26)

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →		OIL - BBL:	GAS - MCF:	WATER - BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU - GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →		OIL - BBL:	GAS - MCF:	WATER - BBL:	INTERVAL STATUS:

INTERVAL D (As shown in Item #26)

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →		OIL - BBL:	GAS - MCF:	WATER - BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU - GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →		OIL - BBL:	GAS - MCF:	WATER - BBL:	INTERVAL STATUS:

32. DISPOSITION OF GAS (Sold, Used for Fuel, Vented, Etc.)

SOLD

33. SUMMARY OF POROUS ZONES (Include Aquifers):

Show all important zones of porosity and contents thereof: Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

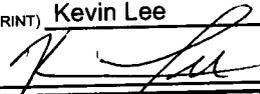
Formation	Top (MD)	Bottom (MD)	Descriptions, Contents, etc.	Name	Top (Measured Depth)
Wasatch	2,927	4,754	Intbd SS and Shale-Gas & Water		
U Mesaverde	4,754	7,121	Intbed SS, Shale, & Coal-Gas & Water		
Sego Sand	6,887	6,971	Sandstone-Gas & Water		
Castlegate Sand	7,050	7,121	Sandstone-Water		

35. ADDITIONAL REMARKS (Include plugging procedure)

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records.

NAME (PLEASE PRINT) Kevin Lee

TITLE Engineering Tech

SIGNATURE 

DATE 12/27/2006

This report must be submitted within 30 days of

- completing or plugging a new well
- drilling horizontal laterals from an existing well bore
- recompleting to a different producing formation

- reentering a previously plugged and abandoned well
- significantly deepening an existing well bore below the previous bottom-hole depth
- drilling hydrocarbon exploratory holes, such as core samples and stratigraphic tests

* ITEM 20: Show the number of completions if production is measured separately from two or more formations.

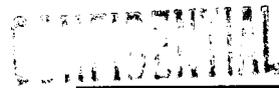
** ITEM 24: Cement Top - Show how reported top(s) of cement were determined (circulated (CIR), calculated (CAL), cement bond log (CBL), temperature survey (TS)).

Send to: Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

Phone: 801-538-5340

Fax: 801-359-3940

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-47079
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<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: 4/23/2007	<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 checked="" 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.

In order to prevent waste of gas, as defined by law; to protect the correlative rights of all parties concerned; to prevent the drilling of un-necessary wells; and to insure proper and efficient development and promote conservation of the gas resources of the State of Utah, Enduring Resources, LLC respectfully request approval to perforate and commingle the Wasatch and Mesaverde formations "pools" in the same well bore.

- Ownership in both formations is the same. However, in the event allocation of production is necessary, that allocation will be based on proportionate net pay based on well logs.
- These formations shall be commingled in the well bore and produced concurrently in a single string of 2-3/8" production tubing.
- Attached is a map showing the location of wells on contiguous oil and gas leases and/or production units.
- Also attached is an affidavit confirming that this application has been provided to leasehold interest owners in contiguous oil and gas lease or production units overlying the "pool."

COPY SENT TO
DATE: **6-29-07**
BY: **RM**

NAME (PLEASE PRINT) <u>Alvin R. (Al) Arlian</u>	TITLE <u>Landman - Regulatory Specialist</u>
SIGNATURE	DATE <u>4/26/2007</u>

(This space for State use only)

<p>Accepted by the Utah Division of Oil, Gas and Mining</p>	<p>Federal Approval Of This Action Is Necessary</p>	<p>RECEIVED MAY 02 2007</p>
<p>Date: <u>6/26/07</u> (See Instructions on Reverse Side)</p>		<p>DIV. OF OIL, GAS & MINING</p>

Al Arlian

From: Dustin Doucet [dustindoucet@utah.gov]
Sent: Friday, May 18, 2007 1:11 PM
To: Al Arlian
Subject: Commingling Applications

Al,

There were several recent applications for commingling that I received that did not have any attachments (the plat, affidavit etc.). I am thinking these correspond all to wells that have already been commingled without the approval and this may be the reason the attachments were not submitted. I do need the attachments in order to approve the commingling. Following is the list of API #'s for wells I have a Sundry but no attachments:

4304736277
4304736788
4304735902
4304736308
4304736235
4304737489
4304736424
4304735861
4304736407

I don't believe I have approved these previous and don't think I have any more documentation in the office. Let me know if I am off base on this. Otherwise please submit the requested information. Give me a call if you have questions. Thanks.

Dustin

Dustin K. Doucet
Petroleum Engineer
Utah Division of Oil, Gas and Mining
Oil and Gas Program
1594 West North Temple, Suite 1210
Salt Lake City, UT 84116

Phone: (801) 538-5281
fax: (801) 359-3940
email: dustindoucet@utah.gov

RECEIVED
MAY 24 2007
DIV. OF OIL, GAS & MINING

ENDURING RESOURCES, LLC

425 Seventeenth Street, Suite 1500

Denver, Colorado 80202

Telephone: 303-573-1222

Facsimile: 303-573-0461

April 26, 2007

T.H. McElvain Oil & Gas Properties, Inc.
1050 17th Street, Ste. 1800
Denver, CO 80265

CERTIFIED MAIL
ARTICLE NO: 7006 2760 0002 2884 3863

Attention: Land Department

RE: Commingling Application
Hanging Rock 11-23-44-32
759' FSL - 744' FEL (SESE) Section 32, T11S-R23E
Uintah County, Utah

Dear Leasehold Interest Owner:

Enduring Resources, LLC ("Enduring") has filed an application with the State of Utah Division of Oil, Gas, and Mining requesting approval of the Wasatch and Mesaverde formations (pools) in the above-referenced well to be commingled.

Ownership in both formations is the same. However, in the event allocation of production is necessary, that allocation will be based on proportionate net pay based on well logs. These formations (pools) shall be commingled in the well's well bore.

Attached is a map showing the location of wells on contiguous oil and gas leases and/or production units. Also attached is an affidavit confirming that this application has been provided to leasehold interest owners in contiguous oil and gas leases or production units overlying the commingled pools (commingled formations).

Should you have any questions concerning this matter, please do not hesitate to call (303-350-5114)

Very truly yours

ENDURING RESOURCES, LLC



Alvin R. (Al) Arlian
Landman – Regulatory Specialist

ara/

Attachments as stated:

AFFIDAVIT OF MAILING

Statue of Colorado)
City and)ss.
County of Denver)

Alvin R. Arlian (hereinafter sometimes referred to as "Affiant"), of lawful age, being first duly sworn upon oath, deposes and says:

1. Affiant is a Landman-Regulatory Specialist for Enduring Resources, LLC (hereinafter sometimes referred to as "Enduring") whose address is 475 17th Street, Denver, Colorado 80202,
2. Enduring is the operator of the following described oil and gas well:

**Hanging Rock 11-23-44-32
759' FSL - 744' FEL (SESE) Section 32, T11S-R23E
Uintah County, Utah**

3. A cursory search of applicable records confirmed that the following parties are the only leasehold interest owners in the contiguous oil and gas wells, contiguous oil and gas leases, or contiguous oil and gas well production units overlying the "pool."
 1. The Houston Exploration Company
 2. Rosewood Resources, Inc.
 3. T.H. McElvain Oil & Gas Properties, Inc.
 - 4.
4. On Thursday, April 26, 2007 Affiant mailed (or caused to be mailed) in U.S. Mail, with postage prepaid, a copy of the attached Application for Commingling two or more pools (formations) in one well bore of the well described in Paragraph No. 2 above which said Application for Commingling (Form 9) has/had concurrently been filed with the State of Utah Division of Oil, Gas, and Mining (and if applicable, copies sent to SITLA, and the Bureau of Land Management), and
5. Attached is a map showing the location of wells' located on contiguous oil and gas leases and/or production units.

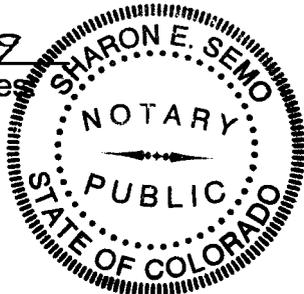
Affiant saith no more.



Alvin R. Arlian, Affiant

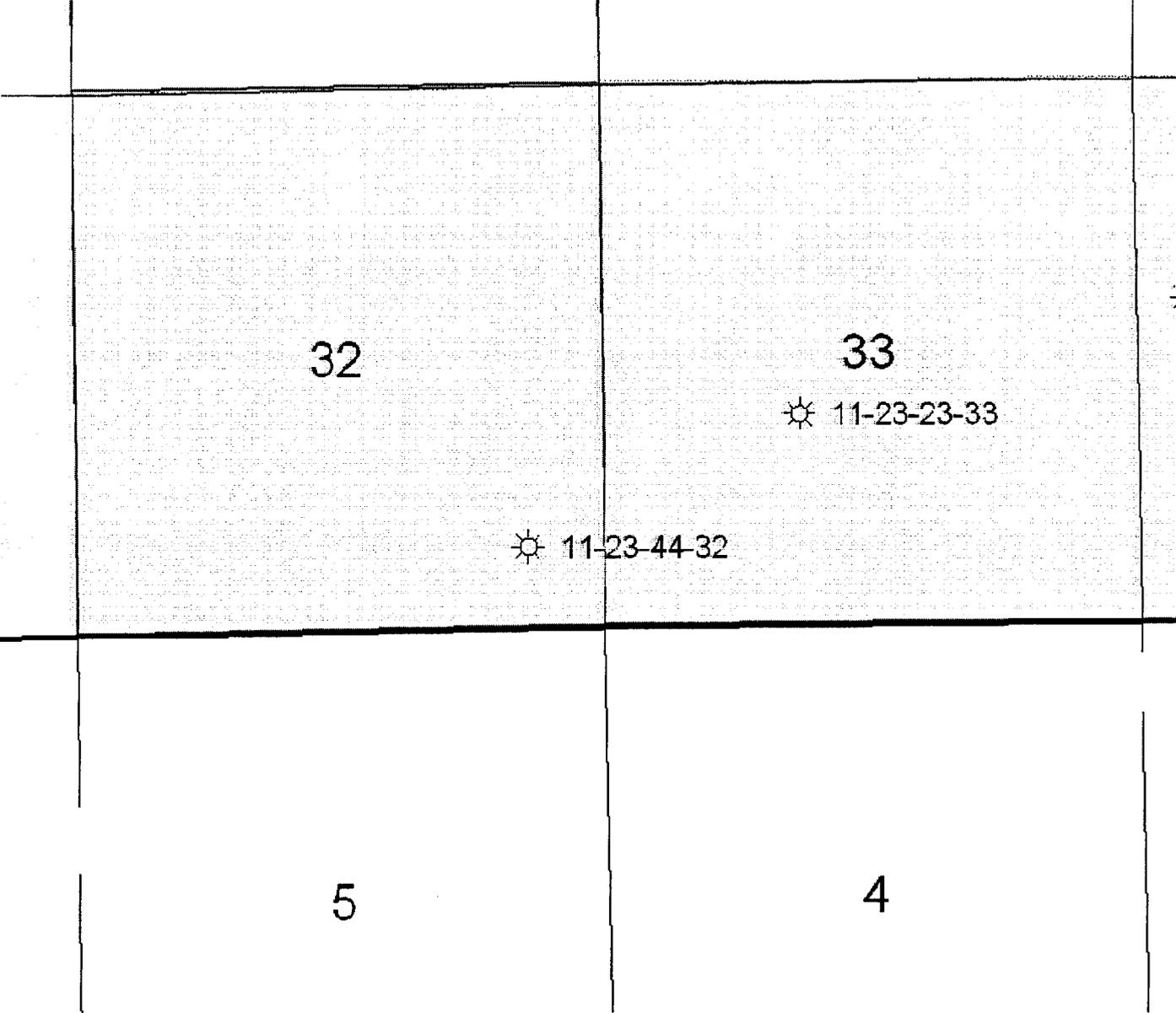
Scribed and sworn to before me this 26th day of April, 2007 by Alvin R. Arlian.

9/23/2009
My Commission Expires



Sharon E. Semo
Notary Public.

MAP ATTACHED TO ENDURING RESOURCES, LLC COMMINGLING APPLICATION FOR HANGING ROCK 16-32 (11-23-44-32) LOCATED IN THE SESE OF SEC. 32, T11S-R23E



ENTITY ACTION FORM

Operator: Enduring Resources, LLC Operator Account Number: N 2750
 Address: 475 17th Street, Suite 1500
city Denver
state CO zip 80202 Phone Number: (303) 350-5114

Well 1

API Number	Well Name	QQ	Sec	Twp	Rng	County
4304736308	Hanging Rock 11-23-44-32	SESE	32	11S	23E	Uintah
Action Code	Current Entity Number	New Entity Number		Spud Date		Entity Assignment Effective Date
E	14938	<i>14938</i>		9/13/2005		<i>2/10/09</i>
Comments: <i>Wsmvd</i> Commingled Wasatch and Mesaverde formations "pools" in the initial completion attempt						

Well 2

API Number	Well Name	QQ	Sec	Twp	Rng	County
Action Code	Current Entity Number	New Entity Number		Spud Date		Entity Assignment Effective Date
Comments:						

Well 3

API Number	Well Name	QQ	Sec	Twp	Rng	County
Action Code	Current Entity Number	New Entity Number		Spud Date		Entity Assignment Effective Date
Comments:						

ACTION CODES:

- A - Establish new entity for new well (single well only)
- B - Add new well to existing entity (group or unit well)
- C - Re-assign well from one existing entity to another existing entity
- D - Re-assign well from one existing entity to a new entity
- E - Other (Explain in 'comments' section)

Alvin R. (Al) Arlian

Name (Please Print)

Signature

Landman-Regulatory

Title

2/9/2009

Date

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FEB 09 2009

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: ML-47079
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: N/A
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		7. UNIT or CA AGREEMENT NAME: N/A
2. NAME OF OPERATOR: Enduring Resources, LLC		8. WELL NAME and NUMBER: Hanging Rock 11-23-44-32
3. ADDRESS OF OPERATOR: 475 17th Street, Suite 1500 CITY Denver STATE CO ZIP 80202		9. API NUMBER: 4304736308
4. LOCATION OF WELL FOOTAGES AT SURFACE: 759' FSL - 744' FEL COUNTY: Uintah QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESE 32 11S 23E S STATE: UTAH		10. FIELD AND POOL, OR WILDCAT: Wildcat

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 checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: 9/30/2008	<input type="checkbox"/> ACIDIZE <input type="checkbox"/> ALTER CASING <input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CHANGE WELL STATUS <input checked="" type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> DEEPEN <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> PLUG BACK <input type="checkbox"/> PRODUCTION (START/RESUME) <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	<input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> WATER DISPOSAL <input type="checkbox"/> WATER SHUT-OFF <input checked="" type="checkbox"/> OTHER: <u>Commingling</u> <u>Conformation</u>

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

11-24-2006 First Gas Sales.

Conformation that well was commingled in the Wasatch and Mesaverde formations "pools" in the initial completion attempt.

Completion Report to Follow.

NAME (PLEASE PRINT) <u>Alvin R. (Al) Arlian</u>	TITLE <u>Landman - Regulatory Specialist</u>
SIGNATURE	DATE <u>9/30/2008</u>

(This space for State use only)

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OCT 06 2008
DIV. OF OIL, GAS & MINING