

APR 06 2005

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

FORM 3

001

AMENDED REPORT   
(highlight changes)

<b>APPLICATION FOR PERMIT TO DRILL</b>		5. MINERAL LEASE NO: ML-47782	6. SURFACE: State
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>		7. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>		8. UNIT or CA AGREEMENT NAME:	
2. NAME OF OPERATOR: The Houston Exploration Company		9. WELL NAME and NUMBER: Southman Canyon 5-36-9-23	
3. ADDRESS OF OPERATOR: 1100 Louisiana, Suite 200 CITY Houston STATE TX ZIP 77002		PHONE NUMBER: (713) 830-6800	10. FIELD AND POOL, OR WILDCAT: Natural Buttes
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 2028' FNL & 499' FWL 646639X 39.994149 AT PROPOSED PRODUCING ZONE: same as above 4428311Y -109.282343		11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 36 9S 23E	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 51.05 miles South of Vernal, UT		12. COUNTY: Uintah	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 499'	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) 1800' +/-	19. PROPOSED DEPTH: 8,270	20. BOND DESCRIPTION: 104155044	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 5340.8' GR	22. APPROXIMATE DATE WORK WILL START: 4/30/2005	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	Premium 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#	8,165	Premium Lite II	200 SKS	3.3 CF	14.3 PPG

**ATTACHMENTS**

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

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

NAME (PLEASE PRINT) William A Ryan TITLE Agent  
SIGNATURE *William A Ryan* DATE 3/25/2005

(This space for State use only)

API NUMBER ASSIGNED: 43-047-36531

**Approved by the Utah Division of Oil, Gas and Mining**  
APPROVAL  
Date: 07/08/05  
By: *[Signature]*  
(See Instructions on Reverse Side)

**CONFIDENTIAL**

T9S, R23E, S.L.B.&M.

R  
23  
E

R  
24  
E

1977 Brass Cap  
0.7' High, Pile  
of Stones, Steel  
Post

S89°52'43"W 2653.99' (Meas.) N89°58'58"W 2604.31' (Meas.)

1977 Brass Cap  
0.3' High, Pile  
of Stones

1977 Brass Cap  
0.4' High, Pile  
of Stones, N-S  
Fenceline

N00°00'24"W 2646.88' (Meas.)

2028'

N00°05'45"W 2654.02' (Meas.)

SOUTHMAN CANYON #5-36-9-23  
Elev. Ungraded Ground = 5342'

499'

36

1977 Brass Cap  
Flush w/ Ground  
Pile of Stones

1977 Brass Cap  
0.6' High, Pile  
of Stones, N-S  
Fenceline

N00°04'25"E 2637.07' (Meas.)

N00°00'29"W 2638.99' (Meas.)

1977 Brass Cap  
Flush w/ Ground,  
Steel Post

1977 Brass Cap  
0.3' High, Pile  
of Stones

1975 Brass Cap  
0.8' High, N-S  
Fenceline

N89°56'57"W 2637.54' (Meas.) N89°57'32"W 2628.66' (Meas.)

T9S  
T10S

BASIS OF BEARINGS

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

(AUTONOMOUS NAD 83)

LATITUDE = 39°59'39.01" (39.994169)

LONGITUDE = 109°16'58.88" (109.283022)

(AUTONOMOUS NAD 27)

LATITUDE = 39°59'39.13" (39.994203)

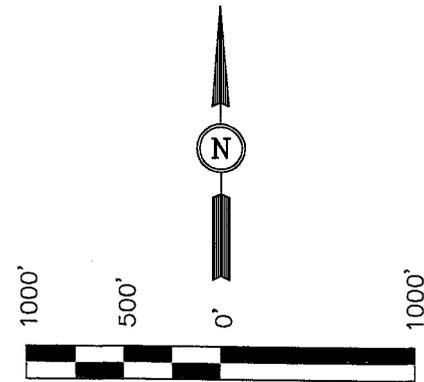
LONGITUDE = 109°16'56.45" (109.282347)

THE HOUSTON EXPLORATION COMPANY

Well location, SOUTHMAN CANYON #5-36-9-23,  
located as shown in the SW 1/4 NW 1/4 of  
Section 36, T9S, R23E, S.L.B.&M. Uintah  
County, Utah.

BASIS OF ELEVATION

BENCH MARK (54EAM) LOCATED IN THE NW 1/4 OF SECTION  
14, T9S, R23E, S.L.B.&M. TAKEN FROM THE RED WASH 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 5031 FEET.



SCALE

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 L. RAY  
REGISTERED LAND SURVEYOR  
REGISTERED PROFESSIONAL SURVEYOR  
STATE OF UTAH  
REGISTRATION NO. 161319

LEGEND:

└─┘ = 90° SYMBOL

● = PROPOSED WELL HEAD.

▲ = SECTION CORNERS LOCATED.

UINTAH ENGINEERING & LAND SURVEYING

85 SOUTH 200 EAST - VERNAL, UTAH 84078

(435) 789-1017

SCALE 1" = 1000'	DATE SURVEYED: 01-27-05	DATE DRAWN: 02-01-05
PARTY S.H. L.M. P.M.	REFERENCES G.L.O. PLAT	
WEATHER COLD	FILE THE HOUSTON EXPLORATION COMPANY	

002

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

RECEIVED  
APR 06 2005  
DIV. OF OIL, GAS & MINING

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****Southman Canyon #5-36-9-23**

**Surface Location SW ¼ NW ¼, Section 36, T. 9S., 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	+5,341' G.L.
Uteland Butte Limestone	4,083	+1,258'
Wasatch	4,186	+1,155'
Mesaverda	5,920	-579'
Buck Tounge	8,219	-2,878'
Castlegate	8,289	-2,948'
TD	8,270	-2,929'

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**

Off set well: Permitted/Drilled: Southman Canyon #1-36-9-23,  
Southman Canyon #3-36-9-23, Southman Canyon #7-36-9-23,  
Southman Canyon #9-36-9-23, Southman Canyon #11-36-9-23  
Southman Canyon #13-36-9-23 Southman Canyon #15-36-9-23

Producing Wells: Southman Canyon #4D-36, Bonanza #1023-2A

Shut in Wells: Southman Canyon #2D-36, Southman Canyon #10D-36,  
Southman Canyon #12D-36, Southman Canyon #16C-36  
Southman Canyon #6D-36

**4. Proposed Casing:**

<u>Hole Size</u>	<u>Casing Size</u>	<u>Weight/FT</u>	<u>Grade</u>	<u>Coupling &amp; 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	Premium 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 <sup>3</sup> /sk	11.0 ppg
Tail:	8 5/8	Class "G" 2% Calcium Chloride .25#/sk Cello Flake	329 sks. +/-	1.2ft <sup>3</sup> /sk	15.6 ppg
Top Job:	8 5/8	4% Calcium Chloride .25#/sk Cello Flake	200 sks. +/-	1.10ft <sup>3</sup> /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	Premium 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 <sup>3</sup> /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 <sup>3</sup> /sk	14.3 ppg

**5. 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.

## 6. Mud Program:

<u>Interval</u>	<u>Mud weight lbs./gal.</u>	<u>Viscosity Sec./OT.</u>	<u>Fluid Loss Ml/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 1/2" 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

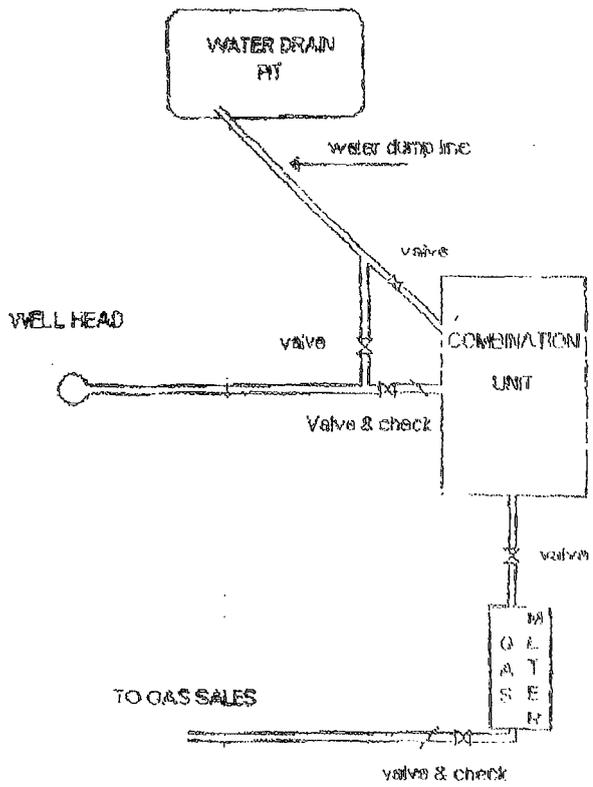
## 9. Abnormalities (including sour gas):

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:

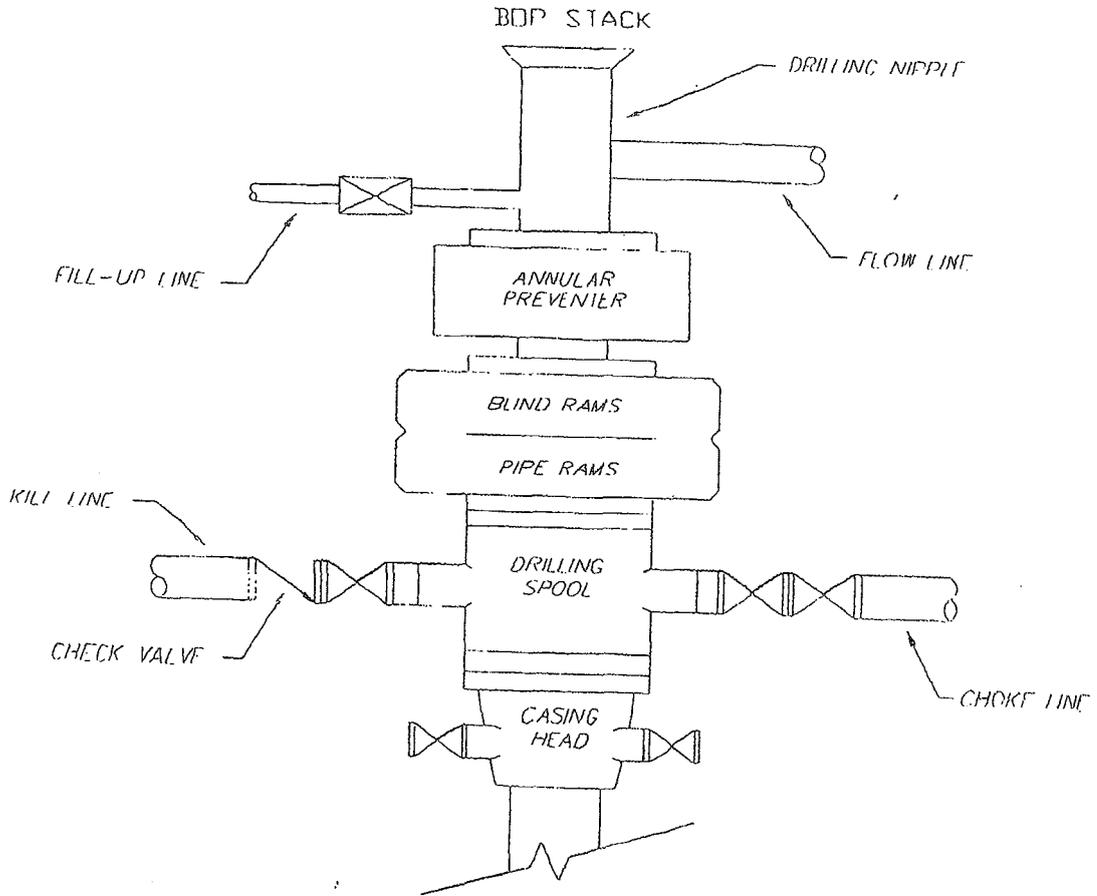
The anticipated starting date is 04/30/05. Duration of operations is expected to be 30 days.

TYPICAL  
GAS WELL

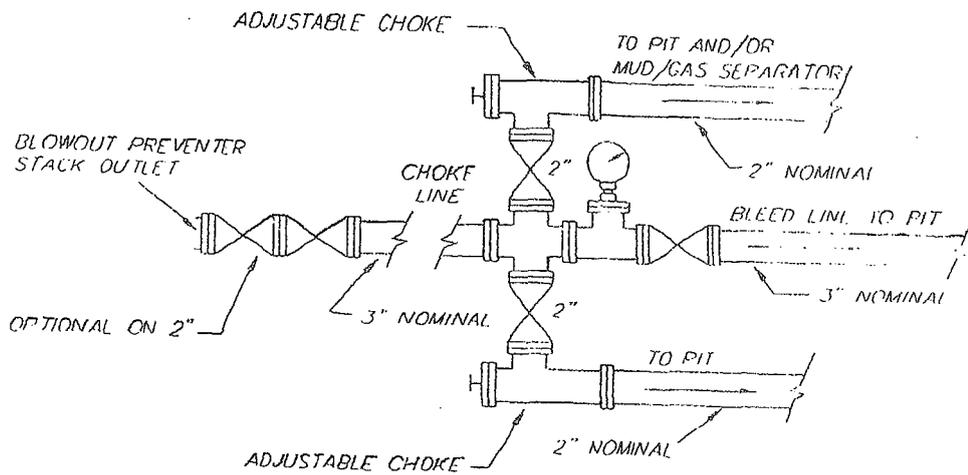


# THE HOUSTON EXPLORATION COMPANY

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



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



**THE HOUSTON EXPLORATION COMPANY**

**13 POINT SURFACE USE PLAN**

**FOR WELL**

**SOUTHMAN CANYON 5-36-9-23**

**LOCATED IN SW  $\frac{1}{4}$  NW  $\frac{1}{4}$**

**SECTION 36, T. 9S, R23E, S.L.B.&M.**

**UINTAH COUNTY, UTAH**

**LEASE NUMBER: ML-<sup>47782</sup>~~74482~~**

**SURFACE OWNERSHIP: STATE**

1. Existing Roads:

To reach The Houston Exploration Co well Southman Canyon 5-36-9-23 in Section 36, T9S, R 23E, starting in Vernal, Utah.

Proceed in a easterly, then southerly direction from Vernal, Utah along US Highway 40 approximately 3.9 miles to the junction of State Highway 45; exit right and proceed in a southerly, direction approximately 36.6 miles to the junction of this road and an existing road to the west; turn right and proceed in a westerly, then northwesterly direction approximately 4.4 miles to the junction of this road and an existing road to the south; turn left and proceed in a southerly, then southeasterly direction approximately 4.5 miles to the junction of this road and an existing road to the north; turn right and proceed in a northerly direction approximately 1.1 to the junction of this road and an existing road to the north, turn left and proceed in a northerly direction approximately 0.3 miles to the beginning of the proposed access to the northwest; follow road flags in a northwesterly direction approximately 0.25 miles to the proposed location.

Total distance from Vernal, Utah to the proposed well location is approximately **51.05 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 1320' +/- of new construction on lease. The road will be graded once per year minimum and maintained.

A) Approximate length	1320 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.**

All surface disturbances for the road and location will not be within the lease boundary.

3. Location of existing wells

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

- A) **Producing well**  
  - Southman Canyon 4D-36
  - B #1023-2A
- B) **Water well** None
- C) **Abandoned well** None
- D) **Temp. abandoned well** None
- E) **Disposal well** None
- F) **Drilling /Permitted well**  
  - Southman Canyon 1-36-9-23
  - Southman Canyon 3-36-9-23
  - Southman Canyon 7-36-9-23
  - Southman Canyon 9-36-9-23
  - Southman Canyon 11-36-9-23
  - Southman Canyon 15-36-9-23
  - Southman Canyon 13-36-9-23
- G) **Shut in wells**  
  - Southman Canyon 2D-36
  - Southman Canyon 6D-36
  - Southman Canyon 10D-36
  - Southman Canyon 16C-36
  - Southman Canyon 12D-36
- 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 1,291' +/- of 3" gathering line would be constructed on State Lands. The line would tie into the existing pipeline in Sec. 36, T9S, R23E. The line will be strung and boomed to the south and west of the access road and location.**

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

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 the Bonanza Bridge, Permit # T-75376.

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.

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            245 ft.
- C) Pit depth            12 ft.
- D) Pit length            150 ft.
- E) Pit width            75 ft.
- F) Max cut            23.0 ft.
- G) Max fill            11.1 ft
- H) Total cut yds. 12,030 cu yds.
- I) Pit location            east side
- J) Top soil location            north end
- K) Access road location            east 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.

- 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.

- 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:

<b>Access road</b>	<b>State</b>
<b>Location</b>	<b>State</b>
<b>Pipe line</b>	<b>State</b>

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 2 miles to the South.**

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  
290 S 800 E  
Rocky Mountain Consulting  
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.

  
William A. Ryan, Agent  
Rocky Mountain Consulting

Onsite Dates:

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 preformed 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 3/25/05

### **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

**THE HOUSTON EXPLORATION COMPANY**  
**SOUTHMAN CANYON #5-36-9-23**  
 LOCATED IN UINTAH COUNTY, UTAH  
 SECTION 36, T9S, R23E, S.L.B.&M.

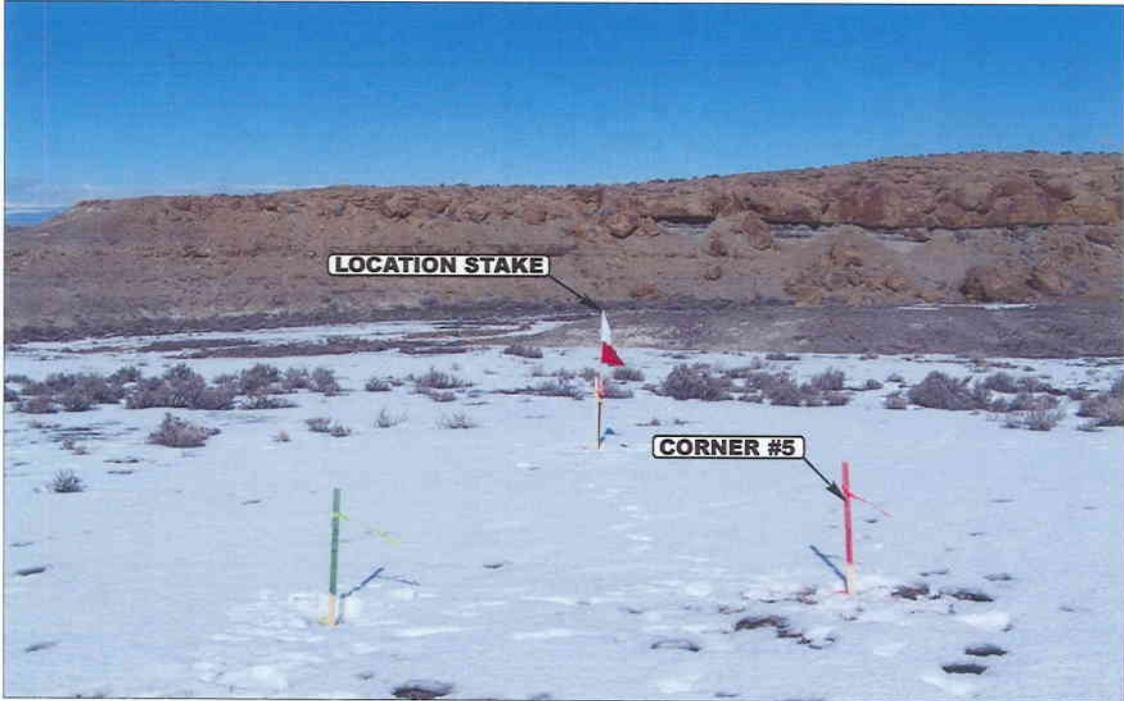


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: NORTHWESTERLY



PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: WESTERLY



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

<b>LOCATION PHOTOS</b>	<b>02</b>	<b>08</b>	<b>05</b>	<b>PHOTO</b>
	MONTH	DAY	YEAR	
TAKEN BY: S.H.	DRAWN BY: C.P.		REVISED: 00-00-00	

- Since 1964 -

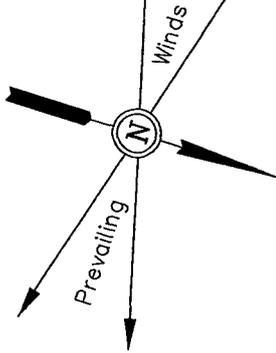
THE HOUSTON EXPLORATION COMPANY

FIGURE #1

LOCATION LAYOUT FOR

SOUTHMAN CANYON #5-36-9-23  
SECTION 36, T9S, R23E, S.L.B.&M.  
2028' FNL 499' FWL

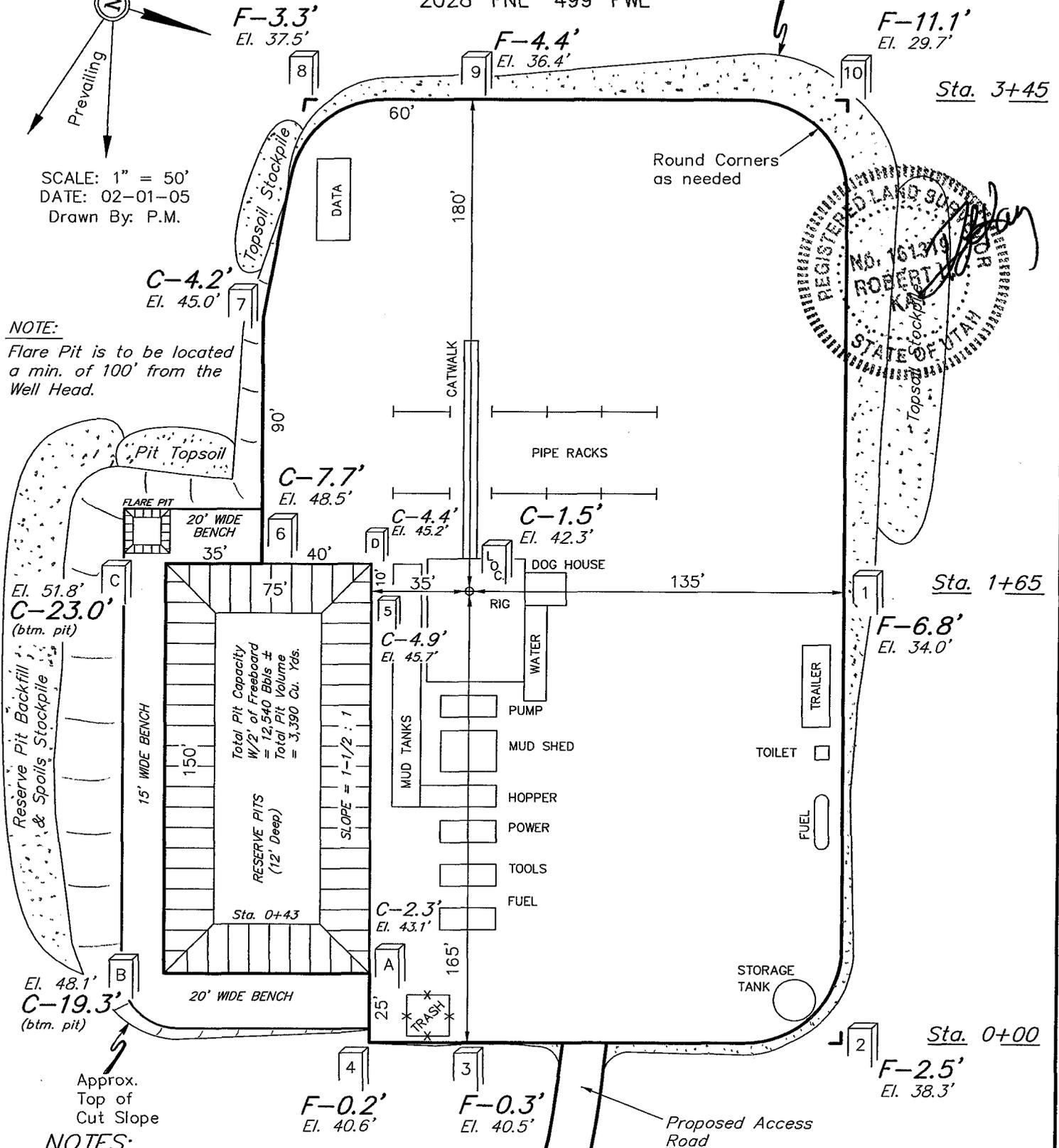
Approx.  
Toe of  
Fill Slope



SCALE: 1" = 50'  
DATE: 02-01-05  
Drawn By: P.M.

NOTE:

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



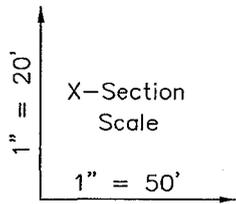
NOTES:

Elev. Ungraded Ground At Loc. Stake = 5342.3'  
FINISHED GRADE ELEV. AT LOC. STAKE = 5340.8'

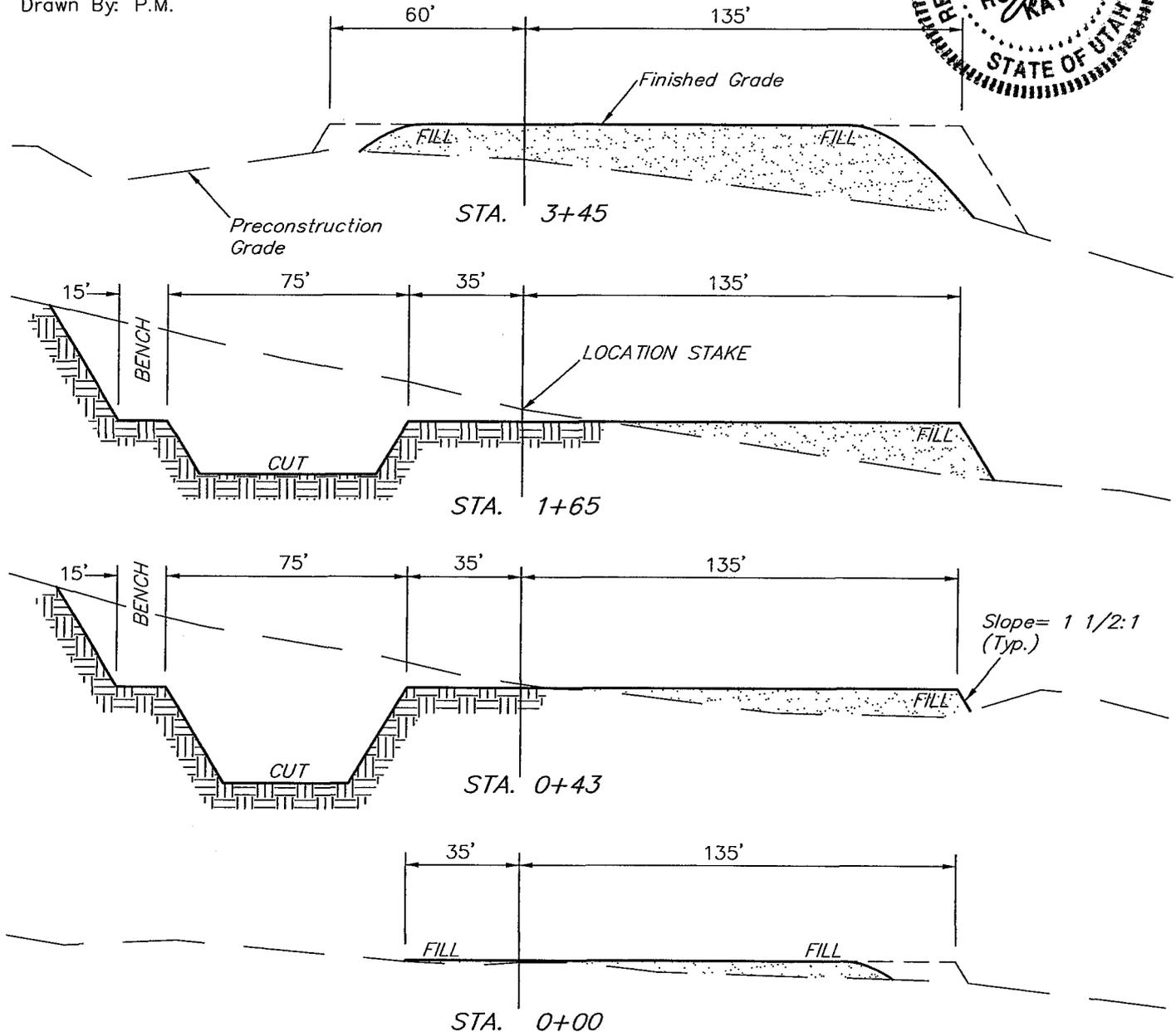
THE HOUSTON EXPLORATION COMPANY

FIGURE #2

TYPICAL CROSS SECTIONS FOR  
 SOUTHMAN CANYON #5-36-9-23  
 SECTION 36, T9S, R23E, S.L.B.&M.  
 2028' FNL 499' FWL



DATE: 02-01-05  
 Drawn By: P.M.

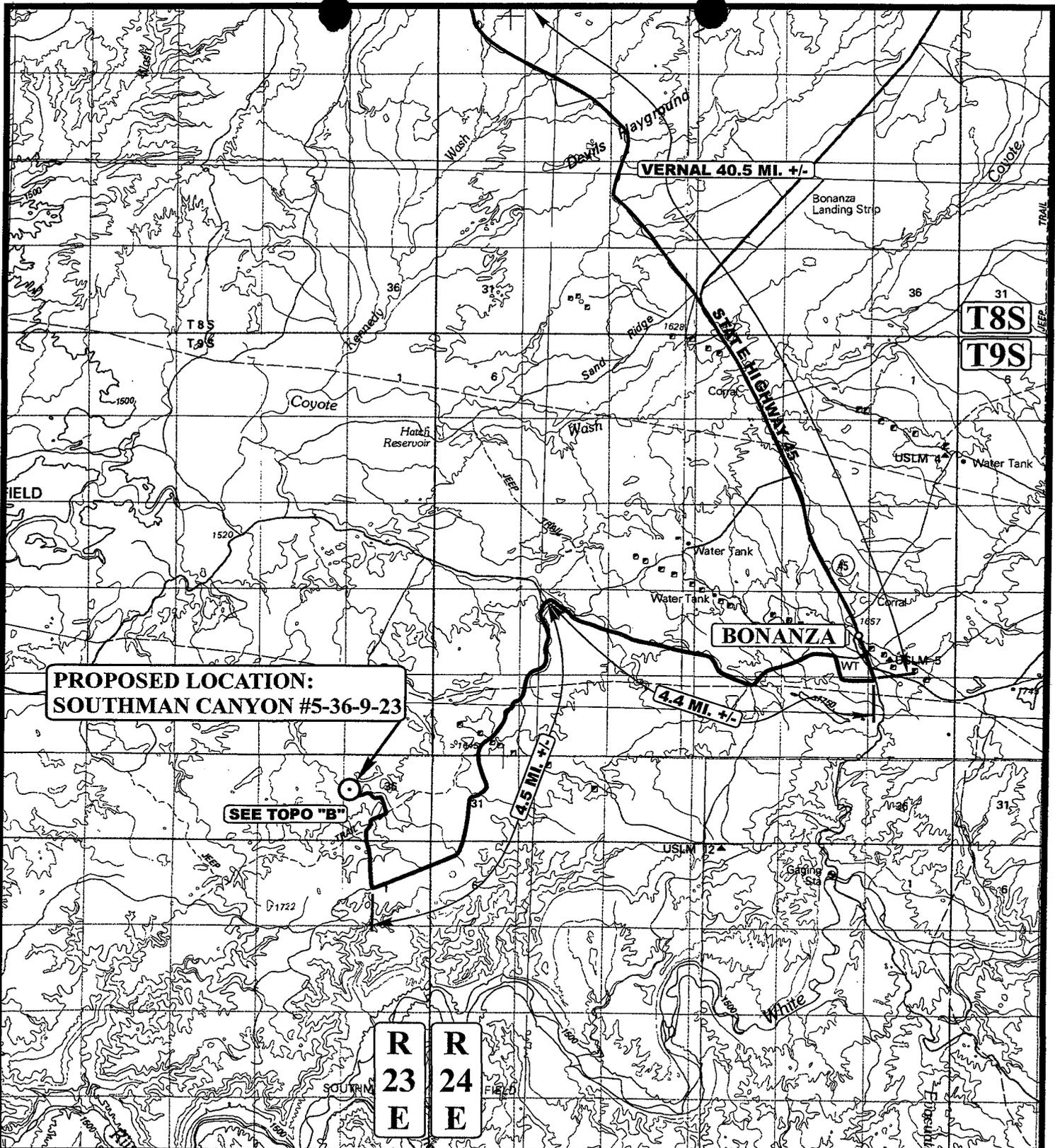


\* NOTE:  
 FILL QUANTITY INCLUDES  
 5% FOR COMPACTION

APPROXIMATE YARDAGES

<b>CUT</b>	
(6") Topsoil Stripping	= 1,780 Cu. Yds.
Remaining Location	= 10,250 Cu. Yds.
<b>TOTAL CUT</b>	<b>= 12,030 CU.YDS.</b>
<b>FILL</b>	<b>= 8,560 CU.YDS.</b>

EXCESS MATERIAL	= 3,470 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 3,470 Cu. Yds.
EXCESS UNBALANCE (After Rehabilitation)	= 0 Cu. Yds.



**PROPOSED LOCATION:  
SOUTHMAN CANYON #5-36-9-23**

**SEE TOPO "B"**

**R 23 E  
R 24 E**

**LEGEND:**

⊙ PROPOSED LOCATION

**THE HOUSTON EXPLORATION COMPANY**

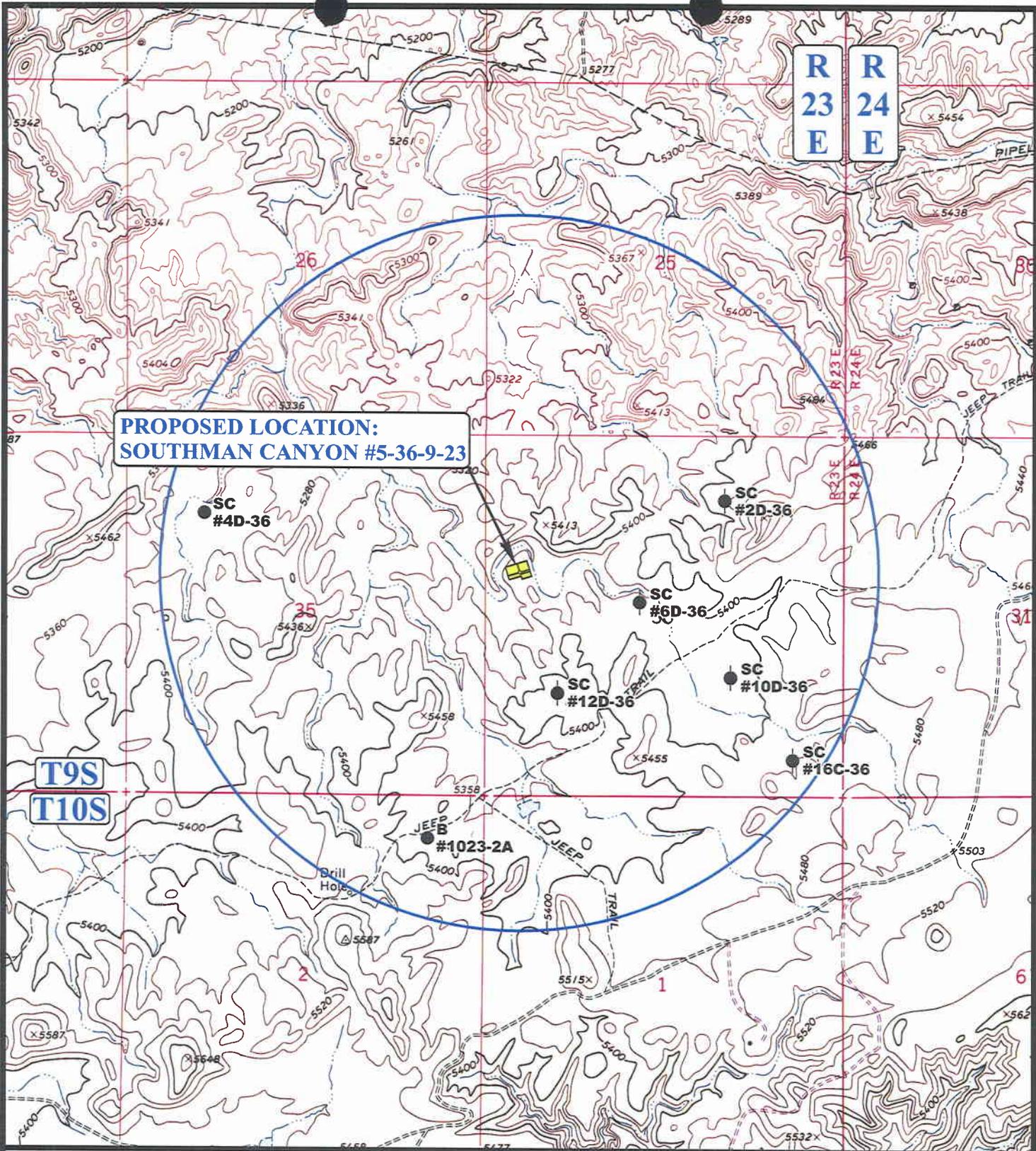
**SOUTHMAN CANYON #5-36-9-23  
SECTION 36, T9S, R23E, S.L.B.&M.  
2028' FNL 499' FWL**

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



**TOPOGRAPHIC MAP** 02 08 05  
MONTH DAY YEAR  
SCALE: 1:100,000 DRAWN BY: C.P. REVISED: 00-00-00 **A TOPO**





**PROPOSED LOCATION:  
SOUTHMAN CANYON #5-36-9-23**

**LEGEND:**

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

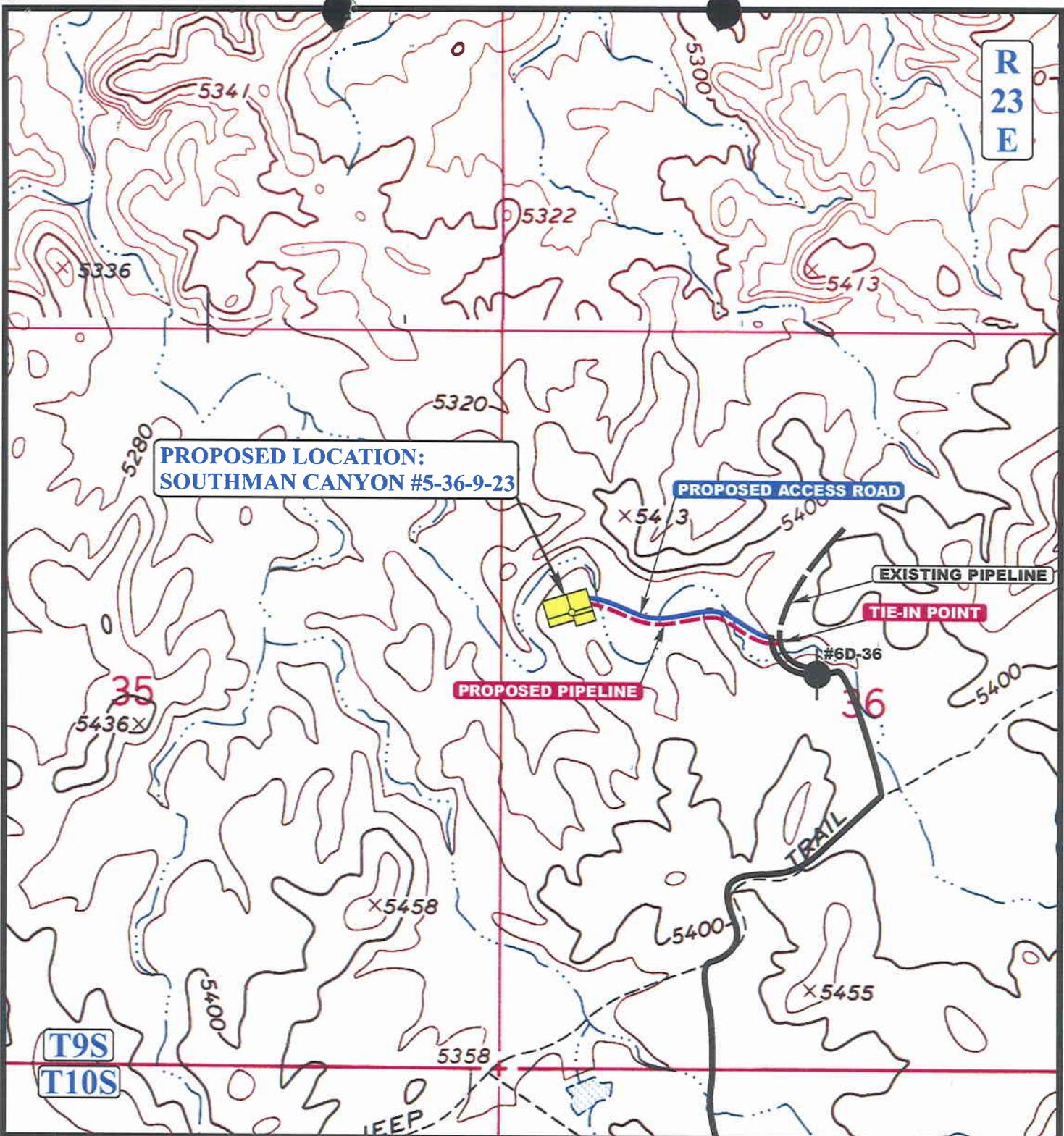
**THE HOUSTON EXPLORATION COMPANY**

**SOUTHMAN CANYON #5-36-9-23  
SECTION 36, T9S, R23E, S.L.B.&M.  
2028' FNL 499' FWL**

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

**TOPOGRAPHIC MAP** 02 08 05  
MONTH DAY YEAR  
SCALE: 1" = 2000' DRAWN BY: C.P. REVISED: 00-00-00





**APPROXIMATE TOTAL PIPELINE DISTANCE = 1,291' +/-**

**LEGEND:**

-  PROPOSED ACCESS ROAD
-  EXISTING PIPELINE
-  PROPOSED PIPELINE

**THE HOUSTON EXPLORATION COMPANY**

**SOUTHMAN CANYON #5-36-9-23**  
**SECTION 36, T9S, R23E, S.L.B.&M.**  
**2028' FNL 499' FWL**

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



**TOPOGRAPHIC** 02 08 05  
**MAP** MONTH DAY YEAR  
 SCALE: 1" = 1000' DRAWN BY: C.P. REVISED: 00-00-00

**D**  
**TOPO**

WORKSHEET  
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 04/06/2005

API NO. ASSIGNED: 43-047-36531

WELL NAME: SOUTHMAN CYN 5-36-9-23  
OPERATOR: HOUSTON EXPLORATION CO, ( N2525 )  
CONTACT: BILL RYAN

PHONE NUMBER: 435-789-0968

PROPOSED LOCATION:

SWNW 36 090S 230E  
SURFACE: 2028 FNL 0499 FWL  
BOTTOM: 2028 FNL 0499 FWL  
UINTAH  
NATURAL BUTTES ( 630 )

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	DRE	5/9/05
Geology		
Surface		

LEASE TYPE: 3 - State  
LEASE NUMBER: ML-47782  
SURFACE OWNER: 3 - State  
PROPOSED FORMATION: CSLGT  
COALBED METHANE WELL? NO

LATITUDE: 39.99415  
LONGITUDE: -109.2823

RECEIVED AND/OR REVIEWED:

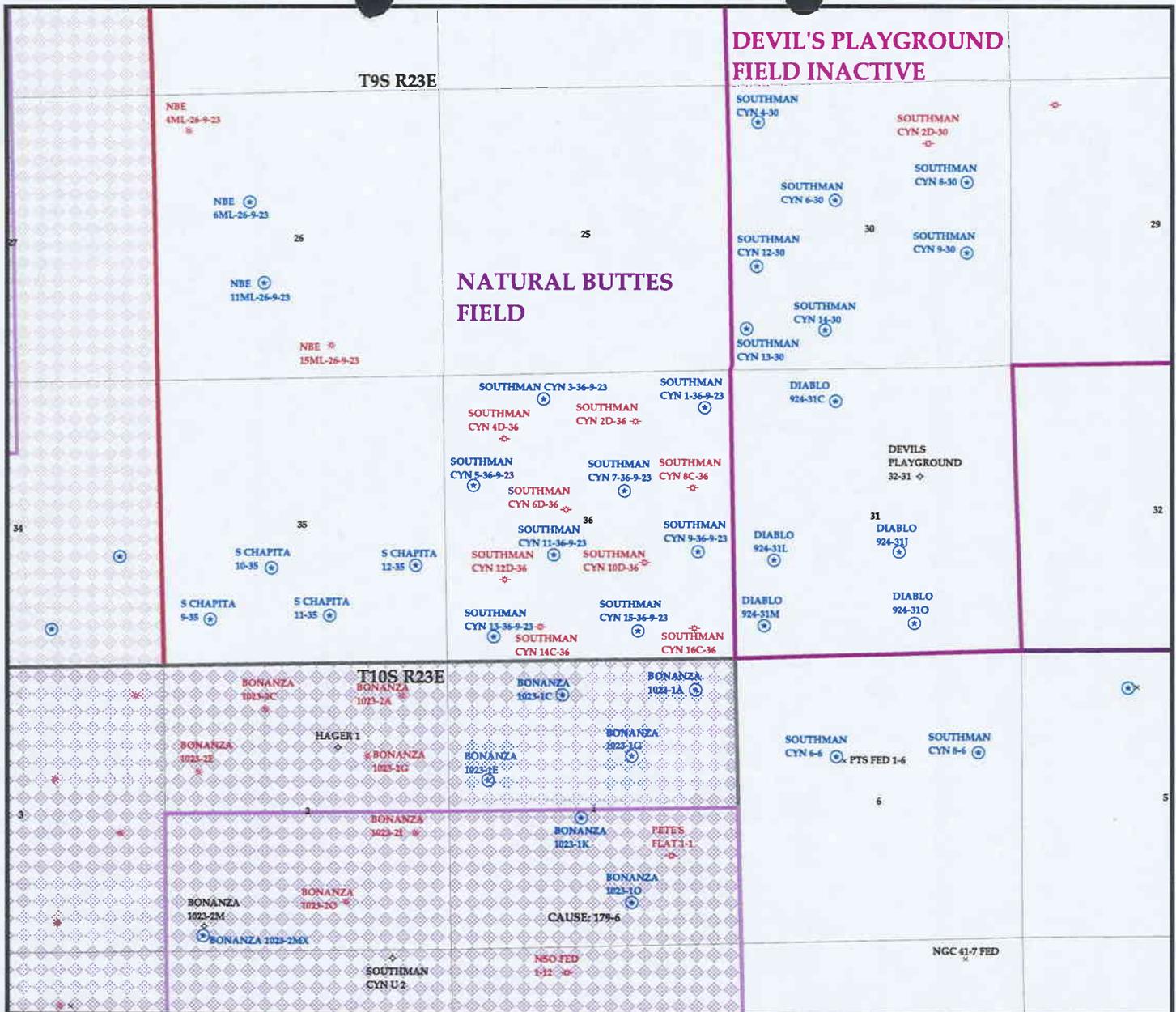
- Plat
- Bond: Fed[] Ind[] Sta[] Fee[]  
(No. 104155044 )
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit  
(No. T-75376 )
- RDCC Review (Y/N)  
(Date: \_\_\_\_\_ )
- Fee Surf Agreement (Y/N)

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 Permit (04-19-05)

STIPULATIONS: 1- Spacing Slip  
2- STATEMENT OF BASIS  
3- 4 1/2" prod. string amt shall be brought back to 3200' min. to isolate BMS6W



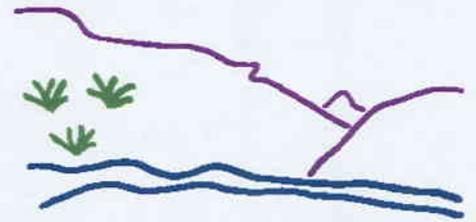
**DEVIL'S PLAYGROUND FIELD INACTIVE**

**NATURAL BUTTES FIELD**

T9S R23E

T10S R23E

OPERATOR- THE HOUSTON EXPL CO (N2525)  
 SEC. 36 T.9S R.23E  
 FIELD: NATURAL BUTTES (630)  
 COUNTY: UINTAH  
 SPACING: R649-3-2 / GENERAL SITING



Utah Oil Gas and Mining

Wells	Units.shp	Fields.shp
⚡ GAS INJECTION	🔲 EXPLORATORY	🔲 ABANDONED
⊛ GAS STORAGE	🔲 GAS STORAGE	🔲 ACTIVE
✕ LOCATION ABANDONED	🔲 NF PP OIL	🔲 COMBINED
⊕ NEW LOCATION	🔲 NF SECONDARY	🔲 INACTIVE
⚡ PLUGGED & ABANDONED	🔲 PENDING	🔲 PROPOSED
⚡ PRODUCING GAS	🔲 PI OIL	🔲 STORAGE
● PRODUCING OIL	🔲 PP GAS	🔲 TERMINATED
⚡ SHUT-IN GAS	🔲 PP GEOTHERML	
⚡ SHUT-IN OIL	🔲 PP OIL	
✕ TEMP. ABANDONED	🔲 SECONDARY	
○ TEST WELL	🔲 TERMINATED	
▲ WATER INJECTION		
◆ WATER SUPPLY		
↘ WATER DISPOSAL		



PREPARED BY: DIANA WHITNEY  
 DATE: 08-APRIL-2005

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

OPERATOR: THE HOUSTON EXPLORATION COMPANY  
WELL NAME & NUMBER: SOUTHMAN CANYON 5-36-9-23  
API NUMBER: 43-047-36531  
LEASE: ML-47782 FIELD/UNIT: NATURAL BUTTES  
LOCATION: 1/4,1/4 SW/NW Sec: 36 TWP: 9S RNG: 23E 499' FWL 2028' FNL  
LEGAL WELL SITING: 460 F SEC. LINE; 460 F 1/4,1/4 LINE; 920 F ANOTHER WELL.  
GPS COORD (UTM): 646642E 4428315N SURFACE OWNER: STATE OF UTAH

**PARTICIPANTS**

DAVID W. HACKFORD (DOGM). FLOYD BARTLETT (DWR). GINGER STRINGHAM (HOUSTON).

**REGIONAL/LOCAL SETTING & TOPOGRAPHY**

AREA IS ON A BROKEN PLAIN THAT SLOPES GENTLY TO THE NORTHWEST, AND IS MODERATELY RUGGED WITH RIDGES, BUTTES, AND MODERATELY DEEP, INCISED DRAINAGES. MOST OF THIS REGION DRAINS BY A SERIES OF DENDRITIC STREAMS WHICH FLOW WEST, THEN SOUTH TO THE WHITE RIVER. THIS SITE IS ON TOP OF A SLIGHT RISE WITH A DRY WATERCOURSE LOOPING AROUND ON THREE SIDES. THIS DRY WATERCOURSE IS 300' TO THE EAST, NORTH AND WEST, DRAINING TO THE WEST BEFORE TURNING SOUTH TO THE WHITE RIVER WHICH IS 2.5 MILES TO THE SOUTH.

**SURFACE USE PLAN**

CURRENT SURFACE USE: WILDLIFE AND LIVESTOCK GRAZING, HUNTING.

PROPOSED SURFACE DISTURBANCE: LOCATION WILL BE 345' BY 245'. ACCESS ROAD WILL BE 0.25 MILES.

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, GREASEWOOD, HORSEBRUSH, PRICKLY PEAR, SHADSCALE: ANTELOPE, RODENTS, RAPTORS, SONGBIRDS, BOBCAT, COYOTE, RABBITS.

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: 170' BY 65' AND 12' DEEP.

LINER REQUIREMENTS (Site Ranking Form attached): A 12 MIL LINER WILL BE REQUIRED FOR RESERVE PIT.

**SURFACE RESTORATION/RECLAMATION PLAN**

AS PER SITLA.

SURFACE AGREEMENT: AS PER SITLA.

CULTURAL RESOURCES/ARCHAEOLOGY: SITE WAS 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 WARM, SUNNY DAY WITH NO SNOW COVER.

**ATTACHMENTS**

PHOTOS OF THIS SITE WERE TAKEN AND PLACED ON FILE.

DAVID W. HACKFORD  
DOGM REPRESENTATIVE

4/19/05, 1:00 PM  
DATE/TIME

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

<u>Site-Specific Factors</u>	<u>Ranking</u>	<u>Site Ranking</u>
Distance to Groundwater (feet)		
>200	0	
100 to 200	5	
75 to 100	10	
25 to 75	15	
<25 or recharge area	20	<u>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>10</u>
Fluid Type		
Air/mist	0	
Fresh Water	5	
TDS >5000 and <10000	10	
TDS >10000 or Oil Base Mud Fluid	15	
containing significant levels of hazardous constituents	20	<u>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**      20      (Level I Sensitivity)

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

Sensitivity Level II = 15-19; lining is discretionary.

Sensitivity Level III = below 15; no specific lining is required.





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

**OPERATOR:** THE HOUSTON EXPLORATION COMPANY  
**WELL NAME & NUMBER:** SOUTHMAN CANYON 5-36-9-23  
**API NUMBER:** 43-047-36531  
**LOCATION:** 1/4,1/4 SW/NW Sec: 36 TWP: 9S RNG: 23E 499' FWL 2028' FNL

**Geology/Ground Water:**

The Houston Ex. Co. proposes to set 2000 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 Uinta Formation. The Uinta Formation is made up of discontinuous sands interbedded with shales and are not expected to produce prolific aquifers. The proposed surface casing should adequately protect any near surface aquifers.

**Reviewer:** Brad Hill **Date:** 04-21-05

**Surface:**

The predrill investigation of the surface was performed on 04/19/05. Floyd Bartlett with DWR and Ed Bonner with SITLA were invited to this investigation on 04/11/05. Mr. Bartlett was present. He had no concerns regarding the construction of this location or the drilling of the well. SITLA did not have a representative present. This site is on State surface, with State minerals, and appears to be the best site for a location in the immediate area.

**Reviewer:** David W. Hackford **Date:** 04/21/2005

**Conditions of Approval/Application for Permit to Drill:**

1. A synthetic liner with a minimum thickness of 12 mils shall be properly installed and maintained in the reserve pit.

Well name:	<b>04-05 Houston Southman Cyn 5-36-9-23</b>	
Operator:	<b>The Houston Exploration Company</b>	
String type:	Surface	Project ID: 43-047-36531
Location:	Uintah County	

<b>Design parameters:</b>	<b>Minimum design factors:</b>	<b>Environment:</b>
<b>Collapse</b>	<b>Collapse:</b>	H2S considered? No
Mud weight: 8.400 ppg	Design factor 1.125	Surface temperature: 65 °F
Design is based on evacuated pipe.		Bottom hole temperature: 93 °F
		Temperature gradient: 1.40 °F/100ft
		Minimum section length: 250 ft
	<b>Burst:</b>	Cement top: 0 ft
	Design factor 1.00	
<b>Burst</b>		Non-directional string.
Max anticipated surface pressure: 1,760 psi	<b>Tension:</b>	
Internal gradient: 0.120 psi/ft	8 Round STC: 1.80 (J)	
Calculated BHP 2,000 psi	8 Round LTC: 1.80 (J)	
No backup mud specified.	Buttress: 1.60 (J)	
	Premium: 1.50 (J)	
	Body yield: 1.50 (B)	
	Tension is based on buoyed weight.	<b>Re subsequent strings:</b>
	Neutral point: 1,749 ft	Next setting depth: 8,165 ft
		Next mud weight: 10.000 ppg
		Next setting BHP: 4,242 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: April 22, 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:	<b>04-05 Houston Southman Cyn 5-36-9-23</b>	
Operator:	<b>The Houston Exploration Company</b>	
String type:	Production	Project ID: 43-047-36531
Location:	Uintah County	

**Design parameters:**  
**Collapse**  
Mud weight: 10.000 ppg  
Design is based on evacuated pipe.

**Minimum design factors:**  
**Collapse:**  
Design factor 1.125

**Environment:**  
H2S considered? No  
Surface temperature: 65 °F  
Bottom hole temperature: 179 °F  
Temperature gradient: 1.40 °F/100ft  
Minimum section length: 1,500 ft

**Burst:**  
Design factor 1.00

Cement top: 4,354 ft

**Burst**  
Max anticipated surface pressure: 3,262 psi  
Internal gradient: 0.120 psi/ft  
Calculated BHP 4,242 psi  
  
No backup mud specified.

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

Non-directional string.

Tension is based on buoyed weight.  
Neutral point: 6,944 ft

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	8165	4.5	11.60	N-80	LT&C	8165	8165	3.875	189.3

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	4242	6350	1.497	4242	7780	1.83	81	223	2.77 J

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

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

Date: April 22, 2005  
Salt Lake City, Utah

Remarks:  
Collapse is based on a vertical depth of 8165 ft, a mud weight of 10 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.*

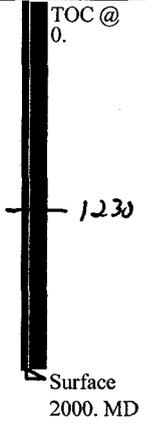
05 Houston Southman Cyn 36-9-23  
Casing Schematic

Green River

Surface



8-5/8"  
MW 8.4  
Frac 19.3



TOC @ 0.  
Surface 2000. MD  
Production 8165. MD

✓ w/ 18% Washout

1230 TOC Tail

✓ STIP  
TOC ± 3,300'  
protect BMSW

3300 BMSW  
4186 Washout

TOC @ 4354.

w/ 15% Washout  
TOC 3273' w/ 5% Washout

5920 Mesaverde  
6313 TOC Tail

4-1/2"  
MW 10.

BHP  
 $(0.052)(10)(8165) = 4245$   
Anticipate 3,000

Gas  
 $(0.12)(8165) = 980$   
MASP = 2020

BOP - 3,000 ✓

Surf csg - 4460  
70% = 3122

Mat pressure @ shoe = 1635  
Test to 1600# ✓

✓ Adequate DKO  
5/9/05

**From:** Ed Bonner  
**To:** Whitney, Diana  
**Date:** 7/18/2005 1:37:58 PM  
**Subject:** Well Clearance

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

Houston Exploration Company  
Southman Canyon 1-36-9-23  
Southman Canyon 3-36-9-23  
Southman Canyon 5-36-9-23  
Southman Canyon 7-36-9-23  
Southman Canyon 9-36-9-23  
Southman Canyon 15-36-9-23

Dominion Exploration & Production, Inc  
LCU 5-2H  
LCU 11-2H  
LCU 14-36F

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

**CC:** Garrison, LaVonne; Hill, Brad; Hunt, Gil

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

MICHAEL R. STYLER  
*Executive Director*

**Division of  
Oil, Gas & Mining**

JOHN R. BAZA  
*Division Director*

JON M. HUNTSMAN, JR.  
*Governor*

GARY R. HERBERT  
*Lieutenant Governor*

July 19, 2005

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

Re: Southman Canyon 5-36-9-23 Well, 2028' FNL, 499' FWL, SW NW,  
Sec. 36, T. 9 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 43-047-36531.

Sincerely,

Gil Hunt  
Acting Associate Director

pab  
Enclosures

cc: Uintah County Assessor  
SITLA

Operator: Houston Exploration Company  
Well Name & Number Southman Canyon 5-36-9-23  
API Number: 43-047-36531  
Lease: ML-47782

Location: SW NW                      Sec. 36                      T. 9 South                      R. 23 East

### Conditions of Approval

1. **General**

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

2. **Notification Requirements**

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

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

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

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

3. **Reporting Requirements**

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

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

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

Page 2

API #43-047-36531

July 19, 2005

6. The 4 ½” production string cement shall be brought back to ±3200’ minimum to isolate base of moderately saline ground water.
  
7. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the “Board”). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.

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

**Request to Transfer Application or Permit to Drill**

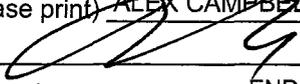
(This form should accompany a Sundry Notice, Form 9, requesting APD transfer)

<b>Well name:</b>	Southman Canyon 5-36-9-23
<b>API number:</b>	4304736531
<b>Location:</b>	Qtr-Qtr: SWNW Section: 36 Township: 9S Range: 23E
<b>Company that filed original application:</b>	Houston Exploration Company
<b>Date original permit was issued:</b>	07/19/2005
<b>Company that permit was issued to:</b>	Houston Exploration Company

Check one	Desired Action:
	<b>Transfer pending (unapproved) Application for Permit to Drill to new operator</b>
	The undersigned as owner with legal rights to drill on the property, hereby verifies that the information as submitted in the pending Application for Permit to Drill, remains valid and does not require revision. The new owner of the application accepts and agrees to the information and procedures as stated in the application.
<input checked="" type="checkbox"/>	<b>Transfer approved Application for Permit to Drill to new operator</b>
	The undersigned as owner with legal rights to drill on the property as permitted, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.	Yes	No
If located on private land, has the ownership changed?		✓
If so, has the surface agreement been updated?		✓
Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location?		✓
Have there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well?		✓
Have there been any changes to the access route including ownership or right-of-way, which could affect the proposed location?		✓
Has the approved source of water for drilling changed?		✓
Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation?		✓
Is bonding still in place, which covers this proposed well? Bond No. <u>RLB0008031</u>	✓	

Any desired or necessary changes to either a pending or approved Application for Permit to Drill that is being transferred, should be filed on a Sundry Notice, Form 9, or amended Application for Permit to Drill, Form 3, as appropriate, with necessary supporting information as required.

Name (please print) ALEX CAMPBELL Title VICE PRESIDENT OF LAND  
 Signature  Date 09/19/2005  
 Representing (company name) ENDURING RESOURCES, LLC

The person signing this form must have legal authority to represent the company or individual(s) to be listed as the new operator on the Application for Permit to Drill.

**RECEIVED**

**SEP 26 2005**

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:
2. NAME OF OPERATOR: The Houston Exploration Company <i>N2525</i>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 1100 Louisiana, Ste 2000 CITY Houston STATE TX ZIP 77002		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: See Attached List		8. WELL NAME and NUMBER: See Attached List
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:		9. API NUMBER:
COUNTY: Uintah		10. FIELD AND POOL, OR WILDCAT:
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: <i>Effective 9/1/05</i>	<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 type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input checked="" type="checkbox"/> OPERATOR CHANGE <i>9/1/05</i>	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

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

Enduring Resources, LLC Operator #N 2750 Utah State Bond #RLB0008031  
475 17th Street, Ste 1500  
Denver, CO 80202

Contact : Frank Hutto 303-350-5102

*Frank Hutto* VP. OPS  
Signature & Title  
Date *9/19/05*

NAME (PLEASE PRINT) Joanne Hresko TITLE Vice President/General Manager Onshore  
SIGNATURE *Joanne Hresko* DATE 9/2/2005

(This space for State use only) **APPROVED** 9/29/2005  
*Earlene Russell*  
Division of Oil, Gas and Mining  
Earlene Russell, Engineering Technician

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

# TRANSFER OF OPERATOR

## NATURAL BUTTES FIELD, UINTAH COUNTY, UTAH DRILLED WELLS, TO BE OPERATED BY ENDURING RESOURCES, LLC

API Well Number	Well Name	Well Status	Qtr/Qtr	Section	Township-Range	FNL/FSL	FEL/FWL	Latitude	Longitude
43047355550000	Bonanza #10D-18	SI	NWSE	18	9S-24E	1437 S	1800 E	40.03340	-109.25282
43047355510000	Bonanza #12D-12	Producing	NWSW	12	9S-23E	1556 S	867 W	40.04788	-109.28055
43047356930000	Bonanza #2D-27	Producing	NWNE	27	9S-24E	1064 N	1824 E	40.01123	-109.19600
43047359080000	Bonanza 10-11	Producing	NWSE	11	9S-23E	1991 S	1755 E	40.04866	-109.29035
43047356920000	Bonanza 10D-8	SI	NWSE	8	9S-24E	1510 S	1768 E	40.04789	-109.23383
43047355520000	Bonanza 1-11	Producing	NWNW	11	9S-23E	990 N	990 E	40.05431	-109.29891
43047359290000	Bonanza 12-20	Drlg	NWSW	20	9S-25E	1998 S	825 W	40.01947	-109.13150
43047-359210000	Bonanza 12A-18	Producing	NWSW	18	9S-24E	2067 S	813 W	40.03430	-109.26242
43047359090000	Bonanza 14-12	Evaluating	SESW	12	9S-23E	505 S	2001 W	40.04455	-109.27693
43047359940000	Bonanza 4-18	WOPL	NWNW	18	9S-24E	706 N	682 W	40.04119	-109.26288
43047-356220000	Bonanza 4D-16	Producing	NWNW	16	9S-24E	1152 N	1209 W	40.04000	-109.22349
43047358600000	Bonanza 6-36	Producing	SESW	36	9S-24E	2217 N	2009 W	39.99336	-109.16393
43047359120000	Bonanza 6B-8	Producing	SESW	8	9S-24E	2017 N	1878 W	40.05213	-109.24004
43047359200000	Bonanza 8D-7	Producing	SENE	7	9S-24E	1992 N	477 E	40.05220	-109.24845
43047359050000	Buck Canyon 15-24	P&A	SW/SE	24	12S-21E	700 S	2139 E	39.75386	-109.5134
43047348150000	Cartwright 2-35	TA	NWNE	35	9S-24E	858 N	2104 E	39.99733	-109.17882
43047332510000	East Bench 11-16	WOC	NESW	16	11S-22E	S S	1980 W	39.85889	-109.46172
43047347560000	Hoss 15	Producing	SWSE	20	9S-25E	1291 S	2088 E	40.01767	-109.12236
43047348140000	Little Joe 11-7	TA	NENE	7	9S-25E	710 N	644 E	40.05562	-109.13601
43047361500000	Rainbow 14-17	WOC	SESW	17	11S-24E	780 S	1726 W	39.85689	-109.25731
43047361840000	Rainbow 2-16	WOC	NWNE	16	11S-24E	837 N	2136 E	39.86708	-109.23348
43047353630000	Southman Canyon 10D-36	Producing	NWSE	36	9S-23E	1757 S	1650 E	39.98991	-109.27148
43047353640000	Southman Canyon 12D-36	Producing	NWSW	36	9S-23E	1518 S	1069 W	39.98977	-109.28040
43047357700000	Southman Canyon 14C-36	Producing	SESW	36	9S-23E	648 S	1717 W	39.98689	-109.27716
43047357720000	Southman Canyon 16C-36	Producing	SESE	36	9S-23E	542 S	736 E	39.98607	-109.26912
43047356910000	Southman Canyon 2D-30	Producing	NWNE	30	9S-24E	1171 N	1502 E	40.01111	-109.25269
43047353650000	Southman Canyon 2D-36	Producing	NWNE	36	9S-23E	960 N	1751 E	39.99711	-109.27228
43047353610000	Southman Canyon 4D-36	Producing	NWNW	36	9S-23E	1163 N	1137 W	39.99623	-109.28012
43047353620000	Southman Canyon 6D-36	Producing	SESW	36	9S-23E	2466 N	2271 W	39.99336	-109.27635
43047357710000	Southman Canyon 8C-36	Producing	SENE	36	9S-23E	2185 N	694 E	39.99358	-109.26783
43047355590000	Thurston Federal #12-1	Producing	SESW	12	12S-21E	692 S	1959 W	39.78280	-109.51768

# TRANSFER OF OPERATOR BLM APPROVED WELLS #2

**PREVIOUS OPERATOR:** Houston Exploration Company

**NEW OPERATOR:** Enduring Resources, LLC

**EFFECTIVE DATE:** September 1st, 2005

Well Name	Q/Q	Sec	T	R	Lease Number	Footages f/ Sec Lines - SL	API Number
<del>Asphalt Wash 13-7</del>	<del>SW/SW</del>	<del>7</del>	<del>11S</del>	<del>24E</del>	<del>UTU-73919</del>	<del>739' FSL &amp; 629' FWL</del>	<del>43-047-36234</del>
Bonanza 16-18	SE/SE	18	9S	24E	UTU-73457	861' FSL & 715' FEL	43-047-35992
Bonanza 4-11	NW/NW	11	9S	23E	UTU-74426	671' FNL & 729' FWL	43-047-35968
Bonanza 10D-12	NW/SE	12	9S	23E	UTU-74426	1,785' FSL & 1,855' FEL	43-047-35919
Bonanza 12-11	NW/SW	11	9S	23E	UTU-74426	1748' FSL & 420' FWL	43-047-35916
Bonanza 14-18	SE/SW	18	9S	24E	UTU-73457	472' FSL & 2,010' FWL	43-047-35993
Bonanza 14A-8	SE/SW	8	9S	24E	UTU-73457	907' FSL & 2,298' FWL	43-047-35952
Bonanza 16A-27	SE/SE	27	9S	24E	UTU-80571	862' FSL & 581' FEL	43-047-35923
Bonanza 2-21	NW/NE	21	8S	25E	UTU-73470	1,207' FNL & 1,541' FEL	43-047-35926
Bonanza 3-8	NW/NW	8	9S	24E	UTU-73457	573' FNL & 1,518' FWL	43-047-35966
Bonanza 6D-7	SE NW	7	9S	24E	UTU-73457	2,310' FNL & 2,310' FWL	43-047-35690
Bonanza 8-11	SE/NE	11	9S	23E	UTU-74426	2,163 FNL & 615' FEL	43-047-35907
Bonanza 8B-27	SE/NE	27	9S	24E	UTU-80571	1,830' FNL & 735' FEL	43-047-35923
Buck Camp 4-25	NW/NW	25	11S	22E	UTU-74424	804 FNL & 695 FWL	43-047-36276
Buck Camp 4-26	NW/NW	26	11S	22E	UTU-74974	660' FNL & 660' FWL	43-047-36274
Buck Canyon 1-24	NE/NE	24	12S	21E	UTU-73440	488' FNL & 833' FEL	43-047-35606
<del>Buck Canyon 15-24</del>	<del>SW/SE</del>	<del>24</del>	<del>12S</del>	<del>21E</del>	<del>UTU-73440</del>	<del>700' FSL &amp; 2,139' FEL</del>	<del>43-047-35985</del>
<del>Buck Canyon 7-24</del>	<del>SW/NE</del>	<del>24</del>	<del>12S</del>	<del>21E</del>	<del>UTU-73440</del>	<del>2,041' FNL &amp; 2,171' FEL</del>	<del>43-047-35904</del>
<del>Buck Canyon 9-24</del>	<del>NE/SE</del>	<del>24</del>	<del>12S</del>	<del>21E</del>	<del>UTU-73440</del>	<del>1784' FSL &amp; 855' FEL</del>	<del>43-047-35903</del>
Rainbow 1-17	NE/NE	17	11S	24E	UTU-73920	795' FNL & 586' FEL	43-047-36151
Southman Canyon #14-30	SE/SW	30	9S	24E	UTU-80571	740' FSL & 1,737' FWL	43-047-35914
Southman Canyon #4C-30	NW/NW	30	9S	24E	UTU-80571	676' FNL & 568' FWL	43-047-35913
Southman Canyon 12-30	NW/SW	30	9S	24E	UTU-80571	1,912' FSL & 513' FWL	43-047-36104
Southman Canyon 8-30	SE/NE	30	9S	24E	UTU-80571	1,875' FNL & 818' FEL	43-047-35994
Southman Canyon 9-30	NE/SE	30	9S	24E	UTU-80571	2,089' FSL & 831' FEL	43-047-36019

\*43047-35906  
• 43047-35953

# TRANSFER OF OPERATOR STATE OF UTAH APPROVED AND PENDING

#3

PREVIOUS OPERATOR: Houston Exploration Company

NEW OPERATOR: Enduring Resources, LLC

EFFECTIVE DATE: September 1st, 2005

Well Name	Q/Q	Sec	T	R	Lease Number	Footages f/ Sec Lines - SL	API Number	FIELD	Well Type
Asphalt Wash 11-16-11-24	NESW	16	11S	24E	ML-73921	2000 FSL & 1900 FWL	43-047-37088	Undesignated	Gas
Asphalt Wash 12-16-11-24	NWSW	16	11S	24E	ML-47080	2060 FSL & 839 FWL	43-047-36873	Undesignated	Gas
Asphalt Wash 14-16-11-24	SESW	16	11S	24E	ML-47080	537 FSL & 2140 FWL	43-047-36876	Undesignated	Gas
Asphalt Wash 3-16-11-24	NENW	16	11S	24E	ML-47080	825 FNL & 2116 FWL	43-047-36886	Undesignated	Gas
Asphalt Wash 4-16-11-24	NWNW	16	11S	24E	ML-47080	521 FNL & 766 FWL	43-047-36885	Undesignated	Gas
Asphalt Wash 5-16-11-24	SWNW	16	11S	24E	ML-47080	1880 FNL & 630 FWL	43-047-37089	Undesignated	Gas
Asphalt Wash 7-16-11-24	SWNE	16	11S	24E	ML-47080	1781 FNL & 1676 FEL	43-047-36874	Undesignated	Gas
Asphalt Wash 8-16-11-24	SENE	16	11S	24E	ML-47080	1905 FNL & 642 FEL	43-047-36875	Undesignated	Gas
Bonanza 14-20	SESW	20	9S	25E	ML-45558	838' FSL & 1,922' FWL	43-047-35930	Chapita Wells	Gas
Bonanza 4-20	NWNW	20	9S	25E	ML-45558	933' FNL & 583 FWL	43-047-35924	Chapita Wells	Gas
Bonanza 4-29	NWNW	29	9S	25E	ML-45559	600' FNL & 596' FWL	43-047-36010	Chapita Wells	Gas
Bonanza 4-36	NWNW	36	9S	24E	ML-46527	258' FNL & 862' FWL	43-047-35861	Natural Buttes	Gas
Bonanza 6-20	SESW	20	9S	25E	ML-45558	2,178' FNL & 1,839' FWL	43-047-35928	Chapita Wells	Gas
<del>Buck Canyon 9-16-12-21</del>	<del>NESE</del>	<del>16</del>	<del>12S</del>	<del>21E</del>	<del>ML-47085</del>	<del>1980' FSL &amp; 660' FEL</del>	<del>43-047-37091</del>	<del>Buck Canyon</del>	<del>Gas</del>
Buck Canyon 11-16-12-21	NESW	16	12S	21W	ML-47085	NA	43-047-37119	Undesignated	Gas
Buck Canyon 13-16-21-21	SWSW	16	21S	21W	ML-47085	NA	43-047-37118	Undesignated	Gas
Buck Canyon 15-16-12-21	SWSE	16	12S	21W	ML-47085	NA	43-047-37120	Buck Canyon	Gas
East Bench 1-16	NENE	16	11S	22E	ML-46911	660' FNL & 660' FEL	43-047-36126	Undesignated	Gas
East Bench 15-16	SWSE	16	11S	22E	ML-46911	545' FSL & 1,848' FEL	43-047-36128	Undesignated	Gas
East Bench 3-16	NENW	16	11S	22E	ML-46911	832' FNL & 1,978' FWL	43-047-36125	Undesignated	Gas
East Bench 7-16	SWNE	16	11S	22E	ML-46911	1,909' FNL & 1,643' FEL	43-047-36127	Undesignated	Gas
East Bench 12-16-11-22	NWSW	16	11S	22E	ML-46911	1862 FSL & 838 FEL	43-047-37128	Undesignated	Gas
East Bench 13-16-11-22	SWSW	16	11S	22E	ML-46911	880 FSL & 750 FWL	43-047-37130	Undesignated	Gas
East Bench 14-16-11-22	SESW	16	11S	22E	ML-46911	848 FSL & 1930 FWL	43-047-37122	Undesignated	Gas
East Bench 16-16-11-22	SESE	16	11S	22E	ML-46911	663 FSL & 1055 FEL	43-047-37121	Undesignated	Gas
East Bench 2-16-11-22	NWNE	16	11S	22E	ML-46911	705 FNL & 2077 FEL	43-047-37125	Undesignated	Gas
East Bench 4-16-11-22	NWNW	16	11S	22E	ML-46911	760 FNL & 860 FWL	43-047-37126	Undesignated	Gas
East Bench 5-16-11-22	SWNW	16	11S	22E	ML-46911	1980 FNL & 758 FWL	43-047-37129	Undesignated	Gas
East Bench 6-16-11-22	SESW	16	11S	22E	ML-46911	1887 FNL & 2138 FWL	43-047-37124	Undesignated	Gas
East Bench 8-16-11-22	SENE	16	11S	22E	ML-46911	1880 FNL & 780 FEL	43-047-37127	Undesignated	Gas
East Bench 9-16-11-22	NESE	16	11S	22E	ML-46911	2035 FSL & 1422 FEL	43-047-37123	Undesignated	Gas
<del>Gusher 6-2</del>	<del>SESW</del>	<del>2</del>	<del>6S</del>	<del>19E</del>	<del>ML-49144</del>	<del>1556 FNL &amp; 1025 FWL</del>	<del>43-047-36963</del>	<del>Moffit Canal</del>	<del>Oil</del>
Hanging Rock 1-32	NENE	32	11S	23E	ML-47079	542' FNL & 690' FEL	43-047-36309	Undesignated	Gas
Little Pack Mountain 1-16	NWNW	16	12S	20E	ML-47082	609 FNL & 688 FEL	43-047-36981	Wildcat	Gas
Little Pack Mountain 7-32	SWNE	32	12S	20E	ML-47083	1792 FNL & 1797 FEL	43-047-36980	Wildcat	Gas
Rock House 12-36-10-23	NWSW	36	10S	23E	ML-47907	1844 FSL & 755 FWL	43-047-36534	Natural Buttes	Gas
Rock House 13-32-10-23	SWSW	32	10S	23E	ML-47063	564 FSL & 471 FWL	43-047-36411	Natural Buttes	Gas
Rock House 1-36-10-22	NENE	36	10S	22E	ML-47061	620 FNL & 850 FEL	43-047-36408	Natural Buttes	Gas
Rock House 3-36-10-22	NENW	36	10S	22E	ML-47061	934 FNL & 1783 FWL	43-047-36407	Natural Buttes	Gas
Rock House 4-32-10-23	SWNW	32	10S	23E	ML-47063	1406 FNL & 562 FWL	43-047-36412	Natural Buttes	Gas
Rock House 7-36-10-22	SWNE	36	10S	22E	ML-47061	2209 FNL & 2445 FEL	43-047-36409	Natural Buttes	Gas
<del>Rock House 9-32-10-23</del>	<del>NESE</del>	<del>32</del>	<del>10S</del>	<del>23E</del>	<del>ML-47063</del>	<del>2008 FSL &amp; 1042 FEL</del>	<del>43-047-36337</del>	<del>Natural Buttes</del>	<del>Gas</del>
Rockhouse #13-36	SWSW	36	10S	22E	ML-46907	486 FSL & 844' FWL	43-047-35902	Natural Buttes	Gas
Rockhouse 16-2	SESE	2	11S	23E	ML-47078	909' FSL & 748' FEL	43-047-36152	Rockhouse	Gas
Seep Springs 10-13-12-24	NWSE	13	12S	24E	ML-49275	1950 FSL & 1802 FEL	43-047-36634	Undesignated	Gas
Seep Springs 1-13-12-24	NENE	13	12S	24E	ML-49275	753 FNL & 487 FEL	43-047-36628	Undesignated	Gas
Seep Springs 15-11-12-24	SWSE	11	12S	24E	ML-49274	829 FSL & 2178 FEL	43-047-36626	Undesignated	Gas
Seep Springs 15-13-12-24	SWSE	13	12S	24E	ML-49275	622 FSL & 1806 FEL	43-047-36630	Undesignated	Gas
Seep Springs 16-11-12-24	SESE	11	12S	24E	ML-49274	659 FSL & 466 FEL	43-047-36625	Undesignated	Gas
Seep Springs 16-13-12-24	SESE	13	12S	24E	ML-49275	686 FSL & 640 FEL	43-047-36629	Undesignated	Gas
Seep Springs 2-13-12-24	NWNE	13	12S	24E	ML-49275	465 FNL & 1807 FEL	43-047-36627	Undesignated	Gas
Seep Springs 7-13-12-24	SWNE	13	12S	24E	ML-49275	FNL & FEL	43-047-36631	Undesignated	Gas
Seep Springs 8-13-12-24	SENE	13	12S	24E	ML-49275	1969 FNL & 642 FEL	43-047-36632	Undesignated	Gas
Seep Springs 9-13-12-24	NESE	13	12S	24E	ML-49275	663 FSL & 1960 FEL	43-047-36633	Undesignated	Gas
<del>Southman Canyon 11-36-9-23</del>	<del>NESW</del>	<del>36</del>	<del>9S</del>	<del>23E</del>	<del>ML-47782</del>	<del>1965 FSL &amp; 1953 FWL</del>	<del>43-047-36535</del>	<del>Natural Buttes</del>	<del>Gas</del>
<del>Southman Canyon 13-36-9-23</del>	<del>SWSW</del>	<del>36</del>	<del>9S</del>	<del>23E</del>	<del>ML-47782</del>	<del>467 FSL &amp; 823 FWL</del>	<del>43-047-36632</del>	<del>Natural Buttes</del>	<del>Gas</del>

# TRANSFER OF OPERATOR STATE OF UTAH APPROVED AND PENDING

**PREVIOUS OPERATOR:** Houston Exploration Company

**NEW OPERATOR:** Enduring Resources, LLC

**EFFECTIVE DATE:** September 1st, 2005

Well Name	Q/Q	Sec	T	R	Lease Number	Footages f/ Sec Lines - SL	API Number	FIELD	Well Type
Southman Canyon 1-36-9-23	NENE	36	9S	23E	ML-47782	681 FNL & 496 FEL	43-047-36537	Natural Buttes	Gas
Southman Canyon 15-36-9-23	SWSE	36	9S	23E	ML-47782	529 FSL & 1784 FEL	43-047-36529	Natural Buttes	Gas
Southman Canyon 3-36-9-23	NENW	36	9S	23E	ML-47782	464 FNL & 1815 FWL	43-047-36530	Natural Buttes	Gas
Southman Canyon 5-36-9-23	SWNW	36	9S	23E	ML-47782	2028 FNL & 499 FWL	43-047-36531	Natural Buttes	Gas
Southman Canyon 7-36-9-23	SENE	36	9S	23E	ML-47782	2184 FNL & 1994 FEL	43-047-36536	Natural Buttes	Gas
Southman Canyon 9-36-9-23	NESE	36	9S	23E	ML-47782	1978 FNL & 657 FEL	43-047-36533	Natural Buttes	Gas

# TRANSFER OF OPERATOR BLM PENDING WELLS

**PREVIOUS OPERATOR:** Houston Exploration Company

**NEW OPERATOR:** Enduring Resources, LLC

**EFFECTIVE DATE:** September 1st, 2005

Well Name	Q/Q	Sec	T	R	Lease Number	Footages f/ Sec Lines - SL	API Number
Asphalt Wash 13-6	SW/SW	6	11S	24E	UTU-73919	400' FSL & 550' FWL	
Asphalt Wash 10-9-11-24	NW SE	9	11S	24E	UTU-73920	1846 FSL & 1942 FEL	43-047-37071
Asphalt Wash 11-9-11-24	NE SW	9	11S	24E	UTU-73920	1799 FSL & 1782 FWL	43-047-37073
Asphalt Wash 12-6-11-24	NW SW	6	11S	24E	UTU-73919	1844 FSL & 683 FWL	43-047-37066
Asphalt Wash 14-6-11-24	SE SW	6	11S	24E	UTU-73919	704 FSL & 2123 FWL	43-047-37067
Asphalt Wash 14-9-11-24	SE SW	9	11S	24E	UTU-73920	460 FSL & 2115 FWL	43-047-37076
Asphalt Wash 15-9-11-24	SW SE	9	11S	24E	UTU-73920	804 FSL & 1990 FEL	43-047-37074
Asphalt Wash 16-9-11-24	SE SE	9	11S	24E	UTU-73920	826 FSL & 472 FEL	43-047-37075
Asphalt Wash 2-6-11-24	NW NE	6	11S	24E	UTU-73919	735 FNL & 1590 FEL	43-047-37061
Asphalt Wash 2-7-11-24	NW NE	7	11S	24E	UTU-73919	621 FNL & 2462 FEL	43-047-37068
Asphalt Wash 2-9-11-24	NW NE	9	11S	24E	UTU-73920	829 FNL & 1774 FEL	43-047-37070
Asphalt Wash 3-6-11-24	NE NW	6	11S	24E	UTU-73919	792 FNL & 1925 FWL	43-047-37062
Asphalt Wash 4-6-11-24	NW NW	6	11S	24E	UTU-73919	820 FNL & 1007 FWL	43-047-37063
Asphalt Wash 5-6-11-24	SW NW	6	11S	24E	UTU-73919	1738 FNL & 716 FWL	43-047-37064
Asphalt Wash 6-7-11-24	SE NW	7	11S	24E	UTU-73919	2013 FNL & 2241 FWL	43-047-37069
Asphalt Wash 7-6-11-24	SW NE	6	11S	24E	UTU-73919	1616 FNL & 1615 FEL	43-047-37065
Asphalt Wash 7-9-11-24	SE NE	9	11S	24E	UTU-73920	1883 FNL & 1854 FEL	43-047-37072
Asphalt Wash 1-7-11-24	NE NE	7	11S	24E	UTU-73919	426 FNL & 270 FEL	43-047-37084
Asphalt Wash 4-7-11-24	NW NW	7	11S	24E	UTU-73919	856 FNL & 860 FWL	43-047-37085
Asphalt Wash 7-7-11-24	SW NE	7	11S	24E	UTU-73919	1909 FNL & 1893 FEL	43-047-37087
Asphalt Wash 8-7-11-24	SE NE	7	11S	24E	UTU-73919	1998 FNL & 683 FEL	43-047-37086
Bonanza 4-7	NW/NW	7	9S	24E	UTU-73457	809' FNL & 670' FWL	43-047-36017
Bonanza 8-17	SW/NE	17	9S	24E	UTU-73457	1865' FNL & 584' FEL	43-047-36041
Bonanza 11-11-9-23	NE SW	11	9S	23E	UTU-74426	2036 FSL & 2043 FWL	43-047-36649
Bonanza 11-12-9-23	NE SW	12	9S	23E	UTU-74426	1799 FSL & 1948 FWL	43-047-36655
Bonanza 11-18-9-24	NE SW	18	9S	24E	UTU-73457	1785 FSL & 2133 FWL	43-047-36637
Bonanza 12-23-9-24	NW/SW	23	9S	24E	UTU-81311	1882 FSL & 699 FWL	43-047-36640
Bonanza 12-35	NW/SW	35	9S	24E	UTU 73459	1374' FSL & 858' FWL	43-047-36020
Bonanza 13-11-9-23	SW SW	11	9S	23E	UTU-74426	463 FSL & 773 FWL	43-047-36650
Bonanza 13-12-9-23	SW SW	12	9S	23E	UTU-74426	661 FSL & 656 FWL	43-047-36528
Bonanza 13-18-9-24	SW SW	18	9S	24E	UTU-73457	767 FSL & 583 FWL	43-047-36638
Bonanza 14-11-9-23	SE SW	11	9S	23E	UTU-74426	756 FSL & 1859 FWL	43-047-36651
Bonanza 14-23-9-24	SE/SW	23	9S	24E	UTU-81311	560 FSL & 1878 FWL	43-047-36641
Bonanza 15-11-9-23	SW SE	11	9S	23E	UTU-74426	660 FSL & 1980 FEL	43-047-36652
Bonanza 15-12-9-23	SW SE	12	9S	23E	UTU-74426	607 FSL & 1920 FEL	43-047-36656
Bonanza 15-18-9-24	SW SE	18	9S	24E'	UTU-73457	463 FSL & 2162 FEL	43-047-36639
Bonanza 16-12-9-23	SE SE	12	9S	23E	UTU-74426	855 FSL & 536 FEL	43-047-36657
Bonanza 16-8	SE/SE	8	9S	24E	UTU-73457	588' FSL & 524' FEL	43-047-36101
Bonanza 2-11-9-23	NW NE	11	9S	23E	UTU 74426	664 FNL & 1925 FEL	43-047-36643
Bonanza 2-12-9-23	NW NE	12	9S	23E	UTU-74426	743 FNL & 1962 FEL	43-047-36527
Bonanza 3-11-9-23	NE NW	11	9S	23E	UTU 74426	499 FNL & 1898 FWL	43-047-36644
Bonanza 3-12-9-23	NE NW	12	9S	23E	UTU-74426	734 FNL & 1866 FWL	43-047-36524
Bonanza 4-35	NW/NW	35	9S	24E	UTU 73459	789' FNL & 807' FWL	43-047-35925
Bonanza 5-11-9-23	SW NW	11	9S	23E	UTU 74426	1794 FNL & 609 FWL	43-047-36645

# TRANSFER OF OPERATOR BLM PENDING WELLS

**PREVIOUS OPERATOR:** Houston Exploration Company

**NEW OPERATOR:** Enduring Resources, LLC

**EFFECTIVE DATE:** September 1st, 2005

Well Name	Q/Q	Sec	T	R	Lease Number	Footages f/ Sec Lines - SL	API Number
Bonanza 5-12-9-23	SW NW	12	9S	23E	UTU-74426	1996 FNL & 558 FWL	43-047-36526
Bonanza 5-18-9-24	SW NW	18	9S	24E	UTU-73457	2147 FNL & 662 FWL	43-047-36635
Bonanza 5-22	SW/NW	22	8S	25E	UTU-73470	1,932' FNL & 415' FWL	43-047-35918
Bonanza 5-24-9-24	SW/NW	24	9S	24E	UTU-73458	2167 FNL & 714 FWL	43-047-36642
Bonanza 6-11-9-23	SE NW	11	9S	23E	UTU-74426	2069 FNL & 1801 FWL	43-047-36646
Bonanza 6-12-9-23	SE NW	12	9S	23E	UTU-74426	2114 FNL & 1871 FWL	43-047-36525
Bonanza 7-11-9-23	SW NE	11	9S	23E	UTU-74426	2060 FNL & 2134 FEL	43-047-36647
Bonanza 7-12-9-23	SW NE	12	9S	23E	UTU-74426	2065 FNL & 2159 FEL	43-047-36653
Bonanza 8-35	SENE	35	9S	24E	UTU-73459	1987' FNL & 909' FEL	43-047-36105
Bonanza 9-11-9-23	NE SE	11	9S	23E	UTU-74426	2008 FSL & 553 FEL	43-047-36648
Bonanza 9-12-9-23	NE SE	12	9S	23E	UTU-74426	1980 FSL & 660 FEL	43-047-36654
Bonanza 9-18-9-24	NE SE	18	9S	24E	UTU-73457	2009 FSL & 852 FEL	43-047-36636
Bonanza 9-22	NE/SE	22	9S	24E	UTU-75118	1,969' FSL & 495' FEL	43-047-36102
East Bench 9-20	NE/SE	20	11S	22E	UTU-73905	2,170' FSL & 472' FEL	43-047-36275
Rock House 12-30-10-23	NE SW	30	10S	23E	UTU-76281	2320 FSL & 1980 FWL	43-047-36548
Rock House 12-31-10-23	NW SW	31	10S	23E	UTU-76281	1900 FSL & 460 FWL	43-047-36552
Rock House 13-30-10-23	SW SW	30	10S	23E	UTU-76281	553 FSL & 573 FWL	43-047-36549
Rock House 14-31-10-23	SE SW	31	10S	23E	UTU-76281	860 FSL & 1890 FWL	43-047-36553
Rock House 3-31-10-23	NE NW	31	10S	23E	UTU-76281	854 FNL & 1940 FWL	43-047-36551
Rock House 5-30-10-23	SW NW	30	10S	23E	UTU-76281	1858 FNL & 703 FWL	43-047-36547
Rock House 5-31-10-23	SW NW	31	10S	23E	UTU-76281	2055 FNL & 2097 FWL	43-047-36550
Rock House 6-31-10-23	SE NW	31	10S	23E	UTU-76281	2059 FNL & 2111 FWL	43-047-36554
<del>Rockhouse #12-30</del>	<del>NW/SW</del>	<del>30</del>	<del>10S</del>	<del>23E</del>	<del>UTU-80571</del>	<del>1,980' FSL &amp; 660' FWL</del>	<del>43-047-36618</del> X
Rockhouse 13C-31	SW/SW	31	10S	23E	UTU-76281	135' FSL & 365' FWL	43-047-35911
Rockhouse 4D-30	NW NW	30	10S	23E	UTU-76281	1,116 FNL & 1,135' FWL	43-047-35882
Rockhouse 4D-31	NW NW	31	10S	23E	UTU-76281	990' FNL & 990' FWL	43-047-35807
Southman Canyon 12-3-11-24	NW/SW	3	11S	24E	UTU-73918	1,950' FSL & 514' FWL	43-047-36272
Southman Canyon 12-30-10-24	NW/SW	30	10S	24E	UTU-65371	2,118' FSL & 502' FWL	43-047-36238
Southman Canyon 13-30	SW/SW	30	9S	24E	UTU-80571	765' FSL & 303' FWL	43-047-36018
Southman Canyon 16-31-10-24	SE/SE	31	10S	24E	UTU-65371	621' FSL & 575' FEL	43-047-36270
Southman Canyon 4-30-10-24	NW/NW	30	10S	24E	UTU 65371	649' FNL & 607' FWL	43-047-36237
Southman Canyon 5-19-10-24	SW/NW	19	10S	24E	UTU-65371	1,978' FNL & 855' FWL	43-047-36236
Southman Canyon 6-30	SE/NW	30	9S	24E	UTU-80571	2,015' FNL & 2,581' FWL	43-047-36103

X Duplicate API -  
Different well name

**OPERATOR CHANGE WORKSHEET**

<b>ROUTING</b>	
1. DJJ	
2. CDW	

**X Change of Operator (Well Sold)**

Designation of Agent/Operator

Operator Name Change

Merger

The operator of the well(s) listed below has changed, effective:		<b>9/1/2005</b>
<b>FROM: (Old Operator):</b> N2525-The Houston Exploration Company 1100 Louisiana, Suite 2000 Houston, TX 77002 Phone: 1-(713) 830-6938	<b>TO: ( New Operator):</b> N2750-Enduring Resources, LLC 475 17th Street, Suite 1500 Denver, CO 80202 Phone: 1-(303) 350-5102	

**CA No.**

**Unit:**

**WELL(S)**

NAME	SEC	TWN	RNG	API NO	ENTITY NO	LEASE TYPE	WELL TYPE	WELL STATUS	
SOUTHMAN CYN 5-36-9-23	36	090S	230E	4304736531		State	GW	APD	C
SOUTHMAN CYN 13-36-9-23	36	090S	230E	4304736532		State	GW	APD	C
SOUTHMAN CYN 9-36-9-23	36	090S	230E	4304736533		State	GW	APD	C
SOUTHMAN CYN 11-36-9-23	36	090S	230E	4304736535		State	GW	APD	C
SOUTHMAN CYN 7-36-9-23	36	090S	230E	4304736536		State	GW	APD	C
SOUTHMAN CYN 1-36-9-23	36	090S	230E	4304736537		State	GW	APD	C
ROCK HOUSE 12-36-10-22	36	100S	220E	4304736534		State	GW	APD	C
ASPHALT WASH 12-16-11-24	16	110S	240E	4304736873		State	GW	APD	C
ASPHALT WASH 7-16-11-24	16	110S	240E	4304736874		State	GW	APD	C
ASPHALT WASH 8-16-11-24	16	110S	240E	4304736875		State	GW	APD	C
ASPHALT WASH 14-16-11-24	16	110S	240E	4304736876		State	GW	APD	C
ASPHALT WASH 4-16-11-24	16	110S	240E	4304736885		State	GW	APD	C
SEEP SPRINGS 16-11-12-24	11	120S	240E	4304736625		State	GW	APD	C
SEEP SPRINGS 15-11-12-24	11	120S	240E	4304736626		State	GW	APD	C
SEEP SPRINGS 2-13-12-24	13	120S	240E	4304736627		State	GW	APD	C
SEEP SPRINGS 1-13-12-24	13	120S	240E	4304736628		State	GW	APD	C
SEEP SPRINGS 16-13-12-24	13	120S	240E	4304736629		State	GW	APD	C
SEEP SPRINGS 15-13-12-24	13	120S	240E	4304736630		State	GW	APD	C
SEEP SPRINGS 7-13-12-24	13	120S	240E	4304736631		State	GW	APD	C
SEEP SPRINGS 8-13-12-24	13	120S	240E	4304736632		State	GW	APD	C
SEEP SPRINGS 9-13-12-24	13	120S	240E	4304736633		State	GW	APD	C
SEEP SPRINGS 10-13-12-24	13	120S	240E	4304736634		State	GW	APD	C

**OPERATOR CHANGES DOCUMENTATION**

Enter date after each listed item is completed

- (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 9/26/2005
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 9/26/2005
- The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 9/29/2005
- Is the new operator registered in the State of Utah: YES Business Number: 5771233-0161
- If **NO**, the operator was contacted on:
- a. (R649-9-2) Waste Management Plan has been received on: Requested 9/29/05
- b. Inspections of LA PA state/fee well sites complete on: n/a

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: 9/29/2005
- 2. Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 9/29/2005
- 3. Bond information entered in RBDMS on: 9/30/2005
- 4. Fee/State wells attached to bond in RBDMS on: 9/30/2005
- 5. Injection Projects to new operator in RBDMS on: n/a
- 6. Receipt of Acceptance of Drilling Procedures for APD/New on: 9/26/2005

**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:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

FORM 9

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>		5. LEASE DESIGNATION AND SERIAL NUMBER: <b>ML-47782</b>
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
		7. UNIT or CA AGREEMENT NAME:
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____	8. WELL NAME and NUMBER: <b>Southman Canyon 5-36-9-23</b>	
2. NAME OF OPERATOR: <b>Enduring Resources, LLC</b>	9. API NUMBER: <b>4304736531</b>	
3. ADDRESS OF OPERATOR: 475 17th Street, Suite 1500 CITY Denver STATE CO ZIP 80202	PHONE NUMBER: <b>(303) 573-1222</b>	10. FIELD AND POOL, OR WILDCAT:
4. LOCATION OF WELL FOOTAGES AT SURFACE: <b>2028' FNL &amp; 499' FEL</b>		COUNTY: <b>Uintah</b>
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <b>SWNW 36 9S 23E S</b>		STATE: <b>UTAH</b>

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<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 and number</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 WELL NAME AND NUMBER:

FROM: Southman Canyon 5-36-9-23  
TO: Southman Canyon 9-23-12-36

Approved by the  
State Division of  
Oil and Gas  
**FOR RECORD ONLY**

NAME (PLEASE PRINT) <u>Alvin R. (Al) Arlian</u>	TITLE <u>Landman - Regulatory Specialist</u>
SIGNATURE	DATE <u>11/10/2005</u>

(This space for State use only)

**RECEIVED**  
**NOV 14 2005**



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

FORM 6

**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
4304736800	Archy Bench 12-23-22-16	SENW	16	12S	23W	Uintah
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date	
A	99999	15314	4/15/2006		4/19/06	
Comments: <u>mVRD</u>						<b>CONFIDENTIAL K</b>

**Well 2**

API Number	Well Name	QQ	Sec	Twp	Rng	County
4304736531	Southman Canyon 9-23-12-36	SWNW	36	9S	23E	Uintah
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date	
A	99999	15315	4/15/2006		4/19/06	
Comments: <u>CSLGT = mVRD</u>						<b>CONFIDENTIAL K</b>

**Well 3**

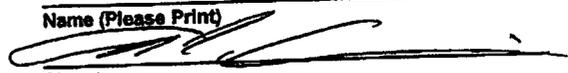
API Number	Well Name	QQ	Sec	Twp	Rng	County
4304736530	Southman Canyon 9-23-21-36	NENW	36	9S	23E	Uintah
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date	
A	99999	15316	4/15/2006		4/19/06	
Comments: <u>CSLGT = mVRD</u>						<b>CONFIDENTIAL K</b>

**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

4/17/2006

Title

Date

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APR 18 2006

DIV. OF OIL, GAS & MINING

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

FORM 9

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>		5. LEASE DESIGNATION AND SERIAL NUMBER: <b>ML-47782</b>
		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: <b>N/A</b>
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: <b>N/A</b>
		8. WELL NAME and NUMBER <i>SOUTH MAN OVN</i> <b>Anchy Bench 9-23-12-36</b>
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____	9. API NUMBER: <b>4304736531</b>	
2. NAME OF OPERATOR: <b>Enduring Resources, LLC</b>	3. ADDRESS OF OPERATOR: <b>475 17th Street, Suite 1500 Denver CO 80202</b>	10. FIELD AND POOL, OR WILDCAT: <b>Natural Buttes</b>
4. LOCATION OF WELL FOOTAGES AT SURFACE: <b>2028' FNL - 499' FWL S.L.B. &amp; M.</b>		COUNTY: <b>Uintah</b>
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <b>SWNW 36 9S 23E S</b>		STATE: <b>UTAH</b>

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: <b>4/25/2006</b>	<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: <b>Conductor and surface pipe report</b>
	<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.

4-15-2006 MIRU Pete Martin Rathole Service and drill 40' of 20" Hole. Run 40 feet of 14" conductor pipe and cement with 3 yards of Readymix cement. Waiting for Surface Pipe.

4-21-2006 MIRU Bill Jr's Rathole Rig. Drill to 1932'. Ran 44 joints of 8-5/8' 32# J55 surface casing to 2067'. Cement guide shoe, float collar and 8 centralizers. Big 4 cemented with 230 sx lead, 225 sx tail, and top with 725 sx. Cement held at surface.

WORT

NAME (PLEASE PRINT) <u>Alvin R. (Al) Arlian</u>	TITLE <u>Landman - Regulatory Specialist</u>
SIGNATURE	DATE <u>4/25/2006</u>

(This space for State use only)

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**APR 28 2006**

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

5. LEASE DESIGNATION AND SERIAL NUMBER:

ML-47782

SUNDRY NOTICES AND REPORTS ON WELLS

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

N/A

7. UNIT or CA AGREEMENT NAME:

N/A

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 [ ] GAS WELL [x] OTHER [ ]

8. WELL NAME and NUMBER:

Southman Canyon 9-23-12-36

2. NAME OF OPERATOR:

Enduring Resources, LLC

9. API NUMBER:

4304736531

3. ADDRESS OF OPERATOR:

475 17th Street, Suite 1500 CITY: Denver STATE: CO ZIP: 80202

PHONE NUMBER:

(303) 350-5114

10. FIELD AND POOL, OR WILDCAT:

Natural Buttes

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 2028' FNL - 499' FWL S.L.B.& M.

COUNTY: Uintah

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 36 9S 23E S

STATE:

UTAH

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

Table with columns: TYPE OF SUBMISSION, TYPE OF ACTION. Includes checkboxes for NOTICE OF INTENT, SUBSEQUENT REPORT, ACIDIZE, ALTER CASING, CASING REPAIR, CHANGE TO PREVIOUS PLANS, CHANGE TUBING, CHANGE WELL NAME, CHANGE WELL STATUS, COMMINGLE PRODUCING FORMATIONS, CONVERT WELL TYPE, DEEPEN, FRACTURE TREAT, NEW CONSTRUCTION, OPERATOR CHANGE, PLUG AND ABANDON, PLUG BACK, PRODUCTION (START/RESUME), RECLAMATION OF WELL SITE, RECOMPLETE - DIFFERENT FORMATION, REPERFORATE CURRENT FORMATION, SIDETRACK TO REPAIR WELL, TEMPORARILY ABANDON, TUBING REPAIR, VENT OR FLARE, WATER DISPOSAL, WATER SHUT-OFF, OTHER: Conductor and surface pipe report.

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

Name was wrong on prior sundry (attached).

4-15-2006 MIRU Pete Martin Rathole Service and drill 40' of 20" Hole. Run 40 feet of 14" conductor pipe and cement with 3 yards of Readymix cement. Waiting for Surface Pipe.

4-21-2006 MIRU Bill Jr's Rathole Rig. Drill to 1932'. Ran 44 joints of 8-5/8' 32# J55 surface casing to 2067'. Cement guide shoe, float collar and 8 centralizers. Big 4 cemented with 230 sx lead, 225 sx tail, and top with 725 sx. Cement held at surface.

WORT

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

TITLE Landman - Regulatory Specialist

SIGNATURE

[Handwritten Signature]

DATE 8/21/2006

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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-47782
2. NAME OF OPERATOR: Enduring Resources, LLC		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A
3. ADDRESS OF OPERATOR: 475 17th Street, Suite 1500 CITY Denver STATE CO ZIP 80202		7. UNIT or CA AGREEMENT NAME: N/A
4. LOCATION OF WELL FOOTAGES AT SURFACE: 2028' FNL - 499' FWL S.L.B.& M. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 36 9S 23E S		8. WELL NAME and NUMBER: Southman Canyon 9-23-12-36
PHONE NUMBER: (303) 350-5114		9. API NUMBER: 4304736531
STATE: UTAH		10. FIELD AND POOL, OR WILDCAT: Natural Buttes

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 checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: 11/6/2006	<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 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>
	<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.

First sales at 3:30 PM on November 6, 2006.  
The SITP prior to sales was 2900#.  
The well sold 639 MCF in 15.5 hours.

Completion Report to Follow.

NAME (PLEASE PRINT) <u>Alvin R. (Al) Arlian</u>	TITLE <u>Landman - Regulatory Specialist</u>
SIGNATURE 	DATE <u>11/7/2006</u>

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NOV 13 2006

CONFIDENTIAL

AMENDED REPORT  (highlight changes)

FORM 8

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

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-47782

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

7. UNIT or CA AGREEMENT NAME: N/A

8. WELL NAME and NUMBER: Southman Canyon 09-23-12-36

2. NAME OF OPERATOR: Enduring Resources, LLC

9. API NUMBER: 4304736531

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

PHONE NUMBER: (303) 573-1222

10 FIELD AND POOL, OR WILDCAT: Natural Buttes

4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 2028' FNL - 499' FWL AT TOP PRODUCING INTERVAL REPORTED BELOW: same as above AT TOTAL DEPTH: same as above

11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 36 9S 23E S

12. COUNTY: Uintah 13. STATE: UTAH

14. DATE SPUDDED: 9/26/2006 15. DATE T.D. REACHED: 9/4/2006 16. DATE COMPLETED: 11/6/2006 ABANDONED [ ] READY TO PRODUCE [x]

17. ELEVATIONS (DF, RKB, RT, GL): 5357 RKB

18. TOTAL DEPTH: MD 8,060 TVD 19. PLUG BACK T.D.: MD 7,982 TVD 20. IF MULTIPLE COMPLETIONS, HOW MANY? 6

21. DEPTH BRIDGE MD PLUG SET: TVD

22. TYPE ELECTRIC AND OTHER MECHANICAL LOGS RUN (Submit copy of each) Previously submitted. PE/Taylor Combo G-R

23. WAS WELL CORED? NO [x] YES [ ] WAS DST RUN? NO [x] YES [ ] DIRECTIONAL SURVEY? NO [x] YES [ ]

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

(CONTINUED ON BACK)

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DIV. OF OIL, GAS & MINING

## 31. INITIAL PRODUCTION

## INTERVAL A (As shown in Item #26)

DATE FIRST PRODUCED: 11/6/2006		TEST DATE: 11/30/2006		HOURS TESTED: 600		TEST PRODUCTION RATES: →	OIL - BBL: 12	GAS - MCF: 698	WATER - BBL: 54	PROD. METHOD: 25 day avg
CHOKE SIZE: 12/64	TBG. PRESS. 700	CSG. PRESS. 850	API GRAVITY	BTU - GAS	GAS/OIL RATIO 45	24 HR PRODUCTION RATES: →	OIL - BBL: 16	GAS - MCF: 722	WATER - BBL: 35	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.)

## 33. SUMMARY OF POROUS ZONES (Include Aquifers):

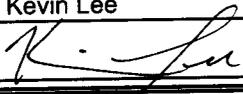
Show all important zones of porosity and contents thereof: Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

## 34. FORMATION (Log) MARKERS:

Formation	Top (MD)	Bottom (MD)	Descriptions, Contents, etc.	Name	Top (Measured Depth)
Green River	855				
Wasatch	4,155				
Mesaverde	5,916				

## 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 LeeTITLE Engineering TechSIGNATURE DATE 12/4/2006

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

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>			5. LEASE DESIGNATION AND SERIAL NUMBER: <b>ML-47782</b>
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: <b>N/A</b>
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____			7. UNIT or CA AGREEMENT NAME: <b>N/A</b>
2. NAME OF OPERATOR: <b>Enduring Resources, LLC</b>			8. WELL NAME and NUMBER: <b>Southman Canyon 9-23-12-36</b>
3. ADDRESS OF OPERATOR: <b>475 17th Street, Suite 1500</b> CITY <b>Denver</b> STATE <b>CO</b> ZIP <b>80202</b>		PHONE NUMBER: <b>(303) 350-5114</b>	9. API NUMBER: <b>4304736531</b>
4. LOCATION OF WELL FOOTAGES AT SURFACE: <b>2028' FNL - 499' FWL</b> S.L.B.& M.			10. FIELD AND POOL, OR WILDCAT: <b>Natural Buttes</b>
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <b>SWNW 36 9S 23E S</b>			COUNTY: <b>Uintah</b> STATE: <b>UTAH</b>

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"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>Copies of Daily Drilling Reports</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.  
Completion report was sent in December 2006. Attached are daily drilling reports for this well.

NAME (PLEASE PRINT) <u>Kevin Lee</u>	TITLE <u>Engineering Tech</u>
SIGNATURE	DATE <u>1/10/2007</u>

(This space for State use only)

**RECEIVED**  
**JAN 16 2007**



**Drilling Activity**

<b>Well Name : SOUTHMAN CANYON 09-23-12-36</b>									
<b>Well User ID :</b> UT0501.01		<b>API Code:</b> 430473653100			<b>AFE # :</b> DV00364				
<b>Operator :</b> Enduring Resources, LLC				<b>Operated :</b> Yes					
<b>S/T/R :</b> 36/9S/23E		<b>WI :</b> 0.5		<b>NRI :</b> 0.425					
<b>County, St. :</b> UINTAH, UT		<b>Field :</b> Utah Wildcat		<b>AFE DHC :</b> \$737,725					
<b>Acres :</b> 0		<b>Dig Rig Rel Date:</b> 9/8/2006		<b>AFE Total:</b> \$1,530,932					
<b>Spud Date :</b> 8/26/2006		<b>AFE Type :</b> Development Drg/Comp		<b>AFE Develop To:</b> 8270					
2028	ft. from	N	line and	499	ft. from	W	line	<b>Proposed Depth :</b> 8060	

<b>Activity Date :</b> 4/8/2006	<b>Days Since Spud :</b> 0	<b>24 Hr. Footage Made :</b> 0	<b>Current Depth :</b> 0			
<b>Rig Company :</b>		<b>Rig Name:</b>				
<b>Activity :</b> 24 - Idle		<b>Weather:</b>				
<b>Remarks:</b> Finished building location. Waiting on conductor.						
<b>Operations</b>						
<b>Start</b>	<b>Hrs</b>	<b>Code</b>	<b>Remarks</b>	<b>Start Depth</b>	<b>End Depth</b>	<b>Run</b>
6:00	2.00	24	SDFN	0	0	NIH
8:00	9.00	22	FINSIH BUILDING LOCATION	0	0	NIH
17:00	13.00	24	WAITING ON CONDUCTOR	0	0	NIH
<b>Total:</b> 24.00				<b>DC :</b> \$55,202	<b>Cumm DHC :</b> \$55,202	<b>Total Well Cost:</b> \$55,202

<b>Activity Date :</b> 4/15/2006	<b>Days Since Spud :</b> 0	<b>24 Hr. Footage Made :</b> 40	<b>Current Depth :</b> 40			
<b>Rig Company :</b>		<b>Rig Name:</b>				
<b>Activity :</b> 24 - Idle		<b>Weather:</b>				
<b>Remarks:</b>						
<b>Operations</b>						
<b>Start</b>	<b>Hrs</b>	<b>Code</b>	<b>Remarks</b>	<b>Start Depth</b>	<b>End Depth</b>	<b>Run</b>
6:00	2.00	24	WAITING ON CONDUCTOR	0	0	NIH
8:00	5.00	02	MI PETE MARTIN RATHOLE SERVICEAND DRILL 40 FT OF 20" HOLE. RUN 40 FT OF 14" CONDUCTOR AND CEMENT WITH 3 YARDS OF READYMIX CEMENT	0	40	NIH
13:00	17.00	24	WAITING ON SURFACE	40	40	NIH
<b>Total:</b> 24.00				<b>DC :</b> \$9,500	<b>Cumm DHC :</b> \$55,202	<b>Total Well Cost:</b> \$64,702

<b>Activity Date :</b> 4/21/2006	<b>Days Since Spud :</b> -127	<b>24 Hr. Footage Made :</b> 1490	<b>Current Depth :</b> 1530			
<b>Rig Company :</b>		<b>Rig Name:</b>				
<b>Activity :</b> 02 - Drilling		<b>Weather:</b>				
<b>Remarks:</b>						
<b>Operations</b>						
<b>Start</b>	<b>Hrs</b>	<b>Code</b>	<b>Remarks</b>	<b>Start Depth</b>	<b>End Depth</b>	<b>Run</b>
6:00	24.00	02	MI BILL JRS RATHOLE SERVICEAND DRILL 12 1/4" HOLE TO 1530 FT. NOTE HIT TRONA WATER AT 1500 FT	40	1530	NIH
<b>Total:</b> 24.00				<b>DC :</b> \$0	<b>Cumm DHC :</b> \$55,202	<b>Total Well Cost:</b> \$64,702

**RECEIVED**  
**JAN 16 2007**  
DIV. OF OIL, GAS & MINING

**Well Name : SOUTHMAN CANYON 09-23-12-36**



# Daily Drilling Activity Report

<b>Activity Date :</b> 4/22/2006	<b>Days Since Spud :</b> 0	<b>24 Hr. Footage Made :</b> 450	<b>Current Depth :</b> 1980
<b>Rig Company :</b>		<b>Rig Name :</b>	
<b>Activity :</b> 24 - Idle		<b>Weather :</b>	
<b>Remarks :</b>			

**Operations**

Start	Hrs	Code	Remarks	Start Depth	End Depth	Run
6:00	4.00	02	drilling 12 1/4" hole to 1980 ft	1530	1980	NIH
10:00	4.00	12	RUN 44 JTS OF 8 5/8" 32# J55 SURFACE CASING TO 1932 FT. CEMENT GUIDE SHOE, FLOAT COLLAR, AND 8 CENTRALIZERS. BIG 4 CEMENTED WITH 230 SX LEAD, 225 SX TAIL AMD 725 SX TOP. CEMENT TO SURFACE.	1980	1980	NIH
14:00	16.00	24	WAITING ON ROTARY TOOLS	1980	1980	NIH
<b>Total:</b> 24.00						

DC : \$162,079    Cumm DHC : \$217,281    Total Well Cost : \$226,781

<b>Activity Date :</b> 4/23/2006	<b>Days Since Spud :</b> 0	<b>24 Hr. Footage Made :</b> 16	<b>Current Depth :</b> 1996
<b>Rig Company :</b>		<b>Rig Name :</b>	
<b>Activity :</b> 24 - Idle		<b>Weather :</b>	
<b>Remarks :</b>			

**Operations**

Start	Hrs	Code	Remarks	Start Depth	End Depth	Run
6:00	24.00	24	ADJUSTED ELEVATION TO ENSIGN 79 RKB	1980	1996	NIH
<b>Total:</b> 24.00						

DC : \$0    Cumm DHC : \$217,281    Total Well Cost : \$226,781

<b>Activity Date :</b> 8/21/2006	<b>Days Since Spud :</b> 0	<b>24 Hr. Footage Made :</b> 0	<b>Current Depth :</b> 1996
<b>Rig Company :</b>		<b>Rig Name :</b>	
<b>Activity :</b> 01 - Rig Up & Tear Down		<b>Weather :</b>	
<b>Remarks :</b> Replaced Clutch In #2 Pump Motor. Brake Flanges cracked at eyes, took to Vernal to repair.			

**Operations**

Start	Hrs	Code	Remarks	Start Depth	End Depth	Run
6:00	2.00	01	Lower Derrick ( Southman Canyon 9-23-23-36 )	1996	1996	NIH
8:00	10.00	01	Load Out Rig, Move to Southman Canyon 9-23-12-36, Set in Rig.	1996	1996	NIH
18:00	12.00	01	R/U Yard. Remove Draw Works Brake Flanges.	1996	1996	NIH
<b>Total:</b> 24.00						

DC : \$18,845    Cumm DHC : \$236,126    Total Well Cost : \$245,626

<b>Activity Date :</b> 8/22/2006	<b>Days Since Spud :</b> 0	<b>24 Hr. Footage Made :</b> 0	<b>Current Depth :</b> 1996
<b>Rig Company :</b>		<b>Rig Name :</b>	
<b>Activity :</b> 08 - Repair Rig		<b>Weather :</b>	
<b>Remarks :</b> 24 Hours Rig Repair. NOTE: At 10:15 Hrs. Notified Brad with State of Utah ( SLC ) & Dave Hackford with State of Utah ( Vernal ) of pending B.O.P. Testing & Spud.			

**Operations**

Start	Hrs	Code	Remarks	Start Depth	End Depth	Run
6:00	24.00	08	Repair Brake Flanges. Bearing Out on #1 Pump ( Gear End ). Move out generator house & #1 Pump house. Break out lines to mud pump & pull #1 Pump Out of house. Put new brake pads on flanges.	1996	1996	NIH
<b>Total:</b> 24.00						

DC : \$50,340    Cumm DHC : \$286,466    Total Well Cost : \$295,966

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**DIV. OF OIL, GAS & MINING**

**Well Name : SOUTHMAN CANYON 09-23-12-36**



# Daily Drilling Activity Report

<b>Activity Date :</b>	8/23/2006	<b>Days Since Spud :</b>	0	<b>24 Hr. Footage Made :</b>	0	<b>Current Depth :</b>	1996		
<b>Rig Company :</b>				<b>Rig Name :</b>					
<b>Activity :</b>	08 - Repair Rig			<b>Weather :</b>					
<b>Remarks :</b>	Lowered Blocks to low, Drilling Line came out of drum & blocks fell over on rotary chain guard. Keeper ( knot ) hung in crown.								
<b>Operations</b>									
<b>Start</b>	<b>Hrs</b>	<b>Code</b>	<b>Remarks</b>			<b>Start Depth</b>	<b>End Depth</b>	<b>Run</b>	
6:00	17.00	08	Install brake flanges on drum.String up new Drilling Line. Raised Derrick.			1996	1996	NIH	
23:00	7.00	08	Dropped Blocks. W.O. Crane.			1996	1996	NIH	
<b>Total:</b>	<b>24.00</b>								
				<b>DC :</b>	\$18,845	<b>Cumm DHC :</b>	\$305,311	<b>Total Well Cost:</b>	\$314,811

<b>Activity Date :</b>	8/24/2006	<b>Days Since Spud :</b>	0	<b>24 Hr. Footage Made :</b>	0	<b>Current Depth :</b>	1996		
<b>Rig Company :</b>				<b>Rig Name :</b>					
<b>Activity :</b>	08 - Repair Rig			<b>Weather :</b>					
<b>Remarks :</b>	Triplex Pump should arrive on location Thursday.								
<b>Operations</b>									
<b>Start</b>	<b>Hrs</b>	<b>Code</b>	<b>Remarks</b>			<b>Start Depth</b>	<b>End Depth</b>	<b>Run</b>	
6:00	12.00	08	W.O. Crane w/ extension & R/U same. P/U Blocks, pull line down , cut 15' of drilling line. Install keeper & put line on drum. R/D Crane. Lower Derrick. Welder repaired fast line sheave guard & replaced bolts.			1996	1996	NIH	
18:00	12.00	08	W.O. daylight to raise Derrick.			1996	1996	NIH	
<b>Total:</b>	<b>24.00</b>								
				<b>DC :</b>	\$19,495	<b>Cumm DHC :</b>	\$324,806	<b>Total Well Cost:</b>	\$334,306

<b>Activity Date :</b>	8/25/2006	<b>Days Since Spud :</b>	0	<b>24 Hr. Footage Made :</b>	0	<b>Current Depth :</b>	1996		
<b>Rig Company :</b>				<b>Rig Name :</b>					
<b>Activity :</b>	21 - Other			<b>Weather :</b>					
<b>Remarks :</b>									
<b>Operations</b>									
<b>Start</b>	<b>Hrs</b>	<b>Code</b>	<b>Remarks</b>			<b>Start Depth</b>	<b>End Depth</b>	<b>Run</b>	
6:00	1.50	08	Inspect Derrick. Raise Derrick.			1996	1996	NIH	
7:30	13.50	08	W.O. Triplex Pump. Pump arrived on location @ 15:00 Hrs., Set #1 Pump in @ 17:00 Hrs., R/U Same.			1996	1996	NIH	
21:00	6.50	15	Safety Meeting w/ B&C Quick Test. R/U same. Test Pipe Rams, Blind Rams, Chokes, Manifold, & all Valves to 250 psi Low / 3,000 psi High. Test Annular to 250 psi Low / 1,500 psi High. Test 8-5/8" Surface Csg. to 250 psi Low / 1,500 psi High. Tested Kelly, Kelly Hose, Standpipe, & 4" to #1 Pump to 1,000 psi. R/D Tester.			1996	1996	NIH	
3:30	0.50	21	Install Wear Bushing.			1996	1996	NIH	
4:00	2.00	21	Measure & Caliper B.H.A.#1.			1996	1996	NIH	
<b>Total:</b>	<b>24.00</b>								
				<b>DC :</b>	\$172,194	<b>Cumm DHC :</b>	\$497,000	<b>Total Well Cost:</b>	\$506,500

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**Well Name : SOUTHMAN CANYON 09-23-12-36**

**Enduring Resources, LLC**475 17th St. - Suite 1500  
Denver, CO 80202  
(303) 573-1222**Daily Drilling Activity Report**

<b>Activity Date :</b>	8/26/2006	<b>Days Since Spud :</b>	1	<b>24 Hr. Footage Made :</b>	100	<b>Current Depth :</b>	2096
<b>Rig Company :</b>				<b>Rig Name :</b>			
<b>Activity :</b>	02 - Drilling			<b>Weather :</b>			
<b>Remarks :</b>	F.I.T. to 11.4 ppg E.M.W. ( 8.4 PPG + 300 PSI ) O.K. Spud 7-7/8" Hole @ 03:30 Hrs. 08-26-2006.						

Operations						
Start	Hrs	Code	Remarks	Start Depth	End Depth	Run
6:00	8.00	21	P/U B.H.A. #1 & Trip in Hole. Tagged cement @ 1,844'.	1996	1996	1
14:00	1.00	21	Install Rotating Head Rubber.	1996	1996	1
15:00	3.00	08	R/U 4" Tee between #1 & #2 Pumps. Test Pumps	1996	1996	1
18:00	4.00	21	R/U Totco Wireline. Mix Spud Mud.	1996	1996	1
22:00	4.00	21	Drill Cement & Float Equipment F/ 1,844' to 1,947' ( Shoe )	1996	1996	1
2:00	0.50	03	Wash fill F/ 1,947' to 1,997'.	1996	1996	1
2:30	0.50	05	Circulate Hole Clean.	1996	1996	1
3:00	0.50	21	Perform F.I.T. Closed annular, Slack off. Pressured to 300 psi & holding. 11.4 ppg E.M.W.	1996	1996	1
3:30	0.50	02	Drill F/ 1,997' to 2,038'. 81' P/HR., WOB 5K, RPM 50, MTR 58. Spud 7-7/8" hole @ 03:30 Hrs. 08-26-2006.	1996	2038	1
4:00	0.50	05	Circulate Hole Clean.	2038	2038	1
4:30	0.50	10	Survey @ 1,961' = 1.18 degrees	2038	2038	1
5:00	1.00	02	Drill F/ 2,038' to 2,096'. 58' P/Hr.	2038	2096	1
<b>Total:</b>	<b>24.00</b>					

<b>DC :</b>	\$26,418	<b>Cumm DHC :</b>	\$523,418	<b>Total Well Cost:</b>	\$532,918
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<b>Activity Date :</b>	8/27/2006	<b>Days Since Spud :</b>	2	<b>24 Hr. Footage Made :</b>	1248	<b>Current Depth :</b>	3344
<b>Rig Company :</b>	Ensign			<b>Rig Name :</b>	Ensign 79		
<b>Activity :</b>	02 - Drilling			<b>Weather :</b>			
<b>Remarks :</b>							

Operations						
Start	Hrs	Code	Remarks	Start Depth	End Depth	Run
6:00	6.00	02	Drill F/ 2,096' to 2,411'. 52.5' P/Hr., WOB 6-7K	2096	2411	1
12:00	0.50	07	Rig Service	2411	2411	1
12:30	1.50	02	Drill F/ 2,411' to 2,504'. 62' P/Hr.	2411	2504	1
14:00	0.50	10	Circulate & Wireline Survey @ 2,424' = 1.71 degrees	2504	2504	1
14:30	4.00	02	Drill F/ 2,504' to 2,784'. 70' P/Hr. WOB 6-8K	2504	2784	1
18:30	0.50	08	Change out air valve for Pump #1.	2784	2784	1
19:00	5.00	02	Drill F/ 2,784' to 3,064'. 56' P/Hr. WOB 7-10K, RPM 45, MTR 57	2784	3064	1
0:00	0.50	10	Circulate & Wireline Survey @ 2,987' = 1.41 degrees	3064	3064	1
0:30	5.50	02	Drill F/ 3,064' to 3,344'. 50.9' P/Hr. WOB 10K, RPM 42, MTR 57	3064	3344	1
<b>Total:</b>	<b>24.00</b>					

<b>DC :</b>	\$21,491	<b>Cumm DHC :</b>	\$544,909	<b>Total Well Cost:</b>	\$554,409
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**Well Name : SOUTHMAN CANYON 09-23-12-36**

**Enduring Resources, LLC**475 17th St. - Suite 1500  
Denver, CO 80202  
(303) 573-1222**Daily Drilling Activity Report**

<b>Activity Date :</b> 8/28/2006	<b>Days Since Spud :</b> 3	<b>24 Hr. Footage Made :</b> 760	<b>Current Depth :</b> 4104
<b>Rig Company :</b> Ensign		<b>Rig Name:</b> Ensign 79	
<b>Activity :</b> 02 - Drilling		<b>Weather:</b>	
<b>Remarks:</b> Hole Tight @ 4,060' Same Depth as 9-23-23-36 & 9-23-43-36.			

<b>Operations</b>						
Start	Hrs	Code	Remarks	Start Depth	End Depth	Run
6:00	3.00	02	Drill F/ 3,344' to 3,500'. 52' P/Hr. WOB 9-12K	3344	3500	1
9:00	1.00	08	Work on oiler pump on compound.	3500	3500	1
10:00	0.50	02	Drill F/ 3,500' to 3,526' 52' P/Hr. WOB 11-12K	3500	3526	1
10:30	0.50	07	Rig Service	3526	3526	1
11:00	0.50	10	Wireline Survey @ 3,446' = 2.42 degrees	3526	3526	1
11:30	2.50	08	Rig repair. Repair oiler chain on compound.	3526	3526	1
14:00	1.50	08	Slug Pipe. Pull 16 Stds. To 1,930'. ( To get bit up in 8-5/8" Csg. While working on Rig )	3526	3526	1
15:30	2.50	08	Rig Repair.	3526	3526	1
18:00	1.50	08	Trip in Hole after Rig Repair. Wash F/ 3,500' to 3,526'	3526	3526	1
19:30	9.50	02	Drill F/ 3,526' to 4,090'. 59.36' P/Hr. WOB 5-9K, RPM 50, MTR 57. ( Hole Tight @ 4,060', Ream Tight Hole Several Times )	3526	4090	1
5:00	0.50	10	Circulate & Wireline Survey @ 4,013' = 1.88 degrees	4090	4090	1
5:30	0.50	02	Drill F/ 4,090' to 4,104'.	4090	4104	1
<b>Total:</b> 24.00						

<b>DC :</b>	\$24,673	<b>Cumm DHC :</b>	\$569,582	<b>Total Well Cost:</b>	\$579,082
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<b>Activity Date :</b> 8/29/2006	<b>Days Since Spud :</b> 4	<b>24 Hr. Footage Made :</b> 981	<b>Current Depth :</b> 5085
<b>Rig Company :</b> Ensign		<b>Rig Name:</b> Ensign 79	
<b>Activity :</b> 02 - Drilling		<b>Weather:</b>	
<b>Remarks:</b> Note: Well started flowing back on connections after getting stuck @ 4,105'. ( Hole Tight @ 4,059' ) Also had live oil ( medium brown ) across shakers while weighting up from 9.3 ppg to 9.5 ppg 916 units of gas @ 4,709'. Mud wt. in 9.9 ppg, out 9.9 ppg			

<b>Operations</b>						
Start	Hrs	Code	Remarks	Start Depth	End Depth	Run
6:00	0.50	02	Drill F/ 4,104' to 4,125'. WOB 8K, RPM 50, MTR 57	4104	4125	1
6:30	1.00	21	Stuck Pipe @ 4,105'. Work Pipe Free.	4125	4125	1
7:30	2.00	05	Circulate, Raise Mud Weight F/ 9.3 ppg to 9.5 ppg & pump high Vis. Nut Plug Sweeps.	4125	4125	1
9:30	7.50	02	Drill F/ 4,125' to 4,432'. 40.9' P/Hr., WOB 8-14K, RPM 50, MTR 57	4125	4432	1
17:00	0.50	07	Rig Service	4432	4432	1
17:30	3.00	02	Drill F/ 4,432' to 4,588'. 52' P/Hr. WOB 5-12K, RPM 45-60, MTR 57	4432	4588	1
20:30	1.00	10	Circulate & Wireline Survey @ 4,511' = 1.62 degrees.	4588	4588	1
21:30	8.50	02	Drill F/ 4,588' to 5,085'. 58.47' P/Hr. WOB 12-14K, RPM 50, MTR 57	4588	5085	1
<b>Total:</b> 24.00						

<b>DC :</b>	\$23,006	<b>Cumm DHC :</b>	\$592,588	<b>Total Well Cost:</b>	\$602,088
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<b>Well Name : SOUTHMAN CANYON 09-23-12-36</b>
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# Daily Drilling Activity Report

<b>Activity Date :</b>	8/30/2006	<b>Days Since Spud :</b>	5	<b>24 Hr. Footage Made :</b>	447	<b>Current Depth :</b>	5532
<b>Rig Company :</b>	Ensign			<b>Rig Name:</b>	Ensign 79		
<b>Activity :</b>	02 - Drilling			<b>Weather:</b>			
<b>Remarks:</b>	Max. Trip Gas on Bottoms Up 263 Units, MW in 10.1 ppg., MW out 10.0 ppg. BGG 75 Units Connection Gas 125 units  #1 Bit Had 2 jets plugged with pea gravel. Motor possibly has pea gravel in it also. Hands not cleaning boots off ( after rain storm ) before going on suction end of mud tanks.						

Operations									
Start	Hrs	Code	Remarks	Start Depth	End Depth	Run			
6:00	1.00	10	Circulate & Wireline Survey @ 5,008 = 2.44 degrees	5085	5085	1			
7:00	7.50	02	Drill F/ 5,085' to 5,400'. 42' P/Hr. WOB 10-12K, RPM 50, MTR 57	5085	5400	1			
14:30	2.00	21	Pressured Up, Motor Stalling. Build & Pump Slug. Drop Survey.	5400	5400	1			
16:30	5.50	06	Trip Out. Tight Hole @ 4,680' & 3,165'. Work thru Several times. Continue Trip Out.	5400	5400	1			
22:00	1.00	21	L/D Mud Motor. P/U New Motor & Bit #2. Survey @ 5,325' = 2.51 degrees	5400	5400	2			
23:00	3.00	06	Trip In Hole ( Fill pipe @ 2,500' )	5400	5400	2			
2:00	1.00	03	Wash F/ 5,340' to 5,400'.	5400	5400	2			
3:00	3.00	02	Drill F/ 5,400' to 5,532'. 44' P/Hr. WOB 10-12K, RPM 45, MTR 57	5400	5532	2			
<b>Total:</b>	24.00								
				<b>DC :</b>	\$28,231	<b>Cumm DHC :</b>	\$620,819	<b>Total Well Cost:</b>	\$630,319

<b>Activity Date :</b>	8/31/2006	<b>Days Since Spud :</b>	6	<b>24 Hr. Footage Made :</b>	736	<b>Current Depth :</b>	6268		
<b>Rig Company :</b>	Ensign			<b>Rig Name:</b>	Ensign 79				
<b>Activity :</b>	02 - Drilling			<b>Weather:</b>					
<b>Remarks:</b>									
Operations									
Start	Hrs	Code	Remarks	Start Depth	End Depth	Run			
6:00	2.00	02	Drill F/ 5,532' to 5,614'. 42' P/Hr. WOB 10-12K, RPM 50, MTR 57	5532	5614	2			
8:00	4.00	05	Hole tight. Circulate, Raise MW to 10.5 ppg, Pump high Vis. Nut Plug sweeps. Work pipe.	5614	5614	2			
12:00	1.00	03	Ream Last 2 Connections several times.	5614	5614	2			
13:00	2.50	02	Drill F/ 5,614' to 5,708'. 37.6' P/Hr. WOB 10-12K, RPM 45-50, MTR 57	5614	5708	2			
15:30	0.50	07	Rig Service.	5708	5708	2			
16:00	8.00	02	Drill F/ 5,708' to 6019' 38.8' P/Hr. WOB 10- 12K, RPM 45-50, MTR 57	5708	6019	2			
0:00	1.00	10	Wireline Survey @ 5942' 2.04 Deg.	6019	6019	2			
1:00	5.00	02	Drill F/6019' to 6268' 41.5' P/Hr. WOB 10-15, RPM 45-50, MTR 57	6019	6268	2			
<b>Total:</b>	24.00								
				<b>DC :</b>	\$24,853	<b>Cumm DHC :</b>	\$645,672	<b>Total Well Cost:</b>	\$655,172

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**Well Name : SOUTHMAN CANYON 09-23-12-36**



# Daily Drilling Activity Report

<b>Activity Date :</b>	9/1/2006	<b>Days Since Spud :</b>	7	<b>24 Hr. Footage Made :</b>	778	<b>Current Depth :</b>	7046
<b>Rig Company :</b>	Ensign			<b>Rig Name:</b>	Ensign 79		
<b>Activity :</b>	02 - Drilling			<b>Weather:</b>			
<b>Remarks:</b>	Maz gas units 1500, BGG 255 units.						

### Operations

Start	Hrs	Code	Remarks	Start Depth	End Depth	Run
6:00	2.00	02	Drill F/6268' to 6295' WOB 12-15 K, RPM 45, MTR 57	6268	6295	2
8:00	1.50	08	Replace welded union on Mud line and Service Rig	6295	6295	2
9:30	5.50	02	Drill F/6295' to 6486', WOB 12-15K, RPM 45, MTR 58	6295	6486	2
15:00	1.00	10	Circ sweep out of hole and survey @ 6406' 3.05 deg.	6486	6486	2
16:00	10.50	02	Drill F/6486' to 6984', WOB 10-15K, RPM 51, MTR 58	6486	6984	2
2:30	1.00	10	Circ sweep out of hole and survey @ 6909' (Misrun)	6984	6984	2
3:30	1.50	02	Drill F/6984' to 7015', WOB 10-12K, RPM 51. MTR 58	6984	7015	2
5:00	0.50	10	Wireline survey @ 6940' Misrun	7015	7015	2
5:30	0.50	02	Drill F/7015' to 7046' WOB 10K, RPM 45, MTR 58	7015	7046	2
<b>Total:</b>	<b>24.00</b>					

<b>DC :</b>	\$41,889	<b>Cumm DHC :</b>	\$687,561	<b>Total Well Cost:</b>	\$697,061
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<b>Activity Date :</b>	9/2/2006	<b>Days Since Spud :</b>	8	<b>24 Hr. Footage Made :</b>	379	<b>Current Depth :</b>	7425
<b>Rig Company :</b>	Ensign			<b>Rig Name:</b>	Ensign 79		
<b>Activity :</b>	02 - Drilling			<b>Weather:</b>			
<b>Remarks:</b>							

### Operations

Start	Hrs	Code	Remarks	Start Depth	End Depth	Run
6:00	1.00	10	Wire line survey @ 6966' Dev. 3.81 deg.	7046	7046	2
7:00	9.00	02	Drill F/7046' to 7234', WOB 8-16K, RPM 25 to 60, MTR 57	7046	7234	2
16:00	0.50	07	Service rig	7234	7234	2
16:30	12.50	02	Drill F/7234' to 7425' WOB 8-16K, RPM 20-60, MTR 57	7234	7425	2
5:00	1.00	08	Repair rig pumps	7425	7425	2
<b>Total:</b>	<b>24.00</b>					

<b>DC :</b>	\$26,799	<b>Cumm DHC :</b>	\$714,360	<b>Total Well Cost:</b>	\$723,860
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<b>Activity Date :</b>	9/3/2006	<b>Days Since Spud :</b>	9	<b>24 Hr. Footage Made :</b>	275	<b>Current Depth :</b>	7700
<b>Rig Company :</b>	Ensign			<b>Rig Name:</b>	Ensign 79		
<b>Activity :</b>	02 - Drilling			<b>Weather:</b>			
<b>Remarks:</b>	Gas readings from the Pason reach up to 9000 units + , Back ground gas avg. 1400 units. Connection gas app. 6500 units.						

### Operations

Start	Hrs	Code	Remarks	Start Depth	End Depth	Run
6:00	6.50	02	Drill F/7425 to 7512', WOB 9-20K, RPM 20-65, MTR 57	7425	7512	2
12:30	1.50	10	Circ sweep and Run wireline survey @ 7432' (Misrun)	7512	7512	2
14:00	2.00	02	Drill F/7512' to 7543', WOB 9-20K, RPM 55, MTR 57	7512	7543	2
16:00	1.00	07	Lubricate and repair #1 Mud pump	7543	7543	2
17:00	3.00	02	Drill F/7543' to 7574' , WOB 9-20K RPM 55, MTR 57	7543	7574	2
20:00	0.50	21	Change out rotating head rubber	7574	7574	2
20:30	9.50	02	Drill F/7574' to 7700', WOB 16K, RPM 60 MTR 57	7574	7700	2
<b>Total:</b>	<b>24.00</b>					

<b>DC :</b>	\$26,346	<b>Cumm DHC :</b>	\$740,706	<b>Total Well Cost:</b>	\$750,206
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**JAN 16 2007**

**DIV. OF OIL, GAS & MINING**

**Well Name : SOUTHMAN CANYON 09-23-12-36**

**Enduring Resources, LLC**475 17th St. - Suite 1500  
Denver, CO 80202  
(303) 573-1222**Daily Drilling Activity Report**

<b>Activity Date :</b>	<b>9/4/2006</b>	<b>Days Since Spud :</b>	<b>10</b>	<b>24 Hr. Footage Made :</b>	<b>278</b>	<b>Current Depth :</b>	<b>7978</b>
<b>Rig Company :</b>	Ensign			<b>Rig Name:</b>	Ensign 79		
<b>Activity :</b>	05 - Condition Mud & Circulate			<b>Weather:</b>			
<b>Remarks:</b>							

**Operations**

Start	Hrs	Code	Remarks	Start Depth	End Depth	Run
6:00	13.25	02	Drill F/7700 to 7876' WOB 18 K, RPM 60, MTR 57	7700	7876	2
19:15	0.50	08	Change swab in No. 1 pump	7876	7876	2
19:45	0.75	02	Drill F/ 7876' to 7892' WOB 18 K, RPM 60, MTR 57	7876	7892	2
20:30	1.00	08	Change Liner and Swab in No. 1 Pump	7892	7892	2
21:30	7.00	02	Drill F/7892' to 7978 WOB, 18K, RPM 60, MTR 57	7892	7978	2
4:30	1.50	05	Tight Connection, POOH 3-Jts to 7884, above tight hole and wash 3- jts. To bottom,	7978	7978	2
<b>Total:</b>	<b>24.00</b>					

<b>DC :</b>	<b>\$28,321</b>	<b>Cumm DHC :</b>	<b>\$769,027</b>	<b>Total Well Cost:</b>	<b>\$778,527</b>
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<b>Activity Date :</b>	<b>9/5/2006</b>	<b>Days Since Spud :</b>	<b>11</b>	<b>24 Hr. Footage Made :</b>	<b>82</b>	<b>Current Depth :</b>	<b>8060</b>
<b>Rig Company :</b>	Ensign			<b>Rig Name:</b>	Ensign 79		
<b>Activity :</b>	06 - Trips			<b>Weather:</b>			
<b>Remarks:</b>	Note: Acceptable penetration rates were hard to get in lower section of well , lots of stalling of rotary table also,						

**Operations**

Start	Hrs	Code	Remarks	Start Depth	End Depth	Run
6:00	1.00	03	Wash & Ream F/7884' to 7978'	7978	7978	2
7:00	1.75	02	Drill F/7978' to 7991' WOB 11K RPM 55, MTR 57	7978	7991	2
8:45	0.50	08	Repair light plant	7991	7991	2
9:15	4.75	02	Drill F/7991' to 8060' WOB 11- 18 K, RPM 60, MTR 57	7991	8060	2
14:00	3.00	05	Circ, & Monitor well for 15 Min, Flowed back 40 bbl. And flow was increasing.slightly	8060	8060	2
17:00	1.00	05	Circ Precautionary bottoms up Flare 5- 15' (No increase in volume	8060	8060	2
18:00	2.00	05	Circ and raise MW F/ 11.2ppg. To 11.4 ppg.	8060	8060	2
20:00	5.50	06	Wiper trip ' (Hole had very little overdrag, Wash and ream through tight hole @ 5875' to 5925' (easy ream and no noticeable fill on bottom precautionary wash 40' to bottom	8060	8060	2
1:30	1.50	05	Circ Hi-Vis sweep , Check flow and pump slug	8060	8060	2
3:00	3.00	06	POOH for logs	8060	8060	2
<b>Total:</b>	<b>24.00</b>					

<b>DC :</b>	<b>\$25,129</b>	<b>Cumm DHC :</b>	<b>\$794,156</b>	<b>Total Well Cost:</b>	<b>\$803,656</b>
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**JAN 16 2007**  
**DIV. OF OIL, GAS & MINING**

<b>Well Name : SOUTHMAN CANYON 09-23-12-36</b>
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**Enduring Resources, LLC**475 17th St. - Suite 1500  
Denver, CO 80202  
(303) 573-1222**Daily Drilling Activity Report**

<b>Activity Date :</b>	<b>9/6/2006</b>	<b>Days Since Spud :</b>	<b>12</b>	<b>24 Hr. Footage Made :</b>	<b>0</b>	<b>Current Depth :</b>	<b>8060</b>
<b>Rig Company :</b>	Ensign			<b>Rig Name:</b>	Ensign 79		
<b>Activity :</b>	11 - Wire Line Logs			<b>Weather:</b>			
<b>Remarks:</b>	Note:Larry Madensen derrickman injured thumb while setting back drill collars, he had rope around stand of drillcollars as normal in derrick and was not accustom to floor hands spinning the collar out with the Iron roughneck and as this procedure began the rope began to wrap around the collar and caught his thumb between rope and collar.(did not seek medical attention)						
Operations							
Start	Hrs	Code	Remarks	Start Depth	End Depth	Run	
6:00	4.50	06	POOH, L/D Mtr, RMR's, Monel, Recover survey @ 8015' 3.61 deg.	8060	8060	2	
10:30	4.00	11	PJSM: R/U Schlumberger and RIH with Triple Combo Log to 4286', Unable to make forward progress, POOH and L/D and R/D Schlumberger	8060	8060	3	
14:30	1.50	06	M/U BHA #3 BIT, 17-DC,3-HWDP	8060	8060	3	
16:00	1.00	06	TIH To surface csg shoe	8060	8060	3	
17:00	0.50	05	Fill pipe	8060	8060	3	
17:30	3.00	06	TIH to 7991 , Fill pipe @ 5251' (Seen no sign of wellbore obstruction @ 4286')	8060	8060	3	
20:30	0.50	06	Precautionary wash and ream F/7991' to 8060' (Observed no noticeable fill)	8060	8060	3	
21:00	2.50	05	Pump and circ Hi-Vis sweep , 5' to 15' Flare on bottoms up, Monitor well, Pump Slug	8060	8060	3	
23:30	0.50	08	Repair Iron roughneck	8060	8060	3	
0:00	6.00	06	POOH , SLM Drillpipe	8060	8060	3	
<b>Total:</b>	<b>24.00</b>						
				<b>DC :</b>	<b>\$55,378</b>	<b>Cumm DHC :</b>	<b>\$849,534</b>
				<b>Total Well Cost:</b>	<b>\$859,034</b>		

<b>Activity Date :</b>	<b>9/7/2006</b>	<b>Days Since Spud :</b>	<b>13</b>	<b>24 Hr. Footage Made :</b>	<b>0</b>	<b>Current Depth :</b>	<b>8060</b>
<b>Rig Company :</b>	Ensign			<b>Rig Name:</b>	Ensign 79		
<b>Activity :</b>	06 - Trips			<b>Weather:</b>			
<b>Remarks:</b>	Top of Wasatch 4149' , Top of Mesaverde 5886'						
Operations							
Start	Hrs	Code	Remarks	Start Depth	End Depth	Run	
6:00	5.50	11	PJSM:Rig Schlumberger and rih with triple combo to 8045' Loggers TD , Drillers TD 8060' and log to surface csg , GR to surface.POOH and rig down	8060	8060	3	
11:30	8.50	06	TIH & Precautionary wash down F/7967' to 8060' (4'Fill)	8060	8060	3	
20:00	1.50	05	Circ Hi-Vis sweep Around 5- 20' Flares, Check flow,	8060	8060	3	
21:30	1.00	05	PJSM: R/U Laydown & P/U truck Pump slug	8060	8060	3	
22:30	7.50	06	POOH laying down 4 1/2" drillpipe	8060	8060	3	
<b>Total:</b>	<b>24.00</b>						
				<b>DC :</b>	<b>\$54,005</b>	<b>Cumm DHC :</b>	<b>\$903,539</b>
				<b>Total Well Cost:</b>	<b>\$913,039</b>		

**RECEIVED****JAN 16 2007****DIV. OF OIL, GAS & MINING****Well Name : SOUTHMAN CANYON 09-23-12-36**



**Enduring Resources, LLC**

475 17th St. - Suite 1500  
 Denver, CO 80202  
 (303) 573-1222

**Daily Drilling Activity Report**

<b>Activity Date :</b> 9/8/2006		<b>Days Since Spud :</b> 14		<b>24 Hr. Footage Made :</b> 0		<b>Current Depth :</b> 8060	
<b>Rig Company :</b> Ensign				<b>Rig Name:</b> Ensign 79			
<b>Activity :</b> 01 - Rig Up & Tear Down				<b>Weather:</b>			
<b>Remarks:</b>							
<b>Operations</b>							
Start	Hrs	Code	Remarks	Start Depth	End Depth	Run	
6:00	4.00	06	L/D Drill pipe and Bha, Break Kelly, Pull wear ring	8060	8060	3	
10:00	2.00	12	PJSM: Rig up 4 1/2" csg tools etc.	8060	8060	3	
12:00	7.50	12	Run 188 jts. 4 1/2" 11.60 lb/ft M80 LT&C Csg.+ 1- Marker jt.Set @ 8047' RKB ,Rig down P/U and L/D Machine	8060	8060	3	
19:30	2.00	12	PJSM: Rig up Howco & Circ wellbore clean of influx	8060	8060	3	
21:30	2.00	12	PJSM: Switch lines to Halliburton Test Lines to 3500 Psi.Pump 10 bbl. H2O, 20bbls Super Flush,10 bbls H2O,140 sxs,(95 bbls)HIFILL "V", 16%GEL,1%EX-1,10#/SK.GILSONITE, .25#/SK.FLOCELE, .2%HR-7,11.0PPG,YIELD 3.81,H2O 23.41 GPS,3%SALT(BWOC),3#/SK.GRANULITE,Tail CMT,50/50-POZ, 1365SKS,(297bbls),2%GEL.,6%HALAD-322,.2%SUPER CBL,5%SALT(BWOW)14.30 ppg, Yield 1.22,H2O (gal/sx)5.23.25#/SK.FLOCELE, Dropped plug displaced with 124 bbl.H2O w/Clay Fix,Bumped plug @ 3000 psi.550 psi Over , Released pressure floats held, CIP @ 2330 Hrs 9-7-06 R/D HOWCO	8060	8060	3	
23:30	6.50	01	Land hanger, Back out landing joint Clean mud tanks,Released rig @ 0600 hrs. 9-08-06	8060	8060	3	
<b>Total:</b>	<b>24.00</b>						
<b>DC :</b>				<b>\$186,804</b>	<b>Cumm DHC :</b>		<b>\$1,090,343</b>
				<b>Total Well Cost:</b>		<b>\$1,099,843</b>	

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**JAN 16 2007**  
 DIV. OF OIL, GAS & MINING

**Well Name : SOUTHMAN CANYON 09-23-12-36**

**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-47782
2. NAME OF OPERATOR: Enduring Resources, LLC		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A
3. ADDRESS OF OPERATOR: 475 17th Street, Suite 1500 CITY Denver STATE CO ZIP 80202		7. UNIT or CA AGREEMENT NAME: N/A
4. LOCATION OF WELL FOOTAGES AT SURFACE: 2028' FNL - 499' FWL S.L.B.& M. COUNTY: Uintah QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 36 9S 23E S STATE: UTAH		8. WELL NAME and NUMBER: Southman Canyon 9-23-12-36
PHONE NUMBER: (303) 350-5114		9. API NUMBER: 4304736531
		10. FIELD AND POOL, OR WILDCAT: Natural Buttes

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 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>Pits Closed</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.

8-29-2008 Drilling and Completion Pits have been closed.

NAME (PLEASE PRINT) <u>Alvin R. (Al) Arlian</u>	TITLE <u>Landman - Regulatory Specialist</u>
SIGNATURE	DATE <u>8/29/2008</u>

(This space for State use only)

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**SEP 02 2008**