



Enduring Resources

475 17th Street Suite 1500 Denver Colorado 80202
Telephone 303 573-1222 Fax 303 573 0461

May 27, 2005

Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
P. O. Box 145801
Salt Lake City, Utah 84114-5801

Attn.: Ms. Diana Whitney

RE: Southam Canyon #9-24-41-34
NENE Sec. 34 T9S-R24E
Uintah County, Utah

Dear Ms. Whitney:

Enclosed are two original applications to drill concerning the referenced proposed well.

Enduring Resources, LLC is requesting the Utah Division of Oil, Gas and Mining to hold this application and all future information as confidential.

If any questions arise or additional information is required, please contact me at 303-350-5114.

Sincerely,

Phyllis Sobotik
Regulatory Specialist

/ps

Enclosures:

xc: American Gilsonite Co.
29950 S. Bonanza Hwy.
Bonanza, Utah 84008
Attn.: Mr. Jared Jackson

RECEIVED

JUN 01 2005

UTAH DIVISION OF OIL, GAS & MINING

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



CONFIDENTIAL

FORM 3

AMENDED REPORT
(highlight changes)

APPLICATION FOR PERMIT TO DRILL			5. MINERAL LEASE NO. Fee	6. SURFACE: Fee
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>			7. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>			8. UNIT or CA AGREEMENT NAME N/A	
2. NAME OF OPERATOR: Enduring Resources, LLC			9. WELL NAME and NUMBER: Southam Canyon 9-24-41-34	
3. ADDRESS OF OPERATOR: 475 17th St, Suite 1500 CITY Denver STATE CO ZIP 80202		PHONE NUMBER: (303) 350-5114	10. FIELD AND POOL, OR WILDCAT: Uncle Sam note U	
4. LOCATION OF WELL (FOOTAGES): AT SURFACE: 802' FNL 638' FEL Sec 34 T9S R24E S.L.B.&M. AT PROPOSED PRODUCING ZONE: Same as above			11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NENE 34 T9S 24E	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 42.5 miles southeasterly from Vernal, Utah			12. COUNTY: Uintah	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET): 638'	16. NUMBER OF ACRES IN LEASE: 2403.9	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40		
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET): N/A	19. PROPOSED DEPTH: 7,511	20. BOND DESCRIPTION: RLB0008031		
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 5676.3' GR Ungraded	22. APPROXIMATE DATE WORK WILL START: 9/15/2005	23. ESTIMATED DURATION: 20 days		

24 PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT		
12-1/4"	8-5/8" J-55 24#	2,000	65/35 Poz	462 sx	1.81 12.6 ppg
			Prem	236 sx	1.18 15.6 ppg
7-7/8"	4-1/2" N-80/I-80 11.6#	7,511	Prem Lite II	393 sx	3.38 11.0 ppg
			50/50 Poz CI G	1084 sx	1.31 14.3 ppg

25 ATTACHMENTS

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

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

NAME (PLEASE PRINT) Phyllis Sobotik TITLE Regulatory Specialist
SIGNATURE *Phyllis Sobotik* DATE MAY 27, 2005

(This space for State use only)

API NUMBER ASSIGNED 43-047-36777

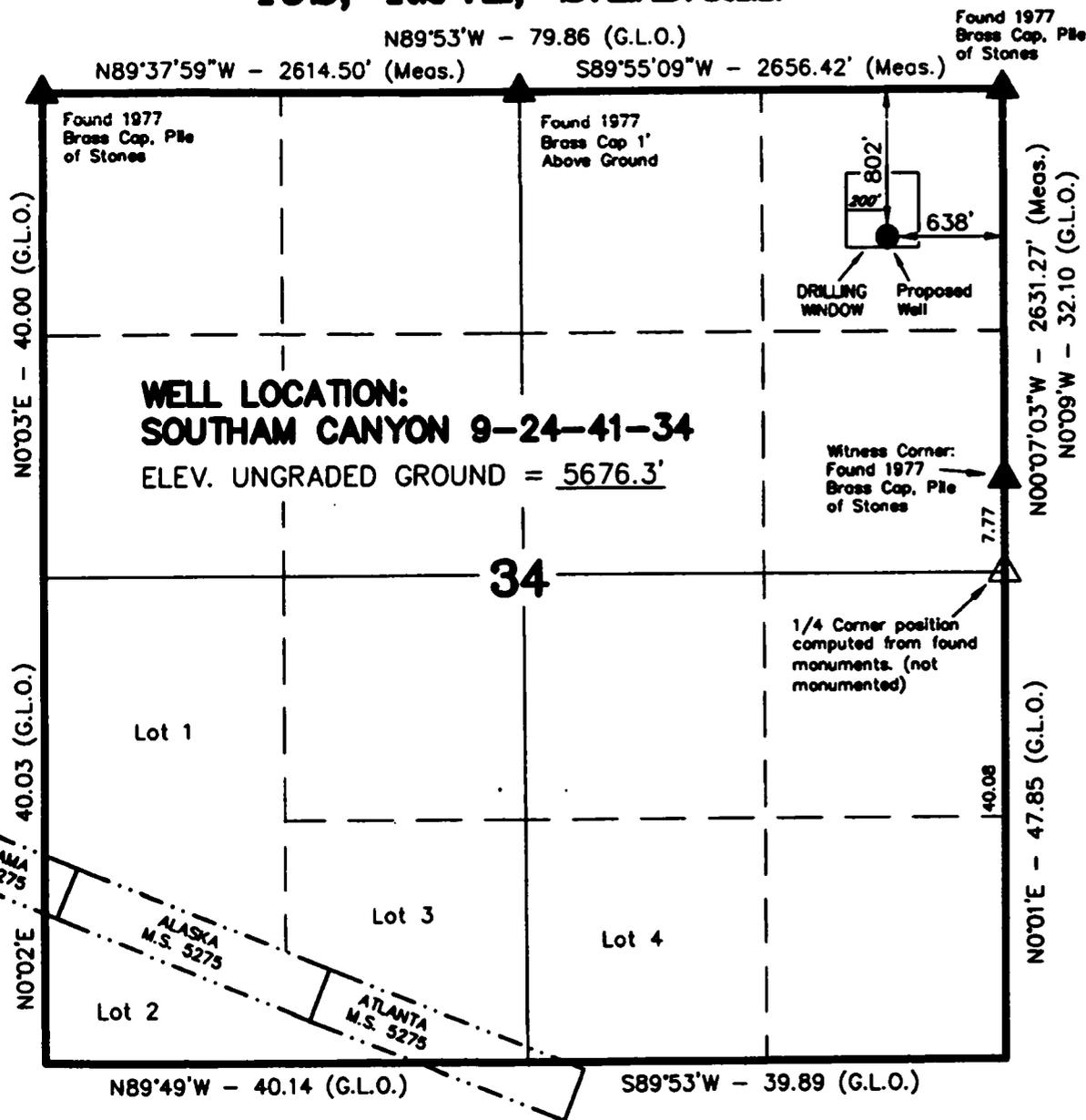
Approved by the
Utah Division of
Oil, Gas and Mining

Date: 07-15-05
By: *[Signature]*

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JUN 01 2005

T9S, R24E, S.L.B.&M.

ENDURING RESOURCES



WELL LOCATION, SOUTHAM CANYON
 9-24-41-34, LOCATED AS SHOWN IN
 THE NE 1/4 NE 1/4 OF SECTION 34,
 T9S, R24E, S.L.B.&M. UTAH COUNTY,
 UTAH.

NOTES:

1. Well footages are measured at right angles to the Section Lines.
2. Basis of Bearings is the line from the East witness 1/4 corner and the Northeast Corner of Section 34 which is taken from G.L.O. information to bear N0°09'W a measured distance of 2118.46'.



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.

Kathy R. Kay
 REGISTERED LAND SURVEYOR
 REGISTRATION No. 362251
 STATE OF UTAH

**No. 362251
 KOLBY R. KAY**

▲ = SECTION CORNERS LOCATED
 BASIS OF ELEVATION IS BENCH MARK 47EAM LOCATED IN THE NE 1/4 OF SECTION 27, T9S, R24E, S.L.B.&M. THE ELEVATION OF THIS BENCH MARK IS MARKED ON THE BONANZA 7.5 MIN. QUADRANGLE AS BEING 5534'.

SOUTHAM CANYON 9-24-41-34
(Proposed Well Head)
NAD 83 Autonomous
LATITUDE = 39° 59' 50.6"
LONGITUDE = 109° 11' 35.1"

TIMBERLINE LAND SURVEYING, INC.
 38 WEST 100 NORTH. - VERNAL, UTAH 84078
 (435) 789-1365

DATE SURVEYED: 5-7-05	SURVEYED BY: K.R.K.	SHEET 2
DATE DRAWN: 5-16-05	DRAWN BY: J.R.S.	
SCALE: 1" = 1000'	Date Last Revised:	OF 10

**Enduring Resources, LLC
Southam Canyon 9-24-41-34
NENE Sec. 34 T9S-R24E
Uintah County, Utah
Lease # N/A - Fee**

Directions to Proposed Location

Directions to the proposed location are as follows:

From the intersection of U.S. Hwy 40 and 500 East Street in Vernal, UT, proceed in an easterly then southerly direction along U.S. Hwy 40 approximately 3.3 miles to the junction of State Hwy 45. Exit right and proceed in a southerly direction along State Hwy 45 approximately 36 miles to the junction of County B Road 3410 (this road is located approximately 0.5 miles south of Bonanza). Exit right and proceed in a westerly direction along County B Road 3410 approximately 1.7 miles to the junction of a County D Road. Exit left and proceed in a southerly direction along the County D road approximately 1.1 miles to the proposed access road. Follow the road flags in an easterly direction approximately 1,440 feet to the junction of a two track road. Exit right and proceed in a southeasterly direction along the two track road approximately 700 feet to the second segment of the proposed access road. Follow road flags in a easterly direction approximately 200 feet to the proposed location.

The proposed well site is located approximately 42.5 miles Southeasterly from Vernal, Utah.

Enduring Resources, LLC
Southam Canyon # 9-24-41-34
NENE Sec. 34 T9S-R24E
Uintah County, Utah
Lease # N/A - Fee

ONSHORE ORDER 1 - DRILLING PLAN

1. Estimated Tops of Geological Markers:

<u>Formation</u>	<u>Depth</u>
Uinta	Surface
Green River	1149'
Wasatch	3655'
Mesaverde	5289'

2. Estimated Depths of Anticipated Water, Oil, Gas or Other Minerals: (5686.5' estimated KB)

Substance	Formation	Depth
	Uinta	Surface
Oil / Gas	Green River	1149'
Oil /Gas	Wasatch	3655'
Oil /Gas	Mesaverde	5289'
	Estimated TD	7511'

A 12-1/4" hole will be drilled to approximately 2000 feet. The depth will be determined by the depth that the Birds Nest zone is encountered. The hole will be drilled 400 feet beyond the top of the Birds Nest zone and surface casing will be set.

3. Pressure Control Equipment: (3000 psi schematic attached)

A. Type: Eleven (11) inch double gate hydraulic BOP with eleven (11) inch annular preventer with 3,000 psi Casinghead and 3,000 psi Tubinghead equipped per the attached diagrams for 3,000 psi. BOPE as specified in *Onshore Oil & Gas Order Number 2*. A PVT, Stroke Counter and flow sensor will be installed to check for flow and monitor pit volume.

B. Pressure Rating: 3,000 psi BOPE

C. Kelly will be equipped with upper and lower Kelly valves.

D. Testing Procedure: Annular Preventer

At a minimum, the annular preventer will be pressure tested to 50% of the stack rated working pressure for a period of ten (10) minutes or until provisions of the test are met, whichever is longer.

At a minimum, the above pressure test will be performed:

1. When the annular preventer is initially installed;
2. Whenever any seal subject to test pressure is broken;
3. Following related repairs; and
4. At thirty (30) day intervals.

In addition to the above, the annular preventer will be functionally operated at least weekly.

Blow-Out Preventer

At a minimum, the BOP, choke manifold, and related equipment will be pressure tested to the approved working pressure of the BOP stack (if isolated from the surface casing by a test plug) or to 70% of the internal yield strength of the surface casing (if the BOP is not isolated from the casing by a test plug). Pressure will be maintained for a period of at least ten (10) minutes or until the requirements of the test are met, whichever is longer.

At a minimum, the above pressure test will be performed:

1. When the BOP is initially installed;
2. Whenever any seal subject to test pressure is broken;
3. Following related repairs; and
4. At thirty (30) day intervals.

In addition to the above, the pipe and blind rams will be activated each trip, but not more than once each day. All BOP drills and tests will be recorded in the IADC driller's log.

D. Miscellaneous Information:

The blowout preventer and related pressure control equipment will be installed, tested and maintained in compliance with the specifications in and requirements of *Onshore Oil & Gas Order Number 2*.

Totco directional surveys will be dropped every 2000 feet. Maximum allowable angle is 5 degrees.

4. Proposed Casing & Cementing Program:**A. Casing Program: All New**

Hole Size	Casing Size	Wt./Ft.	Grade	Joint	Depth Set (md)
20"	16"				40'
12-1/4"	8-5/8"	24#	J-55	ST&C	0 – 2,000' est
7-7/8"	4-1/2"	11.6#	N-80/I-80	LT&C	0 – 7511'

The surface casing will have guide shoe, 1 jt., insert float collar. Centralize the first 3 joints with bow spring centralizers. Thread lock guide shoe.

Casing string(s) will be pressure tested to 0.22 psi/foot of casing string length or 1500 psi, whichever is greater (not to exceed 70% of the internal yield strength of the casing), after cementing and prior to drilling out from under the casing shoe.

B. Casing Design Parameters:

Depth (md)	Casing	Collapse(psi)/SF	Burst (psi)/SF	Tension(mlbs)/SF
40	16"			
2000	8-5/8", 24#/ft, J55, STC	1370/1.54(a)	2950/3.34(b)	244/5.85(c)
7511	4-1/2", 11.6#/ft, N-80, LTC	6350/1.64 (d)	7780/2.18 (e)	223/2.98 (f)

- (a.) based on full evacuation with 8.6 ppg fluid on annulus
- (b.) based on 8.6 ppg gradient with no fluid on annulus
- (c.) based on casing string weight in 8.6 ppg mud
- (d.) based on full evacuation with 10.0 ppg fluid on annulus, pipe evacuated

(e.) based on 9.2 ppg gradient, gas to surface, with no fluid on annulus, no gas gradient.

(f.) based on casing string weight in 9.2 ppg mud

PROPOSED CEMENTING PROGRAM

Surface Casing (if well will circulate)-Cemented to surface

CASING	SLURRY	FT. of FILL	CEMENT TYPE	SXS	EXCESS (%)	WEIGHT (ppg)	YIELD (ft ³ /sx)
8-5/8"	Lead	1500	65/35 POZ +6% Gel +10 pps gilsonite + .25 pps Flocele + 3% salt BWOW	462	35%	12.6	1.81
8-5/8"	Tail	500	Premium cmt +2% CaCl +.25 pps flocele	236	35%	15.6	1.18

A cement top job is required if cement fallback is greater than 10' below ground level. Top job cement will be premium cement w/2% CaCl. Volume as required.

Surface Casing (if well will not circulate)-Cemented to surface

CASING	SLURRY	FT. of FILL	CEMENT TYPE	SXS	EXCESS (%)	WEIGHT (ppg)	YIELD (ft ³ /sx)
8-5/8"	Lead	500	Premium cmt + 2% CaCl +.25 pps flocele	280	60	15.6	1.18
8-5/8"	Top job	As req.	Premium cement + 2% CaCl	Req.		15.6	1.18

Production Casing and Liner-Cemented TD to Surface

CASING	SLURRY	FT. of FILL	CEMENT TYPE	SXS	EXCESS (%)	WEIGHT (ppg)	YIELD (ft ³ /sx)
4-1/2"	Lead	3511	Premium Lite II +3% KCL +0.25 pps celloflake +5 pps gilsonite +10% gel +0.5% extender	393	60	11.0	3.38
4-1/2"	Tail	4000	50/50 POZ Class G +10% salt + 2% gel + 1% R-3	1084	60	14.3	1.31

Cement volumes for the 4-1/2" Production Casing will be calculated to provide a top of cement to surface. Cement volumes are approximate and were calculated under the assumption that a gauge hole will be achieved. Actual cement volumes may vary due to variations in the actual hole size and will be determined by running a caliper log on the drilled hole.

All waiting on cement (WOC) times will be adequate to achieve a minimum of 500 psi compressive strength at the casing shoe prior to drilling out.

5. Drilling Fluids (mud) Program:

Interval	Mud Weight	Fluid Loss	Viscosity	Mud Type
0' – 2000'		No cntrl		Air/mist
2000'-3000'	8.4-8.6	No cntrl	28-36	Water
3000'-7511'	8.8-10.0	8 - 10 ml	32-42	Water/Gel

Sufficient mud material(s) to maintain mud properties, control lost circulation and contain a blowout will be available at the well site during drilling operations.

6. Evaluation Program:

Tests: No tests are currently planned.

Coring: No cores are currently planned.

Logging: Dual Induction – SFL /Gamma Ray Caliper: TD to Base Surface Casing
Compensated Neutron/Litho Density Temperature/Gamma Ray: TD to Base Surface Casing
Cement Bond Log / Gamma Ray: PBSD to Top of Cement

Stimulation: A stimulation or frac treatment will be designed for completion of this well based on openhole log analysis. The drill site, as approved, will be sufficient size to accommodate all completion activities.

7. Abnormal Conditions:

No abnormal temperatures or pressures are anticipated. No H₂S has been encountered or known to exist from previous wells drilled to similar depths in the general area.

Maximum anticipated bottom hole pressure equals approximately 3905 psi (calculated at 0.52 psi/foot max of hole) and maximum anticipated surface pressure equals approximately 2253 psi (anticipated bottom hole pressure minus the pressure of a partially evacuated hole calculated at 0.22 psi/foot of hole).

8. Anticipated Starting Dates:

Anticipated Commencement Date- September 15, 2005
Drilling Days- Approximately 10 days
Completion Days - Approximately 10 days
Anticipate location construction within 30 days of permit issuance.

9. Variances:

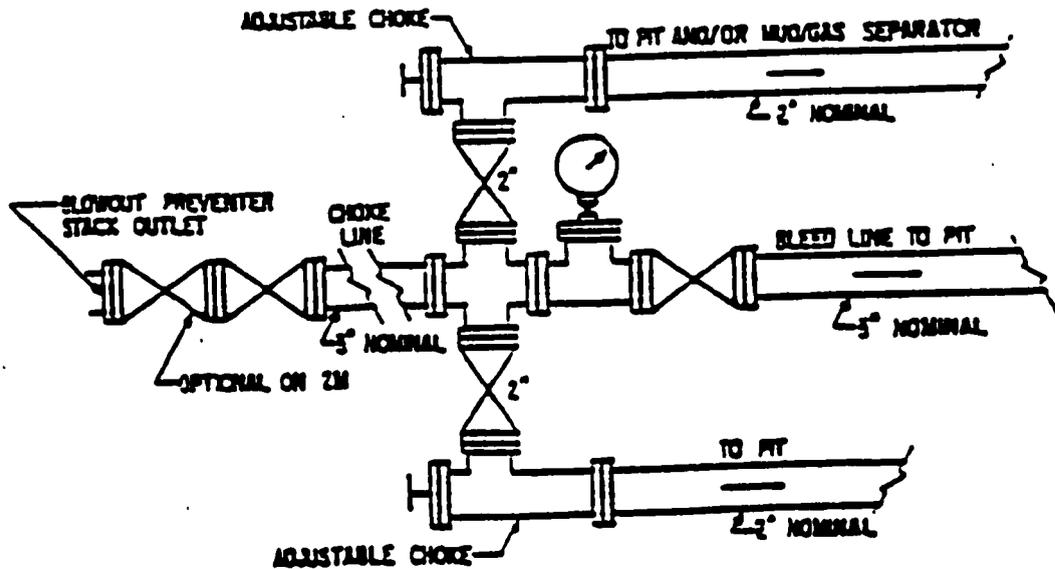
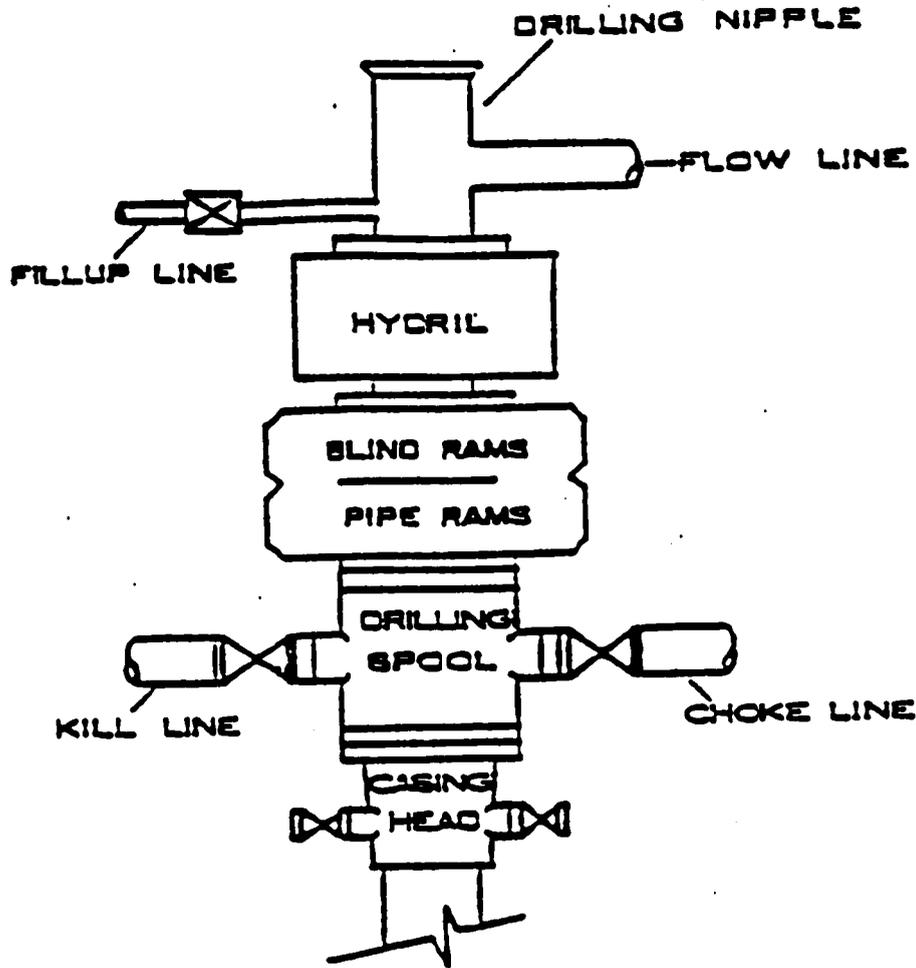
None anticipated

10. Other:

A Cultural Resource Inventory and Paleontology reconnaissance shall be conducted for the well location, access route and pipeline. The reports shall be submitted to the Division of Oil, Gas and Mining upon their receipt

3,000 PSI

EOP STACK



Enduring Resources, LLC
Southam Canyon # 9-24-41-34
NENE Sec. 34 T9S-R24E
Uintah County, Utah
Lease # N/A - Fee

MULTI-POINT SURFACE USE & OPERATIONS PLAN

1. Existing Roads:

Directions to the proposed location are as follows:

From the intersection of U.S. Hwy 40 and 500 East Street in Vernal, UT, proceed in an easterly then southerly direction along U.S. Hwy 40 approximately 3.3 miles to the junction of State Hwy 45. Exit right and proceed in a southerly direction along State Hwy 45 approximately 36 miles to the junction of County B Road 3410 (this road is located approximately 0.5 miles south of Bonanza). Exit right and proceed in a westerly direction along County B Road 3410 approximately 1.7 miles to the junction of a County D Road. Exit left and proceed in a southerly direction along the County D road approximately 1.1 miles to the proposed access road. Follow the road flags in an easterly direction approximately 1,440 feet to the junction of a two track road. Exit right and proceed in a southeasterly direction along the two track road approximately 700 feet to the second segment of the proposed access road. Follow road flags in an easterly direction approximately 200 feet to the proposed location.

The proposed well site is located approximately 42.5 miles Southeasterly from Vernal, Utah. Refer to attached Topographic Map "A" and "B"

All existing roads will be maintained and kept in good repair during all drilling and completion operations associated with this well.

2. Planned Access Roads:

The proposed access road will be approximately 2,340 feet (0.4 miles) on fee acreage. Approximately 1,640 feet of new access road construction shall occur on fee acreage. Approximately 700 feet of the existing two-track access road shall be upgraded. Please refer to Topo Map "B".

The access road will be crowned 2% to 3%, ditched and constructed with a running surface of 18 feet and a maximum disturbed width of 30 feet right-of-way. Maximum grade of road is 5% or less. Graveling or capping the roadbed will be performed as necessary to provide a well constructed, safe road. No fence crossings, culverts, turnouts, cattleguards or major cuts and fills are required. Prior to construction or upgrading, the proposed road shall be cleared of any snow and allowed to dry completely.

Surface disturbance and vehicular traffic will be limited to the proposed location and proposed access route. Any additional area needed will be approved in advance. All construction shall be in conformance with the standards outlined in the BLM and Forest Service publication: Surface Operating Standards for Oil and Gas Exploration and Development. 1989.

The road surface and shoulders will be kept in a safe usable condition and will be maintained in accordance with the original construction standards. All drainage ditches will be kept clear and free flowing and will be maintained according to original construction standards. The access road surface will be kept free of trash during operations. All traffic will be confined to the approved disturbed surface. Road drainage crossings shall be designed so they will not cause siltation or accumulation of debris in the drainage crossing nor shall the drainages be blocked by the road bed. Erosion of drainage ditches by runoff water shall be prevented by diverting water off at frequent intervals by means of cutouts. Upgrading shall not be allowed during muddy conditions. Should mud holes develop, they shall be filled in and detours around them avoided. When snow is removed from the road during the winter months, the snow shall be pushed outside of the borrow ditches and the turnouts kept clear so that snowmelt will be channeled away from the road.

3. **Location of Existing Wells Within a One Mile Radius:** Please refer to Topographic Map "C"

There are no known water wells, shut in wells, disposal wells, monitoring or observation wells, or injection wells located within a one (1) mile radius of the proposed location.

There is one known producing well – Bonanza #2D-27 NWNE Sec 27 T9S-R24E

There is one known temporarily abandoned well – Cartwright #2 NWNE Sec 35 T9S-R24E

There are three known plugged and abandoned wells

- Dirty Devil Unit #22-27 SENW Sec 27 T9S-R24E
- Bonanza #3 NWSE Sec 27 T9S-R24E
- Dirty Devil U #22-26A SENW Sec 26 T9S-R24E

There may be drilling activity or permitted wells within in the area.

4. **Location of Existing &/or Proposed Facilities:**

All production facilities will be located on the disturbed portion of the well pad and at a minimum of 25 feet from the toe of the back slope or the top of the fill slope. Refer to Sheet #6.

A dike will be constructed completely around those production facilities which contain fluids (i.e. production tanks, produced water tanks and/or heater treater.) These dikes will be constructed of compacted subsoil, be impervious, hold 100% of the capacity of the largest tank and be independent of the back cut.

All permanent (on site for six months or longer) above the ground structures constructed or installed, including pumping units, will be painted a flat, non-reflective, earth tone color to match one of the standard environmental colors, as determined by the Rocky Mountain Five State Inter-Agency Committee.

All facilities will be painted within 6 months of installation. Facilities required to comply with the Occupational Safety and Health Act (OSHA) will be excluded. The requested color is Carlsbad Canyon (2.5Y 6/2).

Any necessary pits will be properly fenced to protect livestock and prevent wildlife entry.

If the well is capable of economic production, a surface gas gathering line and related equipment will be installed. The gas gathering line will be in use year round. Approximately 7,148 feet (1.4 miles) of 6 inch or less diameter steel, unpainted, welded gas gathering line is proposed. Approximately 2,056 feet (0.4 miles) is anticipated to be laid on fee acreage and approximately 5,092 feet (1 mile) is expected to be laid on BLM acreage. The proposed line will begin at the well site, be laid alongside the proposed access road going in a northwesterly direction into Sec 27 T9S-R24E, it will continue north alongside the County D Road and County B Road 3410 to tie into an existing pipeline located in Sec 27 T9S-R24E. The proposed gathering line will be placed above ground adjacent to the proposed access route; therefore, no additional surface disturbance will be required on fee acreage. The line will be welded together and pulled from the well site location and tie-in point when practical; however, it may be necessary to utilize the access road for welding of the line. The line will then be boomed off to the side of the road. The gas meter run will be located within 500' of the wellhead. The meter run will be housed. The gas gathering line will be buried or anchored down from the wellhead to the meter. Please refer to the attached Topographic Map "D".

Upon plugging and abandonment, the gas gathering line will be removed and the disturbed area will be re-contoured and restored as near as practical to the original condition. If necessary, re-seeding operations will be performed after completion of other reclamation operations. The appropriate surface management agency will be contacted for the required seed mixture and seeding dates.

5. Location and Type of Water Supply:

Water will be obtained from the White River by Tu and Frum, Inc. Water User Claim #49-2185, Application #T75517, or by Target Trucking Water User Claim #43-2195, or by Dalbo Inc. Water User Claim #43-8496.

Water will be hauled to the location over the roads marked on Topographic Maps "A" and "B".

No water well is to be drilled on this lease.

6. Source of Construction Materials:

Surface and subsoil materials in the immediate area will be utilized for location and access road construction.

Any gravel will be obtained from a commercial source; however, gravel sized rock debris associated with location and access road construction may be used as access road surfacing material.

7. Methods of Handling Waste Materials:

Drill cuttings will be contained and buried in the reserve pit.

Drilling fluids, including salts and chemicals, will be contained in the reserve pit. Upon termination of drilling and completion operations, the liquid contents of the reserve pit will be removed and disposed of at an approved waste disposal facility within 120 days after drilling is terminated.

The reserve pit will be constructed on the location and will not be located within natural drainage, where a flood hazard exists or surface runoff will destroy or damage the pit walls. The reserve pit will be constructed so that it will not leak, break or allow discharge of liquids.

A plastic reinforced liner is to be used. It will be a minimum of 12 mil thick and felt with sufficient bedding used to cover any rocks. The liner will overlap the pit walls and be covered with dirt and/or rocks to hold it in place. No trash or scrap that could puncture the liner will be disposed of in the pit.

Any spills of oil, salt water or other noxious fluids will be immediately cleaned up and removed to an approved disposal site.

A chemical portable toilet will be furnished with the drilling rig. The toilet will be replaced periodically utilizing a licensed contractor to transport by truck the portable chemical toilet so that its contents can be delivered to the Vernal Wastewater Treatment Facility in accordance with state and county regulations.

Garbage, trash and other waste materials will be collected in a portable, self-contained, fully enclosed trash cage during operations. No trash will be burned on location.

All debris and other waste material not contained in the trash cage will be cleaned up and removed from the location immediately after removal of the drilling rig.

Any open pits will be fenced during the operations. The fencing will be maintained until such time as the pits are backfilled.

No chemicals subject to reporting under SARA Title III (hazardous materials) in an amount greater than 10,000 pounds will be used, produced, stored, transported or disposed of annually in association with the drilling, completion or testing of this well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produced, stored, transported or disposed of in association with the drilling, completion or testing of this well.

Produced oil will be stored in an oil tank and then hauled by truck to a crude purchaser facility. Any produced water from the proposed well will be contained in a water tank and will then be hauled by truck to an approved disposal site.

8. Ancillary Facilities:

During drilling operations, approximately 20 days, the site will be a manned camp. Three or four additional trailers will be on location to serve as the crew's housing and eating facility. These will be located on the perimeter of the pad site within the topsoil stockpiles. Refer to Sheet 5.

9. Well Site Layout: (Refer to Sheet #3, #4 & #5)

The attached Location Layout Diagrams describes drill pad cross-sections, cuts and fills and locations of the mud tanks, reserve pit, flare pit, pipe racks, trailer parking, spoil dirt stockpile(s) and surface material stockpiles(s).

Please see the attached diagram for rig orientation and access roads.

All pits shall be fenced to the following minimum standards:

39 inch net wire shall be used with at least one strand of barbed 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.

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

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

Standard steel, wood or pipe posts shall be used between the corner braces. Maximum distance between any two fence posts shall be no greater than 16 feet.

All wire shall be stretched by, using a stretching device, before it is attached to corner posts.

The reserve pit fencing will be on three sides during drilling operations and on the fourth side when the rig moves off location. Pits will be fenced and maintained until cleanup.

Location size may change prior to drilling the well due to the current rig availability. If the proposed location is not large enough to accommodate the drilling rig, the location will be re-surveyed and a Form 9 will be submitted.

10. Plans for Surface Reclamation:

Producing Location:

Immediately upon well completion, the location and surrounding area will be cleared of all unused tubing, equipment, materials, trash and debris not required for production.

Immediately upon well completion, any hydrocarbons in the pit shall be removed in accordance with 40 CFR 3162.7.

Before any dirt work associated with location restoration takes place, the reserve pit shall be as dry as possible. All debris in it will be removed. Other waste and spoil materials will be disposed of immediately upon completion of operations.

The reserve pit and that portion of the location not needed for production facilities/operations will be re-contoured to the approximate natural contours. The reserve pit will be reclaimed within 90 days from the date of well completion, weather permitting.

To prevent surface water(s) from standing (ponding) on the reclaimed reserve pit area, final reclamation of the reserve pit will consist of "mounding" the surface 3 feet above surrounding ground surface to allow the reclaimed pit area to drain effectively.

Upon completion of backfilling, leveling and re-contouring, the stockpiled topsoil will be spread evenly over the reclaimed area(s).

Dry Hole / Abandoned Location:

Abandoned well sites, roads and other disturbed areas will be restored as near as practical to their original condition. Where applicable, these conditions include the re-establishment of irrigation systems, the re-establishment of appropriate soil conditions and re-establishment of vegetation as specified.

All disturbed surfaces will be re-contoured to the approximate natural contours with reclamation of the well pad and access road to be performed as soon as practical after final abandonment. If necessary, re-seeding operations will be performed after completion of other reclamation operations.

Seed Mixture:

The appropriate surface management agency will be contacted for the required seed mixture and seeding dates.

11. Surface Ownership: Location, Access Road & Pipeline

American Gilsonite Co.

29950 S. Bonanza Hwy.

Bonanza, Utah 84008

Attn.: Mr. Jared Jackson

Office – 435-789-1921 x 415; Fax – 435-789-1956; Cell – 435-790-7256; E-mail – jjackson@amgc.com

12. Other Information:

Wildlife Stipulations: Wildlife stipulations and possible activity restrictions will be detailed in the "Conditions of Approval" received with an approved Permit to Drill. Operator will comply with these wildlife stipulations.

Archeology: A Cultural Resource Inventory shall be conducted for the well location, access route and pipeline. The report shall be submitted to the Division of Oil, Gas and Mining upon its receipt.

Paleontology: A Paleontology reconnaissance shall be conducted for the well location, access route and pipeline. The report shall be submitted to the Division of Oil, Gas and Mining upon its receipt.

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.

All lease operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, the approved Plan of Operations and any applicable Notice to Lessees. The Operator will be fully responsible for the actions of its subcontractors. A complete copy of the approved "Application for Permit to Drill" will be furnished to the field representative(s) to ensure compliance and shall be on location during all construction and drilling operations. The Operator will control noxious weeds along Rights-Of-Way for roads, pipelines, well sites or other applicable facilities.

Exhibit "C"

RIGHT-OF-WAY and SURFACE DAMAGE AGREEMENT

THIS AGREEMENT is made and entered into by and between, AMERICAN GILSONITE COMPANY, (hereinafter referred to as "Grantor") and ENDURING RESOURCES LLC (hereinafter referred to as "Grantee") effective April 28 2005

WHEREAS, Grantor is the surface owner of NE quarter Section 34 Township 9 South, Range 24 East, Uintah County, Utah (hereinafter referred to as the "Land(s)").

WHEREAS, Grantee desires to enter onto and cross such Lands for the purpose of drilling an exploratory oil and/or gas well, [Well Name] ("Well"), located in the NE quarter of the NE quarter, Section 34 Township 9 South, Range 24 East, Uintah County, Utah (hereinafter referred to as the "Drillsite").

NOW THEREFORE, for and in consideration of the mutual promises and covenants herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

- I. Grantee shall pay Grantor the sum of \$_____ up front payment for damages to surface of the Lands for road access to the Drillsite and for the Drillsite for the drilling of the Well. Within sixty days of completion of the Well either as a producer or a plugged and abandoned well, Grantee shall survey the new access road and the Drillsite to compensate Grantor for any additional damage that may have occurred during drilling and completion operations. Compensation will be on a \$_____ per acre cost for any damages exceeding 4.0 acres and such compensation, if due, will be paid within thirty (30) days of the surveyor's report being released. Grantee shall utilize existing access routes to the maximum extent feasible, so as to minimize surface disturbances for access to facilities.
- II. Grantee and their assigns or agents shall have the right to use a reasonable amount of access road across the Lands and shall have the right to move derricks, drilling tools, vehicles, and all other machinery and equipment necessary or incident to the re-drilling, drilling, testing completion, operation of the Well. Such activity shall be restricted to existing public roads or access roads covered by this agreement. Any roads or surface facilities may be relocated at Grantor's expense if needed due to gilsonite mining or processing in the future.
- III. This Agreement and the rights granted herein are effective and shall continue in full force and effect so long as operations are conducted on the Well. Upon execution of this Agreement, all payments due hereunder shall be paid concurrently. Operations are defined under terms of the oil and gas lease with Grantor, and under the Rules and Regulations defined by the State of Utah.
- IV. Cattle guards of gates will be constructed, if requested by Grantor, at all places where the openings go through the existing fences and gates will be kept closed at all times except when opened for passage of traffic. Also, gates shall be installed to limit access to

producing wells on roads constructed by Grantee if by mutual agreement between Grantee and Grantor.

- V. If there is any fill used for roads constructed across any drainage, then culverts will be used for the free flow of water through said drainage.
- VI. If the access road departs from existing established roadways and new construction is required, topsoil will be segregated and stockpiled for replacement during reclamation activities.
- VII. It is understood that any road constructed across the said Lands shall not exceed 30 feet in total width, including the total disturbed area between the outside of each berm, without the prior approval of Grantor.
- VIII. Upon completion of the Well as a dry hole and the subsequent abandonment thereof, and at the request of the Grantor, any drill pads and newly constructed road will be restored and seeded within 180 days to the condition it was in prior to commencement of operations insofar as reasonably possible. Any preexisting roads, and the improvements thereto, which are constructed by Grantee, shall be left in a good and useable condition for the continued use by Grantor. Reclaimed areas will be reseeded with a wildlife mixture approved by the Utah Division of Wildlife.
- IX. In the event that the Well is completed as a producer of oil and/or gas, Grantee shall build and maintain a permanent access road in conformance with the already established county road including any variances granted by the county by existing roads to the Drillsite. Disturbed areas not used for production will be re-graded and seeded with an approved wildlife seed mix within 90 days unless prohibited by weather.
- X. Upon completion of the Well as a well capable of oil and/or gas production, this Agreement shall continue in full force and effect and Grantee shall pay in advance to Grantor an annual access rental of _____ dollars, \$_____ per pad and \$_____ per acre of roadway (30-foot width), or a minimum of \$_____ to include the pad and roadway for each well, whichever is greater, on or before January 31st of each year thereafter until the subject well is plugged and abandoned and operations cease thereon.
- XI. It is expressly understood that the settlement amounts in paragraph I are only for construction of a road and drilling location and is not a settlement for any damages to contiguous property, personal property of the Grantor or a release of any personal injuries that may be sustained by reason of the operations carried on by Grantee or its agents.
- XII. This Agreement does not cover pipeline easements and Grantee acknowledges that it must secure a separate agreement prior to laying pipeline related to production of gas or oil on Grantor's lands.
- XIII. This Agreement shall not be assigned, nor the rights of Grantee hereunder transferred in any manner without the prior written consent of Grantor, which consent shall not be

unreasonably withheld.

- XIV. Grantee shall comply at its own expense with the Workman's Compensation Law of the State of Utah and shall maintain such insurance throughout the duration of this Agreement, and shall furnish Grantor prior to beginning work on the Lands evidence of such insurance and at each policy period thereafter renewal evidence that such insurance is being maintained. Grantee, with respect to its operation in connection with this Agreement, shall also purchase or provide for (1) comprehensive general public liability insurance with a combined single limit not less than One Million Dollars (\$1,000,000) for bodily injury and property damage; and (ii) automobile insurance with a combined single limit of not less than One Million Dollars (\$1,000,000) for bodily injury or property damage. At Grantor's request, Grantee shall furnish Grantor with a certificate or certificates of insurance secured and maintained hereunder and Grantor shall be an additional insured thereon.
- XV. In the event any person or entity (including Grantor) suffers a loss of any kind or character, or death or injury, (1) as a result of a breach of this Agreement by Grantee, or its agents, contractors, or employees, or (2) as a result of Grantee or its agents, contractors or employees performing on the Drillsite or elsewhere, any action, directly or indirectly, in furtherance of a right hereunder, or (3) from any cause whatsoever while being on the Lands and the Drillsite to conduct any work or service for Grantee shall reimburse, indemnify, defend and hold harmless Grantor for any and all losses, costs, claims, liability, litigation, demands, damages and expenses (including all attorney fees) of every kind or character which Grantor may suffer or be subject to as a result of said loss or injury whether or not such losses, costs, claims, liabilities, litigation, demands, damages, and expenses (including all attorney fees) result from the condition of Grantor's premises or facilities, unless through the sole negligence of Grantor or its agents.
- XVI. Grantee shall provide Grantor with not less than forty-eight (48) hours advance notice, either by phone or in person, of Grantee's intent to enter upon the Land for the purpose of commencing operations thereon. Grantee shall conduct its operations in such a manner as to use no more Land than is reasonably necessary and shall use all reasonable efforts not to interfere with the use of the Land by any grazing permittees. All drilling fluid pits shall be fenced within ten days of end of drilling the Well as a producer or dry hole and then the pits will be reclaimed and reseeded within 180 days of the completion of the well as a producer or a dry hole. Surface structures shall be fenced, if they represent a potential hazard to livestock, by mutual agreement between Grantor and Grantee. The type of fencing to be mutually agreed upon by Grantor and Grantee. Grantee will have ten days to effect repairs or problems with fences when notified by e-mail or in writing by Grantor. Grantor can request an extension of the closure of pits beyond the 180 days from the completion of the Well if closing the pits represents a potential hazard or closing the pits at that time will not comply with the State of Utah's reclamation requirements. An extension will not be unreasonably withheld.
- XVII. Grantee shall have the right at any time, and from time to time, to remove any or all property, fixtures, equipment and materials, placed by Grantee on the Land, including the right to draw and remove casing. Within 90 days after plugging of the Well this

agreement will expire and Grantee shall remove all remaining property, fixtures, equipment and materials that were placed by Grantee on the Land. Such removal shall be accomplished at Grantee's sole cost, risk and expense. If such items are not removed within 90 days, Grantor shall have the right to remove those items from the Land and bill the associated cost for such removal to Grantee.

- XVIII. This agreement restricts the Grantee's use of Grantor's lands to the sole purpose of exploration and production of oil and/or gas at this specific site. It does not grant Grantee, its contractors, or its agents the right to use the Grantor's property for any other purpose.
- XIX. All operations of Grantee hereunder which involve drilling for and producing of oil and gas, or both, or the cessation, or abandonment, of its operations shall be conducted in a good and workmanlike manner and in accordance with standard oil field practices and in accordance with all applicable federal, state and local statutes and regulations including specifically, but not by way of limitation, such laws and regulations governing the operation, maintenance and reclamation of well sites, pipelines, tank batteries, and other related facilities as may be utilized by Grantee and its operations hereunder. Grantee shall further adhere to and abide by all federal, state and local environment statutes and regulations addressing air, water, and solid waste pollution and the handling storage, storage, use and disposal of hazardous substances as prescribed in the Comprehensive Environmental Response, Compensation and Liability Act of 1986, 42 U.S.C. & 9601, et seq. (CERCLA). Grantee shall provide Grantor with copies of all applications for environment laws, governmental requests for any information pertaining to environmental issues relating to the Land or products produced therefrom or Grantee's use thereof, copies of any responses from Grantee's to said requests, and any environmental investigations, reports, or studies involving the Land or products produced therefrom or the use thereof by Grantee which from time to time, may be obtained from Grantee.
- XX. Grantee also agrees to abide by the laws or regulations of the State of Utah designed to protect gilsonite deposits, including but not limited to those specific rules set forth in the General Rules and Regulations of the Utah Board of Oil, Gas and Mining, as amended, pertaining to such matters.
- XXI. The provisions hereof shall be considered as covenants running with the Land during the life of the Agreement and all modifications thereof, and any assignment of the Agreement shall be subject to the provisions thereof.
- XXII. This Agreement shall not be terminated in whole or in part, nor Grantee held liable for damages, because of a temporary cessation of production or of drilling operations due to breakdown of equipment or due to the repairing of a well or wells or because of failure to comply with any of the express provisions or implied covenants of this Agreement if such failure is the result of the exercise of governmental authority, war, armed hostilities, act of God, strike, civil disturbance, fire, explosion, flood or any other cause, including lack of market, beyond the control of Grantee.

XXIII. Any controversy or claim, whether based in contract, tort or otherwise, arising in any way out of, relating to or in connection with this Agreement (a "Dispute") shall be finally settled by arbitration conducted expeditiously in accordance with the Commercial Arbitration Rules (the "Rules") of the American Arbitration Association (the "AAA"). In the event of a conflict between this Article and the Rules, this Article shall govern. The attorney/client and work product privileges will be honored in the arbitration as though the case were being determined in a Utah state court. The arbitration shall be conducted before one independent and impartial arbitrator selected by the AAA pursuant to the Rules. The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. § 1-16, to the exclusion of any provision of Texas law inconsistent therewith and which would produce a different result, and judgment upon the award rendered by the arbitrator may be entered by any court having jurisdiction thereof. The place of arbitration shall be Salt Lake City, Utah, and the cost of the arbitration proceeding shall be borne equally by the parties to this agreement and each party shall bear its own attorney's fees, and other expenses, provided that the arbitrator may award attorney fees, filing fees and costs to the prevailing party as the arbitrator deems reasonable and fair. The arbitrators shall determine the claims of the parties and render their final award in accordance with the substantive law of the State of Utah exclusive of its conflict of law rules. The limitations on any actions will be determined under Utah law. The arbitrator shall permit and facilitate such discovery as the arbitrator determines is appropriate in the circumstances, taking into account the needs of the parties and the desirability of making discovery expeditious and cost-effective. The arbitrator shall actively manage the proceedings as the arbitrator deems best so as to make the proceedings fair, expeditious, economical, and less burdensome than litigation. The procedures specified in this section shall be the exclusive means of resolution of Disputes between the parties, provided that either party may seek injunctive action before a court of competent jurisdiction to prevent the occurrence of irreparable harm pending resolution of a Dispute pursuant to the provisions of this section.

XXIV. This Agreement constitutes the entire Agreement between the parties hereto as to the subject matters herein set forth and supersedes all prior written or oral agreements relative thereto. No change, modification, alteration or amendment to this Agreement shall be binding upon the parties hereto except as specifically expressed in writing and signed by each party agreeing to be bound thereby.

AMERICAN GILSONITE COMPANY, Grantor

By: 

ENDURING RESOURCES LLC, Grantee

By: 

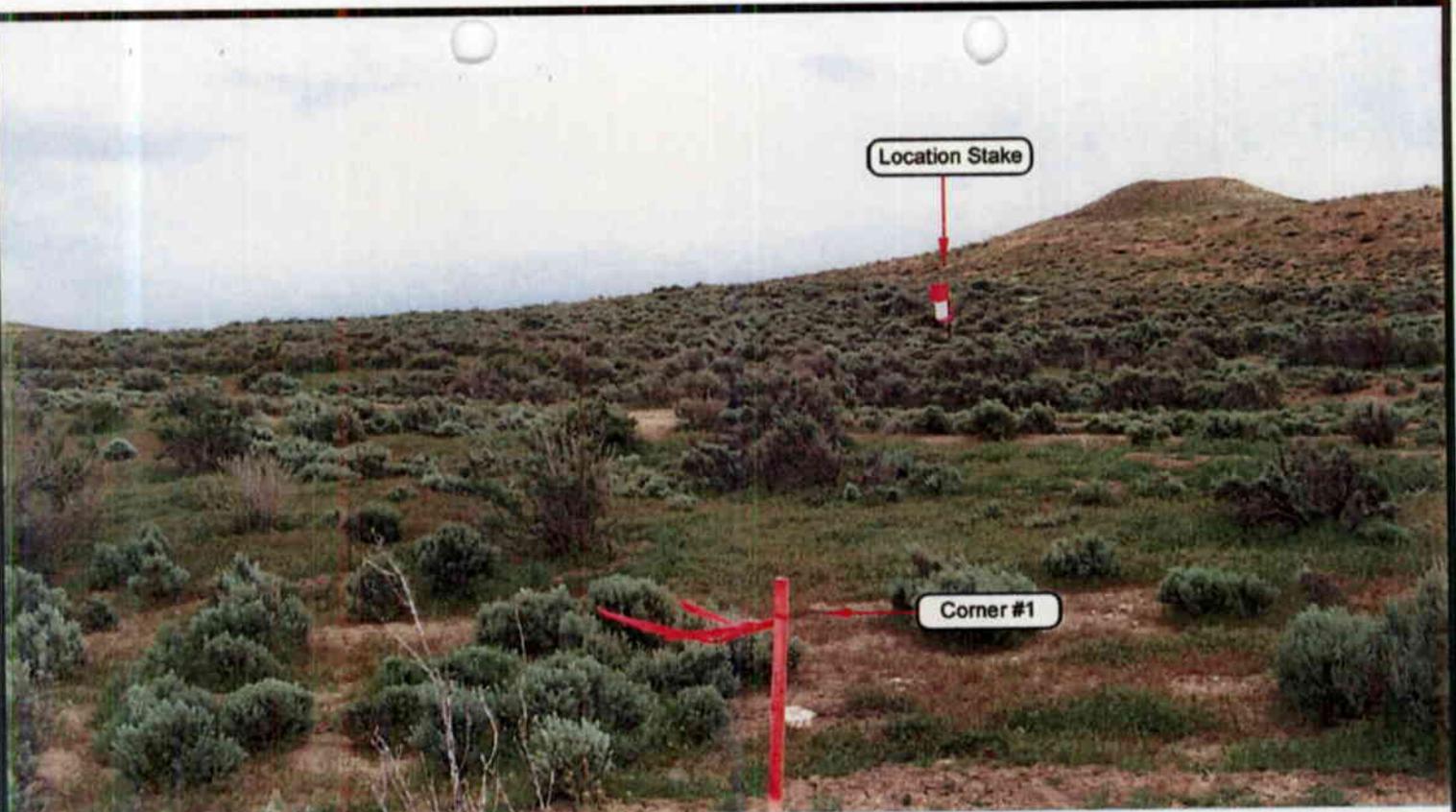


PHOTO VIEW: FROM CORNER #1 TO LOCATION STAKE

CAMERA ANGLE: SOUTHEASTERLY

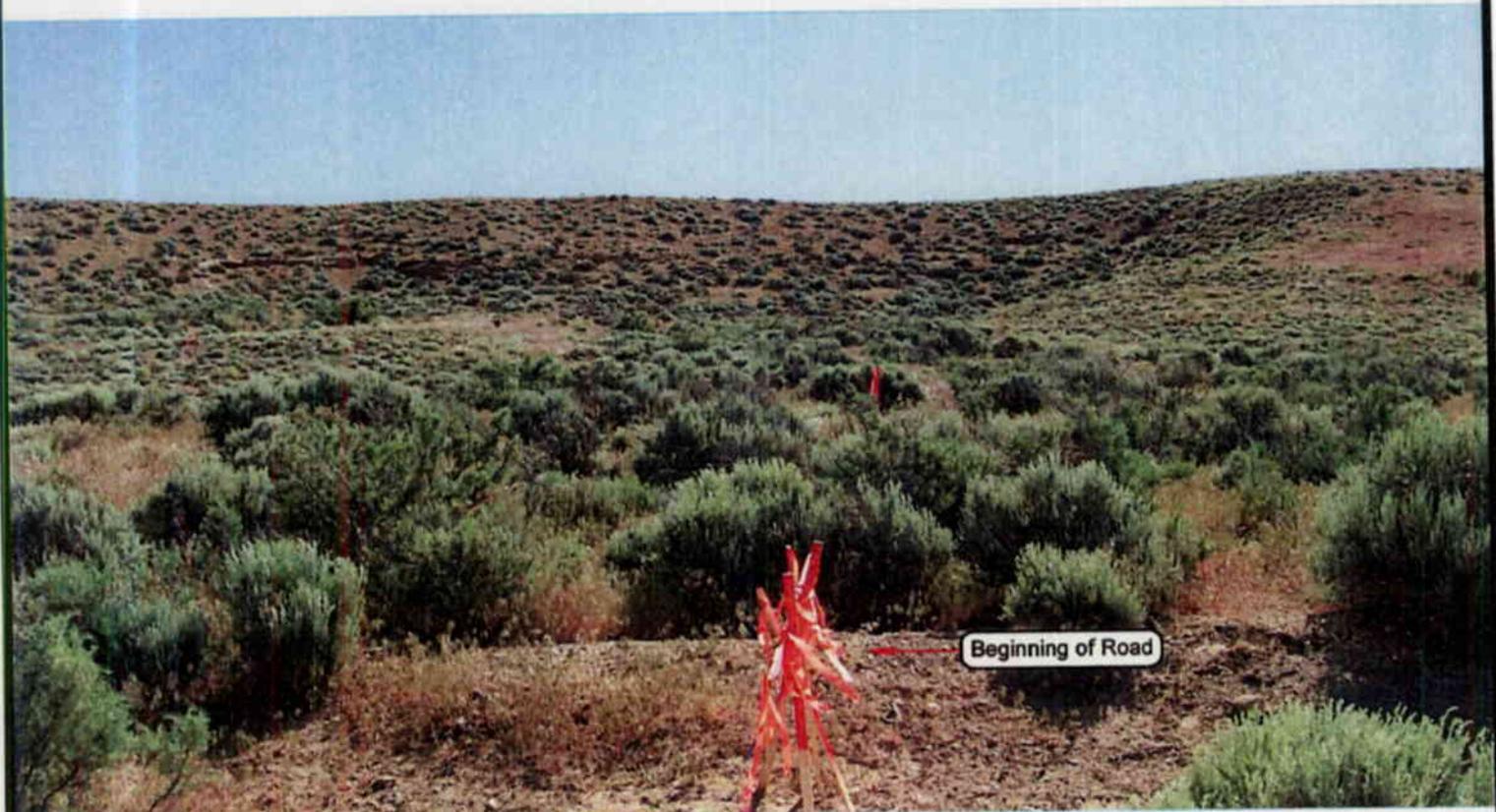


PHOTO VIEW: FROM BEGINNING OF PROPOSED ROAD

CAMERA ANGLE: SOUTHEASTERLY

ENDURING RESOURCES

**Southam Canyon 9-24-41-34
SECTION 34, T9S, R24E, S.L.B.&M.
802' FNL & 638' FEL**

LOCATION PHOTOS

TAKEN BY: KRK

DRAWN BY: T.D.H.

DATE TAKEN: 05-07-05

DATE DRAWN: 05-16-05

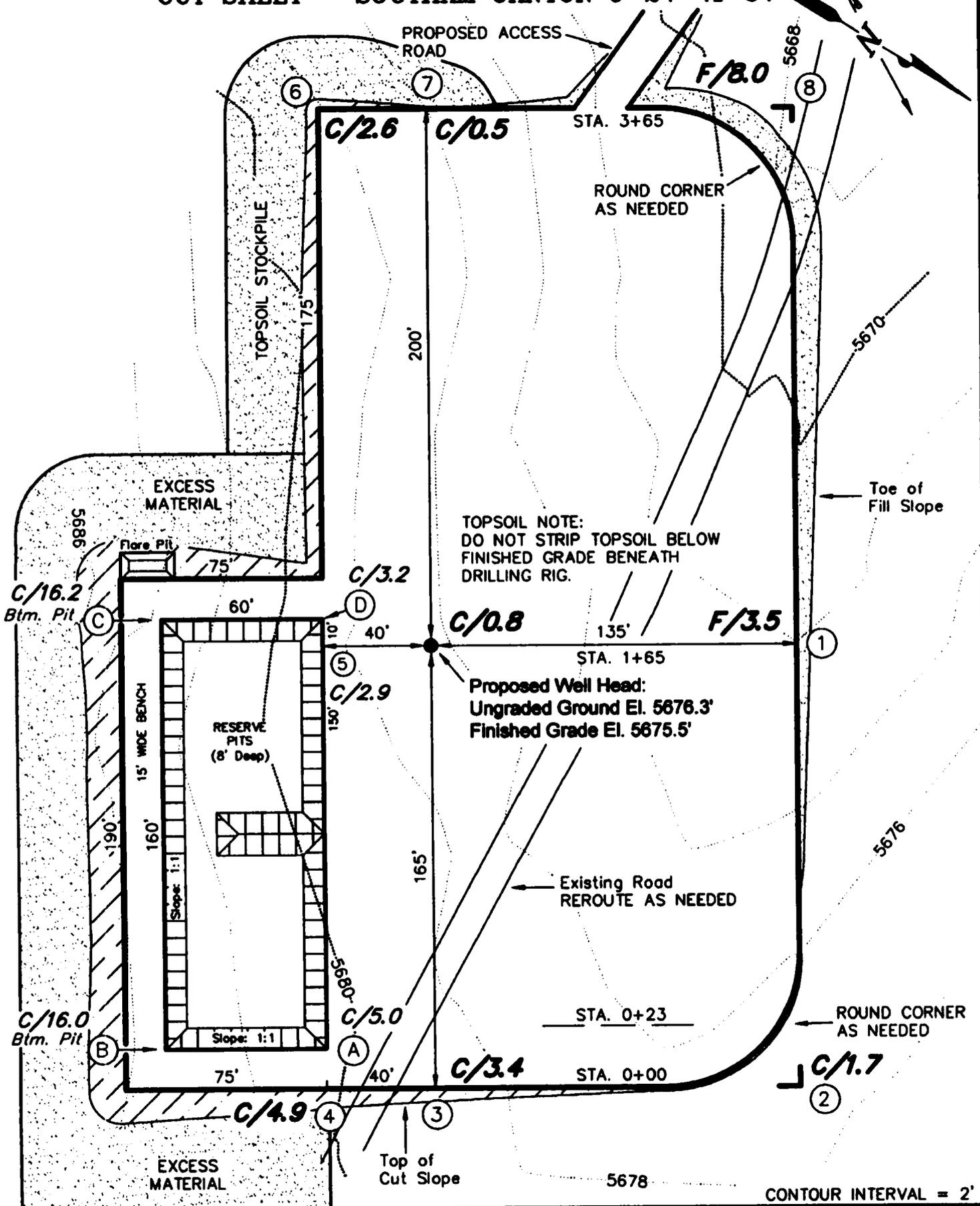
Latest Revision: 5-26-05

Timberline Land Surveying, Inc.
38 West 100 North Vernal, Utah 84078
(435) 789-1365

**SHEET
1
OF 10**

E DURING RESOURCE

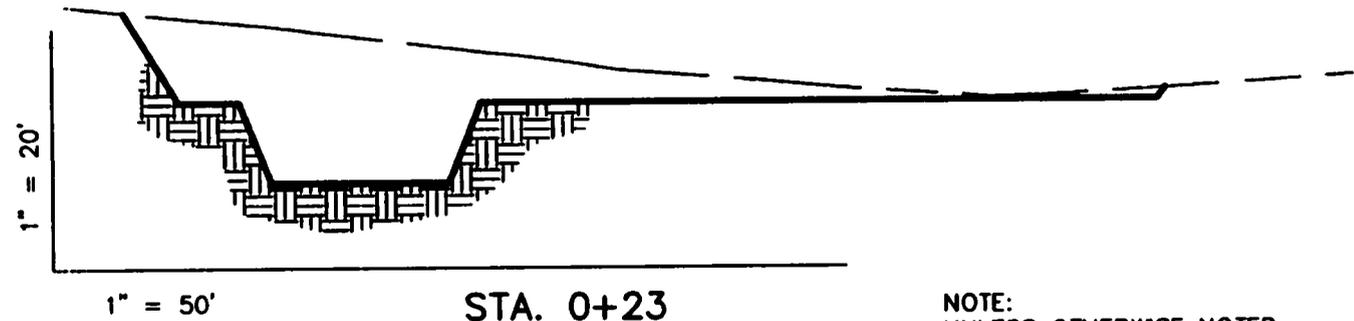
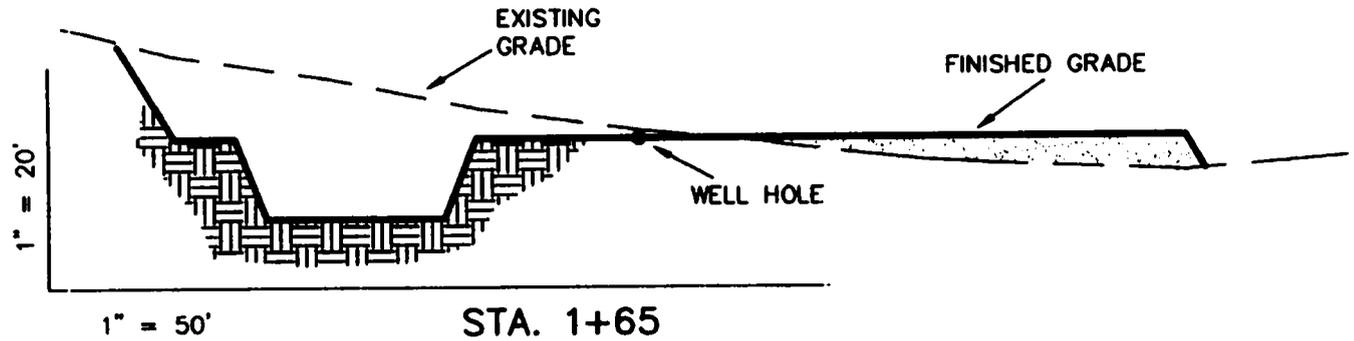
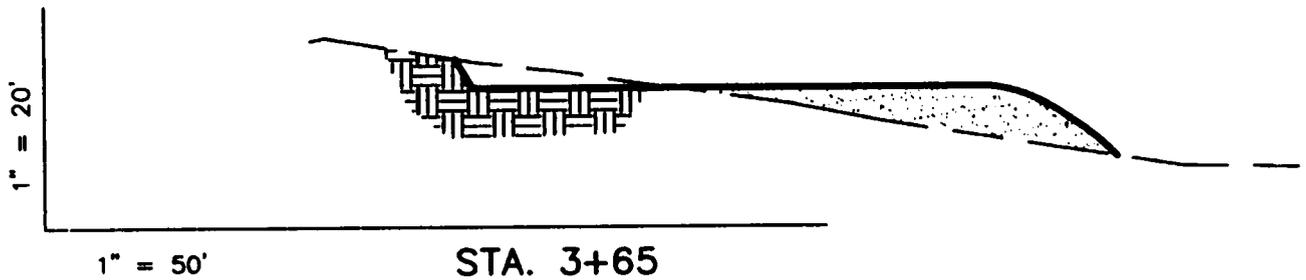
CUT SHEET - SOUTHAM CANYON 9-24-41-34



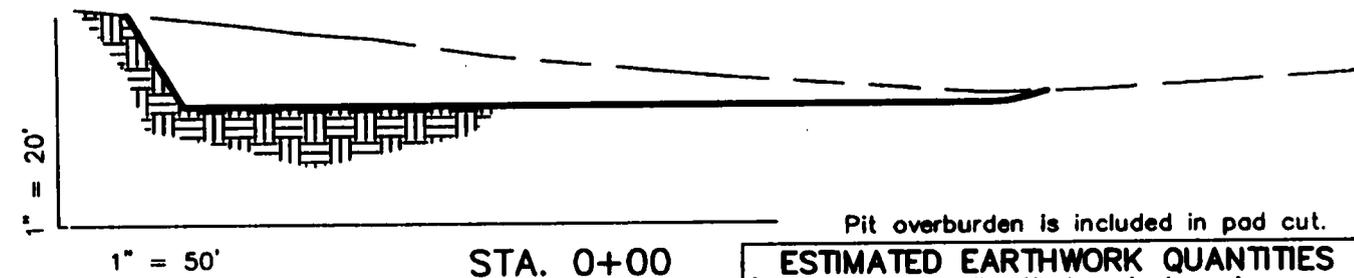
Section 34, T9S, R24E, S.L.B.&M.		Qtr/Qtr Location: NE NE		Footage Location: 802' FNL & 638' FEL	
Date Surveyed: 5-7-05	Date Drawn: 5-16-05	Date Last Revision:		Timberline (435) 789-1365 Land Surveying, Inc. 38 WEST 100 NORTH VERNAL, UTAH 84078	
Surveyed By: K.R.K.	Drawn By: J.R.S.	Scale: 1" = 50'			

ENDURING RESOURCES

CROSS SECTIONS - SOUTHAM CANYON 9-24-41-34



NOTE:
UNLESS OTHERWISE NOTED
ALL CUT/FILL SLOPES ARE
AT 1.5:1



Pit overburden is included in pad cut.

ESTIMATED EARTHWORK QUANTITIES (No shrink or swell adjustments have been used) (Expressed in Cubic Yards)

ITEM	CUT	FILL	6" TOPSOIL	EXCESS
PAD	5,200	4,270	Topsoil is not included in Pad Cut	930
PIT	2,270	0		2,270
TOTALS	7,470	4,270	1,500	3,200

Excess Material after Pit Rehabilitation = 2,060 Cu. Yds.

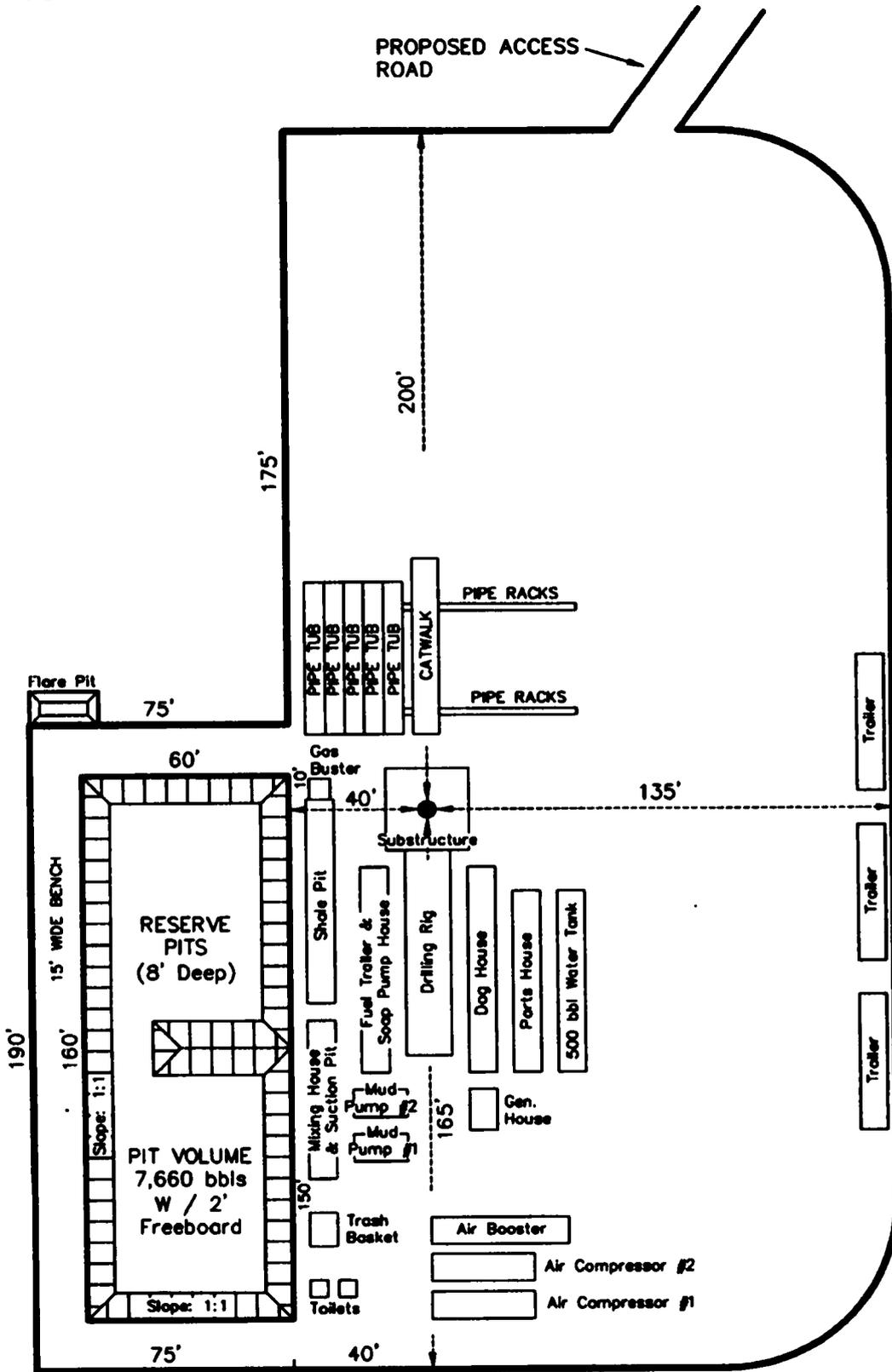
REFERENCE POINTS

- 185' NORTHWESTERLY = 5673.7'
- 235' NORTHWESTERLY = 5676.4'
- 215' NORTHEASTERLY = 5679.0'
- 265' NORTHEASTERLY = 5679.5'

Section 34, T9S, R24E, S.L.B.&M.		Qtr/Qtr Location: NE NE	Footage Location: 802' FNL & 638' FEL
Date Surveyed: 5-7-05	Date Drawn: 5-16-05	Date Last Revision:	Timberline (435) 789-1365 Land Surveying, Inc. 38 WEST 100 NORTH VERNAL, UTAH 84078
Surveyed By: K.R.K.	Drawn By: J.R.S.	Scale: 1" = 50'	
			SHEET 4 OF 10

E. DURING RESOURCE

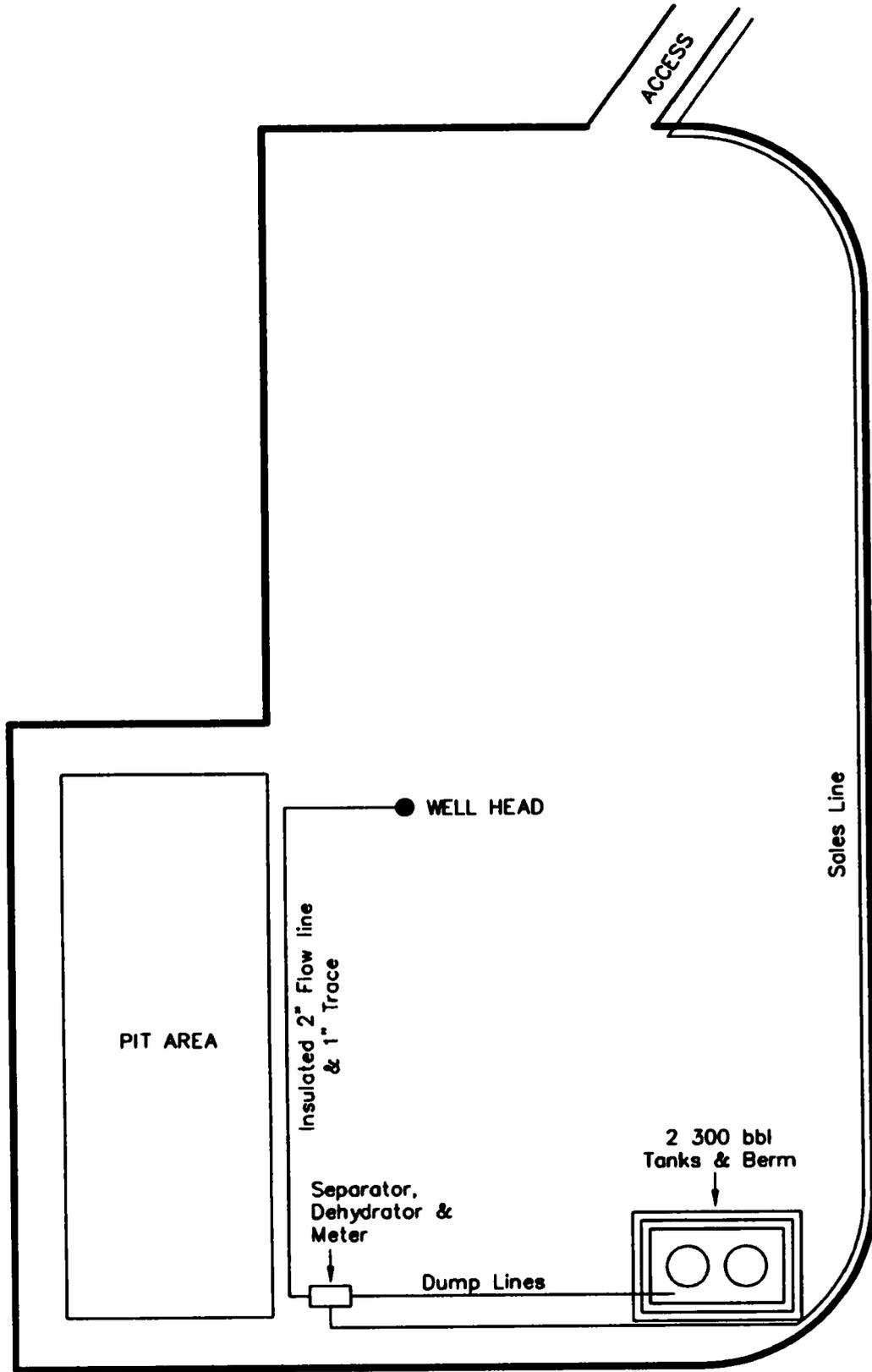
TYPICAL RIG LAYOUT - SOUTHAM CANYON 9-24-41-34



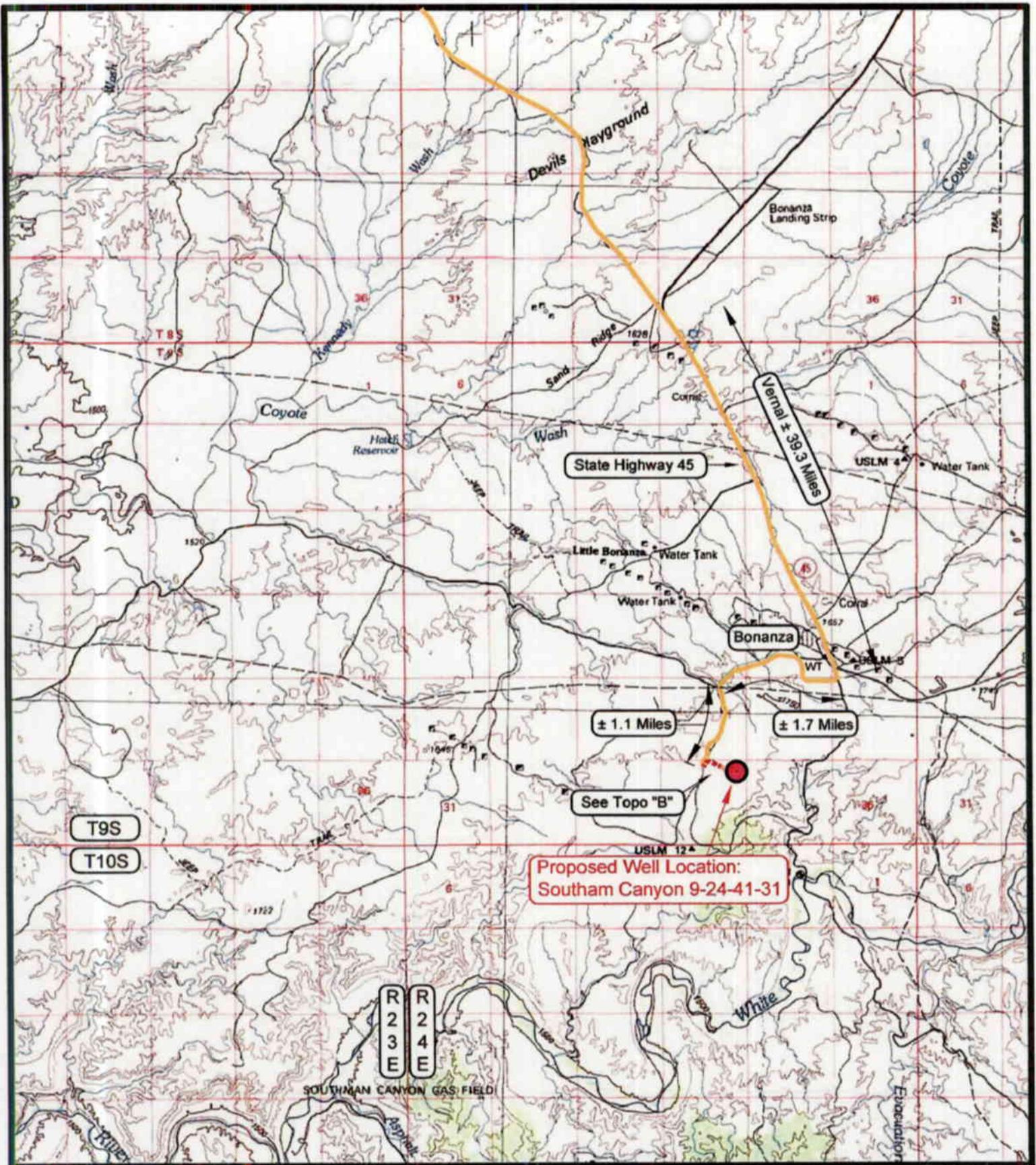
Section 34, T9S, R24E, S.L.B.&M.		Qtr/Qtr Location: NE NE	Footage Location: 802' FNL & 638' FEL
Date Surveyed: 5-7-05	Date Drawn: 5-16-05	Date Last Revision:	Timberline (435) 789-1365 <i>Land Surveying, Inc.</i> 38 WEST 100 NORTH VERNAL, UTAH 84078
Surveyed By: K.R.K.	Drawn By: J.R.S.	Scale: 1" = 50'	
			SHEET 5 OF 10

E. DURING RESOURCE

TYPICAL PRODUCTION LAYOUT - SOUTHAM CANYON 9-24-41-34



Section 34, T9S, R24E, S.L.B.&M.		Qtr/Qtr Location: NE NE	Footage Location: 802' FNL & 638' FEL
Date Surveyed: 5-7-05	Date Drawn: 5-16-05	Date Last Revision:	Timberline (435) 789-1365 Land Surveying, Inc. 38 WEST 100 NORTH VERNAL, UTAH 84078
Surveyed By: K.R.K.	Drawn By: J.R.S.	Scale: 1" = 50'	



LEGEND

- = PROPOSED WELL LOCATION
- = EXISTING ROAD
- - - = EXISTING ROAD (TO BE IMPROVED)
- - - = PROPOSED ACCESS ROAD
- B-5460 = COUNTY ROAD CLASS & NUMBER

TOPOGRAPHIC MAP "A"

DATE SURVEYED: 05-07-05

DATE DRAWN: 05-16-05

SCALE: 1:100,000

DRAWN BY: T.D.H.

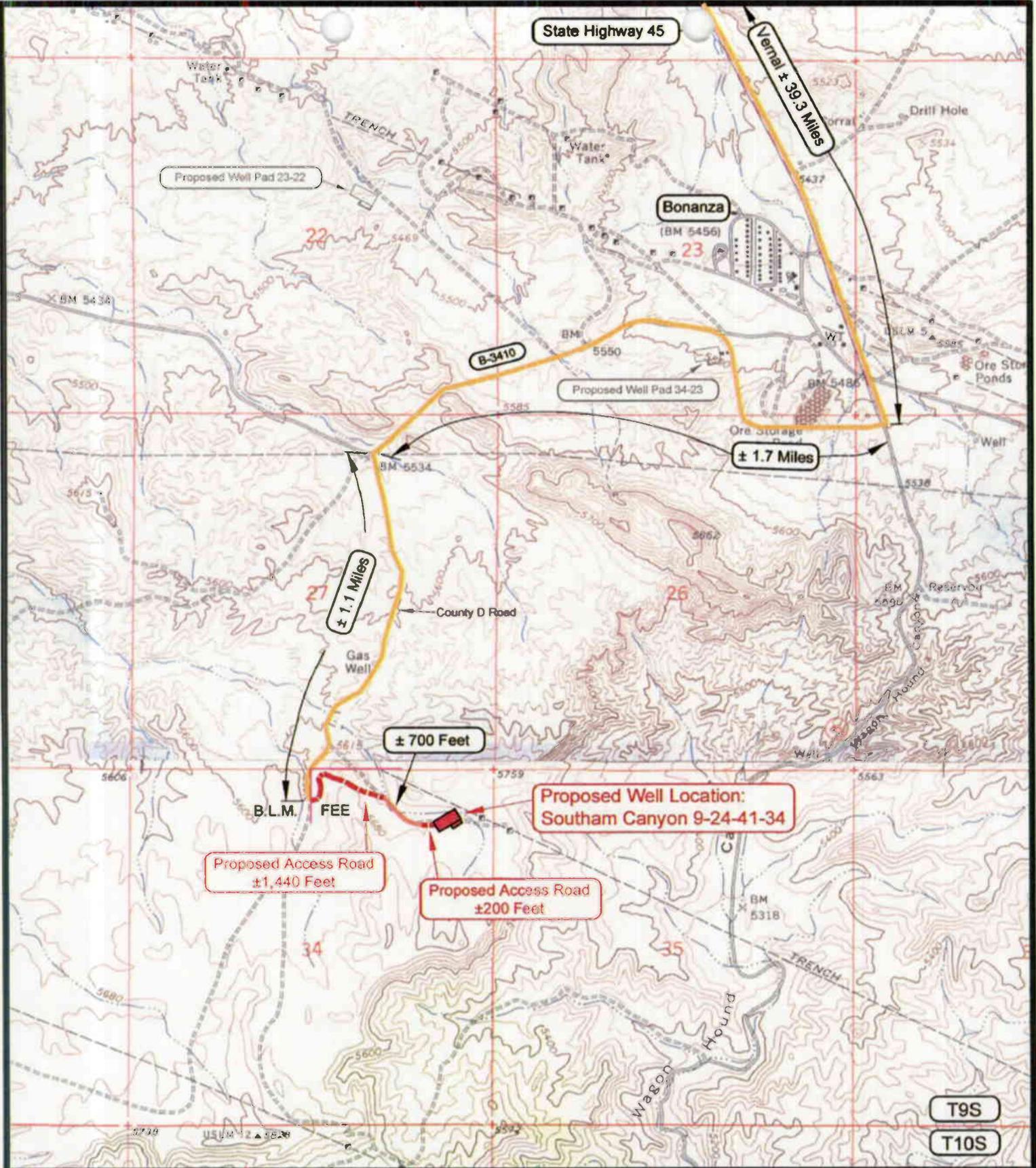
Latest Revision: 5-26-05

ENDURING RESOURCES

Southam Canyon 9-24-41-34
SECTION 34, T9S, R24E, S.L.B.&M.
802' FNL & 638' FEL

Timberline Land Surveying, Inc.
 38 West 100 North Vernal, Utah 84078
 (435) 789-1365

SHEET
7
OF 10



LEGEND

- = EXISTING ROAD
- = EXISTING ROAD (TO BE IMPROVED)
- - - = PROPOSED ACCESS ROAD
- B-5460 = COUNTY ROAD CLASS & NUMBER

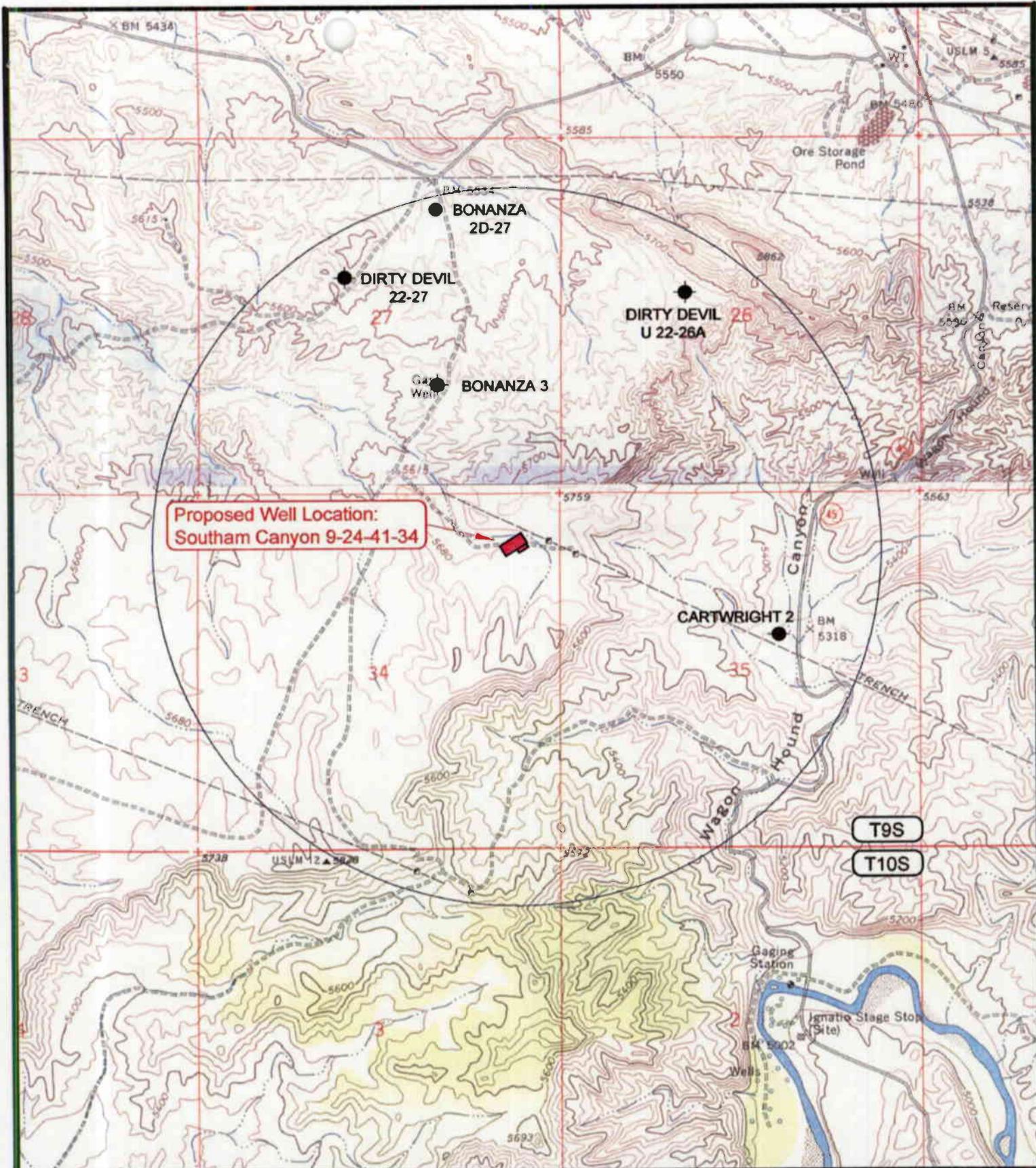
TOPOGRAPHIC MAP "B"	DATE SURVEYED: 05-07-05	DATE DRAWN: 05-16-05
SCALE: 1" = 2000'	DRAWN BY: T.D.H.	Latest Revision: 5-26-05

ENDURING RESOURCES

Southam Canyon 9-24-41-34
SECTION 34, T9S, R24E, S.L.B.&M.
802' FNL & 638' FEL

Timberline Land Surveying, Inc.
 38 West 100 North Vernal, Utah 84078
 (435) 789-1385

SHEET
8
OF 10



**Proposed Well Location:
Southam Canyon 9-24-41-34**

LEGEND

- ⊗ = DISPOSAL WELL
- = PRODUCING WELL
- = SHUT IN WELL
- ⊗ = WATER WELL
- = ABANDONED WELL
- = TEMPORARILY ABANDONED WELL

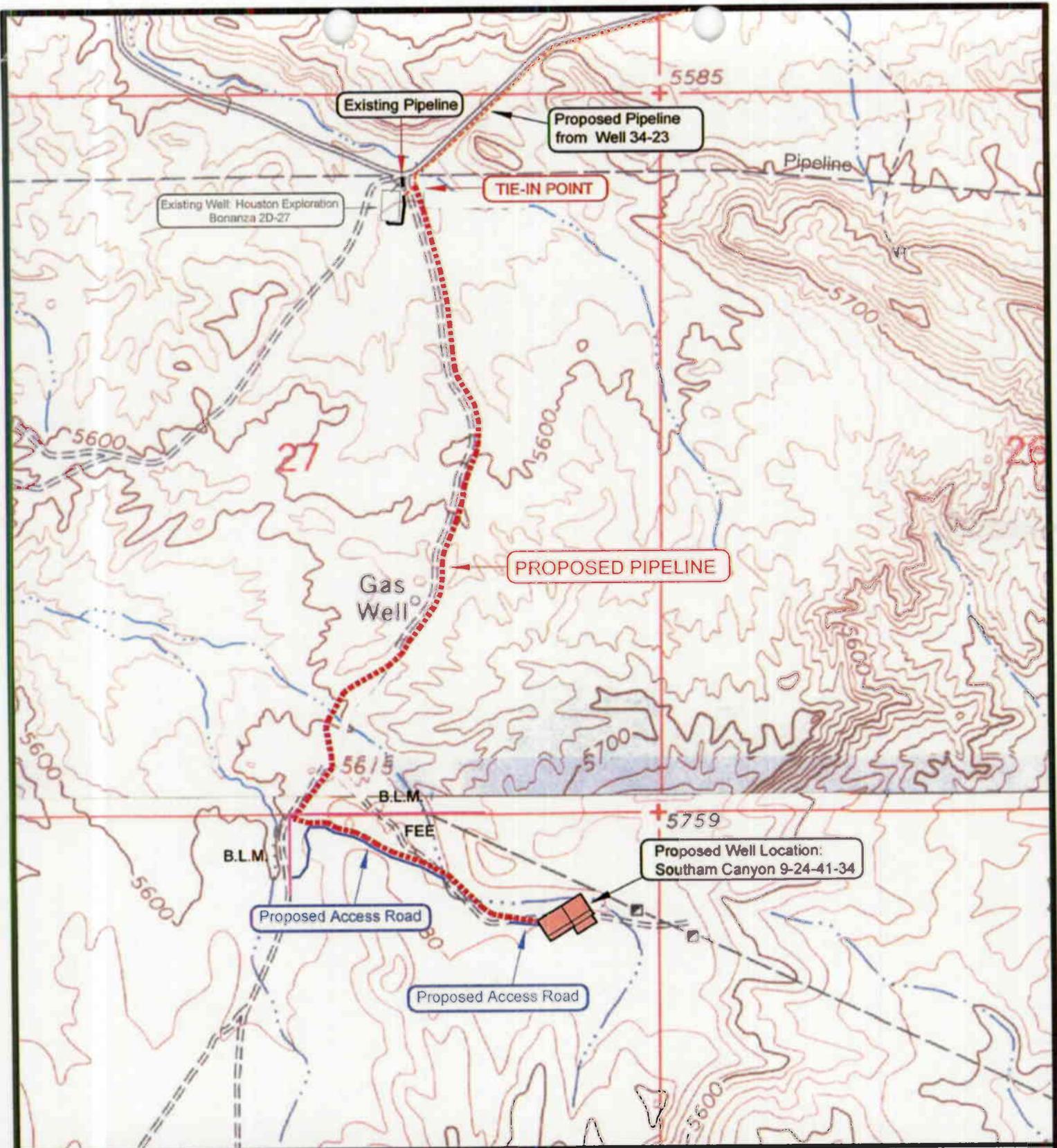
TOPOGRAPHIC MAP "C"	DATE SURVEYED: 05-07-05
	DATE DRAWN: 05-16-05
SCALE: 1" = 2000'	DRAWN BY: T.D.H.
	LATEST REVISION: 5-23-05



ENDURING RESOURCES

Southam Canyon 9-24-41-34
SECTION 34, T9S, R24E, S.L.B.&M.
802' FNL & 638' FEL

Timberline Land Surveying, Inc. 38 West 100 North Vernal, Utah 84078 (435) 789-1365	SHEET 9 OF 10
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APPROXIMATE PIPELINE LENGTH: FEE = 2,056' / B.L.M. = 5,092' / TOTAL = 7,148'

LEGEND

- = EXISTING PIPELINE
- = PROPOSED PIPELINE
- = PROPOSED ACCESS ROAD



ENDURING RESOURCES

**Southam Canyon 9-24-41-34
SECTION 34, T9S, R24E, S.L.B.&M.
802' FNL & 638' FEL**

TOPOGRAPHIC MAP "D"

DATE SURVEYED: 05-07-05
DATE DRAWN: 05-16-05
Latest Revision: 5-26-05

SCALE: 1" = 1000'

DRAWN BY: J.R.S.

Timberline Land Surveying, Inc.
38 West 100 North Vernal, Utah 84078
(435) 789-1365

**SHEET
10
OF 10**

**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 06/01/2005

API NO. ASSIGNED: 43-047-36777

WELL NAME: SOUTHAM CYN 9-24-41-34
 OPERATOR: ENDURING RESOURCES, LLC (N2750)
 CONTACT: PHYLLIS SOBOTIK

PHONE NUMBER: 303-350-5114

PROPOSED LOCATION:

NENE 34 090S 240E
 SURFACE: 0802 FNL 0638 FEL
 BOTTOM: 0802 FNL 0638 FEL
 UINTAH
 UNDESIGNATED (2)

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	DRD	7/7/05
Geology		
Surface		

LEASE TYPE: 4 - Fee
 LEASE NUMBER: FEE
 SURFACE OWNER: 4 - Fee
 PROPOSED FORMATION: MVRD
 COALBED METHANE WELL? NO

LATITUDE: 39.99743
 LONGITUDE: -109.1923

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[] Ind[] Sta[] Fee[]
(No. RLB0008031)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. 43-2195)
- 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

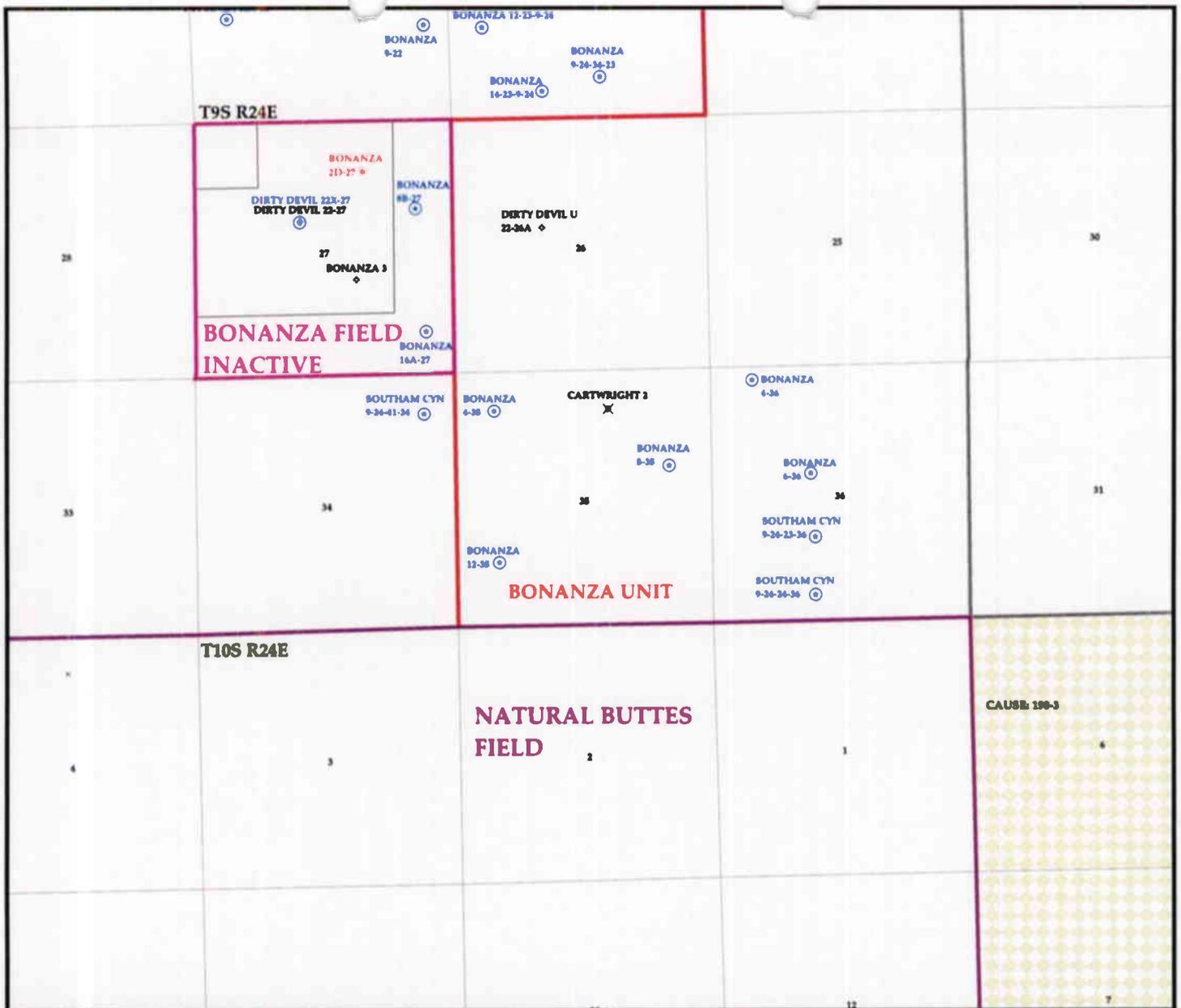
COMMENTS:

Needs Draw to (06-22-05)

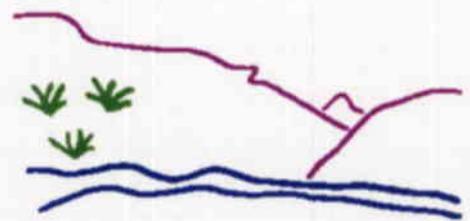
STIPULATIONS:

- 1- Spacing SLP
- 2- STATEMENT OF BASIS

3- Surface Cos Cont Strip



OPERATOR: ENDURING RES LLC (N1095)
SEC: 34 T. 9S R. 24E
FIELD: UNDESIGNATED (002)
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 | □ P1 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: 10-JUNE-2005

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

OPERATOR: ENDURING RESOURCES, LLC
WELL NAME & NUMBER: SOUTHAM CANYON 9-24-41-34
API NUMBER: 43-047-36777
LOCATION: 1/4,1/4 NE/NE Sec:34 TWP: 9S RNG:24E 638' FEL 802' FNL

Geology/Ground Water:

Enduring proposes to set 2,000' of surface casing at this location. The depth to the base of the moderately saline water at this location is estimated to be at a depth of 5,600'. A search of Division of Water Rights records shows 20 water wells within a 10,000 foot radius of the proposed location. One well is 290' deep and approximately 1.5 miles from the proposed location. The stated use is for stock watering and domestic use. The other 19 wells are owned by American Gilsonite and are less than 50 feet deep. They are approximately 1.5 miles from the proposed location and are listed as being used for industrial, stock watering and domestic use. The surface formation at this site is the Uinta Formation. The Uinta Formation is made up of lenticular sandstones interbedded with shales and is expected to have limited value as an aquifer. The proposed casing and cementing program should adequately protect any underground sources of useable water.

Reviewer: Brad Hill **Date:** 06-29-05

Surface:

The predrill investigation of the surface was performed on 6/22/05. This site is on fee surface with fee minerals, and appears to be the best site for a location in the immediate area. I notified Mr. Jared Jackson, representative of American Gilsonite Co. on 6/14/05 at (435) 789-1921 of this investigation. He was present. He had no concerns regarding the drilling of this well or the construction of this location. American Gilsonite owns the surface at this site. This area is heavily used for gilsonite mining, and there are active gilsonite mines in this section. I told Mr. Hammond it would be necessary for Enduring to notify these mines before blasting if blasting became necessary to construct this location or the reserve pit. He agreed to this. Mr. Hammond also stated that surface pipe would be set at a depth greater than existing nearby mine shafts, and air would be used to drill this section of the well bore so there would be no chance of flooding a mine shaft. An existing two-track crossing this site will be re-routed around the north end of the location.

Reviewer: David W. Hackford **Date:** 6/23/2005

Conditions of Approval/Application for Permit to Drill:

None.

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

OPERATOR: ENDURING RESOURCES, LLC
WELL NAME & NUMBER: SOUTHAM CANYON 9-24-41-34
API NUMBER: 43-047-36777
LEASE: FEE FIELD/UNIT: UNDESIGNATED
LOCATION: 1/4,1/4 NE/NE Sec: 34 TWP: 9S RNG: 24E 638' FEL 802' FNL
LEGAL WELL SITING: 460 F SEC. LINE; 460 F 1/4,1/4 LINE; 920 F ANOTHER WELL.
GPS COORD (UTM): 4428828N 12654313E SURFACE OWNER: AMERICAN GILSONITE COMPANY.

PARTICIPANTS

DAVID W. HACKFORD (DOGM), KOLBY KAY (TIMBERLINE SURVEYING), DOUG HAMMOND (ENDURING), TWO DIRT CONTRACTORS.

REGIONAL/LOCAL SETTING & TOPOGRAPHY

SITE IS ON THE NORTH SLOPE OF A RIDGE RUNNING EAST TO WEST. THE TOP OF THIS RIDGE IS 0.3 MILES TO THE SOUTH. DRAINAGE IS TO THE NORTH FOR 200' THEN TO THE NORTHWEST FOR FOUR MILES TO COYOTE WASH. BONANZA, UTAH IS 1.8 MILES TO THE NORTHEAST. VERNAL, UTAH IS 42.5 MILES TO THE NORTHWEST. THE WHITE RIVER IS 2.2 MILES TO THE SOUTH.

SURFACE USE PLAN

CURRENT SURFACE USE: WILDLIFE AND LIVESTOCK GRAZING, HUNTING.

PROPOSED SURFACE DISTURBANCE: LOCATION WILL BE 365' BY 235'. ACCESS ROAD WILL BE 0.4 MILES. ONLY A PORTION OF THE TWO-TRACK CROSSING SITE WILL BE UPGRADED. NEW ACCESS CONSTRUCTION WILL BE NECESSARY TO KEEP THE ENTIRE ACCESS ROAD ON AMERICAN GILSONITE PROPERTY.

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 OF 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: SAGEBRUSH, SPINEY HOPSAGE, GREASEWOOD, PRICKLY PEAR, CHEATGRASS, OTHER NATIVE GRASSES. DEER, RODENTS, RAPTORS, COYOTE, SONGBIRDS, RABBIT, BOBCAT, PRONGHORN.

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: 160' BY 60' AND EIGHT FEET DEEP.

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

SURFACE RESTORATION/RECLAMATION PLAN

AS PER LANDOWNER AGREEMENT

SURFACE AGREEMENT: YES

CULTURAL RESOURCES/ARCHAEOLOGY: SITE IS ON FEE SURFACE.

OTHER OBSERVATIONS/COMMENTS

THIS PREDRILL INVESTIGATION WAS CONDUCTED ON A HOT, SUNNY DAY. THERE ARE ACTIVE GILSONITE MINES IN THIS SECTION.

ATTACHMENTS

PHOTOS OF THIS SITE WERE TAKEN AND PLACED ON FILE.

DAVID W. HACKFORD
DOGM REPRESENTATIVE

6/22/05 10:30 AM
DATE/TIME

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

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

Final Score 10 (Level III Sensitivity)

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



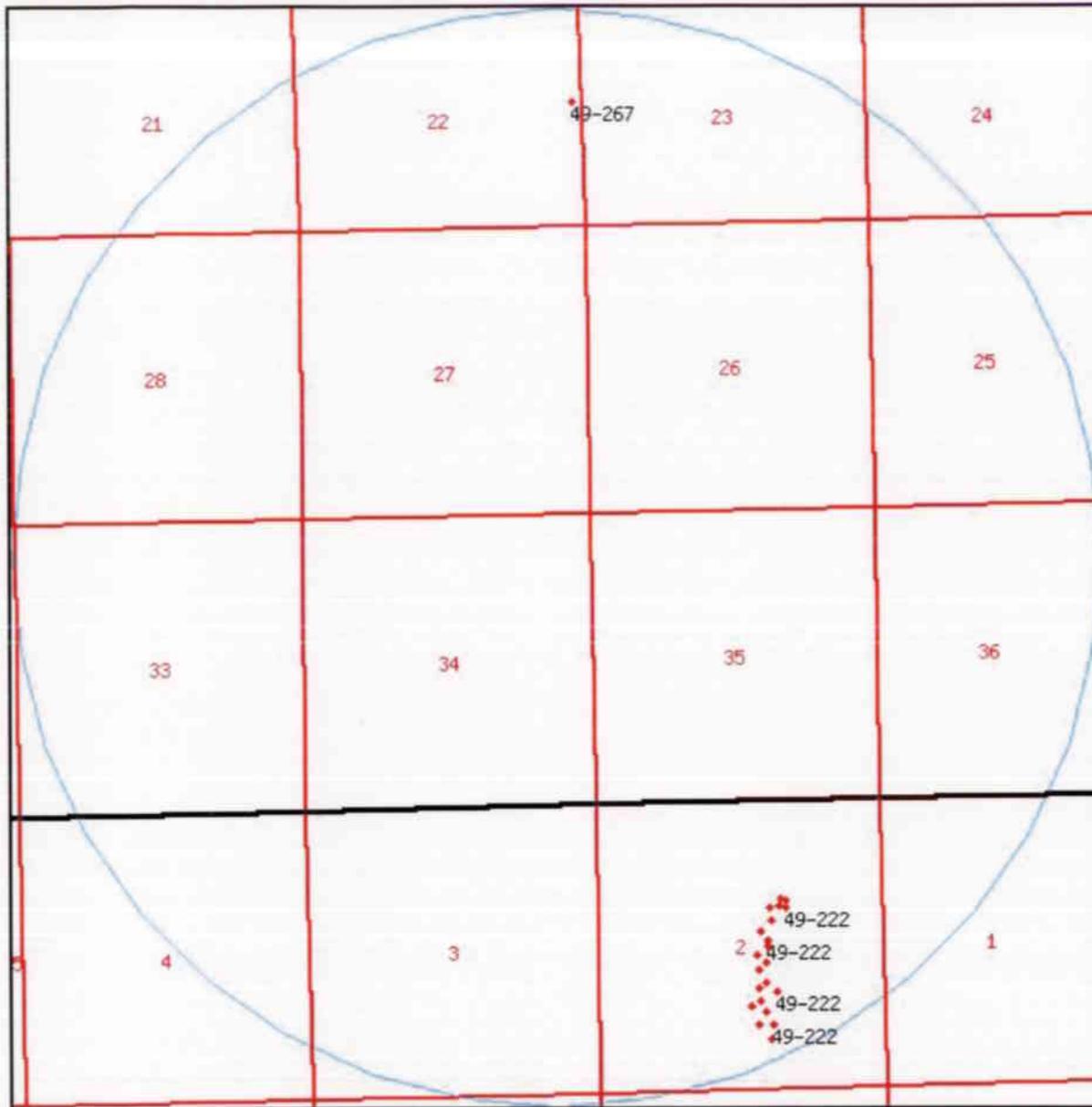


UTAH DIVISION OF WATER RIGHTS

WRPLAT Program Output Listing

Version: 2004.12.30.00 Rupdate: 06.29.2005 03:10 PM

Radius search of 10000 feet from a point S802 W638 from the NE corner, section 34, Township 9S, Range 24E, SL b&m
Criteria:wrtypes=W,C,E podtypes=U status=U,A,P usetypes=all



0 1300 2600 3900 5200 ft

Water Rights

WR Number	Diversion Type/Location	Well Log	Status	Priority	Uses	CFS	ACFT	Owner Name
49-173	Underground		P	19431007	DMX	0.380	0.000	BARBER ASPHALT CORPORATION JENSEN UT 84035
	N758 W1825 E4 02 10S 24E SL							
49-206	Underground		P	19541119	D	0.015	0.000	CONOCOPHILLIPS COMPANY P. O. BOX 851
	N804 W1918 E4 02 10S 24E SL							
49-222	Underground		P	19580509	DIOS	4.300	0.000	AMERICAN GILSONITE COMPANY 1150 KENNECOTT BUILDING
	S1177 W2430 E4 02 10S 24E SL							
49-222	Underground		P	19580509	DIOS	4.300	0.000	AMERICAN GILSONITE COMPANY 1150 KENNECOTT BUILDING
	N2385 W2400 SE 02 10S 24E SL							
49-222	Underground		P	19580509	DIOS	4.300	0.000	AMERICAN GILSONITE COMPANY 1150 KENNECOTT BUILDING
	N1141 W2391 SE 02 10S 24E SL							
49-222	Underground		P	19580509	DIOS	4.300	0.000	AMERICAN GILSONITE COMPANY 1150 KENNECOTT BUILDING
	N1786 W2375 SE 02 10S 24E SL							
49-222	Underground		P	19580509	DIOS	4.300	0.000	AMERICAN GILSONITE COMPANY 1150 KENNECOTT BUILDING
	S486 W2297 E4 02 10S 24E SL							
49-222	Underground		P	19580509	DIOS	4.300	0.000	AMERICAN GILSONITE COMPANY 1150 KENNECOTT BUILDING
	S486 W2297 E4 02 10S 24E SL							

	N214 W2276 E4 02 10S 24E SL			1150 KENNECOTT BUILDING
49-222	Underground	P	19580509 DIOS 4.300 0.000	AMERICAN GILSONITE COMPANY
	S1052 W2266 E4 02 10S 24E SL			1150 KENNECOTT BUILDING
49-222	Underground	P	19580509 DIOS 4.300 0.000	AMERICAN GILSONITE COMPANY
	N1365 W2250 SE 02 10S 24E SL			1150 KENNECOTT BUILDING
49-222	Underground	P	19580509 DIOS 4.300 0.000	AMERICAN GILSONITE COMPANY
	S720 W2178 E4 02 10S 24E SL			1150 KENNECOTT BUILDING
49-222	Underground	P	19580509 DIOS 4.300 0.000	AMERICAN GILSONITE COMPANY
	S353 W2162 E4 02 10S 24E SL			1150 KENNECOTT BUILDING
49-222	Underground	P	19580509 DIOS 4.300 0.000	AMERICAN GILSONITE COMPANY
	S73 W2159 E4 02 10S 24E SL			1150 KENNECOTT BUILDING
49-222	Underground	P	19580509 DIOS 4.300 0.000	AMERICAN GILSONITE COMPANY
	N31 W2144 E4 02 10S 24E SL			1150 KENNECOTT BUILDING
49-222	Underground	P	19580509 DIOS 4.300 0.000	AMERICAN GILSONITE COMPANY
	N628 W2123 E4 02 10S 24E SL			1150 KENNECOTT BUILDING
49-222	Underground	P	19580509 DIOS 4.300 0.000	AMERICAN GILSONITE COMPANY
	N404 W2076 E4 02 10S			1150 KENNECOTT BUILDING

	24E SL					
49-222	Underground	P	19580509 DIOS	4.300	0.000	AMERICAN GILSONITE COMPANY
	N855 W2140 SE 02 10S 24E SL					1150 KENNECOTT BUILDING
49-222	Underground	P	19580509 DIOS	4.300	0.000	AMERICAN GILSONITE COMPANY
	N1140 W2100 SE 02 10S 24E SL					1150 KENNECOTT BUILDING
49-222	Underground	P	19580509 DIOS	4.300	0.000	AMERICAN GILSONITE COMPANY
	N1730 W2030 SE 02 10S 24E SL					1150 KENNECOTT BUILDING
49-222	Underground	P	19580509 DIOS	4.300	0.000	AMERICAN GILSONITE COMPANY
	N652 W1931 E4 02 10S 24E SL					1150 KENNECOTT BUILDING
49-222	Underground	P	19580509 DIOS	4.300	0.000	AMERICAN GILSONITE COMPANY
	N624 W1807 E4 02 10S 24E SL					1150 KENNECOTT BUILDING
49-267	Underground	P	1925	S	0.016 0.000	JOSEPH P. HACKING
	N2282 W262 SE 22 9S 24E SL					VERNAL UT 84078

[Natural Resources](#) | [Contact](#) | [Disclaimer](#) | [Privacy Policy](#) | [Accessibility Policy](#)

-05 Enduring Southam Cyn 4-41-34
Casing Schematic

Uister Surface propose TOC - Surface

8-5/8"
MW 8.4
Frac 19.3

TOC @
0.

TOC @
481.

1149
Green River
1620 TOC
Tail

Surface
2000. MD

w/11% washout
Surface w/ 4% washout
✓ surface string

BMD
 $(.050)(10)(7511) = 3905$
Anticipate 3905

G_{u2}
 $(.10)(7511) = 901$
MMSF = 3004

fluid
 $(.22)(7511) = 1652$
MMSF = 2253

3MBSDE approved ✓

Seq' csg - 2950
207 - 2065

max pressure @ seq' shoe = 2693

Propose Test TO 2065 # ✓

✓ Adequate Dev 7/7/05

3296 TOC Tail
3655 Wasatch

✓ w/15% washout

5289 Mesaville
5600 Bmsw

4-1/2"
MW 10.

Production
7511. MD

Well name:	07-05 Enduring Southam Cyn 9-24-41-34	
Operator:	Enduring Resources, LLC	Project ID:
String type:	Surface	43-047-36777
Location:	Uintah County	

Design parameters:

Collapse

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

Burst

Max anticipated surface pressure: 1,760 psi
 Internal gradient: 0.120 psi/ft
 Calculated BHP: 2,000 psi

 No backup mud specified.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Tension:

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

Tension is based on buoyed weight.
 Neutral point: 1,748 ft

Environment:

H2S considered? No
 Surface temperature: 75 °F
 Bottom hole temperature: 103 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 350 ft

Cement top: 481 ft

Non-directional string.

Re subsequent strings:

Next setting depth: 7,511 ft
 Next mud weight: 10.000 ppg
 Next setting BHP: 3,902 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	24.00	J-55	ST&C	2000	2000	7.972	96.3
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	873	1370	1.570	2000	2950	1.47	42	244	5.82 J

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

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

Date: July 1, 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:	07-05 Enduring Southam Cyn 9-24-41-34	
Operator:	Enduring Resources, LLC	
String type:	Production	Project ID: 43-047-36777
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

Burst:

Design factor 1.00

Environment:

H2S considered? No
Surface temperature: 75 °F
Bottom hole temperature: 180 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 1,500 ft

Cement top: Surface

Burst

Max anticipated surface pressure: 3,000 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 3,902 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: 6,388 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 (ft ³)
1	7511	4.5	11.60	N-80	LT&C	7511	7511	3.875	174.1
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	3902	6350	1.627	3902	7780	1.99	74	223	3.01 J

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

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

Date: July 1, 2005
Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 7511 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 & Kernler 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.



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 11, 2005

Enduring Resources, LLC
475 17th St., Suite 1500
Denver, CO 80202

Re: Southam Canyon 9-24-41-34 Well, 802' FNL, 638' FEL, NE NE, Sec. 34,
T. 9 South, R. 24 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 43-047-36777.

Sincerely,

Gil Hunt
Acting Associate Director

pab
Enclosures

cc: Uintah County Assessor

Operator: Enduring Resources, LLC
Well Name & Number Southam Canyon 9-24-41-34
API Number: 43-047-36777
Lease: Fee

Location: NE NE **Sec.** 34 **T.** 9 South **R.** 24 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 Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)

5. Surface casing shall be cemented to the surface.

Page 2

API #43-047-36777

July 11, 2005

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

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

5. LEASE DESIGNATION AND SERIAL NUMBER:
FEE

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
n/a

7. UNIT or CA AGREEMENT NAME:
n/a

8. WELL NAME and NUMBER:
Southam Canyon 9-24-41-34

9. API NUMBER:
4304736777

10. FIELD AND POOL, OR WILDCAT:
Wildcat

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 OTHER CONFIDENTIAL

2. NAME OF OPERATOR:
Enduring Resources, LLC

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

PHONE NUMBER:
(303) 350-5114

4. LOCATION OF WELL
FOOTAGES AT SURFACE: 802' FNL - 638' FEL

COUNTY: Uintah

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NENE 34 9S 24E S

STATE: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: <u>5/23/2006</u>	<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>Request for APD Extension</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.

Enduring Resources, LLC respectfully request an extension to the expiration date of this Application for Permit to Drill

FROM: 7-11-2006
TO: 7-11-2007

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 08-24-06
By: [Signature]

NAME (PLEASE PRINT) Evette Bissett

TITLE Regulatory Compliance Assistant

SIGNATURE [Signature]

DATE 8/18/2006

(This space for State use only)

9/28/06
[Signature]

RECEIVED
AUG 23 2006

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

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

API: 4304736777
Well Name: Southam Canyon 9-24-41-34
Location: 802' FNL - 638' FEL, NENE, Sec 34, T9S-R24E
Company Permit Issued to: Enduring Resources, LLC
Date Original Permit Issued: 7/11/2005

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

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

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

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

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

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

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

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

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



Signature

8/18/2006

Date

Title: Regulatory Compliance Assistant

Representing: Enduring Resources, LLC

RECEIVED
AUG 23 2006

DIV. OF OIL, GAS & MINING

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

SUNDRY NOTICES AND REPORTS ON WELLS

5. LEASE DESIGNATION AND SERIAL NUMBER:
FEE

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
n/a

7. UNIT or CA AGREEMENT NAME:
n/a

8. WELL NAME and NUMBER:
Southam Canyon 9-24-41-34

9. API NUMBER:
4304736777

10. FIELD AND POOL, OR WILDCAT:
Wildcat

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 []

2. NAME OF OPERATOR:
Enduring Resources, LLC

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

PHONE NUMBER:
(303) 350-5114

4. LOCATION OF WELL
FOOTAGES AT SURFACE: 802' FNL - 638' FEL
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NENE 34 9S 24E S

COUNTY: Uintah

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, and various actions like ACIDIZE, ALTER CASING, etc.

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

Enduring Resources, LLC respectfully request an extension to the expiration date of this Application for Permit to Drill

FROM: 8/24/2007
TO: 8/24/2008

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 08-27-07
By: [Signature]

NAME (PLEASE PRINT) Evette Bissett
SIGNATURE [Signature]

TITLE Regulatory Compliance Assistant
DATE 8/20/2007

(This space for State use only)

8-27-07
Rm

AUG 24 2007

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

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

API: 4304736777
Well Name: Southam Canyon 9-24-41-34
Location: 802' FNL - 638' FEL, NENE, Sec 34, T9S-R24E
Company Permit Issued to: Enduring Resources, LLC
Date Original Permit Issued: 7/11/2005

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

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

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

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

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

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

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

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

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

Eutto Bissett
Signature

8/20/2007
Date

Title: Regulatory Compliance Assistant

Representing: Enduring Resources, LLC

AUG 24 2007



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

October 1, 2008

Al Arlian
Enduring Resources Inc.
475 17th St., Suite 1500
Denver, CO 80202

Re: APD Rescinded – Southam Canyon 9-24-41-34, Sec. 34 T. 9S, R. 24E
Uintah County, Utah API No. 43-047-36777

Dear Mr. Arlian:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on July 11, 2005. On August 24, 2006 and on August 27, 2007, the Division granted a one-year APD extension.

No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective October 1, 2008.

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

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

Sincerely,


Diana Mason
Environmental Scientist

cc: Well File
Brad Hill, Technical Services Manager

