

September 30, 2005

RE: The Houston Exploration Company  
Southman Canyon 5-30-9-24  
Sec. 30, T9S, R24E

Utah Division of Oil, Gas and Mining  
1549 West North Temple  
Suite 1210  
PO BOX 145801  
SLC, UT 84114

Dear Sir or Madam,

The Houston Exploration Company respectfully requests a spacing exception for the subject well. The well has been moved from the center of the forty-acre spacing.

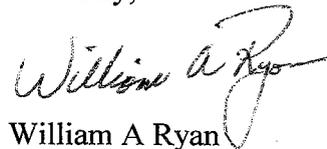
The well is located at 2,229' FNL & 747' FWL, which has changed from the proposed location at 1980' FNL & 660' FWL.

The location was moved due to topographic considerations and access. Please see the plat maps.

The Houston Exploration Company is the only lease owner within a 460' radius.

If you have additional questions please contact William A Ryan, Agent  
290 S 800 E  
Vernal, UT 84078  
435-789-0968

Sincerely,

  
William A Ryan

RECEIVED

OCT 1 / 2005

DIV. OF OIL, GAS & MINING

Cc: BLM, Vernal Field Office

**UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT**

5. LEASE DESIGNATION AND SERIAL NO.  
**UTU-80571**

6. IF INDIAN, ALLOTTEE OR TRIBE NAME  
**na**

7. UNIT AGREEMENT NAME  
**na**

8. FARM OR LEASE NAME  
**na**

9. WELL NO.  
**Southman Canyon 5-30-9-24**

10. FIELD OR LEASE NAME  
**Undesignated**

11. Sec., T., R., M., OR BLK  
AND SURVEY OR AREA  
**Sec. 30, T9S, R24E**

12. COUNTY OR PARISH | 13. STATE  
**Uintah | Utah**

**APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK**

1a TYPE OF WORK  
**DRILL**       **DEEPEN**       **PLUG BACK**   
 B TYPE OF WELL  
 OIL WELL       GAS WELL       SINGLE ZONE       MULTIPLE ZONE   
 OTHER

2. NAME OF OPERATOR  
**The Houston Exploration Company**

3. ADDRESS OF OPERATORS  
**1100 Louisiana Suite 2000 Houston, TX 77002**

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirement)  
**2229' FNL & 747' FWL 648295X 40.008097**  
 At proposed prod. Zone **SWNW same as above 4429892Y -109.262588**

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE  
**47.2 miles South of Vernal, UT**

15. DISTANCE FROM PROPOSED LOC. TO NEAREST PROP. OR LEASE LINE, FT. (Also to nearest drtg. Unit line, if any)  
**747'**

16. NO. OF ACRES IN LEASE  
**480**

17. NO. OF ACRES ASSIGNED TO THIS WELL  
**40**

16. DISTANCE FROM PROPOSED LOCATION \* TO NEAREST WELL, DRILLING COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.  
**1250'**

19. PROPOSED DEPTH  
**8,060**

20. ROTARY OR CABLE TOOLS  
**Rotary**

21. ELEVATION (SHOW WHETHER DF, RT, GR, etc.)  
**5302.4 GR**

22. APPROX. DATE WORK WILL START  
**Oct. 30, 2005**

**PROPOSED CASING AND CEMENT PROGRAM**

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
<b>11"</b>	<b>8 5/8"</b>	<b>32#</b>	<b>2000'</b>	<b>779 sks</b>
<b>7 7/8"</b>	<b>4 1/2"</b>	<b>11.6#</b>	<b>T.D.</b>	<b>600 sks</b>

**The operator requests permission to drill the subject well. Please find the attached 10 point plan and 13 point plan.**

**William A Ryan  
290 S 800 E  
Vernal, UT 84078  
435-789-0968**

*Federal Approval of this  
Action is Necessary*

**CONFIDENTIAL**

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposed in to deepen or plug back, give data on proposed productive zone and proposed new productive zone. If proposal is to drill or deepen directional, give pertinent data on subsurface location and measure and true vertical depths. Give blowout preventer program, if any.

24

SIGNATURE William A. Ryan TITLE Agent DATE Sept. 30, 2005

(This space for Federal or State Office use)

PERMIT NO. 43-047-37260 APPROVAL DATE 10-18-05

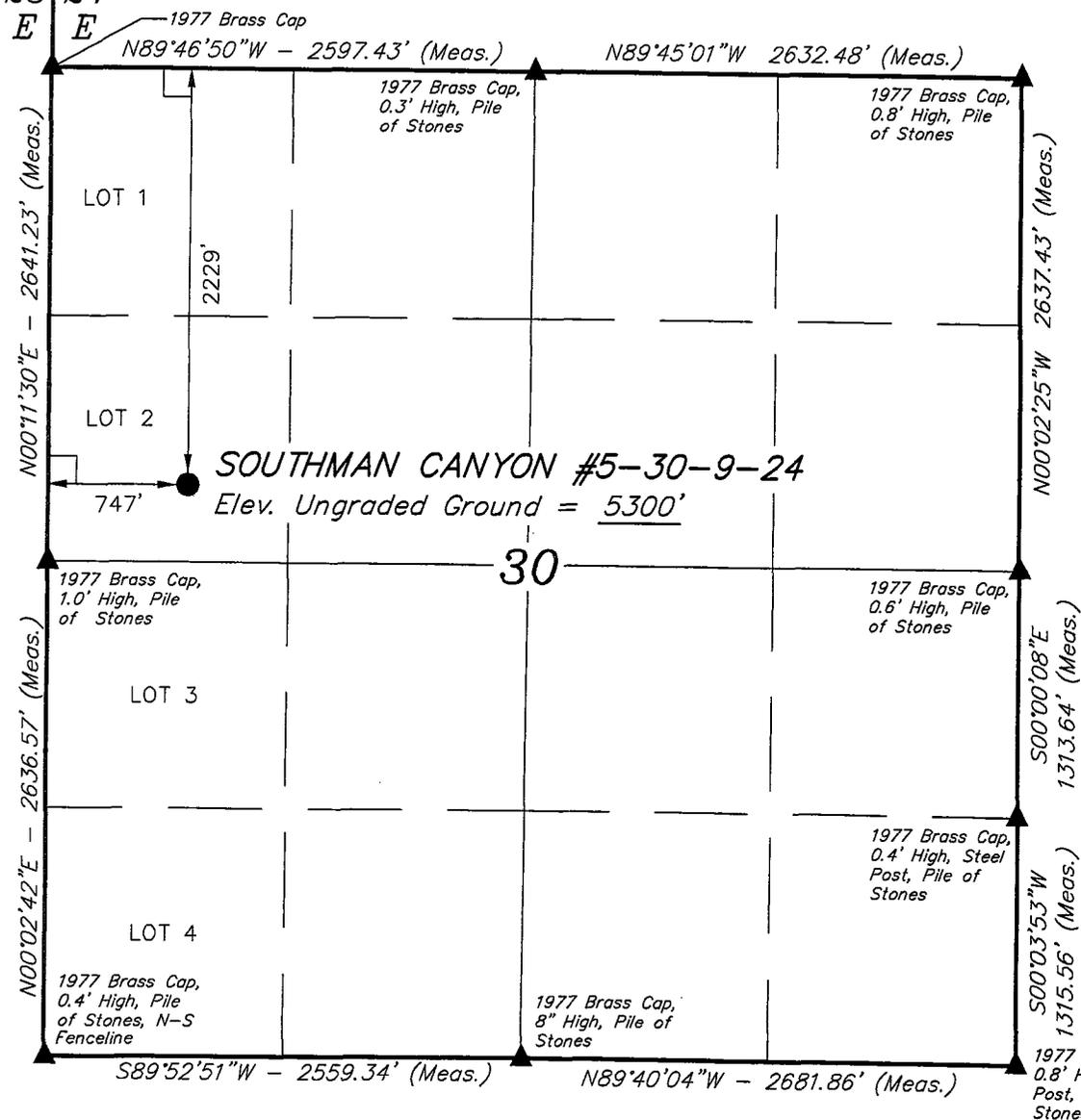
APPROVED BY Bradley G. Hill TITLE ENVIRONMENTAL SCIENTIST III DATE 10-18-05

CONDITIONS OF APPROVAL, IF ANY:

**RECEIVED  
OCT 1 / 2005**

**\*See Instructions on Reverse Side**

R 23  
E E  
R 24  
T9S, R24E, S.L.B.&M.

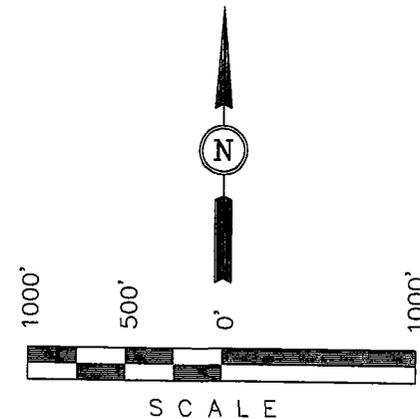


**THE HOUSTON EXPLORATION COMPANY**

Well location, SOUTHMAN CANYON #5-30-9-24, located as shown in the SW 1/4 NW 1/4 of Section 30, T9S, R24E, 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, UTAH 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.



**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 A. Hay*  
REGISTERED LAND SURVEYOR  
REGISTRATION NO. 161319  
STATE OF UTAH

**BASIS OF BEARINGS**

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

**LEGEND:**

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

(AUTONOMOUS NAD 83)  
LATITUDE = 40°00'29.15" (40.008097)  
LONGITUDE = 109°15'48.07" (109.263353)  
(AUTONOMOUS NAD 27)  
LATITUDE = 40°00'29.27" (40.008131)  
LONGITUDE = 109°15'45.64" (109.262678)

**UINTAH ENGINEERING & LAND SURVEYING**

85 SOUTH 200 EAST - VERNAL, UTAH 84078

(435) 789-1017

SCALE 1" = 1000'	DATE SURVEYED: 03-25-05	DATE DRAWN: 04-12-05
PARTY G.O. B.C. P.M.	REFERENCES G.L.O. PLAT	
WEATHER WARM	FILE THE HOUSTON EXPLORATION COMPANY	

**SELF-CERTIFICATION STATEMENT**

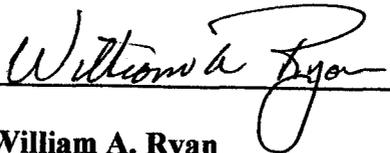
**The following self-certification statement is provided per Federal requirements dated June 15, 1988.**

**Please be advised that The Houston Exploration Company are considered to be the operator of the following well.**

**Southman Canyon 5-30-9-24  
Section 30, T.9S, R.24E.  
SW 1/4, NW 1/4  
Lease UTU-80571  
Uintah County, Utah**

**The Houston Exploration Company is responsible under the terms and conditions of the lease for the operations conducted upon the lease lands.**

**Bond UTB-000062 provides state-wide bond coverage on all Federal lands.**



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**William A. Ryan  
Agent  
Rocky Mountain Consulting  
290 S. 800 E.  
Vernal UT 84078  
435-789-0968 Office  
435-828-0968 Cell  
435-789-0970 Fax  
rmcwar@hotmail.com**

## Ten Point Plan

### The Houston Exploration Company

Southman Canyon 5-30-9-24

Surface Location SW ¼ NW ¼, Section 30, T. 9S., R. 24E.

#### 1. Surface Formation

Green River

#### 2. Estimated Formation Tops and Datum:

<u>Formation</u>	<u>Depth</u>	<u>Datum</u>
Green River	Surface	+5,302' G.L.
Uteland Butte Limestone	3,972	+1,330'
Wasatch	4,078	+1,224'
Mesaverda	5,711	-409'
Buck Tounge	8,002	-2,700'
Castlegate	8,080	-2,778'
TD	8,060	-2,758'

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

##### Permitted/Drilled:

Southman Canyon 1-30-9-24

Southman Canyon 3-30-9-24

Southman Canyon 7-30-9-24

##### Shut in Wells:

SC #2D-30

SC #2D-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	32#	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):**

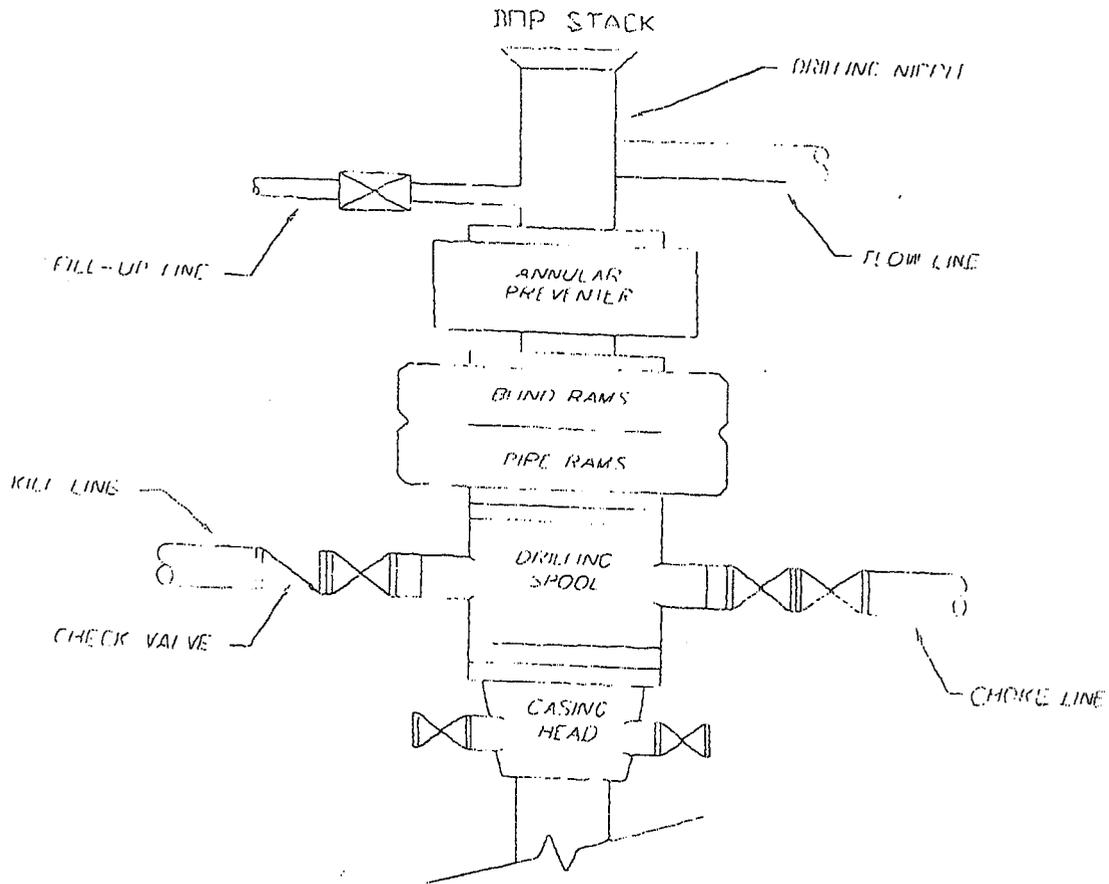
No abnormal pressures, temperatures or other hazards are anticipated. Oil and gas shows are anticipated in the Wasatch Formation. Other wells drilled in the area have not encountered over pressured zones or H2S.

**10. Drilling Schedule:**

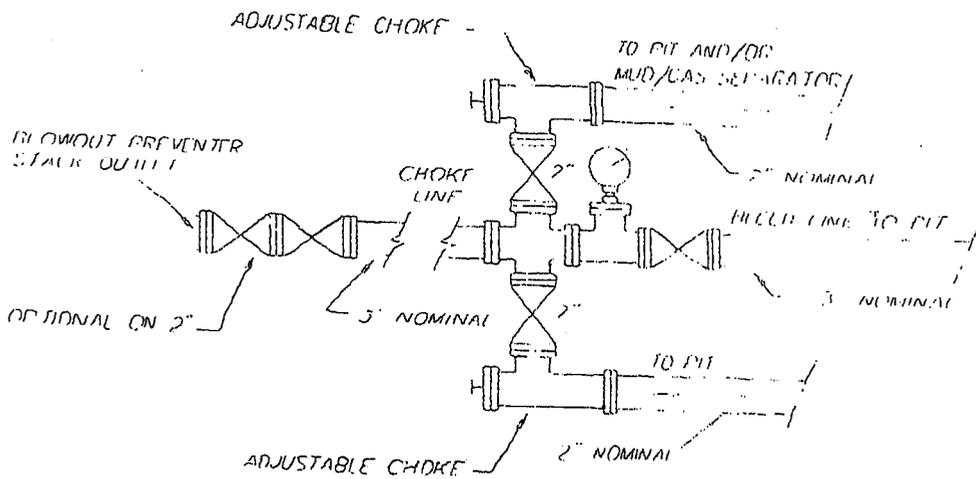
The anticipated starting date is 10/30/05. Duration of operations is expected to be 30 days.

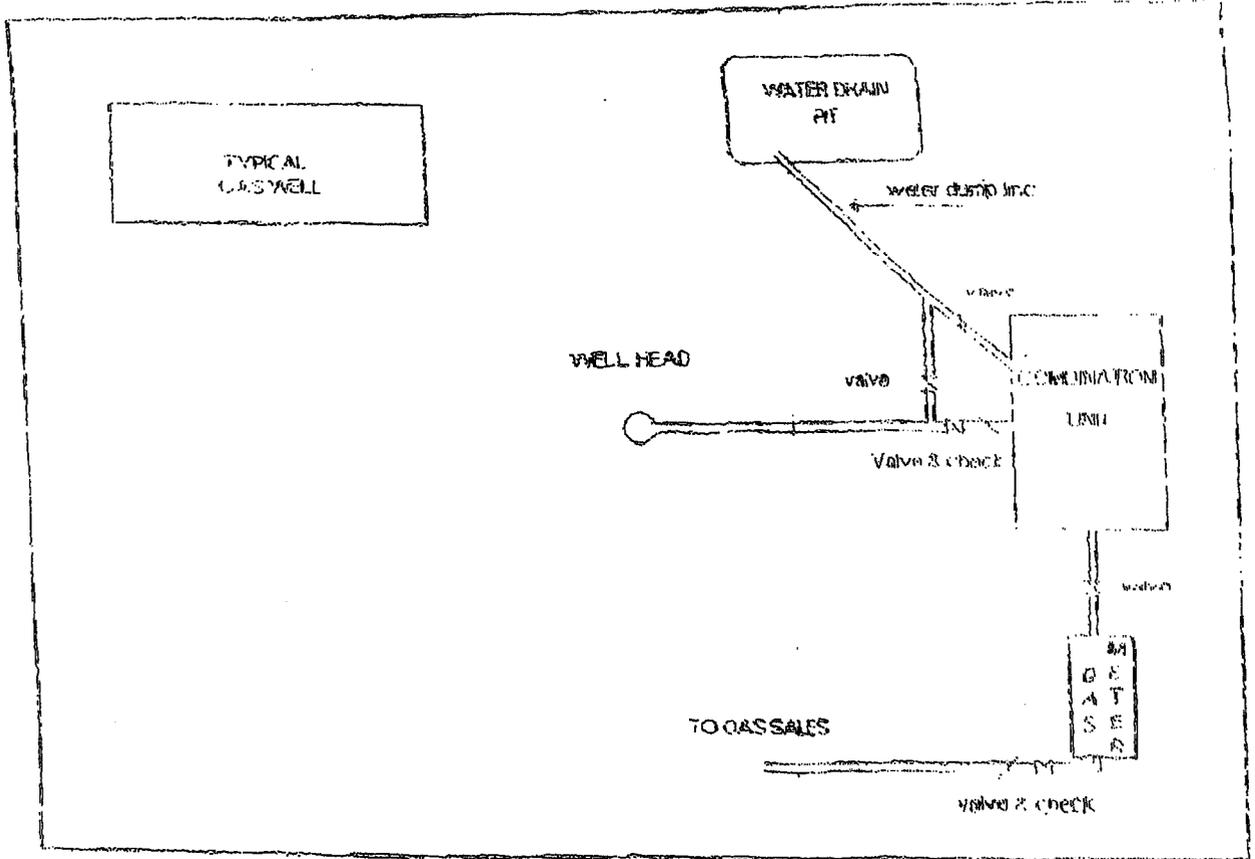
# THE HOUSTON EXPLORATION COMPANY

## 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 5-30-9-24**

**LOCATED IN SW ¼ NW ¼**

**SECTION 30, T. 9S, R24E, S.L.B.&M.**

**UINTAH COUNTY, UTAH**

**LEASE NUMBER: UTU-80571**

**SURFACE OWNERSHIP: FEDERAL**

**1. Existing Roads:**

To reach The Houston Exploration Co well Southman Canyon #5-30-9-24 in Section 22, T9S, R23E, starting in Vernal, Utah.

Proceed in an 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, then southeasterly direction approximately 36.6 miles on State Highway 45 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 southwesterly direction approximately 1.6 miles to the junction of this road and an existing road to the northwest; turn right and proceed in a northwesterly direction approximately 0.25 miles to the beginning of the proposed access for the #4C-30 to the northwest; follow road flags in a northwesterly direction approximately 250' to the beginning of the proposed access for the SC 6-30 and the beginning of the proposed access for the 12-30 to the west; follow road flags in a westerly direction approximately 0.15 miles to the beginning of the proposed access to the northwest; follow road flags in a northwesterly direction approximately 300' to the proposed location.

**Total distance from Vernal, Utah to the proposed well location is approximately 47.2 miles.**

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

**2. Planned access road**

**The proposed access road will be approximately 300' +/- of two-track road upgrade on lease. The road will be graded once per year minimum and maintained.**

A) Approximate length	300 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	Federal
L) All new construction on lease	Yes
M) Pipe line crossing	No

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 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                 | None |
| B) Water well                     | None |
| C) Abandoned well                 |      |
| PB #11-20                         |      |
| D) Temp. abandoned well           | None |
| E) Disposal well                  | None |
| F) Drilling /Permitted well       |      |
| Southman Canyon 12-30             |      |
| Southman Canyon 13-30             |      |
| Southman Canyon 1-30-9-24         |      |
| Southman Canyon 3-30-9-24         |      |
| Southman Canyon 7-30-9-24         |      |
| Southman Canyon 6-30              |      |
| Southman Canyon 9-30              |      |
| Southman Canyon 8-30              |      |
| Southman Canyon 4C-30             |      |
| G) Shut in wells                  |      |
| DDF #23-20                        |      |
| DDU #11-29                        |      |
| Southman Canyon 2D-30             |      |
| 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 **Carlsbad Canyon** color. Facilities required to comply with O.S.H.A. (Occupational Safety and Health Act) will be excluded. The required paint color is **Carlsbad Canyon**.

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 1,100' +/- of 3" steel surface gas gathering pipeline will be constructed on Federal Lands as determined at the onsite on 9/27/2005 with Karl Wright, due to shallow soils, bedrock sandstone, length of the pipeline and a tie-in with a surface gas gathering line . The pipeline will be buried at all wash crossings. The pipeline will tie into the proposed gathering line Sec. 30,**

**T9S, R24E. A permanent width of 15' will be required for the pipeline right-of-way and a temporary width of 30' for construction for one week will be required. The pipeline will be strung and boomed to the south of the access road and to the east of the 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-improving 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 # - T75376.**

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** 26.5 ft
- G) Max fill** 9.8 ft
- H) Total cut yds.** 13,790 cu yds
- I) Pit location** south end
- J) Top soil location** west 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 **1,910** 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) Interim Seed Mix:

**4#/acre**

**Forage Kochia**

**4#/acre**

**HY-Crested Wheat Grass**

4#/acre  
Thread & Needle Grass

**A final seed mix will be provided by the Authorized Officer in the Conditions of Approval.**

11. Surface ownership:

Access road	Federal
Location	Federal
Pipe line	Federal

12. Other information:

A) Vegetation

The vegetation coverage is Slight. The majority of the existing vegetation consists of Sagebrush. Rabbit brush, Bitter Brush, and Indian Rice grass 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 approximately 3.5 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.

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.

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.

B) Certification:

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

13. Lessees or Operator's representative and certification

A) Representative

William A. Ryan  
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.

Date 09/30/2005

William A. Ryan, Agent  
Rocky Mountain Consulting



**Onsite Dates: 9/27/2005**

### 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 #5-30-9-24

LOCATED IN UINTAH COUNTY, UTAH

SECTION 30, T9S, R24E, S.L.B.&M.

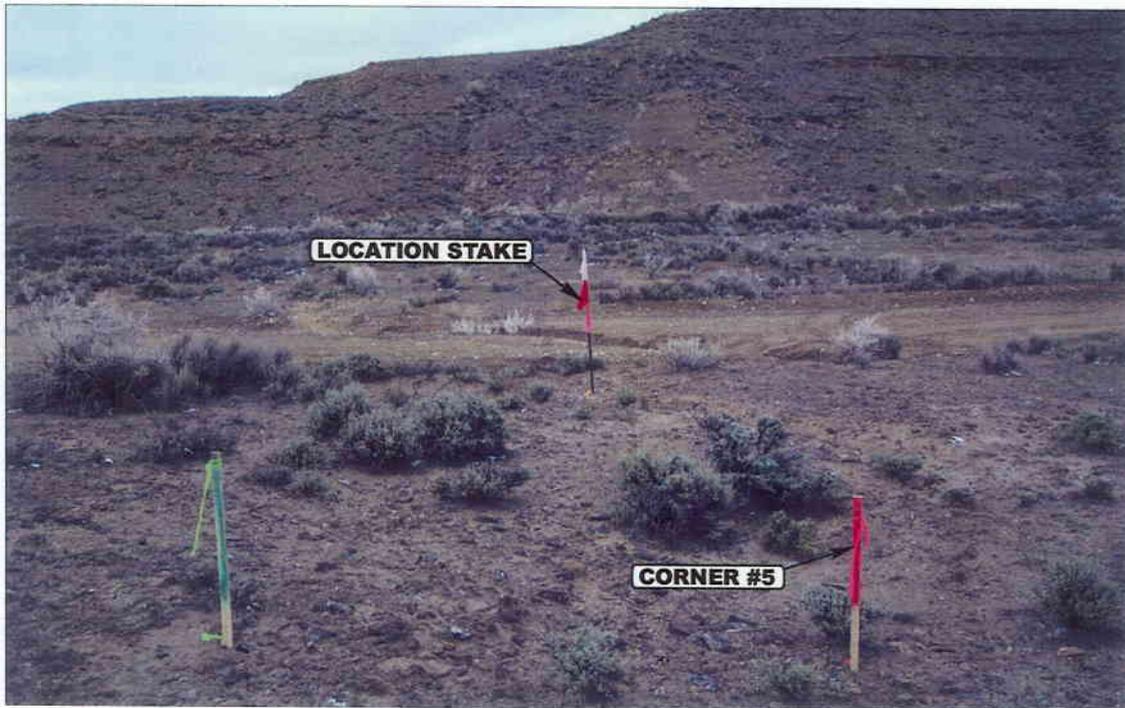


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: NORTHWESTERLY



PHOTO: VIEW OF EXISTING ACCESS

CAMERA ANGLE: WESTERLY



- Since 1964 -

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

LOCATION PHOTOS

03 28 05  
MONTH DAY YEAR

PHOTO

TAKEN BY: G.O.

DRAWN BY: C.P.

REVISED: 00-00-00

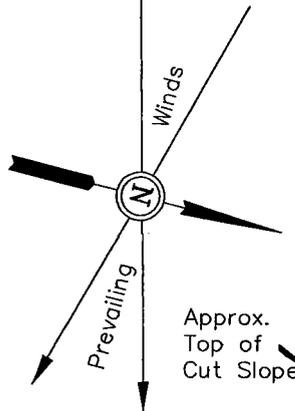
THE HOUSTON EXPLORATION COMPANY

FIGURE #1

LOCATION LAYOUT FOR

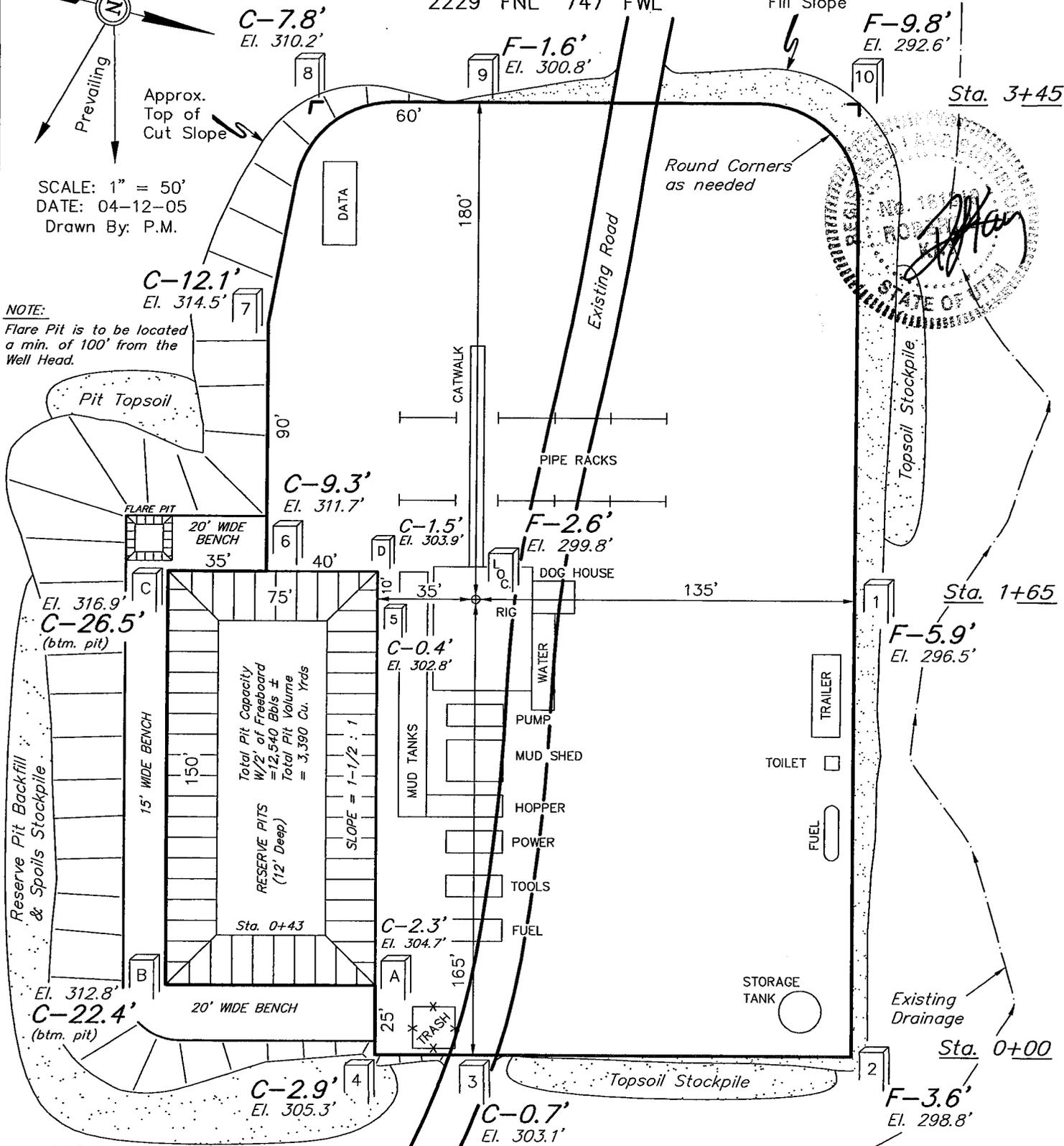
SOUTHMAN CANYON #5-30-9-24  
SECTION 30, T9S, R24E, S.L.B.&M.  
2229' FNL 747' FWL

Approx.  
Toe of  
Fill Slope



SCALE: 1" = 50'  
DATE: 04-12-05  
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 = 5299.8'

FINISHED GRADE ELEV. AT LOC. STAKE = 5302.4'

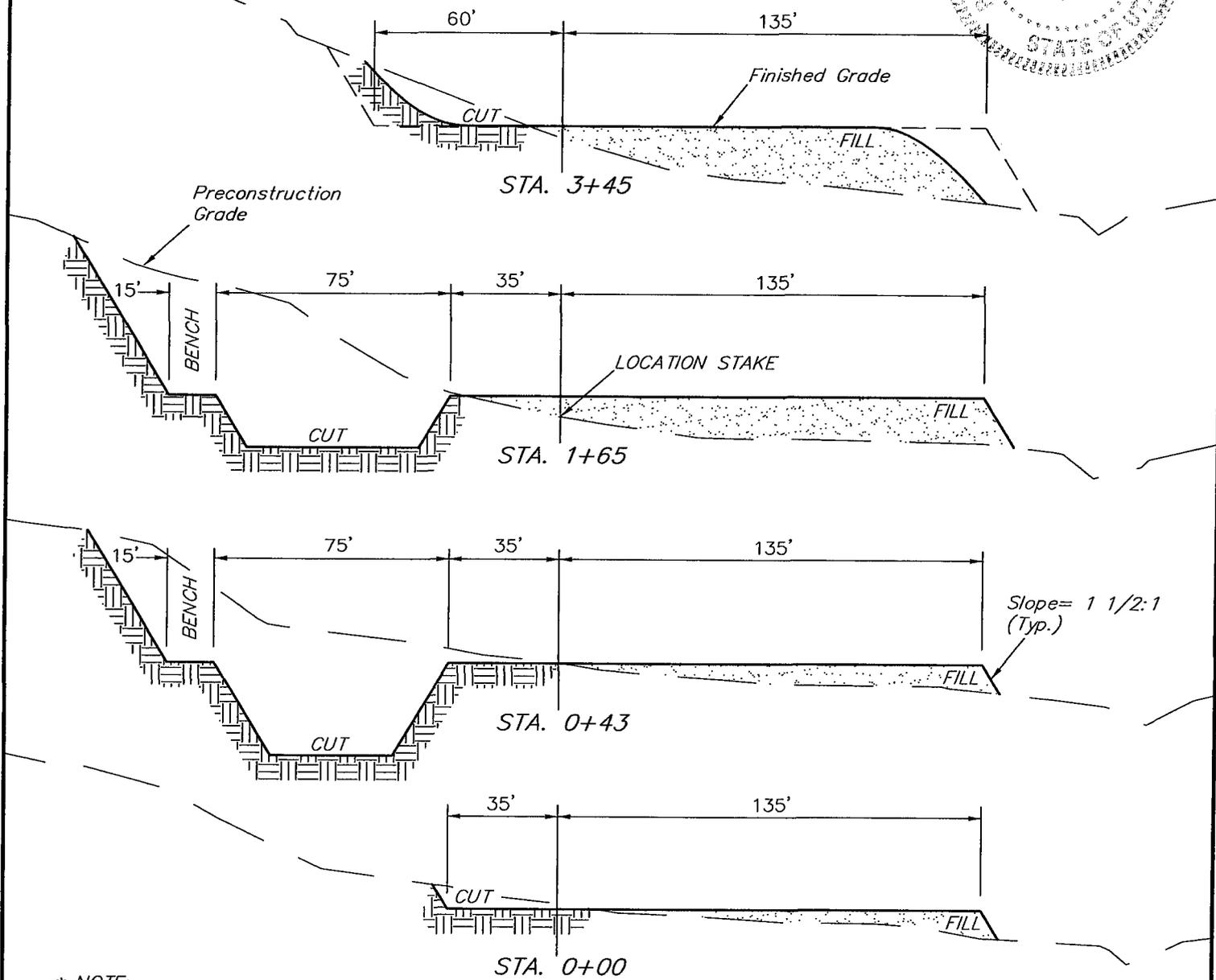
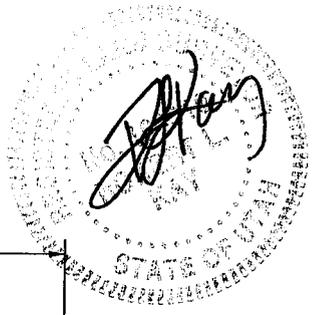
THE HOUSTON EXPLORATION COMPANY

FIGURE #2

TYPICAL CROSS SECTIONS FOR  
 SOUTHMAN CANYON #5-30-9-24  
 SECTION 30, T9S, R24E, S.L.B.&M.  
 2229' FNL 747' FWL

X-Section Scale  
 1" = 20'  
 1" = 50'

DATE: 04-12-05  
 Drawn By: P.M.

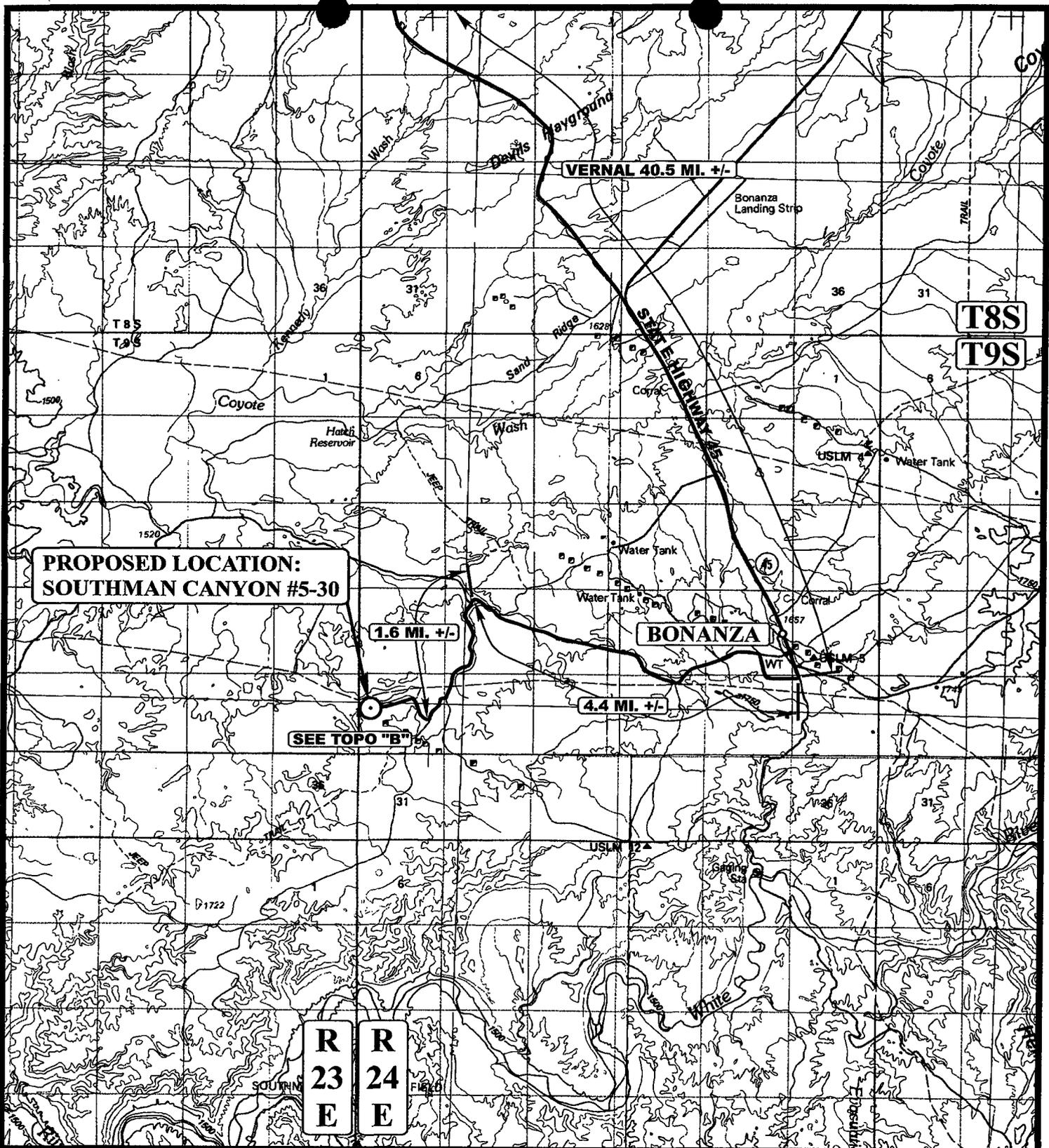


\* NOTE:  
 FILL QUANTITY INCLUDES  
 5% FOR COMPACTION

APPROXIMATE YARDAGES

CUT	
(6") Topsoil Stripping	= 1,910 Cu. Yds.
Remaining Location	= 11,880 Cu. Yds.
<b>TOTAL CUT</b>	<b>= 13,790 CU.YDS.</b>
<b>FILL</b>	<b>= 10,180 CU.YDS.</b>

EXCESS MATERIAL	= 3,610 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 3,610 Cu. Yds.
EXCESS UNBALANCE (After Rehabilitation)	= 0 Cu. Yds.



**PROPOSED LOCATION:  
SOUTHMAN CANYON #5-30**

1.6 MI. +/-

**BONANZA**

4.4 MI. +/-

SEE TOPO "B"

**R  
23  
E**   **R  
24  
E**

**LEGEND:**

⊙ PROPOSED LOCATION



**THE HOUSTON EXPLORATION COMPANY**

**SOUTHMAN CANYON #5-30  
SECTION 30, T9S, R24E, S.L.B.&M.  
2229' FNL 747' FWL**

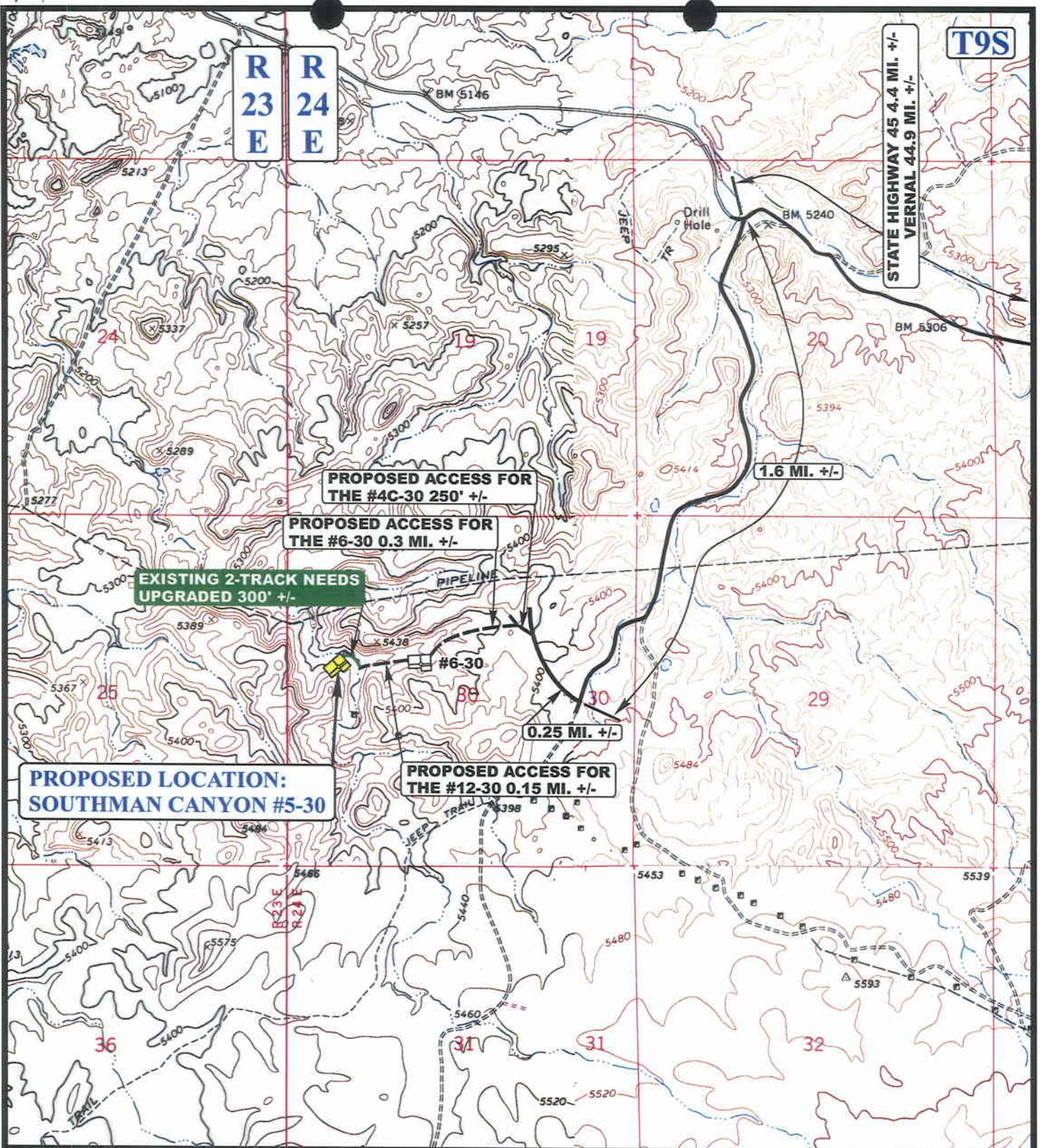


**Utah Engineering & Land Surveying**  
85 South 200 East Vernal, Utah 84078  
(435) 789-1017 \* FAX (435) 789-1813

**TOPOGRAPHIC** 03 28 05  
**MAP** MONTH DAY YEAR

SCALE: 1:100,000 DRAWN BY: C.P. REVISED: 00-00-00





R  
23  
E

R  
24  
E

T9S

STATE HIGHWAY 45 4.4 MI. +/-  
VERNAL 44.9 MI. +/-

PROPOSED ACCESS FOR  
THE #4C-30 250' +/-

PROPOSED ACCESS FOR  
THE #6-30 0.3 MI. +/-

EXISTING 2-TRACK NEEDS  
UPGRADED 300' +/-

PROPOSED LOCATION:  
SOUTHMAN CANYON #5-30

PROPOSED ACCESS FOR  
THE #12-30 0.15 MI. +/-

**LEGEND:**

- EXISTING ROAD
- PROPOSED ACCESS ROAD
- EXISTING 2-TRACK NEEDS UPGRADED



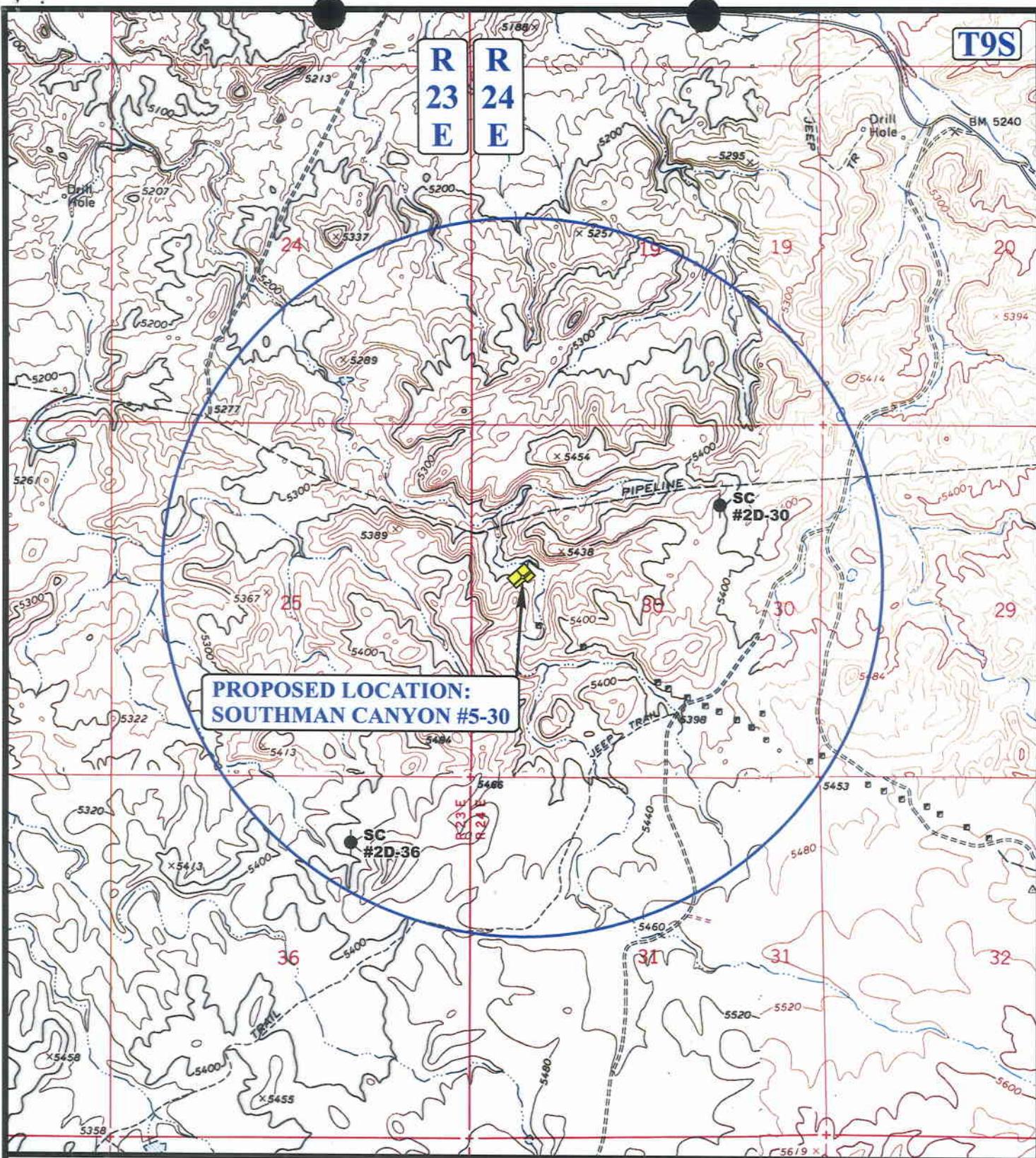
**THE HOUSTON EXPLORATION COMPANY**

**SOUTHMAN CANYON #5-30**  
SECTION 30, T9S, R24E, S.L.B.&M.  
2229' FNL 747' FWL

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

**TOPOGRAPHIC MAP** 03 28 05  
MONTH DAY YEAR  
SCALE: 1" = 2000' DRAWN BY: C.P. REVISED: 00-00-00

**B**  
TOPO



**PROPOSED LOCATION:  
SOUTHMAN CANYON #5-30**

**LEGEND:**

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



**THE HOUSTON EXPLORATION COMPANY**

**SOUTHMAN CANYON #5-30  
SECTION 30, T9S, R24E, S.L.B.&M.  
2229' FNL 747' FWL**



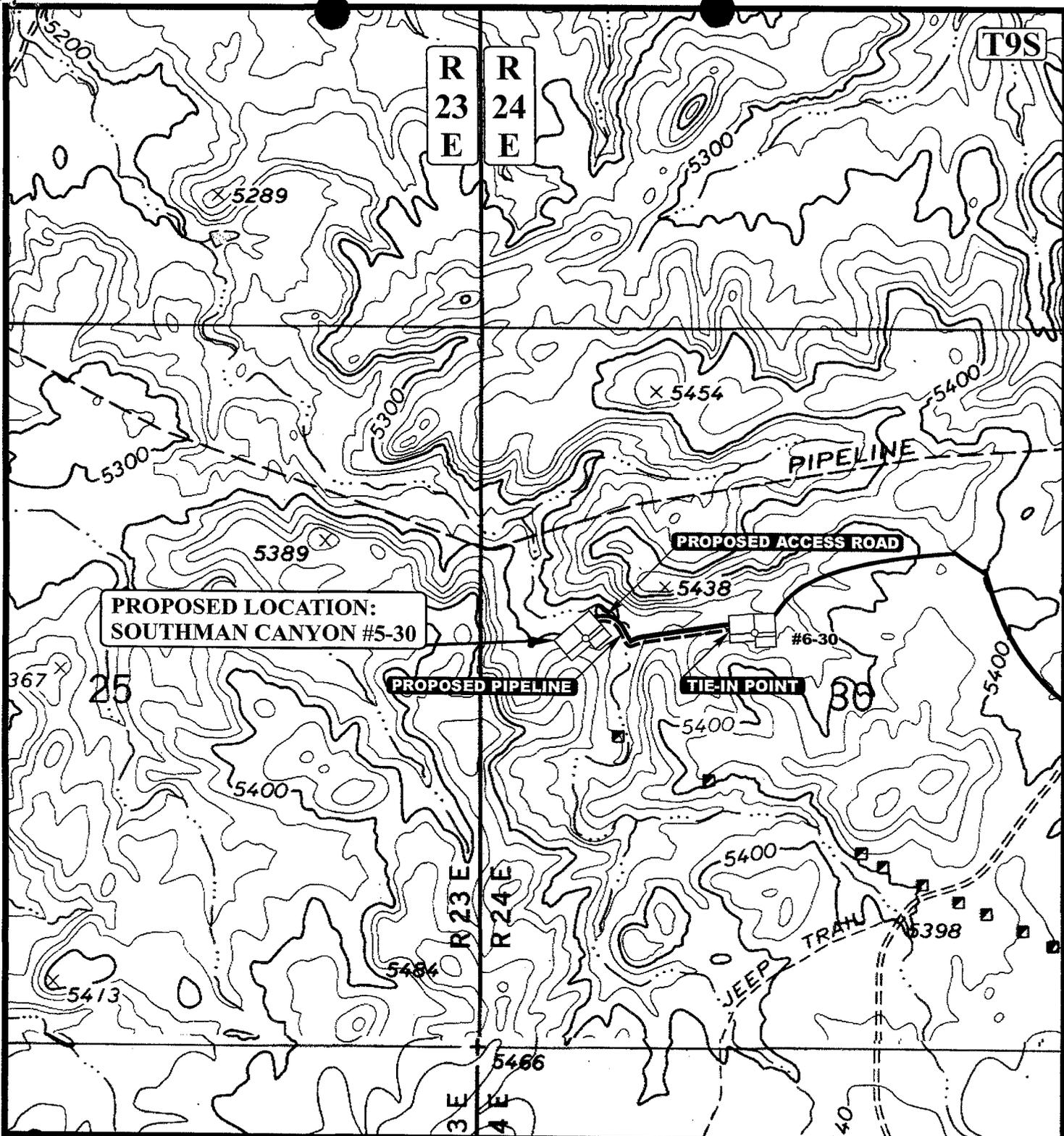
**Utah Engineering & Land Surveying**  
85 South 200 East Vernal, Utah 84078  
(435) 789-1017 \* FAX (435) 789-1813

**TOPOGRAPHIC MAP**

**03 28 05**  
MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: C.P. REVISED: 00-00-00





APPROXIMATE TOTAL PIPELINE DISTANCE = 1,100' +/-

**LEGEND:**

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

**THE HOUSTON EXPLORATION COMPANY**

SOUTHMAN CANYON #5-30  
 SECTION 30, T9S, R24E, S.L.B.&M.  
 2229' FNL 747' FWL

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



**TOPOGRAPHIC MAP** 03 28 05  
 MONTH DAY YEAR  
 SCALE: 1" = 1000' DRAWN BY: C.P. REVISED: 10-05-05 **D TOPO**

**WORKSHEET  
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 10/17/2005

API NO. ASSIGNED: 43-047-37260

WELL NAME: SOUTHMAN CYN 5-30-9-24

OPERATOR: HOUSTON EXPLORATION CO, ( N2525 )

CONTACT: BILL RYAN

PHONE NUMBER: 435-789-0968

PROPOSED LOCATION:

SWNW 30 090S 240E

SURFACE: 2229 FNL 0747 FWL

BOTTOM: 2229 FNL 0747 FWL

UINTAH

UNDESIGNATED ( 2 )

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

LEASE TYPE: 1 - Federal

LEASE NUMBER: UTU-80571

SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: CSLGT

COALBED METHANE WELL? NO

LATITUDE: 40.00810

LONGITUDE: -109.2626

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[1] Ind[] Sta[] Fee[]  
(No. UTB-000062 )
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit  
(No. T75376 )
- RDCC Review (Y/N)  
(Date: \_\_\_\_\_ )
- Fee Surf Agreement (Y/N)
- Intent to Commingle (Y/N)

LOCATION AND SITING:

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

COMMENTS: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

STIPULATIONS: \_\_\_\_\_

*1- Federal Approval*  
*2- Spacing Strip*

\_\_\_\_\_

\_\_\_\_\_





**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*

October 18, 2005

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

Re: Southman Canyon 5-30-9-24 Well, 2229' FNL, 747' FWL, SW NW, Sec. 30,  
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.

Appropriate information has been submitted to DOGM and administrative approval of the requested exception location is hereby granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-37260.

Sincerely,

Gil Hunt  
Associate Director

pab  
Enclosures

cc: Uintah County Assessor  
Bureau of Land Management, Vernal District Office

Operator: Houston Exploration Company  
Well Name & Number Southman Canyon 5-30-9-24  
API Number: 43-047-37260  
Lease: UTU-80571

Location: SW NW                      Sec. 30                      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

Notify the Division within 24 hours of spudding the well.

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

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

- Contact Dan Jarvis at (801) 538-5338

3. Reporting Requirements

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

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

5. 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.

**OPERATOR CHANGE WORKSHEET**

**ROUTING**

- |        |
|--------|
| 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: **11/4/2005**

<b>FROM:</b> (Old Operator): N2525-The Houston Exploration Company 1100 Louisiana, Suite 2000 Houston, TX 77002 Phone: 1-(713) 830-6938	<b>TO:</b> ( New Operator): 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	
BONANZA 16-22-9-24	22	090S	240E	4304737254		Federal	GW	APD	C
BONANZA 10-22-9-24	22	090S	240E	4304737255		Federal	GW	APD	C
BONANZA 15-26-9-24	26	090S	240E	4304737256		Federal	GW	APD	C
BONANZA 16-26-9-24	26	090S	240E	4304737257		Federal	GW	APD	C
SOUTHMAN CYN 3-30-9-24	30	090S	240E	4304737258		Federal	GW	APD	C
SOUTHMAN CYN 7-30-9-24	30	090S	240E	4304737259		Federal	GW	APD	C
SOUTHMAN CYN 5-30-9-24	30	090S	240E	4304737260		Federal	GW	APD	C
SOUTHMAN CYN 1-30-9-24	30	090S	240E	4304737261		Federal	GW	APD	C
E BENCH 9-17-11-22	17	110S	220E	4304737262		Federal	GW	APD	C
ASPHALT WASH 13-5	05	110S	240E	4304736235	15012	Federal	GW	DRL	
ASPHALT WASH 11-7-11-24	07	110S	240E	4304737263		Federal	GW	APD	C
ASPHALT WASH 12-9-11-24	09	110S	240E	4304737264		Federal	GW	NEW	C
ASPHALT WASH 3-9-11-24	09	110S	240E	4304737265		Federal	GW	APD	C
BUCK CYN 9-16-12-21	16	120S	210E	4304737091	14994	State	GW	DRL	C
BUCK CYN 15-16-12-21	16	120S	210E	4304737120		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: 10/26/2005
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 10/26/2005
- 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: \_\_\_\_\_
- (R649-9-2) Waste Management Plan has been received on: \_\_\_\_\_ Requested 9/29/05
- Inspections of LA PA state/fee well sites complete on: n/a

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: 12/14/2005
2. Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 12/14/2005
3. Bond information entered in RBDMS on: 12/14/2005
4. Fee/State wells attached to bond in RBDMS on: 12/14/2005
5. Injection Projects to new operator in RBDMS on: n/a
6. Receipt of Acceptance of Drilling Procedures for APD/New on: 12/1/2005

**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

5. LEASE DESIGNATION AND SERIAL NUMBER:  
UTU-80571

**SUNDRY NOTICES AND REPORTS ON WELLS**

6. IF INDIAN, ALLOTTEE OR TRIBE 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.

7. UNIT or CA AGREEMENT NAME:  
N/A

1. TYPE OF WELL  
OIL WELL  GAS WELL  OTHER \_\_\_\_\_

8. WELL NAME and NUMBER:  
Southman Canyon 5-30-9-24

2. NAME OF OPERATOR:  
The Houston Exploration Company *N2525*

9. API NUMBER:  
4304737260

3. ADDRESS OF OPERATOR:  
1100 Louisiana, Ste. 2000 CITY Houston STATE TX ZIP 77002

PHONE NUMBER:  
(303) 350-5114

10. FIELD AND POOL, OR WILDCAT:  
Wildcat

4. LOCATION OF WELL  
FOOTAGES AT SURFACE: 2,229' FNL - 747' FWL S.L.B. & M.  
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 30 9S 24E S

COUNTY: Uintah

STATE: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: <u>11/4/2005</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 checked="" type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>Change of Operator</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

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

Change of operator from Houston Exploration Company to Enduring Resources, LLC effective 11-04-2005

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

*N2750*

Operator No. N2750  
Utah State Bond #RLB0008031

Contact: Frank Hutto 303-350-5102

ENDURING RESOURCES, LLC

X *Frank Hutto*  
BY: Frank Hutto  
TITLE: Vice President - Operations

DATE: 11/14/05

NAME (PLEASE PRINT) STEVE L. THOMPSON TITLE ROCKIES MANAGER  
SIGNATURE *Steve L. Thompson* DATE 11-11-05

(This space for State use only)

APPROVED 12/14/05  
*Earlene Russell*

Division of Oil, Gas and Mining  
Earlene Russell, Engineering Technician (See Instructions on Reverse Side)

RECEIVED  
NOV 17 2005

DIV. OF OIL, GAS & MINING

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

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

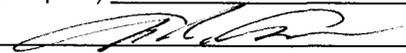
(This form should accompany a Sundry Notice, Form 9, requesting APD transfer)

<b>Well name:</b>	Southman Canyon 5-30-9-24
<b>API number:</b>	4304737260
<b>Location:</b>	Qtr-Qtr: SWNW Section: 30 Township: 9S Range: 24E
<b>Company that filed original application:</b>	Houston Exploration Company
<b>Date original permit was issued:</b>	10/18/2005
<b>Company that permit was issued to:</b>	Houston Exploration Company

Check one	Desired Action:
<input type="checkbox"/>	<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?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
If so, has the surface agreement been updated?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Have there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Have there been any changes to the access route including ownership or right-of-way, which could affect the proposed location?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Has the approved source of water for drilling changed?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Is bonding still in place, which covers this proposed well? Bond No. <u>RLB0008031</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

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) Alvin R. (Al) Arlian Title Landman - Regulatory Specialist  
 Signature  Date 11/30/2005  
 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**  
**DEC 01 2005**  
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: UTU-80571
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom hole depth, re-entree, plug and abandonment or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: n/a
		7. UNIT or CA AGREEMENT NAME: n/a
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____	8. WELL NAME and NUMBER: Southam Canyon 9-24-12-30	
2. NAME OF OPERATOR: Enduring Resources, LLC		9. API NUMBER: 4304737260
3. ADDRESS OF OPERATOR: 475 17th Street, Suite 1500 CITY Denver STATE CO ZIP 80202	PHONE NUMBER: (303) 350-5719	10. FIELD AND POOL, OR WILDCAT: Wildcat
4. LOCATION OF WELL FOOTAGES AT SURFACE: 2229' FNL - 747' FWL		COUNTY: Uintah
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 30 9S 24E S		STATE: UTAH

CONFIDENTIAL

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>8/28/2006</u>	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only)  Date of work completion: _____	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input 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: 10/18/2006  
TO: 10/18/2007

**Approved by the  
Utah Division of  
Oil, Gas and Mining**

Date: 09-27-06  
By: [Signature]

NAME (PLEASE PRINT) <u>Evette Bissett</u>	TITLE <u>Regulatory Compliance Assistant</u>
SIGNATURE <u>[Signature]</u>	DATE <u>8/28/2006</u>

(This space for State use only)

9129106  
RM

AUG 30 2006

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

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

**API:** 4304737260  
**Well Name:** Southam Canyon 9-24-12-30  
**Location:** 2229' FNL - 747' FWL, SWNW, Sec 30, T9S-R24E  
**Company Permit Issued to:** Enduring Resources, LLC  
**Date Original Permit Issued:** 10/18/2005

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

*Gullo Bissett*  
Signature

8/28/2006  
Date

**Title:** Regulatory Compliance Assistant

**Representing:** Enduring Resources, LLC

AUG 30 2006

**SUNDRY NOTICES AND REPORTS ON WELLS**

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

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-80571
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: 2229' FNL - 747' FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 30 9S 24E S		8. WELL NAME and NUMBER: Southam Canyon 9-24-12-30
PHONE NUMBER: (303) 350-5719		9. API NUMBER: 4304737260
COUNTY: Uintah		10. FIELD AND POOL, OR WILDCAT: Wildcat
STATE: UTAH		

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____  <input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
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	<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: 9/27/2007  
TO: 9/27/2008

Approved by the  
Utah Division of  
Oil, Gas and Mining

Date: 09-27-07

By: [Signature]

9-28-07  
Rm

NAME (PLEASE PRINT) <u>Alvin R. (Al) Arlian</u>	TITLE <u>Landman - Regulatory Specialist</u>
SIGNATURE <u>[Signature]</u>	DATE <u>9/21/2007</u>

(This space for State use only)

**RECEIVED**  
SEP 25 2007

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

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

**API:** 4304737260  
**Well Name:** Southam Canyon 9-24-12-30  
**Location:** 2229' FNL - 747' FWL, SWNW, Sec 30, T9S-R24E  
**Company Permit Issued to:** Enduring Resources, LLC  
**Date Original Permit Issued:** 10/18/2005

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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

9/21/2007

Date

Title: Landman - Regulatory Specialist

Representing: Enduring Resources, LLC

RECEIVED

SEP 25 2007

DIV. OF OIL, GAS & MINING

**CONFIDENTIAL**

**SUNDRY NOTICES AND REPORTS ON WELLS**

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

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-80571
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: 2229' FNL - 747' FWL COUNTY: Uintah		8. WELL NAME and NUMBER: Southam Canyon 9-24-12-30
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNW 30 9S 24E S STATE: UTAH		9. API NUMBER: 4304737260
		10. FIELD AND POOL, OR WILDCAT: Wildcat

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input 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
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	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
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	<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: 9/27/2008  
TO: 9/27/2009

Approved by the  
Utah Division of  
Oil, Gas and Mining

Date: 09-30-08  
By: [Signature]

NAME (PLEASE PRINT) <u>Alvin R. (Al) Arian</u>	TITLE <u>Landman - Regulatory Specialist</u>
SIGNATURE <u>[Signature]</u>	DATE <u>9/5/2008</u>

(This space for State use only)

**COPY SENT TO OPERATOR**

Date: 10.2.2008

Initials: KS

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

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

**API:** 4304737260  
**Well Name:** Southam Canyon 9-24-12-30  
**Location:** 2229' FNL - 747' FWL, SWNW, Sec 30, T9S-R24E  
**Company Permit Issued to:** Enduring Resources, LLC  
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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

9/5/2008

Date

Title: Administrative Assistant

Representing: Enduring Resources, LLC

RECEIVED

SEP 29 2008

DIV. OF OIL, GAS & MINING

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

RECEIVED  
NOV 07 2005

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

**SUNDRY NOTICES AND REPORTS ON WELLS**

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

**SUBMIT IN TRIPLICATE- Other instructions on reverse side.**

5. Lease Serial No. **UTU-80571**

6. If Indian, Allottee or Tribe Name  
n/a

7. If Unit or CA/Agreement, Name and/or No.  
n/a

8. Well Name and No. **Southman Canyon 5-30-9-24**

9. API Well No.

10. Field and Pool, or Exploratory Area  
**Undesignated**

11. County or Parish, State  
**Uintah, Utah**

1. Type of Well  
 Oil Well  Gas Well  Other

2. Name of Operator **Enduring Resources, LLC**

3a. Address **475 17th Street, Suite 1500, Denver, CO 80202**

3b. Phone No. (include area code) **303-573-1222**

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
**Sec 30 9S 24E  
SLB&M, (SWNW) Lot 2**

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <b>Change Well Name/ Number Requested</b>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

**CHANGE WELL NAME AND NUMBER:**

**FROM: Southman Canyon 5-30-9-24**  
**TO: Southman Canyon 9-24-12-30**

VERNAL DIST.  
ENG. \_\_\_\_\_  
GEOL. \_\_\_\_\_  
E.S. \_\_\_\_\_  
PET. \_\_\_\_\_  
A.M. \_\_\_\_\_

14. I hereby certify that the foregoing is true and correct.  
Name (Printed/Typed)

Alvin R. (Al) Arlian

Title **Landman - Regulatory Specialist**

Signature

*Alvin R. Arlian*

Date

10/31/2005

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by

*Mark Baker*

**Petroleum Engineer**

Date

NOV 09 2005

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

Office

**VERNAL FIELD OFFICE**

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

RECEIVED

AUG 27 2009

DIV. OF OIL, GAS & MINING

073T01885

UDOGM

# RECEIVED

OCT 13 2005

Form 3160-3  
(April 2004)

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

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

### APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No. <b>UTU 30571</b>	
6. If Indian, Allottee or Tribe Name N/A	
7. If Unit or CA Agreement, Name and No. N/A	
8. Lease Name and Well No. <b>Southman Canyon 5-30-9-24</b>	
9. API Well No. <b>4304737260</b>	
10. Field and Pool, or Exploratory <b>undesignated</b>	
11. Sec., T, R. M. or Blk. and Survey or Area <b>Sec 30, T9S-R24E</b>	
12. County or Parish <b>Uintah</b>	13. State <b>UT</b>
1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER	
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone	
2. Name of Operator <b>Enduring Resources, LLC</b>	
3a. Address <b>475 17th Street, Suite 1500 Denver, CO 80202</b>	3b. Phone No. (include area code) <b>303-350-5114</b>
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface <b>2229' FNL - 747' FWL SWNW Lot 2</b> At proposed prod. zone <b>Same as surface</b>	
14. Distance in miles and direction from nearest town or post office* <b>47.2 miles south of Vernal, UT</b>	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) <b>747'</b>	16. No. of acres in lease <b>480</b>
17. Spacing Unit dedicated to this well <b>40 acres</b>	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. <b>1,250' +</b>	19. Proposed Depth <b>8060'</b>
20. BLM/BIA Bond No. on file <b>BLM - UTB000173</b>	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) <b>5302' GR</b>	22. Approximate date work will start* <b>03/01/2006</b>
23. Estimated duration <b>20 days</b>	

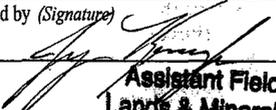
#### 24. Attachments

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

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

25. Signature 	Name (Printed/Typed) <b>Alvin R. (Al) Arlian</b>	Date <b>12/20/2005</b>
---	---	---------------------------

Title **Landman - Regulatory Specialist**

Approved by (Signature) 	Name (Printed/Typed) <b>Jess Kewels</b>	Date <b>AUG 14 2009</b>
Title <b>Assistant Field Manager Lands &amp; Mineral Resources</b>	Office <b>VERNAL FIELD OFFICE</b>	

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

Conditions of approval, if any, are attached.

### CONDITIONS OF APPROVAL ATTACHED

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

\*(Instructions on page 2)

## NOTICE OF APPROVAL

# UDOGM

NOS 06/21/05

06BM 2286A

**UNITED STATES**  
**DEPARTMENT OF THE INTERIOR**      **OCT 13 2005**  
**BUREAU OF LAND MANAGEMENT**

5. LEASE DESIGNATION AND SERIAL NO. <b>UTU-80571</b>	
6. IF INDIAN, ALLOTTEE OR TRIBE NAME <b>na</b>	
7. UNIT AGREEMENT NAME <b>na</b>	
8. FARM OR LEASE NAME <b>na</b>	
9. WELL NO. <b>Southman Canyon 5-30-9-24</b>	
10. FIELD OR LEASE NAME <b>Undesignated</b>	
11. Sec., T., R., M., OR BLK AND SURVEY OR AREA <b>Sec. 30, T9S, R24E</b>	
12. COUNTY OR PARISH <b>Uintah</b>	13. STATE <b>Utah</b>
22. APPROX. DATE WORK WILL START <b>Oct. 30, 2005</b>	

**APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK**

1a. TYPE OF WORK  
**DRILL**       **DEEPEN**       **PLUG BACK**

B. TYPE OF WELL  
 OIL WELL       GAS WELL       OTHER   
 SINGLE ZONE       MULTIPLE ZONE

2. NAME OF OPERATOR  
**The Houston Exploration Company**

3. ADDRESS OF OPERATORS  
**1100 Louisiana Suite 2000 Houston, TX 77002**

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirement)  
**2229' FNL & 747' FWL**  
 At proposed prod. Zone **same as above**      *Lot 2*

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*  
**47.2 miles South of Vernal, UT**

15. DISTANCE FROM PROPOSED LOC. TO NEAREST PROP. OR LEASE LINE, FT. (Also to nearest drlg. Unit line, if any)  
**747'**

16. DISTANCE FROM PROPOSED LOCATION \* TO NEAREST WELL, DRILLING COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.  
**1250'**

16. NO. OF ACRES IN LEASE  
**480**

17. NO. OF ACRES ASSIGNED TO THIS WELL  
**40**

19. PROPOSED DEPTH  
**8,060**

20. ROTARY OR CABLE TOOLS  
**Rotary**

21. ELEVATION (SHOW WHETHER DF. RT, GR, etc.)  
**5302.4 GR**

PROPOSED CASING AND CEMENT PROGRAM				
SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
<b>11"</b>	<b>8 5/8"</b>	<b>32#</b>	<b>2000'</b>	<b>779 sks</b>
<b>7 7/8"</b>	<b>4 1/2"</b>	<b>11.6#</b>	<b>T.D.</b>	<b>600 sks</b>

**The operator requests permission to drill the subject well. Please find the attached 10 point plan and 13 point plan.**

**William A Ryan**  
**290 S 800 E**  
**Vernal, UT 84078**  
**435-789-0968**

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposed in to deepen or plug back, give data on proposed productive zone and proposed new productive zone. If proposal is to drill or deepen directional, give pertinent data on subsurface location and measure and true vertical depths. Give blowout preventer program, if any.

24

SIGNATURE William A. Ryan      TITLE Agent      DATE Sept. 30, 2005

(This space for Federal or State Office use)

PERMIT NO. \_\_\_\_\_ APPROVAL DATE \_\_\_\_\_

APPROVED BY \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_

CONDITIONS OF APPROVAL, IF ANY: \_\_\_\_\_

**\*See Instructions on Reverse Side**

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



*NOS Rec 6-21-05*  
*06BM2286A*



**UNITED STATES DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
VERNAL FIELD OFFICE**

170 South 500 East

VERNAL, UT 84078

(435) 781-4400



**CONDITIONS OF APPROVAL FOR APPLICATION FOR PERMIT TO DRILL**

**Company:** Enduring Resources, LLC  
**Well No:** Southman Canyon 9-24-12-30  
**API No:** 43-047-37260

**Location:** Lot 2, Sec. 30, T9S, R24E  
**Lease No:** UTU-80571  
**Agreement:** N/A

<b>Title</b>	<b>Name</b>	<b>Office Phone Number</b>	<b>Cell Phone Number</b>
Petroleum Engineer:	Michael Lee	(435) 781-4432	(435) 828-7875
Petroleum Engineer:	Ryan Angus	(435) 781-4430	(435) 828-7368
Supervisory Petroleum Technician:	Jamie Sparger	(435) 781-4502	(435) 828-3913
Supervisory NRS:	Karl Wright	(435) 781-4484	
NRS/Enviro Scientist:	Christine Cimiluca	(435) 781-4475	
NRS/Enviro Scientist:	Dan Emmett	(435) 781-3414	(435) 828-4029
NRS/Enviro Scientist:	Anna Figueroa	(435) 781-3407	(435) 828-3548
NRS/Enviro Scientist:	Lori Ford	(435) 781-4406	
NRS/Enviro Scientist:	David Gordon	(435) 781-4424	
NRS/Enviro Scientist:	James Hereford	(435) 781-3412	(435) 828-3546
NRS/Enviro Scientist:	Chuck Macdonald	(435) 781-4441	(435) 828-7481
NRS/Enviro Scientist:	Nathan Packer	(435) 781-3405	(435) 828-3545
NRS/Enviro Scientist:	Paul Percival	(435) 781-4493	(435) 828-7381
NRS/Enviro Scientist:	Verlyn Pindell	(435) 781-3402	(435) 828-3547
NRS/Enviro Scientist:	Holly Villa	(435) 781-4404	(435) 828-3544

**Fax: (435) 781-3420**

**A COPY OF THESE CONDITIONS SHALL BE FURNISHED TO YOUR  
FIELD REPRESENTATIVE TO INSURE COMPLIANCE**

All lease and/or unit operations are to be conducted in such a manner that full compliance is made with the applicable laws, regulations (43 CFR Part 3160), and this approved Application for Permit to Drill including Surface and Downhole Conditions of Approval. The operator is considered fully responsible for the actions of his subcontractors. A copy of the approved APD must be on location during construction, drilling, and completion operations. **This permit is approved for a two (2) year period, or until lease expiration, whichever occurs first. An additional extension, up to two (2) years, may be applied for by sundry notice prior to expiration.**

**NOTIFICATION REQUIREMENTS**

Location Construction (Notify Environmental Scientist)	-	Forty-Eight (48) hours prior to construction of location and access roads.
Location Completion (Notify Environmental Scientist)	-	Prior to moving on the drilling rig.
Spud Notice (Notify Petroleum Engineer)	-	Twenty-Four (24) hours prior to spudding the well.
Casing String & Cementing (Notify Supv. Petroleum Tech.)	-	Twenty-Four (24) hours prior to running casing and cementing all casing strings.
BOP & Related Equipment Tests (Notify Supv. Petroleum Tech.)	-	Twenty-Four (24) hours prior to initiating pressure tests.
First Production Notice (Notify Petroleum Engineer)	-	Within Five (5) business days after new well begins or production resumes after well has been off production for more than ninety (90) days.

**SURFACE USE PROGRAM  
CONDITIONS OF APPROVAL (COAs)**

- All new and replacement internal combustion gas field engines of less than or equal to 300 design-rated horsepower must not emit more than 2 gms of NO<sub>x</sub> per horsepower-hour. This requirement does not apply to gas field engines of less than or equal to 40 design-rated horsepower.
- All and replacement internal combustion gas field engines of greater than 300 design rated horsepower must not emit more than 1.0 gms of NO<sub>x</sub> per horsepower-hour.
- If there is an active Gilsonite mining operation within 2 miles of the well location, operator shall notify the Gilsonite operator at least 48 hours prior to any blasting during construction.
- If paleontological materials are uncovered during construction, the operator is to immediately stop work and contact the Authorized Officer (AO). A determination will be made by the AO as to what mitigation may be necessary for the discovered paleontologic material before construction can continue.

**CONDITIONS OF APPROVAL (COA)  
Southman Canyon 5-30-9-24 or Southman Canyon 9-24-12-30**

- This proposed well is located within the West Bonanza Area Natural Gas Well Development EA Project. Adhere to applicable COA's approved in the FONSI and Record of Decision for this EA that are listed below:

1. Wildlife and T&E Species:

Observe the timing restrictions given below (Only during construction & drilling).

Lands in this lease have been identified as habitat for golden eagle, and other wildlife. Therefore, modifications to the Surface Use Plan of Operations will be required in order to protect this wildlife habitat from surface disturbing activities (see below).

**TIME RESTRICTION**

**REASON**

January 1 – August 31.....*golden eagle nesting season*  
*During this period, there will be no construction, drilling or fracing operations within 0.5 mile of golden eagle nest.*

2. Noxious Weeds:

- Power-wash all construction equipment before commencing construction activities.
- On a weekly basis, power-wash all vehicles that will travel between WBA and outside areas that are infested with noxious weed species.
- The operator will be responsible for treatment and control of invasive and noxious weeds. Prior to any treatment on BLM administered lands, a Pesticide Use Proposal will be submitted to the Vernal Field Office for approval.

3. Transportation:

- o Limit use of roads by heavy equipment during the periods when the roads are muddy.
- o Operator will perform normal operational winter maintenance: roads will be plowed to allow safe navigation. And if snow is heavy, plows will provide breaks in the snow piled berms to allow free movement of wildlife across all roads.

4. Interim Reclamation:

All portions of the well pads and ROWS not utilized for the operation phase of the project will be re-seeded. Post construction seeding applications will continue until determined successful by the BLM.

- o During interim reclamation of the surface, the following seed mixture will be used PLS (Pure Live Seed) formula.

Indian ricegrass ( <i>Oryzopsis hymenoides</i> ).....	3 lbs/acre
needle & thread grass ( <i>Hesperostipa comate</i> ).....	3 lbs/acre
forage kochia ( <i>Kochia prostra</i> ).....	2 lbs/acre
hycrest crested wheatgrass ( <i>Agropyron cristayum/Agropyron desertorum hybrid</i> ).....	2 lbs/acre

Rates are set for drill seeding; double the rate if broadcasting.

- Reseeding may be required if initial seeding is not successful.

- Reclamation: All reclamation activities will adhere to the new "Green River District Reclamation Guidelines."
- The project area contains critical soils. No vehicle travel, construction or routine maintenance activities shall be performed during periods when the soil is too wet to adequately support vehicles and/or construction equipment. If such equipment creates ruts in excess of three inches deep, the soil shall be deemed too wet to adequately support construction equipment.
- Specific Conditions Pertaining to Location Construction:
  - a) Line the reserve pit with 16 mil liner and felt.
  - b) Move the topsoil near stake 1 and 10 to near stake 9.
- Restrictions for placement of surface pipelines:
  - a) Surface pipelines will be placed 5-10 feet outside of the borrow area.
  - b) Surface pipelines will be placed in such a way that they will not wander into the borrow area.
  - c) Pipelines will be buried at all major road and drainage crossings.
- Paint all facilities covert green within six months of installation, except those facilities which are required to comply with the Occupational Safety and Health Act (OSHA).

**DOWNHOLE PROGRAM  
CONDITIONS OF APPROVAL (COAs)**

**SITE SPECIFIC DOWNHOLE COAs:**

- None.

**All provisions outlined in Onshore Oil & Gas Order #2 Drilling Operations shall be strictly adhered to.** The following items are emphasized:

**DRILLING/COMPLETION/PRODUCING OPERATING STANDARDS**

- The spud date and time shall be reported orally to Vernal Field Office within 24 hours of spudding.
- Notify Vernal Field Office Supervisory Petroleum Engineering Technician at least 24 hours in advance of casing cementing operations and BOPE & casing pressure tests.
- All requirements listed in Onshore Order #2 III. E. Special Drilling Operations are applicable for air drilling of surface hole.
- Blowout prevention equipment (BOPE) shall remain in use until the well is completed or abandoned. Closing unit controls shall remain unobstructed and readily accessible at all times. Choke manifolds shall be located outside of the rig substructure.
- All BOPE components shall be inspected daily and those inspections shall be recorded in the daily drilling report. Components shall be operated and tested as required by Onshore Oil & Gas Order No. 2 to insure good mechanical working order. All BOPE pressure tests shall be performed by a test pump with a chart recorder and **NOT** by the rig pumps. Test shall be reported in the driller's log.
- BOP drills shall be initially conducted by each drilling crew within 24 hours of drilling out from under the surface casing and weekly thereafter as specified in Onshore Oil & Gas Order No. 2.
- Casing pressure tests are required before drilling out from under all casing strings set and cemented in place.
- No aggressive/fresh hard-banded drill pipe shall be used within casing.
- **Cement baskets shall not be run on surface casing.**
- The operator must report all shows of water or water-bearing sands to the BLM. If flowing water is encountered it must be sampled, analyzed, and a copy of the analyses submitted to the BLM Vernal Field Office.
- The operator must report encounters of all non oil & gas mineral resources (such as Gilsonite, tar sands, oil shale, trona, etc.) to the Vernal Field Office, in writing, within 5 working days of each encounter. Each report shall include the well name/number, well location, date and depth (from KB or GL) of encounter, vertical footage of the encounter and, the name of the person

making the report (along with a telephone number) should the BLM need to obtain additional information.

- A complete set of angular deviation and directional surveys of a directional well will be submitted to the Vernal BLM office engineer within 30 days of the completion of the well.
- While actively drilling, chronologic drilling progress reports shall be filed directly with the BLM, Vernal Field Office on a weekly basis in sundry, letter format or e-mail to the Petroleum Engineers until the well is completed.
- A cement bond log (CBL) will be run from the production casing shoe to the top of cement and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.
- **Please submit an electronic copy of all other logs run on this well in LAS format to UT\_VN\_Welllogs@BLM.gov. This submission will supersede the requirement for submittal of paper logs to the BLM.**
- There shall be no deviation from the proposed drilling, completion, and/or workover program as approved. Safe drilling and operating practices must be observed. Any changes in operation must have prior approval from the BLM Vernal Field Office.

## OPERATING REQUIREMENT REMINDERS:

- All wells, whether drilling, producing, suspended, or abandoned, shall be identified in accordance with 43 CFR 3162.6. There shall be a sign or marker with the name of the operator, lease serial number, well number, and surveyed description of the well.
- In accordance with 43 CFR 3162.4-3, this well shall be reported on the "Monthly Report of Operations" (Oil and Gas Operations Report ((OGOR)) starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report shall be filed in duplicate, directly with the Minerals Management Service, P.O. Box 17110, Denver, Colorado 80217-0110, or call 1-800-525-7922 (303) 231-3650 for reporting information.
- Should the well be successfully completed for production, the BLM Vernal Field office must be notified when it is placed in a producing status. Such notification will be by written communication and must be received in this office by not later than the fifth business day following the date on which the well is placed on production. The notification shall provide, as a minimum, the following informational items:
  - Operator name, address, and telephone number.
  - Well name and number.
  - Well location (¼¼, Sec., Twn, Rng, and P.M.).
  - Date well was placed in a producing status (date of first production for which royalty will be paid).
  - The nature of the well's production, (i.e., crude oil, or crude oil and casing head gas, or natural gas and entrained liquid hydrocarbons).
  - The Federal or Indian lease prefix and number on which the well is located; otherwise the non-Federal or non-Indian land category, i.e., State or private.
  - Unit agreement and/or participating area name and number, if applicable.
  - Communitization agreement number, if applicable.
- Any venting or flaring of gas shall be done in accordance with Notice to Lessees (NTL) 4A and needs prior approval from the BLM Vernal Field Office.
- All undesirable events (fires, accidents, blowouts, spills, discharges) as specified in NTL 3A will be reported to the BLM, Vernal Field Office. Major events, as defined in NTL3A, shall be reported verbally within 24 hours, followed by a written report within 15 days. "Other than Major Events" will be reported in writing within 15 days. "Minor Events" will be reported on the Monthly Report of Operations and Production.
- Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (BLM Form 3160-4) shall be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3162.4-1. Two copies of all logs run, core descriptions, and all other surveys or

data obtained and compiled during the drilling, workover, and/or completion operations, shall be filed on BLM Form 3160-4. Submit with the well completion report a geologic report including, at a minimum, formation tops, and a summary and conclusions. Also include deviation surveys, sample descriptions, strip logs, core data, drill stem test data, and results of production tests if performed. Samples (cuttings, fluid, and/or gas) shall be submitted only when requested by the BLM, Vernal Field Office.

- All off-lease storage, off-lease measurement, or commingling on-lease or off-lease, shall have prior written approval from the BLM Vernal Field Office.
- Oil and gas meters shall be calibrated in place prior to any deliveries. The BLM Vernal Field Office Petroleum Engineers 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 reports shall be submitted to the BLM Vernal Field Office. All measurement facilities will conform to the API standards for liquid hydrocarbons and the AGA standards for natural gas measurement. All measurement points shall be identified as the point of sale or allocation for royalty purposes.
- A schematic facilities diagram as required by Onshore Oil & Gas Order No. 3 shall be submitted to the BLM Vernal Field Office within 30 days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with Onshore Oil & Gas Order No. 3.
- Any additional construction, reconstruction, or alterations of facilities, including roads, gathering lines, batteries, etc., which will result in the disturbance of new ground, shall require the filing of a suitable plan and need prior approval of the BLM Vernal Field Office. Emergency approval may be obtained orally, but such approval does not waive the written report requirement.
- No location shall be constructed or moved, no well shall be plugged, and no drilling or workover equipment shall be removed from a well to be placed in a suspended status without prior approval of the BLM Vernal Field Office. If operations are to be suspended for more than 30 days, prior approval of the BLM Vernal Field Office shall be obtained and notification given before resumption of operations.
- Pursuant to Onshore Oil & Gas Order No. 7, this is authorization for pit disposal of water produced from this well for a period of 90 days from the date of initial production. A permanent disposal method must be approved by this office and in operation prior to the end of this 90-day period. In order to meet this deadline, an application for the proposed permanent disposal method shall be submitted along with any necessary water analyses, as soon as possible, but no later than 45 days after the date of first production. Any method of disposal which has not been approved prior to the end of the authorized 90-day period will be considered as an Incident of Noncompliance and will be grounds for issuing a shut-in order until an acceptable manner for disposing of said water is provided and approved by this office.
- Unless the plugging is to take place immediately upon receipt of oral approval, the Field Office Petroleum Engineers must be notified at least 24 hours in advance of the plugging of the well, in order that a representative may witness plugging operations. If a well is suspended or abandoned, all pits must be fenced immediately until they are backfilled. The "Subsequent Report of Abandonment" (Form BLM 3160-5) must be submitted within 30 days after the actual plugging of the well bore, showing location of plugs, amount of cement in each, and amount of casing left in hole, and the current status of the surface restoration.

<b>STATE OF UTAH</b> DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING	<b>FORM 9</b>  <b>5. LEASE DESIGNATION AND SERIAL NUMBER:</b> UTU-80571
<b>SUNDRY NOTICES AND REPORTS ON WELLS</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.	<b>6. IF INDIAN, ALLOTTEE OR TRIBE NAME:</b>  <b>7. UNIT or CA AGREEMENT NAME:</b>
<b>1. TYPE OF WELL</b> Gas Well	<b>8. WELL NAME and NUMBER:</b> SOUTHMAN CYN 9-24-12-30
<b>2. NAME OF OPERATOR:</b> Enduring Resources, LLC	<b>9. API NUMBER:</b> 43047372600000
<b>3. ADDRESS OF OPERATOR:</b> 475 17th Street, Suite 1500 , Denver, CO, 80202	<b>PHONE NUMBER:</b> 303 350-5114 Ext
<b>4. LOCATION OF WELL FOOTAGES AT SURFACE:</b> 2229 FNL 0747 FWL <b>QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:</b> Qtr/Qtr: SWNW Section: 30 Township: 09.0S Range: 24.0E Meridian: S	<b>9. FIELD and POOL or WILDCAT:</b> DEVILS PLAYGROUND  <b>COUNTY:</b> UINTAH  <b>STATE:</b> UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> <b>NOTICE OF INTENT</b> Approximate date work will start: 9/30/2009  <input type="checkbox"/> <b>SUBSEQUENT REPORT</b> Date of Work Completion:  <input type="checkbox"/> <b>SPUD REPORT</b> Date of Spud:  <input type="checkbox"/> <b>DRILLING REPORT</b> Report Date:	<input type="checkbox"/> ACIDIZE <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> DEEPEN <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> ALTER CASING <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> SI TA STATUS EXTENSION <input type="checkbox"/> OTHER	<input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> PLUG BACK <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> WATER DISPOSAL <input checked="" type="checkbox"/> APD EXTENSION OTHER: _____

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

Request an one-year extension to APD terms.

**Approved by the Utah Division of Oil, Gas and Mining**

**Date:** October 05, 2009

**By:**

<b>NAME (PLEASE PRINT)</b> Alvin Arlian	<b>PHONE NUMBER</b> 303 350-5114	<b>TITLE</b> Landman-Regulatory
<b>SIGNATURE</b> N/A		<b>DATE</b> 9/30/2009



**The Utah Division of Oil, Gas, and Mining**

- State of Utah  
- Department of Natural Resources

Electronic Permitting System - Sundry Notices

**Request for Permit Extension Validation Well Number 43047372600000**

**API:** 43047372600000

**Well Name:** SOUTHMAN CYN 9-24-12-30

**Location:** 2229 FNL 0747 FWL QTR SWNW SEC 30 TWNP 090S RNG 240E MER S

**Company Permit Issued to:** ENDURING RESOURCES, LLC

**Date Original Permit Issued:** 10/18/2005

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 rightof- 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

**Approved by the  
Utah Division of  
Oil, Gas and Mining**

**Signature:** Alvin Arlian

**Date:** 9/30/2009

**Title:** Landman-Regulatory **Representing:** ENDURING RESOURCES, LLC

**Date:** October 05, 2009

**By:** 

<b>STATE OF UTAH</b> DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING	<b>FORM 9</b>  <b>5. LEASE DESIGNATION AND SERIAL NUMBER:</b> UTU-80571
<b>SUNDRY NOTICES AND REPORTS ON WELLS</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.	<b>6. IF INDIAN, ALLOTTEE OR TRIBE NAME:</b>  <b>7. UNIT or CA AGREEMENT NAME:</b>
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<b>2. NAME OF OPERATOR:</b> Enduring Resources, LLC	<b>9. API NUMBER:</b> 43047372600000
<b>3. ADDRESS OF OPERATOR:</b> 475 17th Street, Suite 1500 , Denver, CO, 80202	<b>PHONE NUMBER:</b> 303 350-5114 Ext
<b>4. LOCATION OF WELL</b> <b>FOOTAGES AT SURFACE:</b> 2229 FNL 0747 FWL <b>QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:</b> Qtr/Qtr: SWNW Section: 30 Township: 09.0S Range: 24.0E Meridian: S	<b>9. FIELD and POOL or WILDCAT:</b> DEVILS PLAYGROUND  <b>COUNTY:</b> UINTAH  <b>STATE:</b> UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> <b>NOTICE OF INTENT</b> Approximate date work will start: 10/18/2010  <input type="checkbox"/> <b>SUBSEQUENT REPORT</b> Date of Work Completion:  <input type="checkbox"/> <b>SPUD REPORT</b> Date of Spud:  <input type="checkbox"/> <b>DRILLING REPORT</b> Report Date:	<input type="checkbox"/> ACIDIZE <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> DEEPEN <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> ALTER CASING <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> SI TA STATUS EXTENSION <input type="checkbox"/> OTHER	<input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> PLUG BACK <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> WATER DISPOSAL <input checked="" type="checkbox"/> APD EXTENSION OTHER: <input style="width: 100px;" type="text"/>

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

Request for an one-year extension to APD termination date.

**Approved by the  
Utah Division of  
Oil, Gas and Mining**

Date: October 25, 2010

By: 

<b>NAME (PLEASE PRINT)</b> Alvin Arlian	<b>PHONE NUMBER</b> 303 350-5114	<b>TITLE</b> Landman-Regulatory
<b>SIGNATURE</b> N/A		<b>DATE</b> 10/18/2010



**The Utah Division of Oil, Gas, and Mining**

- State of Utah  
- Department of Natural Resources

Electronic Permitting System - Sundry Notices

**Request for Permit Extension Validation Well Number 43047372600000**

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**Well Name:** SOUTHMAN CYN 9-24-12-30

**Location:** 2229 FNL 0747 FWL QTR SWNW SEC 30 TWNP 090S RNG 240E MER S

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

**Approved by the  
Utah Division of  
Oil, Gas and Mining**

**Signature:** Alvin Arlian

**Date:** 10/18/2010

**Title:** Landman-Regulatory **Representing:** ENDURING RESOURCES, LLC

**Date:** October 25, 2010

**By:** 

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

**RECEIVED**

FORM APPROVED  
OMB NO. 1004-0135  
Expires: July 31, 2010

JUL 07 2011

**SUNDRY NOTICES AND REPORTS ON WELLS**  
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.*

**BLM**

5. Lease Serial No.  
UTU80571

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

**SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		8. Well Name and No. SOUTHMAN CANYON 9-24-12-30
2. Name of Operator ENDURING RESOURCES LLC Contact: ALVIN (AL) R. ARLIAN E-Mail: aarljan@enduringresources.com		9. API Well No. 43-047-37260-00-X1
3a. Address 475 17TH STREET, SUITE 1500 DENVER, CO 80202	3b. Phone No. (include area code) Ph: 303-350-5114 Fx: 303-573-0461	10. Field and Pool, or Exploratory UNDESIGNATED
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 30 T9S R24E Lot 2 2229FNL 747FWL		11. County or Parish, and State UINTAH COUNTY, UT

**12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Change to Original PD
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Request for a two-year extension to the APD termination date from 8/20/2011 to 8/20/2013.

VERNAL FIELD OFFICE
ENG. 9/20/11 RLL
GEOL. _____
E.S. _____
PET. _____
RECL. _____

**RECEIVED**

OCT 07 2011

DIV. OF OIL, GAS & MINING

14. I hereby certify that the foregoing is true and correct.

**Electronic Submission #112395 verified by the BLM Well Information System  
For ENDURING RESOURCES LLC, sent to the Vernal  
Committed to AFMSS for processing by ROBIN R. HANSEN on 07/12/2011 (11RRH3288SE)**

Name (Printed/Typed) ALVIN (AL) R. ARLIAN	Title LANDMAN-REGULATORY SPECIALIST
Signature (Electronic Submission)	Date 07/07/2011

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

**DENIED**

Approved By \_\_\_\_\_ Title \_\_\_\_\_ Date **SEP 28 2011**

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

Office **VERNAL FIELD OFFICE**

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

**UDOGM**

\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\*

11PDL 3788 SE

# CONDITIONS OF APPROVAL

## Enduring Resources, LLC

### Notice of Intent APD Extension

**Lease:** UTU-80571  
**Well:** Southman Canyon 9-24-12-30  
**Location:** SWNW Sec 30 T9S R24E

An extension for the referenced APD is denied based on the following reason:

---

The well specific surface NEPA clearance for this well was completed using a Categorical Exclusion (CX) reference Section 390 of the Energy Policy Act of 2005 and was approved for this well on August 6, 2009. This 390 CX has a five year spud date requirement based upon the signature approval date of the Environmental Assessment (EA) and Finding of No Significant Impact (FONSI) Decision Record for Enduring Resources 'West Bonanza Area Natural Gas Well Development Project' approved July 18, 2006. The Southman Canyon 9-24-12-30 well needed to be spudded by July 18, 2011. The Application for Permit to Drill (APD) for this well was approved on August 14, 2009 and could not be extended past the July 18, 2011 date.

If you have any other questions concerning this matter, please contact Robin L Hansen of this office at (435) 781-2777



# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

Green River District-Vernal Field Office

170 South 500 East

Vernal, UT 84078

(435) 781-4400 Fax: (435) 781-4410

<http://www.blm.gov/ut/st/en/fo/vernal.html>



**OCT 11 2011**

IN REPLY REFER TO:  
3160 (UTG011)

Alvin R. Arlian  
Enduring Resources, LLC  
475 17<sup>th</sup> Street, Suite 1500  
Denver, CO 80202

43 047 37260

Re: Notice of Expiration  
Well No. Southman Canyon 9-24-12-30  
Lot 2, Sec. 30, T9S, R24E  
Uintah County, Utah  
Lease No. UTU-80571

Dear Mr. Arlian:

The Application for Permit to Drill (APD) for the above-referenced well was approved on August 14, 2009. An extension request of the original APD was received on July 7, 2011. The request was reviewed and the extension request was denied on September 28, 2011, due to the NEPA document expiring on July 18, 2011. According to our records, no known activity has transpired at the approved location. In view of the foregoing, this office is notifying you that the approval of the referenced application has expired. If you intend to drill at this location in the future, a new Application for Permit to Drill must be submitted.

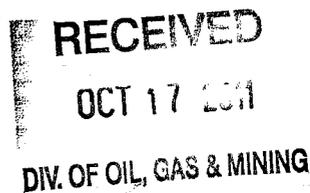
This office requires a letter confirming that no surface disturbance has been made for this drill site. Any surface disturbance associated with the approved location of this well is to be rehabilitated. A schedule for this rehabilitation must be submitted to this office. Your cooperation in this matter is appreciated.

If you have any questions regarding this matter, please contact Cindy Severson at (435) 781-4455.

Sincerely,

Jerry Kenczka  
Assistant Field Manager  
Lands & Mineral Resources

cc: UDOGM





GARY R. HERBERT  
Governor

GREG BELL  
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 21, 2011

Al Arlian  
Enduring Resources, LLC  
511-16<sup>th</sup> Street, Ste. 700  
Denver, CO 80202

Re: APD Rescinded – Southman Cyn 9-24-12-30, Sec. 30 T.9S, R.24E  
Uintah County, Utah API No. 43-047-37260

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 October 18, 2005. On September 27, 2006, September 27, 2007, September 30, 2008, October 5, 2009 and October 25, 2010 the Division granted a one-year APD extension. On October 19, 2011, you requested that the APD be rescinded. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective October 19, 2011.

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

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

Sincerely,

  
Diana Mason  
Environmental Scientist

cc: Well File  
Bureau of Land Management, Vernal