



TALON RESOURCES INC

October 19, 2005

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

RE: Application for Permit to Drill—
State 13-2-14-22, 660' FSL, 660' FWL, Section 2, T14S, R22E, SLB&M, Uintah County, Utah
State 4-2-14-22, 660' FNL, 661' FWL, Section 2, T14S, R22E, SLB&M, Uintah County, Utah

Dear Mrs. Whitney:

On behalf of Summit Operating, LLC (Summit), Talon Resources, Inc. respectfully submits the enclosed original and two copies of the *Application for Permit to Drill (APD)* for each of the above referenced wells. Included with each APD is the following supplemental information:

- Exhibit "A" - Survey plats and layouts of the proposed well site;
- Exhibit "B" - Proposed location maps with utility corridors;
- Exhibit "C" - Drilling site layout;
- Exhibit "D" - Drilling Program;
- Exhibit "E" - Multi Point Surface Use Plan;
- Exhibit "F" - Typical road cross-section;
- Exhibit "G" - Typical BOP diagram, Typical wellhead manifold diagram

Please accept this letter as Summit's written request for confidential treatment of all information contained in and pertaining to this application, if said information is eligible for such consideration.

Thank you very much for your timely consideration of this application. Please feel free to contact myself, or Mr. David Lillywhite at 1-435-940-9001 if you have any questions or need additional information.

Sincerely,

Larry W. Johnson—Agent for Summit Operating, LLC.

cc: Mr. Ed Bonner, SITLA
Mr. David Lillywhite, Summit Operating
Mr. David Allin, Consultant to Summit Operating

RECEIVED

OCT 20 2005

DIV. OF OIL, GAS & MINING

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

FORM 3

AMENDED REPORT
(highlight changes)

ML-49783

APPLICATION FOR PERMIT TO DRILL			5. MINERAL LEASE NO: <u>Utah State</u>	6. SURFACE: State
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>			7. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>			8. UNIT or CA AGREEMENT NAME: N/A	
2. NAME OF OPERATOR: Summit Operating, LLC			9. WELL NAME and NUMBER: State 13-2-14-22	
3. ADDRESS OF OPERATOR: 2064 Prospector Ave 10 ₂ CITY Park City STATE UT ZIP 84060			PHONE NUMBER: (435) 940-9001	10. FIELD AND POOL, OR WILDCAT: <u>Sweep Ridge Undersignated</u>
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 660' FSL, 660' FWL <u>634858X</u> <u>39.623574</u> AT PROPOSED PRODUCING ZONE: 660' FSL, 660' FWL <u>4386949</u> <u>-109.428789</u>			11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWSW 2 14 22 S	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 45 miles south of Ouray, Utah			12. COUNTY: Uintah	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 660'	16. NUMBER OF ACRES IN LEASE 640	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40		
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) See attached map	19. PROPOSED DEPTH: 11,422	20. BOND DESCRIPTION: N2315		
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 6814' GR	22. APPROXIMATE DATE WORK WILL START: 11/15/2005	23. ESTIMATED DURATION: 14 Days		

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT			
12-3/4"	9-5/8" J-55 LT&C 36#	2,000	HHF	350 Sacks	3.2 cu ft/sk	11.6 ppg
			Premium	200 sacks	1.17 cu ft/sk	15.8 ppg
7-7/8"	5-1/2" N-80 LT&C 17#	11,422	Super flush/water			9.2/8.33 ppg
			50/50 Poz Premium AG	450 sacks	1.49 cu ft/sk	13.5 ppg
			Hi Fill Mod	405 sacks	3.85 cu ft/sk	11.0 ppg
			Premium AG	50 sacks	1.15 cu ft/sk	15.8 ppg

ATTACHMENTS

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

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

NAME (PLEASE PRINT) Larry W. Johnson TITLE Agent for Summit Operating, LLC
SIGNATURE *Larry W. Johnson* DATE 10/19/05

(This space for State use only)

RECEIVED

OCT 20 2005

DIV. OF OIL, GAS & MINING

API NUMBER ASSIGNED: 43047-37283

APPROVAL:

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

(See Instructions on Reverse Side)

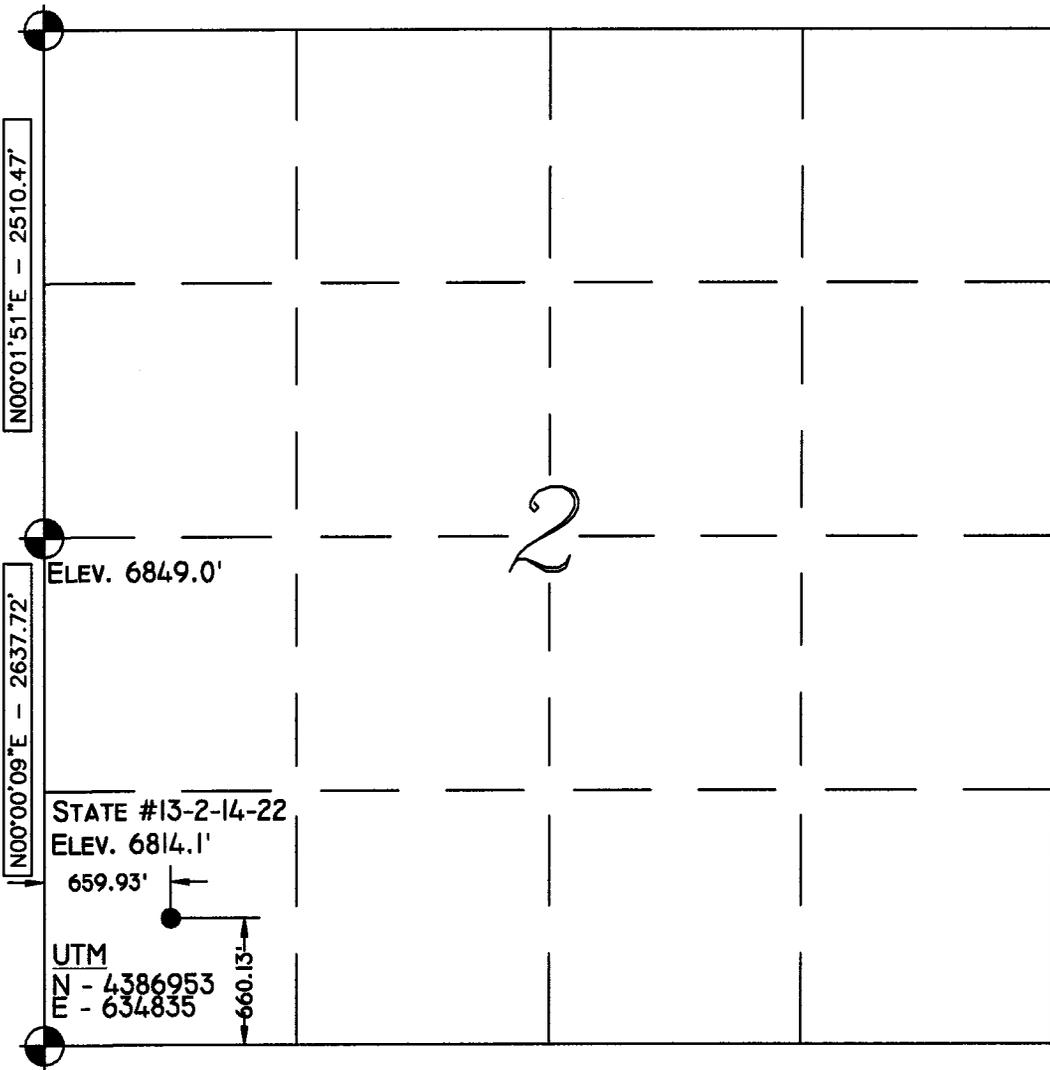
(11/2001)

Date: 01-13-06
By: *[Signature]*

CONFIDENTIAL

Range 22 East

Township 14 South



Legend

- Drill Hole Location
- ⊙ Brass Cap (Found)
- Brass Cap (Searched for, but not found)
- △ Rock Pile
- () GLO
- GPS Measured

NOTES:

1. UTM and Latitude / Longitude Coordinates are derived using a GPS Pathfinder and are shown in NAD 27 Datum.

LAT / LONG
39°37'25.006" N
109°25'44.616" W

Location:

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

Basis of Bearing:

The Basis of Bearing is GPS Measured.

GLO Bearing:

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

Basis of Elevation:

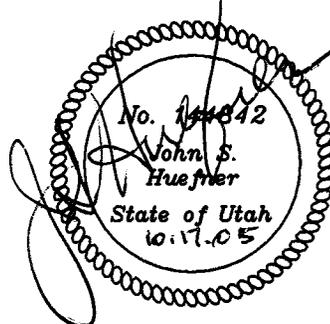
Basis of Elevation of 6849.0' being at the West Quarter Corner of Section 2, Township 14 South, Range 22 East, Salt Lake Base & Meridian, as shown on the Pine Spring Canyon Quadrangle 7.5 Minute Series Map.

Description of Location:

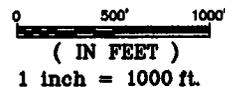
Proposed Drill Hole located in the SW1/4 SW1/4 of Section 2, T14S, R22E, S.L.B.&M., being 660.13' North and 659.93' East from the Southwest Corner of Section 2, T14S, R22E, Salt Lake Base & Meridian.

Surveyor's Certificate:

I, John S. Huefner, a Professional Engineer and Registered Professional Land Surveyor, holding Certificate 144842 State of Utah, do hereby certify that the information on this drawing is a true and accurate survey based on data of record and was conducted under my personal direction and supervision as shown hereon.



GRAPHIC SCALE



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

SUMMIT OPERATING

State #13-2-14-22
 Section 2, T14S, R22E, S.L.B.&M.
 Uintah County, Utah

Drawn By: N. BUTKOVICH	Checked By: L.W.J./J.S.H.
Drawing No. A-1	Date: 10/17/05
	Scale: 1" = 1000'
Sheet 1 of 4	Job No. 1958

EXHIBIT "D"
DRILLING PROGRAM

Attached to UDOGM Form 3
Sulmmmit Operating, LLC
State 13-2-14-22
SW/4 SW/4, Sec. 2, T14S, R22E, SLB & M
660' FSL, 660' FWL
Uintah County, Utah

1. The Geologic Surface Formation

Green River

2. Estimated Tops of Important Geologic Markers

KB	Ground + 22'
Wasatch	1846'
Mesaverde Group	3606'
Castlegate	5468'
Mancos Shale	5801'
Dakota Silt	9376'
Dakota Marker	9424'
Morrison	9678'
Summerville/Curtis	10153'
Entrada Sandstone	10218'
Carmel	10363'
Navajo Sandstone	10432'
Kayenta	10576'
Wingate Sandstone	10708'
Triassic Chinle	11098'
Triassic Shinarump Conlomerate	11271'
Triassic Moenkopi	11308'

3. Projected Gas & Water Zones

No Groundwater is anticipated to be encountered. Water encountered will be reported on a Form 7 "Report of Water Encountered During Drilling".

Casing & cementing will be done to protect potentially productive hydrocarbons, lost circulation zones, abnormal pressure zones, and prospectively valuable mineral deposits. All indications of usable water will be reported.

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Surface casing will be tested to 1500 psi for 15 minutes. Pressure drop is not to exceed 150 psi.

7) The Proposed Casing and Cementing Programs

Casing Program

HOLE SIZE	SETTING DEPTH (INTERVAL)	SIZE (OD)	WEIGHT, GRADE & JOINT	CONDITION
12-1/4"	2000'	9-5/8"	36# J-55 LT&C	New
7 -7/8"	11,421'	5-1/2"	17# N-80 LT&C	New

Cement Program

Surface Casing:

Lead: 350 sacks HHF
 Weight: 11.6 # / gal
 Yield: 3.2 cu.ft / sk

Tail: 200 sacks Premium
 Weight: 15.8 # / gal
 Yield: 1.17 cu.ft / sk

Production Casing: Two stage with multiple stage cementer placed at 9,400'

Stage 1: Lead: Super flush / water
 Weight: 9.2 # / gal / 8.33 #/gal

Stage 2: Lead: 405 sacks Hi Fill Mod
 Weight: 11.0 #/gal
 Yield: 3.85 cu.ft / sk

Tail: 450 sacks 50./50 Poz Premium AG
 Weight: 13.5 #/gal
 Yield: 1.49 cu.ft/sk

Tail: 50 sacks Premium AG
 Weight: 15.8 #/gal
 Yield: 1.15 cu.ft/sk

The following shall be entered in the driller's log:

- 1) Blowout preventer pressure tests, including test pressures and results;
- 2) Blowout preventer tests for proper functioning;
- 3) Blowout prevention drills conducted;
- 4) Casing run, including size, grade, weight, and depth set;

- 5) How the pipe was cemented, including amount of cement, type, whether cement circulated, location of the cementing tools, etc.;
- 6) Waiting on cement time for each casing string;
- 7) Casing pressure tests after cementing, including test pressures and results.

5. The Operator's Minimum Specifications for Pressure Control

Exhibit "G" is a schematic diagram of the blowout preventer equipment. An 11" 5,000 psi Double gate Hydraulic BOP with one (1) blind ram and one (1) pipe ram and Annular Preventer; equipped with a 3,000 psi automatic choke manifold. The BOP will be tested and charted using a BOP tester and test plug to 5,000 psi for 10 minutes. The Annular Preventer will be tested to 2,500 psi for 10 minutes. All text will be recorded in the Driller's log book. Physical operation of the BOP will be checked on each trip.

6. The Type and Characteristics of the Proposed Circulating Muds

Surface hole will be drilled with air/mist/foam
Long string hole will be drilled with KCL/gel/chem. mud

7. The Testing, Logging and Coring Programs are as followed

Testing -

DST's are not planned

Logging -

End of Surface casing - TD Gamma Ray, Density, Neutron, Porosity,
Induction, Caliper, Sonic

Coring --

No coring is planned for this location

Any Anticipated Abnormal Pressures or Temperatures

No abnormal pressures or temperatures have been noted or reported in wells drilled in The area nor at the depths anticipated in this well. Bottom hole pressure expected is 3,800 psi max. No hydrogen sulfide or other hazardous gases or fluids have been found, reported or are known to exist at these depths in the area.

8. Anticipated Starting Date and Duration of the Operations.

The well will be drilled approx.: November 15, 2005.

Verbal and/or written notifications listed below shall be submitted in accordance with instructions from the Division of Oil, Gas & Mining:

- (a) prior to beginning construction;
- (b) prior to spudding;
- (c) prior to running any casing or BOP tests;
- (d) prior to plugging the well, for verbal plugging instructions.

Spills, blowouts, fires, leaks, accidents or other unusual occurrences shall be reported to the Division of Oil, Gas & Mining immediately.

EXHIBIT "E"
Multipoint Surface Use Plan

Attached to UDOGM Form 3
Summit Operating, LLC
State 13-2-14-22
SW/4 SW/4, Sec. 2, T14S, R22E, SLB & M
660' FSL, 660' FWL
Uintah County, Utah

1. Existing Roads

- a. The proposed access road will be Constructed consistent with the State of Utah and Summit Operating, LLC, and will tie to an existing road that encroaches Uintah County Road 4610. County Road 4610 is the main access into this area.
- b. Existing roads will be maintained in the same or better condition. See Exhibit "B".

2. Planned Access

Approximately 400' of new access will be required (See Exhibit "B") Access is determined by acquired Right of way by the surface owner.

- a. Maximum Width: 24'
- b. Maximum grade: 10 %
- c. Turnouts: None
- d. Drainage design: 2 – 18" culvert may be required along the new portion of the road. Water will be diverted around the road as necessary and practical.
- e. If the well is productive, the road will be surfaced and maintained as necessary to prevent soil erosion and accommodate year-round traffic.
- f. Existing trees will be left in place where practical to provide screening and buffer areas.

3. Location of Existing Wells

- a. See Exhibit "B", Drawing L-1. There is existing well locations within a one mile radius of the proposed location.

4. Location of Existing and/or Proposed Facilities

- a. If the well is a producer, installation of production facilities will follow.
- b. Rehabilitation of all pad areas not used for production facilities will be made in accordance with landowner stipulations.

5. Location and Type of Water Supply

- a. Water to be used for drilling will be obtained from Bitter Creek, Permit #T75377
- b. Water will be transported by truck over approved access roads.
- c. No water well is to be drilled for this location.

6. Source of Construction Materials

- a. Any necessary construction materials needed will be obtained locally from a private source and hauled to the location on existing roads.
- b. No construction or surfacing materials will be taken from Federal/Indian land.

7. Methods for handling waste disposal

- a. A reserve pit will be constructed with a minimum of one-half the total depth below the original ground surface on the lowest point within the pit. The pit will be lined with a synthetic liner. Three sides of the reserve pit will be fenced within 24 hours after completion of construction and the fourth side within 24 hours after drilling operations cease with four strands of barbed wire, or woven wire topped with barbed wire to a height of not less than four feet. The fence will be kept in good repair while the pit is drying.

- b. Following drilling, the liquid waste will be evaporated from the pit and the pit backfilled and returned to natural grade. No liquid hydrocarbons will be discharged to the reserve pit or location.
- c. In the event fluids are produced, any oil will be retained in tanks until sold and any water produced will be retained until its quality can be determined. The quality and quantity of the water will determine the method of disposal.
- d. Trash will be contained in a portable metal container and will be hauled from location periodically and disposed of at an approved disposal site. Chemical toilets will be placed on location and sewage will be disposed of at an appropriate disposal site.

8. Ancillary Facilities

- a. We anticipate no need for ancillary facilities with the exception of trailers to be located on the drill site.

9. Well-site Layout

- a. Available topsoil will be removed from the location and stockpiled. Location of the rig, reserve and blooie pits, and drilling support equipment will be located as shown on Attachment "C".
- b. A blooie pit will be located 100' from the drill hole. A line will be placed on the surface from the center hole to the blooie pit. The blooie pit will not be lined, but will be fenced on four sides to protect livestock/wildlife.
- c. Access to the well pad will be as shown on Exhibit "B".
- d. Natural runoff will be diverted around the well pad.

10. Plans for Restoration of Surface

- a. All surface areas not required for producing operations will be graded to as near original condition as possible and contoured to maintain possible erosion to a minimum.
- b. Available topsoil will be stockpiled and will be evenly distributed over the disturbed areas and the area will be reseeded as prescribed by the landowner.
- c. Pits and any other area that would present a hazard to wildlife or livestock will be fenced off when the rig is released and removed.

- d. Any oil accumulation on the pit will be removed or overhead flagged as dictated by then existed conditions.
- e. Rehabilitation will commence following completion of the well. Rat and mouse holes will be filled immediately upon release of the drilling rig from the location. If the well-site is to be abandoned, all disturbed areas will be recontoured to the natural contour as is possible.

11. Surface Ownership

- a. The well-site and access road will be constructed on lands owned by the School and Institutional Trust Lands Administration, 675 East 500 South, Salt Lake City, Utah 84102-2818; 801-538-5100. The operator shall contact the landowner and the Division of Oil, Gas and Mining 48 hours prior to beginning construction activities.

12. Other Information:

- a. The primary surface use is wildlife habitat and grazing. The nearest dwelling is approximately 7 miles West. Nearest live water is in Willow Creek, 7 miles West.
- b. If there is snow on the ground when construction begins, it will be removed before the soil is disturbed, and piled downhill from the topsoil stockpile location.
- c. The back-slope and fore-slope will be constructed no steeper than 3:1.
- d. All equipment and vehicles will be confined to the access road and well pad.
- e. A complete copy of the approved Application for Permit to Drill (APD) including conditions and stipulations shall be on the well-site during construction and drilling operations.

There will be no deviation from the proposed drilling and/or workover program without prior approval from the Division of Oil, Gas & Mining.

13. **Company Representative**

David Lillywhite
Summit Operating, LLC.
2064 Prospector Avenue
Suite 102
Park City, Utah 84060
1-435-940-9001

Permitting Consultant

Larry W. Johnson
Talon Resources, Inc.
195 North 100 West
Huntington, UT. 84528
1-435-687-5310

Excavation Contractor

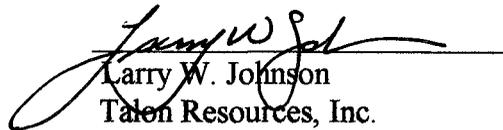
Stubbs & Stubbs Oilfield Construction
437 South 800 East
Vernal, Utah 84078
1-435-789-8874

Mail Approved A.P.D. To:
Company Representative

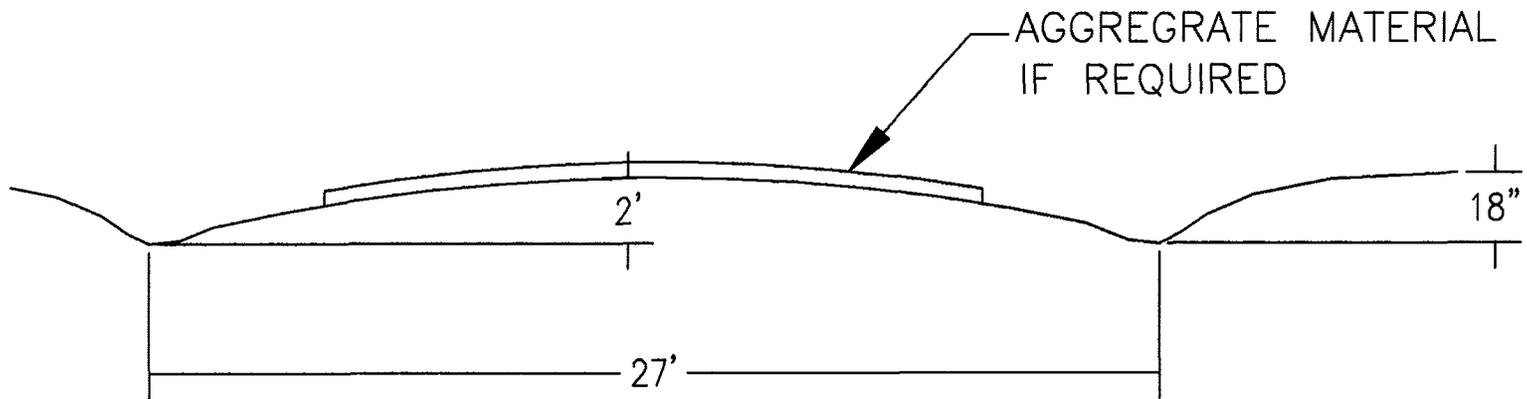
14. **Certification**

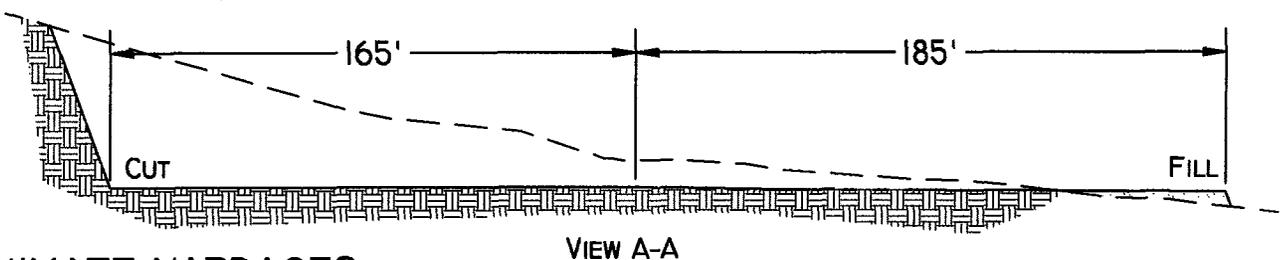
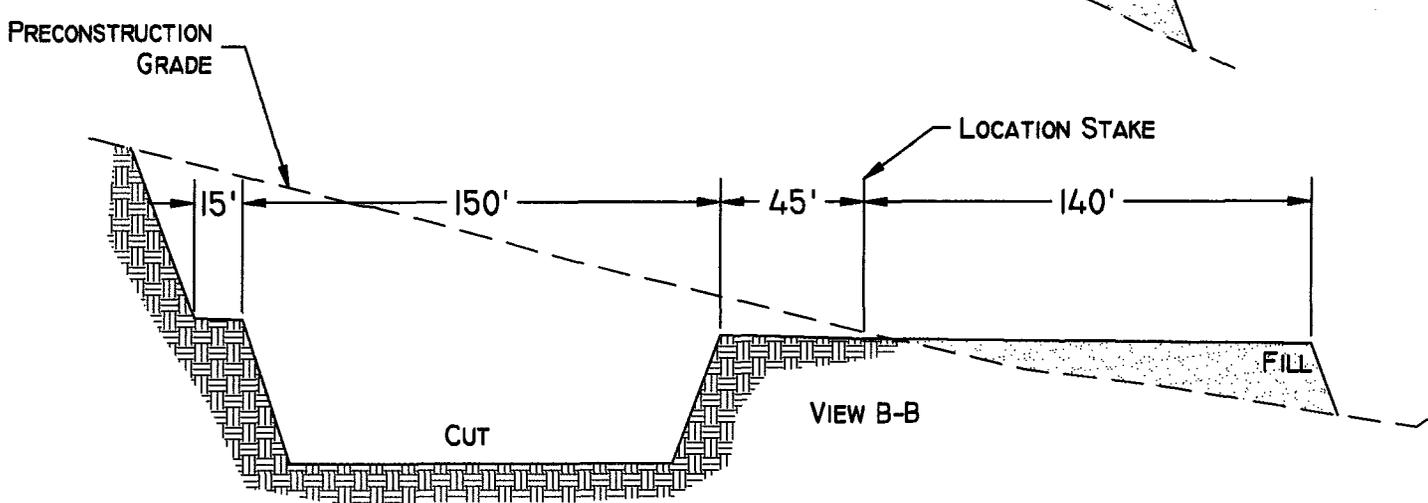
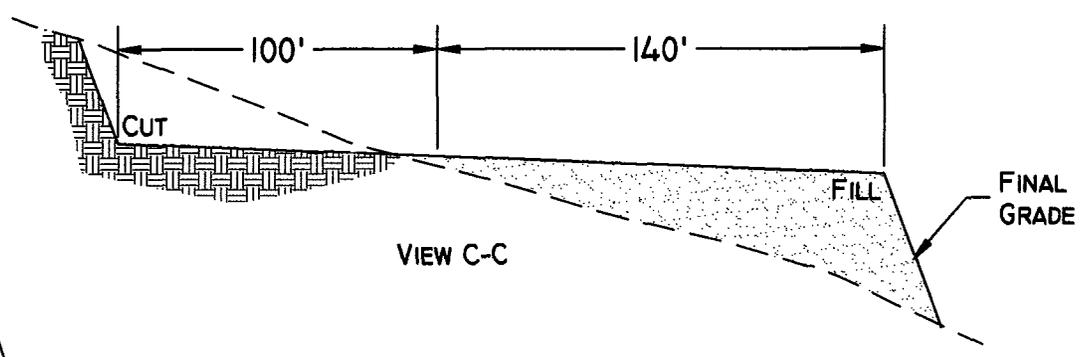
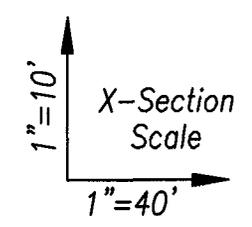
I hereby certify that I, or persons under my direct supervision have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct, and that the work associated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

10/19/05
Date


Larry W. Johnson
Talon Resources, Inc.

TYPICAL ROAD CROSS-SECTION





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



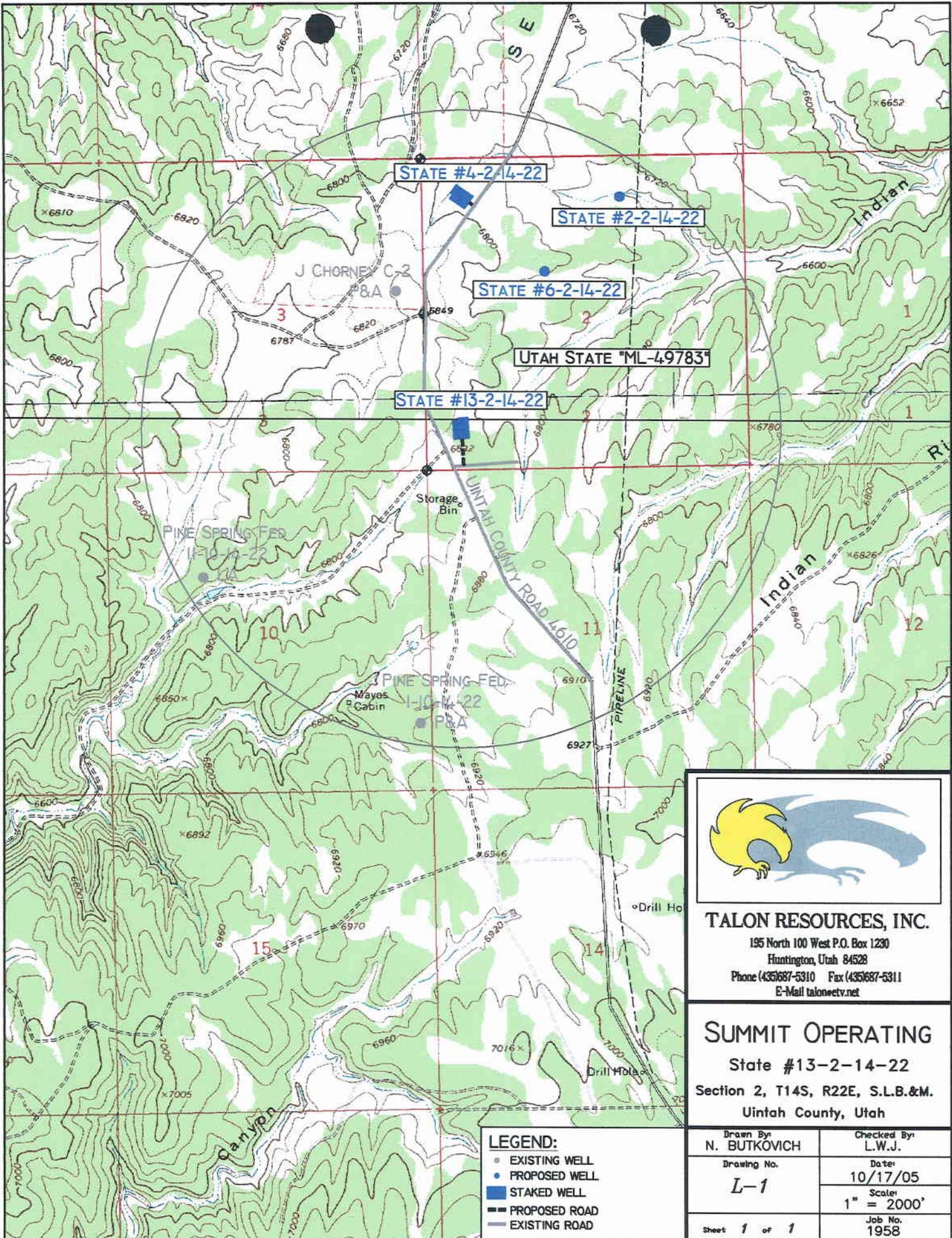
TALON RESOURCES, INC.
195 North 100 West P.O. Box 1230
Huntington, Utah 84528
Phone (435)687-5310 Fax (435)687-5311
E-Mail talon@etv.net

SUMMIT OPERATING
TYPICAL CROSS SECTION
Section 2, T14S, R22E, S.L.B.&M.
State #13-2-14-22

Drawn By: N. BUTKOVICH	Checked By: L.W.J.
Drawing No. C-1	Date: 10/17/05
	Scale: 1" = 60'
Sheet 3 of 4	Job No. 1958

APPROXIMATE YARDAGES

CUT
(6")TOPSOIL STRIPPING = 1,915 CU. YDS.
REMAINING LOCATION = 14,680 CU, YDS.
(INCLUDING TOPSOIL STRIPPING)
TOTAL CUT (INCLUDING PIT) = 21,460 CU. YDS.
TOTAL FILL = 5,140 CU. YDS.



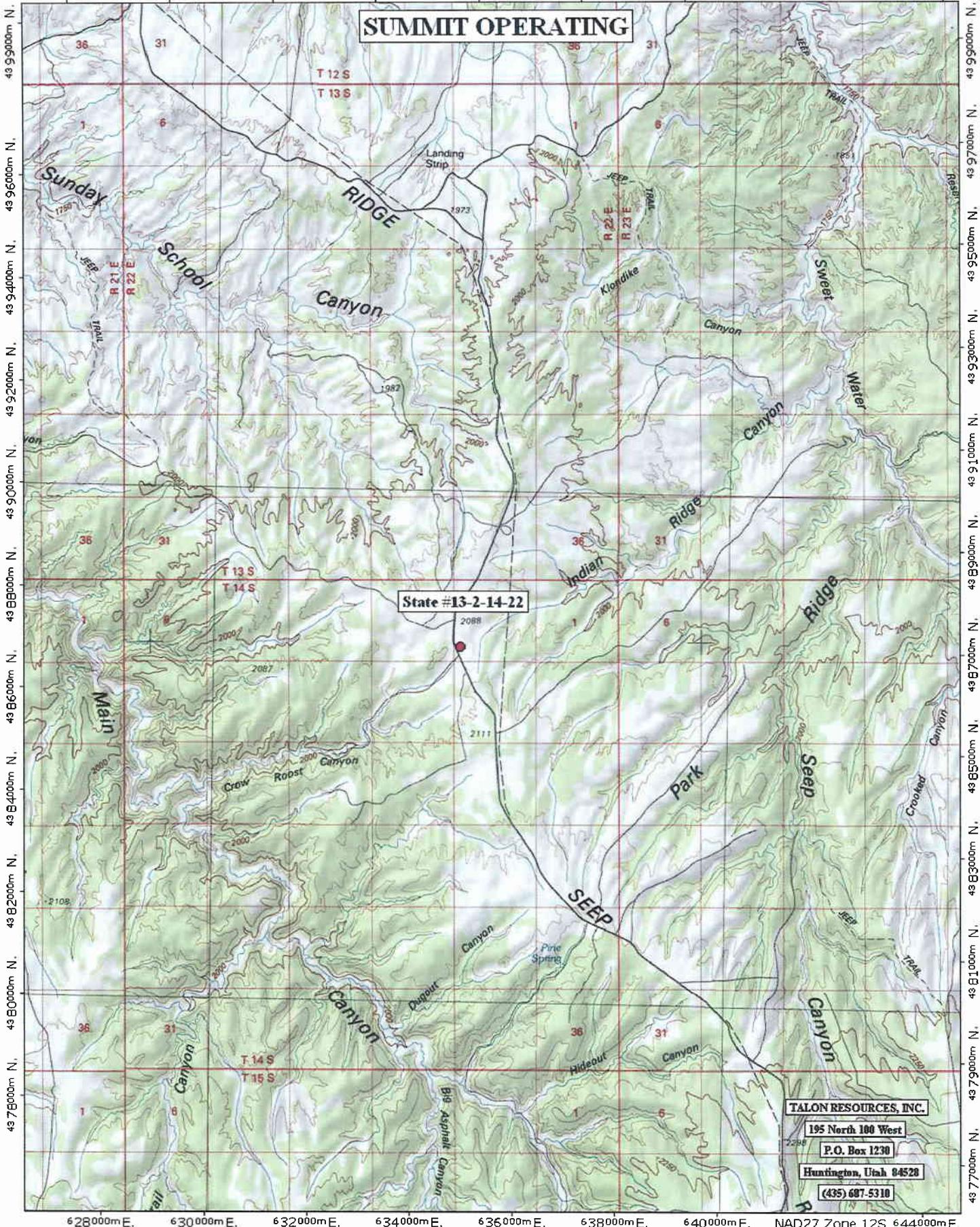
TALON RESOURCES, INC.
 195 North 100 West P.O. Box 1230
 Huntington, Utah 84528
 Phone (435)687-5310 Fax (435)687-5311
 E-Mail talon@netv.net

SUMMIT OPERATING
 State #13-2-14-22
 Section 2, T14S, R22E, S.L.B.&M.
 Uintah County, Utah

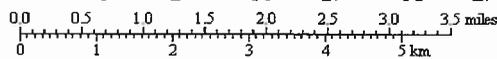
- LEGEND:**
- EXISTING WELL
 - PROPOSED WELL
 - STAKED WELL
 - - - PROPOSED ROAD
 - EXISTING ROAD

Drawn By N. BUTKOVICH	Checked By L.W.J.
Drawing No. L-1	Date 10/17/05
	Scale 1" = 2000'
Sheet 1 of 1	Job No. 1958

627000m E. 629000m E. 631000m E. 633000m E. 635000m E. 637000m E. 639000m E. NAD27 Zone 12S 644000m E.



TN 12°



Map created with TOPO!® ©2003 National Geographic (www.nationalgeographic.com/topo)

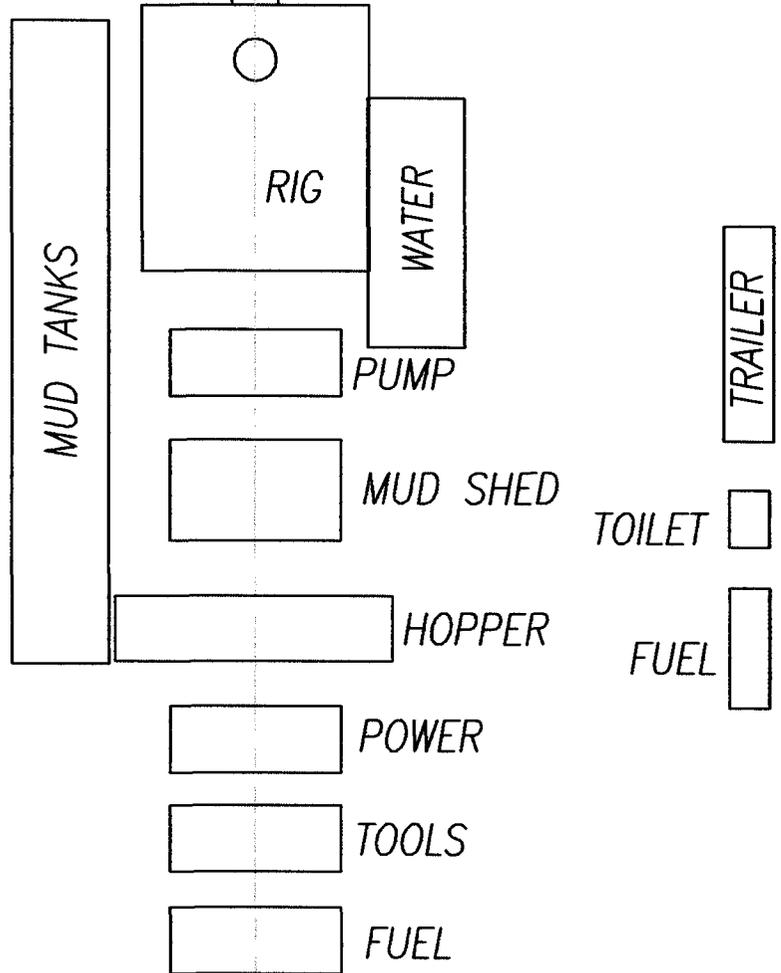
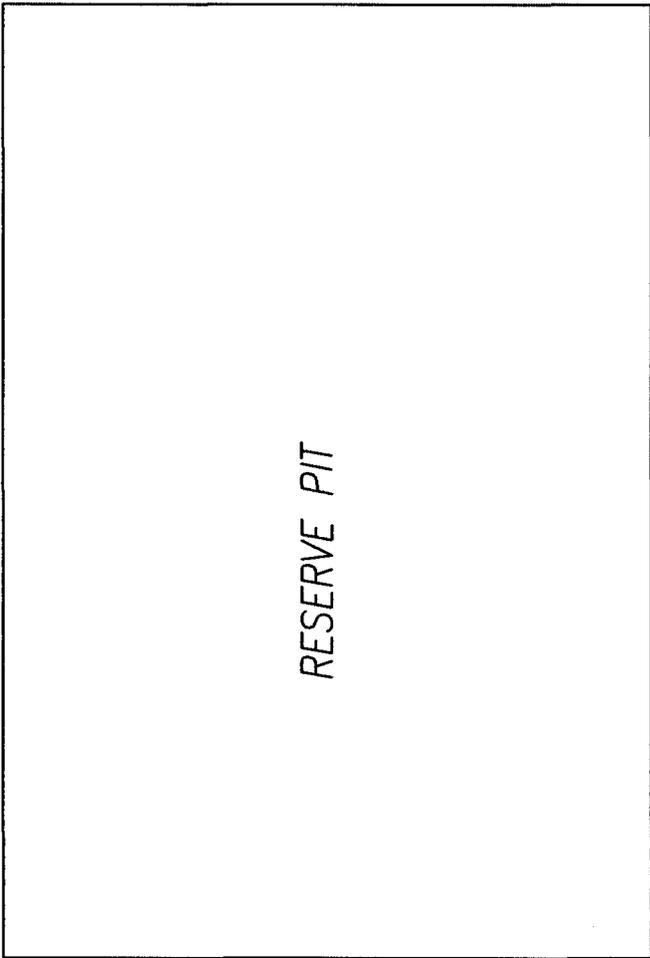
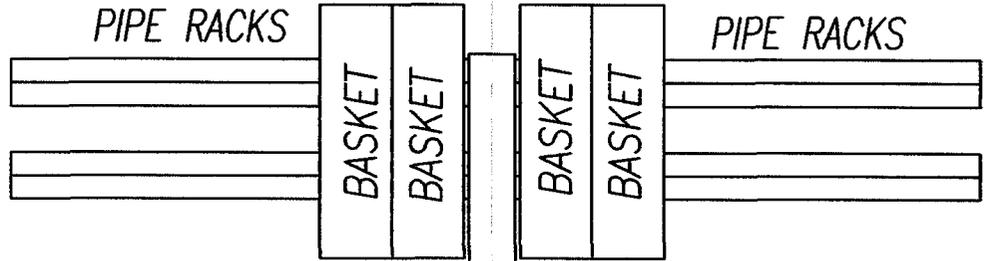
628000m E. 630000m E. 632000m E. 634000m E. 636000m E. 638000m E. 640000m E. NAD27 Zone 12S 644000m E.

43 99000m N.
43 96000m N.
43 94000m N.
43 92000m N.
43 90000m N.
43 88000m N.
43 86000m N.
43 84000m N.
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43 99000m N.
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43 83000m N.
43 81000m N.
43 79000m N.

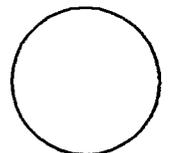
Summit Operating

DATA

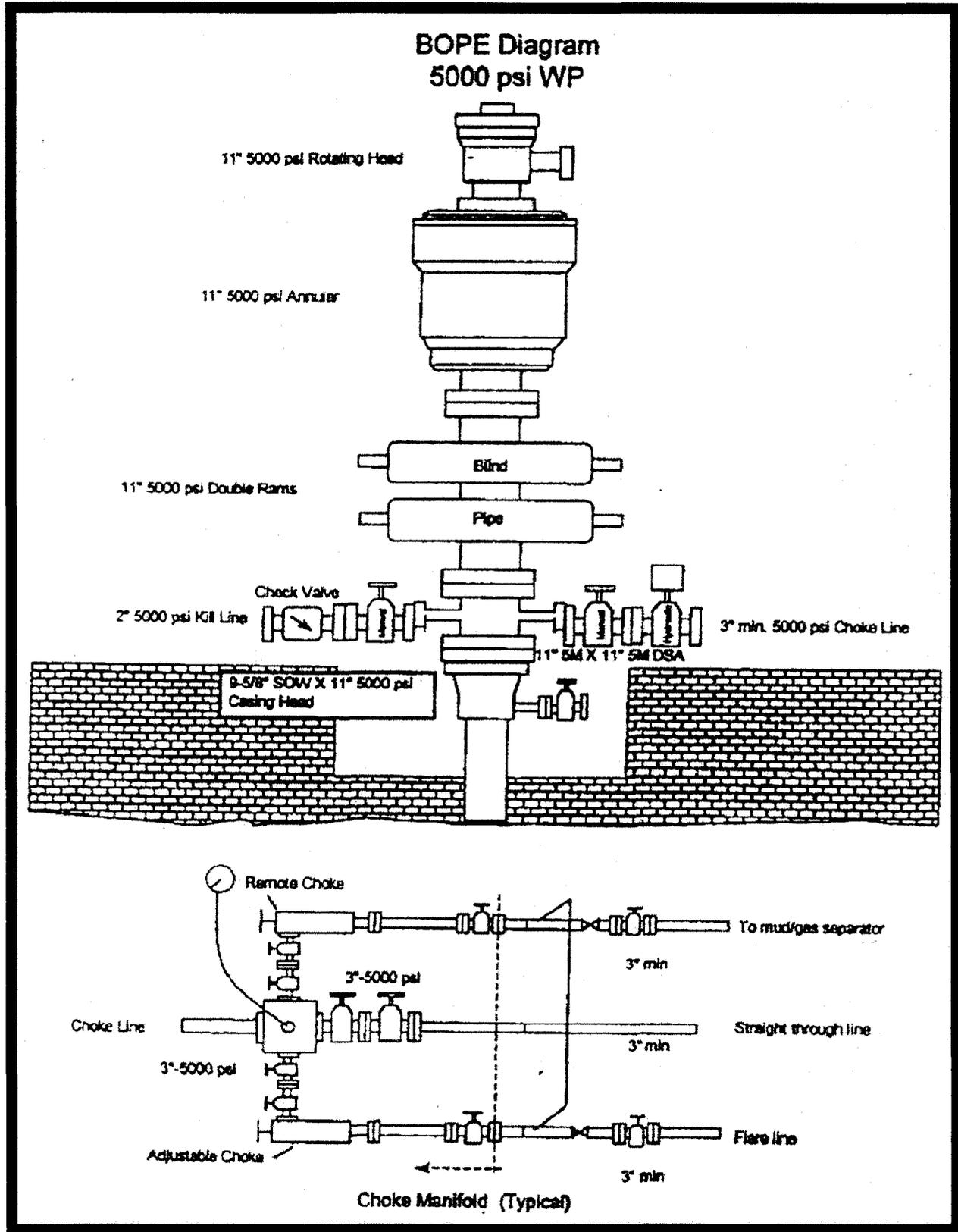


STORAGE TANK

RIG & EQUIPMENT LAYOUT
(Not to Scale)



Summit Operating



**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 10/20/2005

API NO. ASSIGNED: 43-047-37283

WELL NAME: STATE 13-2-14-22
 OPERATOR: SUMMIT OPERATING LLC (N2315)
 CONTACT: LARRY JOHNSON

PHONE NUMBER: 435-687-5310

PROPOSED LOCATION:

SWSW 02 140S 220E
 SURFACE: 0660 FSL 0660 FWL
 BOTTOM: 0660 FSL 0660 FWL
 UINTAH
 UNDESIGNATED (2)

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	DKS	1/10/06
Geology		
Surface		

LEASE TYPE: 3 - State
 LEASE NUMBER: ML-49783
 SURFACE OWNER: 3 - State
 PROPOSED FORMATION: MNKP
 COALBED METHANE WELL? NO

LATITUDE: 39.62357
 LONGITUDE: -109.4288

RECEIVED AND/OR REVIEWED:

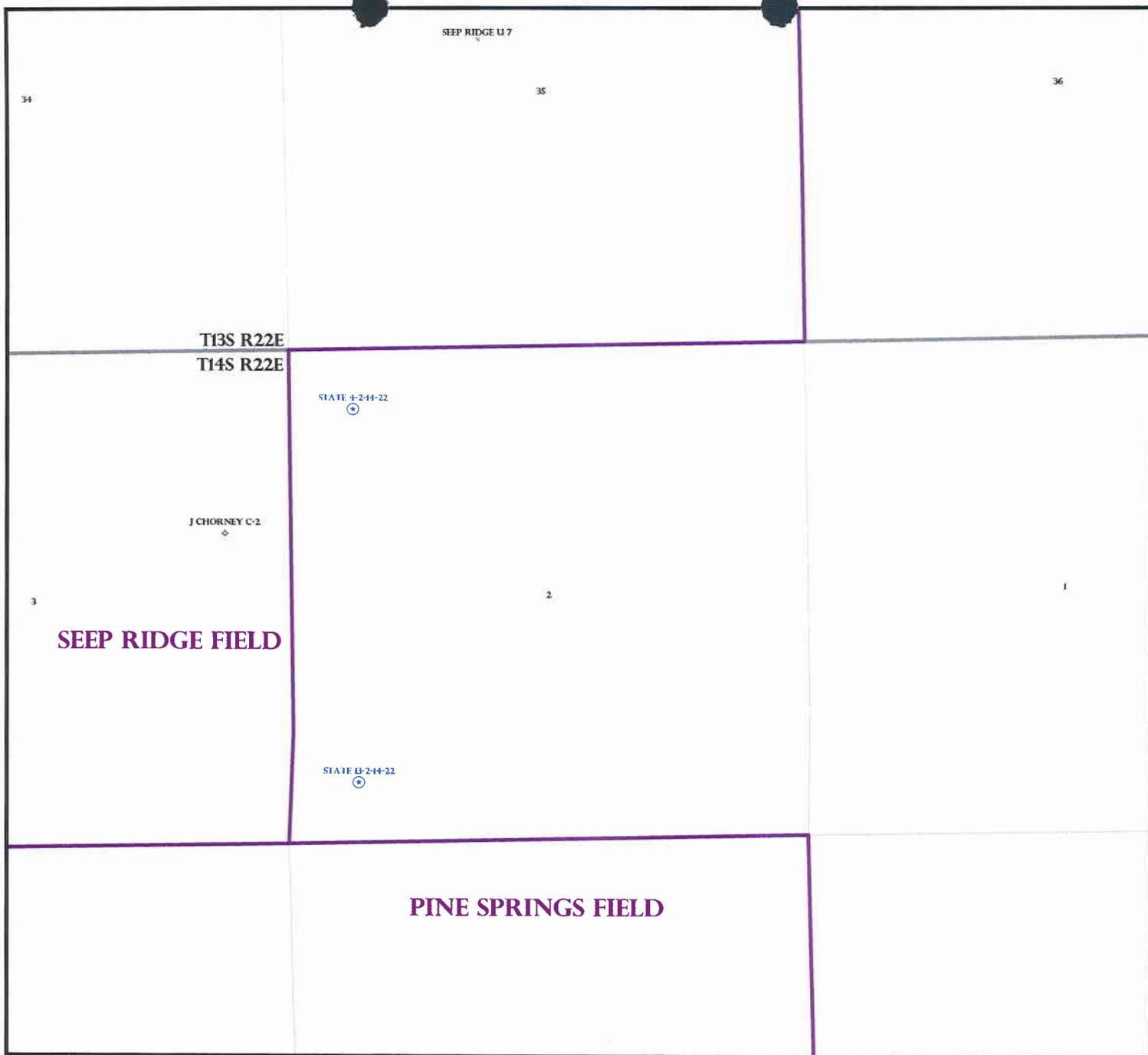
- Plat
- Bond: Fed[] Ind[] Sta[] Fee[]
(No. ZSB800622)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. T75377)
- RDCC Review (Y/N)
(Date: _____)
- Fee Surf Agreement (Y/N)
- Intent to Commingle (Y/N)

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: Needs Permit (12-09-05)

STIPULATIONS: 1- Spacing Slip
2- STATEMENT OF BASIS



OPERATOR: SUMMIT OPER LLC (N2315)

SEC: 2 T. 14S R. 22E

FIELD: UNDESIGNATED (002)

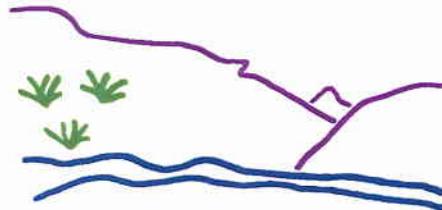
COUNTY: UINTAH

SPACING: R649-3-2 / GENERAL SITING

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

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

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



Utah Oil Gas and Mining



PREPARED BY: DIANA WHITNEY
DATE: 24-OCTOBER-2005

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

OPERATOR: Summit Operating, LLC
WELL NAME & NUMBER: State 13-2-14-22
API NUMBER: 43-047-37283
LOCATION: 1/4,1/4 SWSWW Sec:2TWP: 14S RNG: 22 E 660' FSL 660' FWL

Geology/Ground Water:

Summit proposes setting 2,000 feet of surface casing cemented to surface. The Base of the moderately saline ground water is estimated to be at a depth of 4,300 feet. A search of Division of Water Rights records indicates that there are three water wells within a 10,000' radius of the center of Section 2. These wells are all approximately .75 miles north of the proposed location. Depth for two of the wells is not listed. One well was drilled to a depth of 1,360 feet. The surface formation at the proposed location is the Green River Formation. The Green River Formation can be a significant aquifer and should be protected. The proposed casing and cement program should adequately protect useable ground water.

Reviewer: Brad Hill **Date:** 12-15-20

Surface:

At the request of Summit Resources LLC, a pre-site for this well was completed on 12/09/2005. The State of Utah (SITLA) owns both the surface and minerals. Mr. David Lillywhite, representing Summit Resources LLC, was contacted by phone on 12/5/2005 and informed of and invited to participate in the presite. He said Mr. Larry Johnson a consultant for Talon Consulting would represent the company. Mr. Ben Williams of the Utah Division of Wildlife Resources and Mr. Jim Davis from SITLA were both contacted by email and both attended. Mr. Williams stated the area is classified as critical value winter habitat for deer and elk. He explained how the areas are classified and recommended to Mr. Johnson, Mr. Davis and Mr. Gerber that they limit their activity from Nov. 15 thru April 15 to protect wintering values for these species. Activity that should be limited include road and pad construction, drilling and work-over rigs. Mr. Williams gave Mr. Johnson and Mr. Davis a written summary of his observations and a recommended seed mix for stabilizing the area. I explained to Mr. Johnson that this is a recommendation from DWR and would not be a condition of the permit that DOGM would issue. Mr. Johnson said he would include this information in his report to Summit Operating. A few small drainages intercept the proposed location from the southwest. As needed they should be diverted around the site. A culvert may be needed where the access road crosses this diversion. The existing pipeline paralleling the north side of the secondary access road must be protected by constructing a fill ramp over it or burying it below the proposed road. The area poses no surface problems for drilling a well.

Reviewer: Floyd Bartlett **Date:** 12/12/2005

Conditions of Approval/Application for Permit to Drill:

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

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

OPERATOR: Summit Operating, LLC
WELL NAME & NUMBER: State 13-2-14-22
API NUMBER: 43-047-37283
LEASE: ML-49783 **FIELD/UNIT:** Undesignated
LOCATION: 1/4,1/4 SW/SW Sec:2TWP: 14S RNG: 22 E 660' FSL 660' FWL
LEGAL WELL SITING: 460 F SEC. LINE; 460 F 1/4,1/4 LINE; 920 F ANOTHER WELL.
GPS COORD (UTM): 4386949 Y 0634858 X **SURFACE OWNER:** STATE (SITLA)

PARTICIPANTS

Floyd Bartlett (DOGM), Jim Davis (SITLA), Larry Johnson, (Talon Resources-Permit Consultant), Gary Gerber(Stubbs and Stubbs Construction), Ben Williams (Utah Division of Wildlife Resources)

REGIONAL/SETTING TOPOGRAPHY

Site is in Uintah County, Utah in the head of Indian Ridge Canyon and immediately east of the Seep Ridge Uintah County Road. Ouray, Utah is approximately 45 miles to the north. The area is locally known as the old Geo-Kenetics oil shale area. The Willow Creek drainage lies to the west and the Bitter Creek drainage is to the east. The general topography is characterized by open broad to narrow ridges or plateaus intersected by numerous draws or canyons, which often become steep. Drainage is generally northeasterly toward Bitter Creek, which contains a intermittent ephemeral stream. All drainages in the immediate area are ephemeral.

Access to the site from Ouray, UT is following the Seep Ridge Road south approximately 45 miles, then east a short distance on an existing secondary road then north 400 feet on a road to be constructed. (See Drawing L-1 of the APD)

This location is on a northeast sloping flat or bench. A few very small drainages intercept the location from the southwest.

SURFACE USE PLAN

CURRENT SURFACE USE: Summer cattle grazing, small and big game hunting and general recreation. A 2-inch surface pipeline parallels the north side of the existing secondary access road.

PROPOSED SURFACE DISTURBANCE: Location of 350'x 250' which includes a reserve pit of 150' x 150' and a 15' wide bench. Approximately 400 feet of new road will be constructed. A pipeline will be laid adjacent to the road. The existing pipeline needs to be protected by constructing a soil ramp over it or burying it below the surface.

LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS: There are no existing

wells within 1 mile radius. This operator within this radius currently plans three other wells. The general area includes an area operated in the early 1980 as an in-situ oil recovery program from the underlain oil shale. This specific location does not appear to lie on the area used for that project.

LOCATION OF PRODUCTION FACILITIES AND PIPELINES: All production facilities will be on location and added after drilling well. Pipeline will follow access road.

SOURCE OF CONSTRUCTION MATERIAL: All construction material will be obtained from the site.

ANCILLARY FACILITIES: None will be required.

WILL DRILLING AT THIS LOCATION GENERATE PUBLIC INTEREST CONCERNS? (EXPLAIN). Probably not as there is oil field activity in the general area. The area was previously within a oil shale pilot project which had significant amounts of surface activities and has since been reclaimed.

WASTE MANAGEMENT PLAN:

Drilled cuttings will be settled into reserve pit. Liquids from pit will be allowed to evaporate. Formation water will be confined to storage tanks. Commercial contractor will handle sewage facilities, storage and disposal. Trash will be contained in trash baskets and hauled to an approved land fill.

ENVIRONMENTAL PARAMETERS

AFFECTED FLOODPLAINS AND/OR WETLANDS: None.

FLORA/FAUNA: Vegetated with a mixed P/J sagebrush type consisting of big sage, pinion, juniper, 4-winged saltbrush, winterfat, and curly mesquite. Deer, elk, mountain lion, coyote and other small mammals and birds.

SOIL TYPE AND CHARACTERISTICS: Deep light brown sandy loam. No exposed surface rock.

EROSION/SEDIMENTATION/STABILITY: Very little natural erosion. A few small drainages intercept the proposed location from the southwest. As needed they should be diverted around the site. A culvert may be needed where this diversion crosses the access road. In general, sedimentation and stability are not a problem and location construction shouldn't cause an increase in stability or erosion problems.

PALEONTOLOGICAL POTENTIAL: None observed.

RESERVE PIT

CHARACTERISTICS: 150' x 150' x 10' deep, located on the southwest corner of the location. , The reserve pit is within a cut. A 15' wide bench is

planned around the outer edges. Two feet of freeboard is provided.

LINER REQUIREMENTS (Site Ranking Form attached): Level I sensitivity. A pit liner with a sub liner is required for the reserve pit.

SURFACE RESTORATION/RECLAMATION PLAN

As per Land Owner Agreement.

SURFACE AGREEMENT:

A surface agreement has been executed and is on file.

ARCULTURAL RESOURCES/ARCHAEOLOGY: An archaeological survey was completed on 10/24/2005 by MOAC and will be placed in the file.

OTHER OBSERVATIONS/COMMENTS

Ben Williams representing the UDWR stated the area is classified as critical value winter habitat for deer and elk. He explained how the areas are classified and recommended to Mr. Johnson, Mr. Davis and Mr. Gerber that they limit their activity from Nov. 15 thru April 15 to protect wintering values for these species. This activity would include road and pad construction, drilling and work-over rigs. Mr. Williams gave Mr. Johnson and Mr. Davis a written summary of his observations and a recommended seed mix for stabilizing the area. I explained to Mr. Johnson that this is recommendation from DWR and would not be a condition of the permit that DOGM would issue. Mr. Johnson said he would include this information in his report to Summit Operating.

ATTACHMENTS

Photos of this site were taken and placed on file.

FLOYD BARTLETT
DOGM REPRESENTATIVE

December 9, 2005; 10:00 AM
DATE/TIME

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

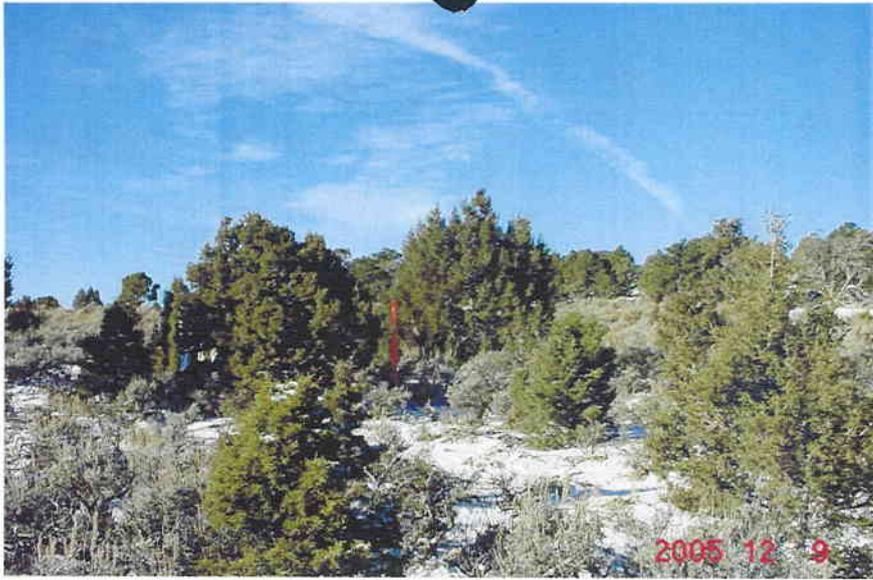
<u>Site-Specific Factors</u>	<u>Ranking</u>	<u>Site Ranking</u>
Distance to Groundwater (feet)		
>200	0	
100 to 200	5	
75 to 100	10	
25 to 75	15	
<25 or recharge area	20	<u>0</u>
Distance to Surf. Water (feet)		
>1000	0	
300 to 1000	2	
200 to 300	10	
100 to 200	15	<u>0</u>
< 100	20	
Distance to Nearest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

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

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

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







State Online Services

Agency List

Business.utah.gov

Search Utah.gov

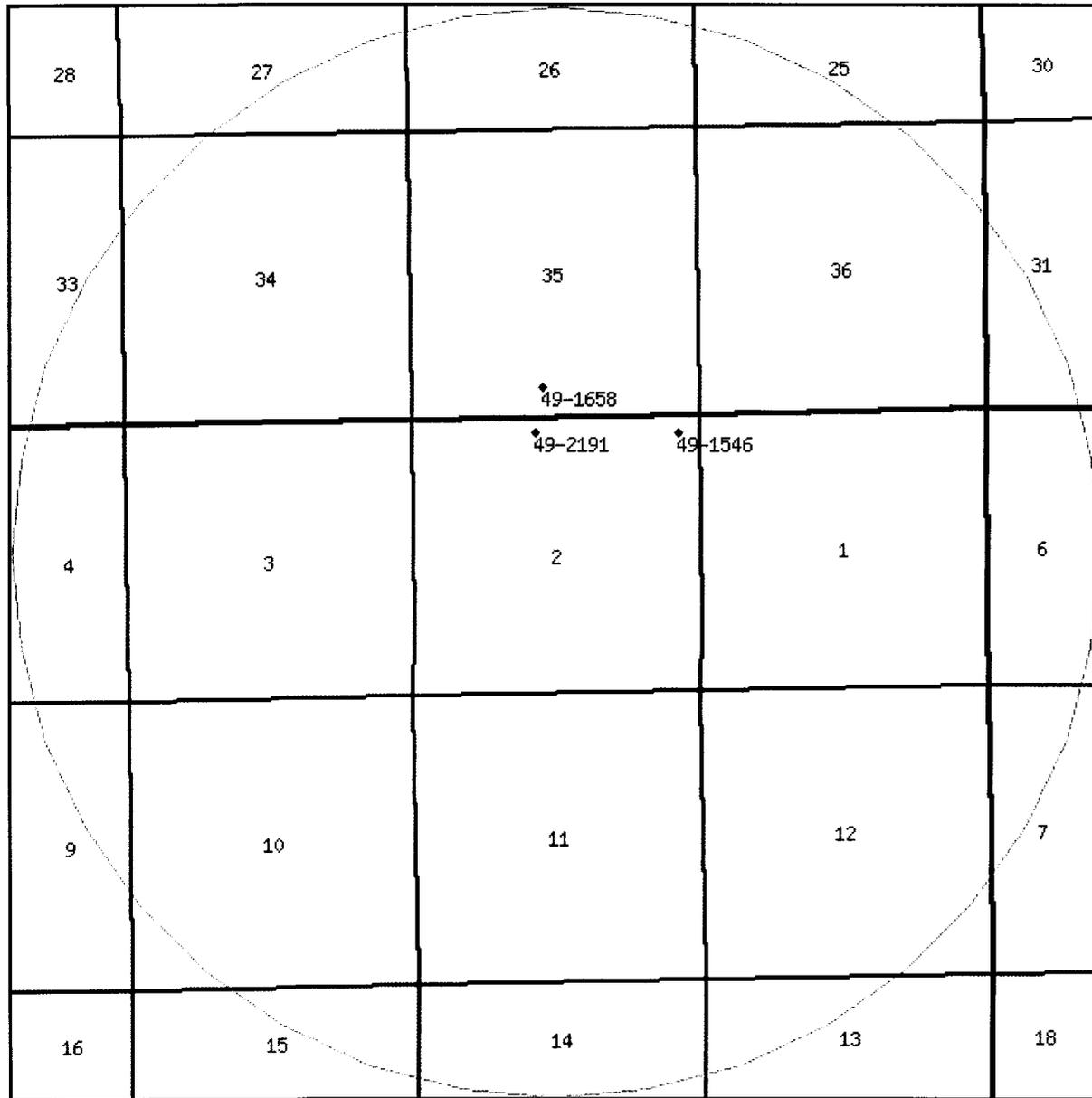


UTAH DIVISION OF WATER RIGHTS

WRPLAT Program Output Listing

Version: 2004.12.30.00 Rundate: 12/15/2005 08:29 AM

● Radius search of 10000 feet from a point N2640 E2640 from the SW corner, section 02, Township 14S, Range 22E, SL b&m
Criteria:wrtypes=W,C,E podtypes=U status=U,A,P usetypes=all



0 1300 2600 3900 5200 ft

Water Rights

WR Number	Diversion Type/Location	Well Log	Status	Priority	Uses	CFS	ACFT	Owner Name
<u>49-1545</u>	Underground S345 W380 NE 02 14S 22E SL		A	19940926	O	0.000	10.000	UINTAH SPECIAL SERVICE DISTRICT BOX 144
<u>49-1546</u>	Underground S345 W380 NE 02 14S 22E SL		A	19940926	I	0.000	12.000	UINTAH SPECIAL SERVICE DISTRICT C/O TOM WARDELL
<u>49-1658</u>	Underground N600 E2400 SW 35 13S 22E SL		A	20010924	OS	0.000	4.730	SHI-BE INC. DUANE AINGE
<u>49-2191</u>	Underground S225 E2250 NW 02 14S 22E SL		U	20041215	S	0.000	4.730	UTAH SCHOOL AND INSTITUTIONAL TRUST LANDS ADMIN. C/O RICHARD B. WILCOX

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Casing Schematic

Green River

Surface

TOC @ 143.

1679 TOC Tail

1846 Wasatch

Surface 2000. MD

W/ 18% Washout
✓ Surface w/ 15% Washout

9-5/8"
MW 8.4
Frac 19.3

TOC @ 3525.

3606 Mesaverde ✓

4300 Bmsw

5801 Mancos

✓ w/ 15% Washout

9047 TOC Tail

9678 Morrison

11098 Triassic

Production 11422. MD

5-1/2"
MW 9.5

BHP

$(.052)(11,422)(9.5) = 5642$

Anticipate - 3800

G₀₂

$(.12)(11,422) = 1370$

MWSP = 4272

BOPE - 5,000 ✓

Surf csg - 3520

70% = 2464

Max pressure @ Surf shoe = 1720

Test to 1700# (proposed 1500) ✓ o.k.

✓ Adequate DWS
1/10/06

Well name:

01-06 Summit State 13-2-14-22

Operator: Summit Operating LLC

String type: Surface

Project ID:

43-047-37283

Location: Uintah County

Design parameters:

Collapse

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

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Environment:

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

Cement top: 143 ft

Burst

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

No backup mud specified.

Tension:

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

Tension is based on buoyed weight.
Neutral point: 1,751 ft

Non-directional string.

Re subsequent strings:

Next setting depth: 11,422 ft
Next mud weight: 9.500 ppg
Next setting BHP: 5,637 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 2,000 ft
Injection pressure 2,000 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	2000	9.625	36.00	J-55	LT&C	2000	2000	8.796	142.4
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	873	2020	2.315	2000	3520	1.76	63	453	7.19 J

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

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

Date: January 5, 2006
Salt Lake City, Utah

Remarks:

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

Burst strength is not adjusted for tension.

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

Well name:

01-06 Summit State 13-2-14-22

Operator: **Summit Operating LLC**

String type: Production

Project ID:
43-047-37283

Location: Uintah County

Design parameters:

Collapse

Mud weight: 9.500 ppg
Design is based on evacuated pipe.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 225 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 1,500 ft

Cement top: 3,525 ft

Burst

Max anticipated surface pressure: 4,266 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 5,637 psi

No backup mud specified.

Tension:

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

Non-directional string.

Tension is based on buoyed weight.
Neutral point: 9,777 ft

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	11422	5.5	17.00	N-80	LT&C	11422	11422	4.767	393.6
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	5637	6290	1.116	5637	7740	1.37	166	348	2.09 J

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

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

Date: January 5,2006
Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 11422 ft, a mud weight of 9.5 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

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

Summary

43-047-37283

From: Ed Bonner
To: Whitney, Diana
Date: 11/7/2005 2:56:37 PM
Subject: Re: STATE 13-2-14-22

Should be ML 49785

>>> Diana Whitney 10/20/05 3:17 PM >>>

From: Ed Bonner
To: Whitney, Diana
Date: 1/9/2006 8:31:10 AM
Subject: Well Clearance

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

The Houston Exploration Company
North Walker Hollow 11-36-6-23
North Walker Hollow 13-36-6-23
North Walker Hollow 15-36-6-23
North Walker Hollow 14-32-6-23

Summit Operating, LLC
State 2-2-14-22
State 4-2-14-22
State 6-2-14-22
State 13-2-14-22

Westport Oil & Gas Company
NBU 1021-16L

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

CC: Davis, Jim; Garrison, LaVonne; Hill, Brad; Hunt, Gil



State of Utah

**Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

January 12, 2006

Summit Operating, LLC
2064 Prospector Ave., Suite 102
Park City, UT 84060

Re: State 13-2-14-22 Well, 660' FSL, 660' FWL, SW SW, Sec. 2, T. 14 South,
R. 22 East, Uintah County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-37283.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

cc: Uintah County Assessor
SITLA

Operator: Summit Operating, LLC
Well Name & Number State 13-2-14-22
API Number: 43-047-37283
Lease: ML-49783

Location: SW SW **Sec.** 2 **T.** 14 South **R.** 22 East

Conditions of Approval

1. **General**

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

2. **Notification Requirements**

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

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

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

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

3. **Reporting Requirements**

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

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

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

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



State of Utah

**Department of
Natural Resources**

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

February 20, 2007

Ginger Stringham
Summit Operating, LLC
2064 Prospector Ave., Suite 102
Park City, UT 84060

Re: APD Rescinded –State 13-2-14-22 Sec. 2 T. 14 R. 22E
Uintah County, Utah API No. 43-047-37283

Ms. Stringham:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on January 12, 2006. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective February 20, 2007.

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
SITLA, Ed Bonner