

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

FORM 3

AMENDED REPORT
(highlight changes)

APPLICATION FOR PERMIT TO DRILL			5. MINERAL LEASE NO: ML-47777	6. SURFACE: State
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>			7. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>			8. UNIT or CA AGREEMENT NAME:	
2. NAME OF OPERATOR: The Houston Exploration Company			9. WELL NAME and NUMBER: North Walker Hollow 14-32-6-23	
3. ADDRESS OF OPERATOR: 1100 Louisiana, Suite 200 CITY Houston STATE TX ZIP 77002		PHONE NUMBER: (713) 830-6800	10. FIELD AND POOL, OR WILDCAT: Walker Hollow	
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 482' FSL & 2043' FWL AT PROPOSED PRODUCING ZONE: Same as above.			11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESW 32 T6S 23E	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 26.1 miles south of Vernal, UT			12. COUNTY: Uintah	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 482'	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) 1,600'	19. PROPOSED DEPTH: 9,000	20. BOND DESCRIPTION: 104155044		
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 5,107' GR	22. APPROXIMATE DATE WORK WILL START: 1/15/2006	23. ESTIMATED DURATION: 30 Days		

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT			SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT			
11"	9 5/8	J-55	36#	2,000	Premium Lite II	250 SKS	3.38 CF	11.0 PPG
					CLASS "G"	329 SKS	1.2 CF	15.6 PPG
					Calcium Chloride	200 SKS	1.10 CF	15.6 PPG
7 7/8	4 1/2	N-80	11.6#	9,000	Premium Lite II	200 SKS	3.3 CF	11.0 PPG
					CLASS "G"	400 SKS	1.56 CF	14.3 PPG

ATTACHMENTS

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

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

CONFIDENTIAL

NAME (PLEASE PRINT) William A Ryan TITLE Agent
SIGNATURE *William A Ryan* DATE 12-7-05

(This space for State use only)

API NUMBER ASSIGNED: 43-047-37478

**Approved by the
Utah Division of
Oil, Gas and Mining**
APPROVAL:
Date: 12-23-05
By: *[Signature]*

RECEIVED
DEC 09 2005
DIV. OF OIL, GAS & MINING

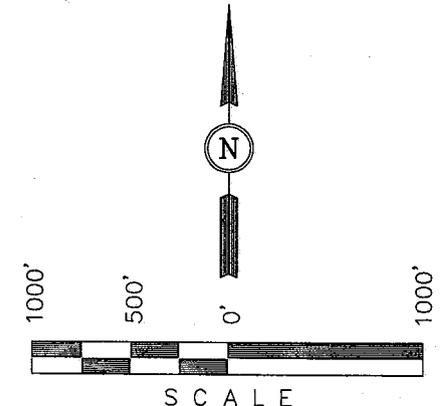
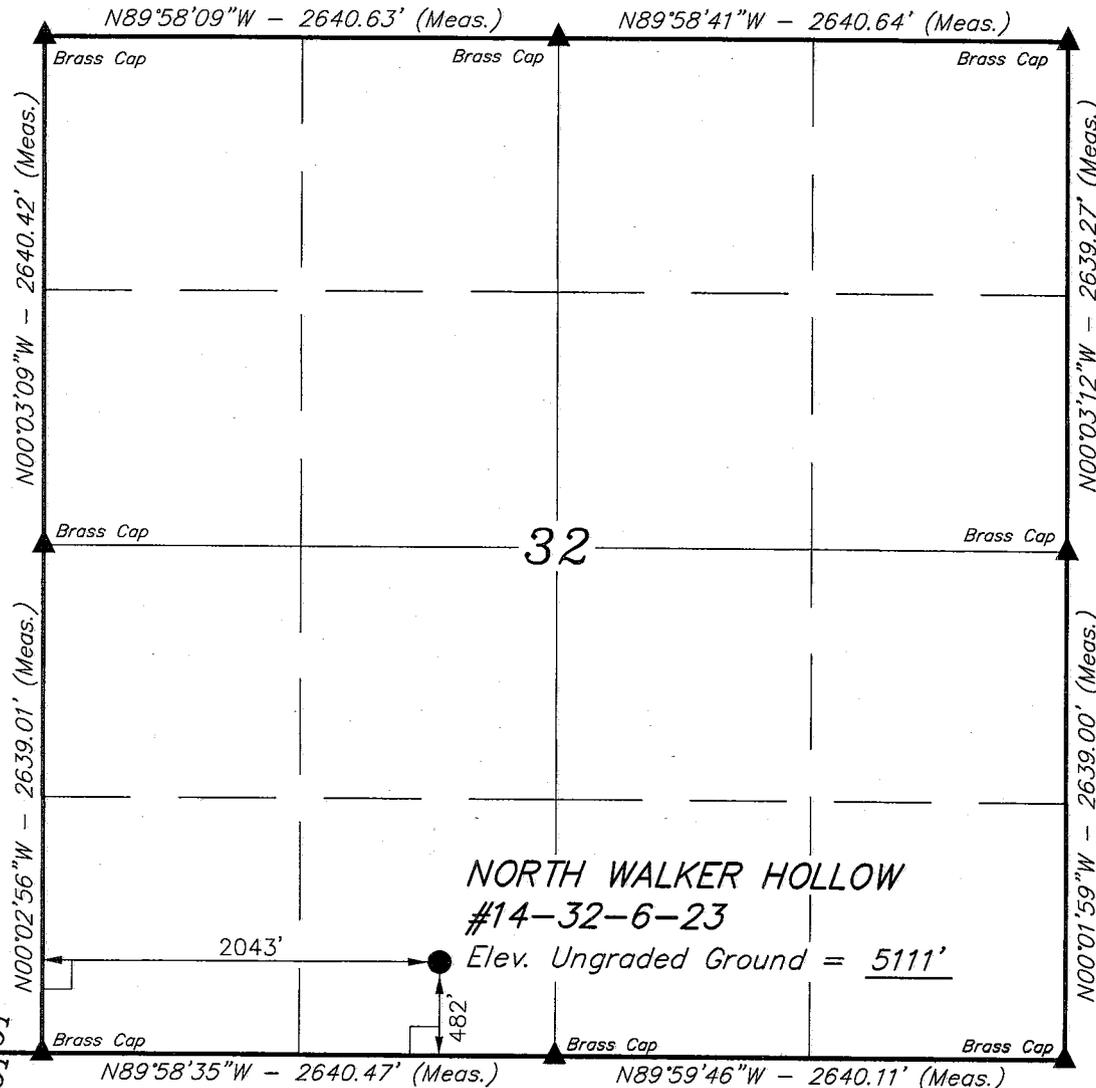
T6S, R23E, S.L.B.&M.

THE HOUSTON EXPLORATION COMPANY

Well location, NORTH WALKER HOLLOW
 #14-32-6-23, located as shown in the SE 1/4
 SW 1/4 of Section 32, T6S, R23E, S.L.B.&M.
 Uintah County, Utah.

BASIS OF ELEVATION

SPOT ELEVATION AT THE SOUTHEAST CORNER OF SECTION
 32, T6S, R23E, S.L.B.&M. TAKEN FROM THE JENSEN
 QUADRANGLE, UTAH, UINAH COUNTY, 7.5 MINUTE QUAD.
 (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES
 DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID
 ELEVATION IS MARKED AS BEING 4959 FEET.



CERTIFICATE OF LAND SURVEY

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.

[Signature]

REGISTERED LAND SURVEYOR
 REGISTRATION NO. 76431
 STATE OF UTAH

BASIS OF BEARINGS

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

(AUTONOMOUS NAD 83)
 LATITUDE = 40°15'09.29" (40.252581)
 LONGITUDE = 109°21'23.85" (109.356625)
 (AUTONOMOUS NAD 27)
 LATITUDE = 40°15'09.42" (40.252617)
 LONGITUDE = 109°21'21.39" (109.355942)

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

UINTAH ENGINEERING & LAND SURVEYING		
85 SOUTH 200 EAST - VERNAL, UTAH 84078		
(435) 789-1017		
SCALE 1" = 1000'	DATE SURVEYED: 08-23-05	DATE DRAWN: 09-16-05
PARTY N.H. D.S. P.M.	REFERENCES G.L.O. PLAT	
WEATHER WARM	FILE THE HOUSTON EXPLORATION COMPANY	

Ten Point Plan

The Houston Exploration Company

North Walker Hollow #14-32-6-23

Surface Location SE ¼ SW ¼, Section 32, T. 6S., R. 23E.

1. Surface Formation

Green River

2. Estimated Formation Tops and Datum:

<u>Formation</u>	<u>Depth</u>	<u>Datum</u>
GR	Surface	5,107'
KB	+12'	5,119'
Green River	3,039'	+2,068'
Wasatch	6,039'	-932'
Mesaverda	8,539'	-3,432'
TD	9,000'	-3,893'

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:

North Walker Hollow #2-32-6-23
North Walker Hollow #8-32-6-23
North Walker Hollow #10-32-6-23
North Walker Hollow #12-32-6-23
North Walker Hollow #16-32-6-23

Abandoned Wells:

WHU #3
WHB #5

4. **Proposed Casing:**

<u>Hole Size</u>	<u>Casing Size</u>	<u>Weight/FT</u>	<u>Grade</u>	<u>Coupling & Tread</u>	<u>Casing Depth</u>	<u>New/Used</u>
11	9 5/8	36#	J-55	STC	2000	NEW
7 7/8	4 1/2	11.6#	N-80	LTC	T.D.	NEW

Cement Program:

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

	<u>Casing Size</u>	<u>Cement Type</u>	<u>Cement Amounts</u>	<u>Cement Yield</u>	<u>Cement Weight</u>
Lead:	9 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 ³ /sk	11.0 ppg
Tail:	9 5/8	Class "G" 2% Calcium Chloride .25#/sk Cello Flake	329 sks. +/-	1.2ft ³ /sk	15.6 ppg
Top Job:	9 5/8	4% Calcium Chloride .25#/sk Cello Flake	200 sks. +/-	1.10ft ³ /sk	15.6 ppg

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

	<u>Casing Size</u>	<u>Cement Type</u>	<u>Cement Amounts</u>	<u>Cement Yield</u>	<u>Cement Weight</u>
Lead:	4 1/2	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	³⁵⁷ 200 sks +/-	3.3ft ³ /sk	11.0 ppg
Tail:	4 1/2	Class "G" .05% Static Free 2 Sodium Chloride .1% R-3 2% Bentonite	⁵²⁶ 400 sks +/-	1.56ft ³ /sk See E-mail 11/18/2006	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 MI/30 Mins.</u>	<u>Mud Type</u>
0-2000	Air/Clear Water	-----	No Control	Water/Gel
2000-T.D.	8.4-12.0	30	8-10	Water/Gel

7. Auxiliary Equipment

Upper Kelly cock, full opening stabbing valve, 2 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:

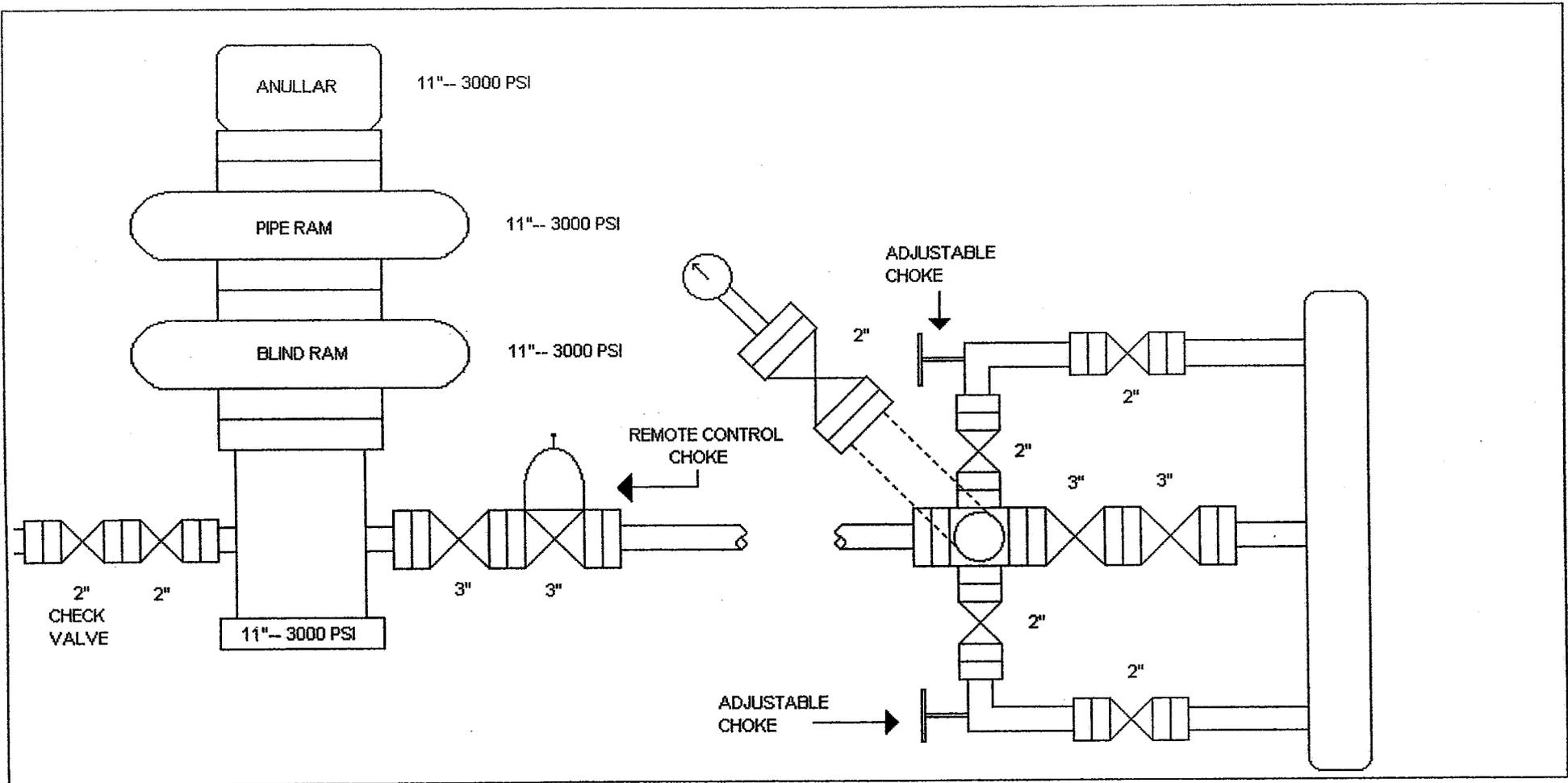
Type	Interval
DLL/SFL W/GR and SP	T.D. to Surf. Csg
FDC/CNL W/GR and CAL	T.D. to Surf. Csg

9. Abnormalities (including sour gas):

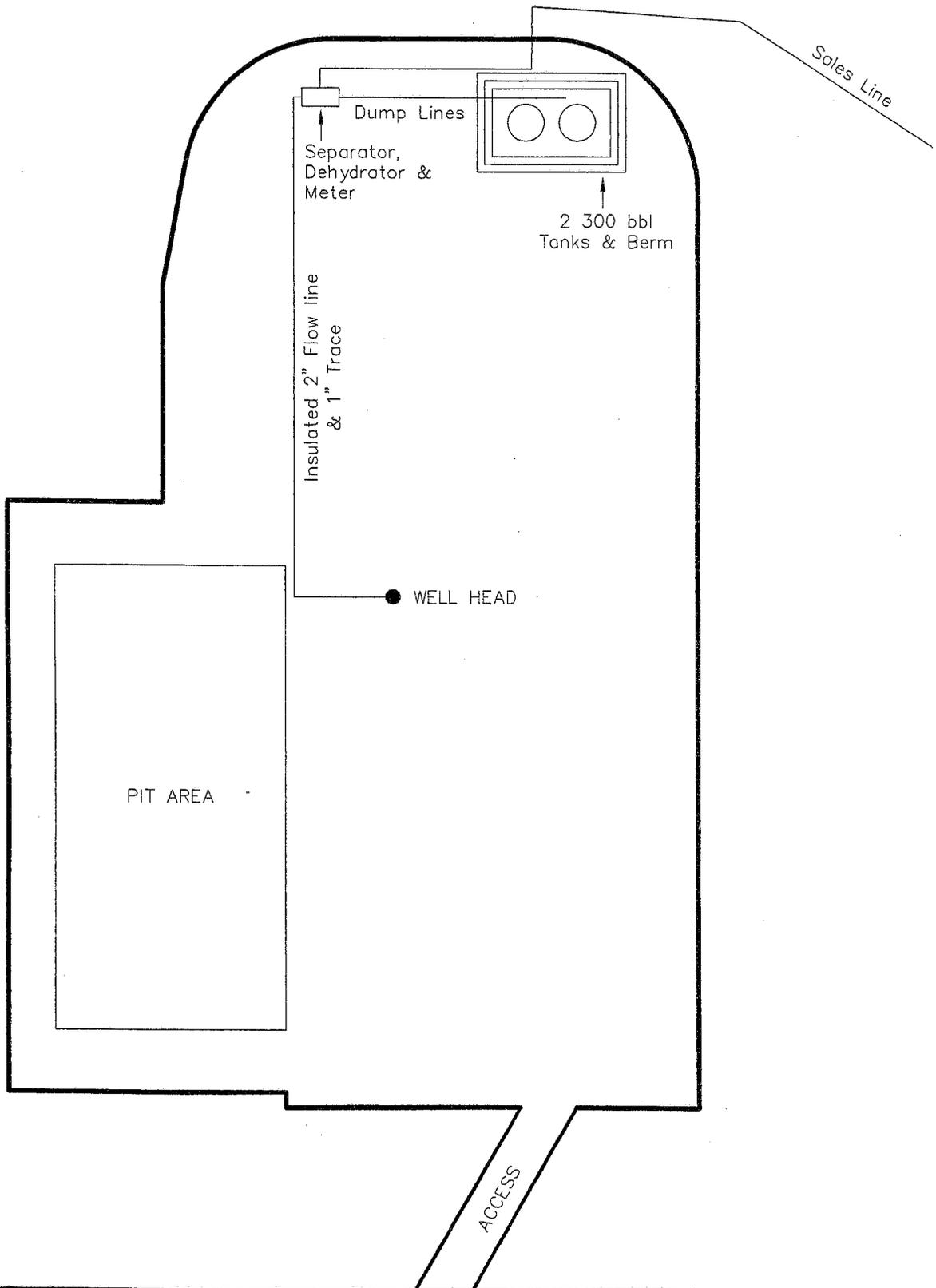
No abnormal pressures, temperatures or other hazards are anticipated. Oil and gas shows are anticipated in the Wasatch Formation. Other wells drilled in the area have not encountered over pressured zones or H2S.

10. Drilling Schedule:

The anticipated starting date is 01/15/2006. Duration of operations is expected to be 30 days.



TYPICAL PRODUCTION LAYOUT



THE HOUSTON EXPLORATION COMPANY

13 POINT SURFACE USE PLAN

FOR WELL

NORTH WALKER HOLLOW 14-32-6-23

LOCATED IN SE $\frac{1}{4}$ SW $\frac{1}{4}$

SECTION 32, T.6S, R23E, S.L.B.&M.

UINTAH COUNTY, UTAH

LEASE NUMBER: ML-47777

SURFACE OWNERSHIP: STATE

1. Existing Roads:

To reach The Houston Exploration Co. well North Walker Hollow 14-32-6-23 in Section 32, T6S, R 23E, starting in Vernal, Utah:

Proceed in an easterly direction from Vernal, Utah along U.S. Highway 40 approximately 13.7 miles to the junction of this road and an existing road to the south; turn right and proceed in a southerly, then southwesterly, then southeasterly direction approximately 8.4 miles to the junction of this road and an existing road to the southeast; turn left and proceed in a southeasterly direction approximately 1.9 miles to the junction of this road and an existing tow-track road to the south; turn right and proceed in a southerly direction approximately 0.9 miles to the beginning of the proposed access for the 12-32-6-23 to the south; follow road flags in a southerly direction approximately 300' to the 12-32-6-23 and the beginning of the proposed access to the southwest; follow road flags in a southwesterly, then southeasterly, then northeasterly, then southeasterly, then westerly direction approximately 1.2 miles to the proposed location.

Total distance from Vernal, Utah to the proposed well location is approximately 26.1 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 6,336' +/- of new construction on lease. The road will be graded once per year minimum and maintained.

- A) Approximate length 6336 ft
- B) Right of Way width 30 ft
- C) Running surface 18 ft
- D) Surface material Native soil
- E) Maximum grade 5%
- F) Fence crossing None
- G) Culvert None
- H) Turnouts None
- I) Major cuts and fills None
- J) Road Flagged Yes
- K) Access road surface ownership State
- L) All new construction on lease Yes
- M) Pipe line crossing None

Please see the attached location plat for additional details.

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

All surface disturbances for the road and location will 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
 - WHU #3
 - WHU #5
- D) Temp. abandoned well None

E) Disposal well None

F) Drilling /Permitted well

North Walker Hollow 2-32-6-23

North Walker Hollow 8-32-6-23

North Walker Hollow 10-32-6-23

North Walker Hollow 12-32-6-23

North Walker Hollow 16-32-6-23

G) Shut in wells None

H) Injection well None

D) 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 an **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.

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 6,000' +/- of 3" steel surface gas gathering line would be constructed on State Lands. The line will tie into a proposed pipeline in Section 32, T6S, R23E. The pipeline would be strung and boomed to the north of the location and will follow access roads. The pipeline may be buried as determined by the Authorized Officer at the onsite.

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

Please see the attached location diagrams for pipeline location.

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

The gas meter will be calibrated and the tank strapped in place prior to any deliveries. Tests for meter accuracy will be conducted monthly for the first three months on new meter installations and at least quarterly thereafter. The authorized officer will be provided with a date and time for the initial meter calibration and all future meter-proving schedules. A copy of the meter calibration report will be submitted to the 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 Green River in Permit # T-76073.

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. **Evaporation may be used instead of trucking to facilitate closing and reclamation of the reserve pit. A pumping system would be used for evaporation.**

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 20.2 ft.
- G) Max fill 19.6 ft.
- H) Total cut yds. 10,840 cu yds
- I) Pit location West end
- J) Top soil location
North and East ends
- K) Access road location
South end
- L) Flare Pit corner C

Please see the attached location diagram for additional details.

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

- A) Thirty nine inch net wire shall be used with at least one strand of wire on top of the net wire. Barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence.
- B) The net wire shall be no more than 2 inches above the ground. The barbed wire shall be 3 inches above the net wire. Total height of the fence shall be at least 42 inches.

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

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

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

10. Plans for restoration of the surface

Prior to construction of the location, the top 6 inches of soil material will be stripped off the location and the pit area. The topsoil removed and piled will amount to approximately 1,780 cubic yards of material. Topsoil will be stockpiled in one distinct pile. Placement of the topsoil is noted on the attached location plat. The topsoil pile from the location will be seeded as soon as the soil is stock piled with the seed mix listed. When all drilling and completion activities have been completed and the pit back-filled the topsoil from the pit area will be spread on the pit area. The pit area will be seeded when the soil has been spread. The unused portion of the location (the area outside the dead men) will be re-contoured.

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

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

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

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

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

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

A) Seeding dates:

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

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

B) Seed Mix

To be determined by the Authorized Officer.

11. Surface ownership:

Access road	State
Location	State
Pipe line	State

12. Other information:

A) Vegetation

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

B) Dwellings:

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

C) Archeology:

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

If, during operations, any archaeological or historical sites, or any objects of antiquity (subject to the antiquities act of June 8, 1906) are discovered, all

operations, which would affect such sites, will be suspended and the discovery reported promptly to the surface management agency.

Within five (5) business days after the new well begins, or production resumes after well has been off production for more than 90 days.

D) Water:

The nearest water is the Green River located 7 miles to the West.

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

G) Flare pit:

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

13. Lessees or Operator's representative and certification

A) Representative

William A. Ryan
Rocky Mountain Consulting
290 S 800 E
Vernal, UT 84078

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

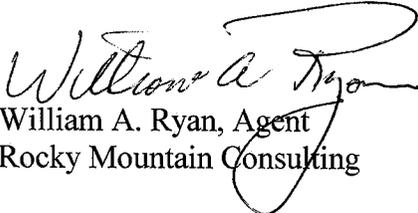
All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, onshore oil and gas orders, and any applicable notices to lessees. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions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

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

B) Certification:

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

Date 10-1-09


William A. Ryan, Agent
Rocky Mountain Consulting

Onsite Dates:

Statement of use of Hazardous Materials

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

If you require additional information please contact:

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

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

THE HOUSTON EXPLORATION COMPANY
NORTH WALKER HOLLOW #14-32-6-23
 LOCATED IN UINTAH COUNTY, UTAH
 SECTION 32, T6S, R23E, S.L.B.&M.

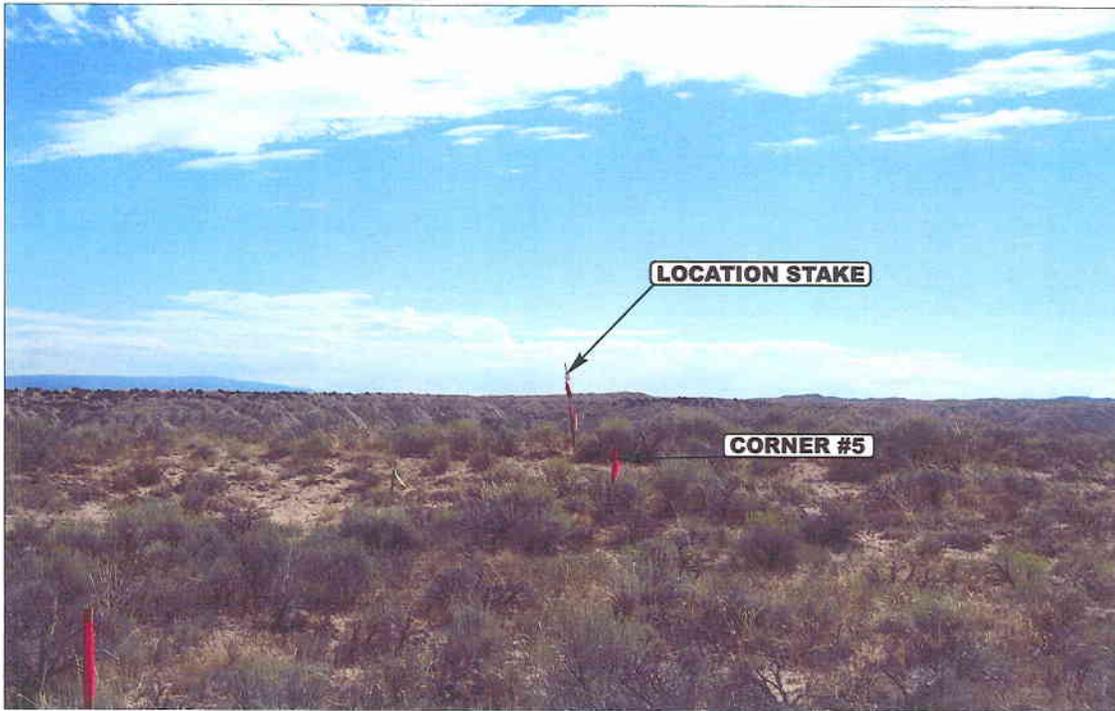


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: EASTERLY

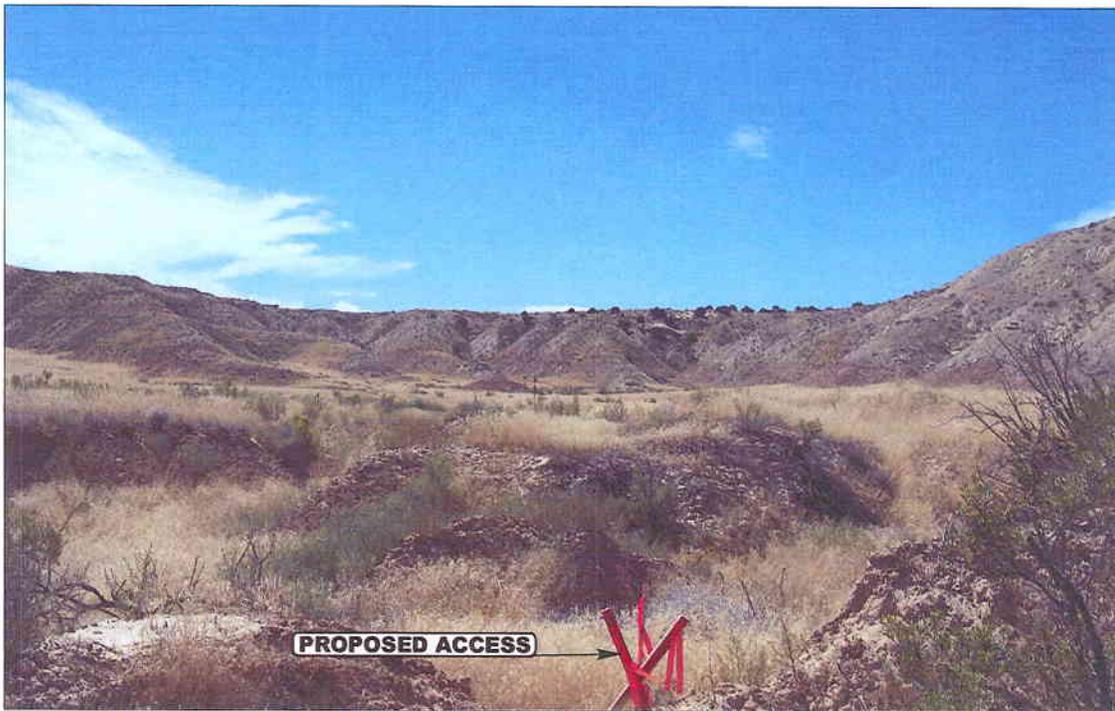


PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: SOUTHERLY



- Since 1964 -

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

LOCATION PHOTOS			09	13	05	PHOTO
			MONTH	DAY	YEAR	
TAKEN BY: N.H.	DRAWN BY: C.P.	REVISED: 00-00-00				

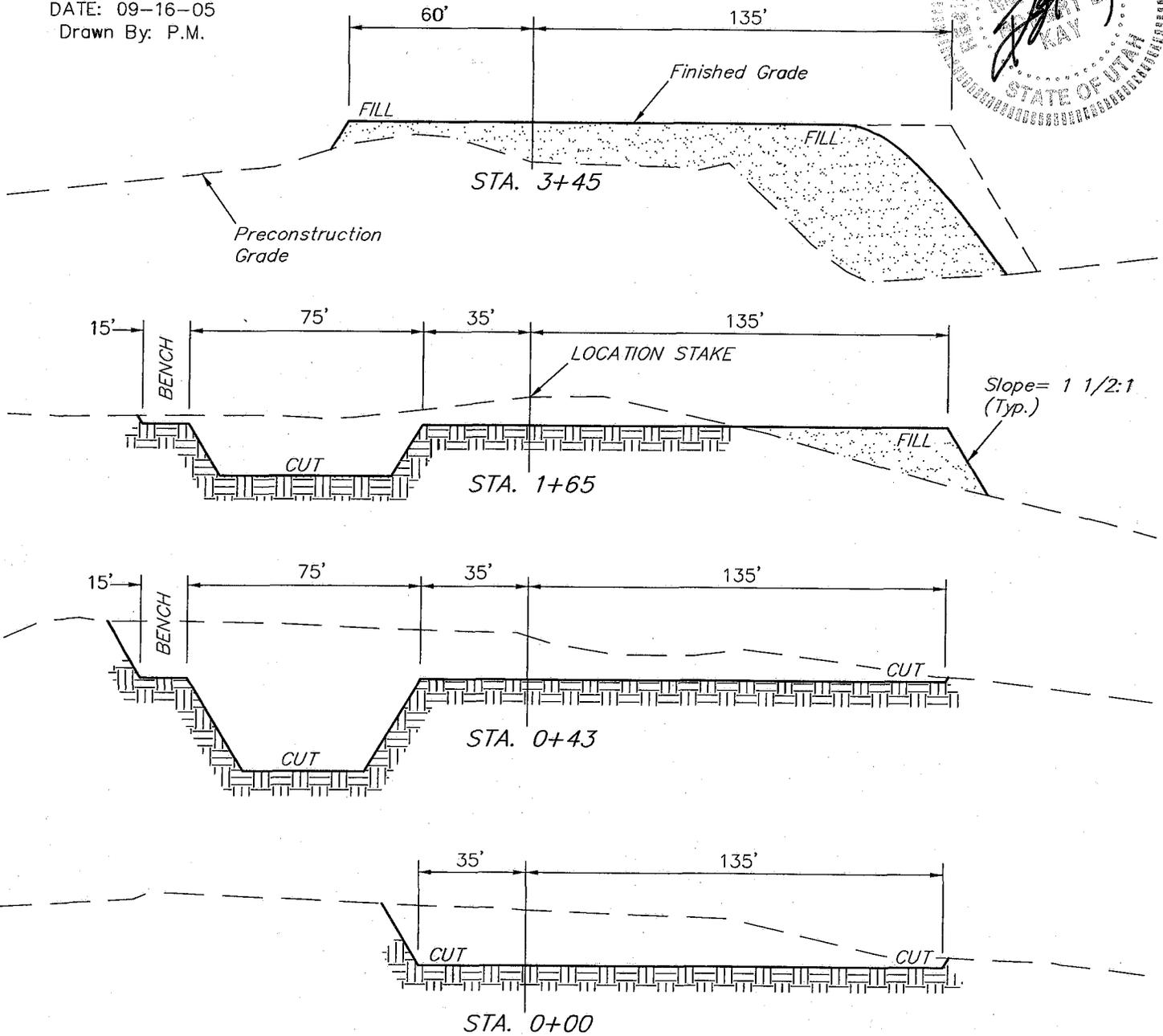
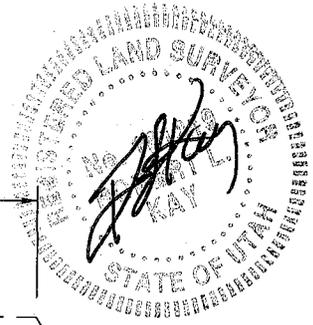
THE HOUSTON EXPLORATION COMPANY

FIGURE #2

TYPICAL CROSS SECTIONS FOR
 NORTH WALKER HOLLOW #14-32-6-23
 SECTION 32, T6S, R23E, S.L.B.&M.
 482' FSL 2043' FWL

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

DATE: 09-16-05
 Drawn By: P.M.



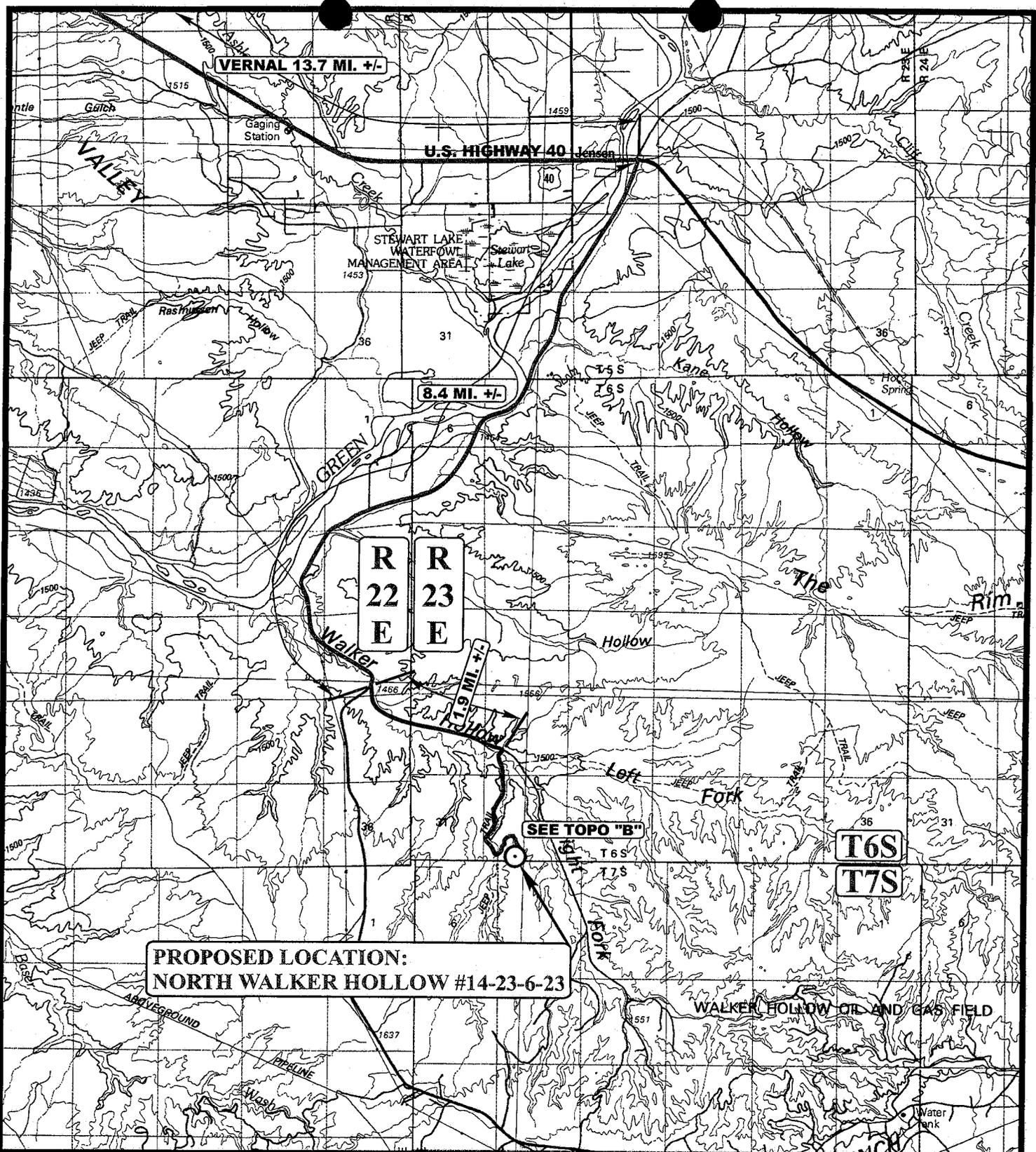
* NOTE:
 FILL QUANTITY INCLUDES
 5% FOR COMPACTION

APPROXIMATE YARDAGES

CUT	
(6") Topsoil Stripping	= 1,780 Cu. Yds.
Remaining Location	= 9,060 Cu. Yds.
TOTAL CUT	= 10,840 CU.YDS.
FILL	= 7,370 CU.YDS.

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

UINTAH ENGINEERING & LAND SURVEYING
 85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017



**PROPOSED LOCATION:
NORTH WALKER HOLLOW #14-23-6-23**

LEGEND:

⊙ PROPOSED LOCATION



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

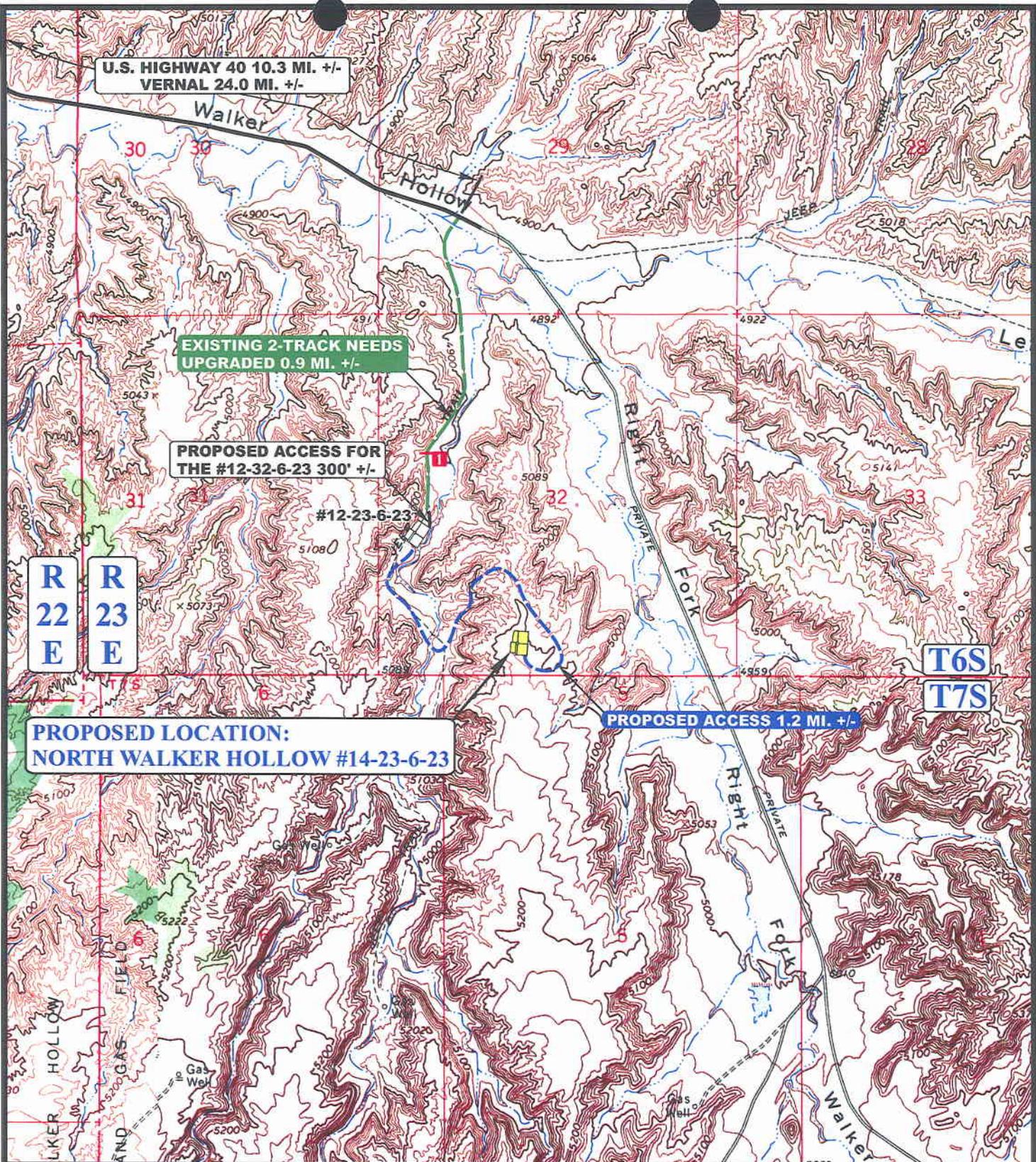


THE HOUSTON EXPLORATION COMPANY

NORTH WALKER HOLLOW #14-32-6-23
SECTION 32, T6S, R23E, S.L.B.&M.
482' FSL 2043' FWL

TOPOGRAPHIC MAP
09 13 05
MONTH DAY YEAR
SCALE: 1:100,000 DRAWN BY: C.P. REVISED: 00-00-00





LEGEND:

- EXISTING ROAD
- PROPOSED ACCESS ROAD
- EXISTING ROAD NEEDS UPGRADED
- 24" CMP REQUIRED

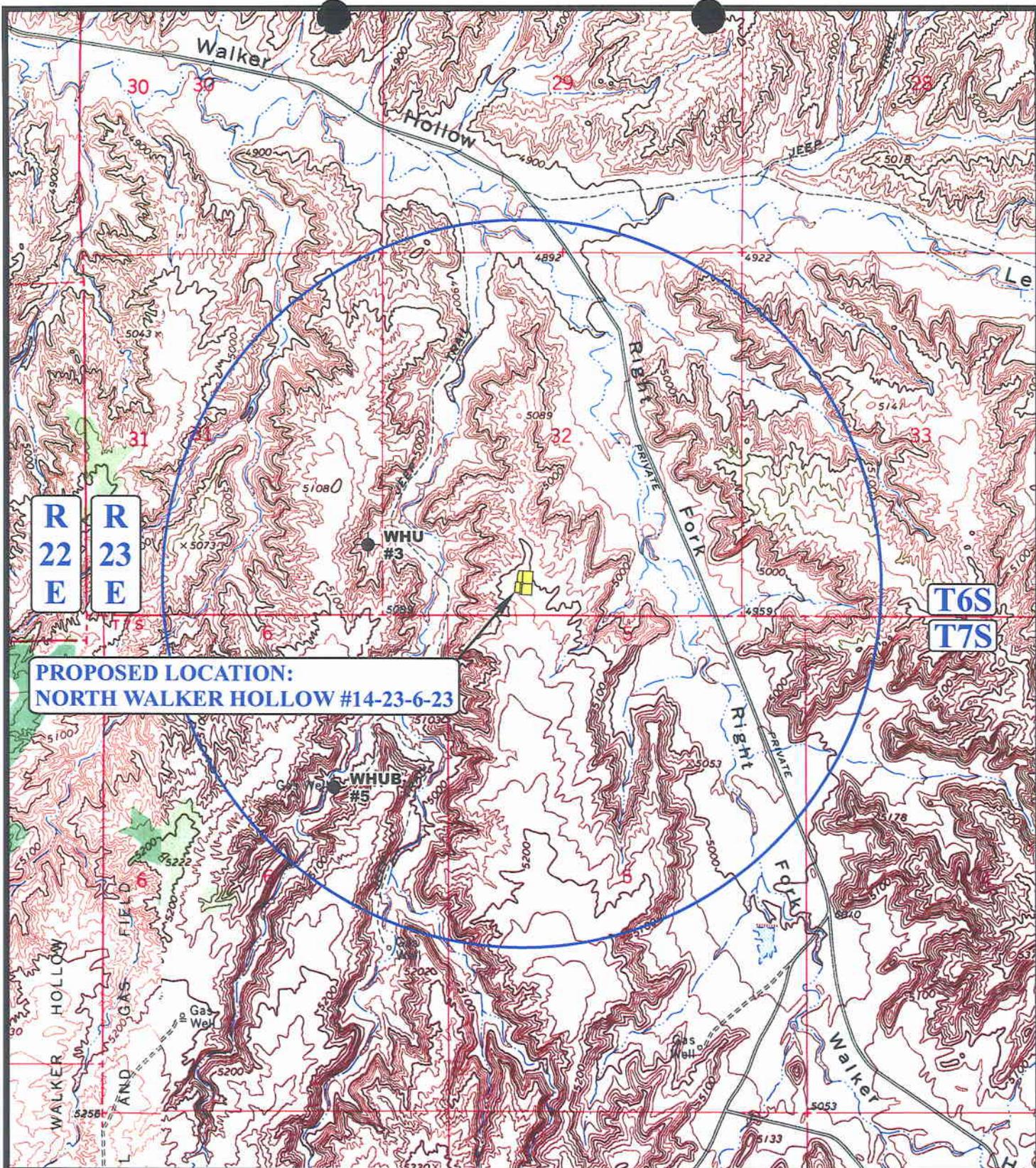
THE HOUSTON EXPLORATION COMPANY

NORTH WALKER HOLLOW #14-32-6-23
SECTION 32, T6S, R23E, S.L.B.&M.
482' FSL 2043' FWL

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



TOPOGRAPHIC MAP 09 13 05
 MONTH DAY YEAR
 SCALE: 1" = 2000' DRAWN BY: C.P. REVISED: 00-00-00 **B**
 TOPO



**PROPOSED LOCATION:
NORTH WALKER HOLLOW #14-23-6-23**

LEGEND:

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



THE HOUSTON EXPLORATION COMPANY

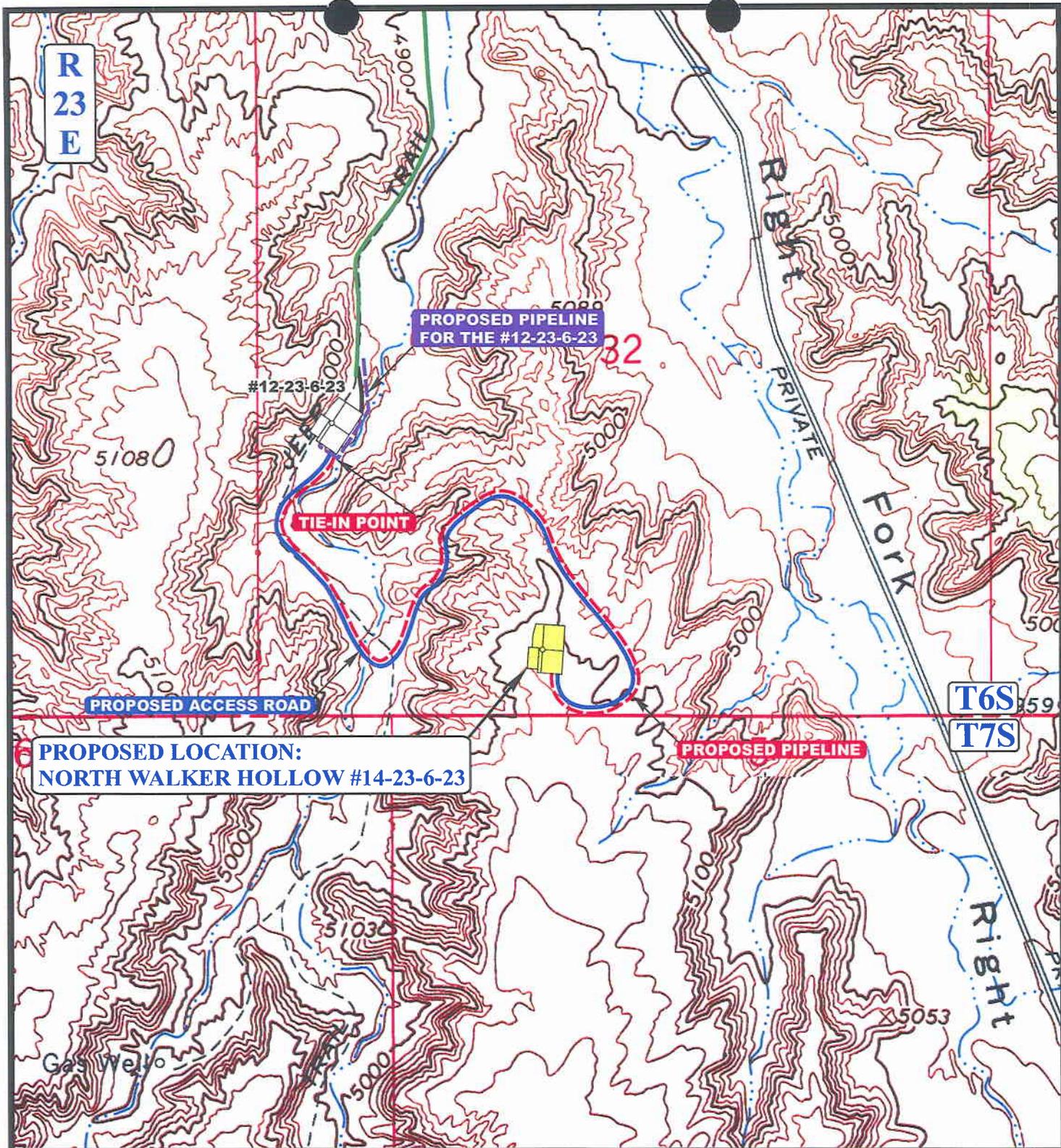
**NORTH WALKER HOLLOW #14-32-6-23
SECTION 32, T6S, R23E, S.L.B.&M.
482' FSL 2043' FWL**



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

TOPOGRAPHIC MAP 09 13 05
MONTH DAY YEAR
SCALE: 1" = 2000' DRAWN BY: C.P. REVISED: 00-00-00





APPROXIMATE TOTAL PIPELINE DISTANCE = 6,000' +/-

LEGEND:

- PROPOSED ACCESS ROAD
- EXISTING 2-TRACK NEEDS UPGRADED
- - - - PROPOSED PIPELINE
- - - - PROPOSED PIPELINE (SERVICING OTHER WELLS)



THE HOUSTON EXPLORATION COMPANY

**NORTH WALKER HOLLOW #14-32-6-23
SECTION 32, T6S, R23E, S.L.B.&M.
482' FSL 2043' FWL**



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

**TOPOGRAPHIC
MAP**

09 13 05
MONTH DAY YEAR



SCALE: 1" = 1000' DRAWN BY: C.P. REVISED: 00-00-00

**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 12/09/2005

API NO. ASSIGNED: 43-047-37478

WELL NAME: N WALKER HOLLOW 14-32-6-23
 OPERATOR: HOUSTON EXPLORATION CO, (N2525)
 CONTACT: BILL RYAN

PHONE NUMBER: 435-789-0968

PROPOSED LOCATION:

SESW 32 060S 230E
 SURFACE: 0482 FSL 2043 FWL
 BOTTOM: 0482 FSL 2043 FWL
 UINTAH
 WALKER HOLLOW (700)

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	DKD	1/20/06
Geology		
Surface		

LEASE TYPE: 3 - State
 LEASE NUMBER: ML-47777
 SURFACE OWNER: 3 - State
 PROPOSED FORMATION: MVRD
 COALBED METHANE WELL? NO

LATITUDE: 40.25255
 LONGITUDE: -109.3560

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[] Ind[] Sta[] Fee[]
(No. 104155044)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. T-76073)
- RDCC Review (Y/N)
(Date: _____)
- Fee Surf Agreement (Y/N)
- Intent to Commingle (Y/N)

LOCATION AND SITING:

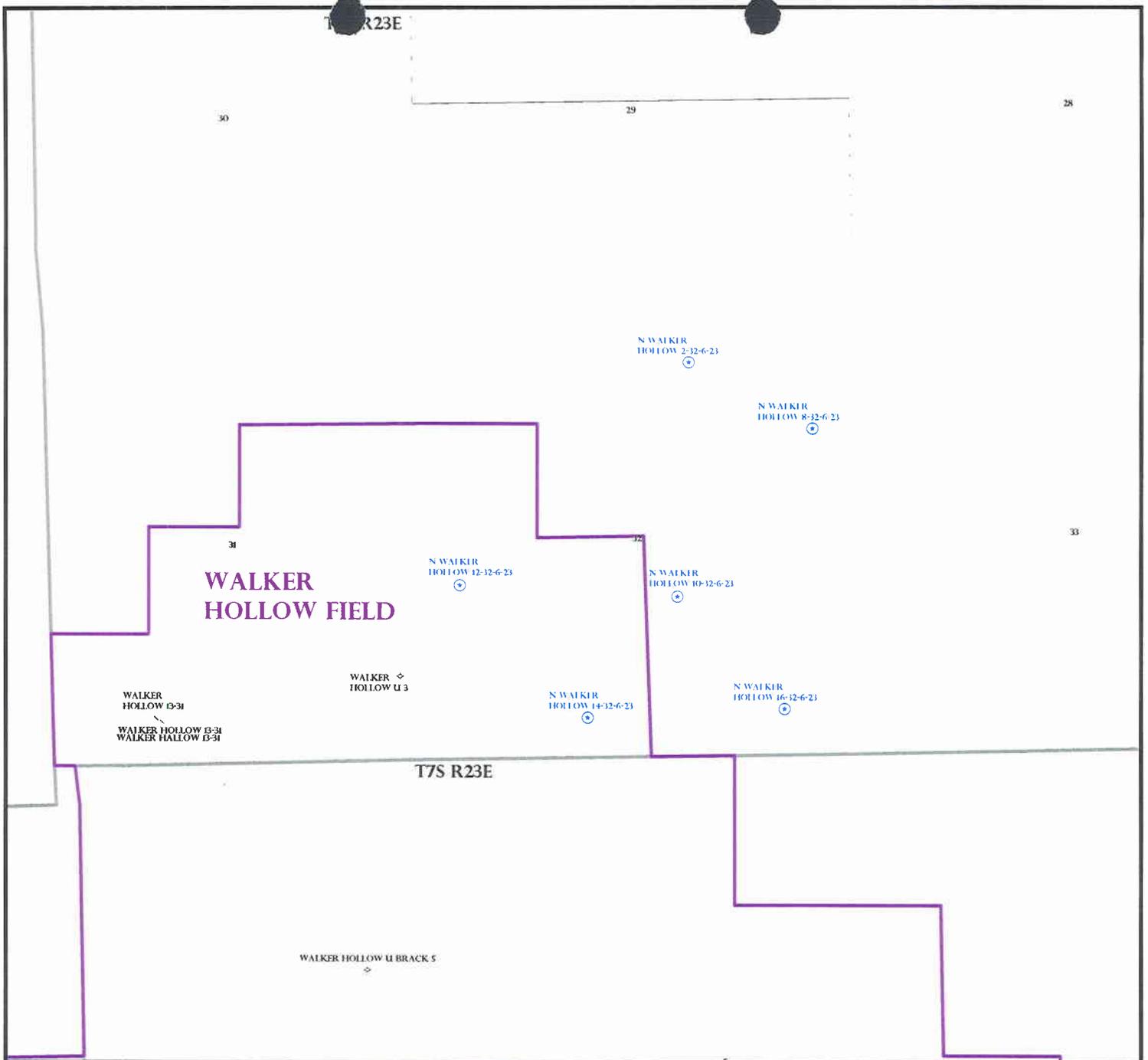
- ____ R649-2-3.
Unit _____
- R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells
- ____ R649-3-3. Exception
- ____ Drilling Unit
Board Cause No: _____
Eff Date: _____
Siting: _____
- ____ R649-3-11. Directional Drill

COMMENTS:

Needs Permit (12-19-05)

STIPULATIONS:

- 1- Spacing Strip
- 2- STATEMENT OF BASIS



OPERATOR: THE HOUSTON EXPL CO (N2525)

SEC: 32 T. 6S R. 23E

FIELD: WALKER HOLLOW (700)

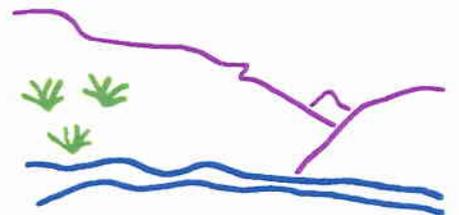
COUNTY: Uintah

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: 12-DECEMBER-2005

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

OPERATOR: _____ THE HOUSTON EXPLORATION COMPANY _____
WELL NAME & NUMBER: _____ NORTH WALKER HOLLOW 14-32-6-23 _____
API NUMBER: _____ 43-047-37478 _____
LOCATION: 1/4,1/4 SESW Sec: 32 TWP: 6S RNG: 23E 482' FSL 2043' FWL

Geology/Ground Water:

The Houston Ex. Co. proposes to set 2000 feet of surface casing cemented to the surface. The base of the moderately saline water is estimated at 5,100 feet. A search of Division of Water Rights records shows one water well within a 10,000 foot radius of the center of Section 32. This well is approximately 1.5 miles SE of the center of Section 2. The well produces water from a depth of 27 feet and is owned by the BLM. The surface formation at this location is the Uinta Formation. The Uinta Formation is made up of discontinuous sands interbedded with shales and are not expected to produce prolific aquifers. The proposed surface casing should adequately protect any near surface aquifers.

Reviewer: _____ Brad Hill _____ **Date:** _____ 12-22-05 _____

Surface:

The pre-site investigation of the surface was performed on 12/19/05. This site is on state surface, with state minerals. Jim Davis of SITLA stated that the area of this location is permitted grazing land and requested that cattle guards be placed at any fence crossings and adequate low water crossings or culverts be constructed as needed to cross drainages. Ben Williams of DWR stated that this site is high value pronghorn habitat, but made no requests.

Reviewer: _____ Richard Powell _____ **Date:** _____ 12/19/2005 _____

Conditions of Approval/Application for Permit to Drill:

1. A synthetic liner with a minimum thickness of 16 mils and a felt subliner shall be properly installed and maintained in the reserve pit.

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

OPERATOR: THE HOUSTON EXPLORATION COMPANY

WELL NAME & NUMBER: NORTH WALKER HOLLOW 14-32-6-23

API NUMBER: 43-047-37478

LEASE: ML-47777 FIELD/UNIT: WALKER HOLLOW

LOCATION: 1/4,1/4 SE/SW Sec: 32 TWP: 6S RNG: 23E 482' FSL 2043' FWL

LEGAL WELL SITING: 460 F SEC. LINE; 460 F 1/4,1/4 LINE; 920 F ANOTHER WELL.

GPS COORD (UTM): 4456874 639819 SURFACE OWNER: STATE.

PARTICIPANTS

Richard Powell (DOGM), Jim Davis (SITLA), Ben Williams (DWR), Ginger Stringham (Houston Exploration), Cory Stubbs (Dirt Contractor).

REGIONAL/LOCAL SETTING & TOPOGRAPHY

Location is set on the northern tip of a long ridge, overlooking walker hollow. The sides of the ridge drop steeply to the east and west. Location area is fairly flat. There are visible rock ledges protruding from the sides of the ridge and surrounding ridges. Vernal, UT is approximately 24 miles to the northwest.

SURFACE USE PLAN

CURRENT SURFACE USE: Livestock and Wildlife Grazing.

PROPOSED SURFACE DISTURBANCE: Location will be 345' by 245'. Proposed new access road to be approximately 1.2 miles. Existing two-track road to be upgraded for approximately 0.9 miles.

LOCATION OF EXISTING WELLS WITHIN A 1-MILE RADIUS: See attached map from GIS database.

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

SOURCE OF CONSTRUCTION MATERIAL: Al construction material will be borrowed from site during construction of location.

ANCILLARY FACILITIES: None will be required.

WILL DRILLING AT THIS LOCATION GENERATE PUBLIC INTEREST OR CONCERNS? (EXPLAIN): Unlikely.

WASTE MANAGEMENT PLAN:

Drilled cuttings will be settled into reserve pit. Liquids from pit will be allowed to evaporate. Formation water will be confined to storage tanks. Portable toilets, sewage holding tanks, and onsite sewage treatment equipment will be handled by commercial contractors and

regulated by the appropriate health authority. Trash will be contained in trash baskets and disposed of at an approved landfill.

ENVIRONMENTAL PARAMETERS

AFFECTED FLOODPLAINS AND/OR WETLANDS: none

FLORA/FAUNA: Sagebrush, Prickly Pear, and Cheat grass / Deer, Elk, Rodents, Raptors, Coyote, Rabbit, Bobcat, Pronghorn, Prairie Dog.

SOIL TYPE AND CHARACTERISTICS: Light brown silty clay.

EROSION/SEDIMENTATION/STABILITY: Very little natural erosion. Sedimentation and stability are not a problem and location construction shouldn't cause an increase in stability or erosion problems.

PALEONTOLOGICAL POTENTIAL: None observed.

RESERVE PIT

CHARACTERISTICS: 150' BY 75' and twelve feet deep.

LINER REQUIREMENTS (Site Ranking Form attached): A liner and felt sub-liner will be required for reserve pit. Site ranking score is 30.

SURFACE RESTORATION/RECLAMATION PLAN:

Will be per SITLA.

SURFACE AGREEMENT: As per SITLA.

CULTURAL RESOURCES/ARCHAEOLOGY: Center stake was marked by "Sagebrush" 11/04/05.

OTHER OBSERVATIONS/COMMENTS

ATTACHMENTS

Photos of this site were taken and placed on file.

RICHARD POWELL
DOGM REPRESENTATIVE

12/19/05 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>5</u>
Distance to Surf. Water (feet)		
>1000	0	
300 to 1000	2	
200 to 300	10	
100 to 200	15	
< 100	20	<u>0</u>
Distance to Nearest Municipal Well (feet)		
>5280	0	
1320 to 5280	5	
500 to 1320	10	
<500	20	<u>0</u>
Distance to Other Wells (feet)		
>1320	0	
300 to 1320	10	
<300	20	<u>0</u>
Native Soil Type		
Low permeability	0	
Mod. permeability	10	
High permeability	20	<u>20</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 30 (Level I Sensitivity)

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



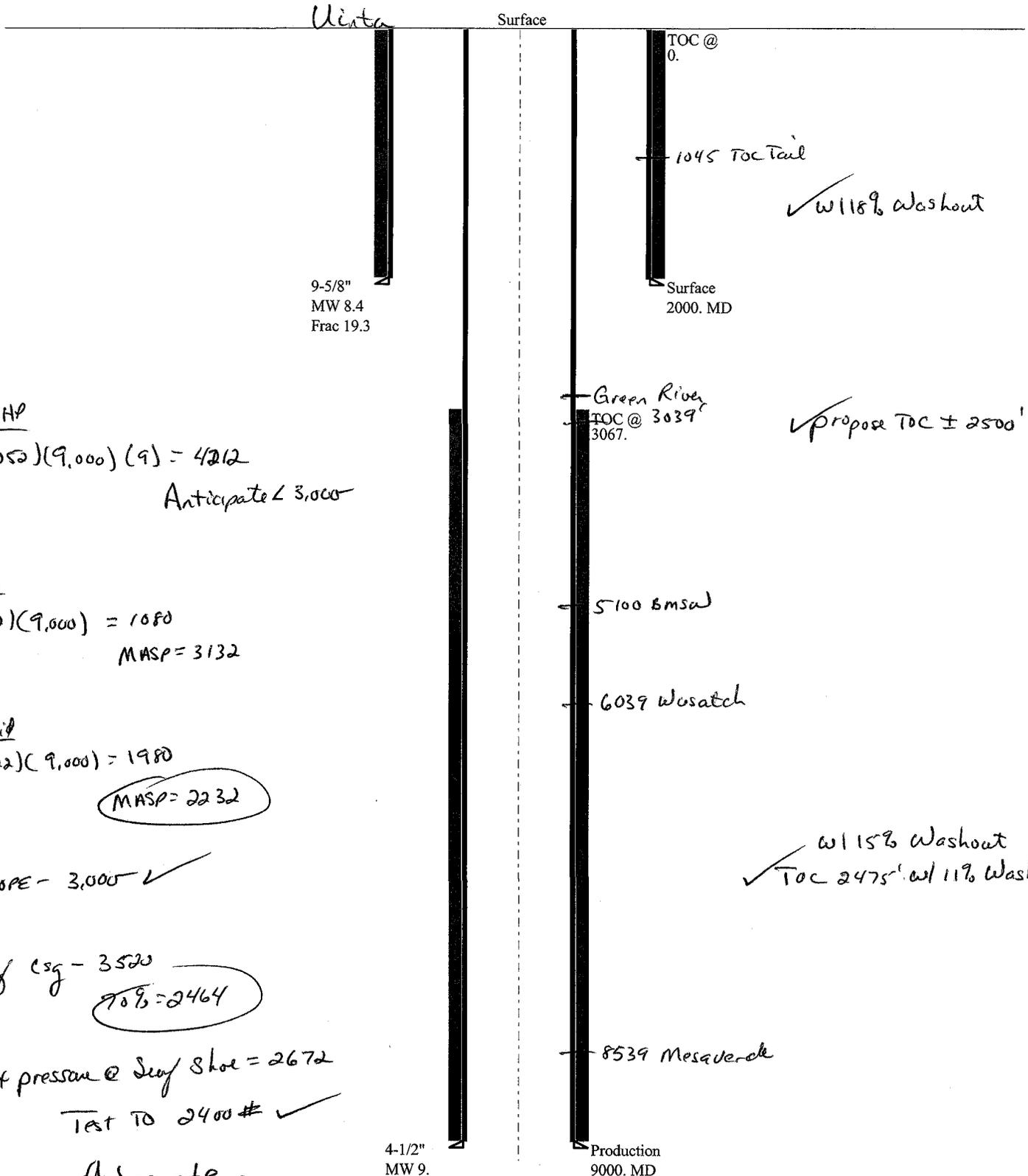
12.19.2005 09:29



12.19.2005 09:29



Casing Schematic



9-5/8"
MW 8.4
Frac 19.3

TOC @ 0.
1045 TOC Tail
Surface 2000. MD

✓ w/ 118% Washout

Green River
TOC @ 3039
3067.

✓ propose TOC ± 2500'

5100 Bmsa

6039 Wasatch

✓ w/ 119% Washout
TOC 2475'. w/ 11% Washout

8539 Mesquite

Production 9000. MD

4-1/2"
MW 9.

BHP
 $(.052)(9,000)(9) = 4212$
Anticipate < 3,000

G_w
 $(.12)(9,000) = 1080$
MASP = 3132

fluid
 $(.22)(9,000) = 1980$
MASP = 2232

BOPE - 3,000 ✓

Surf cs_g - 3500
90% = 2464

Max pressure @ Surf shoe = 2672
Test to 2400# ✓

✓ Adequate (OK) 1/20/06

Well name:

01-06 Houston N Walker Hollow 14-32-6-23

Operator: **Houston Exploration Company**

String type: **Surface**

Project ID:

43-047-37478

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: Surface

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: 9,000 ft
Next mud weight: 9.000 ppg
Next setting BHP: 4,208 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	ST&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	394	6.25 J

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

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

Date: January 18, 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.

Well name:

01-06 Houston N Walker Hollow 14-32-6-23

Operator: **Houston Exploration Company**

String type: **Production**

Project ID:

43-047-37478

Location: **Uintah County**

Design parameters:

Collapse

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

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 191 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 1,500 ft

Cement top: 3,067 ft

Burst

Max anticipated surface pressure: 1,760 psi
Internal gradient: 0.272 psi/ft
Calculated BHP 4,208 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: 7,789 ft

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft ³)
1	9000	4.5	11.60	N-80	LT&C	9000	9000	3.875	208.6
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	4208	6350	1.509	4208	7780	1.85	90	223	2.47 J

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

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

Date: January 18, 2006
Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 9000 ft, a mud weight of 9 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

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

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

Clinton Dworshak - cement sks changes

From: eric bowedn <starman686@yahoo.com>
To: <clintondworshak@utah.gov>
Date: 1/18/2006 1:39 PM
Subject: cement sks changes

here are the cement sks changes that you requested.

Yahoo! Photos – Showcase holiday pictures in hardcover
Photo Books. You design it and we'll bind it!

THE HOUSTON EXPLORATION COMPANY

WELL NAME	API	LEAD sks	TAIL sks
NH 9-16-6-21	43-047-37439	415	514
NH 3-16-6-21	43-047-37391	415	514
NH 13-16-6-21	43-047-37575	415	514
NH 15-2-6-21	43-047-37477	415	514
NH 13-2-6-21	43-047-37476	415	514
NH 11-16-6-21	43-047-37441	499	515
NH 7-16-6-21	43-047-37438	499	515
NH 1-16-6-21	43-047-37442	499	515
NH 15-16-6-21	43-047-37440	499	515
NH 12-7-6-22	43-047-37392	415	515
NH 16-9-6-22	43-047-37393	415	515
NH 14-10-6-22	43-047-37394	415	515
NH 4-15-6-22	43-047-37396	415	515
NH 2-15-6-22	43-047-37395	415	515
NWH 13-36-6-23	43-047-37463	357	526
NWH 15-36-6-23	43-047-37464	357	526
NWH 11-36-6-23	43-047-37462	357	526
NWH 14-32-6-23	43-047-37478	357	526
NWH 2-32-6-23	43-047-37399	357	526
NWH 8-32-6-23	43-047-37401	357	526
NWH 10-32-6-23	43-047-37400	357	526
NWH 12-32-6-23	43-047-37397	357	526
NWH 16-32-6-23	43-047-37398	357	526
G 2-2-6-19	43-047-37561	153	1,050
G 16-2-6-19	43-047-37562	153	1,050
G 1-2-6-19	43-047-37563	153	1,050
G 3-2-6-19	43-047-37568	153	1,050



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 23, 2006

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

Re: North Walker Hollow 14-32-6-23 Well, 482' FSL, 2043' FWL, SE SW,
Sec. 32, T. 6 South, R. 23 East, Uintah County, Utah

Gentlemen:

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

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-37478.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

cc: Uintah County Assessor
SITLA

Operator: Houston Exploration Company
Well Name & Number North Walker Hollow 14-32-6-23
API Number: 43-047-37478
Lease: ML-47777

Location: SE SW Sec. 32 T. 6 South R. 23 East

Conditions of Approval

1. **General**

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

2. **Notification Requirements**

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

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

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

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

3. **Reporting Requirements**

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

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

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

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 26, 2007

Ginger Stringham
The Houston Exploration Co.
1100 Louisiana, Suite 2000
Houston, TX 77002-6800

Re: APD Rescinded –N Walker Hollow 14-32-6-23 Sec. 32 T. 6 R. 23E
Uintah County, Utah API No. 43-047-37478

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 23, 2006. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective February 26, 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

Division of Oil, Gas and Mining
OPERATOR CHANGE WORKSHEET

ROUTING
1. DJJ
2. CDW

Change of Operator (Well Sold)

X - Operator Merger

The operator of the well(s) listed below has changed, effective:

6/1/2007

FROM: (Old Operator): N2525 - The Houston Exploration Company 1100 Louisiana, Suite 2000 Houston, TX 77002 Phone: 1-(713) 830-6800	TO: (New Operator): N6965-Forest Oil Corporation 707 17th St, Suite 3600 Denver, CO 80202 Phone: 1 (303) 812-1755
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CA No.

Unit:

WELL NAME	SEC	TWN	RNG	API NO	ENTITY NO	LEASE TYPE	WELL TYPE	WELL STATUS
SEE ATTACHED LIST								

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: 7/30/2007
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 7/30/2007
- The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 7/31/2007
- 4a. Is the new operator registered in the State of Utah: Business Number: 571171-0143
- 4b. If **NO**, the operator was contacted on: _____
- 5a. (R649-9-2)Waste Management Plan has been received on: IN PLACE
- 5b. Inspections of LA PA state/fee well sites complete on: _____
- 5c. Reports current for Production/Disposition & Sundries on: YES
- 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
- Federal and Indian Units:**
The BLM or BIA has approved the successor of unit operator for wells listed on: n/a
- Federal and Indian Communization Agreements ("CA"):**
The BLM or BIA has approved the operator for all wells listed within a CA on: n/a
- 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:

- Changes entered in the **Oil and Gas Database** on: 7/31/2007
- Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 7/31/2007
- Bond information entered in RBDMS on: 7/31/2007
- Fee/State wells attached to bond in RBDMS on: 7/31/2007
- Injection Projects to new operator in RBDMS on: n/a
- Receipt of Acceptance of Drilling Procedures for APD/New on: pending

BOND VERIFICATION:

- Federal well(s) covered by Bond Number: 6236351
- Indian well(s) covered by Bond Number: n/a
- 3a. (R649-3-1) The **NEW** operator of any fee well(s) listed covered by Bond Number 6218963
- 3b. The **FORMER** operator has requested a release of liability from their bond on: not yet

LEASE INTEREST OWNER NOTIFICATION:

- (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: 8/1/2007

COMMENTS:

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

FORM 9

5. LEASE DESIGNATION AND SERIAL NUMBER:
See Attached List

SUNDRY NOTICES AND REPORTS ON WELLS

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

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

7. UNIT or CA AGREEMENT NAME:

1. TYPE OF WELL
OIL WELL GAS WELL OTHER _____

8. WELL NAME and NUMBER:
See Attached List

2. NAME OF OPERATOR:
Forest Oil Corporation *N6965*

9. API NUMBER:
various

3. ADDRESS OF OPERATOR:
707 17th Street, #3600 CITY Denver, STATE CO ZIP 80202 PHONE NUMBER: (303) 812-1755

10. FIELD AND POOL, OR WILDCAT:

4. LOCATION OF WELL
FOOTAGES AT SURFACE: **See attached list** COUNTY: _____
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: _____ STATE: **UTAH**

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

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

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc. *N2525*

Effective 6/1/2007 please change the operator for the attached list of Utah wells from The Houston Exploration Company N-2525 to Forest Oil Corporation (N-6965). Forest merged with The Houston Exploration Company, a copy of the merger document is attached.. The contract operated wells will continue to be contract operated by Enduring.

Forest Oil Corporation as new operator, accepts all applicable terms, conditions, stipulations and restrictions concerning approved operations conducted on the lease or portion of the lease described.

Forest Oil Corporation meets the State of Utah bonding requirements under Safeco bond #6218963.

Please send all future correspondence to Forest Oil Corporation at the above listed address.

Forest Oil Corporation, 707 17th Street, Suite #3600, Denver, CO 80202

J.C. Ridens

J. C. Ridens, Senior Vice President - Western Region

7-5-07

Date

NAME (PLEASE PRINT) Joanne C. Hresko TITLE Vice President & General Mgr. - Northern Division
SIGNATURE *Joanne C. Hresko* DATE 7-5-07

(This space for State use only)
APPROVED 7131107
Earlene Russell

Earlene Russell, Engineering Technician

No wells in APD status or New status at this time

RECEIVED
JUL 30 2007
DIV OF OIL, GAS & MINING *WMP*

(5/2000)

(See instructions on Reverse Side)

well_name	sec	twp	rng	api	entity	lease	well	stat	flag	unit	qtr_qtr	l_num	op no
FEDERAL 28-01	28	080S	250E	4304730098	10095	Federal	GW	S			SESE	UTU-016257	N2525
CONOCO STATE 32-2	32	080S	250E	4304730100	10096	State	GW	S			NENE	ML-11124	N2525
ROCK HOUSE 11-31	31	100S	230E	4304733312	13984	Federal	GW	P			NESW	UTU-76281	N2525
BONANZA 4B-12	12	090S	230E	4304733806	14593	Federal	D	PA			NWNW	UTU-74426	N2525
WALKER HOLLOW 13-31	31	060S	230E	4304735039		Federal	GW	LA			SESW	UTU-76280	N2525
ROCK HOUSE 6D-32	32	100S	230E	4304735409	14293	State	GW	S			SESW	ML-47063	N2525
BONANZA 2B-16	16	090S	240E	4304735694	14186	State	D	PA			NWNE	ML-46526	N2525
ROCK HOUSE 2D-36	36	100S	220E	4304735759	14357	State	GW	P			NWNE	ML-47061	N2525
ROCK HOUSE 2D-32	32	100S	230E	4304735760	14317	State	GW	S			NWNE	ML-47063	N2525
ROCK HOUSE 10D-32	32	100S	230E	4304735761	14318	State	GW	S			NWSE	ML-47063	N2525
ROCK HOUSE 12D-32	32	100S	230E	4304735762	14294	State	GW	P			NWSW	ML-47063	N2525
ROCK HOUSE 11-36	36	100S	220E	4304735900	14478	State	GW	P			NESW	ML-46907	N2525
ROCK HOUSE 4-36	36	100S	220E	4304735901	14449	State	GW	S			NWNW	ML42061	N2525
BONANZA 12A-22	22	090S	240E	4304735922	14520	Federal	D	PA			NWSW	UTU-78118	N2525
BONANZA 14-16	16	090S	240E	4304735941	14521	State	D	PA			SESW	ML-46526	N2525
ROCK HOUSE 11-2	02	110S	230E	4304736153	14695	State	GW	P	C		NESW	ML-47078	N2525
ROCK HOUSE 7-32-10-23	32	100S	230E	4304736306	14766	State	GW	S			SWNE	ML-47063	N2525
ROCK HOUSE 3-32-10-23	32	100S	230E	4304736307	14781	State	GW	P			NENW	ML-47063	N2525
ROCK HOUSE 5-32-10-23	32	100S	230E	4304736410	14727	State	GW	S			SWNW	ML-47063	N2525
GUSHER 6-2	02	060S	190E	4304736963		State	OW	LA			SESW	ML-49144	N2525
N HORSESHOE 3-16-6-21	16	060S	210E	4304737391	15716	State	GW	DRL	C		NENW	ML-49317	N2525
N HORSESHOE 12-7-6-22	07	060S	220E	4304737392		State	GW	LA			NWSW	ML-47969	N2525
N HORSESHOE 16-9-6-22	09	060S	220E	4304737393		State	GW	LA			SESE	ML-47969	N2525
N HORSESHOE 14-10-6-22	10	060S	220E	4304737394		State	GW	LA			SESW	ML-47969	N2525
N HORSESHOE 2-15-6-22	15	060S	220E	4304737395		State	GW	LA			NWNE	ML-47969	N2525
N HORSESHOE 4-15-6-22	15	060S	220E	4304737396		State	GW	LA			NWNW	ML-47969	N2525
N WALKER HOLLOW 12-32-6-23	32	060S	230E	4304737397		State	GW	LA			NWSW	ML-47777	N2525
N WALKER HOLLOW 16-32-6-23	32	060S	230E	4304737398		State	GW	LA			SESE	ML-47777	N2525
N WALKER HOLLOW 2-32-6-23	32	060S	230E	4304737399	15741	State	GW	DRL	C		NWNE	ML-47777	N2525
N WALKER HOLLOW 10-32-6-23	32	060S	230E	4304737400		State	GW	LA			NWSE	ML-47777	N2525
N WALKER HOLLOW 8-32-6-23	32	060S	230E	4304737401		State	GW	LA			SENE	ML-47777	N2525
N WALKER HOLLOW 11-36-6-23	36	060S	230E	4304737462		State	GW	LA			NESW	ML-47970	N2525
N WALKER HOLLOW 13-36-6-23	36	060S	230E	4304737463		State	GW	LA			SWSW	ML-47970	N2525
N WALKER HOLLOW 15-36-6-23	36	060S	230E	4304737464		State	GW	LA			SWSE	ML-47970	N2525
N WALKER HOLLOW 14-32-6-23	32	060S	230E	4304737478		State	GW	LA			SESW	ML-47777	N2525
HACKING RES 11-32-8-25	32	080S	250E	4304737479		State	GW	LA			NESW	ML-11124	N2525
HACKING RES 3-32-8-25	32	080S	250E	4304737480		State	GW	LA			NENW	ML-11124	N2525
HACKING RES 5-32-8-25	32	080S	250E	4304737481		State	GW	LA			SWNW	ML-11124	N2525
HACKING RES 15-32-8-25	32	080S	250E	4304737482		State	GW	LA			SWSE	ML-11124	N2525
HACKING RES 9-32-8-25	32	080S	250E	4304737483		State	GW	LA			NESE	ML-11124	N2525
HACKING RESERVOIR 7-32-8-25	32	080S	250E	4304737571	15885	State	GW	DRL	C		SWNE	ML-11124	N2525