



## TALON RESOURCES INC

December 14, 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 8-32-13-22, Uintah County, Utah: Section 32, T13S, R22E, SLB&M  
State 16-32-13-22, Uintah County, Utah: Section 32, T13S, R22E, SLB&M  
State 4-36-13-22, Uintah County, Utah: Section 36, T13S, R22E, SLB&M  
State 6-36-13-22, Uintah County, Utah: Section 36, T13S, R22E, SLB&M

Dear Mrs. Whitney:

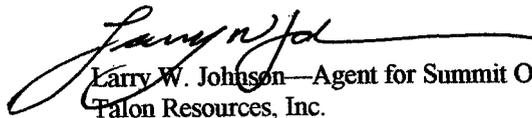
On behalf of Summit Operating, LLC (Summit), Talon Resources, Inc. respectfully submits the enclosed original of the *Application for Permit to Drill (APD)* for the above referenced wells. Included with the APD is the following supplemental information:

- 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 & 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 Allin at 970-254-3114 if you have any questions or need additional information.

Sincerely,

  
Larry W. Johnson—Agent for Summit Operating  
Talon Resources, Inc.

cc: Mr. Floyd Bartlett, DOGM  
Mr. Ed Bonner, SITLA  
Mr. David Lillywhite, Summit Operating  
Mr. David Allin, Consultant

RECEIVED  
DEC 15 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)

<b>APPLICATION FOR PERMIT TO DRILL</b>			5. MINERAL LEASE NO: <b>ML-47393</b>	6. SURFACE: State
1A. TYPE OF WORK: <b>DRILL</b> <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: <b>Summit Operating, LLC</b>			9. WELL NAME and NUMBER: <b>State 4-36-13-22</b>	
3. ADDRESS OF OPERATOR: <b>2064 Prospector Ave</b> <small>CITY</small> <b>Park City</b> STATE <b>UT</b> ZIP <b>84060</b>			PHONE NUMBER: <b>(435) 940-9001</b>	10. FIELD AND POOL, OR WILDCAT: <del>See Page</del> <b>Undesignated</b>
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: <b>589' FNL, 661' FWL</b> AT PROPOSED PRODUCING ZONE: <b>589' FNL, 661' FWL</b>			11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <b>NWNW 36 13S 22E S</b>	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: <b>44 miles south of Ouray, Utah</b>			12. COUNTY: <b>Uintah</b>	13. STATE: <b>UTAH</b>
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) <b>589'</b>	16. NUMBER OF ACRES IN LEASE: <b>640</b>	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: <b>40</b>		
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) <b>See attached map</b>	19. PROPOSED DEPTH: <b>11,750</b>	20. BOND DESCRIPTION: <b>N2315</b>		
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): <b>6619' GR</b>	22. APPROXIMATE DATE WORK WILL START: <b>2/1/2005</b>	23. ESTIMATED DURATION: <b>28 Days</b>		

**24. PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT		
12-3/4"	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    15.3 ppg
7-7/8"	5-1/2"    N-80 LT&C    17#	11,750	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	415 sacks	3.85 cu ft/sk    11.0 ppg
			Premium AG	50 sacks	1.15 cu ft/sk    15.8 ppg

**25. ATTACHMENTS**

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

<input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER	<input checked="" type="checkbox"/> COMPLETE DRILLING PLAN
<input 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 12/14/05

(This space for State use only)

API NUMBER ASSIGNED: 43-047-375-23

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

APPROVAL  
Date: 12/14/05  
By: *[Signature]*

(See Instructions on Reverse Side)

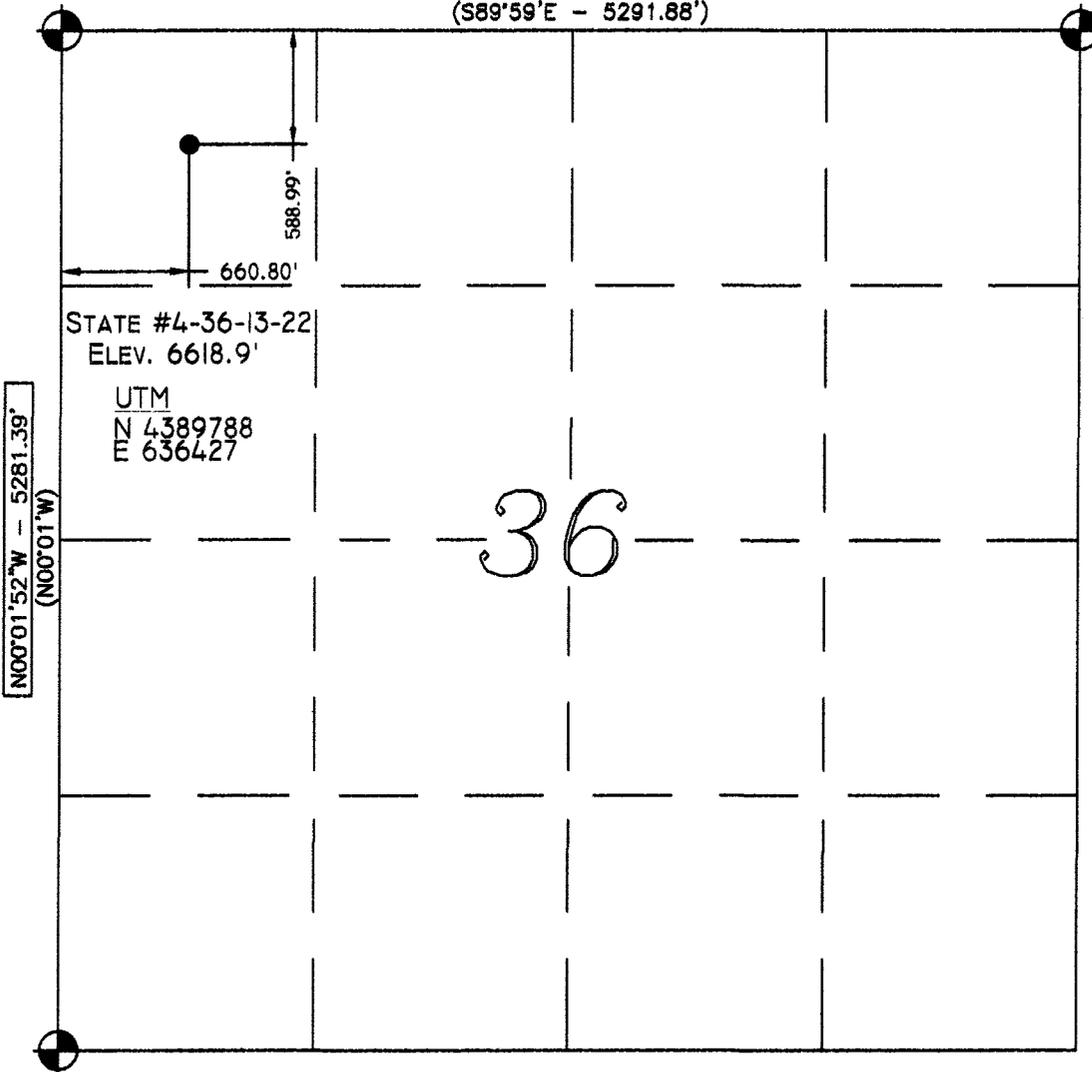
**RECEIVED**  
**DEC 15 2005**  
**DIV. OF OIL, GAS & MINING**

**CONFIDENTIAL**

# Range 22 East

N89°59'32"E - 5290.52'  
(S89°59'E - 5291.88')

Township 13 South



STATE #4-36-13-22  
ELEV. 6618.9'

UTM  
N 4389788  
E 636427

N00°01'52"W - 5281.39'  
(N00°01'W)

## 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°38'56.012" N  
109°24'35.756" 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 Bates Knolls Quadrangle 7.5 Minute Series Map.

## Description of Location:

Proposed Drill Hole located in the NW1/4 NW1/4 of Section 36, T13S, R22E, S.L.B.&M., being 588.99' South and 660.80' East from the Northwest Corner of Section 36, T13S, R22E, Salt Lake Base & Meridian.

## Surveyor's Certificate:

I, Albert J. Spensko, a Registered Professional Land Surveyor, holding Certificate 146652 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

0 500' 1000'  
( IN FEET )  
1 inch = 1000 ft.



## TALON RESOURCES, INC.

185 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

State #4-36-13-22  
Section 36, T13S, R22E, S.L.B.&M.  
Uintah County, Utah

Drawn By: J. STANSFIELD	Checked By: L.W.J./J.S.H.
Drawing No. A-1	Date: 11/07/05
	Scale: 1" = 1000'
Sheet 1 of 4	Job No. 2078

EXHIBIT "E"  
Multipoint Surface Use Plan

Attached to UDOGM Form 3  
Summit Operating, LLC  
**State 4-36-13-22**  
NW/4 NW/4, Sec. 36, T13S, R22E, SLB & M  
589' FNL, 661' 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 encroach on 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 1525' 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: 3 – 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 4 miles West. Nearest live water is in Willow Creek, 4 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.

1/19/06  
Date

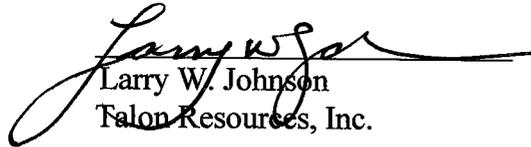
  
Larry W. Johnson  
Talon Resources, Inc.

EXHIBIT "D"  
DRILLING PROGRAM

Attached to UDOGM Form 3  
Summit Operating, LLC  
**State 4-36-13-22**  
NW/4 NW/4, Sec. 36, T13S, R22E, SLB & M  
589' FNL, 661' FWL  
Uintah County, Utah

1. The Geologic Surface Formation

Green River

2. Estimated Tops of Important Geologic Markers

KB	Ground + 22'
Wasatch	1911'
Mesaverde Group	3711'
Castlegate	5679'
Mancos Shale	6019'
Dakota Silt	9662'
Dakota Marker	9709'
Morrison	9979'
Summerville/Curtis	10459'
Entrada Sandstone	10524'
Carmel	10679'
Navajo Sandstone	10747'
Kayenta	10877'
Wingate Sandstone	11012'
Triassic Chinle	11412'
Triassic Shinarump Conglomerate	11572'
Triassic Moenkopi	11607'

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"	11,750'	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: 415 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.: February 1, 2006

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 4-36-13-22**  
NW/4 NW/4, Sec. 36, T13S, R22E, SLB & M  
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**2. Planned Access**

Approximately 1100' 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.
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### **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.

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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

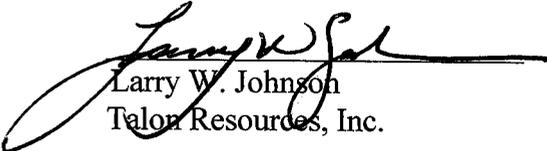
**Mail Approved A.P.D. To:**

Company Representative

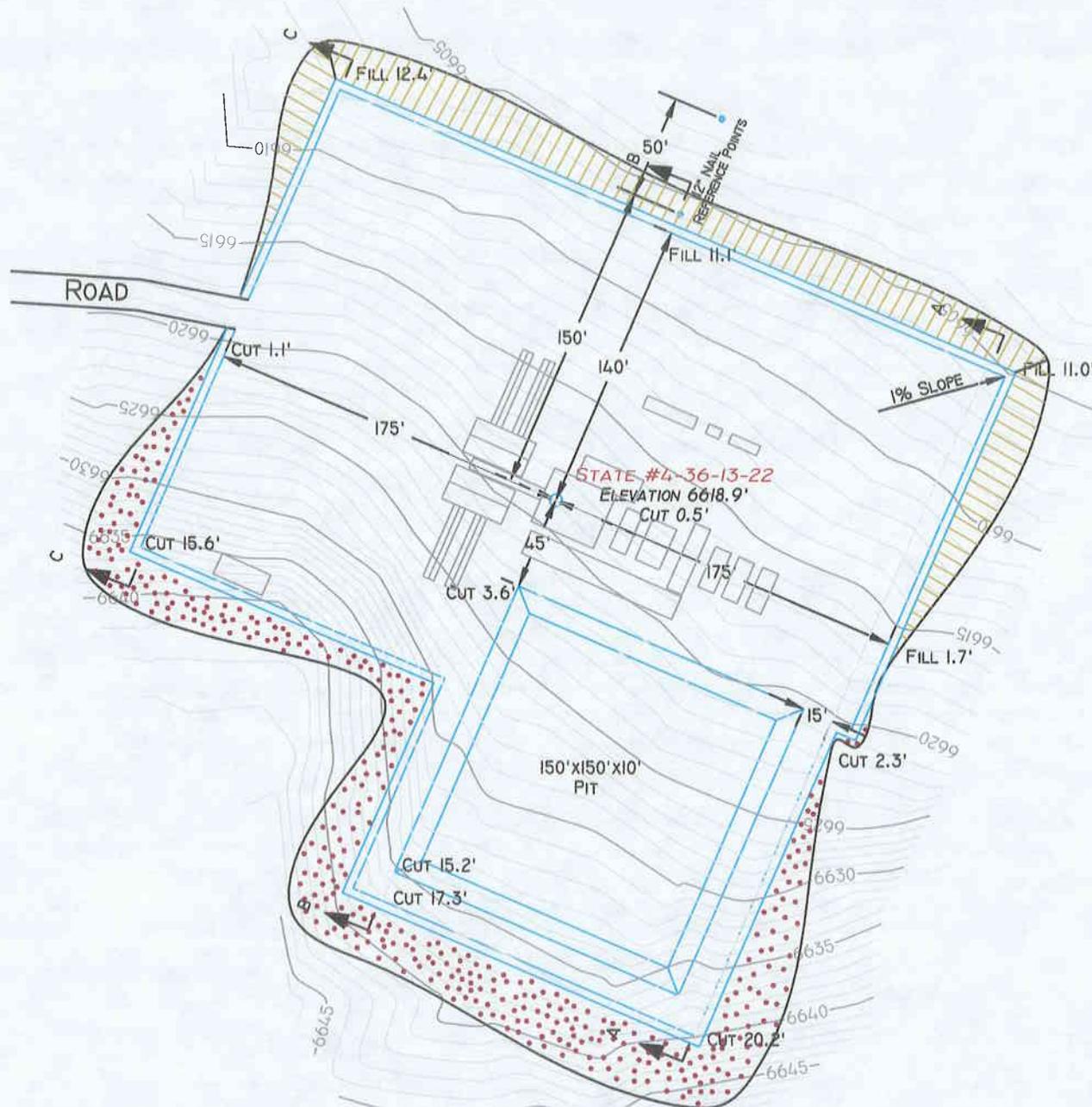
14. **Certification**

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.

12/14/05  
Date

  
Larry W. Johnson  
Talon Resources, Inc.

ELEVATION OF UNGRADED GROUND AT LOCATION STAKE = 6618.9'  
 ELEVATION OF GRADED GROUND AT LOCATION STAKE = 6618.4'



**TALON RESOURCES, INC.**

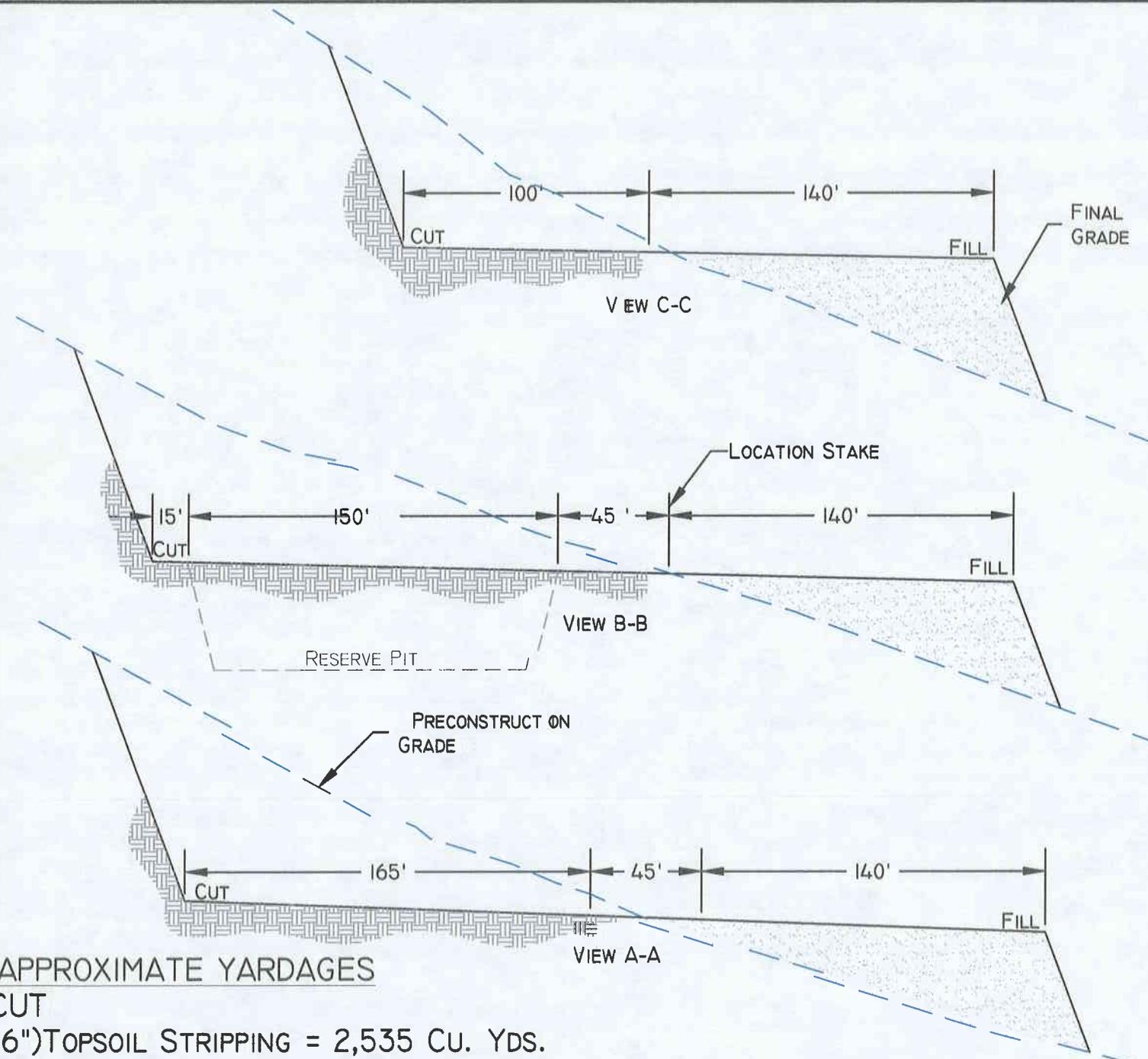
195 North 100 West P.O. Box 1230  
 Huntington, Utah 84528  
 Phone (435)687-5310 Fax (435)687-5311  
 E-Mail talon@etv.net

**SUMMIT OPERATING**

**LOCATION LAYOUT**  
 Section 36, T13S, R22E, S.L.B.&M.  
 WELL #4-36-13-22

Drawn By: <b>J. STANSFIELD</b>	Checked By: <b>L.W.J.</b>
Drawing No. <b>A-2</b>	Date: <b>11/30/05</b>
	Scale: <b>1" = 50'</b>
Sheet <b>2</b> of <b>4</b>	Job No. <b>2078</b>

1" = 10'  
 X-Section  
 Scale  
 1" = 40'



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

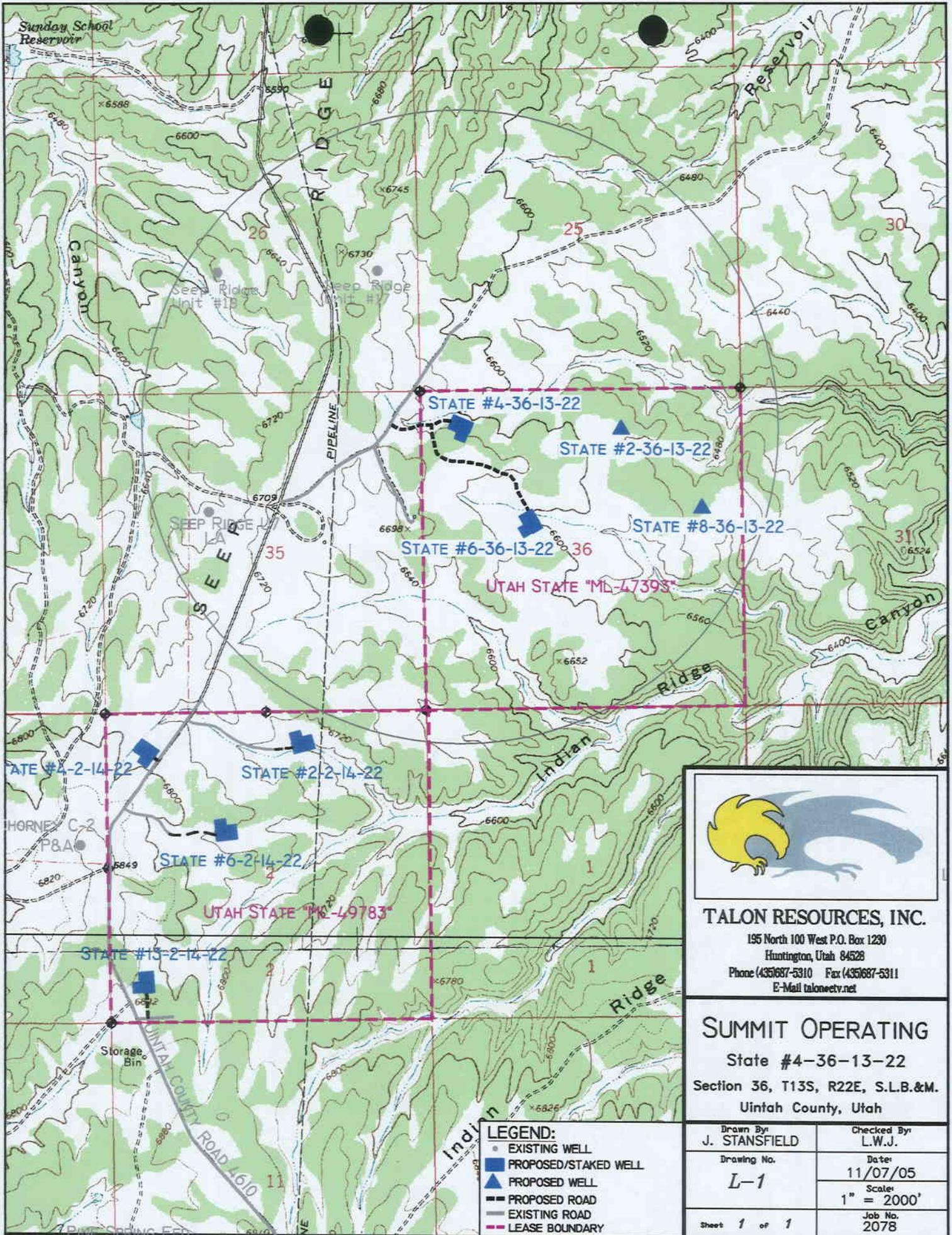


**TALON RESOURCES, INC.**  
 195 North 100 West P.O. Box 1230  
 Huntington, Utah 84528  
 Phone (435)687-5310 Fax (435)687-581  
 E-Mail talonectv.net

**SUMMIT OPERATING**  
 TYPICAL CROSS SECTION  
 Section 36, T13S, R22E, S.L.B.&M  
 WELL #4-36-13-22

Drawn By: J. STANSFIELD	Checked By: L.W.J.
Drawing No. C-1	Date: 11/30/05
	Scale: 1" = 40'
Sheet 3 of 4	Job No. 2078

APPROXIMATE YARDAGES  
 CUT  
 (6") TOPSOIL STRIPPING = 2,535 CU. YDS.  
 REMAINING LOCATION = 23,100 CU, YDS.  
 TOTAL CUT = 31,265 CU. YDS.  
 TOTAL FILL = 11,785 CU YDS.



- LEGEND:**
- EXISTING WELL
  - PROPOSED/STAKED WELL
  - ▲ PROPOSED WELL
  - PROPOSED ROAD
  - EXISTING ROAD
  - - - LEASE BOUNDARY



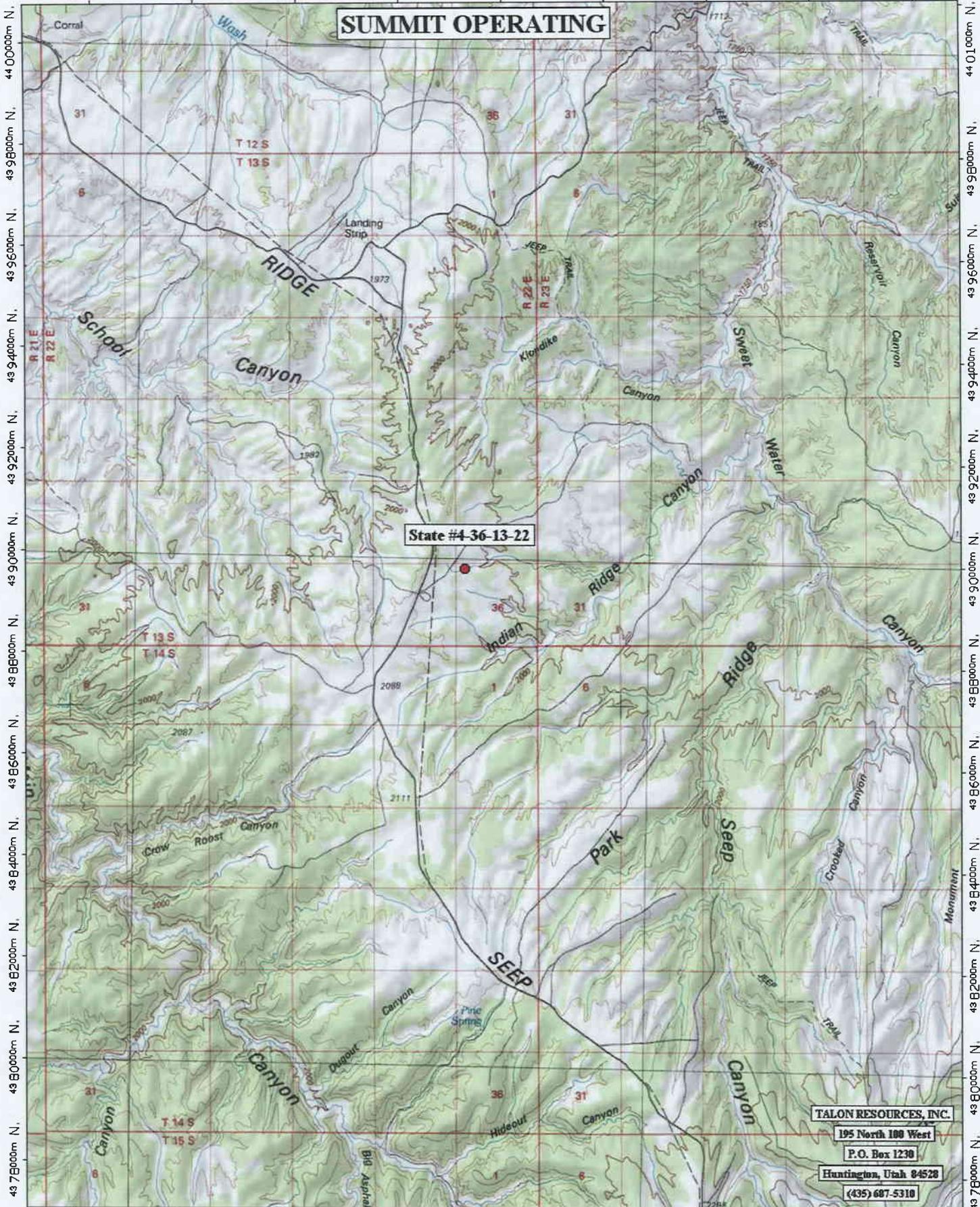
**TALON RESOURCES, INC.**  
 195 North 100 West P.O. Box 1230  
 Huntington, Utah 84528  
 Phone (435)687-5310 Fax (435)687-5311  
 E-Mail talon@etr.net

**SUMMIT OPERATING**  
 State #4-36-13-22  
 Section 36, T13S, R22E, S.L.B.&M.  
 Uintah County, Utah

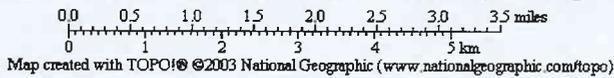
Drawn By  
**J. STANSFIELD**  
 Drawing No.  
**L-1**  
 Sheet 1 of 1

Checked By  
**L.W.J.**  
 Date:  
**11/07/05**  
 Scale:  
**1" = 2000'**  
 Job No.  
**2078**

629000mE. 631000mE. 633000mE. 635000mE. 637000mE. 639000mE. 641000mE. 643000mE. 645000mE.



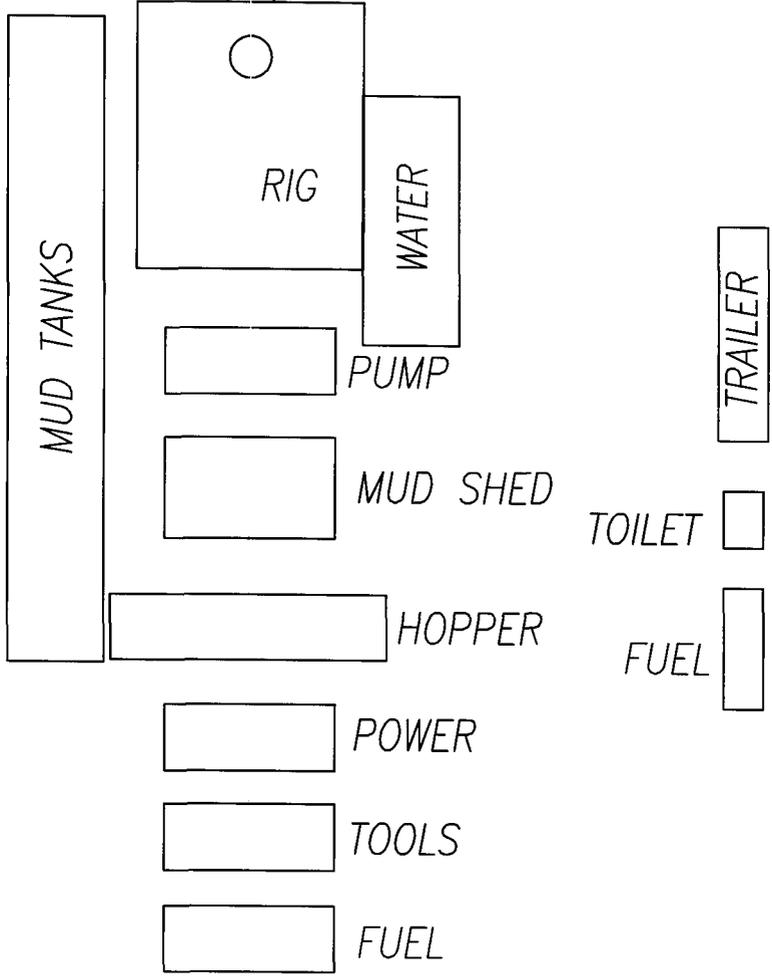
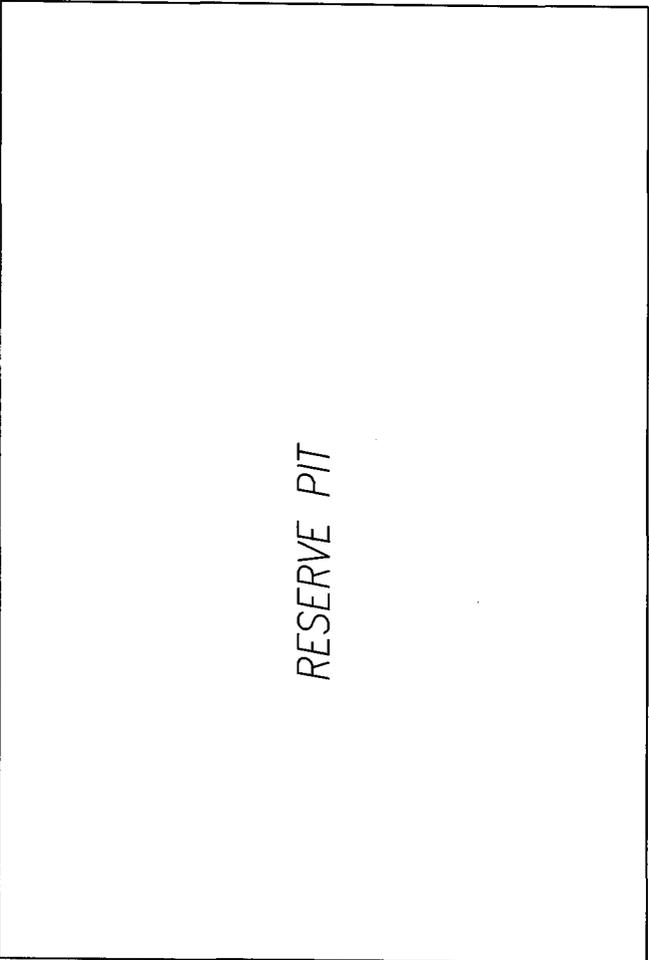
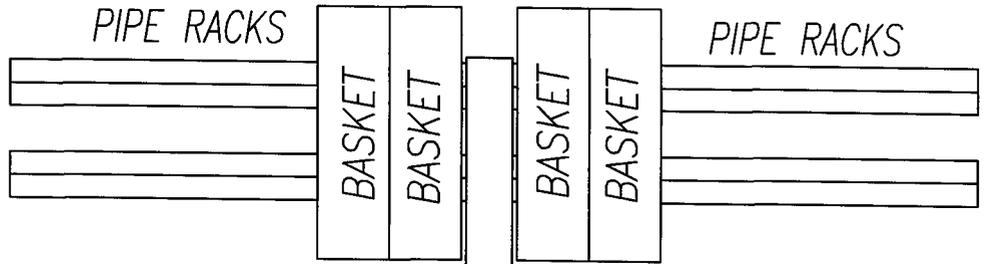
TN  
12°



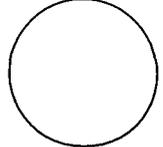
Map created with TOPO!® ©2003 National Geographic (www.nationalgeographic.com/topo)

# Summit Operating

DATA



STORAGE TANK



RIG & EQUIPMENT LAYOUT  
(Not to Scale)

# TYPICAL ROAD CROSS-SECTION

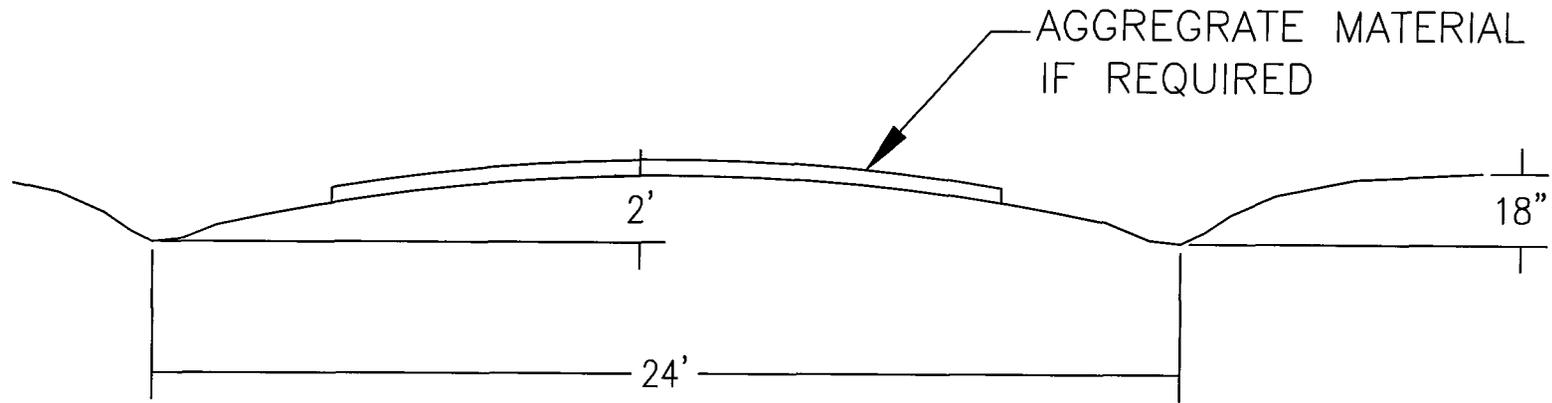
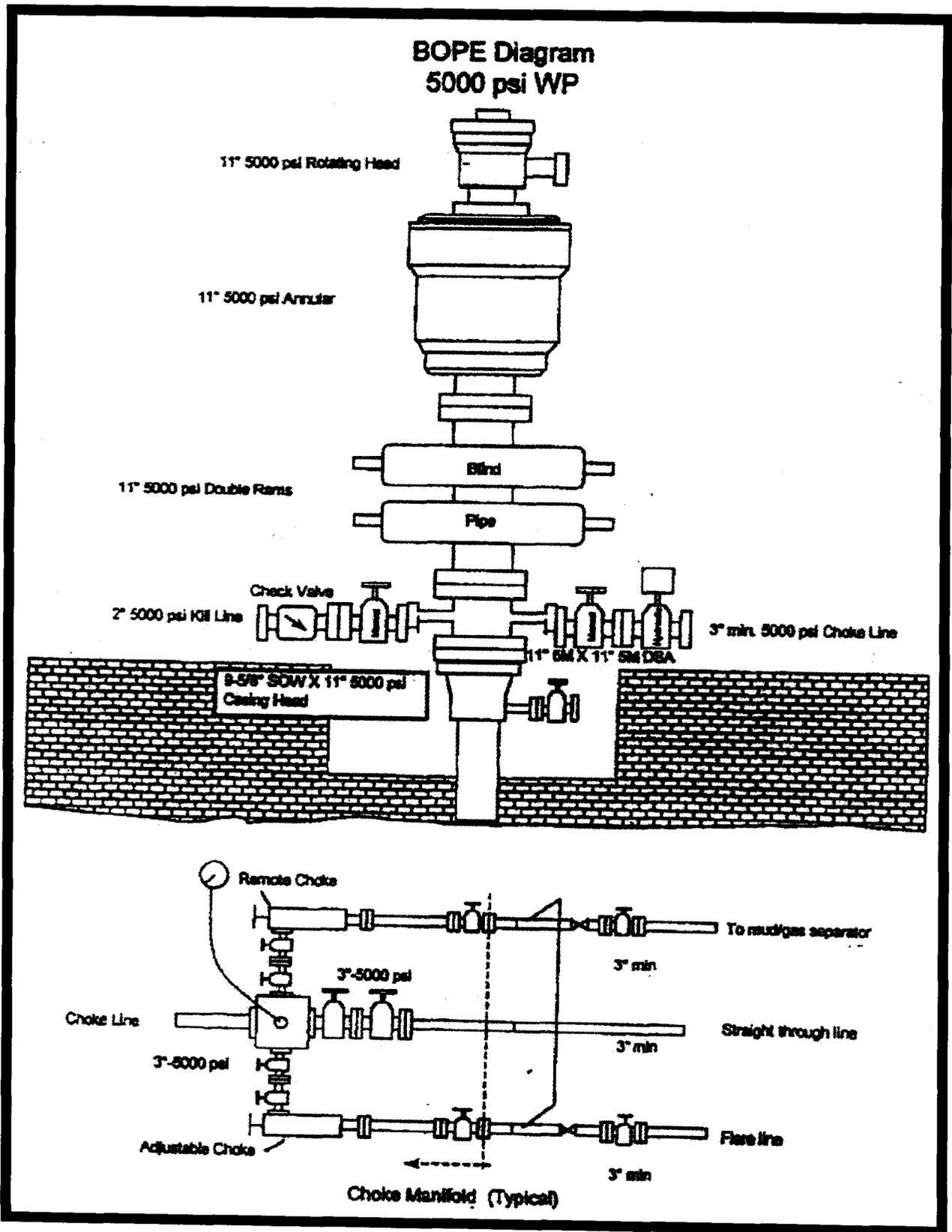


EXHIBIT "F"

Summit Operating

# Summit Operating



**WORKSHEET  
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 12/15/2005

API NO. ASSIGNED: 43-047-37523

WELL NAME: STATE 4-36-13-22  
 OPERATOR: SUMMIT OPERATING LLC ( N2315 )  
 CONTACT: LARRY JOHNSON

PHONE NUMBER: 435-687-5310

PROPOSED LOCATION:

NWNW 36 130S 220E  
 SURFACE: 0589 FNL 0661 FWL  
 BOTTOM: 0589 FNL 0661 FWL  
 UINTAH  
 UNDESIGNATED ( 2 )

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	DJD	1/23/04
Geology		
Surface		

LEASE TYPE: 3 - State  
 LEASE NUMBER: ML-47393  
 SURFACE OWNER: 3 - State  
 PROPOSED FORMATION: MNKP  
 COALBED METHANE WELL? NO

LATITUDE: 39.64878  
 LONGITUDE: -109.4100

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[] Ind[] Sta[] Fee[]  
(No. 75B800622 )
- 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:

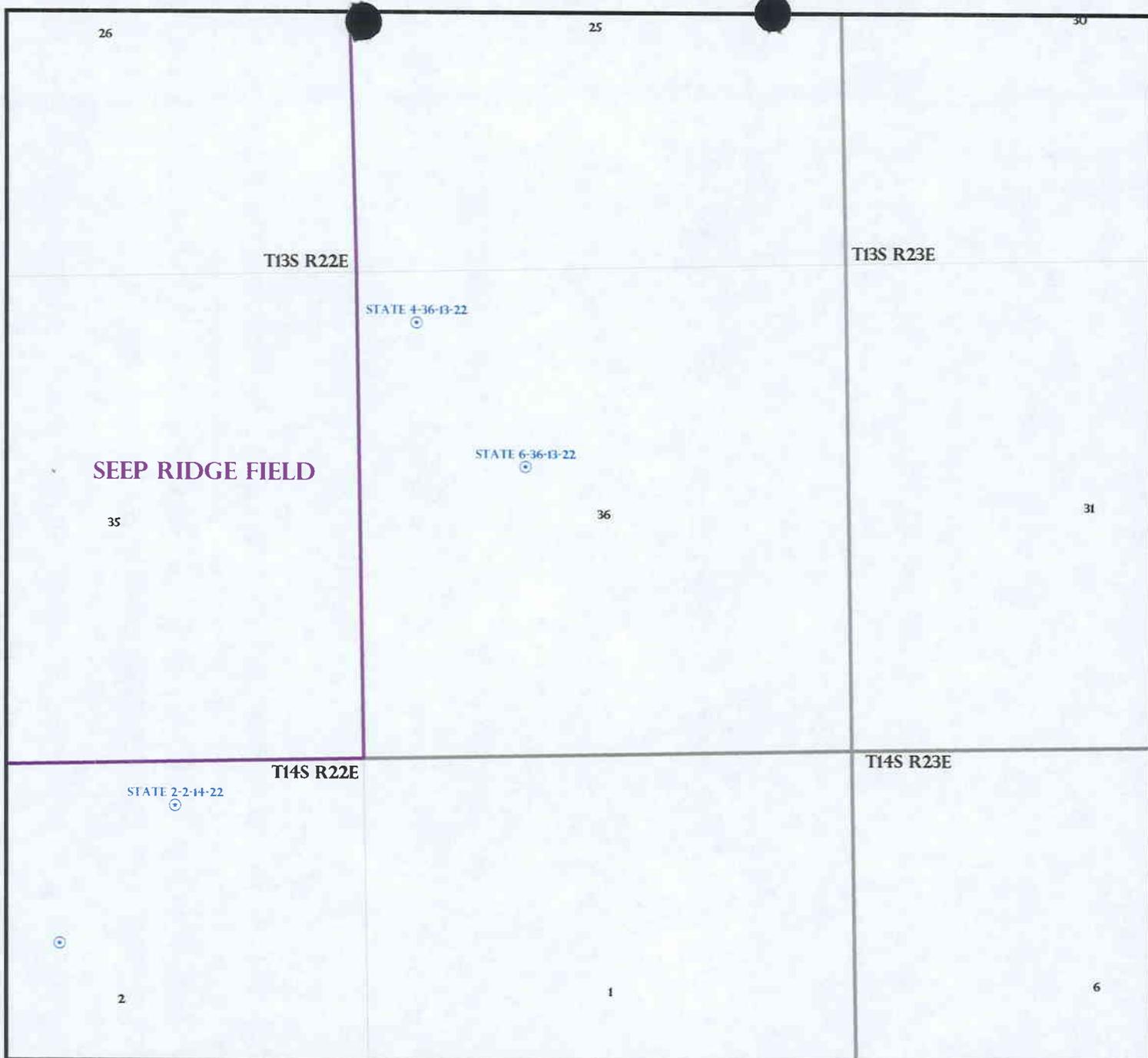
- R649-2-3.  
Unit \_\_\_\_\_
- R649-3-2. General  
Siting: 460 From Qtr/Qtr & 920' Between Wells
- R649-3-3. Exception
- Drilling Unit  
Board Cause No: \_\_\_\_\_  
Eff Date: \_\_\_\_\_  
Siting: \_\_\_\_\_
- R649-3-11. Directional Drill

COMMENTS:

Needs Permit (01-09-06)

STIPULATIONS:

- 1- Spacing Slip
- 2- STATEMENT OF BASIS



OPERATOR: SUMMIT OPER LLC (N2315)

SEC: 36 T. 13S R. 22E

FIELD: UNDESIGNATED (002)

COUNTY: UINTAH

SPACING: R649-3-2 / GENERAL SITING

**Field Status**

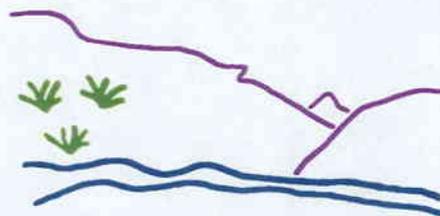
- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED

**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: 20-DECEMBER-2005

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

**OPERATOR:** Summit Operating, LLC  
**WELL NAME & NUMBER:** State 4-36-13-22  
**API NUMBER:** 43-047-37523  
**LOCATION:** 1/4,1/4 NWNW Sec: 36 TWP: 13S RNG: 22 E 589' FNL 661' 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 4,100 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 36. These wells are all approximately .75 miles southwest 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:** 01-17-06

**Surface:**

At the request of Summit Resources LLC, a pre-site for this well was completed on 1/09/2006. The State of Utah (SITLA) owns both the surface and minerals. Mr. Larry Johnson, of Talon Consulting representing Summit Resources LLC, was contacted by phone on 1/3/2006 and informed of and invited to participate in the presite. Mr. Ben Williams of the Utah Division of Wildlife Resources and Mr. Jim Davis from SITLA were both contacted by telephone and e-mail and both attended. Mr. Williams, representing the UDWR, stated the proposal is within an area classified as critical value winter habitat for both deer and elk. He stated from the big game standpoint, constructing the road down the draw would reduce the available forage and cause more disturbances for both deer and elk. He recognized the basis for this concern and stated the access road would be re-flagged following the ridge that goes directly behind the pad. Mr. Williams also recommended to Mr. Johnson, Mr. Davis and Mr. Stubbs that they limit their activity from Nov. 15 thru April 15 to protect wintering values for these species. 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 the seasonal restriction were recommendation from DWR and would not be a condition of the permit that DOGM would issue.

The area poses no surface problems for drilling a well.

**Reviewer:** Floyd Bartlett **Date:** 01/09/2006

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

1. A synthetic liner with a minimum thickness of 12 mils with a felt sub-liner shall be properly installed and maintained in the reserve pit.
2. A layout plat is required showing the change in location of the access road.

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

**OPERATOR:** Summit Operating, LLC  
**WELL NAME & NUMBER:** State 4-36-13-22  
**API NUMBER:** 43-047-37523  
**LEASE:** ML-47393      **FIELD/UNIT:** Undesignated  
**LOCATION:** 1/4,1/4 NW/NW Sec:36 TWP: 13S RNG: 22 E 589' FNL 661' FWL  
**LEGAL WELL SITING:** 460 F SEC. LINE; 460 F 1/4,1/4 LINE; 920 F ANOTHER WELL.  
**GPS COORD (UTM):** 4389775 Y 0636419 X      **SURFACE OWNER:** STATE (SITLA)

**PARTICIPANTS**

Floyd Bartlett (DOGM), Jim Davis (SITLA), Larry Johnson, (Talon Resources-Permit Consultant), Jared Lofthouse (Surveyor, Talon Resources), David Taylor (Surveyor, Talon Resources), Cory Stubbs (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 approximately ½ mile east of the Seep Ridge Uintah County Road. Ouray, Utah is approximately 44 miles to the north. South of this area is the area 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 44 miles, then east approximately 1100 on a road to be constructed. (See Drawing L-1 of the APD). Also note that this road is going to be relocated. See other observations and comments below. Length will not significantly change.

The well pad is location is on the northeast slope of a long finger ridge that runs northeast from the Seep Ridge divide. It is located in the edge of a sagebrush draw with pinion and juniper to the east and west.

**SURFACE USE PLAN**

CURRENT SURFACE USE: Summer and winter cattle grazing, small and big game hunting and general recreation.

PROPOSED SURFACE DISTURBANCE: Location of 350' x 335' which includes a reserve pit of 150' x 150' and a 15' wide bench. Approximately 1,100 feet of new road will be constructed. A pipeline will be laid adjacent to the road.

LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS: There are three existing wells within 1 mile radius. This operator within this radius currently plans three other wells. The general area to the south 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 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.

#### **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, slender wheatgrass, blue gramma 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. No significant drainages intercept the proposed location. 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 southeast 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 has not yet been completed.

**OTHER OBSERVATIONS/COMMENTS**

Ben Williams, representing the UDWR, stated the area is classified as critical value winter habitat for both deer and elk. He explained how the areas are classified. He expressed concern as to where the well pad was proposed in relation to the desirable forage in the area for big game and also the access road. Most of the well pad is within a sagebrush flat and the access road, as proposed, follows down the center of a sagebrush draw from the Seep Ridge road to the location. Both to the south and north of this draw are rounded pinion and juniper-covered ridges, which provide no big game forage. He stated from the big game standpoint constructing the road down the draw would reduce the available forage and cause more disturbances for both deer and elk. Mr. Johnson said these values were not considered in either the location of the road or the well pad. He said the access road would be re-flagged following the ridge that goes directly behind the pad. The pad could not be relocated without the consent of the operator. Mr. Davis from SITLA supported the road relocation. Mr. Williams also recommended to Mr. Johnson, Mr. Davis and Mr. Stubbs 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 the seasonal restriction were 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.

Constructing the road on the ridge is a better location as it relates to drainage of water from the road. The road down the draw would be more difficult to divert surface water off the roadway.

**ATTACHMENTS**

Photos of this site were taken and placed on file.

FLOYD BARTLETT  
DOGM REPRESENTATIVE

January 9, 2006; 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>

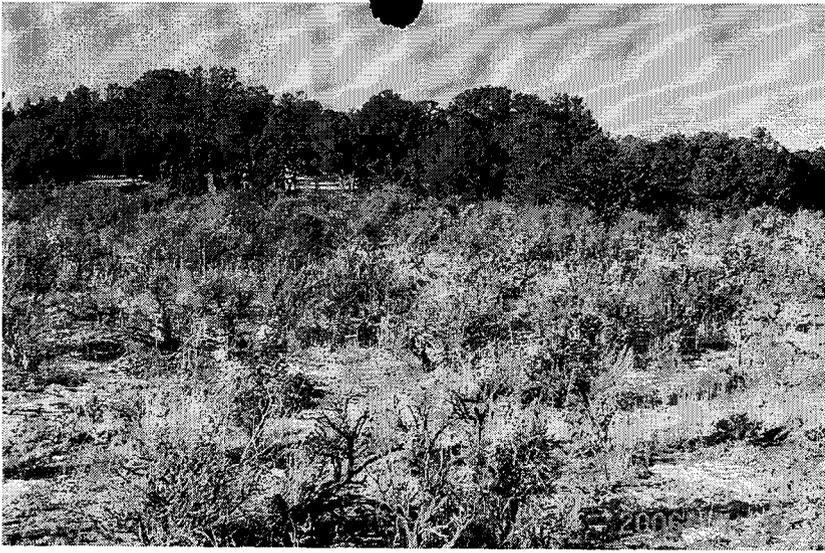
**Final Score**      25      (Level I Sensitivity)

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

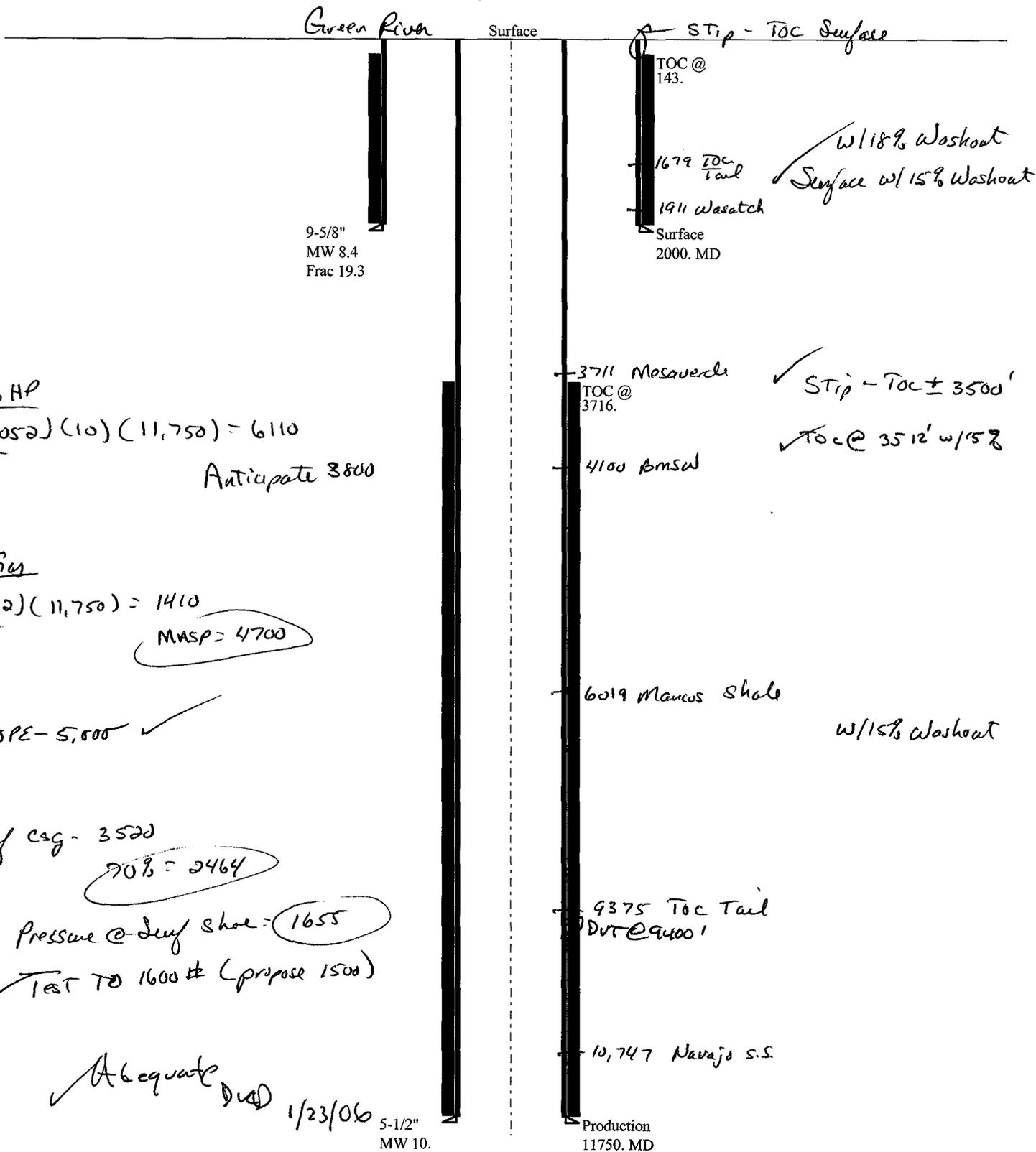
Sensitivity Level I = 15-19; lining is discretionary.

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





Casing Schematic



BHP  
 $(.052)(10)(11,750) = 6110$   
 Anticipate 3800

GM  
 $(.12)(11,750) = 1410$   
 MASP = 4700

BOPE - 5,000 ✓

Surf csg - 3520  
 90% = 2464

Max Pressure @ Surf shoe = 1655  
 Test to 1600# (propose 1500)

Adequate ✓  
 1/23/06

Well name:	<b>01-06 Summit State 4-36-13-22</b>		
Operator:	<b>Summit Exploration Company</b>		
String type:	Surface	Project ID:	43-047-37523
Location:	Uintah County		

**Design parameters:**

**Collapse**

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

**Burst**

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

No backup mud specified.

**Minimum design factors:**

**Collapse:**

Design factor 1.125

**Burst:**

Design factor 1.00

**Tension:**

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

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

**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

Non-directional string.

**Re subsequent strings:**

Next setting depth: 11,750 ft  
 Next mud weight: 10.000 ppg  
 Next setting BHP: 6,104 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	7.18 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.

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

Well name:	<b>01-06 Summit State 4-36-13-22</b>		
Operator:	<b>Summit Exploration Company</b>		
String type:	Production	Project ID:	43-047-37523
Location:	Uintah County		

**Design parameters:**

**Collapse**

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

**Burst**

Max anticipated surface pressure: 4,694 psi  
 Internal gradient: 0.120 psi/ft  
 Calculated BHP: 6,104 psi  
  
 No backup mud specified.

**Minimum design factors:**

**Collapse:**

Design factor 1.125

**Burst:**

Design factor 1.00

**Tension:**

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

Tension is based on buoyed weight.  
 Neutral point: 9,968 ft

**Environment:**

H2S considered? No  
 Surface temperature: 65 °F  
 Bottom hole temperature: 230 °F  
 Temperature gradient: 1.40 °F/100ft  
 Minimum section length: 1,500 ft  
  
 Cement top: 3,716 ft

Non-directional string.

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	11750	5.5	17.00	N-80	LT&C	11750	11750	4.767	404.9
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	6104	6290	1.030	6104	7740	1.27	169	348	2.05 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 11750 ft, a mud weight of 10 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

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

STATE OF UTAH  
DIVISION OF OIL, GAS AND MINING

**SUNDRY NOTICES AND REPORTS ON WELLS**

Do not use this form for proposals to drill new wells, deepen existing wells, or to reenter plugged and abandoned wells.  
Use APPLICATION FOR PERMIT TO DRILL OR DEEPEN form for such proposals.

1. Type of Well: OIL  GAS  OTHER:

2. Name of Operator:

Summit Operating, LLC.

3. Address and Telephone Number:

2064 Prospector Ave. Suite 102, Park City, Utah 84060 435-940-9001

4. Location of Footages:

589' FNL, 661' FWL

QQ, Sec., T., R., M.:

NW/4 NW/4, Section 4, T13S, R22E, SLB&M

5. Lease Designation and Serial Number:

ML-47393 Utah State

6. If Indian, Allottee or Tribe Name:

N/A

7. Unit Agreement Name:

N/A

8. Well Name and Number:

State 4-36-13-22

9. API Well Number:

4304737523

10. Field or Pool, or Wildcat:

Seep Ridge

Well

County: Uintah

State: Utah

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

**NOTICE OF INTENT**  
(Submit in Duplicate)

- Abandon
- Repair Casing
- Change of Plans
- Convert to Injection
- Fracture Treat or Acidize
- Multiple Completion
- Other \_\_\_\_\_
- Approximate date work will start \_\_\_\_\_
- New Construction
- Pull or Alter Casing
- Recomplete
- Reperforate
- Vent or Flare
- Water Shut-Off

**SUBSEQUENT REPORT**  
(Submit Original Form Only)

- Abandon \*
- Repair Casing
- Change of Plans
- Convert to Injection
- Fracture Treat or Acidize
- Other \_\_\_\_\_
- Date of work completion \_\_\_\_\_
- New Construction
- Pull or Alter Casing
- Reperforate
- Vent or Flare
- Water Shut-Off

Report results of Multiple Completions and Recompletions to different reservoirs on WELL COMPLETION OR RECOMPLETION REPORT AND LOG form.

\* Must be accompanied by a cement verification report.

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates. If well is directionally drilled, give subsurface locations and intervals, and the vertical depths for all markers and zones pertinent to this work.)

Please replace the following plats, drawings, and documents with the attached revised plats, drawings, and documents:

1. L-1 Location map: The proposed road and access was moved and rerouted.  
Exhibit "E" Multipoint Surface Use Plan: The plan was revised to reflect the change in distance for the new access and reroute.

**Accepted by the  
Utah Division of  
Oil, Gas and Mining  
FOR RECORD ONLY**

13.

Name & Signature: Larry W. Johnson, Talon Resources, Inc.

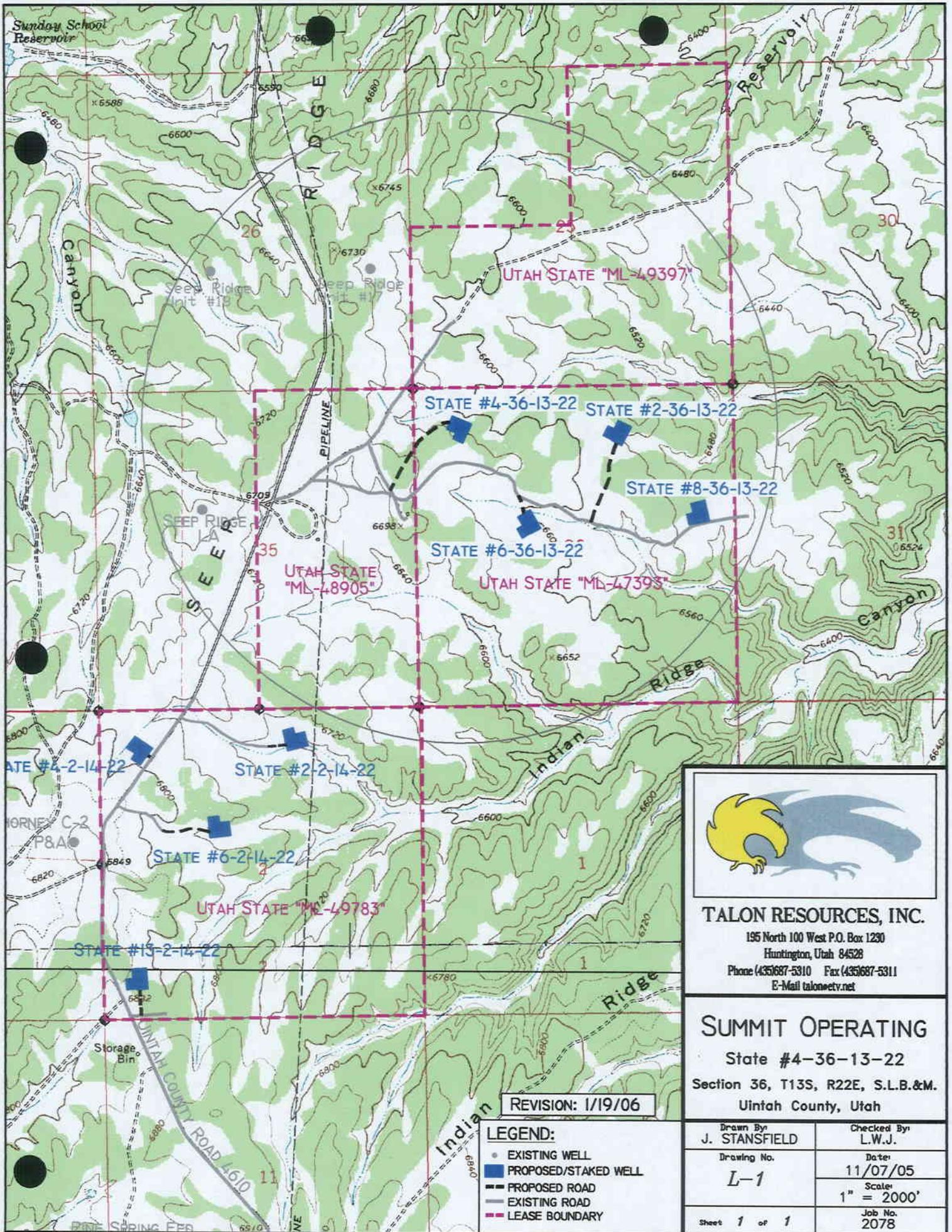
Title: Agent, Summit Operating

Date: 1/19/06

(This space for state use only)

**RECEIVED  
JAN 23 2006**

DIV. OF OIL, GAS & MINING



**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**

State #4-36-13-22  
 Section 36, T13S, R22E, S.L.B.&M.  
 Uintah County, Utah

REVISION: 1/19/06

**LEGEND:**

- EXISTING WELL
- PROPOSED/STAKED WELL
- PROPOSED ROAD
- EXISTING ROAD
- LEASE BOUNDARY

Drawn By  
**J. STANSFIELD**

Drawing No.

**L-1**

Sheet 1 of 1

Checked By  
**L.W.J.**

Date  
**11/07/05**

Scale  
**1" = 2000'**

Job No.  
**2078**

**From:** Ed Bonner  
**To:** Whitney, Diana  
**Date:** 2/15/2006 3:57:43 PM  
**Subject:** Well Clearance

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

EOG Resources, Inc  
NBU 556-18E  
NBU 557-18E

Summit Operating, LLC  
State 16-32-13-22  
State 8-32-13-22  
State 6-36-13-22  
State 4-36-13-22

Westport Oil & Gas Company  
NBU 1021-28G  
NBU 1021-28O (APD has name as **State 1021-28O**) One significant site which must be avoided  
NBU 1021-13A  
NBU 1021-13C  
NBU 1021-13G  
NBU 1021-13I  
NBU 1021-13K  
NBU 1021-13O

Wind River II Corporation  
Snowshoe 2-15-16-22

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

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



**State of Utah**

**Department of  
Natural Resources**

MICHAEL R. STYLER  
*Executive Director*

**Division of  
Oil, Gas & Mining**

JOHN R. BAZA  
*Division Director*

JON M. HUNTSMAN, JR.  
*Governor*

GARY R. HERBERT  
*Lieutenant Governor*

February 16, 2006

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

Re: State 4-36-13-22 Well, 589' FNL, 661' FWL, NW NW, Sec. 36, T. 13 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 43-047-37523.

Sincerely,

Gil Hunt  
Associate Director

pab  
Enclosures

cc: Uintah County Assessor  
SITLA

**Operator:** Summit Operating, LLC  
**Well Name & Number** State 4-36-13-22  
**API Number:** 43-047-37523  
**Lease:** ML-47393

**Location:** NW NW                      **Sec.** 36                      **T.** 13 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)

Page 2

43-047-37523

February 16, 2006

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

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

5. Lease Designation and Serial Number:  
ML47393

6. If Indian, Allottee or Tribe Name:

SUBMIT IN TRIPLICATE

7. If Unit or CA/Agreement, Name:

As Described Below

1. Type of Well  
 Oil Well  Gas Well  Other

8. Well Name and Number  
As Described Below

2. Name of Operator  
Del-Rio Resources, Inc.

N0330

9. API Number:  
As Described Below

3. Address  
PO Box 459, Vernal, UT 84078

Phone Number:  
435-789-1703

10. Field and Pool, or Wildcat:  
As Described Below

4. Location of Well:  
As Described Below

County: UINTAH

State: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> Notice of Intent Approximate date work will start:	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Re-perforate Current Form.
	<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"/> Temp. Abandon
	<input type="checkbox"/> Change to Plans	<input type="checkbox"/> Operator Change	<input type="checkbox"/> Tubing Repair
<input checked="" type="checkbox"/> Subsequent Report Date of work completion:	<input type="checkbox"/> Change Tubing	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Vent or Flare
	<input type="checkbox"/> Change Well Name	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal
	<input type="checkbox"/> Change Well Status	<input type="checkbox"/> Production (start/resume)	<input type="checkbox"/> Water Shut Off
	<input type="checkbox"/> Commingle Producing Form.	<input type="checkbox"/> Reclamation of Well Site	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Convert Well Types	<input type="checkbox"/> Re-complte Different Form	CHANGE OF OPERATOR

12. Describe Proposed or Completed Operation

Summit Operating and its Partners have sold 100% of the working interest in and to the following wells located in Uintah County, Utah. Del-Rio Resources will assume operations for the following wells. Said wells will be covered by Del-Rio's bond # 8724397758 effective 12/26/2006

Lease/Wells:

State 6-36-13-22 Located at T13S R22E, Sec 36, SENW (API: 43-047-37522)

State 2-36-13-22 Located at T13S R22E, Sec 36, NWNE (API: 43-047-37715)

State 8-36-13-22 Located at T13S R22E, Sec 36, SENE (API: 43-047-37714)

State 4-36-13-22 Located at T13S R22E, Sec 36, NWNW (API: 43-047-37523)

All of the above listed wells are in lease ML47393

APPROVED 1111 107

Agreed:

Summit Operating, LLC

N2315

Earlene Russell  
Division of Oil, Gas and Mining  
Earlene Russell, Engineering Technician

RECEIVED

JAN 03 2007

DIV. OF OIL, GAS & MINING

PO Box 683909 Park City Ut 84068 435-940-9001

Name Lawrence C. Caldwell

Title President

Signature

Date December 26, 2006

(This space for State use only)

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

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

(This form should accompany a Sundry Notice, Form 9, requesting APD transfer)  
Form 9 previously filed bearing 12-26-06 date

Well name:	State 4-36-13-22
API number:	43-047-37523
Location:	Qtr-Qtr NWNW Section 36 Township 13 S Range 22E
Company that filed original application:	Talon Resources, Inc., agent for Summit Operating, LLC
Date original permit was issued:	2-16-06
Company that permit was issued to:	Summit Operating, LLC

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

Following is a checklist of some items related to the application, which should be verified.		Yes	No
If located on private land, has the ownership changed?	Not applicable		
If so, has the surface agreement been updated?	Not applicable		
Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location?			X
Have there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well?			X
Have there been any changes to the access route including ownership or right-of-way, which could affect the proposed location?			X
Has the approved source of water for drilling changed?			X
Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation?			X
Is bonding still in place, which covers this proposed well? Bond No. <u>8734397758</u>		X	

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

Name (please print) David L. Allin Title Exploration Manager  
 Signature *David L. Allin* Date 1-9-07  
 Representing (company name) Del-Rio Resources, Inc.

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

(3/2004)

RECEIVED

JAN 09 2007

DIV. OF OIL, GAS & MINING

Division of Oil, Gas and Mining  
**OPERATOR CHANGE WORKSHEET**

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

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

Operator Name Change/Merger

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

**12/26/2006**

<b>FROM:</b> (Old Operator): N2315-Summit Opreating, LLC PO Box 683909 Park City, UT 84068 Phone: 1 (435) 940-9001	<b>TO:</b> ( New Operator): N0330-Del-Rio Resources, Inc. PO Box 459 Vernal, UT 84078 Phone: 1 (435) 789-1703
--	---

**CA No.**

**Unit:**

WELL NAME	SEC	TWN	RNG	API NO	ENTITY NO	LEASE TYPE	WELL TYPE	WELL STATUS
STATE 4-36-13-22	36	130S	220E	4304737523		State	GW	APD
STATE 8-36-13-22	36	130S	220E	4304737714		State	GW	APD
STATE 2-36-13-22	36	130S	220E	4304737715		State	GW	APD
STATE 6-36-13-22	36	130S	220E	4304737522	15835	State	GW	DRL

**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: 1/3/2007
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 1/3/2007
- The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 12/28/2006
- a. Is the new operator registered in the State of Utah: YES Business Number: 667385-0142
- b. If **NO**, the operator was contacted on:
- a. (R649-9-2) Waste Management Plan has been received on: OK
- b. Inspections of LA PA state/fee well sites complete on: n/a
- c. Reports current for Production/Disposition & Sundries on: ok
- 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 BIA
- Federal and Indian Units:**  
The BLM or BIA has approved the successor of unit operator for wells listed on: \_\_\_\_\_
- Federal and Indian Communization Agreements ("CA"):**  
The BLM or BIA has approved the operator for all wells listed within a CA on: \_\_\_\_\_
- 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: \_\_\_\_\_

**DATA ENTRY:**

- Changes entered in the **Oil and Gas Database** on: 1/11/2007
- Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 1/11/2007
- Bond information entered in RBDMS on: 1/11/2007
- Fee/State wells attached to bond in RBDMS on: 1/11/2007
- Injection Projects to new operator in RBDMS on: n/a
- Receipt of Acceptance of Drilling Procedures for APD/New on: 1/9/2007

**BOND VERIFICATION:**

- Federal well(s) covered by Bond Number: n/a
- Indian well(s) covered by Bond Number: n/a
- a. (R649-3-1) The **NEW** operator of any fee well(s) listed covered by Bond Number 8734397758
- b. The **FORMER** operator has requested a release of liability from their bond on: n/a

**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: 1/16/2007

**COMMENTS:**

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

5. LEASE DESIGNATION AND SERIAL NUMBER:
ML-47393

SUNDRY NOTICES AND REPORTS ON WELLS

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

7. UNIT or CA AGREEMENT NAME:
N/A

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

8. WELL NAME and NUMBER:
State 4-36-13-22

1. TYPE OF WELL
OIL WELL [ ] GAS WELL [ ] OTHER Approved APD (location)

9. API NUMBER:
43-047-37523

2. NAME OF OPERATOR:
Del-Rio Resources, Inc.

10. FIELD AND POOL, OR WILDCAT:
Seep Ridge

3. ADDRESS OF OPERATOR:
P.O. Box 459 CITY Vernal STATE UT ZIP 84078 PHONE NUMBER: 435-789-1703

4. LOCATION OF WELL
FOOTAGES AT SURFACE: 589' FNL, 661' FWL moved to 524' FNL, 705' FWL (see below) COUNTY: Uintah

QTR/CTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNW, Section 36, T13S, R 22E, SLM STATE: UTAH

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

Table with columns: TYPE OF SUBMISSION, TYPE OF ACTION. Includes checkboxes for NOTICE OF INTENT, SUBSEQUENT REPORT, ACIDIZE, ALTER CASING, etc.

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

Del-Rio Resources, Inc. requests an extension of this APD for the period of one year. APD Request for Permit Extension Validation form is attached.

A field inspection was conducted November 20, 2006 that found that the location construction would require building less access road, disturbing less overall area and involve cutting substantially less rock if the location were adjusted from its previously staked location.

The new footages for the well will be 524' FNL, 705' FWL, NWNW Section 36, T13S, R22E, SLM.

Plats depicting the new location and engineering design to accommodate Krobar Drilling, LLC's Rig 21 are attached.

Construction of the location is scheduled to begin around second week in March 2007.

COPY SENT TO OPERATOR
Date: 2-22-07
Initials: pm

NAME (PLEASE PRINT) David L. Allin (970-254-3114) TITLE Exploration Manager
SIGNATURE [Signature] DATE February 15, 2007

(This space for State use only)

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 02-21-07
By: [Signature]

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

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

**API:**                      43-047-37523  
**Well Name:** State 4-36-13-22  
**Location:** NWNW Section 36, T13S, R22E, SLM, Uintah County, Utah  
**Company Permit Issued to:** Del-Rio Resources, Inc. (by transfer from Summit Operating, LLC)  
**Date Original Permit Issued:** February 16, 2006

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

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

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes  No  Not Applicable

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

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

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

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

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

per Sundry Notice dated 2-15-07 with reduction in overall impact

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



Signature

February 15, 2007

Date

Title: Exploration Manager

Representing: Del-Rio Resources, Inc.

# DEL-RIO RESOURCES INC.

STATE #4-36-13-22

LOCATED IN UINTAH COUNTY, UTAH  
SECTION 36, T13S, R22E, S.L.B.&M.



PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: NORTHEASTERLY



PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: EASTERLY



- Since 1964 -

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

LOCATION PHOTOS

12 28 06  
MONTH DAY YEAR

PHOTO

TAKEN BY: J.W.

DRAWN BY: J.L.G.

REVISED: 00-00-00

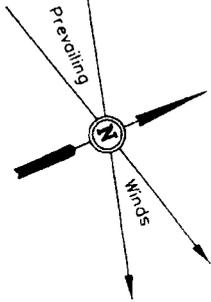
**DEL-RIO RESOURCES INC.**

**FIGURE #1**

**LOCATION LAYOUT FOR**

STATE #4-36-13-22  
SECTION 36, T13S, R22E, S.L.B.&M.

524' FNL 705' FWL



C-8.1'  
El. 614.4'

F-0.5'  
El. 605.8'

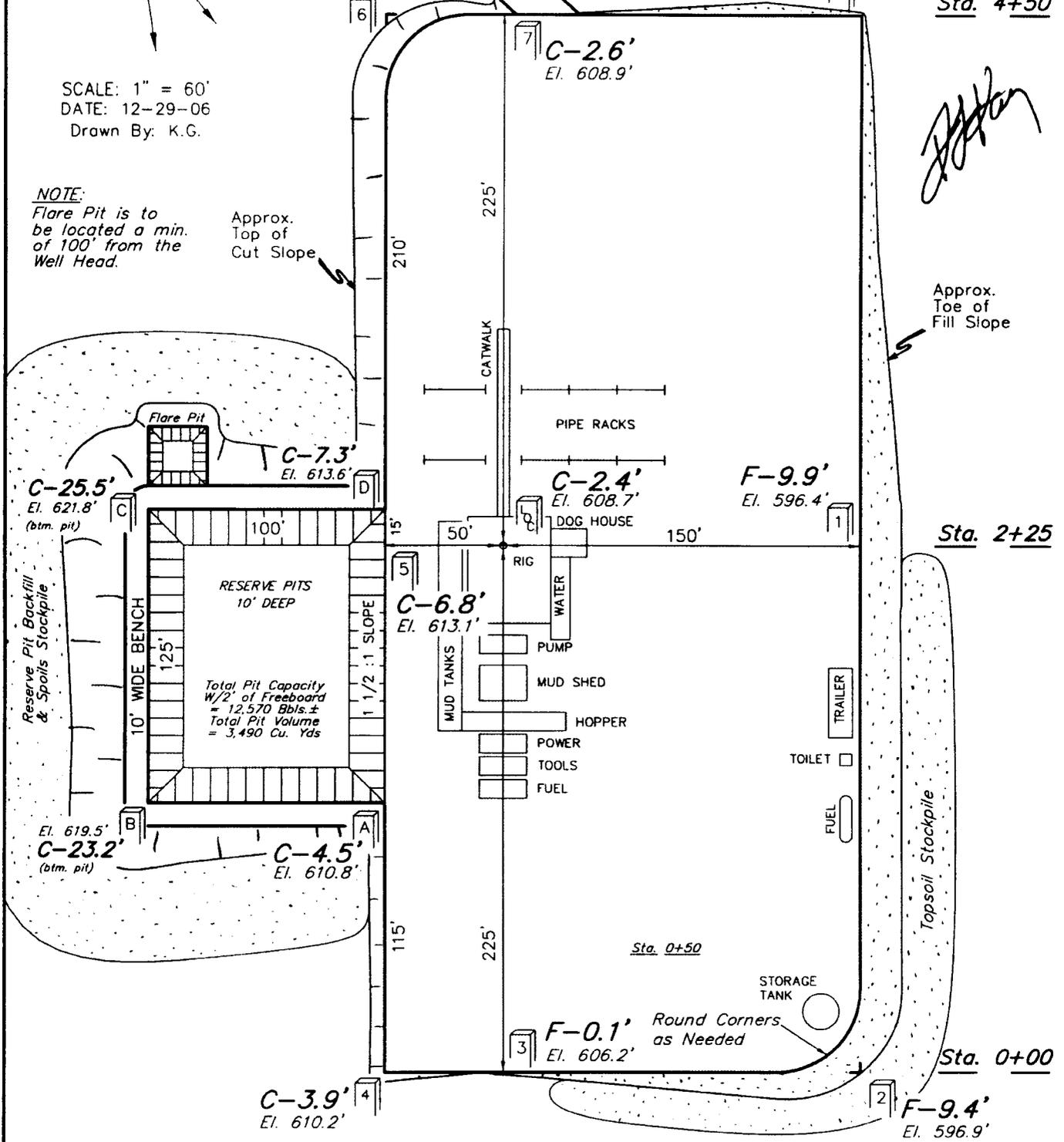
Sta. 4+50

SCALE: 1" = 60'  
DATE: 12-29-06  
Drawn By: K.G.

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

Approx. Top of Cut Slope

Approx. Toe of Fill Slope



Elev. Ungraded Ground at Location Stake = 6608.7'  
Elev. Graded Ground at Location Stake = 6606.3'

**DEL-RIO RESOURCES INC.**

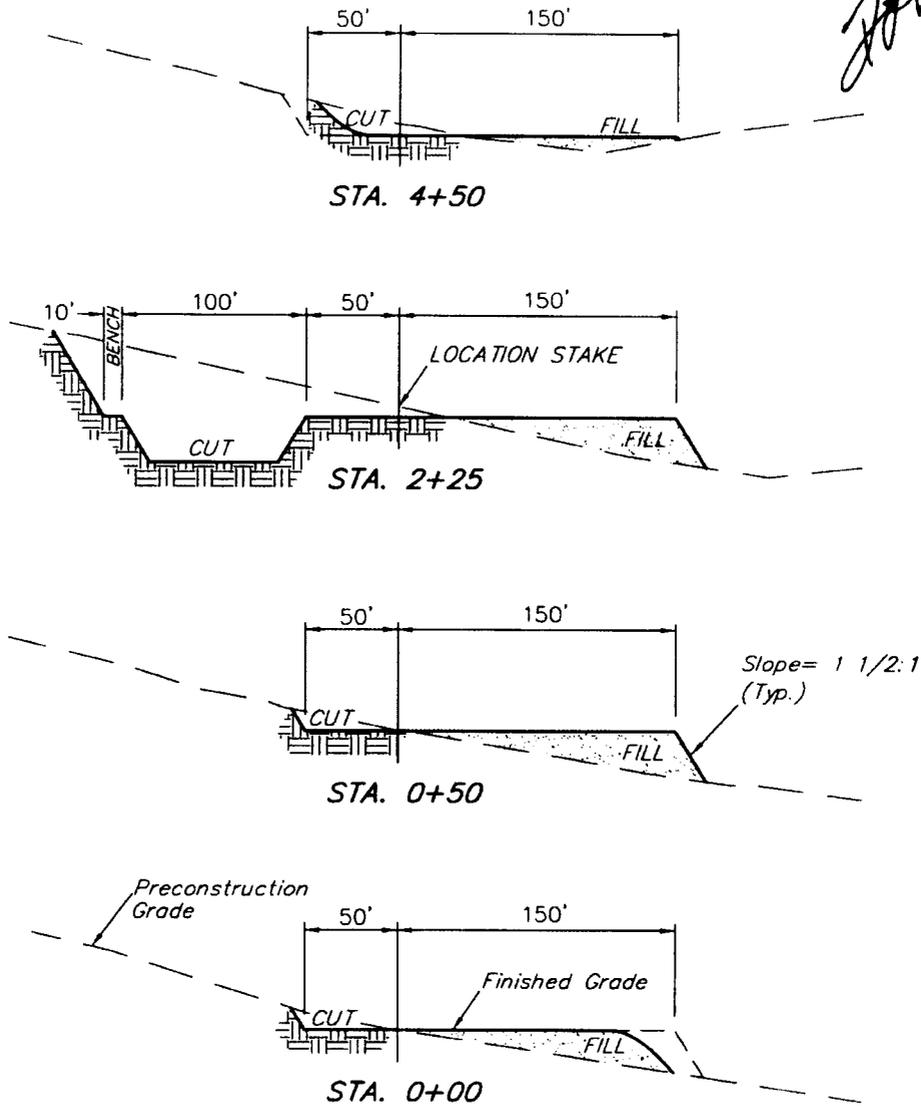
**FIGURE #2**

**TYPICAL CROSS SECTIONS FOR**

**STATE #4-36-13-22  
SECTION 36, T13S, R22E, S.L.B.&M.  
524' FNL 705' FWL**

1" = 40'  
X-Section  
Scale  
1" = 100'

DATE: 12-29-06  
Drawn By: K.G.



NOTE:  
Topsoil should not be Stripped Below Finished Grade on Substructure Area.

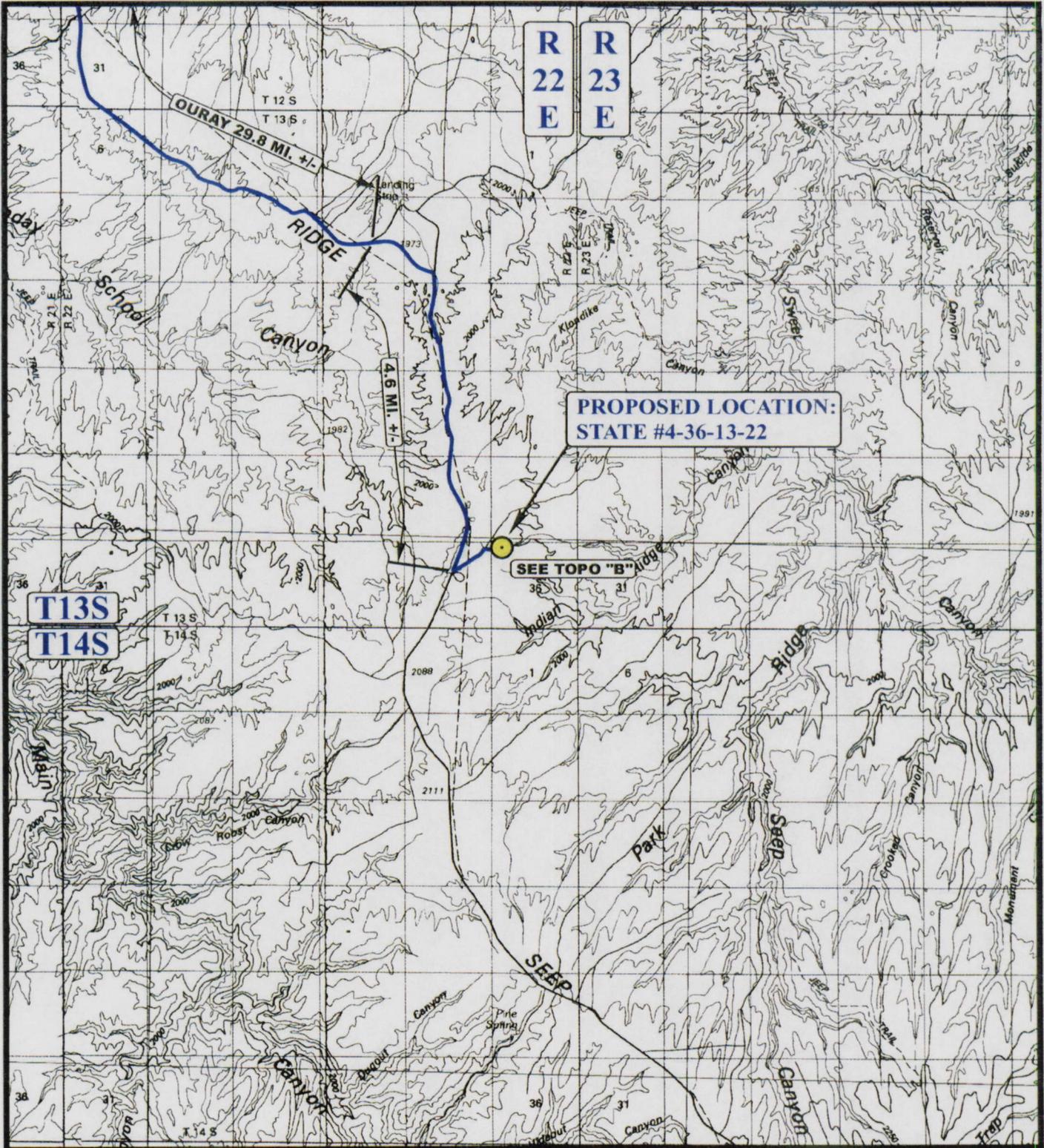
\* NOTE:  
FILL QUANTITY INCLUDES 5% FOR COMPACTION

**APPROXIMATE YARDAGES**

(6") Topsoil Stripping = 2,390 Cu. Yds.  
Remaining Location = 14,600 Cu. Yds.  
**TOTAL CUT = 16,990 CU.YDS.**  
**FILL = 12,850 CU.YDS.**

EXCESS MATERIAL = 4,140 Cu. Yds.  
Topsoil & Pit Backfill (1/2 Pit Vol.) = 4,140 Cu. Yds.  
EXCESS UNBALANCE = 0 Cu. Yds. (After Interim Rehabilitation)

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



**LEGEND:**

 PROPOSED LOCATION

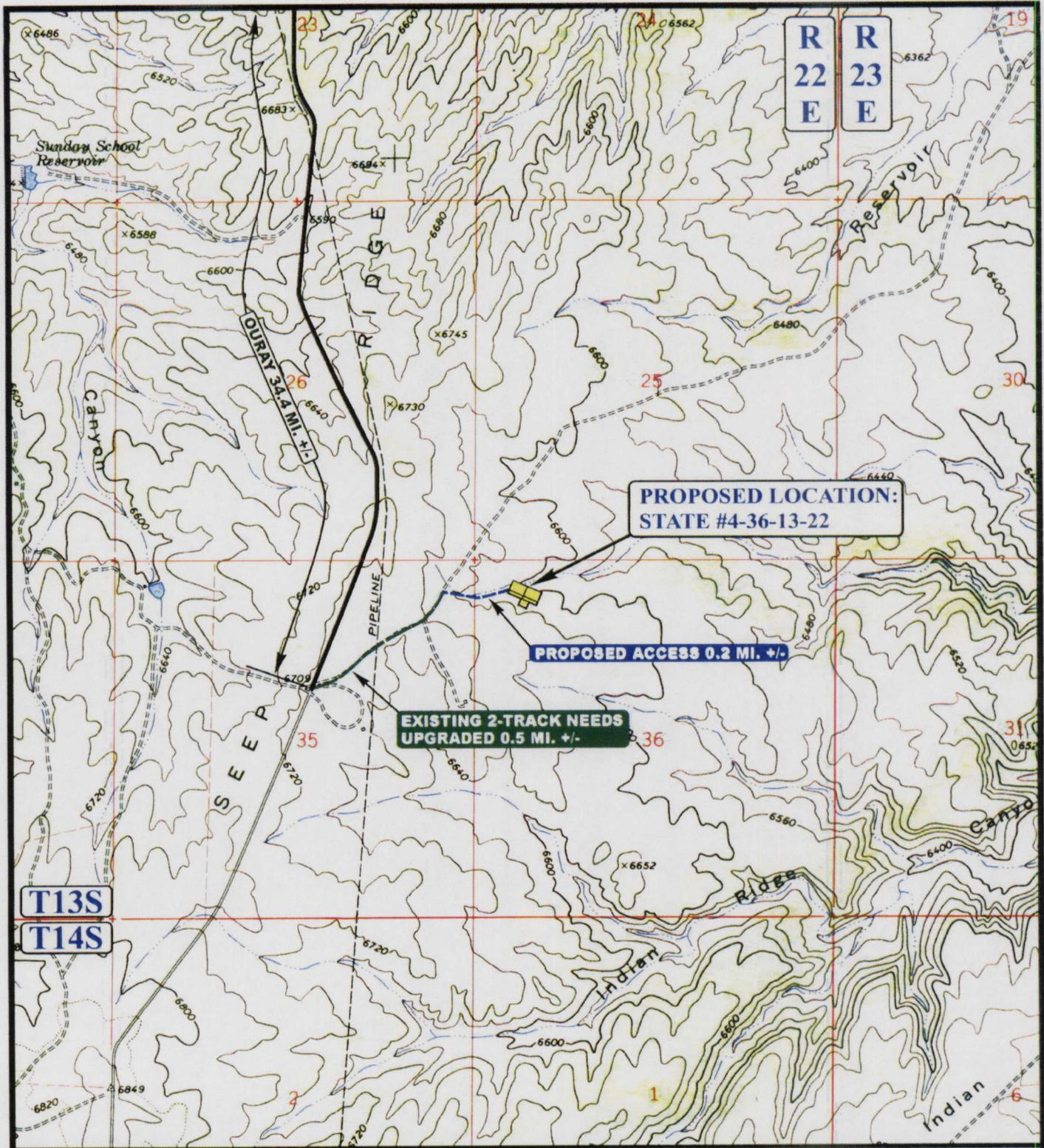
**DEL-RIO RESOURCES INC.**

STATE #4-36-13-22  
 SECTION 36, T13S, R22E, S.L.B.&M.  
 524' FNL 705' FWL

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



**TOPOGRAPHIC MAP** 12 28 06  
 MONTH DAY YEAR  
 SCALE: 1:100,000 DRAWN BY: J.L.G. REVISED: 00-00-00 **A TOPO**



**LEGEND:**

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



**DEL-RIO RESOURCES INC.**

STATE #4-36-13-22  
 SECTION 36, T13S, R22E, S.L.B.&M.  
 524' FNL 705' FWL



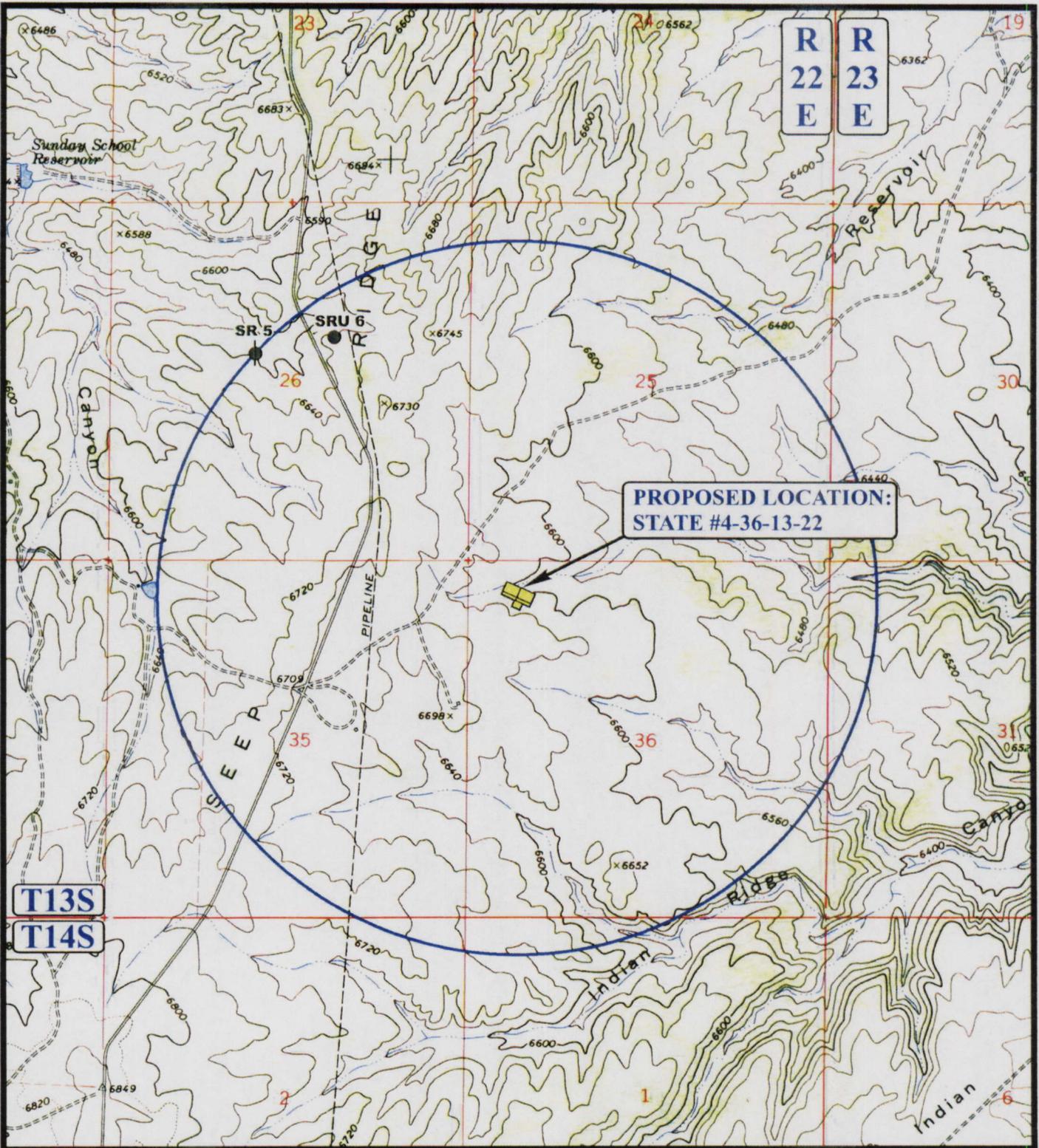
**Uintah Engineering & Land Surveying**  
 85 South 200 East Vernal, Utah 84078  
 (435) 789-1017 \* FAX (435) 789-1813

**TOPOGRAPHIC  
 MAP**

**12 28 06**  
 MONTH DAY YEAR



SCALE: 1" = 2000' DRAWN BY: J.L.G. REVISED: 00-00-00



**LEGEND:**

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

**DEL-RIO RESOURCES INC.**

STATE #4-36-13-22  
 SECTION 36, T13S, R22E, S.L.B.&M.  
 524' FNL 705' FWL



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



**TOPOGRAPHIC  
 MAP**

**12 28 06**  
 MONTH DAY YEAR



SCALE: 1" = 2000' DRAWN BY: J.L.G. REVISED: 00-00-00



**DEL-RIO RESOURCES, INC.**

P.O. BOX 459, VERNAL, UT 84078

Telephone (435) 789-1703 ☼ Cell (435) 828-1703 ☼ Fax (435) 789-5703

**CONFIDENTIAL**

**Daily Drilling Report Version 4-6-07**

**Del-Rio Resources State 4-36-13-22, API No. 43-047-37523**

**A Tronco Energy Corporation and Philco Exploration, LLC Project**

524' fnl, 705' fwl (NWNW) Section 36, T13S, R22E, SLM, Uintah County, Utah

Graded Ground Level Elevation 6606'

All depths cited are drilling depths prior to open-hole logging

12-27-06: Uintah Engineering & Land Surveying (UELS) crew under direction of Lawrence C. Caldwell, II (Caldwell) selected a new location within the NWNW standard drilling window to optimize geological intersections, minimize new access road construction, avoid heavy timber and simplify location construction operations.

02-21-07: Brad Hill-Utah DOGM was contacted by David L. Allin (Allin) by e-mail with Sundry Notice dated 2-15-07 to request an extension of the APD, approval of location adjustment from originally permitted site and to request approval for construction at adjusted site.

02-28-07: Approval granted by Brad Hill-Utah DOGM by e-mail to Allin at 14:23 for extension of APD to 2-21-08, adjusted location and commencement of construction activities on same any time.

03-05-07: Diamond J began upgrading existing two-track road for access and location construction at 08:00.

03-06-07: Location construction continued.

03-07-07: Location construction continued.

03-08-07: Location construction continued.

03-09-07: Location construction and reserve pit excavation continued.

03-12-07: Location construction and reserve pit excavation continued.

03-13-07: Drilled blast holes for continued excavation of reserve pit and location construction continued.

03-14-07: Drilled blast holes for continued excavation of reserve pit and location construction continued.

03-15-07: Drilled blast holes for continued excavation of reserve pit and location construction continued.

03-16-07: Loaded blast holes and location construction continued. First weekly report sent to Carol Daniels-Utah DOGM and cc to LaVonne Garrison Utah SITLA.

**RECEIVED**

**APR 11 2007**

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

3-17-06: Shot pit and began mucking out rubble.

3-19-06: Mucked out reserve pit rubble.

3-20-06: Mucked out reserve pit rubble.

3-21-06: Trimmed up reserve pit and location.

3-22-06: Trimmed up location and graded access road.

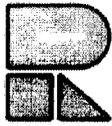
3-23-06: Trimmed up location and graded access road.

3-27-06: Graded access road.

3-28-06: Completed grading access road and final contouring of pad. Operations suspended pending evaluation of State 6-36-13-22 and selection of appropriate rig to contract for the long string hole. Suspended.

3-29-06: Second weekly report sent to Carol Daniels-Utah DOGM and cc to LaVonne Garrison Utah SITLA. Suspended.

4-6-06: Third weekly report sent to Carol Daniels-Utah DOGM and cc to LaVonne Garrison Utah SITLA. Suspended.



# DEL-RIO RESOURCES, INC.

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CONFIDENTIAL

## Daily Drilling Report Version 5-1-07

Del-Rio Resources State 4-36-13-22, API No. 43-047-37523

A Tronco Energy Corporation and Philco Exploration, LLC Project

524' fnl, 705' fwl (NWNW) Section 36, T13S, R22E, SLM, Uintah County, Utah

Graded Ground Level Elevation 6606'

All depths cited are drilling depths prior to open-hole logging

12-27-06: Uintah Engineering & Land Surveying (UELS) crew under direction of Lawrence C. Caldwell, II (Caldwell) selected a new location within the NWNW standard drilling window to optimize geological intersections, minimize new access road construction, avoid heavy timber and simplify location construction operations.

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03-05-07: Diamond J began upgrading existing two-track road for access and location construction at 08:00.

03-06-07: Location construction continued.

03-07-07: Location construction continued.

03-08-07: Location construction continued.

03-09-07: Location construction and reserve pit excavation continued.

03-12-07: Location construction and reserve pit excavation continued.

03-13-07: Drilled blast holes for continued excavation of reserve pit and location construction continued.

03-14-07: Drilled blast holes for continued excavation of reserve pit and location construction continued.

03-15-07: Drilled blast holes for continued excavation of reserve pit and location construction continued.

03-16-07: Loaded blast holes and location construction continued. First weekly report sent to Carol Daniels-Utah DOGM and cc to LaVonne Garrison Utah SITLA.

RECEIVED

MAY 02 2007

DIV. OF OIL, GAS & MINING

3-17-06: Shot pit and began mucking out rubble.

3-19-06: Mucked out reserve pit rubble.

3-20-06: Mucked out reserve pit rubble.

3-21-06: Trimmed up reserve pit and location.

3-22-06: Trimmed up location and graded access road.

3-23-06: Trimmed up location and graded access road.

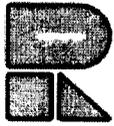
3-27-06: Graded access road.

3-28-06: Completed grading access road and final contouring of pad. Operations suspended pending evaluation of State 6-36-13-22 and selection of appropriate rig to contract for the long string hole. Suspended.

3-29-06: Second weekly report sent to Carol Daniels-Utah DOGM and cc to LaVonne Garrison Utah SITLA. Suspended.

4-6-06: Third weekly report sent to Carol Daniels-Utah DOGM and cc to LaVonne Garrison Utah SITLA. Suspended.

5-1-07: Updated monthly report of activities transmitted to Carol Daniels-Utah DOGM. Suspended.



**DEL-RIO RESOURCES, INC.**

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CONFIDENTIAL

**Daily Drilling Report Version 7-5-07 by David L. Allin**

**Del-Rio Resources State 4-36-13-22, API No. 43-047-37523**

**A Tronco Energy Corporation and Philco Exploration, LLC Project**

524' fml, 705' fwl (NWNW) Section 36, T13S, R22E, SLM, Uintah County, Utah

Graded Ground Level Elevation 6606'

All depths cited are drilling depths prior to open-hole logging

12-27-06: Uintah Engineering & Land Surveying (UELS) crew under direction of Lawrence C. Caldwell, II (Caldwell) selected a new location within the NWNW standard drilling window to optimize geological intersections, minimize new access road construction, avoid heavy timber and simplify location construction operations.

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03-07-07: Location construction continued.

03-08-07: Location construction continued.

03-09-07: Location construction and reserve pit excavation continued.

03-12-07: Location construction and reserve pit excavation continued.

03-13-07: Drilled blast holes for continued excavation of reserve pit and location construction continued.

03-14-07: Drilled blast holes for continued excavation of reserve pit and location construction continued.

03-15-07: Drilled blast holes for continued excavation of reserve pit and location construction continued.

03-16-07: Loaded blast holes and location construction continued. First weekly report sent to Carol Daniels-Utah DOGM and cc to LaVonne Garrison Utah SITLA.

**RECEIVED**

**JUL 05 2007**

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

3-17-06: Shot pit and began mucking out rubble.

3-19-06: Mucked out reserve pit rubble.

3-20-06: Mucked out reserve pit rubble.

3-21-06: Trimmed up reserve pit and location.

3-22-06: Trimmed up location and graded access road.

3-23-06: Trimmed up location and graded access road.

3-27-06: Graded access road.

3-28-06: Completed grading access road and final contouring of pad. Operations suspended pending evaluation of State 6-36-13-22 offset well and selection of appropriate rig to contract for the long string hole. Suspended.

3-29-06: Second weekly report sent to Carol Daniels-Utah DOGM and cc to LaVonne Garrison Utah SITLA. Suspended.

4-6-06: Third weekly report sent to Carol Daniels-Utah DOGM and cc to LaVonne Garrison Utah SITLA. Suspended.

5-1-07: Operations are suspended pending production testing of the State 6-36-13-22 offset well. Updated monthly report of activities transmitted to Carol Daniels-Utah DOGM. Suspended.

6-1-07: Operations are suspended pending production testing of the State 6-36-13-22 offset well. Updated monthly report of activities transmitted to Carol Daniels-Utah DOGM. Suspended

7-5-07: Operations are suspended pending production testing of the State 6-36-13-22 offset well. Updated monthly report of activities transmitted to Carol Daniels-Utah DOGM. Suspended



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CONFIDENTIAL

**Daily Drilling Report Version 8-10-07 by David L. Allin**

**Del-Rio Resources State 4-36-13-22, API No. 43-047-37523**

**A Tronco Energy Corporation and Philco Exploration, LLC Project**

524' fnl, 705' fw1 (NWNW) Section 36, T13S, R22E, SLM, Uintah County, Utah

Graded Ground Level Elevation 6606'

All depths cited are drilling depths prior to open-hole logging

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03-16-07: Loaded blast holes and location construction continued. First weekly report sent to Carol Daniels-Utah DOGM and cc to LaVonne Garrison Utah SITLA.

RECEIVED

AUG 13 2007

DIV. OF OIL, GAS & MINING

3-17-06: Shot pit and began mucking out rubble.

3-19-06: Mucked out reserve pit rubble.

3-20-06: Mucked out reserve pit rubble.

3-21-06: Trimmed up reserve pit and location.

3-22-06: Trimmed up location and graded access road.

3-23-06: Trimmed up location and graded access road.

3-27-06: Graded access road.

3-28-06: Completed grading access road and final contouring of pad. Operations suspended pending evaluation of State 6-36-13-22 offset well and selection of appropriate rig to contract for the long string hole. Suspended.

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8-10-07: Operations are suspended pending production testing of the State 6-36-13-22 offset well. Updated monthly report of activities transmitted to Carol Daniels-Utah DOGM. Suspended



CONFIDENTIAL

RECEIVED

NOV 06 2007

DIV. OF OIL, GAS & MINING

DEL-RIO RESOURCES, INC.

P.O. BOX 459, VERNAL, UT 84078

Telephone (435) 789-1703 ☼ Cell (435) 828-1703 ☼ Fax (435) 789-5703

**Daily Drilling Report Version 11-6-07 11:30 by David L. Allin**

**Del-Rio Resources State 4-36-13-22, API No. 43-047-37523**

**A Tronco Energy Corporation and Philco Exploration, LLC Project**

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JON M. HUNTSMAN, JR.  
*Governor*

GARY R. HERBERT  
*Lieutenant Governor*

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
*Executive Director*

### Division of Oil, Gas and Mining

JOHN R. BAZA  
*Division Director*

April 16, 2008

David Allin  
Del-Rio Resources Inc.  
P.O. Box 459  
Vernal, UT 84078

Re: APD Rescinded – State 4-36-13-22 Sec. 36, T. 13S, R. 22E  
Uintah County, Utah API No. 43-047-37523

Dear Mr. Allin:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (the Division) on February 16, 2006. On February 21, 2007, the Division granted a one-year APD extension. No drilling activity at this location has been reported to the division. Therefore, approval to drill this well is hereby rescinded, effective April 16, 2008.

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

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

