

# TALON RESOURCES INC

January 31, 2006

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 10-32-13-22, Uintah County, Utah: Section 32, T13S, R22E, SLB&M  
State 2-36-13-22, Uintah County, Utah: Section 36, T13S, R22E, SLB&M  
State 8-36-13-22, Uintah County, Utah: Section 36, T13S, R22E, SLB&M

Dear Mrs. Whitney:

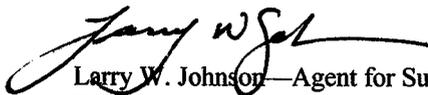
On behalf of Summit Operating, LLC (Summit), Talon Resources, Inc. respectfully submits the enclosed original of the *Application for Permit to Drill (APD)* for the above referenced wells. Included with the APD is the following supplemental information:

- 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

FEB 09 2006

DIV. OF OIL, GAS & MINING

P.O. # 1230

(435) 687-5310

195 N. 100 West

(435) 687-5311

Huntington, Utah 84528

talon@etv.net

**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: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>				7. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>				8. UNIT or CA AGREEMENT NAME: N/A	
2. NAME OF OPERATOR: <b>Summit Operating, LLC</b>				9. WELL NAME and NUMBER: <b>State 8-36-13-22</b>	
3. ADDRESS OF OPERATOR: <b>2064 Prospector Ave 10<sub>2</sub></b> CITY <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>Seep Ridge</del> <i>Undersignated</i>	
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: <b>1980' FNL, 660' FEL</b> <i>637635x 39.644970</i> AT PROPOSED PRODUCING ZONE: <b>1980' FNL, 660' FEL</b> <i>4389374y -109.395051</i>				11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <b>SENE 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>660'</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>6550.2' GR</b>		22. APPROXIMATE DATE WORK WILL START: <b>3/1/2006</b>		23. ESTIMATED DURATION: <b>28 Days</b>	

**PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT			
12-3/4"	9-5/8" J-55 LT&C 36#	2,000	HHF	350 Sacks	3.2 cu ft/sk	11.6 ppg
			Premium	200 sacks	1.17 cu ft/sk	15.8 ppg
7-7/8"	5-1/2" N-80 LT&C 17#	11,750	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

**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 1/31/06

(This space for State use only)

API NUMBER ASSIGNED: 43-047-37214

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

Date: 2-28-06  
(See instructions on reverse side)

By: *[Signature]*

**RECEIVED**

**FEB 09 2006**

DIV. OF OIL, GAS & MINING

**CONFIDENTIAL**

# Range 22 East

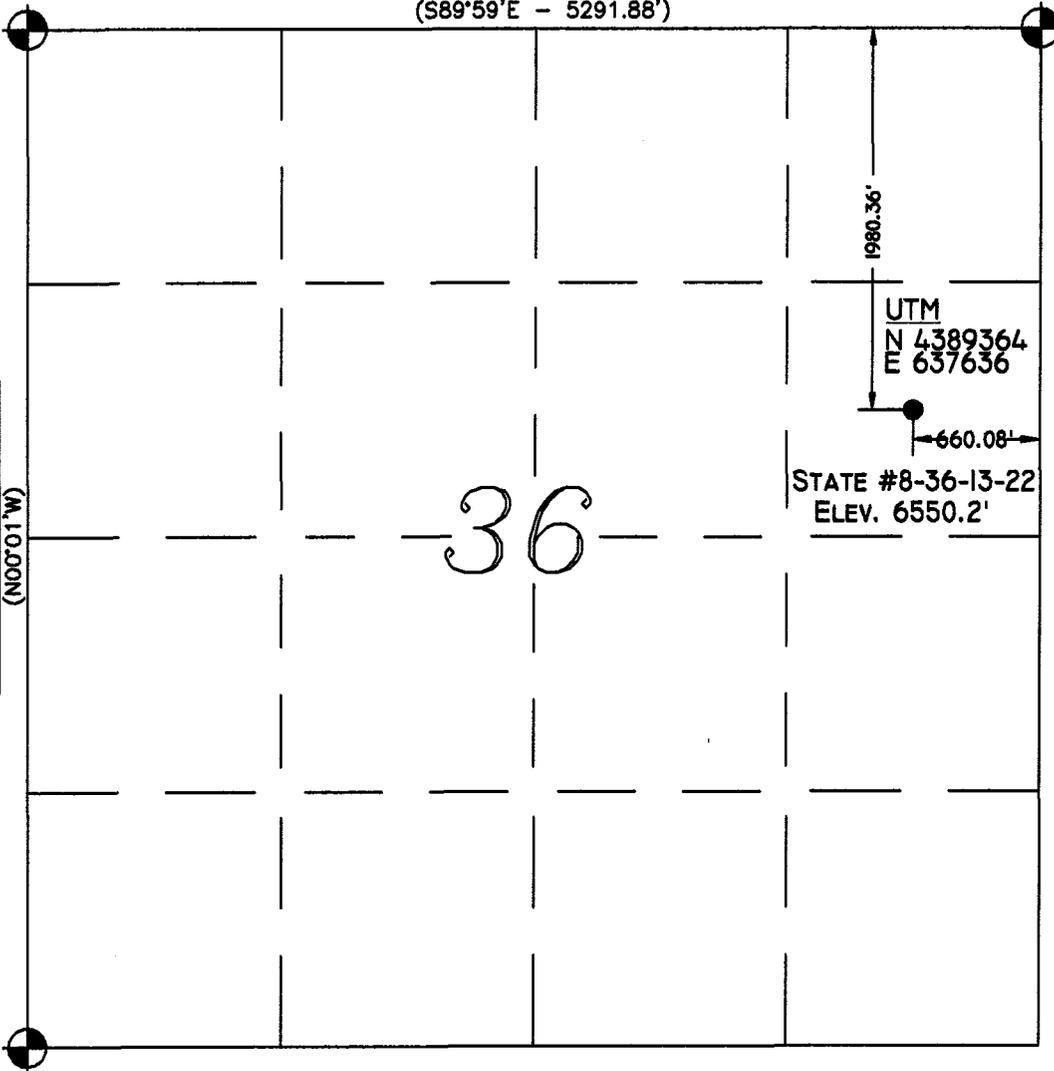
N89°59'32"E - 5290.52'

(S89°59'E - 5291.88')

Township 13 South

N00°01'52"W - 5281.39'

(N00°01'W)



UTM  
N 4389364  
E 637636

1980.36'

660.08'

STATE #8-36-13-22  
ELEV. 6550.2'

36

### 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:

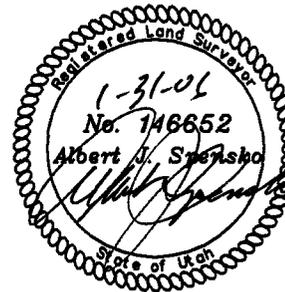
Basis of Elevation of 6849.0' being at the West Quarter Corner of Section 2, Township 14 South, Range 22 East, Salt Lake Base & Meridian, as shown on the Bates Knolls Quadrangle 7.5 Minute Series Map.

### Description of Location:

Proposed Drill Hole located in the SE1/4 NE1/4 of Section 36, T13S, R22E, S.L.B.&M., being 1980.36' South and 660.08' West from the Northeast 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.



**TALON RESOURCES, INC.**

195 North 100 West P.O. Box 1230  
Huntington, Utah 84328  
Phone (435)687-5310 Fax (435)687-5311  
E-Mail taloneciv.net

## SUMMIT OPERATING

State #8-36-13-22  
Section 36, T13S, R22E, S.L.B.&M.  
Uintah County, Utah

Drawn By: N. BUTKOVICH	Checked By: L.W.J./J.S.H.
Drawing No. A-1	Date: 1/19/06
	Scale: 1" = 1000'
Sheet 1 of 4	Job No. 2081

### 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°38'41.578" N  
109°23'45.371" W

### GRAPHIC SCALE



( IN FEET )

1 inch = 1000 ft.

EXHIBIT "D"  
DRILLING PROGRAM

Attached to UDOGM Form 3  
Summit Operating, LLC  
State 8-36-13-22  
SE/4 NE/4, Sec. 36, T13S, R22E, SLB & M  
1980' FNL, 660' FEL  
Uintah County, Utah

1. The Geologic Surface Formation

Green River

2. Estimated Tops of Important Geologic Markers

KB	Ground + 22'
Wasatch	1782'
Mesaverde Group	3582'
Castlegate	5708'
Mancos Shale	6048'
Dakota Silt	9686'
Dakota Marker	9733'
Morrison	10003'
Summerville/Curtis	10483'
Entrada Sandstone	10548'
Carmel	10703'
Navajo Sandstone	10771'
Kayenta	10901'
Wingate Sandstone	11036'
Triassic Chinle	11436'
Triassic Shinarump Conglomerate	11596'
Triassic Moenkopi	11631'

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 *9.0 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.: March 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 8-36-13-22**  
SE/4 NE/4, Sec. 36, T13S, R22E, SLB & M  
1980' FNL, 660' FEL  
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 intersect the access road to the State 4-36-13-22
- b. Existing roads will be maintained in the same or better condition. See Exhibit "B".

**2. Planned Access**

Approximately 50' 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: 1-18" 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. Pipe and power lines will follow the proposed access road.
- g. 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 are no 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

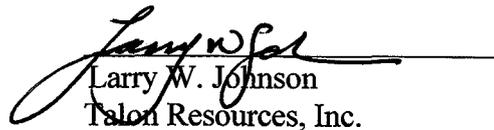
**Mail Approved A.P.D. To:**

Company Representative

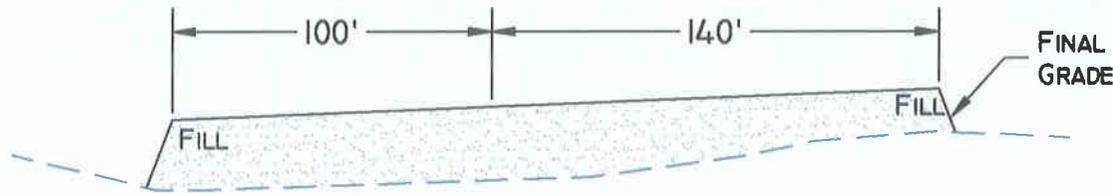
14. **Certification**

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.

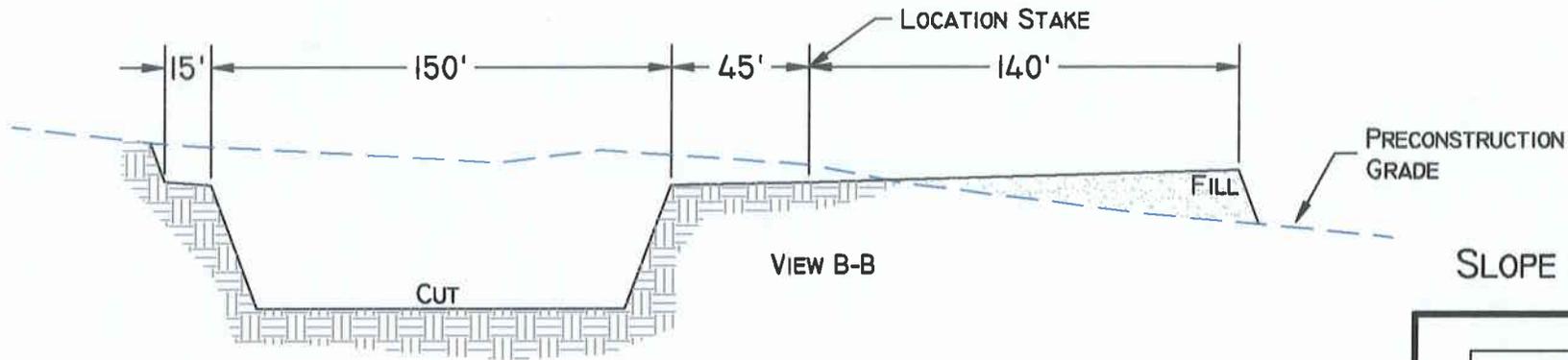
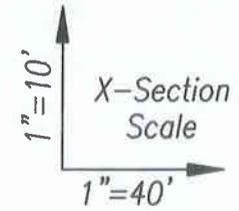
1/31/06  
Date

  
Larry W. Johnson  
Talon Resources, Inc.



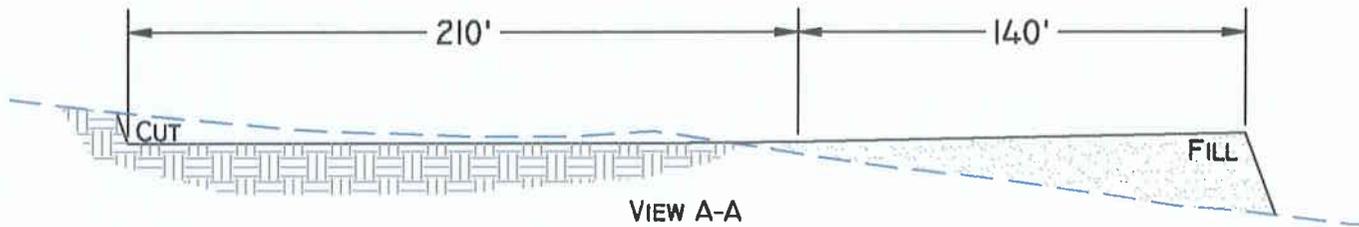


VIEW C-C

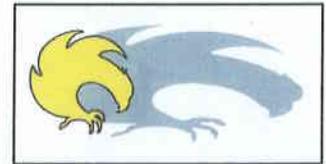


VIEW B-B

SLOPE = 1 1/2 : 1



VIEW A-A



**TALON RESOURCES, INC.**

195 North 100 West P.O. Box 1230

Huntington, Utah 84528

Phone (435)687-5310 Fax (435)687-5311

E-Mail talon@etv.net

**SUMMIT OPERATING**

TYPICAL CROSS SECTION  
Section 36, T13S, R22E, S.L.B.&M.

State #8-36-13-22

Drawn By: N. BUTKOVICH	Checked By: L.W.J.
Drawing No. C-1	Date: 1/19/06
	Scale: 1" = 60'
Sheet 3 of 4	Job No. 2081

APPROXIMATE YARDAGES

CUT

(6")TOPSOIL STRIPPING = 1,915 Cu. YDS.

REMAINING LOCATION = 4,090 Cu, YDS.

(INCLUDING TOPSOIL STRIPPING)

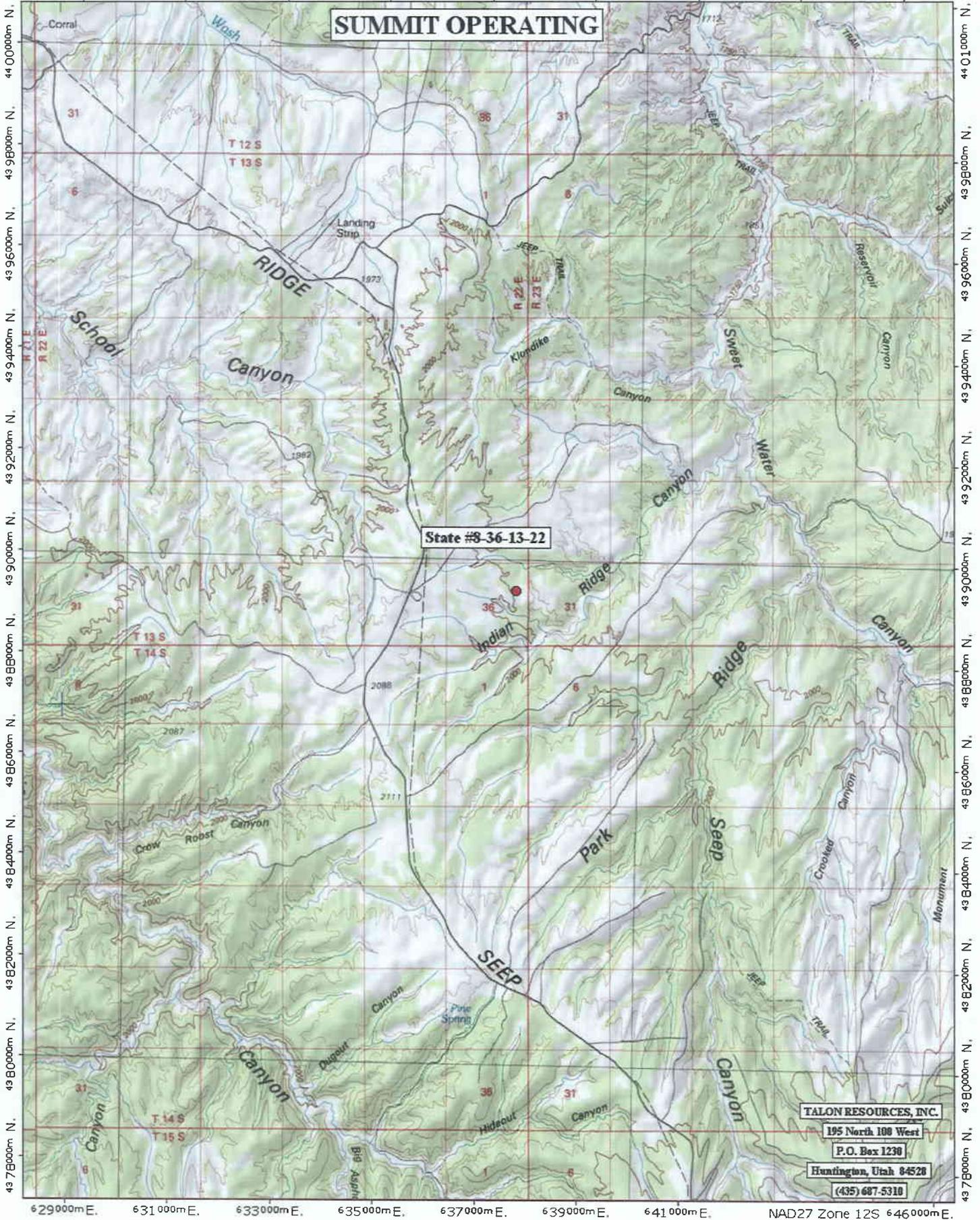
TOTAL CUT (INCLUDING PIT) = 10,870 Cu. YDS.

TOTAL FILL = 7,725 Cu. YDS.



629000m E. 631000m E. 633000m E. 635000m E. 637000m E. 639000m E. 641000m E. 643000m E. 645000m E.

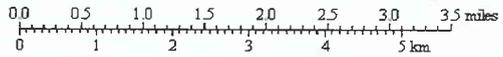
# SUMMIT OPERATING



State #8-36-13-22

**TALON RESOURCES, INC.**  
 195 North 100 West  
 P.O. Box 1230  
 Huntington, Utah 84520  
 (435) 687-5310

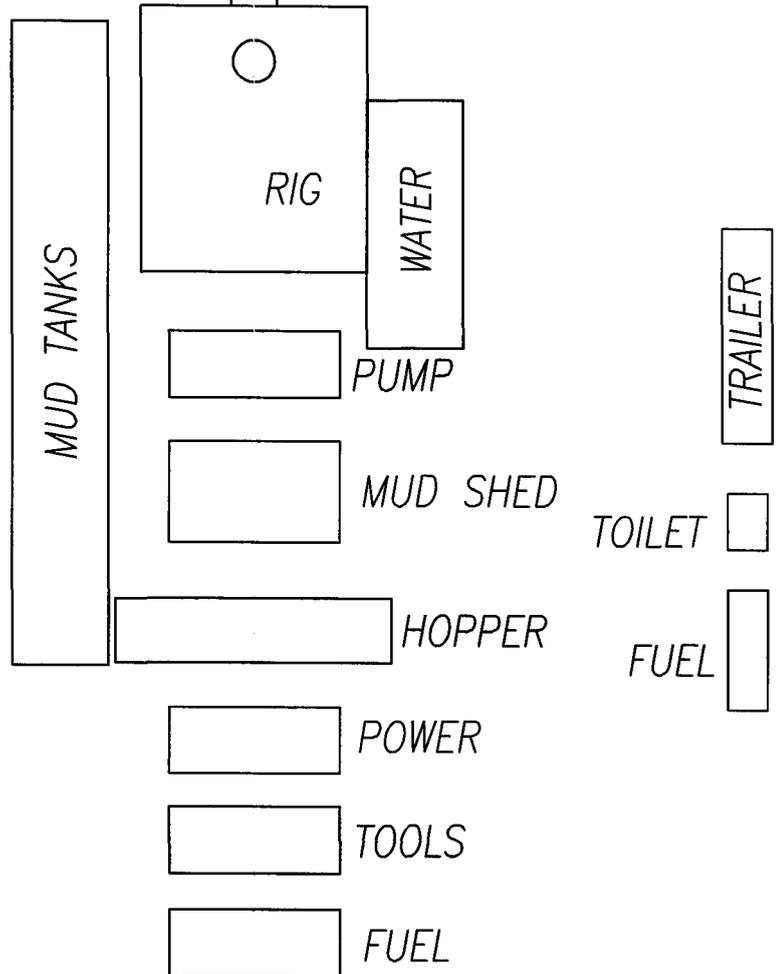
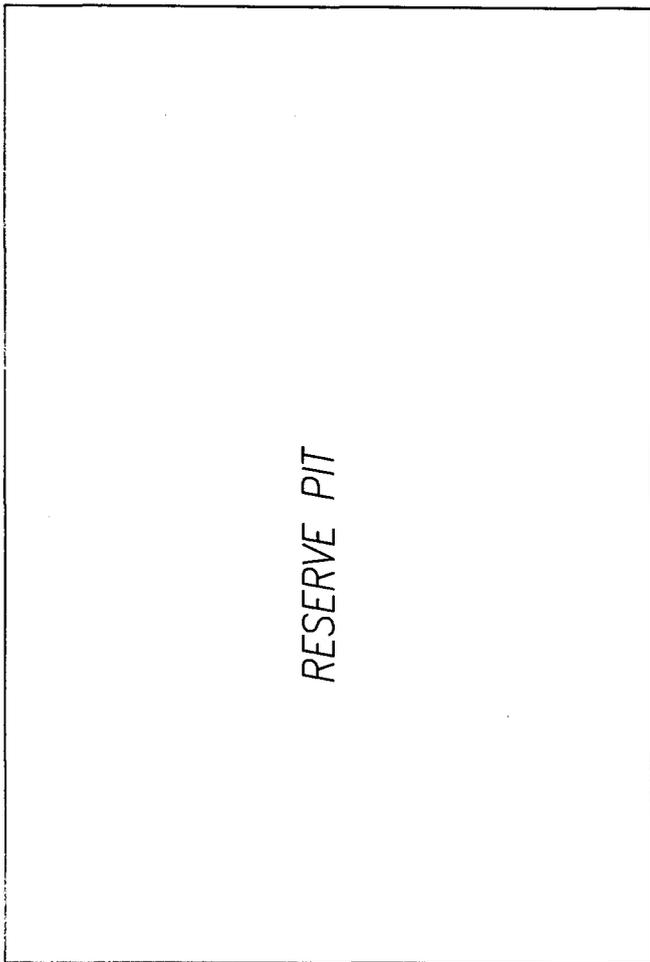
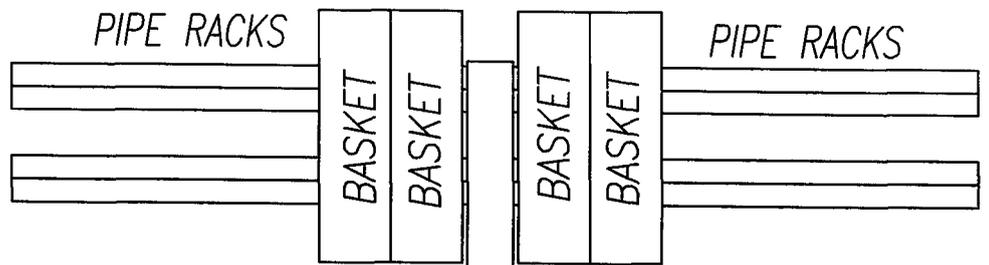
TN MN  
12°



NAD27 Zone 12S 646000m E.

# Summit Operating

DATA



STORAGE TANK

RIG & EQUIPMENT LAYOUT  
(Not to Scale)

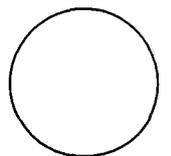
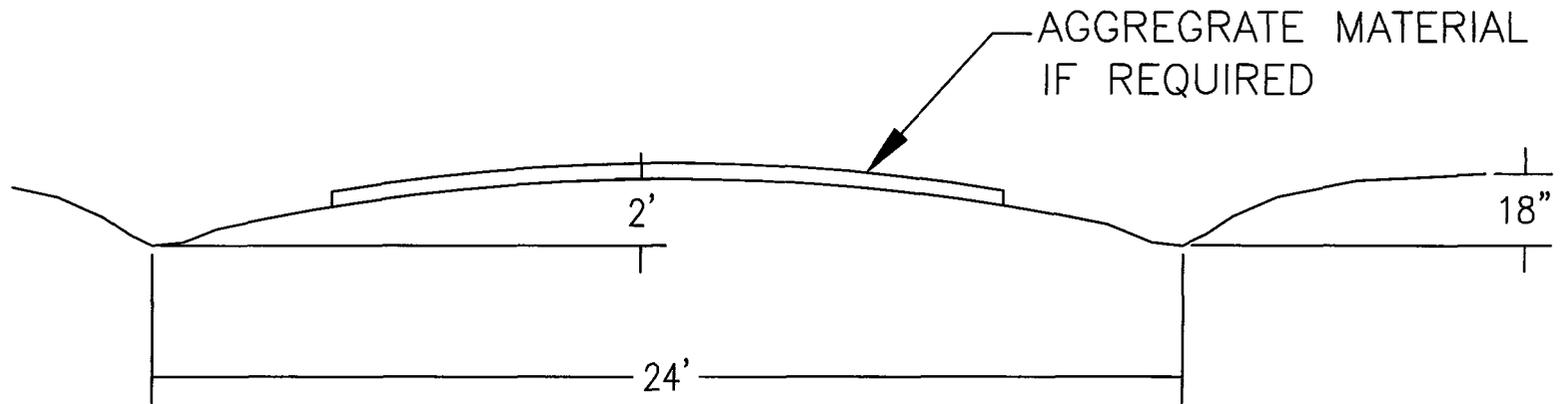
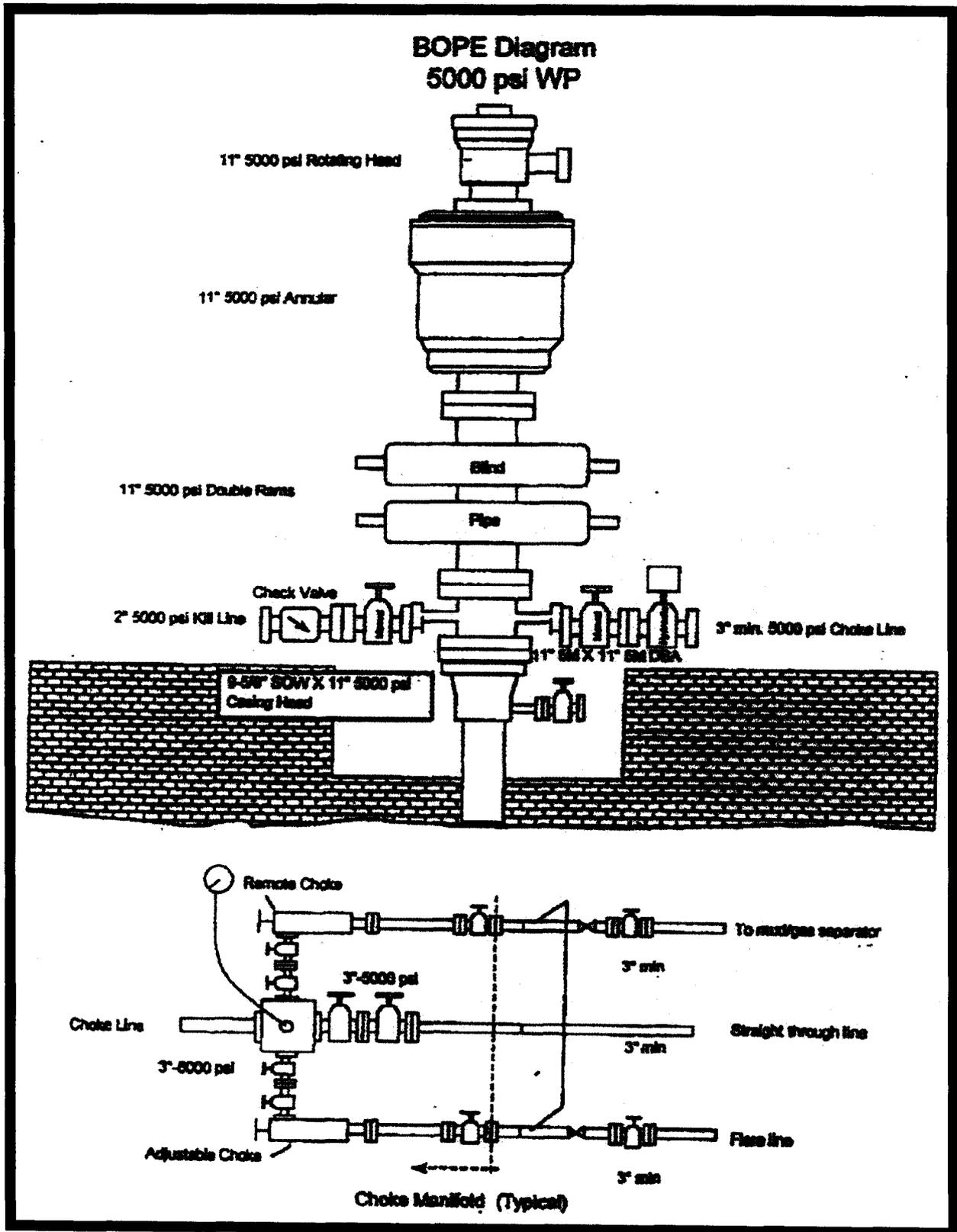


EXHIBIT "C"

# TYPICAL ROAD CROSS-SECTION



# Summit Operating



Elevation Dependent Calculations 1-23-06 for Section 36-13S-22E Wells												
Well>	4-36-13-22 Utah RLB projection			6-36-13-22 Utah RLB projection			2-36-13-22 Utah RLB projection			8-36-13-22 Utah RLB projection		
Formation	Elevation	Depth	Thickness	Elevation	Depth	Thickness	Elevation	Depth	Thickness	Elevation	Depth	Thickness
KB elev>	6641	GL 6619		6629	GL 6607		6594	GL 6572		6572	GL 6550	
Tw	4730	1911	1800	4790	1839	1800	4730	1864	1800	4790	1782	1800
Kmv	2930	3711	1968	2990	3639	2018	2930	3664	2076	2990	3582	2126
Kc	962	5679	340	972	5657	340	854	5740	340	864	5708	340
Km	622	6019	3643	632	5997	3638	514	6080	3643	524	6048	3638
Kds	-3021	9662	47	-3006	9635	47	-3129	9723	47	-3114	9686	47
Kd mkr	-3068	9709	270	-3053	9682	270	-3176	9770	270	-3161	9733	270
Jm (K-0)	-3338	9979	480	-3323	9952	480	-3446	10040	480	-3431	10003	480
Js/ct (J-5)	-3818	10459	33	-3803	10432	33	-3926	10520	33	-3911	10483	33
Jct (J-4)	-3851	10492	32	-3836	10465	32	-3959	10553	32	-3944	<del>10525</del>	32
Jes (J-3)	-3883	10524	155	-3868	10497	155	-3991	10585	155	-3976	10548	155
Jc	-4038	10679	68	-4023	10652	68	-4146	10740	68	-4131	10703	68
Jn (J-2)	-4106	10747	130	-4091	10720	130	-4214	10808	130	-4199	10771	130
Jk	-4236	10877	135	-4221	10850	135	-4344	10938	135	-4329	10901	135
Jw	-4371	11012	400	-4356	10985	400	-4479	11073	400	-4464	11036	400
Trc (J-0)	-4771	11412	160	-4756	11385	160	-4879	11473	160	-4864	11436	160
Trcs	-4931	11572	35	-4916	11545	35	-5039	11633	35	-5024	11596	35
Trm (Tr-3)	-4966	11607		-4951	11580		-5074	11668		-5059	11631	
TD	-5109	11750		-5071	11700		-5206	11800		-5178	11750	

**WORKSHEET  
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 02/09/2006

API NO. ASSIGNED: 43-047-37714

WELL NAME: STATE 8-36-13-22  
 OPERATOR: SUMMIT OPERATING LLC ( N2315 )  
 CONTACT: LARRY JOHNSON

PHONE NUMBER: 435-687-5310

PROPOSED LOCATION:

INSPECT LOCATN BY: / /		
<b>Tech Review</b>	<b>Initials</b>	<b>Date</b>
Engineering	DJD	3/14/06
Geology		
Surface		

SENE 36 130S 220E  
 SURFACE: 1980 FNL 0660 FEL  
 BOTTOM: 1980 FNL 0660 FEL  
 COUNTY: Uintah  
 LATITUDE: 39.64497 LONGITUDE: -109.3960  
 UTM SURF EASTINGS: 637635 NORTHINGS: 4389374  
 FIELD NAME: UNDESIGNATED ( 2 )

LEASE TYPE: 3 - State  
 LEASE NUMBER: ML-47393  
 SURFACE OWNER: 3 - State

PROPOSED FORMATION: MNKP  
 COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

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

LOCATION AND SITING:

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

COMMENTS: Needs Permit (03-01-06)

STIPULATIONS: 1- Spacing (Shp)  
2- STATEMENT OF BASIS



OPERATOR: SUMMIT OPER LLC (N2315)

SEC: 36 T. 13S R. 22E

FIELD: UNDESIGNATED (002)

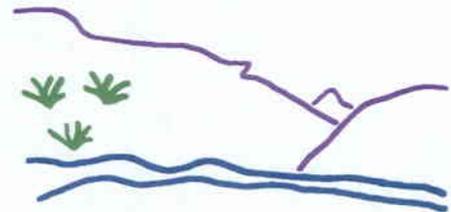
COUNTY: UINTAH

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: 22-FEBRUARY-2006

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

**OPERATOR:** Summit Operating, LLC  
**WELL NAME & NUMBER:** State 8-36-13-22  
**API NUMBER:** 43-047-37715  
**LOCATION:** 1/4,1/4 SE/NE Sec:36 TWP: 13S RNG: 22 E 1980' FNL 680' FEL

**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 4,000 feet. A search of Division of Water Rights records indicates that there are 3 water wells within a 10,000' radius of the center of Section 36. The wells are all over a mile southwest of the proposed location. Two wells are of unknown depth and one is 1,360' deep. These wells are listed as being used for oilfield water, stock watering and irrigation. 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. Production casing cement should be brought up above the base of the moderately saline ground water in order to isolate it from fresher waters up hole. The proposed casing and cement program should adequately protect useable ground water.

**Reviewer:** Brad Hill **Date:** 03-07-06

**Surface:**

At the request of Summit Resources LLC, a pre-site for this well was completed on 3/1/2006. 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 02/21/2006 and informed of the presite. He suggested the date set. Mr. Ben Williams of the Utah Division of Wildlife Resources and Mr. Jim Davis and Ed Bonner from SITLA were both contacted by e-mail. Mr. Bonner and Mr. Williams attended.

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

**Reviewer:** Floyd Bartlett **Date:** 03/06/2006

**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. An archeological survey needs to be completed and submitted to SITLA.

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

**OPERATOR:** Summit Operating, LLC  
**WELL NAME & NUMBER:** State 8-36-13-22  
**API NUMBER:** 43-047-37715  
**LEASE:** ML-47393      **FIELD/UNIT:** Seep Ridge  
**LOCATION:** 1/4, 1/4 SE/NE Sec:36 TWP: 13S RNG: 22 E 1980' FNL 680' FEL  
**LEGAL WELL SITING:** 460 F SEC. LINE; 460 F 1/4, 1/4 LINE; 920 F ANOTHER WELL.  
**GPS COORD (UTM):** 4389384 Y 0637635 X      **SURFACE OWNER:** STATE (SITLA)

**PARTICIPANTS**

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

**REGIONAL/SETTING TOPOGRAPHY**

Site is in Uintah County, Utah in the head of Indian Ridge Canyon and approximately 1 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 1 1/2 an existing County road. Location is adjacent to and on the north side of this road. (See Drawing L-1 of the APD).

The well pad is located on the north side of a sagebrush flat in the edge of the pinion and juniper and on a slight rise of exposed small shale. The flat slopes gently to the northeast toward Bitter Creek.

**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. No new road will be constructed. A pipeline will be laid adjacent to the existing access road.

LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS: There are no existing well 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's as an in-situ oil recovery program from the

underlain oil shaft. 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). The well is planned in critical winter deer and elk range as classified by the UDWR. UDWR has expressed concern and sportsmen concerned about the potential impact on big game in the area may also express concern.

#### **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. The site shows heavy winter deer use.

SOIL TYPE AND CHARACTERISTICS: Deep light brown shaley sandy loam.

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 southwest corner of the location. , The reserve pit is within a cut. A 15' wide bench is planned around the outer edges. Two feet of freeboard is provided.

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

**SURFACE RESTORATION/REHABILITATION PLAN**

As per Land Owner Agreement.

**SURFACE AGREEMENT:**

A surface agreement has been executed and is on file.

**ARCHAEOLOGICAL RESOURCES/ARCHAEOLOGY:** An archaeological survey has not yet been completed.

**OTHER OBSERVATIONS/COMMENTS**

Ben Williams, representing the UDWR, stated this area is classified as critical value winter habitat for both deer and elk. Mr. Williams, on previous presite investigations, has explained how ranges are classified. He recommended to Mr. Johnson, Mr. Bonner and Mr. Gerber that they limit their activity from Nov. 15 thru April 15 to protect wintering values for these species. This activity would include road and pad construction, drilling and work-over rigs. Mr. Williams gave Mr. Johnson and Mr. Bonner a written summary of his observations and a recommended seed mix for re-vegetating the area. I also previously 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.

**ATTACHMENTS**

Photos of this site were taken and placed on file.

FLOYD BARTLETT  
DOGM REPRESENTATIVE

March 1, 2006; 12:00 NOON

DATE/TIME

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

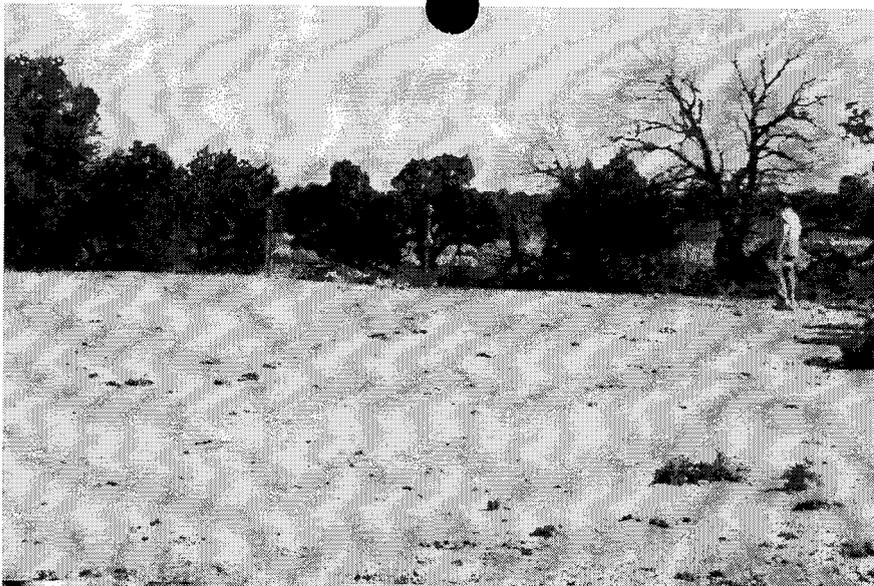
<u>Site-Specific Factors</u>	<u>Ranking</u>	<u>Site Ranking</u>
Distance to Groundwater (feet)		
>200	0	
100 to 200	5	
75 to 100	10	
25 to 75	15	
<25 or recharge area	20	<u>0</u>
Distance to Surf. Water (feet)		
>1000	0	
300 to 1000	2	
200 to 300	10	
100 to 200	15	<u>0</u>
< 100	20	
Distance to Nearest 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

Green River

Surface

9-5/8"  
MW 8.4  
Frac 19.3

TOC @  
0.

✓ w/15% washout

1649 Tox Tail  
1782 Wasatch

Surface  
2000. MD

BHP

$(.052)(9)(11,750) = 5499$

3582 Mesaverde

TOC @  
3716.

4000 Bmsw

Gas

$(.12)(11,750) = 1410$

MASP = 4089

BOPE - 5,000 ✓

6048 Mancos shale

✓ w/15% washout

Surf csg - 3520

70% = 2464

Max pressure @ Surf csg shoe = 3354

✓ Test to 2464# (proposed 1500)<sup>OK</sup>  
(± 1600psi Surf. press.)

✓ Adequate DED 3/14/00

9375 Tox Tail

9686 Dakota

5-1/2"  
MW 9.

Production  
11750. MD

Well name:	<b>03-06 Summit State 8-36-13-22</b>	
Operator:	<b>Westport Oil &amp; Gas</b>	Project ID:
String type:	Surface	43-047-37714
Location:	Uintah County, Utah	

**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: 75 °F  
Bottom hole temperature: 103 °F  
Temperature gradient: 1.40 °F/100ft  
Minimum section length: 1,500 ft

Cement top: 0 ft

Non-directional string.

**Re subsequent strings:**

Next setting depth: 11,750 ft  
Next mud weight: 9.000 ppg  
Next setting BHP: 5,494 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 (ft <sup>3</sup> )
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: (810) 538-5280  
FAX: (801) 359-3940

Date: March 14, 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:	<b>03-06 Summit State 8-36-13-22</b>	
Operator:	<b>Westport Oil &amp; Gas</b>	Project ID:
String type:	Production	43-047-37714
Location:	Uintah County, Utah	

**Design parameters:**

**Collapse**

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

**Burst**

Max anticipated surface pressure: 4,084 psi  
 Internal gradient: 0.120 psi/ft  
 Calculated BHP: 5,494 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: 10,146 ft

**Environment:**

H2S considered? No  
 Surface temperature: 75 °F  
 Bottom hole temperature: 240 °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 (ft <sup>3</sup> )
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	5494	6290	1.145	5494	7740	1.41	172	348	2.02 J

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

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

Date: March 14, 2006  
 Salt Lake City, Utah

**Remarks:**

Collapse is based on a vertical depth of 11750 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:** 7/19/2006 2:30:06 PM  
**Subject:** Well Clearance

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

ConocoPhillips Company

Utah 1-1129  
Utah 1-1130  
Utah 1-1131  
Utah 1-1132  
Utah 2-1136  
Utah 12-1160  
Utah 12-1163  
Utah 30-1088 (revised Location)  
Utah 17-1176 (revised location)  
Utah 17-1177

EOG Resources, Inc

CWU 955-32  
CWU 954-32  
CWU 1031-32  
NBU 456-2E  
Petes Wash Unit 9-36

Summit Operating, LLC

State 10-32-13-22  
State 8-36-13-22  
State 2-36-13-22

XTO Energy, Inc

State of Utah 18-7-2-33R  
State of Utah 17-7-36-21  
State of Utah 17-7-36-33R

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

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



**State of Utah**

**Department of  
Natural Resources**

MICHAEL R. STYLER  
*Executive Director*

**Division of  
Oil, Gas & Mining**

JOHN R. BAZA  
*Division Director*

JON M. HUNTSMAN, JR.  
*Governor*

GARY R. HERBERT  
*Lieutenant Governor*

July 20, 2006

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

Re: State 8-36-13-22 Well, 1980' FNL, 660' FEL, SE NE, 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 43-047-37714.

Sincerely,

Gil Hunt  
Associate Director

pab  
Enclosures

cc: Uintah County Assessor  
SITLA

Operator: Summit Operating, LLC  
Well Name & Number State 8-36-13-22  
API Number: 43-047-37714  
Lease: ML-47393

Location: SE NE                      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. 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.
6. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)

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
- 4a. Is the new operator registered in the State of Utah: YES Business Number: 667385-0142
- 4b. If **NO**, the operator was contacted on: \_\_\_\_\_
- 5a. (R649-9-2)Waste Management Plan has been received on: OK
- 5b. Inspections of LA PA state/fee well sites complete on: n/a
- 5c. 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
- 3a. (R649-3-1) The **NEW** operator of any fee well(s) listed covered by Bond Number 8734397758
- 3b. 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:  
ML47393

6. If Indian, Allottee or Tribe Name:

7. If Unit or CA/Agreement, Name:

As Described Below

SUBMIT IN TRIPLICATE

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

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JAN 03 2007

DIV. OF OIL, GAS & MINING

*Lawrence C. Caldwell*

PO Box 683909

Park City Ut 84068 435-940-9001

Name Lawrence C. Caldwell

Title President

Signature

*Lawrence C. Caldwell*

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 8-36-13-22
API number:	43-047-37714
Location:	Qtr-Qtr SENE 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:	7-30-06
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? <span style="float: right;">Not applicable</span>		
<input type="checkbox"/> If so, has the surface agreement been updated? <span style="float: right;">Not applicable</span>		
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  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)

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JAN 09 2007

DIV. OF OIL, GAS & MINING

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

**CONFIDENTIAL**

FORM 9

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>		5. LEASE DESIGNATION AND SERIAL NUMBER: <b>ML-47393</b>
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: <b>N/A</b>
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <u>Approved APD (location)</u>		7. UNIT or CA AGREEMENT NAME: <b>N/A</b>
2. NAME OF OPERATOR: <b>Del-Rio Resources, Inc.</b>		8. WELL NAME and NUMBER: <b>State 8-36-13-22</b>
3. ADDRESS OF OPERATOR: P.O. Box 459    CITY <u>Vernal</u> STATE <u>UT</u> ZIP <u>84078</u>		9. API NUMBER: <b>43-047-37714</b>
4. LOCATION OF WELL FOOTAGES AT SURFACE: <b>1980' FNL, 660' FEL</b>		10. FIELD AND POOL, OR WILDCAT: <b>Seep Ridge</b>
QTR/QR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <b>SENE, Section 36, T13S, R 22E, SLM</b>		COUNTY: <b>Uintah</b>  STATE: <b>UTAH</b>

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate)  Approximate date work will start: <u>2007</u>  <input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only)  Date of work completion: _____	<input type="checkbox"/> ACIDIZE <input type="checkbox"/> ALTER CASING <input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> DEEPEN <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> PLUG BACK <input type="checkbox"/> PRODUCTION (START/RESUME) <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	<input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> WATER DISPOSAL <input type="checkbox"/> WATER SHUT-OFF <input checked="" type="checkbox"/> OTHER: <u>Extend APD</u>

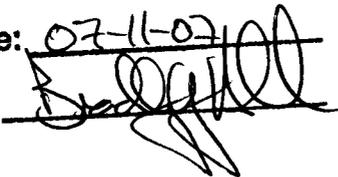
12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

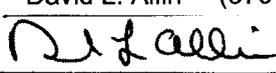
Del-Rio Resources, Inc. requests an extension of this APD for the period of one year. APD Request for Permit Extension Validation form is attached.

Approved by the  
Utah Division of  
Oil, Gas and Mining

**RECEIVED**  
**JUL 05 2007**

DIV. OF OIL, GAS & MINING

Date: 07-11-07  
By: 

NAME (PLEASE PRINT) <u>David L. Allin (970-254-3114)</u>	TITLE <u>Exploration Manager</u>
SIGNATURE 	DATE <u>July 1, 2007</u>

(This space for State use only)

COPIES SENT TO OPERATOR  
Date: 7-12-07  
By: RM

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

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

**API:**   43-047-37714  
**Well Name:** State 8-36-13-22  
**Location:** SENE 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:** July 1, 2006  
20

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

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



\_\_\_\_\_  
Signature

July 1, 2007

\_\_\_\_\_  
Date

Title: Exploration Manager

Representing: Del-Rio Resources, Inc.



JON M. HUNTSMAN, JR.  
Governor

GARY R. HERBERT  
Lieutenant Governor

# State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

October 1, 2008

Del-Rio Resources, Inc.  
P.O. BOX 459  
Vernal, UT 84078

Re: APD Rescinded – State 8-36-13-22, Sec. 36 T. 13S, R. 22E  
Uintah County, Utah API No. 43-047-37714

Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on June 20, 2006. On July 11, 2007, the Division granted a one-year APD extension.

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

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

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

Sincerely,

Diana Mason  
Environmental Scientist

cc: Well File  
SITLA, Ed Bonner