

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

FORM 3

AMENDED REPORT
(highlight changes)

| | | | | |
|---|---|---|---|---------------------------|
| APPLICATION FOR PERMIT TO DRILL | | | 5. MINERAL LEASE NO: ML-47953 | 6. SURFACE: State |
| 1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/> | | | 7. IF INDIAN, ALLOTTEE OR TRIBE NAME: | |
| B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/> | | | 8. UNIT or CA AGREEMENT NAME: | |
| 2. NAME OF OPERATOR: The Houston Exploration Company | | | 9. WELL NAME and NUMBER: East Coyote 16-2-8-25 | |
| 3. ADDRESS OF OPERATOR: 1100 Louisiana, Suite 20 CITY Houston STATE TX ZIP 77002 | | PHONE NUMBER: (713) 830-6800 | 10. FIELD AND POOL, OR WILDCAT: Undesignated Widdell | |
| 4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 591' FSL & 591' FEL <i>UTMX 665237X 40.145882</i> AT PROPOSED PRODUCING ZONE: Same as above <i>UTMY 4445542Y -109.06020Y</i> | | | 11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESE 2 T8S 25E | |
| 14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 38.3 miles south of Vernal, UT | | | 12. COUNTY: Uintah | 13. STATE: UTAH |
| 15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 591' | 16. NUMBER OF ACRES IN LEASE: 640 | 17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40 | | |
| 18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 2,900' | 19. PROPOSED DEPTH: 7,200 | 20. BOND DESCRIPTION: 104155044 | | |
| 21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 5,641' GR | 22. APPROXIMATE DATE WORK WILL START: 5/15/2006 | 23. ESTIMATED DURATION: 30 Days | | |

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 | | |
|--------------|---|---------------|---|---------|----------------------|
| 11" | 8 5/8" J-55 36# | 1,300 | Premium Lite #5 | 87 sks | 3.82cuft/sk 11.0 PPG |
| | | 2,000 | Premium Lite #5 | 151 sks | 1.18cuft/sk 15.6 PPG |
| 7 7/8 | 4 1/2 N-80 11.6# | 4,000 | Premium Lite #5 | 179 sks | 3.82cuft/sk 11.0 PPG |
| | | 7,200 | Premium Lite #5 | 541 sks | 1.18cuft/sk 15.6 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 checked="" type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER | <input type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER |

NAME (PLEASE PRINT) William A. Ryan TITLE Agent

SIGNATURE *William A. Ryan* DATE 2/15/2006

(This space for State use only)

API NUMBER ASSIGNED: 4304737885

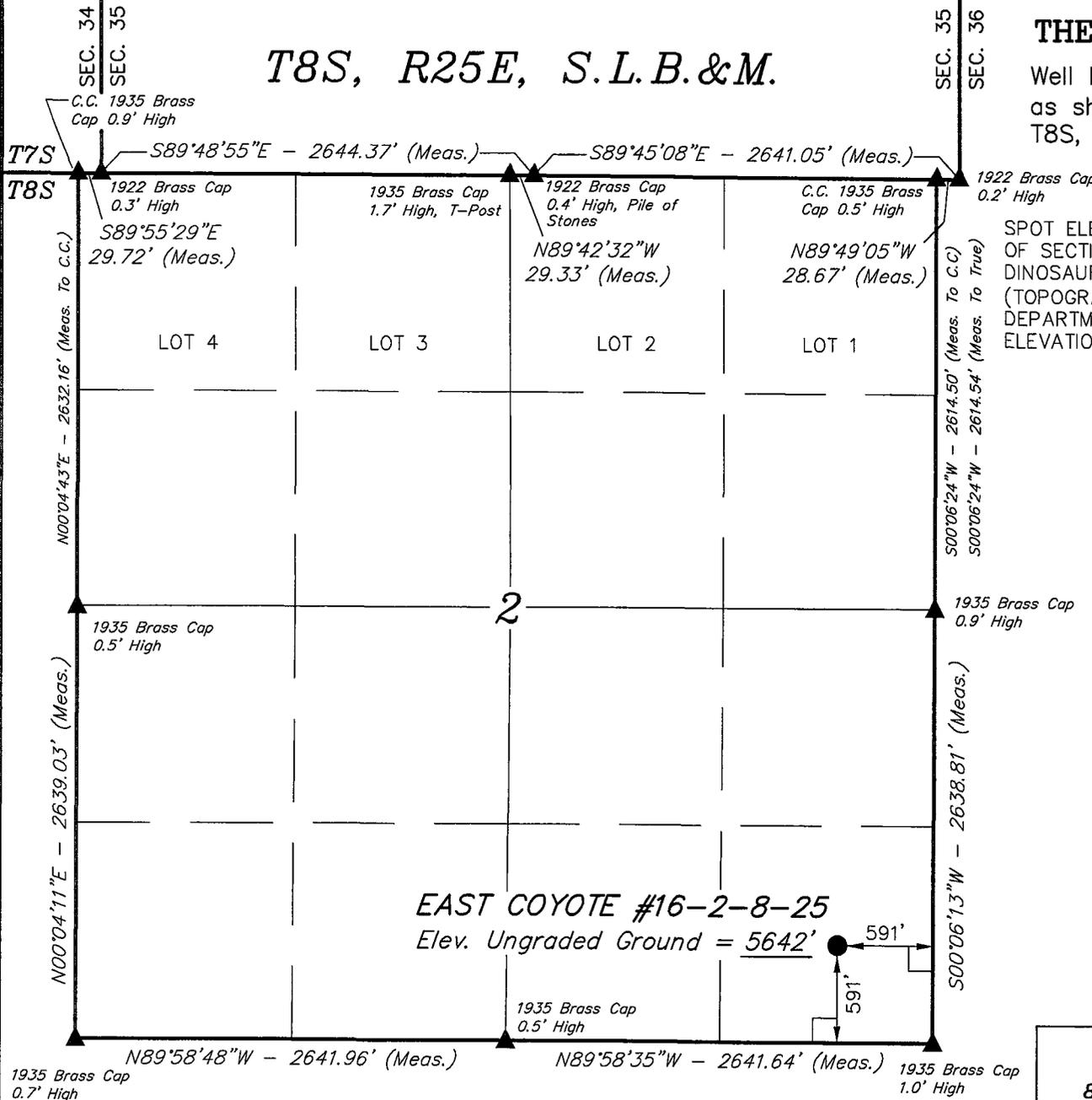
**Approved by the
Utah Division of
Oil, Gas and Mining**

Date: 02-15-2006

By: *[Signature]*

RECEIVED
MAR 09 2006
DIV. OF OIL, GAS & MINING

T8S, R25E, S.L.B.&M.



THE HOUSTON EXPLORATION COMPANY

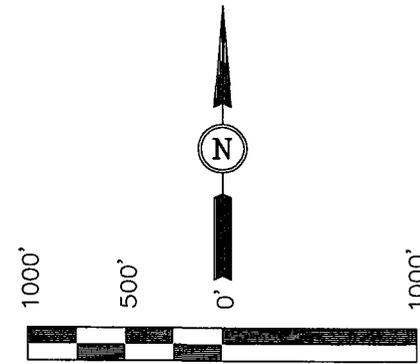
Well location, EAST COYOTE #16-2-8-25, located as shown in the SE 1/4 SE 1/4 of Section 2, T8S, R25E, S.L.B.&M. Uintah County, Utah.

BASIS OF ELEVATION

SPOT ELEVATION LOCATED AT THE NORTHEAST CLOSING CORNER OF SECTION 1, T8S, R25E, S.L.B.&M. TAKEN FROM THE DINOSAUR, QUADRANGLE, UTAH-COLORADO, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 5787 FEET.

BASIS OF BEARINGS

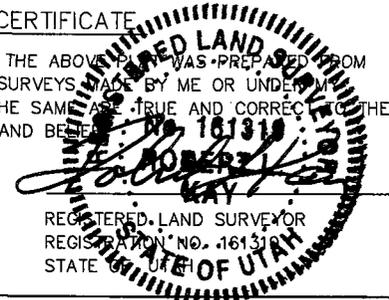
BASIS OF BEARINGS IS A G.P.S. OBSERVATION.



SCALE

CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.



REGISTERED LAND SURVEYOR
 REGISTRATION NO. 16131
 STATE OF UTAH

UINTAH ENGINEERING & LAND SURVEYING
 85 SOUTH 200 EAST - VERNAL, UTAH 84078
 (435) 789-1017

LEGEND:

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

(AUTONOMOUS NAD 83)
 LATITUDE = 40°08'44.91" (40.145808)
 LONGITUDE = 109°03'39.23" (109.060897)
 (AUTONOMOUS NAD 27)
 LATITUDE = 40°08'45.03" (40.145842)
 LONGITUDE = 109°03'36.81" (109.060225)

| | | |
|---------------------------|---|-------------------------|
| SCALE 1" = 1000' | DATE SURVEYED: 11-07-05 | DATE DRAWN: 11-18-05 |
| PARTY N.H. D.S. E.C.O. | REFERENCES G.L.O. PLAT | |
| WEATHER COOL | FILE THE HOUSTON EXPLORATION COMPANY | |

Ten Point Plan

The Houston Exploration Company

East Coyote 16-2-8-25

Surface Location SE ¼ SE ¼, Section 2, T. 8S., R. 25E.

1. **Surface Formation**
Duchesne
2. **Estimated Formation Tops and Datum:**

| <u>Formation</u> | <u>Depth</u> | <u>Datum</u> |
|------------------|--------------|--------------|
| Duchesne | Surface | +5,641' G.L. |
| Green River | 1,300' | +4,341' |
| Wasatch | 4,200' | +1,441' |
| Mesaverde | 6,200' | -559' |
| TD | 7,200' | -1,559' |

A 11" hole will be drilled to 2,000' +/- . The hole depth will depend on the depth that the Birds Nest Zone is encountered. The hole will be drilled 400' beyond the top of the Birds Nest.

3. **Producing Formation Depth:**

Formation objective includes the Green River, Wasatch, Mesaverde and its sub-members.

Off Set Well information:

Proposed Well:

East Coyote #3-2-8-25
East Coyote #4-2-8-25
East Coyote #6-2-8-25
East Coyote #8-2-8-25
East Coyote #10-2-8-25
East Coyote #12-2-8-25
East Coyote #14-2-8-25

4. Proposed Casing:

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

Cement Program:

Cement volume = Gauge hole + 25%

The Surface Casing will be cemented from 2000' to the Surface as follows:

| <u>Casing Size</u> | <u>Cement Type</u> | <u>Cement Amounts</u> | <u>Cement Yield</u> | <u>Cement Weight</u> |
|-----------------------|--------------------|-----------------------|-------------------------|----------------------|
| Conductor: 0' - 40' | | | | |
| 14" | Premium "5" | 35 sks. +/- | 1.18ft ³ /sk | 15.6 ppg |
| Lead: 0' - 1,300' | | | | |
| 8 5/8" | Premium "5" | 87 sks. +/- | 3.82ft ³ /sk | 11.0 ppg |
| Tail: 1,300' - 2,000' | | | | |
| 8 5/8" | Premium "5" | 151 sks. +/- | 1.18ft ³ /sk | 15.6 ppg |

NOTE:

Cement top for tail = Trona + 200'

Production casing will be cemented to 200' inside surface casing or higher as follows:

| <u>Casing Size</u> | <u>Cement Type</u> | <u>Cement Amounts</u> | <u>Cement Yield</u> | <u>Cement Weight</u> |
|-----------------------|--------------------|-----------------------|-------------------------|----------------------|
| Lead: 1,800' - 4,000' | | | | |
| 4 1/2" | Premium "5" | 179 sks +/- | 3.82ft ³ /sk | 11.0 ppg |
| Tail: 4,000' - TD | | | | |
| 4 1/2" | Premium "5" | 541 sks +/- | 1.18ft ³ /sk | 15.6 ppg |

NOTE:

Cement top for tail = Wasatch + 200'

5. BOP and Pressure Containment Data:

The anticipated bottom hole pressure will be less than 3000 psi.

A 3000-psi WP BOP system as described in the BOP and Pressure Containment Data (attached) will be installed and maintained from the 8 5/8" surface casing. The BOP system including the casing will be pressure tested to minimum standards set forth in "On Shore Order #2". The BOP will be mechanically checked daily during the drilling operation.

6. Mud Program:

| <u>Interval</u> | <u>Mud weight lbs./gal.</u> | <u>Viscosity Sec./OT.</u> | <u>Fluid Loss Ml/30 Mins.</u> | <u>Mud Type</u> |
|-----------------|---------------------------------|-------------------------------|-----------------------------------|-----------------|
| 0-2000 | Air/Clear Water | ----- | No Control | Water/Gel |
| 2000-T.D. | 8.4-12.0 | 30 | 8-10 | Water/Gel |

7. Auxiliary Equipment

Upper Kelly cock, full opening stabbing valve, 2 1/2" choke manifold and pit level indicator.

8. Testing, Coring, Sampling and Logging:

- a) Test: None are anticipated.
- b) Coring: There is the possibility of sidewall coring.
- c) Sampling: Every 10' from 2000' to T.D.
- d) Logging:

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

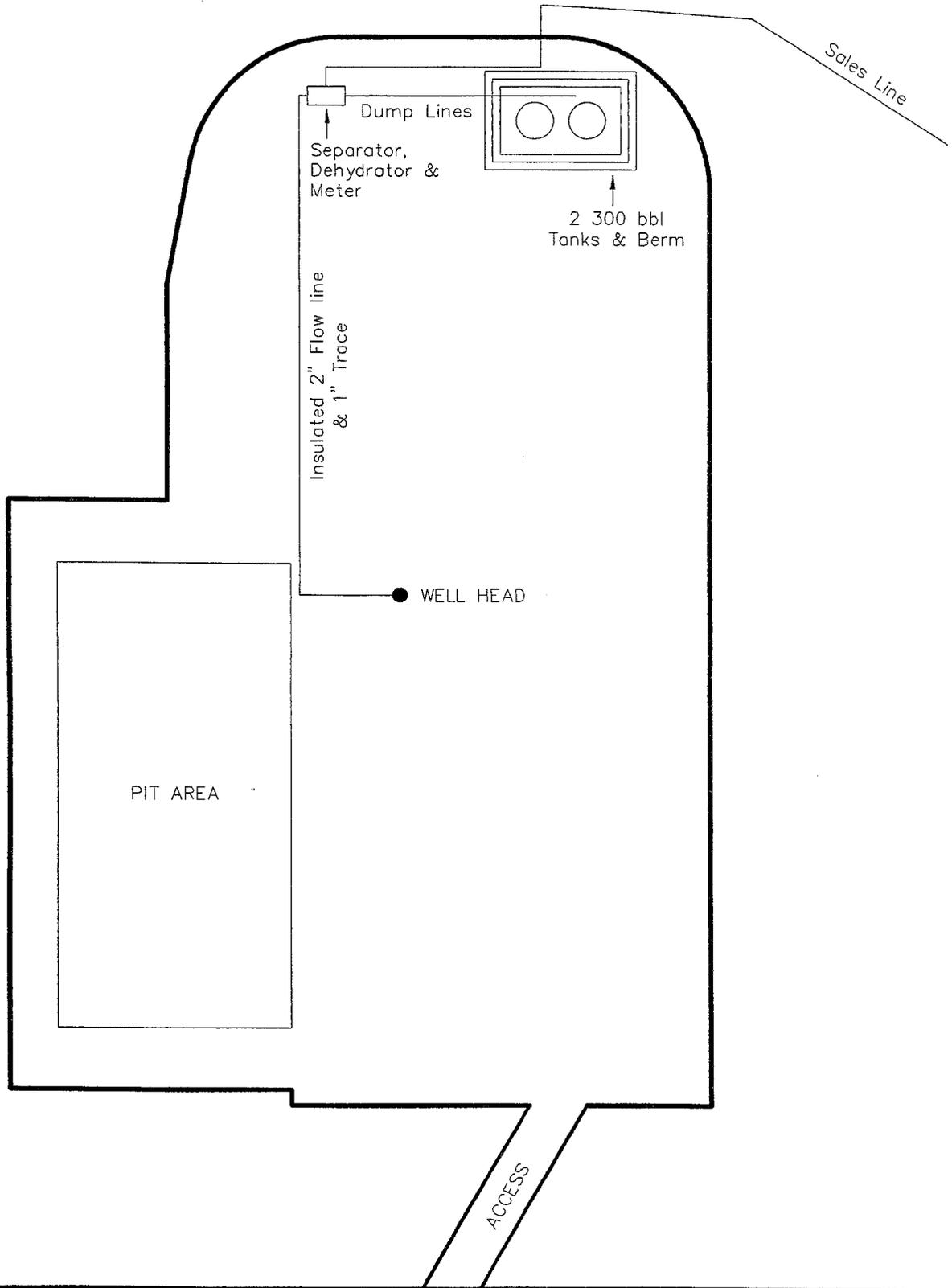
9. Abnormalities (including sour gas):

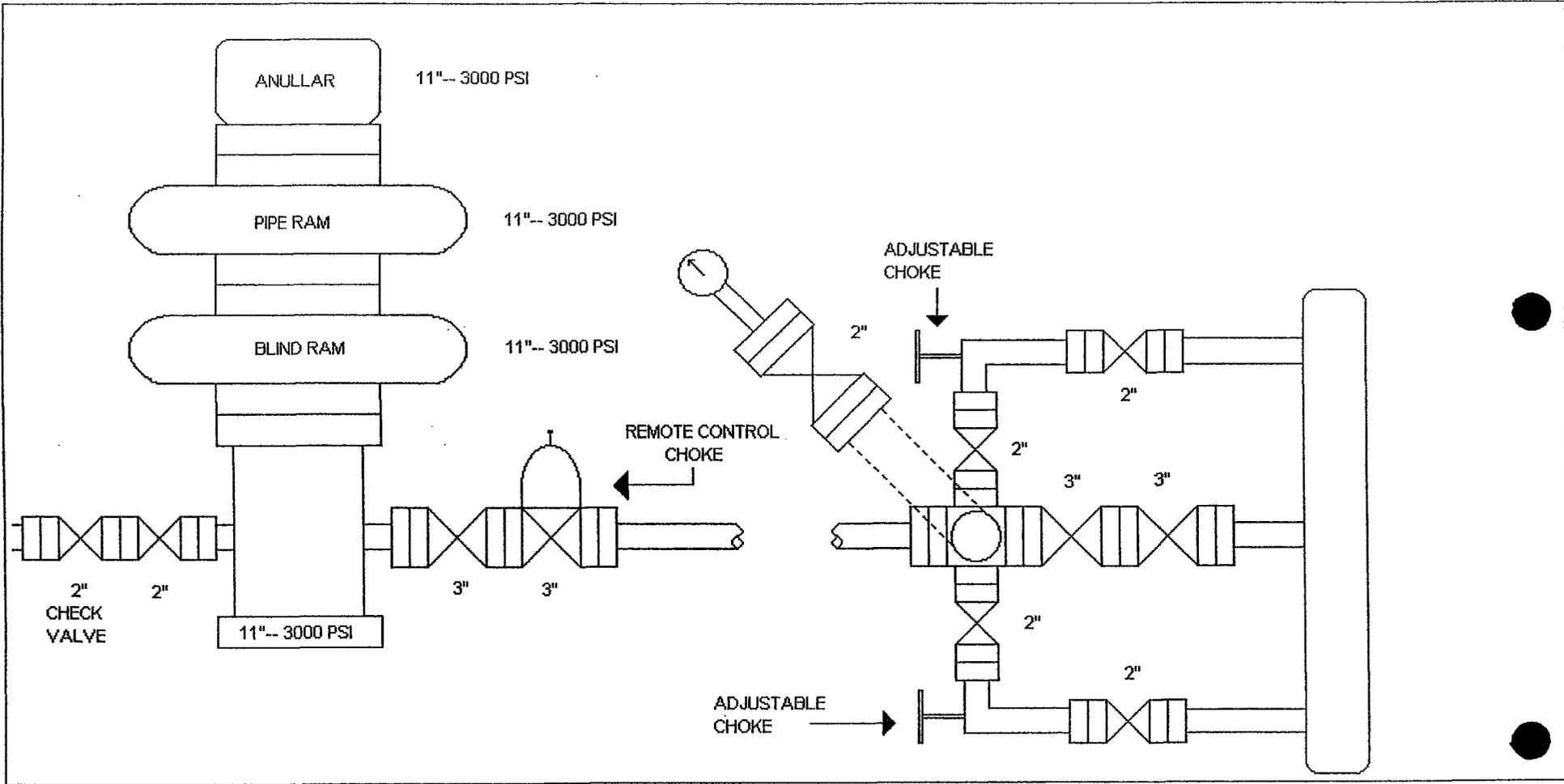
No abnormal pressures, temperatures or other hazards are anticipated. Oil and gas shows are anticipated in the Wasatch Formation. Other wells drilled in the area have not encountered over pressured zones or H₂S.

10. Drilling Schedule:

The anticipated starting date is 05/15/2006 Duration of operations is expected to be 30 days.

TYPICAL PRODUCTION LAYOUT





THE HOUSTON EXPLORATION COMPANY

13 POINT SURFACE USE PLAN

FOR WELL

EAST COYOTE 16-2-8-25

LOCATED IN SE ¼ SE ¼

SECTION 2, T.8S, R25E, S.L.B.&M.

UINTAH COUNTY, UTAH

LEASE NUMBER: ML-47953

SURFACE OWNERSHIP: STATE

1. Existing Roads:

**The Houston Exploration Company
East Coyote 16-2-8-25
Section 2, T8S, R 25E**

Starting in Vernal, Utah: proceed in an easterly, then southerly, then southeasterly direction from Vernal, Utah along U.S. Highway 40 approximately 26.9 miles to the junction of County Road #329 to the south; turn right and proceed in a southerly, then southeasterly direction approximately 8.3 miles to the junction of this road and an existing road to the southwest; turn right and proceed in a southwesterly direction approximately 2.0 miles to the beginning of the proposed access road for the #6-2-8-25 to the south; follow road flags in a southerly direction approximately 0.3 miles to the #6-2-8-25 and the beginning of the proposed access for the #8-2-8-25 to the southeast; follow road flags in a southeasterly, then easterly direction approximately 0.4 miles to the beginning of the proposed access road for the #10-2-8-25 to the south; follow road flags in a southerly direction approximately 110' to the #10-2-8-25 and the beginning of the proposed access to the south; follow road flags in a southerly, then easterly direction approximately 0.4 miles to the proposed location.

Total distance from Vernal, Utah to the proposed well location is approximately 38.3 miles.

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

2. Planned access road

The proposed access road will be approximately 2,112' of new construction on lease. The road will be graded once per year minimum and maintained.

| | |
|---|--------------------|
| A) Approximate length | 2112 ft |
| B) Right of Way width | 30 ft |
| C) Running surface | 18 ft |
| D) Surface material | Native soil |
| E) Maximum grade | 8% |
| F) Fence crossing | None |
| G) Culvert | None |
| H) Turnouts | None |
| I) Major cuts and fills | None |
| J) Road Flagged | Yes |
| K) Access road surface ownership | State |
| L) All new construction on lease | Yes |
| M) Pipe line crossing | None |
| N) Staging Areas | None |

Please see the attached location plat for additional details.

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

All new surface disturbances for the access road and location will be within the lease boundary.

3. Location of existing wells

The following wells are located within a one-mile radius of the location site.

- | | |
|-----------------------------------|------|
| A) Producing well | None |
| B) Water well | None |
| C) Abandoned well | None |
| D) Temp. abandoned well | None |
| E) Disposal well | None |
| F) Drilling /Permitted well | |
| East Coyote 3-2-8-25 | |
| East Coyote 6-2-8-25 | |
| East Coyote 8-2-8-24 | |
| East Coyote 4-2-8-25 | |
| East Coyote 10-2-8-25 | |
| East Coyote 14-2-8-25 | |
| East Coyote 12-2-8-25 | |
| G) Shut in wells | None |
| H) Injection well | None |
| I) Monitoring or observation well | None |

Please see the attached map for additional details.

4. Location of tank batteries, production facilities and production gathering service lines.

All production facilities are to be contained within the proposed location site. Please see the attached plat plan for a typical gas well separator installation and well site piping.

All permanent (on site for more than six months or longer) structures constructed or installed will be painted a **Carlsbad Canyon** color. Facilities required to comply with O.S.H.A. (Occupational Safety and Health Act) will be excluded. The

required paint color is **Carlsbad Canyon**.

All tanks will be surrounded by a dike of sufficient capacity to contain the storage capacity of the largest tank in the battery. The integrity of the dike will be maintained.

All off lease storage, off lease measurement, commingling on lease or off lease, of production, will have prior written approval from the authorized officer.

If the well is capable of economic production a surface gas line will be required.

Approximately 3,506' of 3" steel surface gas gathering line would be constructed on State Lands. The line will tie into the proposed pipeline in Section 2, T8S, R25E. The pipeline would be strung and boomed to the west and north of the location and parallel to the access road. The pipeline may be buried as determined by the Authorized Officer at the onsite.

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

Please see the attached location diagrams for pipeline location.

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

The gas meter will be calibrated and the tank strapped in place prior to

any deliveries. Tests for meter accuracy will be conducted monthly for the first three months on new meter installations and at least quarterly thereafter. The authorized officer will be provided with a date and time for the initial meter calibration and all future meter-proving schedules. A copy of the meter calibration report will be submitted to the State of Utah, Division of Oil, Gas, and Mining. All measurement facilities will conform to API (American Petroleum Institute) and AGA (American Gas Association) standards for gas and liquid hydrocarbon measurement.

5. Location and type of water supply

Water for drilling and cementing and drilling will come from the Green River at the Jensen bridge: Permit # T76203.

6. Source of construction materials

All construction material for this location site and access road shall be borrow material accumulated during construction of the location site and access road. Additional road gravel or pit lining material will be obtained from private resources.

7. Methods for handling waste disposal

A) Pit construction and liners:

The reserve pit will be approximately **12 ft.** deep and most of the depth shall be below

the surface of the existing ground. Please see the attached plat for details.

The reserve pit will be lined.

The reserve pit will be used to store water for drilling. A semi-closed system will be used to drill the well. All fresh water for drilling will come from a frac tank placed on location and from the rig tank. The pit will be used to hold non-flammable materials such as cuttings, salt, drilling fluids, chemicals, produced fluids, etc.

B) Produced fluids:

Produced water will be confined to the reserve pit, or if deemed necessary, a storage tank for a period not to exceed 90 days after initial production. During the 90-day period an application for approval for permanent disposal method and location will be submitted to the authorized officer. **Evaporation may be used instead of trucking to facilitate closing and reclamation of the reserve pit. A pumping system would be used for evaporation.**

C) Garbage:

A trash cage fabricated from expanded metal will be used to hold trash on location and will be removed to an authorized landfill location.

D) Sewage:

A portable chemical toilet will be supplied for human waste.

E) Site clean-up:

After the rig is moved off the location the well site area will be cleaned and all refuse removed.

8. Ancillary facilities

There are no ancillary facilities planned at this time and none are foreseen for the future.

9. Well-site layout

Location dimensions are as follows:

- A) Pad length 345 ft.
- B) Pad width 245 ft.
- C) Pit depth 12 ft.
- D) Pit length 150 ft.
- E) Pit width 75 ft
- F) Max cut 14.8 ft.
- G) Max fill 4.7 ft.
- H) Total cut yds. 6,680 cu yds
- I) Pit location East end
- J) Top soil location North end
- K) Access road location West end
- L) Flare Pit Corner C

Please see the attached location diagram for additional details.

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

- A) Thirty nine inch net wire shall

be used with at least one strand of wire on top of the net wire. Barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence.

- B) The net wire shall be no more than 2 inches above the ground. The barbed wire shall be 3 inches above the net wire. Total height of the fence shall be at least 42 inches.

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

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

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

10. Plans for restoration of the surface

Prior to construction of the location, the top 6 inches of soil material will be stripped off the location and the pit area. The topsoil removed and piled will amount to approximately 1,620 cubic yards of material. Topsoil will be stockpiled in one distinct pile. Placement of the topsoil is noted on the attached location plat. The topsoil pile from the location will be seeded as soon as the soil is stock piled with the seed mix listed. When all drilling and completion activities have been completed and the pit back-filled

the topsoil from the pit area will be spread on the pit area. The pit area will be seeded when the soil has been spread. **The unused portion of the location (the area outside the dead men) will be re-contoured.**

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

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

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

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

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

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

A) Seeding dates:

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

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

B) Seed Mix

To be determined by the Authorized Officer.

11. Surface ownership:

| | |
|--------------------|--------------|
| Access road | State |
| Location | State |
| Pipe line | State |

12. Other information:

A) Vegetation

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

B) Dwellings:

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

C) Archeology:

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

If, during operations, any archaeological or historical sites, or any objects of antiquity (subject to the antiquities act of June 8, 1906) are discovered, all operations, which would affect such sites, will be suspended and the discovery reported promptly to the surface management agency.

D) Water:

The nearest water is the Coyote Wash located 3 miles to the West.

E) Chemicals:

No pesticides, herbicides or other possible hazardous chemicals will be used without prior application.

F) Notification:

- a) Location Construction
At least forty eight (48) hours prior to construction of location and access roads.
- b) Location completion
Prior to moving on the drilling rig.

- c) Spud notice
At least twenty-four (24) hours prior to spudding the well.
- d) Casing string and cementing
At least twenty-four (24) hours prior to running casing and cementing all casing strings.
- e) BOP and related equipment tests
At least twenty-four (24) hours prior to initial pressure tests.
- f) First production notice
Within five (5) business days after the new well begins, or production resumes after well has been off production for more than 90 days.

G) Flare pit:

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

13. Lessees or Operator's representative and certification

A) Representative

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

Office 435-789-0968
Fax 435-789-0970

Cellular 435-828-0968

Date 2/15/04

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


William A. Ryan, Agent
Rocky Mountain Consulting

Onsite Dates:

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

B) Certification:

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

Statement of use of Hazardous Materials

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

If you require additional information please contact:

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

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

THE HOUSTON EXPLORATION COMPANY

EAST COYOTE #16-2-8-25

LOCATED IN UINTAH COUNTY, UTAH
SECTION 2, T8S, R25E, S.L.B.&M.

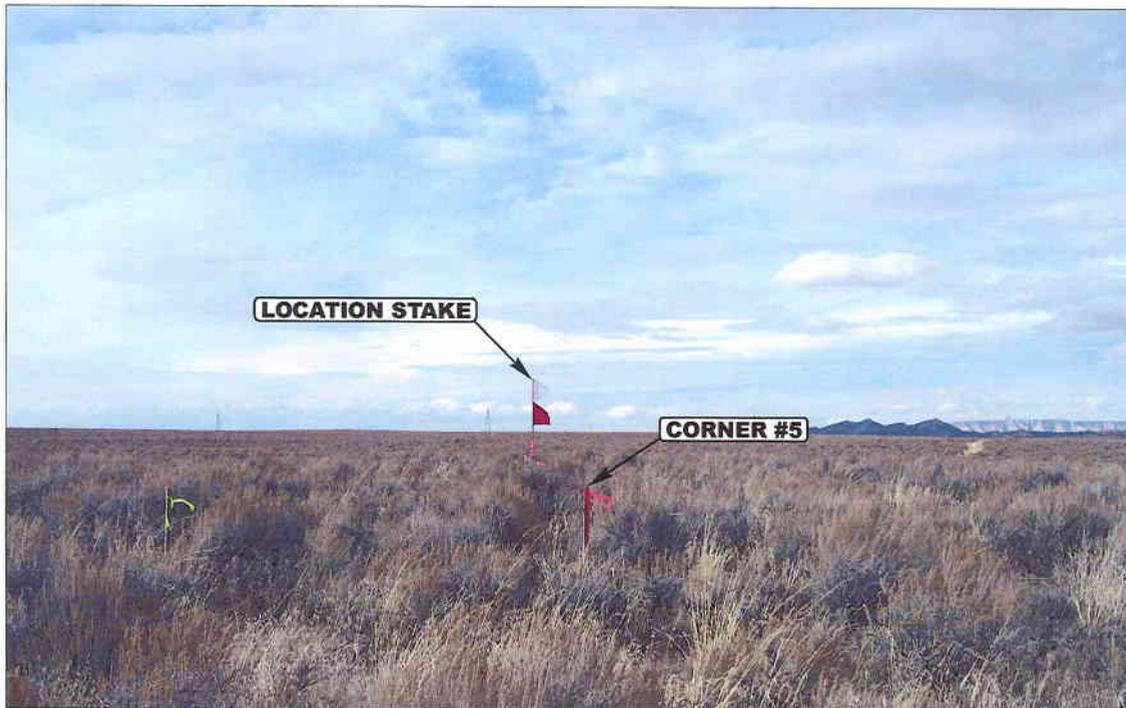


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: NORTHWESTERLY



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

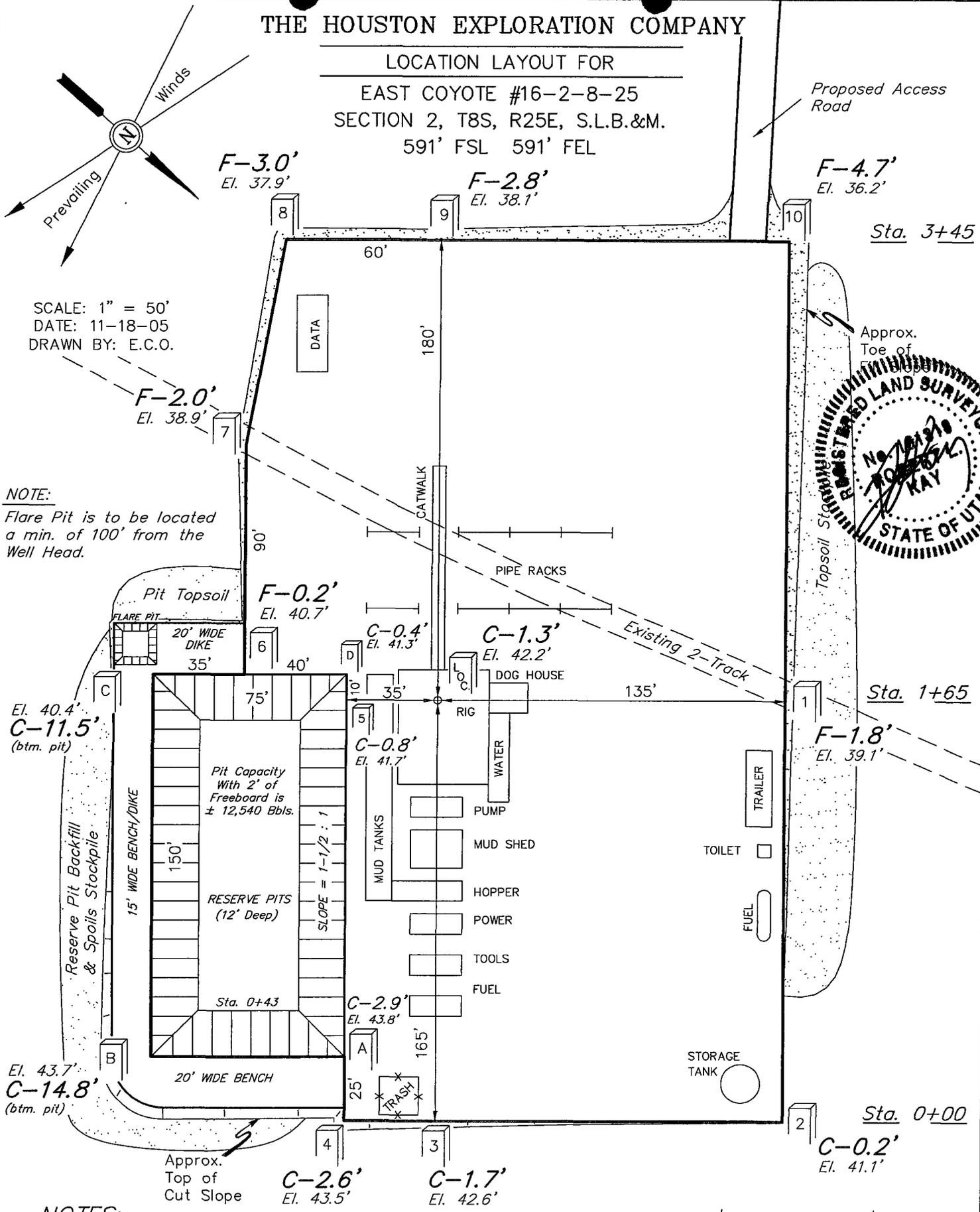
| | | | | | | |
|------------------------|----------------|-------------------|-----------|-----------|-----------|--------------|
| LOCATION PHOTOS | | | 11 | 15 | 05 | PHOTO |
| | | | MONTH | DAY | YEAR | |
| TAKEN BY: N.H. | DRAWN BY: S.L. | REVISED: 11-28-05 | | | | |

THE HOUSTON EXPLORATION COMPANY

LOCATION LAYOUT FOR

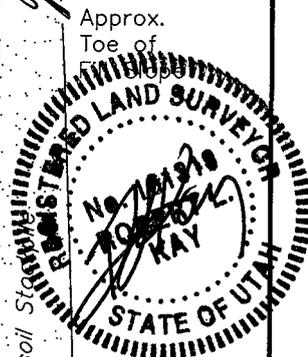
EAST COYOTE #16-2-8-25
SECTION 2, T8S, R25E, S.L.B.&M.
591' FSL 591' FEL

Proposed Access Road



SCALE: 1" = 50'
DATE: 11-18-05
DRAWN BY: E.C.O.

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



NOTES:

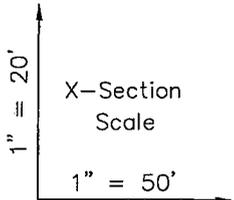
Elev. Ungraded Ground At Loc. Stake = 5642.2'
FINISHED GRADE ELEV. AT LOC. STAKE = 5640.9'

FIGURE #1

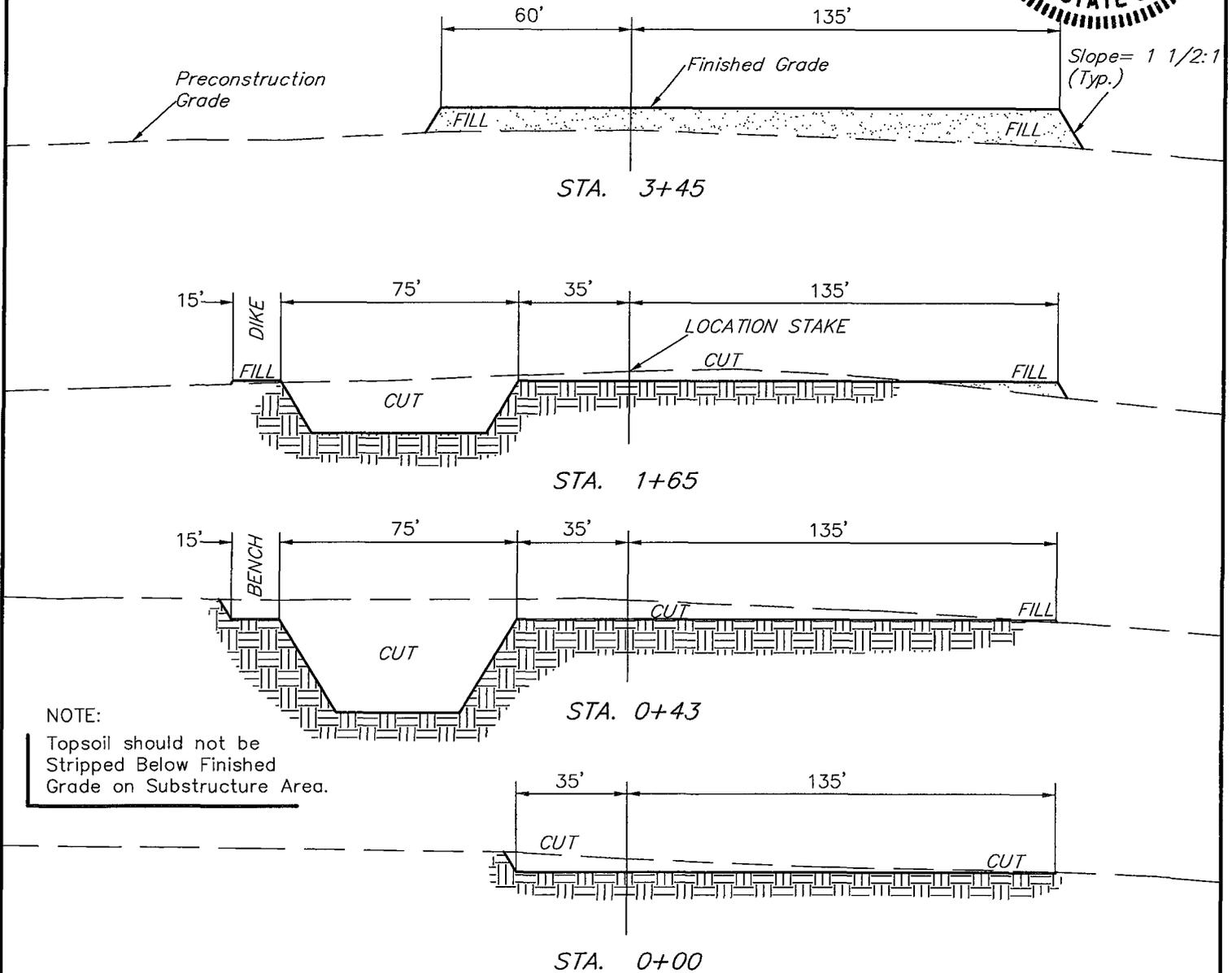
THE HOUSTON EXPLORATION COMPANY

TYPICAL CROSS SECTIONS FOR

EAST COYOTE #16-2-8-25
SECTION 2, T8S, R25E, S.L.B.&M.
591' FSL 591' FEL



DATE: 11-18-05
DRAWN BY: E.C.O.



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

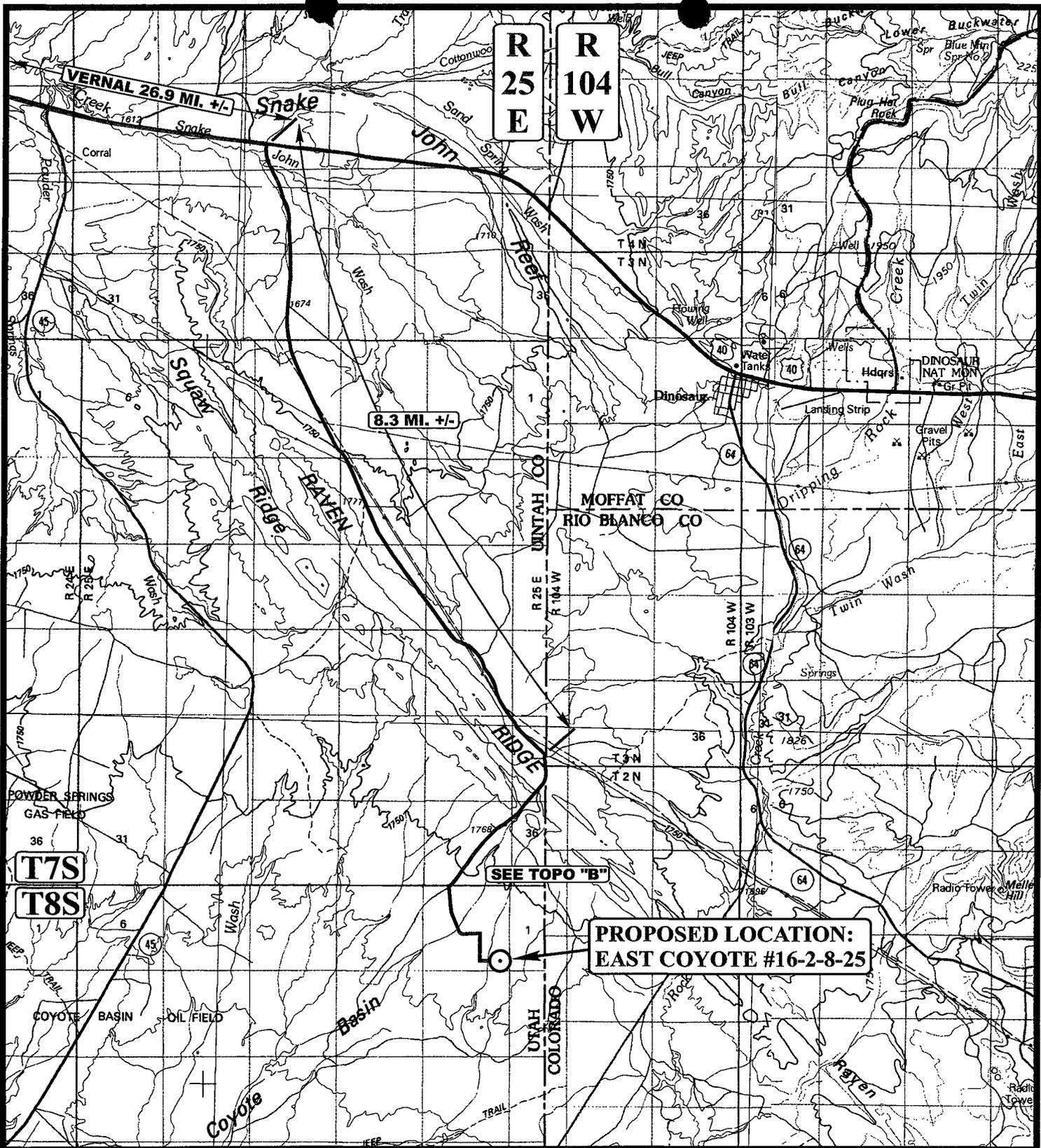
* NOTE:
FILL QUANTITY INCLUDES 5% FOR COMPACTION

FIGURE #2

APPROXIMATE YARDAGES

| | |
|------------------------|------------------------|
| CUT | |
| (6") Topsoil Stripping | = 1,620 Cu. Yds. |
| Remaining Location | = 5,060 Cu. Yds. |
| TOTAL CUT | = 6,680 CU.YDS. |
| FILL | = 3,360 CU.YDS. |

| | |
|---|------------------|
| EXCESS MATERIAL | = 3,320 Cu. Yds. |
| Topsoil & Pit Backfill (1/2 Pit Vol.) | = 3,320 Cu. Yds. |
| EXCESS UNBALANCE (After Rehabilitation) | = 0 Cu. Yds. |



LEGEND:

○ PROPOSED LOCATION



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



THE HOUSTON EXPLORATION COMPANY

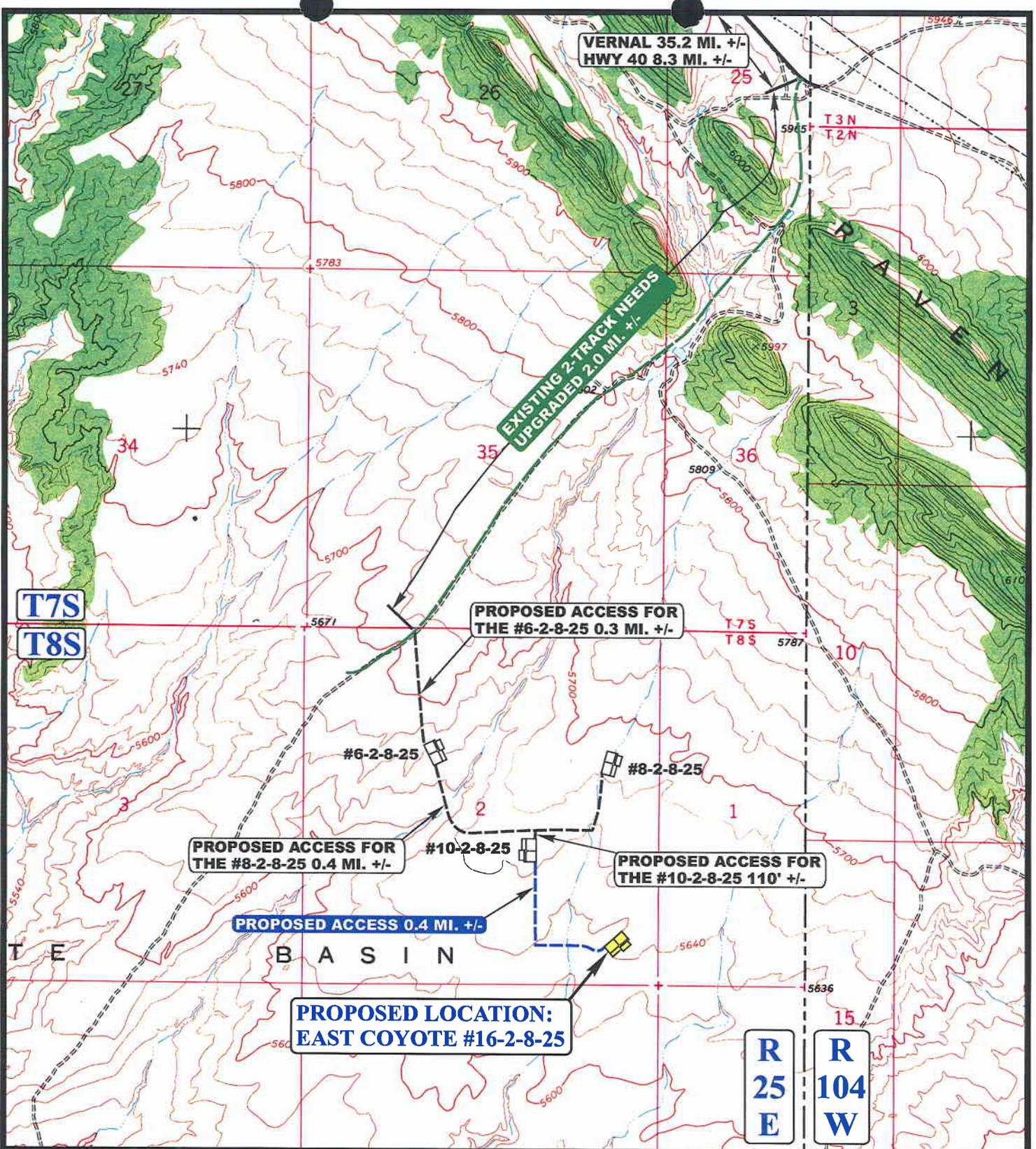
EAST COYOTE #16-2-8-25
 SECTION 2, T8S, R25E, S.L.B.&M.
 591' FSL 591' FEL

TOPOGRAPHIC
MAP

11 15 05
 MONTH DAY YEAR

SCALE: 1:100,000 DRAWN BY: S.L. REVISED: 11-28-05





VERNAL 35.2 MI. +/-
HWY 40 8.3 MI. +/-

EXISTING 2-TRACK NEEDS
UPGRADED 2.0 MI. +/-

PROPOSED ACCESS FOR
THE #6-2-8-25 0.3 MI. +/-

PROPOSED ACCESS FOR
THE #8-2-8-25 0.4 MI. +/-

PROPOSED ACCESS FOR
THE #10-2-8-25 110' +/-

PROPOSED ACCESS 0.4 MI. +/-

PROPOSED LOCATION:
EAST COYOTE #16-2-8-25

LEGEND:

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

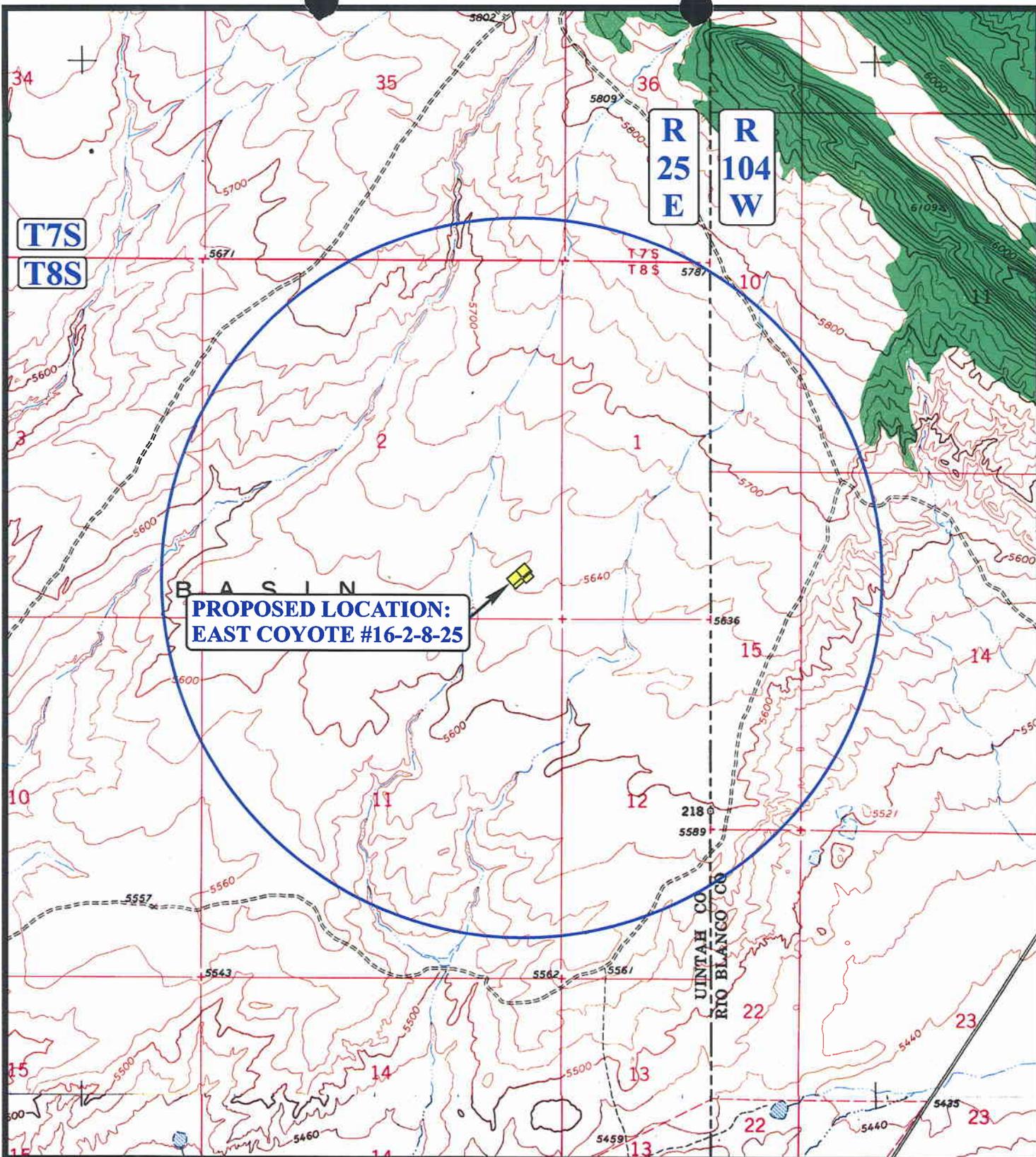


THE HOUSTON EXPLORATION COMPANY

EAST COYOTE #16-2-8-25
SECTION 2, T8S, R25E, S.L.B.&M.
591' FSL 591' FEL

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

TOPOGRAPHIC MAP **11 15 05**
MONTH DAY YEAR
SCALE: 1" = 2000' DRAWN BY: S.L. REVISED: 11-28-05 **B TOPO**



**PROPOSED LOCATION:
EAST COYOTE #16-2-8-25**

**R
25
E** **R
104
W**

**T7S
T8S**

LEGEND:

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



THE HOUSTON EXPLORATION COMPANY

**EAST COYOTE #16-2-8-25
SECTION 2, T8S, R25E, S.L.B.&M.
591' FSL 591' FEL**

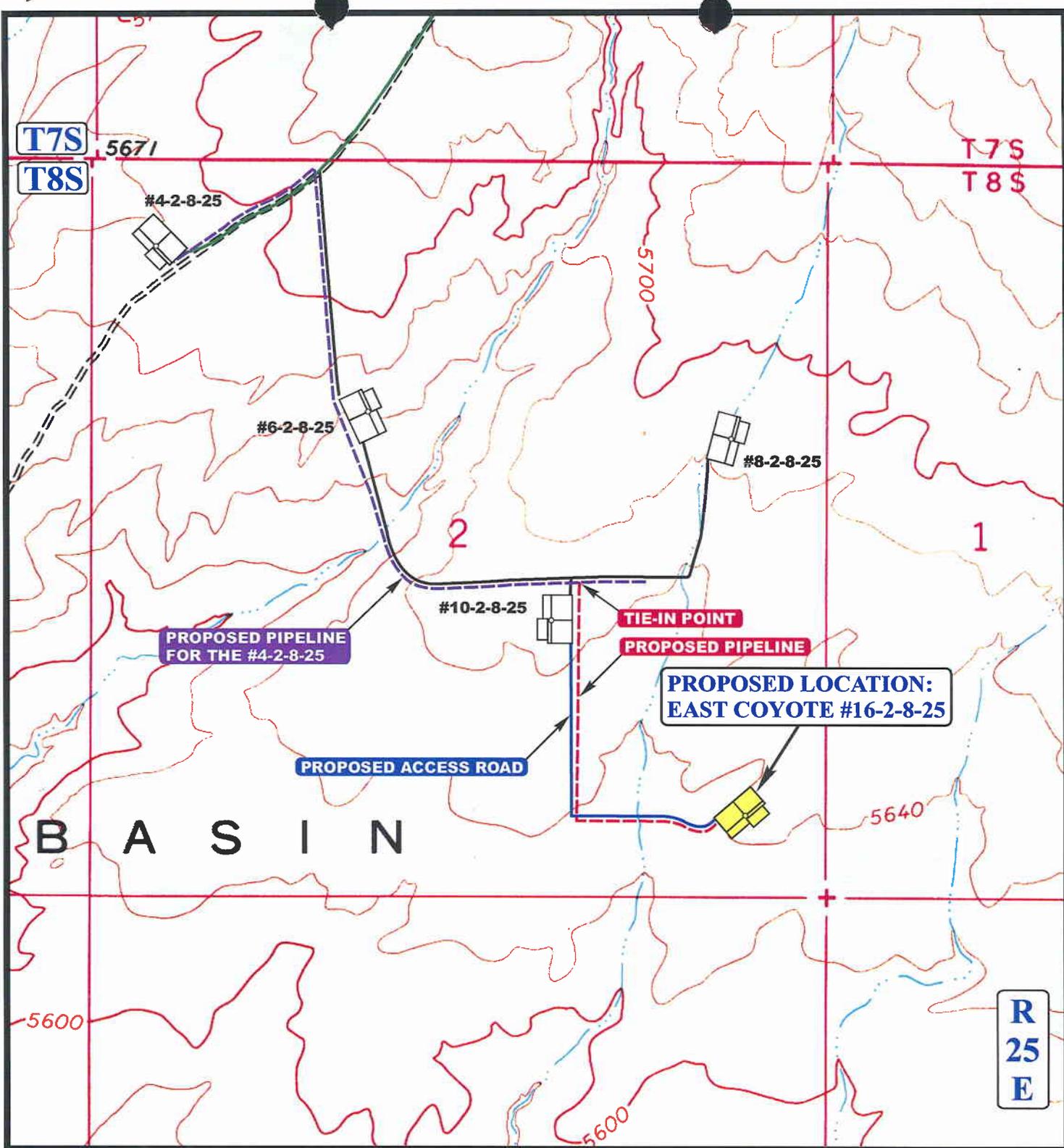


Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC MAP **11 15 05**
MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: S.L. REVISED: 11-28-05





APPROXIMATE TOTAL PIPELINE DISTANCE = 3,506' +/-

LEGEND:

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



THE HOUSTON EXPLORATION COMPANY

**EAST COYOTE #16-2-8-25
SECTION 2, T8S, R25E, S.L.B.&M.
591' FSL 591' FEL**

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

TOPOGRAPHIC 11 15 05
MAP MONTH DAY YEAR
 SCALE: 1" = 1000' DRAWN BY: S.L. REVISED: 11-28-05

D
TOPO

**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 03/09/2006

API NO. ASSIGNED: 43-047-37885

WELL NAME: E COYOTE 16-2-8-25
 OPERATOR: HOUSTON EXPLORATION CO, (N2525)
 CONTACT: WILLIAM RYAN

PHONE NUMBER: 435-789-0968

PROPOSED LOCATION:

SESE 02 080S 250E
 SURFACE: 0591 FSL 0591 FEL
 BOTTOM: 0591 FSL 0591 FEL
 COUNTY: UINTAH
 LATITUDE: 40.14588 LONGITUDE: -109.0602
 UTM SURF EASTINGS: 665237 NORTHINGS: 4445542
 FIELD NAME: WILDCAT (1)

| INSPECT LOCATN BY: / / | | |
|------------------------|----------|--------|
| Tech Review | Initials | Date |
| Engineering | DRD | 4/5/06 |
| Geology | | |
| Surface | | |

LEASE TYPE: 3 - State
 LEASE NUMBER: ML-47953
 SURFACE OWNER: 3 - State

PROPOSED FORMATION: MVRD
 COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[] Ind[] Sta[] Fee[]
(No. 104155044)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. T76203)
- RDCC Review (Y/N)
(Date: 03/28/2006)
- 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 (03-21-06)

STIPULATIONS: 1- Spacing Slip
2- STATEMENT OF BASIS
3- surface csg Cont Slip

T7S R25E

T8S R25E

E COYOTE 4-2-8-25

E COYOTE 3-2-8-25

E COYOTE 6-2-8-25

E COYOTE 8-2-8-25

E COYOTE 12-2-8-25

E COYOTE 10-2-8-25

E COYOTE 14-2-8-25

E COYOTE 16-2-8-25

2

1

OPERATOR: THE HOUTON EXPL & CO (N2525)

SEC: 2 T. 8S R. 25E

FIELD: WILDCAT (001)

COUNTY: UINTAH

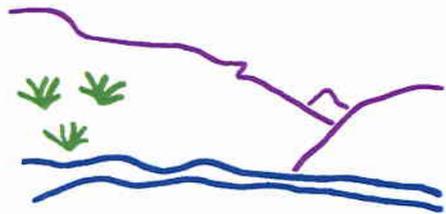
SPACING: R649-3-2 / GENERAL SITING

- 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: 13-MARCH-2006

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

OPERATOR: The Houston Exploration Company
WELL NAME & NUMBER: East Coyote 16-2-8-25
API NUMBER: 43-047-37885
LOCATION: 1/4,1/4 SE/SE Sec: 2TWP: 8S RNG: 25E; 591' FSL 591 FEL

Geology/Ground Water:

The Houston Ex. Co. proposes to set 2000 feet of surface casing cemented to the surface. The base of the moderately saline water is estimated at 5,600 feet. A search of Division of Water Rights records shows no water wells within a 10,000 foot radius of the center of Section 2. The surface formation at this location is the Green River Formation. The Green River Formation is made up of interbedded sandstones, limestones and shales and can produce fairly prolific aquifers. The proposed surface casing should adequately protect any near surface aquifers. The production casing cement should be brought up above the base of the moderately saline ground water in order to isolate it from fresher waters uphole.

Reviewer: Brad Hill **Date:** 03-30-06

Surface:

The pre-drill investigation of the surface was performed on March 21, 2006. Ed Bonner and Jim Davis of SITLA and Ben Williams of UDWR were invited by email to attend the presite on March 15, 2006. Mr. Davis and Mr. Williams attended.

The site is State Surface and State Mineral. The proposed location poses no obvious problems for drilling and appears to be the best location for drilling a well in the immediate area.

Mr. Williams of the UDWR stated that the area is classified as high value yearlong antelope range, however he did not recommend any stipulations, as water is the limiting factor affecting the population not forage. This section is within the area where black-footed ferrets were introduced about 10 years ago. The population is classified as experimental non-essential. Black footed ferrets are closely associated with prairie dog holes and colonies. No colonies or individual holes occur in the vicinity of this proposed well and no impact is expected on the population. No other wildlife are expected to be affected. Mr. Williams gave Mr. Davis and Ms. Stringham copies of his wildlife evaluation and a DWR recommended seed mix to use on the reserve pit and when closing the location.

This predrill investigation was conducted on a cool cloudy day.

Reviewer: Floyd Bartlett **Date:** 03/22/2006

Conditions of Approval/Application for Permit to Drill:

1. A 16 mil liner with a felt sub-liner properly installed and maintained in the reserve pit is required.

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

OPERATOR: The Houston Exploration Company
WELL NAME & NUMBER: East Coyote 16-2-8-25
API NUMBER: 43-047-37885
LEASE: ML-47953 **FIELD/UNIT:** Undesignated
LOCATION: 1/4,1/4 SE/SE Sec: 2 TWP: 8S RNG: 25E ; 591' FSL 591 FEL
LEGAL WELL SITING: 460 F SEC. LINE; 460 F 1/4,1/4 LINE; 920 F ANOTHER WELL.
GPS COORD (UTM): 4445539 Y 0665237 X **SURFACE OWNER:** State of Utah (SITLA)

PARTICIPANTS

Floyd Bartlett (DOGM), Ginger Stringham (Permit Agent for Houston Exploration), Corey Stubbs (Stubbs and Stubbs Construction), Jim Davis (SITLA), Ben Williams (Utah Division of Wildlife Resources).

REGIONAL/SETTING TOPOGRAPHY

General area is the Coyote Basin area of eastern Uintah, County. Coyote Basin is approximately 24 air miles south east of Vernal, Utah and begins on the western boundary of the State of Colorado. Access is by State of Utah Highway, Uintah County and oilfield development roads.

Broad open flats with a few shallow swales characterize the topography of Coyote Basin, which drains into Coyote Wash. No perennial streams occur in drainage. Individual draws or swales are ephemeral with the only flow occurring during spring runoff or flows from sometimes-intense summer rainstorms. Coyote Wash drains southwesterly approximately 14 miles to the White River. No springs exist in the area. An occasional constructed pond occurs furnishing water for antelope or livestock.

This site is on a flat with little defined slope. No stabilization problems are likely to occur. A low standard two-track road intersects the south portion of the location. Approximately 0.4 miles of new road will be constructed from a road proposed to the 8-2-8-25 well.

SURFACE USE PLAN

CURRENT SURFACE USE: Sheep grazing, limited hunting and recreation.

PROPOSED SURFACE DISTURBANCE: Location of 345'x 210' and a reserve pit of 150' x 75'x 12 feet deep and an additional 15' wide bench. Approximately 0.4 miles of new road will be required. All material for the location and road will be obtained onsite.

LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS: None. See attached map from GIS data base. Seven additional wells are currently planned in this section.

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

pipeline 10,330 feet in length will serve other wells in the section and follow the access road to these wells. An additional 3,506' feet of pipeline will access this well.

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). Unlikely, as oil field related activity is common in the general area. This section is within the primary management zone where black-footed ferrets were introduced about 10 years ago. None of the wells are in habitat classified as suitable for ferrets (lack prairie dog holes or colonies).

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 landfill.

ENVIRONMENTAL PARAMETERS

AFFECTED FLOODPLAINS AND/OR WETLANDS: None.

FLORA/FAUNA: A dense cover of desert type vegetation consisting of dense big sagebrush, cheatgrass, wild rye, Sitanion hystrix, Indian ricegrass, prickly pear needle and thread grass and annual weeds. Antelope, rabbits, small reptiles, birds and mammals. Sheep graze the area in the winter.

SOIL TYPE AND CHARACTERISTICS: Very deep sandy loam surface. No exposed sandstone or bedrock.

EROSION/SEDIMENTATION/STABILITY: No natural erosion. Sedimentation and stability are not a problem and location construction shouldn't cause an increase in stability or erosion problems. The location does not intersect any significant drainages.

PALEONTOLOGICAL POTENTIAL: None sited or expected..

RESERVE PIT

CHARACTERISTICS: 150' x 75' x 12 feet. The reserve pit is all within cut on the northeast side of the location. A 15' wide bench is planned around the outer edges and 2' of freeboard.

LINER REQUIREMENTS (Site Ranking Form attached): Level 1 sensitivity. A liner with a felt pad as appropriate is required for the reserve pit. The operator routinely installs a 16 mil. liner.

SURFACE RESTORATION/RECLAMATION PLAN

As per SITLA requirements.

SURFACE AGREEMENT:

As per SITLA requirements.

CULTURAL RESOURCES/ARCHAEOLOGY: A survey has not yet been completed. When completed a copy will be furnished for the file.

OTHER OBSERVATIONS/COMMENTS

Ben Williams representing the Utah Division of Wildlife Resources stated the area is classified as high value yearlong antelope range, however he did not recommend any stipulations, as water is the limiting factor affecting the population not forage. This SITLA section is within the area where black-footed ferrets were introduced about 10 years ago. The population is classified as experimental non-essential. Black footed ferrets are associated with prairie dog holes and colonies. No colonies or individual holes occur in this section. No other wildlife species are expected to be affected.

A major high voltage power transmission line from the Bonanza Power Plant runs longitudinally through the section. No conflicts are expected with this power line.

This pre-drill investigation was conducted on a cool cloudy day.

ATTACHMENTS

Photos of this site were taken and placed on file.

FLOYD BARTLETT
DOGM REPRESENTATIVE

03/21/06; 12:45 PM
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.

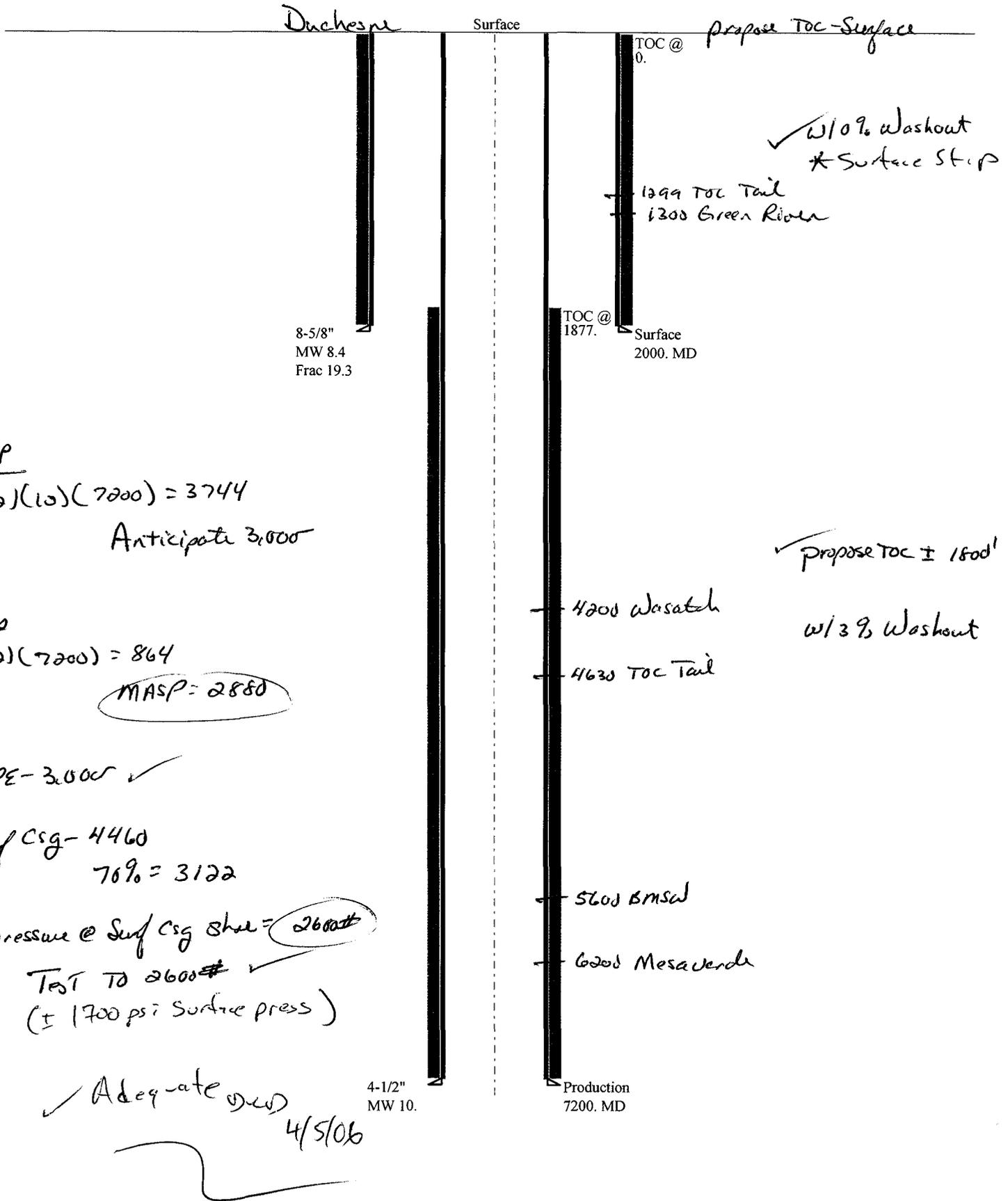
Sensitivity Level I = 15-19; lining is discretionary.

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





Casing Schematic



BHP
 $(.052)(10)(7200) = 3744$
 Anticipate 3,000

Gas
 $(.12)(7200) = 864$
 MASP = 2880

BOPE - 3000 ✓

Surf csg - 4460
 76% = 3122

Max pressure @ Surf csg shoe = 2600#

Test to 2600#
 (± 1700 psi surface press)

✓ Adequate mud
 4/5/06

| | | |
|--------------|---|--------------|
| Well name: | 04-06 Houston E Coyote 16-2-8-25 | |
| Operator: | Houston Exploration Company | Project ID: |
| String type: | Surface | 43-047-37885 |
| Location: | Uintah County | |

Design parameters:

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

Minimum design factors:

Collapse:
Design factor 1.125

Environment:

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

Burst

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

No backup mud specified.

Burst:
Design factor 1.00

Cement top: Surface

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: 1,749 ft

Non-directional string.

Re subsequent strings:
Next setting depth: 7,200 ft
Next mud weight: 10.000 ppg
Next setting BHP: 3,740 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 | 8.625 | 36.00 | J-55 | ST&C | 2000 | 2000 | 7.7 | 143.6 |
| Run Seq | Collapse Load (psi) | Collapse Strength (psi) | Collapse Design Factor | Burst Load (psi) | Burst Strength (psi) | Burst Design Factor | Tension Load (Kips) | Tension Strength (Kips) | Tension Design Factor |
| 1 | 873 | 3450 | 3.953 | 2000 | 4460 | 2.23 | 63 | 434 | 6.89 J |

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

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

Date: April 3, 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: | 04-06 Houston E Coyote 16-2-8-25 | | |
| Operator: | Houston Exploration Company | | |
| String type: | Production | Project ID: | 43-047-37885 |
| Location: | Uintah County | | |

Design parameters:

Collapse

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

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
 Surface temperature: 65 °F
 Bottom hole temperature: 166 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 1,500 ft

Cement top: 1,877 ft

Burst

Max anticipated surface pressure: 2,876 psi
 Internal gradient: 0.120 psi/ft
 Calculated BHP 3,740 psi

No backup mud specified.

Tension:

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

Non-directional string.

Tension is based on buoyed weight.
 Neutral point: 6,124 ft

| Run Seq | Segment Length (ft) | Size (in) | Nominal Weight (lbs/ft) | Grade | End Finish | True Vert Depth (ft) | Measured Depth (ft) | Drift Diameter (in) | Internal Capacity (ft³) |
|---------|---------------------|-------------------------|-------------------------|------------------|----------------------|----------------------|---------------------|-------------------------|-------------------------|
| 1 | 7200 | 4.5 | 11.60 | N-80 | LT&C | 7200 | 7200 | 3.875 | 166.9 |
| 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 | 3740 | 6350 | 1.698 | 3740 | 7780 | 2.08 | 71 | 223 | 3.14 J |

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

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

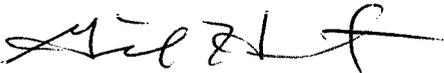
Date: April 3, 2006
 Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 7200 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.

STATE ACTIONS
Resource Development Coordinating Committee
Governor's Office of Planning and Budget
5110 State Office Building
SLC, UT 84114
Phone No. 537-9230

| | |
|---|---|
| 1. State Agency Oil, Gas and Mining 1594 West North Temple, Suite 1210 Salt Lake City, UT 84114-5801 | 2. Approximate date project will start: Upon Approval or March 27, 2006 |
| 3. Title of proposed action: Application for Permit to Drill | |
| 4. Description of Project: The Houston Exploration Company proposes to drill the East Coyote 16-2-8-25 well (wildcat) on a State lease ML-47953, Uintah County, Utah. This action is being presented to the RDCC for consideration of resource issues affecting state interests. The Division of Oil, Gas and Mining is the primary administrative agency in this action and must issue approval before operations commence. | |
| 5. Location and detailed map of land affected (site location map required, electronic GIS map preferred) (include UTM coordinates where possible) (indicate county) 591' FSL 591' FEL, SE/4 SE/4, Section 2, Township 8 South, Range 25 East, Uintah County, Utah | |
| 6. Possible significant impacts likely to occur: Surface impacts include up to five acres of surface disturbance during the drilling and completion phase (estimated for five weeks duration). If oil and gas in commercial quantities is discovered, the location will be reclaimed back to a net disturbance of between one and two acres – not including road, pipeline, or utility infrastructure. If no oil or gas is discovered, the location will be completely reclaimed. | |
| 7. Identify local government affected a. Has the government been contacted? No. b. When? c. What was the response? d. If no response, how is the local government(s) likely to be impacted? | |
| 8. For acquisitions of land or interests in land by DWR or State Parks please identify state representative and state senator for the project area. Name and phone number of state representative, state senator near project site, if applicable: a. Has the representative and senator been contacted? N/A | |
| 9. Areawide clearinghouse(s) receiving state action: (to be sent out by agency in block 1) Uintah Basin Association of Governments | |
| 10. For further information, contact: Diana Whitney Phone: (801) 538-5312 | 11. Signature and title of authorized officer  Gil Hunt, Associate Director Date: March 13, 2006 |

From: Ed Bonner
To: Whitney, Diana
Date: 7/11/2006 10:04:31 AM
Subject: Well Clearance

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

Enduring Resources, LLC
Buck Camp 12-22-12-2
Rock House 10-23-24-32
Rock House 10-23-11-32

Dominion E&P, Inc
LCU 3-2H
LCU 6-2H
LCU 8-2H
LCU 7-2H
LCU 9-2H

The Houston Exploration Company
East Coyote 3-2-8-25
East Coyote 4-2-8-25
East Coyote 6-2-8-25
East Coyote 8-2-8-25
East Coyote 10-2-8-25
East Coyote 12-2-8-25
East Coyote 14-2-8-25
East Coyote 16-2-8-25

Kerr McGee Oil & Gas Onshore LP (Westport)
State 1021-36M
State 1021-36L
NBU 1022-18F
Bitter Creek 1122-2B
Bitter Creek 1122-2H
NBU 1021-2C

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

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

MEMORANDUM

DATE: March 20, 2006

TO: Utah Division of Oil, Gas and Mining

FROM: Utah Geological Survey, Ground Water and Paleontology Program

CC: Resource Development Coordinating Committee

SUBJECT: UGS comments on RDCC short turn around items 6355-6359

6355. Division of Oil, Gas, and Mining
Short Turn Around Drilling Permit
Sec. 25, T8S, R25E, Uintah County
Application Permit to Drill-proposal to drill a wildcat well in the East Coyote 14-2-8-25
on a State lease ML-47953

There are significant vertebrate paleontological localities from the Eocene Uinta Formation known in or near this project area. The office of the State Paleontologist therefore recommends that a paleontological survey be conducted for this project.

6356. Division of Oil, Gas, and Mining
Short Turn Around Drilling Permit
Sec. 25, T8S, R25E, Uintah County
Application Permit to Drill-proposal to drill a wildcat well in the East Coyote 16-2-8-25
on a State lease ML-47953

There are significant vertebrate paleontological localities from the Eocene Uinta Formation known in or near this project area. The office of the State Paleontologist therefore recommends that a paleontological survey be conducted for this project.

6357. Division of Oil, Gas, and Mining
Short Turn Around Drilling Permit
Sec. 25, T8S, R25E, Uintah County
Application Permit to Drill-proposal to drill a wildcat well in the East Coyote 4-2-8-25 on
a State lease ML-47953

There are significant vertebrate paleontological localities from the Eocene Uinta Formation known in or near this project area. The office of the State Paleontologist therefore recommends that a paleontological survey be conducted for this project.

6358. Division of Oil, Gas, and Mining

Short Turn Around Drilling Permit

Sec. 25, T8S, R25E, Uintah County

Application Permit to Drill-proposal to drill a wildcat well in the East Coyote 10-2-8-25
on a State lease ML-47953

There are significant vertebrate paleontological localities from the Eocene Uinta Formation known in or near this project area. The office of the State Paleontologist therefore recommends that a paleontological survey be conducted for this project.

6359. Division of Oil, Gas, and Mining

Short Turn Around Drilling Permit

Sec. 25, T8S, R25E, Uintah County

Application Permit to Drill-proposal to drill a wildcat well in the East Coyote 12-2-8-25
on a State lease ML-47953

There are significant vertebrate paleontological localities from the Eocene Uinta Formation known in or near this project area. The office of the State Paleontologist therefore recommends that a paleontological survey be conducted for this project.

From: Robert Clark
To: Whitney, Diana
Date: 3/21/2006 9:57:24 AM
Subject: RDCC short turn around response

The following comments are provided in response to **RDCC #6355 - #6359**. The same comments pertain to all five Houston Exploration Company projects.

Comments begin: The proposed Houston Exploration Company well drilling project, in Uintah County, may require a permit, known as an Approval Order, from the Executive Secretary of the Air Quality Board. If any compressor or pump stations are constructed at the site, a permit application, known as a Notice of Intent (NOI), should be submitted to the Executive Secretary at the Utah Division of Air Quality at 150 N. 1950 West, Salt Lake City, Utah, 84116 for review according to the Utah Air Quality Rule R307-401. Permit: Notice of Intent and Approval Order. The proposed project is also subject to Utah Air Quality Rule R307-205-5, Fugitive Dust, due to the fugitive dust that is generated during the excavating phases of the project. These rules apply to construction activities that disturb an area greater than 1/4 acre in size. A permit is not required, but steps need to be taken to minimize fugitive dust, such as watering and/or chemical stabilization, providing vegetative or synthetic cover or windbreaks. A copy of the rules may be found at www.rules.utah.gov/publicat/code/r307/r307.htm. **Comments end.** Robert Clark
Division of Air Quality
536-4435

CC: McNeill, Dave; Wright, Carolyn



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 11, 2006

Houston Exploration Company
1100 Louisiana, Ste. 2000
Houston, TX 77002

Re: East Coyote 16-2-8-25 Well, 591' FSL, 591' FEL, SE SE, Sec. 2, T. 8 South,
R. 25 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 43-047-37885.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

cc: Uintah County Assessor
SITLA

Operator: Houston Exploration Company
Well Name & Number East Coyote 16-2-8-25
API Number: 43-047-37885
Lease: ML-47953

Location: SE SE Sec. 2 T. 8 South R. 25 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

43-047-37885

July 11, 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.
7. Operator shall comply with applicable recommendations resulting from Resource Development Coordinating Committee review. Statements attached.
8. Surface casing shall be cemented to the surface.

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

5. LEASE DESIGNATION AND SERIAL NUMBER:
ML-47953

SUNDRY NOTICES AND REPORTS ON WELLS

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
NA

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

7. UNIT or CA AGREEMENT NAME:
NA

1. TYPE OF WELL
OIL WELL GAS WELL OTHER _____

8. WELL NAME and NUMBER:
East Coyote 16-2-8-25

2. NAME OF OPERATOR:
The Houston Exploration Company

9. API NUMBER:
4304737885

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

PHONE NUMBER:
(713) 830-6800

10. FIELD AND POOL, OR WILDCAT:
Undesignated

4. LOCATION OF WELL
FOOTAGES AT SURFACE: 591' FSL & 591' FEL

COUNTY: Uintah

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESE 2 T8S 25E

STATE: UTAH

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

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

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

Operator respectfully requests to extend approval for the subject location for one year.

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 07-26-07

By: [Signature]

NAME (PLEASE PRINT) William A. Ryan TITLE Agent

SIGNATURE [Signature] DATE 7/19/2007

(This space for State use only)

COPY SENT TO OPERATOR
Date: 7-27-07
Initials: pm

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

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

API: 4304737885
Well Name: East Coyote 16-2-8-25
Location: Section 2, Township 8 South, Range 25 East SESE
Company Permit Issued to: The Houston Exploration Company
Date Original Permit Issued: 7/11/2006

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

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

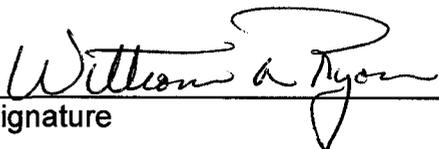
Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes No

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

7/19/2007
Date

Title: Agent

Representing: The Houston Exploration Company

Division of Oil, Gas and Mining
OPERATOR CHANGE WORKSHEET

ROUTING

1. DJJ

2. CDW

Change of Operator (Well Sold)

X - Operator Merger

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

6/1/2007

| | |
|---|--|
| FROM: (Old Operator): N2525 - The Houston Exploration Company 1100 Louisiana, Suite 2000 Houston, TX 77002 Phone: 1-(713) 830-6800 | TO: (New Operator): N6965-Forest Oil Corporation 707 17th St, Suite 3600 Denver, CO 80202 Phone: 1 (303) 812-1755 |
|---|--|

| WELL NAME | | CA No. | Unit: | | SEC | TWN | RNG | API NO | ENTITY NO | LEASE TYPE | WELL TYPE | WELL STATUS |
|-------------------|--|--------|-------|--|-----|-----|-----|--------|-----------|------------|-----------|-------------|
| SEE ATTACHED LIST | | | | | | | | | | | | |

OPERATOR CHANGES DOCUMENTATION

Enter date after each listed item is completed

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

DATA ENTRY:

- Changes entered in the **Oil and Gas Database** on: 8/27/2007
- Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 8/27/2007
- Bond information entered in RBDMS on: 8/27/2007
- Fee/State wells attached to bond in RBDMS on: 8/27/2007
- Injection Projects to new operator in RBDMS on: n/a
- Receipt of Acceptance of Drilling Procedures for APD/New on: 7/30/2007

BOND VERIFICATION:

- Federal well(s) covered by Bond Number: 6236351
- 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 6218963
- b. The **FORMER** operator has requested a release of liability from their bond on: not yet

LEASE INTEREST OWNER NOTIFICATION:

- (R649-2-10) The **FORMER** operator of the fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: 8/1/2007

COMMENTS:

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

FORM 9

| | | |
|--|--|---|
| SUNDRY NOTICES AND REPORTS ON WELLS | | 5. LEASE DESIGNATION AND SERIAL NUMBER: See Attached List |
| 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: |
| | | 7. UNIT or CA AGREEMENT NAME: |
| 1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER _____ | 8. WELL NAME and NUMBER: See Attached List | |
| 2. NAME OF OPERATOR: Forest Oil Corporation <i>N6965</i> | | 9. API NUMBER: various |
| 3. ADDRESS OF OPERATOR: 707 17th Street, #3600 CITY Denver, STATE CO ZIP 80202 | PHONE NUMBER: (303) 812-1755 | 10. FIELD AND POOL, OR WILDCAT: |
| 4. LOCATION OF WELL FOOTAGES AT SURFACE: See attached list | | COUNTY: |
| QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: | | STATE: UTAH |

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

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc. *N2525*
 Effective 6/1/2007 please change the operator for the attached list of Utah wells from The Houston Exploration Company N-2525 to Forest Oil Corporation (N-6965). Forest merged with The Houston Exploration Company, a copy of the merger document is attached.. The contract operated wells will continue to be contract operated by Enduring.

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

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

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

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

J.C. Ridens

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

7-5-07
Date

| | |
|---|--|
| NAME (PLEASE PRINT) <u>Joanne C. Hresko</u> | TITLE <u>Vice President & General Mgr. - Northern Division</u> |
| SIGNATURE <i>Joanne C. Hresko</i> | DATE <u>7-5-07</u> |

(This space for State use only)

APPROVED 8/27/07
Earlene Russell
 (5/2000) **Earlene Russell**
 Division of Oil, Gas and Mining
 Earlene Russell, Engineering Technician

All wells with APD or New status

(See Instructions on Reverse Side)

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

| well_name | sec | twp | rng | api | entity | lease | well | stat | flag |
|------------------------|-----|------|------|------------|--------|---------|------|------|------|
| HORSESHOE BEND 16-33 | 33 | 060S | 210E | 4304736214 | | Federal | OW | APD | |
| HORSESHOE BEND 3-33 | 33 | 060S | 210E | 4304736215 | | Federal | OW | APD | |
| N HORSESHOE 7-16-6-21 | 16 | 060S | 210E | 4304737438 | | State | GW | APD | C |
| N HORSESHOE 9-16-6-21 | 16 | 060S | 210E | 4304737439 | | State | GW | APD | C |
| N HORSESHOE 15-16-6-21 | 16 | 060S | 210E | 4304737440 | | State | GW | APD | C |
| N HORSESHOE 11-16-6-21 | 16 | 060S | 210E | 4304737441 | | State | GW | APD | C |
| N HORSESHOE 1-16-6-21 | 16 | 060S | 210E | 4304737442 | | State | GW | APD | C |
| N HORSESHOE 13-2-6-21 | 02 | 060S | 210E | 4304737476 | | State | GW | APD | C |
| N HORSESHOE 15-2-6-21 | 02 | 060S | 210E | 4304737477 | | State | GW | APD | C |
| GUSHER 2-2-6-19 | 02 | 060S | 190E | 4304737561 | | State | OW | APD | C |
| GUSHER 16-2-6-19 | 02 | 060S | 190E | 4304737562 | | State | OW | APD | C |
| GUSHER 1-2-6-19 | 02 | 060S | 190E | 4304737563 | | State | OW | APD | C |
| GUSHER 3-2-6-19 | 02 | 060S | 190E | 4304737568 | | State | OW | APD | C |
| E COYOTE 6-2-8-25 | 02 | 080S | 250E | 4304737572 | | State | GW | APD | C |
| E COYOTE 3-2-8-25 | 02 | 080S | 250E | 4304737573 | | State | GW | APD | C |
| E COYOTE 8-2-8-25 | 02 | 080S | 250E | 4304737574 | | State | GW | APD | C |
| N HORSESHOE 13-16-6-21 | 16 | 060S | 210E | 4304737575 | | State | GW | APD | C |
| E COYOTE 4-2-8-25 | 02 | 080S | 250E | 4304737882 | | State | GW | APD | C |
| E COYOTE 14-2-8-25 | 02 | 080S | 250E | 4304737883 | | State | GW | APD | C |
| E COYOTE 10-2-8-25 | 02 | 080S | 250E | 4304737884 | | State | GW | APD | C |
| E COYOTE 16-2-8-25 | 02 | 080S | 250E | 4304737885 | | State | GW | APD | C |
| E COYOTE 12-2-8-25 | 02 | 080S | 250E | 4304737886 | | State | GW | APD | C |
| N HORSESHOE 16-18-6-22 | 18 | 060S | 220E | 4304737887 | | Federal | GW | APD | C |
| N HORSESHOE 14-18-6-22 | 18 | 060S | 220E | 4304737888 | | Federal | GW | APD | C |
| N HORSESHOE 2-18-6-22 | 18 | 060S | 220E | 4304737889 | | Federal | GW | APD | C |
| N HORSESHOE 10-18-6-22 | 18 | 060S | 220E | 4304737890 | | Federal | GW | APD | C |
| N HORSESHOE 8-18-6-22 | 18 | 060S | 220E | 4304737891 | | Federal | GW | APD | C |
| N HORSESHOE 13-15-6-21 | 15 | 060S | 210E | 4304738013 | | Federal | GW | APD | C |
| N HORSESHOE 15-15-6-21 | 15 | 060S | 210E | 4304738014 | | Federal | GW | APD | C |
| N HORSESHOE 11-15-6-21 | 15 | 060S | 210E | 4304738015 | | Federal | GW | APD | C |
| N HORSESHOE 9-15-6-21 | 15 | 060S | 210E | 4304738016 | | Federal | GW | APD | C |
| N HORSESHOE 5-15-6-21 | 15 | 060S | 210E | 4304738017 | | Federal | GW | APD | C |
| N HORSESHOE 3-15-6-21 | 15 | 060S | 210E | 4304738018 | | Federal | GW | APD | C |
| N HORSESHOE 5-20-6-22 | 20 | 060S | 220E | 4304738019 | | Federal | GW | APD | C |
| N HORSESHOE 13-20-6-22 | 20 | 060S | 220E | 4304738020 | | Federal | GW | APD | C |
| N HORSESHOE 3-20-6-22 | 20 | 060S | 220E | 4304738021 | | Federal | GW | APD | C |
| N HORSESHOE 7-20-6-22 | 20 | 060S | 220E | 4304738022 | | Federal | GW | APD | C |
| N HORSESHOE 11-20-6-22 | 20 | 060S | 220E | 4304738023 | | Federal | GW | APD | C |
| N HORSESHOE 2-12-6-21 | 12 | 060S | 210E | 4304738198 | | Federal | GW | APD | C |
| N HORSESHOE 14-12-6-21 | 12 | 060S | 210E | 4304738199 | | Federal | GW | APD | C |
| N HORSESHOE 10-12-6-21 | 12 | 060S | 210E | 4304738200 | | Federal | GW | APD | C |
| N HORSESHOE 8-12-6-21 | 12 | 060S | 210E | 4304738201 | | Federal | GW | APD | C |
| N HORSESHOE 16-13-6-21 | 13 | 060S | 210E | 4304738202 | | Federal | GW | APD | C |
| N HORSESHOE 15-17-6-22 | 17 | 060S | 220E | 4304738203 | | Federal | GW | APD | C |
| N HORSESHOE 5-19-6-22 | 19 | 060S | 220E | 4304738204 | | Federal | GW | APD | C |
| N HORSESHOE 15-19-6-22 | 19 | 060S | 220E | 4304738205 | | Federal | GW | APD | C |
| N HORSESHOE 3-21-6-22 | 21 | 060S | 220E | 4304738206 | | Federal | GW | APD | C |
| N HORSESHOE 11-21-6-22 | 21 | 060S | 220E | 4304738207 | | Federal | GW | APD | C |
| N HORSESHOE 15-21-6-22 | 21 | 060S | 220E | 4304738208 | | Federal | GW | APD | C |
| N HORSESHOE 13-21-6-22 | 21 | 060S | 220E | 4304738209 | | Federal | GW | APD | C |
| N HORSESHOE 5-21-6-22 | 21 | 060S | 220E | 4304738210 | | Federal | GW | APD | C |
| N HORSESHOE 7-19-6-22 | 19 | 060S | 220E | 4304738271 | | Federal | GW | APD | C |
| N HORSESHOE 5-16-6-22 | 16 | 060S | 220E | 4304738406 | | State | GW | APD | |

| well_name | sec | twp | rng | api | entity | lease | well | stat | flag |
|----------------------------|-----|------|------|------------|--------|---------|------|------|------|
| TWELVEMILE WASH 11-13-5-20 | 13 | 050S | 200E | 4304738437 | | Federal | GW | APD | C |
| TWELVEMILE WASH 1-15-5-20 | 15 | 050S | 200E | 4304738438 | | Federal | GW | APD | C |
| N HORSESHOE 4-33-5-21 | 33 | 050S | 210E | 4304738439 | | Federal | GW | APD | C |
| GUSHER 6-15-6-19 | 15 | 060S | 190E | 4304738440 | | Federal | GW | APD | C |
| HORSESHOE BEND W 9-34-6-20 | 34 | 060S | 200E | 4304738441 | | Federal | GW | APD | C |
| N HORSESHOE 16-12-6-21 | 12 | 060S | 210E | 4304738442 | | Federal | GW | APD | C |
| N WALKER HOLLOW 12-29-6-23 | 29 | 060S | 230E | 4304738443 | | Federal | GW | APD | C |
| N WALKER HOLLOW 10-30-6-23 | 30 | 060S | 230E | 4304738444 | | Federal | GW | APD | C |
| PELICAN LAKE 11-3-8-20 | 03 | 080S | 200E | 4304738445 | | Federal | GW | APD | C |
| PELICAN LAKE 8-4-8-20 | 04 | 080S | 200E | 4304738446 | | Federal | GW | APD | C |
| E COYOTE 10-3-8-25 | 03 | 080S | 250E | 4304738447 | | Federal | GW | APD | C |
| BORDER 10-9-8-25 | 09 | 080S | 250E | 4304738448 | | Federal | GW | APD | C |
| N WALKER HOLLOW 14-33-6-23 | 33 | 060S | 230E | 4304738455 | | Federal | GW | APD | C |
| SNAKE JOHN WASH 14-11-7-25 | 11 | 070S | 250E | 4304738456 | | Federal | GW | APD | C |
| SNAKE JOHN WASH 4-24-7-25 | 24 | 070S | 250E | 4304738457 | | Federal | GW | APD | C |
| SQUAW RIDGE 1-26-7-25 | 26 | 070S | 250E | 4304738458 | | Federal | GW | APD | C |
| SQUAW RIDGE 13-28-7-25 | 28 | 070S | 250E | 4304738459 | | Federal | GW | APD | C |
| SQUAW RIDGE 16-30-7-25 | 30 | 070S | 250E | 4304738460 | | Federal | GW | APD | C |
| SQUAW RIDGE 14-16-7-25 | 16 | 070S | 250E | 4304738461 | | State | GW | APD | C |
| GUSHER 13-11-5-19 | 11 | 050S | 190E | 4304738462 | | State | GW | APD | C |
| N HORSESHOE 1-15-6-21 | 15 | 060S | 210E | 4304738831 | | Federal | GW | APD | C |
| N HORSESHOE 16-9-6-22 | 09 | 060S | 220E | 4304739083 | | State | GW | APD | |
| N HORSESHOE 12-7-6-22 | 07 | 060S | 220E | 4304739084 | | State | GW | APD | |
| N HORSESHOE 14-10-6-22 | 10 | 060S | 220E | 4304739085 | | State | GW | APD | |
| N HORSESHOE 2-15-6-22 | 15 | 060S | 220E | 4304739086 | | State | GW | APD | |
| N WALKER HOLLOW 12-32-6-23 | 32 | 060S | 230E | 4304739087 | | State | GW | APD | |
| N WALKER HOLLOW 10-32-6-23 | 32 | 060S | 230E | 4304739088 | | State | GW | APD | |
| N WALKER HOLLOW 16-32-6-23 | 32 | 060S | 230E | 4304739089 | | State | GW | APD | |
| N WALKER HOLLOW 8-32-6-23 | 32 | 060S | 230E | 4304739090 | | State | GW | APD | |
| N WALKER HOLLOW 11-36-6-23 | 36 | 060S | 230E | 4304739091 | | State | GW | APD | |
| N WALKER HOLLOW 13-36-6-23 | 36 | 060S | 230E | 4304739092 | | State | GW | APD | |
| N WALKER HOLLOW 14-32-6-23 | 32 | 060S | 230E | 4304739093 | | State | GW | APD | |
| N WALKER HOLLOW 15-36-6-23 | 36 | 060S | 230E | 4304739094 | | State | GW | APD | |
| N HORSESHOE 4-15-6-22 | 15 | 060S | 220E | 4304739095 | | State | GW | APD | |
| N HORSESHOE 9-10-6-21 | 10 | 060S | 210E | 4304739284 | | Federal | GW | APD | C |
| N HORSESHOE 12-13-6-21 | 13 | 060S | 210E | 4304739285 | | Federal | GW | APD | |
| N HORSESHOE 7-15-6-21 | 15 | 060S | 210E | 4304739286 | | Federal | GW | APD | |
| N HORSESHOE 9-19-6-22 | 19 | 060S | 220E | 4304739287 | | Federal | GW | APD | |
| N HORSESHOE 13-19-6-22 | 19 | 060S | 220E | 4304739288 | | Federal | GW | APD | |
| N HORSESHOE 11-19-6-22 | 19 | 060S | 220E | 4304739289 | | Federal | GW | APD | |
| SQUAW RIDGE 16-13-7-24 | 13 | 070S | 240E | 4304739319 | | Federal | GW | APD | C |
| N HORSESHOE 16-7-6-22 | 07 | 060S | 220E | 4304739320 | | Federal | GW | APD | C |
| SQUAW RIDGE 8-16-7-25 | 16 | 070S | 250E | 4304738024 | | State | GW | NEW | C |

CONFIDENTIAL

SUNDRY NOTICES AND REPORTS ON WELLS

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

| | | |
|---|--|---|
| 1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____ | | 5. LEASE DESIGNATION AND SERIAL NUMBER: ML-47953 |
| 2. NAME OF OPERATOR: Forest Oil Corporation | | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME: |
| 3. ADDRESS OF OPERATOR: 707 17th ST Suite 3600 CITY Denver STATE CO ZIP 80202 | | 7. UNIT or CA AGREEMENT NAME: |
| 4. LOCATION OF WELL FOOTAGES AT SURFACE: 591 FSL & 591 FEL COUNTY: Uintah | | 8. WELL NAME and NUMBER: East Coyote 16-2-8-25 |
| QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESE 2 8S 25E S STATE: UTAH | | 9. API NUMBER: 4304737885 |
| | | 10. FIELD AND POOL, OR WILDCAT: Exploratory |

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

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

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

The Operator respectfully request a one year approval extension for the subject location.

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 08-25-08
By: [Signature]

COPY SENT TO OPERATOR

Date: 8-27-2008

Initials: KS

| | |
|--|---------------------|
| NAME (PLEASE PRINT) <u>Ginger Bowden</u> | TITLE <u>Agent</u> |
| SIGNATURE <u>[Signature]</u> | DATE <u>8/13/08</u> |

(This space for State use only)

RECEIVED

AUG 21 2008

DIV. OF OIL, GAS & MINING



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

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

API: 4304737885
Well Name: East Coyote 16-2-8-25
Location: SESE Sec 2, T8S, R25E
Company Permit Issued to: The Houston Exploration Company
Date Original Permit Issued: 7/11/2006

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

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

Ginger Bowden
Signature

8/14/2008
Date

Title: Agent

Representing: Forest Oil Corporation

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AUG 21 2008
DIV. OF OIL, GAS & MINING



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

September 10, 2009

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

Re: APD Rescinded – East Coyote 16-2-8-25, Sec. 2, T.8S, R.25E,
Uintah County, Utah API No. 43-047-37885

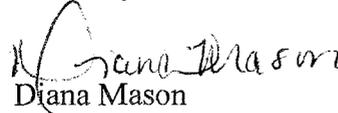
Ladies and Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on July 11, 2006. On July 26, 2007 and August 25, 2008, 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 September 10, 2009.

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

