

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

**APPLICATION FOR PERMIT TO DRILL OR REENTER**

5. Lease Serial No.  
**UTU-76291**

6. If Indian, Allottee or Tribe Name

1a. Type of work:  DRILL  REENTER

7. If Unit or CA Agreement, Name and No.

1b. Type of Well:  Oil Well  Gas Well  Other  Single Zone  Multiple Zone

8. Lease Name and Well No.  
**East Coyote 10-3-8-25**

2. Name of Operator  
**The Houston Exploration Company**

9. API Well No.  
**43-047-38447**

3a. Address **1100 Louisiana, Suite 2000, Houston, TX 77002**

3b. Phone No. (include area code)  
**713-830-6800**

10. Field and Pool, or Exploratory  
**Exploratory Sidcot**

4. Location of Well (Report location clearly and in accordance with any State requirements.)  
At surface **2,167' FSL & 2,172' FEL NW 1/4 of the SE 1/4 40.150170**  
At proposed prod. zone **Same as above 663134X 4445973y -109.084777**

11. Sec., T. R. M. or Blk. and Survey or Area  
**Sec. 3 T8S, R25E. S.L.B.&M.**

14. Distance in miles and direction from nearest town or post office\*  
**25.1 miles south of Vernal, UT**

12. County or Parish  
**Uintah**

13. State  
**UT**

15. Distance from proposed\* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)  
**2,167'**

16. No. of acres in lease  
**880**

17. Spacing Unit dedicated to this well  
**40**

18. Distance from proposed location\* to nearest well, drilling, completed, applied for, on this lease, ft.  
**NA**

19. Proposed Depth  
**7,200'**

20. BLM/BIA Bond No. on file  
**104155044**

21. Elevations (Show whether DF, KDB, RT, GL, etc.)  
**5,667' GR**

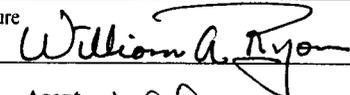
22. Approximate date work will start\*  
**01/01/2007**

23. Estimated duration  
**30 Days**

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

- 1. Well plat certified by a registered surveyor.
- 2. A Drilling Plan.
- 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).
- 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- 5. Operator certification
- 6. Such other site specific information and/or plans as may be required by the BLM.

25. Signature  Name (Printed/Typed) **William A Ryan** Date **07/31/2006**  
Title **Agent**

Approved by  Name (Printed/Typed) **BRADLEY G. HILL** Date **08-14-06**  
Title **Office ENVIRONMENTAL MANAGER**

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.  
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

\*(Instructions on page 2)

**Federal Approval of this  
Action is Necessary**

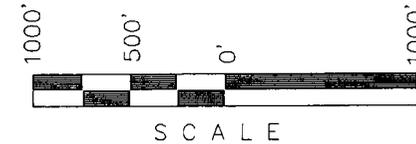
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AUG 07 2006**

DIV. OF OIL, GAS & MINING

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

# THE HOUSTON EXPLORATION COMPANY

WELL LOCATION, EAST COYOTE  
10-3-8-25, LOCATED AS SHOWN IN  
THE NW 1/4 SE 1/4 OF SECTION 3,  
T8S, R25E, S.L.B.&M. UINTAH COUNTY,  
UTAH.



**NOTES:**

1. Well footages are measured at right angles to the Section Lines.
2. Bearings are based on Global Positioning Satellite observations.

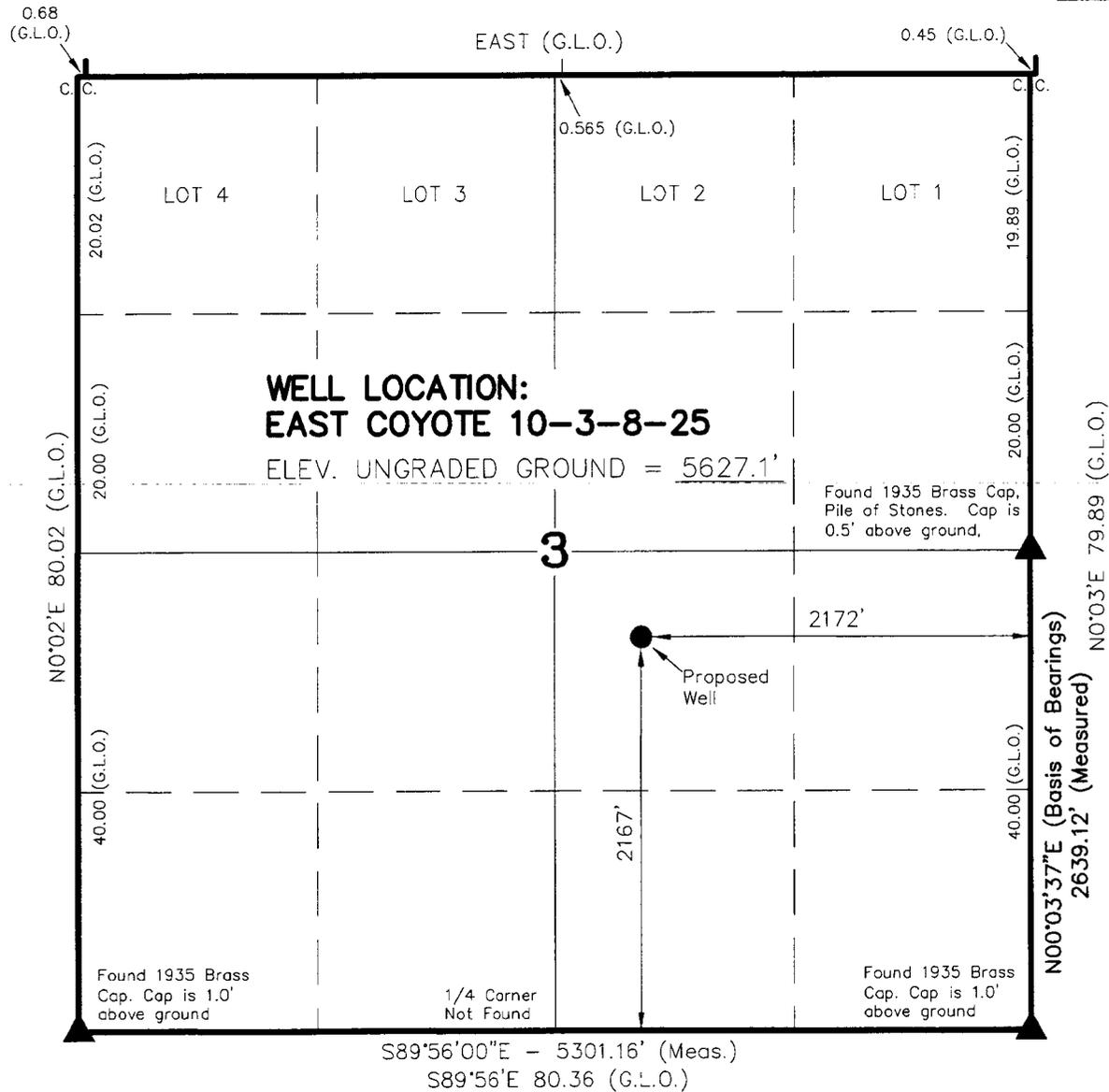
THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF AGRICULTURAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

*Kolby R. Kay*  
 REGISTERED LAND SURVEYOR  
 No. 362251  
 KOLBY R. KAY  
 STATE OF UTAH

## TIMBERLINE LAND SURVEYING, INC.

38 WEST 100 NORTH. - VERNAL, UTAH 84078  
(435) 789-1365

|                            |                     |  |
|----------------------------|---------------------|--|
| DATE SURVEYED:<br>04-09-06 | SURVEYED BY: K.R.K. | <b>SHEET</b><br><b>2</b><br><b>OF 10</b> |
| DATE DRAWN:<br>04-10-06    | DRAWN BY: M.W.W.    |  |
| SCALE: 1" = 1000'          | Date Last Revised:  |  |



**EAST COYOTE 10-3-8-25**  
 (Proposed Well Head)  
 NAD 83 Autonomous  
 LATITUDE = 40° 09' 00.6"  
 LONGITUDE = 109° 05' 07.6"

▲ = SECTION CORNERS LOCATED  
 BASIS OF ELEVATION IS A 1937 TRIANGULATION STATION "SNUFF" LOCATED IN THE SE 1/4 OF SECTION 23, T7S, R25E, S.L.B.&M. THE ELEVATION OF THIS TRIANGULATION STATION "SNUFF" IS SHOWN ON THE DINOSAUR, UT CO 7.5 MIN. QUADRANGLE AS BEING 6262'.

**Ten Point Plan**

**The Houston Exploration Company**

**East Coyote 10-3-8-25**

**Surface Location NW  $\frac{1}{4}$  SE  $\frac{1}{4}$ ,**

**Section 3, T. 8S., R. 25E.**

1. **Surface Formation**

**Uintah**

2. **Estimated Formation Tops and Datum:**

| <u>Formation</u> |         | <u>Depth</u> | <u>Datum</u> |
|------------------|---------|--------------|--------------|
| Uintah           |         | Surface      | 5,667' G.R.  |
| Green River      |         | 1,300'       | 4,367'       |
| Birds Nest       | Water   | 1,500'       | 4,167'       |
| Wasatch          | Oil/Gas | 4,200'       | 1,467'       |
| Mesaverde        | Oil/Gas | 5,400'       | -533'        |
| TD               |         | 7,200'       | -1,533'      |

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. All fresh water and oil and gas bearing zones shall be protected by casing and cement program.

3. **Producing Formation Depth:**

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

4. **Proposed Casing:**

| <u>Hole Size</u> | <u>Casing Size</u> | <u>Weight/FT</u> | <u>Grade</u> | <u>Coupling &amp; Tread</u> | <u>Casing Depth</u> | <u>New/Used</u> |
|------------------|--------------------|------------------|--------------|-----------------------------|---------------------|-----------------|
| 17 1/2           | 14                 | 36.75#           | A252         | ST&C                        | 40'                 | NEW             |
| 11               | 8 5/8              | 32#              | J-55         | LT&C                        | 2,000'              | NEW             |
| 7 7/8            | 4 1/2              | 11.6#            | N-80         | LT&C                        | 7,200'              | NEW             |

**Cement Program:**

**Cement volume = Gauge hole + 50%**

**Conductor casing #1 will be cemented as follows from 0'-40':**

| <u>Casing Size</u> | <u>Cement Type</u>  | <u>Cement Amounts</u> | <u>Cement Yield</u>     | <u>Water Mix</u> | <u>Cement Weight</u> |
|--------------------|---|-----------------------|-------------------------|------------------|----------------------|
| Lead:<br>14        | Portland CMT<br>Class IA 4<br>Integral Air-entraining Agent | 21 sks +/-            | 1.15ft <sup>3</sup> /sk | 5                | 15.8 ppg             |

**The Surface Casing will be cemented as follows from 0'- 2,000':**

|          | <u>Casing Size</u> | <u>Cement Type</u>   | <u>Cement Amounts</u> | <u>Cement Yield</u>     | <u>Water Mix</u> | <u>Cement Weight</u> |
|----------|--------------------|--|-----------------------|-------------------------|------------------|----------------------|
| Lead:    | 8 5/8"             | Premium "5"<br>16% Gel<br>10#/sk Gilsonite<br>3% Salt<br>0.25#/sk flocele<br>3#/sk GB3 | 135 sks. +/-          | 3.82ft <sup>3</sup> /sk | 23               | 11.0 ppg             |
| Tail:    | 8 5/8"             | Class "G"<br>2% Calcium Chloride<br>0.25#/sk Flocele                                   | 226 sks. +/-          | 1.18ft <sup>3</sup> /sk | 5                | 15.6 ppg             |
| Top Job: |                    | Class "G"<br>4% Calcium Chloride<br>0.25#/sk Flocele<br>3#/sk GB3                      | 10-200 sks. +/-       | 1.15ft <sup>3</sup> /sk | 5                | 15.8 ppg             |

**Production casing will be cemented as follows from 0'- 7,200':**

**Note: Lead should be 200' above the Wasatch.**

**Note: Cement volume = Gauge hole + 25%**

|          | <u>Casing Size</u> | <u>Cement Type</u>   | <u>Cement Amounts</u> | <u>Cement Yield</u>     | <u>Water Mix</u> | <u>Cement Weight</u> |
|----------|--------------------|--|-----------------------|-------------------------|------------------|----------------------|
| Lead:    | 4 1/2              | Premium 5<br>16% Gel<br>10#/sk Gilsonite<br>3% Salt<br>0.25#/sk Flocele<br>3#/sk GB3 | 301 sks +/-           | 3.82ft <sup>3</sup> /sk | 23               | 11 ppg               |
| Tail:    | 4 1/2              | Class "G"<br>2% Calcium Chloride<br>0.25#/sk Flocele                                 | 772 sks +/-           | 1.18ft <sup>3</sup> /sk | 5.2              | 15.6 ppg             |
| Top Job: |                    | Class "G"<br>4% Calcium Chloride<br>0.25#/sk Flocele<br>3#/sk GB3                    | 10-200 sks +/-        | 1.15ft <sup>3</sup> /sk | 5.2              | 15.8 ppg             |

**5. BOP and Pressure Containment Data:**

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. An upper kelly cock to the required pressure rating with a handle available shall be employed.

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<br/>lbs./gal.</u> | <u>Viscosity<br/>Sec./OT.</u> | <u>Fluid Loss<br/>MI/30 Mins.</u> | <u>Mud Type</u>                |
|-----------------|---------------------------------|-------------------------------|-----------------------------------|--------------------------------|
| 0-2000          | Air/Clear Water                 | -----                         | No Control                        | Water/Gel                      |
| 3,900-T.D.      | 8.4-12.0                        | 30-45                         | 8-10                              | LSND<br>water based mud system |

**Note:** Mud weights may exceed 12.0 due to solids increasing at or near T.D. Increased weights are not required to control formation pressure. Operator will have on location sufficient mud and weight material to increase mud weight to 12.0 at any time while drilling the subject well. Visual mud monitoring incorporating pit level indicators shall be used.

**7. Testing, Coring, Sampling and Logging:**

- a) DST: None are anticipated.
- b) Coring: There is the possibility of sidewall coring.
- c) Mud Sampling: Every 10' from 3,900' 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 |

**8. Abnormalities (including sour gas)**

Anticipated bottom hole pressure will be less than 3000 psi. No abnormal pressures, temperatures or other hazards are anticipated. Other wells drilled in the area have not encountered over pressured zones or H2S.

**9. Other facets of the proposed operation:**

**Off set well information**

There are no drilled off set wells

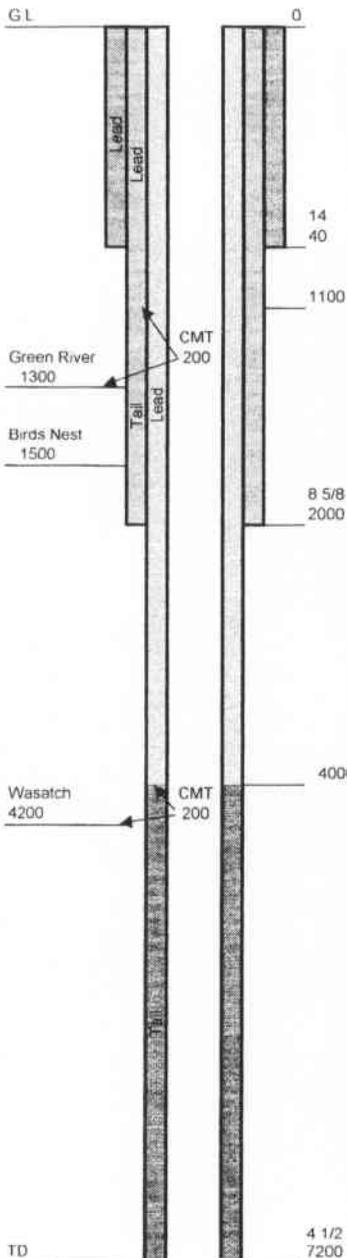
**10. Drilling Schedule:**

The anticipated starting date is 1/01/2007. Duration of operations is expected to be 30 days.

# The Houston

Well Name East Coyote 10-2-8-25

14-Jul-2006 21-Jul-2006  
8:00 13:00



### Proposed Casing

| Open Hole  | Csg Size | Csg Size | Csg Wt | Csg Grade | Csg Coupling & Tread | Csg Setting Depth | Csg New/Used | Internal Yield PSI | Collapse PSI | ID    |
|------------|----------|----------|--------|-----------|----------------------|-------------------|--------------|--------------------|--------------|-------|
| Conductor  | 17 1/2   | 14       | 36.75  | A252      |                      | 40                | New          | 500                |              | 13.5  |
| Surface    | 11       | 8 5/8    | 32     | J-55      | LTC                  | 2000              | New          | 3,930              | 2,550        | 7.921 |
| Production | 7 7/8    | 4 1/2    | 11.6   | N-80      | LTC                  | 7200              | New          | 7,780              | 6,350        | 4     |

### Estimated Formation Tops and Datum

| Formation   | Depth   | Datum |
|-------------|---------|-------|
| Uintah      | Surface | 5667  |
| Green River | 1300    | 4367  |
| Birds Nest  | 1500    | 4167  |
| Wasatch     | 4200    | 1467  |
| Mesaverda   | 6200    | -533  |
| TD          | 7200    | -1533 |

| Hole Size      | Hole Size      | Diff   |
|----------------|----------------|--------|
| 17.5           | 14             |        |
| 0.2975 bbls/ft | 0.1904 bbls/ft | 0.1071 |
| 1.6703 cub/ft  | 1.069 cub/ft   | 0.6013 |

### Cement Program

#### Conductor Casing

| Casing Size | Cement Type                   | Cement Amount Sks | Cement Yield Cuft/sk | Mix Water Gal/sk | Cement Weight Ppg |
|-------------|-------------------------------|-------------------|----------------------|------------------|-------------------|
| Lead 14     | Portland CMT                  | 21                | 1.15                 | 5                | 15.8              |
| Top 0       | Class IA 4                    |                   |                      |                  |                   |
| Bottom 40   | Integral Air-entraining Agent |                   |                      |                  |                   |

#### Conductor Cement Volume Calculation

| Top    | Bottom | Ft/hole | Hole Volume Cuft | Hole Volume Bbls | Cement Amount sks | Cement Amount w/50% Excess |
|--------|--------|---------|------------------|------------------|-------------------|----------------------------|
| Lead 0 | 40     | 40      | 24               | 4                | 21                | 31                         |

#### Conductor Casing Cement Data

| Csg Size In. | Hole Size In. | Ft Hole | Coeff Cuft/ft | Coeff Bbls/ft | Annulus 14X17 1/2 | Cu/Yd | Cu/ft  | Bbls/ft |
|--------------|---------------|---------|---------------|---------------|-------------------|-------|--------|---------|
| Lead 14      | 17 1/2        | 40      | 0.6013        | 0.1071        |                   | 2.67  | 0.6013 | 0.1071  |

### Surface Casing

| Casing Size | Cement Type         | Cement Amount Sks | Cement Yield Cuft/sk | Mix Water Gal/sk | Cement Weight Ppg |
|-------------|---------------------|-------------------|----------------------|------------------|-------------------|
| Lead 8 5/8  | Premium 5           | 135               | 3.82                 | 23               | 11                |
| Top 0       | 16% Gel             |                   |                      |                  |                   |
| Bottom 1300 | 10 #/sk gilsonite   |                   |                      |                  |                   |
|             | 3% Salt             |                   |                      |                  |                   |
|             | 25 #/sk flocele     |                   |                      |                  |                   |
|             | 3 #/sk GB3          |                   |                      |                  |                   |
| Tail 8 5/8  | Class "G"           | 226               | 1.18                 | 5                | 15.6              |
| Top 1300    | 2% Calcium Chloride |                   |                      |                  |                   |
| Bottom 2000 | 25 #/sk flocele     |                   |                      |                  |                   |
| Top Job     | Class "G"           | 10-200 sks        | 1.15                 | 5                | 15.8              |
|             | 4% Calcium Chloride |                   |                      |                  |                   |
|             | 25 #/sk flocele     |                   |                      |                  |                   |
|             | 3 #/sk GB3          |                   |                      |                  |                   |

#### Surface Cement Volume Calculation

| Top       | Bottom | Ft/hole | Hole Volume Cuft | Hole Volume Bbls | Cement Amount sks | Cement Amount w/50% Excess |
|-----------|--------|---------|------------------|------------------|-------------------|----------------------------|
| Lead 0    | 40     | 40      | 24               | 4                | 6                 | 9                          |
| Lead 40   | 1300   | 1260    | 320              | 57               | 84                | 126                        |
|           |        |         |                  |                  | Total             | 135                        |
| Tail 1300 | 2000   | 700     | 178              | 32               | 151               | 226                        |

**Surface Casing Cement Data**

|      | Csg Size In | Hole Size In | Ft Hole | Coeff Cuft/ft | Coeff Bbls/ft | Annulus      |            | Cuft/ft | Bbls/ft |
|------|-------------|--------------|---------|---------------|---------------|--------------|------------|---------|---------|
|      |             |              |         |               |               | 8 5/8 /14    | 32#/36 75# |         |         |
|      |             |              |         |               |               | 8 5/8 X 11OH | 32#/OH     | 0.2543  | 0.0453  |
| Lead | 8 5/8       | 13 1/2       | 40      | 0.5883        | 0.1048        |              |            |         |         |
| Lead | 8 5/8       | 11           | 1260    | 0.2543        | 0.0453        |              |            |         |         |
| Tail | 8 5/8       | 11           | 700     | 0.2543        | 0.0453        |              |            |         |         |

**Production Casing**

|         | Casing Size | Cement Type         | Cement Amount | Cement Yield | Mix Water | Cement Weight |
|---------|-------------|---------------------|---------------|--------------|-----------|---------------|
|         |             |                     |               |              |           |               |
| Lead    | 4 1/2       | Premium 5           | 301           | 3.82         | 23        | 11            |
| Top     | 0           | 16% Gel             |               |              |           |               |
| Bottom  | 4000        | 10 #/sk gilsonite   |               |              |           |               |
|         |             | 3% Salt             |               |              |           |               |
|         |             | 25 #/sk flocele     |               |              |           |               |
|         |             | 3 #/sk GB3          |               |              |           |               |
| Tail    | 4 1/2       | Class "G"           | 772           | 1.18         | 5.2       | 15.6          |
| Top     | 4000        | 2% Calcium Chloride |               |              |           |               |
| Bottom  | 7200        | 25 #/sk flocele     |               |              |           |               |
| Top Job |             | Class "G"           | 10-200 sks    | 1.15         | 5.2       | 15.8          |
|         |             | 4% Calcium Chloride |               |              |           |               |
|         |             | 25 #/sk flocele     |               |              |           |               |
|         |             | 3 #/sk GB3          |               |              |           |               |

**Production Cement Volume Calculation**

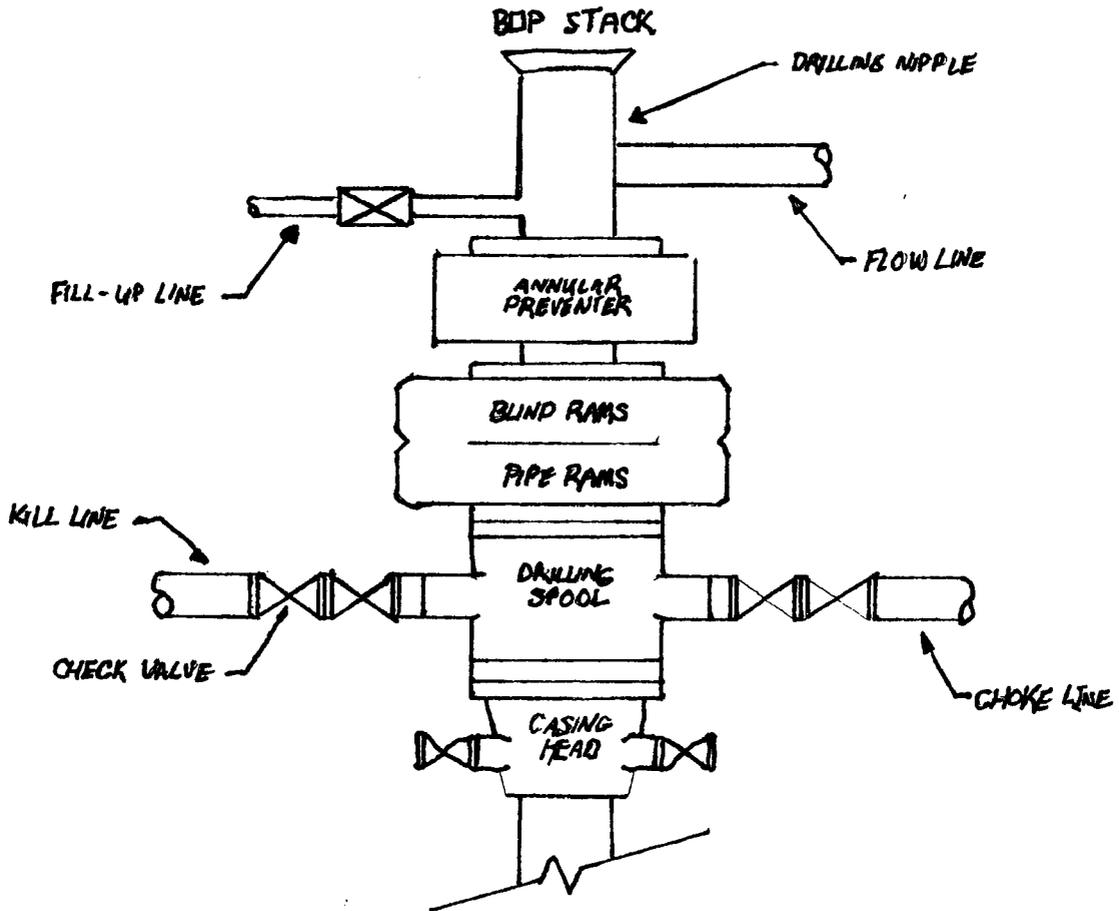
|      | Top  | Bottom | Ft/hole | Hole Volume Cuft | Hole Volume Bbls | Cement Amount sks | Cement Amount w/25% Excess |
|------|------|--------|---------|------------------|------------------|-------------------|----------------------------|
| Lead | 0    | 2000   | 2000    | 464              | 83               | 121               | 152                        |
| Lead | 2000 | 4000   | 2000    | 456              | 81               | 119               | 149                        |
|      |      |        |         |                  |                  | Total             | 301                        |
| Tail | 4000 | 7200   | 3200    | 729              | 130              | 618               | 772                        |

**Production Casing Cement Data**

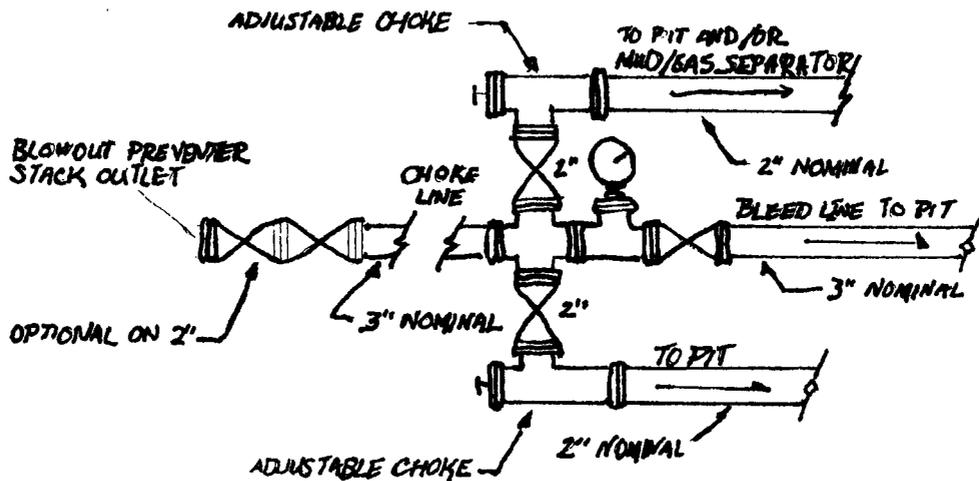
|      | Csg Size In | Hole Size In | Ft Hole | Coeff Cuft/ft | Coeff Bbls/ft | Annulus         |           | Cuft/ft | Bbls/ft |
|------|-------------|--------------|---------|---------------|---------------|-----------------|-----------|---------|---------|
|      |             |              |         |               |               | 4 1/2 X 8 5/8   | 11.6#/32# |         |         |
|      |             |              |         |               |               | 4 1/2 X 7 7/8OH | 11.6#/OH  | 0.2278  | 0.0406  |
| Lead | 4 1/2       | 7 9/21       | 2,000   | 0.2318        | 0.0413        |                 |           |         |         |
| Lead | 4 1/2       | 7 7/8        | 2,000   | 0.2278        | 0.0406        |                 |           |         |         |
| Tail | 4 1/2       | 7 7/8        | 3,200   | 0.2278        | 0.0406        |                 |           |         |         |

# THE HOUSTON EXPLORATION COMPANY

## TYPICAL 3,000 p.s.i. BLOWOUT PREVENTER SCHEMATIC



## TYPICAL 3,000 p.s.i. CHOKER MANIFOLD SCHEMATIC



**THE HOUSTON EXPLORATION COMPANY**

**13 POINT SURFACE USE PLAN**

**FOR WELL**

**EAST COYOTE 10-3-8-25**

**LOCATED IN NW ¼ SE ¼**

**SECTION 3, T.8S, R25E, S.L.B.&M.**

**UINTAH COUNTY, UTAH**

**LEASE NUMBER: UTU-76291**

**SURFACE OWNERSHIP: FEDERAL**

1. Existing Roads:

THE HOUSTON EXPLORATION CO.

EAST COYOTE 10-3-8-25

Section 3, T8S, R25E, S.L.B.&M.

FROM THE INTERSECTION OF U.S. HIGHWAY 40 AND STATE HIGHWAY 149 IN JENSEN, UTAH; PROCEED IN AN EASTERLY DIRECTION ALONG U.S. HIGHWAY 40 APPROXIMATELY 14.1 MILES TO THE JUNCTION OF THE SNAKE JOHN REEF CUT-OFF ROAD (COUNTY B ROAD 3170). EXIT RIGHT AND PROCEED IN A SOUTHEASTERLY DIRECTION ALONG THE SNAKE JOHN REEF CUT-OFF ROAD APPROXIMATELY 8.1 MILES TO THE PROPOSED ACCESS ROAD FOR THE 4-2-8-25 WELL. FOLLOW ROAD FLAGS IN A SOUTHWESTERLY DIRECTION APPROXIMATELY 0.9 MILES TO A CLASS D COUNTY ROAD. PROCEED IN A SOUTHWESTERLY DIRECTION ALONG THE COUNTY D ROAD APPROXIMATELY 1.8 MILES TO THE PROPOSED ACCESS ROAD. FOLLOW ROAD FLAGS IN A SOUTHWESTERLY DIRECTION APPROXIMATELY 1,090 FEET TO THE PROPOSED LOCATION.

TOTAL DISTANCE FROM JENSEN, UTAH TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 25.1 MILES.

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

2. Planned access road

The proposed access road will be approximately 1090' of new construction on lease. The road will be graded once per year minimum and maintained. A county road maintenance agreement will be in place for the Class D road. A power line clearance will be in place before construction of the road.

- A) Approximate length 1090 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 Federal
- L) All new construction on lease Yes
- M) Pipe line crossing None

Please see the attached location plat for additional details.

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

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

3. Location of existing wells

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

- A) Producing well None

|  |             |
|--|-------------|
| <b>B) Water well</b>                     | <b>None</b> |
| <b>C) Abandoned well</b>                 | <b>None</b> |
| <b>D) Temp. abandoned well</b>           | <b>None</b> |
| <b>E) Disposal well</b>                  | <b>None</b> |
| <b>F) Drilling /Permitted well</b>       | <b>None</b> |
| <b>G) Shut in wells</b>                  | <b>None</b> |
| <b>H) Injection well</b>                 | <b>None</b> |
| <b>I) Monitoring or observation well</b> | <b>None</b> |

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.

The operator will adhere to all site security guidelines and regulation identified in 43 CFR 3126.7.

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 1070' of 3" steel buried gas gathering line would be constructed on Federal Lands. The line will tie into a proposed pipeline in Section 3, T8S, R25E. The pipeline would be buried to the east of the location and parallel to the access road. A temporary construction width of 60' will be required for one week and a permanent width of 15' will be required.**

**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 BLM's Vernal District office and State of Utah, Division of Oil, Gas, and Mining. All measurement facilities will conform to API (American Petroleum Institute) and AGA (American Gas Association) standards for gas and liquid hydrocarbon measurement.

5. Location and type of water supply

**Water for drilling and cementing will come from a Vernal City Tap at 355 S 1000 E (Dalbo/A-1 Tank.)**

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 260 ft.
- C) Pit depth 12 ft.
- D) Pit length 150 ft.
- E) Pit width 75 ft.
- F) Max cut 13.3 ft.
- G) Max fill 2.8 ft.
- H) Total cut yds. 4,170 cu yds
- I) Pit location West end
- J) Top soil location  
North & South ends
- K) Access road location  
East 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 1,500 cubic yards of material. Topsoil will be stockpiled in one distinct pile. Placement of the topsoil is noted on the attached location plat. The topsoil pile from the location will be seeded as soon as the soil is stock piled with the seed mix listed. When all drilling and completion activities have been completed and the pit back-filled the topsoil from the pit area will be spread on the pit area. The pit area will be seeded when the soil has been spread. **The unused portion of the location (the area outside**

**the dead men) will be re-contoured.**

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

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

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

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

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

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

be scarified and left with a rough surface.

A) Seeding dates:

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

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

B) Interim Seed Mix

**3#/acre Indian Rice Grass**  
**6#/acre Crested Wheat Grass**  
**3#/acre Needle & Thread Grass**

11. Surface ownership:

|                    |                |
|--------------------|----------------|
| <b>Access road</b> | <b>Federal</b> |
| <b>Location</b>    | <b>Federal</b> |
| <b>Pipe line</b>   | <b>Federal</b> |

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 dwellings 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.

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.

D) Water:

**The nearest water is Hacking Reservoir 3 miles to the Southwest.**

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

G) Flare pit:

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

13. Lessees or Operator's representative and certification

A) Representative

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

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

All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws,

regulations, onshore oil and gas orders, and any applicable notices to lessees. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance.

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

**B) Certification:**

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

**Onsite Dates:** 6/21/06

**Self Certification Statement**

**The following self-certification statement is provided per Federal requirements dated June 15, 1988.**

**Please be advised that The Houston Exploration Company is considered to be the operator of the following well:**

**East Coyote 10-3-8-25  
Section 3, T. 8S, R. 25E  
NW ¼ of the SE ¼  
Lease UTU-76291  
Uintah County, Utah**

**The Houston Exploration Company is responsible under the terms and conditions of the lease for the operations conducted upon the lease lands.**

**Bond UTU-104155044 provides state-wide bond coverage on all Federal Lands.**

Date 7/31/06

  
William A. Ryan, Agent  
Rocky Mountain Consulting

### **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

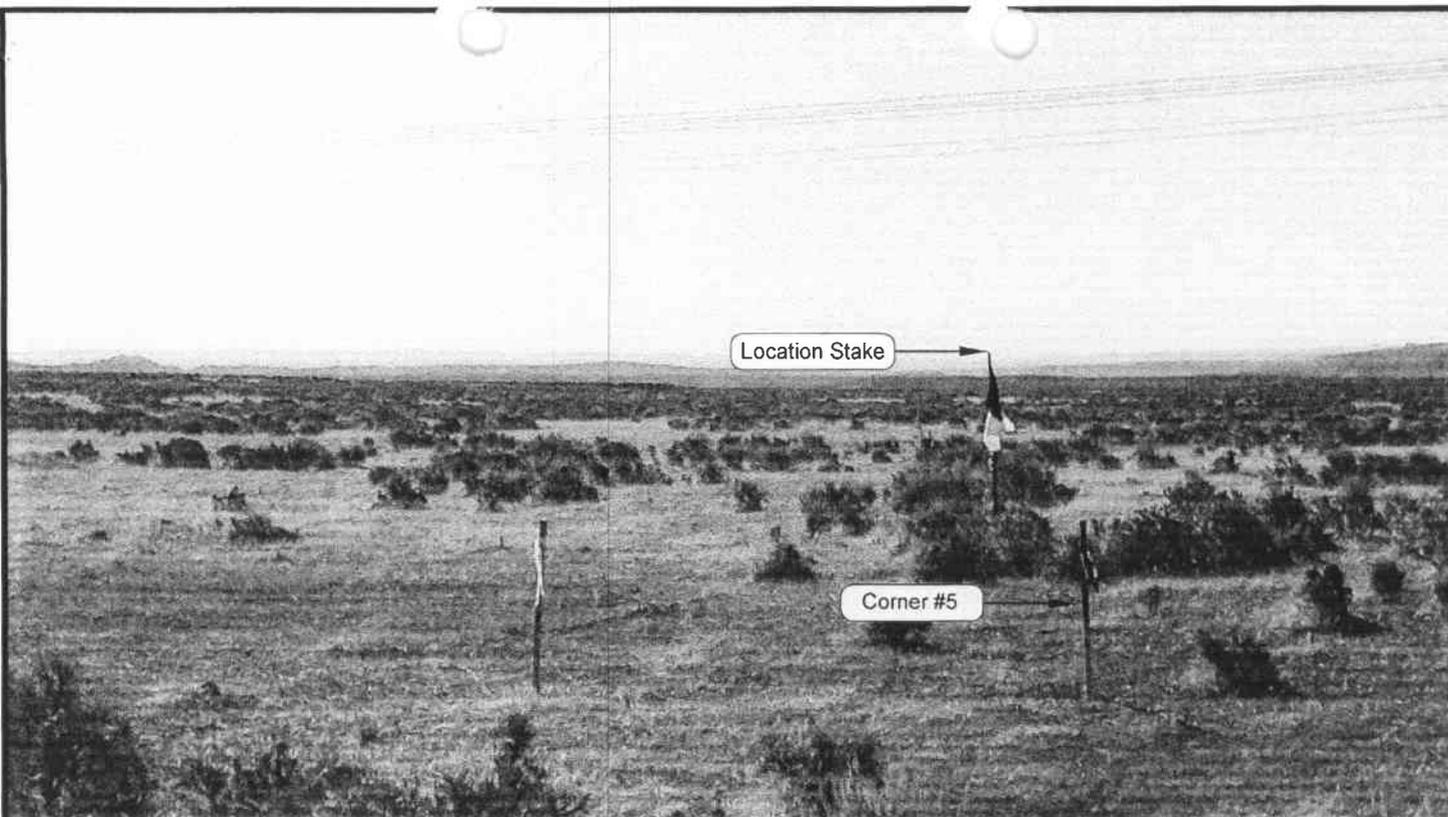


PHOTO VIEW: FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: SOUTHEASTERLY

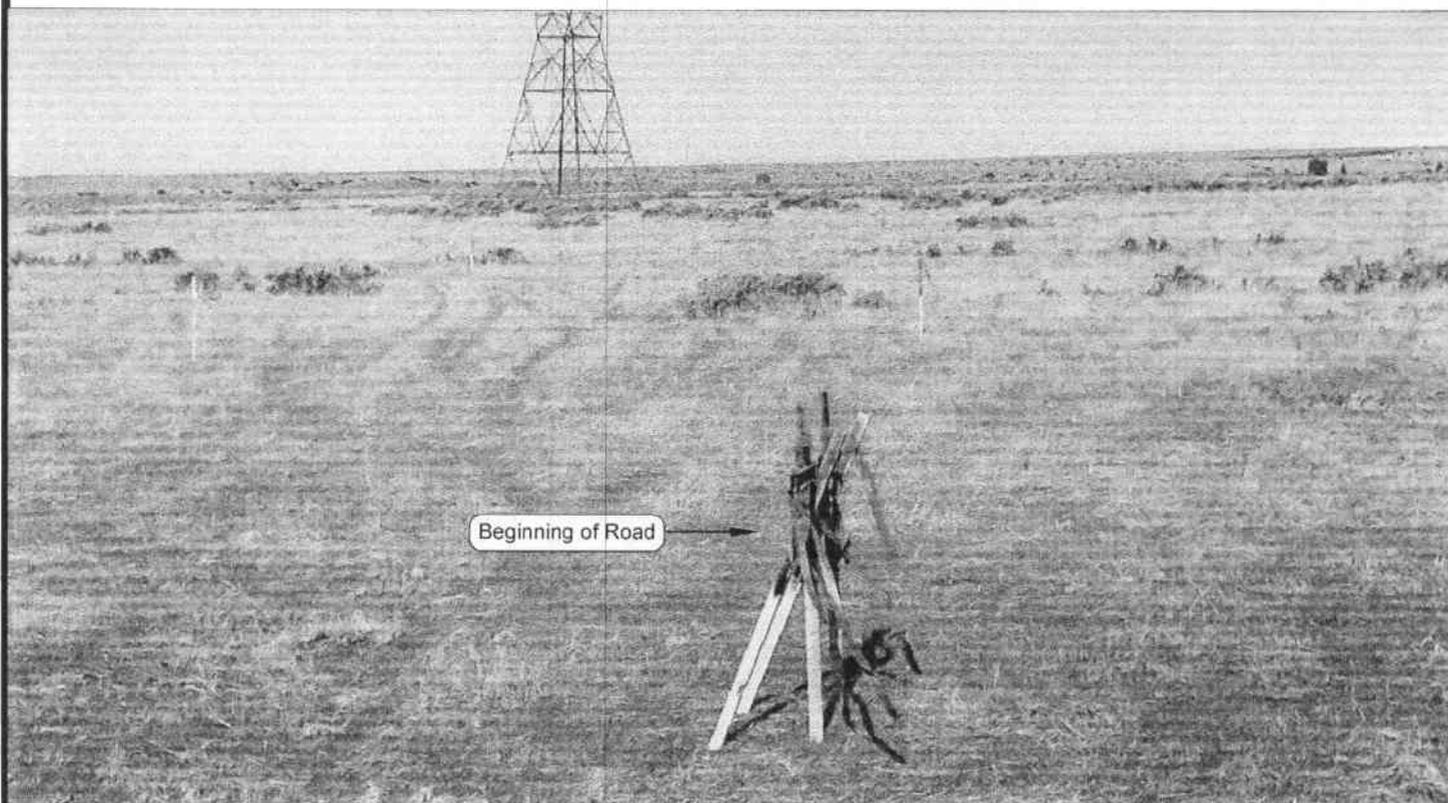


PHOTO VIEW: FROM BEGINNING OF PROPOSED ROAD

CAMERA ANGLE: NORTHWESTERLY

**THE HOUSTON EXPLORATION COMPANY**

**East Coyote 10-3-8-25  
SECTION 3, T8S, R25E, S.L.B.&M.  
2167' FSL & 2172' FEL**

**LOCATION PHOTOS**

DATE TAKEN: 04-09-06

DATE DRAWN: 04-11-06

TAKEN BY: K.R.K.

DRAWN BY: S.L.S.

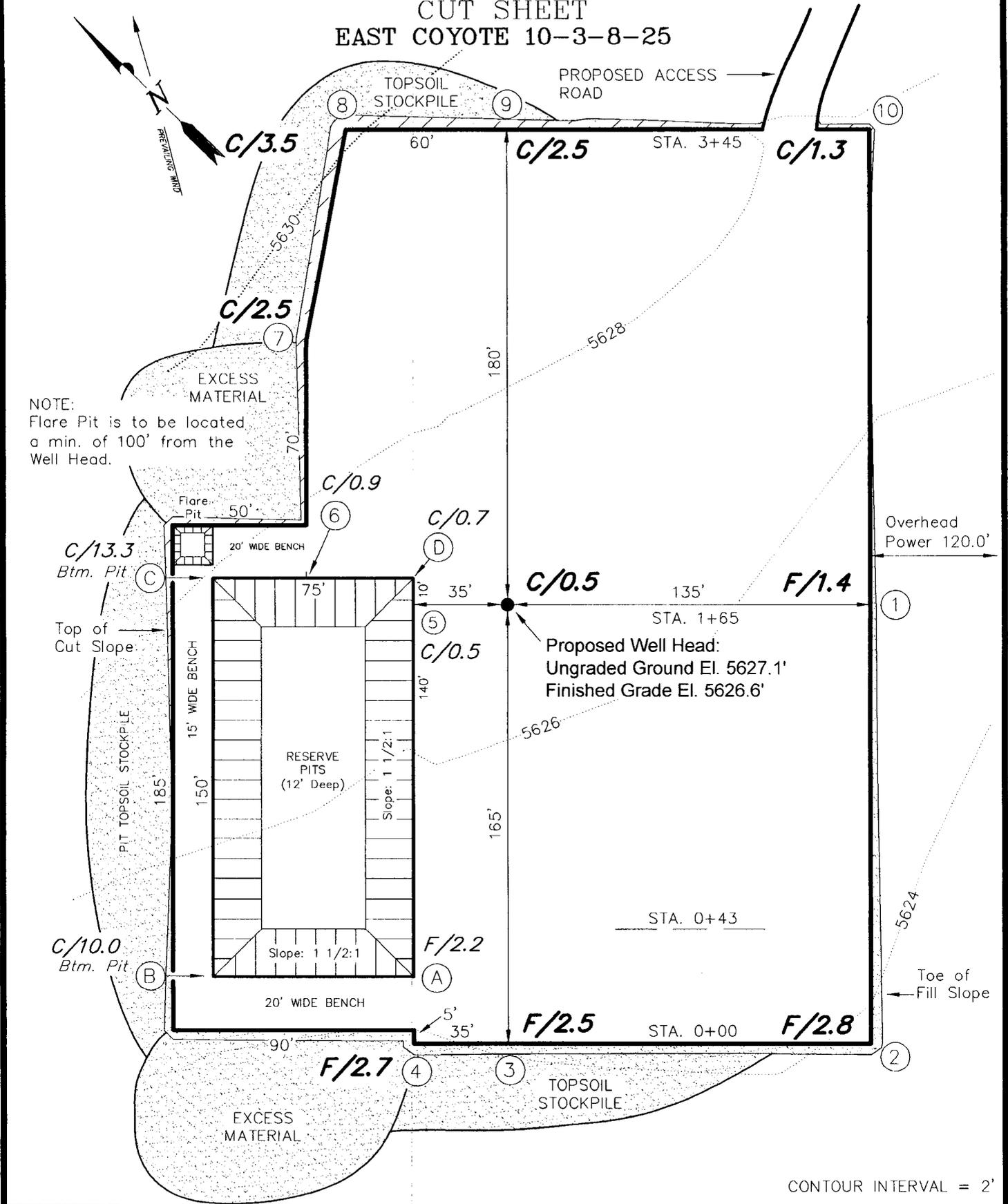
REVISED:

**Timberline Land Surveying, Inc.**  
38 West 100 North Vernal, Utah 84078  
(435) 789-1365

**SHEET  
1  
OF 10**

# THE HOUSTON EXPLORATION COMPANY

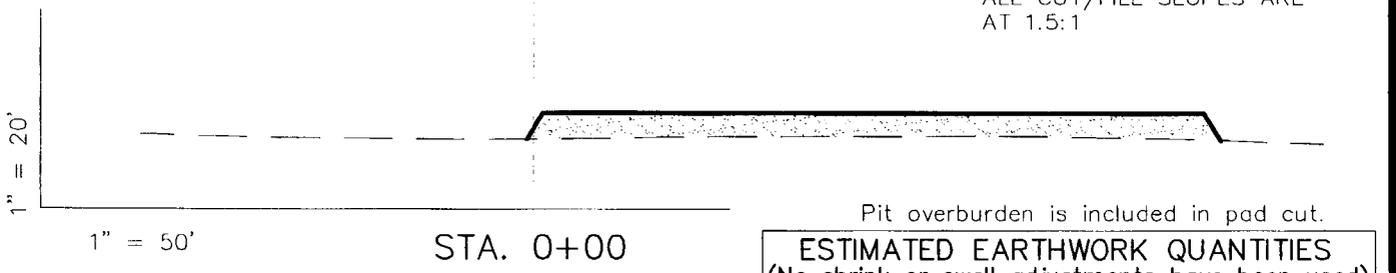
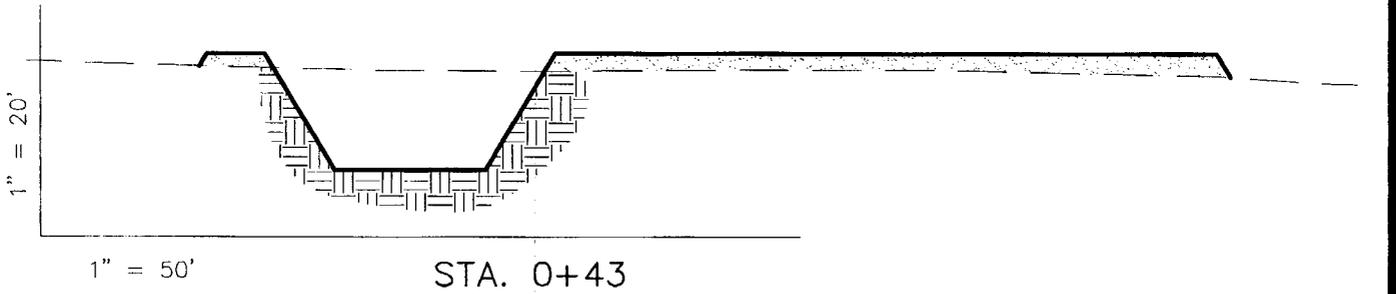
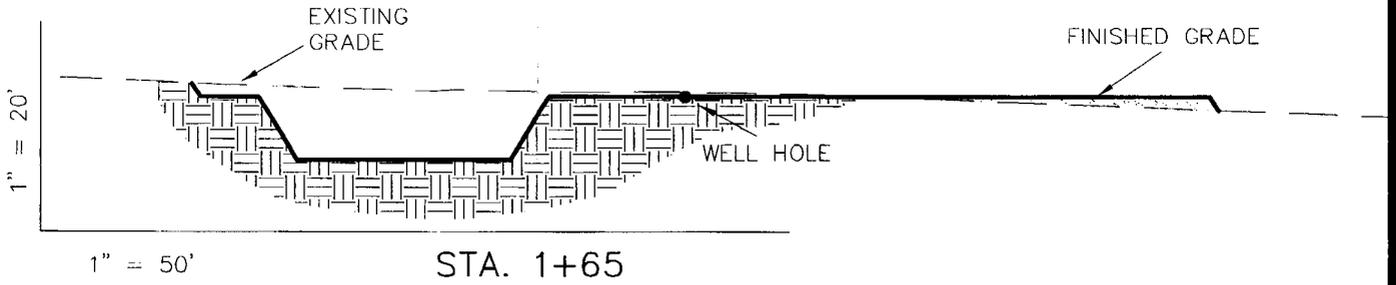
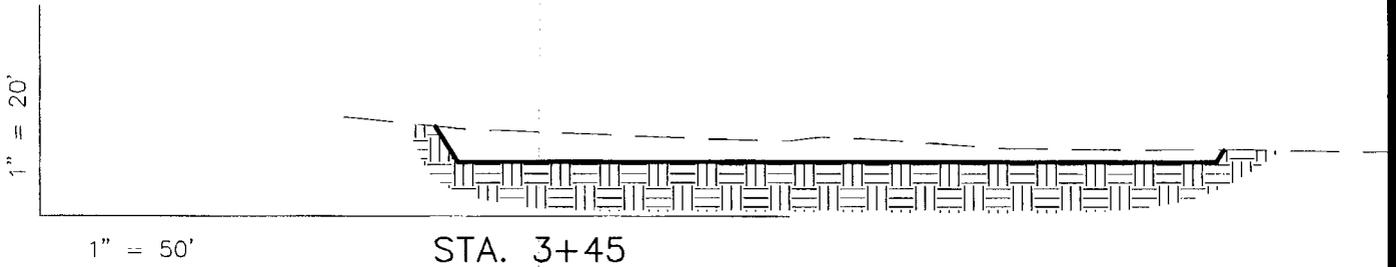
## CUT SHEET EAST COYOTE 10-3-8-25



|                                 |                      |                         |   |
|---------------------------------|----------------------|-------------------------|---|
| Section 3, T8S, R25E, S.L.B.&M. |                      | Qtr/Qtr Location: NW SE | Footage Location: 2167' FSL & 2172' FEL   |
| Date Surveyed: 04-09-06         | Date Drawn: 04-10-06 | Date Last Revision:     | <b>Timberline</b><br>Land Surveying, Inc.<br>38 WEST 100 NORTH VERNAL, UTAH 84078<br>(435) 789-1365 |
| Surveyed By: K.R.K.             | Drawn By: M.W.W.     | Scale: 1" = 50'         |   |

# THE HOUSTON EXPLORATION COMPANY

## CROSS SECTIONS EAST COYOTE 10-3-8-25



NOTE:  
UNLESS OTHERWISE NOTED  
ALL CUT/FILL SLOPES ARE  
AT 1.5:1

Pit overburden is included in pad cut.

### REFERENCE POINTS

- 185' SOUTHEASTERLY = 5624.4'
- 235' SOUTHEASTERLY = 5625.5'
- 215' SOUTHWESTERLY = 5623.1'
- 265' SOUTHWESTERLY = 5622.0'

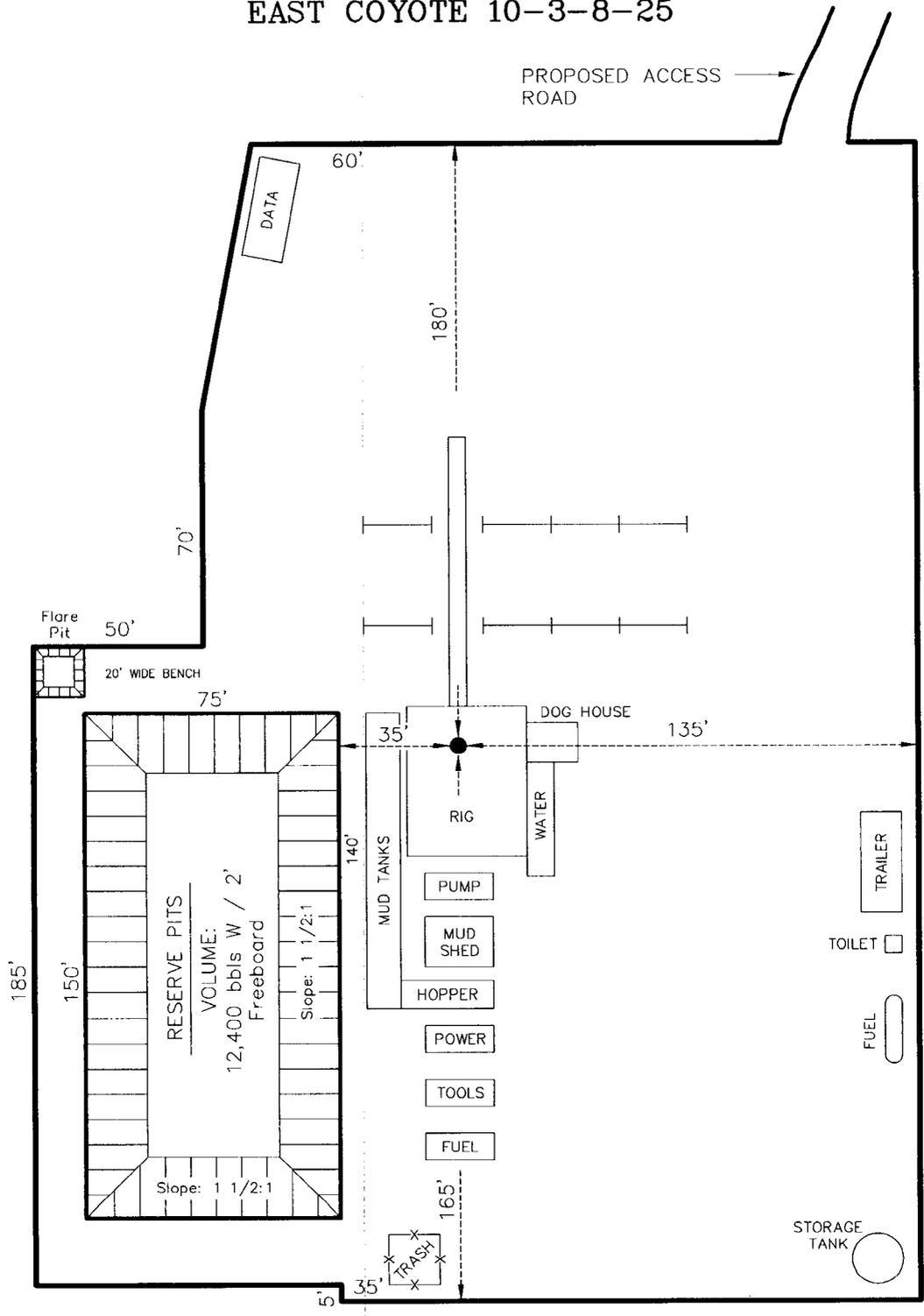
| ESTIMATED EARTHWORK QUANTITIES<br>(No shrink or swell adjustments have been used)<br>(Expressed in Cubic Yards) |       |       |  |        |
|---|-------|-------|--|--------|
| ITEM  | CUT   | FILL  | 6" TOPSOIL                               | EXCESS |
| PAD   | 830   | 2,500 | Topsoil is<br>not included<br>in Pad Cut | -1,670 |
| PIT   | 3,340 | 0     |  | 3,340  |
| TOTALS  | 4,170 | 2,500 | 1,500                                    | 1,670  |

Excess Material after Pit Rehabilitation = 0 Cu. Yds.

|                                 |                         |                         |  |   |  |
|---------------------------------|-------------------------|-------------------------|--|---|--|
| Section 3, T8S, R25E, S.L.B.&M. |                         | Qtr/Qtr Location: NW SE |  | Footage Location: 2167' FSL & 2172' FEL   |  |
| Date Surveyed:<br>04-09-06      | Date Drawn:<br>04-10-06 | Date Last Revision:     |  | <b>Timberline</b> (435) 789-1365<br><i>Land Surveying, Inc.</i><br>38 WEST 100 NORTH VERNAL, UTAH 84078 |  |
| Surveyed By: K.R.K.             | Drawn By: M.W.W.        | Scale: 1" = 50'         |  |   |  |

# THE HOUSTON EXPLORATION COMPANY

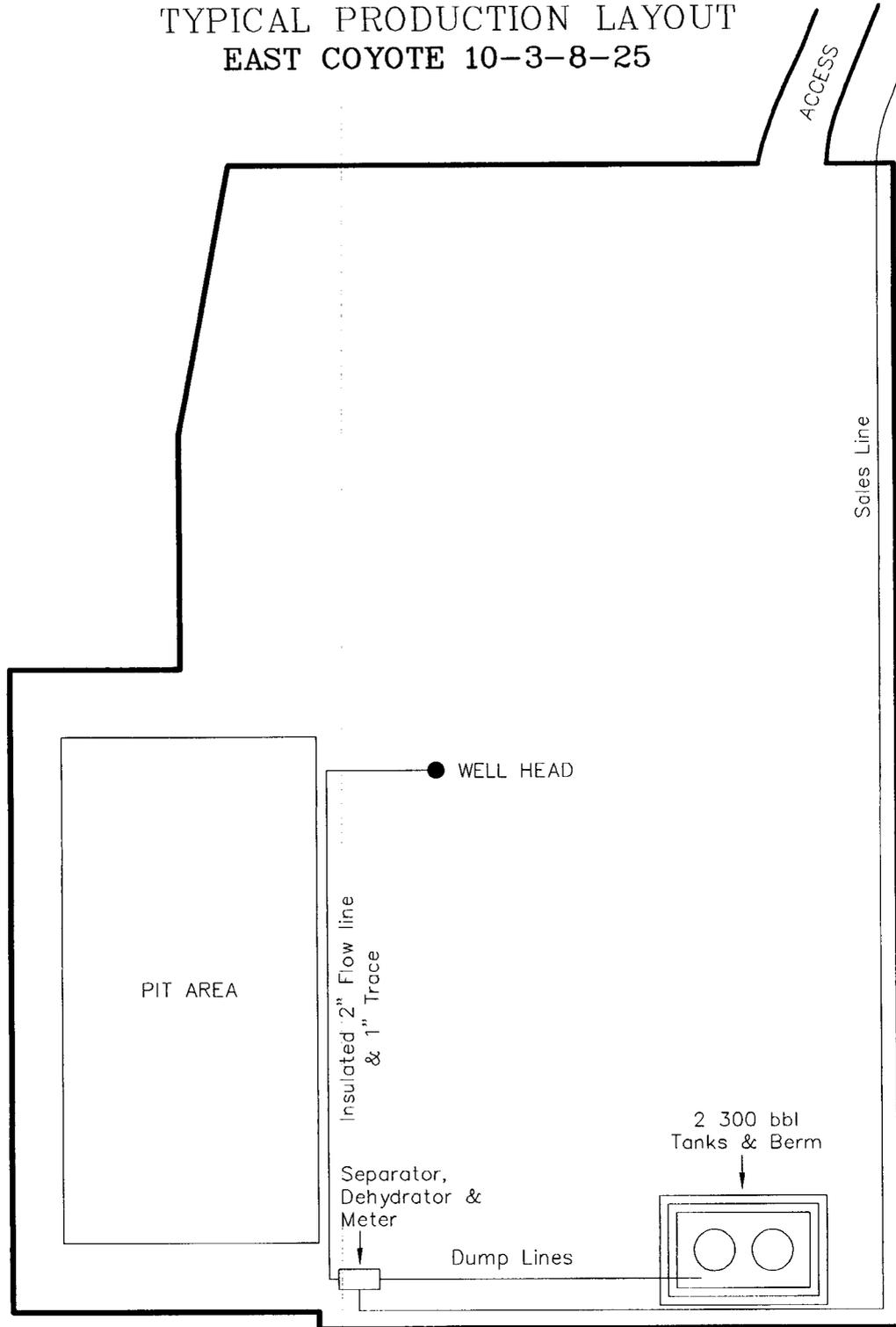
## TYPICAL RIG LAYOUT EAST COYOTE 10-3-8-25



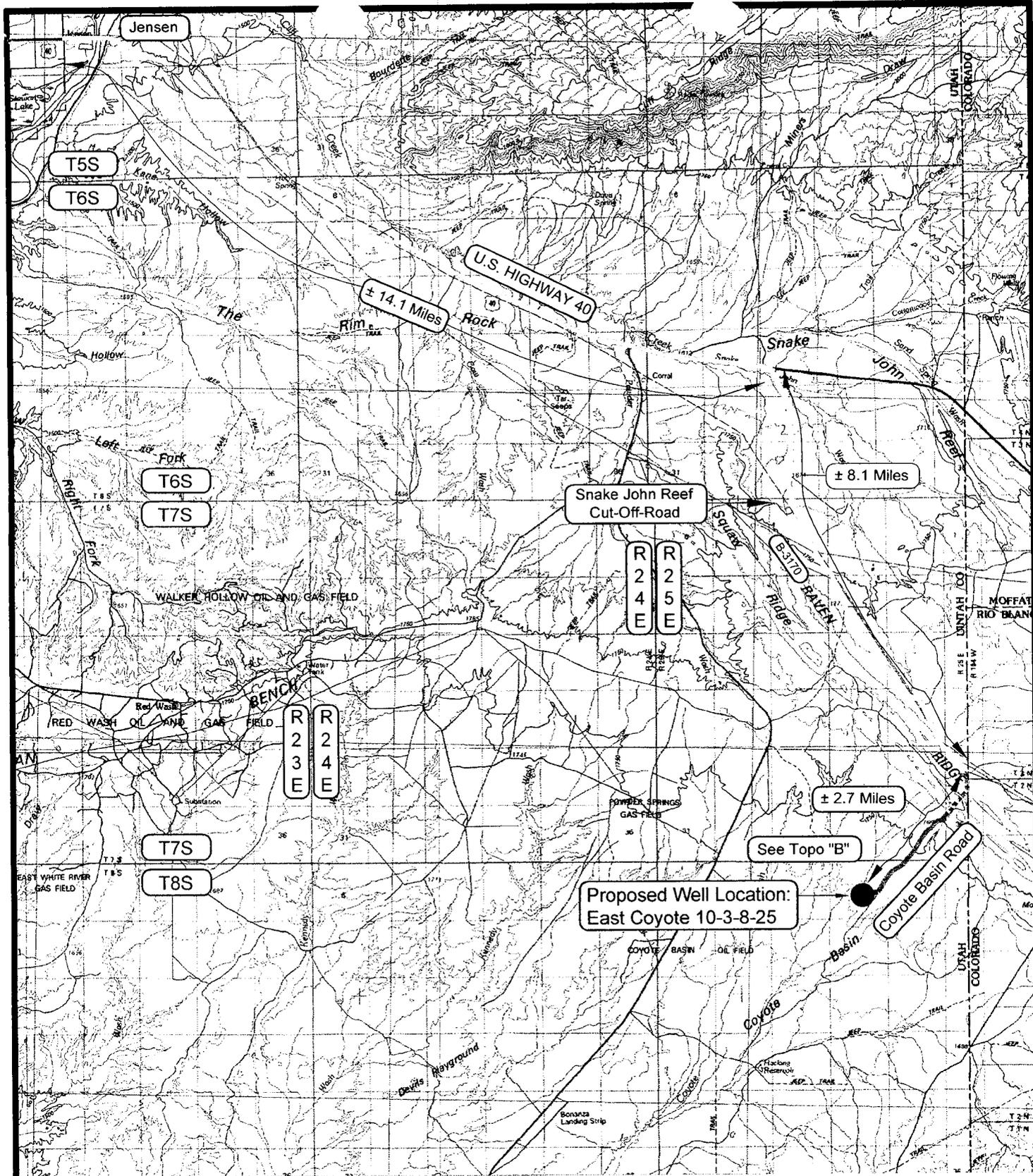
|                                 |                         |                         |   |
|---------------------------------|-------------------------|-------------------------|---|
| Section 3, T8S, R25E, S.L.B.&M. |                         | Qtr/Qtr Location: NW SE | Footage Location: 2167' FSL & 2172' FEL   |
| Date Surveyed:<br>04-09-06      | Date Drawn:<br>04-10-06 | Date Last Revision:     | <b>Timberline</b> (435) 789-1365<br><i>Land Surveying, Inc.</i><br>38 WEST 100 NORTH VERNAL, UTAH 84078 |
| Surveyed By: K.R.K.             | Drawn By: M.W.W.        | Scale: 1" = 50'         |   |
|                                 |                         |                         | SHEET<br><b>5</b><br>OF 10  |

# THE HOUSTON EXPLORATION COMPANY

## TYPICAL PRODUCTION LAYOUT EAST COYOTE 10-3-8-25



|                                 |                         |                         |   |
|---------------------------------|-------------------------|-------------------------|---|
| Section 3, TBS, R25E, S.L.B.&M. |                         | Qtr/Qtr Location: NW SE | Footage Location: 2167' FSL & 2172' FEL   |
| Date Surveyed:<br>04-09-06      | Date Drawn:<br>04-10-06 | Date Last Revision:     | <b>Timberline</b> (435) 789-1365<br><i>Land Surveying, Inc.</i><br>38 WEST 100 NORTH VERNAL, UTAH 84078 |
| Surveyed By: K.R.K.             | Drawn By: M.W.W.        | Scale: 1" = 50'         |   |
|                                 |                         |                         | SHEET<br><b>6</b><br>OF 10  |



**LEGEND**

- PROPOSED ACCESS ROAD
- = SUBJECT WELL
- = OTHER WELLS
- = EXISTING ROAD
- = EXISTING ROAD (TO BE IMPROVED)
- (B-5460) = COUNTY ROAD CLASS & NUMBER

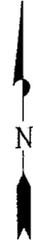
|                            |                  |                         |
|----------------------------|------------------|-------------------------|
| <b>TOPOGRAPHIC MAP "A"</b> |                  | DATE SURVEYED: 04-04-06 |
| SCALE: 1:100,000           | DRAWN BY: S.L.S. | DATE DRAWN: 04-10-06    |
|                            |                  | REVISED:                |

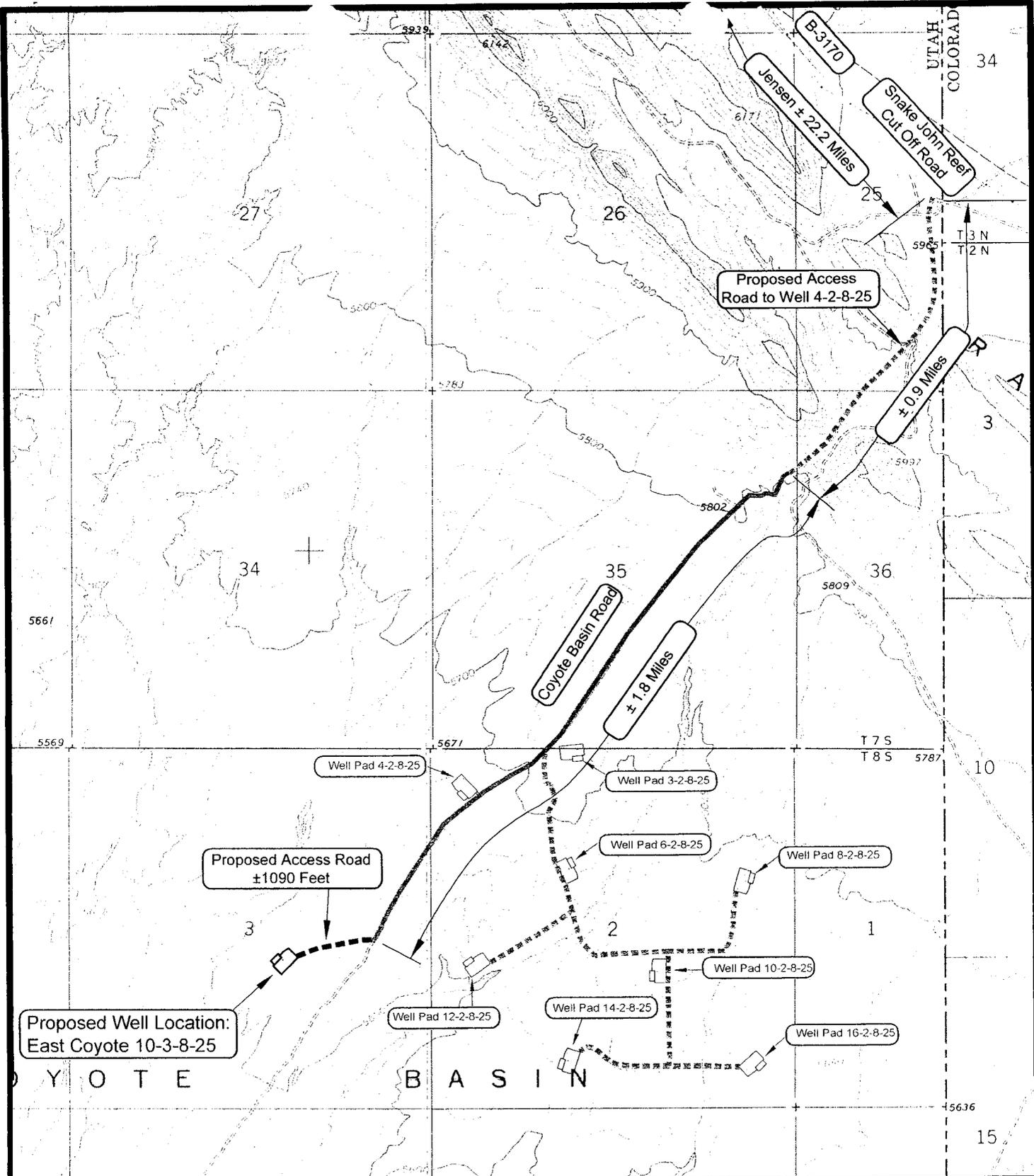
**THE HOUSTON EXPLORATION COMPANY**

**East Coyote 10-3-8-25**  
**SECTION 3 T8S, R25E, S.L.B.&M.**  
**2167' FSL & 2172' FEL**

**Timberline Land Surveying, Inc.**  
 38 West 100 North Vernal, Utah 84078  
 (435) 789-1365

**SHEET**  
**7**  
**OF 10**





**LEGEND**

- PROPOSED ACCESS ROAD
- = SUBJECT WELL
- = SHARED ACCESS
- = EXISTING ROAD
- = EXISTING ROAD (TO BE IMPROVED)
- (B-5460) = COUNTY ROAD CLASS & NUMBER
- = LEASE LINE AND / OR PROPERTY LINE

**TOPOGRAPHIC MAP "B"**

DATE SURVEYED: 04-08-06

DATE DRAWN: 04-11-06

SCALE: 1" = 2000'

DRAWN BY: S.L.S.

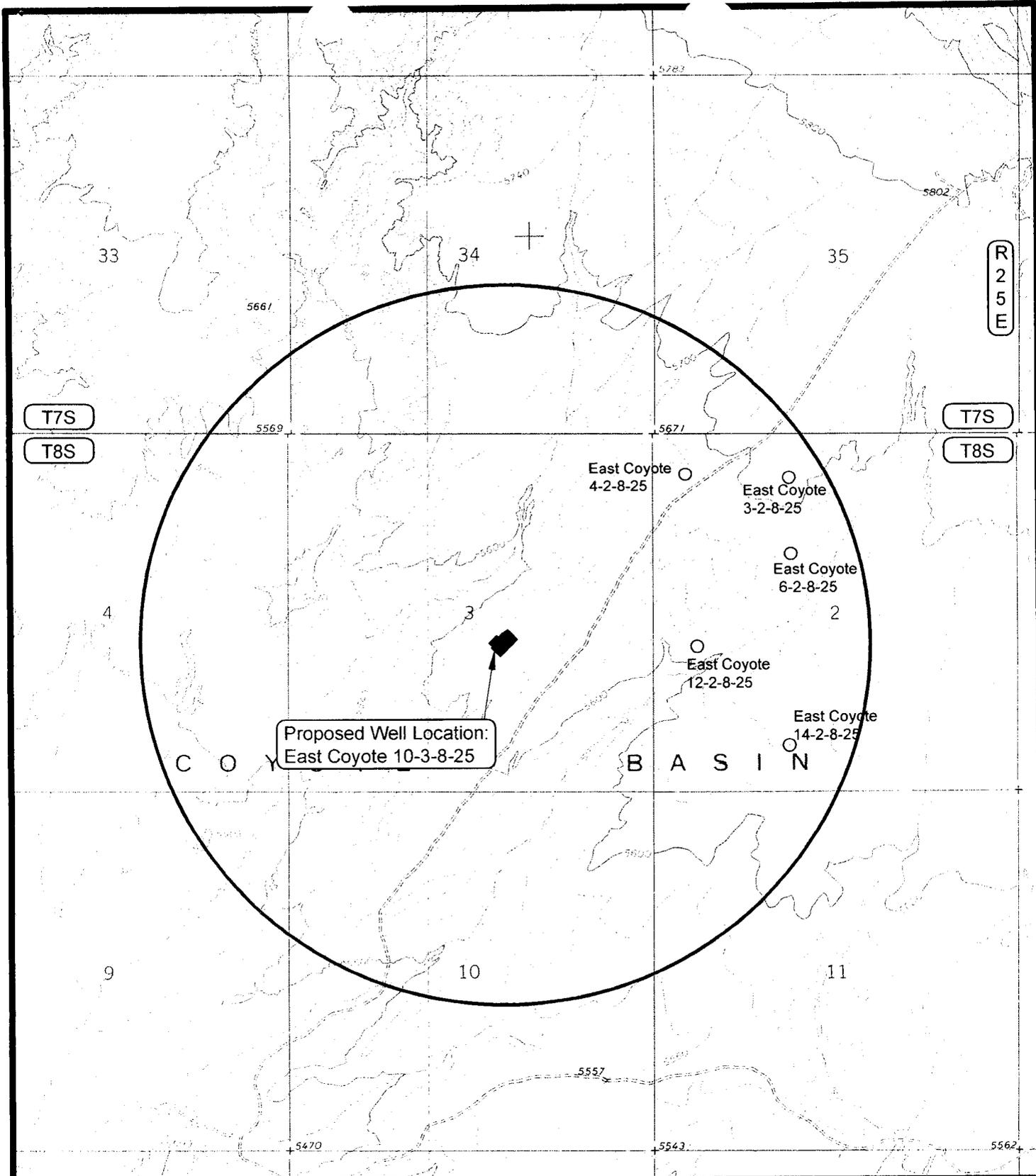
REVISED:

**THE HOUSTON EXPLORATION COMPANY**

**East Coyote 10-3-8-25  
SECTION 3, T8S, R25E, S.L.B.&M.  
2167' FSL & 2172' FEL**

**Timberline Land Surveying, Inc.**  
38 West 100 North Vernal, Utah 84078  
(435) 789-1365

**SHEET  
8  
OF 10**



**LEGEND**

- ⊗ = DISPOSAL WELL
- = PRODUCING WELL
- = SHUT IN WELL
- = PROPOSED WELL
- ⊗ = WATER WELL
- = ABANDONED WELL
- = TEMPORARILY ABANDONED WELL
- ⊕ = ABANDONED LOCATION

**THE HOUSTON EXPLORATION COMPANY**

**East Coyote 10-3-8-25**  
**SECTION 3, T8S, R25E, S.L.B.&M.**  
**2167' FSL & 2172' FEL**

**TOPOGRAPHIC MAP "C"**

DATE SURVEYED: 04-09-06

DATE DRAWN: 04-11-06

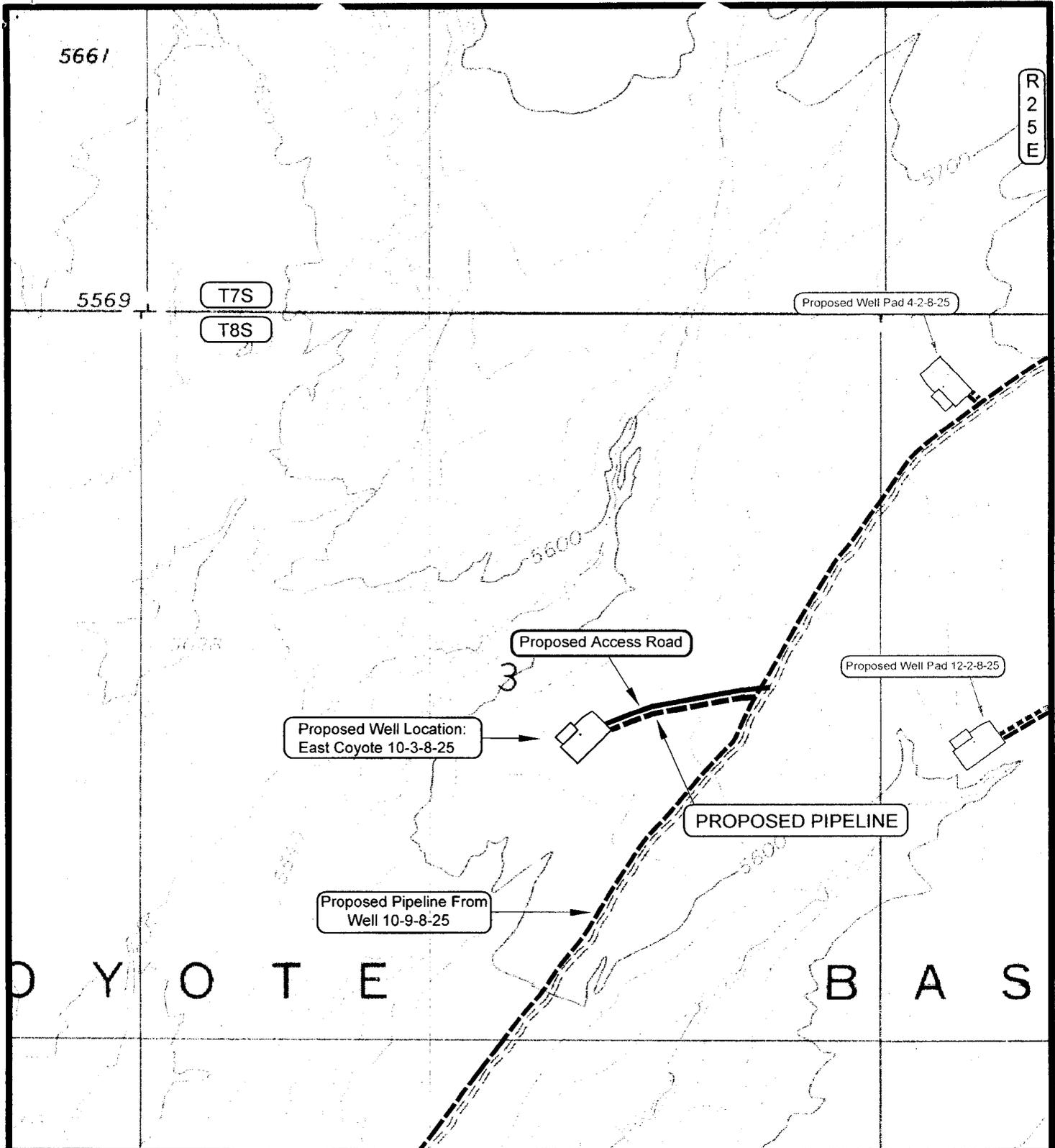
SCALE: 1" = 2000'

DRAWN BY: S.L.S.

REVISED:

**Timberline Land Surveying, Inc.**  
 38 West 100 North Vernal, Utah 84078  
 (435) 789-1365

**SHEET**  
**9**  
**OF 10**



APPROXIMATE PIPELINE LENGTH = ±1,070 Feet

**LEGEND**

- = PROPOSED PIPELINE
- = OTHER PIPELINE
- = LEASE LINE AND / OR PROPERTY LINE
- = PROPOSED ACCESS ROAD
- = SUBJECT WELL
- = OTHER WELLS

**THE HOUSTON EXPLORATION COMPANY**

**East Coyote 10-3-8-25**  
**SECTION 3, T8S, R25E, S.L.B.&M.**  
**2167' FSL & 2172' FEL**

**TOPOGRAPHIC MAP "D"**

DATE SURVEYED: 04-09-06

DATE DRAWN: 04-11-06

SCALE: 1" = 1000'

DRAWN BY: S.L.S.

REVISED:

**Timberline Land Surveying, Inc.**

38 West 100 North Vernal, Utah 84078  
 (435) 789-1365

SHEET

10

OF 10

**WORKSHEET  
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 08/07/2006

API NO. ASSIGNED: 43-047-38447

WELL NAME: E COYOTE 10-3-8-25  
 OPERATOR: HOUSTON EXPLORATION CO, ( N2525 )  
 CONTACT: BILL RYAN

PHONE NUMBER: 713-830-6800

PROPOSED LOCATION:

NWSE 03 080S 250E  
 SURFACE: 2167 FSL 2172 FEL  
 BOTTOM: 2167 FSL 2172 FEL  
 COUNTY: UINTAH  
 LATITUDE: 40.15017 LONGITUDE: -109.0848  
 UTM SURF EASTINGS: 663134 NORTHINGS: 4445973  
 FIELD NAME: WILDCAT ( 1 )

|                        |                 |             |
|------------------------|-----------------|-------------|
| INSPECT LOCATN BY: / / |                 |             |
| <b>Tech Review</b>     | <b>Initials</b> | <b>Date</b> |
| Engineering            |                 |             |
| Geology                |                 |             |
| Surface                |                 |             |

LEASE TYPE: 1 - Federal  
 LEASE NUMBER: UTU-76291  
 SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: MVRD  
 COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[1] Ind[] Sta[] Fee[]  
(No. 104155044 )
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit  
(No. MUNICIPAL )
- 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: \_\_\_\_\_

\_\_\_\_\_

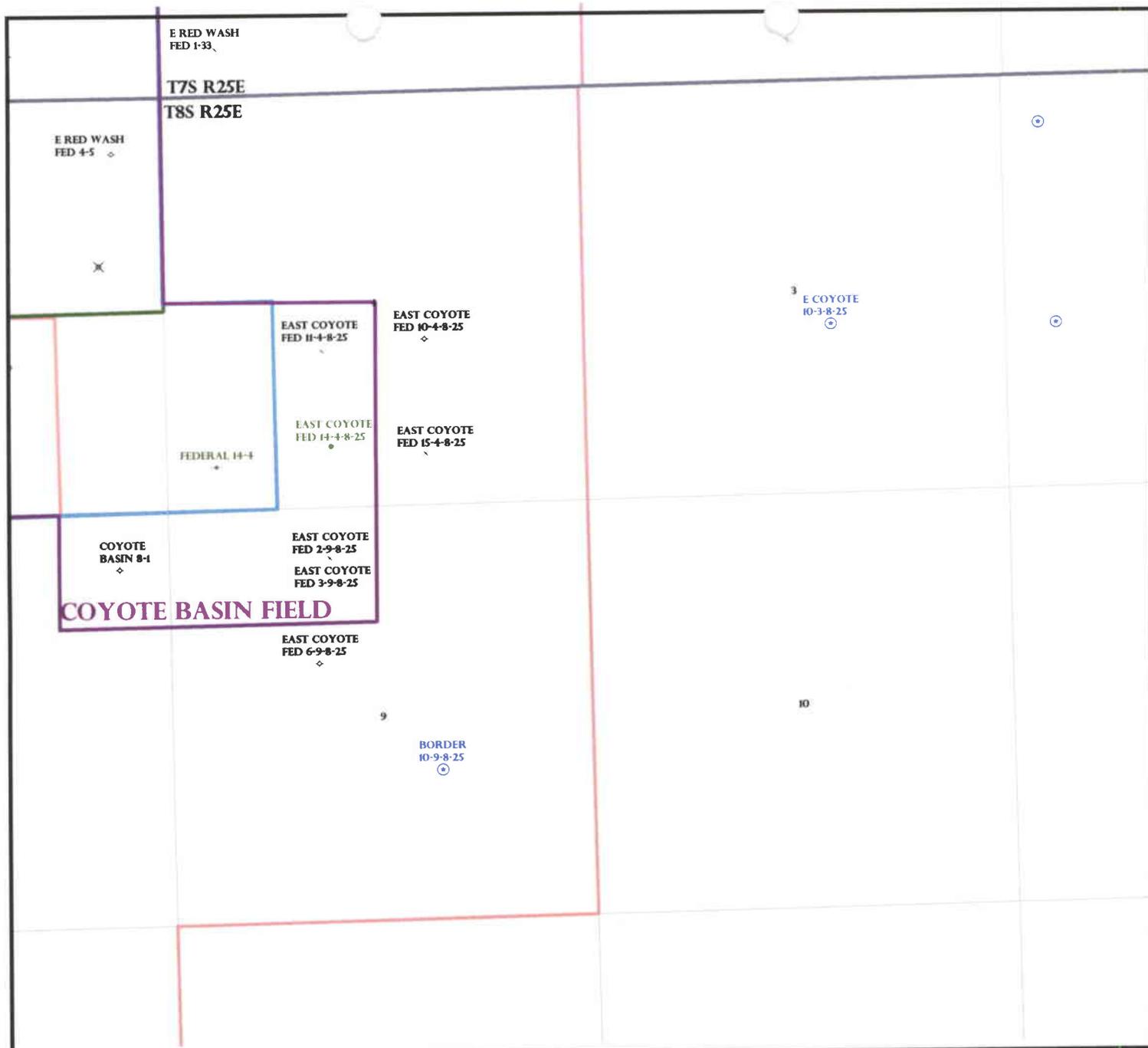
\_\_\_\_\_

STIPULATIONS: 1- Federal Approval

2- Spacing WOP

\_\_\_\_\_

\_\_\_\_\_



OPERATOR: THE HOUSTON EXPL CO (N2525)

SEC: 3 T.8S R. 25E

FIELD: WILDCAT (001)

COUNTY: UINTAH

SPACING: R649-3-2 / GENERAL SITING

**Field Status**

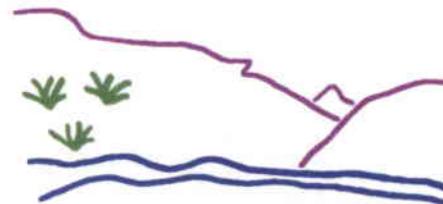
- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED

**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: 11-AUGUST-2006



**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*

August 14, 2006

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

Re: East Coyote 10-3-8-25 Well, 2167' FSL, 2172' FEL, NW SE, Sec. 3,  
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 43-047-38447.

Sincerely,

Gil Hunt  
Associate Director

pab  
Enclosures

cc: Uintah County Assessor  
Bureau of Land Management, Vernal District Office

**Operator:** Houston Exploration Company  
**Well Name & Number** East Coyote 10-3-8-25  
**API Number:** 43-047-38447  
**Lease:** UTU-76291

**Location:** NW SE                      **Sec.** 3                      **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

Notify the Division within 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dan Jarvis at (801) 538-5338

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. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.

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.

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

**RECEIVED**

AUG 02 2006

FORM APPROVED  
OMB No. 1004-0137  
Expires March 31, 2007

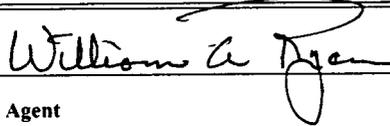
**APPLICATION FOR PERMIT TO DRILL OR REENTER**

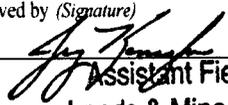
|  |  |   |  |
|--|--|---|--|
| 1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER   |  | 5. Lease Serial No.<br>UTU-76291  |  |
| 1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone |  | 6. If Indian, Allottee or Tribe Name  |  |
| 2. Name of Operator<br><b>The Houston Exploration Company</b>  |  | 7. If Unit or CA Agreement, Name and No.  |  |
| 3a. Address <b>1100 Louisiana, Suite 2000, Houston, TX 77002</b>   |  | 8. Lease Name and Well No.<br><b>East Coyote 10-3-8-25</b>                              |  |
| 3b. Phone No. (include area code)<br><b>713-830-6800</b>   |  | 9. API Well No.<br><b>43,047,38447</b>  |  |
| 4. Location of Well (Report location clearly and in accordance with any State requirements.)*<br>At surface <b>2,167' FSL &amp; 2,172' FEL NW 1/4 of the SE 1/4</b><br>At proposed prod. zone <b>Same as above</b>     |  | 10. Field and Pool, or Exploratory<br><b>Exploratory</b>                                |  |
| 14. Distance in miles and direction from nearest town or post office*<br><b>25.1 miles south of Vernal, UT</b>   |  | 11. Sec., T. R. M. or Blk. and Survey or Area<br><b>Sec. 3 T8S, R25E. S.L.B.&amp;M.</b> |  |
| 15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)<br><b>2,167'</b>   | 16. No. of acres in lease<br><b>880</b>                    | 17. Spacing Unit dedicated to this well<br><b>40</b>                                    |  |
| 18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.<br><b>NA</b>  | 19. Proposed Depth<br><b>7,200'</b>                        | 20. BLM/BIA Bond No. on file<br><b>104155044</b>  |  |
| 21. Elevations (Show whether DF, KDB, RT, GL, etc.)<br><b>5,667' GR</b>  | 22. Approximate date work will start*<br><b>01/01/2007</b> | 23. Estimated duration<br><b>30 Days</b>  |  |

**24. Attachments**

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

- |  |   |
|--|---|
| 1. Well plat certified by a registered surveyor.   | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan.  | 5. Operator certification   |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the BLM.             |

|  |   |                           |
|--|---|---------------------------|
| 25. Signature<br> | Name (Printed/Typed)<br><b>William A Ryan</b> | Date<br><b>07/31/2006</b> |
| Title<br><b>Agent</b>  |   |                           |

|  |  |                         |
|--|--|-------------------------|
| Approved by (Signature)<br> | Name (Printed/Typed)<br><b>JERRY KENCZKA</b> | Date<br><b>2-1-2007</b> |
| Title<br><b>Assistant Field Manager<br/>Lands &amp; Mineral Resources</b>                                      |  |                         |
| Office<br><b>VERNAL FIELD OFFICE</b>   |  |                         |

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.  
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

\*(Instructions on page 2)

**NOTICE OF APPROVAL**

**CONDITIONS OF APPROVAL ATTACHED**

**RECEIVED**

**FEB 07 2007**

DIV. OF OIL, GAS & MINING

06BM2302A



**UNITED STATES DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
VERNAL FIELD OFFICE**

170 South 500 East      VERNAL, UT 84078      (435) 781-4400



**CONDITIONS OF APPROVAL FOR APPLICATION FOR PERMIT TO DRILL**

|   |   |
|---|---|
| <b>Company:</b> Houston Exploration Company | <b>Location:</b> NWSE, Sec 3, T8S, R25E |
| <b>Well No:</b> East Coyote 10-3-8-25       | <b>Lease No:</b> UTU-76291              |
| <b>API No:</b> 43-047- 38447                | <b>Agreement:</b> N/A                   |

| <b>Title</b>                                    | <b>Name</b>     | <b>Office Phone Number</b> | <b>Cell Phone Number</b> |
|---|-----------------|----------------------------|--------------------------|
| Petroleum Engineer:                             | Matt Baker      | 435-781-4490               | 435-828-4470             |
| Petroleum Engineer:                             | Michael Lee     | 435-781-4432               | 435-828-7875             |
| Petroleum Engineer:                             | James Ashley    | 435-781-4470               | 435-828-7874             |
| Petroleum Engineer:                             | Ryan Angus      | 435-781-4430               |                          |
| Supervisory Petroleum Technician:               | Jamie Sparger   | 435-781-4502               | 435-828-3913             |
| NRS/Enviro Scientist:                           | Paul Buhler     | 435-781-4475               | 435-828-4029             |
| NRS/Enviro Scientist:                           | Karl Wright     | 435-781-4484               |                          |
| NRS/Enviro Scientist:                           | Holly Villa     | 435-781-4404               |                          |
| NRS/Enviro Scientist:                           | Melissa Hawk    | 435-781-4476               | 435-828-7381             |
| NRS/Enviro Scientist:                           | Chuck MacDonald | 435-781-4441               |                          |
| NRS/Enviro Scientist:                           | Jannice Cutler  | 435-781-3400               |                          |
| NRS/Enviro Scientist:                           | Michael Cutler  | 435-781-3401               |                          |
| NRS/Enviro Scientist:                           | Anna Figueroa   | 435-781-3407               |                          |
| NRS/Enviro Scientist:                           | Verlyn Pindell  | 435-781-3402               |                          |
| NRS/Enviro Scientist:                           | Darren Williams | 435-781-4447               |                          |
| NRS/Enviro Scientist:                           | Nathan Packer   | 435-781-3405               |                          |
| <b>After Hours Contact Number: 435-781-4513</b> |                 | <b>Fax: 435-781-4410</b>   |                          |

**A COPY OF THESE CONDITIONS SHALL BE FURNISHED TO YOUR  
FIELD REPRESENTATIVE TO INSURE COMPLIANCE**

All lease and/or unit operations are to be conducted in such a manner that full compliance is made with the applicable laws, regulations (43 CFR Part 3160), and this approved Application for Permit to Drill including Surface and Downhole Conditions of Approval. The operator is considered fully responsible for the actions of his subcontractors. A copy of the approved APD must be on location during construction, drilling, and completion operations. **This permit is approved for a one-year period. An additional year extension may be applied for by sundry notice prior to expiration.**

**NOTIFICATION REQUIREMENTS**

|  |   |
|--|---|
| Location Construction<br>(Notify NRS/Enviro Scientist)                     | - Forty-Eight (48) hours prior to construction of location and access roads.  |
| Location Completion<br>(Notify NRS/Enviro Scientist)                       | - Prior to moving on the drilling rig.  |
| Spud Notice<br>(Notify Petroleum Engineer)                                 | - Twenty-Four (24) hours prior to spudding the well.  |
| Casing String & Cementing<br>(Notify Supervisory Petroleum Technician)     | - Twenty-Four (24) hours prior to running casing and cementing all casing strings   |
| BOP & Related Equipment Tests<br>(Notify Supervisory Petroleum Technician) | - Twenty-Four (24) hours prior to initiating pressure tests   |
| First Production Notice<br>(Notify Petroleum Engineer)                     | - Within Five (5) business days after new well begins or production resumes after well has been off production for more than ninety (90) days |

**SURFACE USE PROGRAM  
CONDITIONS OF APPROVAL (COAs)**

- Surface Conditions of Approval or monitoring are listed in the Surface Use Plan of the APDs.
- The operator will control noxious weeds along access road use authorizations, pipeline route authorizations, well sites, or other applicable facilities by spraying or mechanical removal. A list of noxious weeds may be obtained from the BLM weeds specialist or the appropriate County Extension Office. On BLM administered land, it is required that a Pesticide Use Proposal be submitted and approved prior to the application of herbicides, pesticides or possibly hazardous chemicals.
- The operator has agreed to coordinate with the existing power line Right-of-way holder prior to construction of any access or pad.
- All Rights-of-Way, agreements, clearances, etc. to provide access or to transport the produced natural gas will be acquired prior to construction of the well pad.
- *Burrowing Owl*: A timing restriction on construction and drilling (including completion) from April 1 – August 15, will be required in order to protect nesting burrowing owls.
- *Ferruginous Hawks*: A timing restriction on construction and drilling (including completion) from March 1 – July 15, will be required in order to protect nesting Ferruginous Hawks.
- *Black-Footed Ferret*: To protect Black-Footed Ferret during breeding season a timing restriction will be required from March 1 through July 15.
- *Antelope*: The lessee/operator is given notice that lands in the lease have been identified as containing crucial pronghorn (antelope) habitat. The lessee/operator has agreed to not initiate surface disturbing activities or drilling from May 15 through June 20. If it is anticipated that construction or drilling will occur during the given timing restrictions for antelope, a BLM or qualified biologist shall be notified so surveys shall be conducted. Depending upon the results of the survey, permission to proceed may or may not be recommended or granted (depending on the species being surveyed and the condition of the habitat).
- Within 90 calendar days of the approval date for this Application for Permit to Drill (APD), the operator/lessee will submit to the Authorized Officer (AO), on Sundry Notice Form 3160-5, an Interim Surface Reclamation Plan for surface disturbance on well pads, access roads, and pipelines. At a minimum, this will include the Best Management Practice of the reshaping of the pad to the original contour to the extent possible; the re-spreading of the top soil up to the rig anchor points; and, reseeding the area using appropriate reclamation methods.

The interim seed mix for reclamation will be:

|                              |                            |                |
|------------------------------|----------------------------|----------------|
| Hy-crest Crested Wheat grass | <i>Agropyron cristatum</i> | 6 lbs per acre |
| Western Wheat grass          | <i>Agropyron smithii</i>   | 3 lbs per acre |
| Needle and Thread grass      | <i>Stipa comata</i>        | 3 lbs per acre |

- If paleontologic materials are uncovered during construction, the operator shall immediately stop work that might further disturb such materials and contact the Authorized Officer (AO). A determination will be made by the AO as to what mitigation will be necessary for the discovered paleontologic material.
- Following well plugging and abandonment, the location, access roads, pipelines, and other facilities shall be reclaimed. All disturbed surfaces shall be reshaped to approximate the original contour; the top soil re-spread over the surface; and, the surface re-vegetated. The surface of approved staging areas where construction activities did not occur may require disking or ripping and reseeding.

### **DOWNHOLE CONDITIONS OF APPROVAL**

All provisions outlined in Onshore Oil & Gas Order #2 Drilling Operations shall be strictly adhered to. The following items are emphasized:

#### **SITE SPECIFIC DOWNHOLE CONDITIONS OF APPROVAL**

- A Cement Bond Log (CBL) shall be run from the TD to the top of cement. A field copy of the CBL shall be submitted to the BLM Vernal Field Office for review.

#### **DRILLING/COMPLETION/PRODUCING OPERATING STANDARDS**

- There shall be no deviation from the proposed drilling, completion, and/or workover program as approved. Safe drilling and operating practices must be observed. All wells, whether drilling, producing, suspended, or abandoned, shall be identified in accordance with 43 CFR 3162.6. There shall be a sign or marker with the name of the operator, lease serial number, well number, and surveyed description of the well. Any changes in operation must have prior approval from the BLM, Vernal Field Office Petroleum Engineers.
- The spud date and time shall be reported orally to Vernal Field Office within 24 hours of spudding.
- **Notify Vernal Field Office Supervisory Petroleum Engineering Technician at least 24 hours in advance of casing cementing operations and BOPE & casing pressure tests.**
- Blowout prevention equipment (BOPE) shall remain in use until the well is completed or abandoned. Closing unit controls shall remain unobstructed and readily accessible at all times. Choke manifolds shall be located outside of the rig substructure.
- All BOPE components shall be inspected daily and those inspections shall be recorded in the daily drilling report. Components shall be operated and tested as required by Onshore Oil & Gas Order No. 2 to insure good mechanical working order. All BOPE pressure tests shall be performed by a test pump with a chart recorder and **NOT** by the rig pumps. Test shall be reported in the driller's log.
- BOP drills shall be initially conducted by each drilling crew within 24 hours of drilling out from under the surface casing and weekly thereafter as specified in Onshore Oil & Gas Order No. 2.
- Casing pressure tests are required before drilling out from under all casing strings set and cemented in place.
- No aggressive/fresh hard-banded drill pipe shall be used within casing.
- All shows of fresh water and minerals shall be reported and protected. A sample shall be taken of any water flows and a water analysis furnished the BLM, Vernal Field Office. All oil and gas shows shall be adequately tested for commercial possibilities, reported, and protected.
- No location shall be constructed or moved, no well shall be plugged, and no drilling or workover equipment shall be removed from a well to be placed in a suspended status without prior approval of the BLM, Vernal Field Office. If operations are to be suspended for more than 30 days, prior approval of the BLM, Vernal Field Office shall be obtained and notification given before resumption of operations.

- Chronologic drilling progress reports shall be filed directly with the BLM, Vernal Field Office on a weekly basis in sundry, letter format or e-mail to the Petroleum Engineers until the well is completed.
- Any change in the program shall be approved by the BLM, Vernal Field Office. "Sundry Notices and Reports on Wells" (Form BLM 3160-5) shall be filed for all changes of plans and other operations in accordance with 43 CFR 3162.3-2.
- Emergency approval may be obtained orally, but such approval does not waive the written report requirement. Any additional construction, reconstruction, or alterations of facilities, including roads, gathering lines, batteries, etc., which will result in the disturbance of new ground, shall require the filing of a suitable plan pursuant to Onshore Oil & Gas Order No. 1 of 43 CFR 3164.1 and prior approval by the BLM, Vernal Field Office.
- In accordance with 43 CFR 3162.4-3, this well shall be reported on the "Monthly Report of Operations" (Oil and Gas Operations Report ((OGOR)) starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report shall be filed in duplicate, directly with the Minerals Management Service, P.O. Box 17110, Denver, Colorado 80217-0110, or call 1-800-525-7922 (303) 231-3650 for reporting information.
- Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (BLM Form 3160-4) shall be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3162.4-1. Two copies of all logs run, core descriptions, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, shall be filed on BLM Form 3160-4. Submit with the well completion report a geologic report including, at a minimum, formation tops, and a summary and conclusions. Also include deviation surveys, sample descriptions, strip logs, core data, drill stem test data, and results of production tests if performed. Samples (cuttings, fluid, and/or gas) shall be submitted only when requested by the BLM, Vernal Field Office.
- A cement bond log (CBL) will be run from the production casing shoe to the surface casing shoe and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.
- **Please submit an electronic copy of all other logs run on this well in LAS format to UT\_VN\_Welllogs@BLM.gov. This submission will supersede the requirement for submittal of paper logs to the BLM.**
- All off-lease storage, off-lease measurement, or commingling on-lease or off-lease shall have prior written approval from the BLM, Vernal Field Office.
- All measurement points shall be identified as point of sales or allocation for royalty determination prior to the installation of facilities.
- Oil and gas meters shall be calibrated in place prior to any deliveries. The Field Office Petroleum Engineers 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 reports shall be submitted to the BLM, Vernal Field Office. All measurement facilities will conform to the API standards for liquid hydrocarbons and the AGA standards for natural gas measurement.

- A schematic facilities diagram as required by Onshore Oil & Gas Order No. 3 shall be submitted to the BLM, Vernal Field Office within 30 days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with Onshore Oil & Gas Order No. 3.
- This APD is approved subject to the requirement that, should the well be successfully completed for production, the BLM, Vernal Field office must be notified when it is placed in a producing status. Such notification will be by written communication and must be received in this office by not later than the fifth business day following the date on which the well is placed on production. The notification shall provide, as a minimum, the following informational items:
  - Operator name, address, and telephone number.
  - Well name and number.
  - Well location (¼¼, Sec., Twn, Rng, and P.M.).
  - Date well was placed in a producing status (date of first production for which royalty will be paid).
  - The nature of the well's production, (i.e., crude oil, or crude oil and casing head gas, or natural gas and entrained liquid hydrocarbons).
  - The Federal or Indian lease prefix and number on which the well is located; otherwise the non-Federal or non-Indian land category, i.e., State or private.
  - Unit agreement and / or participating area name and number, if applicable.
  - Communitization agreement number, if applicable.
- Any venting or flaring of gas shall be done in accordance with Notice to Lessees (NTL) 4A and needs prior approval from Field Office Petroleum Engineers.
- All undesirable events (fires, accidents, blowouts, spills, discharges) as specified in NTL 3A will be reported to the BLM, Vernal Field Office. Major events as defined in NTL3A, shall be reported verbally within 24 hours, followed by a written report within 15 days. "Other than Major Events" will be reported in writing within 15 days. "Minor Events" will be reported on the Monthly Report of Operations and Production
- Pursuant to Onshore Oil & Gas Order No. 7, this is authorization for pit disposal of water produced from this well for a period of 90 days from the date of initial production. A permanent disposal method must be approved by this office and in operation prior to the end of this 90-day period. In order to meet this deadline, an application for the proposed permanent disposal method shall be submitted along with any necessary water analyses, as soon as possible, but no later than 45 days after the date of first production. Any method of disposal which has not been approved prior to the end of the authorized 90-day period will be considered as an Incident of Noncompliance and will be grounds for issuing a shut-in order until an acceptable manner for disposing of said water is provided and approved by this office.
- Unless the plugging is to take place immediately upon receipt of oral approval, the Field Office Petroleum Engineers must be notified at least 24 hours in advance of the plugging of the well, in order that a representative may witness plugging operations. If a well is suspended or abandoned, all pits must be fenced immediately until they are backfilled. The "Subsequent Report of Abandonment" (Form BLM 3160-5) must be submitted within 30 days after the actual plugging of the well bore, showing location of plugs, amount of cement in each, and amount of casing left in hole, and the current status of the surface restoration.

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

**CONFIDENTIAL**

FORM 9

WELL CASE DESIGNATION AND SERIAL NUMBER:

UTU-76291

**SUNDRY NOTICES AND REPORTS ON WELLS**

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

NA

7. UNIT or CA AGREEMENT 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.

1. TYPE OF WELL

OIL WELL

GAS WELL

OTHER \_\_\_\_\_

8. WELL NAME and NUMBER:

East Coyote 10-3-8-25

2. NAME OF OPERATOR:

The Houston Exploration Company

9. API NUMBER:

4304738447

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:

Exploratory

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 2167' FSL & 2172' FEL

COUNTY: Uintah

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWSE 3 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<br>(Submit in Duplicate)<br>Approximate date work will start:<br>_____ | <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<br>(Submit Original Form Only)<br>Date of work completion:<br>_____              | <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)

DATE 7-27-07  
RM

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

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

**API:** 4304738447  
**Well Name:** East Coyote 10-3-8-25  
**Location:** Section 3, Township 8 South, Range 25 East NWSE  
**Company Permit Issued to:** The Houston Exploration Company  
**Date Original Permit Issued:** 8/14/2006

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

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

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

**OPERATOR CHANGES DOCUMENTATION**

Enter date after each listed item is completed

- (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 7/30/2007
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 7/30/2007
- The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 7/31/2007
- 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**

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.

|   |  |   |
|---|--|---|
| <b>1. TYPE OF WELL</b><br>OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER _____       |  | <b>5. LEASE DESIGNATION AND SERIAL NUMBER:</b><br>See Attached List |
| <b>2. NAME OF OPERATOR:</b><br>Forest Oil Corporation <span style="float:right; font-size: 1.5em;">N6965</span> |  | <b>6. IF INDIAN, ALLOTTEE OR TRIBE NAME:</b>                        |
| <b>3. ADDRESS OF OPERATOR:</b><br>707 17th Street, #3600 CITY Denver, STATE CO ZIP 80202                        |  | <b>7. UNIT or CA AGREEMENT NAME:</b>                                |
| <b>4. LOCATION OF WELL</b><br>FOOTAGES AT SURFACE: See attached list  |  | <b>8. WELL NAME and NUMBER:</b><br>See Attached List                |
| PHONE NUMBER: (303) 812-1755  |  | <b>9. API NUMBER:</b><br>various                                    |
| QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:  |  | <b>10. FIELD AND POOL, OR WILDCAT:</b>                              |
| COUNTY:   |  | STATE: <b>UTAH</b>  |

**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<br>(Submit in Duplicate)<br>Approximate date work will start:<br>_____          | <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 checked="" type="checkbox"/> SUBSEQUENT REPORT<br>(Submit Original Form Only)<br>Date of work completion:<br>_____ | <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.

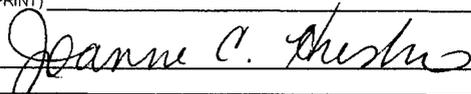
Forest Oil Corporation meets the State of Utah bonding requirements under Safeco bond #6218963.

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

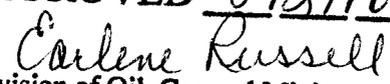
Forest Oil Corporation, 707 17th Street, Suite #3600, Denver, CO 80202

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

7-5-07  
Date

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

(This space for State use only)

**APPROVED** 8/27/07  
  
(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    |

**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)

|   |  |
|---|--|
| <b>Well name:</b>                               | E Coyote 10-3-8-25                               |
| <b>API number:</b>                              | 4304738447                                       |
| <b>Location:</b>                                | Qtr-Qtr: NWSE Section: 3 Township: 8S Range: 25E |
| <b>Company that filed original application:</b> | The Houston Exploration Company                  |
| <b>Date original permit was issued:</b>         | 08/14/2006                                       |
| <b>Company that permit was issued to:</b>       | The Houston Exploration Company                  |

| Check one                           | Desired Action:   |
|-------------------------------------|---|
| <input type="checkbox"/>            | <b>Transfer pending (unapproved) Application for Permit to Drill to new operator</b>  |
| <input type="checkbox"/>            | 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>  |
| <input type="checkbox"/>            | 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?  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| If so, has the surface agreement been updated?  | <input type="checkbox"/>            | <input type="checkbox"/>            |
| Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location?                           | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| Have there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well?                                      | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| Have there been any changes to the access route including ownership or right-of-way, which could affect the proposed location?                                      | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| Has the approved source of water for drilling changed?  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 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? | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| Is bonding still in place, which covers this proposed well? Bond No. <u>6218963</u>   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |

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) Tami Hofmann Title Regulatory Specialist  
 Signature *Tami Hofmann* Date 08/06/2007  
 Representing (company name) Forest Oil Corporation

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.

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

FORM 9

**CONFIDENTIAL**

|  |  |
|--|--|
| 5. LEASE DESIGNATION AND SERIAL NUMBER:<br>UTU-76291   |  |
| 6. IF INDIAN, ALLOTTEE OR TRIBE NAME:  |  |
| 7. UNIT or CA AGREEMENT NAME:  |  |
| 8. WELL NAME and NUMBER:<br>East Coyote 10-3-8-25  |  |
| 9. API NUMBER:<br>4304738447   |  |
| 10. FIELD AND POOL, OR WILDCAT:<br>Exploratory   |  |
| 1. TYPE OF WELL<br>OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____  |  |
| 2. NAME OF OPERATOR:<br>Forest Oil Corporation   |  |
| 3. ADDRESS OF OPERATOR:<br>707 17th ST Suite 3600 CITY Denver STATE CO ZIP 80202   |  |
| PHONE NUMBER:<br>(303) 812-1755  |  |
| 4. LOCATION OF WELL<br>FOOTAGES AT SURFACE: 2167' FSL & 2172' FEL COUNTY: Uintah<br>QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWSE 3 8S 25E S 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<br>(Submit in Duplicate)<br>Approximate date work will start:<br>_____ | <input type="checkbox"/> ACIDIZE                        | <input type="checkbox"/> DEEPEN                           | <input type="checkbox"/> REPERFORATE CURRENT FORMATION      |
| <input type="checkbox"/> SUBSEQUENT REPORT<br>(Submit Original Form Only)<br>Date of work completion:<br>_____              | <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:** 4304737886  
**Well Name:** East Coyote 10-3-8-25  
**Location:** NWSE Sec 3, T8S, R25E  
**Company Permit Issued to:** The Houston Exploration Company  
**Date Original Permit Issued:** 8/14/2006

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

Mingus Bowden  
Signature

8/14/2008  
Date

Title: Agent

Representing: Forest Oil Corporation

**RECEIVED**  
**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

August 5, 2009

Forest Oil Corporation  
707 17<sup>th</sup> Street, Suite 3600  
Denver, CO 80202

Re: APD Rescinded – East Coyote 10-3-8-25, Sec. 3, T.8S, R.25E,  
Uintah County, Utah API No. 43-047-38447

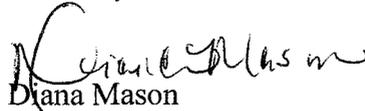
Ladies and Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on August 14, 2006. On July 26, 2007 and August 25, 2008, the Division granted a one-year APD extension. On August 3, 2009 the Division received a letter from the Bureau of Land Management (BLM), which states that the lease has expired with the BLM. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective August 5, 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  
Bureau of Land Management, Vernal

