

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

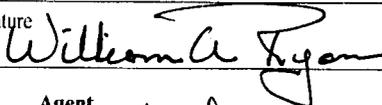
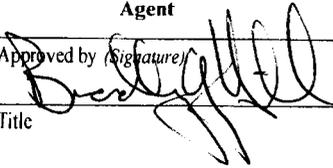
APPLICATION FOR PERMIT TO DRILL OR REENTER

5a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. UTU-76290
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 The Houston Exploration Company		7. If Unit or CA Agreement, Name and No.
3a. Address 1100 Louisiana, Suite 2000, Houston, TX 77002		8. Lease Name and Well No. Squaw Ridge 13-28-7-25
3b. Phone No. (include area code) 713-830-6800		9. API Well No. 43-047-38459
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 660' FSL & 520' FWL SW 1/4 of the SW 1/4 40.175063 At proposed prod. zone Same as above 660' 44486867 - 109.112134		10. Field and Pool, or Exploratory Exploratory
14. Distance in miles and direction from nearest town or post office* 20.8 miles south of Jensen, UT		11. Sec., T. R. M. or Blk. and Survey or Area Sec. 28 T7S. R25E. S.L.B.&M.
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 520'	16. No. of acres in lease 1,120	12. County or Parish Uintah
17. Spacing Unit dedicated to this well 40	13. State UT	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1,800'	19. Proposed Depth 8,800'	20. BLM/BIA Bond No. on file 104155044
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5,772' 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. | 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 	Name (Printed/Typed) William A Ryan	Date 07/31/2006
Title Agent		
Approved by (Signature) 	Name (Printed/Typed) BRADLEY G. HILL	Date 08-17-06
Title Off. 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**

RECEIVED

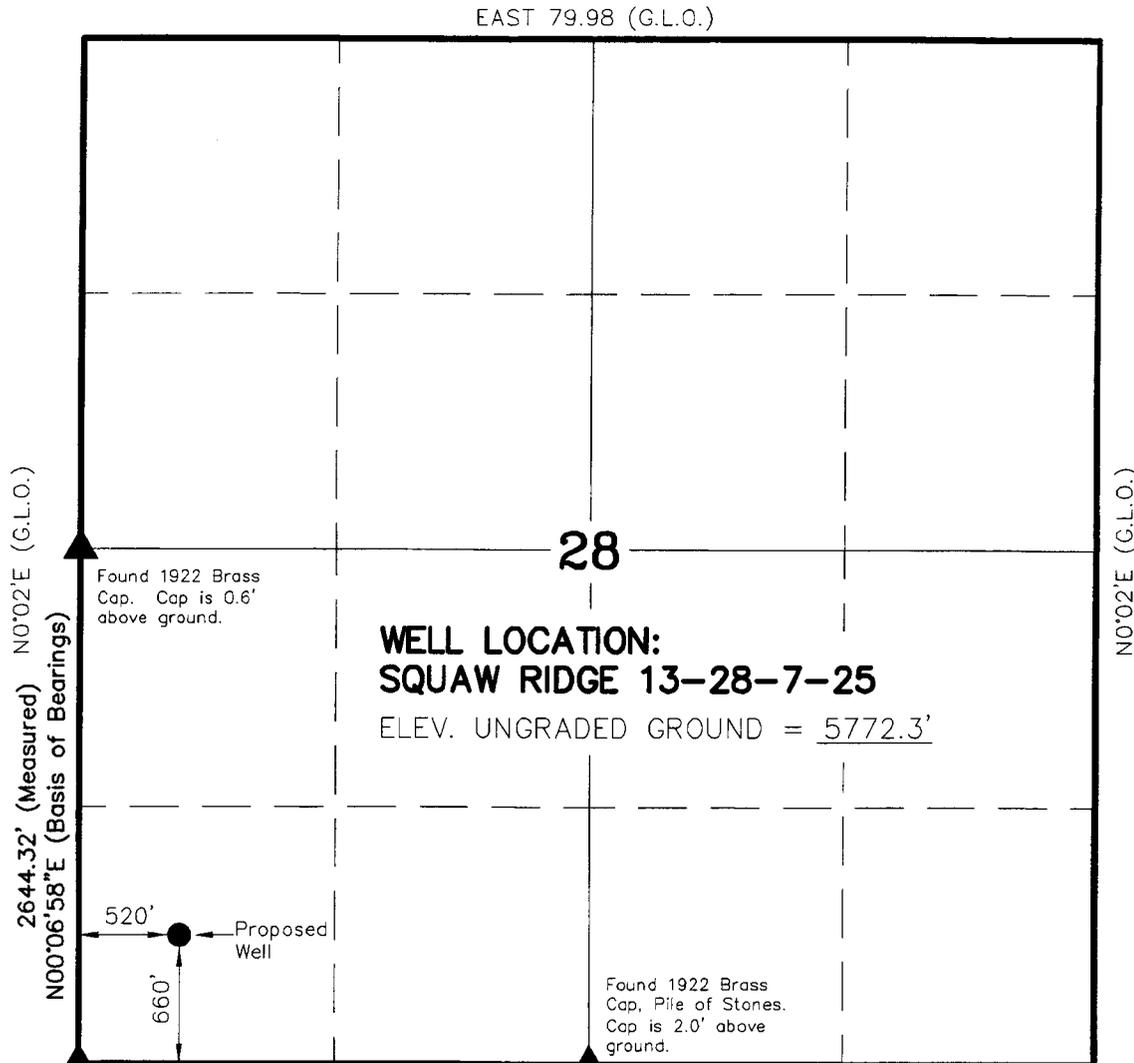
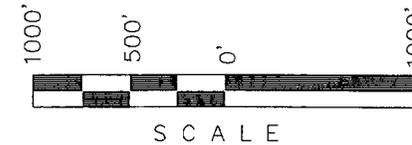
AUG 09 2006

DIV. OF OIL, GAS & MINING

T7S, R25E, S.L.B.&M.

THE HOUSTON EXPLORATION COMPANY

WELL LOCATION, SQUAW RIDGE
13-28-7-25, LOCATED AS SHOWN IN
THE SW 1/4 SW 1/4 OF SECTION 28,
T7S, R25E, S.L.B.&M. UTAH 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 ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

REGISTERED LAND SURVEYOR
 REGISTRATION No. 6028691
 STATE OF UTAH

Found 1922 Brass Cap, Steel Posts. Cap is 0.6' above ground. S89°56'07"E - 2646.08' (Meas.)
S89°58'E 80.02 (G.L.O.)

SQUAW RIDGE 13-28-7-25
(Proposed Well Head)
NAD 83 Autonomous
LATITUDE = 40° 10' 30.2"
LONGITUDE = 109° 06' 48.5"

▲ = SECTION CORNERS LOCATED
BASIS OF ELEVATION IS A SPOT ELEVATION LOCATED AT THE SW CORNER OF SECTION 28, T7S, R25E, S.L.B.&M. THE ELEVATION OF THIS SECTION CORNER IS SHOWN ON THE DINOSAUR 7.5 MIN. QUADRANGLE AS BEING 5758'.

TIMBERLINE LAND SURVEYING, INC.		SHEET 2 OF 10
38 WEST 100 NORTH. - VERNAL, UTAH 84078 (435) 789-1365		
DATE SURVEYED: 04-09-06	SURVEYED BY: J.R.S.	
DATE DRAWN: 04-12-06	DRAWN BY: M.W.W.	
SCALE: 1" = 1000'	Date Last Revised:	

Ten Point Plan

The Houston Exploration Company

Squaw Ridge 13-28-7-25

Surface Location SW $\frac{1}{4}$ SW $\frac{1}{4}$,

Section 28, T. 7S., R. 25E.

1. **Surface Formation**
Uintah

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

Formation		Depth	Datum
Uintah		Surface	5,772' G.R.
Green River		2,100'	3,672'
Birds Nest	Water	2,300'	3,472'
Wasatch	Oil/Gas	4,000'	1,772'
Measaverda	Oil/Gas	6,000'	-228'
TD		8,800'	-3,028'

A 11" hole will be drilled to 2,300' +/- . 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, Measaverda and their sub-members.

4. **Proposed Casing:**

Hole Size	Casing Size	Weight/FT	Grade	Coupling & Tread	Casing Depth	New/Used
17 1/2	14	36.75#	A-252		40'	NEW
11	8 5/8	28#	K-55	ST&C	2,300'	NEW
7 7/8	4 1/2	11.6#	N-80	LT&C	7,700'	NEW
7 7/8	4 1/2	11.6#	P-110	LT&C	8,800'	NEW

Cement Program:

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

Note: Cement Volume = Gauge hole + 50%

Casing Size	Cement Type	Cement Amounts	Cement Yield	Water Mix	Cement Weight
Lead: 14	Class "G" 6 bag mix ready mix	20 sks +/-	1.18ft ³ /sk	5	15.6 ppg

The Surface Casing will be cemented as follows from 0'- 2,300':

Cement volume = Gauge hole + 50%

	<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" 16% Gel 10#/sk Gilsonite 3% Salt 3#/sk GB3 0.25#/sk flocele	156 sks. +/-	3.82ft ³ /sk	23	11.0 ppg
Tail:	8 5/8"	Class "G" 2% Calcium Chloride 0.25#/sk Flocele	103 sks. +/-	1.18ft ³ /sk	5	15.6 ppg
Top Job:		Class "G" 4% Calcium Chloride 0.25#/sk Flocele 3#/sk GB3	10-200 sks. +/-	1.15ft ³ /sk	5	15.8 ppg

Production casing will be cemented as follows from 0'- 8,800:

Note: Lead should be 200' above the Wasatch.

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" 16% Gel 10#/sk Gilsonite 3% Salt 3#/sk GB3 0.25#/sk flocele	286 sks. +/-	3.82ft ³ /sk	23	11.0 ppg
Tail:	4 1/2"	Class "G" 2% Calcium Chloride 0.25#/sk Flocele	1,207 sks. +/-	1.18ft ³ /sk	5.2	15.6 ppg
Top Job:		Class "G" 4% Calcium Chloride 0.25#/sk Flocele 3#/sk GB3	10-200 sks. +/-	1.15ft ³ /sk	5.2	15.8 ppg

5. BOP and Pressure Containment Data:

A 5000-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 lbs./gal.</u>	<u>Viscosity Sec./OT.</u>	<u>Fluid Loss Ml/30 Mins.</u>	<u>Mud Type</u>
0-2,300	Air/Clear Water	-----	No Control	Water/Gel
2,300-T.D.	8.4-12.0	30-45	8-10	LSND 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 2,300' 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 5000 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

Abandoned Wells:

Husky State 2-32

State 1

10. Drilling Schedule:

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

The Houston

Well Name Squaw Ridge 13-28-7-25

12-Jul-2006 8:00
13-Jul-2006 19:30

Proposed Casing

	Open Hole Size	Csg Size	Csg Wt	Csg Grade	Csg Coupling & Tread	Csg Setting Depth	Csg New/Used	Internal Yield PSI	Collapse PSI	CSG Dnft
Conductor	17 1/2	14	36.75	A252		40	New	500		13 400
Surface	11	8 5/8	28	K-55	ST&C	2300	New	1,880	3,380	7 892
Production	7 7/8	4 1/2	11.6	N-80	LT&C	7700	New	7,780	6,350	3,875
Production	7 7/8	4 1/2	11.6	P-110	LT&C	8800	New	10,690		7,560

Estimated Formation Tops and Datum

Formation	Depth	Datum
Uintah	Surface	5772
Green River	2100	3672
Birds Nest	2300	3472
Wasatch	4000	1772
Measaverda	6000	-228
TD	8800	-3028

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

Cement Program

Conductor Casing		Cement Type	Cement Amount	Cement Yield	Mix Water	Cement Weight
Casing Size			Sks	Cuft/sk	Gal/sk	Ppg
14		Class "G" 6 Bag Mix ready Mix	20	1.18	5	15.6
Top	0					
Bottom	40					

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	20	31

Conductor Casing Cement Data

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

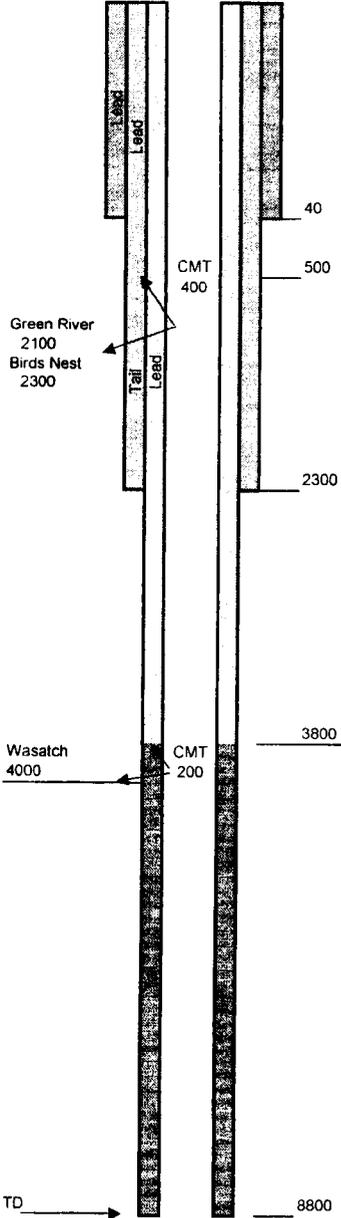
Surface Casing

Surface Casing		Cement Type	Cement Amount	Cement Yield	Mix Water	Cement Weight
Casing Size			Sks	Cuft/sk	Gal/sk	Ppg
Lead	8 5/8	Premium 5	156	3.82	23	11
Top	0	16% Gel				
Bottom	1900	10 #/sk gilsonite				
		3% Salt				
		25 #/sk flocele				
		3 #/sk GB3				
Tail	8 5/8	Class "G"	103	1.18	5	15.6
Top	1900	2% Calcium Chloride				
Bottom	2300	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	23	4	6	9
Lead	40	1900	1860	375	67	98	147
						Total	156
Tail	1900	2300	400	81	14	68	103

Surface Casing Cement Data



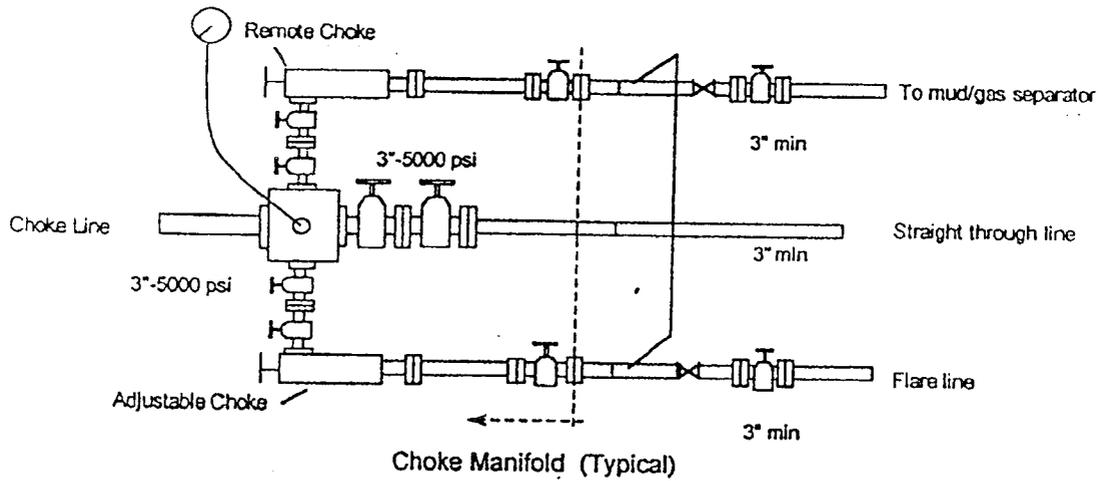
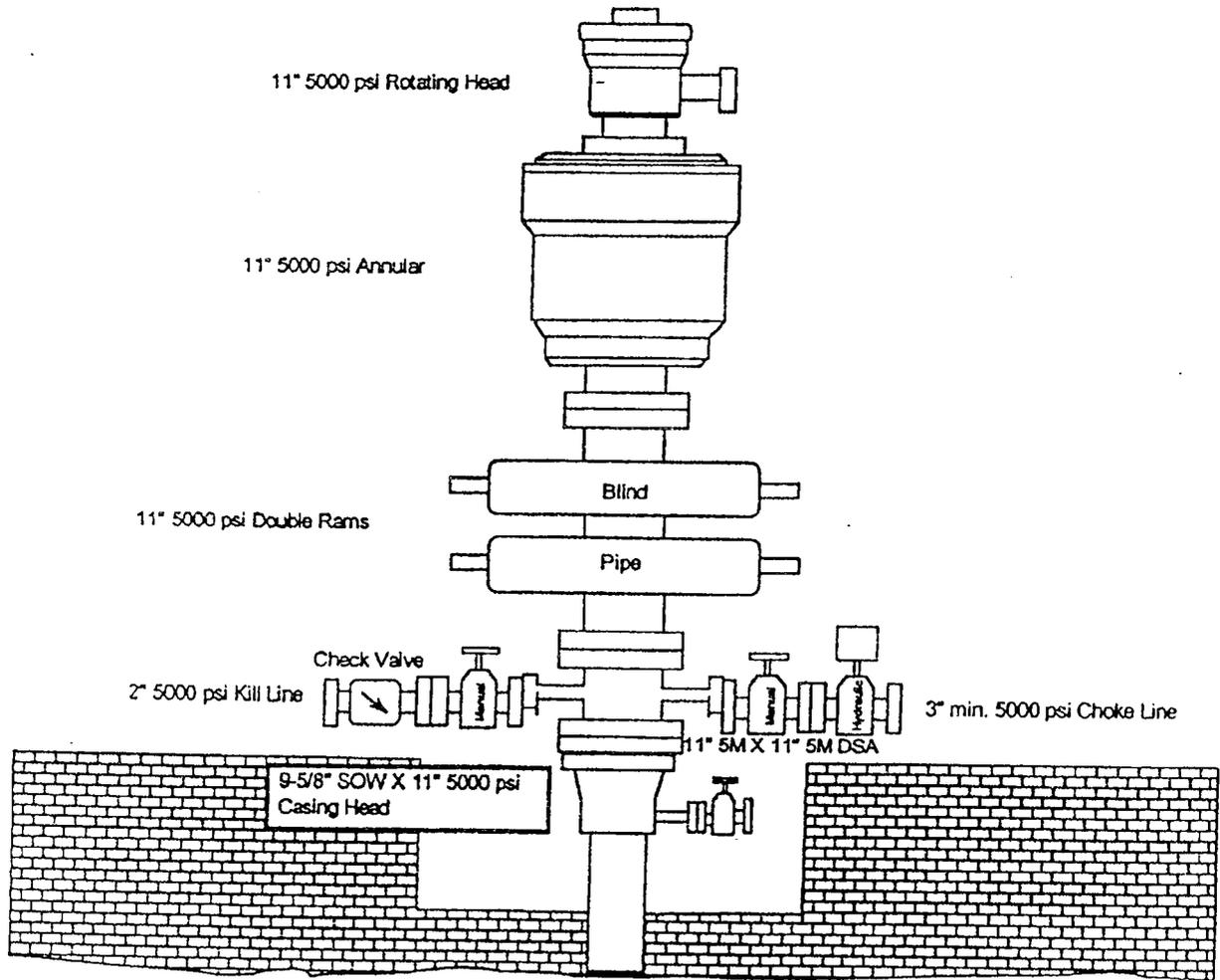
	Csg Size In.	Hole Size In.	Ft Hole	Coeff Cuft/ft	Coeff Bbls/ft	Annulus		Cuft/ft	Bbls/ft
						8 5/8 /14	28#/36.75#		
						8 5/8 X 11 OH	28#/OH		
Lead	8 5/8	13 2/5	40	0.5806	0.1034				
Lead	8 5/8	11	1860	0.2016	0.0359				
Tail	8 5/8	11	400	0.2016	0.0359				

Production Casing						
	Casing Size	Cement Type	Cement Amount	Cement Yield	Mix Water	Cement Weight
			Sks	Cuft/sk	Gal/sk	Ppg
Lead	4 1/2	Premium 5	286	3.82	23	11
Top	0	16% Gel				
Bottom	3800	10 #/sk gilsonite				
		3% Salt				
		.25 #/sk flocele				
		3 #/sk GB3				
	4 1/2	Class "G"	1207	1.18	5.2	15.6
Top	3800	2% Calcium Chloride				
Bottom	8800	.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	2300	2300	533	95	140	174
Lead	2300	3800	1500	342	61	89	112
						Total	286
	3800	8800	5000	1139	203	965	1207

Production Casing Cement Data							
	Csg Size In.	Hole Size In.	Ft Hole	Coeff Cuft/ft	Coeff Bbls/ft	Annulus	
						4 1/2 X 8 5/8	11.6#/32#
						4 1/2 X 7 7/8 OH	11.6#/OH
Lead	4 1/2	7.892	2,300	0.2316	0.0413		
Lead	4 1/2	7 7/8	1,500	0.2278	0.0406		
Tail	4 1/2	7 7/8	5,000	0.2278	0.0406		

BOPE Diagram 5000 psi WP



THE HOUSTON EXPLORATION COMPANY

13 POINT SURFACE USE PLAN

FOR WELL

SQUAW RIDGE 13-28-7-25

LOCATED IN SW ¼ SW ¼

SECTION 28, T.7S, R25E, S.L.B.&M.

UINTAH COUNTY, UTAH

LEASE NUMBER: UTU-76290

SURFACE OWNERSHIP: FEDERAL

1. Existing Roads:

**The Houston Exploration Co.
Squaw Ridge 13-28-7-25
Section 28, T7S, R 25E**

From the intersection of US Highway 40 and State Highway 149 in Jensen, UT; proceed in an easterly direction along US Highway 40 approximately 11.6 miles to the junction of the Old Bonanza Highway (County B Road 3150). Exit right and proceed in a southeasterly direction along the Old Bonanza Highway approximately 8.6 miles to an existing trail to the southeast. Exit left and follow existing trail approximately 0.5 miles to the proposed access road. Follow road flags in a southerly direction approximately 510 feet to the proposed location.

Total distance from Jensen, Utah to the proposed well location is approximately 20.8 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 510' of new construction on lease. The road will be graded once per year minimum and maintained.

**A) Approximate length 510 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) Water well None
C) Abandoned well
 State 1
 Husky State 2-32
D) Temp. abandoned well None
E) Disposal well None
F) Drilling /Permitted well None
G) Shut in wells None
H) Injection well None
I) Monitoring or observation well
 None**

Please see the attached map for additional details.

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

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

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

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 3,400' of 3" steel buried gas gathering line would be constructed on Federal Lands. The line will tie into the proposed pipeline for the Squaw Ridge 16-

30-7-25 in Section 29, T7S, R25E. The pipeline would be buried to the northwest 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 be required for approximately 2,000'.

ALTERNATIVE #1

Approximately 32,770' of 3" steel buried gas gathering line would be constructed on Federal & State Lands. The line will tie into an existing Questar pipeline in Section 24, T8S, R24E. The pipeline would be buried to the south 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 be required for approximately 26,945'.

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 15.5 ft.
- G) Max fill 4.9 ft.
- H) Total cut yds. 5,220 cu yds
- I) Pit location North end
- J) Top soil location East & West 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

4#/acre Indian Rice Grass
4#/acre Crested Wheat Grass
4#/acre Needle & Thread Grass

11. Surface ownership:

Access road	Federal
Location	Federal
Pipe line	Federal & State

12. Other information:

A) Vegetation

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

B) Dwellings:

There are no 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.

D) Water:

**The nearest water is
The Green River 22 miles
to the Northwest.**

E) Chemicals:

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

F) Notification:

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

c) Spud notice
At least twenty-four (24) hours prior to spudding the well.

d) Casing string and cementing
At least twenty-four (24) hours prior to running casing and cementing all casing strings.

e) BOP and related equipment tests
At least twenty-four (24) hours prior to initial pressure tests.

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

G) Flare pit:

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

13. Lessees or Operator's representative and certification

A) Representative

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

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

Cellular 435-828-0968

Onsite Dates: 6/21/06

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.

Self Certification Statement

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

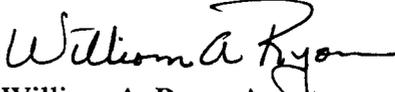
Please be advised that The Houston Exploration Company is considered to be the operator of the following well:

**Squaw Ridge 13-28-7-25
Section 28, T. 7S, R.25E
SW ¼ of the SW ¼
Lease UTU-76290
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

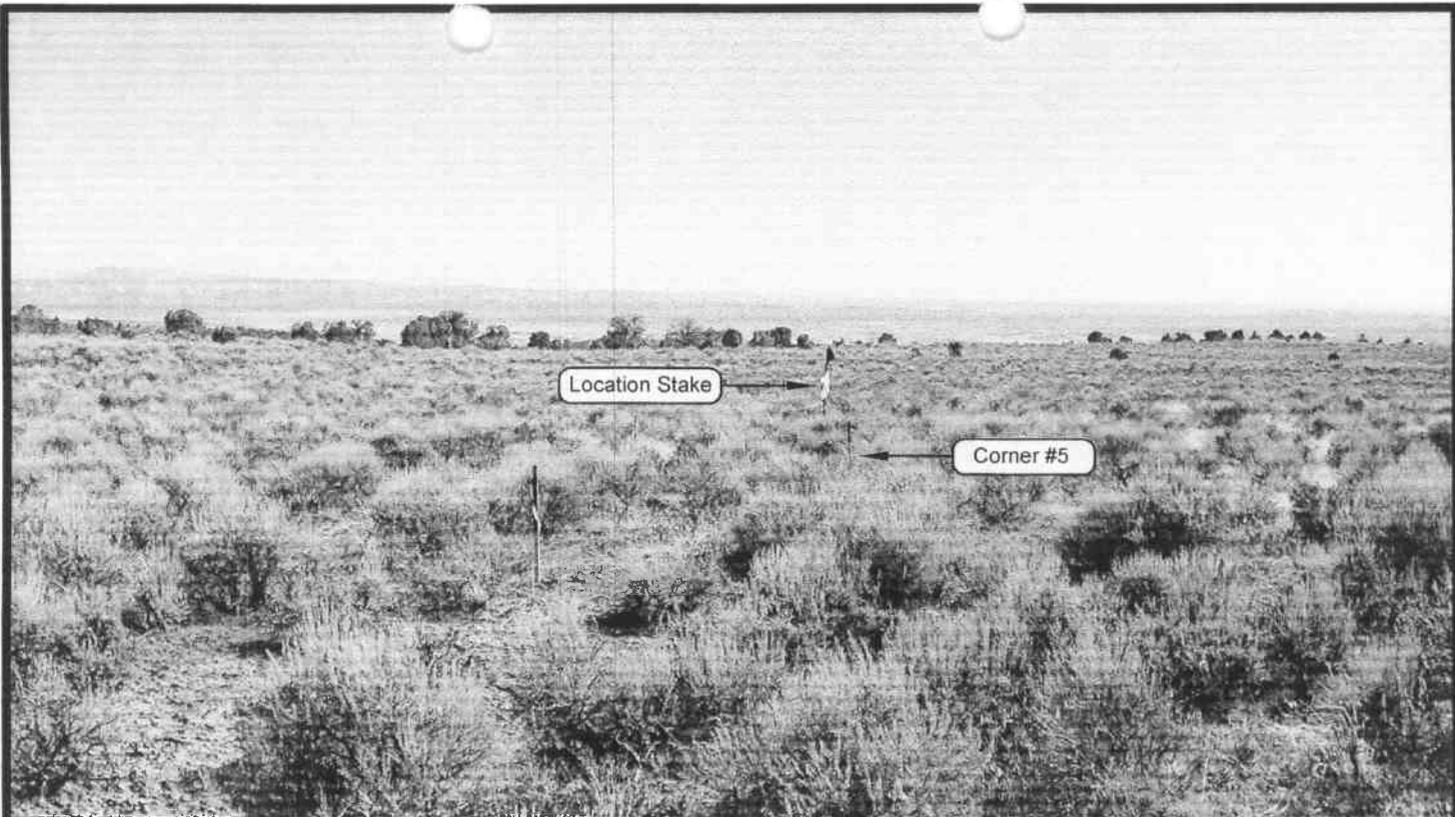


PHOTO VIEW: FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: SOUTHERLY

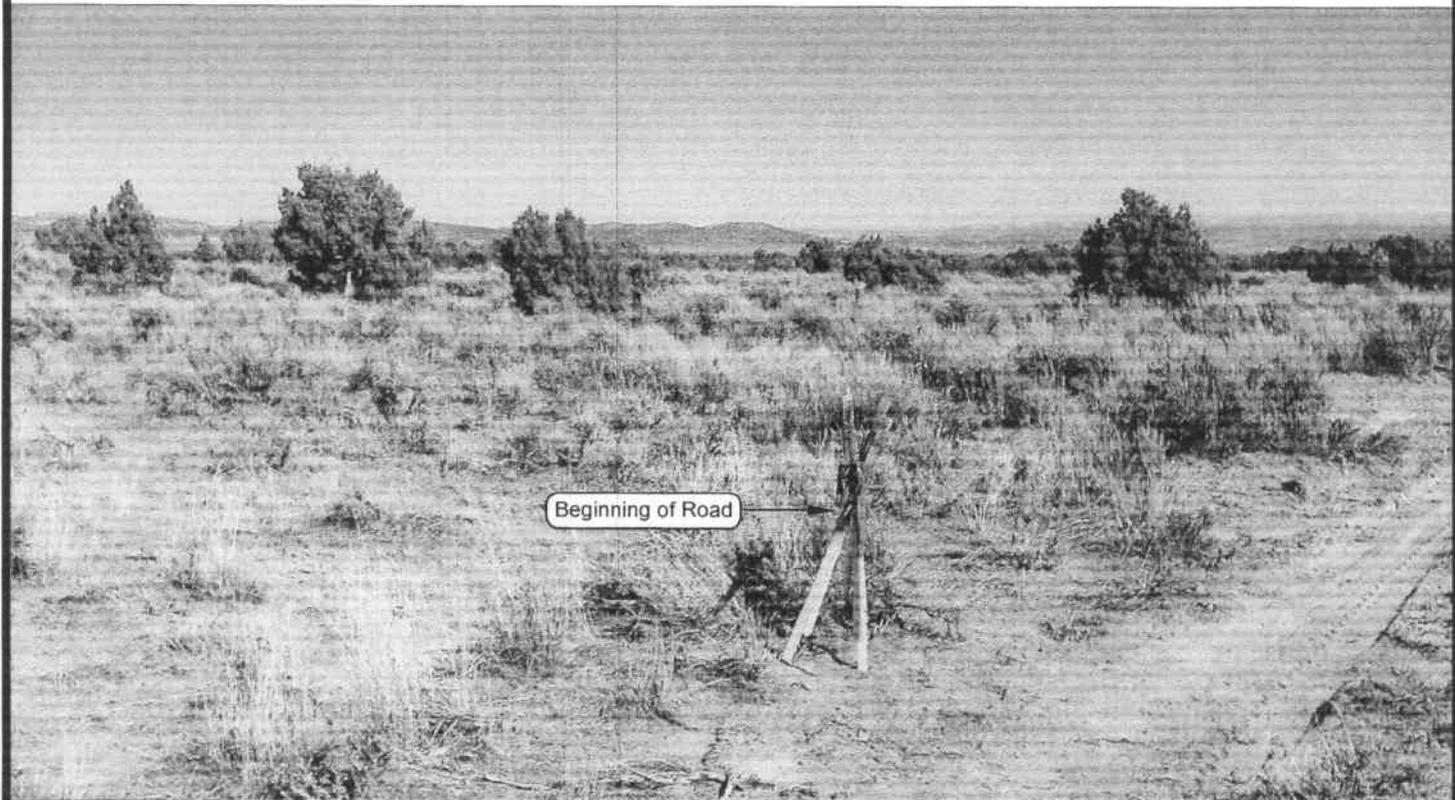


PHOTO VIEW: FROM BEGINNING OF PROPOSED ROAD

CAMERA ANGLE: SOUTHEASTERLY

THE HOUSTON EXPLORATION COMPANY

**Squaw Ridge 13-28-7-25
SECTION 28, T7S, R25E, S.L.B.&M.
660' FSL & 520' FWL**

LOCATION PHOTOS

TAKEN BY: J.R.S.

DRAWN BY: S.L.S.

REVISED:

DATE TAKEN: 04-09-06

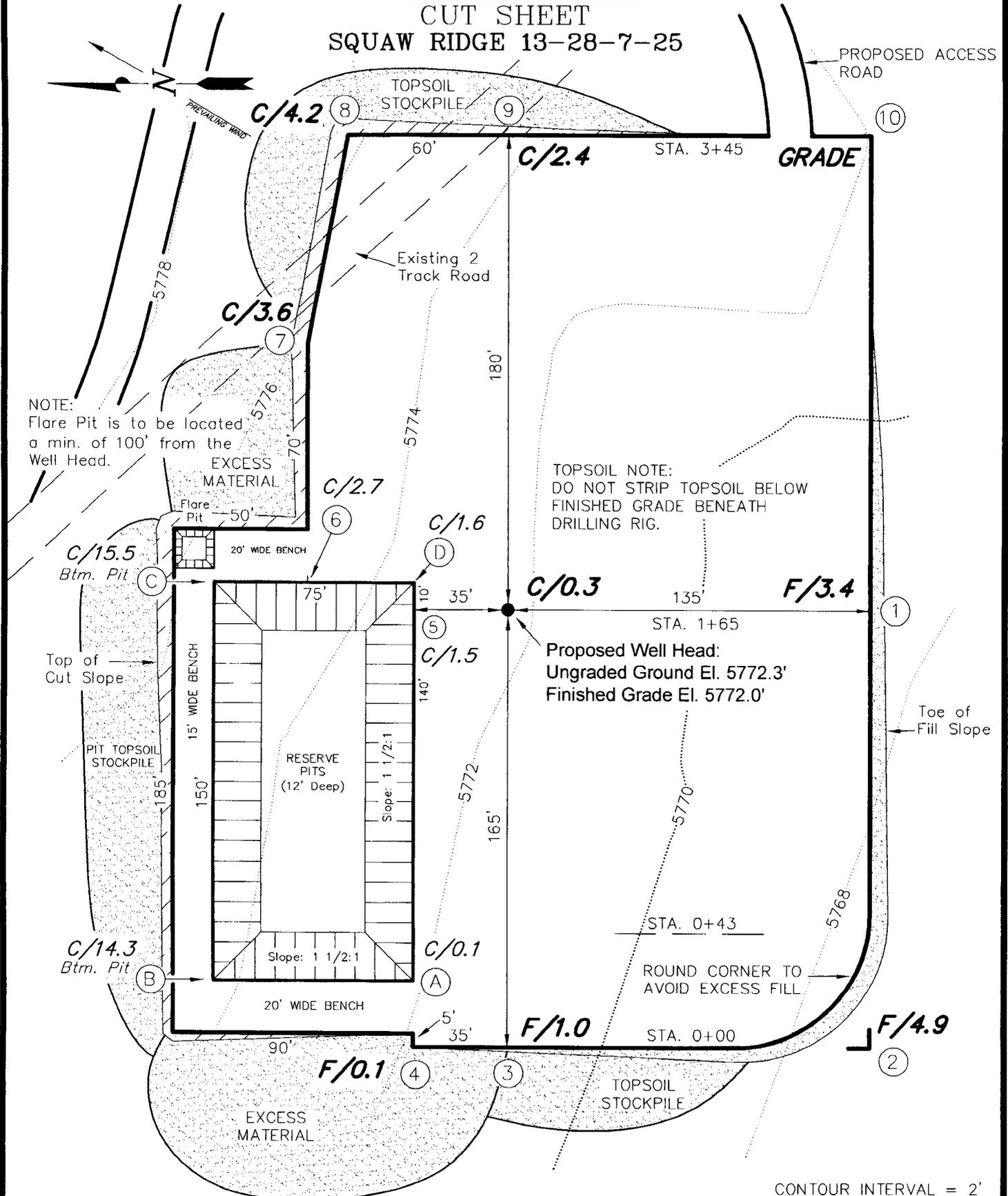
DATE DRAWN: 04-13-06

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

**SHEET
1
OF 10**

THE HOULTON EXPLORATION COMPANY

CUT SHEET SQUAW RIDGE 13-28-7-25

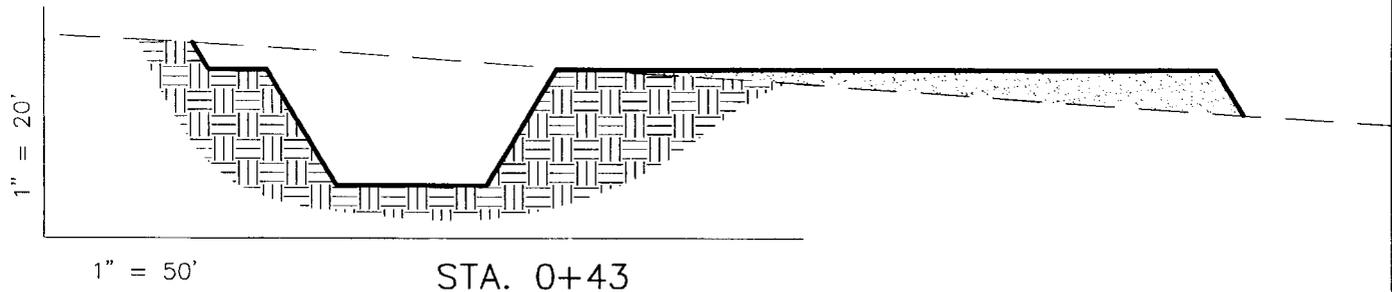
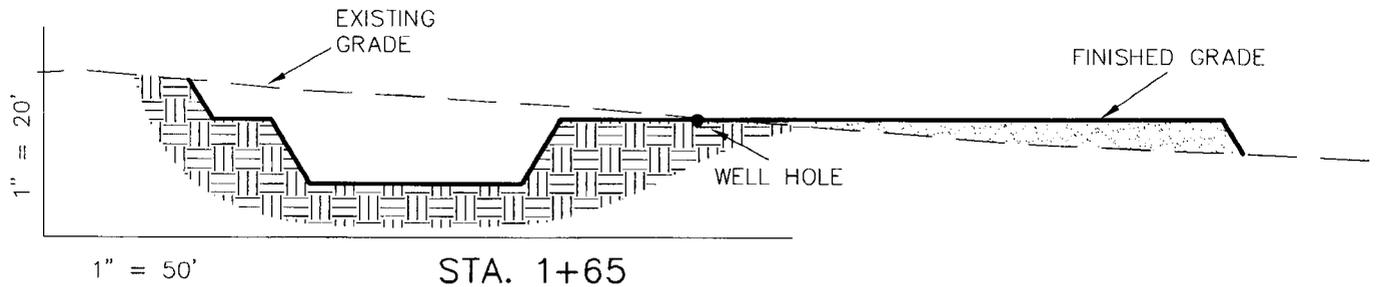
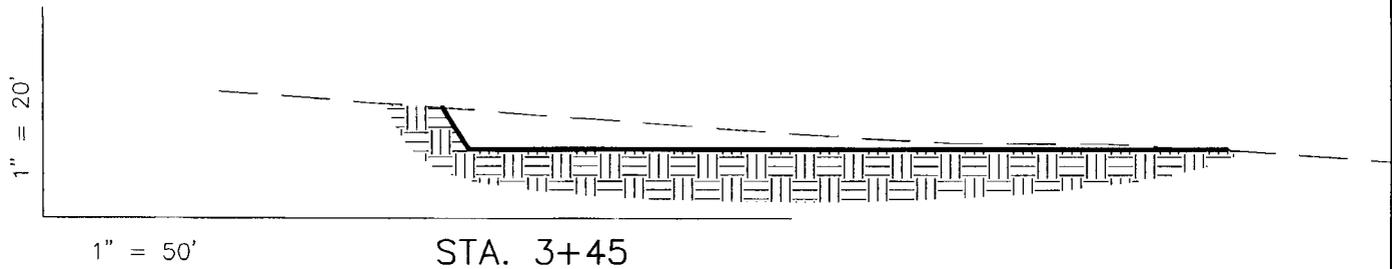


CONTOUR INTERVAL = 2'

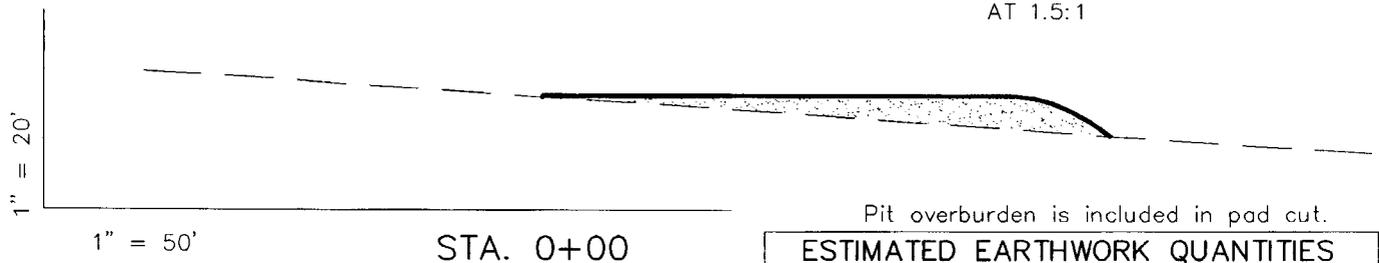
Section 28, T7S, R25E, S.L.B.&M.		Qtr/Qtr Location: SW SW	Footage Location: 660' FSL & 520' FWL
Date Surveyed: 04-09-06	Date Drawn: 04-12-06	Date Last Revision:	Timberline (435) 789-1365 <i>Land Surveying, Inc.</i> 38 WEST 100 NORTH VERNAL, UTAH 84078
Surveyed By: J.R.S.	Drawn By: M.W.W.	Scale: 1" = 50'	
			SHEET 3 OF 10

THE HOUSTON EXPLORATION COMPANY

CROSS SECTIONS SQUAW RIDGE 13-28-7-25



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



Pit overburden is included in pad cut.

REFERENCE POINTS

185' SOUTHERLY = 5767.6'
235' SOUTHERLY = 5766.9'
215' WESTERLY = 5770.5'
265' WESTERLY = 5770.3'

ESTIMATED EARTHWORK QUANTITIES (No shrink or swell adjustments have been used) (Expressed in Cubic Yards)

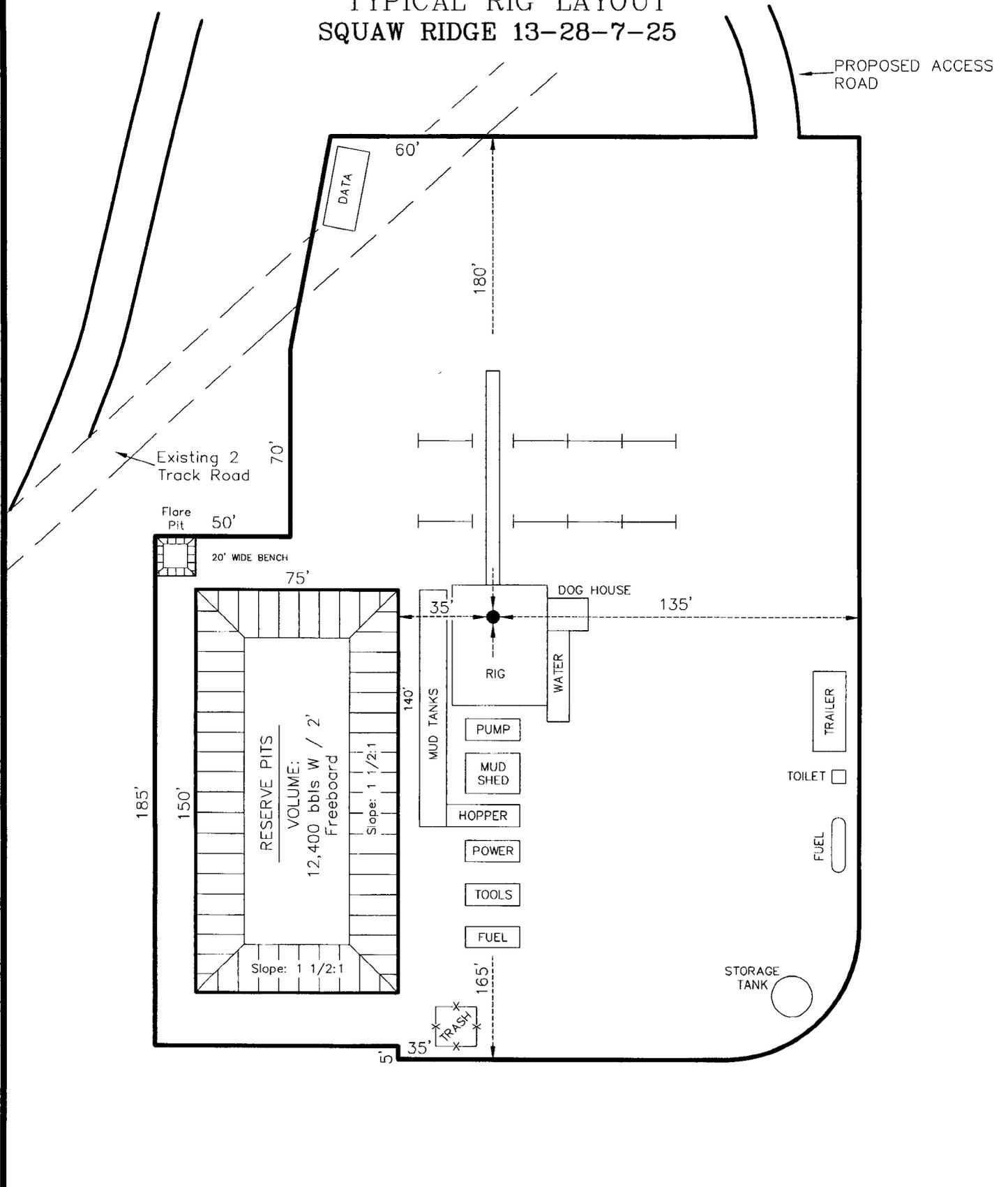
ITEM	CUT	FILL	6" TOPSOIL	EXCESS
PAD	1,880	3,550	Topsoil is not included in Pad Cut	-1,670
PIT	3,340	0		3,340
TOTALS	5,220	3,550	1,500	1,670

Excess Material after Pit Rehabilitation = 0 Cu. Yds.

Section 28, T7S, R25E, S.L.B.&M.		Qtr/Qtr Location: SW SW		Footage Location: 660' FSL & 520' FWL	
Date Surveyed: 04-09-06	Date Drawn: 04-12-06	Date Last Revision:		Timberline (435) 789-1365 <i>Land Surveying, Inc.</i> 38 WEST 100 NORTH VERNAL, UTAH 84078	
Surveyed By: J.R.S.		Drawn By: M.W.W.			
				SHEET 4 OF 10	

THE HOLTON EXPLORATION COMPANY

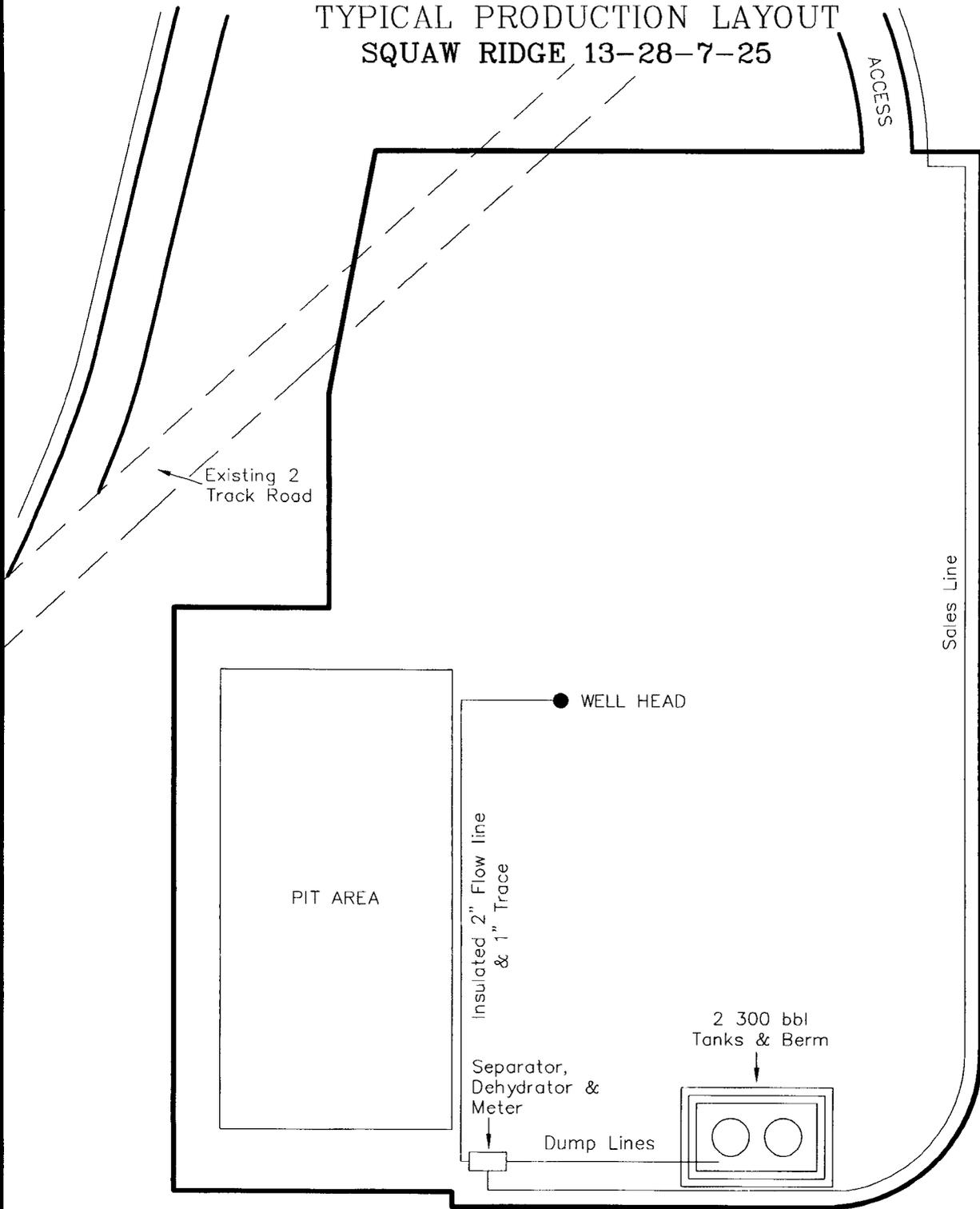
TYPICAL RIG LAYOUT SQUAW RIDGE 13-28-7-25



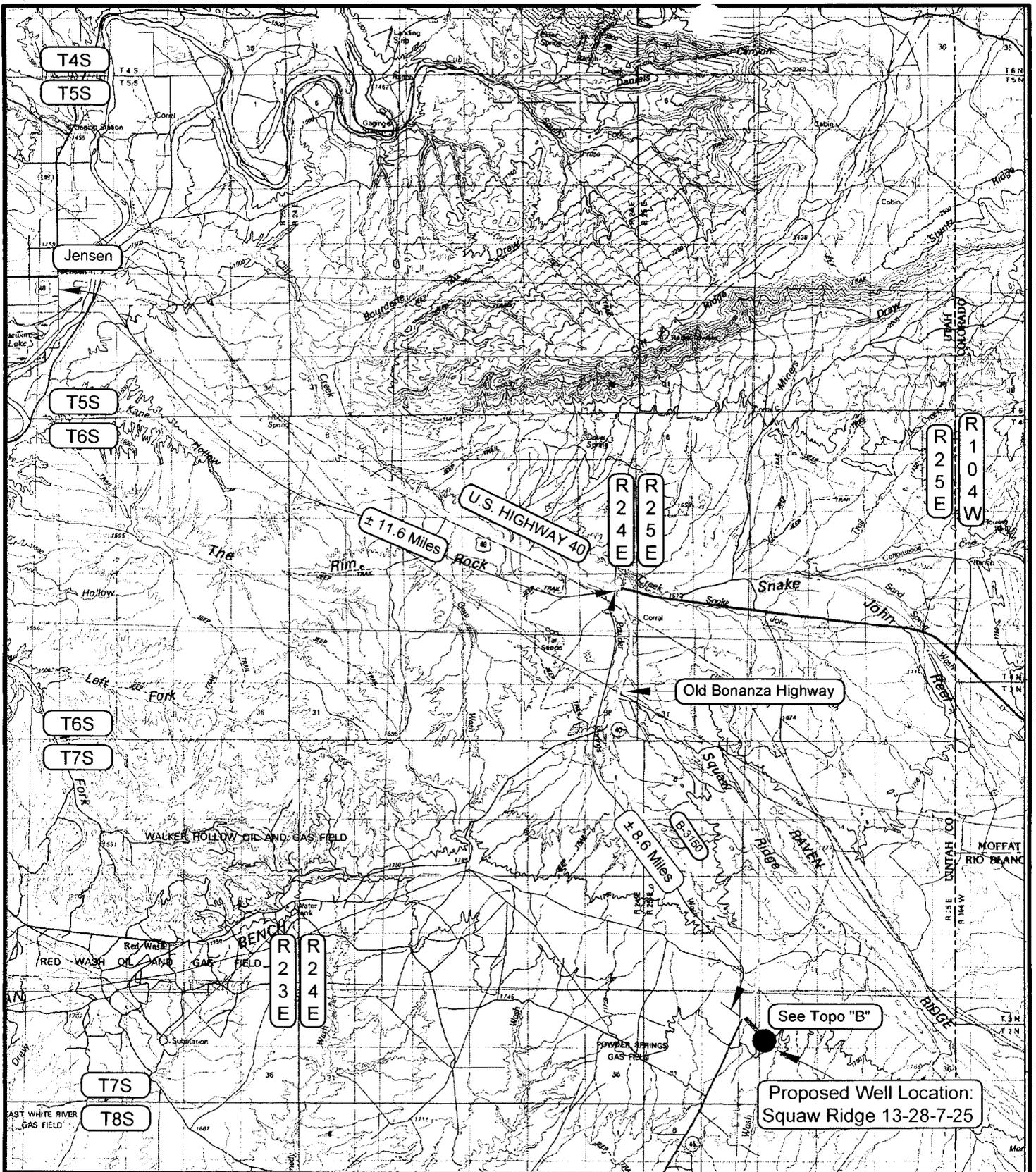
Section 28, T7S, R25E, S.L.B.&M.		Qtr/Qtr Location: SW SW	Footage Location: 660' FSL & 520' FWL
Date Surveyed: 04-09-06	Date Drawn: 04-12-06	Date Last Revision:	Timberline (435) 789-1365 <i>Land Surveying, Inc.</i> 38 WEST 100 NORTH VERNAL, UTAH 84078
Surveyed By: J.R.S.	Drawn By: M.W.W.	Scale: 1" = 50'	
			SHEET 5 OF 10

THE HOUSTON EXPLORATION COMPANY

TYPICAL PRODUCTION LAYOUT SQUAW RIDGE 13-28-7-25



Section 28, T7S, R25E, S.L.B.&M.		Qtr/Qtr Location: SW SW	Footage Location: 660' FSL & 520' FWL
Date Surveyed: 04-09-06	Date Drawn: 04-12-06	Date Last Revision:	Timberline (435) 789-1365 <i>Land Surveying, Inc.</i> 38 WEST 100 NORTH VERNAL, UTAH 84078
Surveyed By: J.R.S.	Drawn By: M.W.W.	Scale: 1" = 50'	
			SHEET 6 OF 10



LEGEND

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

TOPOGRAPHIC MAP "A"

DATE SURVEYED: 04-09-06

DATE DRAWN: 04-13-06

SCALE: 1:150,000

DRAWN BY: S.L.S.

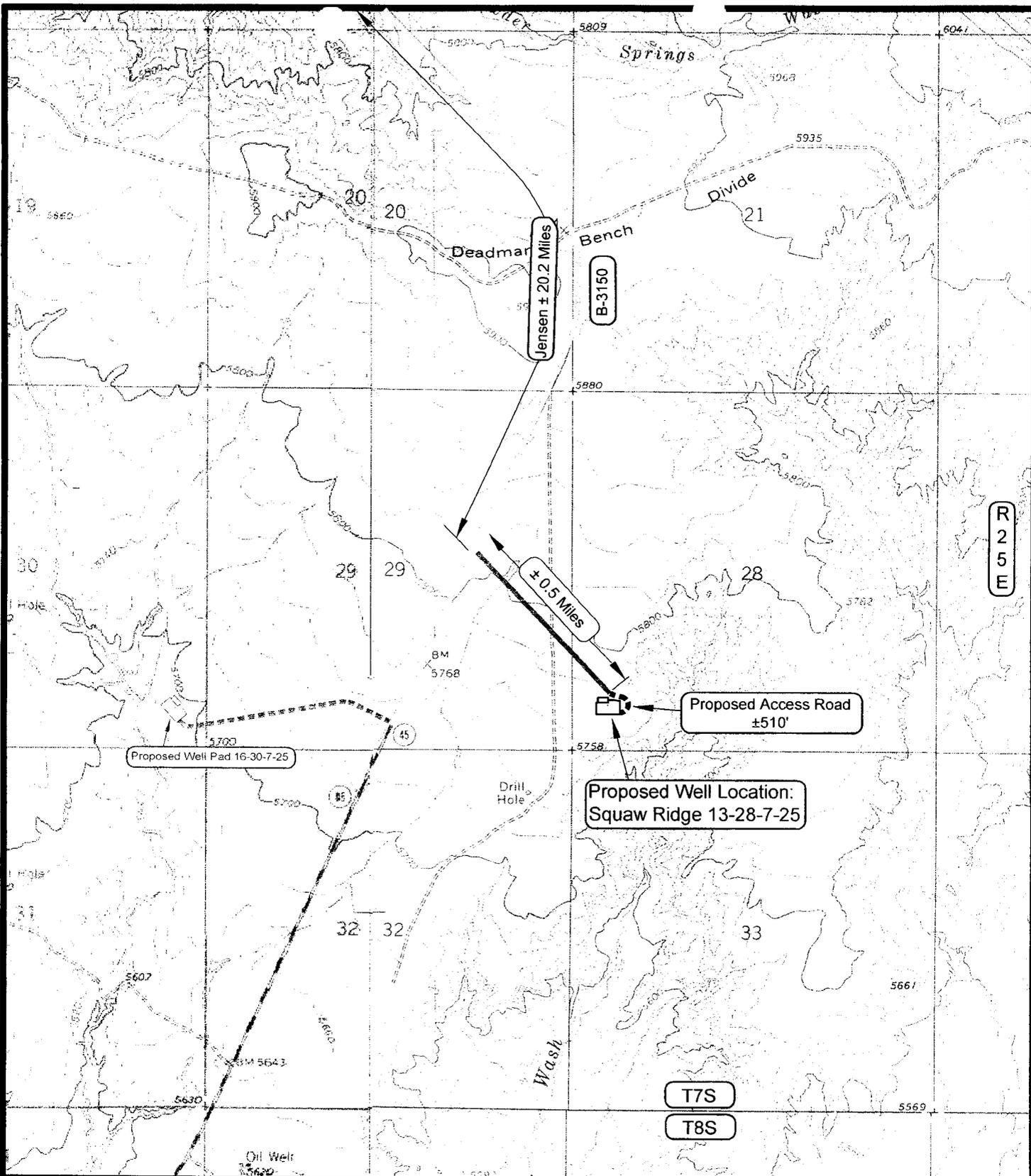
REVISED:

THE HOUSTON EXPLORATION COMPANY

Squaw Ridge 13-28-7-25
SECTION 28, T7S, R25E, S.L.B.&M.
660' FSL & 520' FWL

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

THE HOUSTON EXPLORATION COMPANY

Squaw Ridge 13-28-7-25
SECTION 28, T7S, R25E, S.L.B.&M.
660' FSL & 520' FWL

TOPOGRAPHIC MAP "B"

DATE SURVEYED: 04-09-06

DATE DRAWN: 04-13-06

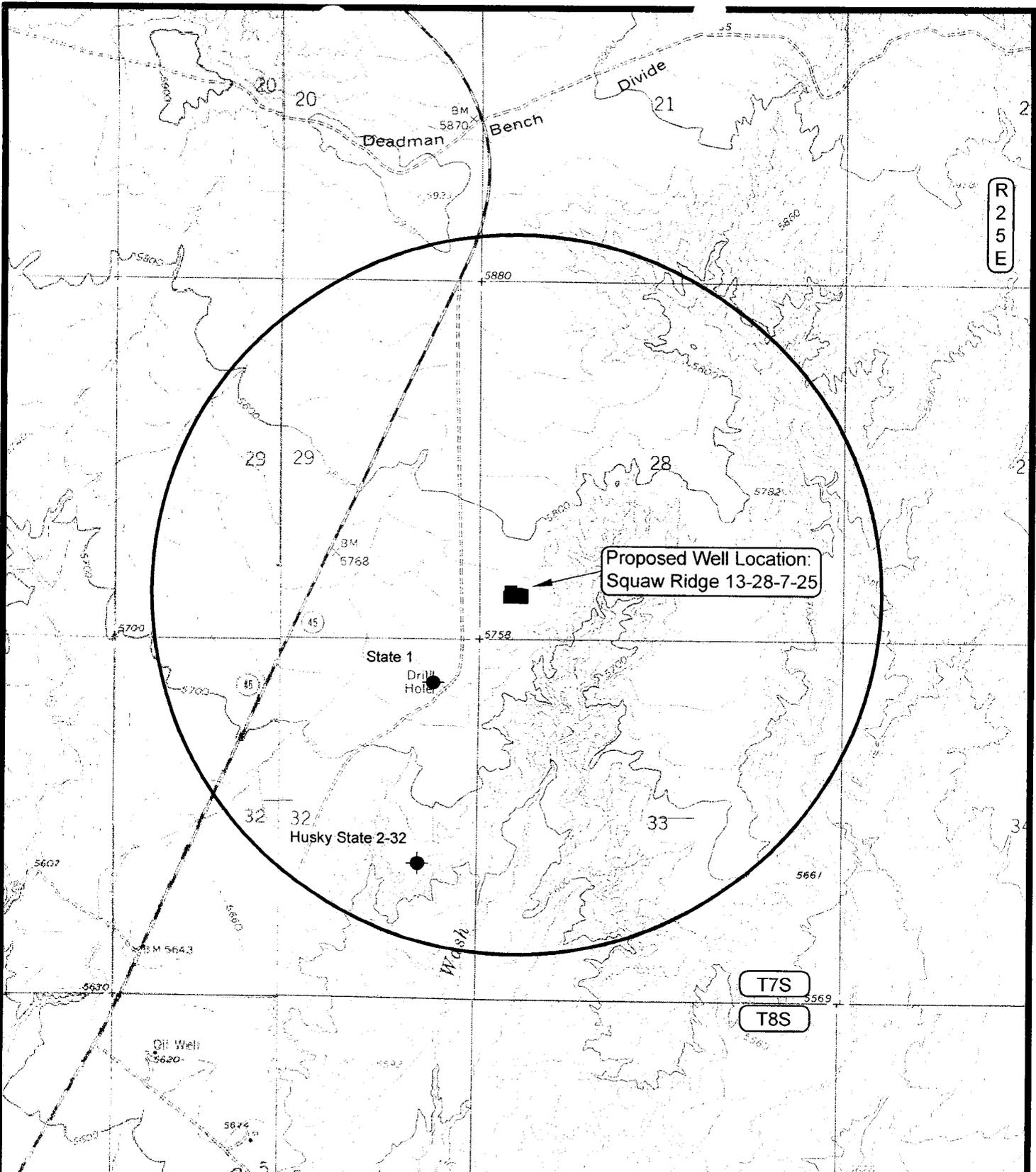
SCALE: 1" = 2000'

DRAWN BY: S.L.S.

REVISED:

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

SHEET
8
OF 10



R
2
5
E

Proposed Well Location:
Squaw Ridge 13-28-7-25

T7S

T8S

LEGEND

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

THE HOUSTON EXPLORATION COMPANY

Squaw Ridge 13-28-7-25
SECTION 28, T7S, R25E, S.L.B.&M.
660' FSL & 520' FWL

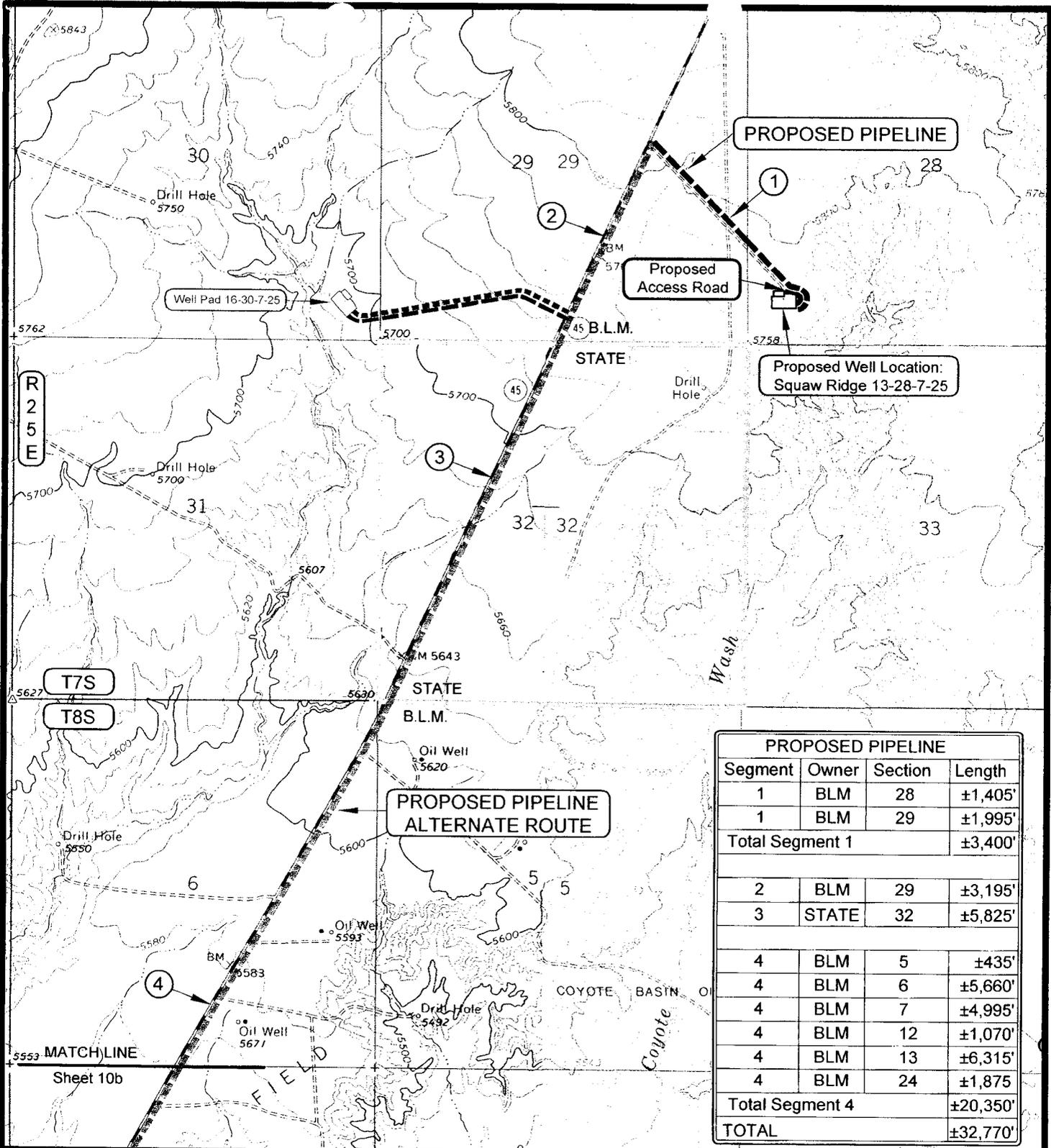
TOPOGRAPHIC MAP "C"
 SCALE: 1" = 2000'
 DRAWN BY: S.L.S.

DATE SURVEYED: 04-09-09
 DATE DRAWN: 04-13-06
 REVISED:



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

SHEET
9
OF 10



PROPOSED PIPELINE			
Segment	Owner	Section	Length
1	BLM	28	±1,405'
1	BLM	29	±1,995'
Total Segment 1			±3,400'
2	BLM	29	±3,195'
3	STATE	32	±5,825'
4	BLM	5	±435'
4	BLM	6	±5,660'
4	BLM	7	±4,995'
4	BLM	12	±1,070'
4	BLM	13	±6,315'
4	BLM	24	±1,875'
Total Segment 4			±20,350'
TOTAL			±32,770'

APPROXIMATE PIPELINE LENGTH = ±32,770 Feet

LEGEND

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

THE HOUSTON EXPLORATION COMPANY

Squaw Ridge 13-28-7-25
SECTION 28, T7S, R25E, S.L.B.&M.
660' FSL & 520' FWL

TOPOGRAPHIC MAP "D"

DATE SURVEYED: 07-10-06

DATE DRAWN: 07-13-06

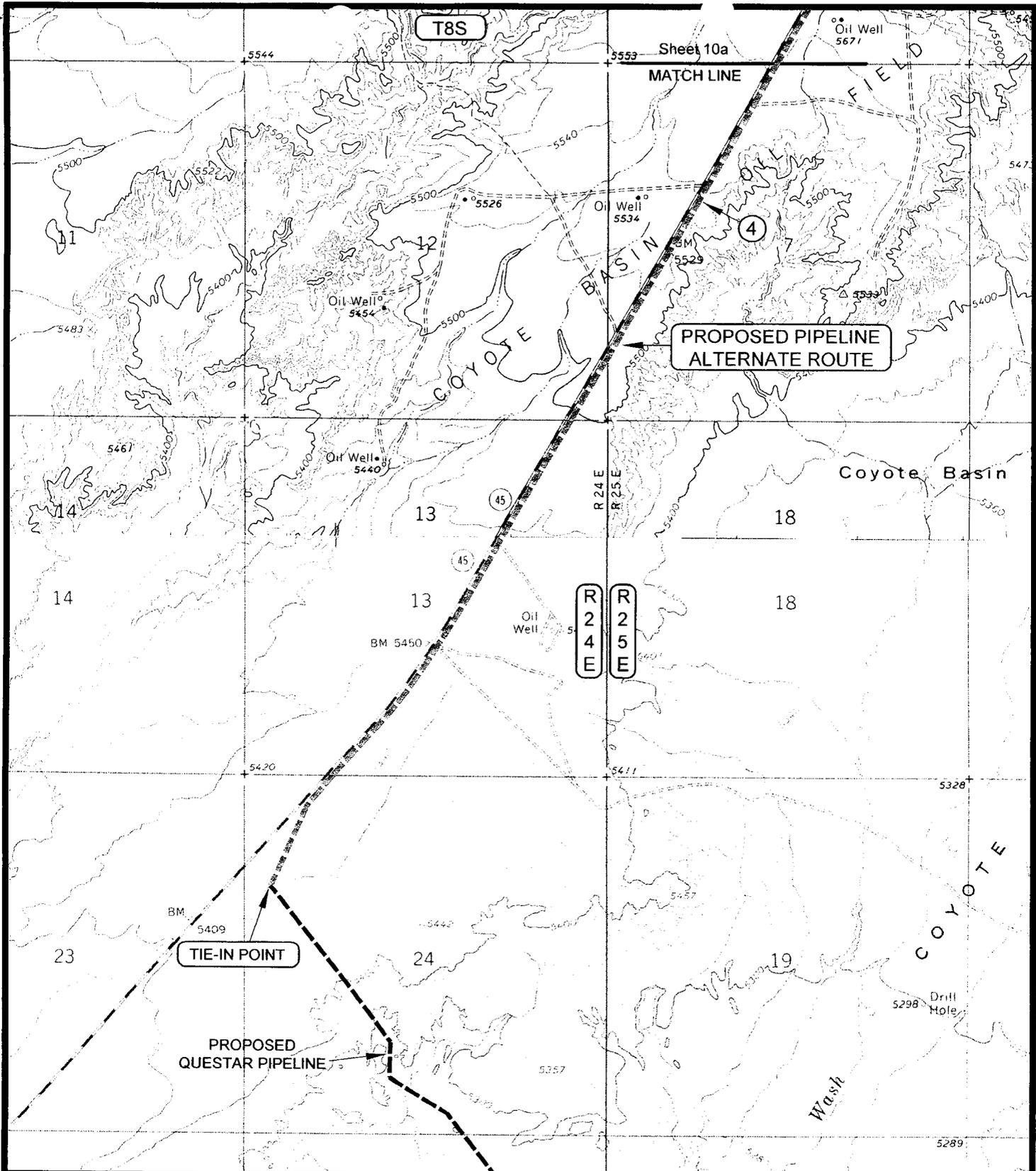
SCALE: 1" = 2000'

DRAWN BY: M.W.W.

REVISED:

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

SHEET
10a
 OF 10



LEGEND

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

TOPOGRAPHIC MAP "D"

DATE SURVEYED: 07-10-06

DATE DRAWN: 07-13-06

SCALE: 1" = 2000'

DRAWN BY: M.W.W.

REVISED:

THE HOUSTON EXPLORATION COMPANY

**Squaw Ridge 13-28-7-25
SECTION 28, T7S, R25E, S.L.B.&M.
660' FSL & 520' FWL**

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

**SHEET
10b
OF 10**

**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 08/09/2006

API NO. ASSIGNED: 43-047-38459

WELL NAME: SQUAW RIDGE 13-28-7-25
 OPERATOR: HOUSTON EXPLORATION CO, (N2525)
 CONTACT: BILL RYAN

PHONE NUMBER: 713-830-6800

PROPOSED LOCATION:

SWSW 28 070S 250E
 SURFACE: 0660 FSL 0520 FWL
 BOTTOM: 0660 FSL 0520 FWL
 COUNTY: UINTAH
 LATITUDE: 40.17507 LONGITUDE: -109.1127
 UTM SURF EASTINGS: 660693 NORTHINGS: 4448686
 FIELD NAME: UNDESIGNATED (2)

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering		
Geology		
Surface		

LEASE TYPE: 1 - Federal
 LEASE NUMBER: UTU-76290
 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)

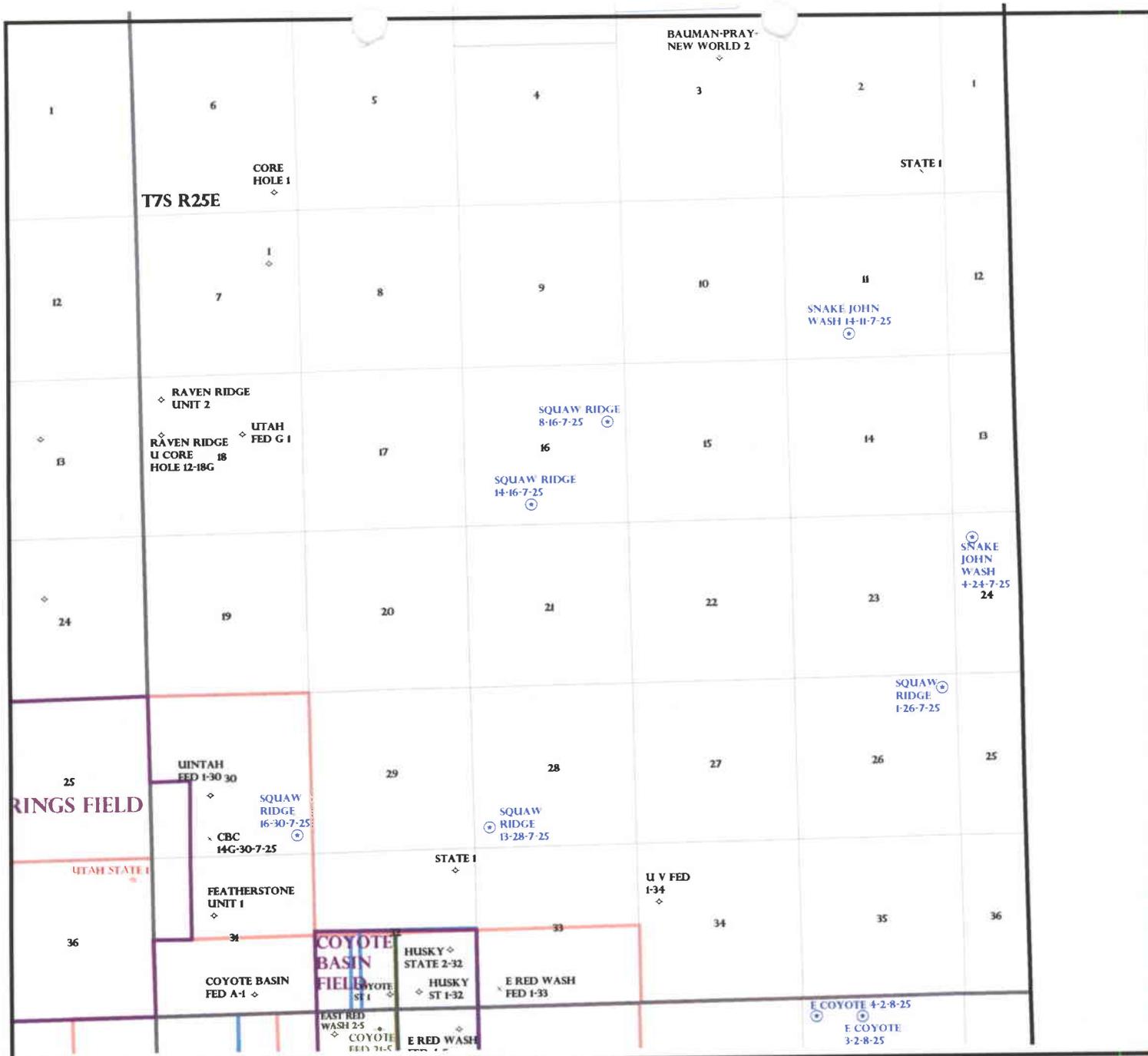
LOCATION AND SITING:

- 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 WSP



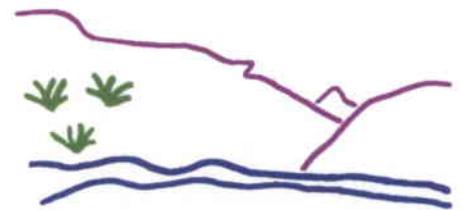
OPERATOR: THE HOUSTON EXPL CO (N2525)

SEC: 28,30 T.75 R. 25E

FIELD: UNDESIGNATED (002)

COUNTY: UINTAH

SPACING: R649-3-2 / GENERAL SITING



Utah Oil Gas and Mining

- 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



PREPARED BY: DIANA WHITNEY
DATE: 15-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 17, 2006

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

Re: Squaw Ridge 13-28-7-25 Well, 660' FSL, 520' FWL, SW SW, Sec. 28,
T. 7 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 43-047-38459.

Sincerely,

A handwritten signature in black ink, appearing to read "Gil Hunt".

for
Gil Hunt
Associate Director

pab
Enclosures

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

Operator: Houston Exploration Company
Well Name & Number Squaw Ridge 13-28-7-25
API Number: 43-047-38459
Lease: UTU-76290

Location: SW SW **Sec.** 28 **T.** 7 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

APPLICATION FOR PERMIT TO DRILL OR REENTER

RECEIVED

AUG - 7 2006

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

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. UTU-76290
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 The Houston Exploration Company		7. If Unit or CA Agreement, Name and No.
3a. Address 1100 Louisiana, Suite 2000, Houston, TX 77002		8. Lease Name and Well No. Squaw Ridge 13-28-7-25
3b. Phone No. (include area code) 713-830-6800		9. API Well No. 43-047-38459
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 660' FSL & 520' FWL SW 1/4 of the SW 1/4 At proposed prod. zone Same as above		10. Field and Pool, or Exploratory Exploratory
14. Distance in miles and direction from nearest town or post office* 20.8 miles south of Jensen, UT		11. Sec., T. R. M. or Blk. and Survey or Area Sec. 28 T7S. R25E. S.L.B.&M.
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 520'	16. No. of acres in lease 1,120	17. Spacing Unit dedicated to this well 40
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1,800'	19. Proposed Depth 8,800'	20. BLM/BIA Bond No. on file 104155044₈ UTB000062
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5,772' 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. | 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 <i>William A Ryan</i>	Name (Printed/Typed) William A Ryan	Date 07/31/2006
Title Agent		
Approved by (Signature) <i>Jerry Kewzka</i>	Name (Printed/Typed) Jerry Kewzka	Date 4-20-2007
Title Assistant Field Manager Lands & Mineral Resources	Office VERNAL FIELD OFFICE	

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.

CONDITIONS OF APPROVAL 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)

06BM 2308 A
Entered in AFMSS
Date 11-30-06

NOTICE OF APPROVAL

RECEIVED
APR 27 2007

UDOGM

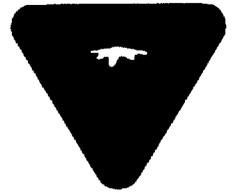
NOS 04/28/2006

DIV. OF OIL, GAS & MINING



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

Company: The Houston Exploration Company Location: SWSW, Sec 28, T7S, R25E
Well No: Squaw Ridge 13-28-7-25 Lease No: UTU-76290
API No: 43-047-38459 Agreement: N/A

Petroleum Engineer:	Matt Baker	Office: 435-781-4490	Cell: 435-828-4470
Petroleum Engineer:	Michael Lee	Office: 435-781-4432	Cell: 435-828-7875
Petroleum Engineer:	Jim Ashley	Office: 435-781-4470	Cell: 435-828-7874
Petroleum Engineer:	Ryan Angus	Office: 435-781-4430	
Supervisory Petroleum Technician:	Jamie Sparger	Office: 435-781-4502	Cell: 435-828-3913
Environmental Scientist:	Paul Buhler	Office: 435-781-4475	Cell: 435-828-4029
Environmental Scientist:	Karl Wright	Office: 435-781-4484	
Natural Resource Specialist:	Holly Villa	Office: 435-781-4404	
Natural Resource Specialist:	Melissa Hawk	Office: 435-781-4476	
Natural Resource Specialist:	Chuck Macdonald	Office: 435-781-4441	
Natural Resource Specialist:	Darren Williams	Office: 435-781-4447	
Natural Resource Specialist:	Verlyn Pindell	Office: 435-781-3402	
After Hours Contact Number:	435-781-4513	Fax: 435-781-4410	

**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 (Notify Melissa Hawk) - Forty-Eight (48) hours prior to construction of location and access roads.
- Location Completion (Notify Melissa Hawk) - Prior to moving on the drilling rig.
- Spud Notice (Notify Petroleum Engineer) - Twenty-Four (24) hours prior to spudding the well.
- Casing String & Cementing (Notify Jamie Sparger) - Twenty-Four (24) hours prior to running casing and cementing all casing strings.
- BOP & Related Equipment Tests (Notify Jamie Sparger) - Twenty-Four (24) hours prior to initiating pressure tests.
- First Production Notice (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)***

1. 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.
2. Because the Swainson's Hawk nest has been inactive for two or more years, construction and drilling may begin outside the timing restriction. Should the hawk return to the nest and is then active again during the time of construction then the operator will stop construction and notify a BLM biologist.
3. The lessee/operator has agreed to the notice that lands in the lease have been identified as containing crucial pronghorn (antelope) habitat. It is requested that the lessee/operator not initiate surface disturbing activities or drilling from May 15 through June 20. If it is anticipated that construction or drilling would occur during the given timing restrictions for antelope, a BLM or qualified biologist shall be notified so surveys can 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).
4. 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 respreading 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 Wheatgrass	<i>Agropyron cristatum</i>	6 lbs per acre
Western Wheatgrass	<i>Agropyron smithii</i>	3 lbs per acre
Needle and Threadgrass	<i>Stipa comata</i>	3 lbs per acre

5. 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.
6. 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 respread over the surface; and, the surface revegetated. The surface of approved staging areas where construction activities did not occur may require disking or ripping and reseeding.

7. Operator shall notify any active gilsonite mining operation within 2 miles of the location 48 hours prior to any blasting during construction for this well.

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

1. A casing shoe integrity test shall be run on the surface casing shoe.
2. If production casing cement is not at surface a cement Bond Log (CBL) shall be run from the production casing shoe to the surface casing shoe. A field copy of the CBL shall be submitted to the BLM Vernal Field Office.

DRILLING/COMPLETION/PRODUCING OPERATING STANDARDS

1. 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.
2. The spud date and time shall be reported orally to Vernal Field Office within 24 hours of spudding.
3. **Notify Vernal Field Office Supervisory Petroleum Engineering Technician at least 24 hours in advance of casing cementing operations and BOPE & casing pressure tests.**
4. 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.

Cement baskets shall not be run on surface casing.

5. The lessee/operator must report all shows of water or water-bearing sands to the BLM. If flowing water is encountered it must be sampled and analyzed (a copy of the analyses to be submitted to the BLM Field Office in Vernal, Utah).
6. All oil and gas shows shall be adequately tested for commercial possibilities, reported, and protected.
7. The lessee/operator must report encounters of all non oil and gas mineral resources (such as gilsonite, tar sands, oil shale, etc.) to the Vernal Field Office in writing within 5 working days of each encounter. Each report shall include the well name/number, well location, date and depth (from KB or GL) of encounter, vertical footage of the encounter and, the name of the person making the report (along with a telephone number) should the BLM need to obtain additional information.
8. 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.
9. 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.

10. 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 top of cement 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_Wellogs@BLM.gov. This submission will supersede the requirement for submittal of paper logs to the BLM.

11. 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.

12. 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.
13. 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.
14. 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:
 - a. Operator name, address, and telephone number.
 - b. Well name and number.
 - c. Well location (1/4¹/₄, Sec., Twn, Rng, and P.M.).
 - d. Date well was placed in a producing status (date of first production for which royalty will be paid).
 - e. 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).

- f. 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.
 - g. Unit agreement and / or participating area name and number, if applicable.
 - h. Communitization agreement number, if applicable.
15. 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.
16. 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
17. 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.
18. 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

5. LEASE DESIGNATION AND SERIAL NUMBER:
UTU-76290

SUNDRY NOTICES AND REPORTS ON WELLS

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
NA

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

7. UNIT or CA AGREEMENT NAME:
NA

1. TYPE OF WELL
OIL WELL GAS WELL OTHER _____

8. WELL NAME and NUMBER:
Squaw Ridge 13-28-7-25

2. NAME OF OPERATOR:
The Houston Exploration Company

9. API NUMBER:
4304738459

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: **660' FSL & 520' FWL**

COUNTY: **Uintah**

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: **SWSW 28 T7S 25E**

STATE: **UTAH**

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

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

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

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

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 07-26-07
By: [Signature]

NAME (PLEASE PRINT) William A Ryan TITLE Agent
SIGNATURE [Signature] DATE 7/19/2007

(This space for State use only)

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

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

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

API: 4304738459
Well Name: Squaw Ridge 13-28-7-25
Location: Section 28, Township 7 South, Range 25 East SWSW
Company Permit Issued to: The Houston Exploration Company
Date Original Permit Issued: 8/17/2006

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

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

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes No

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

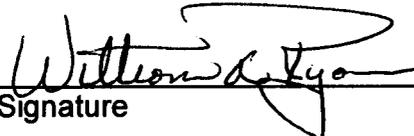
Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes No

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

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

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

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



Signature

7/19/2007

Date

Title: Agent

Representing: The Houston Exploration Company

Division of Oil, Gas and Mining
OPERATOR CHANGE WORKSHEET

ROUTING
1. DJJ
2. CDW

Change of Operator (Well Sold)

X - Operator Merger

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

6/1/2007

FROM: (Old Operator): N2525 - The Houston Exploration Company 1100 Louisiana, Suite 2000 Houston, TX 77002 Phone: 1-(713) 830-6800	TO: (New Operator): N6965-Forest Oil Corporation 707 17th St, Suite 3600 Denver, CO 80202 Phone: 1 (303) 812-1755
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CA No.		Unit:						
WELL NAME	SEC	TWN	RNG	API NO	ENTITY NO	LEASE TYPE	WELL TYPE	WELL STATUS
SEE ATTACHED LIST								

OPERATOR CHANGES DOCUMENTATION

Enter date after each listed item is completed

- (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 7/30/2007
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 7/30/2007
- The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 7/31/2007
- Is the new operator registered in the State of Utah: Business Number: 571171-0143
- If **NO**, the operator was contacted on: _____
- (R649-9-2) Waste Management Plan has been received on: IN PLACE
- Inspections of LA PA state/fee well sites complete on: _____
- 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
- (R649-3-1) The **NEW** operator of any fee well(s) listed covered by Bond Number 6218963
- 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.

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

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

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

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

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

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

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

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

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

7-5-07
Date

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

(This space for State use only)

APPROVED 8/12/07
Earlene Russell
(5/2000) 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)

Well name:	Squaw Ridge 13-28-7-25
API number:	4304738459
Location:	Qtr-Qtr: SWSW Section: 28 Township: 7S Range: 25E
Company that filed original application:	The Houston Exploration Company
Date original permit was issued:	08/17/2006
Company that permit was issued to:	The Houston Exploration Company

Check one	Desired Action:
<input type="checkbox"/>	Transfer pending (unapproved) Application for Permit to Drill to new operator
<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"/>	Transfer approved Application for Permit to Drill to new operator
<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.



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Vernal Field Office

170 South 500 East

Vernal, UT 84078

(435) 781-4400 Fax: (435) 781-4410

<http://www.blm.gov/ut/st/en/fo/vernal/html>



IN REPLY REFER TO:

3160

UT08300

June 9, 2008

Melvin R. Stahl
Forest Oil Corporation
707 17th Street, Suite 3600
Denver, CO 80202

43-042-38459

Re: Notice of Expiration
Well No. Squaw Ridge 13-28-7-25
SWSW, Sec. 28, T7S, R25E
Uintah County, Utah
Lease No. UTU-76290

Dear Mr. Stahl:

The Application for Permit to Drill (APD) the above-referenced well was approved on April 20, 2007. No extension of the original APD was requested. According to our records, Federal Lease UTU-76290 has expired by its own terms and conditions, effective September 30, 2007. In view of the foregoing, this office is notifying you that the approval of the referenced application and lease has expired.

This office requires a letter confirming that no surface disturbance has been made for this drill site. Any surface disturbance associated with the approved location of this well is to be rehabilitated. A schedule for this rehabilitation must be submitted to this office. Your cooperation in this matter is appreciated.

If you have any questions regarding this matter, please contact me at (435) 781-4455.

Sincerely,

Cindy Severson

Cindy Severson
Land Law Examiner

cc: UDOGM

RECEIVED

JUN 16 2008

DIV. OF OIL, GAS & MINING

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

FORM 9

CONFIDENTIAL

SUNDRY NOTICES AND REPORTS ON WELLS

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

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-76290
2. NAME OF OPERATOR: Forest Oil Corporation		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 707 17th Street, Suite 3600 CITY Denver STATE CO ZIP 80202		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: 660 FSL & 520 FWL COUNTY: Uintah QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWSW 28 7S 25E S STATE: UTAH		8. WELL NAME and NUMBER: Squaw Ridge 13-28-7-25
PHONE NUMBER: (303) 812-1755		9. API NUMBER: 4304738459
		10. FIELD AND POOL, OR WILDCAT: Exploratory

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

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

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

The Operator respectfully requests 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>8/14/2008</u>

(This space for State use only)

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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: 4304738459
Well Name: Squaw Ridge 13-28-7-25
Location: SWSW Sec28, T7S, R25E
Company Permit Issued to: The Houston Exploration Company
Date Original Permit Issued: 8/17/2006

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

Angela Bowden
Signature

8/14/2008
Date

Title: Agent

Representing: Forest Oil Corporation

RECEIVED

AUG 21 2008

DIV. OF OIL, GAS & MINING



State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

October 20, 2009

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

Re: APD Rescinded – Squaw Ridge 13-28-7-25, Sec.28 T.7S, R.25E
Uintah County, Utah API No. 43-047-38459

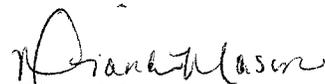
Ladies and Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on August 17, 2006. On July 26, 2007 and August 25, 2008 the Division granted a one-year APD extension. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective October 20, 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

