

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

FORM 3

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL						1. WELL NAME and NUMBER State 10-35-13-22				
2. TYPE OF WORK DRILL NEW WELL <input checked="" type="checkbox"/> REENTER P&A WELL <input type="checkbox"/> DEEPEN WELL <input type="checkbox"/>						3. FIELD OR WILDCAT SEEP RIDGE				
4. TYPE OF WELL Gas Well Coalbed Methane Well: NO						5. UNIT or COMMUNITIZATION AGREEMENT NAME				
6. NAME OF OPERATOR SUMMIT OPERATING, LLC						7. OPERATOR PHONE 435 940-9001				
8. ADDRESS OF OPERATOR 1245 Brickyard Road, Suite 210, Salt Lake City, UT, 84106						9. OPERATOR E-MAIL david@summitcorp.net				
10. MINERAL LEASE NUMBER (FEDERAL, INDIAN, OR STATE) ML 50803			11. MINERAL OWNERSHIP FEDERAL <input type="checkbox"/> INDIAN <input type="checkbox"/> STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>			12. SURFACE OWNERSHIP FEDERAL <input type="checkbox"/> INDIAN <input type="checkbox"/> STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>				
13. NAME OF SURFACE OWNER (if box 12 = 'fee')						14. SURFACE OWNER PHONE (if box 12 = 'fee')				
15. ADDRESS OF SURFACE OWNER (if box 12 = 'fee')						16. SURFACE OWNER E-MAIL (if box 12 = 'fee')				
17. INDIAN ALLOTTEE OR TRIBE NAME (if box 12 = 'INDIAN')			18. INTEND TO COMMINGLE PRODUCTION FROM MULTIPLE FORMATIONS YES <input type="checkbox"/> (Submit Commingling Application) NO <input checked="" type="checkbox"/>			19. SLANT VERTICAL <input checked="" type="checkbox"/> DIRECTIONAL <input type="checkbox"/> HORIZONTAL <input type="checkbox"/>				
20. LOCATION OF WELL		FOOTAGES		QTR-QTR	SECTION	TOWNSHIP	RANGE	MERIDIAN		
LOCATION AT SURFACE		2085 FSL 1985 FEL		NWSE	35	13.0 S	22.0 E	S		
Top of Uppermost Producing Zone		2085 FSL 1985 FEL		NWSE	35	13.0 S	22.0 E	S		
At Total Depth		2085 FSL 1985 FEL		NWSE	35	13.0 S	22.0 E	S		
21. COUNTY UINTAH			22. DISTANCE TO NEAREST LEASE LINE (Feet) 648			23. NUMBER OF ACRES IN DRILLING UNIT 40				
27. ELEVATION - GROUND LEVEL 6678			25. DISTANCE TO NEAREST WELL IN SAME POOL (Applied For Drilling or Completed) 2507			26. PROPOSED DEPTH MD: 10000 TVD: 10000				
28. BOND NUMBER NZS633487			29. SOURCE OF DRILLING WATER / WATER RIGHTS APPROVAL NUMBER IF APPLICABLE Willow Creek under temporary water permit P74485.							
Well, Casing, and Cement Information										
String	Hole Size	Casing Size	Length	Weight	Grade & Thread	Max Mud Wt.	Cement	Sacks	Yield	Weight
SURF	12.25	9.625	0 - 21000	36.0	J-55 ST&C	9.0	Light (Hibond)	464	2.08	12.3
PROD	7.875	5.5	0 - 10000	17.0	N-80 LT&C	9.2	Class G	150	1.17	15.8
							35/65 Poz	138	2.15	12.5
							35/65 Poz	919	2.09	12.3
							35/65 Poz	50	2.15	12.5
ATTACHMENTS										
VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES										
<input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER					<input checked="" type="checkbox"/> COMPLETE DRILLING PLAN					
<input type="checkbox"/> AFFIDAVIT OF STATUS OF SURFACE OWNER AGREEMENT (IF FEE SURFACE)					<input type="checkbox"/> FORM 5. IF OPERATOR IS OTHER THAN THE LEASE OWNER					
<input type="checkbox"/> DIRECTIONAL SURVEY PLAN (IF DIRECTIONALLY OR HORIZONTALLY DRILLED)					<input checked="" type="checkbox"/> TOPOGRAPHICAL MAP					
NAME Crystal Hammer			TITLE Geo Tech			PHONE 435 940-9001				
SIGNATURE			DATE 12/13/2011			EMAIL crystal@summitcorp.net				
API NUMBER ASSIGNED 43047522410000					APPROVAL					

SUMMIT OPERATING, LLC

1245 Brickyard Road, Suite 210 • Salt Lake City, Utah 84106
Phone: 435.940.9001 • Fax: 435.940.9001

APD DRILLING PLAN

State 10-35-13-22
NW-SE, Section 35, T13S, R22E
Uintah County, Utah

Lease: UT ST ML-50803

Plan Summary:

This vertical well will be drilled to a depth of 10,000' to produce the Cedar Mountain formation. The planned location is as follows:

Surface Hole Location: 2085' FSL, 1985' FEL, Section 35, T13S, R22E, S.L.B.&M.

Bottom Hole Location: 2085' FSL, 1985' FEL, Section 35, T13S, R22E, S.L.B.&M.

Conductor casing will be set at approximately 60 feet and cemented to surface. A 12-1/4" hole will be drilled to 2100' where 9-5/8" surface casing will be set and cemented to surface. After setting surface casing, a 7/8" vertical hole will be drilled to 10,000' and logs will be run for evaluation of the prospective producing formations. A string of 5 1/2" production casing will be run to the new TD and cemented from TD to surface casing.

Drilling activities at this well are expected to commence in first quarter, 2012.

Well Name: State 10-35-13-22
Surface and BH Location: 2085' FSL, 1985' FEL, Section 35, T13S, R22E, S.L.B.&M., Uintah County, Utah
Elevations: 6678' (Est. Graded Elevation) 6700' (Est. KB)

I. Geology:

Tops of important geologic markers and anticipated water, oil, gas, and mineral content are as follows:

<u>Formation</u>	<u>TVD Tops (KB)</u>	<u>Contents</u>	<u>Pressure Gradient</u>
Green River	22'	W	
Mesa Verde	3705'	G/W	.46 psi/ft
Castlegate	5540'	O/G	
Mancos	5820'	G	
Mancos B	6420'	G	.48 psi/ft
Dakota Silt	9515'	G	.48 psi/ft
Dakota	9560'	G	.48 psi/ft
Cedar Mtn.	9680'	G	.48 psi/ft
Total Depth	10,000'		

II. Well Control:

A 5M BOP system will be in place and tested prior to drilling out the surface casing shoe. A schematic diagram of the BOPE, including BOP diagram and choke manifold, is attached.

A. The BOPE will as a minimum include the following:

Wellhead Equipment (5M minimum):

<u>BOPE Item</u>	<u>Flange Size and Rating</u>
Annular Preventer	11" 5M
Double Ram (Pine top, Blind - bottom)	11" 5M
Drilling Spool w/ 2 side outlets (one 3" min. and one 2" min.)	11" 5M x 11" 5M
Casing Head (9-5/8" SOW w/ two 2" LPO's)	11" 5M

Auxiliary Equipment (5M minimum):

<u>BOPE Item</u>
Choke Line (3" minimum) with 2 valves
Kill Line (2" minimum) with two valves and one check valve
2 Chokes with one remotely controlled at a location readily accessible to the driller
Upper and lower kelly cock valves with handles available
Safety valves to fit all drill string connections in use
Inside BOP or float sub
Pressure gauge on choke manifold
Fill-up line above the uppermost preventer
Wear bushing in casing head

Note: All BOPE connections subjected to well pressures will be flanged, welded, or clamped.

B. **Choke manifold** will be functionally equipped and sized at a minimum as shown on the attached diagram. All chokes will be straight lines, or use tee blocks or be targeted with running tees if there are turns, and all choke lines will be anchored. All valves (except chokes) in the kill line choke manifold and choke line will be full opening and allow straight through flow. Pressure gauges will be designed for drilling fluid service.

- C. **System accumulator** will have sufficient capacity to open the hydraulically-controlled gate valve and close all rams plus the annular preventer (3 ram system will have added 50 percent safety factor to compensate for any fluid loss in the control system or preventers) and retain a minimum pressure of 200 psi above pre-charge on the closing manifold without use of the closing unit pumps. The fluid reservoir capacity shall be double the usable fluid volume of the accumulator system capacity and the fluid level of the reservoir shall be maintained at the manufacturer's recommendations. The accumulator will have two (2) independent power sources available to close the preventers. Nitrogen bottles may be one of those sources, and if so, will have charge maintained per manufacturer's specifications.
- D. **Accumulator pre-charge pressure test** will be conducted prior to connecting the closing unit to the BOP stack and at least once every 6 months. The accumulator pressure will be corrected if the measured precharge pressure is found to be above or below the maximum or minimum specified limits. Only nitrogen gas will be used to precharge.
- E. **Power for the closing unit pumps** will be available to the unit at all times so that the pumps will automatically start when the closing valve manifold pressure has decreased to the pre-set level.
- F. **Accumulator pump capacity** will be such that, with the accumulator system isolated from service, the pumps will be capable of opening the hydraulically-operated gate valve (if so equipped), plus closing the annular preventer on the smallest size drill pipe to be used within 2 minutes, and retaining a minimum of 200 psi above the specified accumulator pre-charge pressure.
- G. **Locking devices**, either manual (i.e., hand wheels) or automatic, will be installed on the ram type preventers. A valve will be installed in the closing line as close as possible to the annular preventer to act as a locking device. This valve shall be maintained in the open position and shall be closed only when the power source for the accumulator system is inoperative.
- H. **Remote controls** will be readily accessible to the driller and will be capable of both opening and closing all preventers. Master controls shall be at the accumulator and shall be capable of opening and closing all preventers and the choke line valve.
- I. **Well control equipment testing** will be performed using clear water when the equipment is initially installed, whenever any seal subject to test pressure is broken, following related repairs, and as a minimum, every 30-day interval. The tests will apply to all related well control equipment.

Ram type preventers and associated equipment will be isolated and tested to 5000 psi. The annular preventer will be tested to 1500 psi. Pressure shall be maintained for at least 10 minutes or until requirements of test are met, whichever is longer, for all tests. A casing head valve will be open below the test plug during testing of the BOP stack. Valves will be tested from the working pressure side with all down-stream valves open. Kill line valves will be tested with the check valve held open or the ball removed.

Pipe and blind rams will be activated each trip, but not more than once a day. The annular preventers will be functionally operated at least weekly. A pit level drill will be conducted weekly for each crew. All BOPE drills and tests will be recorded in the IADC driller's log.

III. Casing and Cementing:

- A. Casing Program (all new casing):

<u>Hole Size</u>	<u>Casing Size</u>	<u>Weight</u>	<u>Grade</u>	<u>Connection</u>	<u>Coupling Diameter</u>	<u>Setting Depth</u>
17.50"	14"					0' - 60' GL
12.25"	9.625"	36.0	J-55	STC	10.625"	0' - 2100' KB
7.875"	5.5"	17.0	N-80	LTC	7.656"	0' - 10,000' KB

	<u>Surface</u>	<u>Production</u>	<u>Liner</u>
Casing O.D. (in)	9.625	5.500	
Casing Grade	J-55	N-80	
Weight of Pipe (lbs/ft)	36	17	
Connection	STC	LTC	
Top Setting Depth - MD (ft)	0	0	
Top Setting Depth - TVD (ft)	0	0	
Bottom Setting Depth - MD (ft)	2100	10000	
Bottom Setting Depth - TVD (ft)	2100	10000	
Maximum Mud Weight - Inside (ppg)	9.0	9.2	
Maximum Mud Weight - Outside (ppg)	9.0	9.2	
Design Cement Top - TVD (ft)	0	1600	
Design Cement Top - MD (ft)	0	1600	
Max. Hydrostatic Inside w/ Dry Outside (psi)	980	4775	
Casing Burst Rating (psi)	3520	7740	
Burst Safety Factor (1.10 Minimum)	3.59	1.62	
Max. Hydrostatic Outside w/ Dry Inside (psi)	980	4775	
Collapse Rating	2070	6280	
Collapse Safety Factor (1.125 Minimum)	2.06	1.31	
Casing Weight in Air 1000 lbs	75.6	170.0	
Body Yield 1000 lbs	564.0	397	
Joint Strength 1000 lbs	394.0	348	
Tension Safety Factor (1.70 Minimum)	5.21	2.05	

Casing having same or greater burst, collapse, and tension rating may be substituted for any of the planned casing sizes depending on availability and actual conditions.

B. Cementing Program

<u>Casing Size</u>	<u>Cement Slurry</u>	<u>Quantity (sks)</u>	<u>Density (ppg)</u>	<u>Yield (ft³/sk)</u>
14"	Ready-mix	1.5 yds		
9.625"	Lead: Extended cement	464	12.3	2.08
	Tail: Class G w/ 2% CaCl ₂	150	15.8	1.17
5.500"	Stage 1: 35:65 Poz:Prem w/ add.	95	12.5	2.15
	Stage 2 Lead: 35:65 Extended	619	12.3	2.09
	Stage 2 Tail: 35:65 Poz:Prem w/add	50	12.5	2.15

Surface Casing: 9-5/8" surface casing will be cemented from setting depth (2100') to surface and topped out with premium cement if necessary. Slurry volume for cementing surface casing will be gauge hole volume plus 75%. Surface casing hardware will include a guide shoe, float collar, top plug, and a minimum of one centralizer per joint on the bottom three (3) casing joints. Water or other preflush fluid pumped ahead of the slurry will separate cement from the drilling fluids.

Production Casing: 5-1/2" production casing will be run and cemented in two stages from total depth (10,000') to inside surface casing (1900'). The stage tool will be located at approximately 9000'. Slurry volumes will be based on callipered hole size plus 15% excess. Hardware will include a guide shoe, float collar, wiper plug, stage collar, opening and closing plugs, and centralizers as needed across pay zones. Stage 1 cement will be 30:65 poz:premium cement to cover from TD to 9000'. Stage 2 cement will be a lead of extended light cement to cover from 1900' to 8200' and tail cement will be premium cement to cover from 9000' to 8200'. Water and preflush fluid pumped ahead of the slurry will separate cement from the drilling fluids.

Actual cement slurries for all casing will be based on final service company recommendations.

The size, weight, grade, type of thread, number of joints, and footage of all casing run will be recorded in the driller's log. The amount and type of all cement pumped will be recorded in the driller's log.

Adequate time will be allowed before drilling out for the cement at the casing shoe to achieve a minimum 500-psi compressive strength.

All casing strings will be tested to 1500 psi before drilling out and if pressure declines by more than 10 percent in 30 minutes, corrective action will be taken.

A pressure integrity test of the casing shoe will be performed before drilling more than 20 feet of new hole below the surface casing string to a minimum of the mud weight equivalent anticipated for controlling the pore pressure to the next casing depth or at total depth of the well.

IV. Mud Program:

<u>Depth</u>	<u>Mud Weight (ppg)</u>	<u>Mud Type</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0 - 2100'	8.4 - 9.0	Water/Spud Mud	26 - 38	N/C
2100 - 10000'	8.6 - 9.2	Water/LSND	32 - 45	8 - 15 cc

- A. After mudding up, slow pump rates will be taken daily and recorded in the driller's log.
- B. Visual mud monitoring equipment will be in place to detect volume changes indicating loss or gain of circulating fluid volume.
- C. A mud test will be performed every 24 hours after mudding up to determine, as applicable: density, viscosity, gel strength, filtrate, and pH.
- D. The need to vent combustible or noncombustible gas is not expected.
- E. Abnormal pressure is not expected so a mud-gas separator (gas buster) will not be installed.

V. Evaluation:

- A. Mud Log: A mud logging unit will be in operation from approximately 2100 feet to TD. Samples will be caught, cleaned, bagged, and marked as required.
- B. Drill Stem Tests: No DST's are expected.
- C. Wireline Logs: Wireline logs will be run in the vertical well bore as hole conditions allow from total depth to surface casing to assist in determining lithology and potential for hydrocarbon

recovery. The logging tools will at a minimum survey resistivity, gamma radiation, and sonic velocity.

VI. Expected Bottom-Hole Pressure and Abnormal Conditions:

- A. Hydrogen Sulfide: Hydrogen Sulfide (H₂S) gas has not been present in other wells in this area and is therefore not expected to be present in this well.
- B. Pressure: No abnormal pressures are expected to be encountered based on data from offset wells. The pressure gradient for the formations in this well is expected to be approximately 0.48 psi/ft.
- C. Temperature: No abnormally high temperatures are expected. Bottom-hole temperature is expected to be approximately 210 °F.

End

REPORTING AND NOTIFICATIONS

UDOGM has regulatory authority for this drilling operation. The phone number for the Salt Lake City office is 801-538-5340. The following are notification and reporting requirements:

Notifications:

- Within 24 hours of spudding;
- 24 hours prior to cementing or testing casing;
- 24 hours prior to testing BOPE;
- Within 24 hours of any emergency changes to the approved drilling program;
- Prior to commencing operations to P&A the well.

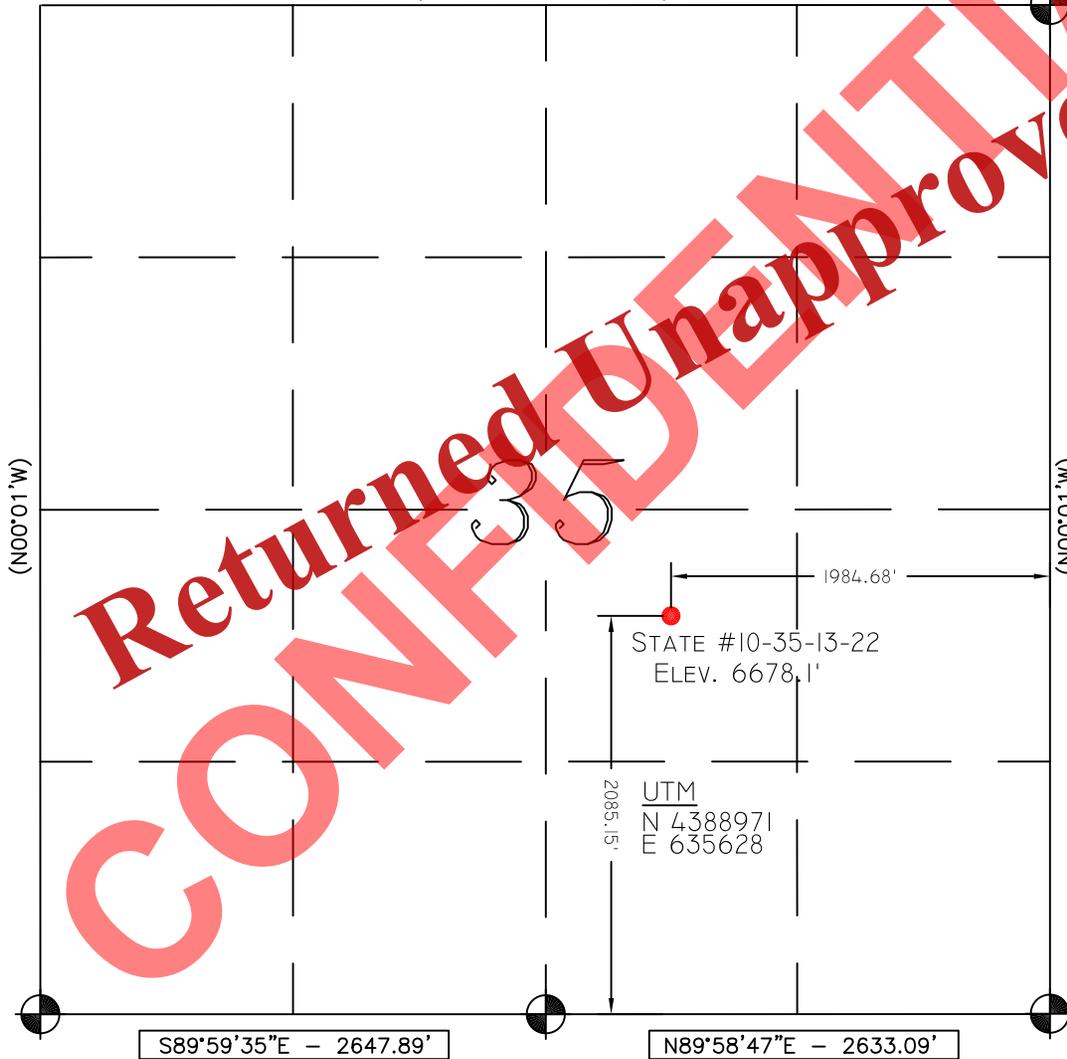
Reporting:

- Entity Action Form (Form 6) within five days of spudding the well;
- Report for any water encountered during drilling (Form 7);
- Monthly status report for the drilling well (Form 9) by fifth day of month;
- Sundry Notices (Form 9) for change of plans or other operational actions.

Range 22 East

(S89°59'W - 5280.00')

Township 13 South



Location:

The well location was determined using a Trimble 5700 GPS survey grade unit.

Basis of Bearing:

The Basis of Bearing is GPS Measured.

GLO Bearing:

The Bearings indicated are per the recorded plat obtained from the U.S. Land Office.

Basis of Elevation:

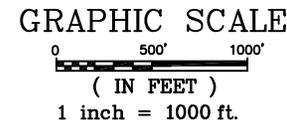
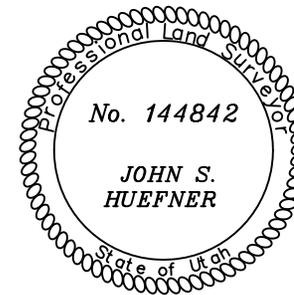
Basis of Elevation of 6849.0' being at the West Quarter Corner of Section 2, Township 14 South, Range 22 East, Salt Lake Base & Meridian, as shown on the Bates Knolls Quadrangle 7.5 Minute Series Map.

Description of Location:

Proposed Drill Hole located in the NW/4 SE/4 of Section 35, T13S, R22E, S.L.B.&M., being 2085.15' North from South Line and West 1984.68' from East Line of Section 35, T13S, R22E, Salt Lake Base & Meridian.

Surveyor's Certificate:

I, John S. Huefner, a Professional Land Surveyor, holding Certificate No. 144842 State of Utah, do hereby certify that the information on this drawing is a true and accurate survey based on data of record and was conducted under my personal direction and supervision as shown hereon.



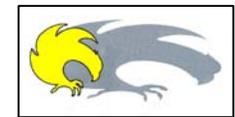
Legend

- Drill Hole Location
- ⊙ Brass Cap (Found)
- Brass Cap (Searched for, but not found)
- △ Rock Pile
- () GLO
- GPS Measured

NOTES:

1. UTM and Latitude / Longitude Coordinates are derived using a GPS Pathfinder and are shown in NAD 27 Datum.

LAT / LONG
39°38'29.998" N
109°25'09.891" W



TALON RESOURCES, INC.

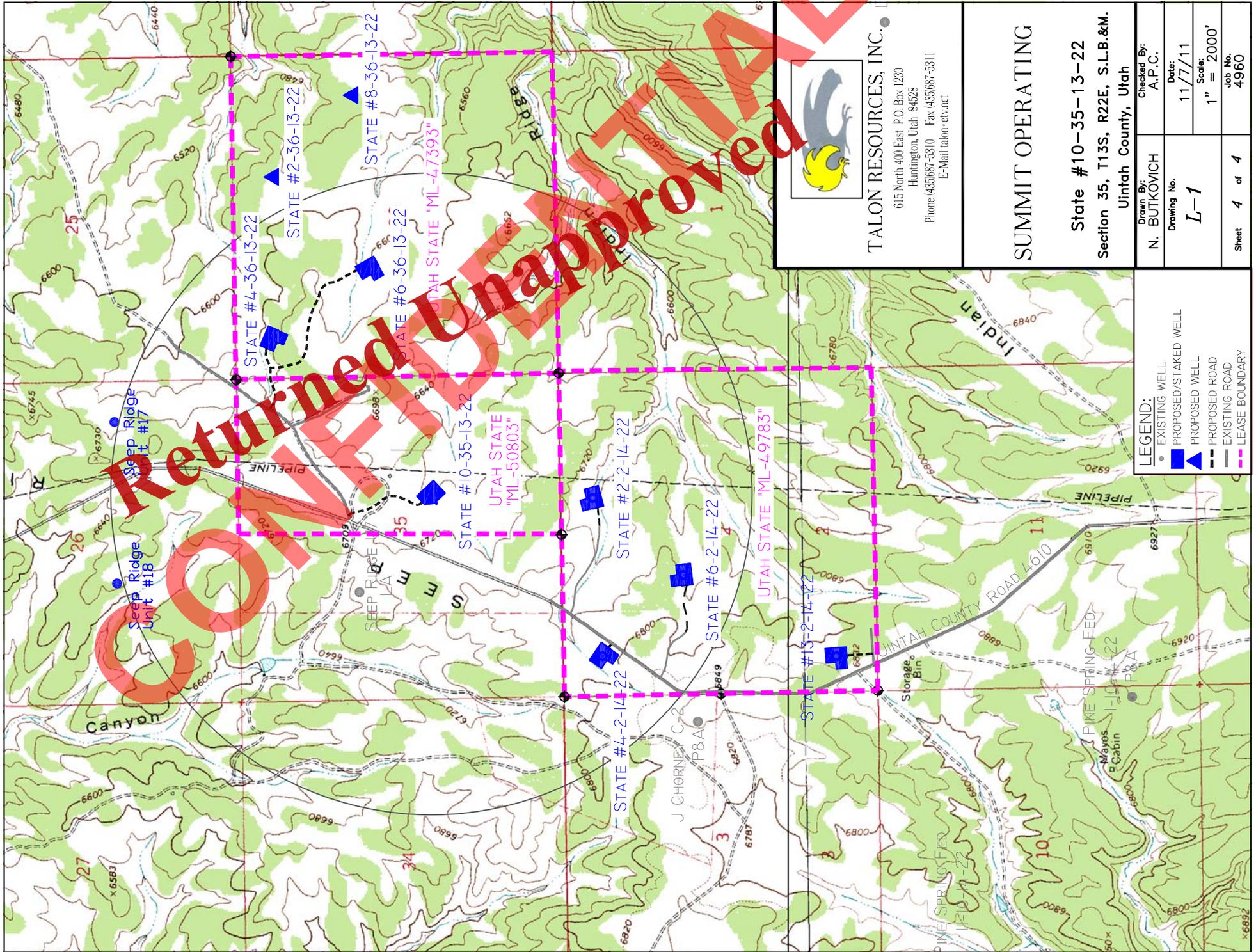
615 North 400 East P.O. Box 1230
Huntington, Utah 84528

Phone (435)687-5310 Fax (435)687-5311
E-Mail talon@etv.net

SUMMIT OPERATING

State #10-35-13-22
Section 35, T13S, R22E, S.L.B.&M.
Uintah County, Utah

Drawn By: N. BUTKOVICH	Checked By: A.P.C./J.S.H.
Drawing No. A-1	Date: 11/7/11
	Scale: 1" = 1000'
Sheet 1 of 4	Job No. 4960



TALON RESOURCES, INC.
 615 North 400 East, P.O. Box 1230
 Huntington, Utah 84028
 Phone (435)687-5310 Fax (435)687-5311
 E-Mail talon-etv.net

SUMMIT OPERATING	
State #10-35-13-22 Section 35, T13S, R22E, S.L.B.&M. Uintah County, Utah	
Drawn By: N. BUTKOVICH	Checked By: A.P.C.
Drawing No. L-1	Date: 11/7/11
Sheet 4 of 4	Scale: 1" = 2000'
	Job No. 4960

LEGEND:

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



State #10-25-13-22

Returned Unapproved
CONFIDENTIAL

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Image USDA Farm Service Agency

39°38'26.24" N 109°25'05.03" W elev 6668 ft

Eye alt 15553 ft

Imagery Date: 6/22/2009 1997



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SUMMIT OPERATING, LLC

1245 Brickyard Road, Suite 210 • Salt Lake City, Utah 84106
Phone: 435.940.9001 • Fax: 435.940.9001

APD SURFACE USE PLAN

State 10-35-13-22
NWSE, Section 35, T13S, R22E
Uintah County, Utah

Lease: UT ST ML-50803

Operator Contact Information:

Ellis Peterson
Summit Operating, LLC
1245 Brickyard Road, Suite 210
Salt Lake City, Utah 84106

Driving Directions to Well Site:

From Ouray, UT

Go south from Ouray, UT on UT-88/Seep Ridge Road and at approximately 11.0 miles stay right on seep ridge road. Continue on seep ridge road for approximately 28 miles to wide turn out area on the east. Take road to the southeast approximately 1/4 mile to the well site.

Access:

An existing road off of Seep Ridge road will be used and upgraded to a new access road with a southern alignment to the drilling pad. The well site is approximately 1300' from Seep Ridge Road which includes the existing upgraded road and 500' of new access road. The proposed access will connect to the northwest side of the drilling pad as shown on the drawings L-1 and A-2.

Uintah County Road Department will be contacted as needed concerning the use of or construction affecting the County roads. Surface disturbance and access will be limited to the approved location and access road. The access road will be constructed as necessary to allow safe access during drilling and completion operations.

If the well is gas productive, the access road will be upgraded, surfaced, and maintained as needed to allow all season access. Maximum disturbed road width will be 40 feet and the maximum travel surface width will be 18 feet. The existing road has an estimated two to three percent grade to where the proposed access road is expected start. The new proposed road will have virtually no grade, it will be crowned at 2%, and have water ditches on one or both sides. No turnouts will be required. The road as planned will not cross any drainage requiring culvert or diversion and it will not require significant cuts or fills.

Surface and Mineral Ownership:

The surface and minerals at the drill site are administered by the State of Utah and administered by the School and Institutional Trust Lands Administration (SITLA). The office number for SITLA is 801-538-5100.

Staking and Onsite Inspection:

All surveying and staking was completed in October, 2011 and all maps and drawings reflecting the survey are being submitted with the APD package. A pre-drilling onsite inspection of the location will be conducted with representatives of UDOGM, Summit Operating, and SITLA following submission of the APD package to UDOGM.

Wellsite Layout:

See attached drawings for depictions of the well pad, reserve pit, access onto pad, cross-section, cut and fill, and soil piles.

Water Supply:

Water needed for drilling and completion purposes will be obtained from Willow Creek under temporary water permit P74485. The water rights number for this source is 49-2352.

Construction Materials:

All construction material for the location and access road will be borrow material accumulated during construction at the site. Any additional required road gravel or piling material will be obtained from private resources.

Top soil from the construction site will be stock piled for use during eventual reclamation near the northeast corner of the drilling pad as shown on the attached A-2 plat. Excess spoils from the reserve pit and drilling pad construction will be stored near the southeast corner of the drilling pad as also shown on the A-2 plat.

Waste Handling:

A reserve pit will be constructed in cut as illustrated on the attached A-2 plat and C-1 cross-section. This reserve pit will be lined with a minimum 12-mil liner and used to store water for drilling. It will also be used to hold non-flammable materials such as drill cuttings, salt, drilling fluids, stimulation and completion fluids, and chemicals. A fence surrounding the pit will be constructed after drilling and completion operations are finished. Produced water will be confined to the reserve pit or a temporary storage tank for a period of not more than 90 days after initial production. All produced water will be hauled to a commercial disposal site.

All trash will be contained in a trash cage and hauled away to an approved disposal site as necessary.

Ancillary Facilities:

The only ancillary facilities will be temporary trailers, garbage containers, and portable toilets which will be located on the pad site through drilling and completion operations.

Production Facility:

Final plans are not yet developed regarding production facilities. If the well is a producer, production facilities including two 400-Bbl tanks, a separator, and a housed gas meter will be installed. The flow line will be buried from the wellhead to the edge of location which the oil, water and gas lines will be bundled and insulated on surface with a heat trace system.

Reclamation:

Interim reclamation will begin within a year after production is established and will be accomplished on all disturbed areas of the road and well pad not required for travel, service equipment access, or production. Interim reclamation consists of ripping areas where the soil has become compacted by the operation of equipment and vehicles, spreading the reserved topsoil, and seeding the prepared areas.

The reserve pit will be closed after materials in the pit have sufficiently dried. To permanently close the pit, the sides of the pit liner will be cut and folded over the pit contents and then buried with the native material originally dug to create the pit. The pit will be closed within 12 months following drilling and completion of the well. If necessary to allow timely closure of the pit, pit fluids will be pumped off and properly disposed and the remaining pit contents may be treated with solidifier.

If the well should prove unproductive or upon final abandonment, all disturbed areas will be subject to final reclamation. Final reclamation will include the following:

- Removal of gravel or stone that may have been hauled in to surface the road or pad
- Reserving any topsoil that was spread during interim reclamation
- Recontouring all disturbed areas to the original contour or a contour that blends with the surrounding topography
- Spreading reserved topsoil over all disturbed areas
- Seeding all disturbed areas with a seed mix acceptable to the surface owner

Cultural Resources:

A cultural resource inventory was conducted by Earth Touch, Inc. during November 2011 at the proposed well site. The inventory found no cultural resources that would be affected. A copy of the Cultural Resource Inventory for the State 10-35-13-22 location was submitted to SITLA by Earth Touch, Inc. In the unlikely event that cultural resources are encountered during construction activities, work will be suspended pending evaluation of the discovery and permission to proceed by proper authority.

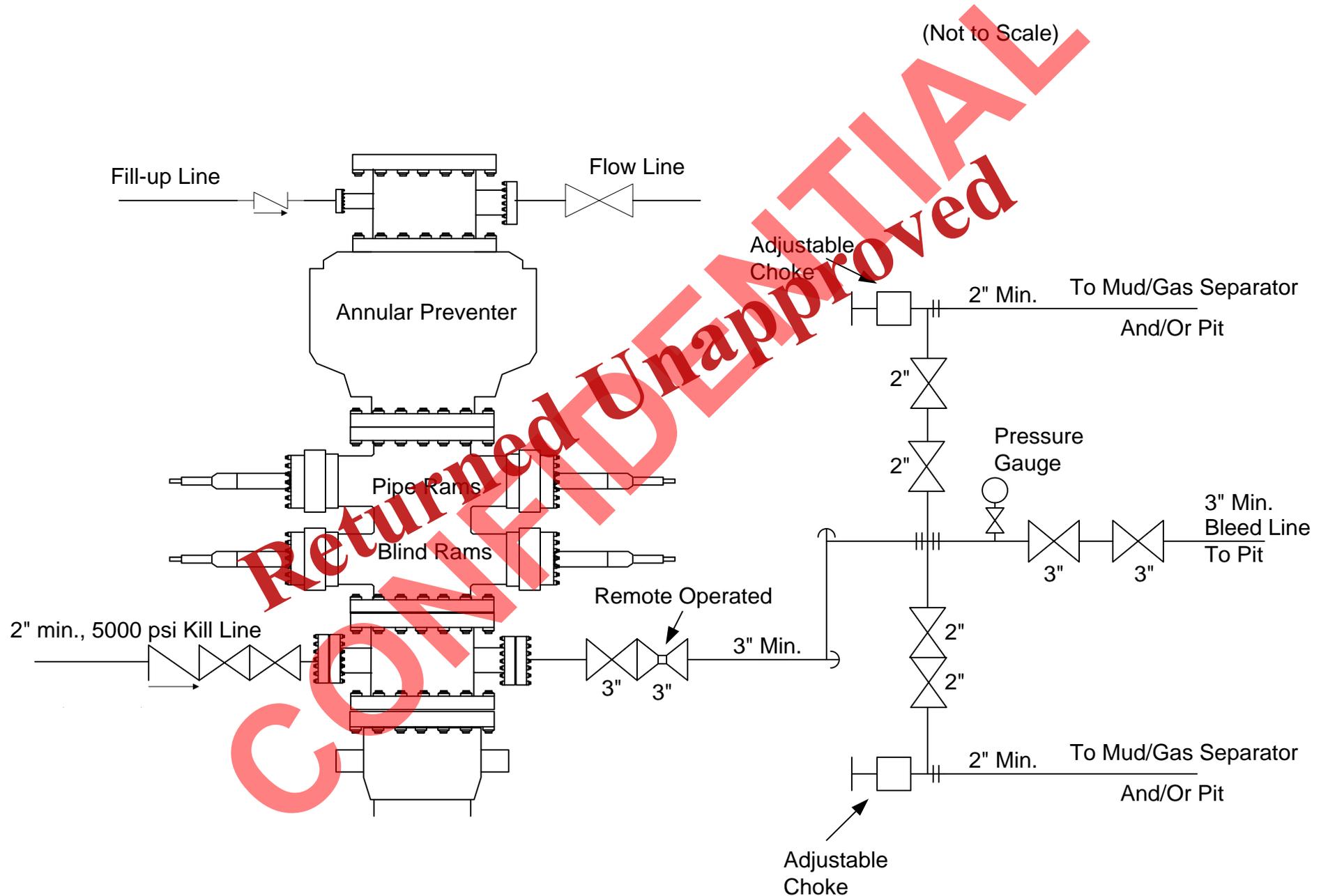
Paleontological Resources:

A paleontological survey was conducted by Uinta Paleontological Associates Inc. (Uinta Paleo) during November 2011 at the proposed well site. No evidence of fossils was found that would be affected. A copy of the paleontological survey report for the State 10-35-13-22 location was submitted to SITLA by Uinta Paleo. If fossils are discovered, Uinta Paleo and SITLA will be notified immediately to evaluate the discovery.

End

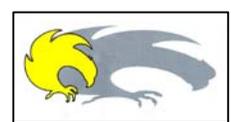
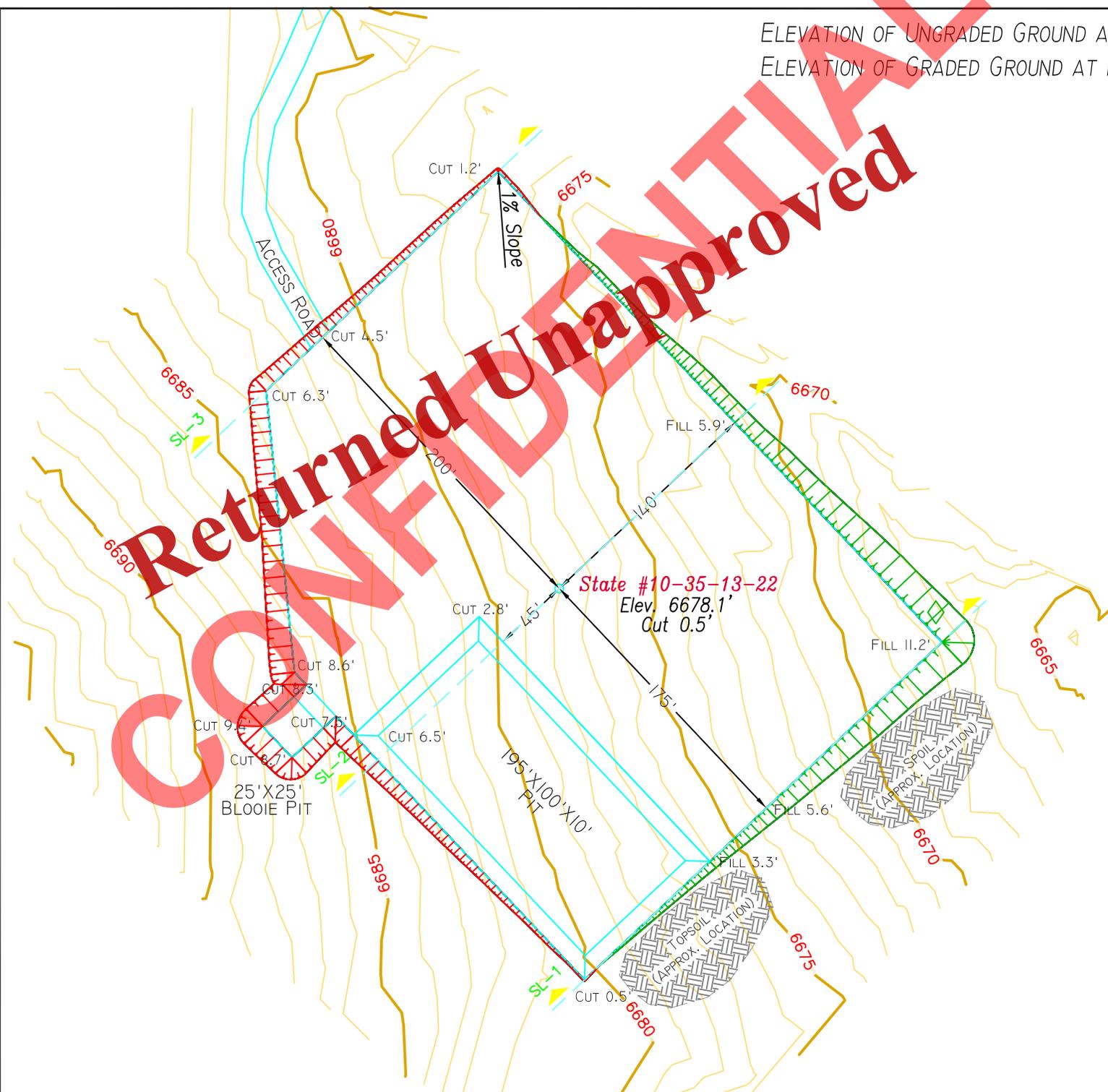
5k BOPE Schematic

(Not to Scale)



ELEVATION OF UNGRADED GROUND AT LOCATION STAKE = 6678.1'

ELEVATION OF GRADED GROUND AT LOCATION STAKE = 6677.6'

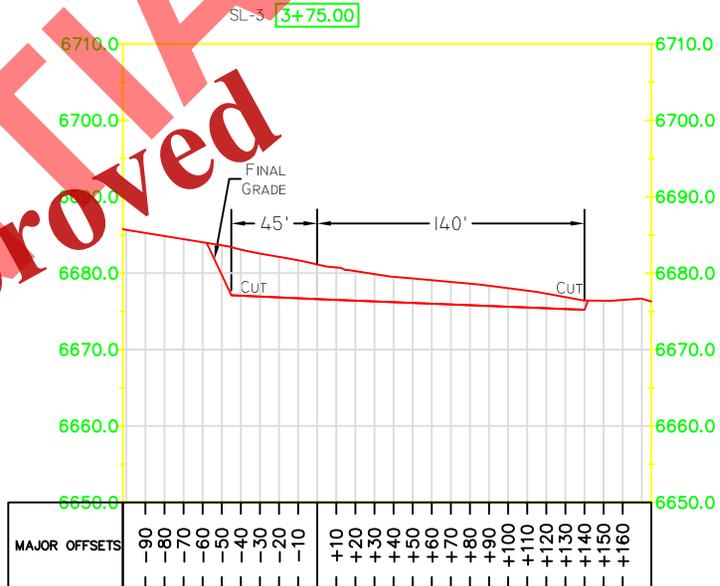
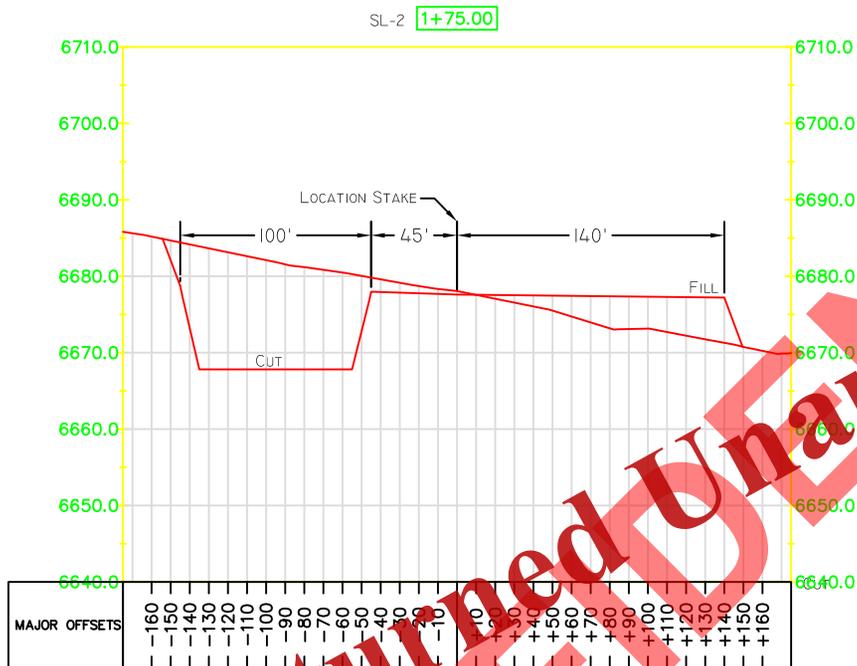


TALON RESOURCES, INC.
 615 North 400 East P.O. Box 1230
 Huntington, Utah 84528
 Phone (435)687-5310 Fax (435)687-5311
 E-Mail talon@ctv.net

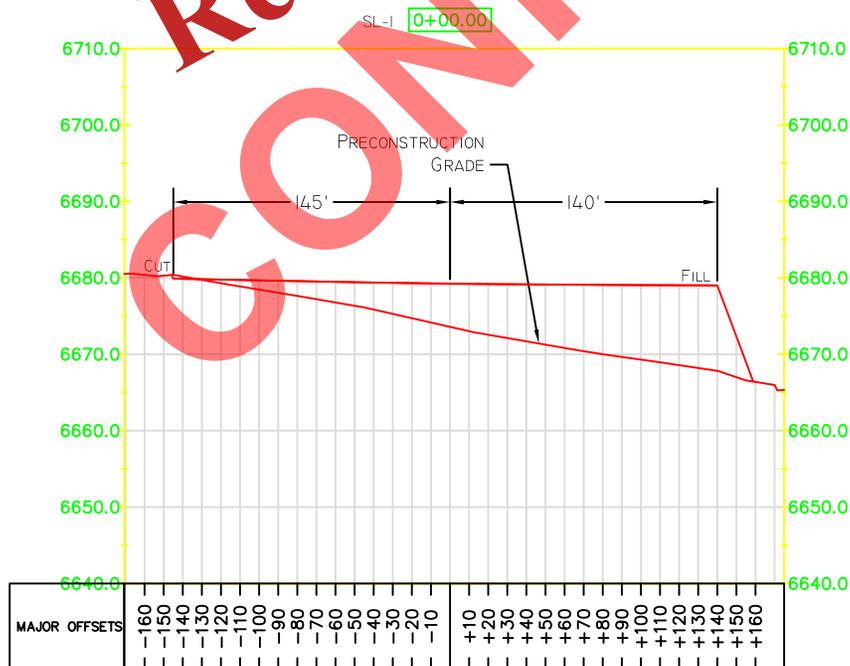
SUMMIT OPERATING

LOCATION LAYOUT
 Section 35, T13S, R22E, S.L.B.&M.
 State #10-35-13-22

Drawn By: N. BUTKOVICH	Checked By: A.P.C.
Drawing No. A-2	Date: 11/7/11
	Scale: 1" = 80'
Sheet 2 of 4	Job No. 4960



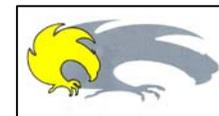
1" = 10'
X-Section Scale
1" = 40'



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

APPROXIMATE YARDAGES

(6") TOPSOIL STRIPPING = 2,675 Cu. Yds.
TOTAL CUT (INCLUDING PIT) = 12,835 Cu. Yds.
TOTAL FILL = 7,850 Cu. Yds.



TALON RESOURCES, INC.

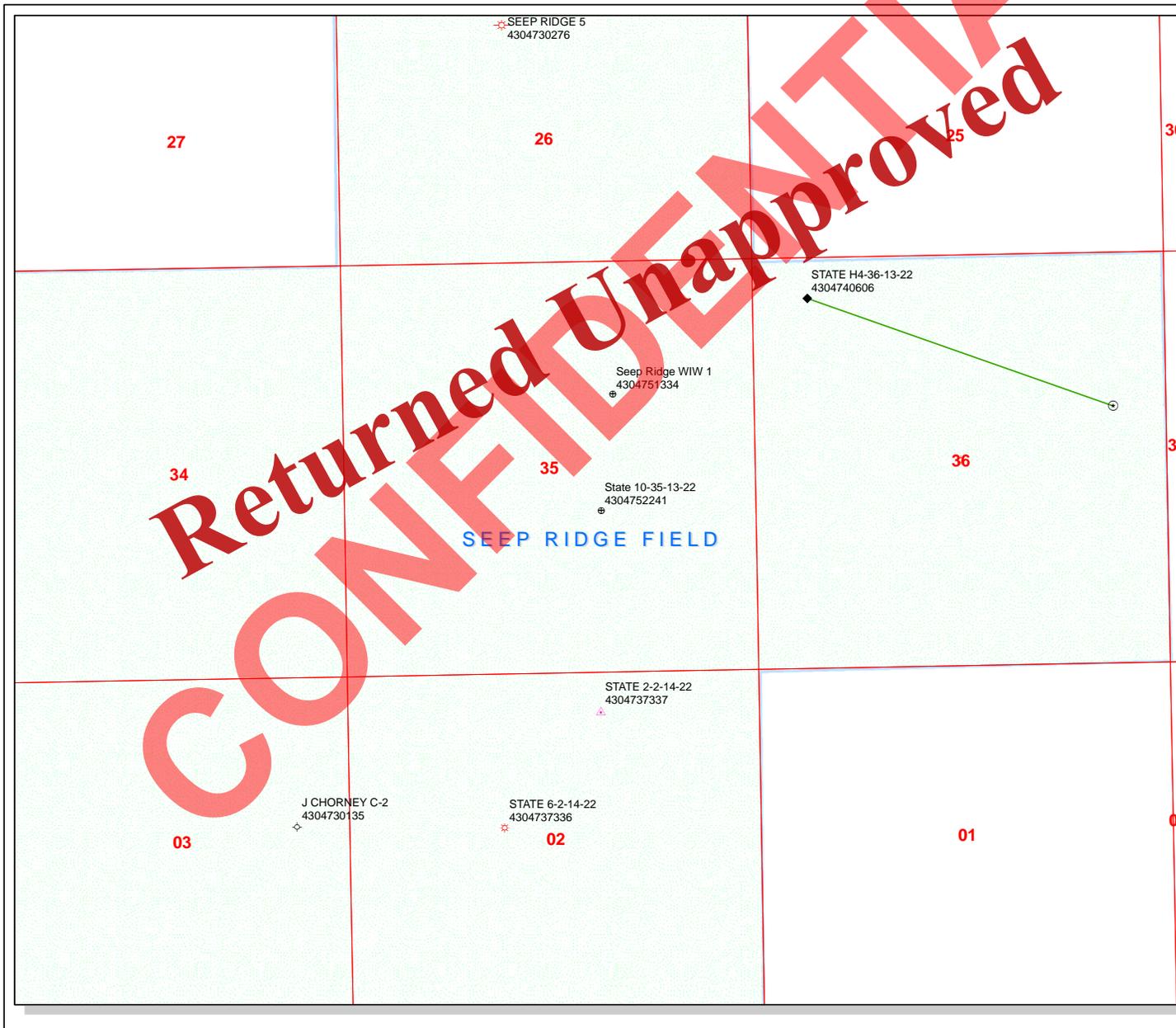
615 North 400 East P.O. Box 1230
Huntington, Utah 84528
Phone (435)687-5310 Fax (435)687-5311
E-Mail talon etv.net

SUMMIT OPERATING

TYPICAL CROSS SECTION
Section 35, T13S, R22E, S.L.B.&M.
State #10-35-13-22

Drawn By: N. BUTKOVICH	Checked By: A.P.C.
Drawing No. C-1	Date: 11/7/11
	Scale: 1" = 100'
Sheet 3 of 4	Job No. 4960

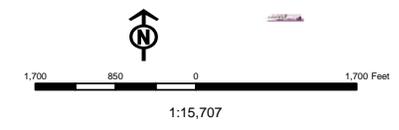
Returned Unapproved
CONFIDENTIAL



API Number: 4304752241
Well Name: State 10-35-13-22
 Township T1.3 . Range R2.2 . Section 35
Meridian: SLBM
 Operator: SUMMIT OPERATING, LLC

Map Prepared:
 Map Produced by Diana Mason

- | | |
|----------------------|------------------------------------|
| Units STATUS | Wells Query Status |
| ACTIVE | APD - Approved Permit |
| EXPLORATORY | DRL - Spudded (Drilling Commenced) |
| GAS STORAGE | GIW - Gas Injection |
| NF PP OIL | GS - Gas Storage |
| NF SECONDARY | LA - Location Abandoned |
| PI OIL | LOC - New Location |
| PP GAS | OPS - Operation Suspended |
| PP GEOTHERM. | PA - Plugged Abandoned |
| PP OIL | PGW - Producing Gas Well |
| SECONDARY | POW - Producing Oil Well |
| TERMINATED | RET - Returned APD |
| Fields STATUS | SGW - Shut-in Gas Well |
| Unknown | SOW - Shut-in Oil Well |
| ABANDONED | TA - Temp. Abandoned |
| ACTIVE | TW - Test Well |
| COMBINED | WDW - Water Disposal |
| INACTIVE | WIW - Water Injection Well |
| STORAGE | WSW - Water Supply Well |
| TERMINATED | |





GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

April 04, 2012

SUMMIT OPERATING, LLC
1245 Brickyard Road, Suite 210
Salt Lake City, UT 84106

Re: Application for Permit to Drill - UINTAH County, Utah

Ladies and Gentlemen:

The Application for Permit to Drill (APD) for the State 10-35-13-22 well, API 43047522410000 that was submitted December 13, 2011 is being returned unapproved. If you plan on drilling this well in the future, you must first submit a new application.

Should you have any questions regarding this matter, please call me at (801) 538-5312.

Sincerely,

Diana Mason
Environmental Scientist

Enclosure

cc: Bureau of Land Management, Vernal, Utah

