



PO Box 310
Huntington, Utah 84528

new application
task 2625

August 21, 2006

Utah Coal Program
Utah Division of Oil, Gas, and Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

James
9/15/007

RECEIVED

AUG 23 2006

DIV. OF OIL, GAS & MINING

Subj: Phase III Bond Release Application for the Des-Bee-Dove Mine, PacifiCorp, Des-Bee-Dove Mine, C/015/0017, Emery County, Utah.

PacifiCorp, by and through its wholly-owned subsidiary, Energy West Mining Company ("Energy West") as mine operator, hereby submits an application for Phase III Bond Release for a portion Des-Bee-Dove Mine site. The grounds for which this application is being submitted is explained in detail below.

The reclamation project for the Des-Bee-Dove Mine site has been in progress since 1997 when Energy West submitted to the Division of Oil Gas and Mining a Notice of Intent to reclaim the mine including the portion of the haul road within the permit area. Final reclamation of all portions of the disturbed area was completed in January 2006 with the reclamation of the sedimentation pond and its associated areas.

Phase I Bond Release for the Phase 1, Phase 2, and Pumphouse reclaimed areas was submitted in April 2006. Since that time, XTO Energy Inc. has expressed interest in drilling a natural gas well (Well No. 17-7-25-14) within the permit and disturbed areas of the Des-Bee-Dove Mine site. The location of this drill site is in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 25, Township 17 South, Range 7 East, SLB&M. The initiation of construction activities is planned for late 2006 or early 2007. The reclaimed area (Des-Bee-Dove Mine access road, reclaimed 2003) that will be directly affected by construction is 0.90 acres. However, there is a reclaimed area (Pumphouse Area, 1.62 acres reclaimed 1999) adjacent to the drill pad that could be potentially impacted. It would be difficult for Energy West to control the direct and indirect impacts to this area. The attachment titled Bond Release Application Maps contain maps of the permit and disturbed area in relationship with XTO's pad layout.

Since XTO Energy Inc. has a right to reasonable access to their oil and gas lease, Energy West wishes to be relieved of their reclamation responsibility for the area initially proposed for construction. Because of the lack of control of XTO Energy's activities, Energy West also wishes to be relieved of responsibility for the area (Pumphouse Area) immediately adjacent to the

Huntington Office:
(435) 687-9821
Fax (435) 687-2695
Purchasing Fax (435) 687-9092

Deer Creek Mine:
(435) 687-2317
Fax (435) 687-2285

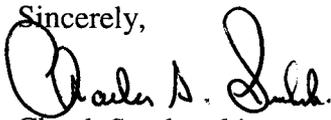
drill site. The entire proposed Phase III release area encompasses a 2.52 acre parcel of land managed by the United States Forest Service, namely within the N $\frac{1}{2}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 25, Township 17 South, Range 7 East, SLB&M (refer to Bond Release Application Map).

An application for a post mining land use change was submitted to the Division of Oil, Gas and Mining on August 14, 2006. This application is currently under review and will add Recreation and Mineral Development (including oil and gas development) to the current Grazing and Wildlife Habitat uses. A demonstration that the *proposed* post mining land use has been achieved is provided by the Application for Permit to Drill (APD) filed by XTO Energy Inc. This document is included with this submittal.

The information contained in this bond release package should allow the Division to adequately evaluate for Phase III bond release. When approved, Energy West will submit an amendment to the Legal and Financial Volume to remove the N $\frac{1}{2}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 25, Township 17 South, Range 7 East, SLB&M from the Des-Bee-Dove Mine permit area.

The attached information includes the information required by the Division's Directive Number, Tech-006. Seven (7) complete copies of this application are included. If you have any questions or concerns with this submittal, please contact myself at (435) 687-4720 or Dennis Oakley at (435) 687-4825.

Sincerely,



Chuck Semborski
Geology and Permitting Manager

Attachments: Proposed Letter to Interested Parties
 Proposed Newspaper Advertisement
 Legal Description of Permit Area - Current and Proposed
 Bond Release Application Maps
 Historical Use Document
 Achievement Demonstration for Post Mining Land Use
 Application for a Permit to Drill
 Vegetation Cover Estimates

cc Kyla Vaughn (XTO Energy)
 Scott Child (IMC w/o encl.)
 Doug Johnson (EWMC w/o encl.)
 File

APPLICATION FOR COAL PERMIT PROCESSING

Permit Change New Permit Renewal Exploration Bond Release Transfer

Permittee: PacifiCorp

Mine: Des Bee Dove Mine

Permit Number: C/015/0017

Title: Phase III Bond Release Application for the Des-Bee-Dove Mine, PacifiCorp, Des-Bee-Dove Mine, C/015/0017, Emery County, Utah.

Description, Include reason for application and timing required to implement:

Instructions: If you answer yes to any of the first eight (gray) questions, this application may require Public Notice publication.

- Yes No 1. Change in the size of the Permit Area? Acres: _____ Disturbed Area: _____ increase decrease.
- Yes No 2. Is the application submitted as a result of a Division Order? DO# _____
- Yes No 3. Does the application include operations outside a previously identified Cumulative Hydrologic Impact Area?
- Yes No 4. Does the application include operations in hydrologic basins other than as currently approved?
- Yes No 5. Does the application result from cancellation, reduction or increase of insurance or reclamation bond?
- Yes No 6. Does the application require or include public notice publication?
- Yes No 7. Does the application require or include ownership, control, right-of-entry, or compliance information?
- Yes No 8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling?
- Yes No 9. Is the application submitted as a result of a Violation? NOV # _____
- Yes No 10. Is the application submitted as a result of other laws or regulations or policies?
Explain: _____
- Yes No 11. Does the application affect the surface landowner or change the post mining land use?
- Yes No 12. Does the application require or include underground design or mine sequence and timing? (Modification of R2P2)
- Yes No 13. Does the application require or include collection and reporting of any baseline information?
- Yes No 14. Could the application have any effect on wildlife or vegetation outside the current disturbed area?
- Yes No 15. Does the application require or include soil removal, storage or placement?
- Yes No 16. Does the application require or include vegetation monitoring, removal or revegetation activities?
- Yes No 17. Does the application require or include construction, modification, or removal of surface facilities?
- Yes No 18. Does the application require or include water monitoring, sediment or drainage control measures?
- Yes No 19. Does the application require or include certified designs, maps or calculation?
- Yes No 20. Does the application require or include subsidence control or monitoring?
- Yes No 21. Have reclamation costs for bonding been provided?
- Yes No 22. Does the application involve a perennial stream, a stream buffer zone or discharges to a stream?
- Yes No 23. Does the application affect permits issued by other agencies or permits issued to other entities?

Please attach four (4) review copies of the application. If the mine is on or adjacent to Forest Service land please submit five (5) copies, thank you. (These numbers include a copy for the Price Field Office)

I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein.

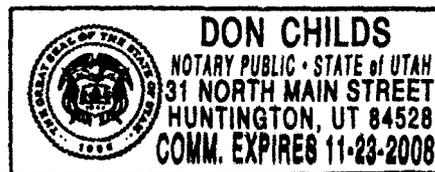
Charles A. Semborski
Print Name

Charles A. Semborski Geology/Permitting Supervisor 8-21-06
Sign Name, Position, Date

Subscribed and sworn to before me this 21st day of AUGUST, 2006

[Signature]
Notary Public

My commission Expires: 11/23, 2008)
Attest: State of UTAH) ss:
County of EMERY



RECEIVED

AUG 23 2006

DIV. OF OIL, GAS & MINING

For Office Use Only:	Assigned Tracking Number:	Received by Oil, Gas & Mining RECEIVED AUG 23 2006 DIV. OF OIL, GAS & MINING
-----------------------------	--------------------------------------	--

Form DOGM- C1 (Revised March 12, 2002)

PacifiCorp
Energy West Mining Company
Des Bee Dove Mine
C/015/0017

Phase III Bond Release Application

Proposed Letter to Interested Parties

DATE

Interested Party
Street Address
City, State, Zip code

Dear Interested Party:

This letter is sent to inform you that Energy West Mining Company, a subsidiary of PacifiCorp, has filed an application for Phase III bond release of a portion of the Des Bee Dove Mine site, Permit Number C/015/0017. Currently, a surety bond is filed with the Division of Oil, Gas and Mining in the amount of \$1,837,712.00 and is payable to the State of Utah, Division of Oil, Gas and Mining (DOGM), and the Office of Surface Mining Reclamation and Enforcement (OSM). Energy West is not asking for a reduction of bond for this area.

Phase I Bond Release for the Phase 1, Phase 2, and Pumphouse reclaimed areas was submitted in April 2006. Since that time, XTO Energy Inc. has expressed interest in drilling a natural gas well (Well No. 17-7-25-14) within the permit and disturbed areas of the Des-Bee-Dove Mine site. The location of this drill site is in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 25, Township 17 South, Range 7 East, SLB&M. The initiation of construction activities is planned for late 2006 or early 2007. The reclaimed area (Des-Bee-Dove Mine access road, reclaimed 2003) that will be directly affected by construction is 0.90 acres. However, there is a reclaimed area (Pumphouse Area, 1.62 acres reclaimed in 1999) adjacent to the drill pad that could be potentially impacted. It would be difficult for Energy West to control the direct and indirect impacts to these areas. The attached location map shows the location of the bonded area in relationship with XTO's pad layout.

Since XTO Energy Inc. has a right to reasonable access to their oil and gas lease, Energy West wishes to be relieved of their reclamation responsibility for the area initially proposed for construction. Because of the lack of control of XTO Energy's activities, Energy West also wishes to be relieved of responsibility for the area (Pumphouse Area) immediately adjacent to the drill site. The entire proposed Phase III release area encompasses a 2.52 acre parcel of land managed by the United States Forest Service, namely within the N $\frac{1}{2}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 25, Township 17 South, Range 7 East, SLB&M.

An application for a post mining land use change was submitted to the Division of Oil, Gas and Mining on August 14, 2006. This application is currently under review and will add Recreation and Mineral Development (including oil and gas development) to the current Grazing and Wildlife

Habitat uses. A demonstration that the *proposed* post mining land use has been achieved is provided by the Application for Permit to Drill (APD) filed by XTO Energy Inc.

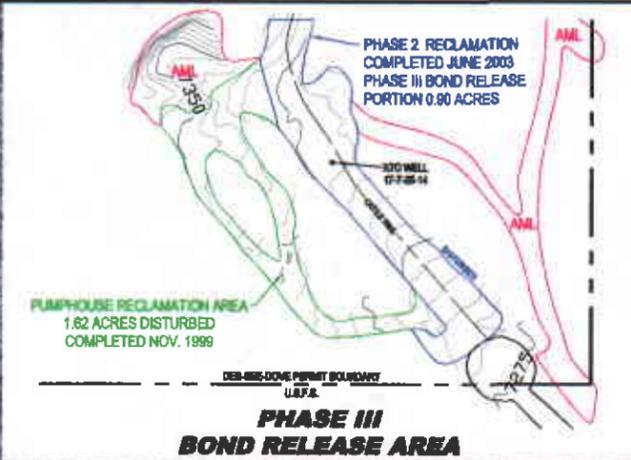
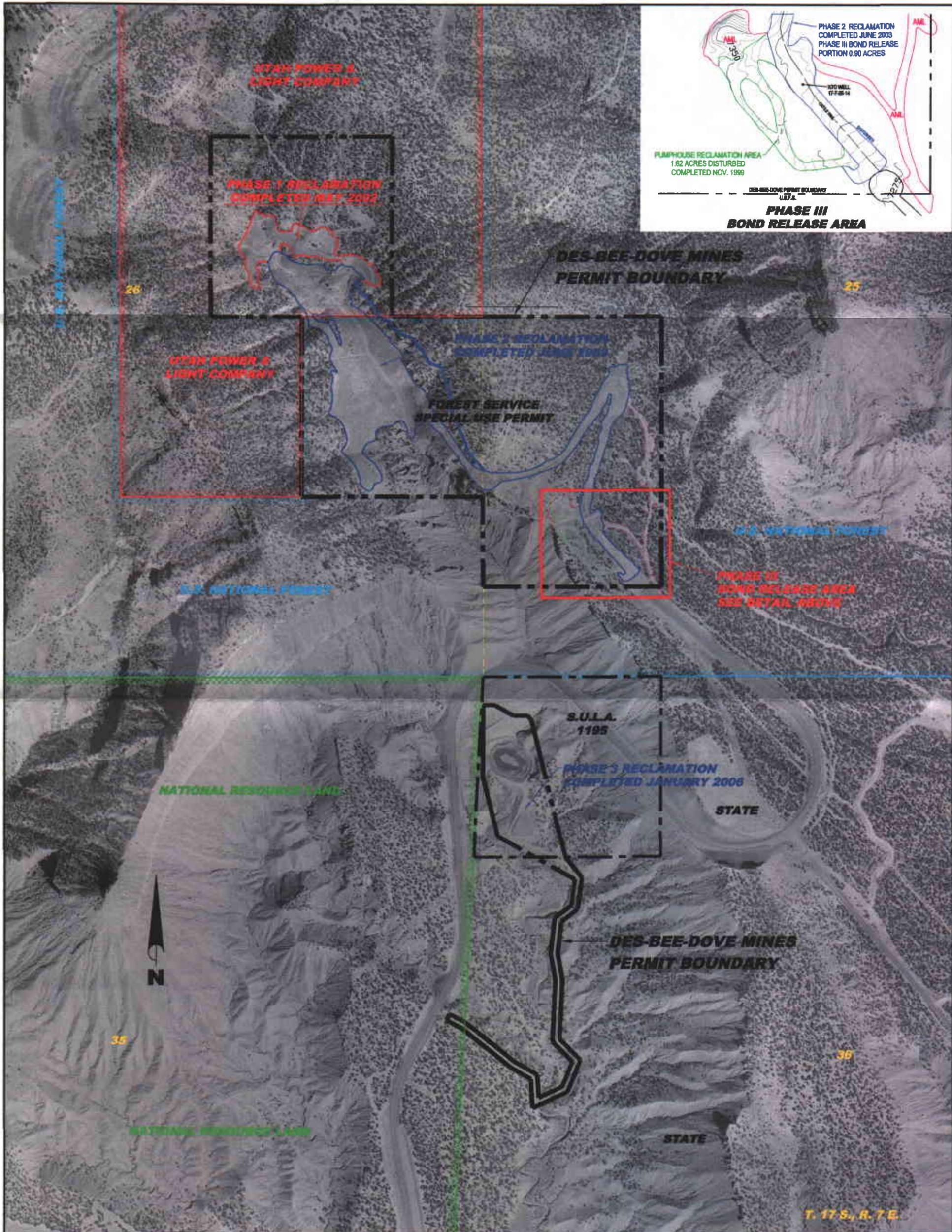
As required by the State of Utah, R645-Coal Mining Rules (R645-301-880), all adjoining property owners, local governmental bodies, etc, must be notified, informing them of the operators intention to seek release from bond. A public notice will be published in the Emery County Progress commencing on DATE and will run for four (4) consecutive weeks. Comments may be submitted to the Division of Oil, Gas and Mining at an address of 1594 West North Temple, Suite 1210, Salt Lake City, Utah 84114-5801.

If you have any questions, or require further information pertaining this bond release application, please feel free to call me at (435) 687-4720.

Sincerely,

Dennis Oakley
Sr. Environmental Engineer

cc Pam Grubaugh-Littig, (DOGM)
Scott Child, (IMC)
file, (EWMC)



DATE OF AERIAL PHOTOGRAPH SEPTEMBER 2005

LEGEND

- DES-BEE-DOVE MINES PERMIT AREA**
- U.S. NATIONAL FOREST**
- UTAH POWER & LIGHT COMPANY**
- NATIONAL RESOURCE LAND**

NOTE:
AREA PROPOSED FOR PHASE III BOND RELEASE EQUALS 2.52 ACRES



CAD FILE NAME/DISK#: PHASE III BOND RELEASE MAP

**ENERGY WEST
 MINING COMPANY**
 HUNTINGTON, UTAH 84528

**DES-BEE-DOVE MINES
 PHASE III BOND RELEASE
 AERIAL PHOTOGRAPH**

DRAWN BY:	K. LARSEN	DRAWING #:
SCALE:	AS NOTED	SHEET	1 OF 1
DATE:	JULY 13, 2006	REV.	

PacifiCorp
Energy West Mining Company
Des Bee Dove Mine
C/015/0017

**Phase III Bond Release
Application**

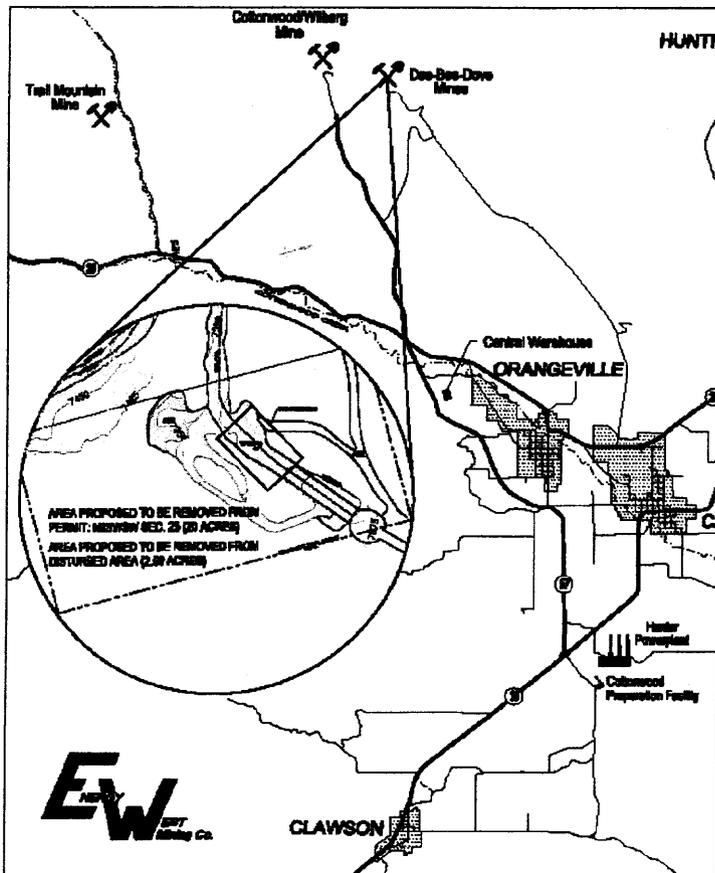
Proposed Newspaper Advertisement

PacifiCorp
Des Bee Dove Mine
C/015/0017
(Permit Approved August 2005)

Phase III Bond Release Application

Energy West Mining Company
P.O. Box 310
Huntington, Utah 84528

PacifiCorp, by and through its wholly-owned subsidiary, Energy West Mining Company ("Energy West") as mine operator, hereby submits an application for Phase III bond release for a portion of the Des Bee Dove Mine site. The said area, located within the N $\frac{1}{2}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 25, Township 17 South, Range 7 East, SLBM. The total acreage proposed for release is approximately 2.52 acres and is located as shown in the illustration.



The proposed Phase III bond release area includes the Pumphouse area, a 1.62 acre area reclaimed in 1999, and the main access road, a 0.90 acres area reclaimed in 2003.

Recently, XTO Energy Inc. has expressed interest in constructing a gas well and mud pit within this area. Since Energy West will have no control over construction or operational activities of the gas well, they wish to forfeit their reclamation responsibilities and receive a release of liability of the area.

Currently, a surety bond is filed with the Division of Oil, Gas and Mining in the amount of \$1,837,712.00 and is payable to the State of Utah, Division of Oil, Gas and Mining (DOGM), and the Office of Surface Mining Reclamation and Enforcement (OSM). No reduction of bond is being requested pertaining to this action, however, a Phase I Bond Release

Application for the mine site has been submitted and is pending approval.

A copy of the Phase III application may be examined at the office of the Division of Oil, Gas and Mining, 1594 West North Temple, Suite 1210, Salt Lake City, Utah 84114-5801. Written comments,

objections, or requests for an informal conference may be submitted to the Salt Lake City address. Said comments must be submitted thirty (30) days from the date of the last publication of this notice. This notice is being published to comply with the Surface Mining Control and Reclamation Act of 1977, and State and Federal regulations promulgated pursuant to said Act.

Published in the Emery County Progress for four consecutive weeks beginning DATE.

PacifiCorp
Energy West Mining Company
Des Bee Dove Mine
C/015/0017

Phase III Bond Release Application

Legal Description of Permit Area
- Current and Proposed -

PacifiCorp
Energy West Mining Company
Des-Bee-Dove Mine - C/015/0017
Phase III Bond Release Application

Legal Description of the current Des-Bee-Dove Mine permit area:

T17S, R7E, S.L.B.&M, Emery County, Utah

Sec 25:

NW $\frac{1}{4}$ SW $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$.

Sec 26:

E $\frac{1}{2}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$.

Sediment Pond

Beginning at a point 259.41 feet West and 123.74 feet North of the East 1/4 corner of section 35, T17S. R7E., SLM and intersecting the Des-Bee-Dove Emery County Road No. 412;

thence S 61° 43' E, 127.70 feet ;
thence S 51° 13' E, 459.78 feet;
thence S 60° 43' E, 163.50 feet;
thence S 3° 43' E, 213.14 feet;
thence N 64° 47' E, 278.44 feet;
thence N 22° 17' E, 249.11 feet;
thence N 44° 13' W, 217.52 feet;
thence N 2° 47' E, 431.98 feet;
thence N 10° 13' W, 194.24 feet;
thence N 6° 13' E, 231.03 feet;
thence N 51° 13' E, 154.75 feet;
thence N 7° 13' E, 230.82 feet;
thence N 39° 13' W, 188.61 feet;
thence N 13° 48' 40" W, 1030.83 feet;
thence N 40° 36' 49" W, 46.42 feet;
thence S 88° 27' 37" W, 100.39 feet;
thence N 61° 03' 40" W, 163.27 feet,
thence W, 79.30 feet,
thence S, 0°, 08' W, 517.82 feet,
thence S 13° 48' 40" E, 454.63 feet;
thence S 60° 37' 19" E, 640.87 feet;
thence S 7° 13' W, 189.18 feet;
thence S 51° 13' W, 155.25 feet;
thence S 6° 13' W, 258.97 feet;
thence S 10° 13' E, 195.76 feet;
thence S 2° 47' W, 448.02 feet;
thence S 44° 13' E, 206.48 feet;
thence S 22° 17' W, 196.89 feet;
thence S 64° 47' W, 185.56 feet;
thence N 3° 43' W, 166.86 feet;
thence N 60° 43' W, 186.50 feet;
thence N 51° 13' W, 460.22 feet;
thence N 61° 43' W, 132.30 feet;
thence S 28° 16' 51" W, 50.00 feet;
to point of beginning. Contains 13.88 acres, more or less.

PacifiCorp
Energy West Mining Company
Des-Bee-Dove Mine - C/015/0017
Phase III Bond Release Application

BLM Right of Way UTU-53809 Relinquished 8/22/04; No Right of Entry

Remote Portals

Behive Portal Breakout (BLM Right-of-Way Expired 5/25/01; No Right of Entry).

An 20 ft. X 20 ft. area beginning at the SW corner of Section 13, T17S. R7E., SLM, to a point 292 feet, bearing N59°34'26"E. 0.01 acres, more or less.

Deseret Portal Breakout

An 20 ft. X 20 ft. area beginning at the SE corner of Section 14, T17S. R7E., SLM, to a point 1,798 feet, bearing N49°20'41"W. 0.01 acres, more or less.

The Des Bee Dove permit covers an area approximately 153.9 acres. The total disturbed area at the mine is currently 36.22 acres. The disturbance is distributed as follows:

Main Mine Site (Includes Pumphouse Area)	29.19 acres
Sediment Pond	7.01 acres
Remote Deseret Portal	0.01 acres
Remote Beehive Portal	0.01 acres

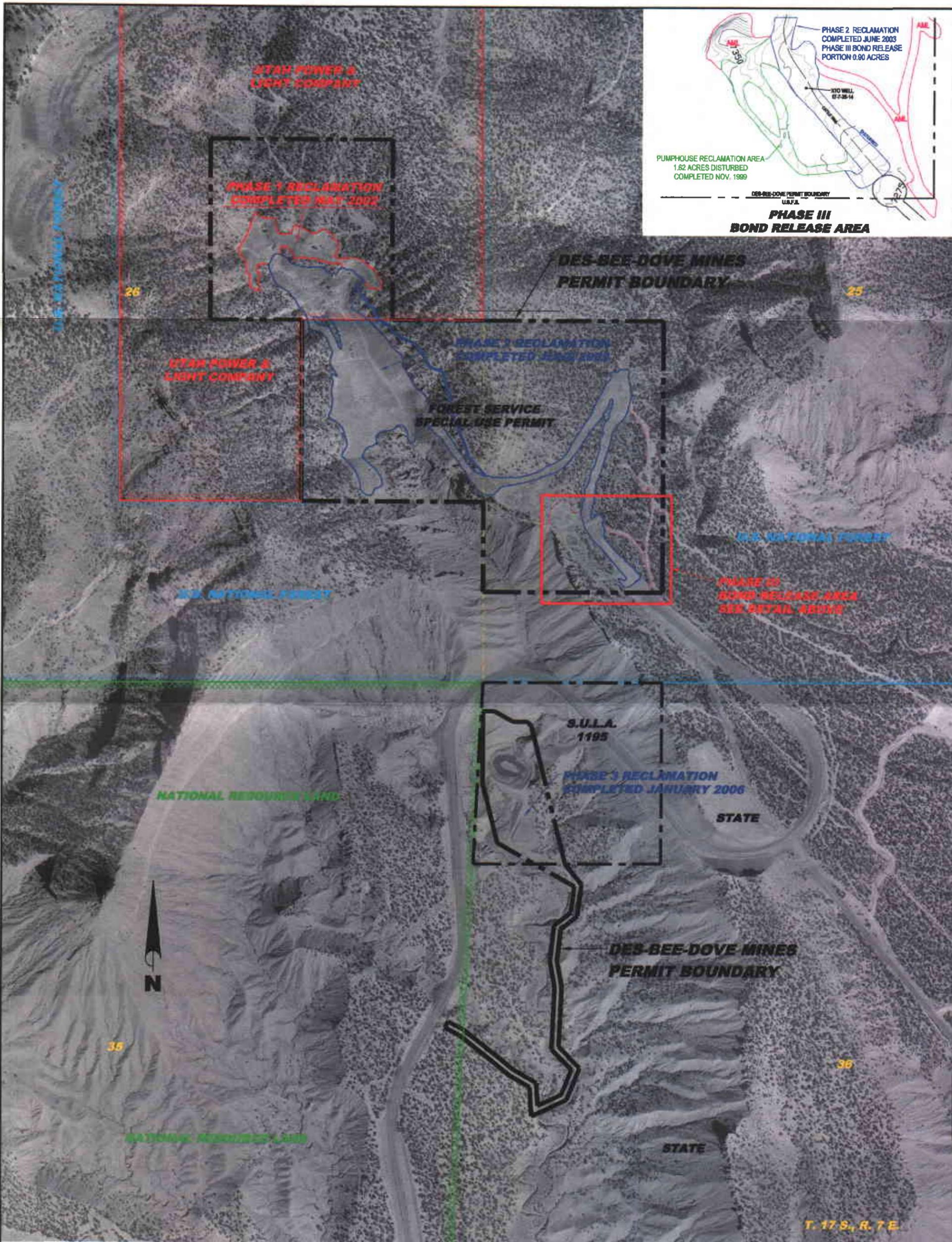
Legal Description of the Des-Bee-Dove Mine permit area proposed for Phase III Bond Release:

Legal description of the Des-Bee-Dove Mine permit would not change after the completion and approval of the Phase III Bond Release. The total disturbed/reclaimed area within this description that is being applied for is approximately 2.52 acres. Upon approval of the bond release of this area, the permittee will submit an amendment to the Legal and Financial Volume to remove the N½ SW¼ SW¼ of Section 25, T17S, R7E, S.L.B.&M, Emery County, Utah from the Des-Bee-Dove Mine permit area.

PacifiCorp
Energy West Mining Company
Des Bee Dove Mine
C/015/0017

Phase III Bond Release Application

Bond Release Application Map



DATE OF AERIAL PHOTOGRAPH SEPTEMBER 2005

LEGEND

-  **DES-BEE-DOVE MINES PERMIT AREA**
-  **U.S. NATIONAL FOREST**
-  **UTAH POWER & LIGHT COMPANY**
-  **NATIONAL RESOURCE LAND**

NOTE:
AREA PROPOSED FOR PHASE III BOND RELEASE EQUALS 2.52 ACRES



CAD FILE NAME/DISK#: PHASE III BOND RELEASE MAP

**ENERGY WEST
 MINING COMPANY**
 HUNTINGTON, UTAH 84528

**DES-BEE-DOVE MINES
 PHASE III BOND RELEASE
 AERIAL PHOTOGRAPH**

DRAWN BY:	K. LARSEN	DRAWING #:	****
SCALE:	AS NOTED	SHEET	1 OF 1
DATE:	JULY 13, 2006	REV.	

T. 17 S., R. 7 E.

PacifiCorp
Energy West Mining Company
Des Bee Dove Mine
C/015/0017

Phase III Bond Release Application

Historical Use Document

PacifiCorp
Energy West Mining Company
Des-Bee-Dove Mine - C/015/0017
Phase III Bond Release Application

Brief History of Permit Area:

The Des Bee Dove Mine complex is located in Southeastern Utah in Emery County, approximately 13 kilometers (8 mi) north of the town of Orangeville, Utah. Geographically, the mine is located on the southern end of East Mountain, a large, relatively flat plateau, containing two mineable coal seams.

Mining began as early as 1898 in the unnamed canyon where the Des Bee Dove Mine complex is located. The original mine workings, called the Griffith Mine, were limited in extent due to the rugged terrain and poor access. The Griffith workings were purchased in 1936 by two men, Edwards and Broderick, who fashioned a crude access road and mined until 1938. Castle Valley Fuel Company purchased the Edwards and Broderick property in 1938. The Church of Jesus Christ of Latter Day Saints (LDS) purchased coal lands adjacent to Castle Valley Fuel Company in 1938 and began its own operations in that year.

The Church Mine operated under contract to a Mr. Killian of Orangeville until it was closed in 1943 due to World War II. Castle Valley Fuel Company continued to operate until 1947. The LDS Church purchased Castle Valley Fuel's operation in 1947 and combined operations to form Deseret Coal Company, a Church welfare project. Deseret Coal Company continued operations until Utah Power & Light Company (UP&L) acquired the property in 1972.

UP&L operated the mine from 1972 until the mine was temporarily idled in 1987. The property sat idle from 1987 through 1997 as attempts were made to sell the mine and all its assets.

Reclamation of the Des-Bee-Dove Mine site commenced in 1997 when Energy West submitted to the Division of Oil Gas and Mining a Notice of Intent to reclaim the mine including the portion of the haul road within the permit area. Shortly after this notice, Energy West received a letter from the Emery County Road Department which stated that there may be some public interest in conveying and adding the haul road into the county road system.

Interested in this proposal, Energy West and Emery County met to discuss the disposition of the haul road. As a result of this meeting and subsequent meetings with State and Federal agencies that possessed the rights of way of the road, an agreement was drafted to transfer all rights and responsibilities to Emery County. As part of the transfer of the road to the County, Energy West was required to change the post mining land use and apply for Phase III Bond release to remove the road from the permit area. The land use at that current time was grazing and wildlife. Post mining land use would need to include grazing, wildlife, recreation, and industrial to complete the transaction. Final approval for Phase III Bond Release and post mining land use change was

PacifiCorp
Energy West Mining Company
Des-Bee-Dove Mine - C/015/0017
Phase III Bond Release Application

granted by the Division of Oil Gas and Mining on September 1, 1998.

In 1999, all surface facilities were demolished and removed from site. The Pumphouse Area was also reclaimed in that year. This 1.62 acre area was roughened and seeded with an approved seed mix. No other augmented seeding was conducted within this area. In 2003, the access road to the mine (Phase 2 Reclamation) was completed. The access road within the bond release area is approximately 0.90 acres. This totals 2.52 acres of disturbed reclaimed land proposed for bond release.

In 2001, backfilling and grading of the (Little Dove and Beehive Mine) upper mines (Little Dove and Beehive Mine) began. Final reclamation of the Des-Bee-Dove mine complex would be completed in 3 phases. Phase 1 was the completion of the upper mines. Phase 2 was the completion of the lower mine (Deseret Mine), bathhouse pad, and access road. Phase 3 was the completion of the sediment pond and access road. Phase 3 was completed on January 31, 2006.

In April 2006, Phase I Bond Release was submitted to the Division of Oil Gas and Mining for the Phase 1, Phase 2, and Pumphouse reclaimed areas. Since that time, XTO Energy Inc. has expressed interest in placing a gas well (Utah Federal 17-7-25-14) along the lower portion of the reclaimed access road near the Pumphouse area. This location is within the Des-Bee-Dove Mine permit boundary and disturbed area and better described as an area within the N $\frac{1}{2}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 25, Township 17 South, Range 7 East, SLB&M. The surface managing agency is the United States Forest Service. An Application for Permit to Drill has been submitted by XTO Energy Inc. to the Division of Oil Gas and Mining.

The Des-Bee-Dove Mine contains approximately 2.52 acres of disturbed/reclaimed land within the said parcel (refer to Bond Release Application Map). An application for a post mining land use change was submitted to the Division of Oil, Gas and Mining on August 14, 2006. This application is currently under review and will add Recreation and Mineral Development (including oil and gas development) to the current Grazing and Wildlife Habitat uses. A demonstration that the *proposed* post mining land use has been achieved is provided by the Application for Permit to Drill (APD) filed by XTO Energy Inc.

PacifiCorp
Energy West Mining Company
Des Bee Dove Mine
C/015/0017

Phase III Bond Release Application

Achievement Demonstration for Post Mining Land Use

- ▶ Application for a Permit to Drill
- ▶ Vegetation Cover Estimates

**Application for Permit to Drill
(APD)**

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. UTU-75666
1b. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name N/A
2. Name of Operator XTO Energy Inc.		7. Unit or CA Agreement Name and No. N/A
3a. Address 2700 Farmington Ave., Bldg. K, Ste 1 Farmington, NM		8. Lease Name and Well No. Utah Federal 17-7-25-14
3b. Phone No. (include area code) 505-324-1090		9. API Well No.
4. Location of Well (Report location clearly and in accordance with any State requirements)* At surface 1044' FSL x 836' FWL in Sec 25, T17S, R7E At proposed prod. zone SAME		10. Field and Pool, or Exploratory Perizon Sandstone
14. Distance in miles and direction from nearest town or post office* Approx 6.7 miles northwest of Orangeville, Utah		11. Sec., T., R., M., or Bk. and Survey or Area Sec 25, T17S, R7E
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 1045'	16. No. of Acres in lease 2560	17. Spacing Unit dedicated to this well 160 acres
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 2900'	19. Proposed Depth 4422'	20. BLM/BIA Bond No. on file UTB-000138
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 7314' Ground Elevation	22. Approximate date work will start* winter 2006	23. Estimated duration 2 weeks

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall 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 shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature <i>Kyla Vaughan</i>	Name (Printed/Typed) Kyla Vaughan	Date 01/12/06
Title Regulatory Compliance Tech		
Approved by (Signature)	Name (Printed/Typed)	Date
Title 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.

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.

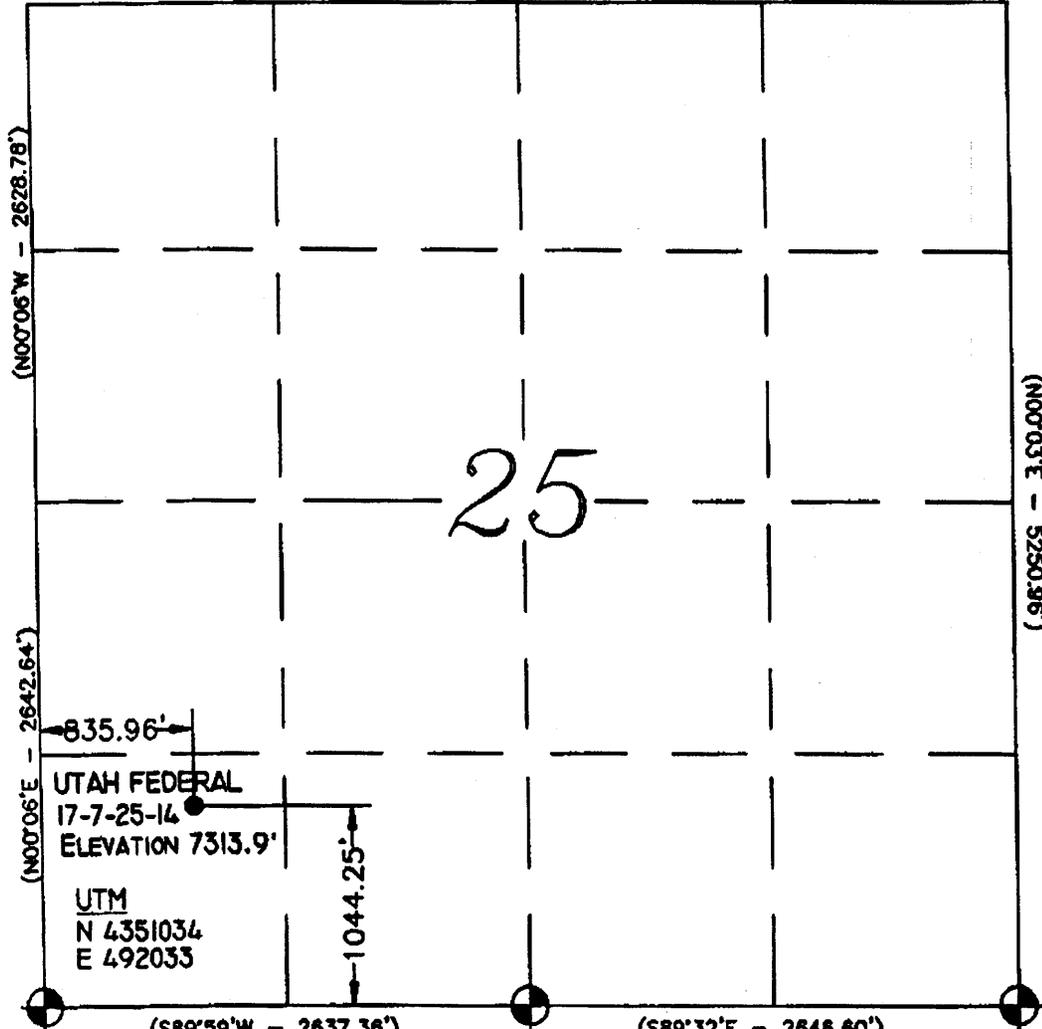
*(Instructions on page 2)

cc: MOAB BLM
PRICE BLM
Lloyd USFS

Range 7 East

(N89°44'W - 5285.28')

Township 17 South



(N00°06'W - 2628.78')

(N00°06'E - 2642.64')

(N00°03'E - 5250.96')

835.96'
UTAH FEDERAL
17-7-25-14
ELEVATION 7313.9'

UTM
N 4351034
E 492033

1044.25'

(S89°59'W - 2637.36')
(N89°59'17'E - 2641.25')

(S89°32'E - 2646.60')
(S89°34'10"E - 2646.54')

Legend

- Drill Hole Location
- ⊙ Brass Cap (Found)
- Brass Cap (Searched for, but not found)
- △ Calculated Corner (From Reference Points)
- () GLO
- ▭ GPS Measured

NOTE:

UTM AND LATITUDE / LONGITUDE COORDINATES ARE DERIVED USING A GPS PATHFINDER AND ARE SHOWN IN NAD 27 DATUM.

LAT / LONG
39°18'37.947"N
111°05'32.674"W

Location:

The well location was determined using a Trimble 4700 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:

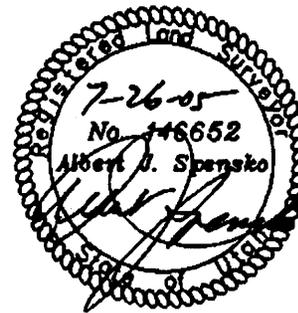
Basis of Elevation of 6761' being at the Northeast Section corner of Section 1, Township 18 South, Range 7 East, Salt Lake Base & Meridian, as shown on the Red Point Quadrangle 7.5 Minute Series Map.

Description of Location:

Proposed Drill Hole located in the SW 1/4, SW 1/4 of Section 25; being 1044.25' North and 835.96' East from the Southwest Corner of Section 25, T17S, R7E, Salt Lake Base and Meridian.

Surveyor's Certificate:

I, Albert J. Spensko, a Registered Professional Land Surveyor, holding Certificate 146652 State of Utah, do hereby certify that the information on this drawing is a true and accurate survey based on data of record and was conducted under my personal direction and supervision as shown hereon.



NE SECTION 1
T18S, R7E, S.L.B.&M.
Elev. 6761'



GRAPHIC SCALE

0 500' 1000'
(IN FEET)
1 inch = 1000 ft.



TALON RESOURCES, INC.

196 North 100 West P.O. Box 1250

Huntington, Utah 84328

Phone (435)857-8310 Fax (435)897-6811

E-Mail talon@str.net



UTAH FEDERAL #17-7-25-14
Section 25, T17S, R7E, S.L.B.&M.
Emery County, Utah

Drawn by N. BUTKOVICH	Checked by L.W.J.
Drawing No. A-1	Date 7/18/05
	Scale 1" = 1000'
Sheet 1 of 4	Job No. 1826

Bureau of Land Management Application for Permit to Drill Surface Use Plan

Company: XTO Energy Inc.
Well No. Utah Federal 17-7-25-14
Location: Sec. 25, T17S, R07E
Federal Lease No. UTU - 75666

THIRTEEN POINT SURFACE USE PLAN

The dirt contractor will be provided with an approved copy of the surface use plan of operations before initiating construction.

1. Existing Roads:
 - a. Proposed route to location: **See Exhibit "A".**
 - b. Location of proposed well in relation to town or other reference point: **The well location is approximately 6.7 miles northwest of Orangeville, UT. From Orangeville go North on Hwy 29 to Hwy 57. Turn North on Hwy 57 and proceed two miles. Turn NE on existing paved road and follow road up dugway to intersection. Turn NW to location.**
 - c. Contact the County Road Department for use of county roads. **The use of Emery County roads will require an encroachment permit from the Emery County Road Department. No permit will be required.**
 - d. Plans for improvement and/or maintenance of existing roads: **None**
 - e. Other:
2. Planned Access Roads:
 - a. Location (centerline): **Starting from a point along an existing road in the NE/NW of Sec 36, T17S, R08E.**
 - b. Length of new access to be constructed: **Approximately 3,565' of new access will be constructed. See Exhibit "B"**
 - c. Length of existing roads to be upgraded: **None**
 - d. Maximum total disturbed width: **Typically 60' (max), which includes new gas and water pipelines.**
 - e. Maximum travel surface width: **25' or less**
 - f. Maximum grades: **Maximum grades will not exceed 10% after construction.**
 - g. Turnouts: **No turnouts are planned at this time.**
 - h. Surface materials: **Only native materials will be used if additional construction is required. If necessary, gravel or rock may be purchased and used to improve road conditions and travel.**

- i. **Drainage (crowning, ditching, culverts, etc): Roads will be re-crowned and bar ditches, if necessary, will be located along either side. 18-24" dia (or as required) culverts will be installed as necessary.**
- j. **Cattleguards: No cattle guards are planned at this time. Cattle guards will be specified in the stipulations if necessary.**
- k. **Length of new and/or existing roads which lie outside the lease or unit boundary for which a BLM/state/fee right-of-way is required: None**
- l. **Other: ---**

Surface disturbance and vehicular travel will be limited to the approved location and access road. Any additional area needed must be approved by BLM in advance.

If a right-of-way is necessary, no surface disturbing activities shall take place on the subject right-of-way until the associated APD is approved. The holder will adhere to conditions of approval in the Surface Use Program of the approved APD, relevant to any right-of-way facilities.

If a right-of-way is secured, boundary adjustments in the lease or unit shall automatically amend this right-of-way to include that portion of the facility no longer contained within the lease or unit. In the event of an automatic amendment to this right-of-way grant, the prior on-lease/unit conditions of approval of this facility will not be affected even though they would now apply to facilities outside of the lease/unit as a result of a boundary adjustment. Rental fees, if appropriate shall be recalculated based on the conditions of this grant and the regulations in effect at the time of an automatic amendment.

If at any time the facilities located on public lands authorized by the terms of the lease are no longer included in the lease (due to a contraction in the unit or other lease or unit boundary change) the BLM will process a change in authorization to the appropriate statute. The authorization will be subject to appropriate rental, or other financial obligations determined by the BLM.

If the well is productive, the access road will be rehabilitated or brought to Resource (Class III) Road Standards within 60 days of dismantling the rig. If upgraded, the access road must be maintained at these standards until the well is properly abandoned. If this time frame cannot be met, the Field Office Manager will be notified so that temporary drainage control can be installed along the access road.

- 3. **Location of Existing Wells -on a map, show the location of all water, injection, disposal, producing and drilling wells within a one mile radius of the proposed well, and describe the status of each: See Exhibit "C"**
- 4. **Location of Production Facilities:**
 - a **On-site facilities: Typical on-site facilities will consist of a wellhead, gas and water flow lines, artificial lifting system (if necessary), wellhead compression (if necessary), gas/water separator (2 phase), gas measurement and water measurement equipment, and a heated enclosure/building for weather and environmental protection. All production and measurement shall conform to the provisions of 43 CFR § 3162.7 and Onshore Oil and Gas Order No. 4, if applicable. Other on-site equipment and system may include methanol and/or chemical injection and winter weather protection.**

All permanent (in place for six months or longer) structures constructed or installed on the well site location will be painted a flat, nonreflective color to match the standard environmental colors, as specified by the COA's in the APD. All facilities will be painted within six months of installation. Facilities required by comply with the Occupational Safety and Health Act (OSHA) may be excluded.

- b. **Off-site facilities:** Off-site facilities are typically located at the CDP station and usually include central compression, gas processing, separation, tanks, pits, electronics, gas measurement and a produced water disposal (SWD) well.
- c. **Pipelines:** The well will be produced into a gas pipeline and water pipeline (sizes to be determined) and transported to existing pipelines. See Exhibit "B" for the proposed pipeline route.
- d. **Powerlines:** The powerline will be buried and will follow the same ROW as the water and gas pipelines.

5. Location and Type of Water Supply:

All water needed for drilling purposes will be obtained from (describe location and/or show on a map): **Water will be purchased from a commercial water source and trucked via third party to the location over approved access roads.**

Water obtained on private land, or land administered by another agency, will require approval from the owner or agency for use of the land.

6. Source of Construction Material:

Pad construction material will be obtained from (if the source is Federally owned, show location on a map): **All construction material will be purchased from private landowners or from a commercial gravel/materials pit.**

The use of materials under BLM jurisdiction will conform to 43 CFR § 3610.2-3, if applicable.

7. Methods of Handling Waste Disposal:

Describe the methods and locations proposed for safe containment and disposal of waste material, e.g. cuttings, produced water, garbage, sewage, chemicals, etc. **The reserve pit will typically be lined with a synthetic material, ±12 mils in thickness. The reserve pit shall be located in cut material, with at least 50% of the pit volume being below original ground level. Three sides of the reserve pit will be fenced before drilling starts. The fourth side will be fenced as soon as drilling is completed, and shall remain until the pit is dry. The amount of time the pit may remain open will typically be specified by the COA's in the APD. Once dry, the pit liner will be cut and removed at the mud line and the pit will be covered and buried in place.**

Trash must be contained in a trash cage and hauled away to an approved disposal site as necessary but no later than at the completion of drilling operations.

Sewage form trailers and chemical portable toilets will be removed on a regular

basis by a third party contractor and disposed of at an authorized sanitary waste facility.

Any and all chemicals used during the drilling and completion of the well will be kept to a minimum and stored within the boundaries of the well pad. The third party chemical contractor will be responsible for containment and clean-up and removal of all spilled chemicals on location.

8. Ancillary Facilities: No ancillary facilities will be required during the drilling or completion of the well.
9. Well Site Layout -depict the pit, rig, cut and fill, topsoil, etc. on a plat with a scale of at least 1"=50'. See Exhibit "D & E".

All equipment and vehicles that will be used to drill and complete this well will remain within the boundaries of the approved wellpad. Any equipment and or vehicles park or stored off of the location will be considered trespassing on federal lands and will NOT be tolerated.

Materials obtained from the construction of location, like topsoil and vegetation will be stock piled as indicated and permitted by the approved APD. The stock piles themselves may be outside the approved boundaries of the wellpad.

10. Plans for Restoration of the Surface:

The top 6 inches of topsoil material will be removed from the location and stockpiled separately on: Adjacent Land or as specified by the approved APD.

Topsoil along the access road will be reserved in place adjacent to the road.

Within 30-45 days after completion of well, all equipment that is not necessary for production shall be removed.

The reserve pit and that portion of the location not needed for production will be reclaimed 90-120 days after completion of the well.

Before any dirt work to restore the location takes place, the reserve pit must be ready for burial.

All road surfacing will be removed prior to the rehabilitation of roads.

Reclaimed roads will have the berms and cuts reduced and will be closed to vehicle use.

All disturbed areas will be re-contoured to replicate the natural slope.

The stockpiled topsoil will be evenly distributed over the disturbed area.

Prior to reseeding, all disturbed areas, including the access roads, will be scarified and left with a rough surface.

Seed will be broadcast or drilled between September and November, or at a time specified by the BLM and or state. If broadcast, a harrow or some other implement will be dragged over the seeded area to assure seed coverage.

The following seed mixture will be used: As specified in the conditions of approval.

If necessary, an abandonment marker will be one of the following, as specified by BLM:

- 1) at least four feet above ground level,
- 2) at restored ground level, or
- 3) below ground level.

In any case the marker shall be inscribed with the following: operator name, lease number, well name and surveyed description (township, range, section and either quarter-quarter or footages).

Additional requirements: None

11. **Surface and Mineral Ownership:** The surface is owned by the USDA Forest Service under the management of the Manti-La Sal National Forest: 599 Price River Drive, Price, Utah, 84501, 435-637-2817.

The minerals are owned by the Federal Government and are managed by the Bureau of Land Management: 82 East Dogwood Avenue, Moab, Utah, 84532, 435-259-2106.

12. **Other Information:**

- a. **Archeological Concerns:** A BLM approved contractor will submit the appropriate reports to the agency as required. Special stipulations will be included in the COA's of the approved APD.

The operator is responsible for informing all persons in the area who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, the operator is to immediately stop work that might further disturb such materials, and contact the BLM Field Office. Within five (5) working days, the BLM will inform the operator as to:

- whether the materials appear eligible for the National Register of Historic Places;
- the mitigation measures the operator will likely have to undertake before the site can be used (assuming in situ preservation is not necessary); and
- a time frame for the BLM to complete an expedited review under 36 CFR § 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the BLM are correct and that mitigation is appropriate.

If the operator wishes, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this process, the BLM will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation costs. The BLM will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the BLM that the required mitigation has been completed, the operator will then be allowed to resume construction.

- b. **Threatened and Endangered Species Concerns:** A BLM approved contractor will submit the appropriate reports to the agency as required. Special stipulation will be included in the COA's of the approved APD.

1. See Exhibit "F" for Plant Survey Report.

- c. **Wildlife Seasonal Restrictions: Current wildlife restrictions and closure dates are specified in the BLM's Environmental Impact Statement.**
- d. **The Drilling Program is attached. See Exhibit "G".**

13. Lessee's or Operator's Representative and Certification

Representative:

Permitting & Compliance:

Kyla Vaughan
Regulatory Compliance
XTO Energy Inc.
2700 Farmington Avenue, Bldg K, Suite 1
Farmington NM 87401
505-324-1090

Drilling & Completions:

Gary Hancock
Drilling Engineer
XTO Energy Inc.
2700 Farmington Avenue, Bldg K, Suite 1
Farmington NM 87401
505-324-1090

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 currently exist; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by XTO Energy Inc. and its contractors and subcontractors in conformity with this APD package and the terms and conditions under which it is approved. I also certify responsibility for the operations conducted on that portion of the leased lands associated with this application, with bond coverage being provided by XTO Energy Inc. This statement is subject to the provisions of 18 U.S.C. § 1001 for the filing of a false statement.

Kyla Vaughan
Signature
1/13/06
Date

485000mE. 487000mE. 489000mE. 491000mE. 493000mE. 495000mE. 497000mE.



49 4400m N. 49 4500m N. 49 4600m N. 49 4700m N. 49 4800m N. 49 4900m N. 49 5000m N. 49 5100m N. 49 5200m N. 49 5300m N. 49 5400m N. 49 5500m N. 49 5600m N. 49 5700m N. 49 5800m N. 49 5900m N.

49 4400m N. 49 4500m N. 49 4600m N. 49 4700m N. 49 4800m N. 49 4900m N. 49 5000m N. 49 5100m N. 49 5200m N. 49 5300m N. 49 5400m N. 49 5500m N. 49 5600m N. 49 5700m N. 49 5800m N. 49 5900m N.

485000mE. 487000mE. 489000mE. 491000mE. 493000mE. 495000mE. 497000mE.

TR 126°

0.0 0.5 1.0 1.5 2.0 2.5 3.0 3.5 miles
0 1 2 3 4 5 km
Map created with TOPOI® ©2003 National Geographic (www.nationalgeographic.com/topo)

EXHIBIT A

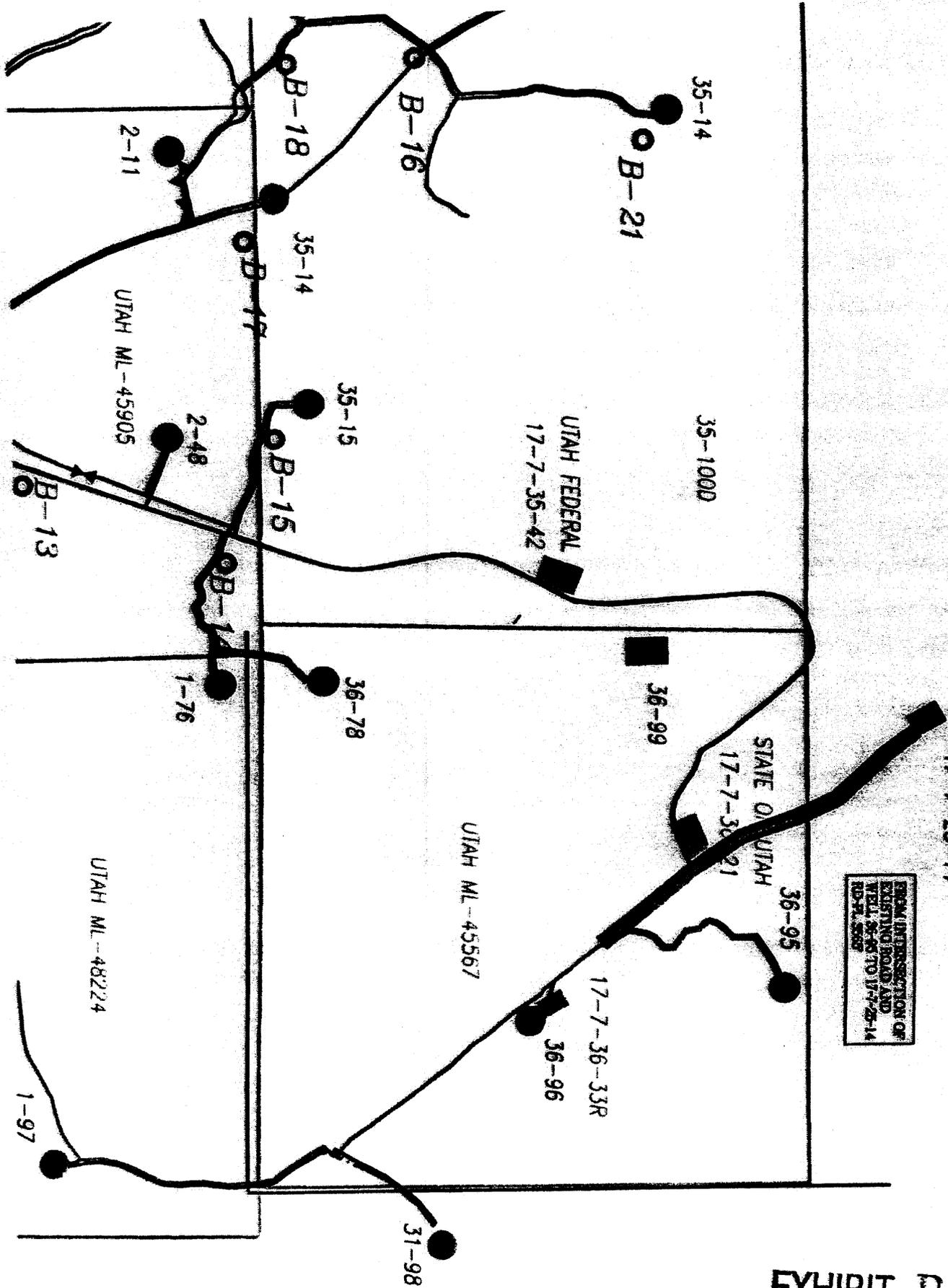
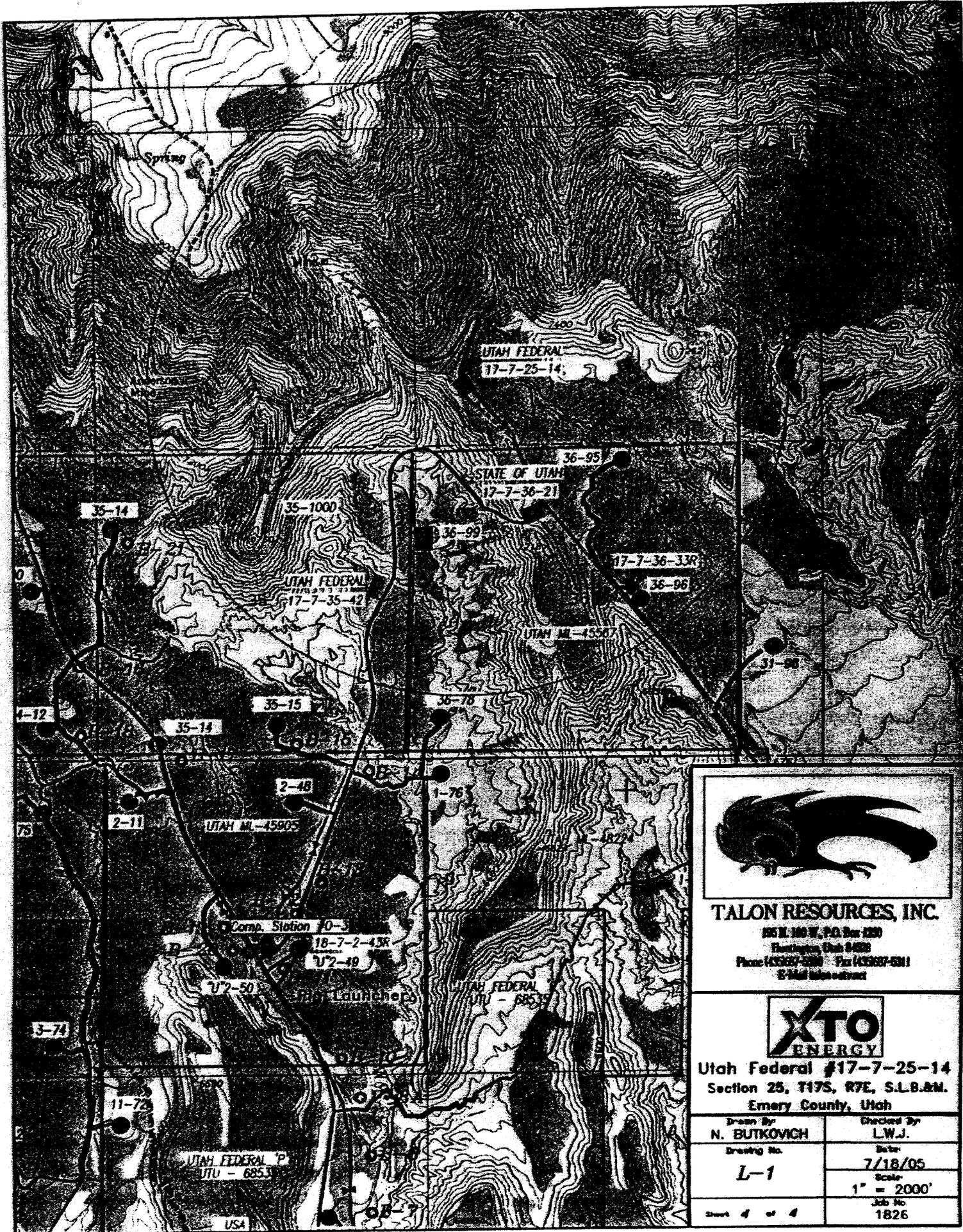


EXHIBIT B



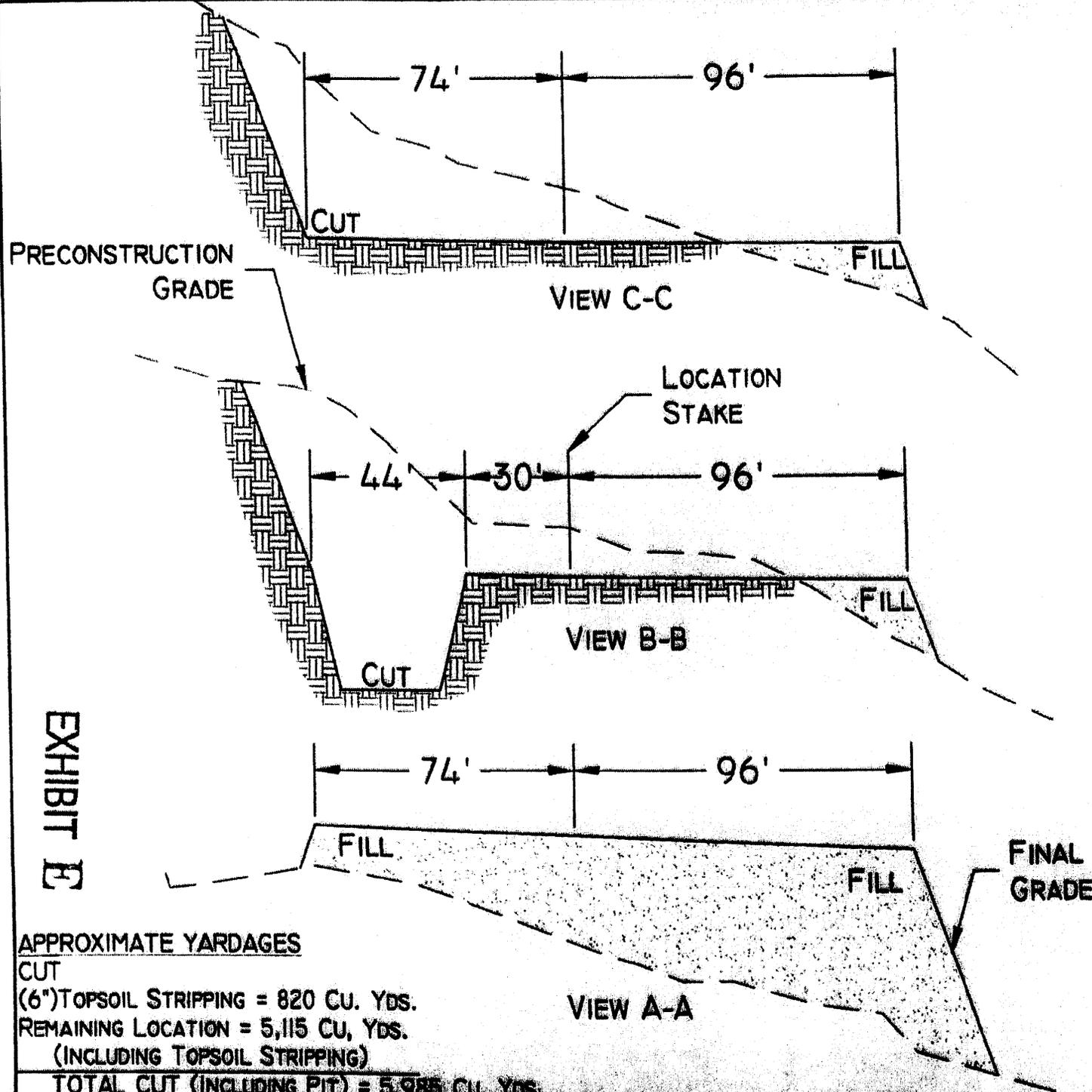
TALON RESOURCES, INC.
 255 N. 100 W., P.O. Box 1220
 Huntington, Utah 84028
 Phone (435) 687-5200 Fax (435) 687-5311
 E-Mail talon@talon.com



Utah Federal #17-7-25-14
 Section 25, T17S, R7E, S.L.B.&M.
 Emery County, Utah

Drawn By N. BUTKOVICH	Checked By L.W.J.
Drawing No. L-1	Date 7/18/05
	Scale 1" = 2000'
Sheet 4 of 4	Job No. 1826

EXHIBIT C



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

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



TALON RESOURCES, INC.
 195 North 100 West P.O. Box 1200
 Huntington, Utah 84328
 Phone (435)687-5310 Fax (435)687-5311
 E-Mail talon@talon.com



TYPICAL CROSS SECTION
 Section 25, T17S, R7E, S.L.B.&M.
 Utah Federal #17-7-25-14

Drawn By N. BUTKOVICH	Checked By L.W.J.
Drawing No. C-1	Date 7/15/05
	Scale 1" = 40'
Sheet 3 of 4	Year 1978

EXHIBIT E

APPROXIMATE YARDAGES

- CUT
- (6")TOPSOIL STRIPPING = 820 CU. YDS.
- REMAINING LOCATION = 5,115 CU, YDS.
- (INCLUDING TOPSOIL STRIPPING)
- TOTAL CUT (INCLUDING PIT) = 5,985 CU. YDS.
- TOTAL FILL = 4,515 CU. YDS.

Plant Survey Report

Species: Winkler pincushion-cactus, *Pediocactus winkleri*, federally listed threatened
Wright fishhook cactus, *Sclerocactus wrightiae*, federally listed endangered
Creutzfeldt-flower, *Crypthantha creutzfeldtii*, BLM special status species

Location: XTO Energy Wells 18-7-9-11, 17-7-25-14, 17-7-35-42, and 18-7-11-23

Date(s): August 13, 2005

Observer(s): Amanda Christensen – SWCA Environmental Consultants, Inc.

Habitat Assessment

The proposed well is located approximately 5 miles east of Orangeville, Utah on lands administered by the BLM Price Field Office, the USDA Forest Service, and the State of Utah (See attached map). The project area has been historically impacted by mineral extraction activities, natural and controlled burns, fire suppression activities, transportation corridors, agricultural and ranching activities, livestock grazing, and erosion.

The vegetative community at the proposed project site is sagebrush-salt desert shrub. Plant species commonly associated with this vegetative community include Shadscale (*Atriplex confertifolia*), Indian ricegrass (*Oryzopsis hymenoides*), Galleta grass (*Hilaria jamesii*), Needle-and-Thread grass (*Stipa comata*), Black Sagebrush (*Artemisia nova*), Big Sagebrush (*Artemisia tridentata*), Greasewood (*Sarcobatus vermiculatus*), Blue Grama (*Bouteloua gracilis*) and Rabbitbrush (*Chrysothamnus sp.*). Introduced species including Halogeton (*Halogeton glomeratus*), Russian thistle (*Salsola iberica*), and cheatgrass (*Bromus tectorum*) can also be found in the project area. The proposed project area is habitat for horn larks, raptors and other desert species. The sagebrush-salt desert shrub vegetation type found in the project area provides forage and browsing opportunities year-round.

Species Description

Winkler pincushion-cactus, *Pediocactus winkleri*, is a federally listed threatened plant that occurs in Emery County and Wayne County, Utah. Its flowers are born near the tip of the stem, are peach to pink in color, and bloom late March to May. Winkler pincushion-cactus is found in fine textured soils derived from the Dakota Formation and the Brushy Basin Member of the Morrison Formation. It occurs on benches, hill tops, and gentle slopes on barren, open sites in salt desert shrub communities, at elevations ranging from 1490 to 2010 meters (UDWR 2005).

Wright fishhook cactus, *Sclerocactus wrightiae*, is a federally listed endangered plant that occurs in Emery County, Sevier County, and Wayne County, Utah. A member of the cactus family, this species is a perennial herb with a solitary, hemispheric, ribbed, 6 to 12 cm tall stem that produces nearly-white to pink flowers from late April through May. Wright fishhook cactus is found in soils that range from clays to sandy silts to fine sands, typically in areas with well developed biological soil crusts. Wright fishhook cactus grows in salt desert shrub and widely scattered pinyon-juniper communities, at elevations ranging from 1305 to 1963 meters (UDWR 2005).

Creutzfeldt-flower, *Crypthantha creutzfeldtii*, is a BLM special status species that occurs in Carbon and Emery Counties, Utah. This species grows in silty clay soils of the Blue Gate Member of the Mancos Shale and Quaternary Alluvium Formations at elevations ranging

EXHIBIT F

between 5,250 and 6,500 feet and flowers from April to June. Plants grow on a gravelly surface, sometimes between scattered piñon and juniper trees (UDWR 2005).

Conclusion: Habitat for Winkler pincushion-cactus, Wright fishhook cactus, and Creutzfeldt-flower is present within the proposed project area.

Presence/Absence Survey

Methods: A qualified botanist conducted a survey for the presence/absence of Winkler pincushion-cactus, Wright fishhook cactus, and Creutzfeldt-flower at four proposed well locations, access roads, and pipelines. Each proposed well location, access road and pipeline was walked at 5-foot intervals to detect the presence/absence of these species.

Weather: Clear, overcast to Partly Cloudy, Temp. = 56/90 degrees F, Winds 0-10 mph.

Conclusions: Individuals of Winkler pincushion-cactus, Wright fishhook cactus, and Creutzfeldt-flower are not located within the proposed project boundary and buffer zone.

Recommendations: Construction of the proposed well site and associated access road would not likely adversely affect Winkler pincushion-cactus, Wright fishhook cactus, and Creutzfeldt-flower individuals.

Shawn Childs
Project Manager/Biologist
SWCA Environmental Consultants
August 25, 2005

References

UDWR, 2005. Utah Sensitive Species List. February 8, 2005, Version available online at <http://www.wildlife.utah.gov/>. Viewed on 25 August 2005.

XTO ENERGY INC.

Utah Federal 17-7-25-14

APD Data

January 11, 2006

Location: 1044' FSL x 836' FWL Sec 25, T17S, R7E

County: Emery

State: Utah

GREATEST PROJECTED TD: 4422'

OBJECTIVE: Ferron

APPROX GR ELEV: 7310'

Est KB ELEV: 7322' (12' AGL)

1. MUD PROGRAM:

INTERVAL	0' to 300'	300' to 4380'
HOLE SIZE	12.25"	7.875"
MUD TYPE	Air Drill	LSND / Gel Chemical
WEIGHT	NA	8.40 - 8.60
VISCOSITY	NA	45-60
WATER LOSS	NC	8-10

Remarks:

Air drill to TD unless excessive water flow is encountered then switch to mud. If mud is required, use fibrous materials as needed to control seepage and lost circulation. Pump high viscosity sweeps as needed for hole cleaning. Raise viscosity at TD for logging. Reduce viscosity after logging for cementing purposes.

The blooie line will be approximately 100' in length and will extend in a straight line from below the rotating head as indicated in the BOP schematic. An automatic spark-type igniter will be fixed to the end of the blooie line and set to provide a continuous spark to ignite and burn any produced hydrocarbons and or gases.

De-dusting if necessary will be accomplished with a small pump, waterline, and spray nipple positioned near the end of the blooie line to provide a continuous spray of water. It is not planned to have any standby fluid on location; however, if it is necessary to fill the hole with fluid, produced Ferron coal water is readily available and can be trucked to location as needed.

Due to potential for contamination of usable quality water aquifers, chromates are banned from Federal leases.

Sufficient mud materials will be stored on location to maintain well control and combat lost circulation problems that might reasonably be expected.

2. CASING PROGRAM:

Surface Casing: 8.625" casing to be set at $\pm 300'$ in a 12-1/4" air drilled hole.

Interval	Length	Wt	Gr	Cplg	Coll Rating (psi)	Burst Rating (psi)	Jt Str (M-lbs)	ID (in)	Drift (in)	SF Coll	SF Burst	SF Ten
0'-300'	300'	24.0#	J-55	ST&C	1370	2950	244	8.097	7.972	10.210	21.99	33.89

EXHIBIT G

Production Casing: 5.5" casing to be set at TD ($\pm 4380'$) in 7-7/8" hole.

Interval	Length	Wt	Gr	Cplg	Coll Rating (psi)	Burst Rating (psi)	Jt Str (M-lbs)	ID (in)	Drift (in)	SF Coll	SF Burst	SF Ten
0'-4422'	4422'	17.0#	J-55	LT&C	4910	5320	247	4.892	4.767	2.51	2.72	3.32

3. WELLHEAD:

- A. Casing Head: Larkin Fig 92 (or equivalent), 10" nominal, 2,000 psig WP (4,000 psig test) with 8-5/8" 8rnd thread on bottom and 10-3/4" 8rnd thread on top.
- B. Tubing Head: Larkin Fig 612 (or equivalent), 5,000 psig WP (5,000 psig test), 5-1/2" SOW (or 8rnd female thread) on bottom, 7-1/16" 5,000# flange on top w/2 - 3" LPOs.

4. CEMENT PROGRAM (Slurry design may change slightly, but the plan is to circulate cement to surface on both casing strings):

- A. Surface: 8.625", 24.0#, J-55, ST&C casing to be set at $\pm 300'$ in 12-1/4" hole.

225 sx of Type III cement (or equivalent) typically containing accelerator and LCM, mixed at 14.5 ppg, 1.39 ft³/sk, & 6.70 gal wtr/sk.

Total slurry volume is 310 ft³, 150% excess of calculated annular volume to 300'.

- B. Production: 5.5", 17.0#, J-55, LT&C casing to be set at $\pm 4422'$ in 7.875" hole.

± 500 sx of Class G with additives (LCM, extenders, dispersant, thixotropic, fluid loss) mixed at 14.2 ppg, 1.62 ft³/sk.

Total estimated slurry volume for the 5-1/2" production casing is 1147 ft³.

Note: The slurry design may change slightly based upon actual conditions. Final cement volumes will be determined from the caliper logs plus 50%. It will be attempted to circulate cement to the surface.

5. LOGGING PROGRAM:

A. Mud Logger: The mud logger will come on at 300' and will remain on the hole until TD. The mud will be logged in 10' intervals.

B. Open Hole Logs as follows: Run Array Induction (if wet), compensated neutron, density, GR, caliper, SP (if wet) and Pe fr/TD to the bottom of the surface csg.

6. FORMATION TOPS:

EXHIBIT G

Est. KB Elevation: 7322'

<u>FORMATION</u>	<u>SUB-SEA</u>	<u>WELL DEPTH</u>
T/ Upper Ferron Sandstone	3370	3952
T/ Coal Zone	3335	3987
B / Coal Zone	3200	4122
T/ Lower Ferron Sandstone	3200	4122
TOTAL DEPTH		4422

**** Maximum anticipated BHP should be <2,000 psig (<0.30 psi/ft) ****

7. COMPANY PERSONNEL:

Name	Title	Office Phone	Home Phone
Gary Hancock	Drilling Engineer	505-486-1201	505-486-1201
John Egelston	Drilling Engineer	505-564-6734	505-330-6902
Jerry Lacy	Drilling Superintendent	505-566-7917	505-320-6543
Joshua Stark	Project Geologist	817-885-2800	817-427-2475
Barry Voigt	Reservoir Engineer	817-885-2462	817-540-2092

JWE
1/11/06

EXHIBIT G



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

RECEIVED

GARY R. HERBERT
Lieutenant Governor

JUL 14 2006

REC'D / SAN JUAN

REGULATORY COMPLIANCE June 29, 2006

JUL 10 2006

XTO Energy, Inc.
2700 Farmington Ave, Bldg. K, Ste. 1
Farmington, NM 87401

Re: Utah Federal 17-7-25-14 Well, 1044' FSL, 836' FWL, SW SW, Sec. 25,
T. 17 South, R. 7 East, Emery County, Utah

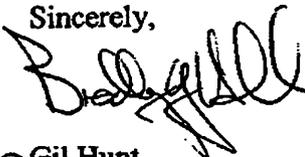
Gentlemen:

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.

Appropriate information has been submitted to DOGM and administrative approval of the requested exception location is hereby 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 43-015-30638.

Sincerely,


for Gil Hunt
Associate Director

pab
Enclosures

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

Operator: XTO Energy, Inc.
Well Name & Number Utah Federal 17-7-25-14
API Number: 43-015-30638
Lease: UTU-75666

Location: SW SW Sec. 25 T. 17 South R. 7 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.

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

FORM 3

AMENDED REPORT
(highlight changes)

APPLICATION FOR PERMIT TO DRILL			5. MINERAL LEASE NO. UTU-75666	6. SURFACE Federal
1A. TYPE OF WORK DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>	7. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A		8. UNIT OR CO. AGREEMENT NAME: N/A	
8. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>	9. WELL NAME and NUMBER: Utah Federal 17-7-25-14		10. FIELD AND POOL, OR WILDCAT: Ferton Sand / Buzzard Bench ¹³²	
2. NAME OF OPERATOR: XTO Energy, Inc.	3. ADDRESS OF OPERATOR: 2700 Farmington Ave. B CITY Farmington STATE NM ZIP 87401		PHONE NUMBER: (505) 324-1090	
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 1044' FSL x 836' FWL in Sec 25, T17S, R7E AT PROPOSED PRODUCING ZONE: same			11. QUAD/COR. SECTION, TOWNSHIP, RANGE, MERIDIAN: SWSW 25 17S 7E S	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: Approx 6.7 miles northwest of Orangeville, Utah			12. COUNTY: Emery	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 1045'	16. NUMBER OF ACRES IN LEASE 2560	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 160 acres		
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 2900'	19. PROPOSED DEPTH: 4,422	20. BOND DESCRIPTION: UTB-000138		
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 7314' Ground Elevation	22. APPROXIMATE DATE WORK WILL START: 11/6/2006	23. ESTIMATED DURATION: 2 weeks		

24. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT			
12-1/4"	8-5/8" J-55 24#	300	Type III	225 +/- sacks	1.39cuft/sx	14.5ppg
7-7/8"	5-1/2" J-55 17#	4,380	Class G	500 +/- sacks	1.62cuft/sx	14.2 ppg

25. ATTACHMENTS

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:

<input checked="" type="checkbox"/> WELL PLAN OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER	<input checked="" type="checkbox"/> COMPLETE DRILLING PLAN
<input type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER	<input type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

NAME (PLEASE PRINT) Kyla Vaughan TITLE Regulatory Compliance Tech
SIGNATURE Kyla Vaughan DATE 1/12/2006

(This space for State use only)

CC: SITLA

API NUMBER ASSIGNED: 43015-30638

Approved by the
Utah Division of
Oil, Gas and Mining
Date: Dec 29 - 2005
By: [Signature]

RECEIVED
JAN 18 2006

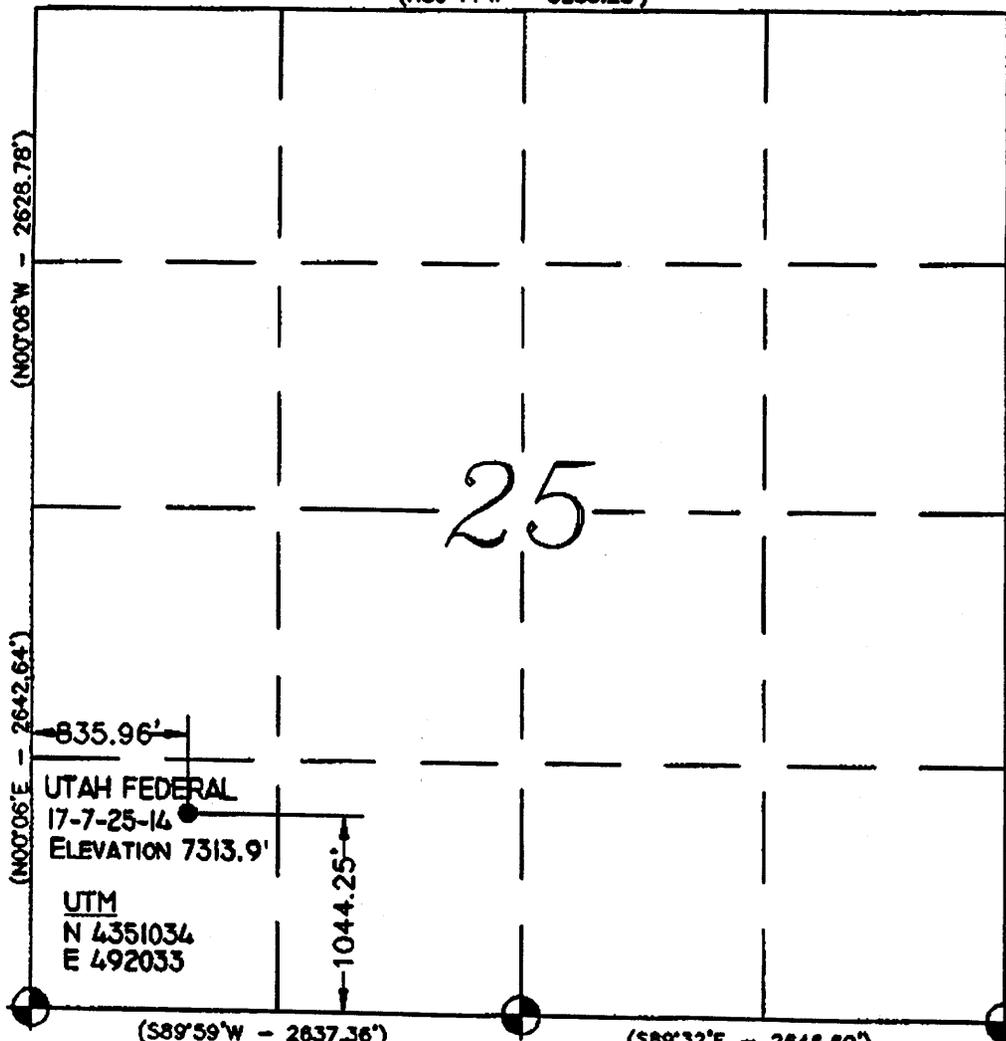
DIV. OF OIL, GAS & MINING

(11/2001)
Federal Approval of this
Action is Necessary

Range 7 East

(N89°44'W - 5285.28')

Township 17 South



(N00°06'W - 2628.78')

(N00°06'E - 2642.64')

(N00°03'E - 5250.96')

25

835.96'
UTAH FEDERAL
17-7-25-14
ELEVATION 7313.9'

UTM
N 4351034
E 492033

1044.25'

(S89°59'W - 2637.36')

N89°59'17"E - 2641.25'

(S89°32'E - 2646.60')

S89°34'10"E - 2646.54'

Legend

- Drill Hole Location
- ⊙ Brass Cap (Found)
- Brass Cap (Searched for, but not found)
- △ Calculated Corner (From Reference Points)
- () GLO
- GPS Measured

NOTE:

UTM AND LATITUDE / LONGITUDE COORDINATES ARE DERIVED USING A GPS PATHFINDER AND ARE SHOWN IN NAD 27 DATUM.

LAT / LONG
39°18'37.947"N
111°05'32.674"W

Location:

The well location was determined using a Trimble 4700 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 6761' being at the Northeast Section corner of Section 1, Township 18 South, Range 7 East, Salt Lake Base & Meridian, as shown on the Red Point Quadrangle 7.5 Minute Series Map.

Description of Location:

Proposed Drill Hole located in the SW 1/4, SW 1/4 of Section 25; being 1044.25' North and 835.96' East from the Southwest Corner of Section 25, T17S, R7E, Salt Lake Base and Meridian.

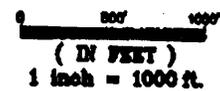
Surveyor's Certificate:

I, Albert J. Spensko, a Registered Professional Land Surveyor, holding Certificate 146652 State of Utah, do hereby certify that the information on this drawing is a true and accurate survey based on data of record and was conducted under my personal direction and supervision as shown hereon.



NE SECTION 1
T18S, R7E, S.L.B.&M.
Elev. 6761'

GRAPHIC SCALE



TALON RESOURCES, INC.
100 North 100 West P.O. Box 1250
Huntington, Utah 84308
Phone (435)867-8810 Fax (435)867-8811
E-Mail talon@strat.com



UTAH FEDERAL #17-7-25-14
Section 25, T17S, R7E, S.L.B.&M.
Emery County, Utah

Drawn by N. BUTKOVICH	Checked by L.W.J.
Drawing No. A-1	Date 7/18/05
	Scale 1" = 1000'
Map 1 of 4	Job No. 1826

Cover Estimates of the Bond Release Area

BOND RELEASE AREA: COVER ESTIMATES

METHOD: LINE INTERCEPT/OCULAR

QUADRAT SIZE: 1 M²

DATE: 05/24/2006

MAP REFERENCE: DRAWING DS1890A FOUND IN "BOND RELEASE APPLICATION MAPS" SECTION

TRANSECT NO.	LIVING COVER	LITTER	BARE GROUND	ROCK
1	25	5	30	50
	25	5	25	50
	10	5	10	90
	20	5	30	50
2	25	10	40	25
	20	5	30	50
	15	10	40	40
	10	20	25	50
3	10	15	5	70
	50	20	5	25
	25	25	10	50
	50	40	5	10
4	40	30	5	25
	30	5	20	50
	30	5	25	40
	30	5	20	50
MEAN	25.94	13.13	20.31	45.31
SDEV	12.55	10.94	12.31	18.84

Dominate Species*:

<p><u>Trees and Shrubs</u></p> <p><i>Artemisia tridentata</i> <i>Atriplex confertifolia</i> <i>Chrysothamnus nauseosus</i> <i>Ephedra viridis</i> <i>Gutierrezia sarothrae</i></p>	<p><u>Forbs</u></p> <p><i>Malcomia africana</i> <i>Penstemon palmeri</i></p>	<p><u>Grasses</u></p> <p><i>Elymus salinus</i> <i>E. lanceolatus</i> <i>E. trachycaulus</i> <i>E. cinereus</i> <i>E. spicatus</i> <i>Stipa hymenoides</i></p>
--	---	--

* Taken from the Energy West 2005 Vegetation Monitoring Report, pg 35.

COMPARISON AREA: COTTONWOOD WRS REFERENCE AREA

** Ref. - Vegetation Monitoring for Phase III Bond Release, Old Waste
 Rock Site Year One: 2005 (Mt. Nebo Scientific, Inc.)

METHOD: OCULAR

QUADRAT SIZE: 1 M²

DATE: 08/2005

TRANSECT NO.	LIVING COVER	LITTER	BARE GROUND	ROCK
Summary of Cover Sampling**	30.16	29.19	33.54	21.11

Species Present:

- Cercocarpus montanus*
- Chenopodium sp.*
- cryptantha sp.*
- Elymus salinus*
- Ephedra viridis*
- Eriogonum bicolor*
- Chamaesyce fendleri*
- Gutierrezia sarothrae*
- Juniperus osteosperma*
- Lepidium montanum*
- Opuntia polyacantha*
- Penstemon sp.*
- Yucca harrimaniae*

