

Mid-Continent Association Form

ASSIGNMENT OF OIL AND GAS LEASE

KNOW ALL MEN BY THESE PRESENTS: That the undersigned, Paul T. Walton
hereinafter called Assignor (whether one or more), for and in consideration of One Dollar (\$1.00) the receipt whereof is hereby
acknowledged, does hereby sell, assign, transfer and set over unto Steven J. Lund
97 North Main Street, Manti, Utah 84642
(hereinafter called Assignee), One Hundred Percent (100%) interest in and to the oil and gas lease
dated November 1, 1994, from Sage Point Coal Company
P. O. Box 749, Denver, Colorado 80201
lessor
to Paul T. Walton, 1102 Walker Center, Salt Lake City, Utah 84111, lessee.
recorded in book 352, page 741, 742, 743 (Film No. _____ Reception No. _____)
insofar as said lease covers the following described land in Carbon County, State of Utah:

Township 14 South, Range 12 East, SLM
Section 22: NW 1/4

Assignor, Paul T. Walton, hereby reserves a total of Five Percent of One Hundred Percent (5% of 100%) Overriding Royalty.

Subject to Reassignment Clause attached hereto and made a part hereof.

of Section _____ Township _____ Range _____ and containing 160.00 acres, more or less together with the rights incident thereto and the personal property thereon, appurtenant thereto, or used or obtained in connection therewith.

And for the same consideration the Assignor is the lawful owner property, free and clear from all land above described, and all rent in full force have been duly per whomsoever, lawfully claiming o

Mike, 364-4533
Steve Lund called me from Price and ask me to pay these over to you. Stephanie is dropping them off for you. Paul owns almost every-

or his heirs, successors or assigns: That in and to said lease, estate, rights and case is a valid and subsisting lease on the all conditions necessary to keep the same rever defend the same against all persons

EXECUTED, This 8th

1997

P. Walton
lton
r Center
City, Utah 84111

In the event assignee or his heirs, successors or assigns, shall desire to surrender such lease, as to all or any part of the above described lands, at least Sixty (60) days in advance of the next regular paying date under said lease. If assignor desires to reacquire such lease as to the lands to be surrendered, he shall so notify assignee within Thirty (30) days after receipt of such notice, and thereupon assignee shall reassign such interest to assignor; provided, however, that if assignor does not, within Thirty (30) days after receipt of notice from assignee elect to reacquire said lease as to such lands, assignee shall then have the right to surrender such interest. It is understood that the rights of assignor to a reassignment as above provided shall not in any manner limit the rights of assignee to encumber said lease prior to the time assignee shall notify assignor of its desire to surrender the same as to all or any part of the above described lands, as above provided, and any such reassignment shall be made subject to all then existing overriding royalties, production payments or other encumbrance.

ACKNOWLEDGMENT FOR COLORADO CORPORATION

STATE OF COLORADO, } ss.
County of _____ }

The within and foregoing instrument was acknowledged before me this _____ day of _____, 19____, by _____ the _____ President and _____ the Secretary of _____

WITNESS my hand and official seal.

My commission expires _____

Notary Public.

Mid-Continent Association Form

ASSIGNMENT OF OIL AND GAS LEASE

KNOW ALL MEN BY THESE PRESENTS: That the undersigned, Paul T. Walton
hereinafter called Assignor (whether one or more), for and in consideration of One Dollar (\$1.00) the receipt whereof is hereby
acknowledged, does hereby sell, assign, transfer and set over unto Steven J. Lund
97 North Main Street, Manti, Utah 84642
(hereinafter called Assignee), One Hundred Percent (100%) interest in and to the oil and gas lease
dated November 1, 1994, from Sage Point Coal Company
P. O. Box 749, Denver, Colorado 80201
....., lessor
to Paul T. Walton, 1102 Walker Center, Salt Lake City, Utah 84111, lessee.....
recorded in book 352, page 741, 742, 743 (Film No..... Reception No.....)
insofar as said lease covers the following described land in Carbon County, State of Utah:

Township 14 South, Range 12 East, SLM
Section 22: NW¼

Assignor, Paul T. Walton, hereby reserves a total of Five Percent of One Hundred Percent (5% of 100%) Overriding Royalty.

Subject to Reassignment Clause attached hereto and made a part hereof.

of Section..... Township..... Range..... and containing 160.00 acres, more or less together with the rights incident thereto and the personal property thereon, appurtenant thereto, or used or obtained in connection therewith.

And for the same consideration the Assignor covenants with the Assignee, its or his heirs, successors or assigns: That the Assignor is the lawful owner of and has good title to the interest above assigned in and to said lease, estate, rights and property, free and clear from all liens, encumbrances or adverse claims; That said lease is a valid and subsisting lease on the land above described, and all rentals and royalties due thereunder have been paid and all conditions necessary to keep the same in full force have been duly performed, and that the Assignor will warrant and forever defend the same against all persons whomsoever, lawfully claiming or to claim the same.

EXECUTED, This 8th day of May, 1997.

Paul T. Walton
1102 Walker Center
Salt Lake City, Utah 84111

RE - ASSIGNMENT RIDER

In the event assignee or his successors shall desire to surrender said oil and gas lease, as to all or any part of the above described lands, he shall so notify assignor in writing thereof, at least Sixty (60) days in advance of the next rental paying date under said lease. If assignor desires to reacquire such lease as to the lands to be surrendered, he shall so notify assignee within Thirty (30) days after receipt of such notice, and thereupon assignee shall reassign such interest to assignor; provided, however, that if assignor does not, within Thirty (30) days after receipt of notice from assignee elect to reacquire said lease as to such lands, assignee shall then have the right to surrender such interest. It is understood that the rights of assignor to a reassignment as above provided shall not in any manner limit the rights of assignee to encumber said lease prior to the time assignee shall notify assignor of its desire to surrender the same as to all or any part of the above described lands, as above provided, and any such reassignment shall be made subject to all then existing overriding royalties, production payments or other encumbrance.

ACKNOWLEDGMENT FOR COLORADO CORPORATION

STATE OF COLORADO, }
.....County of..... } ss.

The within and foregoing instrument was acknowledged before me this.....day of
....., 19....., by.....the.....President
and....., the Secretary
of.....

WITNESS my hand and official seal.

My commission expires.....

Notary Public.

Mid-Continent Association Form

ASSIGNMENT OF OIL AND GAS LEASE

KNOW ALL MEN BY THESE PRESENTS: That the undersigned, Paul T. Walton
hereinafter called Assignor (whether one or more), for and in consideration of One Dollar (\$1.00) the receipt whereof is hereby
acknowledged, does hereby sell, assign, transfer and set over unto Steven J. Lund
97 North Main Street, Manti, Utah 84642
(hereinafter called Assignee), One Hundred Percent (100%) interest in and to the oil and gas lease
dated November 1, 1994, from Sage Point Coal Company
P. O. Box 749, Denver, Colorado 80201
....., lessor.....
to Paul T. Walton, 1102 Walker Center, Salt Lake City, Utah 84111, lessee.....
recorded in book 352, page 741, 742, 743 (Film No. Reception No.)
insofar as said lease covers the following described land in Carbon County, State of Utah:

Township 14 South, Range 12 East, SLM
Section 22: NW¼

Assignor, Paul T. Walton, hereby reserves a total of Five Percent of One
Hundred Percent (5% of 100%) Overriding Royalty.

Subject to Reassignment Clause attached hereto and made a part hereof.

of Section - Township - Range - and containing 160.00 acres, more or less
together with the rights incident thereto and the personal property thereon, appurtenant thereto, or used or obtained in connection
therewith.

And for the same consideration the Assignor covenants with the Assignee, its or his heirs, successors or assigns: That
the Assignor is the lawful owner of and has good title to the interest above assigned in and to said lease, estate, rights and
property, free and clear from all liens, encumbrances or adverse claims; That said lease is a valid and subsisting lease on the
land above described, and all rentals and royalties due thereunder have been paid and all conditions necessary to keep the same
in full force have been duly performed, and that the Assignor will warrant and forever defend the same against all persons
whomsoever, lawfully claiming or to claim the same.

EXECUTED, This 8th day of May, 1997.

Paul T. Walton

Paul T. Walton
1102 Walker Center
Salt Lake City, Utah 84111

RE - ASSIGNMENT RIDER

In the event assignee or his successors shall desire to surrender said oil and gas lease, as to all or any part of
the above described lands, he shall so notify assignor in writing thereof, at least Sixty (60)
days in advance of the next rental paying date under said lease. If assignor desires to reacquire such lease
as to the lands to be surrendered, he shall so notify assignee within Thirty (30) days after receipt
of such notice, and thereupon assignee shall reassign such interest to assignor; provided, however, that if
assignor does not, within Thirty (30) days after receipt of notice from assignee elect to reacquire
said lease as to such lands, assignee shall then have the right to surrender such interest. It is understood that
the rights of assignor to a reassignment as above provided shall not in any manner limit the rights of assignee
to encumber said lease prior to the time assignee shall notify assignor of its desire to surrender the same as
to all or any part of the above described lands, as above provided, and any such reassignment shall be made
subject to all then existing overriding royalties, production payments or other encumbrance.

ACKNOWLEDGMENT FOR COLORADO CORPORATION

STATE OF COLORADO, }
.....County of..... } ss.

The within and foregoing instrument was acknowledged before me this..... day of
....., 19....., by..... the..... President
and....., the Secretary
of.....

WITNESS my hand and official seal.

My commission expires.....

Notary Public.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0034
Expires: July 31, 1995

**ASSIGNMENT OF RECORD TITLE INTEREST IN A
LEASE FOR OIL AND GAS OR GEOTHERMAL RESOURCES**

Mineral Leasing Act of 1920 (30 U.S.C. 181 et seq.)
Act for Acquired Lands of 1947 (30 U.S.C. 351-359)
Geothermal Steam Act of 1970 (30 U.S.C. 1001-1025)
Department of the Interior Appropriations Act, Fiscal Year 1981 (42 U.S.C. 6508)

Lease Serial No.
UTU-75698
Lease Effective Date
(Anniversary Date)
October 1, 1996
New Serial No.

Type or print plainly in ink and sign in ink.

PART A: ASSIGNMENT

1. Assignee* Paul T. Walton & Associates
Street 1102 Walker Center
City, State, ZIP Code Salt Lake City, Utah 84111

*If more than one assignee, check here and list the name(s) and address(es) of all additional assignees on the reverse of this form or on a separate attached sheet of paper.

This record title assignment is for: (Check one) Oil and Gas Lease, or Geothermal Lease

Interest conveyed: (Check one or both, as appropriate) Record Title, Overriding Royalty, payment out of production or other similar interests or payments

UTAH STATE OFFICE
RECEIVED
ACCOUNTS UNIT
96 NOV 25 AM 8:25
DEPT OF INTERIOR
BUREAU OF LAND MGMT

2. This assignment conveys the following interest:

Land Description <small>Additional space on reverse, if needed. Do not submit documents or agreements other than this form; such documents or agreements shall only be referenced herein.</small>	Percent of Interest			Percent of Overriding Royalty or Similar Interests	
	Owned	Conveyed	Retained	Reserved	Previously reserved or conveyed
	a	b	c	d	e
Carbon County, Utah Township 14 South, Range 12 East, S.L.M. Section 12: SE $\frac{1}{4}$ NW $\frac{1}{4}$ Section 15: NW $\frac{1}{4}$ NE $\frac{1}{4}$ Section 22: SE $\frac{1}{4}$ NE $\frac{1}{4}$ Section 23: SE $\frac{1}{4}$ SW $\frac{1}{4}$ Section 24: NE $\frac{1}{4}$ NW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$ Containing 280.00 acres.	100%	100%	None	None	None

FOR BLM USE ONLY—DO NOT WRITE BELOW THIS LINE
UNITED STATES OF AMERICA

This assignment is approved solely for administrative purposes. Approval does not warrant that either party to this assignment holds legal or equitable title to this lease.

Assignment approved for above described lands;

Assignment approved for attached land description

Assignment approved effective DEC - 1 1996

Assignment approved for land description indicated on reverse of this form

[Handwritten Signature]

Chief, Minerals
Adjudication Section

DEC 4 1996

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0034
Expires: July 31, 1992

**ASSIGNMENT OF RECORD TITLE INTEREST IN A
LEASE FOR OIL AND GAS OR GEOTHERMAL RESOURCES**

Mineral Leasing Act of 1920 (30 U.S.C. 181 et seq.)
Act for Acquired Lands of 1947 (30 U.S.C. 351-359)
Geothermal Steam Act of 1970 (30 U.S.C. 1001-1025)
Department of the Interior Appropriations Act, Fiscal Year 1981 (42 U.S.C. 6508)

Lease Serial No.
UTU-73151
Lease Effective Date
(Anniversary Date)
June 1, 1994
New Serial No.

Type or print plainly in ink and sign in ink.

PART A: ASSIGNMENT

1. Assignee* Paul T. Walton & Associates
Street 1102 Walker Center
City, State, ZIP Code Salt Lake City UT 84111

UTAH STATE OFFICE
RECEIVED
ACCOUNTS UNIT
97 JUN - 2 PM 2: 58
DEPT OF INTERIOR
BUR OF LAND MGMT

*If more than one assignee, check here and list the name(s) and address(es) of all additional assignees on the reverse of this form or on a separate attached sheet of paper.

This record title assignment is for: (Check one) Oil and Gas Lease, or Geothermal Lease

Interest conveyed: (Check one or both, as appropriate) Record Title, Overriding Royalty, payment out of production or other similar interests or payments

2. This assignment conveys the following interest:

Land Description <small>Additional space on reverse, if needed. Do not submit documents or agreements other than this form; such documents or agreements shall only be referenced herein.</small>	Percent of Interest			Percent of Overriding Royalty or Similar Interests	
	Owned <small>b</small>	Conveyed <small>c</small>	Retained <small>d</small>	Reserved <small>e</small>	Previously reserved or conveyed <small>f</small>
Carbon County, Utah Township 14 South, Range 12 East, S. L. M. SEE RIDER ATTACHED HERETO AND MADE A PART HEREOF FOR DESCRIPTION Containing 5,191.97 acres	100%	100%	None	None	None

FOR BLM USE ONLY—DO NOT WRITE BELOW THIS LINE
UNITED STATES OF AMERICA

This assignment is approved solely for administrative purposes. Approval does not warrant that either party to this assignment holds legal or equitable title to this lease.

Assignment approved for above described lands; Assignment approved for attached land description
 Assignment approved for land description indicated on reverse of this form. **Group Leader**

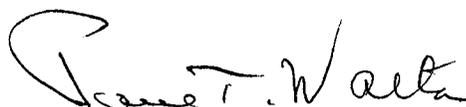
Assignment approved effective **JUL 01 1997**

RIDER

(Attached to Offer to Lease and Lease for Oil and Gas Dated June 1, 1994)

<u>Township 14 South, Range 12 East, Salt Lake Meridian</u>	<u>Acres</u>
Section 3: Lot 1, SE1/2NE1/4, SE1/4SE1/4	122.70
Section 4: Lots 1,4, SW1/4NE1/4, W1/2SE1/4, SE1/4SE1/4, W1/2SW1/4	330.00
Section 5: S1/2NW1/4, NE1/4SE1/4, SW1/4SE1/4, SW1/4SW1/4	200.00
Section 8: NE1/4NE1/4, SW1/4NW1/4, W1/2SW1/4, SE1/4SW1/4, NE1/4SE1/4	240.00
Section 9: W1/2NW1/4, NW1/4NE1/4	120.00
Section 10: SW1/4NE1/4, NE1/4SE1/4	80.00
Section 11: SW1/4SE1/4, E1/2SE1/4	120.00
Section 12: Lots 1,3,4, NW1/4NW1/4, NW1/4SE1/4, W1/2SW1/4, SE1/4SW1/4	323.61
Section 13: Lots 1,3,4, NW1/4NE1/4, N1/2NW1/4, W1/2SE1/4	321.99
Section 14: SW1/4NW1/4, NE1/4SW1/4, NW1/4SE1/4	120.00
Section 15: SW1/4NW1/4	40.00
Section 17: NW1/4NW1/4, SE1/4NW1/4, SE1/4NE1/4, SE1/4SW1/4	160.00
Section 18: Lot 4, SE1/4SW1/4, S1/2SE1/4, NE1/4SE1/4	204.10
Section 20: W1/2NE1/4, W1/2SW1/4, NE1/4SE1/4, S1/2SE1/4, N1/2NW1/4, SE1/4NW1/4	400.00
Section 21: SW1/4SW1/4	40.00
Section 22: NE1/4NE1/4	40.00
Section 23: NW1/4NW1/4, SE1/4NW1/4, N1/2SW1/4, SW1/4SW1/4, W1/2NE1/4 SE1/4NE1/4, W1/2SE1/4, SE1/4SE1/4	440.00
Section 24: Lots 1, 2, W1/2NE1/4, W1/2SW1/4, SE1/4SW1/4	280.56
Section 25: Lots 1, 2, 3, 4, SE1/4N ^v @1/4, W1/2SW1/4, SE1/4SW1/4	319.12
Section 29: S1/2	320.00
Section 30: Lots ^{3,4} _{e, r} , E1/2SW1/4, SE1/4 (S1/2)	329.89
Section 33: ALL	640.00
	<hr/>
Total	5,191.97

Signed for Identification:



Paul T. Walton - Managing Partner

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0034
Expires: July 31, 1992

ASSIGNMENT OF RECORD TITLE INTEREST IN A
LEASE FOR OIL AND GAS OR GEOTHERMAL RESOURCES

Mineral Leasing Act of 1920 (30 U.S.C. 181 et seq.)
Act for Acquired Lands of 1947 (30 U.S.C. 351-359)
Geothermal Steam Act of 1970 (30 U.S.C. 1001-1025)
Department of the Interior Appropriations Act, Fiscal Year 1981 (42 U.S.C. 6508)

Lease Serial No.
UTU-72053
Lease Effective Date
(Anniversary Date)
July 1, 1993
New Serial No.

Type or print plainly in ink and sign in ink.

PART A: ASSIGNMENT

1. Assignee* Paul T. Walton & Associates
Street 1102 Walker Center
City, State, ZIP Code Salt Lake City UT 84111

97 JUN -2 PM 2:57
DEPT OF INTERIOR
BUR OF LAND MGMT
UTAH STATE OFFICE
RECEIVED
ACCOUNTS UNIT

*If more than one assignee, check here and list the name(s) and address(es) of all additional assignees on the reverse of this form or on a separate attached sheet of paper.

This record title assignment is for: (Check one) Oil and Gas Lease, or Geothermal Lease

Interest conveyed: (Check one or both, as appropriate) Record Title, Overriding Royalty, payment out of production or other similar interests or payments

2. This assignment conveys the following interest:

Land Description <small>Additional space on reverse, if needed. Do not submit documents or agreements other than this form; such documents or agreements shall only be referenced herein.</small>	Percent of Interest			Percent of Overriding Royalty or Similar Interests	
	Owned	Conveyed	Retained	Reserved	Previously reserved or conveyed
	b	c	d	e	f
Carbon County, Utah Township 14 South, Range 12 East, S.L.M. Section 3: Lots 3, 4, SW $\frac{1}{4}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$ Section 5: SE $\frac{1}{4}$ NE $\frac{1}{4}$, N $\frac{1}{2}$ SW, NW $\frac{1}{4}$ SE $\frac{1}{4}$ Section 8: NW $\frac{1}{4}$ NW Section 9: SE $\frac{1}{4}$ NW $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$ Section 10: SE $\frac{1}{4}$ NE $\frac{1}{4}$ Section 11: W $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$ Section 12: NE $\frac{1}{4}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$ Section 13: SW $\frac{1}{4}$ NE $\frac{1}{4}$ Section 14: NE $\frac{1}{4}$ NE $\frac{1}{4}$, SW $\frac{1}{4}$ SW $\frac{1}{4}$ Section 21: N $\frac{1}{2}$ SW $\frac{1}{4}$ Section 24: Lot 3, S $\frac{1}{2}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$ Section 25: NE $\frac{1}{4}$ NW $\frac{1}{4}$	100%	100%	None	None	None
Containing 1,247.89 acres.					

FOR BLM USE ONLY—DO NOT WRITE BELOW THIS LINE

UNITED STATES OF AMERICA

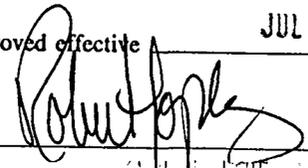
This assignment is approved solely for administrative purposes. Approval does not warrant that either party to this assignment holds legal or equitable title to this lease.

Assignment approved for above described lands;

Assignment approved for attached land description

Assignment approved effective JUL 01 1997

Assignment approved for land description indicated on reverse of this form.

By 

Group Leader
Minerals Adjudication Group

JUN 11 1997

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0034
Expires: August 31, 1989

ASSIGNMENT OF RECORD TITLE INTEREST IN A
LEASE FOR OIL AND GAS OR GEOTHERMAL RESOURCES

Mineral Leasing Act of 1920 (30 U.S.C. 181 et seq.)
Act for Acquired Lands of 1947 (30 U.S.C. 351-359)
Geothermal Steam Act of 1970 (30 U.S.C. 1001-1025)
Department of the Interior Appropriations Act, Fiscal Year 1981 (42 U.S.C. 6508)

Lease Serial No.
UTU 70185
Lease Effective Date
(Anniversary Date)
October 1, 1992
New Serial No.

Type or print plainly in ink and sign in ink.

PART A: ASSIGNMENT

1. Assignee* Paul T. Walton
Street 1102 Walker Center
City, State, ZIP Code Salt Lake City, Utah 84111

*If more than one assignee, check here and list the name(s) and address(es) of all additional assignees on the reverse of this form or on a separate attached sheet of paper.

This record title assignment is for: (Check one) Oil and Gas Lease, or Geothermal Lease

Interest conveyed: (Check one or both, as appropriate) Record Title, Overriding Royalty, payment out of production or other similar interests or payments

2. This assignment conveys the following interest:

Land Description <small>Additional space on reverse, if needed. Do not submit documents or agreements other than this form; such documents or agreements shall only be referenced herein.</small>	Percent of Interest			Percent of Overriding Royalty or Similar Interests	
	Owned	Conveyed	Retained	Reserved	Previously reserved or conveyed
a	b	c	d	e	f
Carbon County, Utah Township 14 South, Range 12 East, S.L.M. Section 3: S $\frac{1}{2}$ NW $\frac{1}{4}$ ✓ Section 4: NE $\frac{1}{2}$ SW $\frac{1}{4}$ ✓ Section 5: Lots 1, 2, 3, 4, SE $\frac{1}{2}$ SW $\frac{1}{4}$ ✓ Section 8: W $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{2}$ NW $\frac{1}{4}$, NW $\frac{1}{2}$ SE $\frac{1}{4}$ ✓ Section 9: NE $\frac{1}{2}$ NW $\frac{1}{4}$ ✓ Section 11: SW $\frac{1}{2}$ NW $\frac{1}{4}$ ✓ Section 12: NW $\frac{1}{2}$ NE $\frac{1}{4}$ ✓ Section 13: Lot 2, SE $\frac{1}{2}$ SW $\frac{1}{4}$ ✓ Section 14: SE $\frac{1}{2}$ SW $\frac{1}{4}$ ✓ Section 17: NE $\frac{1}{2}$ SW $\frac{1}{4}$ ✓ Section 23: SW $\frac{1}{2}$ NW $\frac{1}{4}$ ✓ Section 25: SW $\frac{1}{2}$ NW $\frac{1}{4}$, NE $\frac{1}{2}$ SW $\frac{1}{4}$, NW $\frac{1}{2}$ SE $\frac{1}{4}$ ✓ Containing 1,025.75 acres.	100%	100%	None	None	None

DEPT. OF INTERIOR
BUREAU OF LAND MANAGEMENT
93 SEP -9 PM 2:33
RECEIVED
ACCOUNTS UNIT
UTAH STATE OFFICE

FOR BLM USE ONLY—DO NOT WRITE BELOW THIS LINE
UNITED STATES OF AMERICA

This assignment is approved solely for administrative purposes. Approval does not warrant that either party to this assignment holds legal or equitable title to this lease.

Assignment approved for above described lands;

Assignment approved for attached land description

Assignment approved effective OCT 1 1993

Assignment approved for land description indicated on reverse of this form

John Hope

Chief, Minerals
Adjudication Section

SEP 15 1993

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0034
Expires: July 31, 1992

ASSIGNMENT OF RECORD TITLE INTEREST IN A
LEASE FOR OIL AND GAS OR GEOTHERMAL RESOURCES

Mineral Leasing Act of 1920 (30 U.S.C. 181 et seq.)
Act for Acquired Lands of 1947 (30 U.S.C. 351-359)
Geothermal Steam Act of 1970 (30 U.S.C. 1001-1025)
Department of the Interior Appropriations Act, Fiscal Year 1981 (42 U.S.C. 6508)

Lease Serial No.
UTU 71646
Lease Effective Date
(Anniversary Date)
April 1, 1993
New Serial No.

Type or print plainly in ink and sign in ink.

PART A: ASSIGNMENT

1. Assignee* Paul T. Walton
Street 1102 Walker Center
City, State, ZIP Code Salt Lake City, Utah 84111

*If more than one assignee, check here and list the name(s) and address(es) of all additional assignees on the reverse of this form or on a separate attached sheet of paper.

This record title assignment is for: (Check one) Oil and Gas Lease, or Geothermal Lease

Interest conveyed: (Check one or both, as appropriate) Record Title, Overriding Royalty, payment out of production or other similar interests or payments

2. This assignment conveys the following interest:

Land Description <small>Additional space on reverse, if needed. Do not submit documents or agreements other than this form; such documents or agreements shall only be referenced herein.</small>	Percent of Interest			Percent of Overriding Royalty or Similar Interests	
	Owned <small>b</small>	Conveyed <small>c</small>	Retained <small>d</small>	Reserved <small>e</small>	Previously reserved or conveyed <small>f</small>
Carbon County, Utah Township 14 South, Range 12 East, S.L.M. Section 8: SE $\frac{1}{4}$ SE $\frac{1}{4}$ ✓ Section 9: NE $\frac{1}{4}$ SW $\frac{1}{4}$ ✓ Section 10: NW $\frac{1}{4}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$ ✓ Section 13: SW $\frac{1}{4}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$ ✓ Section 14: NW $\frac{1}{4}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$ ✓ Section 15: NW $\frac{1}{4}$ NW $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$ ✓ Section 17: NE $\frac{1}{4}$ NE $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$ ✓ Section 23: NE $\frac{1}{4}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$ ✓ Section 24: NW $\frac{1}{4}$ NW $\frac{1}{4}$ ✓ Section 25: NW $\frac{1}{4}$ NW $\frac{1}{4}$ ✓ Containing 720.00 acres.	100%	100%	None	None	None

94 APR - 7 PM 1:41
DEPT OF INTERIOR
BUREAU OF LAND MGMT
UTAH STATE OFFICE
RECEIVED
ACCOUNTS UNIT

FOR BLM USE ONLY—DO NOT WRITE BELOW THIS LINE

UNITED STATES OF AMERICA

This assignment is approved solely for administrative purposes. Approval does not warrant that either party to this assignment holds legal or equitable title to this lease.

Assignment approved for above described lands;

Assignment approved for attached land description

Assignment approved effective MAY 1 1994

Assignment approved for land description indicated on reverse of this form. Chief, Minerals

By [Signature]
(Authorized Officer)

Adjudication Section APR 11 1994

(Title)

(Date)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0034
Expires: July 31, 1992

ASSIGNMENT OF RECORD TITLE INTEREST IN A
LEASE FOR OIL AND GAS OR GEOTHERMAL RESOURCES

Mineral Leasing Act of 1920 (30 U.S.C. 181 et seq.)
Act for Acquired Lands of 1947 (30 U.S.C. 351-359)
Geothermal Steam Act of 1970 (30 U.S.C. 1001-1025)
Department of the Interior Appropriations Act, Fiscal Year 1981 (42 U.S.C. 6508)

Lease Serial No.
UTU-70880
Lease Effective Date
(Anniversary Date)
January 1, 1993
New Serial No.

Type or print plainly in ink and sign in ink.

PART A: ASSIGNMENT

1. Assignee* Paul T. Walton
Street 1102 Walker Center
City, State, ZIP Code Salt Lake City, Utah 84111

UTAH STATE OFFICE
RECEIVED
ACCOUNTS UNIT
91 JAN 12 2:59 PM
DEPT. OF INTERIOR
BUR. OF LAND MGMT

*If more than one assignee, check here and list the name(s) and address(es) of all additional assignees on the reverse of this form or on a separate attached sheet of paper.

This record title assignment is for: (Check one) Oil and Gas Lease, or Geothermal Lease

Interest conveyed: (Check one or both, as appropriate) Record Title, Overriding Royalty, payment out of production or other similar interests or payments

2. This assignment conveys the following interest:

Land Description <small>Additional space on reverse, if needed. Do not submit documents or agreements other than this form; such documents or agreements shall only be referenced herein.</small>	Percent of Interest			Percent of Overriding Royalty or Similar Interests	
	Owned <small>b</small>	Conveyed <small>c</small>	Retained <small>d</small>	Reserved <small>e</small>	Previously reserved or conveyed <small>f</small>
Carbon County, Utah Township 14 South, Range 12 East, S.L.M. Section 21: SE $\frac{1}{4}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$ Section 22: W $\frac{1}{2}$ NE $\frac{1}{4}$, S $\frac{1}{2}$ Section 26: NW $\frac{1}{4}$ Section 27: All Section 28: W $\frac{1}{2}$, SE $\frac{1}{4}$ Containing 1,760.00 acres.	100%	100%	None	None	None

FOR BLM USE ONLY—DO NOT WRITE BELOW THIS LINE

UNITED STATES OF AMERICA

This assignment is approved solely for administrative purposes. Approval does not warrant that either party to this assignment holds legal or equitable title to this lease.

Assignment approved for above described lands;

Assignment approved for attached land description

Assignment approved effective FEB 1 1994

Assignment approved for land description indicated on reverse of this form

[Signature]

(Authorized Officer)

Chief, Minerals
Adjudication Section

(Title)

JAN 18 1994

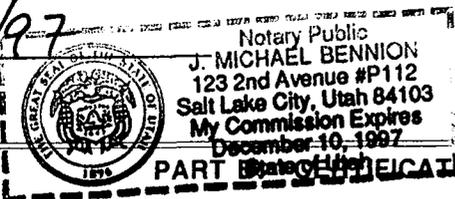
(Date)

STATE OF UTAH)
) ss.
COUNTY OF SALT LAKE)

On the 16th day of December, 1993, personally appeared before me SonJa V. McCormick, the signer of the above instrument, who duly acknowledged to me that she executed the same.

My Commission expires:

12/10/97



J. Michael B
Notary Public
Residing at Salt Lake City, Utah

1. The Assignor certifies as owner of an interest in the above designated lease that he/she hereby assigns to the above assignee(s) the rights specified above.
2. Assignee certifies as follows: (a) Assignee is a citizen of the United States; an association of such citizens; a municipality; or a corporation organized under the laws of the United States or of any State or territory thereof. For the assignment of NPR-A leases, assignee is a citizen, national, or resident alien of the United States or association of such citizens, nationals, resident aliens or private, public or municipal corporations, (b) Assignee is not considered a minor under the laws of the State in which the lands covered by this assignment are located. (c) Assignee's chargeable interests, direct and indirect, in each public domain and acquired lands separately in the same State, do not exceed 246,080 acres in oil and gas leases (of which up to 200,000 acres may be in oil and gas options), or 300,000 acres in leases in each leasing District in Alaska of which up to 200,000 acres may be in options, if this is an oil and gas lease issued in accordance with the Mineral Leasing Act of 1920, or 51,200 acres in any one State if this is a geothermal lease; (d) All parties holding an interest in the assignment are otherwise in compliance with the regulations (43 CFR Group 3100 or 3200) and the authorizing Acts; (e) Assignee is in compliance with reclamation requirements for all Federal oil and gas lease holdings as required by sec. 17(g) of the Mineral Leasing Act; and (f) Assignee is not in violation of sec. 41 of the Mineral Leasing Act.
3. Assignee's signature to this assignment constitutes acceptance of all applicable terms, conditions, stipulations and restrictions pertaining to the lease described herein.

For geothermal assignments, an overriding royalty may not be less than one-fourth (1/4) of one percent of the value of output, nor greater than 50 percent of the rate of royalty due to the United States when this assignment is added to all previously created overriding royalties (43 CFR 3241).

I certify that the statements made herein by me are true, complete, and correct to the best of my knowledge and belief and are made in good faith.

Executed this 16th day of December, 19 93

Executed this 16th day of December, 19 93

Name of Assignor as shown on current lease SonJa V. McCormick

Please type or print

Assignor

or SonJa V. McCormick

Attorney-in-fact

(Signature)

Assignee

or

Attorney-in-fact

(Signature)

(Signature)

1481 South Preston Street

(Assignor's Address)

Salt Lake City

(City)

Utah

(State)

84108

(Zip Code)

Public reporting burden for this form is estimated to average 30 minutes per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management, (Alternate) Bureau Clearance Officer, (WO-771), 1849 C Street, N.W., Washington, D.C. 20240, and the Office of Management and Budget, Paperwork Reduction Project (1004-0034), Washington, D.C. 20503.

Title 18 U.S.C. Sec. 1001 makes 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.

7/1/94

MINERAL LEASE ASSIGNMENT FORM

MINERAL LEASE NO. 45806

97 JUN -4 PM 12:40

RECORD TITLE ASSIGNMENTS:

STATE OF UTAH
TRUST LANDS ADMINISTRATION

- TOTAL
- INTEREST
- PARTIAL
- OVERRIDING ROYALTY
- OPERATING RIGHTS ASSN.

The undersigned, as owner of interest as hereinafter specified in and to ML 45806 as designated, for good and valuable consideration and TEN + DOLLARS does hereby apply for approval of this assignment and hereby assigns to Paul T. Walton & Associates

ADDRESS: 1102 Walker Center, Salt Lake City, Utah 84111

the rights, title, and interest in rights and privileges as lessee in such lands, to the extent indicated subject to the reservation of overriding royalties as herein noted:

1. Land affected by this assignment in County of Carbon, State of Utah, as described herein:

Township 14 South, Range 12 East, SLB&M.

Section 16: ALL

640 ACRES

- 2. Interest of assignor in such lands (Note % of 100%) 100% of 100%
- 3. Extent of such interest conveyed to Assignee (Note % of 100%) 100% of 100%
- 4. Extent of interest retained by Assignor after assignment (Note % of 100%) None
- 5. Overriding royalty reserved herein to Assignor (Note percentage only) None
- 6. Overriding royalty previously reserved (Note percentage only) None

It is hereby certified that the statements made herein are true, complete, and correct to the best of the undersigned's knowledge and belief and are made in good faith. Approval of this application and assignment should be considered approval only under such rights, interests, and title as held by assignor.

Executed this 16th day of May, 1997.

Paul T. Walton

(Lessee - Assignor)
Paul T. Walton

LESSEE-ASSIGNOR'S ACKNOWLEDGEMENT 1102 Walker Center
Salt Lake City, Utah 84111

STATE OF UTAH)
) :SS
COUNTY OF SALT LAKE)

ASSIGNMENT APPROVED

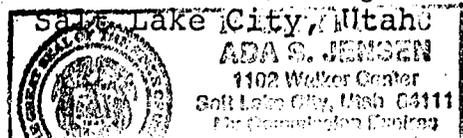
On the 16th day of May, 1997, personally appeared before me Paul T. Walton, signer(s) of the above instrument, who duly acknowledged to me that he executed the same. JUN 11 1997

Given under my hand and seal this 16th day of May, 1997

SCHOOL AND INSTITUTIONAL
TRUST LANDS ADMINISTRATION

My Commission Expires: December 21, 1997

Ada S. Jensen
NOTARY PUBLIC, residing at:



ASSIGNMENT OF OIL AND GAS LEASE

KNOW ALL MEN BY THESE PRESENTS, THAT, the undersigned, Anderson Exploration Company of 1245 E. Brickyard Road, Suite 30, Salt Lake City, Utah 84106, hereinafter referred to as "Assignor", for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, receipt of which is hereby acknowledged, does hereby sell, transfer, assign and deliver unto Paul T. Walton & Associates of 1102 Walker Center, Salt Lake City, UT 84111, hereinafter referred to as "Assignee", all right, title, and interest of Assignor in and to that certain oil and gas lease dated March 13, 1990, from Wellington Cattle Association a Partnership comprised of Funnon T. Shimmin, Bruce Norton, Verdis Barker, Ralph B. Stevens, Glen L. Wells, Donna P. Shimmin, Trustee of the Donna P. Shimmin Family Trust dated July 7, 1984, lessor, to Anderson Exploration Company, lessee, as recorded in Carbon County records, State of Utah, as entry number #28161, book 299, page 474-475, insofar as said lease covers the following described land in Carbon County, State of Utah, to wit:

Township 14 South, Range 12 East, SLM
Section 21: SE/4 ✓
Section 26: SW/4 ✓
Section 28: NE/4 ✓

Township 15 South, Range 12 East, SLM
Section 1: Lot 2, SW/4 NE/4, NW/4 SE/4

and containing 599.66 acres, more or less.

It is the intent of Assignors to convey all of their rights, title, and interest of whatsoever nature to the within named assignees.

If said oil and gas lease covers less than the entire fee simple estate in the oil, gas and other hydrocarbons under any tract or tracts of the land assigned, with respect to that tract or tracts, the overriding royalty herein reserved by Assignor shall be proportionately reduced.

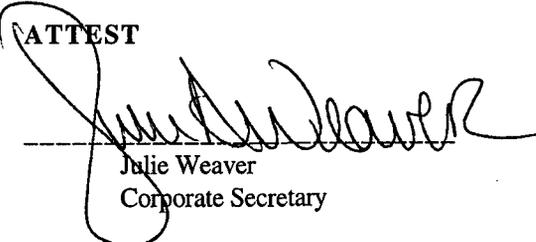
In the event that Assignee desire to surrender any or all of the herein described lease as to all or any part of the acreage covered thereby prior to any rental date, Assignee shall so notify Assignor at least sixty (60) days in advance of the delay rental due as determined by said lease, by certified mail, to the assignor shown above and shall further advise the amount of rental necessary to hold said lease or the portion to be surrendered. Assignor shall then have thirty (30) days after receipt of such notification within which to mail the notice of election to take the reassignment. Regardless of any provision contained herein, Assignee shall not be liable to Assignor for failure to notify Assignor if such failure is due to clerical error, mistake, or oversight.

This assignment is made without warranty of title, except as to Assignor's own acts. Assignor further warrants that one hundred percent (100%) of the working interest in the above described lease is hereby assigned and said Assignor has suffered no liens or other burdens to attach to said lease. Assignor herein reserves a two and one-half percent of eight eighths overriding royalty interest.

TO HAVE AND TO HOLD TO said Assignee the undivided interest as herein conveyed in the lease, subject to the terms and conditions of said lease.

This instrument shall be binding upon Assignor and Assignee herein, their heirs, successors and assigns.

IN WITNESS WHEREOF, this assignment is executed this 12th day of April, 1996.

ATTEST

Julie Weaver
Corporate Secretary

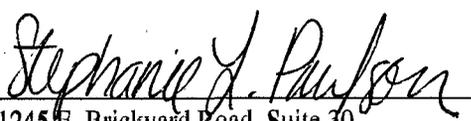
ANDERSON EXPLORATION COMPANY
BY 
John R. Anderson
President

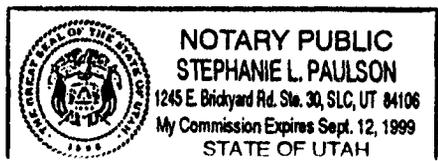
STATE OF Utah }
COUNTY OF SALT LAKE }

On this 12th day of April, 1996, before me, Stephanie L. Paulson, a notary public, personally appeared John R. Anderson, known to me to be the President of Anderson Exploration Company, and he executed the within instrument on behalf of said corporation and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the 12th day of April, 1996.

MY COMMISSION EXPIRES
9/12/99

Notary Public: 
Residing at: 1245 E. Brickyard Road, Suite 30
Salt Lake City, Utah 84106



OIL AND GAS LEASE

THIS AGREEMENT is made and entered into as of JUNE 5, 1997, by and between

Ellen W. Mead, a widow
265 South 1400 East
Wellington, Utah 84541

hereinafter called Lessor,

and Paul T. Walton & Associates
1102 Walker Center, Salt Lake City, Utah 84111

hereinafter called Lessee.

1. Lessor, for and in consideration of Ten & More Dollars, the receipt of which is hereby acknowledged, and covenants and agreements herein contained, does grant, demise, lease and let exclusively unto Lessee, for the purpose and with exclusive right of exploring by geophysical and other methods, drilling and operating for and producing therefrom, oil, liquid hydrocarbons, all gases and their respective constituent products, with rights of way and easements for laying pipe lines, power lines, building tanks, power stations, ponds, roadways and structures thereon for producing, saving, treating and caring for such products and any and all other rights and privileges necessary or incident thereto, all that certain land and lands riparian thereto situated in the County of Carbon, State of Utah described as follows (herein called "said land"):

Township 14 South, Range 12 East, SLM

00060652 Bk00390 Pg00607-00608

Section 21: N½NE¼, SW¼NE¼, SE¼NW¼

ANN B. O'BRIEN-COUNTY OF CARBON
1997 JUN 30 11:02 AM FEE \$14.00 BY
REQUEST: SONJA V MCCORMICK

it being the purpose and intent to lease, and lessor does hereby lease, all of the lands or interests in lands owned by lessor which adjoin the lands above described or which lie in the section or sections herein specified.

For all purposes of this lease, said lands shall be deemed to contain 160.00 acres.

2. Subject to the other provisions herein contained, this lease shall be for a term of ten years from this date (herein called "primary term") and as long thereafter as oil or gas is produced from said land or as long thereafter as Lessee is engaged in actual drilling or reworking operations on said land.

3. As royalties, Lessee covenants and agrees as follows: (a) To deliver to the credit of Lessor free of cost, on the lease or into any pipeline to which Lessee may connect its wells, the equal one-eighth part of all oil produced and saved from said land, or at the Lessee's option may pay to the Lessor for such royalty the market price for oil of like grade and gravity prevailing in the same field or area on the day such oil is run into the pipeline or the storage tanks. (b) To pay to Lessor for gas of whatsoever nature or kind produced and sold from said land or used for the manufacture of gasoline or any other products, one-eighth of the proceeds from the sale of such gas at the mouth of the well. The Lessor may have gas free of charge from any gas well on said land for use in the principal dwelling on said land by making his own connections with the well, the use of said gas to be at the Lessor's sole risk and expense.

If a well capable of producing gas or gas and gas-condensate in paying quantities located on said land, or on acreage pooled or unitized therewith, is at any time shut-in and no gas or gas-condensate therefrom is sold or used off the premises or for the manufacture of gasoline or other products, nevertheless such shut-in well shall be deemed to be a well on said land producing gas in paying quantities and this lease will continue in force during all of the time or times while such well is so shut-in, whether before or after the expiration of the primary term hereof. Lessee shall use reasonable diligence to market gas or gas and gas-condensate capable of being produced from such shut-in well but shall be under no obligation to market such products under terms, conditions or circumstances which, in Lessee's judgment exercised in good faith, are unsatisfactory. Lessee shall be obligated to pay or tender to Lessor and all other royalty owners as their interests in royalty under the well shall appear, on or before the anniversary of the date of this lease following the shutting-in of such well, and annually thereafter, while such well is so shut-in, as royalty, an amount equal to the annual delay rental herein provided for under the terms of this lease, or, if this lease does not provide for any delay rental, then the sum of \$100 per well. Lessor's portion of such payment may be made or tendered to Lessor or to Lessor's credit by check or draft mailed or delivered to the depository bank designated herein. Portions of such payment payable to others may be made or tendered by check or draft, mailed or delivered, to such owners' credit in Lessor's depository bank. Royalty ownership as of the last day of each such annual period as shown by Lessee's records shall determine the amounts and the party or parties entitled to receive such payment. "Shutting-in" of a well shall be the date on which production casing in such well is perforated and a gas flow test shall disclose that the well is capable of production in paying quantities. Until such casing shall have been run and the gas flow tested, no well shall be considered "shut-in."

4. If operations for the drilling of a well for oil or gas are not commenced on said land on or before one year from the date hereof, this lease shall terminate, unless the Lessee shall on or before that date pay or tender to the Lessor or the Lessor's credit in the PAY LESSOR DIRECT Bank

at 265 South 1400 East, Wellington, UT 84541, or its successors, which Bank and its successors are the Lessor's agent and shall continue as the depository of any and all sums payable under this lease regardless of changes of ownership in said land or in the oil and gas or in the rentals to accrue

hereunder, the sum of One Hundred Sixty and No/100 (\$160.00) Dollars, which shall operate as a rental and cover the privilege of deferring the commencement of operations for drilling for a period of one year. In like manner and upon like payments or tenders, the commencement of operations for drilling may further be deferred for like periods successively. All payments or tenders may be made by check or draft of Lessee or any assignee thereof, mailed or delivered on or before the rental date, either direct to Lessor or assigns or to said depository bank, and it is understood and agreed that the consideration first recited herein covers not only the privilege granted to the date when said first rental is payable as aforesaid, but also the Lessee's option of extending that period as aforesaid and any and all other rights conferred. Notwithstanding the death of the Lessor or his successors in interest, the payment or tender of rentals in the manner provided herein shall be binding on the heirs, devisees, executors, and administrators of such persons.

5. If Lessor owns a less interest in said land than the entire and undivided fee simple estate therein then the royalties and rentals herein provided for shall be paid Lessor only in the proportion which his interest bears to the whole and undivided fee.

6. If at any time prior to the discovery of oil or gas on said land and during the term of this lease, the Lessee shall drill a dry hole, or holes on said land, this lease shall not terminate, provided operations for the drilling of a further well shall be commenced within 12 months from the expiration of the last rental period for which rental has been paid or provided the Lessee, on or before the expiration of said 12 months begins or resumes the payment of rentals in the manner and amount hereinabove provided; and in this event the preceding section hereof governing the payment of rentals and the manner and effect thereof shall continue in force.

7. If within the primary term of this lease, production on said land shall cease from any cause, this lease shall not terminate provided operations for the drilling of a well shall be commenced on said land on or before the next ensuing rental paying date; or, provided Lessee begins or resumes the payment of rentals in the manner and amount hereinbefore provided. If, after the expiration of the primary term of this lease, production on said land shall cease from any cause, this lease shall not terminate provided Lessee resumes operations for drilling or reworking a well within sixty days from such cessation, and this lease shall remain in force during the prosecution of such operations and, if production results therefrom, then as long thereafter as production continues.

8. The Lessee shall have the right to use, free of cost, gas, oil and water found on said land for its operations thereon, except water from the wells, springs and reservoirs of the Lessor. When required by Lessor, the Lessee shall bury its pipelines below plow depth. Lessee shall pay for damage caused by its operations on said land. No well shall be drilled nearer than 200 feet to the house or barn now on said land without written consent of the Lessor. Lessee shall have the right at any time during, or within 180 days after the expiration of this lease, to remove all machinery, fixtures, buildings and other structures placed by Lessee on said land, including the right to draw and remove all casing, but thereafter such equipment shall become the property of Lessor, unless Lessor on or before such date shall, by written request, require Lessee to remove such materiel and restore said land as nearly as possible to its original condition.

9. Lessee is hereby granted the right and power to pool or combine said land, or any portion thereof, with other land, lease or leases in the vicinity thereof at any time and from time to time, whether before or after production, when in Lessee's judgment it is necessary or advisable to do so for the prevention of waste and the conservation and greatest ultimate recovery of oil or gas. Such pooling shall be into a unit or units not exceeding in area the acreage prescribed or required in any Federal or State law, order, rule or regulation for the drilling or operation of one well, or for obtaining the maximum allowable production from one well. Such pooling shall be accomplished or terminated by filing of record in the proper county a declaration of pooling or declaration of termination of pooling, a copy of which may be mailed or tendered to Lessor. The production of pooled substances and development and operation on any portion of a unit so pooled, including the commencement, drilling, completion and operation of a well thereon, shall be considered and construed, and shall have the same effect, except for the payment of royalty, as production, development and operation on said land under the terms of this lease. The royalties herein provided shall accrue and be paid to Lessor on pooled substances produced from any unit in the proportion, but only in the proportion, that Lessor's acreage interest in the land covered hereby and placed in the unit bears to the total acreage placed in such unit.

10. If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to the heirs, devisees, executors, administrators, successors, and assigns, but no change of ownership in the land or in the rentals or royalties or any sum due under this lease shall be binding on the Lessee until 30 days after Lessee has been furnished with either the original recorded instrument of conveyance or a duly certified copy thereof and all advance payments or rentals made hereunder before receipt of said documents shall be binding on any direct or indirect assignee, grantee, devisee, administrator, executor, or heir of Lessor.

11. Lessee may at any time surrender this lease in whole or in part by placing such release of record in the proper county. If said lease is surrendered as to only a portion of the acreage covered thereby, then all payments and liabilities thereafter accruing under the terms of said lease as to the portion surrendered shall cease and determine and any rentals thereafter paid may be apportioned on an acreage basis, but as to the portion of the acreage not released the terms and provisions of this lease shall continue and remain in full force and effect for all purposes. It is hereby agreed that in the event this lease shall be assigned as to a part or as to parts of said land and the holder or owner of any such part or parts shall make default in the payment of the monies due from him or them, such default shall not operate to defeat or affect this lease insofar as it covers the part of said land upon which the Lessee or any assignee hereof shall make proper payment of any monies due hereunder.

12. Lessor hereby warrants and agrees to defend the title to the land herein described and agrees that the Lessee, at its option, may pay and discharge in whole or in part any taxes, mortgage, or other liens, existing, levied, or assessed on or against said land and, in the event it exercises such option, it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty or rentals accruing hereunder. Lessor further agrees that any interest or title to said land acquired by Lessor after the date hereof shall be subject to this lease to the same extent as if said interest or title had been held by Lessor at the date hereof. In such event the amount of rental payable hereunder shall be appropriately adjusted at the next ensuing rental date after Lessee has been furnished evidence of such after acquired title.

13. All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules of Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.

14. This lease shall be binding upon all who execute it, whether they are named in the granting clause and whether all parties named in the granting clause execute this lease. All provisions of this lease shall inure to the benefit of and be binding upon the heirs, executors, administrators, successors and assigns of Lessor and Lessees. Lessor hereby waives and releases all rights of dower and homestead in said lands insofar as the rights granted under this lease might be affected thereby.

Social Security Number

Ellen W. Mead

607

528-80-8622B

Ellen W. Mead

STATE OF UTAH } ss.
COUNTY OF CARBON }

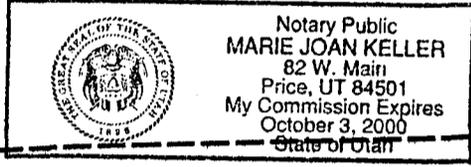
On this 5th day of June 1997, before me personally appeared Ellen W. Mead, a widow

known to me to be the person(s) described in and who executed the foregoing instrument, and who acknowledged to me that he (she) they executed the same.

Marie Joan Keller
Notary Public

Residing at Price, UT 84501

My commission expires:
Oct. 3, 2000



ACKNOWLEDGMENT FOR INDIVIDUAL

STATE OF } ss.
COUNTY OF }

On this day of 19, before me personally appeared

known to me to be the person(s) described in and who executed the foregoing instrument, and who acknowledged to me that he (she, they) executed the same.

Notary Public

My commission expires:

Residing at

ACKNOWLEDGMENT FOR CORPORATION

STATE OF } ss.
COUNTY OF }

On this day of 19, before me personally appeared

known to me to be the of the corporation that executed the within instrument, and acknowledged to me that such corporation executed the same.

Notary Public

My commission expires:

Residing at

RECORDING DATA

OIL AND GAS LEASE

STATE OF UTAH
COUNTY OF CARBON } SS
RECORDED AND INDEXED FOR

Billings Blue Print
Billings, Montana

THIS AGREEMENT is made and entered into as of November 1, 1994, by and between
Sage Point Coal Company
P. O. Box 749
Denver, Colorado 80201
Entry No. 48204
Indexed
Abstracted
Rcdg. Fee 34.00
JAN 3 12 53 PM '95
BOOK 352 OF RECORDS
PAGE 741-742-743
ANN B. O'BRIEN
COUNTY RECORDER

and Paul T. Walton
1102 Walker Center, Salt Lake City, Utah 84111
hereinafter called Lessor,
hereinafter called Lessee.

1. Lessor, for and in consideration of Ten. & more Dollars, the receipt of which is hereby acknowledged, and covenants and agreements herein contained, does grant, demise, lease and let exclusively unto Lessee, for the purpose and with exclusive right of exploring by geophysical and other methods, drilling and operating for and producing therefrom, oil, liquid hydrocarbons, all gases and their respective constituent products, with rights of way and easements for laying pipe lines, power lines, building tanks, power stations, ponds, roadways and structures thereon for producing, saving, treating and caring for such products and any and all other rights and privileges necessary or incident thereto; all that certain land and lands riparian thereto situated in the County of Carbon, State of Utah described as follows (herein called "said land"):

Township 14 South, Range 12 East, 5EM
Section 9: SE 1/4
Section 10: NE 1/4 NW 1/4, S 1/4 NW 1/4, SW 1/4 NW 1/4
Section 11: SW 1/4
Section 13: W 1/2 SW 1/4
Section 14: E 1/2 SE 1/4, N 1/2 NW 1/4, SE 1/4 NW 1/4, NW 1/4 SW 1/4
Section 15: E 1/2 NW 1/4, SW 1/4, NE 1/4 NE 1/4, S 1/4 NE 1/4, N 1/2 SE 1/4, SW 1/4 SE 1/4

Section 20: NE 1/4 NE 1/4
Section 21: N 1/2 NW 1/4, SW 1/4 NW 1/4
Section 22: NW 1/4

it being the purpose and intent to lease, and lessor does hereby lease, all of the lands or interests in lands owned by lessor which adjoin the lands above described or which lie in the section or sections herein specified.
For all purposes of this lease, said lands shall be deemed to contain 1,760.00 acres, six (6)

2. Subject to the other provisions herein contained, this lease shall be for a term of ten years from this date (herein called "primary term") and as long thereafter as oil or gas is produced from said land or as long thereafter as Lessee is engaged in actual drilling or reworking operations on said land.

3. As royalties, Lessee covenants and agrees as follows: (a) To deliver to the credit of Lessor free of cost, on the lease or into any pipeline to which Lessee may connect its wells, the equal one-eighth part of all oil produced and saved from said land, or at the Lessee's option may pay to the Lessor for such royalty the market price for oil of like grade and gravity prevailing in the same field or area on the day such oil is run into the pipeline or the storage tanks. (b) To pay to Lessor for gas of whatsoever nature or kind produced and sold from said land or used for the manufacture of gasoline or any other products, one-eighth of the proceeds from the sale of such gas at the mouth of the well. The Lessor may have gas free of charge from any gas well on said land for use in the principal dwelling on said land by making his own connections with the well, the use of said gas to be at the Lessor's sole risk and expense.

If a well capable of producing gas or gas and gas-condensate in paying quantities located on said land, or on acreage pooled or unitized therewith, is at any time shut-in and no gas or gas-condensate therefrom is sold or used off the premises or for the manufacture of gasoline or other products, nevertheless such shut-in well shall be deemed to be a well on said land producing gas in paying quantities and this lease will continue in force during all of the time or times while such well is so shut-in, whether before or after the expiration of the primary term hereof. Lessee shall use reasonable diligence to market gas or gas and gas-condensate capable of being produced from such shut-in well but shall be under no obligation to market such products under terms, conditions or circumstances which, in Lessee's judgment exercised in good faith, are unsatisfactory. Lessee shall be obligated to pay or tender to Lessor and all other royalty owners as their interests in royalty under the well shall appear, on or before the anniversary of the date of this lease following the shutting-in of such well, and annually thereafter, while such well is so shut-in, as royalty, an amount equal to the annual delay rental herein provided for under the terms of this lease, or, if this lease does not provide for any delay rental, then the sum of \$100 per well. Lessor's portion of such payment may be made or tendered to Lessor or to Lessor's credit by check or draft mailed or delivered to the depository bank designated herein. Portions of such payment payable to others may be made or tendered by check or draft, mailed or delivered, to such owners' credit in Lessor's depository bank. Royalty ownership as of the last day of each such annual period as shown by Lessee's records shall determine the amounts and the party or parties entitled to receive such payment. "Shutting-in" of a well shall be the date on which production casing in such well is perforated and a gas flow test shall disclose that the well is capable of production in paying quantities. Until such casing shall have been run and the gas flow tested, no well shall be considered "shut-in."

4. If operations for the drilling of a well for oil or gas are not commenced on said land on or before one year from the date hereof, this lease shall terminate, unless the Lessee shall on or before that date pay or tender to the Lessor or the Lessor's credit in the PAY LESSOR DIRECT Bank Sage Point Coal Company, P.O. Box 1029 or its successors, which Bank and its successors are the Lessor's agent at Wellington, Utah 84542 and shall continue as the depository of any and all sums payable under this lease regardless of changes of ownership in said land or in the oil and gas or in the rentals to accrue hereunder, the sum of One Thousand Seven Hundred Sixty and NO/100 Dollars,

which shall operate as a rental and cover the privilege of deferring the commencement of operations for drilling for a period of one year. In like manner and upon like payments or tenders, the commencement of operations for drilling may further be deferred for like periods successively. All payments or tenders may be made by check or draft of Lessee or any assignee thereof, mailed or delivered on or before the rental date, either direct to Lessor or assigns or to said depository bank, and it is understood and agreed that the consideration first recited herein covers not only the privilege granted to the date when said first rental is payable as aforesaid, but also the Lessee's option of extending that period as aforesaid and any and all other rights conferred. Notwithstanding the death of the Lessor or his successors in interest, the payment or tender of rentals in the manner provided herein shall be binding on the heirs, devisees, executors, and administrators of such persons.

5. If Lessor owns a less interest in said land than the entire and undivided fee simple estate therein then the royalties and rentals herein provided for shall be paid Lessor only in the proportion which his interest bears to the whole and undivided fee.

6. If at any time prior to the discovery of oil or gas on said land and during the term of this lease, the Lessee shall drill a dry hole, or holes on said land, this lease shall not terminate, provided operations for the drilling of a further well shall be commenced within 12 months from the expiration of the last rental period for which rental has been paid or provided the Lessee, on or before the expiration of said 12 months begins or resumes the payment of rentals in the manner and amount hereinabove provided; and in this event the preceding section hereof governing the payment of rentals and the manner and effect thereof shall continue in force.

7. If within the primary term of this lease, production on said land shall cease from any cause, this lease shall not terminate provided operations for the drilling of a well shall be commenced on said land on or before the next ensuing rental paying date; or, provided Lessee begins or resumes the payment of rentals in the manner and amount hereinbefore provided. If, after the expiration of the primary term of this lease, production on said land shall cease from any cause, this lease shall not terminate provided Lessee resumes operations for drilling or reworking a well within sixty days from such cessation, and this lease shall remain in force during the prosecution of such operations and, if production results therefrom, then as long thereafter as production continues.

8. The Lessee shall have the right to use, free of cost, gas, oil and water found on said land for its operations thereon, except water from the wells, springs and reservoirs of the Lessor. When required by Lessor, the Lessee shall bury its pipelines below plow depth. Lessee shall pay for damage caused by its operations on said land. No well shall be drilled nearer than 200 feet to the house or barn now on said land without written consent of the Lessor. Lessee shall have the right at any time during, or within 180 days after the expiration of this lease, to remove all machinery, fixtures, buildings and other structures placed by Lessee on said land, including the right to draw and remove all casing, but thereafter such equipment shall become the property of Lessor, unless Lessor on or before such date shall, by written request, require Lessee to remove such material and restore said land as nearly as possible to its original condition.

9. Lessee is hereby granted the right and power to pool or combine said land, or any portion thereof, with other land, lease or leases in the vicinity thereof at any time and from time to time, whether before or after production, when in Lessee's judgment it is necessary or advisable to do so for the prevention of waste and the conservation and greatest ultimate recovery of oil or gas. Such pooling shall be into a unit or units not exceeding in area the acreage prescribed or required in any Federal or State law, order, rule or regulation for the drilling or operation of one well, or for obtaining the maximum allowable production from one well. Such pooling shall be accomplished or terminated by filing of record in the proper county a declaration of pooling or declaration of termination of pooling, a copy of which may be mailed or tendered to Lessor. The production of pooled substances and development and operation on any portion of a unit so pooled, including the commencement, drilling, completion and operation of a well thereon, shall be considered and construed, and shall have the same effect, except for the payment of royalty, as production, development and operation on said land under the terms of this lease. The royalties herein provided shall accrue and be paid to Lessor on pooled substances produced from any unit in the proportion, but only in the proportion, that Lessor's acreage interest in the land covered hereby and placed in the unit bears to the total acreage placed in such unit.

10. If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to the heirs, devisees, executors, administrators, successors, and assigns, but no change of ownership in the land or in the rentals or royalties or any sum due under this lease shall be binding on the Lessee until 30 days after Lessee has been furnished with either the original recorded instrument of conveyance or a duly certified copy thereof and all advance payments or rentals made hereunder before receipt of said documents shall be binding on any direct or indirect assignee, grantee, devisee, administrator, executor, or heir of Lessor.

11. Lessee may at any time surrender this lease in whole or in part by placing such release of record in the proper county. If said lease is surrendered as to only a portion of the acreage covered thereby, then all payments and liabilities thereafter accruing under the terms of said lease as to the portion surrendered shall cease and determine and any rentals thereafter paid may be apportioned on an acreage basis, but as to the portion of the acreage not released the terms and provisions of this lease shall continue and remain in full force and effect for all purposes. It is hereby agreed that in the event this lease shall be assigned as to a part or as to parts of said land and the holder or owner of any such part or parts shall make default in the payment of the monies due from him or them, such default shall not operate to defeat or affect this lease insofar as it covers the part of said land upon which the Lessee or any assignee hereof shall make proper payment of any monies due hereunder.

12. Lessor hereby warrants and agrees to defend the title to the land herein described and agrees that the Lessee, at its option, may pay and discharge in whole or in part any taxes, mortgage, or other liens, existing, levied, or assessed on or against said land and, in the event it exercises such option, it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying to the discharge of any such mortgage tax or other lien, any royalty or rentals accruing hereunder. Lessor further agrees that any interest or title to said land acquired by Lessor after the date hereof shall be subject to the same extent as if said interest or title had been held by Lessor at the date hereof. In such event the amount of rental payable hereunder shall be appropriately adjusted at the next ensuing rental date after Lessee has been furnished evidence of such after acquired title.

13. All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.

14. This lease shall be binding upon all who execute it, whether they are named in the granting clause and whether all parties named in the granting clause execute this lease. All provisions of this lease shall inure to the benefit of and be binding upon the heirs, executors, administrators, successors and assigns of Lessor and Lessees. Lessor hereby waives and releases all rights of dower and homestead in said lands insofar as the rights granted under this lease might be affected thereby.

ATTEST:
By:

SAGE POINT COAL COMPANY
By: Vernel Mortensen
Vernel Mortensen
Vice President

TAX ID #23-2376895

741

ACKNOWLEDGMENT FOR INDIVIDUAL

742

STATE OF }
COUNTY OF } ss.

On this day of 19, before me personally appeared

.....
known to me to be the person(s) described in and who executed the foregoing instrument, and who acknowledged to me that he (she, they) executed the same.

.....
Notary Public

My commission expires:

.....
Residing at

ACKNOWLEDGMENT FOR INDIVIDUAL

STATE OF }
COUNTY OF } ss.

On this day of 19, before me personally appeared

.....
known to me to be the person(s) described in and who executed the foregoing instrument, and who acknowledged to me that he (she, they) executed the same.

.....
Notary Public

My commission expires:

.....
Residing at

ACKNOWLEDGMENT FOR CORPORATION

STATE OF UTAH }
COUNTY OF SALT LAKE } ss.

On this 23rd day of November 19 94, before me personally appeared

Vernal J. Mortensen known to me to be the Vice President

of Sage Point Coal Company
the corporation that executed the within instrument, and acknowledged to me that such corporation executed the same.

Annette J. Kenneth
Notary Public

My commission expires:

12/16/95



Sandy, Salt Lake County, UT

RECORDING DATA

1994

11 22

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

5. Lease Designation and Serial Number:

Sage Point Coal Co. Fee

6. If Indian, Allottee or Tribe Name:

1A. Type of Work: DRILL DEEPEN

B. Type of Well: OIL GAS OTHER: SINGLE ZONE MULTIPLE ZONE

2. Name of Operator:
Wasatch Resources & Minerals Inc.

3. Address and Telephone Number:
97 North Main, Manti, Utah 84642

4. Location of Well (Footages) 3960 feet west and 1327 feet south of the NE Corner of Sec. 22
At Surface: T14S-R12E
At Proposed Producing Zone: Same as above

7. Unit Agreement Name:

8. Farm or Lease Name:

141222NW

9. Well Number:

#1

10. Field and Pool, or Wildcat:

Wildcat

11. Qtr/Qtr, Section, Township, Range, Meridian:

NW 1/4 of Section 22-T14S-R12E

14. Distance in miles and direction from nearest town or post office:
11 miles north and east of Wellington, Utah

12. County:
Carbon

13. State: UTAH

15. Distance to nearest property or lease line (feet): 1327 feet

16. Number of acres in lease: 160

17. Number of acres assigned to this well: 160

18. Distance to nearest well, drilling, 875' (well P&A'd completed, or applied for, on this lease (feet): 1955)

19. Proposed Depth: 1500 feet

20. Rotary or cable tools: Rotary (air)

21. Elevations (show whether DF, RT, GR, etc.): 5816 feet GR

22. Approximate date work will start: July 20th 1997

23. PROPOSED CASING AND CEMENTING PROGRAM

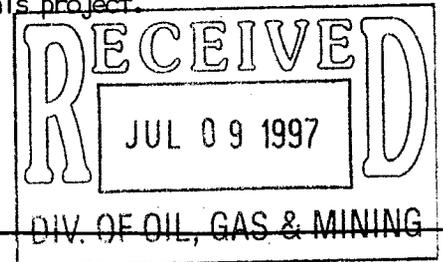
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
8 3/4"	J-55 7"	20 lb/ft.	100 feet	75 sacks
6 3/4"	J-55 4 1/2"	9.5 lb/ft.	1500	100 sacks

DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

It is proposed to fully test and evaluate the Ferron Sandstone formation by drilling through the Ferron and approximately 100 feet into the Tununk Shale. Air will be used as the circulation media. No coring is planned. The logs will be gamma-ray, compensated neutron density, compensated sonic and fracture detection. All Federal and State Regulations will be fully adhered to.

The 141222NW #1 will offset the Marakis #1. The Marakis #1 was drilled in 1955 and later plugged. All of information from the Marakis #1 drilling report has been considered in this project.

CONFIDENTIAL



24. Name & Signature: Steven J. Lund Title: President Date: July 7, 1997

(This space for State use only)

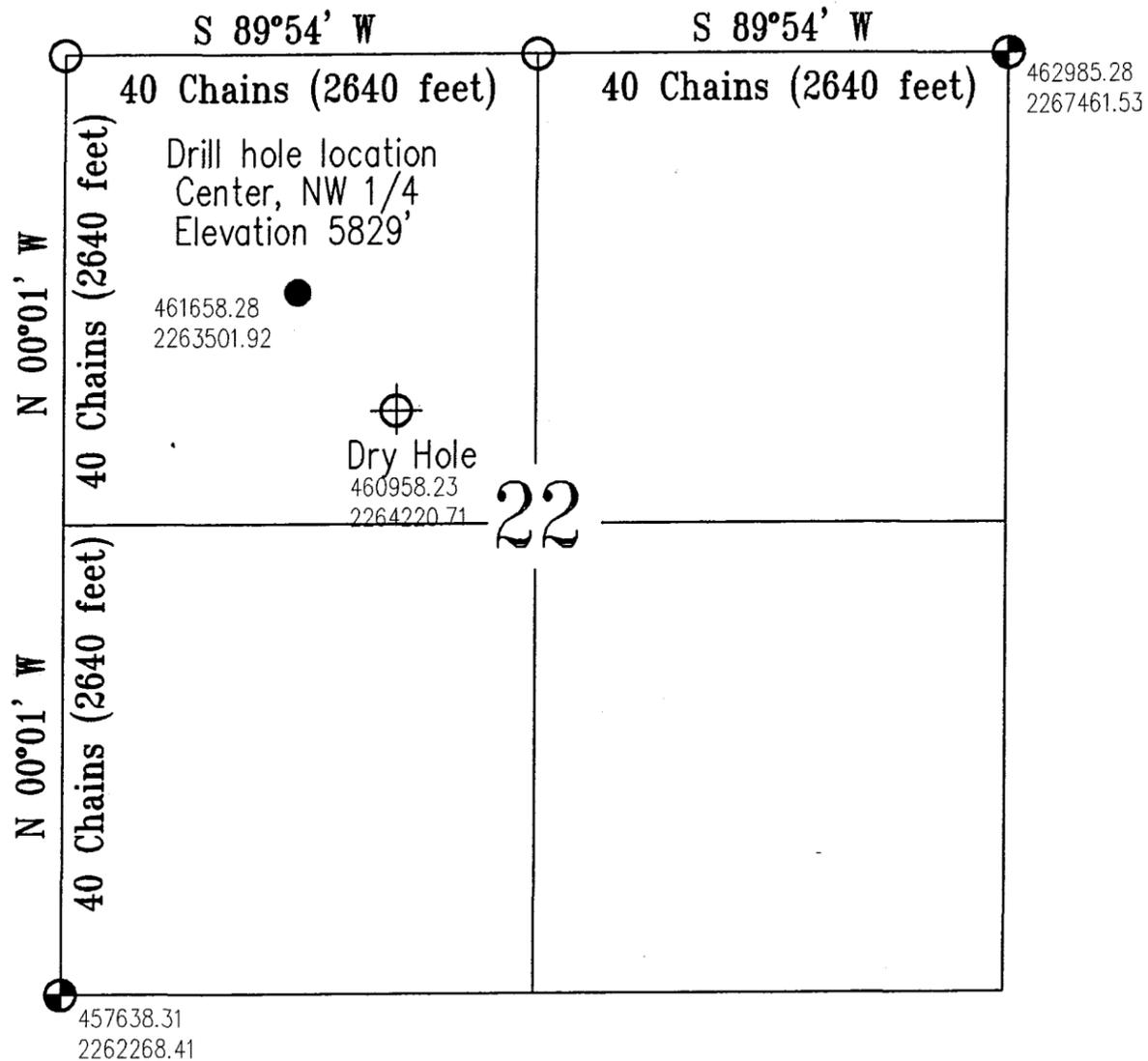
API Number Assigned: 43-007-30377

Approval: John R. Baya
Associate Director

8/18/97

Township 14 South

Range 12 East



LEGEND:

- drill hole location
- ⊕ brass cap, found
- brass cap, searched but not found
- ⊕ Dry Hole with upright pipe



Basis of Bearing:
 Basis of Bearing S 89°54" W recorded between the NE Corner and the NW Corner of Section 22, Township 14 South, Range 12 East, Salt Lake Base and Meridian.

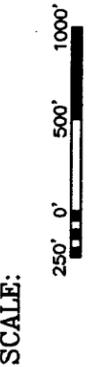
Basis Of Elevation:
 Basis of Elevation of 5816 as indicated in the NE Corner of Section 22, Township 14 South, Range 12 East, Salt Lake Base and Meridian, as shown on the Sunnyside Junction Quadrangle 7.5 Minute Series Map.

Description of Location:
 Proposed Drill Hole located in the center of the NW 1/4 of Section 22, 3960 feet west, and 1327 feet south of the NE corner of Section 22, T14S, R12E, Salt Lake Base and Meridian.

ENGINEER'S CERTIFICATE

I, Dan Guy, do hereby certify that I am a Registered Professional Engineer, holding certificate No. 154168 as prescribed under the laws of the State of Utah. I further certify that the information contained on this page is true and correct to the best of my knowledge.

Drill Hole Location
for Mr. Steve Lund



Castle Valley Services

WASATCH RESOURCES & MINERALS

Steve Lund
97 North Main
Manti, UT 84642

Office: (801) 835-1950
FAX : (801) 835-2522
Mobile: (801) 851-1234
Residence: (801) 835-4246

Mr. Mike Hebertson
Utah Division of Oil, Gas and Mining
1594 West North Temple
Salt Lake City, Utah 84114

RE: Application For Permit To Drill to 141222NW #1 in the NW/4 of Section 22 - T14S - R12E
S.L.B. &M., Carbon County, Utah

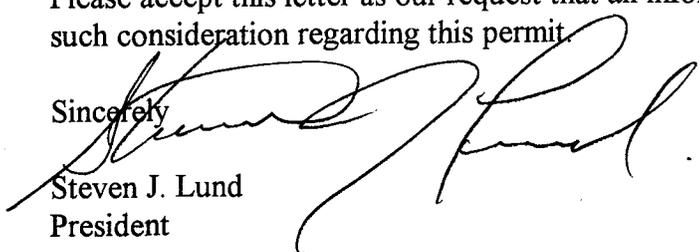
Dear Mr. Hebertson:

Enclosed is and original and one copy of an "Application for Permit to Drill" (APD). Attached to the APD is the following information:

- Attachment #1 Copy of survey plat of proposed well site
- Attachment #2 Surface Use Plan
- Attachment #3 Drilling Program
- Attachment #4 BOP Schematic
- Attachment #5 Portion of topographical map indicating proposed well site
- Attachment #6 Evidence of bond (to follow)
- Attachment #7 Surface Owners Agreement and Understanding of Surface Use (to follow)
- Attachment #8 Application for Administrative and Geologic approval to Drill the 141222NW #1 on a 160 acre spacing

Please accept this letter as our request that all information be kept confidential that is eligible for such consideration regarding this permit.

Sincerely


Steven J. Lund
President

DRILLING PROGRAM

- 1- The estimated tops of the important geologic markers:

TOPS	FORMATION
Surface	Mancos Shale
1100	Ferron Sandstone
1320	Tununk Shale

- 2- The estimated depths at which water, oil, gas, and other minerals are to be encountered:
Lower Ferron Sandstone 1200 feet Gas and/or Oil
There are no water sands or other mineral bearing formations expected to be encountered while drilling this well.
- 3- The schematic diagram of the B.O.P. is attached. A 3000 psig working pressure configuration will be used. A hydril or equivalent type of B.O.P. will be utilized as the top piece of the B.O.P. stack, depending upon the height from ground level to the return flow.
4. An inventory of the rig and air compressors and any auxiliary equipment will be available upon request, following the execution of a drilling contract. The casing program as previously indicated will consist of 100 feet of J-55, 7 inch, 20 lb/ft surface casing and 1500 feet of J-55, 4 ½ inch, 9.5 lb/ft production casing. The surface casing will be set and cemented to surface with 75 sacks of cement. The 4 ½ inch production casing will be set and cemented to surface with 100 sacks of cement. This is a calculated 25% excess amount of cement necessary to cement the entire string to surface.
5. It is planned to drill this well using air as the circulating medium. The only water anticipated to be used will be that employed in cementing the casing. This water will be purchased from neighboring ranchers or the land owner. All monitoring equipment to be used in conjunction with the air drilling procedure will be listed as auxiliary equipment.
6. This well will be drilled using the downhole information from the Marakis #1. In addition to that information open-hole logs will be utilized. The logs that will be run are gamma ray, compensated neutron formation density log as well as a compensated sonic log and fracture detection log.
7. The expected bottom hole pressure for this well is about 600 psig. Potential hazards such as hydrogen sulfide, abnormal pressures and high temperatures are not expected in the drilling of this well. The drilling reports from the Marakis #1 indicate that no hydrogen sulfide, abnormal pressures or high temperatures were encountered.
8. This well is a twin to the Marakis #1, which was drilled by Paul Walton of Oil Securities and Gas Corp. in 1955. The drilling report was evaluated and utilized in the preparation of the drilling program for this well.

WELL CONTROL EQUIPMENT

1. Surface Casing

- A. Hole size for the surface casing will be 8 3/4 inches.
- B. Setting depth for the surface casing will be approximately be 100 feet.
- C. Casing specifications are J-55, 7.0 inch, 20 lb./ft., 8rd thread, condition "A".
- D. Anticipated pressure at setting depth is approximately 40 psig.
- E. Casing will be run. Cement will be pumped down-hole and up annulus until cement returns at the surface are evident.
- F. Top of the surface casing will be at ground level.

2. Casing Head

- A. The flange size will be 6" series 300 new, equipped with 2 inch ports with nipples and 2" 1000 lb. Working pressure valves. Casing head and valves will be set above ground.

3. Intermediate Casing

No intermediate casing will be run.

4. Blowout Preventers

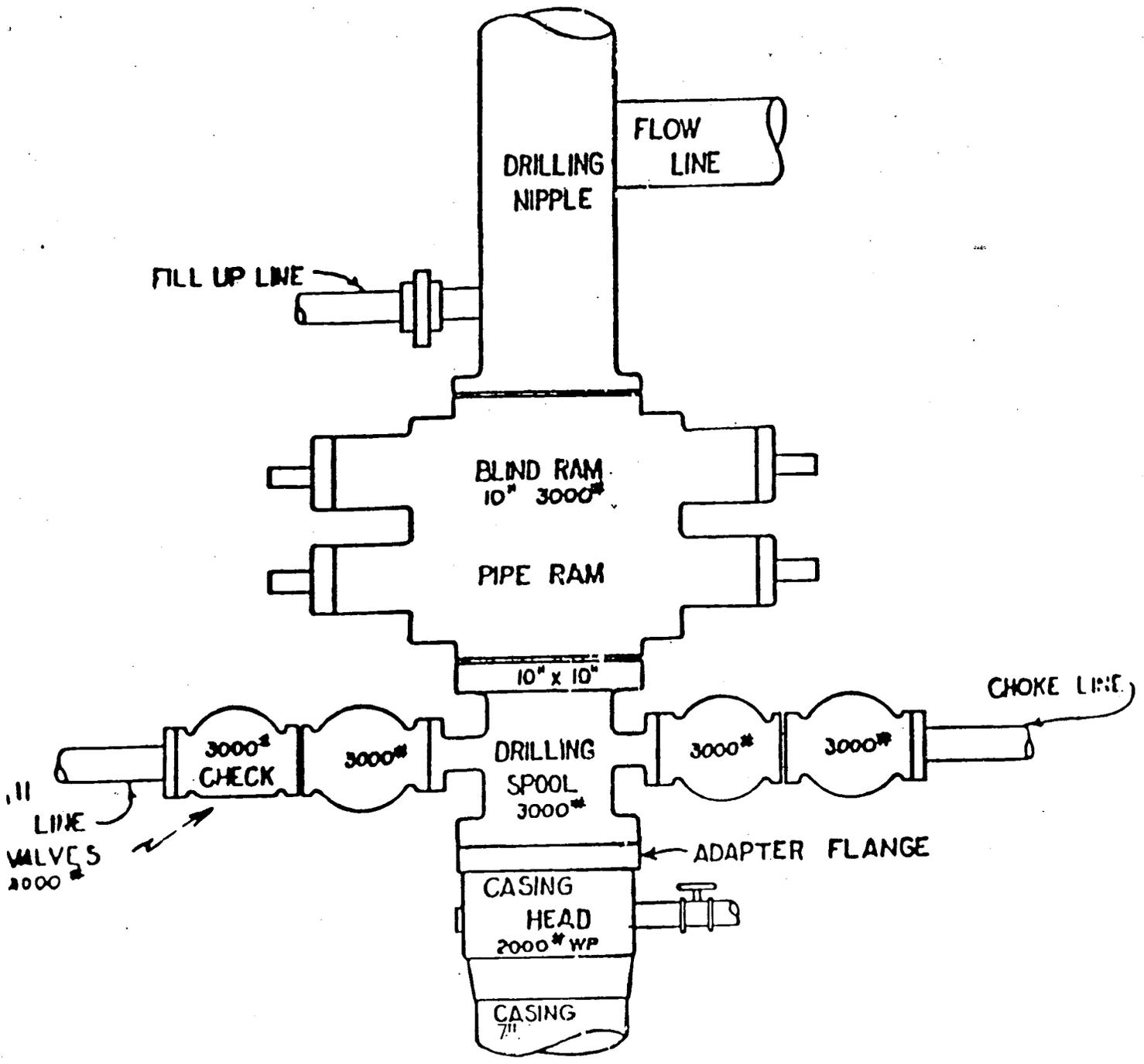
- A. Double Ram, hydraulically operated, one set of pipe rams for 2 7/8" drill pipe, and one set of blind rams. They will be equipped with a mechanical closing device for back-up service. A hydril or similar type is planned to be used as the top piece of the B.O.P. stack.

5. Auxiliary Equipment

- A. All that is standard for safe and prudent air drilled operations.

6. Anticipated Pressures

- A. The anticipated pressure that is expected to be encountered will be approximately 350 psig.



141222 NW #1

Wasatch Resources & Minerals
 BLOWOUT PREVENTER DIAGRAM

SURFACE USE PLAN

WASATCH RESOURCES & MINERALS, INC.
141222NW #1
3960 FEL & 1327 FNL, NW Sec 22-T14S-R12E
Carbon County, Utah

1. Existing Roads: See Map A and Map B

- a. Location of proposed well in relation to town or other reference point: Location is approximately 11 miles East of Wellington, Utah.
- b. Proposed route to location: (See Map "A" for marked access).
- c. Location and description of roads in the area:
(See Map "A" and Map "B").
- d. Plans for improvement and/or maintenance of existing roads: The existing roads will be maintained in the same or better condition as existed prior to the commencement of operations.

2. Planned Access Roads:

- a. The existing and proposed roads will be crowned, ditched or dipped from the existing County road to the location prior to use for moving the drilling rig onto the site. The maximum disturbed width will not exceed 30' with an eighteen foot running surface. Dust will be controlled by the use of water or an approved dust retardant. All roads, including access to drilling water, will be maintained in as good or better condition than existing condition.
- b. Maximum grades: Maximum grades will be less than 10%.
- c. Turnouts: None Planned.
- d. Location: Access to the location uses an existing road up to the center of the East boundary of the NW/4 of Sec. 22-T14S-R12E, and then a new location road will be constructed from that East boundary of the NW/4 of Section 22-T14S-R12E going West to the center of the NW/4 of Section 22-T14S-R12E. This road will be flagged and is shown on Map B.
- e. Drainage: The road surface will be center crowned with ditches on each side of the road. Slopes will have a maximum slope of 3:1.

- f. There will be no culverts placed in the ditch-ways during the drilling phase of operations. Further evaluation will be made for the additions of culverts if the roads is to have long term use.
- g. Surface materials (source): Surface materials will most likely not be required to be transported to the access roads or drill pad for construction purposes, However, if gravel is required, the dirt contractor will be responsible for locating and permitting of any necessary construction material.

3. Location of Existing Wells: (2 mile radius)

The proposed 141222NW #1 location is approximately 875 feet northwest of the p&a'd Marakis #1.

4. Location of Tank Batteries and Production Facilities:

All permanent (on site for six months or longer) structures constructed or installed (including oil well pumpjacks) will be painted a flat, non-reflective, earth tone color to match the standard environment colors, as determined by the Rocky Mountain 5-State Interagency Committee. This will include all facilities except those required to comply with OSHA (Occupational Safety and Health Act) regulations. These will be painted the color stipulated by OSHA. All facilities will be painted within six months of installation.

Gas meter runs for each well, if needed, will be located within 500 feet of the wellhead. The gas flowline will be buried from the wellhead to the meter and 500 feet downstream of the meter run or any production facilities. Meter runs will be housed and/or fenced.

The oil and gas measurement facilities will be installed on the well location. The oil and gas meters will be calibrated in place prior to any deliveries. Test for meter accuracy will be conducted monthly for the first three months on new meter installations and at least quarterly thereafter. The oil and gas mineral owner will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports will be submitted to the oil and gas mineral owner. All meter measurement facilities will conform with the API standards for liquid hydrocarbons and the AGA standard for natural gas measurement.

5. Location and type of Water Supply:

Water supply for drilling and completions purposes will be furnished by a water hauler.

Water supply will be obtained from either Dugout Creek or from the land owner

6. Source of Construction Material:

Native material will be used for road surfacing and pad construction.

Should additional construction material be required, it will be the responsibility of the dirt contractor to locate and permit (if necessary) use of that material.

7. Methods of Handling Waste Disposal

The reserve pit will be lined if topography and existing drainage require it.

Produced waste water will be confined to a lined pit for a period not to exceed 90-days after initial production.

Trash will be confined in a covered container and hauled to an approved landfill. Burning of waste or oil is not approved, and spoil material will be kept on site for re-contouring.

No bore holes will be used for disposal of waste materials. Human waste will be contained and disposed of at an approved sanitary landfill.

8. Ancillary Facilities:

Not applicable for drilling operations in this area.

9. Wellsite Layout:

A plat (Plat A) showing access to the well-pad and the location of the reserve pit is attached.

The location and access road will be cleared of trees, brush, and any vegetation prior to any construction. Stumps will be scattered or buried in an area designated by the land owner. Any stump left in place will be cut so that the stump height does not exceed 12 inches. All slash less than four inches in diameter will be chipped or scattered outside the cleared area and must be within 24 inches of the ground at all points. All material four inches in diameter or greater will be removed. All of the above will take place prior to placement of the drilling facilities.

Topsoil and vegetation will be stripped together to a depth of 6 to 8 inches and stockpiled by wind-row on the west edge of the location. No topsoil stripping will be allowed when soils are moisture saturated to a depth of 3 inches, or frozen below the stripping depth.

The reserve pit will be fenced on three sides prior to drilling activity and closed off on the fourth side after drilling is finished. Fencing will be four strands of barbed wire or 48 inch woven wire with one strand of barbed wire above the woven wire. All corners will be braced with an H-type brace. The fence construction will be on cut or undisturbed ground and the fence will be maintained in a livestock tight condition.

10. Plan for Restoration of Surface:

The land owner will be notified at least 24-hours prior to commencing reclamation work.

Immediately upon completion of drilling, the location and surrounding area will be cleared of all debris, materials, trash, and junk not required for production.

Before any dirt work to restore the location takes place, the reserve pit must be completely dry and all cans, barrels, pipe, etc. will be removed. Upon removal of all debris the cuttings will be buried in the pit and the pit will be closed.

If the well is a producer:

Unneeded areas of the location will be reclaimed as soon as the reserve pit has dried. Upgrade and maintain the access road as necessary to prevent soil erosion and accomodate year-round traffic. Reshape areas innecessary to operations, rip or disk on the contour, and seed all distrubed area outside the work area according to the seed mixture specified by land owner. Save the topsoil for use during final reclamation unless the site can be recontoured to blend with the natural topography as required for final abandonment. Perennial vegetation must be established. Additional work will be required in case of seeding failures. All permanent facilites placed on the location will be painted to blend with the natural environment.

If the well is abandoned/dry hole:

Restore the access road and location to blend with the natural topography. During reclamation of the site, push the fill material into cuts and up over the backslope. Leave no depressions that will trap water or form ponds. Distribute topsoil evenly over the location and seed according to the above seed mixture. The access road and location will be ripped or disked prior to seedng.

Prepare seed-bed by contour cultivating four to six inches deep. Drill seed ½ to 1 inch deep following the contour. In areas that cannot be drilled, broadcast seed at 1.5 times the application rate and cover ½ to 1 inch deep with a harrow or drag-bar.

Fall seeding will be completed after September 1 and prior to ground-frost. Spring seeding will be completed after the frost has left the ground and prior to June 1.

11. Other Informaiton:

There will be no deviation from the proposed drilling and/or workover program without prior approval. Safe drilling and operating practices must be observed.

“Sundry Notices and Report on Wells” will be filed for approval for all changes of plans and other operations.

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

If so requested by the land owner an archaeology inspection will be performed by an authorized contractor. Their report on this inspection will be sent to the land owner.

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 or fossils without the land owners permission. The Operator will immediately bring to the attention of the land owner any and all antiquities or other objects of historic or scientific interest including, but not limited to, historic or prehistoric ruins, artifacts, or fossils discovered as a result of operations under this permit. The operator will immediately suspend all activities in the area of the object and will leave such discoveries intact until told to proceed by the land owner. Notice to proceed will be based upon evaluation of the cultural significance of the object. Evaluation will be by a qualified professional. When not practical, the Operator will follow the mitigation requirements set forth by the State of Utah concerning protection, preservation, and disposition of any sites or material discovered. Within five working days the State of Utah will inform the Operator as to:

Whether materials appear eligible for the National Register of Historic Places;

The mitigation measure(s) 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 State of Utah to complete an expedited review to conform, through the State Historic Preservation Officer, that the findings 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 land owner will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, in those situations where the land owner determines that mitigation, data recovery and/or salvage excavations are necessary, the Operator will bear the cost. The State of Utah will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the land owner that the required mitigation has been completed, the Operator will then be allowed to resume construction.

12. Lessee's or Operator's Representatives and Certification:

REPRESENTATIVES

Names: Steven J. Lund
Phone: (801) 835-1950
Address: 97 North Main St.
Manti, Ut 84642

CERTIFICATION

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route, that I am familiar with the conditions which currently exist, that the statements made in this plan are to the best of my knowledge, true and correct, and that the work associated with the operations proposed herein will be performed by

Wasatch Resources & Minerals

and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

Map A Access Roads

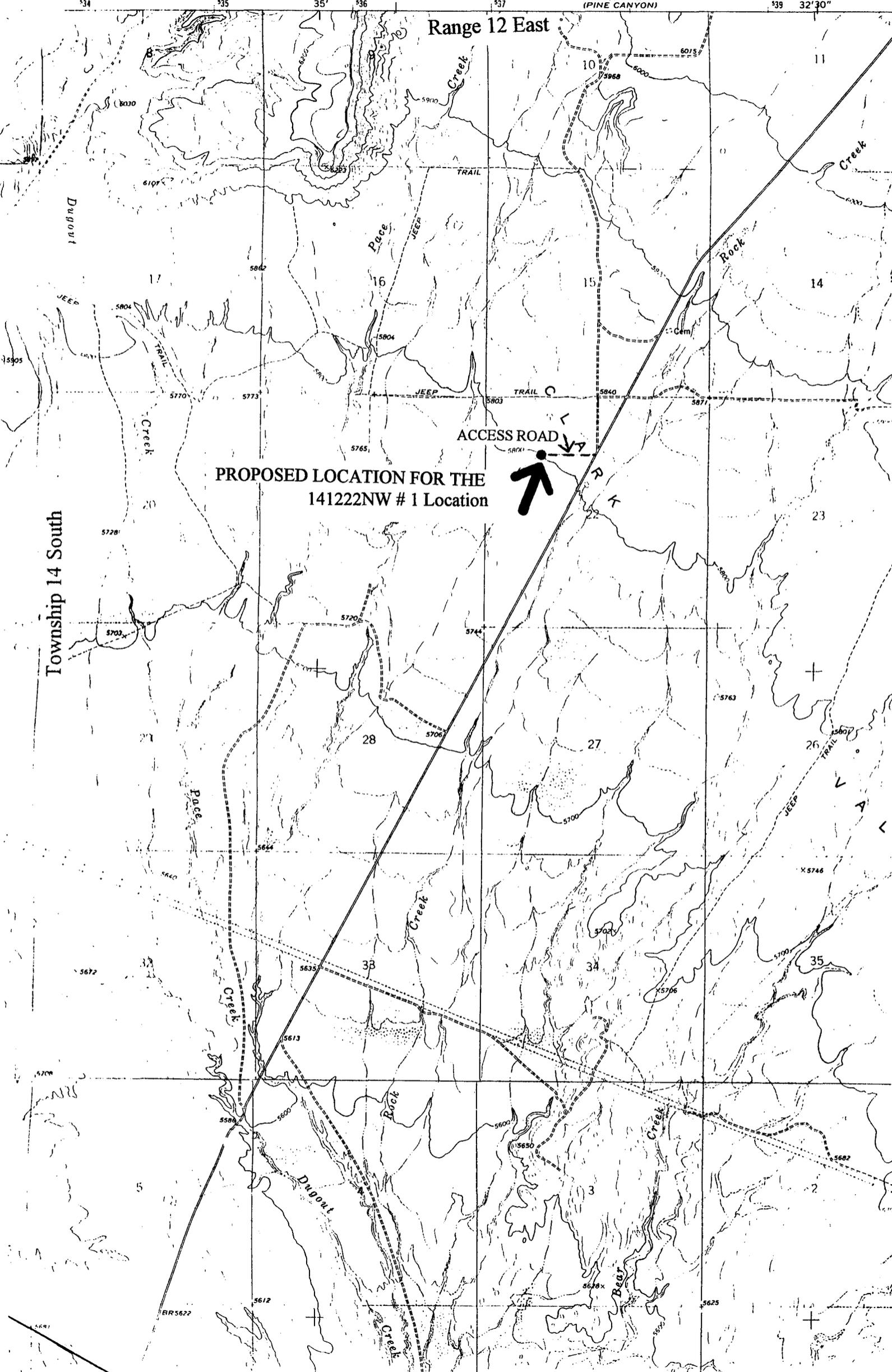
34 35 35' 36 37 3863 11 NE (PINE CANYON) 39 32'30"

Range 12 East

Township 14 South

**PROPOSED LOCATION FOR THE
141222NW # 1 Location**

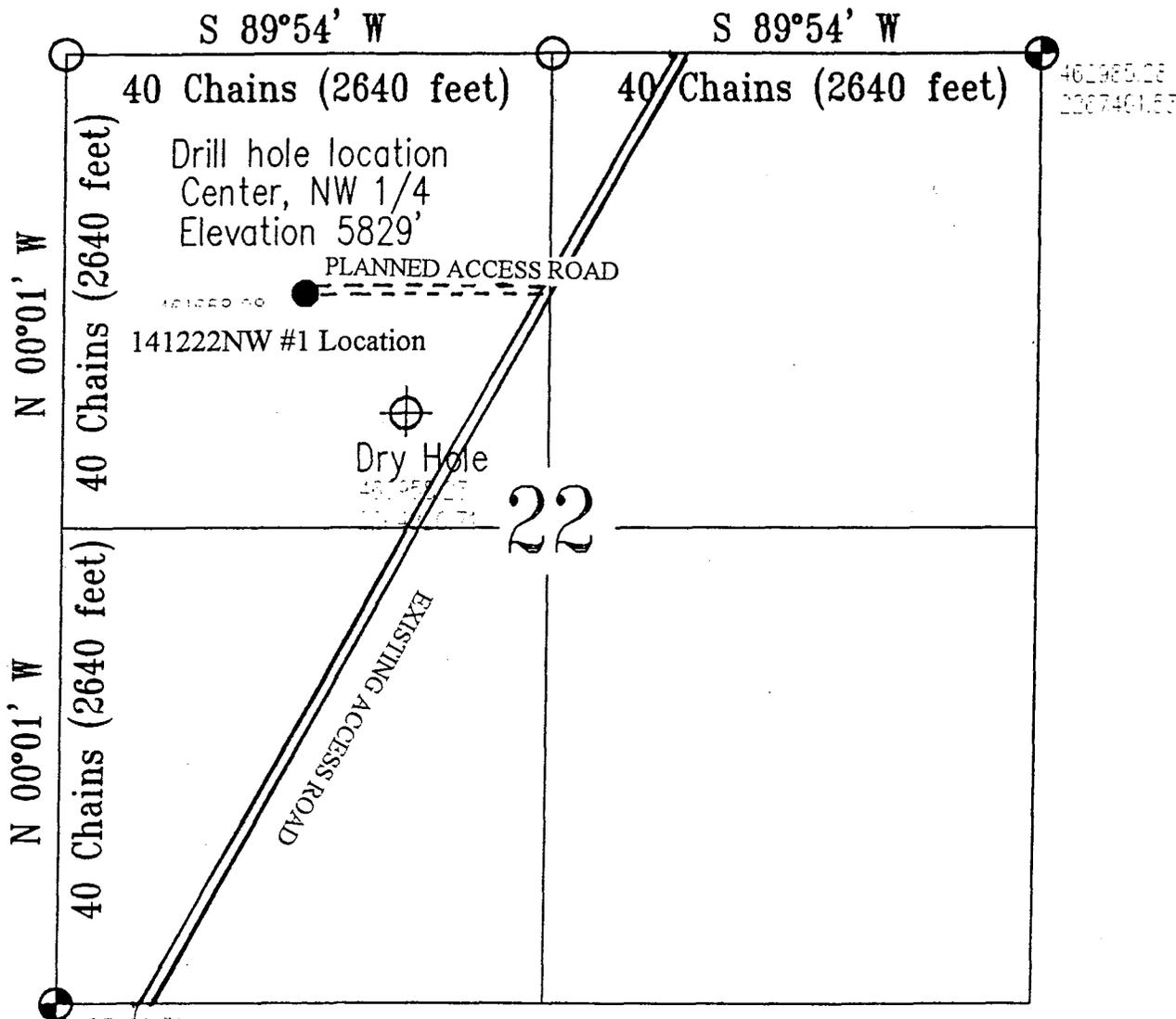
ACCESS ROAD



Map B
Well Location
with Access Road
in Section 22

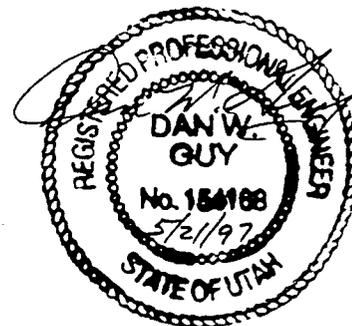
Range 12 East

Township 14 South



LEGEND:

- drill hole location
- ⊕ brass cap, found
- brass cap, searched but not found
- ⊕ Dry Hole with upright pipe



**APPLICATION FOR ADMINISTRATIVE AND GEOLOGIC APPROVAL TO DRILL
THE 141222NW #1 ON A 160 ACRE DRAINAGE SPACING PATTERN**

Wasatch Resources & Minerals respectfully requests approval to drill the 141222NW #1 test well on 160 acre ~~spacing~~ due to the administrative and geologic conditions that follow. The Marakis #1 well was drilled in July of 1955. In this test well natural gas was discovered and a DST was run at 1099 to 1200 feet. Wasatch Resource & Minerals believes that in this area the Ferron Sandstone is being charged by another source down dip, and that the conduit for charging the Ferron Sandstone is the Uncompahgre Fault that traverses Section 22 - T14S - R12E through the NE/4 and the NE/4 of the NW/4 of Section 22 - T14S - R12E as indicated in Map # 1. The exact location of this fault is not known. Wasatch Resource & Minerals believes that drilling a test well on a 160 acre ~~spacing~~ in the center of the NW/4 of Section 22 - T14S - R12E will give the greatest amount of data concerning the origin of the natural gas. This data will then be used to logically develop the natural gas resource in this area on a conventional 40 acres spacing drainage pattern.

MAP #1

CONTOURS ON TOP OF THE FERRON
SYSTEM WITH THE UNCOMPAHGRE
FAULT TRAVERSING T14S-R12E

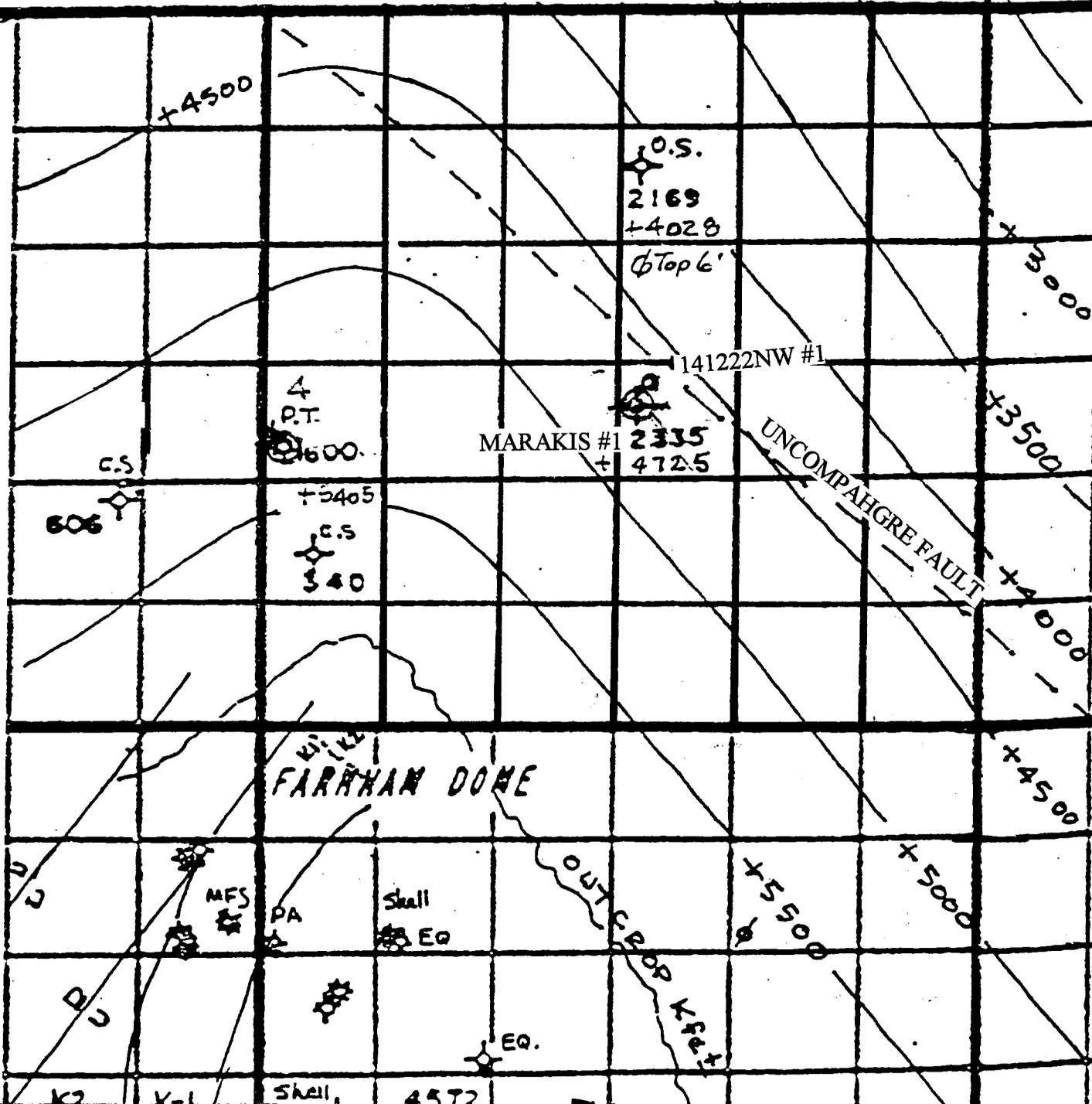
G.G. LOUCKS GEOLOGIST

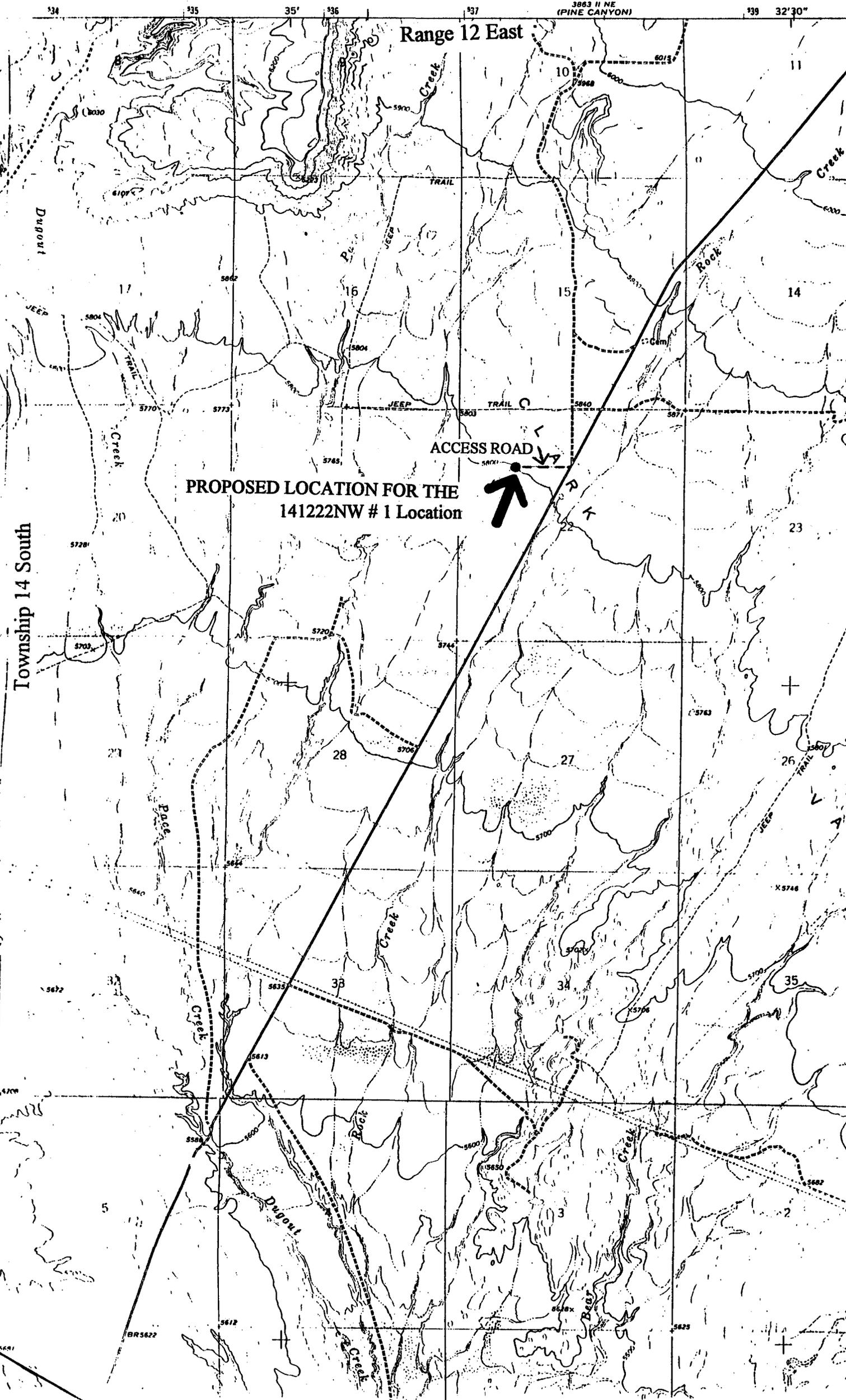
RANGE 11 EAST

RANGE 12 EAST

TOWNSHIP 15 SOUTH

TOWNSHIP 14 SOUTH





Range 12 East

Township 14 South

PROPOSED LOCATION FOR THE
141222NW # 1 Location

ACCESS ROAD



3863 II NE
(PINE CANYON)

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

5. Lease Designation and Serial Number:

Sage Point Coal Co. Fee

6. If Indian, Allottee or Tribe Name:

1A. Type of Work: DRILL DEEPEN

7. Unit Agreement Name:

B. Type of Well: OIL GAS OTHER: SINGLE ZONE MULTIPLE ZONE

8. Farm or Lease Name:

141222NW

2. Name of Operator:
Wasatch Resources & Minerals Inc.

9. Well Number:

#1 - 22 - 14 - 12

3. Address and Telephone Number:
97 North, Main, Manti, Utah 84642

10. Field and Pool, or Wildcat:

Wildcat

4. Location of Well (Footages) 3960 feet west and 1327 feet south of the NE Corner of Sec. 22
At Surface: T14S-R12E

11. Qtr/Qtr, Section, Township, Range, Meridian:

NW 1/4 of Section 22-T14S-R12E

At Proposed Producing Zone: Same as above

CONFIDENTIAL

14. Distance in miles and direction from nearest town or post office:
11 miles north and east of Wellington, Utah

12. County:
Carbon

13. State: UTAH

15. Distance to nearest property or lease line (feet): 1327 feet

16. Number of acres in lease: 160

17. Number of acres assigned to this well: 160

18. Distance to nearest well, drilling, 875' (well P&A'd completed, or applied for, on this lease (feet): 1955)

19. Proposed Depth: 1500 feet

20. Rotary or cable tools:

Rotary (air)

21. Elevations (show whether DF, RT, GR, etc.): 5816 feet GR

22. Approximate date work will start:

July 20th 1997

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
8 3/4"	J-55 7"	20 lb/ft.	100 feet	75 sacks
6 3/4"	J-55 4 1/2"	9.5 lb/ft.	1500	100 sacks

DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

It is proposed to fully test and evaluate the Ferron Sandstone formation by drilling through the Ferron and approximately 100 feet into the Tununk Shale. Air will be used as the circulation media. No coring is planned. The logs will be gamma-ray, compensated neutron density, compensated sonic and fracture detection. All Federal and State Regulations will be fully adhered to.

The 141222NW #1 will offset the Marakis #1. The Marakis #1 was drilled in 1955 and later plugged. All of information from the Marakis #1 drilling report has been considered in this project.

CONFIDENTIAL

RECEIVED
JUL 09 1997

24. Name & Signature: *Steven J. Lund* Steven J. Lund Title: President Date: July 7, 1997

DIV. OF OIL, GAS & MINING

(This space for State use only)

API Number Assigned: 43-007 30377

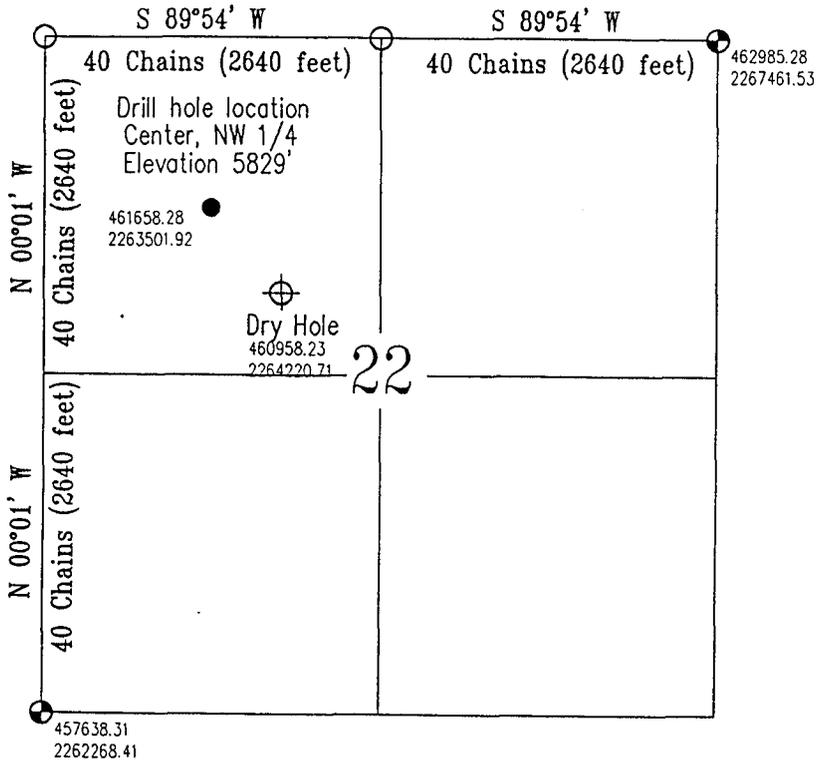
Approval:

John R. Baya
Associate Director

8/18/97

Range 12 East

Township 14 South



Basis of Bearing:
 Basis of Bearing S 89°54" W recorded between the NE Corner and the NW Corner of Section 22, Township 14 South, Range 12 East, Salt Lake Base and Meridian.

Basis Of Elevation:
 Basis of Elevation of 5816 as indicated in the NE Corner of Section 22, Township 14 South, Range 12 East, Salt Lake Base and Meridian, as shown on the Sunnyside Junction Quadrangle 7.5 Minute Series Map.

Description of Location:
 Proposed Drill Hole located in the center of the NW 1/4 of Section 22, 3960 feet west, and 1327 feet south of the NE corner of Section 22, T14S, R12E, Salt Lake Base and Meridian.

LEGEND:

- drill hole location
- ⊕ brass cap, found
- brass cap, searched but not found
- ⊕ Dry Hole with upright pipe



ENGINEER'S CERTIFICATE

I, Dan Guy, do hereby certify that I am a Registered Professional Engineer, holding certificate No. 154168 as prescribed under the laws of the State of Utah. I further certify that the information contained on this page is true and correct to the best of my knowledge.

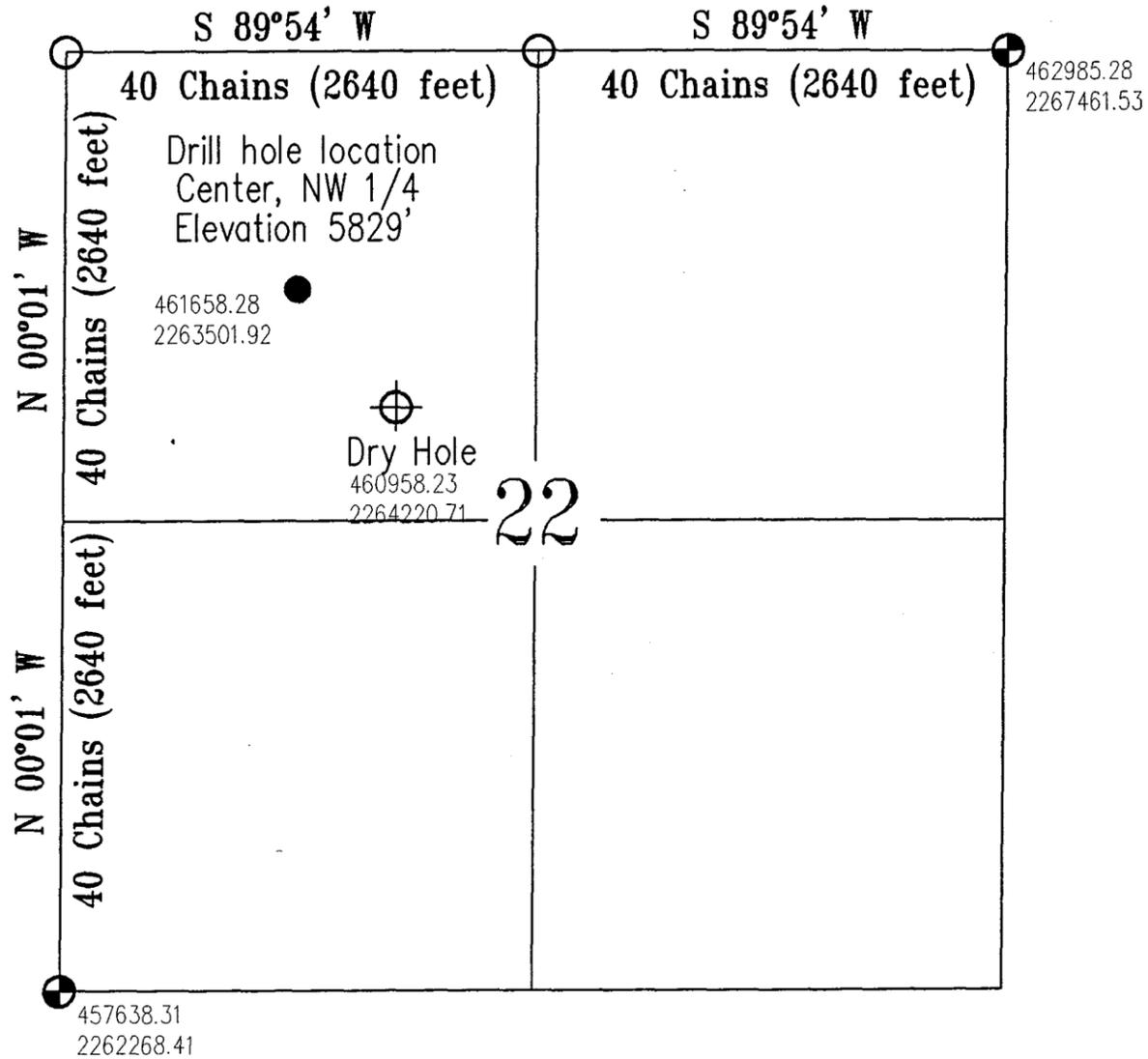
Drill Hole Location
 for Mr. Steve Lund



Castle Valley Services

Township 14 South

Range 12 East



LEGEND:

- drill hole location
- ⊕ brass cap, found
- brass cap, searched but not found
- ⊕ Dry Hole with upright pipe



Basis of Bearing:
 Basis of Bearing S 89°54" W recorded between the NE Corner and the NW Corner of Section 22, Township 14 South, Range 12 East, Salt Lake Base and Meridian.

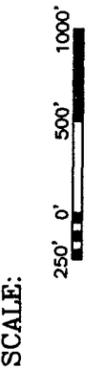
Basis Of Elevation:
 Basis of Elevation of 5816 as indicated in the NE Corner of Section 22, Township 14 South, Range 12 East, Salt Lake Base and Meridian, as shown on the Sunnyside Junction Quadrangle 7.5 Minute Series Map.

Description of Location:
 Proposed Drill Hole located in the center of the NW 1/4 of Section 22, 3960 feet west, and 1327 feet south of the NE corner of Section 22, T14S, R12E, Salt Lake Base and Meridian.

ENGINEER'S CERTIFICATE

I, Dan Guy, do hereby certify that I am a Registered Professional Engineer, holding certificate No. 154168 as prescribed under the laws of the State of Utah. I further certify that the information contained on this page is true and correct to the best of my knowledge.

Drill Hole Location
for Mr. Steve Lund



Castle Valley Services

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 07/09/97

API NO. ASSIGNED: 43-007-30377

WELL NAME: SAGE POINT #1
OPERATOR: WASATCH RESOURCES (N6955)

PROPOSED LOCATION:
CNW 22 - T14S - R12E
SURFACE: 1327-FNL-3960-FEL
BOTTOM: 1327-FNL-3960-FEL
CARBON COUNTY
WILDCAT FIELD (001)

INSPECT LOCATION BY: 07/25/97

TECH REVIEW	Initials	Date
Engineering	SRB	8/13/97
Geology		
Surface		

LEASE TYPE: FEE
LEASE NUMBER: SAGE POINT COAL

PROPOSED PRODUCING FORMATION: FRSD

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Federal[] State[] Fee[]
(Number _____)
- Potash (Y/N)
- Oil shale (Y/N)
- Water permit
(Number COMMERCIAL SUPPLY)
- RDCC Review (Y/N)
(Date: 4-AUG-97)

LOCATION AND SITING:

- R649-2-3. Unit: _____
- R649-3-2. General.
- R649-3-3. Exception.
- Drilling Unit.
- Board Cause no: _____
- Date: _____

COMMENTS: Conf. status req., casing OK, cement OK, BOP OK,
Exc. loc. OK

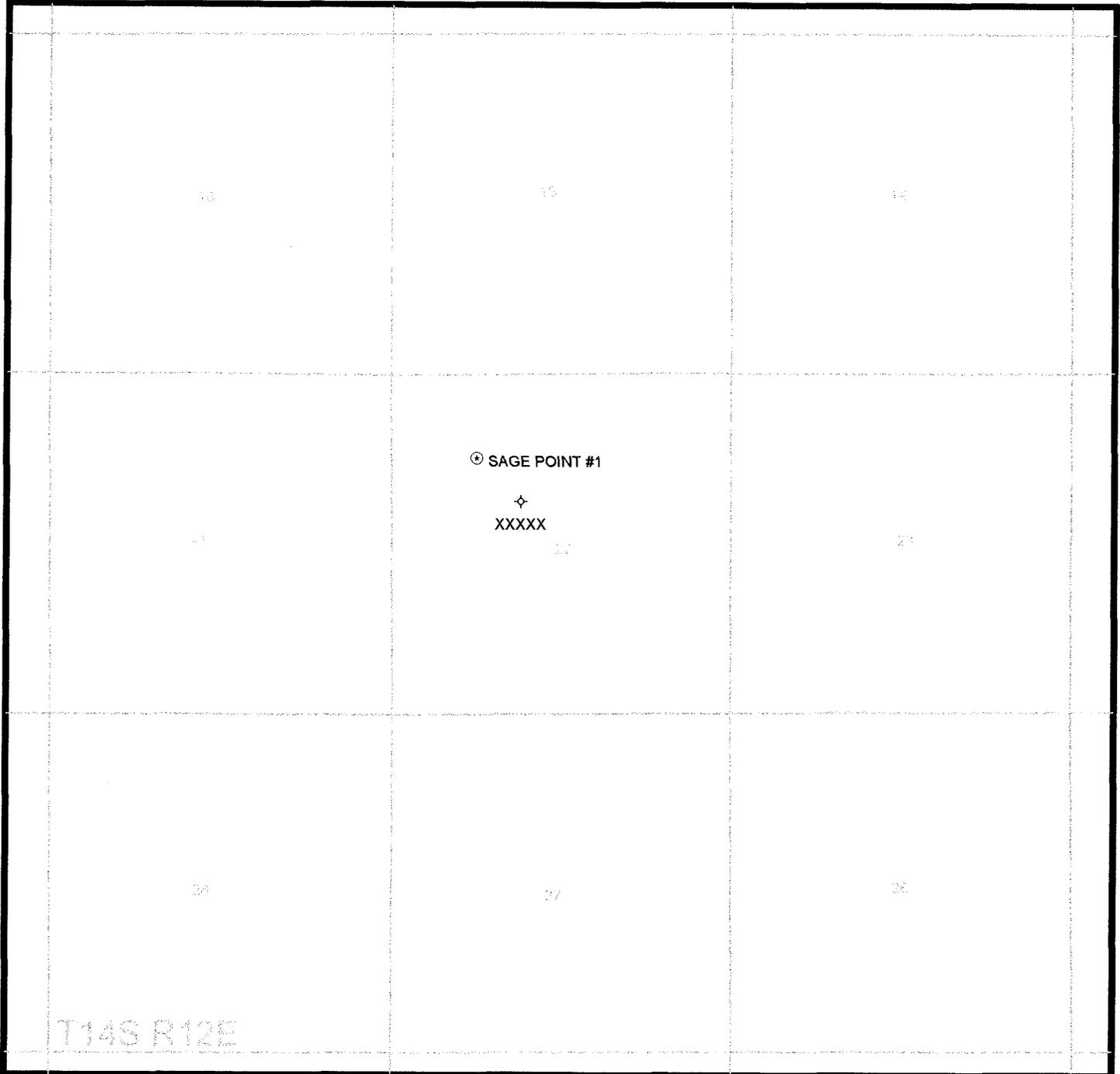
STIPULATIONS: 1. State ment of Basis
2. The application has been presented to the
State Resource Development Coordinating Committee ^(RDCC) for consideration
of resource issues affecting state interests. Dependent on the
Comments provided by RDCC, the operator may be required,
as part of this approval
to perform ~~additional~~ ~~business~~ actions to mitigate impact
to state resources. as per standard stipulation # 7

OPERATOR: WASATCH RESOURCES & MINERALS (N6955)

FIELD: WILDCAT (001)

SEC, TWP, RNG: SEC. 22, T14S, R12E

COUNTY: CARBON UAC: R649-3-3



PREPARED:
DATE: 18-JULY-97

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

Operator Name: Wasatch Resources & Minerals Inc.

Name & Number: Sage Point Coal 1-22-14-12

API Number: 43 - 007 - 30377

Location: 1/4, 1/4 C NW Sec. 22 T. 14 S R. 12 E County: Carbon

Geology/Ground Water:

Standing water is found ~ 3 miles southwest in Dugout Creek. The thin slope wash is moderately permeable but does not appear to have a significant water resource nearby and there is no evidence of valley fill development in the slope wash. No other sediments between the surface and the Ferron Sandstone Member of the Mancos Shale objective are capable of providing a quality water resource. The proposed 100' surface casing program will adequately cover the thin surficial deposits.

Reviewer: Christopher Kierst

Date: July 31, 1997

Surface:

This location lies in a flat area of mostly sagebrush and grasses. Steve Nye who represented the surface owner indicated that the area was used infrequently as pasture lands, however he had little or no input as to the nature of the agreements for the land use, nor was he authorized to make any decisions or concessions. It was suggested that the best way to approach this site was to simply push the brush and grasses into a berm along the road and around the location. The area is flat enough that little other preparation will be needed. The access road and location were photographed and typified for future reference. No surface use agreement had been executed at the time of the pre-site. Pit placement and the operations of drilling were discussed with the surface owners rep. The surface use stipulations were discussed and the meeting was concluded prior to the rain starting.

Reviewer: K. Michael Hebertson

Date: 28-July-1997

Conditions of Approval/Application for Permit to Drill:

1. The location will be bermed on all sides and any possible drainage areas diverted around the pad.
2. Spoil from the bloopie pit will be used as a backstop for the drill cuttings.
3. Brush and grass from the construction of the road and pad will be stored in the berms as they are made.
4. Waters encountered below the surface casing of 100' will be tested and covered with cement before production begins.

ON-SITE PREDRILL EVALUATION

Division of Oil, Gas and Mining

OPERATOR: Wasatch Resources & Minerals Inc.

WELL NAME & NUMBER: Sage Point Coal #1-22-14-12

API NUMBER: 43-007-30377

LEASE: Fee Sage Point Coal FIELD/UNIT: Wildcat (001)

LOCATION: 1/4, 1/4 C NW Sec: 22 TWP: 14 S RNG: 12 E 1327 FSL 3960 FEL

LEGAL WELL SITING: 460 F SEC. LINE; 460 F 1/4, 1/4 LINE; 1320 F ANOTHER WELL.

GPS COORD (UTM): x = 537361 E; y = 4382935 N

SURFACE OWNER: Sage Point Coal Company

PARTICIPANTS

Mike Hebertson (DOGM) Steve Lund Wasatch Resources & Minerals Inc.
Steve Nye (Soldier Canyon Mine) Canyon Fuels

REGIONAL/LOCAL SETTING & TOPOGRAPHY

Western margin of Colorado Plateau/~8 miles south of the Tavaputs Plateau and 8 miles South of the Book Cliffs. Location is on valley fill which is Quaternary in age. Shallow arroyos (1-20' deep) incise the alluvium, all of which gently slopes to the south and east. Location is on ground which is almost flat. The major topographic feature in the area is Rock Creek which lies .5 miles east.

SURFACE USE PLAN

CURRENT SURFACE USE: Wildlife, and occasionally pasture land

PROPOSED SURFACE DISTURBANCE: 100' X 100' pad and .3 miles of approach road. Spoils and topsoil stockpiles and reserve pit backfill pile will be stored outboard of the pad.

LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS: None

LOCATION OF PRODUCTION FACILITIES AND PIPELINES: These will follow Existing roadways.

SOURCE OF CONSTRUCTION MATERIAL: Native material will be used to gravel approach road and location. Any additional material will be acquired from a commercial source.

ANCILLARY FACILITIES: None

WASTE MANAGEMENT PLAN:

Portable toilets; garbage cans on location will be emptied into centralized dumpsters which will be emptied into an approved landfill. Reserve pit will be dried after use and then buried. Water produced during testing and completion will be stored in a temporary reserve pit and evaporated on site.

ENVIRONMENTAL PARAMETERS

AFFECTED FLOODPLAINS AND/OR WETLANDS: None

FLORA/FAUNA: Sagebrush, indian rice grass, broom snakeweed, winterfat, greasewood, shadscale, blue gramma, dryland sedge, salina wild rye, cactus, birds, coyotes, rodents, elk, deer, reptiles.

SOIL TYPE AND CHARACTERISTICS: Mostly clay and sand in a moderately-permeable soil on Quaternary slope wash covering the Blue Gate Shale Member of the Cretaceous age Mancos Shale.

SURFACE FORMATION & CHARACTERISTICS: Quaternary slope wash covering Blue Gate Shale. Light brown, brown, gray, or buff; slope wash is unconsolidated, thin to thick bedded with sediments ranging from clay to sand.

EROSION/SEDIMENTATION/STABILITY: Stable ground with no significant undercutting erosion by water. Drainage is limited to minor dry washes during cloudbursts and periods of rapid snowmelt with deposition occurring during the wane of these episodes.

PALEONTOLOGICAL POTENTIAL: None required

RESERVE PIT

CHARACTERISTICS: 6'X 20'X 6' unlined

LINER REQUIREMENTS (Site Ranking Form attached): None Required

SURFACE RESTORATION/RECLAMATION PLAN

As stipulated by the surface use agreement

SURFACE AGREEMENT: Not executed as of the date of this writing.

CULTURAL RESOURCES/ARCHAEOLOGY: None required.

OTHER OBSERVATIONS/COMMENTS

None

ATTACHMENTS:

photos were taken of this site.

K. Michael Hebertson
DOGM REPRESENTATIVES

July 28, 1997, 11:00 AM
DATE/TIME

**Evaluation Ranking Criteria and Ranking Score
For Reserve and Onsite Pit Liner Requirements**

<u>Site-Specific Factors</u>	<u>Ranking</u>	<u>Site Ranking</u>
Distance to Groundwater (feet)		
>200	0	
100 to 200	5	
75 to 100	10	
25 to 75	15	
<25 or recharge area	20	_____
Distance to Surf. Water (feet)		
>1000	0	
300 to 1000	2	
200 to 300	10	
100 to 200	15	
< 100	20	_____
Distance to Nearest Municipal Well (feet)		
>5280	0	
1320 to 5280	5	
500 to 1320	10	
<500	15	_____
Distance to Other Wells (feet)		
>1320	0	
300 to 1320	10	
<300	20	_____
Native Soil Type		
Low permeability	0	
Mod. permeability	10	
High permeability	20	_____ 10
Fluid Type		
Air/mist	0	
Fresh Water	5	
TDS >5000 and <10000	15	
TDS >10000 or Oil Base	20	
Mud Fluid containing high levels of hazardous constituents		_____
Drill Cuttings		
Normal Rock	0	
Salt or detrimental	10	_____
Annual Precipitation (inches)		
<10	0	
10 to 20	5	
>20	10	_____ 5
Affected Populations		
<10	0	
10 to 30	6	
30 to 50	8	
>50	10	_____
Presence of Nearby Utility Conduits		
Not Present	0	
Unknown	10	
Present	15	_____
Final Score		_____ 15

STATE ACTIONS

Mail to:
RDCC Coordinator
116 State Capitol
Salt Lake City, Utah 84114

1. ADMINISTERING STATE AGENCY
OIL, GAS AND MINING
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

2. STATE APPLICATION IDENTIFIER NUMBER:
(assigned by State Clearinghouse)

3. APPROXIMATE DATE PROJECT WILL START:
Upon Approval

4. AREAWIDE CLEARING HOUSE(S) RECEIVING STATE ACTIONS:
(to be sent out by agency in block 1)
Southeastern Utah Association of Governments

5. TYPE OF ACTION: Lease Permit License Land Acquisition
 Land Sale Land Exchange Other

6. TITLE OF PROPOSED ACTION:
Application for Permit to Drill

7. DESCRIPTION:
Wasatch Resources & Minerals, Inc. proposes to drill the Sage Point 1-22-14-12 well (wildcat) on a private lease in Carbon County, Utah. This action is being presented to RDCC for consideration of resource issues affecting state interests. The Division of Oil, Gas and Mining is the primary administrative agency in this action and must issue approval before operations commence.

8. LAND AFFECTED (site location map required) (indicate county)
C NW, Section 22, Township 14 South, Range 12 East, Carbon County, Utah

9. HAS THE LOCAL GOVERNMENT(S) BEEN CONTACTED?

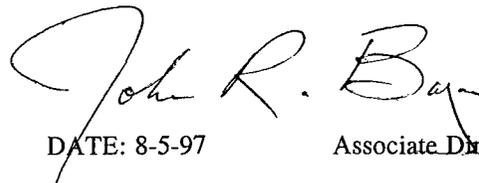
10. POSSIBLE SIGNIFICANT IMPACTS LIKELY TO OCCUR:
Degree of impact is based on the discovery of oil or gas in commercial quantities.

11. NAME AND PHONE NUMBER OF DISTRICT REPRESENTATIVE FROM YOUR AGENCY NEAR PROJECT SITE, IF APPLICABLE:

12. FOR FURTHER INFORMATION, CONTACT:

13. SIGNATURE AND TITLE OF AUTHORIZED OFFICIAL:

John R. Baza
PHONE: 538-5334


DATE: 8-5-97 Associate Director

**UTAH DIVISION OF OIL, GAS AND MINING
OIL AND GAS WELL INSPECTION RECORD**

Operator: WASATCH RESOURCES Lease Number: FEE

Well Name: SAGE POINT 1-22-14-12 API Number: 43-007-30377

Sec: 22 Twp: 14S Rng: 12E County: CARBON Field: WILDCAT

Well Status: PA

GENERAL	Inspected (✓)
1. Well Identification	
2. Well Equipment	
3. Environmental Protection	
4. Temporary/Emergency Pits	
5. Spills, Discharges, Seepage	
Remarks: PA marker has been set with proper legal description. Location has been leveled.	
Reserve pit backfilled. Access road made inaccessible. No further inspection needed.	
Drilling bond can be released. Photos in file.	
OIL PRODUCTION	Inspected (✓)
1. Method of Measurement: Tank Gauge <input type="checkbox"/> LACT Unit <input type="checkbox"/> Other <input type="checkbox"/>	
2. Storage Facilities	
3. Lines Leaving Storage Facilities Sealed/Locked	
4. Oil Handling/Treatment Equipment	
Remarks:	
GAS PRODUCTION	Inspected (✓)
1. Type of Gas Production: Gas Well Casinghead <input type="checkbox"/>	
2. Gas Disposition: Sold Flared/Vented <input type="checkbox"/> Used on Lease Other <input type="checkbox"/>	
3. Method of Measurement: Orifice Meter Turbine Meter <input type="checkbox"/> Estimated <input type="checkbox"/> Other <input type="checkbox"/>	
4. Gas Handling/Treatment Equipment	
Remarks:	
PRODUCED WATER DISPOSAL	Inspected (✓)
1. Disposal Method: Unlined Pit Lined Pit <input type="checkbox"/> Subsurface <input type="checkbox"/> Other	
2. If Disposal by Pits, Are Pits Satisfactory? Yes No	
3. Other E & P Waste Disposal	
Remarks:	

Inspector: J. THOMPSON Date: 10/15/97

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING
RECORD OF ABANDONMENT OPERATIONS

COMPANY NAME: WASATCH RESOURCES CEMENTING CO.: COX REDI-MIX

WELL NAME: SAGE POINT 1-22-14-12

QTR/QTR: C/NW SECTION: 22 TOWNSHIP: 14S RANGE: 12E

COUNTY: CARBON API NO.: 43-007-30377

INSPECTOR: M. HEBERTSON DATE: 10/10/97

CEMENTING OPERATIONS: P&A WELL: X

SURFACE CASING SHOE DEPTH: _____ FT. CASING PULLED YES: _____ NO: X

CASING: SIZE: 7" DEPTH: 107' FT. CSG RECOVERED: _____

CASING: SIZE: _____ DEPTH SET: _____

PROCEDURE: Ran 600' of 2 3/8" tubing. Pumped 9 yards pulled all tubing. Backed up redi-mix truck shot 1 yard of cement into 7" casing to top off. Cement stayed at surface. Marker set.

(1) PLUG SET @:FROM: 600' TO: surface FT. TAGGED: YES: _____ NO: _____
SLURRY: 15 to 16 # Portland "a" neat.

(2) PLUG SET @:FROM: _____ TO: _____ FT. TAGGED: YES: _____ NO: _____
SLURRY: _____

(3) PLUG SET @:FROM: _____ TO: _____ FT. TAGGED: YES: _____ NO: _____
SLURRY: _____

SURFACE PLUG: FROM: _____ TO: _____ FT.

ALL ANNULUS CEMENTED TO SURFACE: YES: X NO: _____

ABANDONMENT MARKER: PLATE: _____ PIPE: X

COMMENTS: Location rehab to begin 10/11/97.

**UTAH DIVISION OF OIL, GAS AND MINING
OIL AND GAS WELL INSPECTION RECORD**

Operator: WASATCH RESOURCES Lease Number: FEE
 Well Name: SAGE POINT 1-22-14-12 API Number: 43-00730377
 Sec: 22 Twp: 14S Rng: 12E County: CARBON Field: WILDCAT
 Well Status: SGW

GENERAL	Inspected (✓)
1. Well Identification	NO
2. Well Equipment	✓
3. Environmental Protection	✓
4. Temporary/Emergency Pits	✓
5. Spills, Discharges, Seepage	✓
Remarks: 7" CSG open to atmosphere-no well control. Well awaiting plugging. Reserve pit fenced with some fluid. Should plug well 10/8 or 10/9/97.	
OIL PRODUCTION	Inspected (✓)
1. Method of Measurement: Tank Gauge <input type="checkbox"/> LACT Unit <input type="checkbox"/> Other <input type="checkbox"/>	
2. Storage Facilities	
3. Lines Leaving Storage Facilities Sealed/Locked	
4. Oil Handling/Treatment Equipment	
Remarks:	
GAS PRODUCTION	Inspected (✓)
1. Type of Gas Production: Gas Well <input checked="" type="checkbox"/> Casinghead <input type="checkbox"/>	
2. Gas Disposition: Sold <input checked="" type="checkbox"/> Flared/Vented <input type="checkbox"/> Used on Lease <input type="checkbox"/> Other <input type="checkbox"/>	
3. Method of Measurement: Orifice Meter <input type="checkbox"/> Turbine Meter <input type="checkbox"/> Estimated <input type="checkbox"/> Other <input type="checkbox"/>	
4. Gas Handling/Treatment Equipment	
Remarks:	
PRODUCED WATER DISPOSAL	Inspected (✓)
1. Disposal Method: Unlined Pit <input checked="" type="checkbox"/> Lined Pit <input type="checkbox"/> Subsurface <input type="checkbox"/> Other <input type="checkbox"/>	
2. If Disposal by Pits, Are Pits Satisfactory? Yes <input type="checkbox"/> No <input type="checkbox"/>	
3. Other E & P Waste Disposal	
Remarks:	

Inspector: J. THOMPSON Date: 9/29/97

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING
DRILLING INSPECTION FORM

OPERATOR: WASATCH RESOURCES COMPANY REP: STEVE LUND

WELL NAME: SAGE POINT 1-22-14-12 API NO: 43-007-30377

QTR/QTR: C-NW SECTION: 22 TWP: 14S RANGE: 12E

CONTRACTOR: PARKER RIG NUMBER: 1

INSPECTOR: JTL TIME: 10:30 AM DATE: 9/3/97

TYPE OF WELL: OIL: _____ GAS: X WIW: _____

SPUD DATE: DRY: _____ ROTARY: 8/23/97 PROJECTED T.D.: 1500'

OPERATIONS AT TIME OF VISIT: DRL AHEAD @ 710'

WELL SIGN: _____ MUD WEIGHT: _____ LBS/GAL BOPE: _____

BLOOIE LINE: _____ FLARE PIT: _____ H2S POTENTIAL: _____
ENVIRONMENTAL:

RESERVE PIT: Y FENCED: X LINED: NO PLASTIC: _____

RUBBER: _____ BENTONITE: _____ SANITATION: YES

WATER ENCOUNTERED DURING DRILLING: _____

DEPTH: _____

BOPE TEST RECORDED IN THE RIG DAILY TOUR BOOK: _____

REMARKS: _____

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING
CEMENTING OPERATIONS

OPERATOR: WASATCH RESOURCES & MINERALS API NO: 43-007-30377

WELL NAME: SAGE POINT 1-22-14-12 LEASE: SAGE POINT COAL CO

QTR/QTR: NE/NE SECTION: 20 TOWNSHIP: 21S RANGE: 7E

PLUGGING COMPANY NAME: OPERATOR

COMPANY REPRESENTATIVE: STEVE LUND

DOGM INSPECTOR: JIM THOMPSON DATE: 8/23-24/97

TYPE OF WELL: OIL: GAS: X WIW:

CASING INFORMATION:

SURFACE CASING: X OTHER:
SIZE: 7" GRADE: 20# HOLE SIZE: 9 3/4" DEPTH: 105'
PIPE CENTRALIZED: YES: X (3) NO: CEMENTING CO. COX REDI-MIX
CEMENTING STAGES: 1 STAGE TOOL @:

SLURRY INFORMATION:

1. LEAD 4 BBLs-fresh water
2. SLURRY: 10 BBLs +-15.6#'s REDI-MIX% (NO ADDITIVES) CLASS "A"
3. SLURRY: 3 BBLs DISPLACEMENT-fresh water
4. SLURRY:
5. SLURRY:

6. CEMENT TO SURFACE: YES: X NO: LOST RETURNS: YES: NO: X

7. 1" INFORMATION: CLASS: ADDITIVES:

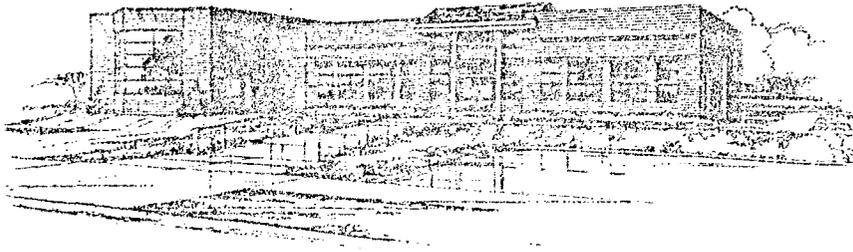
8. CEMENT WEIGHT: CEMENT TO SURFACE: LENGTH OF 1": FT.

ADDITIONAL COMMENTS: Hit conglomerate @ approx 16' while drilling
conductor hole. Set 23' of 10 3/4" conductor pipe.

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS

KENT R. PETERSEN
CHAIRMAN

WILLIAM D. HOWELL
EXECUTIVE DIRECTOR



375 SOUTH CARBON AVE.
P.O. DRAWER 1106
PRICE, UTAH 84501
(801) 637-5444
FAX (801) 637-5448

AREA WIDE CLEARINGHOUSE A-95 REVIEW

14 01 07

NOI _____ State Action _____ Preapp _____
Subdivision _____ App ASP # _____
State Plan _____ Other (indicate) _____ SAI Number _____

Applicant Address:

Oil, Gas & Mining
P.O. Box 145801
SLC, UT 84114-5801

Federal Funds Requested:

538-5334

Phone Number:

Title: Application for Permit to Drill

Sage Point #1-22-14-12

Wasatch Resources & Minerals

43-007-30377

C NW Sec. 22, T. 14S, R. 12E, Carbon Co.

- No comment
- See comment below
- No action taken because of insufficient information
- Please send your formal application to us for review. Your attendance is requested []

The applicant should forward any written review comments to the funding agency. Any written response to those comments should be forwarded to the State Clearinghouse and also to the funding agency.

Comments: Approved on August 21, 1997 at SEUAOG Board meeting.

8-21-97

Lorraine B. [Signature]

AGREEMENT

THIS AGREEMENT is entered into as of the 7th day of August, 1997, by and between **Wasatch Resources & Minerals Inc.** with offices at 97 North Main, Manti, Utah 84642, hereinafter referred to as "**Operator**", and **Canyon Fuel Company, LLC**, with offices at 6955 Union Park Center, Suite 540, Midvale, Utah 84047, hereinafter referred to as "**Lessor**".

WITNESSETH THAT:

WHEREAS, Operator wishes to drill a well for the purpose of exploring for gas and oil, hereinafter referred to as "The Well", in the NW1/4 of Section 22-T14S-R12E, in Carbon County, Utah, and

WHEREAS, Operator desires to construct an access road and drilling location in the NW1/4 of said Section 22-T14S-R12E, hereinafter referred to as the "Drilling Location", and

WHEREAS, Lessor owns both the surface and the minerals on said property in the NW1/4 of Section 22-T14S-R12E, and

WHEREAS, Lessor desires to preserve the environmental and financial values of said property.

NOW THEREFORE, in consideration of the mutual promises and covenants herein contained, the parties hereto agree as follows:

Surface Usage Plan and Scope of Work. Map A attached herein is a topographic map showing the Drilling Location and existing roads. Map B attached herein is the Survey of the Drilling Location and shows the proximity of the existing road and a dry hole marker to the Drilling Location. A plat drawing (Plat A) attached herein shows planned access onto the Drilling Location, anticipated orientation of equipment during the drilling operations, and the proposed location of the reserve pit.

Operator hereby sets forth the Surface Usage Plan for the construction of an access road and drilling location; for environmental remediation; and the final reclamation of the areas disturbed from drilling The Well as follows:.

SURFACE PREPARATION AND DRILLING:

1. Cultural/Paleontological Resources: The Operator shall not conduct any activities that will disturb cultural and/or paleontological resources. The Operator will inspect the proposed access route and the Drilling Location for visible cultural/paleontological resources including, but not limited to, historic artifacts such as dwelling ruins, petroglyphs, pottery shards, and/or flint workings. In the event any such artifacts are found, regardless of whether they are found during the inspection or during drilling preparation activities subsequent to the inspection, Operator will notify Lessor, and the Drilling Location will be relocated no less than 300 feet away from such artifacts and the new location will be similarly inspected.

2. Access Roads and Maintenance: Access to the Drilling Location will use an existing road up to the center of the East boundary of the NW1/4 of Sec. 22-T14S-R12E and a new access road which will be constructed, by Operator at Operator's sole expense, from the East boundary of the NW1/4 of Sec. 22-T14S-R12E going West to the center of the NW1/4 of Sec. 22-T14S-R12E. This new road will be flagged and is shown on Map B. The initial access road construction will be sufficient to allow regress by Operator's authorized personnel and egress of necessary equipment to drill The Well as described in the State of Utah's Division of Oil Gas and Mining's Application For Permit To Drill.

Maximum grades on new construction will be less than 10% and no turnouts will be constructed. The new road surface will be center crowned with ditches on each side of the road. Slopes will have a maximum slope of 3:1. There will be no culverts placed in the ditchways during the drilling phase of operations. Further evaluation will be made for the addition of culverts if the road is to have long term use.

The Operator will maintain all existing roads on Lessor's property used for access to the Drilling Location in the same condition, or better condition than, existed prior to the commencement of Operator's operations on the Drilling Location.

4. Source of Construction Material
Native material will be used for road surfacing and pad construction. Should gravel or additional construction material be required, it will be the responsibility of The Operator to provide advance notice to Lessor of plans to import such materials and to locate and permit (if necessary) use of that material.

5. Wellsite Earthwork:
Topsoil and vegetation will be stripped with a motor grader from an area measuring 110 feet by 110 feet to a depth of at least six (6) inches and no more than (12) inches. Stripped topsoil and vegetation will be stockpiled in a heaped pile without compaction immediately north (upgrade) of the Drilling Location. No topsoil stripping will be allowed when soils are moisture saturated to a depth of 3 inches, or frozen below the stripping depth.

Undersoil material will then be stripped and windrowed into berms along the four perimeter edges of a 100 foot by 100 foot Drilling Location pad to divert runoff from precipitation events away from the Drilling Location and to contain potential spills within the Drilling Location during the drilling operations. Said berms shall be no less than 12 inches high along the north perimeter and no less than 18 inches high along the south perimeter.

A 6 foot by 20 foot by 6 foot deep reserve pit will be excavated on the Drilling Location and the excavated material will be used in construction of perimeter berms around the pit. Excess material may be used on the perimeter berms of the Drilling Location. The reserve pit will be fenced on three sides prior to drilling activity and closed off on the fourth side after drilling is finished. Fencing will be four strands of barbed wire or one strand of barbed wire above woven wire. All corners will be braced with an H-type brace. The fence construction will be on cut or undisturbed ground and the fence will be maintained in a livestock tight condition.

6. Location of Tank Batteries and Production Facilities: Drilling equipment will be located approximately as show on Plat A. There will be no deviation from the proposed drilling and/or work-over program without prior approval of the Lessor. Safe drilling and operating practices must be observed.
7. Interim Environmental Remediation: The reserve pit will be lined only if topography and existing soil drainage require it. Produced waste water will be confined to a lined pit for a period not to exceed 90-days after initial production.

Trash will be confined in a covered container and hauled to an approved sanitary landfill. Burning of waste or oil is not approved. All earthen spoil material will be kept on site for use in re-contouring.

No bore holes will be used for disposal of waste materials. Human waste will be contained and later disposed of at an approved sewage disposal facility.

8. Reserve Pit Reclamation: Upon completion of drilling, use of the reserve pit will be discontinued. Cans, barrels, pipe, etc. will be removed from the reserve pit and the pit will be allowed to dry before pit reclamation. Within 30 days of completion of drilling, Operator will have the cuttings residue in the pit sampled and tested by a certified laboratory for petroleum hydrocarbon content. Operator will provide copies of the analysis results to Lessor. Pit residues with hydrocarbon levels in excess of those allowed to be left unsealed in similar pits on State of Utah land by the State Of Utah, Division of Oil, Gas, and Mining shall be covered with an impermeable synthetic membrane, a six inch thick layer of bentonitic clay and, finally, a 24 inch thick layer of topsoil material heaped slightly above the elevation of the surrounding surface to prevent ponding above the pit. Pit residues with hydrocarbon levels lower than described immediately above will be buried in the pit without the membrane or clay layer but will include a 24 inch thick layer of topsoil material heaped slightly above the elevation of the surrounding surface to prevent ponding above the pit.
9. Disclosures: Operator shall provide all personnel contracted or otherwise doing work on The Location with a copy of the surface use plan and shall review the terms of the plan and this agreement with such personnel to ensure that they are aware of the requirements of the plan and this agreement.

If The Well is a dry hole, Operator shall provide Lessor with a copy of all drilling logs and related drilling information immediately after The Well is plugged. If The Well is a commercial producer of hydrocarbons, Operator shall provide Lessor with a copy of all drill hole logs and related drilling information immediately after completion of The Well and Lessor shall keep the information confidential and shall not disclose the information to any other private or public entities for a period of no less than one year.

REQUIREMENTS IF THE WELL IS AN ECONOMIC PRODUCER OF OIL AND/OR GAS:

Wellhead devices and oil and gas measurement facilities will be installed on the well location.

All permanent (on site for six months or longer) structures constructed or installed (including oil well pumpjacks) will be painted a flat, non-reflective, earth tone color to match standard environmental colors as determined by the Rocky Mountain 5-State Interagency Committee except those which are required to comply with OSHA (Occupational Safety and Health Act) regulations; in which case colors stipulated by OSHA will be used. All facilities will be painted within six months of installation.

Oil and gas meters will be calibrated in place prior to any production deliveries. Testing for meter accuracy will be conducted monthly for the first three months on new meter installations and at least quarterly thereafter. The Lessor will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports will be submitted to the Lessor. All meter measurement facilities will conform with the API standards for liquid hydrocarbons and the AGA standard for natural gas measurement.

Gas meter runs for each well, if needed, will be located within 500 feet of the wellhead. The gas flowline will be buried from the wellhead to the meter and 500 feet downstream of the meter run or any production facilities. Meter runs will be housed and/or fenced.

The access road to The Well will be upgraded and maintained as necessary to prevent soil erosion and to accommodate year-round traffic. The road will be crowned, ditched, or dipped from the existing county road to the Drilling Location. The maximum disturbed width will not exceed 30 feet with an eighteen feet wide running surface. Dust will be controlled by the use of water or an approved dust retardant. All roads will be maintained in as good or better condition than existing at the time of execution of this agreement.

Immediately upon completion of drilling, The Well, the Drilling Location, and surrounding area will be cleared of all un-natural debris, materials, and trash not required for production. Areas of the Drilling Location not needed for production, including the reserve pit, will be reclaimed as soon as the reserve pit contents have dried. Areas unnecessary to production operations shall be reshaped, ripped, or disked on the contour, covered with six inches of topsoil, and seeded using reclamation practices and seed mixtures required by the United States Bureau of Land Management for drill site reclamation on similar land in Carbon County, Utah belonging to the United States. Perennial vegetation must be established equal to that on adjacent surface land. Additional work will be required and will be performed by the Operator in case of revegetation failures.

REQUIREMENTS UPON CLOSURE OF THE WELL OR IF THE WELL IS A DRY HOLE:

The reserve pit shall be tested filled, sealed, and capped as described above within 30 days after sealing, plugging, or final closure of The Well if closed as a dry well.

Within 60 days after sealing, plugging, final closure, or other abandonment of The Well, whether it produced or did not produce hydrocarbons, Operator shall have the access road and the Drilling Location restored, reclaimed, and blended with the natural topography in preparation for seeding. At least 96 hours prior to commencing said reclamation work, Operator shall notify Lessor when the reclamation work is scheduled.

The Well, the Drilling Location and surrounding area will be cleared of all debris, materials, and trash. Fill material and berms will be pushed into cuts and up over the back slope. No depressions will be left that will trap water or form ponds. The Drilling Location shall be reshaped, ripped, or disked on the contour and evenly covered with all stored topsoil from the topsoil stockpile in preparation for seeding.

Fall seeding will be completed after September 1 and prior to ground-frost. Spring seeding will be completed after the frost has left the ground and prior to June 1.

The disturbed area will be seeded at the first seeding season after sealing or plugging of The Well using reclamation practices and seed mixtures required by the United States Bureau of Land Management for drill site reclamation on similar land belonging to the United States. At a minimum, the seed-bed will be prepared by contour cultivating four to six inches deep. Seed will be sowed with broadcast spreading and covered ½ to 1 inch deep with a harrow or drag-bar. Perennial vegetation must be established equal to that on adjacent surface land. Additional work by Operator will be required in case of revegetation failures.

FORCE MAJEURE:

In the event Operator is prevented from continuing work as herein provided because of an act of God or public enemy, strike, lockout, boycott, picketing, riots, insurrection or any governmental order, rule or regulations, then, notwithstanding anything herein contained to the contrary, Operator shall not be liable to Lessor for damages on account thereof, in the event that Operator's fault, negligence or willful misconduct is not a cause of any of the forgoing events of force majeure.

APPLICABLE LAWS:

In performing all of its operations under this agreement, Operator agrees to comply with all applicable federal, state and local laws, statutes, rules, regulations, ordinances and orders which affect Operator's operations hereunder.

INDEMNITY:

Operator shall save, hold harmless and indemnify Lessor from and against all claims, damages, injuries, losses, liability or litigation arising out of or resulting from Operator's operations hereunder upon the Drilling Location

This agreement shall be binding on and inure to the benefit of the successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the parties have entered into and executed this agreement as of the day and year first above written.

OPERATOR CERTIFICATION:

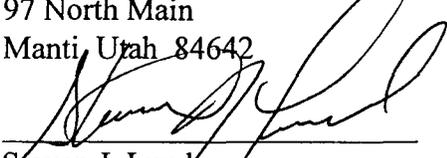
I hereby certify the I, or persons under my direct supervision, have inspected the proposed drillsite and access route, that I am familiar with the conditions which currently exist, that the statements made in this plan are to the best of my knowledge, true and correct, and that the work associated with the operations proposed herein will be performed by

Wasatch Resources & Minerals Inc.

and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

OPERATOR:

Wasatch Resources & Minerals
97 North Main
Manti, Utah 84642



Steven J. Lund
President

(ATTEST:)(WITNESS:)

By _____
Eugene Bartholomew
Vice President

LESSOR CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route, that I am familiar with the conditions which currently exist, that the statements made in this plan are to the best of my knowledge, true and correct, and that the work associated with the operations proposed herein will be performed by

Wasatch Resources & Minerals Inc.

and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

LESSOR:

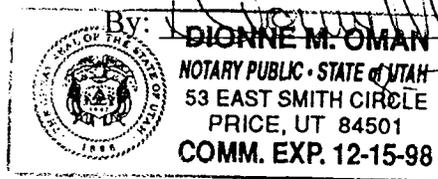
Canyon Fuel Company, LLC
6955 Union Park Center, Suite 540
Midvale, Utah 84047



General Manager - Soldier Canyon Mine

(ATTEST:)(WITNESS:)

By: 

 -97



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor
Ted Stewart
Executive Director
James W. Carter
Division Director

1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

August 18, 1997

Wasatch Resources & Minerals, Inc.
97 North Main
Manti, Utah 84642

Re: Sage Point 1-22-14-12 Well, 1327' FNL, 3960' FEL, C NW,
Sec. 22, T. 14 S., R. 12 E., Carbon County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. 40-6-1 et seq., Utah Administrative Code R649-3-1 et seq., and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-007-30377.

Sincerely,

A handwritten signature in cursive script that reads "John R. Baza".

John R. Baza
Associate Director

lwp

Enclosures

cc: Carbon County Assessor
Bureau of Land Management, Moab District Office

Operator: Wasatch Resources & Minerals, Inc.
Well Name & Number: Sage Point 1-22-14-12
API Number: 43-007-30377
Lease: Fee
Location: C NW Sec. 22 T. 14 S. R. 12 E.

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 following spudding the well or commencing drilling operations. Contact Jim Thompson at (801)538-5336.

Notify the Division prior to commencing operations to plug and abandon the well. Contact John R. Baza (801)538-5334.

3. Reporting Requirements

All required reports, forms and submittals shall be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis dated July 31, 1997 (copy attached).

5. The Application for Permit to Drill has been forwarded to the Resource Development Coordinating Committee for review of this action. Wasatch Resources & Minerals, Inc. will be required to comply with any applicable recommendations resulting from this review.

DIVISION OF OIL, GAS AND MINING

CONFIDENTIAL

SPUDDING INFORMATION

Name of Company: WASATCH RESOURCES

Well Name: SAGE POINT 1-22-14-12

Api No. 43-007-30377

Section: 22 Township: 14S Range: 12E County: CARBON

Drilling Contractor: LARRY PARKER DRL

Rig # 1

SPUDDED:

Date: 8/23/97

Time: _____

How: ROTARY

Drilling will commence: _____

Reported by: STEVE LUND

Telephone NO.: _____

Date: 9/4/97 Signed: JLT

↓

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, deepen existing wells, or to reenter plugged and abandoned wells.
Use APPLICATION FOR PERMIT TO DRILL OR DEEPEN form for such proposals.

5. Lease Designation and Serial Number:

6. If Indian, Allottee or Tribe Name:

7. Unit Agreement Name:

8. Well Name and Number:
Sagepoint 1-22-14-12

9. API Well Number:
4300730377

10. Field and Pool, or Wildcat:
Wildcat

1. Type of Well: OIL GAS OTHER:

2. Name of Operator: Wasatch Resources & Minerals Inc.

3. Address and Telephone Number: 97 North Main, Manti, Ut. 84642
(801) 835-9551

4. Location of Well: 1327' FML, 3960' FEL, C MW,
Footages:
OO, Sec., T., R., M.: Sec. 22, T. 14 S., R. 12 E., S1M

County: Carbon
State: Utah

CONFIDENTIAL

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

NOTICE OF INTENT
(Submit in Duplicate)

- Abandon
- Repair Casing
- Change of Plans
- Convert to Injection
- Fracture Treat or Acidize
- Multiple Completion
- Other _____
- New Construction
- Pull or Alter Casing
- Recomplete
- Reperforate
- Vent or Flare
- Water Shut-Off

SUBSEQUENT REPORT
(Submit Original Form Only)

- Abandon *
- Repair Casing
- Change of Plans *
- Convert to Injection
- Fracture Treat or Acidize
- Other _____
- New Construction
- Pull or Alter Casing
- Reperforate
- Vent or Flare
- Water Shut-Off

Approximate date work will start _____

Date of work completion _____

Report results of Multiple Completions and Recompletions to different reservoirs on WELL COMPLETION OR RECOMPLETION REPORT AND LOG form.
* Must be accompanied by a cement verification report.

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

13AUG97 Location built 110' X 110'

22AUG97 Set rig & spud hole @ 8:00 PM
Drilled 16' set 10' conductor(103/4) SDOM

23AUG97 Set 13' of conductor, Total conductor 23' of (10 3/4')
3:00PM Drilled down 100' with 9 3/4" bit
8:00PM Kelly down TD= 105'
10:00PM Ran 7" casing
11:30PM Landed 7" casing
12:00PM Loaded hole with water

24AUG97 1:45AM Casing cemented with good return
2:00AM SDOM & for weekend

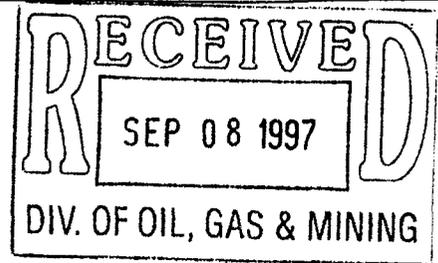
CONFIDENTIAL

* Note: Hole size changed from 8 3/4" to 9 3/4"
Hole size changed from 6 3/4" to 6 1/4"

13. Name & Signature: Richard C. Peacock, Secretary Title: Secretary Date: 5AUG97

(This space for State use only)

CONFIDENTIAL



TIGHT HOLE

STATE OF UTAH

DIVISION OF OIL, GAS AND MINING

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

5. Lease Designation and Serial Number:

6. If Indian, Allottee or Tribe Name:

7. Unit Agreement Name:

8. Farm or Lease Name: Sagepoint

9. Well Number: 1-22-14-12

10. Field and Pool, or Wildcat: Wildcat

11. Qtr/Qtr, Section, Township, Range, Meridian: Center of NW/4 Sec. 22 T 14 S. R. 12 E. SLM

12. County: Carbon 13. State: Utah UTAH

14. Distance in miles and direction from nearest town or post office: 11 Miles to Wellington Town, Carbon County, Utah

15. Distance to nearest property or lease line (feet): 1,327'

16. Number of acres in lease: 160 Ac.

17. Number of acres assigned to this well: 40 Ac.

18. Distance to nearest well, drilling, completed, or applied for, on this lease (feet): -0-

19. Proposed Depth: 2,000'

20. Rotary or cable tools: Rotary

21. Elevations (show whether DF, RT, GR, etc.): See Original Application

22. Approximate date work will start: 15SEP97

CONFIDENTIAL

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT

DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

Proposed extension of present 1,500' well(shale) to 2,000' for location of Ferron Sand.

CONFIDENTIAL

See existing permit for API# 4300730377

CONFIDENTIAL

24. Name & Signature: Richard C. Peacock Title: Secretary Date: 11SEP97

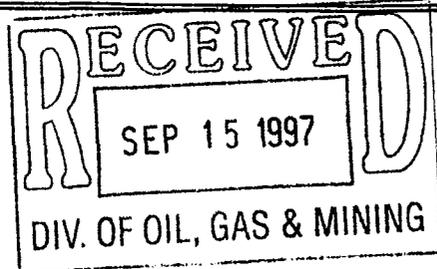
(This space for State use only)

APPROVED BY THE STATE OF UTAH DIVISION OF OIL, GAS, AND MINING

Approval:

DATE: 9/16/97 BY: John R. Dyer

(See Instructions on Reverse Side)



CONFIDENTIAL

RECEIVED
NOV 21 1997

CONFIDENTIAL

FORM 8

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING

DIV. OF OIL, GAS & MINING

5. LEASE DESIGNATION AND SERIAL NO.

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

1. TYPE OF WELL: OIL WELL GAS WELL DRY Other _____

7. UNIT AGREEMENT NAME

A. TYPE OF COMPLETION: NEW WELL WORK OVER DEEP-EN PLUG BACK DIFF. RESVR. Other _____

8. FARM OR LEASE NAME

2. NAME OF OPERATOR
Wasatch Resources & Minerals Inc.

9. WELL NO.

3. ADDRESS OF OPERATOR
97 North Main, Manti, Utah 84642

1-22-14-12

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)

10. FIELD AND POOL OR WILDCAT
Wildcat

At surface 1327 FNL, 3960 FEL, C NW, Sec. 22, T. 14S.,
At top prod. interval reported below R. 12 E., S.L.M.
At total depth Same

11. SEC. T. R. M. OR BLOCK AND SURVEY OR AREA

Center of NW/4
Sec.22 T 14 S. R. 12 E. SLM

14. API NO. 43-007-30377 | DATE ISSUED 8/18/97 | 12. COUNTY Carbon | 13. STATE Utah

15. DATE SPUNDED 8/22/97 | 16. DATE T.D. REACHED 9/13/97 | 17. DATE COMPL. (Ready to prod.) 10/10/97 | 18. ELEVATIONS (OF. RES. RT. GR. ETC.) 5816 Ft. GR | 19. ELEV. CASINGHEAD 5816 Ft. GR

20. TOTAL DEPTH, MD & TVD 1650' | 21. PLUG BACK T.S., MD & TVD 1650' | 22. IF MULTIPLE COMPL. HOW MANY -0- | 23. INTERVALS DRILLED BY -> | ROTARY TOOLS 1650' | CABLE TOOLS -0-

24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)
No producing intervals encountered | 25. WAS DIRECTIONAL SURVEY MADE No

26. TYPE ELECTRIC AND OTHER LOGS RUN No Logs Run | 27. WAS WELL CORED YES NO | DRILL STEM TEST YES NO

28. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
7" J-55	20#/ft	100'	8 3/4"	75 SKS	

29. LINER RECORD | 30. TUBING RECORD

SIZE	DEPTH SET (MD)	CEMENT	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)

31. PERFORATION RECORD (Indicate size and number)

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED

33. PRODUCTION

DATE FIRST PRODUCTION | PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump) | WELL STATUS (Producing or Shut-in) PPA

DATE OF TEST | HOURS TESTED | CHOKER SIZE | PROD'N. FOR TEST PERIOD | OIL—BSL. | GAS—MCF. | WATER—BSL. | GAS-OIL RATIO

FLOW. TUBING PRESS. | CASING PRESSURE | CALCULATED 24-HOUR RATE | OIL—BSL. | WATER—BSL. | OIL GRAVITY-API (CORR.)

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.) | TEST WITNESSED BY

35. LIST OF ATTACHMENTS

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records
SIGNED Richard C. Peacock TITLE Secretary DATE 19NOV97

CONFIDENTIAL See Spaces for Additional Data on Reverse Side

CONFIDENTIAL

INSTRUCTIONS

This form should be completed in compliance with the Utah Oil and Gas Conservation General Rules. If not filed prior to this time, all logs, tests, and directional surveys as required by Utah Rules should be attached and submitted with this report.

ITEM 18: Indicate which elevation is used as reference for depth measurements given in other spaces on this form and on any attachments.

ITEMS 22 and 24: If this well is completed for separate production from more than one interval zone (multiple completion), so state in item 22, and in item 24 show the producing interval, or intervals, top(s), bottom(s) and name(s) for only the interval reported in item 33. Submit a separate report (page) on this form, adequately identified, for each additional interval to be separately produced, showing the additional data pertinent to such interval.

ITEM 29: "Sacks Cement": Attached supplemental records for this well should show the details of any multiple stage cementing and the location of the cementing tool.

ITEM 33: Submit a separate completion report on this form for each interval to be separately produced (see instruction for items 22 and 24 above).

CONFIDENTIAL

37. SUMMARY OF POROUS ZONES:

Show all important zones of porosity and contents thereof; cored intervals; and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures, and recoveries.

Formation	Top	Bottom	Description, contents, etc.	Name	Top	Meas. Depth	True Vert. Depth
Tumuk Shale Morrison	Surface 1650'	1650'	Gray Shale Beige Sloughing Clay				

38.

GEOLOGIC MARKERS

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

WASATCH RESOURCES & MINERALS

Steve Lund
97 North Main
Manti, UT 84642

Office: (801) 835-4246
FAX : (801) 835-2522
Mobile: (801) 851-1231
Residence: (801) 835-4246

December 16, 1997

Ms. Lisha Cordova
Division of Oil Gas and Mining
1594 West North Temple
Salt Lake City, Utah 84114-5801

Re: Releasing the Bond on the Sage Point #1-22-14-12

43-007-30377
Sec. 22, 14 S, 12 E
Carbon County, Utah

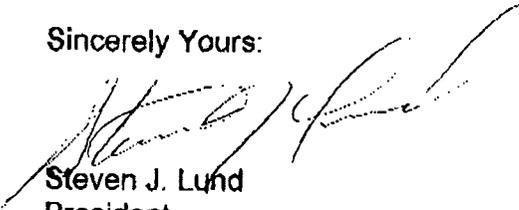
Dear Ms. Cordova:

Wasatch Resources & Minerals drilled the Sage Point #1-22-14-12 (API #43-007-30377) in the NW 1/4 of Section 22-Township 14 South and Range 12 East and P&A'd it on October 10, 1997. The location was reclaimed and reseeded on October 24, 1997.

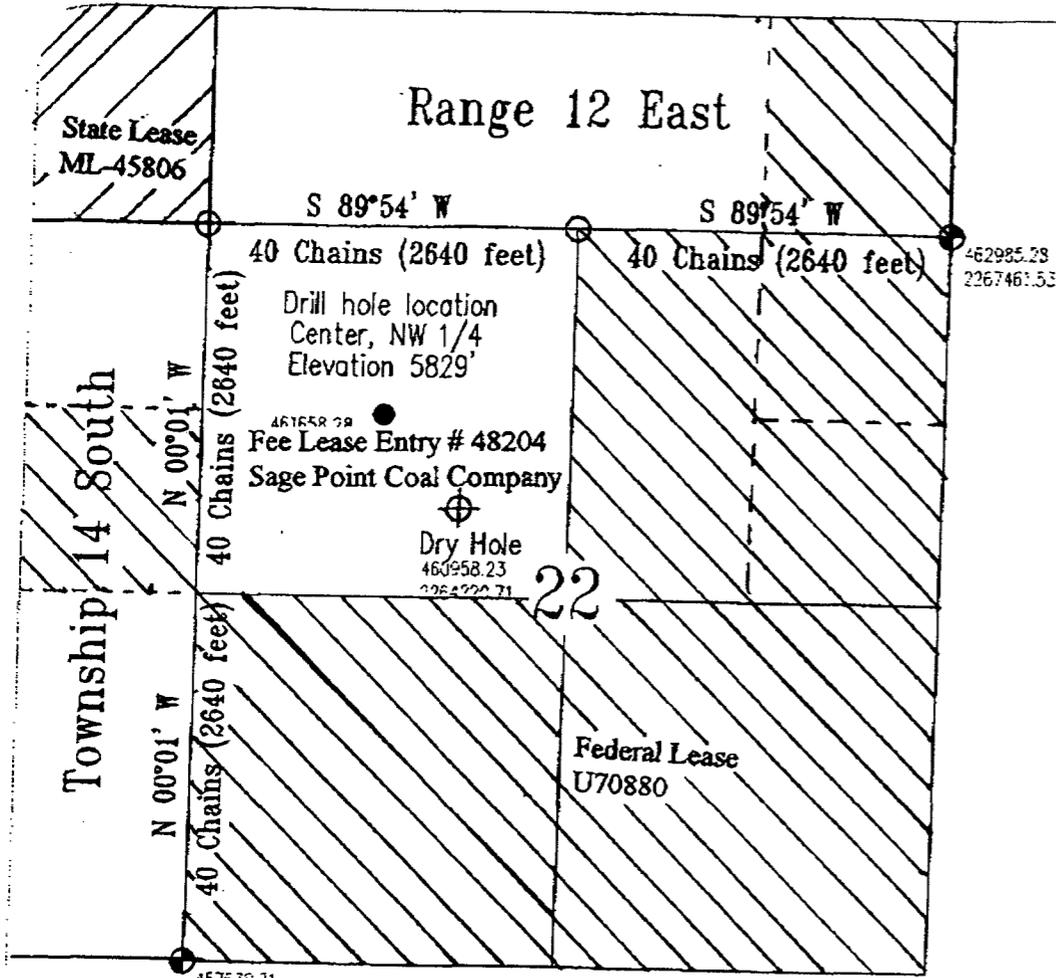
Attached is a map of the lease showing the leases surrounding the NW/4 of Section 22-Township 14 South and Range 12 East. The Sage Point # 1-22-14-12 was drilled in the center of the NW/4 therefore, there is a radius of at least 1320 feet from the well to the adjacent leases. The map shows the Sage Point Coal Company Lease without shading, The Federal Leases and the State Leases are shaded with diagonal lines.

Thank you for your patients and consideration.

Sincerely Yours:



Steven J. Lund
President



LEGEND:

- drill hole location
- ⊕ brass cap, found
- brass cap, searched but not found
- ⊕ Dry Hole with upright pipe



ENGINEER'S CERTIFICATE

I, Dan Guy, do hereby certify that I am a Registered Professional Engineer, holding certificate No. 154168 as prescribed under the laws of the State of Utah. I further certify that the information contained on this page is true and correct to the best of my knowledge.

Basis of Bearing:
 Basis of Bearing S 89°54" W recorded between the NE Corner and the NW Corner of Section 22, Township 14 South, Range 12 East, Salt Lake Base and Meridian.

Basis Of Elevation:
 Basis of Elevation of 5816 as indicated in the NE Corner of Section 22, Township 14 South, Range 12 East, Salt Lake Base and Meridian, as shown on the Sunnyside Junction Quadrangle 7.5 Minute Series Map.

Description of Location:
 Proposed Drill Hole located in the center of the NW 1/4 of Section 22, 3960 feet west, and 1327 feet south of the NE corner of Section 22, T14S, R12E, Salt Lake Base and Meridian.

Drill Hole Location
 for Mr. Steve Lund



Castle Valley Services

12-03-97 03:20PM FROM 801 637 0108 TO 18015283867 P001



Canyon Fuel Company, LLC

Soldier Canyon Mine

P.O. Box 1029

Wellington, Utah 84542

(801) 637-6360

Fax (801) 637-0108

FACSIMILE TRANSMITTAL

DATE: 12/3/97 No. Of Pages(Including Cover Sheet) 2

TO: Eugene Bartholomew
ATTN: LISHA CORDOVA (DIN. OIL, GAS & MINING)

COMPANY: 801 559-3940

FROM: Dave Spillman
FROM: STEVE LUND (WASATCH (RESOURCES) & MINERALS)

REMARKS:

12/4/97 LISHA: PER OUR CONVERSATION THIS
LEASE ENCOMPASSES 1720 ACRES,
OF WHICH THIS 160 ACRE LOCATION
IS WELL WITHIN THE LEASE BOUNDARIES
PLEASE CONTACT EUGENE BARTHOLOMEW
AT (801) 528-7463 OR (801) 559-7907
FOLLOWING YOUR PRESENTATION OF THIS
LETTER TO MR JOHN BADA.

CONFIDENTIALITY NOTICE: THIS MESSAGE IS INTENDED FOR THE INDIVIDUAL DESIGNATED ABOVE, IS CONFIDENTIAL AND MAY CONTAIN INFORMATION THAT IS LEGALLY EXEMPT FROM DISCLOSURE UNDER APPLICABLE LAW. YOU ARE ADVISED THAT IT IS ILLEGAL TO REPRODUCE, COPY, OR USE OR RELY ON THE INFORMATION CONTAINED HEREIN WITHOUT THE EXPRESS WRITTEN PERMISSION OF THE SENDER.

12-03-97 03:20PM FROM 801 637 0108

TO 18015283867

P002



Canyon Fuel Company, LLC
Soldier Canyon Mine
P.O. Box 1029
Wellington, Utah 84542
(801)637-6360 Fax: (801) 637-0108

December 3, 1997

Mr. Steven J. Lund
Wasatch Resources & Minerals
97 North Main
Manti, Utah 84642

Dear Mr. Lund:

On October 28, 1997 Soldier Canyon Mine inspected the reclamation work completed following the closure of the exploration well drilled in the NW1/4 of Section 22 - T14S-R12E. All reclamation work observed was found to have been completed in a satisfactory manner and is hereby accepted as final reclamation of the site. However, please keep in mind that if for any reason the reseeding work fails to establish an adequate vegetative cover, additional reseeding work may be required in the future.

Please contact me at (435)636-2872 if you should require any additional information concerning this matter.

Sincerely,
SOLDIER CANYON MINE

David G. Spillman, P.E.
Manager of Technical Services

cc: Mark Scanlon

