



TALON RESOURCES INC

May 16, 2003

Mrs. Diana Mason
State of Utah
Division of Oil Gas and Mining
P.O. Box 145801
Salt Lake City, Utah 84114-5801

RE: Application for Permit to Drill—**Soldier Creek State #11-32**, Carbon County, Utah
2,208' FNL, 1,853' FWL, SE/4 NW/4, Section 32, T12S, R12E, SLB&M.

Dear Mrs. Mason:

On behalf of J-W Operating Company, Talon Resources, Inc. respectfully submits the enclosed original of the *Application for Permit to Drill* (APD), for the above referenced well. A request for exception to spacing (R649-3-3 General State Spacing) is hereby requested based on topography since the well is located within 460' of the drilling unit boundary. J-W Operating company is the only offset drilling unit owner within the NW/4, Section 32, T12S, R12E, SLB&M. Included with the APD is the following supplemental information:

- Exhibit "A" - Survey plats and layouts of the proposed well site;
- Exhibit "B" - Proposed location maps with road corridors;
- Exhibit "C" - Drilling site layout;
- Exhibit "D" - Drilling Program;
- Exhibit "E" - Multi Point Surface Use Plan;
- Exhibit "F" - Typical road cross-section;
- Exhibit "G" - Typical BOP diagram;
- Exhibit "H" - Typical wellhead manifold diagram.

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ORIGINAL
CONFIDENTIAL

Please accept this letter as J-W Operating Company's written request for confidential treatment of all information contained in and pertaining to this application, if said information is eligible for such consideration.

Thank you very much for your timely consideration of this application. Please feel free to contact myself, or Mr. Robert Eller with J-W Operating Company at 970/332-3151 if you have any questions or need additional information.

Sincerely,

Don Hamilton

Don Hamilton

Agent for J-W Operating Company

cc: Mr. Mark Jones, Division of Oil, Gas and Mining
Mr. Robert Eller, J-W Operating Company
Mrs. Ginny Burchard, J-W Operating Company

001

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

FORM 3

AMENDED REPORT
(highlight changes)

APPLICATION FOR PERMIT TO DRILL		5. MINERAL LEASE NO: ML-48131	6. SURFACE: Fee
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>		7. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		8. UNIT or CA AGREEMENT NAME: N/A	
2. NAME OF OPERATOR: J-W Operating Company		9. WELL NAME and NUMBER: SoldierCreek, State #11-32	
3. ADDRESS OF OPERATOR: P.O. Box 305 CITY Wray STATE CO ZIP 80758		PHONE NUMBER: (970) 332-3151	10. FIELD AND POOL, OR WILDCAT: Soldier Creek Wildcat
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 2,208' FNL, 1,853' FWL 4398014Y 39.73323 533794X - 110.60564 AT PROPOSED PRODUCING ZONE: 2,208' FNL, 1,853' FWL		11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SENW 32 12 12 S	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 15.6 miles northeast of Wellington, Utah		12. COUNTY: Carbon	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 1,200'	16. NUMBER OF ACRES IN LEASE: 600	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 1,950'	19. PROPOSED DEPTH: 2,830	20. BOND DESCRIPTION: Blanket Fee Bond RLB 0004156	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 7,583' GR	22. APPROXIMATE DATE WORK WILL START: 7/11/2003	23. ESTIMATED DURATION: 3 months	

24. **PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
12-1/4"	8-5/8" K-55 ST 24 #	350	Class G 275 sacks 1.16 cu.ft/sk 15.8 ppg
7-7/8"	5-1/2" N-80 LT 17#	2,830	10-1 RFC Class G 150 sacks 1.62 cu.ft/sk 14.2 ppg <i>270 SKS CD</i>

25. **ATTACHMENTS**

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

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

NAME (PLEASE PRINT) Don Hamilton TITLE Agent for J-W Operating Company

SIGNATURE Don Hamilton DATE 5/16/2003

(This space for State use only)

API NUMBER ASSIGNED: 43-007-30920

Approved by the
Utah Division of
Oil, Gas and Mining

APPROVAL:

Date: 05-04-03
(See Instructions on Reverse Side)

By: [Signature]

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(11/2001)

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Range 12 East

889°19'09"E 5285.56'

(WEST - 5280.00')

2208.21'

SOLDIER CREEK #11-32
ELEVATION 7583.3'

UTM
N - 4398241
E - 533764

3432.13
CALCULATED

32

1853.43'

(889°03'W - 5192.22')

Legend

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

NOTES:

1. UTM AND LATITUDE / LONGITUDE COORDINATES ARE DERIVED USING A GPS PATHFINDER AND ARE SHOWN IN NAD 83/WGS 84 DATUM.

LAT / LONG
39°44'00"N
110°36'21"W

Location:

THE WELL LOCATION WAS DETERMINED USING A TRIMBLE 4700 GPS SURVEY GRADE UNIT.

Basis of Bearing:

THE BASIS OF BEARING IS GPS MEASURED.

GLO Bearing:

THE BEARINGS INDICATED ARE PER THE RECORDED PLAT OBTAINED FROM THE U.S. LAND OFFICE.

Basis of Elevation:

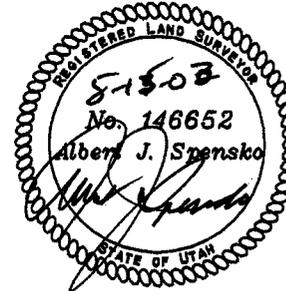
BASIS OF ELEVATION OF 7305' BEING AT THE NORTHEAST SECTION CORNER OF SECTION 32, TOWNSHIP 12 SOUTH, RANGE 12 EAST, SALT LAKE BASE AND MERIDIAN, AS SHOWN ON THE PINE CANYON QUADRANGLE 7.5 MINUTE SERIES MAP.

Description of Location:

NW
PROPOSED DRILL HOLE LOCATED IN THE SE1/4, NE1/4 OF SECTION 32, T12S, R12E, S.L.B.&M., BEING 2208.21 SOUTH AND 1853.43' EAST FROM THE NORTHWEST CORNER OF SECTION 32, T12S, R12E, SALT LAKE BASE & MERIDIAN.

Surveyor's Certificate:

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



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GRAPHIC SCALE

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

TALON RESOURCES INC

Talon Resources, Inc.
375 South Carbon Avenue, Suite 101
Price, Utah 84501
Ph: 435-637-8781
Fax: 435-636-8603



WELL #Soldier Creek 11-32
Section 32, T12S, R12E, S.L.B.&M.
Carbon County, Utah

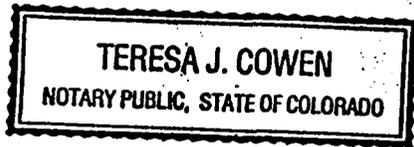
Drawn By: BEN SCOTT	Checked By: L.W.J./A.J.S.
Drawing No. A-1	Date: 05/05/03
	Scale: 1" = 1000'
Sheet 1 of 4	Job No. 1074

State of Colorado)
)ss
County of Jefferson)

This instrument was acknowledged before me on this the 15th day of June, 2001, by
K.L. READ, District Manager for J-W Operating Company.

Witness my hand and seal

Teresa J. Cowen
Notary Public



My Commission Expires: 1-15-2002

State of Utah)
)ss
County of Carbon)

This instrument was acknowledged before me on this the 16th day of July, 2001, by
Louise L. Iriart, as General Partner for the Iriart Family Partnership.

Witness my hand and seal

[Signature]
Notary Public

My Commission Expires: June 27 2004

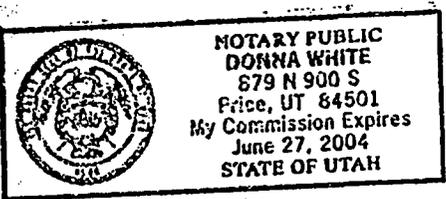


EXHIBIT "A"
ATTACHED TO AND MADE A PART OF
LETTER DATED MARCH 25, 2002 BY AND BETWEEN J-W
OPERATING COMPANY AND THE IRIART FAMILY LIMITED PARTNERSHIP

SURFACE USE AGREEMENT

The undersigned, J-W Operating Company, as Operator, and Iriart Family Limited Partnership, as Landowner(s), hereby agree to the following terms and conditions as surface damages for the drilling, completion and production of a well or wells to be drilled on the following described acreage:

Township 12 South, Range 11 East

Section 14: S/2SE
Section 23: NENE
Section 24: NWNW, NENE S/2N/2, N/2SW, NESE, S/2SE
Section 25: NWNE

Township 12 South, Range 12 East

Section 27: S/2SE
Section 28: S/2NW, SW, NWSE, S/2SE
Section 29: NE, N/2SE, SWSE, S/2NW, NESW
Section 30: NENW, NWNE, S/2NE, NESE, SWSE, SESW
Section 31: NENE, Lots 1, 2, 3, E/2SW, NENW
Section 32: NWNE
Section 33: NENE
Section 34: N/2, N/2SE
Section 35: W/2NW, NWSW
Carbon County, Utah

- 1) Operator agrees to pay the Landowner(s), after the commencement of drilling operations, \$800.00 per well location as surface damages for the roadway, drillsite, and slush pits needed for the drilling completion and production of a well or wells located on the acreage as described above. Operator agrees, upon completion of any test as a dry hole, or upon the abandonment of any producing well, to restore all lands utilized for such exploration as nearly as reasonably practical to their former condition.
- 2) It is agreed by and between the parties that they shall consult with each other regarding the location of routes for ingress and egress for drilling operations.
- 3) Operator agrees to pay the Landowner(s) \$10.00 per rod for right-of-way access for pipelines and/or a gathering system to the well or wells located on the acreage as described above.

This Agreement shall be binding upon the heirs, legal representatives, and assigns of the respective parties.

IN WITNESS WHEREOF, the parties have set their hands and seal this 18th day of June, 2001

OPERATOR:

J- W OPERATING COMPANY

K. D. Reed

LANDOWNER:

IRIART FAMILY PARTNERSHIP

BY: Louise L. Iriart



DRILLING PROGRAM

Exhibit "D"

Attached to UDOGM Form 3
 J-W Operating Company
 Soldier Creek State #11-32
 SE/4 NW/4, Sec. 32, T12S, R12E, SLB&M
 2,208' FNL, 1,853' FWL
 Carbon County, Utah

1. The Geologic Surface Formation

Tertiary Colton Formation

2. Estimated Tops of Important Geologic Markers

Castlegate	1,870'
Blackhawk	2,160'
Sunnyside	2,350'
Gilson	2,580'
Kenilworth	2,630'

3. Projected Gas & H2O zones (Blackhawk Formation)

Castlegate sandstone	1,870' – 2,160'
Blackhawk coals and sandstones	2,160' – 2,350'
Gilson coals and sandstones	2,580' – 2,630'

No groundwater is expected to be encountered.

Casing & cement will be utilized to protect potentially productive hydrocarbons, lost circulation zones, abnormal pressure zones, and prospectively valuable mineral deposits. All indications of usable water will be reported.

Surface casing will be tested to 500 psi.

4. The Proposed Casing and Cementing Programs

HOLE SIZE	SETTING DEPTH (INTERVAL)	SIZE (OD)	WEIGHT, GRADE & JOINT	CONDITION
12-1/4"	350'	8-5/8"	24# K-55 ST&C	New
7-7/8"	2,830'	5-1/2"	17# N-80 LT&C	New

Cement Program -Every attempt will be made to bring cement back to surface.

Surface Casing: 275 sacks G + 2 % CaCl₂ + 0.25 pps cellophane flakes;
Weight: 15.8 #/gal
Yield: 1.16 cu.ft/sk

Production Casing: ~~150~~²⁷⁰ sacks 10:1 RFC Class G cement + 0.25 pps cellophane flakes;
Weight: 14.2 #/gal,
Yield: 1.62 cu.ft/sk yield.

The following shall be entered in the driller's log:

- 1) Blowout preventer pressure tests, including test pressures and results;
- 2) Blowout preventer tests for proper functioning;
- 3) Blowout prevention drills conducted;
- 4) Casing run, including size, grade, weight, and depth set;
- 5) How the pipe was cemented, including amount of cement, type, whether cement circulated, location of the cementing tools, etc.;
- 6) Waiting on cement time for each casing string;
- 7) Casing pressure tests after cementing, including test pressures and results.

5. The Operator's Minimum Specifications for Pressure Control

Exhibit "G" is a schematic diagram of the blowout preventer equipment. A double gate 2000 psi BOP will be used. This equipment will be tested to 1000 psi. All tests will be recorded in a Driller's Report Book. Physical operation of BOP's will be checked on each trip.

6. The Type and Characteristics of the Proposed Circulating Muds

0-350	12-1/4" hole	Drill with water and gradually move to a light base mud.
350-TD	7-7/8" hole	Drill with water and gradually move to a light base mud.

7. The Testing, Logging and Coring Programs are as followed

350-TD gamma ray, sp, array induction, compensated neutron lithodensity with caliper.

Any Anticipated Abnormal Pressures or Temperatures

No abnormal pressures or temperatures have been noted or reported in wells drilled in the area nor at the depths anticipated in this well. Bottom hole pressure expected to be under 2000 psi. No hydrogen sulfide or other hazardous gases or fluids have been found, reported or are known to exist at these depths in the area.

8. Anticipated Starting Date and Duration of the Operations.

The well will be drilled approx.: July 2003.

Verbal and/or written notifications listed below shall be submitted in accordance with instructions from the Division of Oil, Gas & Mining:

- (a) prior to beginning construction;
- (b) prior to spudding;
- (c) prior to running any casing or BOP tests;
- (d) prior to plugging the well, for verbal plugging instructions.

Spills, blowouts, fires, leaks, accidents or other unusual occurrences shall be reported to the Division of Oil, Gas & Mining immediately.



MULTIPOINT SURFACE USE PLAN

Exhibit "E"

Attached to UDOGM Form 3
J-W Operating Company
Soldier Creek State #11-32
SE/4 NW/4, Sec. 32, T12S, R12E, SLB&M
2,208' FNL, 1,853' FWL
Carbon County, Utah

1. Existing Roads

- a. The proposed access road will encroach the Whitmore Park Road in which approval to construct a new encroachment is pending from the Carbon County Road Department (see Exhibit "B").
- b. We do not plan to change, alter or improve upon any other existing state or county roads. Existing roads will be maintained in the same or better condition.

2. Planned Access

- a. Approximately 1.17 miles of access will be constructed. The access will follow existing roads for approximately 3,000' from the well to a point near an elk camp where the landowner has requested the remainder of the access go cross country and tie into the existing Whitmore Park Road (see Exhibit "B").
- b. Maximum Width: 20' travel surface with a 24' base.
- c. Maximum grade: 13 %.
- c. Turnouts: None.
- d. Drainage design: Approximately 1 – 36" and 8 – 18" culverts are anticipated at this time. Water will be diverted away from the planned access as necessary and practical.
- e. If the well is productive, the road will be surfaced and maintained as necessary to prevent soil erosion and accommodate year-round traffic.

3. Location of Existing Wells

- a. There are three proposed wells and three existing wells within a one mile radius of the proposed well site (see Exhibit "B").

4. Location of Existing and/or Proposed Facilities

- a. If the well is a producer, additional wells will be drilled and installation of production facilities will follow.
- b. Gathering lines, when installed, will follow the access road to the 10-32 then traverse northeast across fee surface and tie into the existing infrastructure near the Soldier Creek #3-28 (see Exhibit "B").
- c. Rehabilitation of all pad areas not used for production facilities will be made in accordance with landowner stipulations.

5. Location and Type of Water Supply

- a. Water to be used for drilling will be obtained from a local water source (probably Price River Water Improvement District, a local source of municipal water).
- b. Water will be transported by truck over approved access roads.
- c. No water well is to be drilled for this location.

6. Source of Construction Materials

- a. All necessary construction materials needed will be obtained locally and hauled to the location on existing roads.
- b. No construction or surfacing materials will be taken from Federal/Indian land.

7. Methods for handling waste disposal

- a. Since the well will be mud drilled, a reserve pit will be constructed with a minimum of one-half the total depth below the original ground surface on the lowest point within the pit. The pit will not be lined unless conditions encountered during construction warrant it or if deemed necessary by the DOGM representative during the pre-site inspection. Three sides of the reserve pit will be fenced within 24 hours after completion of construction and the fourth side within 24 hours after drilling operation cease with four strands of barbed wire, or woven wire topped with barbed wire to a height of not less than four feet. The fence will be kept in good repair while the pit is drying.
- b. Following drilling, the liquid waste will be evaporated from the pit and the pit backfilled and returned to natural grade. No liquid hydrocarbons will be discharged to the reserve pit or pad location
- c. In the event fluids are produced, any oil will be retained in tankage until sold and any water produced will be retained until its quality can be determined. The quality and quantity of the water will determine the method of disposal.
- d. Trash will be contained in a portable metal container and will be hauled from location periodically and disposed of at an approved disposal site. Chemical toilets will be placed on location and sewage will be disposed of at an appropriate disposal site.

8. Ancillary Facilities

- a. We anticipate no need for ancillary facilities with the exception of camp trailers to be located on the drill site.

9. Wellsite Layout

- a. Available topsoil will be removed from the location and stockpiled. The location of mud tanks, reserve pits, and soil stockpiles will be located as shown on Exhibit "C".
- a. Access to the well pad will be as shown on Exhibit "B".
- d. Natural runoff will be diverted around the well pad.

10. Plans for Restoration of Surface

- a. All surface areas not required for producing operations will be graded to as near original condition as possible and recontoured to minimize possible erosion.
- b. Available topsoil will be stockpiled and will be evenly distributed over the disturbed areas and the area will be reseeded as prescribed by the landowner.
- c. Pits and any other area that would present a hazard to wildlife or livestock will be fenced off when the rig is released and removed.
- d. Any oil accumulation on the pit will be removed or overhead flagged as dictated by the existing conditions.
- e. Rehabilitation will commence following completion of the well. Rat and mouse holes will be filled immediately upon release of the drilling rig from the location. If the wellsite is to be abandoned, all disturbed areas will be recontoured.

11. Surface Ownership

- a. The wellsite will be constructed on lands owned by the Iriart Family Partnership, LTD; 503 East 100 North, Price, Utah 84501. Bernie Iriart is the surface representative and can be reached at (435) 637-6610. Surface use is presently in place with Iriart and will be submitted under separate cover to the Division of Oil, Gas and Mining. Lynn Nelson controls access to the surface and can be reached at (435) 653-2998. The operator shall contact the landowner and the Division of Oil, Gas and Mining 48 hours prior to beginning construction activities.

12. Other Information:

- a. The primary surface use is wildlife habitat and grazing. The nearest dwelling is the Iverson cabin approximately 8,400' northwest. Nearest live water is Soldier Creek approximately 1,800' southeast.
- b. If there is snow on the ground when construction begins, it will be removed before the soil is disturbed, and piled downhill from the topsoil stockpile location.
- c. The backslope and foreslope will be constructed no steeper than 4:1.
- d. All equipment and vehicles will be confined to the access road and well pad.
- e. A complete copy of the approved Application for Permit to Drill (APD) including conditions and stipulations, shall be at the well site during construction and drilling operations.

- f. There will be no deviation from the proposed construction, drilling, and/or workover program without prior approval from the Division of Oil, Gas & Mining.

13. **Company Representatives**

Robert Eller – Production Engineer
J-W Operating Company
P.O. Box 305
Wray, Colorado 80758

(970) 332-3151 office
(970) 597-0019 mobile
(970) 332-5821 fax

Mail Approved A.P.D. To:

Company Representative

Excavation Contractor

Shane Campbell – owner/operator
Scamp Excavation
1555 West 750 South
Wellington, Utah 84542

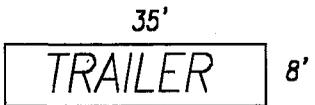
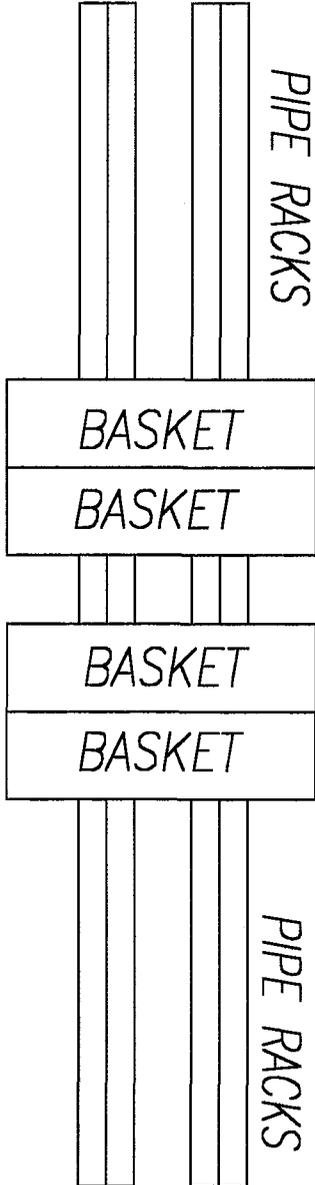
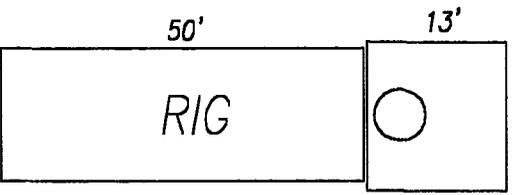
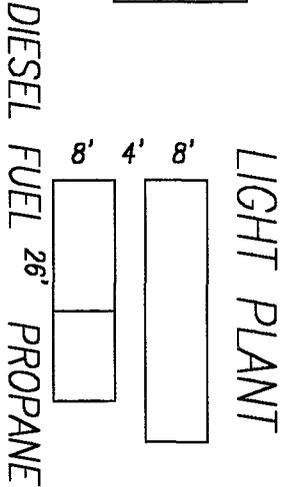
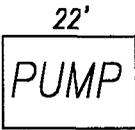
(435) 636-8101 office
(435) 650-9876 mobile

14. **Certification**

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

5-16-03
Date

Don Hamilton
Don Hamilton for J-W Operating Company



APPROXIMATE LAYOUT OF RIG & EQUIPMENT
(Not to Scale)



TYPICAL ROAD CROSS-SECTION

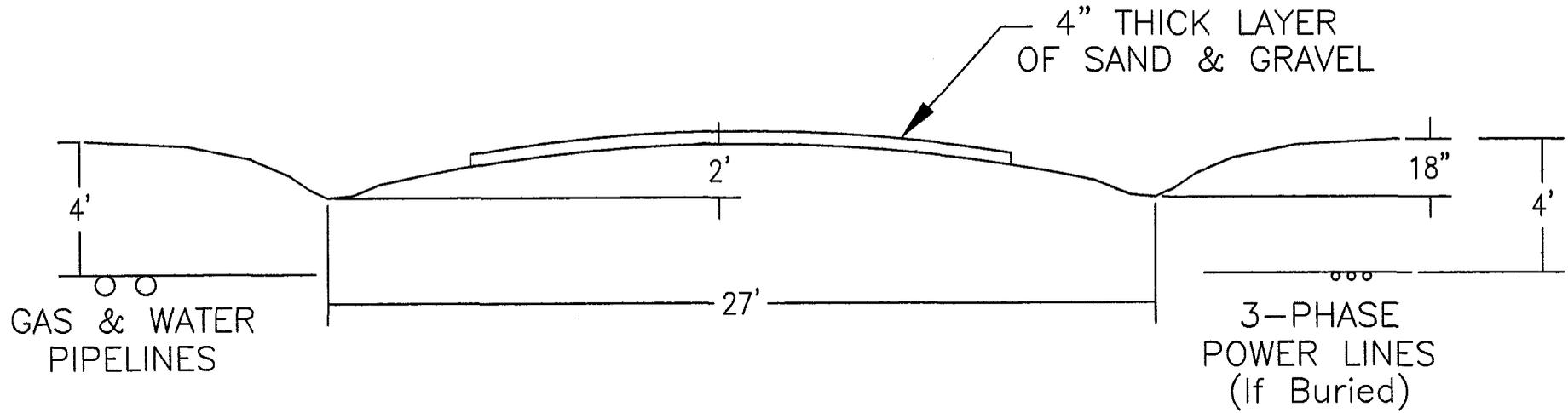


EXHIBIT "F"



BOP Equipment

2000 psi WP

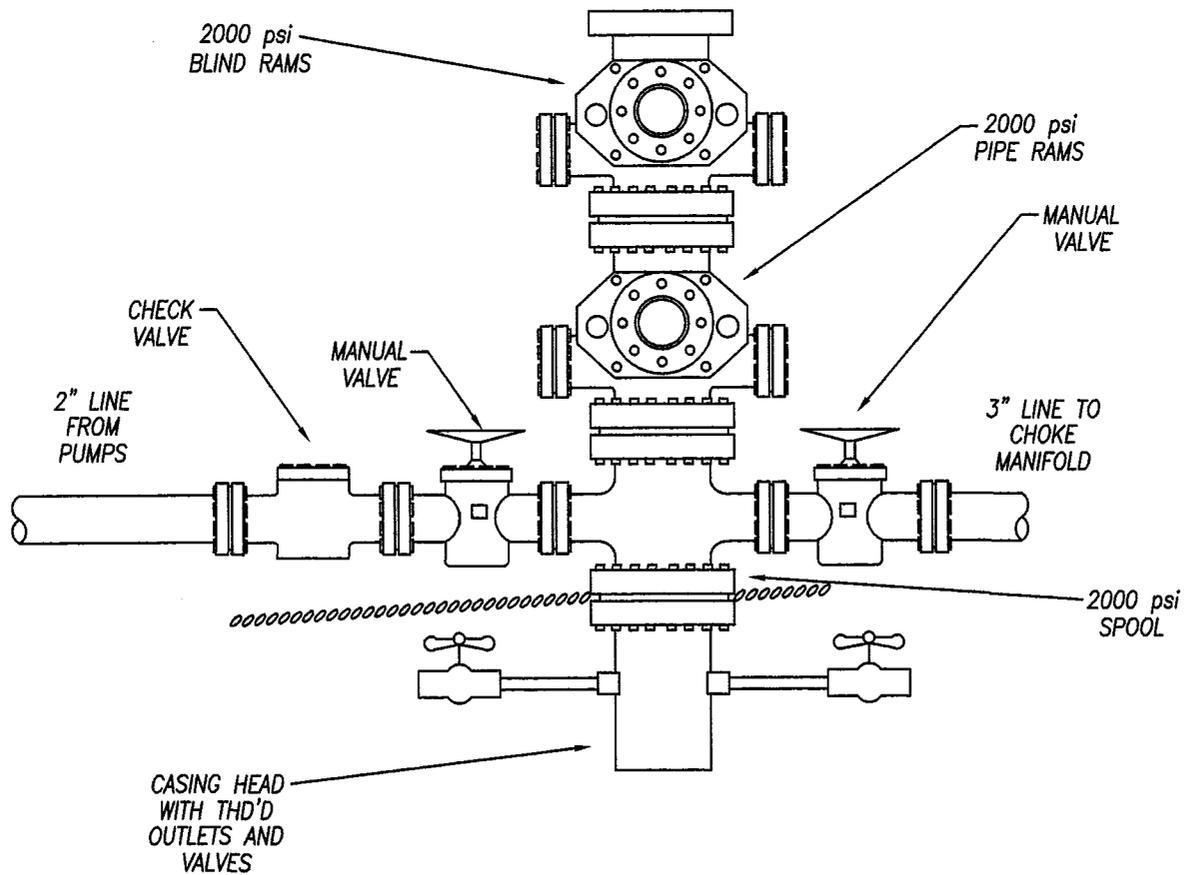


EXHIBIT "G"



CHOKE MANIFOLD

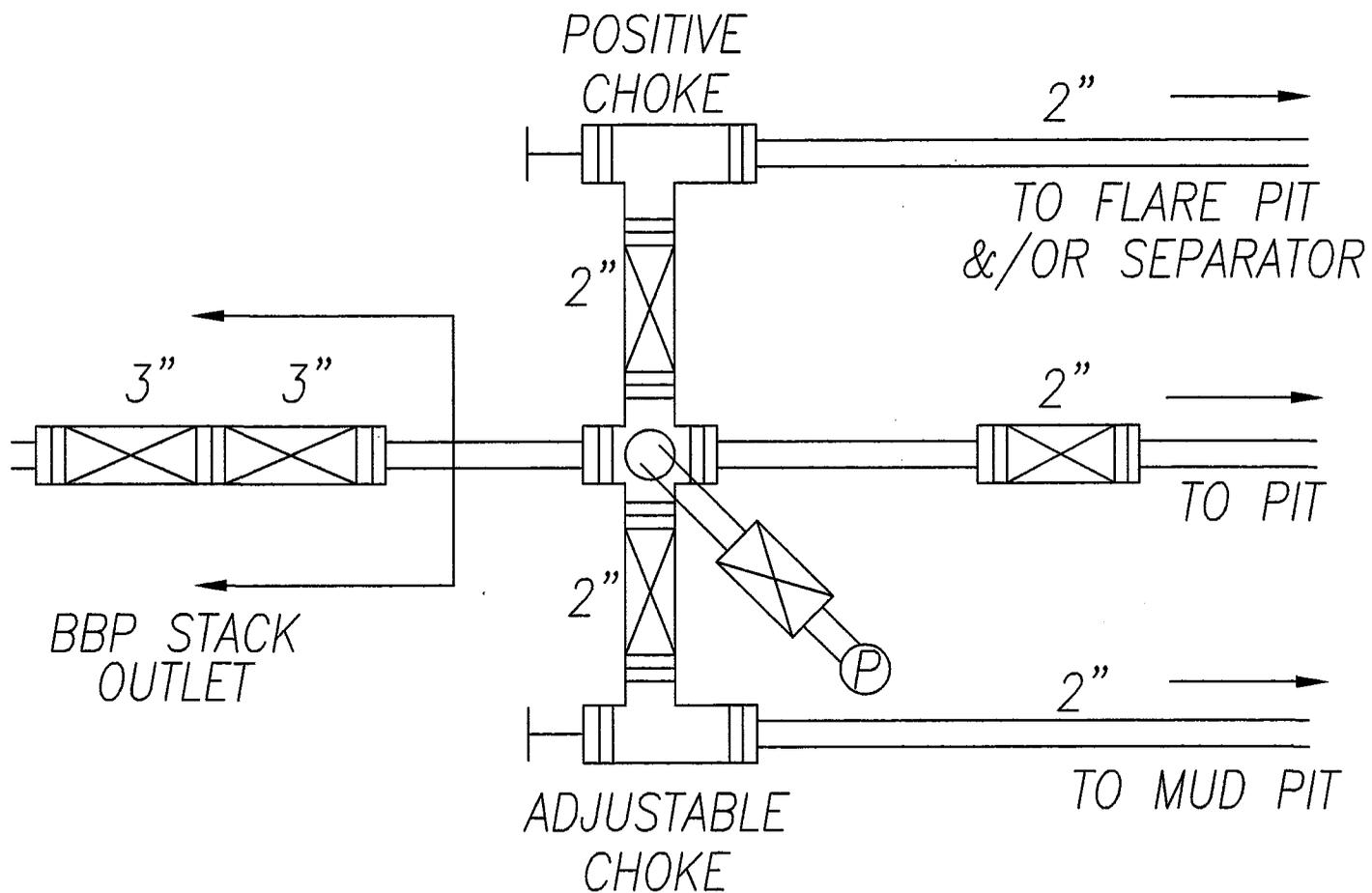
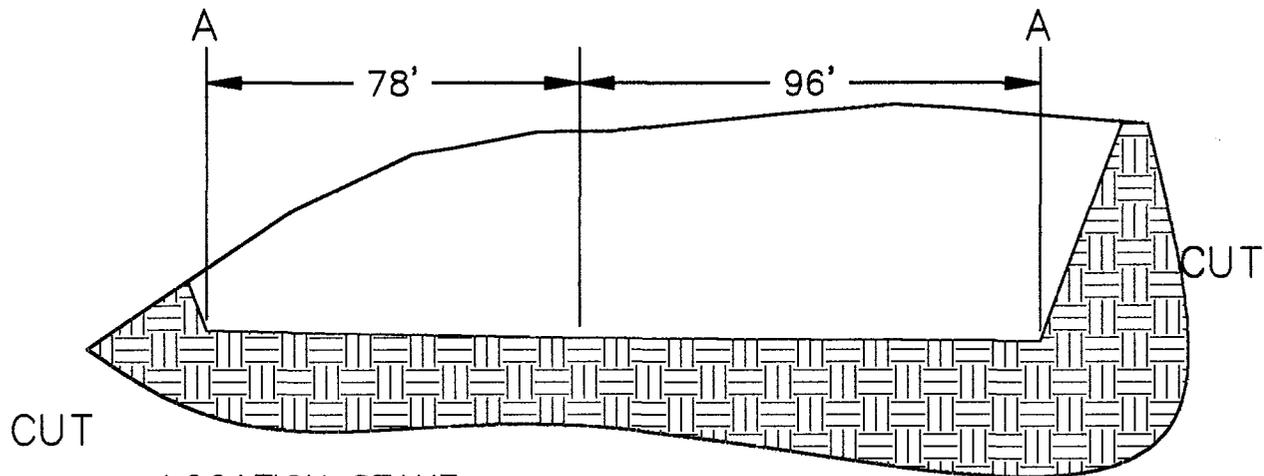
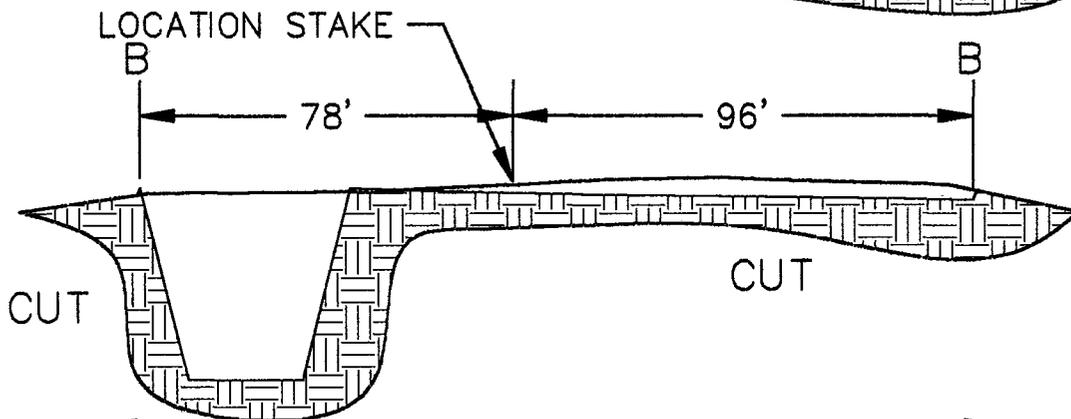


EXHIBIT "H"

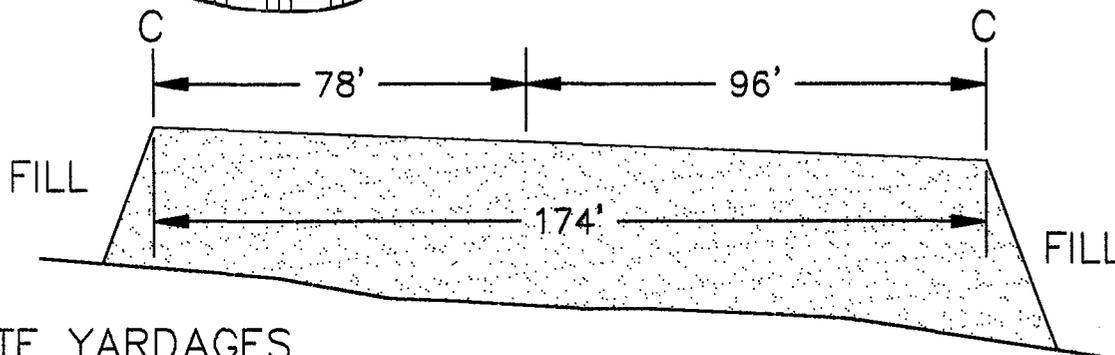




$1'' = 10'$
 X-Section
 Scale
 $1'' = 40'$



Slope = $1 \frac{1}{2} : 1$
 (Except Pit)
 Pit Slope = $1 : 1$




TALON RESOURCES, INC.
 195 North 100 West P.O. Box 1230
 Huntington, Utah 84528
 Phone (435)687-5310 Fax (435)687-5311
 E-Mail talon@rtv.net



TYPICAL CROSS SECTION
 Section 32, T12S, R12E, S.L.B.&M.
 WELL - Soldier Creek 11-32

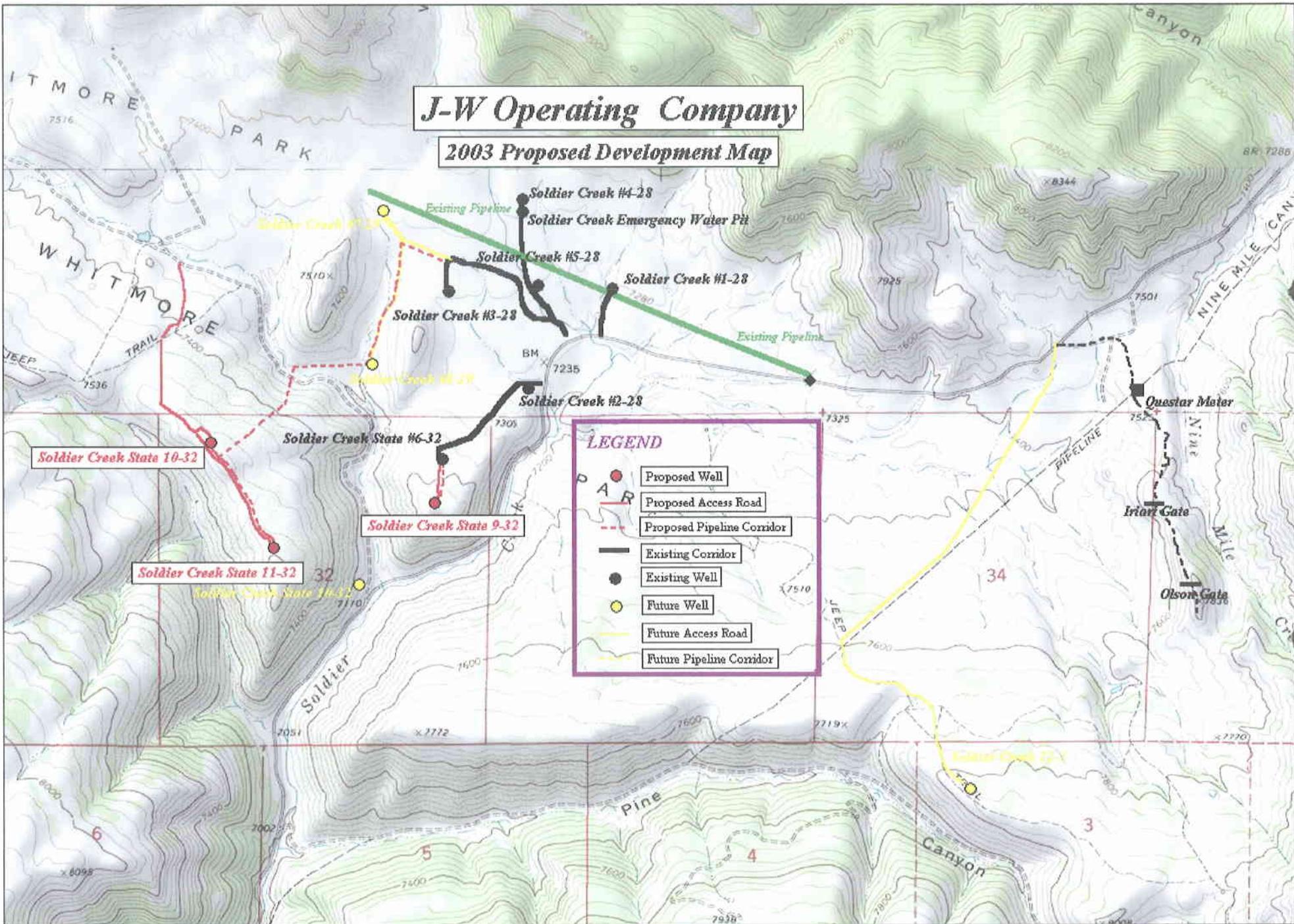
Drawn By: BEN SCOTT	Checked By: L.W.J.
Drawing No. C-1	Date: 05/13/03
	Scale: 1" = 40'
Sheet 3 of 4	Job No. 1074

APPROXIMATE YARDAGES

CUT
 (6") Topsoil Stripping = 750 Cu. Yds.
 Remaining Location = 5810 Cu. Yds.
 TOTAL CUT = 5216.71 Cu. Yds.
 TOTAL FILL = 3501 Cu. Yds.

J-W Operating Company

2003 Proposed Development Map



J-W Operating Company

2003 Proposed Development Map

Soldier Creek State 10-32

Soldier Creek State 11-32

Soldier Creek State 9-32

Talon Resources, Inc.

195 North 100 West
Huntington, Utah 84528

435-687-5310

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

FORM 3

AMENDED REPORT
(highlight changes)

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1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>		7. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		8. UNIT or CA AGREEMENT NAME: N/A	
2. NAME OF OPERATOR: J-W Operating Company		9. WELL NAME and NUMBER: SoldierCreek, State #11-32	
3. ADDRESS OF OPERATOR: P.O. Box 305 CITY Wray STATE CO ZIP 80758		PHONE NUMBER: (970) 332-3151	10. FIELD AND POOL OR WILDCAT: Soldier Creek Wildcat
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 2,208' FNL, 1,853' FWL 4398014 39.73333 AT PROPOSED PRODUCING ZONE: 2,208' FNL, 1,853' FWL -110.64767		11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SENW 32 12 12 S	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 15.6 miles northeast of Wellington, Utah		12. COUNTY: Carbon	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 1,200'	16. NUMBER OF ACRES IN LEASE: 600	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 1,950'	19. PROPOSED DEPTH: 2,830	20. BOND DESCRIPTION: Blanket Fee Bond RLB 0004156	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 7,583' GR	22. APPROXIMATE DATE WORK WILL START: 7/1/2003	23. ESTIMATED DURATION: 3 months	

24. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
12-1/4"	8-5/8" K-55 ST 24 #	350	Class G 275 sacks 1.16 cu.ft/sk 15.8 ppg
7-7/8"	5-1/2" N-80 LT 17#	2,830	10-1 RFC Class G 150 sacks 1.62 cu.ft/sk 14.2 ppg

25. ATTACHMENTS

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

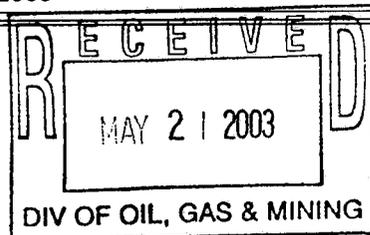
- | | |
|--|--|
| <input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER | <input checked="" type="checkbox"/> COMPLETE DRILLING PLAN |
| <input type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER | <input type="checkbox"/> FORM 5,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

NAME (PLEASE PRINT) Don Hamilton TITLE Agent for J-W Operating Company
SIGNATURE Don Hamilton DATE 5/16/2003

(This space for State use only)

API NUMBER ASSIGNED: 43-007-30920

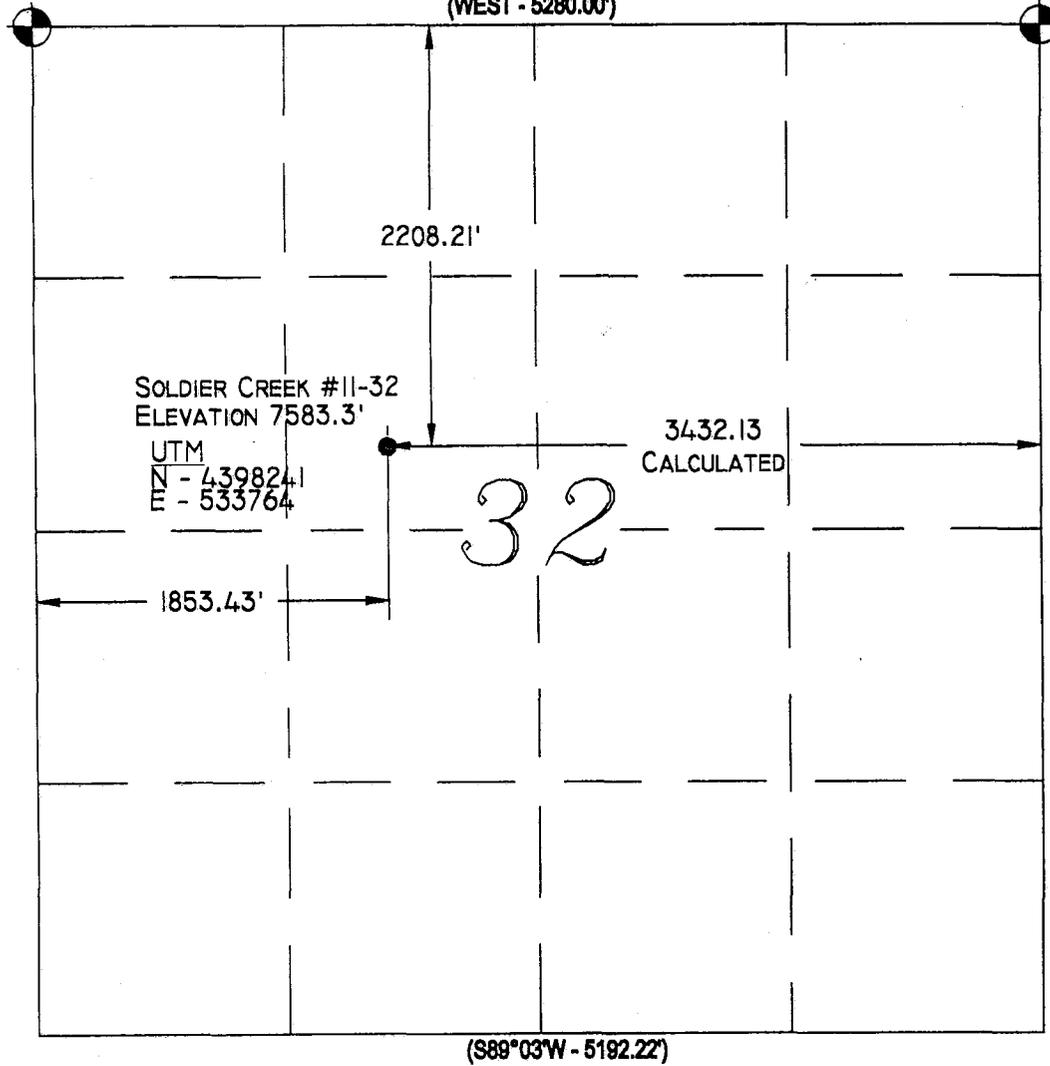
APPROVAL:



Range 12 East

389°19'09"E 5285.56'
(WEST - 5280.00')

Township 12 'South



Legend

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

NOTES:

1. UTM AND LATITUDE / LONGITUDE COORDINATES ARE DERIVED USING A GPS PATHFINDER AND ARE SHOWN IN NAD 83/WGS 84 DATUM.

LAT / LONG
39°44'00"N
110°36'21"W

Location:

THE WELL LOCATION WAS DETERMINED USING A TRIMBLE 4700 GPS SURVEY GRADE UNIT.

Basis of Bearing:

THE BASIS OF BEARING IS GPS MEASURED.

GLO Bearing:

THE BEARINGS INDICATED ARE PER THE RECORDED PLAT OBTAINED FROM THE U.S. LAND OFFICE.

Basis of Elevation:

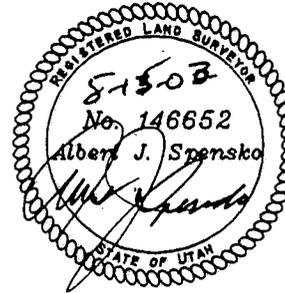
BASIS OF ELEVATION OF 7305' BEING AT THE NORTHEAST SECTION CORNER OF SECTION 32, TOWNSHIP 12 SOUTH, RANGE 12 EAST, SALT LAKE BASE AND MERIDIAN, AS SHOWN ON THE PINE CANYON QUADRANGLE 7.5 MINUTE SERIES MAP.

Description of Location:

PROPOSED DRILL HOLE LOCATED IN THE SE 1/4, NE 1/4 OF SECTION 32, T12S, R12E, S.L.B.&M., BEING 2208.21 SOUTH AND 1853.43' EAST FROM THE NORTHWEST CORNER OF SECTION 32, T12S, R12E, SALT LAKE BASE & MERIDIAN.

Surveyor's Certificate:

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



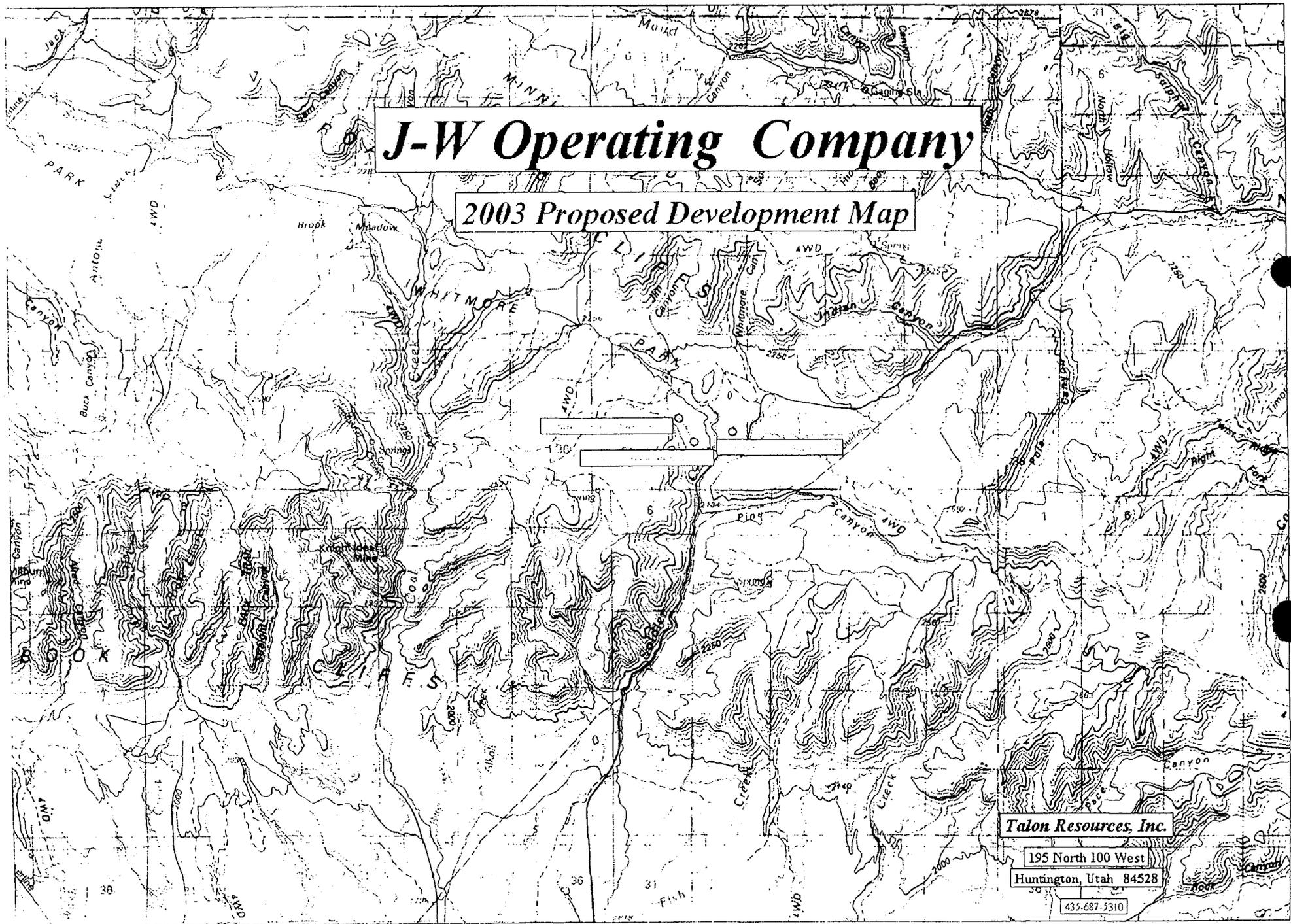
GRAPHIC SCALE

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

 TALON RESOURCES INC	
Talon Resources, Inc. 375 South Carbon Avenue, Suite 101 Price, Utah 84501 Ph: 435-637-8781 Fax: 435-636-8603	
 WELL #Soldier Creek 11-32 Section 32, T12S, R12E, S.L.B.&M. Carbon County, Utah	
Drawn By: BEN SCOTT	Checked By: L.W.J./A.J.S.
Drawing No. A-1	Date: 05/05/03
	Scale: 1" = 1000'
Sheet 1 of 4	Job No. 1074

J-W Operating Company

2003 Proposed Development Map



Talon Resources, Inc.

195 North 100 West
Huntington, Utah 84528

435-687-3310

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 05/21/2003

API NO. ASSIGNED: 43-007-30920

WELL NAME: SOLDIER CREEK ST 11-32
OPERATOR: J-W OPERATING COMPANY (N2145)
CONTACT: DON HAMILTON

PHONE NUMBER: 435-687-5310

PROPOSED LOCATION:

SENW 32 120S 120E
SURFACE: 2208 FNL 1853 FWL
BOTTOM: 2208 FNL 1853 FWL
CARBON
WILDCAT (1)

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	Dkd	7/31/03
Geology		
Surface		

LEASE TYPE: 3 - State
LEASE NUMBER: ML-48131
SURFACE OWNER: 4 - Fee
PROPOSED FORMATION: BLKHK

LATITUDE: 39.73323
LONGITUDE: 110.60564

RECEIVED AND/OR REVIEWED:

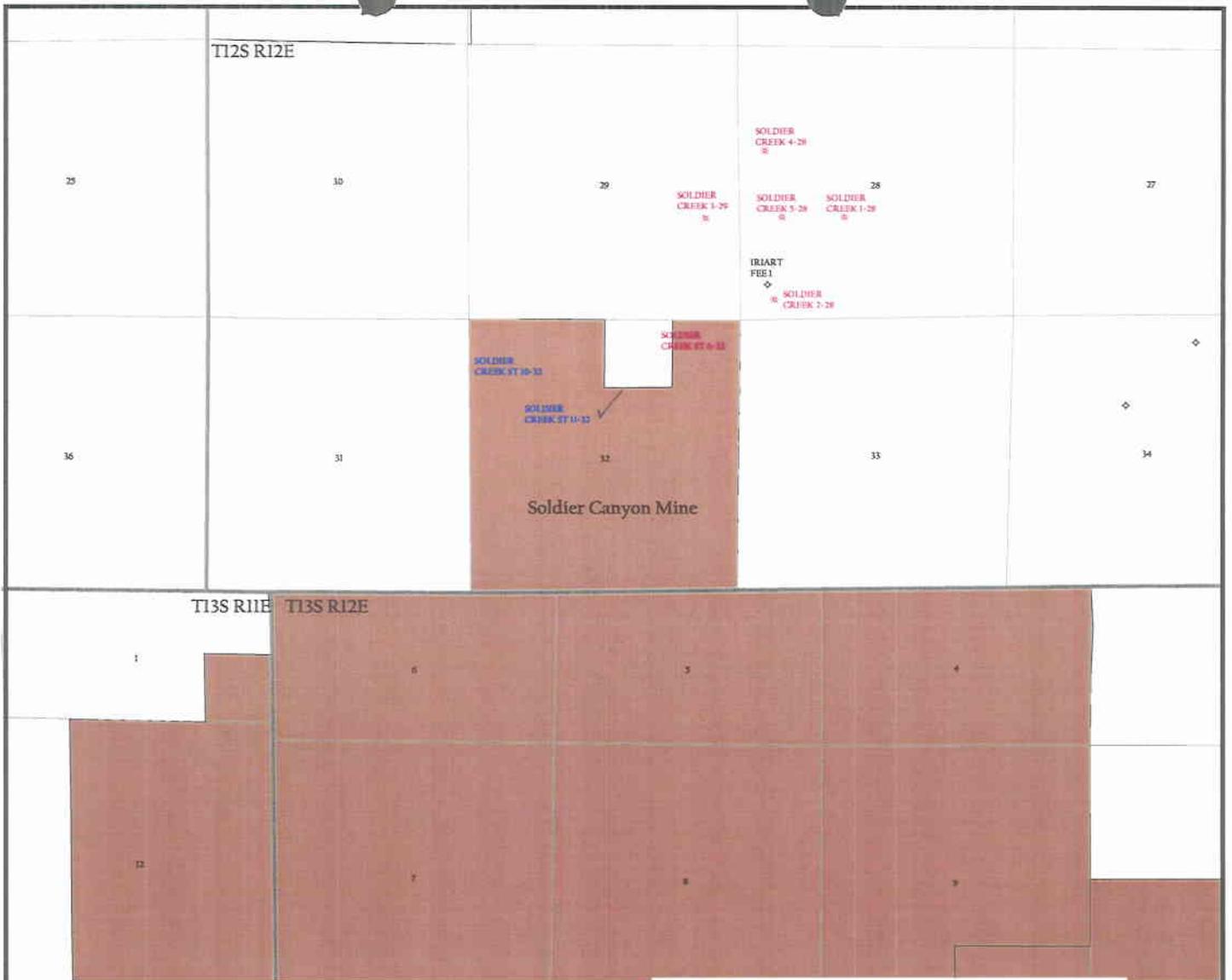
- Plat
- Bond: Fed[] Ind[] Sta[3] Fee[]
(No. RLB0004156)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. MUNICIPAL)
- RDCC Review (Y/N)
(Date: 6/5/03)
- Fee Surf Agreement (Y/N)

LOCATION AND SITING:

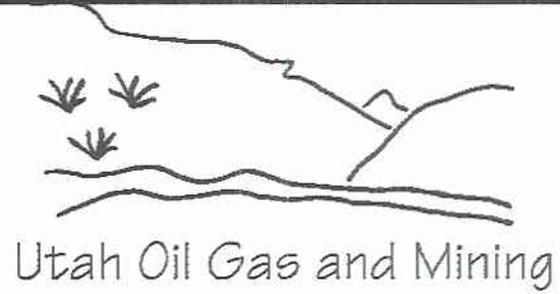
- R649-2-3.
Unit _____
- R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells
- R649-3-3. Exception
- Drilling Unit
Board Cause No: _____
Eff Date: _____
Siting: _____
- R649-3-11. Directional Drill

COMMENTS: Needs Drasin (Recd 6/9/03)

STIPULATIONS: 1- Spacing Strip
2- Production Casing Cement shall be brought above all water zones (min. ±1300' - Price Rec'd Top)
3- STATEMENT OF BASIS

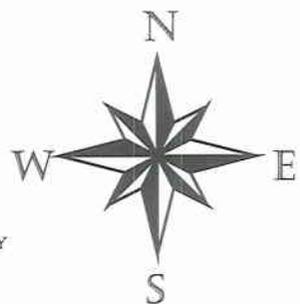


OPERATOR: J-W OPERATING CO (N2145)
 SEC. 32 T12S, R12E
 FIELD: WILDCAT (001)
 COUNTY: CARBON
 SPACING: R649-3-3 / EXCEPTION LOCATION



- | WELLS | UNIT STATUS |
|-----------------------|----------------|
| • GAS INJECTION | □ EXPLORATORY |
| • GAS STORAGE | □ GAS STORAGE |
| • LOCATION ABANDONED | □ NF PP OIL |
| ⊙ NEW LOCATION | □ NF SECONDARY |
| ◊ PLUGGED & ABANDONED | □ PENDING |
| • PRODUCING GAS | □ PI OIL |
| • PRODUCING OIL | □ PP GAS |
| • SHUT-IN GAS | □ PP GEOTHERML |
| • SHUT-IN OIL | □ PP OIL |
| × TEMP. ABANDONED | □ SECONDARY |
| • TEST WELL | □ TERMINATED |
| ▲ WATER INJECTION | |
| • WATER SUPPLY | |
| • WATER DISPOSAL | |

- | FIELD STATUS |
|-------------------|
| □ ABANDONED |
| □ ACTIVE |
| □ COMBINED |
| □ INACTIVE |
| □ PROPOSED |
| □ STORAGE |
| □ TERMINATED |
| □ COUNTY BOUNDARY |
| □ SECTION LINES |
| □ TOWNSHIP LINES |



PREPARED BY: DIANA MASON
 DATE: 21-MAY-2003



2003 6 6

Well name:

07-03 JW Op Soldier Creek St 11-32

Operator: **J W Operating Company**

String type: Production

Project ID:

43-007-30920

Location: Carbon County

Design parameters:

Collapse

Mud weight: 9.000 ppg
Design is based on evacuated pipe.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 105 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 368 ft

Cement top: 1,969 ft

Burst

Max anticipated surface pressure: 0 psi
Internal gradient: 0.468 psi/ft
Calculated BHP 1,323 psi

No backup mud specified.

Tension:

8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Non-directional string.

Tension is based on air weight.
Neutral point: 2,444 ft

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft ³)
1	2830	5.5	17.00	N-80	LT&C	2830	2830	4.767	97.5
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	1323	6290	4.754	1323	7740	5.85	48	348	7.23 J

Prepared by: Clinton Dworshak
Utah Div. of Oil & Mining

Phone: 801.538.5280
FAX: 801.359.3940

Date: July 8,2003
Salt Lake City, Utah

ENGINEERING STIPULATIONS: NONE

Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.
Collapse is based on a vertical depth of 2830 ft, a mud weight of 9 ppg The casing is considered to be evacuated for collapse purposes.
Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

Well name:

07-03 JW Op Soldier Creek St 11-32

Operator: **J W Operating Company**

String type: **Surface**

Project ID:

43-007-30920

Location: **Carbon County**

Design parameters:

Collapse

Mud weight: 8.400 ppg
Design is based on evacuated pipe.

Minimum design factors:

Collapse:

Design factor 1.125

Environment:

H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 70 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 300 ft

Burst:

Design factor 1.00

Cement top: Surface ✓

Burst

Max anticipated surface pressure: 0 psi
Internal gradient: 0.468 psi/ft
Calculated BHP 164 psi

Tension:

8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Non-directional string.

No backup mud specified.

Tension is based on air weight.
Neutral point: 306 ft

Re subsequent strings:

Next setting depth: 3,150 ft
Next mud weight: 9.000 ppg
Next setting BHP: 1,473 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 500 ft
Injection pressure 500 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	350	8.625 ✓	24.00 ✓	K-55 ✓	ST&C ✓	350 ✓	350	7.972	16.9
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	153	1370	8.970	164	2950	18.03	8	263	31.31 J

Prepared by: Clinton Dworshak
Utah Div. of Oil & Mining

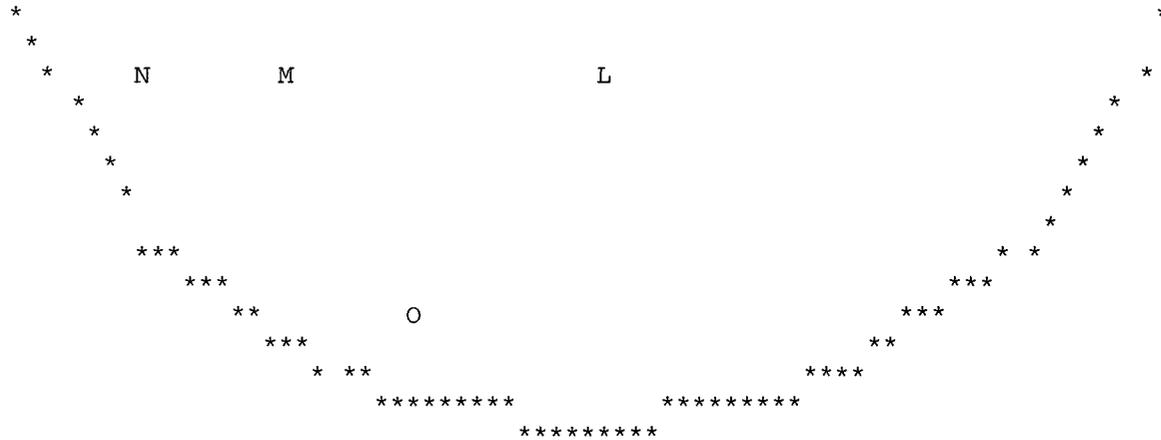
Phone: 801.538.5280
FAX: 801.359.3940

Date: July 8,2003
Salt Lake City, Utah

ENGINEERING STIPULATIONS: NONE

Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.
Collapse is based on a vertical depth of 350 ft, a mud weight of 8.4 ppg The casing is considered to be evacuated for collapse purposes.
Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.



UTAH DIVISION OF WATER RIGHTS
 NWPLAT POINT OF DIVERSION LOCATION PROGRAM

MAP CHAR	WATER RIGHT	QUANTITY CFS AND/OR	AC-FT	SOURCE DESCRIPTION or WELL INFO DIAMETER DEPTH YEAR LOG	POINT OF DIVERSION DESCRIPTION NORTH EAST CNR SEC TWN RNG B&M	U A N P N P
0	t21359	.0000	1.00	Soldier Creek & Unnamed Tribut	N 2210 W 3900 SE 29 12S 12E SL	UT 8
		WATER USE(S): OTHER			PRIORITY DATE: 07/25/1997	
		Canyon Fuel Company LLC		6955 Union Park Center Suite 550	Midvale	
1	91 2075	.0110	.00	Unnamed Spring		
		WATER USE(S):			PRIORITY DATE: 00/00/1869	
		Iriart, Bernard		503 East 1st North	Price	UT 8
2	91 7076	.0000	.00	Trib. to Soldier Creek		
		WATER USE(S):			PRIORITY DATE: 00/00/1869	
		Iriart, Bernard				UT
2	91 7076	.0000	.00	Trib. to Soldier Creek		
		WATER USE(S):			PRIORITY DATE: 00/00/1869	
		Iriart, Bernard				UT

	Nelson, Lawrence C.									Cleveland	UT 8
8	<u>91 1366</u>	.0000	.00	Cottonwood Creek							
	WATER USE(S):									PRIORITY DATE: 00/00/1869	
	Nelson, Lawrence C.									Cleveland	UT 8
9	<u>91 5070</u>	.2590	188.00	6	3160	N	400	E	647	SW 28 12S 12E SL X	
	WATER USE(S): OTHER									PRIORITY DATE: 02/07/2003	
	J-W Operating Company				P O Box 226405					Dallas	TX 7
A	<u>91 2088</u>	.0110	.00	Unnamed Spring							
	WATER USE(S):									PRIORITY DATE: 00/00/1869	
	Iriart, Bernard				503 East 1st North					Price	UT 8
B	<u>91 1368</u>	.0110	.00	Unnamed Spring							
	WATER USE(S):									PRIORITY DATE: 00/00/1869	
	Nelson, Lawrence C.									Cleveland	UT 8
B	<u>91 1367</u>	.0000	.00	Cottonwood Creek							
	WATER USE(S):									PRIORITY DATE: 00/00/1869	
	Nelson, Lawrence C.									Cleveland	UT 8
B	<u>91 1367</u>	.0000	.00	Cottonwood Creek							
	WATER USE(S):									PRIORITY DATE: 00/00/1869	
	Nelson, Lawrence C.									Cleveland	UT 8
C	<u>91 5070</u>	.2590	188.00	6	3075	S	707	W	742	NE 32 12S 12E SL X	
	WATER USE(S): OTHER									PRIORITY DATE: 02/07/2003	
	J-W Operating Company				P O Box 226405					Dallas	TX 7
D	<u>91 2087</u>	.0000	.00	Soldier Creek							
	WATER USE(S):									PRIORITY DATE: 00/00/1869	
	Iriart, Bernard				503 East 1st North					Price	UT 8
E	<u>91 2085</u>	.0000	.00	Unnamed Stream							
	WATER USE(S):									PRIORITY DATE: 00/00/1869	
	Iriart, Bernard				503 East 1st North					Price	UT 8
F	<u>91 2086</u>	.0000	.00	Unnamed Stream							
	WATER USE(S):									PRIORITY DATE: 00/00/1902	
	Iriart, Bernard				503 East 1st North					Price	UT 8
G	<u>91 523</u>	.0000	.00	Soldier Creek							
	WATER USE(S):									PRIORITY DATE: 00/00/1869	
	Canyon Fuel Company LLC				CityPlace One Suite 300					St. Louis	MO 6
H	<u>91 1360</u>	.0000	.00	Fork of Cottonwood Creek							

	WATER USE(S): Nelson, Lawrence C.									PRIORITY DATE: 00/00/1869 Cleveland UT 8			
I	<u>91 2085</u> .0000 WATER USE(S): Iriart, Bernard	.00 Unnamed Stream 503 East 1st North								PRIORITY DATE: 00/00/1869 Price UT 8			
J	<u>91 1360</u> .0000 WATER USE(S): Nelson, Lawrence C.	.00 Fork of Cottonwood Creek								PRIORITY DATE: 00/00/1869 Cleveland UT 8			
K	<u>91 1361</u> .0000 WATER USE(S): Nelson, Lawrence C.	.00 Fork of Cottonwood Creek								PRIORITY DATE: 00/00/1869 Cleveland UT 8			
L	<u>91 2087</u> .0000 WATER USE(S): Iriart, Bernard	.00 Soldier Creek 503 East 1st North								PRIORITY DATE: 00/00/1869 Price UT 8			
M	<u>91 1361</u> .0000 WATER USE(S): Nelson, Lawrence C.	.00 Fork of Cottonwood Creek								PRIORITY DATE: 00/00/1869 Cleveland UT 8			
M	<u>91 1363</u> .0000 WATER USE(S): Nelson, Lawrence C.	.00 Fork Cottonwood Creek								PRIORITY DATE: 00/00/1902 Cleveland UT 8			
N	<u>91 1362</u> .0110 WATER USE(S): Nelson, Lawrence C.	.00 Charley Spring								PRIORITY DATE: 00/00/1869 Cleveland UT 8			
O	<u>t21359</u> .0000 WATER USE(S): OTHER Canyon Fuel Company LLC	1.00 Soldier Creek & Unnamed Tribut 6955 Union Park Center Suite 550	S	1250	E	400	NW	05	13S	12E	SL	X	PRIORITY DATE: 07/25/1997 Midvale UT 8



J-W OPERATING COMPANY
4990 Miller Street, Wheatridge CO 80033
PO Box 1148, Wheatridge CO 80034
Office: 303/422-4990 Fax: 720/898-0397
Email: ginnyburchard@qwest.net

March 25, 2002

Iriart Family Limited Partnership
Attn: Louise L. Iriart, General Partner
PO Box 293
Price, UT 84501

Re: Surface Use Agreement
Dated June 18, 2001
Carbon County, UT

Dear Mrs. Iriart,

Reference is made to the captioned Surface Use Agreement, copy of which is attached hereto as Exhibit "A". It has been brought to our attention that the Iriart Family Limited Partnership also owns the surface on the following lands, which are not described on the Surface Use Agreement:

TOWNSHIP 12 SOUTH, RANGE 12 EAST, SLM
SECTION 19: LOT 4, aka SWSW
SECTION 20: E/2E/2, NWNE
SECTION 32: NW, NENE, S/2NE, S/2

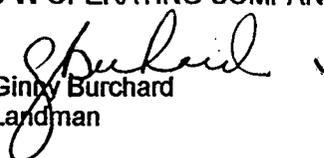
TOWNSHIP 12 SOUTH, RANGE 11 EAST, SLM
SECTION 13: SWSW

By this letter J-W Operating Company and the Iriart Family Limited Partnership desire to amend the Surface Use Agreement to include the above described Lands as though they were originally described therein. All other terms and conditions of the Surface Use Agreement to remain as written.

Please indicate your acceptance and approval by signing below and returning one original to J-W Operating Company, PO Box 1148, Wheat Ridge, CO 80034.

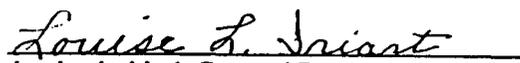
Very truly yours,

J-W OPERATING COMPANY


Ginny Burchard
Landman

ACCEPTED AND APPROVED this _____ day of _____, 2002.

IRIART FAMILY PARTNERSHIP, LANDOWNER

By: 
Louise L. Iriart, General Partner

RECEIVED

JUL 01 2003

DIV. OF OIL, GAS & MINING

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

OPERATOR: Phillips Petroleum Company
WELL NAME & NUMBER: Soldier Creek State #11-32
API NUMBER: 43-007-30920

LOCATION: 1/4, 1/4 SENW Sec: 32 TWP: 12S RNG: 12E 2208' FNL 1853' FWL

Geology/Ground Water:

A plugged and abandoned well exists near this location (~1 mile northeast). File documentation from that exploratory well (4300720253), which was drilled in 1967, documents several prolific fresh water bearing Formations including the North Horn and Price River Formations, which occur within 2,000' of the surface. Examination of the wireline logs from the nearby Soldier Creek 6-32 (4300730853) also reveals the high probability of encountering many permeable sandstones saturated with groundwater before the coalbed methane pay zone is penetrated. That well encountered water at 85' TD. A well drilled at this location will likely spud into a poorly to moderately permeable soil developed on strata that are mapped as Tertiary/Cretaceous age undivided Flagstaff/North Horn Formation. Many water rights have been filed on nearby surface water resources (including 4 shallow water supply wells) within a mile. Drainage is to the south into Soldier Creek, which eventually flows into the Price River. The proposed casing and cementing program and the freshwater/gel drilling fluid system should be sufficient protect the shallow ground water resource.

Reviewer: Christopher J. Kierst Date: 7/2/03

Surface:

The proposed location is on property owned by the Iriart Family located in the Whitmore Park area ~16.0 miles Northeast of Price, Utah. Soldier Creek, a year-round live water source lies East of the proposed location ~1800'. The terrain directly associated with this location drains to the North then East into Soldier Creek and eventually to the Price River. Dry washes run throughout the area. Precipitation will be deflected around the location with berms and culverts. The site was photographed and characterized during pre-site inspection. Provision was made to ensure site rehabilitation, litter and waste control, preservation of drainage patterns and the integrity of local infrastructure, groundwater and other resources. The well utilities and gas gathering system will follow the approach roadway. Bernie Iriart and Gene Iriart, representing the Iriart Family, were in attendance at the on-site. Carbon County was invited but was not in attendance for the on-site meeting for this well.

Reviewer: Mark L. Jones Date: June 9, 2003

Conditions of Approval/Application for Permit to Drill:

1. Culverts sufficient to manage expected runoff, standing and surface water in crossed drainages.
2. Berm location and pit.
3. Site infrastructure as per drilling location plat.
4. Fence all four sides of the pit.
5. A synthetic liner with a minimum thickness of 12 mils shall be properly installed and maintained in the reserve pit.

ON-SITE PREDRILL EVALUATION
Division of Oil, Gas and Mining

OPERATOR: JW Operating
WELL NAME & NUMBER: Soldier Creek State #11-32
API NUMBER: 43-007-30920
LEASE: State **FIELD/UNIT:** _____ **LOCATION:** 1/4,1/4
SENW Sec: 32 **TWP:** 12S **RNG:** 12E 2208' FNL 1853' FWL
LEGAL WELL SITING: 460 F SEC. LINE; 460 F 1/4,1/4 LINE; 920 F ANOTHER WELL.
GPS COORD (UTM): X =533794 E; Y = 4398014 N **SURFACE OWNER:** Iriart Family

PARTICIPANTS

M. Jones (DOGM), Ron Lingel (JWO), D. Hamilton (Talon), Bernie Iriart and Gene Iriart (surface).

REGIONAL/LOCAL SETTING & TOPOGRAPHY

The proposed location is on property owned by the Iriart Family located in the Whitmore Park area ~16.0 miles Northeast of Price, Utah. Soldier Creek, a year-round live water source lies East of the proposed location ~1800'. The terrain directly associated with this location drains to the North then East into Soldier Creek and eventually to the Price River.

SURFACE USE PLAN

CURRENT SURFACE USE: Grazing and wildlife habitat.
PROPOSED SURFACE DISTURBANCE: 174' X 290' and an 50 X 80 X 10 pit.

LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS: 2 proposed wells, 3 existing CBM wells, and 1 PA well exist within a 1 mile radius of the above proposed well. Also 1 fresh water well/spring.

LOCATION OF PRODUCTION FACILITIES AND PIPELINES: Along the roadway.

SOURCE OF CONSTRUCTION MATERIAL: Obtained locally and transported in.

ANCILLARY FACILITIES: N/A

WASTE MANAGEMENT PLAN:

Portable chemical toilets which will be emptied into the municipal waste treatment system; garbage cans on location will be emptied into centralized dumpsters which will be emptied into an approved landfill. Crude oil production is unlikely. Drilling fluid, completion / frac fluid and cuttings will be buried in the pit after evaporation and slashing the pit liner. Produced water will be gathered to the evaporation pit and eventually injected into the approved injection zone via a salt water disposal well. Used oil from drilling operations and support is hauled to a used oil recycler and reused.

ENVIRONMENTAL PARAMETERS

AFFECTED FLOODPLAINS AND/OR WETLANDS: None.

FLORA/FAUNA: Mountain Mahogany, Sagebrush, native grasses, rabbit brush, elk, deer, coyote, various fowl and small game.

SOIL TYPE AND CHARACTERISTICS: Sandy clay loam.

SURFACE FORMATION & CHARACTERISTICS: _____

EROSION/SEDIMENTATION/STABILITY: Erosive on disturbance.

PALEONTOLOGICAL POTENTIAL: N/A

RESERVE PIT

CHARACTERISTICS: Dugout earthen pit. (As per APD.)

LINER REQUIREMENTS (Site Ranking Form attached): Synthetic liner required.

SURFACE RESTORATION/RECLAMATION PLAN

As per surface use agreement.

SURFACE AGREEMENT: Surface use agreement has been signed.

CULTURAL RESOURCES/ARCHAEOLOGY: Completed, pending report.

OTHER OBSERVATIONS/COMMENTS

~2000' of access will cross Lynn Nelson. Surface use agreement for right-of-way access is still pending.

ATTACHMENTS

Photos of this location were taken and placed on file.

Mark L. Jones 6/06/2003 / 4:00 pm
DOGM REPRESENTATIVE DATE/TIME

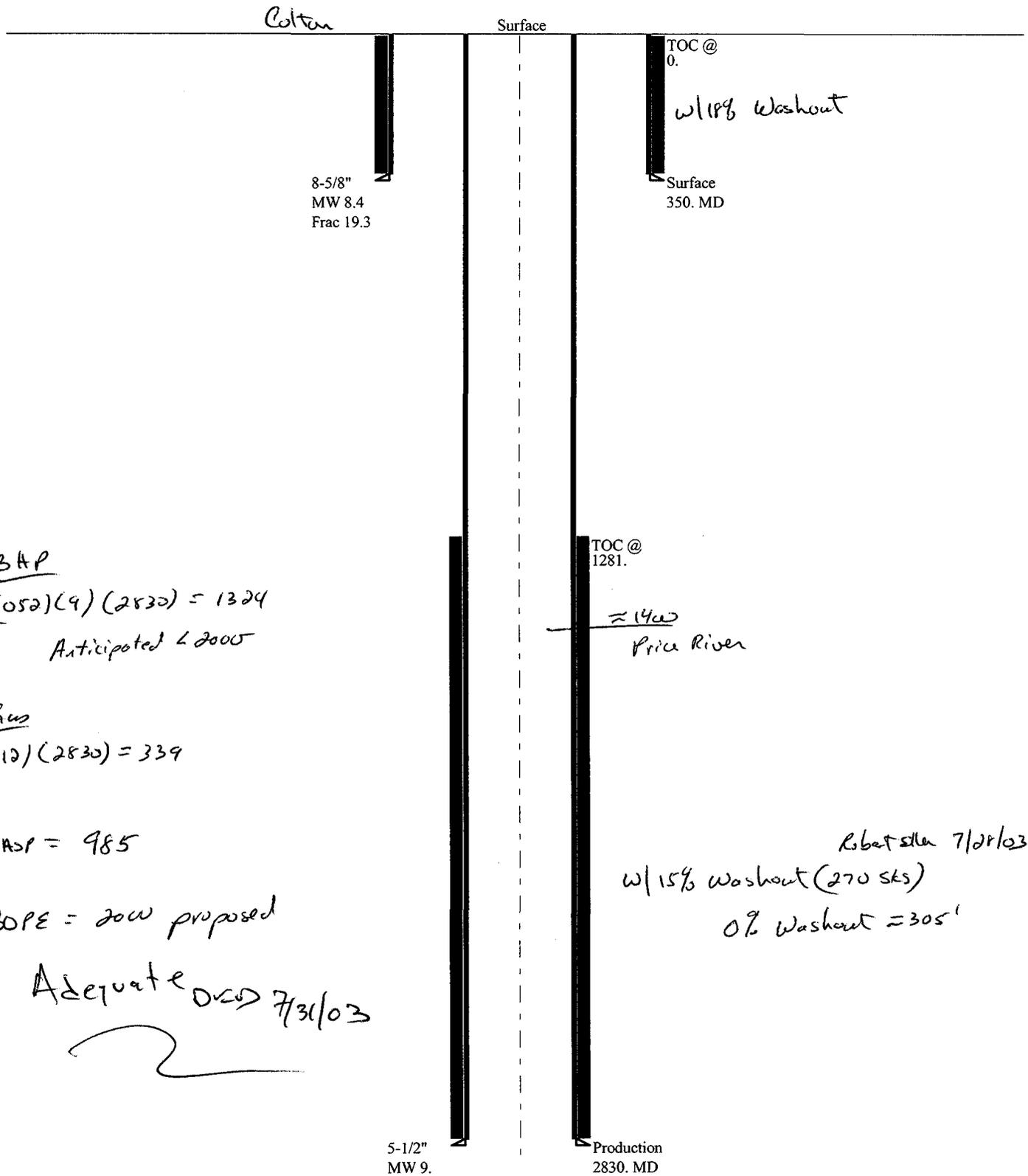
**Evaluation Ranking Criteria and Ranking Score
For Reserve and Onsite Pit Liner Requirements**

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

Final Score 30 (Level I Sensitivity)

Sensitivity Level I = 20 or more; total containment is required.
Sensitivity Level II = 15-19; lining is discretionary.
Sensitivity Level III = below 15; no specific lining is required.

07-03 JW Op Soldier Creek St 11-32
Casing Schematic



Colton

Surface

8-5/8"
MW 8.4
Frac 19.3

TOC @
0.

w/18% Washout

Surface
350. MD

TOC @
1281.

≈ 1400
Price River

Production
2830. MD

5-1/2"
MW 9.

BAP

$$(0.052)(9)(2830) = 1324$$

Anticipated < 2000

Gas

$$(0.10)(2830) = 339$$

$$MAST = 985$$

BOPE = 2000 proposed

Adequate Dec 7/31/03

Rebat sika 7/28/03

w/15% Washout (270 SKS)

0% Washout ≈ 305'

STATE ACTIONS
State Clearinghouse Coordinator
116 State Capitol, SLC, UT 84114
538-1535

1. Administering State Agency Oil, Gas and Mining 1594 West North Temple, Suite 1210 Salt Lake City, UT 84114-5801	2. State Application Identifier Number: (assigned by State Clearinghouse) 3. Approximate date project will start: Upon Approval or July 1, 2003
4. Areawide clearinghouse(s) receiving state action: (to be sent out by agency in block 1) Southeastern Utah Association of Governments	
5. Type of action: // Lease <input checked="" type="checkbox"/> / Permit // License // Land Acquisition // Land Sale // Land Exchange // Other _____	
6. Title of proposed action: Application for Permit to Drill	
7. Description: J-W Operating Company proposes to drill the Soldier Creek State #11-32 well (wildcat) on State lease ML-48131, Carbon County, Utah. This action is being presented to the 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) SE/4, NW/4, Section 32, Township 12 South, Range 12 East, Carbon County, Utah	
9. Has the local government(s) been contacted? No	
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 of district representative from your agency near project site, if applicable: 	
12. For further information, contact: Diana Mason Phone: (801) 538-5312	13. Signature and title of authorized officer  JER John R. Baza, Associate Director Date: May 21, 2003

005

From: Steven Parkin
To: Diana Mason
Date: 5/28/03 11:33AM
Subject: Response to Proposed Wildcat Drilling at Soldier Creek

Diana,

Regarding RDCC project number 2901, the following language applies. Please give this language to those advancing the drilling work.

The proposed well drilling project, Soldier Creek State #11-32, Carbon County, may require a permit, known as an Approval Order, from the Utah Division of Air Quality if any compressor stations are operating at the site. A permit application, known as a Notice of Intent (NOI), should be submitted to the Executive Secretary at the Utah Division of Air Quality at 150 N. 1950 West, SLC, UT, 84116 for review according to the Utah Air Conservation Rule R307-400, Permits, Notice of Intent and Approval Order. A copy of the rules are found at www.rules.utah.gov/publicat/code/r307/r307.htm.

If question, reply to this email or call me at 801-536-4014.

Steven Parkin, engineer
Utah Division Of Air Quality

4 June 2003

Ms. Diana Mason
Division of Oil, Gas, and Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, UT 84114-5801

Subject: RDCC Project #2900 and 2901, J-W Company Gas Exploration Wells, Soldier Creek

Dear Ms. Mason:

The Utah Division of Wildlife Resources has reviewed the subject document, and we provide the following comments:

We are concerned that the footprint and activity associated with these wells will result in negative impacts to summer and transitional ranges for elk and mule deer. The two major negative impacts will be 1) the habitat destroyed by the footprint of roads and well pads and 2) disturbance due to construction and increased public travel on new roads.

Mitigation for big game impacts should be accomplished by minimizing length and connectivity of new roads and by orienting well pads to avoid impacts to valuable microhabitats. Inclusion of UDWR personnel in the onsite inspection of the proposed drill sites will allow us to make specific comments on the project design.

Thank you for the opportunity to review this proposed action and provide comment. If you have any questions, please call Tony Wright, Oil and Gas Mitigation Biologist, at our Price office (435) 636-0267.

Sincerely,



Derris Jones
Regional Supervisor

DJ/ALW

bc: GOPB
 Habitat Section – Mike Canning
 DNR – Carolyn Wright
 DNR – Val Payne

RECEIVED

JUN 09 2003

DIV. OF OIL, GAS & MINING

From: Ed Bonner
To: Mason, Diana
Date: 6/18/03 1:57PM
Subject: Well Clearances

The following wells have been given cultural resource clearance by the Trust Lands Cultural Resources Group:

J-W Operating Company
Soldier Creek State 9-32
Soldier Creek State 10-32
Soldier Creek State 11-32

If you have any questions regarding this matter please give me a call.

CC: Baza, John; Garrison, LaVonne; Hunt, Gil



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

Michael O. Leavitt
Governor
Kathleen Clarke
Executive Director
Lowell P. Braxton
Division Director

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

August 4, 2003

J-W Operating Company
P O Box 305
Wray, CO 80758

Re: Soldier Creek State 11-32 Well, 2208' FNL, 1853' FWL, SE NW, Sec. 32, T. 12 South, R. 12 East, 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.

Appropriate information has been submitted to DOGM and administrative approval of the requested exception location is hereby granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-007-30920.

Sincerely,

John R. Baza
Associate Director

pab
Enclosures

cc: Carbon County Assessor
SITLA

Operator: J-W Operating Company
Well Name & Number Soldier Creek State 11-32
API Number: 43-007-30920
Lease: ML-48131

Location: SE NW **Sec.** 32 **T.** 12 South **R.** 12 East

Conditions of Approval

1. **General**

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. **Notification Requirements**

The operator is required to notify the Division of Oil, Gas and Mining of the following actions during drilling of this well:

- 24 hours prior to cementing or testing casing
- 24 hours prior to testing blowout prevention equipment
- 24 hours prior to spudding the well
- within 24 hours of any emergency changes made to the approved drilling program
- prior to commencing operations to plug and abandon the well

The following are Division of Oil, Gas and Mining contacts and their work telephone numbers (please leave a voice mail message if the person is not available to take the call):

- Dan Jarvis at (801) 538-5338
- Carol Daniels at (801) 538-5284 (spud)

3. **Reporting Requirements**

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

4. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical or paleontological remains be encountered during your operations, you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.

5. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)

6. Operator shall comply with applicable recommendations resulting from Resource Development Coordinating Committee review. Statements attached.

Page 2

Conditions of Approval API #43-007-30920

August 4, 2003

7. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.
8. Production casing cement shall be brought above all water zones (minimum $\pm 1300'$ -Price River Top).

009

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

FORM 9

5. LEASE DESIGNATION AND SERIAL NUMBER:
ML-48131

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
N/A

7. UNIT or CA AGREEMENT NAME:
N/A

8. WELL NAME and NUMBER:
Soldier Creek, State #11-32

9. API NUMBER:
4300730920

10. FIELD AND POOL, OR WILDCAT:
Soldier Creek

SUNDRY NOTICES AND REPORTS ON WELLS

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

1. TYPE OF WELL
OIL WELL GAS WELL OTHER _____

2. NAME OF OPERATOR:
J-W Operating Company

3. ADDRESS OF OPERATOR:
P.O. Box 305 Wray CO 80758 PHONE NUMBER:
(970) 332-3151

4. LOCATION OF WELL
FOOTAGES AT SURFACE: **2,208' FNL. 1,853' FWL** COUNTY: **Carbon**

QTR/QTR. SECTION. TOWNSHIP. RANGE. MERIDIAN: **SENW 32 12S 12E S** STATE: **UTAH**

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

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

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

J-W Operating Company hereby requests a one year extension of the state permit for the Soldier Creek, State #11-32.

This is the first extension that has been requested.

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 10-27-04
By: [Signature]

RECEIVED

OCT 26 2004

DIV. OF OIL, GAS & MINING

ORIGINAL

NAME (PLEASE PRINT) Don Hamilton TITLE Agent for J-W Operating Company

SIGNATURE Don Hamilton DATE 10/22/2004

(This space for State use only)

COPY SENT TO OPERATOR
Date: 10-29-04
Initials: [Signature]

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

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

API: 43-007-30920
Well Name: Soldier Creek, State #11-32
Location: SE/4 NW/4, Section 32, T12S, R12E, SLB&M
Company Permit Issued to: J-W Operating Company
Date Original Permit Issued: 8/4/2003

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

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

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

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

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

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

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

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

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

Don Hamilton
Signature

10/22/2004
Date

Title: Agent for J-W Operating Company

Representing: J-W Operating Company

RECEIVED
OCT 26 2004
DIV. OF OIL, GAS & MINING

ORIGINAL

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

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

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: ML-48131
2. NAME OF OPERATOR: J-W Operating Company		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A
3. ADDRESS OF OPERATOR: P.O. Box 305 CITY Wray STATE CO ZIP 80758		7. UNIT or CA AGREEMENT NAME: N/A
4. LOCATION OF WELL FOOTAGES AT SURFACE: 2,208' FNL. 1,853' FWL		8. WELL NAME and NUMBER: Soldier Creek, State #11-32
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SENW 32 12S 12E S		9. API NUMBER: 4300730920
COUNTY: Carbon		10. FIELD AND POOL, OR WILDCAT: Soldier Creek
STATE: UTAH		

CONFIDENTIAL

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____ <input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
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	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: <u>Extend State Permit</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

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

J-W Operating Company hereby requests a one year extension of the state permit for the Soldier Creek, State #11-32.
This is the second extension that has been requested.

**Approved by the
Utah Division of
Oil, Gas and Mining**
Date: 11-22-05
By: [Signature]

COPY SENT TO OPERATOR
Date: 11-25-05
Initials: CHD

NAME (PLEASE PRINT) <u>Don Hamilton</u>	TITLE <u>Agent for J-W Operating Company</u>
SIGNATURE <u>Don Hamilton</u>	DATE <u>11/17/2005</u>

(This space for State use only)

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NOV 22 2005
DIV. OF OIL, GAS & MINING
ORIGINAL

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

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

API: 43-007-30920
Well Name: Soldier Creek, State #11-32
Location: SE/4 NW/4, Section 32, T12S, R12E, SLB&M
Company Permit Issued to: J-W Operating Company
Date Original Permit Issued: 8/4/2003

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

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

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

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

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

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

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

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

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

Don Hamilton
Signature

11/17/2005
Date

Title: Agent for J-W Operating Company

Representing: J-W Operating Company

RECEIVED
NOV 22 2005
DIV. OF OIL, GAS & MINING

ORIGINAL



State of Utah

**Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

November 30, 2006

Don Hamilton
J-W Operating Company
P.O. Box 305
Wray, CO 80758

Re: APD Rescinded – Soldier Creek State 11-32 Sec. 32 T. 12S R. 12E
Carbon County, Utah API No. 43-007-30920

Dear Mr. Hamilton:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on August 4, 2003. On October 27, 2004 and November 22, 2005, the Division granted a one-year APD extension. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective November 30, 2006.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,


Diana Mason
Environmental Scientist

cc: Well File
Brad Hill, Technical Service Manager
SITLA, Ed Bonner