



TALON RESOURCES INC

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APR 09 2004
DIV. OF OIL, GAS & MINING

April 7, 2004

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—WhitMar Exploration Company
22-3, 1,582' FSL, 619' FWL, NW/4 SW/4, Section 22
T13S, R11E, SLB&M, Carbon County, Utah

Dear Mrs. Mason:

On behalf of WhitMar Exploration Company (WhitMar), Talon Resources, Inc. respectfully submits the enclosed original and one copy of the *Application for Permit to Drill (APD)* for the above referenced well. A request for exception to spacing (R649-3-2) based on topography is hereby requested since the well is located within 460' of the drilling unit boundary. WhitMar is the only owner and operator within 460' of the proposed well. 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 pipe, power, and 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.

Please accept this letter as WhitMar's, written request for confidential treatment of all information contained in and pertaining to this application.

Thank you very much for your timely consideration of this application. Please feel free to contact myself or Whitney Marvin of WhitMar at 713-739-7300 if you have any questions or need additional information.

Sincerely,


Larry Johnson
Agent for WhitMar

cc: Whitney Marvin, WhitMar
Mark Jones, DOGM, Price Office
Ed Bonner, SITLA— State Office

ORIGINAL

CONFIDENTIAL

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: Fee	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: WhitMar Exploration Company				9. WELL NAME and NUMBER: 22-3	
3. ADDRESS OF OPERATOR: 1021 Main, Suite 1100 CITY Houston STATE TX ZIP 77002			PHONE NUMBER: (713) 739-7300	10. FIELD AND POOL, OR WILDCAT: Unassigned Wildcat	
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 1,582' FSL, 619' FWL 4391959Y 39.67890 AT PROPOSED PRODUCING ZONE: 1,582' FSL, 619' FWL 527436X -110.68009				11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWSW 22 13 11 S	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 9.87 miles northeast of Wellington, Utah				12. COUNTY: Carbon	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 619'		16. NUMBER OF ACRES IN LEASE: 360		17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 160	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 2,450'		19. PROPOSED DEPTH: 2,900		20. BOND DESCRIPTION: Pending	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 6112'		22. APPROXIMATE DATE WORK WILL START: 5/15/2004		23. ESTIMATED DURATION: 14 days	

24. **PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT			SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT			
12-1/4"	8-5/8"	J-55 ST	24 #	350	Howco Prem Plus V	200 sacks	1.20 cu.ft/sk	15.6 ppg
7-7/8"	5-1/2"	J-55 ST	15.5 #	2,800	Howco CBM Lt LCM	90 sacks	4.59 cu.ft/sk	10.5 ppg
					Howco CBM Light	80 sacks	1.99 cu.ft/sk	13.0 ppg

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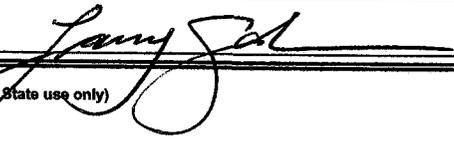
25. **ATTACHMENTS** DIV. OF OIL, GAS & MINING

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

CONFIDENTIAL

NAME (PLEASE PRINT) Larry Johnson TITLE Agent for WhitMar Exploration Company

SIGNATURE  DATE 4/7/2004

(This space for State use only)

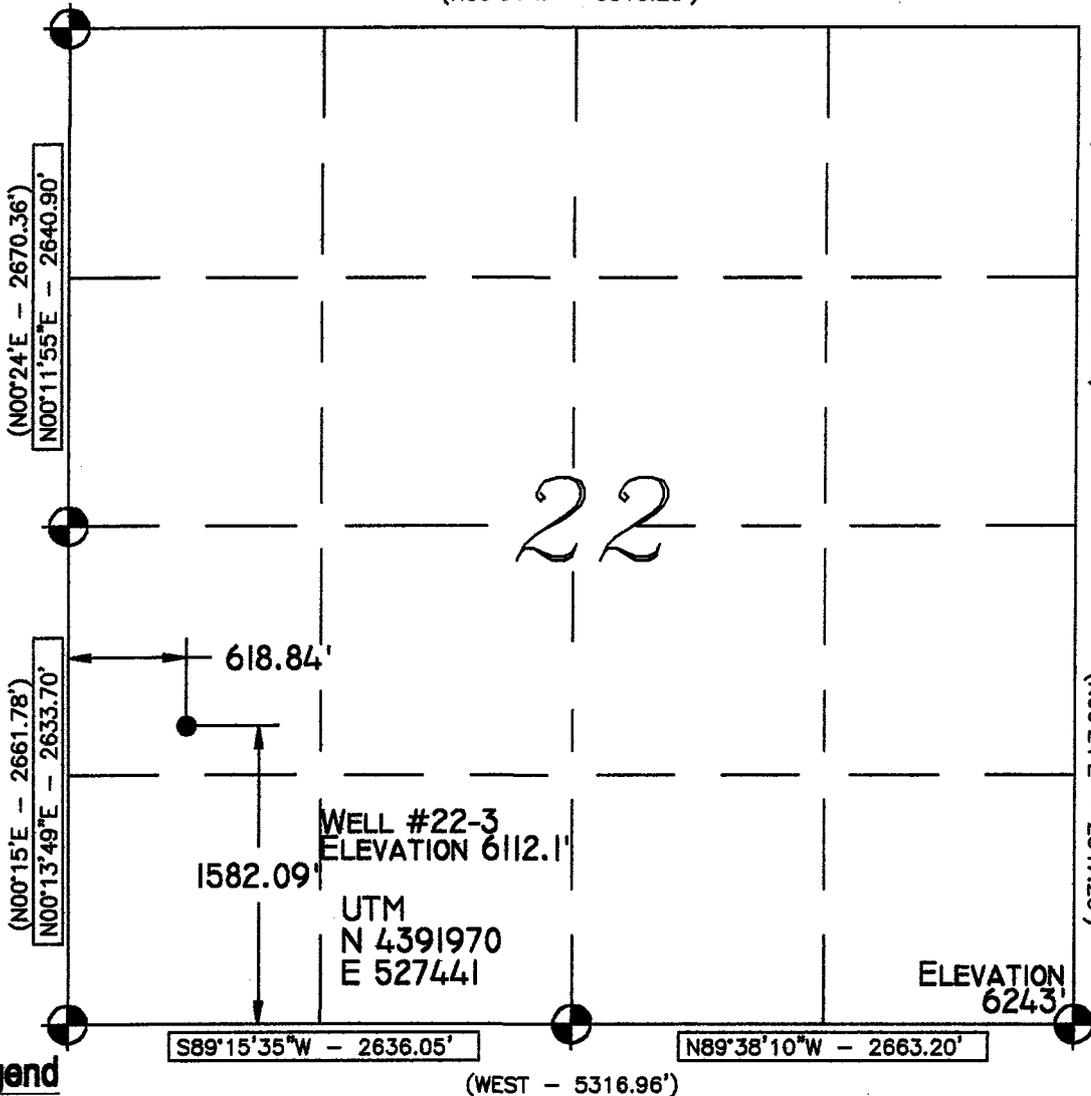
API NUMBER ASSIGNED: 43-007-30937

APPROVAL:

Range 11 East

(N89°51'W - 5318.28')

Township 13 South



Legend

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

NOTE:
UTM AND LATITUDE / LONGITUDE COORDINATES
ARE DERIVED USING A GPS WASS SYSTEM AND
ARE SHOWN IN NAD 27 DATUM.

LAT/LONG
39°40'44"N
110°40'48"W

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

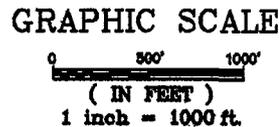
Basis of Bearing:
THE BASIS OF BEARING IS GPS MEASURED.

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

Basis of Elevation:
BASIS OF ELEVATION OF 6243' BEING AT THE SOUTHEAST
CORNER OF SECTION 22, TOWNSHIP 13 SOUTH, RANGE 11 EAST,
SALT LAKE BASE & MERIDIAN, AS SHOWN ON THE DEADMAN
CANYON QUADRANGLE 7.5 MINUTE SERIES MAP.

Description of Location:
PROPOSED DRILL HOLE LOCATED IN THE NW 1/4, SW 1/4 OF
SECTION 22; BEING 1582.09' NORTH AND 618.84' EAST FROM
THE SOUTHWEST CORNER OF SECTION 22, T13S, R11E, SALT
LAKE BASE AND MERIDIAN.

Surveyor's Certificate:
I, ALBERT J. SPENSKO, A REGISTERED PROFESSIONAL
LAND SURVEYOR, HOLDING CERTIFICATE 146652
STATE OF UTAH, DO HEREBY CERTIFY THAT THE
INFORMATION ON THIS DRAWING IS A TRUE AND
ACCURATE SURVEY BASED ON DATA OF RECORD AND
WAS CONDUCTED UNDER MY PERSONAL DIRECTION
AND SUPERVISION AS SHOWN HEREON.



Talon Resources, Inc.
195 North 100 West
Huntington, Utah 84528
Ph: 435-687-5310
Fax: 435-687-5311

**WHITMAR EXPLORATION
COMPANY**
WELL #22-3
Section 22, T13S, R11E, S.L.B.&M.
Carbon County, Utah

Drawn By: J. STANSFIELD	Checked By: L.W.J./A.P.C.
Drawing No. A-1	Date: 02/11/04
	Scale: 1" = 1000'
Sheet 1 of 4	Job No. 1273

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

FORM 3

AMENDED REPORT
(highlight changes)

001

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SIGNATURE *Larry Johnson* DATE 4/7/2004

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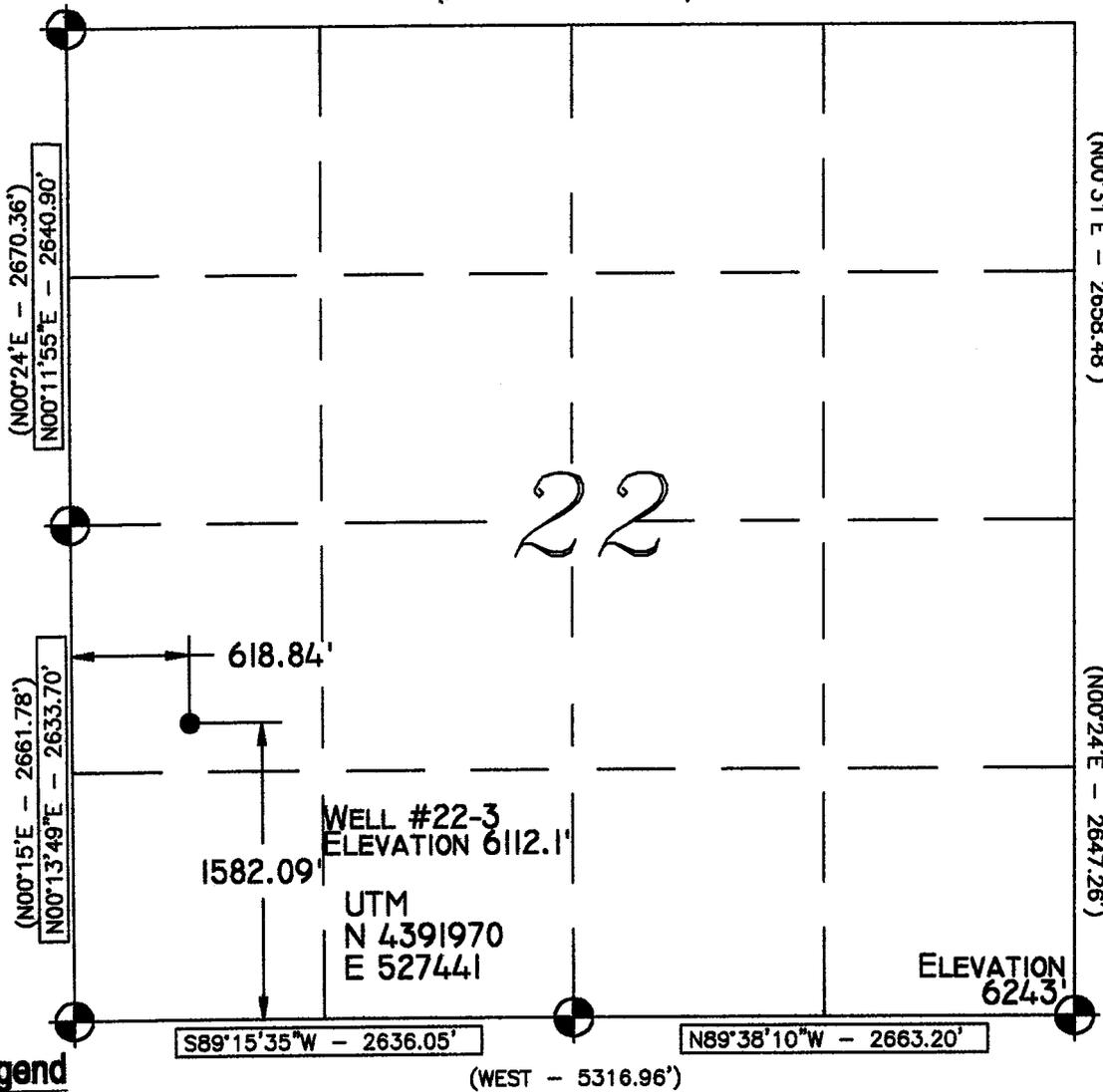
APPROVAL:

Approved by the
Utah Division of
Oil, Gas and Mining
Date: 03-17-05
[Signature]

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(N89°51'W - 5318.28')

Township 13 South



- Legend**
- Drill Hole Location
 - ⊙ Brass Cap (Found)
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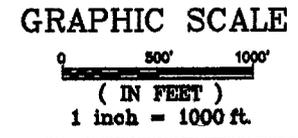
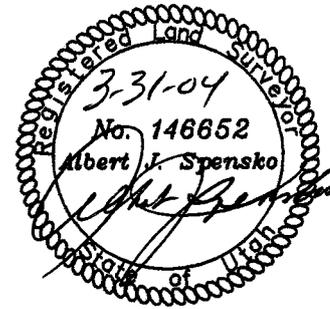
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Talon Resources, Inc.
195 North 100 West
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Ph: 435-687-5310
Fax: 435-687-5311

WHITMAR EXPLORATION COMPANY
WELL #22-3
Section 22, T13S, R11E, S.L.B.&M.
Carbon County, Utah

Drawn By: J. STANSFIELD	Checked By: L.W.J./A.P.C.
Drawing No. A-1	Date: 02/11/04
	Scale: 1" = 1000'
Sheet 1 of 4	Job No. 1273

Drilling Program
Exhibit "D"

Attached to UDOGM Form 3
WhitMar Exploration Company
22-3
NW/4 SW/4, Sec. 22, T13S, R11E, SLB & M
1,582' FSL, 619' FWL
Carbon County, Utah

1. The Geologic Surface Formation

Blue Gate Shale Member of the Mancos Shale

2. Estimated Tops of Important Geologic Markers

<u>Marker</u>	<u>Depth (MD)</u>
Mancos Blue Gate Marker	2,200'
Ferron Sandstone	2,500'
Total Depth	2,800'

3. Projected Gas & Water Zones

Ferron coals and sandstones 2,500' to 2,760'

No groundwater is expected to be encountered. Water encountered will be reported on a Form 7 "Report of Water Encountered During Drilling".

Casing & cementing will be done 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 1000 psi.

4. The Proposed Casing and Cementing Programs

<u>HOLE SIZE</u>	<u>SETTING DEPTH (INTERVAL)</u>	<u>SIZE (OD)</u>	<u>WEIGHT, GRADE & JOINT</u>	<u>CONDITION</u>
12-1/4"	350'	8-5/8"	24# J-55 ST&C	New
7-7/8"	2,800'	5-1/2"	15.5# J-55 ST&C	New

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

Surface Casing: 200 sacks Howco Premium Plus V + CaCl + Flocele;

Weight: 15.6 #/gal

Yield: 1.20 cu.ft/sk

Production Casing: 90 sacks Howco CBM Light LCM

Weight: 10.5 #/gal

Yield: 4.59 cu.ft/sk

80 sacks Howco CBM Light

Weight: 13.0 #/gal

Yield: 1.99 cu.ft/sk

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 with a rotating head. This equipment will be tested to 2000 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 air, will mud-up if necessary.

350' - TD 7-7/8" hole Drill with air, will mud-up if necessary.
500 psi @ 1500-2300 Scf.

If fluid is necessary it will be fresh water + Quik-Gel + Pac-R + Therma-Thin + Barolift at 8.5 – 8.8 #/gal maximum.

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

350-TD Schl Neutron-Density, PEX-AITH

Overpressuring

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 is 1000 psi max. No hydrogen sulfide or other hazardous gases or fluids have been found, reported or are known to exist at these depths in the area.

Lost Circulation

Previous drilling records in this area indicate potential lost circulation while drilling or cementing the production casing for the wells. We plan to include lost circulation material in the production cement and have lost circulation material /additives on location while drilling.

8. Anticipated Starting Date and Duration of the Operations.

The well will be drilled approx.: May 15, 2004.

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
WhitMar Exploration Company
22-3
NW/4 SW/4, Sec. 22, T13S, R11E, SLB & M
1,582' FSL, 619' FWL
Carbon County, Utah

1. Existing Roads

- a. The proposed access road will encroach the Knight Ideal Mine Road in which approval to upgrade an existing encroachment is pending approval 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 700' of two-track road will be improved (see Exhibit "B").
- b. Maximum Width: 20' travel surface with a 24' base.
- c. Maximum grade: 10 %.
- c. Turnouts: None.
- d. Drainage design: approximately 2 – 18" culverts may be required. 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 no existing well 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. Buried powerlines and gathering lines, when installed, will follow the proposed access roads and tie-in at the county road (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 air 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 reserve pit will be lined and three sides of the 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 Lester C. & Carol Lynn Thayn, Trust; 7310 East Highway 6, Wellington, Utah 84542. Lester Thayn can be reached at 435-637-4512. 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. The nearest dwelling is an old abandoned cabin approximately 6,300' southeast. Nearest live water is Coal Creek approximately 200' east.
- 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**

Whitney Marvin – Landman, President and Chairman
WhitMar Exploration Company
1021 Main Street, Suite 1100
Houston, Texas 77002

(713) 739-7300 office
(713) 739-7333 fax

Mail Approved A.P.D. To:

Company Representative

Excavation Contractor

To be awarded in the future

14. **Certification**

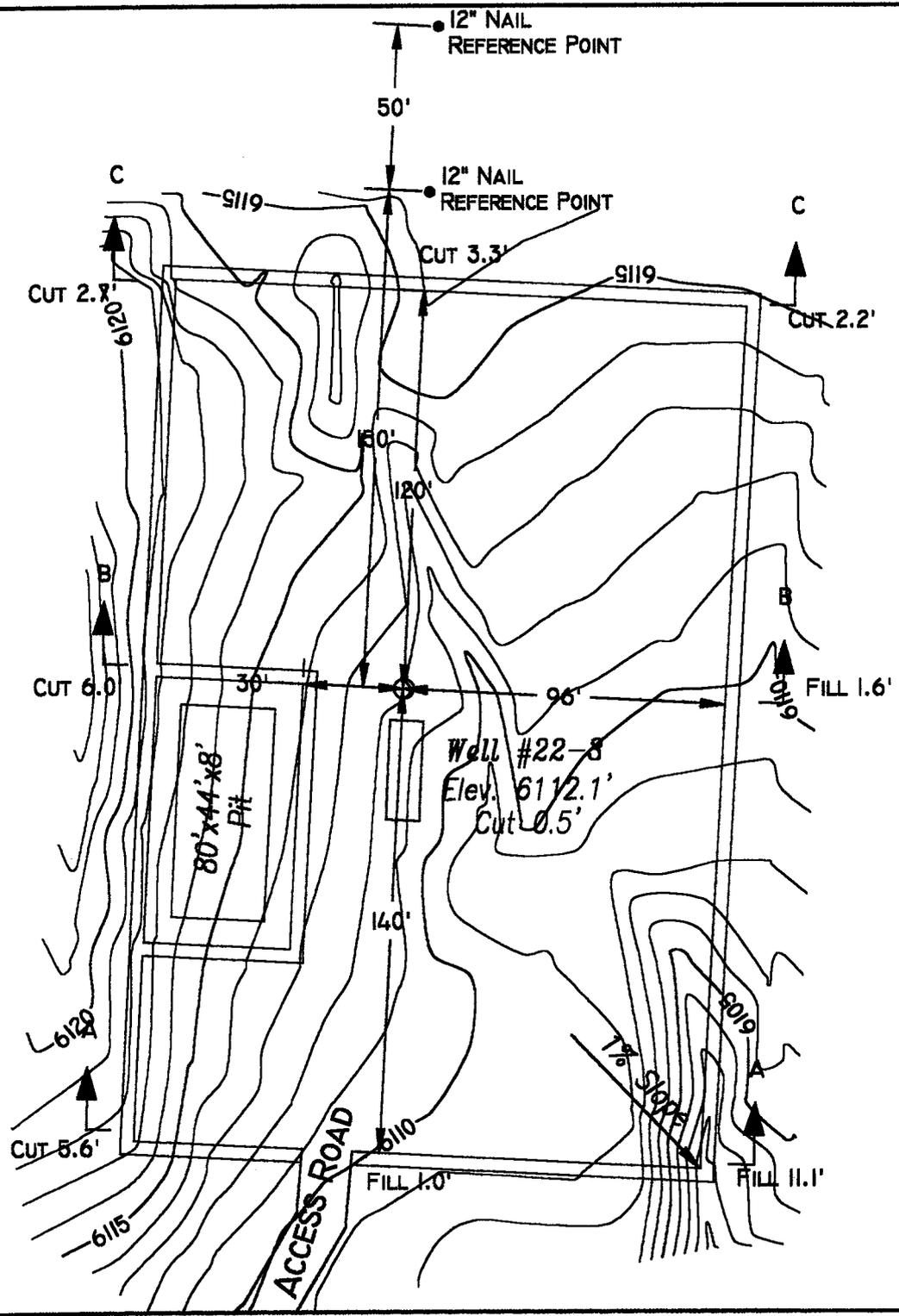
I hereby certify that I, or persons under my direct supervision have inspected the proposed drill-site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct, and that the work associated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

4/17/04
Date



Larry Johnson for WhitMar Exploration Company

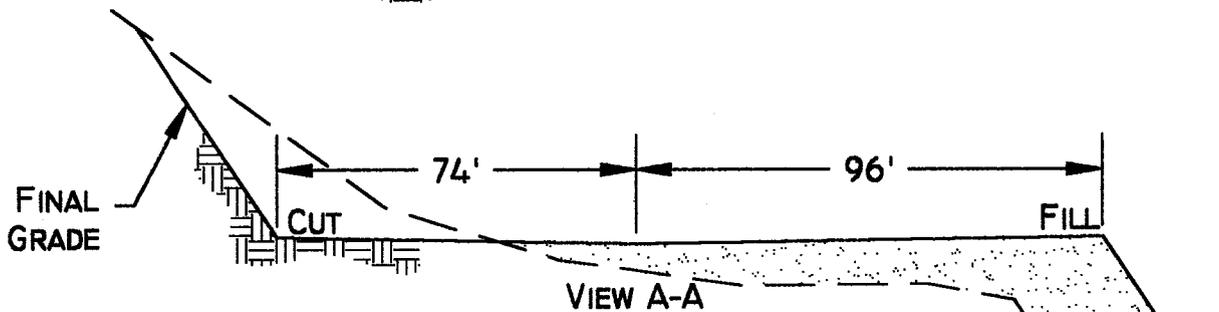
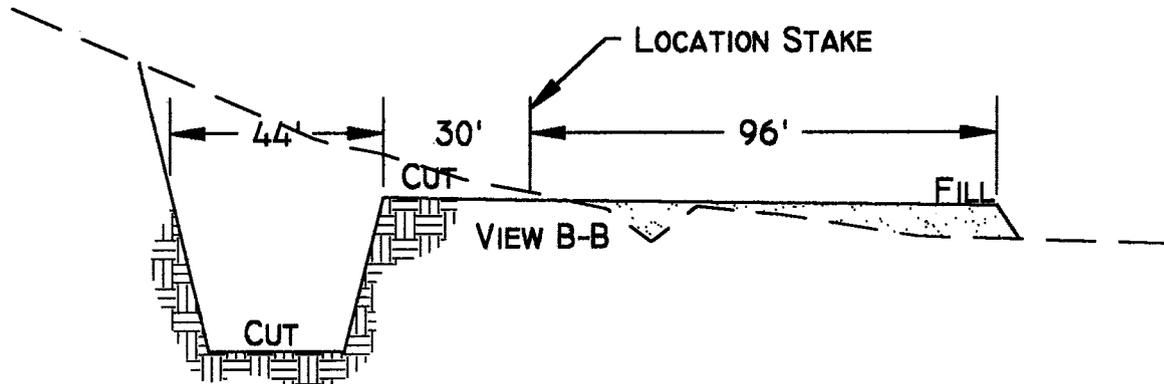
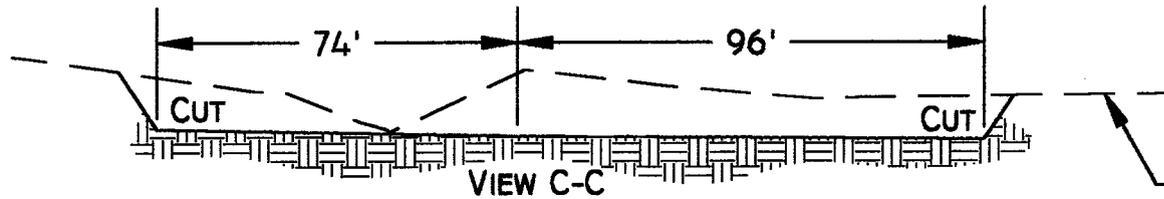
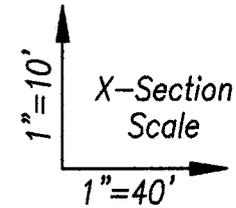
ELEVATION OF UNGRADED GROUND AT LOCATION STAKE = 6112.1'
 ELAVATION OF GRADED GROUND AT LOCATION STAKE = 6111.6'



TALON RESOURCES, INC.
 196 North 100 West P.O. Box 1280
 Huntington, Utah 84628
 Phone (435)687-5310 Fax (435)687-5311
 E-Mail talonnetv.net

WHITMAR EXPLORATION COMPANY
 LOCATION LAYOUT
 Section 22, T13S, R11E, S.L.B.&M.
 WELL #22-3

Drawn By: J. STANSFIELD	Checked By: L.W.J.
Drawing No. A-2	Date: 02/09/04
	Scale: 1" = 50'
Sheet 2 of 4	Job No. 1273



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



TALON RESOURCES, INC

195 North 100 West P.O. Box 1290
Huntington, Utah 84528
Phone (435)687-5310 Fax (435)687-5311
E-Mail talon@trv.net

WHITMAR EXPLORATION COMPANY

TYPICAL CROSS SECTION
Section 22, T13S, R11E, S.L.B.&M.
WELL #22-3

Drawn By: J. STANSFIELD	Checked By: L.W.J.
Drawing No. C-1	Date: 02/09/04
	Scale: 1" = 40'
Sheet 3 of 4	Job No. 1273

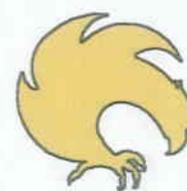
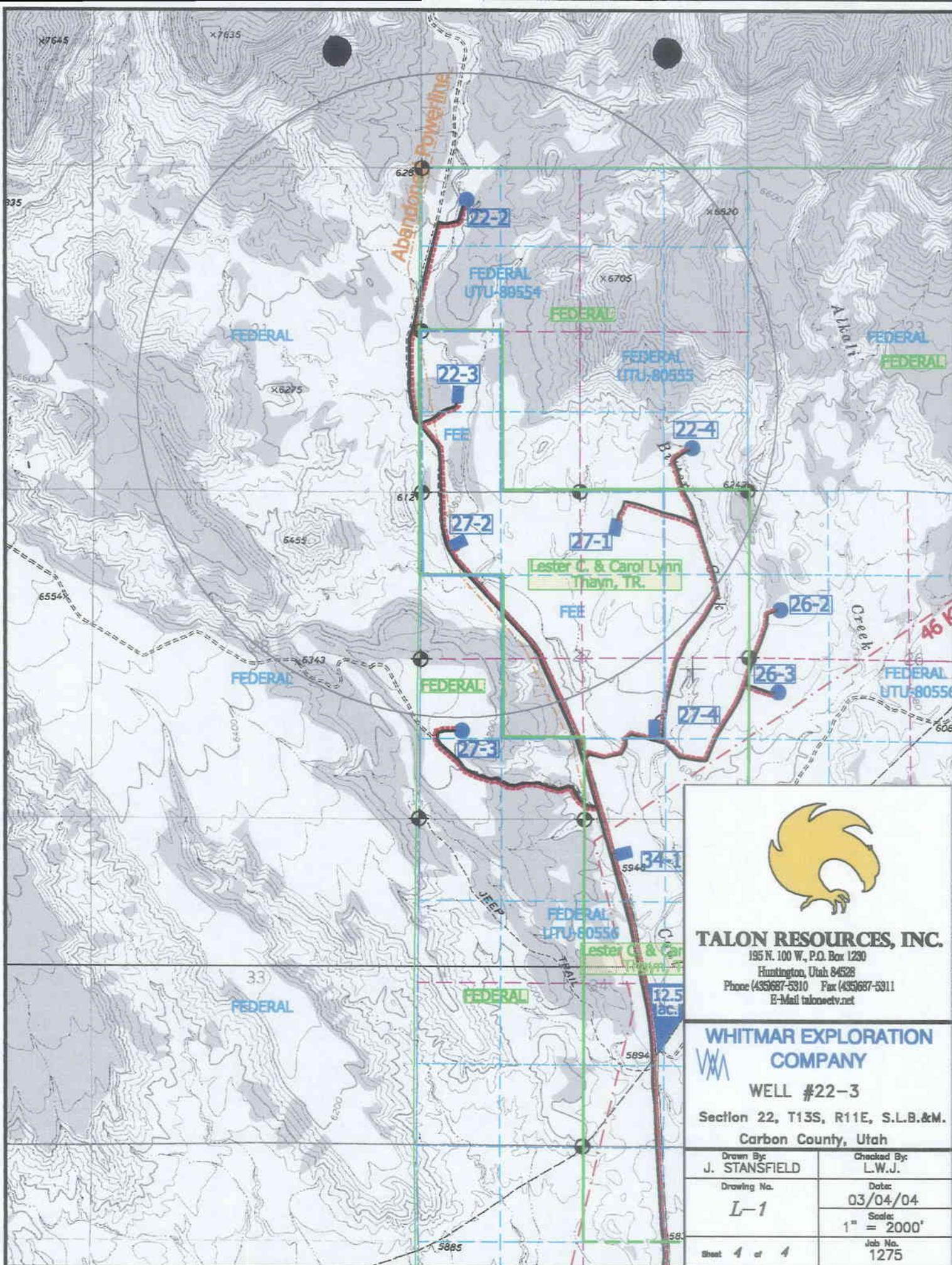
APPROXIMATE YARDAGES

(6") TOPSOIL STRIPPING = 750 CU. YDS.

REMAINING LOCATION = 2,100 CU. YDS.
(INCLUDING TOPSOIL STRIPPING)

TOTAL CUT (INCLUDING PIT) = 2,950 CU. YDS.

TOTAL FILL = 1,190 CU. YDS.



TALON RESOURCES, INC.
 195 N. 100 W., P.O. Box 1280
 Huntington, Utah 84528
 Phone (435)687-5310 Fax (435)687-5311
 E-Mail talon@etv.net

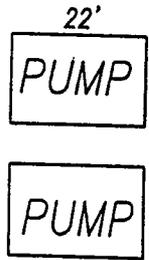
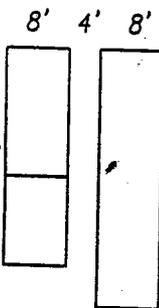
WHITMAR EXPLORATION COMPANY

WELL #22-3
 Section 22, T13S, R11E, S.L.B.&M.
 Carbon County, Utah

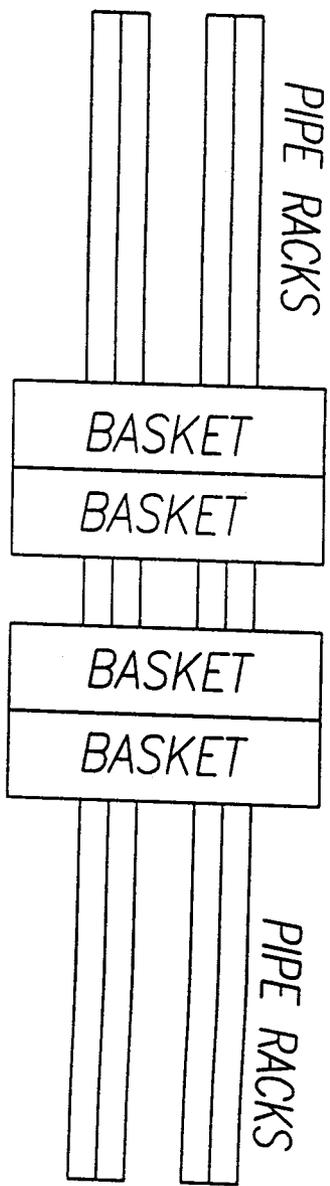
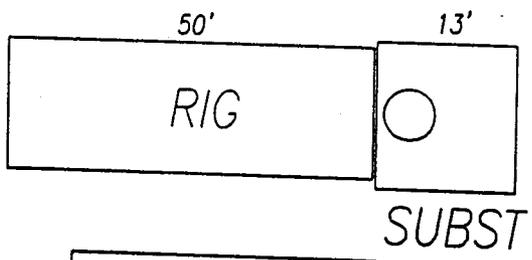
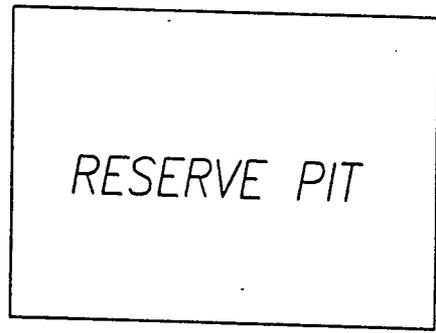
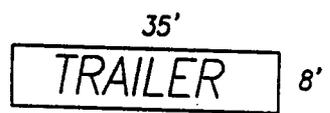
Drawn By: J. STANSFIELD	Checked By: L.W.J.
Drawing No. L-1	Date: 03/04/04
	Scale: 1" = 2000'
Sheet 4 of 4	Job No. 1275

AIR
PACKAGE

DIESEL FUEL 26'
PROPANE



LIGHT PLANT



APPROXIMATE LAYOUT OF RIG & EQUIPMENT
(Not to Scale)

EXHIBIT "C"

TYPICAL ROAD CROSS-SECTION

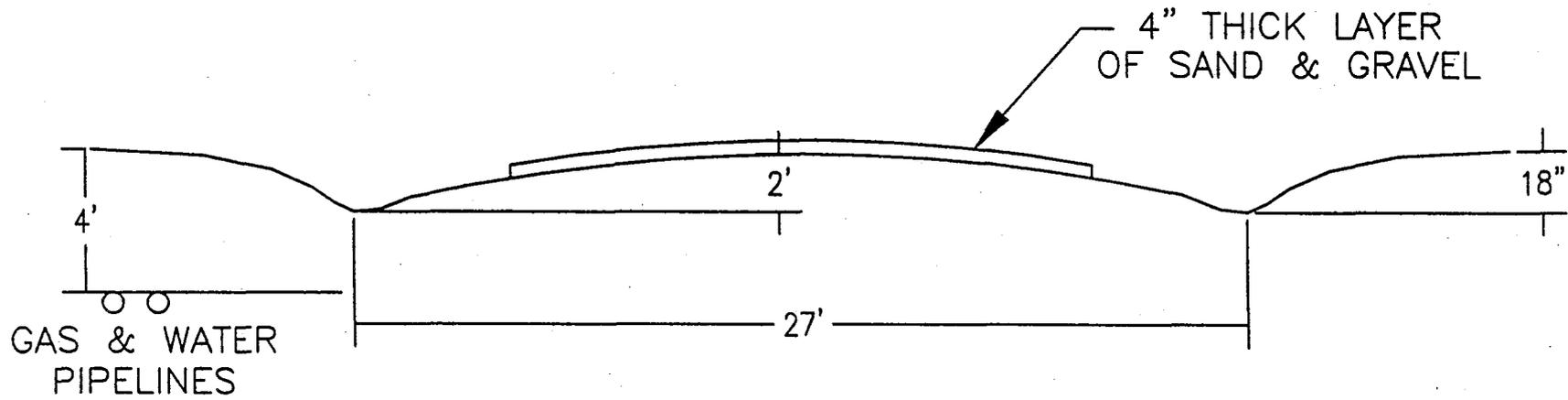


EXHIBIT "F"

BOP Equipment

2000 psi WP

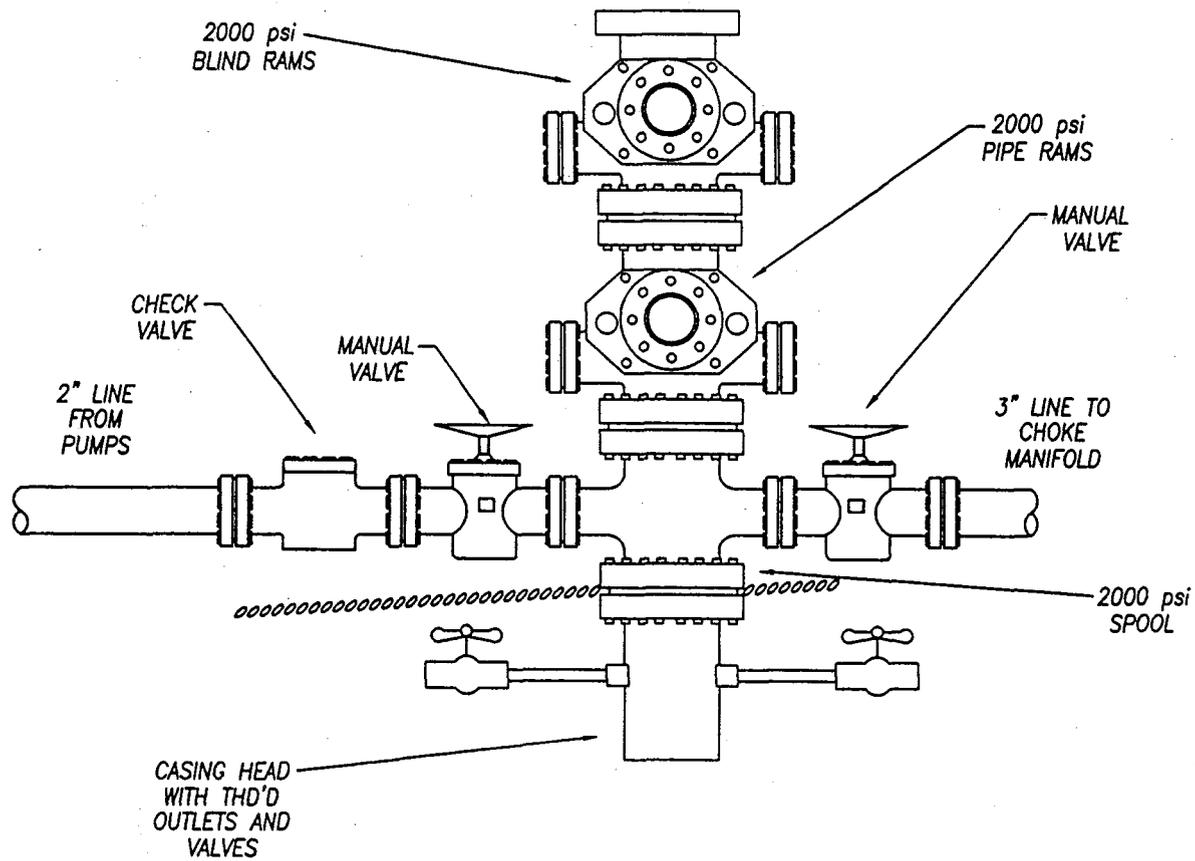


EXHIBIT "G"

CHOKE MANIFOLD

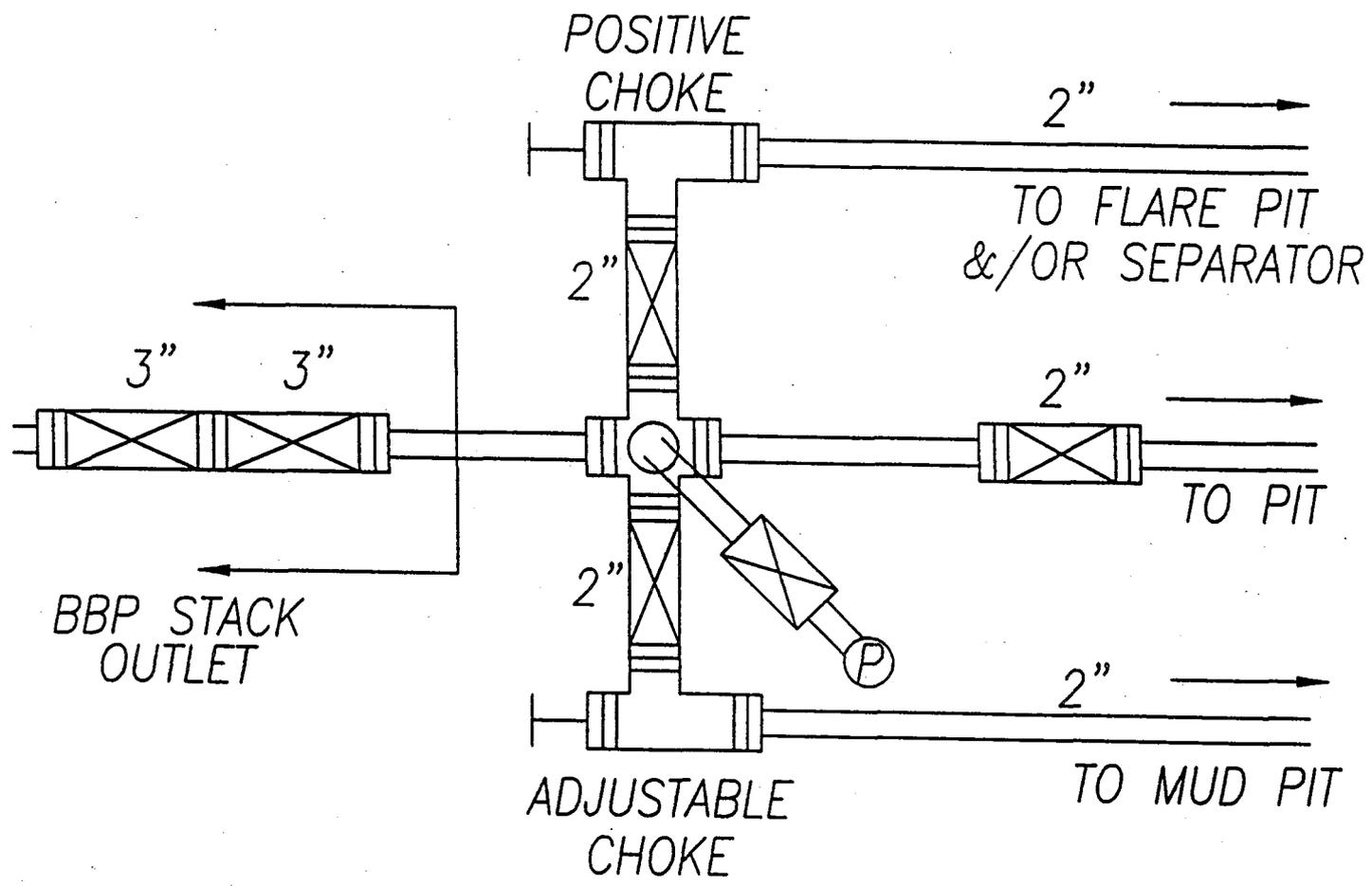


EXHIBIT "H"

**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 04/09/2004

API NO. ASSIGNED: 43-007-30937

WELL NAME: 22-3
 OPERATOR: WHITMAR EXPLORATION (N2585)
 CONTACT: LARRY JOHNSON

PHONE NUMBER: 713-739-7300

PROPOSED LOCATION:

NWSW 22 130S 110E
 SURFACE: 1582 FSL 0619 FWL
 BOTTOM: 1582 FSL 0619 FWL
 CARBON
 WILDCAT (1)

LEASE TYPE: 4 - Fee
 LEASE NUMBER: FEE
 SURFACE OWNER: 4 - Fee
 PROPOSED FORMATION: FRSD
 COALBED METHANE WELL? NO

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	DKD	8/3/04
Geology		
Surface		

LATITUDE: 39.67890
 LONGITUDE: 110.68009

RECEIVED AND/OR REVIEWED:

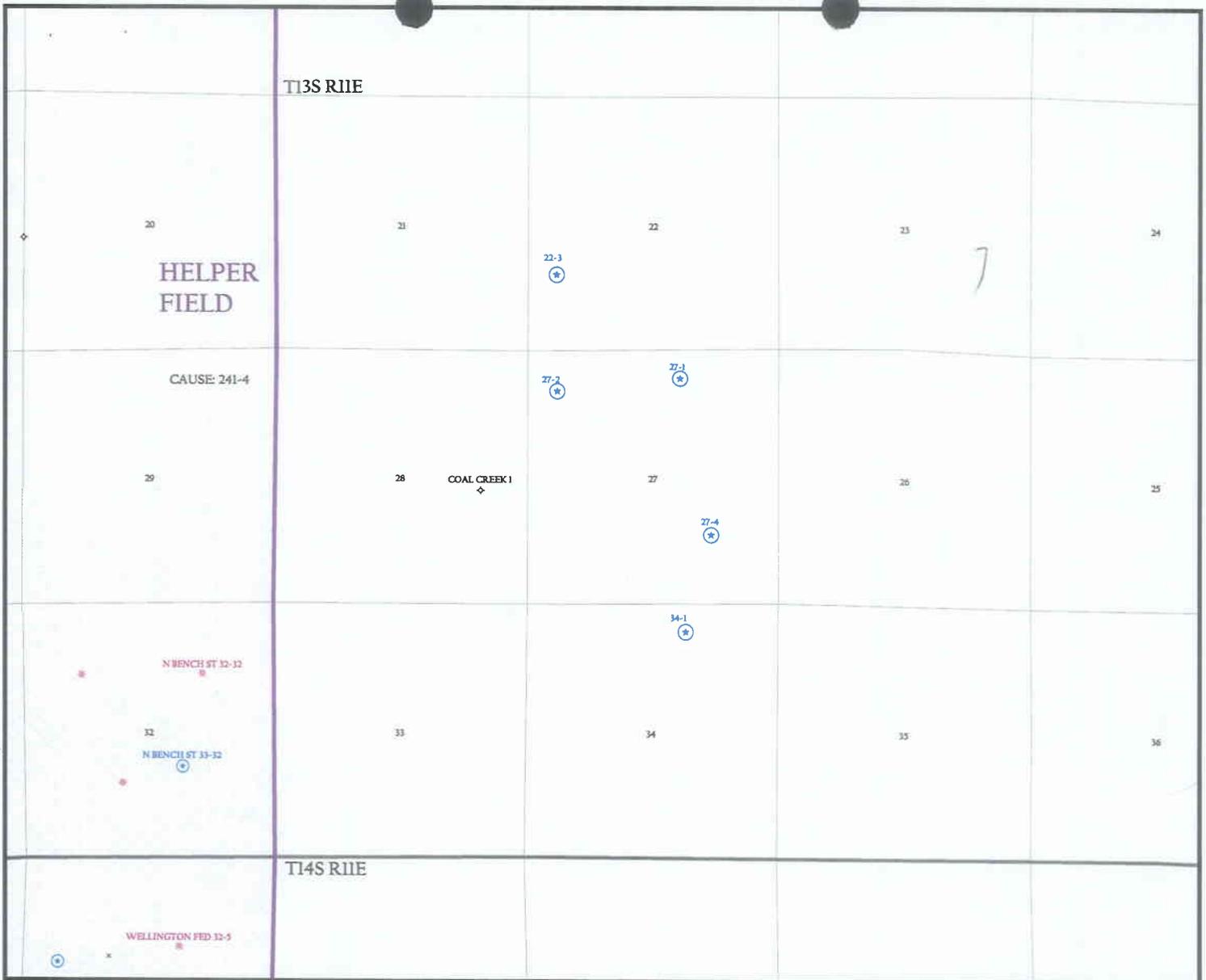
- Plat
- Bond: Fed[] Ind[] Sta[] Fee[4]
(No. LPM8792527)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. MUNICIPAL)
- RDCC Review (Y/N)
(Date: 05/01/2004)
- Fee Surf Agreement (Y/N)

LOCATION AND SITING:

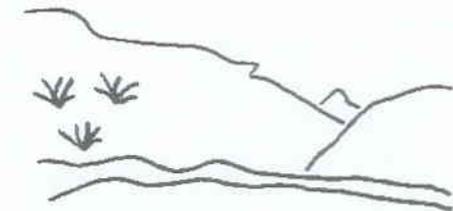
- R649-2-3.
Unit _____
- R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells
- R649-3-3. Exception
- Drilling Unit
Board Cause No: _____
Eff Date: _____
Siting: _____
- R649-3-11. Directional Drill

COMMENTS: Needs Permit (04-28-04)

STIPULATIONS: 1- Spacing Strip



OPERATOR: WHITMAR EXPL CO (N2585)
SEC. 22 T.13S, R.11E
FIELD: WILDCAT (001)
COUNTY: CARBON
SPACING: R649-3-3 / EXCEPTION LOCATION



Utah Oil Gas and Mining

Well Status

- ⊕ GAS INJECTION
- ⊛ GAS STORAGE
- × LOCATION ABANDONED
- ⊙ NEW LOCATION
- ⋄ PLUGGED & ABANDONED
- * PRODUCING GAS
- PRODUCING OIL
- ⊖ SHUT-IN GAS
- ⊕ SHUT-IN OIL
- ⊗ TEMP. ABANDONED
- TEST WELL
- △ WATER INJECTION
- ⊕ WATER SUPPLY
- ⊖ WATER DISPOSAL

Unit Status

- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PENDING
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED

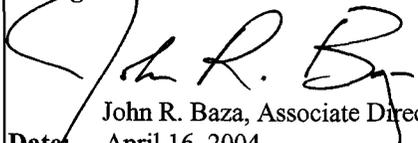
Field Status

- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED



PREPARED BY: DIANA WHITNEY
DATE: 16-APRIL-2004

STATE ACTIONS
Governor's Office of Planning and Budget
Resource Development Coordinating Committee
P.O. Box 145610
1594 W. North Temple, Suite 3710
SLC, UT 84114-5610
538-5535

1. Administering State Agency Oil, Gas and Mining 1594 West North Temple, Suite 1210 Salt Lake City, UT 84114-5801	2. Approximate date project will start: Upon Approval or May 15, 2004
3. Areawide clearinghouse(s) receiving state action: (to be sent out by agency in block 1) Southeastern Utah Association of Governments	
4. Type of action: // Lease <input checked="" type="checkbox"/> // Permit // License // Land Acquisition // Land Sale // Land Exchange // Other _____	
5. Title of proposed action: Application for Permit to Drill	
6. Description: WhitMar Exploration Company proposes to drill the 22-3 well (wildcat) on a Fee lease, 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.	
7. Land affected (site location map required) (indicate county) – include UTM coordinates where possible 1582' FSL 619' FWL NW/4, SW/4, Section 22, Township 13 S, Range 11 E, Carbon County, Utah	
8. Jordan River Natural Areas Forum review – If the proposed action affects lands within the Jordan River Natural Areas Corridor. N/A	
9. Has the local government(s) been contacted? No If yes, a. How was contact made? b. Who was contacted? c. What was the response? d. If no response, how is the local government(s) likely to be impacted?	
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: N/A	
12. For further information, contact: Diana Whitney Phone: (801) 538-5312	13. Signature and title of authorized officer  John R. Baza, Associate Director Date: April 16, 2004

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 04/09/2004

API NO. ASSIGNED: 43-007-30937

WELL NAME: 22-3
OPERATOR: WHITMAR EXPLORATION (N2585)
CONTACT: LARRY JOHNSON

PHONE NUMBER: 713-739-7300

PROPOSED LOCATION:

NWSW 22 130S 110E
SURFACE: 1582 FSL 0619 FWL
BOTTOM: 1582 FSL 0619 FWL
CARBON
WILDCAT (1)

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	DKD	8/30/04
Geology		
Surface		

LEASE TYPE: 4 - Fee
LEASE NUMBER: FEE
SURFACE OWNER: 4 - Fee
PROPOSED FORMATION: FRSD
COALBED METHANE WELL? YES

LATITUDE: 39.67890
LONGITUDE: -110.6801

RECEIVED AND/OR REVIEWED:

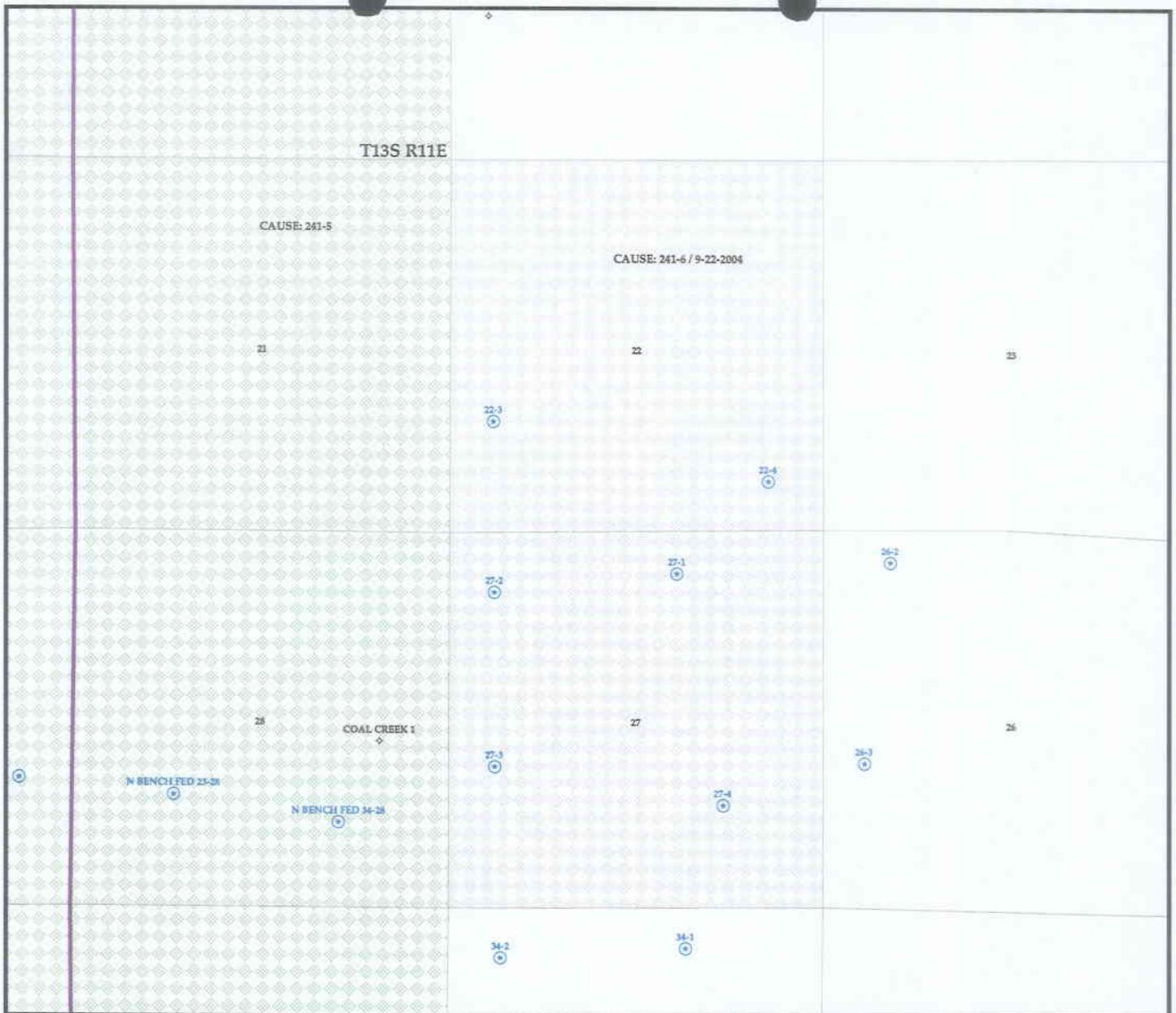
- Plat
- Bond: Fed[] Ind[] Sta[] Fee[]
(No. LPM8792527)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. MUNICIPAL)
- RDCC Review (Y/N)
(Date:)
- Fee Surf Agreement (Y/N)

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: 241-6
Eff Date: 9-22-04
Siting: 460' fr Outer bd & 920' fr other wells.
- R649-3-11. Directional Drill

COMMENTS: Recd Permit (4-28-04)

STIPULATIONS: ① STATEMENT OF BASIS



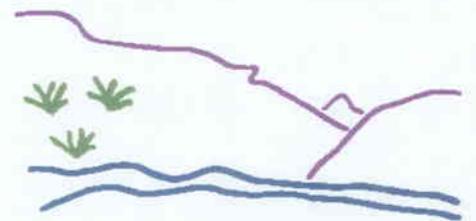
OPERATOR- WHITMAR EXPL CO (N2585)

SEC. 22 & 27 T.13S R.11E

FIELD: WILDCAT (001)

COUNTY: CARBON

CAUSE: 241-6 / 9-22-2004



Utah Oil Gas and Mining

Wells

- ♣ GAS INJECTION
- GAS STORAGE
- × LOCATION ABANDONED
- ⊙ NEW LOCATION
- ◇ PLUGGED & ABANDONED
- * PRODUCING GAS
- PRODUCING OIL
- ◌ SHUT-IN GAS
- ◌ SHUT-IN OIL
- × TEMP. ABANDONED
- TEST WELL
- △ WATER INJECTION
- ◆ WATER SUPPLY
- ♣ WATER DISPOSAL

Units.shp

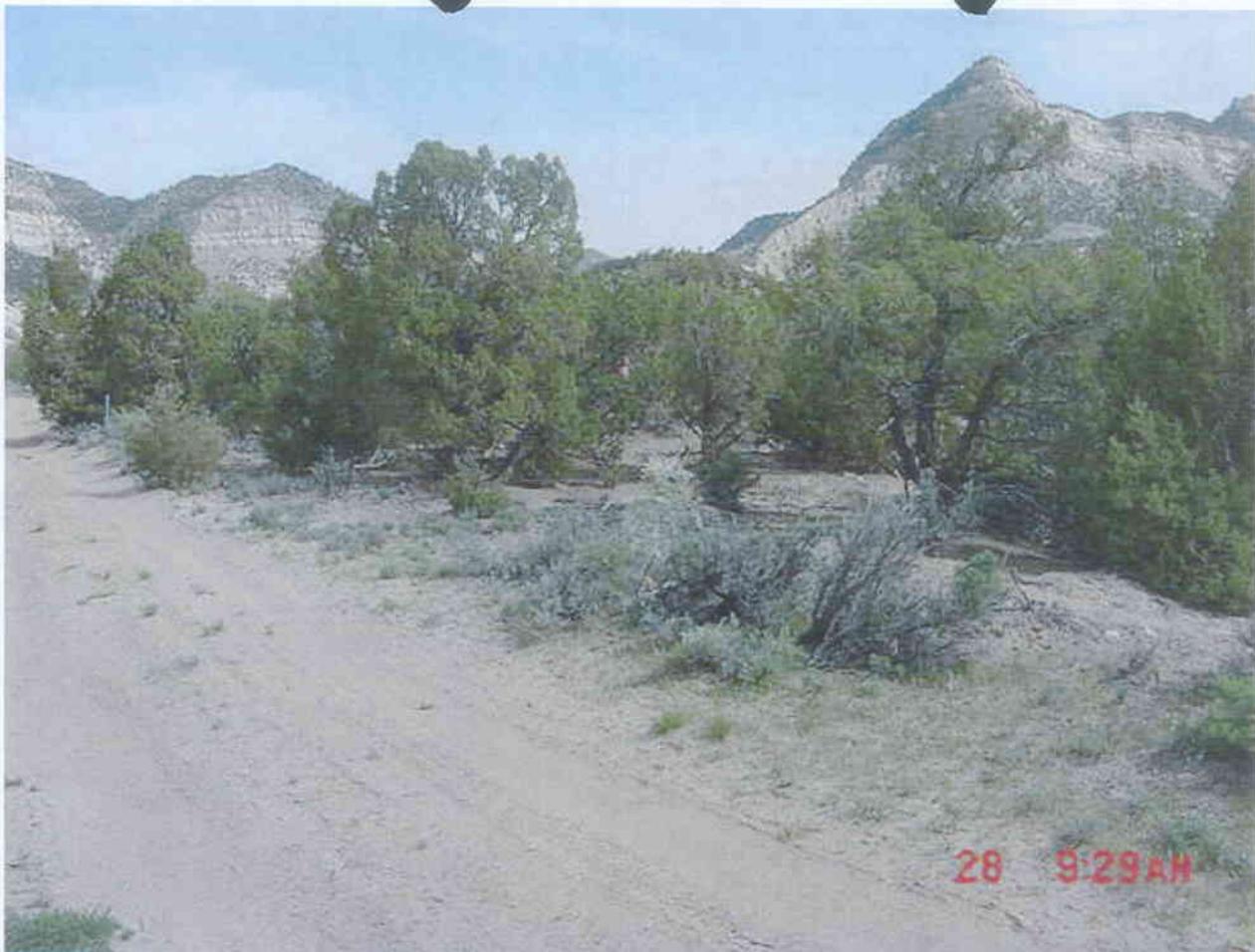
- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PENDING
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED

Fields.shp

- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED



PREPARED BY: DIANA WHITNEY
DATE: 17-MARCH-2005







State Online Services

Agency List

Business Hours

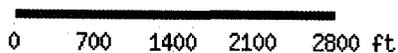
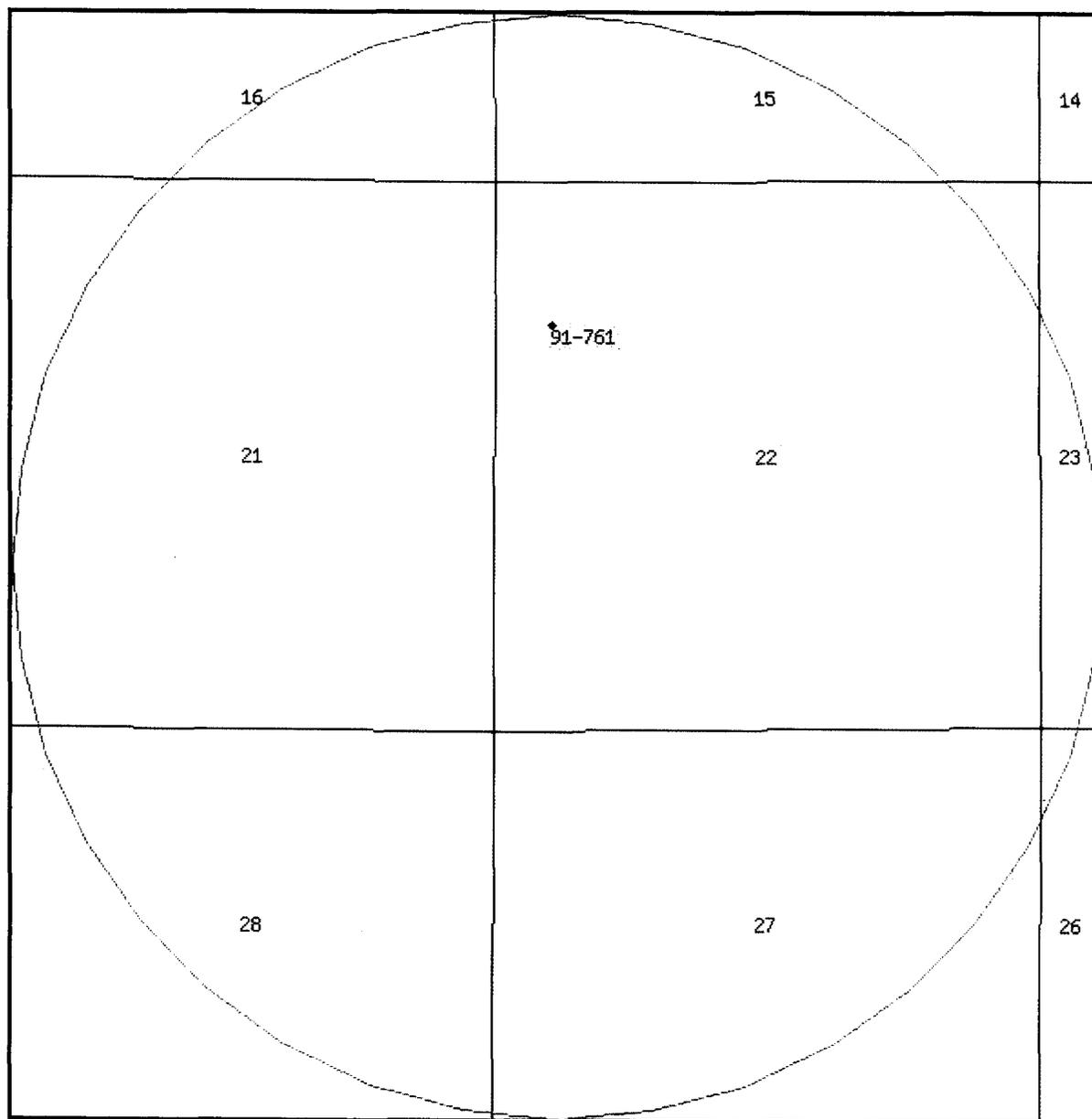
Search Utah.gov

UTAH DIVISION OF WATER RIGHTS

WRPLAT Program Output Listing

Version: 2004.03.26.00 Rundate: 05/26/2004 02:23 PM

Radius search of 5280 feet from a point N1582 E619 from the SW corner, section 22, Township 13S, Range 11E, SL b&m Criteria:wrtypes=W,C,E podtypes=S,U,Sp status=U,A,P usetypes=all



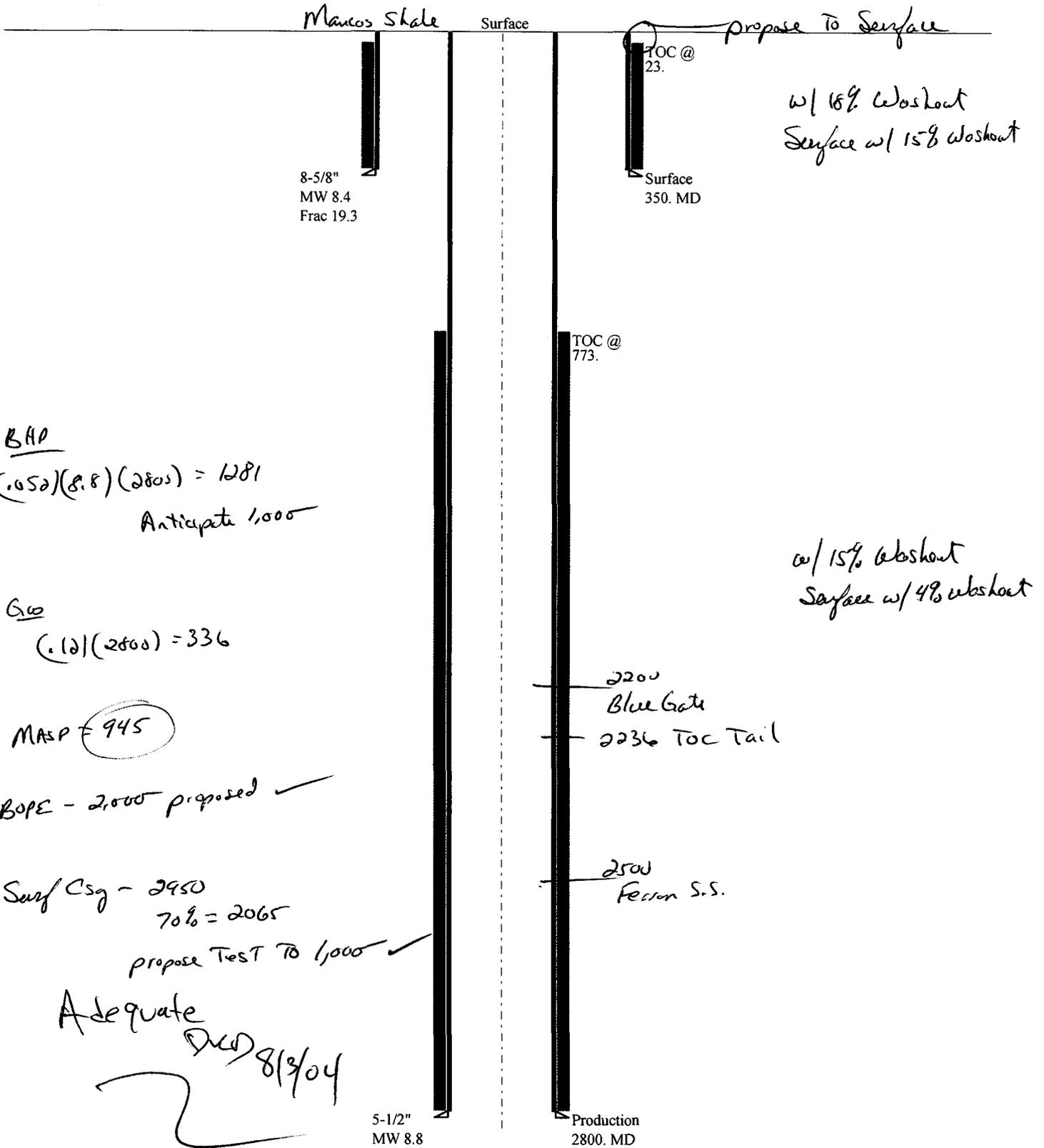
Water Rights

WR Number	Diversion Type/Location	Well Log	Status	Priority	Uses	CFS	ACFT	Owner
<u>91-761</u>	Surface		P	18720000	DIS	2.000	0.000	George M. Thayn Wellington 84542
	S1380 E550 NW 22 13S 11E SL							

[Natural Resources](#) | [Contact](#) | [Disclaimer](#) | [Privacy Policy](#) | [Accessibility Policy](#)

07-04 Whitmar 22-3

Casing Schematic



Well name:

07-04 Whitmar 22-3Operator: **Whitmar Exploration**String type: **Surface**

Project ID:

43-007-30937

Location: **Carbon County****Design parameters:****Collapse**Mud weight: 8.400 ppg
Design is based on evacuated pipe.**Burst**Max anticipated surface
pressure: -11 psi
Internal gradient: 0.468 psi/ft
Calculated BHP 153 psi

No backup mud specified.

Minimum design factors:**Collapse:**

Design factor 1.125

Burst:

Design factor 1.00

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)Tension is based on air weight.
Neutral point: 306 ft**Environment:**H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 70 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 200 ft

Cement top: 23 ft

Non-directional string.

Re subsequent strings:Next setting depth: 2,800 ft
Next mud weight: 8,800 ppg
Next setting BHP: 1,280 psi
Fracture mud wt: 19,250 ppg
Fracture depth: 350 ft
Injection pressure 350 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 (ft ³)
1	350	8.625	24.00	J-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	153	2950	19.32	8	244	29.05 J

Prepared by: Clinton Dworshak
Utah Div. of Oil & MiningPhone: 801-538-5280
FAX: 801-359-3940Date: July 30, 2004
Salt Lake City, Utah

Remarks:

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. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

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

Well name:	07-04 Whitmar 22-3	
Operator:	Whitmar Exploration	Project ID:
String type:	Production	43-007-30937
Location:	Carbon County	

Design parameters:
Collapse
Mud weight: 8.800 ppg
Design is based on evacuated pipe.

Minimum design factors:
Collapse:
Design factor 1.125

Burst:
Design factor 1.00

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)

Tension is based on air weight.
Neutral point: 2,427 ft

Environment:
H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 104 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 368 ft

Cement top: 773 ft

Burst
Max anticipated surface pressure: -29 psi
Internal gradient: 0.468 psi/ft
Calculated BHP 1,280 psi

No backup mud specified.

Non-directional string.

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	2800	5.5	15.50	J-55	ST&C	2800	2800	4.825	87.8

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	1280	4040	3.157	1280	4810	3.76	43	202	4.66 J

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

Phone: 801-538-5280
FAX: 801-359-3940

Date: July 30, 2004
Salt Lake City, Utah

Remarks:
Collapse is based on a vertical depth of 2800 ft, a mud weight of 8.8 ppg. The casing is considered to be evacuated for collapse purposes.
Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

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

OPERATOR: WhitMar Exploration Company
WELL NAME & NUMBER: 22-3
API NUMBER: 43-007-30937
LEASE: Fee FIELD/UNIT: _____
LOCATION: 1/4, 1/4 NWSW Sec: 22 TWP: 13S RNG: 11E 1582 FSL 619 FWL
LEGAL WELL SITING: 460 F SEC. LINE; 460 F 1/4, 1/4 LINE; 920 F ANOTHER WELL.
GPS COORD (UTM): X = 527441 E; Y = 4391970 N SURFACE OWNER: L. Thayne Trust

PARTICIPANTS

M. Jones (DOGM), A. Childs (TALON for WhitMar).

REGIONAL/LOCAL SETTING & TOPOGRAPHY

Proposed location is ~9 miles northeast of Price, Utah. Staked location lies south of the abandoned Knight Ideal coal mine ~2 miles in the Coal Creek area. Access to this well will be along existing Carbon County maintained roadways. Approximately 700' of existing two-track road will be improved to access this location. The direct area drains to the southeast into Coal Creek then south-eastwardly eventually into the Price River, a year-round live water source. Dry washes run throughout the area, which have the potential of carrying large volumes of water in thunderstorm events.

SURFACE USE PLAN

CURRENT SURFACE USE: Wildlife habitat and grazing.

PROPOSED SURFACE DISTURBANCE: 170' x 260' (80' x 44' x 8' included pit.)

LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS: 4 proposed well are within a 1 mile radius of the above proposed well.

LOCATION OF PRODUCTION FACILITIES AND PIPELINES: Along roadside.

SOURCE OF CONSTRUCTION MATERIAL: Obtained locally and transported in.

ANCILLARY FACILITIES: None anticipated.

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 via an approved 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: Dry washes.

FLORA/FAUNA: pinion juniper, sagebrush, greasewood, grasses, deer, antelope, small game, raptors and other fowl, and rodents.

SOIL TYPE AND CHARACTERISTICS: sandy clay loam.

EROSION/SEDIMENTATION/STABILITY: Stable until disturbed.

PALEONTOLOGICAL POTENTIAL: None observed.

RESERVE PIT

CHARACTERISTICS: Dugout earthen pit.

LINER REQUIREMENTS (Site Ranking Form attached): Liner required.

SURFACE RESTORATION/RECLAMATION PLAN

As per surface use agreement.

SURFACE AGREEMENT: Agreement signing contingent upon BLM EA approval.

CULTURAL RESOURCES/ARCHAEOLOGY: Arch study completed by Senco-Pheonix.

OTHER OBSERVATIONS/COMMENTS

Note that bonding was not in place yet at time of pre-site inspection.

ATTACHMENTS

Photos of this location were taken and placed on file.

Mark L. Jones
DOGM REPRESENTATIVE

April 28, 2004 / 10:00 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	<u>0</u>
Distance to Surf. Water (feet)		
>1000	0	
300 to 1000	2	
200 to 300	10	
100 to 200	15	
< 100	20	<u>0</u>
Distance to Nearest Municipal Well (feet)		
>5280	0	
1320 to 5280	5	
500 to 1320	10	
<500	20	<u>5</u>
Distance to Other Wells (feet)		
>1320	0	
300 to 1320	10	
<300	20	<u>0</u>
Native Soil Type		
Low permeability	0	
Mod. permeability	10	
High permeability	20	<u>20</u>
Fluid Type		
Air/mist	0	
Fresh Water	5	
TDS >5000 and <10000	10	
TDS >10000 or Oil Base Mud Fluid	15	
containing significant levels of hazardous constituents	20	<u>10</u>
Drill Cuttings		
Normal Rock	0	
Salt or detrimental	10	<u>0</u>
Annual Precipitation (inches)		
<10	0	
10 to 20	5	
>20	10	<u>0</u>
Affected Populations		
<10	0	
10 to 30	6	
30 to 50	8	
>50	10	<u>0</u>
Presence of Nearby Utility Conduits		
Not Present	0	
Unknown	10	
Present	15	<u>0</u>

Final Score 35 (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.

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

OPERATOR: WhitMar Exploration Company
WELL NAME & NUMBER: 22-3
API NUMBER: 43-007-30937
LOCATION: 1/4,1/4 NWSW Sec: 22 TWP: 13S RNG: 11E 1582 FNL 619 FWL

Geology/Ground Water:

Significant volumes of high quality ground water are unlikely to be encountered at this location. A poorly to moderately permeable soil is likely to be developed on the Blue Gate Member of the Mancos Shale. A significant volume of coarse float from surrounding Quaternary/Tertiary Pediment Mantle capped low bluffs is washed down on the Blue Gate Member bedrock. This material is unlikely to extend much below the surface. The proposed casing and cementing program should adequately isolate any zones of fresh water that may be penetrated. One surface water right has been filed within a mile of the proposed well site.

Reviewer: Christopher J. Kierst

Date: 5/26/2004

Surface:

Proposed location is ~9 miles northeast of Price, Utah. Staked location lies south of the abandoned Knight Ideal coal mine ~2 miles in the Coal Creek area. Access to this well will be along existing Carbon County maintained roadways. Approximately 700' of existing two-track road will be improved to access this location. The direct area drains to the southeast into Coal Creek then south-eastwardly eventually into the Price River, a year-round live water source. Dry washes run throughout the area, which have the potential of carrying large volumes of water in thunderstorm events. Pit ranking criteria scored at level I, liner required. The surface owner and Carbon County were invited but chose not to attend this on-site meeting.

Reviewer: Mark L. Jones

Date: May 24, 2004

Conditions of Approval/Application for Permit to Drill:

1. Berm the location and pit.
2. Divert all existing drainages around the location.
3. A synthetic liner with a minimum thickness of 12 mils shall be properly installed and maintained in the reserve pit.

002

WHITMAR EXPLORATION COMPANY

*Market Square Center
1400 16th Street, Suite 400
Denver, Colorado 80202
Telephone 720-932-8197 • Fax 720-932-8100*

*One City Centre
1021 Main Street, Suite 1100
Houston, Texas 77002
Telephone 713-739-7300 • Fax 713-739-7333
Joseph Kilchrist, Operations Engineer
Email: jkilchrist@whitmar.com*

14 July 2004

Mr. Allen Parker Childs, President
Talon Resources, Inc.
Post Office Box 1230
Huntington, Utah
84528

RE: Surface Damage Release and Surface Right of Way Grant

Dear Allen;

Please find attached the referenced document, which is a copy of the original. Both parties notarized the original.

I trust this shall suffice for the regulatory bodies for purposes of Application for Permit to Drill (APD) and that Talon Resources will submit same in a timely manner.

If this is not the case, please notify Ms. Lynn Latiolais of this office as soon as practical.

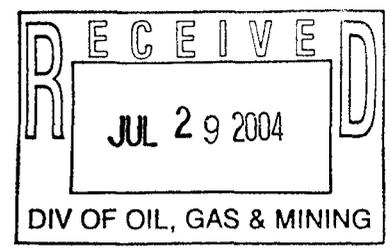
Kind regards,



jk

(1) Enclosure

cc Ms. Lynn Latiolais



SURFACE DAMAGE RELEASE AND SURFACE RIGHT OF WAY GRANT

IN CONSIDERATION of the sum of Fifteen (\$15.00) per rod for access roads and One Thousand (\$1,000.00) per well site pad for each well drilled on the subject land, paid by WHITMAR EXPLORATION COMPANY, hereinafter referred to as "WhitMar", the receipt and sufficiency of which are hereby acknowledged, the undersigned, LESTER C. THAYN and CAROL LYNN THAYN, husband and wife, hereinafter referred to as the "Surface Owner" being the present owner of all or part of the surface covering:

Township 13 South, Range 11 East, SLM
Section 22: W2SW
Section 27: W/2NE, E/2NW, NWNW, NWSE, NESW
Section 34: E2
Township 14 South, Range 11 East, SLM
Section 3: N2NE
Containing 960 acres, more or less

does hereby release, acquit, and forever discharge WhitMar Exploration Company, its successors and assigns, of all liability for all damages created or caused by reasons of the clearing, use, and all operations including drilling, completing, and subsequent operation of oil and/or gas well(s), which may be drilled by WhitMar and/or an assignee of WhitMar on any of the above described lands.

This release is intended to cover all surface damages to crops, trees, grass and/or other vegetation and soil damage. It is understood that WhitMar will have use of the wellsite surface and access road if the well(s) subject hereto is completed as a producer. Contemporaneously herewith, in consideration of the hereinabove said \$15.00 per rod for access roads and \$1,000.00 per well site pad, Surface Owner does hereby grant to WhitMar, its successors and assigns, any surface and subsurface rights in Sections 22, 27, and 34 of Township 13 South, Range 11 East, SLM; Section 3 of Township 14 South, Range 11 East, SLM necessary for the drilling, completing, and subsequent operation of well(s), including but not limited to rights-of-way, right of ingress and egress, easement rights, right to build and use roadways, right to build drilling pad and mud pits, right to place production equipment and/or storage tanks on the surface for said well, and the right to lay a pipeline under the surface for production from said well.

Location will be kept clean and free of trash and will be restored to original condition as near as possible after well is drilled and completed or plugged and abandoned. The undersigned represents that there is no tenant lessee or authorized persons in possession of the above described lands, other than is indicated below, and further agrees to defend, indemnify and hold WhitMar harmless against any claim or demand for payment of surface damages occasioned by damage to the above described lands, to any third party.

In WITNESS WHEREOF, this instrument has been executed by the undersigned this 14 day of June, 2004.

SURFACE OWNER

Lester C. Thayne
LESTER C. THAYN

Carol Lynn Thayne
CAROL LYNN THAYN

WHITMAR EXPLORATION COMPANY

Whitney H. Marvin
Whitney H. Marvin, President

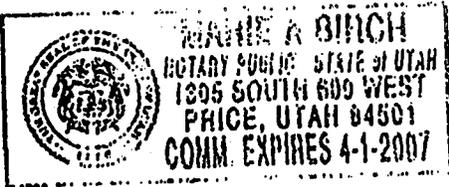
ACKNOWLEDGMENT

State of Utah)

County of Carbon)

§

On this 14 day of June, in the year 2004, before me Lester C. Thayn & Carol Lynn Th, a notary public, personally appeared LESTER C. THAYN and CAROL LYNN THAYN, proved on the basis of satisfactory evidence to be the persons whose names are subscribed to this instrument, and acknowledged they executed the same. Witness my hand and official seal.



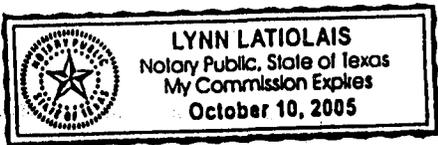
Marie A. Birch
NOTARY PUBLIC
Printed Name: Marie A. Birch

State of Texas)

County of Harris)

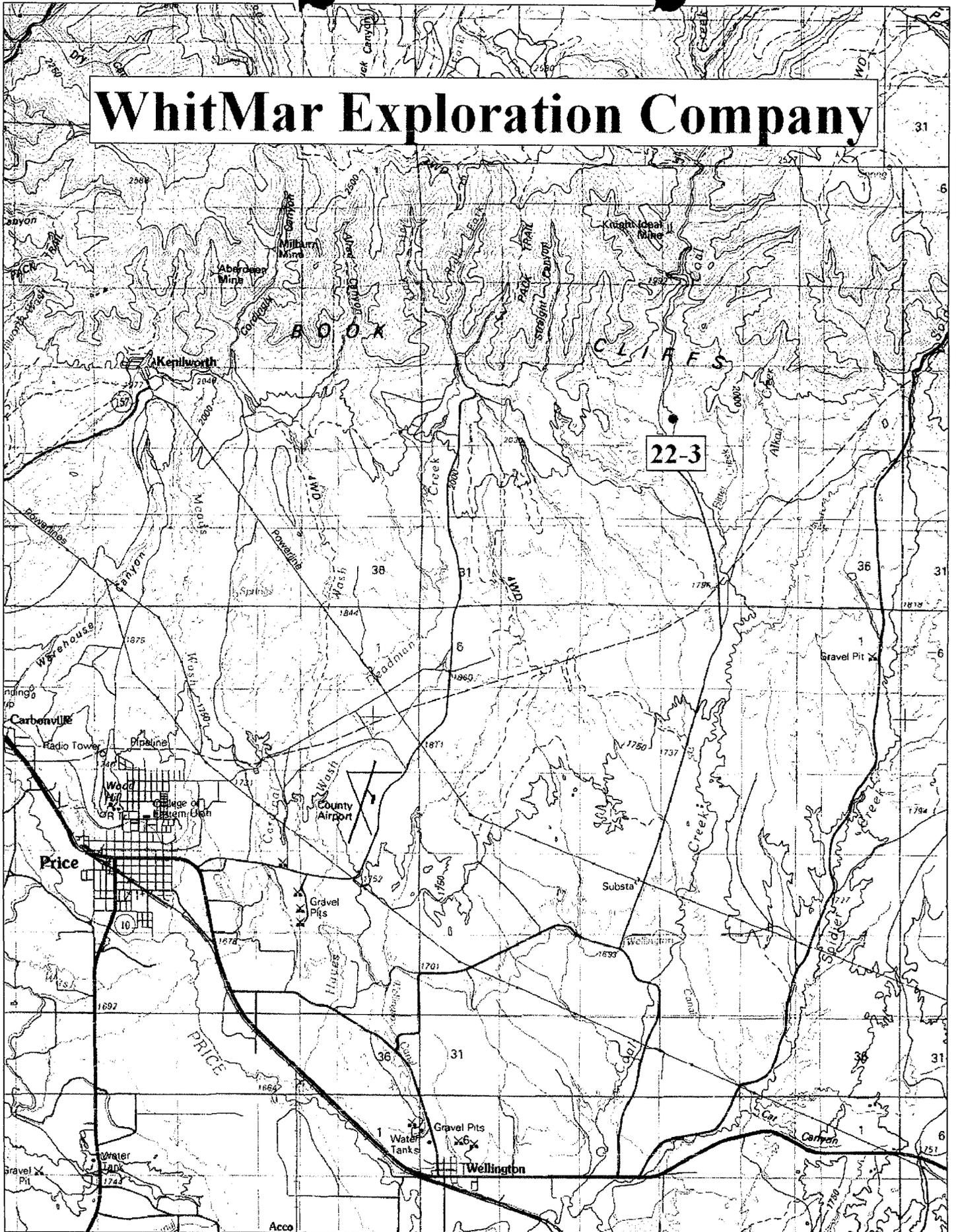
§

On this 8 day of June, in the year 2004, before me Lynn Latiolais, a notary public, personally appeared Whitney H. Marvin, President of WHITMAR EXPLORATION COMPANY, an Oklahoma corporation, proved on the basis of satisfactory evidence to be the person whose name is subscribed to this instrument, and acknowledged he executed the same. Witness my hand and official seal.



Lynn Latiolais
NOTARY PUBLIC
Printed Name: Lynn Latiolais

WhitMar Exploration Company



TN MN
12°

0.0 0.5 1.0 1.5 2.0 2.5 3.0 3.5 miles
0 1 2 3 4 5 km

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State of Utah

**Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

MARY ANN WRIGHT
Acting Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

March 17, 2005

WhitMar Exploration Company
1021 Main, Suite 1100
Houston, TX 77002

Re: 22-3 Well, 1582' FSL, 619' FWL, NW SW, Sec. 22, T. 13 South, R. 11 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.

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 43-007-30937.

Sincerely,

For John R. Baza
Associate Director

pab
Enclosures

cc: Carbon County Assessor

Operator: WhitMar Exploration Company
Well Name & Number 22-3
API Number: 43-007-30937
Lease: Fee

Location: NW SW Sec. 22 T. 13 South R. 11 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 Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)

From: "Carrie Hanson" <Carrie@whitmar.com>
To: <dianawhitney@utah.gov>
Date: 5/24/2005 8:54:29 AM
Subject: Permit for 22-3 Well

Diana: Per our conversation this morning, this will serve to confirm WhitMar Exploration Company's desire to rescind the permit for the 22-3 Well. If you should require any additional information, please contact me.

Please send your confirmation letter to the address shown below. Thank you.

Carrie Hanson
WhitMar Exploration Company
555 17th Street, Suite 880
Denver, CO 80202
(303) 991-9400

CC: "Whitney Marvin" <wmarvin@whitmar.com>, <walleman@kmg.com>

006

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 checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: Fee
2. NAME OF OPERATOR: WhitMar Exploration Company		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A
3. ADDRESS OF OPERATOR: 1021 Main, Suite 1100 CITY Houston STATE TX ZIP 77002		7. UNIT or CA AGREEMENT NAME: N/A
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1,582' FSL, 619' FWL COUNTY: Carbon QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWSW 22 13S 11E S STATE: UTAH		8. WELL NAME and NUMBER: 22-3
PHONE NUMBER: (713) 739-7300		9. API NUMBER: 4300730937
		10. FIELD AND POOL, OR WILDCAT: undesigned

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

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

WhitMar Exploration Company hereby requests that the state permit for the 22-3 be rescinded to allow the drilling of an offset well in the same quarter by Kerr-McGee.

NAME (PLEASE PRINT) <u>Don Hamilton</u>	TITLE <u>Agent for WhitMar Exploration Company</u>
SIGNATURE <u>Don Hamilton</u>	DATE <u>5/23/2005</u>

(This space for State use only)

RECEIVED
MAY 25 2005



State of Utah

Department of
Natural Resources

MICHAEL R. STYLER
Executive Director

Division of
Oil, Gas & Mining

MARY ANN WRIGHT
Acting Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

May 27, 2005

Carrie Hanson
WhitMar Exploration Company
555 17th Street, Suite 880
Denver, CO 80202

Re: APD Rescinded – 22-3, Sec. 22 T. 13S, R. 11E Carbon County, Utah
API No. 43-007-30937

Dear Ms. Hanson:

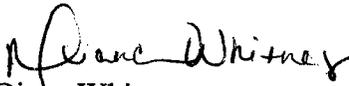
The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on March 17, 2005. On May 24, 2005, you requested that the division rescind the state approved APD.

No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective May 24, 2005.

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 Whitney
Engineering Technician

cc: Well File
Dan Jarvis, Technical Services Manager