

**JAKE Oil, LLC**

**P. O. Box 80806  
Billings, Montana 59108-0806  
406-896-4953 Fax 406-896-4954**

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Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
Salt Lake City, UT 84116

April 13, 2006

RE: APD  
JAKE Oil of Utah, LLC  
CBM #1  
S17 T14S R14E

Dear Department of Oil, Gas and Mining,

Per our telephone conversation, I have attached the Application for Permit to Drill the CBM #1 well in Carbon County, Utah.

The cement proposal and the Division of Water Rights approval or identifying number will be submitted at a later date as addendum to this memo.

Sincerely,

Jennifer L. Olsen

Attachments

RECEIVED  
APR 17 2006

DIV. OF OIL, GAS & MINING

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

FORM 3

AMENDED REPORT   
(highlight changes)

**APPLICATION FOR PERMIT TO DRILL**

1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>		5. MINERAL LEASE NO: <b>FEE</b>	6. SURFACE: Fee
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"/>		7. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
2. NAME OF OPERATOR: <b>JAKE Oil of UTAH, LLC</b>		8. UNIT or CA AGREEMENT NAME:	
3. ADDRESS OF OPERATOR: <b>PO Box 80806</b> CITY <b>Billings</b> STATE <b>MT</b> ZIP <b>59108</b>		PHONE NUMBER: <b>(406) 896-4953</b>	9. WELL NAME and NUMBER: <b>CBM #1</b>
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: <b>2051 FNL 2008 FEL</b> AT PROPOSED PRODUCING ZONE:		10. FIELD AND POOL, OR WILDCAT: <b>Wildcat</b>	11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <b>SWNE 17 14S 14E</b>
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: <b>3 miles Sunnyside, Utah</b>		12. COUNTY: <b>CARBON</b>	13. STATE: <b>UTAH</b>
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) <b>2008'</b>	16. NUMBER OF ACRES IN LEASE: <b>640</b>	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: <b>640</b>	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) <b>N/A</b>	19. PROPOSED DEPTH: <b>5,200</b>	20. BOND DESCRIPTION:	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): <b>7142.6 FT</b>	22. APPROXIMATE DATE WORK WILL START: <b>6/1/2006</b>	23. ESTIMATED DURATION: <b>15 DAYS</b>	

**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 24#/ft	350	
7 7/8"	5 1/2" K-55 15.5 #/ft	5,200	

*old  
Logbook  
DWW  
7/7*

**ATTACHMENTS**

25. 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 checked="" 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) Eric H. Olsen TITLE Managing Member  
SIGNATURE *Eric H. Olsen* DATE 4/13/2006

(This space for State use only)

API NUMBER ASSIGNED: 43007-31179

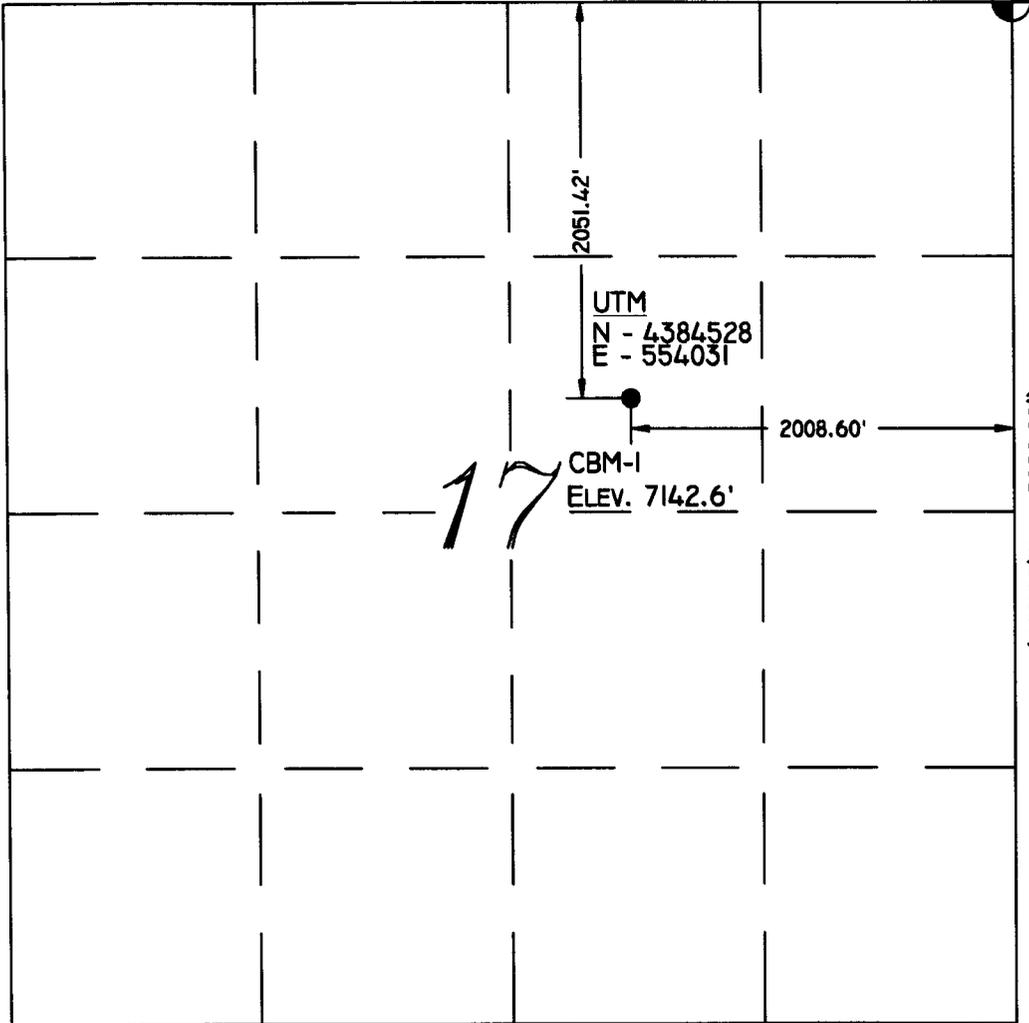
**RECEIVED**  
**APR 17 2006**

# Range 14 East

(N89°49'W - 5283.96')

Township 14 South

(N00°03'W - 5280.00')



2051.42'

UTM  
N - 4384528  
E - 554031

2008.60'

(N00°03'W - 5280.00')

17

CBM-1  
ELEV. 7142.6'

(N89°50'W - 5283.96')

## Legend

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

## NOTES:

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

LAT / LONG
39°36'38.451" N
110°22'14.155" W

## Location:

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

## Basis of Bearing:

The Basis of Bearing is GPS Measured.

## GLO Bearing:

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

## Basis of Elevation:

Basis of Elevation of 7729.0' being at the Northeast Section corner of Section 17, Township 14 South, Range 14 East, Salt Lake Base & Meridian, as shown on the Patmos Head Quadrangle 7.5 Minute Series Map.

## Description of Location:

Proposed Drill Hole located in the SW1/4 NE1/4 of Section 17, T14S, R14E, S.L.B.&M., being 2051.42' South and 2008.60' West from the Northeast Corner of Section 17, T14S, R14E, 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.



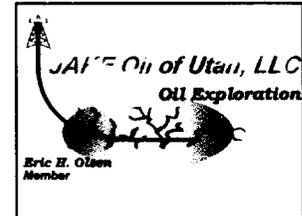
## GRAPHIC SCALE

0 500' 1000'  
1 inch = 1000 ft.



## TALON RESOURCES, INC.

195 North 100 West P.O. Box 1230  
Huntington, Utah 84528  
Phone (435)687-5310 Fax (435)687-5311  
E-Mail talonnetv.net



Well #CBM-1  
Section 17, T14S, R14E, S.L.B.&M.  
Carbon County, Utah

Drawn By: N. BUTKOVICH	Checked By: L.W.J./A.J.S.
Drawing No. A-1	Date: 10/19/05
	Scale: 1" = 1000'
Sheet 1 of 4	Job No. 1959

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

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(highlight changes)

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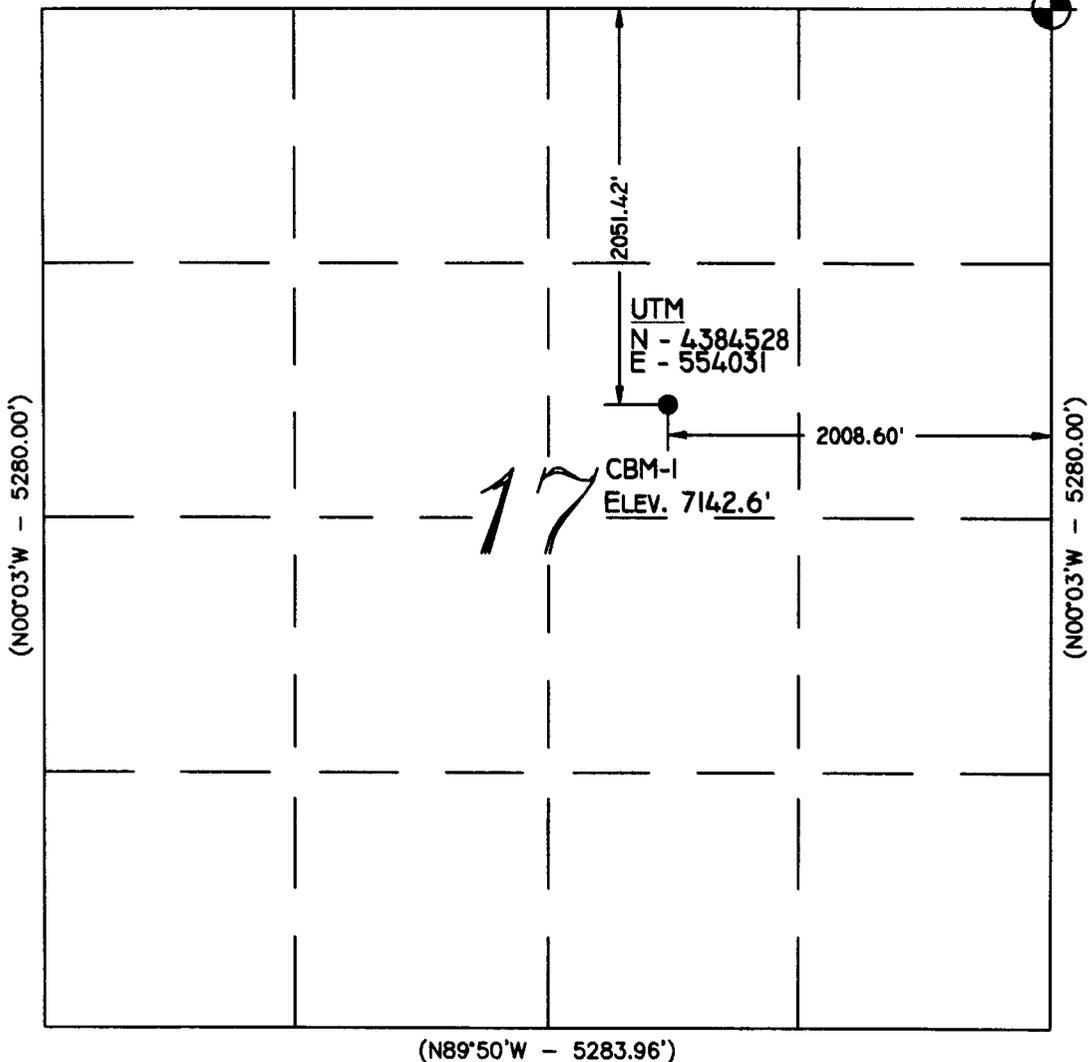
APPROVAL:

**RECEIVED**  
**APR 17 2006**

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Township 14 South



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GRAPHIC SCALE



( IN FEET )

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### Legend

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### NOTES:

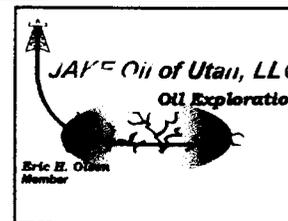
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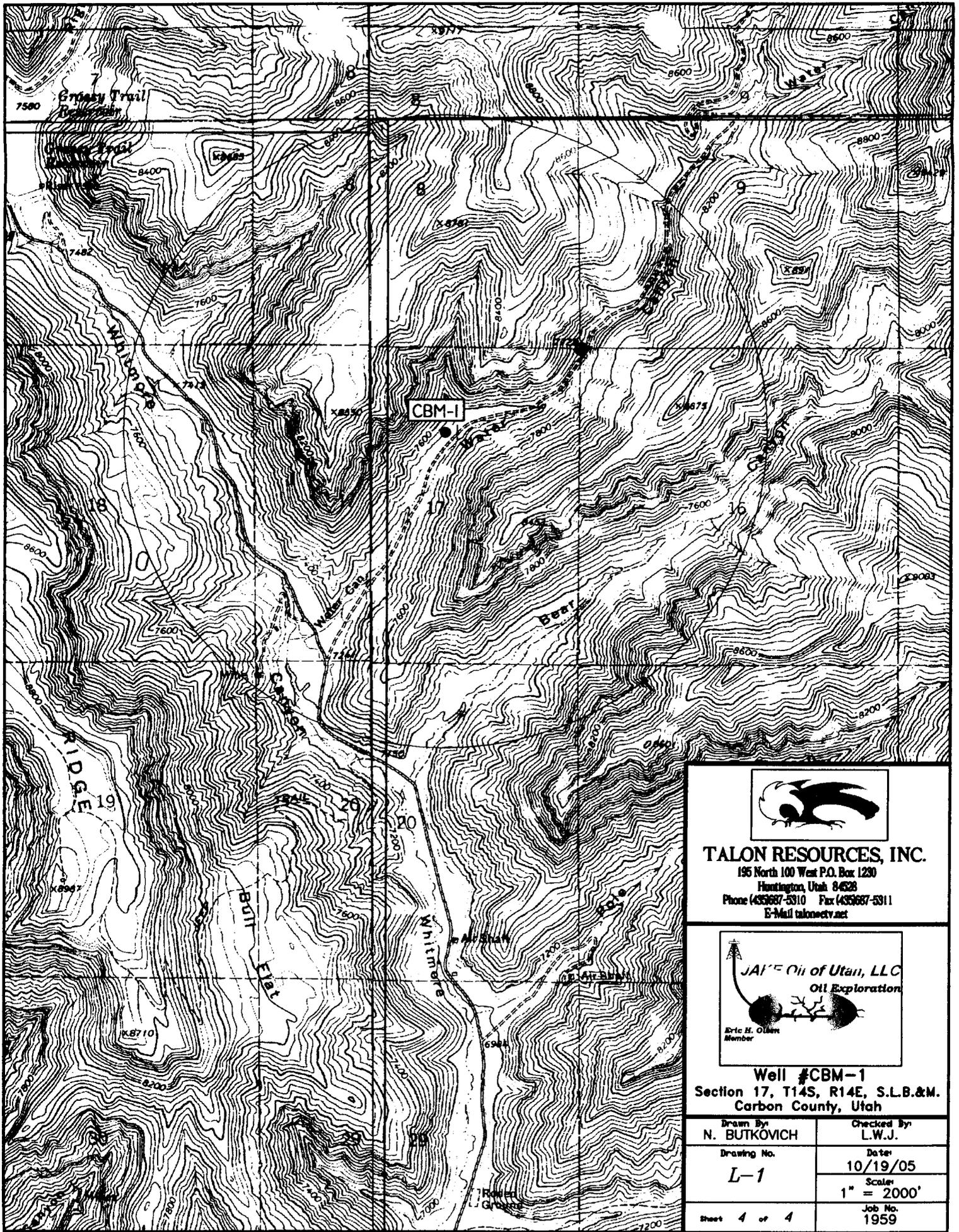
**TALON RESOURCES, INC.**

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Huntington, Utah 84308  
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Well #CBM-1  
Section 17, T14S, R14E, S.L.B.&M.  
Carbon County, Utah

Drawn by N. BUTKOVICH	Checked by L.W.J./A.J.S.
Drawing No. A-1	Date 10/19/05
	Scale 1" = 1000'
Sheet 1 of 4	Job No. 1959



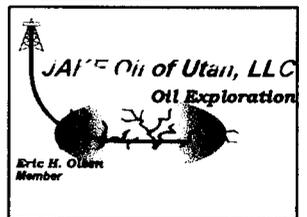
**TALON RESOURCES, INC.**

196 North 100 West P.O. Box 1230

Huntington, Utah 84328

Phone (435)687-5310 Fax (435)687-5311

E-Mail talon@ctv.net



**Well #CBM-1**

Section 17, T14S, R14E, S.L.B.&M.  
Carbon County, Utah

Drawn By <b>N. BUTKOVICH</b>	Checked By <b>L.W.J.</b>
Drawing No. <b>L-1</b>	Date <b>10/19/05</b>
	Scale <b>1" = 2000'</b>
Sheet <b>4</b> of <b>4</b>	Job No. <b>1959</b>

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# *Drill Plan*

Operator  
JAKE Oil of Utah, LLC

Well Name  
CBM #1 S17 T14S R14E

Carbon County, Utah

April 2006

Prepared by



## **GEOLOGICAL PROGNOSIS**

<b>Age</b>	<b>Formation</b>	<b>Depth KB (ft)</b>
Upper Cretaceous	Price River	0
Upper Cretaceous	Blackhawk	2700
Upper Cretaceous	Sunnyside	2900
Lower Cretaceous	Ferron	4700

### **Well Control Equipment & Procedures**

In the unlikely event of a gas kick occurring, the well shall be shut in using the hard shut in technique. The preferred method for killing the well is the “Wait and Weight” method.

All primary kick detection alarms, if available, (return flow, pit volumes, gas etc) will be set and functional prior to drilling any potential hydrocarbon or water zones. If any indications of a kick are noted then the well should be shut in immediately, shut in pressures monitored and the drilling supervisor and tool pusher notified.

All well control equipment should be function tested daily, except the pipe rams, which should be function tested on each trip out of the hole.

### **BOP EQUIPMENT, DRILLS AND TESTING**

BOP drills shall be conducted with each crew, periodically, to ensure proficiency with the procedures for shutting in wells.

A kill drill shall be conducted prior to drilling out a new string of casing.

BOP's shall be pressure tested every 14 days after installation and initial testing.

Pipe rams and annular preventers shall be operated on a daily basis with blind rams being operated on each trip out of the hole. Manual closing controls are to be checked daily. This should be alternated between the Main Control Manifold, and the remote stations.

### **TRIPPING**

The trip tank shall be used at all times during tripping out, tripping in after hydrocarbons have been encountered and while pipe is out of the hole. An accurate record of the drill hole fill volumes shall be maintained during tripping, logging and running casing operations.

## **FLOW CHECKS**

If there is any indication that the well may be flowing, a flow check shall be conducted immediately. Flow checks shall also be conducted prior to commencing a trip out the hole, when the bit is at the shoe, prior to pulling the BHA through the BOP stack and if the well fails to take the calculated volume of fluid.

All drilling breaks and return flow abnormalities shall be flow checked.

## **SAFETY MEETINGS**

Well control safety meetings shall be held prior to spud, as well as prior to drilling out each string of casing.

Pre-job safety meetings shall be held prior to conducting any non-routine or critical operations.

Emergency engine shut down equipment shall be tested and operated weekly on all engines.

Safety drills shall be held periodically at the discretion of the Operator's Representative.

Pre-tour safety meetings should be held, reviewing the next 12 hours operations, and the Drilling Contractor's job safety assessment and work permit procedures should be followed.

## **LEAK-OFF TESTS**

No leak-off tests anticipated.

## **PRESSURE TESTING SCHEDULE**

1. After installation of the BOP's, the pipe rams, choke and kill line valves, choke manifold, mud standpipe manifold, and Kelly valves are to be tested to 1500 psi. The annular preventer is also to be tested to 1500 psi. This may be done with a Test Plug.
2. Blind rams shall be tested against a Test Plug to 1500 psi, after backing out the drill pipe.
3. Casing Head is designed to accommodate a casing leak during the production phase.

4. All tests are to include a 250-psi low-pressure test prior to testing to 1500 psi.
5. Test pressures shall be held for 5 minutes for low and 10 minutes for high.
6. All tests shall be performed using water.
7. If the BOP's are tested with a test plug the wellhead connection, and the Casing Head side outlet valves must be pressure tested separately with a cup tester. This should be to 250/1500 psi.
8. BOP's shall be tested every 14 days (First operationally suitable opportunity thereafter), with a Test Plug. (Not the Blind Rams)
9. The accumulator unit shall be tested prior to drilling out the casing on which the BOP is installed. The tests required are:
  - a) The accumulator bottles shall be pre-charged to 1200 psi (with Nitrogen).
  - b) Accumulator recharging pumps (air and electric) should be set to 'start' at approx 2,600 psi, and 'stop' at approx 2,800 psi.
10. An accumulator performance test is required to be carried out once only, to determine if there is sufficient accumulator storage volume available. The procedure for this test is as follows:
  - Switch off all accumulator-recharging pumps (air and electric).
  - The accumulator fully charged pressure should be approximately 2,800 psi.
  - Close and Open each of the BOP functions.
  - There should still be approximately 1,400 psi (i.e. 200 psi above pre-charge) of accumulator pressure available.
  - Refer to the 'Drilling Operations Manual' for details.

## **CASING DESIGN**

### **CASING SETTING DEPTHS**

#### 8 5/8" Surface Casing

The surface casing setting depth of 350 feet has been selected. The 8 5/8" surface casing string will be K-55, 24# new casing.

#### 5 1/2" Production Casing

The production casing setting depth of 5200 feet has been selected for TD. The 5 1/2" casing sting will be K-55, 15.5# new casing.

## CASING DESIGN SUMMARY

Casing Specification					Casing Performance		
Casing Size (in)	Setting Depth (ft RT)	Weight (lb./ft)	Grade	Conn	Burst Rating (psi)	Collapse Rating (psi)	Tensile Rating (klbs)
8-5/8	350	24	K-55	STC	2950	1370	244
5-1/2	5200	15.5	K-55	STC	4810	4810	429

## CENTRALIZER PROGRAM

### 8-5/8" Casing (Bow Spring Type):

- 1 each on middle of first and second joints across stop collars.
- 1 on the coupling of third joint.
- 1 on first coupling below base of cellar.

### 5 1/2" Casing (Bow Spring Type):

- 1 10 feet above the float shoe
- 1 10 feet above the float collar
- 1 on next two couplings
- 1 over each coupling from 45 feet above to 45 feet below formation of interest
- 1 over every fourth coupling to base of surface casing
- 1 over the first, third and fifth couplings above the base of surface casing.

## DRILLING FLUID

12 1/4" hole is to be drilled with a Air/Mist system.

7 7/8" hole is to be drilled with a Air/Mist system.

## FORMATION EVALUATION

### LOGGING:

GR, SP, Induction, Neutron/Density

**CORING:**

No Coring is anticipated.

**CUTTINGS:**

Samples need to be collected every 30' from base of surface pipe to TD.

**MUDLOGGING:**

A one-man mud-logging unit will be operational from base of surface casing to total depth.

**TESTING:**

No DST's are anticipated.

**CEMENTING**

1. The water from a nearby water well will be used for all cement jobs. Should it become necessary, for whatever reason, to use water other than from this well then the freshest available water will be used. In this case, a sample of the water should be sent to the cement contractor for slurry testing.
2. As soon as possible after equipment arrives on location check that the cement head crossovers will make up to the relevant casing.

**8-5/8" Surface Casing**

Notes:

- 1 The cement contractor will execute the slurry pilot tests using the selected source water.
- 2 Defoamers should be used when mixing all slurries.
- 3 Allow for dead volume in tanks when calculating mix water and chemical requirements.
- 4 The slurry design is based on as BHST of 100° F and BHCT of 75° F.
- 5 Cement volumes will be calculated at the rig.
- 6 Ensure that 2 plugs are used in a single plug cementing head.
- 7 When circulating after landing casing, reduce the YP to a maximum of 14.
- 8 Reciprocate casing during cementing and displacing.

Cement program will be finalized and delivered as addendum to this memo.

## **5-1/2" Production Casing**

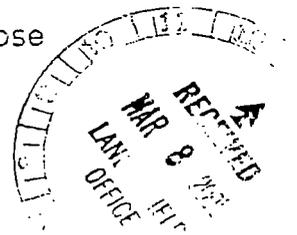
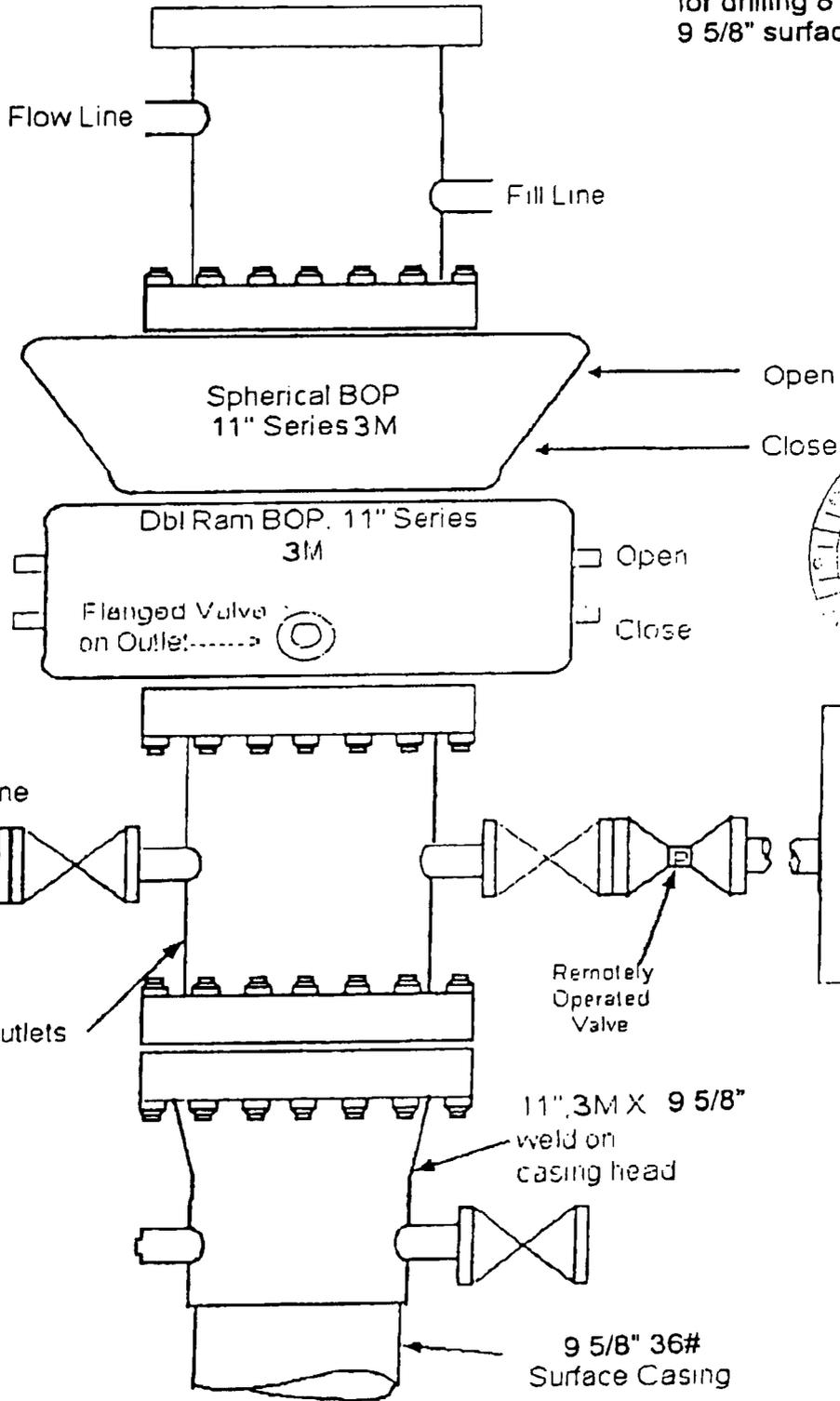
### Notes:

- 1 The cement contractor will execute the slurry pilot tests using the selected source water.
- 2 Defoamers should be used when mixing all slurries.
- 3 Allow for dead volume in tanks when calculating mix water and chemical requirements.
- 4 The slurry design is based on as BHST of 210° F and BHCT of 175° F.
- 5 Cement volumes will be calculated at the rig.
- 6 Ensure that 2 plugs are used in a single plug cementing head.
- 7 When circulating after landing casing, reduce the YP to a maximum of 14.
- 8 Reciprocate casing during cementing and displacing.

Cement program will be finalized and delivered as addendum to this memo.

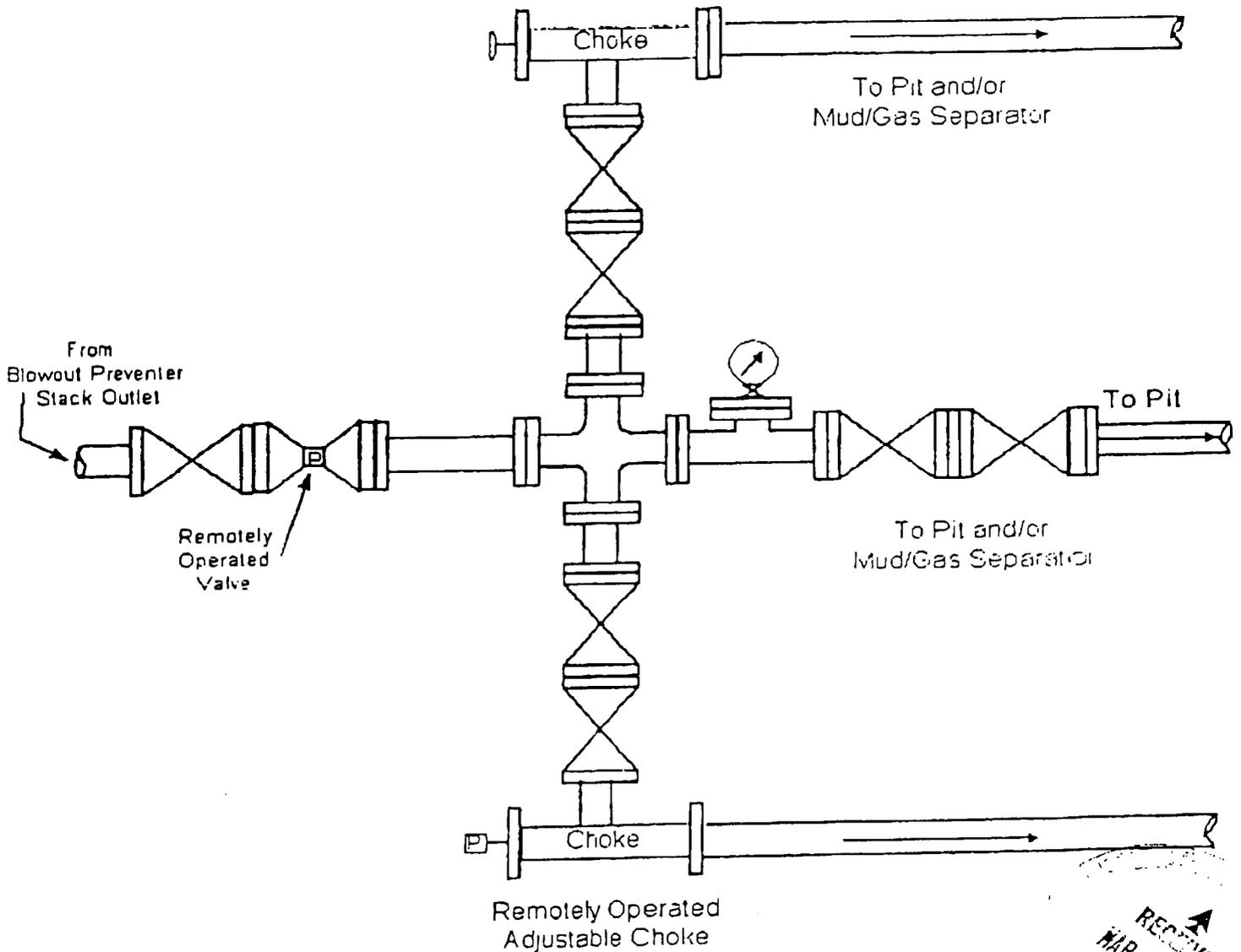
### BOP SCHEMATIC

for drilling 8 3/4" hole below  
9 5/8" surface casing



See Choke  
Manifold Detail  
(Exhibit 4)

## Choke Manifold Assembly 3,000 psi Rated Pressure Service Surface Installation

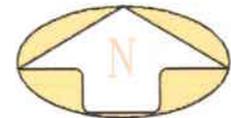
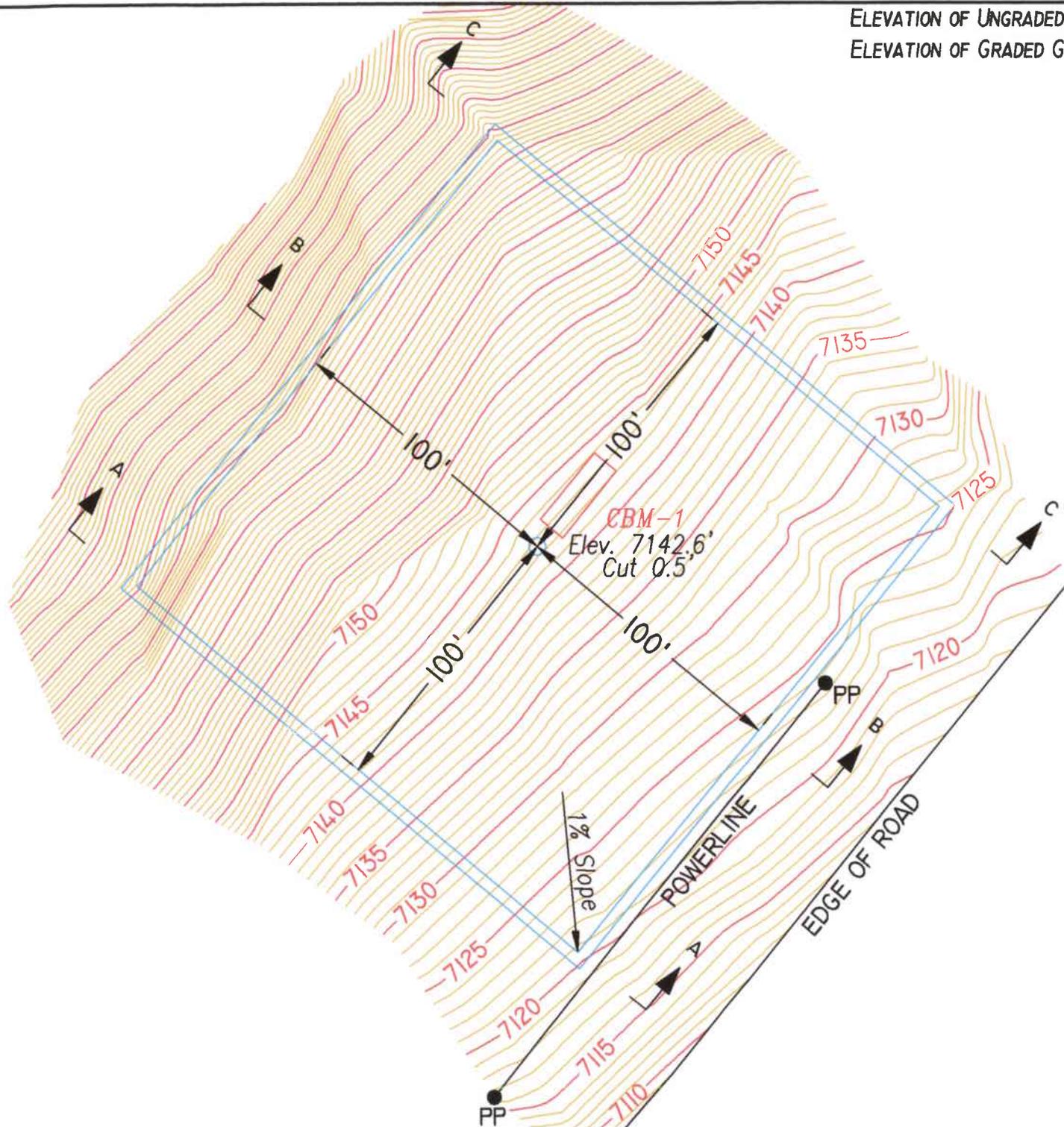


### Notes and Auxilary equipment

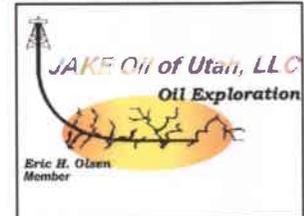
- All lines, valves and fittings to be minimum 3,000 psi
- All bolts to be installed and tight
- All crew members to be trained in and familiar with BOP equipment, accumulators and procedures.
- Hole to be kept full at all times
- After nipping up, preventors will be pressure tested at 3000 psi for 15 minutes before drilling out
- BOP will be inspected and operated at least daily to insure good working order
- All pressure and operating tests will be recorded on a daily drilling report
- An upper kelly-cock will be used at all times
- A drill pipe float will be available at all times for use when penetrating formations with anticipated abnormal pressures
- Mud system will be monitored with a flow sensor
- 9 5/8" casing will be tested to 1500 psi before drilling out
- The master controls will be located at the accumulator with the remote controls readily accessible to the driller

RECEIVED  
MAR 8 2005  
LANCASTER FIELD  
OFFICE

ELEVATION OF UNGRADED GROUND AT LOCATION STAKE = 7142.6'  
 ELEVATION OF GRADED GROUND AT LOCATION STAKE = 7142.1'



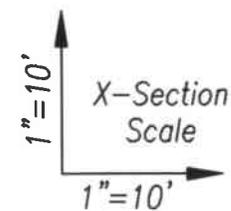
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**LOCATION LAYOUT**  
 Section 17, T14S, R14E, S.L.B.&M.  
 Well #CBM-1

Drawn By: N. BUTKOVICH	Checked By: L.W.J.
Drawing No. A-2	Date: 10/18/05
	Scale: 1" = 50'
Sheet 2 of 4	Job No. 1959

PRECONSTRUCTION GRADE



CUT

100'

100'

FILL

FINAL GRADE

VIEW C-C

CUT

100'

100'

FILL

LOCATION STAKE

VIEW B-B

CUT

100'

100'

FILL

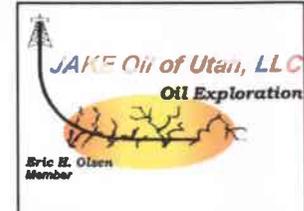
VIEW A-A

FILL SLOPE = 1 1/2 : 1  
CUT SLOPE = 1 1/4 : 1



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

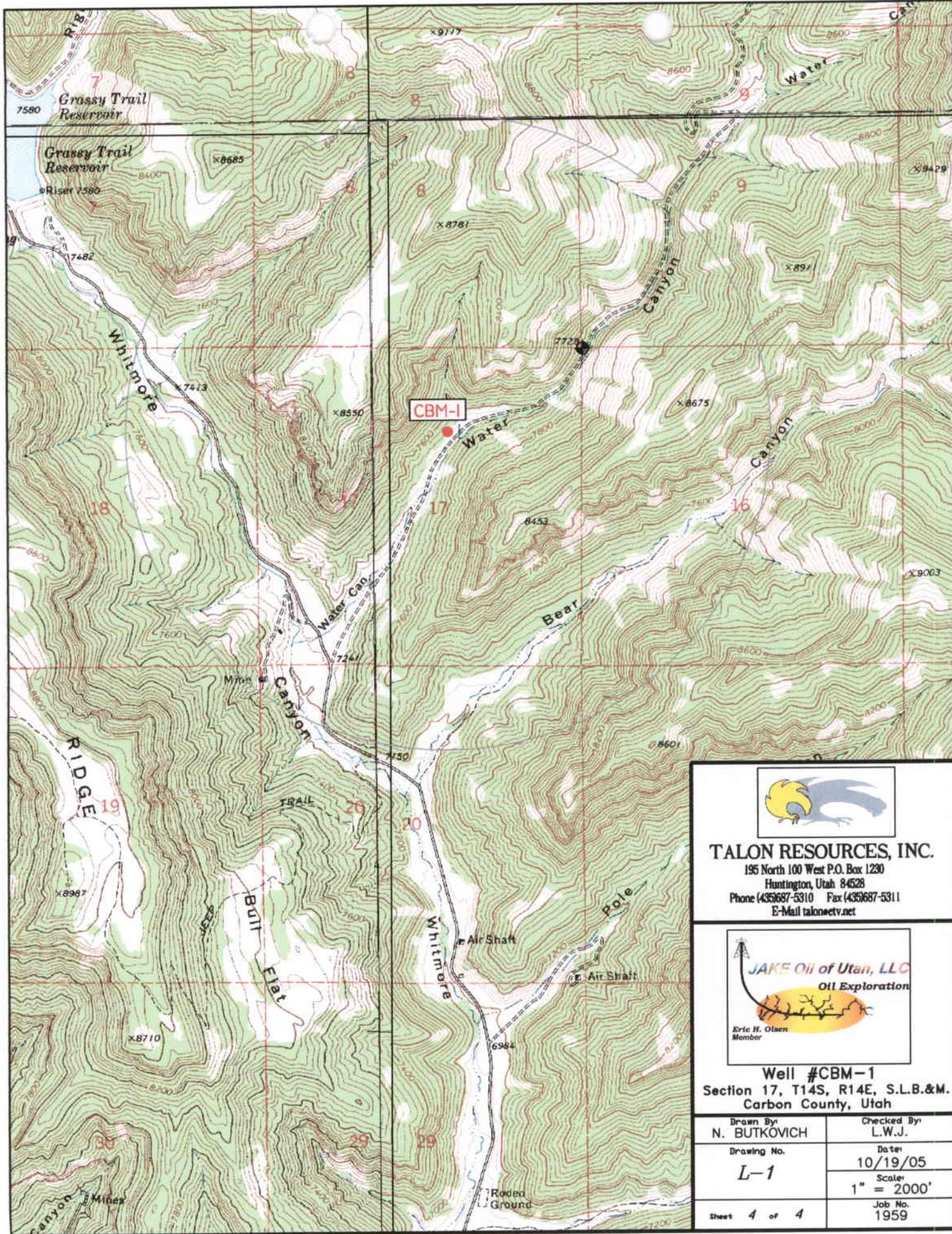


**TYPICAL CROSS SECTION**  
Section 17, T14S, R14E, S.L.B.&M.  
Well #CBM-1

Drawn By: N. BUTKOVICH	Checked By: L.W.J.
Drawing No. C-1	Date: 10/18/05
	Scale: 1" = 50'
Sheet 3 of 4	Job No. 1959

**APPROXIMATE YARDAGES**

**CUT**  
(6") TOPSOIL STRIPPING = 740 CU. YDS.  
REMAINING LOCATION = 33,260 CU. YDS.  
TOTAL CUT (LESS TOPSOIL) = 32,520 CU. YDS.  
TOTAL FILL = 9,750 CU. YDS.



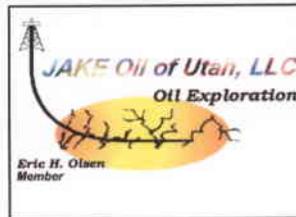
**TALON RESOURCES, INC.**

195 North 100 West P.O. Box 1230

Huntington, Utah 84528

Phone (435)687-5310 Fax (435)687-5311

E-Mail talon@ctv.net

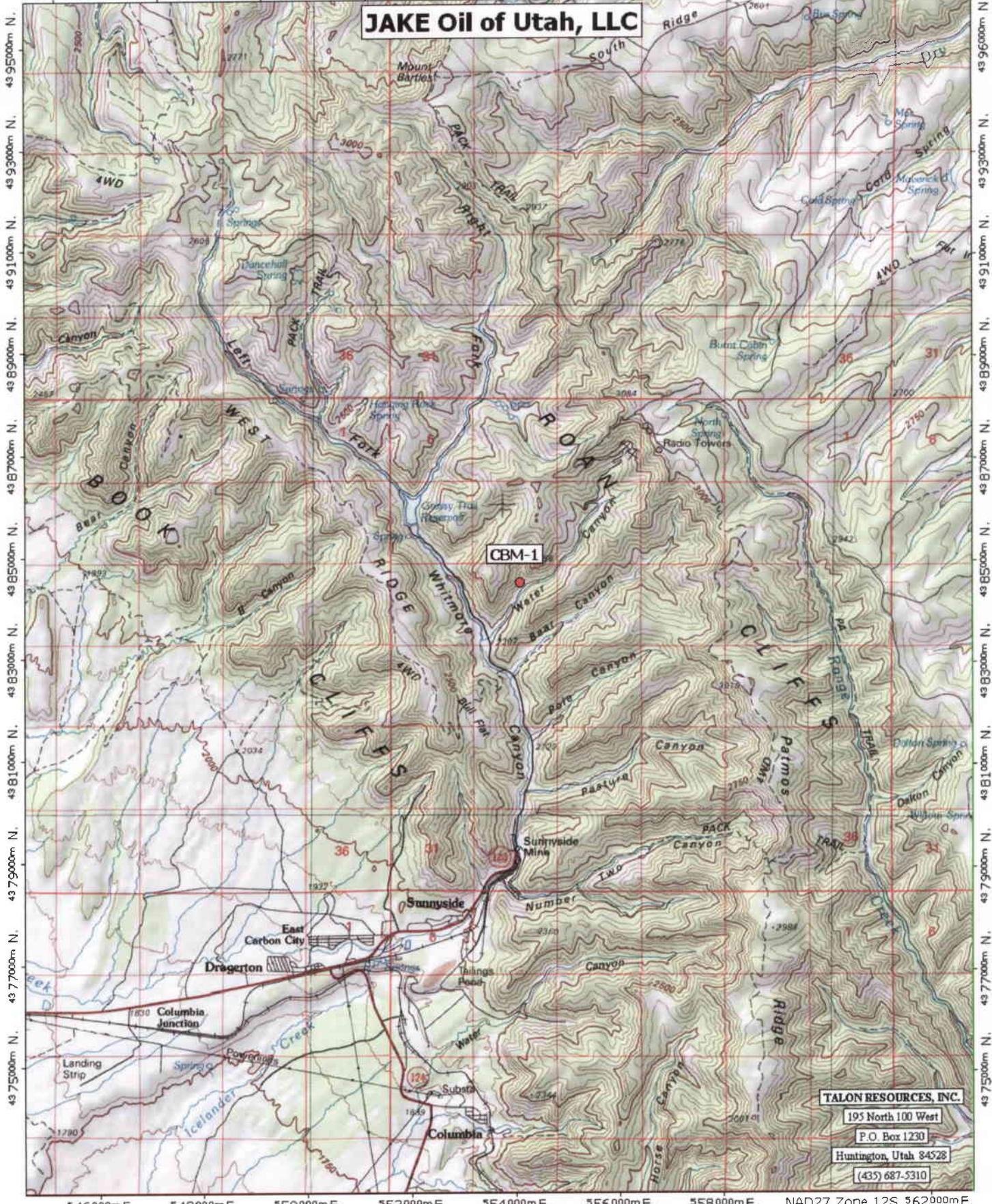


**Well #CBM-1**

Section 17, T14S, R14E, S.L.B.&M.  
Carbon County, Utah

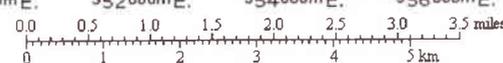
Drawn By <b>N. BUTKOVICH</b>	Checked By <b>L.W.J.</b>
Drawing No. <b>L-1</b>	Date <b>10/19/05</b>
	Scale <b>1" = 2000'</b>
Sheet <b>4</b> of <b>4</b>	Job No. <b>1959</b>

# JAKE Oil of Utah, LLC



**TALON RESOURCES, INC.**  
 195 North 100 West  
 P.O. Box 1230  
 Huntington, Utah 84528  
 (435) 687-5310

TN 124°



**WORKSHEET  
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 04/17/2006

API NO. ASSIGNED: 43-007-31179

WELL NAME: CBM 1  
 OPERATOR: JAKE OIL OF UTAH, LLC ( N3040 )  
 CONTACT: ERIC OLSEN

PHONE NUMBER: 406-896-4953

PROPOSED LOCATION:

SWNE 17 140S 140E  
 SURFACE: 1412 FNL 2167 FEL  
 BOTTOM: 1412 FNL 2167 FEL  
 COUNTY: CARBON  
 LATITUDE: 39.60887 LONGITUDE: -110.3700  
 UTM SURF EASTINGS: 554088 NORTHINGS: 4384327  
 FIELD NAME: WILDCAT ( 1 )

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	DKO	7/19/06
Geology		
Surface		

LEASE TYPE: 4 - Fee  
 LEASE NUMBER: FEE  
 SURFACE OWNER: 4 - Fee

PROPOSED FORMATION: FRSD  
 COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[] Ind[] Sta[] Fee[]  
(No. RLB0009300 )
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit  
(No. A3569 )
- RDCC Review (Y/N)  
(Date: 5/13/06 )
- Fee Surf Agreement (Y/N) *Surf owner is Jake Oil*
- Intent to Commingle (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 (6-14-06)

STIPULATIONS: 1- Spacing Strip  
2- Statement of Basis  
3- Operator will place a DV tool<sup>±200'</sup> above the Blackhawk @ approx 2500' and cement 5 1/2" production string back to surface in two stages to adequately isolate fresh waters uphole from the mine workings in the Blackhawk Fm.

**WORKSHEET  
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 04/17/2006

API NO. ASSIGNED: 43-007-31179

WELL NAME: CBM 1  
 OPERATOR: JAKE OIL, LLC ( N3040 )  
 CONTACT: ERIC OLSEN

PHONE NUMBER: 406-896-4953

PROPOSED LOCATION:  
 SWNE 17 140S 140E  
 SURFACE: 2051 FNL 2008 FEL  
 BOTTOM: 2051 FNL 2008 FEL  
 COUNTY: CARBON  
 LATITUDE: 39.60887 LONGITUDE: -110.3700  
 UTM SURF EASTINGS: 554088 NORTHINGS: 4384327  
 FIELD NAME: WILDCAT ( 1 )

INSPECT LOCATN BY: / /		
<b>Tech Review</b>	<b>Initials</b>	<b>Date</b>
Engineering		
Geology		
Surface		

LEASE TYPE: 4 - Fee  
 LEASE NUMBER: FEE  
 SURFACE OWNER: 4 - Fee

PROPOSED FORMATION: FRSD  
 COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

Plat  
 Bond: Fed[] Ind[] Sta[] Fee[]  
 (No. RLB0009300)  
 Potash (Y/N)  
 Oil Shale 190-5 (B) or 190-3 or 190-13  
 Water Permit  
 (No. A3569)  
 RDCC Review (Y/N)  
 (Date: 05/13/2006)  
 Fee Surf Agreement (Y/N) *Jake oil is surf owner*  
 Intent to Commingle (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 Perm (06-14-06)

STIPULATIONS: 1- Spacing Strip  
2- STATEMENT OF BASIS

*Old location*

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

**OPERATOR:** Jake Oil of Utah  
**WELL NAME & NUMBER:** CBM #1  
**API NUMBER:** 43-007-31179  
**LOCATION:** 1/4,1/4 SWNE Sec:17 TWP: 14 S RNG: 14 E 142 FNL 2167 FEL

**Geology/Ground Water:**

A well at this location will likely spud into a poorly to moderately permeable soil formed on the uppermost-undivided Flagstaff Limestone and North Horn Formation, possibly with a very thin fringe of Colton Formation remaining. Significant volumes of high quality ground water may be encountered unless local coal mines have dewatered the ground water from this area, which is near the floor of Water Canyon. The proposed casing and cementing program will not adequately isolate any zones of fresh water that may be penetrated because the surface casing string is not sufficiently long. The drilling fluid is a benign air/mist system (at least until the air is unable to move sufficient water, in which case the operator will simply drill ahead blind). The proposed 350' of casing will barely case over the Flagstaff and possibly a small part of the top of the North Horn column. The several sandstones of the Mesaverde Group and the Star Point Sandstone Member of the Mancos Shale are unprotected. Numerous surface and underground water rights have been filed within a mile of the proposed well site by Sunnyside and East Carbon cities on the former and Sunnyside Cogeneration Associates on the latter. After researching the likelihood of encountering mining infrastructure during drilling, and in consultation with the DOGM Mining Staff, it appears that subsurface mine workings are likely to be in the path of the drill bit. The mine is the Sunnyside Mine, which is no longer in operation and was abandoned in 1994 and subsequently reclaimed by DOGM. The operator of this well, Jake Oil of Utah, LLC also owns the mine and is aware that the well is likely to be drilled through or very near the mine galleries. I consulted with both the DOGM Oil and Gas Staff Permit Supervisor and personnel from the mining staff (Messrs. Darby and Amodt) and those consulted offered no objection to the proposed operation under the current circumstances.

**Reviewer:** Christopher J. Kierst

**Date:** 7/11/2006

**Surface:**

Proposed well is located in Water Canyon ~4.2 miles northeast of Sunnyside, Carbon County, Utah. The topography is steep and rocky. The immediate area surrounding the proposed well is grazing, and wildlife habitat. Location is staked on property owned by Jake Oil of Utah. Access to this well will be along existing County maintained roads. The direct area drains to the south directly into the Water Canyon drainage, then west into Whitmore Canyon. Dry washes are common throughout the area. The location was shortened up in the north to south direction from 200' to 100', (50' either side of the center stake) during the on-site to better-fit topography. This also pulls the pad away from the existing power line on the south. Other issues talked about were; location layout, lining the reserve pit, access and right-of-ways, as well as concerns and potential concerns of that may be present in respect to the 2 water wells ~500' west and the monitor well ~200' east of the proposed well. Access into the water wells and the monitor well must not be blocked at any time during construction, drilling, completion, or production of the proposed well. M. Jones (DOGM), Eric Olsen, William Donado, and Larry Trice (Jake Oil), Mark Greenhault and Johnny Nielson (Nielson Construction), were all in attendance for the pre-site inspection. Carbon County was invited but chose not to attend the pre-site meeting.

Reviewer: Mark L. Jones

Date: June 30, 2006

**Conditions of Approval/Application for Permit to Drill:**

1. A synthetic liner with a minimum thickness of 12 mils shall be properly installed and maintained in the reserve pit.
2. Provide adequate drainage and erosion protection for the location and existing drainages.
3. Pad construction and layout changed as discussed during pre-site visit. (Shorten distance north and south to 100' total, 50' either side of the center stake).
4. Access must be open at all times into the 2 water wells west of the proposed well and the monitor well east of the proposed well at all times.

T14 R. 14E

7

8

9

18

17

16

19

20

21

CBM 1

OPERATOR: JAKE OIL OF UTAH (N3040)

SEC: 17 T. 14S R. 14E

FIELD: WILDCAT (001)

COUNTY: CARBON

SPACING: R649-3-2 / GENERAL SITING

Field Status

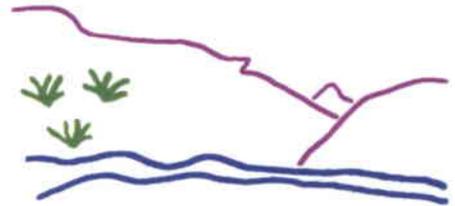
- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED

Unit Status

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

Wells 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
- DRILLING



Utah Oil Gas and Mining



PREPARED BY: DIANA WHITNEY  
DATE: 28-APRIL-2006

**STATE ACTIONS**  
**Resource Development Coordinating Committee**  
**Governor's Office of Planning and Budget**  
**5110 State Office Building**  
**SLC, UT 84114**  
**Phone No. 537-9230**

<b>1. State Agency</b> Oil, Gas and Mining 1594 West North Temple, Suite 1210 Salt Lake City, UT 84114-5801	<b>2. Approximate date project will start:</b>  Upon Approval or May 12, 2006
<b>3. Title of proposed action:</b> Application for Permit to Drill	
<b>4. Description of Project:</b>  <p style="text-align: center;">Jake Oil of Utah proposes to drill the CBM 1 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.</p>	
<b>5. Location and detailed map of land affected (site location map required, electronic GIS map preferred)</b> (include UTM coordinates where possible) (indicate county) <p style="text-align: center;">2051' FNL 2008' FEL, SW/4 NE/4,  Section 17, Township 14 South, Range 14 East, Carbon County, Utah</p>	
<b>6. Possible significant impacts likely to occur:</b> Surface impacts include up to five acres of surface disturbance during the drilling and completion phase (estimated for five weeks duration). If oil and gas in commercial quantities is discovered, the location will be reclaimed back to a net disturbance of between one and two acres – not including road, pipeline, or utility infrastructure. If no oil or gas is discovered, the location will be completely reclaimed.	
<b>7. Identify local government affected</b> a. Has the government been contacted? No. b. When? c. What was the response? d. If no response, how is the local government(s) likely to be impacted?	
<b>8. For acquisitions of land or interests in land by DWR or State Parks please identify state representative and state senator for the project area. Name and phone number of state representative, state senator near project site, if applicable:</b> a. Has the representative and senator been contacted? N/A	
<b>9. Areawide clearinghouse(s) receiving state action:</b> (to be sent out by agency in block 1) Southeastern Association of Governments	
<b>10. For further information, contact:</b>   <p style="text-align: center;"><b>Diana Whitney</b>  <b>Phone: (801) 538-5312</b></p>	<b>11. Signature and title of authorized officer</b>   <p style="text-align: center;">Gil Hunt, Associate Director  <b>Date: April 28, 2006</b></p>

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

OPERATOR: Jake Oil of Utah  
WELL NAME & NUMBER: CBM #1  
API NUMBER: 43-007-31179  
LEASE: Fee FIELD/UNIT: \_\_\_\_\_  
LOCATION: 1/4,1/4 SWNE Sec: 17 TWP: 14S RNG: 14E 1412 FNL 2167 FEL  
LEGAL WELL SITING: 460 F SEC. LINE; 460 F 1/4,1/4 LINE; 920 F ANOTHER WELL.  
GPS COORD (UTM): X= 554032 E; Y= 4384519 N SURFACE OWNER: Jake Oil.

**PARTICIPANTS**

M. Jones (DOGM), Eric Olsen, William Donado, and Larry Trice (Jake Oil), Mark Greenhaulgh and Johnny Nielson (Nielson Construction), where all in attendance for the pre-site inspection. Carbon County was invited but chose not to attend the pre-site meeting.

**REGIONAL/LOCAL SETTING & TOPOGRAPHY**

Proposed well is located in Water Canyon ~4.2 miles northeast of Sunnyside, Carbon County, Utah. The topography is steep and rocky. The immediate area surrounding the proposed well is grazing, and wildlife habitat. Location is staked on property owned by Jake Oil of Utah. Access to this well will be along existing County maintained roads. The direct area drains to the south directly into the Water Canyon drainage, then west into Whitmore Canyon. Dry washes are common throughout the area.

**SURFACE USE PLAN**

CURRENT SURFACE USE: Grazing, and wildlife habitat.

PROPOSED SURFACE DISTURBANCE: 200' x 100' w/ 80' x 25' x 10' included pit.

LOCATION OF EXISTING WELLS WITHIN A 1-MILE RADIUS: 0 producing, proposed, shut-in, injection, and/or PA wells are within a 1 mile radius of the above proposed well. 2 water wells exist ~475 feet to the west of the proposed well. These water wells are owned by Sunnyside Cogeneration and are used for cooling water at the power plant in Sunnyside. Their depths are 700' and 1750' according to Rusty Netz with Sunnyside Cogeneration.

LOCATION OF PRODUCTION FACILITIES AND PIPELINES: On location and along roadway.

SOURCE OF CONSTRUCTION MATERIAL: Obtained locally and trucked to site.

ANCILLARY FACILITIES: None anticipated.

WILL DRILLING AT THIS LOCATION GENERATE PUBLIC INTEREST OR CONCERNS? (EXPLAIN): Possibly. Sunnyside Cogeneration has 2 water wells ~475' west of the proposed well and would be concerned about drilling

operations this close to their wells.

**WASTE MANAGEMENT PLAN:**

Submitted as an amendment to the original APD. See submitted amendment for details.

**ENVIRONMENTAL PARAMETERS**

AFFECTED FLOODPLAINS AND/OR WETLANDS: Dry washes are prominent throughout the immediate area of the proposed well location. Both Water Canyon and Whitmore Canyon were running water at time of pre-site inspection.

FLORA/FAUNA: Sagebrush, pinion-juniper community, oak brush, deer, rodents, fowl.

SOIL TYPE AND CHARACTERISTICS: Rocky clay loam.

EROSION/SEDIMENTATION/STABILITY: Erosive upon disturbance.

PALEONTOLOGICAL POTENTIAL: None observed.

**RESERVE PIT**

CHARACTERISTICS: Dugout earthen, 80'x25'x10', included w/in location.

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

**SURFACE RESTORATION/RECLAMATION PLAN**

As per surface use agreement.

SURFACE AGREEMENT: Signed.

CULTURAL RESOURCES/ARCHAEOLOGY: None requested by landowner.

**OTHER OBSERVATIONS/COMMENTS**

Location was narrowed up from 200' to 100' in the north to south direction due to concerns regarding the existing power line that runs along the south side of the proposed pad. Cuts and fills are going to be somewhat extensive. Sunnyside Co-Generation currently owns and operates 2 water wells in the near vicinity.

The originally submitted footage calls on the APD were found to be incorrect and required a resurvey and submittal of an amended APD showing the correct footages.

**ATTACHMENTS**

Photos of this location were taken and placed on file.

Mark L. Jones  
DOGM REPRESENTATIVE

June 14, 2006 / 9:30 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>20</u>
Distance to Nearest Municipal Well (feet)		
>5280	0	
1320 to 5280	5	
500 to 1320	10	
<500	20	<u>10</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>0</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>5</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>15</u>

**Final Score**            70            (Level I Sensitivity)

Sensitivity Level I = 20 or more; total containment is required, consider criteria for excluding pit use.

Sensitivity Level II = 15-19; lining is discretionary.

Sensitivity Level III = below 15; no specific lining is required.

# 07-06 Jake CBM 1

## Casing Schematic

Price River Surface

8-5/8"  
MW 8.4  
Frac 19.3

TOC @  
0.

TOC @  
0.

Surface  
350. MD

✓ w/18% washout

BHP  
 $(.052)(8.6)(5200) = 2325$

Gas  
 $(.12)(5200) = 624$   
MASP = 1701

2M BOPE min Required  
Originally proposed 3M BOPE ✓

Surf csq - 2950  
70% = 2065

Max pressure @ Surf csq shoe = 1258

Test to 1258# ✓

✓ Adequate Duro 7/19/06

- 2567 TOC Tail
- 2700 Blackhawk
- 2900 Sunny Side

✓ w/5% washout  
DUT @ ±2500' as  
agreed by operator 7/12/06

~~###~~

4700 Ferron

5-1/2"  
MW 8.6

Production  
5200. MD

Well name:	<b>07-06 Jake CBM 1</b>	
Operator:	<b>Jake Oil of Utah,LLC</b>	Project ID:
String type:	Surface	43-007-31179
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

**Burst:**

Design factor 1.00

**Environment:**

H2S considered? No  
 Surface temperature: 75 °F  
 Bottom hole temperature: 80 °F  
 Temperature gradient: 1.40 °F/100ft  
 Minimum section length: 350 ft

Cement top: Surface

**Burst**

Max anticipated surface pressure: 308 psi  
 Internal gradient: 0.120 psi/ft  
 Calculated BHP 350 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)

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

Non-directional string.

**Re subsequent strings:**

Next setting depth: 5,200 ft  
 Next mud weight: 8.600 ppg  
 Next setting BHP: 2,323 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 (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	350	2950	8.43	7	263	35.83 J

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

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

Date: July 12,2006  
 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:	<b>07-06 Jake CBM 1</b>	
Operator:	<b>Jake Oil of Utah,LLC</b>	Project ID:
String type:	Production	43-007-31179
Location:	Carbon County	

**Design parameters:**

**Collapse**

Mud weight: 8.600 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: 75 °F  
 Bottom hole temperature: 148 °F  
 Temperature gradient: 1.40 °F/100ft  
 Minimum section length: 1,500 ft

Cement top: Surface

**Burst**

Max anticipated surface pressure: 522 psi  
 Internal gradient: 0.346 psi/ft  
 Calculated BHP 2,323 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 buoyed weight.  
 Neutral point: 4,523 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 (ft³)
1	5200	5.5	15.50	K-55	ST&C	5200	5200	4.825	163
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	2323	4040	1.739	2323	4810	2.07	70	222	3.17 J

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

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

Date: July 12,2006  
 Salt Lake City, Utah

**Remarks:**

Collapse is based on a vertical depth of 5200 ft, a mud weight of 8.6 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.*



## JAKE Oil, LLC

P. O. Box 80806  
Billings, Montana 59108-0806  
406-896-4953 Fax 406-896-4954

---

Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
Salt Lake City, UT 84116

April 17, 2006

RE: Ownership Status  
JAKE Oil of Utah, LLC  
CBM #1 S17 T14S R14E  
Carbon County, Utah

Dear Diana Whitney,

Per our telephone conversation, JAKE Oil of Utah, LLC owns and will operate all wells we drill in Carbon County, Utah.

Our contact information is as follows:

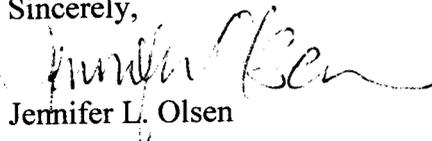
JAKE Oil of Utah, LLC  
PO Box 80806  
Billings, MT 59108

Our office telephone number is 406-896-4953 and our fax is 406-896-4954.

I have also attached the additional copy of the APD requested. The water approval number and the cement program will be submitted at a later date.

Please let me know if you need any other information.

Sincerely,



Jennifer L. Olsen

Attachments

RECEIVED

APR 20 2006

DIV. OF OIL, GAS & MINING



**JAKE Oil, LLC**

P. O. Box 80806  
Billings, Montana 59108-0806  
406-896-4953 Fax 406-896-4954

Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
Salt Lake City, UT 84116

May 01, 2006

RE: Ownership Status  
JAKE Oil of Utah, LLC  
CBM #1 S17 T14S R14E  
Carbon County, Utah

Dear Diana Whitney,

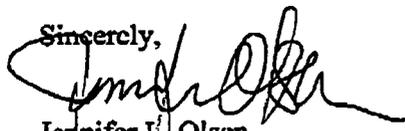
Per our telephone conversation, JAKE Oil of Utah, LLC is the surface owner and will be the operator of all wells we drill in Carbon County, Utah.

Our contact information is as follows:

JAKE Oil of Utah, LLC  
PO Box 80806  
Billings, MT 59108

Our office telephone number is 406-896-4953 and our fax is 406-896-4954.

Please let me know if you need any other information.

Sincerely,  
  
Jennifer L. Olsen

Cc: Mark Jones

500-1-50

MAY 01 2006

**From:** Robert Clark  
**To:** Whitney, Diana  
**Date:** 5/8/2006 8:55:22 AM  
**Subject:** RDCC short turnaround responses

The following comments are submitted in reponse to short turn around items **RDCC # 6546 and RDCC#6547**.

**RDCC #6546, Comments begin:** The proposed Houston Exploration Company proposal to drill the Squaw Ridge 8-16-7-25 well, in Uintah County, may require a permit, known as an Approval Order, from the Executive Secretary of the Air Quality Board. If any compressor or pump stations are constructed 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, Salt Lake City, Utah, 84116 for review according to the Utah Air Quality Rule R307-401. Permit: Notice of Intent and Approval Order. The proposed project is also subject to Utah Air Quality Rule R307-205-5, Fugitive Dust, due to the fugitive dust that is generated during the excavating phases of the project. These rules apply to construction activities that disturb an area greater than 1/4 acre in size. A permit is not required, but steps need to be taken to minimize fugitive dust, such as watering and/or chemical stabilization, providing vegetative or synthetic cover or windbreaks. A copy of the rules may be found at [www.rules.utah.gov/publicat/code/r307/r307.htm](http://www.rules.utah.gov/publicat/code/r307/r307.htm) . **Comments end.**

**RDCC #6547, Comments begin:** The proposed Jake Oil Company proposal to drill the CBM-1 well, in Carbon, may require a permit, known as an Approval Order, from the Executive Secretary of the Air Quality Board. If any compressor or pump stations are constructed 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, Salt Lake City, Utah, 84116 for review according to the Utah Air Quality Rule R307-401. Permit: Notice of Intent and Approval Order. The proposed project is also subject to Utah Air Quality Rule R307-205-5, Fugitive Dust, due to the fugitive dust that is generated during the excavating phases of the project. These rules apply to construction activities that disturb an area greater than 1/4 acre in size. A permit is not required, but steps need to be taken to minimize fugitive dust, such as watering and/or chemical stabilization, providing vegetative or synthetic cover or windbreaks. A copy of the rules may be found at [www.rules.utah.gov/publicat/code/r307/r307.htm](http://www.rules.utah.gov/publicat/code/r307/r307.htm) . **Comments end.**

Robert Clark  
Division of Air Quality  
536-4435

**CC:** Mcneill, Dave; Wright, Carolyn



**JAKE Oil, LLC**

P. O. Box 80806  
Billings, Montana 59108-0806  
406-896-4953 Fax 406-896-4954

**Sunnyside**

**DATE:** June 16, 2006  
**TO:** Brad Hill  
**FROM:** JAKE Oil, LLC  
**RE:** Water and Cement Numbers  
CBM #1  
**PAGES:** ~~Five~~ Six

Dear Mr. Hill

The water number we received from Nielson Construction for CBM #1, SWNE 17 14S 14E in Carbon County, Utah is A3569. Also enclosed are the cement numbers.

If you have any questions, our number at the office is (406) 896-4953.

Thank you,

  
Ericka Sholey  
Engineering Intern

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JUN 16 2006

DIV. OF OIL, GAS & MINING

1/4

LDN1

**Job Procedure**

**9 5/8" Surface**

**Detailed Pumping Schedule**

1	Spacer	Gel Water Ahead	8.4	3.0	20 bbl
2	Cement	Premium Plus V	15.6	3.0	280 sacs
3	Spacer	Displacement	8.3	3.0	35.56 bbl

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DIV. OF OIL, GAS & MINING

2/4

UBM™ |

### Job Recommendation

3 5/8" Surface

**Fluid Instructions**

Fluid 1: Water Based Spacer

Get Water Ahead

Fluid Density: 8.40 lbm/gal

Fluid Volume: 20 bbl

**Fluid 2: Primary Cement**

Premium Plus V Cement

94 lbm/sk Premium Plus V Cement (Cement-api)  
2 % Calcium Chloride (Accelerator)  
0.25 lbm/sk Flocele (Lost Circulation Additive)

Fluid Weight 15.60 lbm/gal

Slurry Yield: 1.20 ft<sup>3</sup>/sk

Total Mixing Fluid: 5.25 Gal/sk

Top of Fluid: 0 ft

Calculated Fill: 500 ft

Volume: 58.87 bbl

Calculated Sacks: 275.92 sks

Proposed Sacks: 280 sks

**Fluid 3: Water Spacer**

Displacement

Fluid Density: 8.33 lbm/gal

Fluid Volume: 35.56 bbl

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DIV. OF OIL, GAS & MINING

2/4

5M1

### Job Recommendation

### 5 1/2" Production

#### Fluid Instructions

Fluid 1: Water Based Spacer

Gel water W/Flocele

2sk/10bbl Bentonite (Gelling Agent)  
1sk/10bbl Flocele (Lost Circulation Additive)

Fluid Density: 8.40 lbm/gal  
Fluid Volume: 20 bbl

Fluid 2: Reactive Spacer  
Super Flush

Fluid Density: 9.20 lbm/gal  
Fluid Volume: 20 bbl

Fluid 3: Lead Cement  
CBM Lite © - Type III

10 lbm/sk Gilsonite (Lost Circulation Additive)  
0.25 lbm/sk Flocele (Lost Circulation Additive)

Fluid Weight: 10.50 lbm/gal  
Slurry Yield: 4.33 ft<sup>3</sup>/sk  
Total Mixing Fluid: 27.16 Gal/sk  
Top of Fluid: 0 ft  
Calculated Fill: 2500 ft  
Volume: 101.11 bbl  
Calculated Sacks: 131.07 sks  
Proposed Sacks: 135 sks

Fluid 4: Tail Cement

Premium Plus V Cement

94 lbm/sk Premium Plus V Cement (Cement-api)  
10 % Cal-Seal 60 (Accelerator)  
1 % Calcium Chloride (Accelerator)  
0.25 lbm/sk Flocele (Lost Circulation Additive)

Fluid Weight: 14.20 lbm/gal  
Slurry Yield: 1.61 ft<sup>3</sup>/sk  
Total Mixing Fluid: 7.97 Gal/sk  
Top of Fluid: 2500 ft  
Calculated Fill: 2500 ft  
Volume: 97.38 bbl  
Calculated Sacks: 339.82 sks  
Proposed Sacks: 340 sks

Fluid 5: Water Spacer  
Displacement

Fluid Density: 8.33 lbm/gal  
Fluid Volume: 118.06 bbl

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DIV. OF OIL, GAS & MINING

H/A

10M#1

**Job Procedure**

**5 1/2" Production**

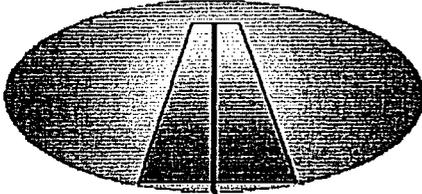
**Detailed Pumping Schedule**

1	Spacer	Gel water W/Flocele	8.4	5.0	20 bbl
2	Spacer	Super Flush	9.2	5.0	20 bbl
3	Cement	CBM Lite @	10.5	5.0	135 sks
4	Cement	Premium Plus V	14.2	5.0	340 sks
5	Spacer	Displacement	8.3	5.0	118.06 bbl

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JUN 16 2006

DIV. OF OIL GAS & MINING



## JAKE Oil, LLC

P. O. Box 80806  
Billings, Montana 59108-0806  
406-896-4953 Fax 406-896-4954

---

### Sunnyside

**DATE:** June 16, 2006  
**TO:** Brad Hill  
**FROM:** JAKE Oil, LLC  
**RE:** Water and Cement Numbers  
CBM #1  
**PAGES:** ~~Five~~ six

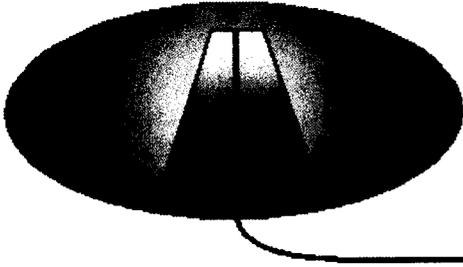
Dear Mr. Hill

The water number we received from Nielson Construction for CBM #1, SWNE 17 14S 14E in Carbon County, Utah is A3569. Also enclosed are the cement numbers.

If you have any questions, our number at the office is (406) 896-4953.

Thank you,

Ericka Sholey  
Engineering Intern



## JAKE Oil, LLC

P. O. Box 80806  
Billings, Montana 59108-0806  
406-896-4953 Fax 406-896-4954

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Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
Salt Lake City, UT 84116

June 22, 2006

RE: Revised APD  
JAKE Oil of Utah, LLC  
CBM #1 Well  
S17 T14S R14E

Dear Department of Oil, Gas and Mining,

Per our telephone conversation, I have attached the revised APD with the changes to the location survey for CBM #1 well in Carbon County, Utah.

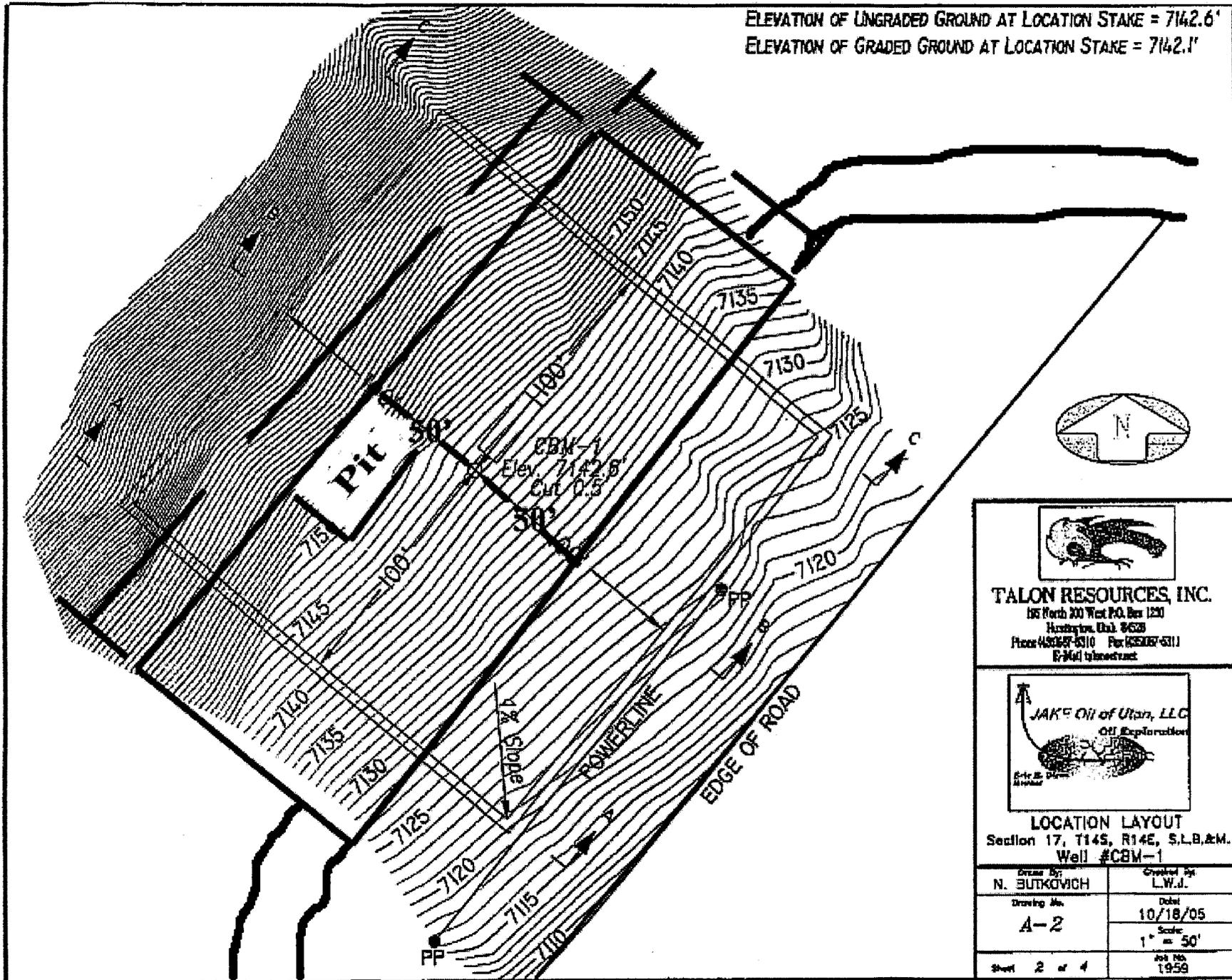
Sincerely,

Jennifer L. Olsen

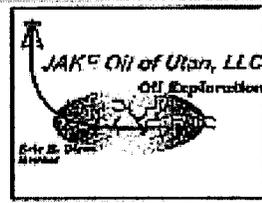
Attachments

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JUN 26 2006  
DIV. OF OIL, GAS & MINING

ELEVATION OF UNGRADED GROUND AT LOCATION STAKE = 7142.6'  
 ELEVATION OF GRADED GROUND AT LOCATION STAKE = 7142.1'

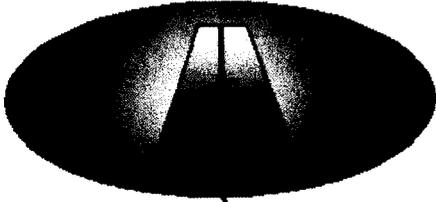


**TALON RESOURCES, INC.**  
 106 North 200 West P.O. Box 1230  
 Huntington, Utah 84633  
 Phone 435-637-6310 Fax 435-637-6311  
 E-Mail ty@taloncontract.com



**LOCATION LAYOUT**  
 Section 17, T14S, R14E, S.L.B.&M.  
 Well #CBM-1

Drawn By: N. BUKOVICH	Checked By: L.W.J.
Drawing No. A-2	Date: 10/18/05
	Scale: 1" = 50'
Sheet 2 of 4	Proj No. 1959



## **JAKE Oil, LLC**

**P. O. Box 80806  
Billings, Montana 59108-0806  
406-896-4953 Fax 406-896-4954**

---

### Methods of Handling Water Disposal

- A. The reserve pit will be constructed so as not to leak, break, or allow discharge. The reserve pit will be lined with a minimum 10mil plastic liner.
- B. The reserve pit will be constructed of sufficient size and capacity for the necessary fluids for drilling and to contain any runoff from the drill site. Pits will not be constructed within intermittent or perennial stream channels.
- C. No trash, scrap, pipe, etc. that could puncture the liner will be disposed of in the pit. Garbage and trash will be collected in a trash cage and its contents hauled to a sanitary landfill. All wastes caused by the construction activities shall be promptly removed and disposed of in a sanitary landfill or as directed by the company representative.
- D. The reserve pit will be constructed in undisturbed material and below the natural ground level.
- E. A minimum 2-foot freeboard will be maintained in the pit at all times during the drilling operation and the pit will be fenced during drilling and completion operations.
- F. Burning will not be allowed. All trash will be contained in a trash cage and its contents removed at the end of the drilling operations and hauled to an approved disposal sight.
- G. After first productions, produced waste water will be confined to an unlined pit or storage tank for a period not to exceed ninety (90) days. During the 90-day period, in accordance with Onshore Order No. 7, an application for approval of a permanent disposal method and location, along with the required water analysis, will be submitted for the AO's approval. Failure to file an application within the time allowed will be considered an incident of noncompliance.
- H. Drill cuttings are to be contained and buried in the reserve pit.

- I. Any salts and/or chemicals which are an integral part of the drilling system will be disposed of in the same manner as the drilling fluid.
- J. Sewage will be placed in a portable chemical toilet or holding tank and disposed of in accordance with state and county regulations.
- K. The produced fluids (other than water) will be produced into a test tank until such time as construction of production facilities is completed. Any spills of oil, gas, salt water, or other produced fluids will be cleaned up and removed.

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

FORM 3

AMENDED REPORT   
(highlight changes)

<b>APPLICATION FOR PERMIT TO DRILL</b>				5. MINERAL LEASE NO:	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:	
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:	
2. NAME OF OPERATOR: JAKE Oil of UTAH, LLC				9. WELL NAME and NUMBER: CBM #1	
3. ADDRESS OF OPERATOR: PO Box 80806 CITY Billings STATE MT ZIP 59108			PHONE NUMBER: (406) 896-4953	10. FIELD AND POOL, OR WILDCAT: Wildcat	
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 2051 FNL 2008 FEL AT PROPOSED PRODUCING ZONE:				11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNE 17 14S 14E	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 3 miles Sunnyside, Utah				12. COUNTY: CARBON	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 2008'		16. NUMBER OF ACRES IN LEASE: 640 acres		17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 640 acres	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) N/A		19. PROPOSED DEPTH: 5,200		20. BOND DESCRIPTION:	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 7142.6 FT		22. APPROXIMATE DATE WORK WILL START: 7/1/2006		23. ESTIMATED DURATION: 15 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 K-55 24#/ft	350	Prem Plus V Cont	280 sks	1.20 ft3/sk	15.6 lb/gal
7 7/8"	5 1/2" K-55 15.5 #/ft	5,000	Lead: CBM Lite	135 sks	4.33 ft3/sk	10.5 lb/gal
			Tail: Prem Plus V	340 sks	1.61 ft3/sk	14.2 lb/gal

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 checked="" 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) Eric H. Olsen TITLE Managing Member

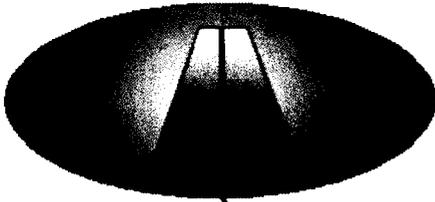
SIGNATURE *Eric H. Olsen* DATE 6/22/06

(This space for State use only)

API NUMBER ASSIGNED: \_\_\_\_\_

APPROVAL:

**RECEIVED**  
**JUN 26 2006**



**JAKE Oil, LLC**

**P. O. Box 80806  
Billings, Montana 59108-0806  
406-896-4953 Fax 406-896-4954**

---

Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
Salt Lake City, UT 84116

June 28, 2006

RE: Methods of handling water disposal  
JAKE Oil of Utah, LLC  
CBM #1  
S17 T14S R14E

Dear Department of Oil, Gas and Mining,

Attached is a copy of our methods of handling water disposal for our APD for the CBM #1 well in Carbon County, Utah.

If you have any questions, please contact us at (406)896-4953.

Sincerely,

Jennifer L. Olsen

Attachments

Cc: Mark Jones

RECEIVED  
JUN 30 2006  
DIV. OF OIL, GAS & MINING



**JAKE Oil, LLC**

P. O. Box 80806  
Billings, Montana 59108-0806  
406-896-4953 Fax 406-896-4954

---

Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
Salt Lake City, UT 84116

June 29, 2006

RE: Amended APD  
JAKE Oil of Utah, LLC  
CBM #1  
S17 T14S R14E

Dear Department of Oil, Gas and Mining,

I have attached the amended Application for Permit to Drill the CBM #1 well in Carbon County, Utah. The new footages are 1412.57 FNL and 2167.36 FEL and the new elevation is 7493.3 ft.

Sincerely,

Jennifer L. Olsen

Attachments

**RECEIVED**

**JUL 03 2006**

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

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

FORM 3

AMENDED REPORT   
(highlight changes)

<b>APPLICATION FOR PERMIT TO DRILL</b>			5. MINERAL LEASE NO:	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:	
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:	
2. NAME OF OPERATOR: JAKE Oil of UTAH, LLC			9. WELL NAME and NUMBER: CBM #1	
3. ADDRESS OF OPERATOR: PO Box 80806 CITY Billings STATE MT ZIP 59108		PHONE NUMBER: (406) 896-4953	10. FIELD AND POOL, OR WILDCAT: Wildcat	
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 1412.57 FNL 2167.36 FEL AT PROPOSED PRODUCING ZONE:			11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNE 17 14S 14E	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 3 miles Sunnyside, Utah			12. COUNTY: CARBON	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 2008'	16. NUMBER OF ACRES IN LEASE: 640 acres	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 640 acres		
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) N/A	19. PROPOSED DEPTH: 5,200	20. BOND DESCRIPTION:		
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 7493.3	22. APPROXIMATE DATE WORK WILL START: 7/1/2006	23. ESTIMATED DURATION: 15 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 K-55 24#/ft	350	Prem Plus V Cont	280 sks	1.20 ft3/sk 15.6 lb/gal
7 7/8"	5 1/2" K-55 15.5 #/ft	5,000	Lead: CBM Lite	135 sks	4.33 ft3/sk 10.5 lb/gal
			Tail: Prem Plus V	340 sks	1.61 ft3/sk 14.2 lb/gal

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 checked="" 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) Eric H. Olsen TITLE Managing Member  
SIGNATURE [Signature] DATE 6-29-06

(This space for State use only)

API NUMBER ASSIGNED: 43-007-31179

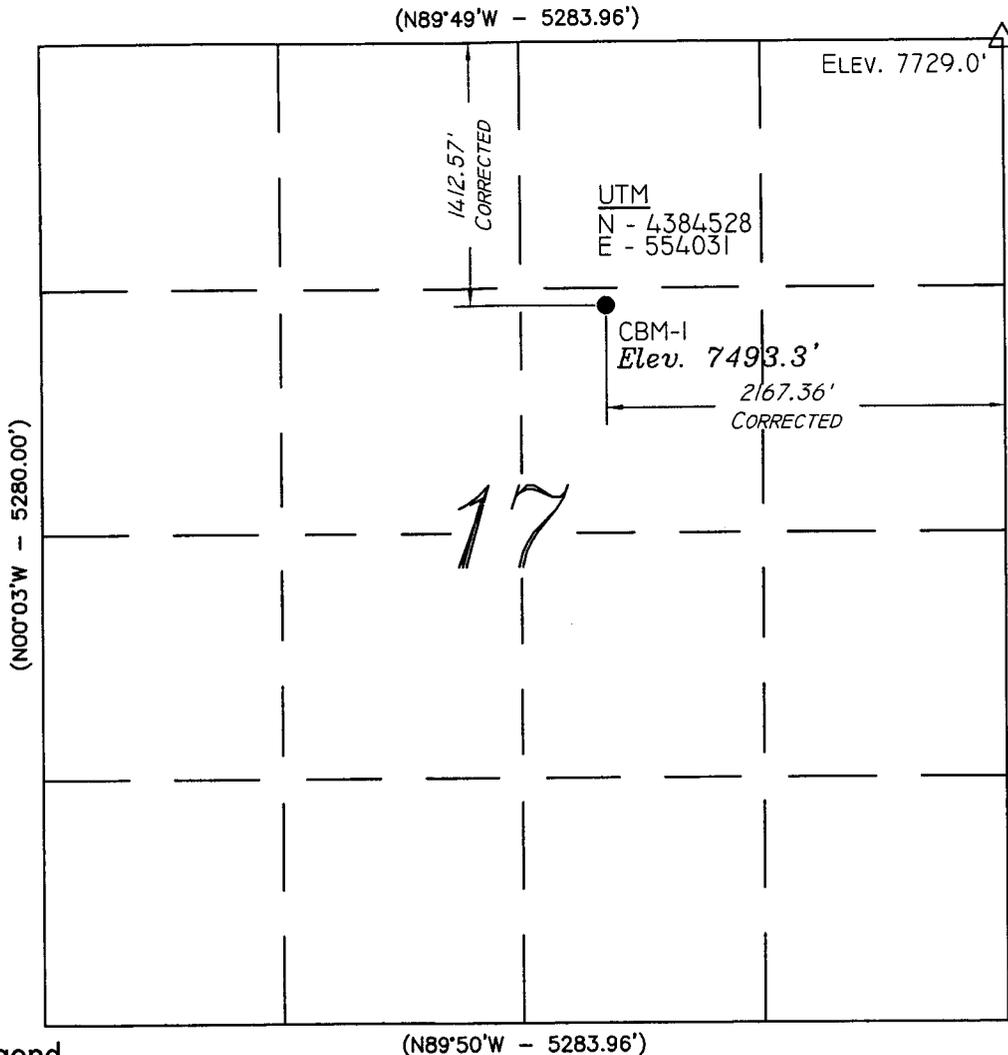
**Approved by the  
Utah Division of  
Oil, Gas and Mining**

Date: 07-20-06  
By: [Signature]

**RECEIVED**  
**JUL 03 2006**  
DIV. OF OIL, GAS & MINING

# Range 14 East

Township 14 South



**Location:**

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

**Basis of Bearing:**

The Basis of Bearing is GPS Measured.

**GLO Bearing:**

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

**Basis of Elevation:**

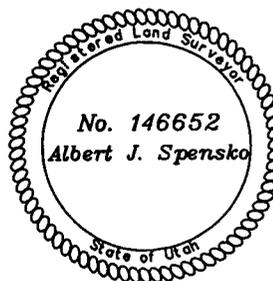
Basis of Elevation of 7729.0' being at the Northeast Section corner of Section 17, Township 14 South, Range 14 East, Salt Lake Base & Meridian, as shown on the Patmos Head Quadrangle 7.5 Minute Series Map.

**Description of Location:**

Proposed Drill Hole located in the SW1/4 NE1/4 of Section 17, T14S, R14E, S.L.B.&M., being 1412.57' South and 2167.36' West from the Northeast Corner of Section 17, T14S, R14E, Salt Lake Base & Meridian.

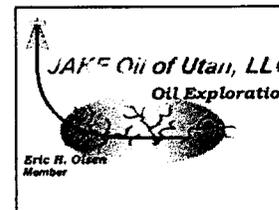
**Surveyor's Certificate:**

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.



**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@etv.net



**Well #CBM-1**  
Section 17, T14S, R14E, S.L.B.&M.  
Carbon County, Utah

**Legend**

- Drill Hole Location
- ⊕ Brass Cap (Found)
- Brass Cap (Searched for, but not found)
- △ Rock (with reference points)
- ( ) GLO
- GPS Measured

**NOTES:**

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

LAT / LONG
39°36'38.451" N
110°22'14.155" W

**GRAPHIC SCALE**



( IN FEET )

1 inch = 1000 ft.

Revision: 6/28/06

Drawn By: N. BUTKOVICH	Checked By: L.W.J./A.J.S.
Drawing No. A-1	Date: 10/19/05
	Scale: 1" = 1000'
Sheet 1 of 4	Job No. 1959

**From:** David Darby  
**To:** Chris Kierst  
**Date:** 07/07/2006 11:14:55 AM  
**Subject:** Sunnyside Mine

District 9 - Coal Mine Safety and Health  
Price, UT Field Office  
WIX Plaza  
215 East Main  
Price, UT 84501-3035  
Phone: 435-637-3051  
Fax: 435-637-4528

Chris, this is the number for the MSHA in Utah. You will have to ask them if they have the latest maps for Sunnyside Coal mine. If not, you may want to check with the BLM.

**CC:** Wayne Hedberg



**JAKE Oil, LLC**

P. O. Box 80806  
Billings, Montana 59108-0806  
406.396.4953 Fax 406.396.4954

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Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
Salt Lake City, UT 84116

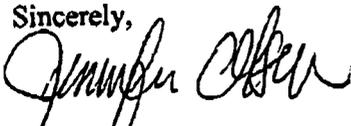
July 11, 2006

RE: Location Exception  
JAKE Oil of Utah, LLC  
CBM #1  
S17 T14S R14E

Dear Diana Whitney,

In reference to the State Oil and Gas Conservation rule R649-3-3, CBM #1 S17 T14S R14 E is an exception to this rule due to the topography and location of the well.

There are no additional lease owners with 460' of the proposed location. If you have any questions, please call me at the number above.

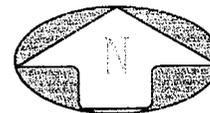
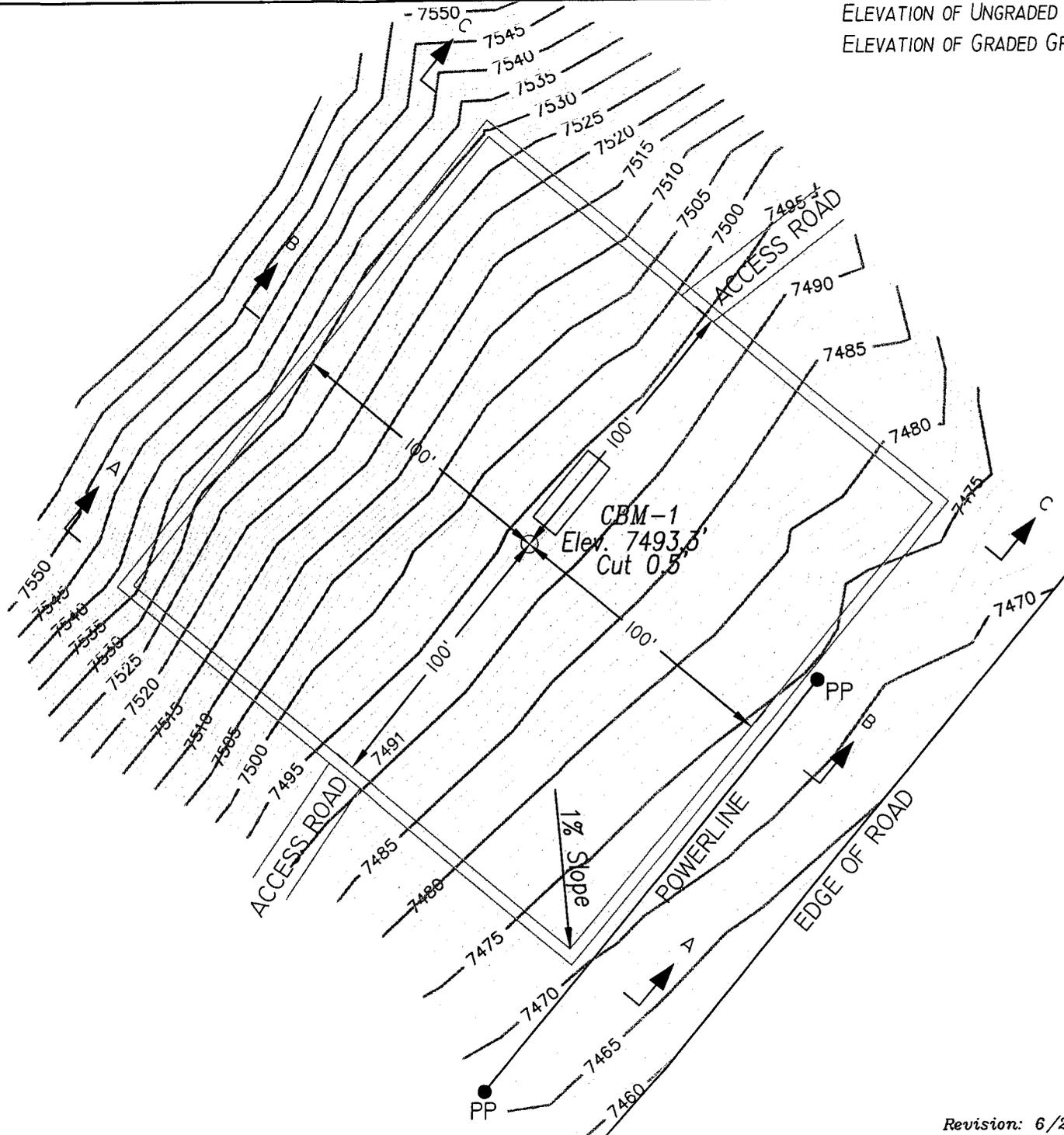
Sincerely,  
  
Jennifer L. Olsen

RECEIVED

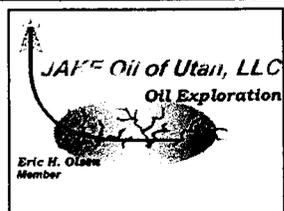
JUL 11 2006

DIV. OF OIL, GAS & MINING

ELEVATION OF UNGRADED GROUND AT LOCATION STAKE = 7493.3'  
 ELEVATION OF GRADED GROUND AT LOCATION STAKE = 7492.8'



**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@etv.net



**LOCATION LAYOUT**  
 Section 17, T14S, R14E, S.L.B.&M.  
 Well #CBM-1

Drawn By: N. BUTKOVICH	Checked By: L.W.J.
Drawing No. A-2	Date: 10/18/05
	Scale: 1" = 50'
Sheet 2 of 4	Job No. 1959

Revision: 6/28/06



State Online Services

Agency List

Business.utah.gov

Search Utah.gov

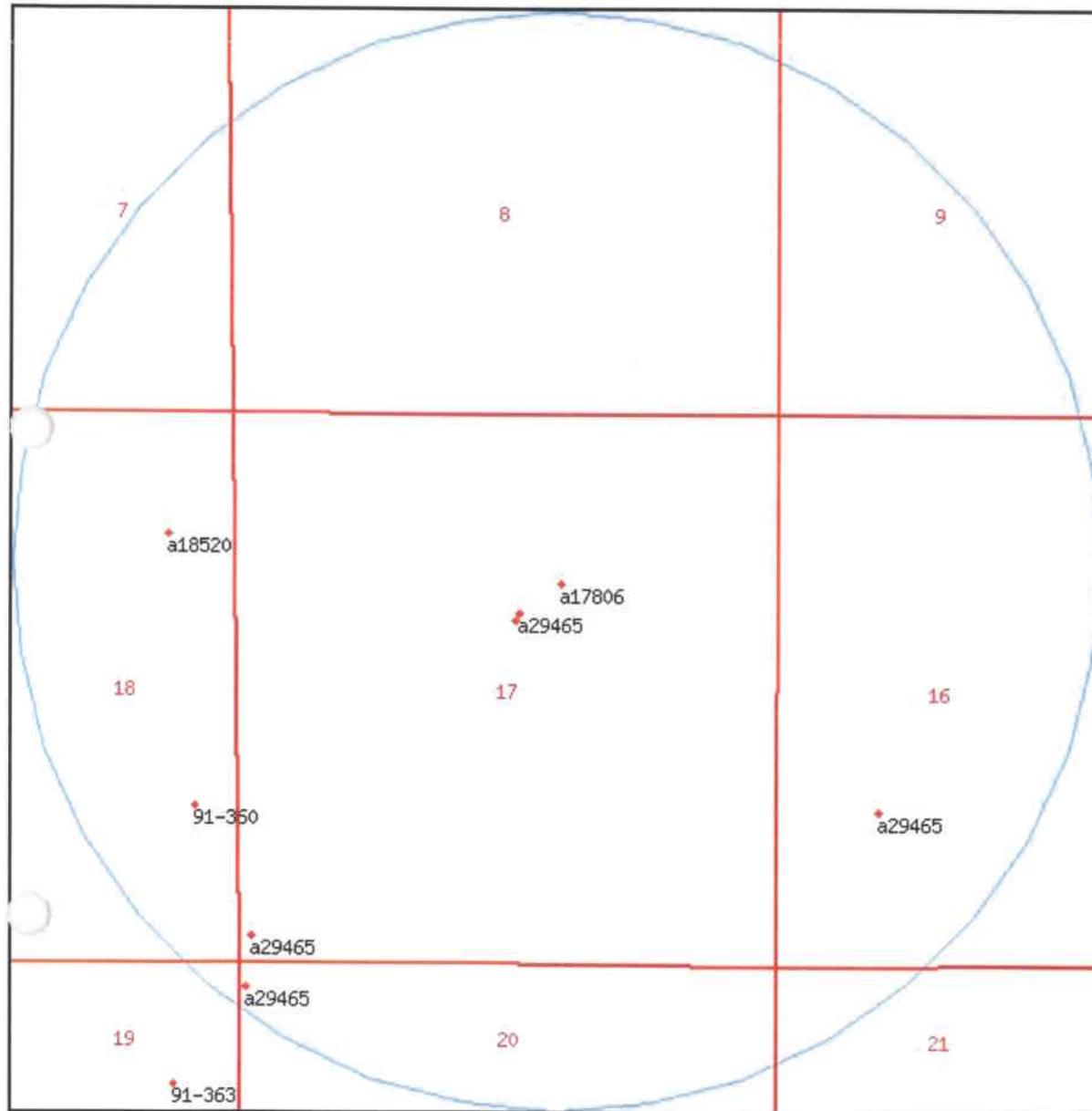
GO

# UTAH DIVISION OF WATER RIGHTS

## WRPLAT Program Output Listing

Version: 2004.12.30.00      Rundate: 07/11/2006 04:53 PM

Radius search of 5280 feet from a point S1412.57 W2167.36 from the NE corner, section 17, Township 14S, Range 14E, SL b&m  
Criteria:wrtypes=W,C,E podtypes=S,U,D,Sp,P status=U,A,P usetypes=all



**Water Rights**

WR Number	Diversion Type/Location	Well Log	Status	Priority	Uses	CFS	ACFT	Owner Name
91-114	Surface S1163 W644 NE 18 14S 14E SL		P	19350705	DIMOX	1.800	0.000	SUNNYSIDE CITY P.O. BOX 69
91-118	Surface S1163 W644 NE 18 14S 14E SL		P	19371105	DIMOPX	5.000	0.000	SUNNYSIDE COGENERATION ASSOCIATES C/O RANDY J. SCOTT PLANT MANAGER
91-125	Surface S1163 W644 NE 18 14S 14E SL		P	19400213	DIMOX	5.000	0.000	SUNNYSIDE CITY P.O. BOX 69
91-141	Surface S1163 W644 NE 18 14S 14E SL		P	19431218	DIMOX	5.000	0.000	EAST CARBON CITY P.O. BOX 70
91-143	Surface S1163 W644 NE 18 14S 14E SL		P	19431218	DIMOPX	0.000	16.670	SUNNYSIDE COGENERATION ASSOCIATES ATTN: RANDY J. SCOTT PLANT MANAGER
91-144	Surface S1163 W645 NE 18 14S 14E SL		P	19431218	M	0.000	33.330	SUNNYSIDE CITY P.O. BOX 69
91-145	Surface S1163 W644 NE 18 14S 14E SL		P	19431218	DIMOPX	0.000	16.670	SUNNYSIDE COGENERATION ASSOCIATES ATTN: RANDY J. SCOTT PLANT MANAGER
91-146	Surface S1163 W644 NE 18 14S 14E SL		P	19431218	DIMOX	0.000	33.330	SUNNYSIDE CITY P.O. BOX 69
91-158	Surface S1163 W644 NE 18 14S 14E SL		P	19470819	DIMOPX	0.000	65.000	SUNNYSIDE COGENERATION ASSOCIATES ATTN: RANDY J. SCOTT PLANT MANAGER
91-159	Surface S1163 W644 NE 18		P	19470924	DIOPX	5.000	0.000	SUNNYSIDE COGENERATION ASSOCIATES ATTN: RANDY J. SCOTT PLANT

Well ID	Surface/Underground	Well Info	Priority	APN	Acres	City	Address
91-178	Surface		P	19511219 DIMOX	0.000 916.000	SUNNYSIDE CITY	MANAGER P.O. BOX 69
91-231	Underground	well info	P	19570110 IO	2.220 0.000	SUNNYSIDE COGENERATION ASSOCIATES	ATTN: RANDY J. SCOTT PLANT MANAGER
91-28	Surface		P	19130610 DIMOX	2.200 0.000	SUNNYSIDE CITY	P.O. BOX 69
360	Surface		P	18780000 DIMOX	2.000 0.000	EAST CARBON CITY	P.O. BOX 70
91-360	Surface		P	18780000 DIMOX	2.000 0.000	EAST CARBON CITY	P.O. BOX 70
91-361	Surface		P	18780000 DIMOPX	0.500 0.000	SUNNYSIDE COGENERATION ASSOCIATES	ATTN: RANDY J. SCOTT
91-362	Surface		P	1878 DIMOX	1.000 0.000	SUNNYSIDE CITY	P.O. BOX 69
363	Surface		P	18780000 DIMOX	1.500 0.000	EAST CARBON CITY	P.O. BOX 70
91-367	Surface		P	1888 DIMOX	0.875 0.000	SUNNYSIDE CITY	P.O. BOX 69
91-368	Surface		P	1888 DIMOX	0.625 0.000	SUNNYSIDE CITY	P.O. BOX 69
91-369	Surface		P	1888 DIMOX	0.250 0.000	SUNNYSIDE CITY	P.O. BOX 69

14S 14E SL								
91-372	Surface	P	18850000	DIMOPX	5.575	0.000	SUNNYSIDE COGENERATION ASSOCIATES ATTN: RANDY J. SCOTT PLANT MANAGER	
	S1163 W644 NE 18 14S 14E SL							
91-84	Surface	P	19240131	DIMOX	2.000	0.000	SUNNYSIDE CITY P.O. BOX 69	
	S1163 W644 NE 18 14S 14E SL							
a17806	Underground	well info	A	19570110	IOPX	2.220	0.000	SUNNYSIDE COGENERATION ASSOCIATES ATTN: RANDY J. SCOTT PLANT MANAGER
	S220 E50 NW 20 14S 14E SL							
a17806	Underground		A	19570110	IOPX	2.220	0.000	SUNNYSIDE COGENERATION ASSOCIATES ATTN: RANDY J. SCOTT PLANT MANAGER
	S1620 W2140 NE 17 14S 14E SL							
a17806	Underground		A	19570110	IOPX	2.220	0.000	SUNNYSIDE COGENERATION ASSOCIATES ATTN: RANDY J. SCOTT PLANT MANAGER
	N1500 E1000 SW 16 14S 14E SL							
a18518	Surface		A	1878	IMOPX	0.500	0.000	SUNNYSIDE COGENERATION ASSOCIATES ATTN: RANDY J. SCOTT PLANT MANAGER
	S1163 W644 NE 18 14S 14E SL							
5520	Surface		A	1885	IMOPX	5.575	0.000	SUNNYSIDE COGENERATION ASSOCIATES ATTN: RANDY J. SCOTT PLANT MANAGER
	S1163 W644 NE 18 14S 14E SL							
a19446	Underground	well info	A	19570110	IOPX	0.000	988.160	SUNNYSIDE COGENERATION ASSOCIATES ATTN: RANDY J. SCOTT PLANT MANAGER
	S220 E50 NW 20 14S 14E SL							
a19446	Underground		A	19570110	IOPX	0.000	988.160	SUNNYSIDE COGENERATION ASSOCIATES ATTN: RANDY J. SCOTT PLANT MANAGER
	S1982 W2567 NE 17 14S 14E SL							

a19446	Underground	A	19570110 IOPX	0.000 988.160	SUNNYSIDE COGENERATION ASSOCIATES ATTN: RANDY J. SCOTT PLANT MANAGER
	S1911 W2544 NE 17 14S 14E SL				
a19446	Underground	A	19570110 IOPX	0.000 988.160	SUNNYSIDE COGENERATION ASSOCIATES ATTN: RANDY J. SCOTT PLANT MANAGER
	N1500 E1000 SW 16 14S 14E SL				
a29465	Underground	A	20040930 IOPX	0.000 988.160	SUNNYSIDE COGENERATION ASSOCIATES BRIAN W. BURNETT, CALLISTER NEBEKER & MCCULLOUGH
	S220 E50 NW 20 14S 14E SL				
a29465	Underground	A	20040930 IOPX	0.000 988.160	SUNNYSIDE COGENERATION ASSOCIATES BRIAN W. BURNETT, CALLISTER NEBEKER & MCCULLOUGH
	N304 W5091 SE 17 14S 14E SL				
a29465	Underground	A	20040930 IOPX	0.000 988.160	SUNNYSIDE COGENERATION ASSOCIATES BRIAN W. BURNETT, CALLISTER NEBEKER & MCCULLOUGH
	S1982 W2567 NE 17 14S 14E SL				
a29465	Underground	A	20040930 IOPX	0.000 988.160	SUNNYSIDE COGENERATION ASSOCIATES BRIAN W. BURNETT, CALLISTER NEBEKER & MCCULLOUGH
	S1911 W2544 NE 17 14S 14E SL				
465	Underground	A	20040930 IOPX	0.000 988.160	SUNNYSIDE COGENERATION ASSOCIATES BRIAN W. BURNETT, CALLISTER NEBEKER & MCCULLOUGH
	N1500 E1000 SW 16 14S 14E SL				



**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*

July 20, 2006

Jake Oil of Utah, LLC  
P O Box 80806  
Billings, MT 59108-0806

Re: CBM #1 Well, 1412' FNL, 2167' FEL, SW NE, Sec. 17, T. 14 South,  
R. 14 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 43-007-31179.

Sincerely,

Gil Hunt  
Associate Director

pab  
Enclosures

cc: Carbon County Assessor

**Operator:** Jake Oil of Utah, LLC  
**Well Name & Number** CBM #1  
**API Number:** 43-007-31179  
**Lease:** Fee

**Location:** SW NE                      **Sec.** 17                      **T.** 14 South                      **R.** 14 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)

5. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.
6. Operator shall comply with applicable recommendations resulting from Resource Development Coordinating Committee review. Statements attached.
7. Operator will place a DV tool  $\pm 200'$  above the Blackhawk at approximate 2500' and cement 5 1/2" production string back to surface in two stages to adequately isolate fresh waters up hole from the mine workings in the Blackhawk Formation.

**DIVISION OF OIL, GAS AND MINING**

**SPUDDING INFORMATION**

Name of Company: JAKE OIL OF UTAH, LLC

Well Name: CBM 1

Api No: 43-007-31179 Lease Type: FEE

Section 17 Township 14S Range 14E County CARBON

Drilling Contractor BEEMAN RIG # 30

**SPUDDED:**

Date 08/01/06

Time \_\_\_\_\_

How DRY

**Drilling will Commence:** \_\_\_\_\_

Reported by GENE HALEY

Telephone # (307) 751-6371

Date 08/04/2006 Signed CHD

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:
2. NAME OF OPERATOR: JAKE OIL OF UTAH, LLC		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: PO BOX 80801 BY BILLINGS MT 59108		7. UNIT or CO AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1412.57 FNL 2167.36 FEL QTRQTR. SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNE S17 T14S R14E		8. WELL NAME and NUMBER: CBM#1
PHONE NUMBER: 406.896.4953		9. API NUMBER: 43-007-31179
		10. FIELD AND POOL OR WILDCAT: WILDCAT
		COUNTY: CARBON
		STATE: UT UTAH

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 checked="" 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 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: _____
	<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.  
Drill 12 1/4 hole to 2000'. Set and cement 8 5/8 casing to surface. 1000 SACKS cement.

COPY SENT TO OPERATOR  
DATE: 7-5-06  
BY: [Signature]

NAME (PLEASE PRINT) ERIC H. OLSEN	TITLE MANAGING MEMBER
SIGNATURE [Signature]	DATE 8/4/06

(This space for State use only)

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

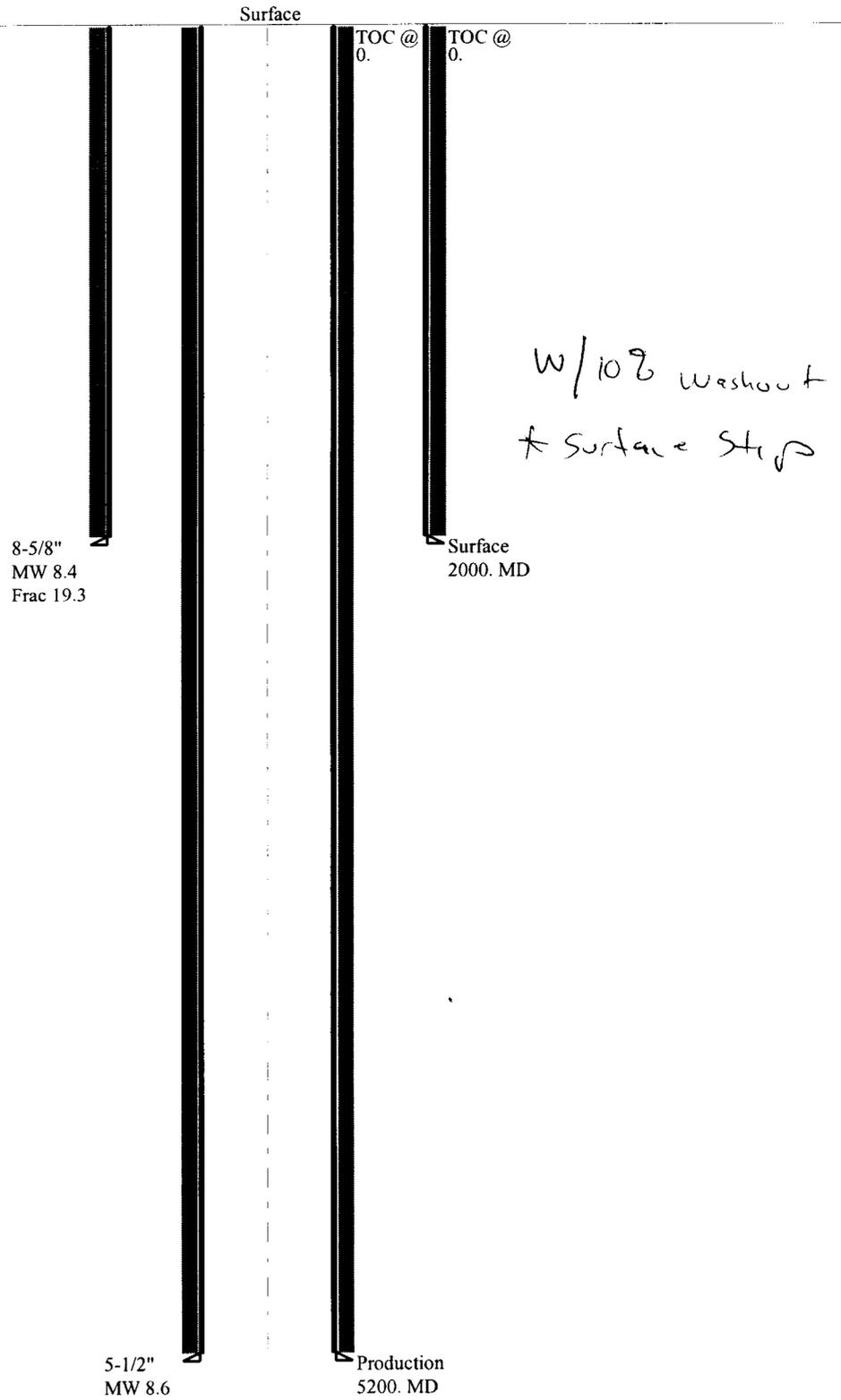
(5/2000)

8/9/06  
[Signature]  
& Surface Casing shall be cemented back to surface

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AUG 04 2006  
DIV. OF OIL, GAS & MINING

# 08-06 Jake CBM 1rev.

## Casing Schematic



Well name:	<b>08-06 Jake CBM 1rev.</b>	
Operator:	<b>Jake Oil of Utah,LLC</b>	Project ID:
String type:	Surface	43-007-31179
Location:	Carbon County	

**Design parameters:**

**Collapse**

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

**Burst**

Max anticipated surface pressure: 1,699 psi  
 Internal gradient: 0.120 psi/ft  
 Calculated BHP: 1,939 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 buoyed weight.  
 Neutral point: 1,750 ft

**Environment:**

H2S considered? No  
 Surface temperature: 75 °F  
 Bottom hole temperature: 103 °F  
 Temperature gradient: 1.40 °F/100ft  
 Minimum section length: 350 ft

Cement top: Surface

Non-directional string.

**Re subsequent strings:**

Next setting depth: 5,200 ft  
 Next mud weight: 8.600 ppg  
 Next setting BHP: 2,323 psi  
 Fracture mud wt: 19.250 ppg  
 Fracture depth: 2,000 ft  
 Injection pressure: 2,000 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	2000	8.625	23.00	WC-50	ST&C	2000	2000	8	91.4
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	873	1170	1.341	1939	2500	1.29	40	220	5.46 J

Prepared by: Dustin K. Doucet  
 Utah Div. of Oil & Mining

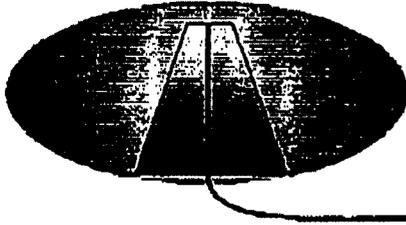
Phone: 801-538-5281  
 FAX: 801-359-3940

Date: August 9,2006  
 Salt Lake City, Utah

Remarks:  
 Collapse is based on a vertical depth of 2000 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.*



**JAKE Oil, LLC**

P. O. Box 30806  
Billings, Montana 59108-0806  
406-396-4953 Fax 406-396-4954

RECEIVED  
AUG 04 2006  
DIV. OF OIL, GAS & MINING

**FACSIMILE TRANSMISSION**

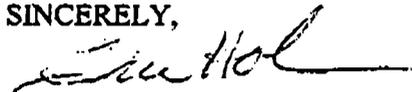
**DATE:** August 4, 2006  
**TO:** Utah Oil and Gas Division 801-359-3940  
**FROM:** ERIC H. OLSEN  
**RE:** Sundry Notice for Surface Casing Change.

.....  
Dustin Douchett,

Good talking with you today. Attached is sundry for change of casing.

Thankyou for your attention on this matter.

SINCERELY,

  
ERIC H. OLSEN

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

FORM 9

**SUNDRY NOTICES AND REPORTS ON WELLS**

6. LEASE DESIGNATION AND SERIAL NUMBER:

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

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 \_\_\_\_\_

8. WELL NAME and NUMBER:

CBM # 1

2. NAME OF OPERATOR: Jake Oil of Utah LLC.

9. API NUMBER:

43-007-31179

3. ADDRESS OF OPERATOR: P.O. Box 80806 c/o Billings STATE MT ZIP 59108 59108 59108

PHONE NUMBER: 406-896-4953

10. FIELD AND POOL OR WILDCAT:

wildcat

4. LOCATION OF WELL

FOOTAGES AT SURFACE:

1412 FNL, 2167 FEL.

COUNTY: Carbon

QTR/CTR. SECTION, TOWNSHIP, RANGE, MERIDIAN.

SWNE 17 14S 14E

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: <u>7-1-06</u>	<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"/> 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"/> COMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<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.

Spud New well

NAME (PLEASE PRINT) Gene Haley TITLE Supervisor Jake Oil  
SIGNATURE Haley DATE 7-4-06

(This space for State use only)

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AUG 09 2006

DIV. OF OIL, GAS & MINING

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

FORM 6

ENTITY ACTION FORM

Operator: JAKE Oil of Utah, LLC  
Address: PO Box 80806  
city Billings  
state MT zip 59108

Operator Account Number: N 3040  
Phone Number: (406) 896-4953

Well 1

API Number	Well Name		QQ	Sec	Twp	Rng	County
4300731179	CBM #1		SWNE	17	14S	14E	Carbon
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
A	99999	15593	8/1/2006		8/24/06		
Comments: <u>FRSD</u>							

Well 2

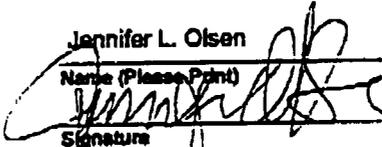
API Number	Well Name		QQ	Sec	Twp	Rng	County
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
Comments:							

Well 3

API Number	Well Name		QQ	Sec	Twp	Rng	County
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
Comments:							

ACTION CODES:

- A - Establish new entity for new well (single well only)
- B - Add new well to existing entity (group or unit well)
- C - Re-assign well from one existing entity to another existing entity
- D - Re-assign well from one existing entity to a new entity
- E - Other (Explain in 'comments' section)

Jennifer L. Olsen  
Name (Please Print)  
  
Signature  
Agent, JAKE OIL, LLC  
Title  
8/21/2006  
Date

RECEIVED

AUG 21 2006

DIV. OF OIL, GAS & MINING

02/2006

200/100 'd

07:60 (NOW)9002-12-90H

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, re-enter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR REPORT 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 JAKE Oil of Utah, LLC		6. IF INDIAN, ALLOTTEE OR TRIBE NAME
3. ADDRESS OF OPERATOR PO Box 80806 Billings MT 59108		7. UNIT or CA AGREEMENT NAME
4. LOCATION OF WELL FOOTAGES AT SURFACE: 142 FNL 2167 FEL		8. WELL NAME and NUMBER CBM #1
STRUCTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNE 17 14S 14E 2		9. API NUMBER 4300731179
COUNTY: Carbon		10. FIELD AND POOL, OR WILDCAT: WILDCAT
STATE: UTAH		

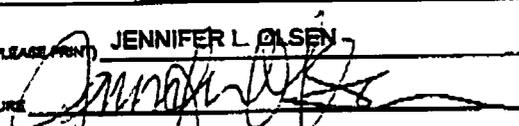
**CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

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 checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completed: 8/15/2006	<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 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"/> COMMON/LE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: SET & CEMENT SURFACE CASING
	<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.

Run in hole with 49 jts 8 5/8, 24#/ft new casing. Float at 1969 KB. Shoe set at 2009' KB. KB is 10' above GL.

Cement casing with 350 sx cement wit h16% gel, 3% salt, 3#/sx GR-3, 10#/sx Gilsonite(11 ppg, 3.38 yld, 23 gal/sx). 360 sx cement with 2% CaCl2, 1/4#/sx floccle(15.8ppg, 1.15 yld, 5 gal/sx). Cement to surface and stayed. 105 bbls cement to pil. Bump plug to 1000 psi. check float and held.

NAME (PLEASE PRINT) JENNIFER L OLSEN	TITLE AGENT
SIGNATURE 	DATE 8/17/2006

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AUG 21 2006

(5/2000)

(See Instructions on Reverse Side)

DIV. OF OIL, GAS & MINING

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

FORM 9

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>		5. LEASE DESIGNATION AND SERIAL NUMBER: <b>FEE</b>
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.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
		7. UNIT or CA AGREEMENT NAME:
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____	8. WELL NAME and NUMBER: <b>CBM #1</b>	
2. NAME OF OPERATOR: <b>JAKE OIL OF UTAH LLC</b>	9. APT NUMBER: <b>4300731179</b>	
3. ADDRESS OF OPERATOR: P. O. BOX 80806 CITY <b>BILLINGS</b> STATE <b>MT</b> ZIP <b>59108</b>	PHONE NUMBER: <b>(406) 896-4953</b>	10. FIELD AND POOL, OR WILDCAT: <b>WILDCAT</b>
4. LOCATION OF WELL FOOTAGES AT SURFACE: <b>1412.57 FNL, 2167.36 FEL</b>		COUNTY: <b>CARBON</b>
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <b>SWNE 17 14S 14E</b>		STATE: <b>UTAH</b>

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> <b>NOTICE OF INTENT</b> (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"/> <b>SUBSEQUENT REPORT</b> (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input checked="" 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: _____
	<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.

**PLAN TO OMIT STIPULATION #7 REGARDING DV TOOL IN LONG STRING CEMENT JOB. SURFACE CASING OF 8 5/8" WAS RUN AND SET AT 2035' AND CEMENTED TO SURFACE WITH GOOD RETURNS TO SURFACE. THIS SURFACE STRING ISOLATED ALL KNOW WATER ZONES THAT ARE PRODUCING IN OFFSET WATER WELLS. DRILLED OUT FROM UNDER SURFACE WITH AIR AND HAVE BEEN DRILLING DRY SINCE. STILL DRILLING DRY AT DEPTH OF 3800'. ROCK TYPE IS PRIMARILY MANCOS SHALE AND INTERBEDDED THIN STREAKS OF SILT AND SAND. WILL PLAN ON DOING STANDARD LONG STRING CEMENT JOB AS PREVIOUSLY SUMMITTED.**

RECEIVED  
AUG 24 2006  
DIV. OF OIL, GAS & MINING

NAME (PLEASE PRINT) <u>ERIC H. OLSEN</u>	TITLE <u>MANAGING MEMBER</u>
SIGNATURE	DATE <u>8/24/2006</u>

(This space for State use only)

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

DATE: 8/24/06

BY: [Signature]

(See Instructions on Reverse Side)

COPY SENT TO OPERATOR

DATE: 9-5-06

BY: CHO

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

FORM 9

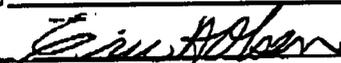
<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>		5. LEASE DESIGNATION AND SERIAL NUMBER: <u>FEE</u>
		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		7. UNIT or CA AGREEMENT NAME:
		8. WELL NAME and NUMBER: CBM #1
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		9. API NUMBER: 4300731179
2. NAME OF OPERATOR: JAKE Oil of Utah, LLC		10. FIELD AND POOL, OR WILDCAT: Wildcat
3. ADDRESS OF OPERATOR: P.O. Box 80806 CITY Billings STATE MT ZIP 59108		PHONE NUMBER: (406) 896-4953
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1412.57 FNL 2167.36 FEL COUNTY: Carbon		STATE: UTAH
QTR/CTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNE 17 14S 14E		

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"/> 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"/> COMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>Edit acres</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.  
Editing acreage from 640 acres in line items 16. & 17. to read as 160 acres. This change reflects an error on the original Permit to Drill and also represents the accurate acreage figures for JAKE Oil of Utah, LLC in Section 17, Township 14 South, Range 14 East.

RECEIVED  
AUG 25 2006  
DIV. OF OIL, GAS & MINING

NAME (PLEASE PRINT) <u>Eric H. Olsen</u>	TITLE <u>Managing Member</u>
SIGNATURE 	DATE <u>8/25/2006</u>

(This space for State use only)

Accepted by the  
Utah Division of  
Oil, Gas and Mining  
For Record Only

(5/2000)

(See Instructions on Reverse Side)

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

FORM 9

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>			5. LEASE DESIGNATION AND SERIAL NUMBER: Fee
			6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
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.			7. UNIT OF CA AGREEMENT NAME:
			8. WELL NAME and NUMBER: CBM #1
1. TYPE OF WELL: OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____			9. API NUMBER: 4300731179
2. NAME OF OPERATOR: Jake Oil of Utah, LLC			10. FIELD AND POOL OR WILDCAT: Wildcat
3. ADDRESS OF OPERATOR: PO Box 80806		CITY: Billings STATE: MT ZIP: 59108	PHONE NUMBER: (406) 896-4953
4. LOCATION OF WELL: 1412 FOOTAGES AT SURFACE: 442 FNL 2167 FEL			COUNTY: Carbon
QTR/CTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNE 17 14S 14E 2			STATE: UTAH

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: 9/20/2006	<input type="checkbox"/> ACIDIZE	<input checked="" type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion:	<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 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: _____
	<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.  
Reenter hole with 4 1/2" bit. Drill to 7500'. Hang 4" flush joint liner in 5 1/2" casing. Pump cement from 7500' to top of liner.  
*See attached casing/cement program on sundry dated 9/11/06 dwd*

NOT SENT TO OPERATOR  
Date: 10/2/06  
Initials: JWA

NAME (PLEASE PRINT) Jennifer Olsen	TITLE Agent
SIGNATURE <i>Jennifer Olsen</i>	DATE 9/7/2006

(This space for State use only)  
REMOVED BY THE STATE  
OF UTAH DIVISION OF  
OIL, GAS, AND MINING  
DATE: 9/13/06  
BY: *D. K. [Signature]* (See instructions on Reverse Side)

RECEIVED  
SEP 07 2006  
DIV. OF OIL, GAS & MINING  
SEP-07-2006 (THU) 14:06

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

FORM 9

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>		5. LEASE DESIGNATION AND SERIAL NUMBER <b>Fee</b>
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1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____	8. WELL NAME and NUMBER <b>CBM #1</b>	
2. NAME OF OPERATOR: <b>JAKE Oil of Utah, LLC</b>		9. API NUMBER: <b>4300731179</b>
3. ADDRESS OF OPERATOR: PO Box 80808 CITY <b>Billings</b> STATE <b>MT</b> ZIP <b>59108</b>	PHONE NUMBER: <b>(406) 896-4953</b>	10. FIELD AND POOL, OR WILDCAT: <b>Wildcat</b>

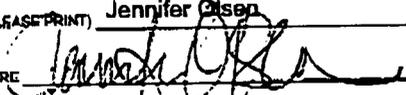
4. LOCATION OF WELL  
FOOTAGES AT SURFACE: **142 FNL 2167 FEL** COUNTY: **Carbon**  
QTRQTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: **SENE 17 14S 14E 2** STATE: **UTAH**

**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 checked="" type="checkbox"/> OTHER: <u>Pump cement &amp; run casing</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.

Run 127 joints 5 1/2" 15/5# J-55 casing.  
Displace with water, 400 psi, 10 bbl ahead. Start cement (16% gel, 3% salt, 3#/sk GR3, 10 #/sk Gilsonite, 1/4#/sk Flocele) 600 psi, 41 bbls. Pump 50/50 poz, 100 psi, 96 bbls. Drop plug. Wash pump & lines. Start displacement, 150 psi, 129 bbls. Land plug. End displacement. Check float & held. Total sks of cement 506.

NAME (PLEASE PRINT) Jennifer Olson TITLE Agent  
SIGNATURE  DATE 9/7/2006

(This space for State use only)

**RECEIVED**  
**SEP 07 2006**

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

FORM 9

**SUNDRY NOTICES AND REPORTS ON WELLS**

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<b>1. TYPE OF WELL</b> OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER:
<b>2. NAME OF OPERATOR:</b> JAKE Oil of Utah, LLC		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
<b>3. ADDRESS OF OPERATOR:</b> PO Box 80806 CITY Billings STATE MT ZIP 59105		7. UNIT or CA AGREEMENT NAME:
PHONE NUMBER: (406) 896-4953		8. WELL NAME and NUMBER: CBM #1
<b>4. LOCATION OF WELL</b> FOOTAGES AT SURFACE: 142 FNL 2167 FEL COUNTY: Carbon		9. API NUMBER: 4300731179
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNE 17 14S 14E 2 STATE: UTAH		10. FIELD AND POOL, OR WILDCAT:

**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 checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: 9/20/2006	<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 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 checked="" type="checkbox"/> OTHER: <u>Casing &amp; Cement Programs</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.**

**Casing Program**

Run 4" flush joint liner, 9.50#/ft J-55 grade casing set at 7500'.

**Cement Program**

100 sx premium cement (100% excess) 16% gel, 3% salt, 3#/sk GR3, 10#/sk Gilsontie, 1/4#/sk Flocele

**Formation Tops**

Ferron	5200
Tunnunk	5730
Dakota	5730
Morrison	5938
Summerville	6880
Entrada	7070
Carmel	7370
Navajo	7570

*10/21/06  
JG*

NAME (PLEASE PRINT) <u>Jennifer Olsen</u>	TITLE <u>Agent</u>
SIGNATURE	DATE <u>9/11/2006</u>

(This space for State use only)

Well name:	<b>07-06 Jake CBM 1rev.</b>	
Operator:	<b>Jake Oil of Utah,LLC</b>	Project ID:
String type:	Production Liner	43-007-31179
Location:	Carbon County	

<b>Design parameters:</b>	<b>Minimum design factors:</b>	<b>Environment:</b>
<u><b>Collapse</b></u>	<u><b>Collapse:</b></u>	H2S considered? No
Mud weight: 8.600 ppg	Design factor 1.125	Surface temperature: 75 °F
Design is based on evacuated pipe.		Bottom hole temperature: 180 °F
		Temperature gradient: 1.40 °F/100ft
		Minimum section length: 1,500 ft
		Minimum Drift: 0.150 in
		Cement top: 5,000 ft
<u><b>Burst</b></u>	<u><b>Burst:</b></u>	Liner top: 5,000 ft
Max anticipated surface pressure: 2,451 psi	Design factor 1.00	Non-directional string.
Internal gradient: 0.120 psi/ft		
Calculated BHP 3,351 psi		
No backup mud specified.	<u><b>Tension:</b></u>	
	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 buoyed weight.	
	Neutral point: 7,175 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 (ft³)
1	2500	4.0	9.50	J-55	ST&C	7500	7500	3.965	48
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	3351	3240 5110	0.988 1.5249	3351	4380	1.31	21	101	4.89 J

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

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

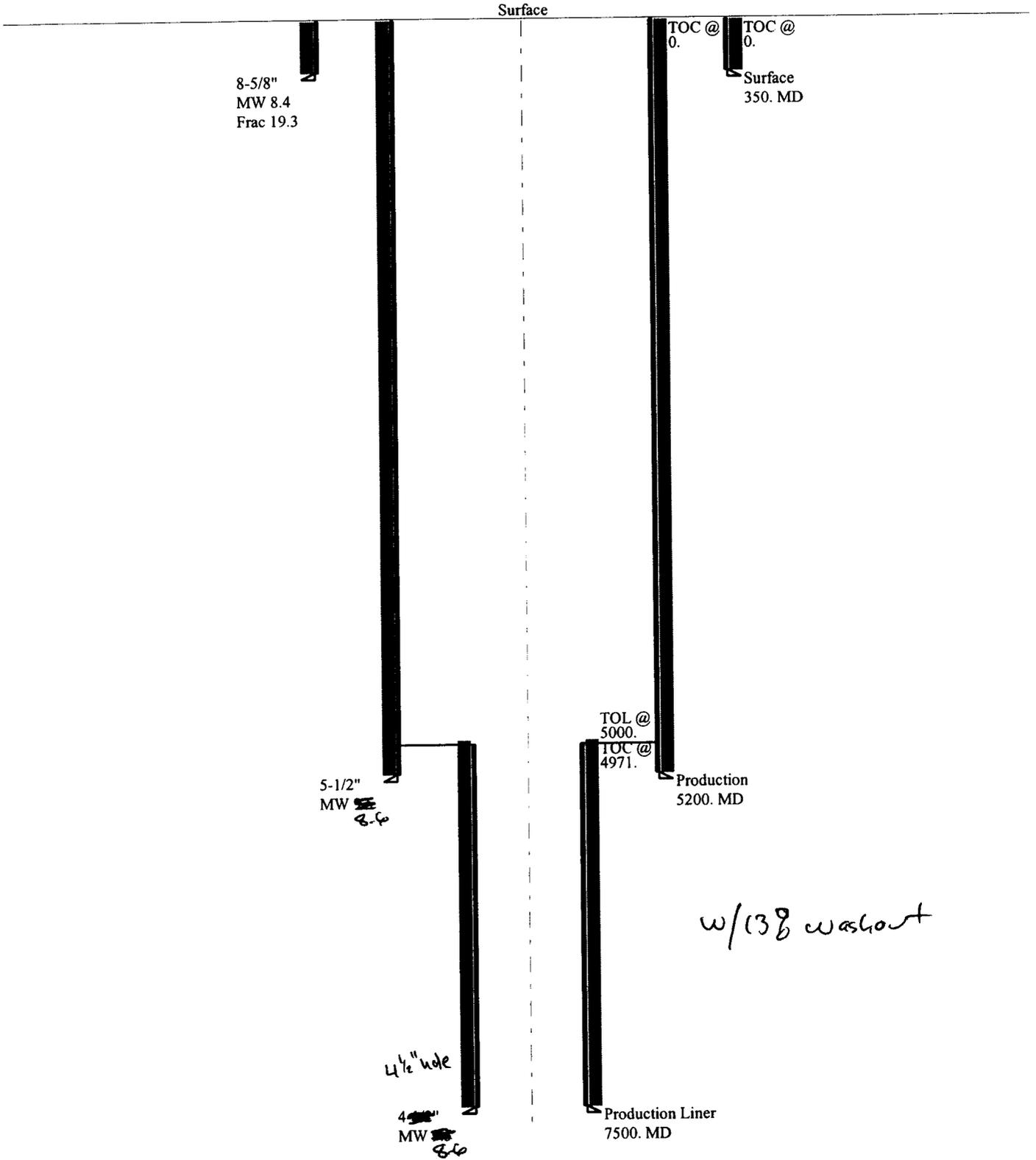
Date: September 13, 2006  
Salt Lake City, Utah

Remarks:  
For this liner string, the top is rounded to the nearest 100 ft. Collapse is based on a vertical depth of 7500 ft, a mud weight of 8.6 ppg. The 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.

07-06 Jake CBM 1 rev.  
Casing Schematic



OCT 30 2006

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

SUNDRY NOTICES AND REPORTS ON WELLS

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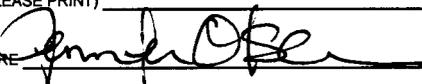
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER:
2. NAME OF OPERATOR: JAKE Oil of Utah, LLC		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: PO BOX 80806 CITY BILLINGS STATE MT ZIP 59108		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1412' FNL 2167' FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNE 17 14S 14E 2		8. WELL NAME and NUMBER: CBM #1
PHONE NUMBER: (406) 896-4953		9. API NUMBER: 4300731179
COUNTY: CARBON		10. FIELD AND POOL, OR WLDLOCAT:
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 checked="" 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: 10/25/2006	<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: _____
	<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.

DRILL TO 5867' WITH 4 3/4" BIT AND MUD MOTOR.  
POOH W/ BIT & MOTOR.  
RIH W/ WIRELINE. SET MODEL R RETRIEVABLE PACKER @ 5400'.  
RUN CEMENT BOND LOG FROM 5408' TO 1600'.  
SHUT IN WELL AND WAIT ON TEST EQUIPMENT.

NAME (PLEASE PRINT) <u>JENNIFER OLSEN</u>	TITLE <u>AGENT</u>
SIGNATURE 	DATE <u>10/26/2006</u>

(This space for State use only)

**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.

		5. LEASE DESIGNATION AND SERIAL NUMBER:
		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
		7. UNIT or CA AGREEMENT NAME:
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		8. WELL NAME and NUMBER: <b>CBM #1</b>
2. NAME OF OPERATOR: <b>JAKE Oil of Utah, LLC</b>		9. API NUMBER: <b>4300731179</b>
3. ADDRESS OF OPERATOR: <b>208 N 29th St Ste 230</b> CITY <b>Billings</b> STATE <b>MT</b> ZIP <b>59101</b>		10. FIELD AND POOL, OR WILDCAT:
4. LOCATION OF WELL FOOTAGES AT SURFACE: <b>142 FNL 2167 FEL</b>		COUNTY: <b>Carbon</b>
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <b>SWNE 17 14S 14E 2</b>		STATE: <b>UTAH</b>

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 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 checked="" type="checkbox"/> OTHER: <u>Status Report</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.

We plan to work over the CBM #1 well on or before October, 2007, dependant on availability of services and equipment.

NAME (PLEASE PRINT) <u>Jennifer Olsen</u>	TITLE <u>Agent</u>
SIGNATURE	DATE <u>5/23/2007</u>

(This space for State use only)

**RECEIVED**  
**MAY 25 2007**

DIV. OF OIL, GAS & MINING

## NOTICE

Utah Oil and Gas Conservation General Rule R649-3-21 states that,

- A well is considered completed when the well has been adequately worked to be capable of producing oil or gas or when well testing as required by the division is concluded.
- Within 30 days after the completion or plugging of a well, the following shall be filed:
  - Form 8, Well Completion or Recompletion Report and Log
  - A copy of electric and radioactivity logs, if run
  - A copy of drillstem test reports,
  - A copy of formation water analyses, porosity, permeability or fluid saturation determinations
  - A copy of core analyses, and lithologic logs or sample descriptions if compiled
  - A copy of directional, deviation, and/or measurement-while-drilling survey for each horizontal well

Failure to submit reports in a timely manner will result in the issuance of a Notice of Violation by the Division of Oil, Gas and Mining, and may result in the Division pursuing enforcement action as outlined in Rule R649-10, Administrative Procedures, and Section 40-6-11 of the Utah Code.

---

As of the mailing of this notice, the division has not received the required reports for

Operator: Jake Oil of Utah, LLC Today's Date: 09/18/2007

Well:	API Number:	Drilling Commenced:
CBM 1 drlg/wcr	4300731179	08/01/2006

To avoid compliance action, required reports should be mailed within 7 business days to:

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

If you have questions or concerns regarding this matter, please call (801) 538-5284.

cc: Well File  
Compliance File

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: <b>FEE</b>
2. NAME OF OPERATOR: <b>Jake Oil of Utah LLC</b>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 208 N. 29th St., Suite 230 <b>Billings</b> <b>MT</b> <b>59101</b>		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: <b>14/2</b> <b>142 FNL 2167 FEL</b>		8. WELL NAME and NUMBER: <b>State CBM 1</b>
QTR/OTR. SECTION, TOWNSHIP, RANGE, MERIDIAN: <b>SENE 17 14S 14E 2</b>		9. API NUMBER: <b>4300731179</b>
STATE: <b>UTAH</b>		10. FIELD AND POOL, OR WILDCAT: <b>Wildcat</b>
COUNTY: <b>carbon</b>		

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 checked="" type="checkbox"/> OTHER: <u>Monthly</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.  
Anticipate testing on or about November 15.

NAME (PLEASE PRINT) Erik Olson TITLE Regulatory Specialist/Agent  
SIGNATURE  DATE 11/2/2007

(This space for State use only)

**RECEIVED**  
**NOV 05 2007**  
DIV. OF OIL, GAS & MINING

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

FORM 9

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>		5. LEASE DESIGNATION AND SERIAL NUMBER: <b>FEE</b>
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.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
		7. UNIT or CA AGREEMENT NAME:
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____	8. WELL NAME and NUMBER: <b>State CBM 1</b>	
2. NAME OF OPERATOR: <b>Jake Oil of Utah LLC</b>		9. API NUMBER: <b>4300731179</b>
3. ADDRESS OF OPERATOR: 208 N. 29th St., Suite 230 CITY Billings STATE MT ZIP _____	PHONE NUMBER: <b>(406) 896-4953</b>	10. FIELD AND POOL, OR WILDCAT: <b>Wildcat</b>
4. LOCATION OF WELL FOOTAGES AT SURFACE: <b>142 FNL 2167 FEL</b>		COUNTY: <b>Carbon</b>
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <b>SENE 17 14S 14E 2</b>		STATE: <b>UTAH</b>

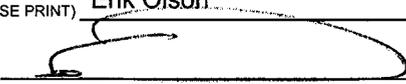
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

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 checked="" type="checkbox"/> OTHER: <u>Monthly</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.

Moved in for testing 11/16/2007, moved out 11/21/2007. Flow was 90 MCF per day, FTP 12 PSI, Shut in tubing pressure 1600 PSI. Evaluating for well stimulation treatment.

NAME (PLEASE PRINT) Erik Olson TITLE Regulatory Specialist/Agent

SIGNATURE  DATE 11/27/2007

## NOTICE

Utah Oil and Gas Conservation General Rule R649-3-21 states that,

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- Within 30 days after the completion or plugging of a well, the following shall be filed:
  - Form 8, Well Completion or Recompletion Report and Log
  - A copy of electric and radioactivity logs, if run
  - A copy of drillstem test reports,
  - A copy of formation water analyses, porosity, permeability or fluid saturation determinations
  - A copy of core analyses, and lithologic logs or sample descriptions if compiled
  - A copy of directional, deviation, and/or measurement-while-drilling survey for each horizontal well

Failure to submit reports in a timely manner will result in the issuance of a Notice of Violation by the Division of Oil, Gas and Mining, and may result in the Division pursuing enforcement action as outlined in Rule R649-10, Administrative Procedures, and Section 40-6-11 of the Utah Code.

---

As of the mailing of this notice, the division has not received the required reports for

Operator: Jake Oil of Utah, LLC Today's Date: 02/14/2008

Well:	API Number:	Drilling Commenced:
CBM 1 drlg rpts/wcr 14S 14E 17	4300731179	08/01/2006

To avoid compliance action, required reports should be mailed within 7 business days to:

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

If you have questions or concerns regarding this matter, please call (801) 538-5284.

cc: Well File  
Compliance File

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

FORM 9

**SUNDRY NOTICES AND REPORTS ON WELLS**

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5. LEASE DESIGNATION AND SERIAL NUMBER:	
6. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
7. UNIT or CA AGREEMENT NAME:	
8. WELL NAME and NUMBER: <b>CBM #1</b>	
9. API NUMBER: <b>4300731179</b>	
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____	10. FIELD AND POOL, OR WILDCAT:
2. NAME OF OPERATOR: <b>Patmos Energy</b>	
3. ADDRESS OF OPERATOR: P.O. Box 7430 Spanish Fort AL 36577	PHONE NUMBER: (251) 626-6495
4. LOCATION OF WELL FOOTAGES AT SURFACE: <b>1412 FNL 2167 FEL</b> COUNTY: <b>Carbon</b> QTRQTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <b>SWNE 17 14S 14E S</b> STATE: <b>UTAH</b>	

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 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 checked="" type="checkbox"/> OTHER: <u>Temp Shut in</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.

NAME (PLEASE PRINT) Charles K. Brebud, Jr. TITLE Member  
SIGNATURE [Signature] DATE 8-25-08

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AUG 26 2008

DIV. OF OIL, GAS & MINING

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

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5. LEASE DESIGNATION AND SERIAL NUMBER:	
6. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
7. UNIT or CA AGREEMENT NAME:	
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____	8. WELL NAME and NUMBER: CBM #1
2. NAME OF OPERATOR: Patrios Energy Jake Oil of Utah, LLC. per fox pro	9. API NUMBER: 4300731179
3. ADDRESS OF OPERATOR: PO Box 7430 City: spanish fort STATE: AL ZIP: 36577	PHONE NUMBER: (251) 626-6495
10. FIELD AND POOL, OR WILDCAT:	
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1412 FNL 2167 FEL COUNTY: Carbon	
QTR/QR. SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNE 17 14S 14E 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
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	<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"/> 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"/> COMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: Temp shut in
	<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.

Pending engineering pipeline assessment and infrastructure.

NAME (PLEASE PRINT) <u>Leslee Stinson</u>	TITLE <u>office manager</u>
SIGNATURE <u>Leslee Stinson</u>	DATE <u>10-10-08</u>

(This space for State use only)

(5/2000)

(See Instructions on Reverse Side)

RECEIVED  
OCT 13 2008

DIV. OF OIL, GAS & MINING

**Division of Oil, Gas and Mining  
OPERATOR CHANGE WORKSHEET**

**ROUTING**

- |        |
|--------|
| 1. DJJ |
| 2. CDW |

**Change of Operator (Well Sold)**

**X - Operator Name Change/Merger**

The operator of the well(s) listed below has changed, effective:

**2/27/2008**

<b>FROM: (Old Operator):</b> N3040-Jake Oil of Utah, LLC 208 N 29th St, Suite 230 Billings, MT 59101 Phone: 1 (406) 896-4953	<b>TO: (New Operator):</b> N3540-Patmos Energy, LLC PO Box 7430 Spanish Fort, AL 36577 Phone: 1 (251) 626-6495
--	--

**CA No.**

**Unit:**

WELL NAME	SEC	TWN	RNG	API NO	ENTITY NO	LEASE TYPE	WELL TYPE	WELL STATUS
CBM 1	17	140S	140E	4300731179	15593	Fee	GW	OPS
CBM-STATE 22-14	14	150S	140E	4300731299	16452	State	GW	OPS
PENTA CREEK 23-7	07	140S	140E	4300731303	16470	Fee	GW	OPS

**OPERATOR CHANGES DOCUMENTATION**

Enter date after each listed item is completed

- (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 8/6/2008
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 8/6/2008
- The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 9/24/2008
- 4a. Is the new operator registered in the State of Utah: \_\_\_\_\_ Business Number: 6117234-0160
- 5a. (R649-9-2) Waste Management Plan has been received on: \_\_\_\_\_ Requested 10/30/08
- 5b. Inspections of LA PA state/fee well sites complete on: n/a
- 5c. Reports current for Production/Disposition & Sundries on: ok
- Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: BLM n/a BIA n/a
- Federal and Indian Units:**  
The BLM or BIA has approved the successor of unit operator for wells listed on: n/a
- Federal and Indian Communization Agreements ("CA"):**  
The BLM or BIA has approved the operator for all wells listed within a CA on: n/a
- Underground Injection Control ("UIC")** The Division has approved UIC Form 5, **Transfer of Authority to Inject**, for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: n/a

**DATA ENTRY:**

- Changes entered in the **Oil and Gas Database** on: 10/30/2008
- Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 10/30/2008
- Bond information entered in RBDMS on: 10/30/2008
- Fee/State wells attached to bond in RBDMS on: 10/30/2008
- Injection Projects to new operator in RBDMS on: n/a
- Receipt of Acceptance of Drilling Procedures for APD/New on: n/a

**BOND VERIFICATION:**

- Federal well(s) covered by Bond Number: n/a
- Indian well(s) covered by Bond Number: n/a
- 3a. (R649-3-1) The **NEW** operator of any fee well(s) listed covered by Bond Number RLB0010539
- 3b. The **FORMER** operator has requested a release of liability from their bond on: n/a

**LEASE INTEREST OWNER NOTIFICATION:**

- (R649-2-10) The **FORMER** operator of the fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: 10/30/2008

**COMMENTS:** Bond rider changed name from Jake Oil of Utah, LLC to Patmos Energy, LLC - same bond #

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

FORM 9

**SUNDRY NOTICES AND REPORTS ON WELLS**

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1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER:
2. NAME OF OPERATOR: Patmos Energy (N3540)		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 80 West Main Price UT 84501		7. UNIT or CA AGREEMENT NAME:
PHONE NUMBER: (435) 637-8570		8. WELL NAME and NUMBER: CBM #1
4. LOCATION OF WELL FOOTAGES AT SURFACE: QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNE 17 14S 14E		9. API NUMBER: 4300731179
		10. FIELD AND POOL, OR WILDCAT: Wildcat
		COUNTY: Carbon
		STATE: UTAH

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"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<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 checked="" 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: _____
	<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.

Change of Operator from Jake Oil to Patmos energy. <sup>of Utah LLC</sup> Name Change effective 2/27/08  
(N3040) RECEIVED  
208 N 29th St Suite 230 PO Box 7430 AUG 06 2008 (N3540)  
Billings MT 59101 Spanish Fort AL 36577 DIV. OF OIL, GAS & MINING  
Bond No RLB0010539

NAME (PLEASE PRINT) Charles K. Brelaud, Jr. TITLE President  
SIGNATURE DATE 7-14-08

NAME (PLEASE PRINT) Charles K. Brelaud, Jr. TITLE President  
SIGNATURE DATE 7-14-08

(This space for State use only)

APPROVED 10/30/08  
Earlene Russell  
Division of Oil, Gas and Mining  
Earlene Russell, Engineering Technician

(See Instructions on Reverse Side)

(5/2000)

**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:  6. IF INDIAN, ALLOTTEE OR TRIBE NAME:  7. UNIT or CA AGREEMENT NAME:
2. NAME OF OPERATOR: <b>Patmos Energy</b>	8. WELL NAME and NUMBER: <b>CBM #1</b>
3. ADDRESS OF OPERATOR: Po Box 7430    CITY <u>Spanish Fort</u> STATE <u>AL</u> ZIP <u>36577</u>	9. API NUMBER: <b>4300731179</b>
4. LOCATION OF WELL FOOTAGES AT SURFACE: <b>1412 FNL 2167 FEL</b>	10. FIELD AND POOL, OR WILDCAT: COUNTY: <b>Carbon</b>  STATE: <b>UTAH</b>
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <b>SWNE 17 14S 14E S</b>	

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

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.  
**Pending engineering pipeline assessment and infrastructure**

NAME (PLEASE PRINT) <u>Leslee Stinson</u>	TITLE <u>Office Manager</u>
SIGNATURE <u>Leslee Stinson</u>	DATE <u>12-19-08</u>

**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.

5. LEASE DESIGNATION AND SERIAL NUMBER:	
6. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
7. UNIT or CA AGREEMENT NAME:	
8. WELL NAME and NUMBER: <b>CBM #1</b>	
9. API NUMBER: <b>4300731179</b>	
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____	10. FIELD AND POOL, OR WILDCAT:
2. NAME OF OPERATOR: <b>Patmos Energy</b>	
3. ADDRESS OF OPERATOR: Po Box 7430 Spanish fort AL 36577	
3. ADDRESS OF OPERATOR: (PHONE NUMBER) (251) 626-6495	
4. LOCATION OF WELL	
FOOTAGES AT SURFACE: <b>1412 FNL 2167 FEL</b>	
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <b>SWNE 17 14S 14E S</b>	
COUNTY: <b>Carbon</b>	
STATE: <b>UTAH</b>	

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

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

Pending engineering pipeline assessment and infrastructure

NAME (PLEASE PRINT) <u>Leslee Stinson</u>	TITLE <u>Office Manager</u>
SIGNATURE <u>Leslee Stinson</u>	DATE <u>1-5-09</u>

(This space for State use only)

**RECEIVED**

**JAN 05 2009**

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



JON M. HUNTSMAN, JR.  
Governor

GARY R. HERBERT  
Lieutenant Governor

# State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

March 3, 2009

CERTIFIED MAIL NO.: 7004 1160 0003 0190 2532

Ms. Leslee Stinson  
Patmos Energy, LLC  
P.O. BOX 7430  
Spanish Fort, AL 36577

IAS IAE 17

Subject: Extended Shut-in and Temporary Abandoned Well Requirements for Fee or State Leases  
CBM-STATE 22-14 API #43-007-31299; CBM 1 API #43-007-31179; Penta Creek 23-7 API #43007-31303

Dear Ms. Stinson:

As of January 2009, Patmos Energy, LLC has one (1) State Lease Well and two (2) Fee Lease Wells (see attachment A) that are currently in non-compliance with the requirements for extended shut-in or temporarily abandoned (SI/TA) status.

Wells SI/TA beyond twelve (12) consecutive months requires filing a Sundry Notice (R649-3-36-1). Wells with five (5) years non-activity or non-productivity shall be plugged, unless the Utah Division of Oil, Gas & Mining (Division) grants approval for extended shut-in time upon a showing of good cause by the operator (649-3-36-1.3.3). For extended SI/TA consideration the operator shall provide the Division with the following:

1. Reasons for SI/TA of the well (R649-3-36-1.1).
2. The length of time the well is expected to be SI/TA (R649-3-36-1.2), and
3. An explanation and supporting data if necessary, for showing the well has integrity, meaning that the casing, cement, equipment condition, static fluid level, pressure, existence or absence of Underground Sources of Drinking Water and other factors do not make the well a risk to public health and safety or the environment (R649-3-36-1.3).

Please note that the Divisions preferred method for showing well integrity is by MIT.



Page 2  
Patmos Energy, LLC  
March 3, 2009

Submitting the information suggested below may help show well integrity and may help qualify your well for extended SI/TA. **Note: As of July 1, 2003, wells in violation of the SI/TA rule R649-3-36 may be subject to full cost bonding (R649-3-1-4.2, 4.3).**

1. Wellbore diagram, and
2. Copy of recent casing pressure test, and
3. Current pressures on the wellbore (tubing pressure, casing pressure, and casing/casing annuli pressure) showing wellbore has integrity, and
4. Fluid level in the wellbore, and
5. An explanation of how the submitted information proves integrity.

If the required information is not received within 30 days of the date of this notice, further actions may be initiated. If you have any questions concerning this matter, please contact me at (801) 538-5281.

Sincerely,



Dustin K. Doucet  
Petroleum Engineer

DKD/JP/js  
Enclosure  
cc: Jim Davis, SITLA  
Compliance File  
Well File

N:\O&G Reviewed Docs\ChronFile\PetroleumEngineer\SITA

# ATTACHMENT A

	<b>Well Name</b>	<b>API</b>	<b>Lease Type</b>	<b>Years Inactive</b>
1	CBM-STATE 22-14	43-007-31299	ML-47799	1 year 3 months
2	CBM 1	43-007-31179	FEE	2 years 5 months
3	PENTA CREEK 23-7	43-007-31303	FEE	1 year 3 months

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.

5. LEASE DESIGNATION AND SERIAL NUMBER:

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

8. WELL NAME and NUMBER:  
CBM #1

9. API NUMBER:  
4300731179

10. FIELD AND POOL, OR WILDCAT:

1. TYPE OF WELL  
OIL WELL  GAS WELL  OTHER \_\_\_\_\_

2. NAME OF OPERATOR:  
Palmos Energy

3. ADDRESS OF OPERATOR:  
Po Box 7430 Spanish Fort AL 36577 PHONE NUMBER: (251) 626-6495

4. LOCATION OF WELL  
FOOTAGES AT SURFACE: 1412 FNL 2167 FEL COUNTY: Carbon  
QTRQTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWNE 17 14s 14e 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"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<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 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"/> COMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>Temp Shut in</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.  
Pending engineering pipeline assessment and infrastructure.

COPY SENT TO OPERATOR  
Date: 5.4.2009  
Initials: KS

NAME (PLEASE PRINT) Leslee Stinson TITLE office manager

SIGNATURE Leslee Stinson DATE 2-27-09

(This space for State use only)

(5/2000)

Accepted by the  
Utah Division of  
Oil, Gas and Mining  
For Record Only  
(See Instructions on Reverse Side)  
\* Does not meet the requirements of R649-3-36  
for extended SI/TA.

RECEIVED  
MAR 03 2009  
DIV. OF OIL, GAS & MINING



JON M. HUNTSMAN, JR.  
Governor

GARY R. HERBERT  
Lieutenant Governor

# State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

July 6, 2009

CERTIFIED MAIL NO.: 7004 1160 0003 0190 3201

Ms. Leslee Stinson  
Patmos Energy, LLC  
P.O. BOX 7430  
Spanish Fort, AL 36577

43 007 31179  
CBM 1  
IAS IAE 17

Subject: SECOND NOTICE: Extended Shut-in and Temporarily Abandoned Requirements for Wells on Fee or State Leases  
CBM 1 (API: 43-007-31179), CBM-STATE 22-14 (API: 43-007-31299), PENTA CREEK 23-7 (API: 43-007-31303)

Dear Ms. Stinson:

As of January 2009, Patmos Energy, LLC ("Patmos") has one (1) State Mineral Lease Well and two (2) Fee Lease Wells (see attachment A) that are in non-compliance with the requirements for extended shut-in or temporarily abandoned (SI/TA) status.

This is the second notice of non-compliance that Patmos has received for the above listed wells. On March 3, 2009 via certified mail the first notice was sent requesting required information to bring these wells into compliance. Patmos had previously sent in sundries dated February 27, 2009 addressing plans for these wells, but failing to address SI/TA compliance issues. To date the Utah Division of Oil, Gas & Mining ("Division") has not received any correspondence from Patmos addressing the wells SI/TA non-compliance issues, nor showing that any of the plans have been moved forward.

Wells SI/TA beyond twelve (12) consecutive months requires filing a Sundry Notice (R649-3-36-1). Wells with five (5) years non-activity or non-productivity shall be plugged, unless the Division grants approval for extended shut-in time upon a showing of good cause by the operator (649-3-36-1.3.3). For extended SI/TA consideration the operator shall provide the Division with the following:

1. Reasons for SI/TA of the well (R649-3-36-1.1).
2. The length of time the well is expected to be SI/TA (R649-3-36-1.2), and



Page 2  
Patmos Energy, LLC  
July 6, 2009

3. An explanation and supporting data if necessary, for showing the well has integrity, meaning that the casing, cement, equipment condition, static fluid level, pressure, existence or absence of Underground Sources of Drinking Water and other factors do not make the well a risk to public health and safety or the environment (R649-3-36-1.3).

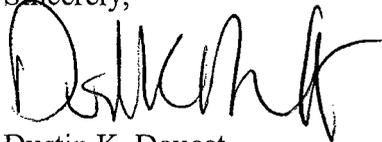
Please note that the Divisions preferred method for showing well integrity is by MIT.

Submitting the information suggested below may help show well integrity and may help qualify your well for extended SI/TA. **Note: As of July 1, 2003, wells in violation of the SI/TA rule R649-3-36 may be subject to full cost bonding (R649-3-1-4.2, 4.3).**

1. Wellbore diagram, and
2. Copy of recent casing pressure test, and
3. Current pressures on the wellbore (**Surface Casing Pressure, Production Casing Pressure** and Tubing Pressure) showing wellbore has integrity, and
4. **Fluid level** in the wellbore, and
5. **An explanation of how the submitted information proves integrity.**

If the required information is not received within 30 days of the date of this notice, a Notice of Violation will be issued. If you have any questions concerning this matter, please contact Joshua Payne at (801) 538-5314 or me at (801) 538-5281.

Sincerely,



Dustin K. Doucet  
Petroleum Engineer

DKD/JP/js  
Enclosure  
cc: Jim Davis, SITLA  
Compliance File  
Well File

N:\O&G Reviewed Docs\ChronFile\PetroleumEngineer\SITA

# ATTACHMENT A

	<b>Well Name</b>	<b>API</b>	<b>Lease Type</b>	<b>Years Inactive</b>
1	CBM-STATE 22-14	43-007-31299	ML-47799	1 year 9 months
2	CBM 1	43-007-31179	FEE	2 years 11 months
3	PENTA CREEK 23-7	43-007-31303	FEE	1 year 9 months



UTAH DEPARTMENT OF NATURAL RESOURCES  
Division of Oil, Gas & Mining  
Oil and Gas Program  
1594 West North Temple, Suite 1210, Box 145801  
Salt Lake City, UT 84114-5801  
(801) 538-5340 Phone  
(801) 359-3940 Fax

Operator Name: PATMOS ENERGY LLC

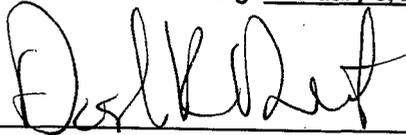
**Immediate Action: For the wells subject to this notice, Patmos shall fulfill full cost bonding requirements for each well. Patmos shall also submit all information as required by R649-3-36 or plug and abandon or place the well(s) on production.**

**\* Fines may be levied up to \$10,000.00 per day for every well in violation given the authority provided under U.C.A 40-6-11, part 4**

This notice shall remain in effect until it is modified, terminated, or vacated by a written notice of an authorized representative of the director of the Division of Oil, Gas and Mining. Failure to comply with this notice will result in the Division pursuing further actions against said operator. Further actions may include initiation of agency actions to order full cost bonding and plugging and abandonment of wells and requests for bond forfeiture and civil penalties.

Compliance Deadline: March 15, 2013

Date of Service Mailing: February 5, 2013 Certified Mail No.: 7010 1670 0001 4810 3812



Division Representative Signature

Operator Representative (if presented in person)

cc: Compliance File  
Well Files  
SITLA

1/2013



GARY R. HERBERT  
Governor

GREGORY S. BELL  
Lieutenant Governor

# State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

---

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

---

IN THE MATTER OF:

Patmos Energy LLC's operations at the CBM 1 well located in Section 17, Township 14 South, Range 14 East; the CBM State 22-14 well located in Section 14, Township 15 South, Range 14 East; and the Penta Creek 23-7 well located in Section 7, Township 14 South, Range 14 East.

**NOTICE OF AGENCY ACTION**

Case No. SI/TA-103

1. This Notice of Agency Action is filed by the Utah Division of Oil, Gas & Mining ("Division") to commence an administrative adjudicative proceeding to consider appropriate action to be taken against Patmos Energy LLC ("Patmos"), pursuant to Utah Admin. Code R649-3-36 for failure to comply with a Notice of Violation ("NOV") for the following wells:

Well Name	API Number	Location		
		Sec	Twn	Range
CBM 1	43-007-31179	17	14S	14E
CBM State 22-14	43-007-31299	14	15S	14E
Penta Creek 23-7	43-007-31303	7	14S	14E

This Division action is an informal adjudicative proceeding and shall be conducted according to the provisions of Utah Code Ann. §§ 40-6-10, 63G-4-202, and 63G-4-203; and Utah Admin. Code R649-10 *et seq.*



2. The Division alleges that the CBM 1 well was drilled in August 2006 and the CBM State 22-14 and Penta Creek 23-7 wells were drilled in October 2007. The Division further alleges that Patmos did not submit well completion reports, did not report any production from the wells, nor file a Sundry Notice describing the reasons for shut-in or temporary abandonment.

3. The Division issued a NOV to Patmos on February 5, 2013. The NOV required Patmos to provide full cost bonding and submit the information required by Utah Admin. Code R649-3-36 for each of the wells listed above, plug and abandon the wells, or place the wells on production by March 15, 2013. The NOV is attached as an exhibit to this Notice of Agency Action.

4. The purpose of this informal adjudication is to determine what actions are required in order to comply with Utah Admin. Code R649-3-36, the Oil and Gas Conservation Act, and other applicable regulations. Pursuant to Utah Admin. Code R649-3-1 through -36, the Presiding Officer in this matter may require additional amounts of bonding, *see* Utah Admin. Code R649-3-1.4.3 to -1.4.4, order immediate plugging of the well, *see* Utah Admin. Code R649-3-36, or demand any other action as deemed appropriate under the regulations.

5. To preserve the Division's ability to effectively manage the State's oil and gas resources, the Division recommends that Patmos **plug and abandon the CBM 1 well, the CBM State 22-14 well, and the Penta Creek 23-7 well by May 31, 2013**, in accordance with Utah Admin. Code R649-3-24. *See* Utah Admin. Code R649-3-36.3.

6. Patmos is entitled to request a hearing to present evidence and testimony concerning its noncompliance with the NOV, and to review the claims and recommendations in this Notice of Agency Action. The request for hearing **must be made in writing and mailed to**

**the Division no later than 10 calendar days from the date of the mailing of this Notice.** *See* Utah Admin. Code R649-10-3.2.1.6 and R649-10-4.1.2. Failure to respond within 10 calendar days may result in a Default Order being entered against Patmos granting the relief recommended by the Division. *See* Utah Admin. Code R649-10-5. Upon receiving a hearing request, the Division will schedule a date and time for the hearing.

7. Pursuant to Utah Admin. Code R649-10-2.9, the Director has designated Kassidy J. Wallin, Assistant Utah Attorney General, as the Presiding Officer in this matter. Clinton Dworshak will represent the Division. Attendance at the hearing is required either in person, over the phone, or via written testimony. Failure to attend and participate in a scheduled hearing may result in a Default Order being entered against Patmos granting the relief recommended by the Division. *See* Utah Admin. Code R649-10-5.

8. If there is any information, evidence, or statement that should be reviewed prior to the hearing, Patmos should submit it to the Division at the address noted below so that it may be considered and made a part of the record. Upon request and to the extent permitted by law, the Division will provide Patmos with any information or documents in its files relevant to this proceeding.

9. Following the hearing, and after considering all the evidence presented, the Presiding Officer will issue a written Decision and Order detailing the legal and factual rationale for the decision. The final Decision and Order may be appealed to the Board of Oil, Gas & Mining in accordance with the provisions of Utah Admin. Code R649-10-6.

10. All communication concerning this Notice of Agency Action shall be directed to Jean Sweet, Division of Oil, Gas & Mining, P.O. Box 145801, Salt Lake City, Utah 84114-6301,

phone: 801-538-5329, jsweet@utah.gov. Please reference the case name and number set forth in the caption at the top of this Notice when contacting the Division.

DATED this 4 day of April, 2013.



---

Kassidy J. Wallin, Presiding Officer  
Assistant Utah Attorney General  
1594 West North Temple, Suite 300  
Salt Lake City, Utah 84116  
801-538-7227  
kassidywallin@utah.gov

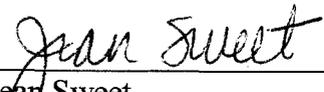
**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that on this 4<sup>th</sup> day of April, 2013 a true and correct copy of the foregoing **NOTICE OF AGENCY ACTION** was served via certified mail on the following person(s):

**PATMOS ENERGY LLC  
ATTN: MR. CHARLES K. BRELAND  
P.O. BOX 7430  
SPANISH FORT, AL 36577**

Certified Mail No. 7010 1670 0001 4810 4024

**SCHOOL & INSTITUTIONAL TRUST  
LANDS ADMINISTRATION  
LAVONNE GARRISON  
675 E. 500 S., STE 500  
SALT LAKE CITY, UT 84102-2818**

  
\_\_\_\_\_  
Jean Sweet  
Division of Oil, Gas & Mining



UTAH DEPARTMENT OF NATURAL RESOURCES  
Division of Oil, Gas & Mining  
Oil and Gas Program  
1594 West North Temple, Suite 1210, Box 145801  
Salt Lake City, UT 84114-5801  
(801) 538-5340 Phone  
(801) 359-3940 Fax

Operator Name: PATMOS ENERGY LLC

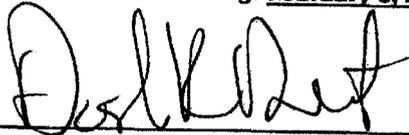
**Immediate Action: For the wells subject to this notice, Patmos shall fulfill full cost bonding requirements for each well. Patmos shall also submit all information as required by R649-3-36 or plug and abandon or place the well(s) on production.**

**\* Fines may be levied up to \$10,000.00 per day for every well in violation given the authority provided under U.C.A 40-6-11, part 4**

This notice shall remain in effect until it is modified, terminated, or vacated by a written notice of an authorized representative of the director of the Division of Oil, Gas and Mining. Failure to comply with this notice will result in the Division pursuing further actions against said operator. Further actions may include initiation of agency actions to order full cost bonding and plugging and abandonment of wells and requests for bond forfeiture and civil penalties.

Compliance Deadline: March 15, 2013

Date of Service Mailing: February 5, 2013 Certified Mail No.: 7010 1670 0001 4810 3812



Division Representative Signature

Operator Representative (if presented in person)

cc: Compliance File  
Well Files  
SITLA

1/2013

**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:
2. NAME OF OPERATOR: <b>Patmos Energy</b>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: P.O. Box 7430 CITY <b>Spanish Fort</b> STATE <b>AL</b> ZIP <b>36577</b>		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: <b>1412 FNL 2167 FEL</b>		8. WELL NAME and NUMBER: <b>CBM #1</b>
QTR/QR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <b>SWNE 17 14S 14E S</b>		9. API NUMBER: <b>4300731179</b>
COUNTY: <b>Carbon</b>		10. FIELD AND POOL, OR WILDCAT:
STATE: <b>UTAH</b>		

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: <u>11/5/2015</u>	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion:	<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 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 checked="" type="checkbox"/> OTHER: <u>reclamation of mud pit</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.

remove fencing from around the mud pit  
Move in a dozer and push pad material back into mud pit.

**Approved by the  
Utah Division of  
Oil, Gas and Mining**

Date: 11-1-2016  
By: [Signature]

NAME (PLEASE PRINT) <u>Charles K. Breland</u>	TITLE <u>Mgr</u>
SIGNATURE <u>[Signature]</u>	DATE <u>10/27/16</u>

(This space for State use only)

**RECEIVED**  
**OCT 31 2016**